A motion to reconsider was laid on the table.

□ 1255

APPOINTMENT OF CONFEREES ON H.R. 3128

The SPEAKER pro tempore. Without objection, the Speaker's designation of the conferees will be printed in the RECORD at this point.

There was no objection.

Conferees on H.R. 3128:

From the Committee on the Budget, for consideration of the entire Senate amendment and the entire House amendment to the Senate amendment, except for sections 778H, 778I, 780, 781, 783 through 789B, 789D through 789G, subpart A of part 3 of subtitle I of title VII, section 793, subsections (a), (b), (c), (f), and (g)(1) of section 794, and sections 795 and 796 of the Senate amendment, and except for sections 502(a) and 503 of the House amendment to the Senate amendment: Mssrs. Gray, of Pennsylvania, Derrick, Wolpe, Barnes, and Schumer, Mrs. Boxer, Mssrs. MacKay, Slattery, Atkins, and Latta, Mrs. Martin of Illinois, Ms. Fiedler, and Mssrs. Goodling, Denny Smith, and Weber.

From the Committee on Ways and Means, solely for the consideration of sections 144(b)(3), 204, and 205, subtitles A, C-F, H, and I of title VII, part G of title IX, and part I of title IX of the Senate amendment, and or subtitles B and C of title III and section 1974 of division A, and all of division B, of the House amendment to the Senate amendment: Mssrs. Rostenkowski, Gibbons, Pickle, Rangel, Stark, Jones of Oklahoma, Jacobs, Ford of Tennessee, Jenkins, Gephardt, Downey of New York, Duncan, Crane, Gradison, Campbell, Thomas of California, and McGrath.

From the Committee on Agriculture, solely for the consideration of title I and section 536 of the Senate amendment: Messrs. de la Garza, Jones of Tennessee, Panetta, Coelho, Bedell, Madigan, Emerson, Jeffords, and Coleman of Missouri.

From the Committee on Agriculture, solely for the consideration of subpart B of part 3 of subtitle I of title VII of the Senate amendment: Messrs. de la Garza, Rose, Jones of North Carolina, Hatcher, Whitley, Tallon, Thomas of Georgia, Hopkins, Roberts, Franklin, and Combest.

From the Committee on Agriculture, solely for the consideration of section 2502(b) of division B of the House amendment to the Senate amendment: Messrs. de la Garza, Rose, Whitley, Hopkins, and Roberts.

From the Committee on Armed Services, solely for the consideration of title II and section 165 of the Senate amendment, and of title I of division A of the House amendment to the Senate amendment: Messrs. Aspin, Messrs. Montgomery, Mrs. Schroeder, Messrs. Dickinson, and Hillis.

From the Committee on Banking, Finance and Urban Affairs, solely for the consideration of title III of the Senate amendment and of title II of division A of the House amendment to the Senate amendment: Messrs. St Germain, Gonzalez, Mitchell, and Lundine, Ms. Oakar, Messrs. Vento, Frank, Wylie, and McKinney, Mrs. Roukema, and Mr. Bartlett.

From the Committee on Banking, Finance and Urban Affairs, solely for the consideration of subtitle A of title IV of division A of the House amendment to the Senate amendment: Messrs. St Germain, LaFalce, Lundine, Wylie, and Shumway.

From the Committee on Education and Labor, solely for the consideration of parts A through E of title IX of the Senate amendment, and of subtitle A of title III of division A of the House amendment to the Senate amendment: Messrs. Hawkins, Ford of Michigan, Biaggi, Williams, Owens, Hayes, Perkins, Bruce, Jeffords, Coleman of Missouri, Gunderson, McKernan, and Henry.

From the Committee on Education and Labor, solely for the consideration of section 746(d), subtitle H of title VII, section 782, and parts G and I of title IX of the Senate amendment, and of subtitles B and C of title III of division A, and of section 2151 and title VI of division B, of the House amendment to the Senate amendment: Messrs. Hawkins, Ford of Michigan, Gaydos, Clay, Biaggi, Kildee, Owens, Hayes, Dymally, Atkins, Jeffords, and Petri, Mrs. Roukema, and Messrs. Bartlett, Chandler, Armey, and Fawell.

From the Committee on Education and Labor, solely for the consideration of part F of title IX of the Senate amendment: Messrs. Hawkins, Mezvinsky, Clay, Williams, Jeffords, Petri, and Bartlett.

From the Committee on Energy and Commerce, solely for the consideration of sections 706 and 713-716, parts 2-5 of subtitle A of title VII (except for section 734), subtitle B of title VII (except for subsections (d) and (e)(2)-(4) of section 746), sections 769B, 770, 772, 774, and 782, and parts G and H of title IX of the Senate amendment, and of section 1974 of division A and of section 2107, parts B-G of title I, and section 2302 of division B of the House amendment to the Senate amendment: Messrs. Dingell, Waxman, Scheuer, Luken, and Walgren, Ms. Mikulski, Mr. Leland, Mrs. Collins, and Messrs. Wyden, Broyhill, Madigan, Dannemeyer, Whittaker, Bilirakis, and Billey.

From the Committee on Energy and Commerce, solely for the consideration of those portions of section 78[illegible] of the Senate amendment inserting subsections 9505(c), (d), and (e) in the Internal Revenue Code: Messrs. Dingell, Eckart of Ohio, Hall of Texas, Tauzin, Dowdy of Mississippi, Luken, Swift, Shelby, Synar, Broyhill, Lent, Ritter, Fields, Coats, and Schaefer.

From the Committee on Energy and Commerce, solely for the consideration of sections 501, 502, [illegible]-524, and 536 of the Senate amendment of subtitles A-E of title IV and subtitles B and C of Title VIII of division A of the House amendment to the Senate amendment: Mssrs. Dingell, Sharp, Markey, Walgren, Swift, Leland, Shelby, Synar, Tauzin, Broyhill, Dannemeyer, Moorhead, Whittaker, Oxley, and Eckert, of New York.

From the Committee on Energy and Commerce, solely for the consideration of sections 403 and 404 of the Senate amendment, and subtitle F of title IV of division A of the House amendment to the Senate amendment: Mssrs. Dingell, Wirth, Scheuer, Luken, Swift, and Leland, Mrs. Collins, and Mssrs. Synar, Tauzin, Broyhill, Rinaldo, Tauke, Oxley, Moorhead, and Nielson of Utah.

From the Committee on Energy and Commerce, solely for the consideration of sections 401, 402, 408, 769G, 777(h)(1), and subsections (d), (e), (g)(2) and (g)(3) of section 794, of the Senate amendment, and of subtitles G and H of title IV of division A, and of sections 2252(b) and 2402 of division B of the House amendment to the Senate amendment: Mssrs. Dingell, Florio, Sharp, Tauzin, Ralph M. Hall, Eckart of Ohio, Dowdy of Mississippi, Richardson, Slattery, Broyhill, Lent, Ritter, Coats, Tauke, and Fields.

From the Committee on Government Operations, solely for the consideration of subtitle G of title VII of the Senate amendment: Mssrs. Brooks, Fuqua, Weiss, Horton, and Walker.

From the Committee on Government Operations, solely for the consideration of section 523 and parts C and D of title VIII of the Senate amendment, and of subtitle E of title IV of division A of the House amendment to the Senate amendment: Mr. Brooks, Mr. Fuqua, Mrs. Collins, Mr. Horton, and Mr. McCandless.

From the Committee on Interior and Insular Affairs, solely for the consideration of sections 521, 522, and 531-535 of the Senate amendment, and of subtitle C of title IV, section 1542, title V, subtitles D and H of title VI, and subtitle C of title VIII, of division A of the House amendment to the Senate amendment: Mssrs. Udall, Seiberling, Weaver, Miller of California, Sharp, Rahall, Vento, Huckaby, Gejdenson, Young of Alaska, Lujan, Lagomarsino, Marlenee, Cheney, and Pashayan.

From the committee on the Judiciary, solely for the consideration of section 982 and that portion of section 999 amending paragraph (2) of section 4074(c) of the Employee Retirement Income Security Act, of the Senate amendment, and of that portion of section 1458 inserting subsection 4041(C)(2)(B)(ii) in the Employee Retirement Income Security Act, of division A, and section 2124 (b) of division B, of the House amendment to the Senate amendment: Mssrs. Rodino, Glickman, Edwards of California, Fish, and Kindness.

From the Committee on Merchant Marine and Fisheries, solely for consideration of section 405, 406, and 407, and 531-535 of the Senate amendment, and of titles V and VI of division A of the House amendment to the Senate amendment: Mssrs. Jones of North Carolina, Biaggi, Anderson, Breaux, and Studds, Ms. Mikulski, Mr. Lowry of Washington, Mr. Bosco, Mr. Hughes (except as listed below), Mr. Tauzin (in lieu of Mr. Hughes solely for consideration of sections 531-535 of the Senate amendment and title V and subtitles D and H of title VI of division A of the House amendment to the Senate amendment), Mr. Lent, Mr. Snyder, Mr. Young of Alaska (except as listed below), Mr. Davis, Mr. Carney (in lieu of Mr. Young solely for consideration of sections 531-535 of the Senate amendment and title V and subtitles D and H of title VI of division A of the House amendment to the Senate amendment), Mr. Shumway, and Mr. Fields.

From the Committee on Post Office and Civil Service, solely for the consideration of section 769G and parts A and B of title VIII of the Senate amendment, and of title VII of division A of the House amendment to the Senate amendment: Mr. Ford of Michigan, Mr. Leland, Ms. Oakar, Mr. Taylor, and Mr. Gilman.

From the Committee on Public Works and Transportation, solely for the consideration of title VI, sections 777(h)(2) and 1202, and those portions of section 789C inserting subsections 9505 (c), (d), and (e) in the Internal Revenue Code, of the Senate amendment, and of sections 1533, 1541, and title VIII of division A, and section 2252(c) of division B of the House amendment to the Senate amendment: Messrs. Howard, Anderson, Roe, Mineta, Nowak, Edgar, Young, of Missouri, Rahall (except as listed below), Snyder, Hammerschmidt, Shuster, Stangeland, Gingrich, Clinger, and Breaux (in lieu of Mr. RAHALL solely for the consideration of section 1541 and subtitle B of title VIII of division A of the House amendment to the Senate amendment).

From the Committee on Science and Technology, solely for the consideration of sections 406 (a)-(c), (e)-(g), and (i) of the

Senate amendment: Messrs. Fuqua, Scheuer, Wirth, Lujan, and Mrs. Schneider.

From the Committee on Small Business, solely for the consideration of title X of the Senate amendment and of title IX of division A of the House amendment to the Senate amendment: Messrs. Mitchell, Smith of Iowa, Addabbo, McDade, and Conte.

From the Committee on Veterans' Affairs, solely for the consideration of section 205 and title XI of the Senate amendment, and of title X of division A of the House amendment to the Senate amendment: Messrs. Montgomery, Edgar, Applegate, Hammerschmidt, and Wylie.

(For the text of the Senate amendment to H.R. 3128, see proceedings of the Senate of November 14, 1985, at page S. 15489).

The text of the House amendment to the Senate amendment to H.R. 3128 is as follows:

House amendment to Senate amendment:

In lieu of the matter inserted by such amendment, insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Omnibus Budget Reconciliation Act of 1985".

DIVISION A—RECONCILIATION SAVINGS

SEC. 2. TABLE OF CONTENTS.

Title I—Committee on Armed Services.
Title II—Committee on Banking, Finance and Urban Affairs.
Title III—Committee on Education and Labor.
Title IV—Committee on Energy and Commerce.
Title V—Committee on Interior and Insular Affairs.
Title VI—Committee on Merchant Marine and Fisheries.
Title VII—Committee on Post Office and Civil Service.
Title VIII—Committee on Public Works and Transportation.
Title IX—Committee on Small Business.
Title X—Committee on Veterans' Affairs.

TITLE I—COMMITTEE ON ARMED SERVICES

SEC. 1001. COLLECTION BY THE UNITED STATES OF MEDICAL AND DENTAL COSTS INCURRED ON BEHALF OF CERTAIN PERSONS.

(a) IN GENERAL.—(1) Chapter 55 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§1095. Collection from third-party payers of reasonable medical and dental care costs incurred on behalf of retirees and dependents

"(a)(1) In the case of a person who is covered by section 1074(b), 1076(a), or 1076(b) of this title, the United States shall have the right to collect from a third-party payer the reasonable costs of medical and dental care incurred by the United States on behalf of such person through a facility of the uniformed services to the extent that the person would be eligible to receive reimbursement or indemnification from the third-party payer if the person were to incur such costs on the person's own behalf. If the insurance, medical service, or health plan of that payer includes a requirement for a deductible or copayment by the beneficiary of the plan, then the amount that the United States may collect from the third-party payer is the reasonable cost of the care provided less the appropriate deductible or copayment amount.

"(2) A person covered by section 1074(b), 1076(a), or 1076(b) of this title may not be required to pay an additional amount to the United States for medical and dental care by reason of this section.

"(b) No provision of any insurance, medical service, or health plan contract or agreement having the effect of excluding from coverage or limiting payment of charges for certain care if that care is provided through a facility of the uniformed services shall operate to prevent collection by the United States under subsection (a).

"(c) Under regulations prescribed under subsection (g), records of the facility of the uniformed services that provided medical or dental care to a beneficiary of an insurance, medical service, or health plan of a third-party payer shall be made available for inspection and review by representatives of the payer from which collection by the United States is sought.

"(d) Notwithstanding subsections (a) and (b), collection may not be made under this section in the case of a plan administered under title XVIII or XIX of the Social Security Act (42 U.S.C. 1395 et seq.).

"(e)(1) The United States may institute and prosecute legal proceedings against a third-party payer to enforce a right of the United States under this section.

"(2) The administering Secretary may compromise, settle, or waive a claim of the United States under this section.

"(f) Sums collected pursuant to this section shall be credited to the appropriation from which the costs of the care were paid.

"(g) The Secretary of Defense, in consultation with the other administering Secretaries, shall prescribe regulations for the administration of this section. Such regulations shall provide for computation of the reasonable cost of medical and dental care. Computation of such reasonable cost may be based on—

"(1) per diem rates; or

"(2) such other method as may be appropriate.

"(h) In this section, 'third-party payer' means an entity that provides an insurance, medical service, or health plan by contract or agreement.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"1095. Collection from third-party payers of reasonable medical and dental care costs incurred on behalf of retirees and dependents.".

(b) EFFECTIVE DATE.—Section 1095 of title 10, United States Code, as added by subsection (a), shall apply with respect to health care provided on or after the date of the enactment of this Act, but only with respect to an insurance, medical service, or health plan agreement entered into, amended, or renewed on or after that date.

TITLE II—COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

SECTION 2001. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Housing Act of 1985".

(b) TABLE OF CONTENTS.—

Sec. 1051. Short title and table of contents.
Sec. 1052. Findings and purpose.
Sec. 1053. Congressional policy regarding aggregate budget authority.
Sec. 1054. Regulatory authority.
Sec. 1055. Collection of certain data.

Subtitle A—Housing Assistance

PART 1—PROGRAMS UNDER UNITED STATES HOUSING ACT OF 1937

Sec. 1101. Lower income housing authorization.
Sec. 1102. Tenant rental contributions.
Sec. 1103. Grants for public housing development.
Sec. 1104. Public housing child care grants.
Sec. 1105. Additional public housing provisions.
Sec. 1106. Section 8 assistance.
Sec. 1107. Voucher demonstration program.
Sec. 1108. Payments for operation of lower income housing projects.
Sec. 1109. Grants for comprehensive improvement assistance.
Sec. 1110. Additional comprehensive improvement assistance program provisions.
Sec. 1111. Public housing comprehensive grants.
Sec. 1112. Income eligibility for assisted housing.
Sec. 1113. Rental development program.
Sec. 1114. Rental rehabilitation program.

PART 2—MULTIFAMILY HOUSING MANAGEMENT AND PRESERVATION

Sec. 1121. Prepayment of mortgages.
Sec. 1122. Management and preservation of HUD-owned multifamily housing projects.
Sec. 1123. Acquisition of insured multifamily housing projects.
Sec. 1124. Tenant participation in multifamily housing projects.
Sec. 1125. Troubled multifamily housing projects.
Sec. 1126. Inapplicability of certain income eligibility restrictions to property disposition contracts.

PART 3—OTHER HOUSING ASSISTANCE PROGRAMS

Sec. 1141. Housing for the elderly and handicapped.
Sec. 1142. Housing for the handicapped.
Sec. 1143. Congregate services.
Sec. 1144. Section 235 homeownership program.
Sec. 1145. Task Force on Family Housing Needs.
Sec. 1146. Energy conservation in assisted housing.
Sec. 1147. Annual report on characteristics of families in assisted housing.
Sec. 1148. Procedures and policies for mandatory meals programs in assisted housing for the elderly.
Sec. 1149. Modification of restriction on use of assisted housing.
Sec. 1150. Exclusion of housing assistance as income.
Sec. 1151. Use of certain excess rental charges for assistance for troubled multifamily housing projects.
Sec. 1152. Housing demonstration project.
Sec. 1153. Flexible subsidy assistance for certain housing projects for elderly or handicapped families.
Sec. 1154. Housing assistance technical amendments.

Subtitle B—Rural Housing

Sec. 1201. Program authorizations.
Sec. 1202. Income levels for family eligibility.
Sec. 1203. Plans for allocation of financial assistance.
Sec. 1204. Rural housing escrow accounts.
Sec. 1205. Rural housing guaranteed loans.
Sec. 1206. Study of procedures for appeals of adverse decisions.
Sec. 1207. Use of fee inspectors and appraisers.
Sec. 1208. Loans for rehabilitation of rural rental housing.
Sec. 1209. Management of insured and guaranteed loans.
Sec. 1210. Definition of rural area.
Sec. 1211. Rural housing preservation grant program.
Sec. 1212. Limitation on restrictions on tax-exempt financing.
Sec. 1213. Task Force on Housing Needs of Rural America.
Sec. 1214. Rural housing technical amendments.

Subtitle C—Program Amendments and Extensions

PART 1—FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

Sec. 1251. Extension of Federal Housing Administration mortgage insurance programs.
Sec. 1252. Amount to be insured under National Housing Act.
Sec. 1253. Negotiated interest rates on mortgages insured by Federal Housing Administration.
Sec. 1254. Study of voluntary standards for modular homes.
Sec. 1255. Limitation on certain premium charges.
Sec. 1256. Mortgages on Hawaiian home lands and Indian lands to be obligations of General Insurance Fund.
Sec. 1257. Repeal of requirement to publish prototype housing costs for 1- to 4-family dwelling units.
Sec. 1258. Authority for increased mortgage limits for multifamily projects in high-cost areas.
Sec. 1259. Permissible annual interest rate adjustment for adjustable rate mortgages.
Sec. 1260. Double damages remedy for unauthorized use of multifamily housing project assets and income.
Sec. 1261. Administrative improvements in single-family mortgage insurance program.
Sec. 1262. Refinancing mortgage insurance for hospitals, nursing homes, intermediate care facilities, and board and care homes.
Sec. 1263. Mortgage insurance for nursing homes, intermediate care facilities, and board and care homes.
Sec. 1264. Requirement of State approval for mortgage insurance for hospitals.
Sec. 1265. Mortgage insurance technical amendments.

PART 2—FLOOD AND CRIME INSURANCE PROGRAMS

Sec. 1271. Flood insurance.
Sec. 1272. Crime insurance.
Sec. 1273. Flood and crime insurance technical amendments.

PART 3—SECONDARY MORTGAGE MARKET PROGRAMS

Sec. 1281. Government National Mortgage Association mortgage-backed securities program.
Sec. 1282. Prohibition of certain fees.
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PART 4—REGULATORY AND OTHER PROGRAMS

Sec. 1291. Solar Energy and Energy Conservation Bank.
Sec. 1292. Counseling.
Sec. 1293. Home mortgage disclosure.
Sec. 1294. Research authorization.
Sec. 1295. Timely payment of subcontractors.
Sec. 1296. Median area income.
Sec. 1297. Manufactured housing construction and safety standards.
Sec. 1298. Removal of maximum fee for interstate land sales registration.
Sec. 1299. Preventing fraud and abuse in Department of Housing and Urban Development programs.
Sec. 1300. Fair housing initiatives program.
Sec. 1301. Lead-based paint poisoning prevention.
Sec. 1302. Regulatory and other programs technical amendments.

PART 5—COMMUNITY AND NEIGHBORHOOD DEVELOPMENT AND CONSERVATION PROGRAMS

Sec. 1311. Community development block grant metropolitan city and urban county classifications.
Sec. 1312. Statement of activities and review.
Sec. 1313. Housing assistance plans.
Sec. 1314. Limited new construction of housing under community development block grant program.
Sec. 1315. Community development block grant public service activities.
Sec. 1316. State certifications for receiving community development block grants for nonentitlement areas.
Sec. 1317. Discretionary fund.
Sec. 1318. Community development block grant loan guarantees.
Sec. 1319. Urban development action grant selection criteria.
Sec. 1320. Prohibition on use of urban development action grants for business relocations.
Sec. 1321. Consideration of certain counties as cities under urban development action grant program.
Sec. 1322. Urban development action grant loan guarantees.
Sec. 1323. Urban homesteading.
Sec. 1324. Rehabilitation loans.
Sec. 1325. Neighborhood Reinvestment Corporation.
Sec. 1326. Neighborhood development demonstration program.
Sec. 1327. Use of urban renewal land disposition proceeds.
Sec. 1328. Limitation on recapture of certain reservations of assistance.
Sec. 1329. Community development authorizations of appropriations.
Sec. 1330. Community development technical amendments.

Subtitle D—Shelter Assistance for the Homeless and Displaced

PART 1—NATIONAL BOARD OF CHARITIES PROGRAM

Sec. 1331. Authorization of appropriations.
Sec. 1332. Eligible activities.

PART 2—SECOND STAGE HOUSING FOR THE HOMELESS AND DISPLACED

Sec. 1341. Establishment of demonstration program.
Sec. 1342. Assistance to nonprofit organizations.
Sec. 1343. Program requirements.
Sec. 1344. Regulations.
Sec. 1345. Reports to Congress.
Sec. 1346. Definitions.
Sec. 1347. Limitation on budget authority.

PART 3—EMERGENCY SHELTER GRANTS

Sec. 1351. Grant assistance.
Sec. 1352. Allocation and distribution of assistance.
Sec. 1353. Eligible activities.
Sec. 1354. Responsibilities of grantees.
Sec. 1355. Homeless Assistance Council.
Sec. 1356. Administrative provisions.
Sec. 1357. Definitions.
Sec. 1358. Authorization of appropriations.

Subtitle E—Nehemiah Housing Opportunity Grants

Sec. 1361. Statement of purposes.
Sec. 1362. Definitions.
Sec. 1363. Assistance to nonprofit organizations.
Sec. 1364. Use of assistance.
Sec. 1365. Program requirements.
Sec. 1366. Terms and conditions of assistance.
Sec. 1367. Program selection criteria.
Sec. 1368. Distribution of assistance to nonprofit organizations.
Sec. 1369. Nehemiah Housing Opportunity Fund.
Sec. 1370. Annual report.
Sec. 1371. Regulations.
Sec. 1372. Authorization of appropriations.

Subtitle F—Multifamily Housing Preservation Loans

Sec. 1381. Purpose.
Sec. 1382. Definitions.
Sec. 1383. Authority to provide loans.
Sec. 1384. Eligibility for loans.
Sec. 1385. Amount and conditions of loans.
Sec. 1386. Multifamily Housing Preservation Fund.
Sec. 1387. Regulations.
Sec. 1388. Authorization of appropriations.

Subtitle G—Enterprise Zone Development

Sec. 1391. Designation of enterprise zones.
Sec. 1392. Evaluation and reporting requirements.
Sec. 1393. Interaction with other Federal programs.
Sec. 1394. Waiver or modification of certain agency rules in enterprise zones.
Sec. 1395. Coordination of housing and urban development programs in enterprise zones.

SEC. 1052. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress hereby finds that—

(1) for the past 50 years, the Federal Government has taken the leading role in enabling the people of the Nation to be the best housed in the world;

(2) the efforts of the Federal Government have included a system of specialized lending institutions, favorable tax policies, construction assistance, mortgage insurance, loan guarantees, secondary markets, and interest and rental subsidies, that have enabled people to rent or buy affordable, decent, safe, and sanitary housing;

(3) at no time since the Great Depression has the shortage of housing been more severe, and, unless actions are taken to increase the production of moderately priced homes and affordable rental units, the housing crisis of persons of low and moderate income will deepen;

(4) the tragedy of homelessness in urban and suburban communities across the Nation, involving a record number of people, dramatically demonstrates the lack of affordable residential shelter;

(5) people living on the economic margins of our society (the elderly, the working poor, and the deinstitutionalized) have few available alternatives for shelter;

(6) due to high interest rates and construction costs, the cherished dream of becoming a homeowner is fading for many Americans;

(7) a combination of direct subsidies and beneficial tax expenditures for homeowners and renters has resulted in the Federal Government providing an average to each household of more than 4 times the amount of Federal assistance to households with annual incomes above $50,000 than to households with annual incomes below $20,000; and

(8) continued large Federal Government deficits are anti-housing and such large Federal Government deficits tend to keep interest rates high, thereby denying many otherwise eligible homebuyers the opportunity to own a home.

(b) PURPOSE.—The purpose of this title, therefore, is—

(1) to reaffirm the principle that decent and affordable shelter is a basic necessity, and the general welfare of the Nation and the health and living standards of its people require the addition of new housing units to remedy a serious shortage of housing units for all Americans, particularly for persons of low and moderate income;

(2) to make the distribution of direct and indirect housing assistance more equitable by providing Federal assistance for the less affluent people of the Nation;

(3) to provide needed housing assistance for homeless people and for persons of low and moderate income who lack affordable, decent, safe, and sanitary housing;

(4) to reform existing programs to ensure that such assistance is delivered in the most efficient manner possible; and

(5) to provide opportunities through lower Federal expenditures and lower Federal budget deficits, and the resulting lower interest rates, for more Americans to realize the dream of owning their own home.

SEC. 1053. CONGRESSIONAL POLICY REGARDING AGGREGATE BUDGET AUTHORITY.

(a) FINDINGS.—The Congress hereby finds that—

(1) the congressional budget process for fiscal year 1986 has not been completed;

(2) in its consideration of this title, the Committee on Banking, Finance and Urban Affairs of the House of Representatives has been required to operate under new principles of budget accounting, including the inclusion of off-budget accounts;

(3) this title establishes a new direct capital grant program to finance public housing that generates substantial savings in budget authority but has no net effect on the Federal budget, since the new method of financing merely cancels numerous intragovernmental transfers that occur under the current financing system; and

(4) the Congress has established a policy of freezing authorizations of appropriations for fiscal year 1986 at the actual level of appropriations for fiscal year 1985.

(b) POLICY.—It is, therefore, the policy of the Congress that the aggregate amount of funds authorized in this title for any fiscal year not exceed the total amount of funds approved in appropriation Acts for similar programs for fiscal year 1985.

SEC. 1054. REGULATORY AUTHORITY.

(a) DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—Section 7(o) of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new paragraphs:

"(7) The Secretary shall, on a quarterly basis, transmit to both Committees a summary (or, upon the request of the Chairman of either Committee, a copy) of each notice or handbook to be issued by the Secretary not less than 15 days before the date of such issuance.

"(8) The Secretary shall include with each rule or regulation, notice, or handbook required to be transmitted to the Committees under this subsection a detailed summary of all changes required by the Office of Management and Budget that prohibit, modify, postpone, or disapprove such rule or regulation, notice, or handbook in whole or part.".

(b) FARMERS HOME ADMINISTRATION.—Section 534 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsections:

"(d) The Secretary shall, on a quarterly basis, transmit to both Committees referred to in subsection (b) a summary (or, upon the request of the Chairman of either Committee, a copy) of each notice or handbook to be issued by the Secretary under this title not less than 15 days before the date of such issuance.

"(e) The Secretary shall include with each rule or regulation, notice, or handbook required to be transmitted to the Committees under this section a detailed summary of all changes required by the Office of Management and Budget that prohibit, modify, postpone, or disapprove such rule or regulation, notice, or handbook in whole or part.".

SEC. 1055. COLLECTION OF CERTAIN DATA.

The Secretary of Housing and Urban Development and the Secretary of Agriculture shall each collect data on the racial and ethnic characteristics of persons eligible for, assisted, or otherwise benefiting under the community development, housing assistance, and mortgage and loan insurance programs administered by such Secretary.

Subtitle A—Housing Assistance

PART 1—PROGRAMS UNDER UNITED STATES HOUSING ACT OF 1937

SEC. 1161. LOWER INCOME HOUSING AUTHORIZATION.

(a) AGGREGATE BUDGET AUTHORITY.—Section 5(c)(6) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentence: "The aggregate amount of budget authority that may be obligated for contracts for annual contributions for assistance under section 8, for contracts referred to in paragraph (7)(A)(iv), and for grants for public housing and comprehensive improvement assistance, is increased by $6,179,498,000 on October 1, 1985.".

(b) UTILIZATION OF BUDGET AUTHORITY.—Section 5(c)(7) of the United States Housing Act of 1937 is amended to read as follows:

"(7)(A) Using the additional budget authority provided under paragraph (6) and the balances of budget authority which become available during fiscal year 1986, the Secretary shall, to the extent approved in appropriations Acts, reserve authority to enter into obligations aggregating—

"(i) for public housing grants under subsection (a)(2), $418,000,000, of which amount $100,000,000 shall be available for Indian housing;

"(ii) for assistance under section 8(b)(1), not less than $4,830,592,000, of which amount $42,776,000 shall be available only for use in connection with the Park Central New Community Project;

"(iii) for assistance under section 8(e)(2), not less than $542,748,000;

"(iv) for assistance under section 8 in connection with projects developed under section 202 of the Housing Act of 1959, not less than $1,775,280,000, of which amount not more than $290,400,000 may be made available for entering into contracts under section 202(h)(4) of such Act; and

"(v) for comprehensive improvement assistance grants under section 14(k), $1,132,000,000, of which amount $200,000,000 shall be available only for use with respect to vacant uninhabitable dwelling units in public housing projects and $50,000,000 shall be available only for purposes of assisting public housing agencies to reduce the hazards of lead-based paint in public housing in accordance with the lead-based paint poisoning prevention procedures established by the Secretary under section 302 of the Lead-Based Paint Poisoning Prevention Act.

"(B)(i) Any amount available for Indian housing under subsection (a) that is recaptured may be used only for such housing.

"(ii) Any amount available for the conversion of a project to assistance under section 8(b)(1), if not required for such purpose, shall be used for assistance under section 8(b)(1).".

SEC. 1162. TENANT RENTAL CONTRIBUTIONS.

(a) PUBLIC HOUSING ECONOMIC RENT.—Section 3(a) of the United States Housing Act of 1937 is amended—

(1) by inserting "(1)" after "(a)";

(2) in the last sentence, by striking out "A" and inserting in lieu thereof the following: "Except as provided in paragraph (2), a";

(3) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively; and

(4) by adding at the end thereof the following new paragraph:

"(2) Any public housing agency may provide that each family residing in a public housing project owned and operated by such agency shall pay as monthly rent an amount determined by such agency to be appropriate that does not exceed a maximum amount that—

"(A) is established by such agency and approved by the Secretary;

"(B) is not more than the amount payable as rent by such family under paragraph (1); and

"(C) is not more than (i) the average monthly amount of debt service and operating expenses attributable to dwelling units of similar size in public housing projects owned and operated by such agency; or (ii) the fair market rentals established in the housing area for projects under section 8(b)(1).".

(b) ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 is amended—

(1) by striking out "and" at the end of subparagraph (C);

(2) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new subparagraph:

"(E) 10 percent of the earned income of the family, in the case of a family in which any member pays taxes imposed under chapter 2 or 21 of the Internal Revenue Code of 1954.".

(c) UTILITY ALLOWANCE.—Section 3(c) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(4) The term 'rent' means—

"(A) the amount payable by a family to a public housing agency for shelter; and

"(B) in any case in which a family is required to make a separate payment to a public housing agency or a utility supplier based on actual utility consumption, an allowance established annually based on actual utility consumption (excluding telephone service) for each size and type of dwelling unit.".

(d) PUBLIC HOUSING RENT PHASE-IN.—Section 3 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(d) In any case in which the obtaining of employment by a resident of a public housing project will result in an increase in the rent payable by the family of such resident under subsection (a), the public housing agency involved may provide for a gradual increase in such rent to the full amount during a period of not more than 6 months.".

SEC. 1163. GRANTS FOR PUBLIC HOUSING DEVELOPMENT.

(a) AUTHORITY TO PROVIDE GRANTS.—Section 5(a) of the United States Housing Act of 1937 is amended to read as follows:

"(a)(1) The Secretary may make annual contributions to public housing agencies to assist in achieving and maintaining the lower income character of their projects. The Secretary shall embody the provisions for such annual contributions in a contract guaranteeing their payment. The contribution payable annually under this section shall in no case exceed a sum equal to the annual amount of principal and interest payable on obligations issued by the public housing agency to finance the development or acquisition cost of the lower income project involved. Annual contributions pay-

able under this section shall be pledged, if the Secretary so requires, as security for obligations issued by a public housing agency to assist the development or acquisition of the project to which annual contributions relate and shall be paid over a period not to exceed 40 years.

"(2) The Secretary may make contributions (in the form of grants) to public housing agencies to cover the development cost of public housing projects. The contract under which such contributions shall be made shall specify the amount of capital contributions required for each project to which the contract pertains, and that the terms and conditions of such contract shall remain in effect for a 40-year period.

"(3) The amount of contributions that would be established for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established under this section for a project by such public housing agency that would provide housing for the comparable number, sizes, and kinds of families through the acquisition and rehabilitation, or use under lease, of structures that are suitable for lower income housing use and obtained in the local market.".

(b) CANCELLATION OF OUTSTANDING LOANS AND OBLIGATIONS.—Section 4 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(c)(1) At such times as the Secretary may determine, and in accordance with such accounting and other procedures as the Secretary may prescribe, each loan made by the Secretary under subsection (a) that has any principal amount outstanding or any interest amount outstanding or accrued shall be forgiven; and the terms and conditions of any contract, or any amendment to a contract, for such loan with respect to any promise to repay such principal and interest shall be canceled. Such cancellation shall not affect any other terms and conditions of such contract, which shall remain in effect as if the cancellation had not occurred. This paragraph shall not apply to any loan the repayment of which was not to be made using annual contributions, or to any loan all or part of the proceeds of which are due a public housing agency from contractors or others.

"(2)(A) On the date of the enactment of the Housing Act of 1985, or on September 30, 1985, whichever occurs later, each note or other obligation issued by the Secretary to the Secretary of the Treasury pursuant to subsection (b), together with any promise to repay the principal and unpaid interest that has accrued on each obligation, shall be forgiven; and any other term or condition specified by each such obligation shall be canceled.

"(B) On September 30, 1986, and on any subsequent September 30, each such note or other obligation issued by the Secretary pursuant to subsection (b) during the fiscal year ending on such date, together with any such promise to repay, shall be forgiven; and any other term or condition specified by each such obligation shall be canceled.".

(c) CONFORMING AMENDMENTS.—

(1) Section 5 of the United States Housing Act of 1937 is amended—

(A) by striking out "ANNUAL" in the section heading; and

(B) by striking out "annual" in subsection (e)(2).

(2) Section 6 of the United States Housing Act of 1937 is amended by striking out "annual" the first place it appears in the first sentence of subsection (g), and each place it appears in subsection (d) and the first sentence of each of subsections (a), (b), and (c).

(3) Section 7 of the United States Housing Act of 1937 is amended by striking out "annual" in the proviso in the first sentence.

(4) Section 9(a)(2) of the United States Housing Act of 1937 is amended—

(A) by striking out "being assisted by an annual contributions contract authorized by section 5(c)" and inserting in lieu thereof the following: "one developed pursuant to a contributions contract authorized by section 5"; and

(B) by striking out "any such annual" and inserting in lieu thereof "any such".

(5) Section 12 of the United States Housing Act of 1937 is amended by striking out "annual".

(6) Section 14 of the United States Housing Act of 1937 is amended—

(A) by striking out "receive assistance under section 5(c)" in subsection (c)(2) and inserting in lieu thereof "assisted under section 5"; and

(B) by striking out "annual" in each of paragraphs (2) and (4)(C) of subsection (d).

(7) Section 15 of the United States Housing Act of 1937 is amended by striking out "with loans or debt service annual contributions" in clause (2).

(8) Section 16(b) of the United States Housing Act of 1937 is amended by striking out "annual".

(9) Section 18(c) of the United States Housing Act of 1937 is amended by striking out "annual contributions authorized under section 5(c)" and inserting in lieu thereof "contributions authorized under section 5".

SEC. 1104. PUBLIC HOUSING CHILD CARE GRANTS.

(a) PROGRAM AUTHORITY.—

(1) The Secretary of Housing and Urban Development shall, to the extent approved in appropriation Acts, carry out a demonstration program of making grants to public housing agencies to assist such agencies in providing child care services for lower income families who reside in public housing.

(2) The Secretary shall design the program described in paragraph (1) to determine the extent to which the availability of child care services in lower income housing projects facilitates the employability of the parents or guardians of children residing in public housing.

(3) The program described in paragraph (1) shall be in addition to any demonstration program carried out under section 222 of the Housing and Urban-Rural Recovery Act of 1983.

(b) ELIGIBILITY FOR ASSISTANCE.—The Secretary may make a grant to any public housing agency under this section only if—

(1) prior to receipt of assistance under this section, such public housing agency does not have a child care services program in operation in the project for which such assistance is requested;

(2) such public housing agency agrees to provide suitable facilities for the provision of child care services;

(3) the child care services program of such public housing agency will serve preschool children during the day, elementary school children after school, or both, in order to permit the parents or guardians of such children to obtain, retain, or train for employment;

(4) the child care services program of such public housing agency is designed, to the extent practicable, to involve the participation of the parents of children benefiting from such program;

(5) the child care services program of such public housing agency is designed, to the extent practicable, to employ in part-time positions elderly individuals who reside in the lower income housing project involved; and

(6) the child care services program of such public housing agency complies with all applicable State and local laws, regulations, and ordinances.

(c) ALLOCATION OF ASSISTANCE.—In providing grants under this section, the Secretary shall—

(1) give priority to lower income housing projects in which reside the largest number of preschool and elementary school children of lower income families;

(2) seek to ensure a reasonable distribution of such grants between urban and rural areas and among lower income housing projects of varying sizes; and

(3) seek to provide such grants to the largest number of lower income housing projects practicable, considering the amount of funds available under this section and the financial requirements of the particular child care services programs to be developed by the applicant public housing agencies.

(d) ADMINISTRATIVE PROVISIONS.—

(1) Applications for grants under this section shall be made by public housing agencies in such form, and according to such procedures, as the Secretary may prescribe.

(2) Any public housing agency receiving a grant under this section may use such grant only for operating expenses and minor renovations of facilities necessary to the provision of child care services under this section.

(3) The Secretary shall conduct periodic evaluations of each child care services program assisted under this section for purposes of—

(A) determining the effectiveness of such program in providing child care services and permitting the parents or guardians of children residing in public housing to obtain, retain, or train for employment; and

(B) ensuring compliance with the provisions of this section.

(4) Nothing in this section may be construed as authorizing the Secretary to establish any health, safety, educational, or other standards with respect to child care services or facilities assisted with grants received under this section.

(e) REPORT TO CONGRESS.—Not later than the expiration of the 3-year period following the date of the enactment of this Act, the Secretary shall prepare and submit to the Congress a detailed report setting forth the findings and conclusions of the Secretary as a result of carrying out the demonstration program established in this section. Such report shall include any recommendations of the Secretary with respect to the establishment of a permanent program of assisting child care services in lower income housing projects.

(f) DEFINITIONS.—For purposes of this section:

(1) The term "lower income families" has the meaning given such term in section 3(b)(2) of the United States Housing Act of 1937.

(2) The terms "lower income housing project" and "public housing" have the meanings given such terms in section 3(b)(1) of the United States Housing Act of 1937.

(3) The term "public housing agency" has the meaning given such term in section 3(b)(6) of the United States Housing Act of 1937.

(4) The term "Secretary" means the Secretary of Housing and Urban Development.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the provisions of this section $15,000,000 for fiscal year 1986. Any amount appropriated under this subsection shall remain available until expended.

SEC. 1106. ADDITIONAL PUBLIC HOUSING PROVISIONS.

(a) LIMITATION ON RECAPTURE OF FUNDING RESERVATIONS.—Section 5 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(j) After the reservation of public housing development funds to a public housing agency, the Secretary may not recapture any of the amounts included in such reservation due to the failure of a public housing agency to begin construction or rehabilitation, or to complete acquisition, during the 30-month period following the date of such reservation. During such 30-month period, the public housing agency shall be permitted to change the site of the public housing project or reformulate the project, if not less than the original number of dwelling units are to be constructed, rehabilitated, or acquired. There shall be excluded from the computation of such 30-month period any delay in the beginning of construction or rehabilitation of such project caused by (1) the failure of the Secretary to process such project within a reasonable period of time; (2) any environmental review requirement; (3) any legal action affecting such project; or (4) any other factor beyond the control of the public housing agency.".

(b) NEW CONSTRUCTION.—Section 6(h) of the United States Housing Act of 1937 is amended—

(1) by inserting before "is" the following: "in the neighborhood where the public housing agency determines the housing is needed"; and

(2) by inserting "in such neighborhood" after "rehabilitation".

(c) PUBLIC HOUSING AGENCY RECEIVERSHIP.—Section 6 of the United States Housing Act of 1937 is amended—

(1) by redesignating subsection (g) as subsection (f); and

(2) by inserting after such subsection (f) the following new subsection:

"(g)(1) Notwithstanding any other provision of this Act or of any contract for contributions, upon the occurrence of events or conditions that constitute a substantial default in respect to the covenants or conditions to which the public housing agency is subject, the Secretary or a tenant of the public housing agency may petition for the appointment of a receiver (which may be a private management corporation) of the public housing agency to any district court of the United States or to any court of the State in which the real property of the public housing agency is situated that is authorized under the laws of such jurisdiction to appoint a receiver for the purposes and having the powers prescribed in this subsection. The court shall order appropriate notice of such petition to the tenants of such public housing agency and shall permit the intervention of 1 or more classes of tenants in the proceedings.

"(2) Upon a determination that such a substantial default has occurred, and without regard to the availability of alternative remedies, the court shall appoint a receiver to conduct the affairs of the public housing agency in a manner consistent with this Act and in accordance with such further terms and conditions as the court shall provide. The court shall have power to grant appropriate temporary or preliminary relief pending final disposition of the petition by the Secretary.

"(3) The appointment of a receiver pursuant to this subsection may be terminated upon the petition of any party or when the court determines that all defaults have been cured and that the projects of the public housing agency will thereafter be operated by the public housing agency in accordance with the covenants and conditions to which the public housing agency is subject.".

(d) DEMOLITION AND DISPOSITION.—

(1) Section 18(a)(1) of the United States Housing Act of 1937 is amended by striking out "or" after "purposes," and inserting in lieu thereof "and".

(2) Section 18(b) of the United States Housing Act of 1937 is amended—

(A) by striking out "and" at the end of paragraph (1);

(B) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new paragraph:

"(3) the public housing agency has developed a plan for the addition of public housing dwelling units in an aggregate number equal to the number of such units proposed to be demolished or disposed under such application, and the Secretary has agreed to provide funding for such plan if necessary, except that (A) such 1-for-1 replacement requirement shall not apply if there is no local need for low-income housing; and (B) if necessary funding for public housing dwelling units is not available, project-based dwelling units assisted under section 8 may be substituted.".

(e) TRANSFERS OF PROPERTY UNDER INDIAN MUTUAL HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM.—Each homebuyer under the Indian Mutual Help Homeownership Opportunity Program established by the Secretary in subpart D of part 905 of title 24, Code of Federal Regulations, shall be entitled to transfer the dwelling unit involved to any person who complies with the eligibility requirements of such program and will reside in such dwelling unit.

(f) PUBLIC HOUSING MANAGEMENT AND FUNDING REPORT.—Not later than the expiration of the 2-year period following the date on which the public housing profession institutes voluntary professional performance standards for certifying public housing agencies as efficient and well managed, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a report evaluating the feasibility of establishing a system under which public housing agencies are permitted to certify compliance with such standards and with other requirements established by the Secretary for purposes of substantially simplifying the procedure for receiving assistance under section 9 or 14 of the United States Housing Act of 1937.

SEC. 1108. SECTION 8 ASSISTANCE.

(a) CONTRACTS FOR EXISTING DWELLING UNITS.—The first sentence of section 8(b)(1) of the United States Housing Act of 1937 is amended by inserting ", which shall be for 15 years," after "annual contributions contracts".

(b) USE OF ASSISTANCE IN CONNECTION WITH RENTAL REHABILITATION.—Section 8(b) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(2) Assistance payments may also be made under this subsection for a family residing in a project being rehabilitated under section 17 that is determined to be a lower income family at the time it initially receives assistance and whose rent after rehabilitation would exceed 30 percent of the monthly adjusted income of the family.".

(c) PUBLIC HOUSING AGENCY FEES.—

(1) Section 8(b) of the United States Housing Act of 1937, as amended by subsection (b), is amended by adding at the end thereof the following new paragraph:

"(3) The method of calculation, the preliminary fee, and the percentage established for administrative fees paid to a public housing agency administering a contract under this subsection shall be the method of calculation, the preliminary fee, and the percentage established by the Secretary before January 1, 1985, and in effect on such date.".

(2) The amendment made by this subsection shall be applicable to administrative fees payable with respect to the administrative activities of a public housing agency after December 31, 1984.

(d) FAIR MARKET RENTALS.—Section 8(c)(1) of the United States Housing Act of 1937 is amended by inserting before the last sentence the following new sentence: "Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing or newly constructed rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by persons assisted under this section.".

(e) SHARED HOUSING.—Section 8(p) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentence: "Such standards may not require any person residing in a 1-bedroom dwelling to accept another person to share such dwelling, to move to a smaller dwelling, or to pay additional rent due to a refusal to accept another person to share such dwelling or to move to a smaller dwelling.".

(f) PORTABILITY OF CERTIFICATES AND VOUCHERS.—Section 8 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(q) Any family assisted under subsection (b) or (o) may continue to receive such assistance when such family moves to another eligible dwelling unit—

"(1) if such dwelling unit is within the same metropolitan statistical area as the dwelling unit from which the family moves; and

"(2) notwithstanding that such dwelling unit is not within the area of jurisdiction of the public housing agency having jurisdiction in the area of the dwelling unit from which the family moves.".

SEC. 1107. VOUCHER DEMONSTRATION PROGRAM.

(a) OPERATION OF PROGRAM.—Section 8(o) of the United States Housing Act of 1937 is amended—

(1) in the first sentence of paragraph (1), by striking out "In" and all that follows through ", the" and inserting in lieu thereof "The";

(2) by striking out paragraph (4);

(3) by redesignating paragraphs (5) through (8) as paragraphs (4) through (7), respectively; and

(4) in paragraph (5), as so redesignated by this subsection, by striking out "an initial" and inserting in lieu thereof "a".

(b) USE OF VOUCHERS IN CONNECTION WITH RENTAL REHABILITATION.—The first sentence of section 8(o)(3) of the United States Housing Act of 1937 is amended—

(1) by striking out "or" before "(C)"; and

(2) by inserting before the period at the end thereof the following: ", or (D) a family residing in a project being rehabilitated under section 17 that is determined to be a lower income family at the time it initially receives assistance and whose rent after rehabilitation would exceed 30 percent of the monthly adjusted income of the family".

(c) ADMINISTRATIVE EXPENSES.—Section 8(o) of the United States Housing Act of 1937, as amended by subsection (a), is amended by adding at the end thereof the following new paragraph:

"(8) The assistance under this subsection that is retained by public housing agencies for administrative expenses shall be equal to the assistance under section 9(a) that is retained by such agencies for such expenses.".

(d) STUDY.—Section 8(o) of the United States Housing Act of 1937, as amended by subsections (a) and (c), is amended by adding at the end thereof the following new paragraph:

"(9) For purposes of facilitating congressional consideration of the appropriateness of additional funding for assistance under this subsection, the Secretary shall prepare and submit to the Congress a report comparing the impact of assistance under this subsection with assistance under subsection (b)(1). Such report shall include comparisons with respect to—

"(A) the percentage of income paid by assisted families after receiving assistance for a 3-year period;

"(B) the financial characteristics of assisted families;

"(C) the extent to which rents paid by assisted families exceed 30 percent of adjusted income;

"(D) the security deposits required to be paid by assisted families and the impact of such deposits on the cost of housing for such families;

"(E) the accounting systems used by public housing agencies and the impact of such systems on the administrative costs incurred by such agencies;

"(F) the amount of time needed by assisted families to obtain dwelling units;

"(G) the extent to which families requiring dwelling units with 3 or more bedrooms are able to obtain such dwelling units;

"(H) the characteristics of assisted families, including information with respect to family size, age, race, and sex;

"(I) the extent to which assisted families move to other dwelling units; and

"(J) the extent of improvement in the physical condition of dwelling units occupied by eligible families as a result of assistance.".

SEC. 1168. PAYMENTS FOR OPERATION OF LOWER INCOME HOUSING PROJECTS.

(a) PERFORMANCE FUNDING SYSTEM.—Section 9(a) of the United States Housing Act of 1937 is amended—

(1) by striking out the last sentence of paragraph (1); and

(2) by adding at the end thereof the following new paragraph:

"(3)(A) For purposes of making payments under this section, the Secretary shall utilize a performance funding system that is substantially based on the system defined in regulations and in effect on November 30, 1983 (as modified by this paragraph), and that establishes standards for costs of operation and reasonable projections of income, taking into account the character and location of the project and the characteristics of the families served, in accordance with a formula representing the operations of a prototype well-managed project. Such performance funding system shall be established in consultation with public housing agencies and their associations, be contained in a regulation promulgated by the Secretary prior to the start of any fiscal year to which it applies, and remain in effect for the duration of such fiscal year without change.

"(B) Under the performance funding system established under this paragraph—

"(i) changes to the allowable expense level shall be made annually to reflect actual inflation rates for the most recent year for which data is available;

"(ii) in the first year that the reductions occur, any public housing agency shall share equally with the Secretary any cost reductions due to the differences between projected and actual energy rates attributable to actions taken by the agency which lead to such reductions;

"(iii) funds received by any public housing agency from sources other than tenant rents or other tenant payments, investment income, or income earned from commercial leases or receipts, including any amounts recovered through litigation, shall not be counted as income in computing the allowable subsidy nor shall prior receipt of any such funds affect the allowable expense level;

"(iv) payments to public housing agencies may only be ratably reduced if sufficient funds are not available, and, if excess funds are available, they shall be retained by the Secretary for use in the next fiscal year;

"(v) there shall be a formal review process for the purpose of providing such increases to the allowable expense level of a public housing agency as necessary—

"(I) to correct inequities and abnormalities that exist in the base year expense level of such public housing agency;

"(II) to reflect changes in operating circumstances since the initial determination of such base year expense level; and

"(III) to ensure that the allowable expense limit accurately reflects the higher cost of operating the project in an economically distressed unit of local government;

"(vi) public housing agencies shall be reimbursed for costs incurred that were beyond their control and the full extent of which were not taken into consideration in the original distribution of funds for the fiscal year involved;

"(vii) subsidy eligibility shall be calculated on the basis of 97 percent occupancy rate, except that a lower occupancy rate shall be permitted if—

"(I) it is due to vacant units in projects funded for modernization activity that is on schedule; or

"(II) it is acceptable to the Secretary as part of the plan of the public housing agency to achieve not less than a 97 percent occupancy rate over a reasonable period of years;

"(viii) public housing agencies shall maintain reasonable operating reserves similar to those established by well-managed, privately owned rental properties;

"(ix) the estimate of the rental income for the next fiscal year of a public housing agency shall be based on the actual rent for the fourth, fifth, or sixth month prior to the beginning of the new fiscal year of the public housing agency;

"(x) any revenues resulting from rental income or other income (excluding investment income) in excess of estimated revenues from such items may not be recaptured, used, or computed to reduce assistance provided under this section, unless such estimate—

"(I) was unreasonable according to regulations in effect when the estimate was made; or

"(II) was fraudulent and deceptive; and

"(xi) estimated investment income may be recomputed and appropriate adjustments may be made at the end of the fiscal year to reflect actual average cash availability and average interest rates during such year.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 9(c) of the United States Housing Act of 1937 is amended—

(1) by striking out "not" the first place it appears and all that follows through ", and by"; and

(2) by inserting before the period at the end thereof the following: ", and $1,279,000,000 for fiscal year 1986 (of which amount not more than $100,000,000 shall be made available for purposes of clauses (v) and (vi) of subsection (a)(3)(B))".

(c) TIME OF PAYMENT.—Section 9 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(e) Assistance to be provided to any public housing agency under this section for any fiscal year of such agency shall commence not later than the 1st month of such fiscal year, and shall be paid in equal monthly or quarterly installments or in accordance with such other payment schedule as may be agreed upon by the Secretary and such agency.".

SEC. 1169. GRANTS FOR COMPREHENSIVE IMPROVEMENT ASSISTANCE.

(a) AUTHORITY TO PROVIDE GRANTS.—Section 14 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(k) The Secretary may make contributions (in the form of grants) to public housing agencies under this section. The contract under which such contributions shall be made shall specify the amount of contributions required for each project to which the contract pertains, and that the terms and conditions of such contract shall remain in effect for a 20-year period.".

(b) CONFORMING AMENDMENTS.—

(1) Section 14(e) of the United States Housing Act of 1937 is amended by striking out "annual".

(2) Section 14 of the United States Housing Act of 1937 is amended by inserting "or (k)" after "subsection (b)" each place it appears in subsections (c), (d), (e), (g), (h), and (i).

SEC. 1170. ADDITIONAL COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM PROVISIONS.

(a) PURPOSES.—Section 14(a) of the United States Housing Act of 1937 is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; and

(2) by inserting before paragraph (2), as so redesignated, the following new paragraph:

"(1) to maintain the marketability of existing public housing projects and contribute to their long-term viability;".

(b) ADVANCE ARCHITECTURAL ENGINEERING AND PLANNING.—Section 14(e)(3) of the United States Housing Act of 1937 is amended by inserting after "(d)(4)" the following: "(including any such cost incurred in any year before the year in which the application of the public housing agency under subsection (d) is approved)".

(c) VACANT UNIT SET-ASIDE.—Section 14 of the United States Housing Act of 1937 is amended by inserting after subsection (e) the following new subsection:

"(f) Any amount available for financial assistance under subsection (b) or (k) for improving the physical condition of vacant uninhabitable dwelling units in public housing projects shall be made available in a manner to ensure the long-term viability of such dwelling units as public housing.".

(d) REHABILITATION STANDARDS.—

(1) Section 14(j)(2) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, the Secretary shall provide assistance under this section in accordance with rehabilitation standards established by the Secretary under this paragraph and in effect on June 1, 1984.".

(2) Section 14(j) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(3) Not later than the expiration of the 6-month period following the date of the en-

actment of the Housing Act of 1985, the Secretary shall issue regulations that establish a system for allocating and distributing assistance under this section.".

(e) REPORTS.—

(1) Section 14 of the United States Housing Act of 1937, as amended by section 2109, is amended by adding at the end thereof the following new subsection:

"(l) The Secretary shall include in the annual report under section 8 of the Housing and Urban Development Act a description of the allocation, distribution, and use of assistance under this section on a regional basis.".

(2) Not later than the expiration of the 12-month period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a report evaluating the comprehensive improvement assistance program under sections 14 and 20 of the United States Housing Act of 1937. Such report shall include—

(A) an analysis of the current physical condition of public housing projects;

(B) an estimate of the amount of assistance necessary under such sections to improve the physical condition of such projects and to upgrade the management and operation of such projects;

(C) a proposal for the creation of a replacement reserve account for major and nonroutine repairs of public housing projects, and a formula for such replacement reserve;

(D) an evaluation of the feasibility of incorporating such replacement reserve account into the performance funding system under section 9 of the United States Housing Act of 1937;

(E) an estimate of the total annual cost of such replacement reserve account; and

(F) an analysis of the feasibility for distribution of funds under such sections on a formula basis, a description of criteria for such a formula, and an estimate of the amount that each public housing agency with more than 500 dwelling units in public housing could be expected to receive under such formula distribution.

(f) RESIDENT MANAGEMENT IN PUBLIC HOUSING.—Section 14 of the United States Housing Act of 1937, as amended by subsection (e), is amended by adding at the end thereof the following new subsection:

"(m) During fiscal year 1986, the Secretary may make available up to $1,500,000, from amounts otherwise available during such fiscal year for purposes of this section, for assistance to public housing agencies that obtain, by contract or otherwise (not exceeding $100,000 per project), technical assistance for the development of resident management entities, including (but not limited to) formation of such entities, development of the management capability of newly formed or existing entities, and identification of project social support needs and securing such support.".

SEC. 1111. PUBLIC HOUSING COMPREHENSIVE GRANTS.

(a) FINDINGS.—The Congress hereby finds that—

(1) the condition of public housing projects financed under the United States Housing Act of 1937 is in some cases substandard, forcing many dwelling units to remain vacant, forcing many lower income families to live in substandard or dangerous living conditions, and preventing many others from obtaining decent, safe, and sanitary rental housing at an affordable rent as provided for under such Act;

(2) the Federal Government has a responsibility to help ensure the maintenance of public housing dwelling units in decent, safe, and sanitary condition, and to provide public housing agencies with funds sufficient to carry out such maintenance;

(3) the current comprehensive assistance improvement program has not provided public housing agencies the flexibility and responsibility essential for establishing priorities for capital improvement expenditures, assessing the relative needs of all public housing projects, and evaluating the relative advantages of repair, major maintenance, and capital replacement;

(4) the current comprehensive assistance improvement program has made it difficult for public housing agencies to plan capital improvements on a multiyear basis; and

(5) the current comprehensive assistance improvement program has resulted in unnecessary paperwork and delay, thereby increasing costs for capital improvements.

(b) PURPOSE.—It is the purpose of the amendments made by this section—

(1) to provide assistance on a reliable basis to public housing agencies to enable them to operate, upgrade, modernize, and rehabilitate public housing projects financed under the United States Housing Act of 1937 to ensure their continued availability as decent, safe, and sanitary rental housing at rents affordable to lower income families;

(2) to increase the reliability of Federal assistance for capital improvements in public housing projects;

(3) to significantly deregulate the program of Federal assistance for capital improvements in public housing projects;

(4) to provide increased opportunities and incentives for more efficient management of public housing projects; and

(5) to afford public housing agencies greater control in planning for the maintenance and improvement of public housing projects.

(c) COMPREHENSIVE GRANT PROGRAM.—The United States Housing Act of 1937 is amended by adding at the end thereof the following new section:

"COMPREHENSIVE GRANT PROGRAM

"SEC. 20. (a) PURPOSE.—It is the purpose of this section to provide assistance to improve the physical condition of existing public housing projects and to upgrade their management and operation in order to contribute to their long-term physical and social viability and their continued availability to provide decent, safe, and sanitary living conditions for lower income families.

"(b) AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE.—The Secretary may make available, and contract to make available, financial assistance to public housing agencies in accordance with the provisions of this section with respect to public housing (as defined in section 3(b)(1)) owned or operated by such agencies.

"(c) COMPREHENSIVE PLAN.—No financial assistance may be made available to a public housing agency under this section unless the Secretary approves a 5-year comprehensive plan submitted by the public housing agency on a date determined by the Secretary, except that the Secretary may provide such assistance if it is necessary to correct conditions that constitute an immediate threat to the health or safety of tenants. The comprehensive plan shall contain—

"(1) a comprehensive assessment of—

"(A) the current physical condition of each public housing project owned or operated by the public housing agency;

"(B) the physical improvements necessary for each such project to permit the project to be rehabilitated to a level at least equal to the minimum property standards established by the Secretary and in effect at the time of the preparation of the comprehensive plan; and

"(C) the replacement needs of equipment systems and structural elements that will be required to be met (assuming routine and timely maintenance is performed) during the 5-year period covered by the comprehensive plan;

"(2) a comprehensive assessment of the improvements needed to upgrade the management and operation of the public housing agency and of each such project so that decent, safe, and sanitary living conditions will be provided such projects, which assessment shall include at least an identification of needs related to—

"(A) the management, financial, and accounting control systems of the public housing agency that are related to such projects;

"(B) the adequacy and qualifications of personnel employed by the public housing agency (in the management and operation of such projects) for each category of employment; and

"(C) the adequacy and efficacy of—

"(i) tenant programs and services in such projects;

"(ii) the security of each such project and its tenants;

"(iii) policies and procedures of the public housing agency for the selection and eviction of tenants in such projects; and

"(iv) other policies and procedures of the public housing agency relating to such projects, as specified by the Secretary;

"(3) an analysis, made on a project-by-project basis in accordance with standards and criteria prescribed by the Secretary, demonstrating that completion of the improvements and replacements identified under paragraphs (1) and (2) will reasonably ensure the long-term physical and social viability of each such project at a reasonable cost;

"(4) an action plan for making the improvements and replacements identified under paragraphs (1) and (2) that are determined under the analysis described in paragraph (3) to reasonably ensure long-term viability of each such project at a reasonable cost, which action plan shall include at least a schedule, in order of priority, of the actions that are to be completed over a period of not more than 5 years from the date of approval of the comprehensive plan by the Secretary and that are necessary—

"(A) to make the improvements and replacements identified under paragraph (1) for each project expected to receive capital improvements or replacements; and

"(B) to upgrade the management and operation of the public housing agency and its public housing projects as described in paragraph (2);

"(5) a statement, to be signed by the chief local government official (or Indian tribal official, if appropriate), certifying that—

"(A) the comprehensive plan was developed by the public housing agency in consultation with appropriate local government officials (or Indian tribal officials, if appropriate) and with tenants of the housing projects eligible for assistance under this section, which shall include not less than 2 public hearings (i) at least 1 of which shall be held prior to the initial adoption of any plan by the public housing agency for use of such assistance, and afford tenants and interested parties an opportunity to summarize their priorities and concerns, to ensure their due consideration in the planning process of the public housing agency; and (ii) at least 1 of which shall be held prior to final submission of the plan to the Department of Housing and Urban Development for its approval, to provide tenants and other interested parties an opportunity to comment on the plan of action proposed by the public housing agency in its submission; and

"(B) the comprehensive plan is consistent with the assessment of the community of its lower income housing needs and that the unit of general local government (or Indian tribe, if appropriate) will cooperate in the provision of tenant programs and services (as defined in section 3(c)(2));

"(6) a statement, to be signed by the chief public housing official, certifying that the public housing agency will carry out the comprehensive plan in conformity with title VI of the Civil Rights Act of 1964, title VIII of the Act of April 11, 1968 (commonly known as the Civil Rights Act of 1968), and section 504 of the Rehabilitation Act of 1973;

"(7) a preliminary estimate of the total cost of the items identified in paragraphs (1) and (2), including a preliminary estimate of the costs that will be incurred during each year covered by the comprehensive plan; and

"(8) such other information as the Secretary may require.

"(d) REVIEW OF COMPREHENSIVE PLANS.—

"(1) STANDARD FOR APPROVAL.—The Secretary shall approve a comprehensive plan unless—

"(A) the comprehensive plan is incomplete;

"(B) on the basis of available significant facts and data pertaining to the physical and operational condition of the public housing projects of the public housing agency or the management and operations of the public housing agency, the Secretary determines that the identification by the public housing agency of needs is plainly inconsistent with such facts and data;

"(C) on the basis of the comprehensive plan, the Secretary determines that the action plan described in subsection (e)(4) is plainly inappropriate to meeting the needs identified in the comprehensive plan, or that the public housing agency has failed to demonstrate that completion of improvements and replacements identified under paragraphs (1) and (2) of subsection (e) will reasonably ensure long-term viability of 1 or more public housing projects to which they relate at a reasonable cost; or

"(D) there is evidence available to the Secretary that tends to challenge in a substantial manner any certification contained in the comprehensive plan.

"(2) SCHEDULE FOR APPROVAL.—The comprehensive plan shall be considered to be approved, unless the Secretary notifies the public housing agency in writing within 75 calendar days of submission that the Secretary has disapproved the comprehensive plan as submitted, indicating the reasons for disapproval and modifications required to make the comprehensive plan approvable.

"(e) ANNUAL STATEMENT.—

"(1) Each public housing agency receiving assistance under this section shall submit to the Secretary, at a date determined by the Secretary, an annual statement of the activities and expenditures projected to be funded, in whole or in part, by such assistance during the immediately following fiscal year of the public housing agency. The annual statement shall include a certification by the public housing agency that the proposed activities and expenditures are consistent with the approved comprehensive plan of the public housing agency. The annual statement also shall include a certification that the public housing agency has provided the tenants of the public housing and other interested parties the opportunity to review the annual statement and comment on it, and that such comments have been taken into account in formulating the annual statement as submitted to the Secretary.

"(2) A public housing agency may propose an amendment to its comprehensive plan under subsection (c) in any annual statement. Any such proposed amendment shall be reviewed in accordance with subsection (d), and shall include a certification that (A) the proposed amendment has been made publicly available for comment prior to its submission; (B) tenants and other interested parties have been given sufficient time to review and comment on it; and (C) such comments have been taken into consideration in the preparation and submission of the amendment.

"(3) The Secretary shall approve the annual statement unless the Secretary determines that it is inconsistent with the comprehensive plan. The annual statement shall be considered to be approved, unless the Secretary notifies the public housing agency in writing before the expiration of the 75-day period following submission of the annual statement that the Secretary has disapproved the annual statement as submitted, indicating the reasons for disapproval and the modifications required to make the annual statement approvable. The annual statement shall be approved before the public housing agency receives any assistance under this section for the fiscal year to which the annual statement relates.

"(f) ANNUAL PERFORMANCE REPORTS; REVIEWS AND AUDITS.—

"(1) PERFORMANCE AND EVALUATION REPORTS.—Each public housing agency receiving assistance under this section shall submit to the Secretary, on a date determined by the Secretary, a performance and evaluation report concerning the use of funds made available under this section. The report of the public housing agency shall include an assessment by the public housing agency of the relationship of such use of funds made available under this section, as well as the use of other funds, to the needs identified in the comprehensive plan of the public housing agency and to the purposes of this section. The public housing agency shall certify that the report has been made available for review and comment by tenants and other interested parties prior to its submission to the Secretary.

"(2) REVIEWS BY SECRETARY.—The Secretary shall, at least on an annual basis, make such reviews as may be necessary or appropriate to determine whether each public housing agency receiving assistance under this section—

"(A) has carried out its activities under this section in a timely manner and in accordance with its comprehensive plan;

"(B) has a continuing capacity to carry out its comprehensive plan in a timely manner;

"(C) has satisfied, or has made reasonable progress towards satisfying, such performance standards as shall be prescribed by the Secretary, which shall include at least that the public housing agency shall—

"(i) maintain all occupied dwelling units in public housing projects eligible for assistance under this section at levels at least equal to the housing quality standards established by the Secretary under section 8(o)(6);

"(ii) maintain at least a 97 percent occupancy rate for all dwelling units in such projects; and

"(iii) maintain an operating reserve, as authorized under section 9(a), equal to at least 20 percent of the routine expenses in the operating budget of each year; and

"(D) has made reasonable progress in carrying out modernization projects approved under the provisions of section 14.

"(3) AUDITS OF FINANCIAL TRANSACTIONS.—Recipients of assistance under this section shall have an audit made in accordance with chapter 75 of title 31, United States Code. The Secretary, the Inspector General of the Department of Housing and Urban Development, and the Comptroller General of the United States shall have access to all books, documents, papers, or other records that are pertinent to the activities carried out under this section in order to make audit examinations, excerpts, and transcripts.

"(4) CORRECTIVE ACTION.—The comprehensive plan, any amendments to the comprehensive plan, and the annual statement shall, once approved by the Secretary, be binding upon the Secretary and the public housing agency. The Secretary may order corrective action only if the public housing agency does not comply with paragraph (1) or (2) or if an audit under paragraph (3) reveals findings that the Secretary reasonably believes require such corrective action. The Secretary may withhold funds under this section only if the public housing agency fails to take such corrective action after notice and a reasonable opportunity to do so. In administering this section, the Secretary shall, to the greatest extent possible, respect the professional judgment of the administrators of the public housing agency.

"(g) ELIGIBLE COSTS.—A public housing agency may use financial assistance received under subsection (b) only—

"(1) to undertake activities described in its approved comprehensive plan under subsection (c) or its annual statement under subsection (e);

"(2) to correct conditions that constitute an immediate threat to the health or safety of tenants, whether or not the need for such correction is indicated in its comprehensive plan or annual statement;

"(3) to prepare a comprehensive plan under subsection (c), including reasonable costs that may be necessary to assist tenants in participating in the planning process in a meaningful way, an annual statement under subsection (e), an annual performance and evaluation report under subsection (f)(1), and an audit under subsection (f)(3); and

"(4) to operate public housing projects consistent with the requirements that apply to amounts provided under section 9, except that not more than 20 percent of the funds secured under this section may be used for such purposes.

"(h) ALLOCATION OF ASSISTANCE.—The system for allocating assistance under section 14 in effect on May 21, 1985, shall remain in effect until the Congress, by law, establishes criteria for a formula or other allocation method to be used by the Secretary under this section in determining—

"(1) for each public housing agency, the amounts that are necessary to address current needs for capital improvements;

"(2) for each public housing agency, the amounts that are necessary to address the future needs for capital improvements through a replacement reserve; and

"(3) the relative needs of public housing agencies of different sizes for the amounts described in paragraphs (1) and (2).

"(i) ANNUAL REPORT.—The Secretary shall include in the annual report under section 8 of the Department of Housing and Urban Development Act a description of the allocation, distribution, and use of assistance under this section on a regional basis.

"(j) AUTHORIZATION OF APPROPRIATIONS.—

"(1) CURRENT NEEDS.—

"(A) There are authorized to be appropriated under this section to provide assistance for the current needs for capital improvements of public housing agencies such sums as may be necessary for fiscal years 1987, 1988, and 1989.

"(B) Of the amounts appropriated under subparagraph (A), 3 percent shall be re-

served by the Secretary to provide assistance to correct conditions in public housing agencies that constitute an immediate threat to the health or safety of tenants.

"(2) REPLACEMENT RESERVE.—There are authorized to be appropriated under this section to provide assistance for the future needs for capital improvements in replacement reserves for public housing agencies such sums as may be necessary for fiscal years 1987, 1988, and 1989.

"(3) AVAILABILITY.—Any amount appropriated under this subsection shall remain available until expended.

"(k) REGULATIONS.—The Secretary may issue such regulations as are necessary to carry out the provisions of this section.".

(d) USE OF OPERATING ASSISTANCE.—Section 9(a)(1) of the United States Housing Act of 1937 is amended by inserting after the first sentence the following new sentence: "A public housing agency may also use any available amounts provided under this section in accordance with the purpose and requirements of section 20.".

(e) ASSISTANCE FOR PREPARATION OF COMPREHENSIVE PLANS.—Of the amounts approved in appropriation Acts for fiscal year 1986 for financial assistance under section 14 of the United States Housing Act of 1937, the Secretary shall, not later than November 1, 1985, provide such sums as may be reasonable and necessary to public housing agencies that request funds to prepare comprehensive plans under section 20(c) of the United States Housing Act of 1937, as added by this section.

(f) APPLICABILITY.—

(1) IN GENERAL.—The amendments made by subsections (c) and (d) shall be applicable in fiscal year 1987 and succeeding fiscal years, but in no event before the date of the enactment of the law referred to in section 20(h) of the United States Housing Act of 1937, as added by this section. Except as provided in paragraph (2), the provisions of section 14 of the United States Housing Act of 1937 shall continue to apply to amounts appropriated for any prior fiscal year to carry out such section 14.

(2) TRANSITION PROVISION.—Any amount obligated by the Secretary of Housing and Urban Development to a public housing agency under section 14 of the United States Housing Act of 1937 from amounts appropriated for any fiscal year beginning on or before the date of the enactment of the law referred to in section 20(h) of the United States Housing Act of 1937, as added by this section, shall be used for the purposes for which such amount was provided, or for purposes consistent with a comprehensive plan submitted by the public housing agency and approved by the Secretary under such section 20 as added by this section, as the public housing agency considers appropriate.

SEC. 1112. INCOME ELIGIBILITY FOR ASSISTED HOUSING.

The United States Housing Act of 1937 is amended by striking out section 16.

SEC. 1113. RENTAL DEVELOPMENT PROGRAM.

(a) BUDGET AUTHORITY.—Section 17(a) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(4) ADDITIONAL AUTHORIZATION.—There are authorized to be appropriated not to exceed $150,000,000 for fiscal year 1986 for development grants.".

(b) PROGRAM REQUIREMENTS.—Section 17(d)(4) of the United States Housing Act of 1937 is amended—

(1) in subparagraph (E)—

(A) by inserting "(i)" after the subparagraph designation;

(B) by striking out "lower income families" and inserting in lieu thereof the following: "families who are lower income families on the date of initial occupancy";

(C) by adding "and" at the end of clause (i), as so redesignated by this paragraph; and

(D) by adding at the end thereof the following new clause:

"(ii) a family shall be considered to meet the requirements of clause (i) until it pays a rent equal to the lowest rent for a unit of the same size in the same project that is occupied by a family that does not meet the requirements of clause (i);";

(2) by striking out "and" at the end of subparagraph (G);

(3) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof "; and"; and

(4) by adding at the end thereof the following new subparagraph:

"(I) the owner of each assisted structure agrees to comply with the provisions of paragraph (8) until the 20-year period specified in paragraph (7) has ended.".

(c) RENT PROVISIONS.—Section 17(d)(8)(A) of the United States Housing Act of 1937 is amended—

(1) in the first sentence by striking out "lower income families" and inserting in lieu thereof the following: "families that meet the requirements of paragraph (4)(E)"; and

(2) in the second sentence, by striking out "30" and all that follows through "families" and inserting in lieu thereof the following: "the amount permitted under section 3(a) for lower income families".

(d) ENFORCEMENT OF PROGRAM REQUIREMENTS.—Section 17(d)(7)(A) is amended by striking out the penultimate sentence.

SEC. 1114. RENTAL REHABILITATION PROGRAM.

(a) ELIGIBLE PROPERTY.—Section 17(a)(1)(A) of the United States Housing Act of 1937 is amended by inserting after "property" the following: ", or of real property that will be privately owned upon the completion of rehabilitation,".

(b) AVAILABILITY OF AMOUNTS.—Section 17(a)(3)(A) of the United States Housing Act of 1937 is amended by inserting before the semicolon the following: "(and such amounts may be permitted by appropriation Acts to remain available until September 30, 1987)".

PART 2—MULTIFAMILY HOUSING MANAGEMENT AND PRESERVATION

SEC. 1121. PREPAYMENT OF MORTGAGES.

Section 250(a)(1) of the National Housing Act is amended by striking out "or" and all that follows through "needs" the last place it appears.

SEC. 1122. MANAGEMENT AND PRESERVATION OF HUD-OWNED MULTIFAMILY HOUSING PROJECTS.

(a) GOALS.—Section 203(a) of the Housing and Community Development Amendments of 1978 is amended by striking out "(a)" and all that follows through the semicolon at the end of paragraph (1) and inserting in lieu thereof the following:

"(a) The Secretary of Housing and Urban Development (hereafter in this section referred to as the 'Secretary') shall manage and dispose of multifamily housing projects that are owned by the Secretary, or whose mortgages are held by, assigned to, or being foreclosed upon by the Secretary, in a manner that is consistent with the National Housing Act and this section and that will, in the least costly fashion among the reasonable alternatives available, further the goals of—

"(1) preserving so that they are available to and affordable by low- and moderate-income persons—

"(A) all units in multifamily housing projects that are formerly subsidized projects; and

"(B) in all other multifamily housing projects, at least those units that are, on the date of assignment, occupied by low- and moderate-income persons or vacant;".

(b) MANAGEMENT SERVICES.—Section 203(b)(2) of the Housing and Community Development Amendments of 1978 is amended by striking out ", owned by the Secretary" and inserting in lieu thereof "to which subsection (a) applies".

(c) MAINTAINING OF PROJECTS.—Section 203(c) of the Housing and Community Development Amendments of 1978 is amended to read as follows:

"(c) The Secretary shall—

"(1) to the greatest extent possible, maintain all occupied multifamily housing projects to which subsection (a) applies in a decent, safe, and sanitary condition;

"(2) to the greatest extent possible, maintain full occupancy in all such projects; and

"(3) maintain all such projects for purposes of providing rental or cooperative housing for the longest feasible period.".

(d) FINANCIAL ASSISTANCE.—Section 203 of the Housing and Community Development Amendments of 1978 is amended—

(1) by redesignating subsections (d) through (g) as subsections (e) through (h), respectively; and

(2) by inserting after subsection (c) the following new subsection:

"(d) In carrying out the goals specified in subsection (a)(1) the Secretary shall, to the extent provided in appropriation Acts, take one or both of the following actions:

"(1) Enter into contracts under section 8 of the United States Housing Act of 1937 with owners of multifamily housing projects that are acquired at foreclosure or after sale by the Secretary. Such contracts shall be attached to the project involved for a period of not less than 15 years and shall be sufficient to assist all units that are occupied by lower income families eligible for assistance under such section 8 at the time of foreclosure or sale, as the case may be, or that are vacant at such time (which units shall forthwith be made available for such families). In order to make available to families any units that are occupied by persons not eligible for assistance under such section 8, but that subsequently become vacant, the contract shall also provide that when any such vacancy occurs the owner involved shall apply to the Secretary for additional assistance to the project involved under the same terms as the original assistance. The Secretary shall provide such contracts at fair market rents that, consistent with subsection (a), provide for the rehabilitation of such project and do not exceed the most recently adjusted fair market rents for substantially rehabilitated units published by the Secretary in the Federal Register. Such contracts shall not be subject to section 16 of the United States Housing Act of 1937.

"(2) Provide purchase-money mortgages to the owners of multifamily housing projects that are acquired at foreclosure or after sale by the Secretary on terms that will ensure that the project will remain available to and affordable by low- and moderate-income persons for a period of not less than 15 years.".

(e) PARTIAL CLAIM PAYMENTS.—Section 203(e)(1) of the Housing and Community Development Amendments of 1978, as so redesignated in this section, is amended by striking out "owned by the Secretary" and inserting in lieu thereof "to which subsection (a) applies".

(f) LIMITATIONS ON CERTAIN TRANSFERS.—Section 203 of the Housing and Community Development Amendments of 1978 is amended—

(1) by redesignating subsections (g) and (h), as so redesignated in this section, as subsections (h) and (i); and

(2) by inserting before such subsection (h) the following new subsection:

"(g)(1) The Secretary may not approve the transfer of any mortgage insured by the Secretary on any formerly subsidized project unless such transfer is made as part of a transaction that will ensure that such project will continue to operate at least until the maturity date of such mortgage in a manner that will provide rental housing on terms at least as advantageous to existing and future tenants as the terms required by such mortgage.

"(2) The Secretary may not approve a transfer of the physical assets of any formerly subsidized project subject to a mortgage held or insured by the Secretary unless the proposed owner agrees to maintain the low- and moderate-income character of such project for a period of not less than the remaining term of such mortgage.".

(g) FORMERLY SUBSIDIZED PROJECTS.—Section 203(h) of the Housing and Community Development Amendments of 1978, as so redesignated in this section, is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) For the purpose of this section, the term 'formerly subsidized project' means a multifamily housing project receiving any of the following assistance immediately prior to the assignment of the mortgage on such project to, or the acquisition of such mortgage by, the Secretary:

"(A) below market interest rate mortgage insurance under the proviso of section 221(d)(5) of the National Housing Act;

"(B) interest reduction payments made in connection with mortgages insured under section 236 of the National Housing Act;

"(C) rent supplement payments under section 101 of the Housing and Urban Development Act of 1965;

"(D) direct loans at below market interest rates, made under section 202 of the Housing Act of 1959 or section 312 of the Housing Act of 1964; or

"(E) housing assistance payments made under section 23 of the United States Housing Act of 1937 (as in effect before January 1, 1975) or section 8 of the United States Housing Act of 1937 (other than subsection (b)(1) of such section).".

SEC. 1123. ACQUISITION OF INSURED MULTIFAMILY HOUSING PROJECTS.

Section 207(k) of the National Housing Act is amended by inserting after the second sentence the following new sentence: "In determining the amount to be bid, the Secretary shall act consistently with the goal established in section 203(a)(1) of the Housing and Community Development Amendments of 1978.".

SEC. 1124. TENANT PARTICIPATION IN MULTIFAMILY HOUSING PROJECTS.

(a) APPLICABILITY.—Section 202(a) of the Housing and Community Development Amendments of 1978 is amended by inserting before the period at the end thereof the following: "or section 202 of the Housing Act of 1959".

(b) NOTICE AND COMMENT.—Section 202(b)(1) of the Housing and Community Development Amendments of 1978 is amended—

(1) by striking out "or" the third place it appears;

(2) by inserting after "alterations," the following: "transfer of physical assets, or application for capital improvements loan,"; and

(3) by striking out "and the Secretary deems it appropriate" and inserting in lieu thereof the following: "or where the Secretary proposes to sell a mortgage securing a multifamily housing project".

(c) NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS.—Section 202(b)(2) of the Housing and Community Development Amendments of 1978 is amended by inserting before the semicolon at the end thereof the following: ", and such owners agree not to refuse unreasonably to lease any vacant dwelling unit in the project that rents for an amount not greater than the fair market rent for a comparable unit, as determined by the Secretary under section 8 of the United States Housing Act of 1937, to a holder of a certificate of eligibility under such section solely because of the status of such prospective tenant as a holder of such certificate".

SEC. 1125. TROUBLED MULTIFAMILY HOUSING PROJECTS.

Section 203(a)(1) of the Housing and Community Development Amendments of 1978 is amended by inserting before the semicolon at the end thereof the following: "and to apply for sufficient assistance under this section, section 8 of the United States Housing Act of 1937, or any other appropriate housing assistance program to permit the owner to maintain both the financial soundness and the low- and moderate-income character of the project, except that such agreement shall also provide that the agreement of the owner to maintain the low- and moderate-income character of the project for such period shall be binding only as long as such sufficient assistance is available and offered and the project receives such sufficient assistance".

SEC. 1126. INAPPLICABILITY OF CERTAIN INCOME ELIGIBILITY RESTRICTIONS TO PROPERTY DISPOSITION CONTRACTS.

Section 16 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(c) Subsections (a) and (b) shall not be applicable to contracts entered into under section 8 of the United States Housing Act of 1937 with owners of multifamily housing projects that are acquired at foreclosure or after sale by the Secretary under section 203 of the Housing and Community Development Amendments of 1978.".

PART 3—OTHER HOUSING ASSISTANCE PROGRAMS

SEC. 1141. HOUSING FOR THE ELDERLY AND HANDICAPPED.

(a) BUDGET AUTHORITY.—

(1) The first sentence of section 202(a)(4)(B)(i) of the Housing Act of 1959 is amended—

(A) by striking out "and" the first place it appears; and

(B) by inserting after "1984," the following: "and to such sums as may be approved in an appropriation Act on October 1, 1985,".

(2) Section 202(a)(4)(C) of the Housing Act of 1959 is amended by adding at the end thereof the following new sentence: "Not more than $601,000,000 may be approved in appropriation Acts for such loans for fiscal year 1986.".

(b) INTEREST RATE LIMITATION.—Section 223(a)(2) of the Housing and Urban-Rural Recovery Act of 1983 is amended by striking out "October 1, 1984" and inserting in lieu thereof "October 1, 1986".

(c) COMMUNITY PARTICIPATION.—

(1) Section 202(a) of the Housing Act of 1959 is amended by adding at the end thereof the following new paragraph:

"(8) To the maximum extent practicable, the Secretary shall encourage each corporation to provide for appropriate community participation in the development of the housing project assisted under this section.".

(2) Section 202(d)(2)(B) of the Housing Act of 1959 is amended to read as follows:

"(B) that owns and is responsible for the operation of the housing project assisted under this section; and".

SEC. 1142. HOUSING FOR THE HANDICAPPED.

(a) FINDINGS AND PURPOSE.—

(1) The Congress hereby finds that—

(A) housing for nonelderly handicapped families is assisted under section 202 of the Housing Act of 1959 and section 8 of the United States Housing Act of 1937;

(B) the housing programs under such sections are designed and implemented primarily to assist rental housing for elderly and nonelderly families and are often inappropriate for dealing with the specialized needs of the physically impaired, the developmentally disabled, and the chronically mentally ill;

(C) the development of housing for nonelderly handicapped families under such programs is often more expensive than necessary, thereby reducing the number of such families that can be assisted with available funds;

(D) the program under section 202 of the Housing Act of 1959 can continue to provide direct loans to finance group residences and independent apartments for nonelderly handicapped families, but can be made more efficient and less costly by the adoption of standards and procedures applicable only to housing for such families;

(E) the use of the program under section 8 of the United States Housing Act of 1937 to assist rentals for housing for nonelderly handicapped families is time consuming and unnecessarily costly and, in some areas of the Nation, prevents the development of such housing;

(F) the use of the program under section 8 of the United States Housing Act of 1937 to assist rentals for housing for nonelderly handicapped families should be replaced by a more appropriate subsidy mechanism;

(G) both elderly and handicapped housing projects assisted under section 202 of the Housing Act of 1959 will benefit from an increased emphasis on supportive services and a greater use of State and local funds; and

(H) an improved program for nonelderly handicapped families will assist in providing shelter and supportive services for mentally ill persons who might otherwise be homeless.

(2) The purpose of this section is to improve the direct loan program under section 202 of the Housing Act of 1959 to ensure that such program meets the special housing and related needs of nonelderly handicapped families.

(b) HOUSING FOR HANDICAPPED FAMILIES.—

(1) Section 202(h) of the Housing Act of 1959 is amended to read as follows:

"(h)(1) Of the amounts made available in appropriation Acts for loans under subsection (a)(4)(C) for any fiscal year commencing after September 30, 1985, not less than 15 percent or $100,000,000, whichever amount is greater, shall be available for loans for the development costs of housing for handicapped families. If the amount required for any such fiscal year for approvable applications for loan under this subsection is less than the amount available under this paragraph, the balance shall be made available for loans under other provisions of this section.

"(2) The Secretary shall take such actions as may be necessary to ensure that—

"(A) funds made available under this subsection will be used to support a variety of methods of meeting the needs primarily of nonelderly handicapped families by providing a variety of housing options, ranging

from small group homes to independent living complexes; and

"(B) housing for handicapped families assisted under this subsection will provide families occupying units in such housing with an assured range of services specified in subsection (f), will provide such families with opportunities for optimal independent living and participation in normal daily activities, and will facilitate access by such families to the community at large and to suitable employment opportunities within such community.

"(3)(A) In allocating funds under this subsection, and in processing applications for loans under this section and assistance payments under paragraph (4), the Secretary shall adopt such distinct standards and procedures as the Secretary determines appropriate due to differences between housing for handicapped families and other housing assisted under this section.

"(B) The Secretary may, on a demonstration basis, determine the feasibility and desirability of reducing processing time and costs for housing for handicapped families by limiting project design to a small number of prototype designs. Any such demonstration shall be limited to the 3-year period following the date of the enactment of the Housing Act of 1985, may only involve projects whose sponsors consent to participation in such demonstration, and shall be described in a report submitted by the Secretary to the Congress following completion of such demonstration.

"(4)(A) The Secretary shall, to the extent approved in appropriation Acts, enter into contracts with owners of housing for handicapped families receiving loans under, or meeting the requirements of, this section to make monthly payments to cover any part of the costs attributed to units occupied (or, as approved by the Secretary, held for occupancy) by lower income families that is not met from project income. The annual contract amount for any project shall not exceed the sum of the initial annual project rentals for all units and any initial utility and services allowances for such units, as approved by the Secretary. Any contract amounts not used by a project in any year shall remain available to the project until the expiration of the contract. The term of a contract entered into under this subparagraph shall be 240 months. The annual contract amount may be adjusted by the Secretary if the sum of the project income and the amount of assistance payments available under this subparagraph are inadequate to provide for reasonable project costs. In the case of an intermediate care facility in which there reside families assisted under title XIX of the Social Security Act, project income under this subparagraph shall include the same amount as if such families were being assisted under title XVI of the Social Security Act.

"(B) The Secretary shall approve initial project rentals for any project assisted under this subsection based on the determination of the Secretary of the total actual necessary and reasonable costs of developing and operating the project, taking into consideration the need to contain costs to the extent practicable and consistent with the purposes of the project and this section.

"(C) The Secretary shall require that, during the term of each contract entered into under subparagraph (A), all units in a project assisted under this subsection shall be made available for occupancy by lower income families, as such term is defined in section 3(b)(2) of the United States Housing Act of 1937. The rent payment required of a lower income family shall be determined in accordance with section 3(a) of such Act, except that the gross income of a family occupying an intermediate care facility assisted under title XIX of the Social Security Act shall be the same amount as if the family were being assisted under title XVI of the Social Security Act.

"(D) The Secretary shall coordinate the processing of an application for a loan for housing for handicapped families under this section and the processing of an application for assistance payments under this paragraph for such housing.".

(2) Section 202(d) of the Housing Act of 1959 is amended by adding at the end thereof the following new paragraphs:

"(9) The term 'housing for handicapped families' means housing and related facilities to be occupied by handicapped families who are primarily nonelderly handicapped families.

"(10) The term 'nonelderly handicapped families' means elderly or handicapped families, the head of which (and spouse, if any) is less than 62 years of age at the time of initial occupancy of a project assisted under this section.".

(3) Section 202(c)(3) of the Housing Act of 1959 is amended by inserting after "section" the following: "and designed for dwelling use by 12 or more elderly or handicapped families".

(c) SUPPORTIVE SERVICES FOR ELDERLY AND HANDICAPPED FAMILIES.—Section 202(f) of the Housing Act of 1959 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each applicant for a loan under this section for housing and related facilities shall submit with the application a supportive services plan describing—

"(A) the category or categories of families such housing and facilities are intended to serve;

"(B) the range of necessary services to be provided to the families occupying such housing;

"(C) the manner in which such services will be provided to such families; and

"(D) the extent of State and local funds available to assist in the provision of such services.".

(d) TERMINATION OF SECTION 8 ASSISTANCE.—On and after the first date that amounts approved in an appropriation Act for any fiscal year become available for contracts under section 202(h)(4)(A) of the Housing Act of 1959, as amended by subsection (b) of this section, no project for handicapped (primarily nonelderly) families approved for such fiscal year pursuant to section 202 of such Act shall be provided assistance payments under section 8 of the United States Housing Act of 1937, except pursuant to a reservation for a contract to make such assistance payments that was made before the first date that amounts for contracts under such section 202(h)(4)(A) became available.

(e) IMPLEMENTATION.—Not later than the expiration of the 120-day period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall, to the extent amounts are approved in an appropriation Act for use under section 202(h)(4)(A) of the Housing Act of 1959 for fiscal year 1986, publish in the Federal Register a notice of fund availability to implement the provisions of, and amendments made by, this section. The Secretary shall issue such rules as may be necessary to carry out such provisions and amendments for fiscal year 1987 and thereafter.

(f) EFFECTIVE DATE AND APPLICABILITY.—

(1) The provisions of, and amendments made by, this section shall become effective on October 1, 1985.

(2)(A) Except as otherwise provided in this section, the provisions of, and amendments made by, this section shall not apply with respect to projects with loans or loan reservations under section 202 of the Housing Act of 1959 using authority approved in appropriation Acts for fiscal years beginning before October 1, 1985.

(B) Notwithstanding subparagraph (A), the Secretary may apply the provisions of, and amendments made by, this section to any project in order to facilitate the development of such project in a timely manner.

SEC. 1143. CONGREGATE SERVICES.

Section 411(a) of the Congregate Housing Services Act of 1978 is amended—

(1) by striking out "and" at the end of para-graph (5);

(2) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(7) for fiscal year 1986, not to exceed $8,000,000.".

SEC. 1144. SECTION 235 HOMEOWNERSHIP PROGRAM.

(a) CONTRACT AUTHORITY.—The second sentence of section 235(h)(1) of the National Housing Act is amended—

(1) by striking out "and" the last place it appears; and

(2) by inserting before the period at the end thereof the following: ", and by $7,500,000 on October 1, 1985".

(b) BUDGET AUTHORITY.—Section 235(h)(1) of the National Housing Act is amended by inserting after the third sentence the following new sentence: "The aggregate amount that may be obligated over the duration of the contracts entered into with the authority provided on October 1, 1985, may not exceed $75,000,000.".

(c) ASSISTANCE PAYMENTS AUTHORITY.—Section 235(h)(1) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(d) INSURANCE AUTHORITY.—Section 235(m) of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(e) HOUSING STIMULUS AUTHORITY.—Section 235(q)(1) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

SEC. 1145. TASK FORCE ON FAMILY HOUSING NEEDS.

(a) ESTABLISHMENT.—There hereby is established a task force to be known as the Task Force on Family Needs in Assisted Housing (hereafter referred to in this section as the "task force"), which shall examine—

(1) the problems of families with children living in highrise buildings assisted by the Secretary of Housing and Urban Development (hereafter referred to in this section as the "Secretary");

(2) the problems of such families who are on waiting lists for housing assistance provided by, or housing assisted by, the Secretary; and

(3) the need for construction of additional dwelling units for such families.

(b) MEMBERS.—

(1) The task force shall consist of not less than 20 members appointed by the Secretary as follows:

(A) 5 members appointed from persons who are officials of the Department of Housing and Urban Development;

(B) 5 members appointed from persons who are public housing agency directors;

(C) 5 members appointed from persons who are representatives of tenants in assisted housing; and

(D) 5 members appointed from persons who are representatives of units of general local government.

(2) Each member of the task force shall serve without pay, allowances, or benefits by reason of such service. Each such member shall be reimbursed for actual expenses, including travel expenses, incurred in the course of performing the duties vested in the task force.

(c) MEETINGS.—The task force shall meet as necessary to carry out the purposes of this section, at the call of the Secretary.

(d) STAFF AND OFFICES.—The Secretary shall provide the task force with such staff and office facilities as the Secretary, following consultation with the task force, considers necessary to permit the task force to carry out its functions under this section.

(e) REPORT.—Not later than the expiration of the 1-year period following the date of the enactment of this Act, the task force shall submit to the Secretary and the Congress a report setting forth its findings as a result of its study under subsection (a). Such report shall include any recommendations of the task force for actions to resolve the problems identified in such study.

SEC. 1146. ENERGY CONSERVATION IN ASSISTED HOUSING.

(a) IN GENERAL.—Any housing project, for which development is assisted under the United States Housing Act of 1937 or section 202 of the Housing Act of 1959 and commences after the 1-year period following the date of the enactment of this Act, shall be developed in accordance with life-cycle cost-effective energy conservation performance standards established by the Secretary of Housing and Urban Development and designed to ensure the lowest total-construction and operating costs over the estimated life of the building.

(b) CONSTRUCTION COST LIMITS.—The Secretary shall revise the cost limits applicable to the development of housing assisted under the United States Housing Act of 1937 and section 202 of the Housing Act of 1959 for purposes of taking into consideration life-cyle costs of the structure and major energy consuming heating and cooling systems.

(c) REGULATIONS.—The Secretary of Housing and Urban Development shall, not later than the expiration of the 1-year period following the date of the enactment of this Act, issue regulations establishing the standards referred to in subsection (a) and revising the cost limits referred to in subsection (b).

SEC. 1147. ANNUAL REPORT ON CHARACTERISTICS OF FAMILIES IN ASSISTED HOUSING.

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall include in the annual report under section 8 of the Housing and Urban Development Act descriptions of the characteristics of families assisted under each of the following programs of assistance: public housing, section 8 of the United States Housing Act of 1937 (other than subsection (o) of such section), section 8(o) of the United States Housing Act of 1937, and section 202 of the Housing Act of 1959.

(b) SPECIFIC REQUIREMENTS.—The descriptions required in subsection (a) shall include information with respect to—

(1) family size, including the number of children;

(2) amount and sources of family income;

(3) the age, race, and sex of family members; and

(4) whether the head of the family (or the spouse of such person) is a member of the armed forces.

SEC. 1148. PROCEDURES AND POLICIES FOR MANDATORY MEALS PROGRAMS IN ASSISTED HOUSING FOR THE ELDERLY.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (hereafter referred to in this section as the "Secretary"), in consultation with owners, managers, and tenants of housing projects for the elderly that are assisted under section 202 of the Housing Act of 1959, section 236 of the National Housing Act, and section 8 of the United States Housing Act of 1937 and that have mandatory meals programs, shall develop and implement within 1 year following the date of the enactment of this Act, procedures and policies governing the operation of such programs to facilitate the sound and equitable administration of all such programs and to ensure that meals provided under such programs are at the least possible cost to all tenants.

(b) SPECIFIC REQUIREMENTS.—Procedures and policies prescribed by the Secretary under subsection (a) shall include rules to—

(1) require sponsors of mandatory meals programs to accept food stamps toward payment for meals;

(2) require, when the lease is renewed or within 12 months of the date of the enactment of this Act, whichever occurs earlier, the contract for any meals service to be separate from the lease for the housing unit and to prohibit the eviction of any tenant for nonpayment of the meals service contract;

(3) require exceptions from participation in mandatory meals programs where such programs cannot satisfactorily accommodate the special dietary or health needs of a tenant, as certified by the tenant's physician, or the special diet or food practice tenets of a tenant's religion, or where such programs substantially interfere with a tenant's employment;

(4) require sponsors of mandatory meals programs to provide refunds or otherwise excuse tenants from payment for meals not eaten during periods of temporary absence from a housing facility due to confinement in a hospital, nursing home, or other health care or rehabilitative facility, or, where prior notification is provided to the sponsor by tenants, during periods of extended absence from the facility; and

(5) encourage sponsors of mandatory meal programs to make meals available to tenants who are confined to units within the facility due to illness or other temporary incapacitation that prevents participation in congregate dining or otherwise to compensate tenants for meals not eaten during such temporary incapacitation.

(c) LIMIT ON TENANT PAYMENTS.—

(1) The Secretary shall prescribe rules requiring sponsors of mandatory meals programs to exempt from participation in such programs tenants for whom participation in such programs constitutes an unbearable financial hardship, especially for the very lowest income tenants, or to provide such tenants with financial assistance toward the cost of participation in such programs.

(2) In determining unbearable financial hardship under paragraph (1), the Secretary shall take into consideration the cost to tenants of meals not covered by the program and other necessary living costs remaining after payment of charges for the mandatory meals program.

(d) STUDY.—For purposes of facilitating congressional consideration of the appropriateness of mandatory meals programs in assisted housing projects for the elderly, the Secretary shall, not later than the expiration of the 18-month period following the date of the enactment of this Act, submit to the Congress a report reviewing the operation of mandatory meals programs and actions of the Department of Housing and Urban Development implementing the provisions of this section. Such report shall include information with respect to—

(1) the cost effectiveness of mandatory meals programs in comparison to comparable meals programs offered on a voluntary basis;

(2) the benefits to tenants provided by mandatory participation in meals programs;

(3) the extent of compliance among sponsors of mandatory meals programs with rules required by this section;

(4) the extent to which tenants of assisted housing projects with mandatory meals programs have been required to participate in such programs against their wishes due to limited availability of alternative assisted housing projects for the elderly; and

(5) the availability of funding under the Congregate Housing Services Act of 1965, title III of the Older Americans Act of 1965, or other Federal programs for facilitating the conversion of current mandatory meals programs to voluntary participation by tenants.

(e) MORATORIUM ON NEW MANDATORY MEAL PROGRAMS.—During the 18-month period following the date of the enactment of this Act, the Secretary—

(1) shall permit the establishment of only voluntary meals programs in assisted housing projects for the elderly with respect to which funds for assistance are reserved by the Secretary after September 30, 1985; and

(2) shall not permit the conversion of a voluntary meals program in existence as of September 30, 1985, to a mandatory meals program.

SEC. 1149. MODIFICATION OF RESTRICTION ON USE OF ASSISTED HOUSING.

(a) IN GENERAL.—Section 214 of the Housing and Community Development Act of 1980 is amended to read as follows:

"RESTRICTION ON USE OF ASSISTED HOUSING

"SEC. 214. (a) Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may not make financial assistance available for the benefit of any nonimmigrant student-alien.

"(b) For purposes of this section:

"(1) The term 'financial assistance' means financial assistance made available pursuant to the United States Housing Act of 1937, section 235 or 236 of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965.

"(2) The term 'nonimmigrant student-alien' means—

"(A) any alien who—

"(i) has a residence in a foreign country that such alien has no intention of abandoning;

"(ii) is a bona fide student qualified to pursue a full course of study; and

"(iii) is admitted to the United States temporarily and solely for purposes of pursuing such a course of study at an established institution of learning or other recognized place of study in the United States, particularly designated by such alien and approved by the Attorney General after consultation with the Department of Education of the United States, which institution or place of study shall have agreed to report to the Attorney General the termination of attendance of each nonimmigrant student (and if any such institution of learning or place of study fails to make such reports promptly the approval shall be withdrawn); and

"(B) the alien spouse and minor children of any alien described in subparagraph (A), if accompanying such alien or following to join such alien.".

(b) CONFORMING AMENDMENT.—The Housing and Community Development Amend-

ments of 1961 is amended by striking out section 329(b).

SEC. 1150. EXCLUSION OF HOUSING ASSISTANCE AS INCOME.

Notwithstanding any other provision of law, the value of any assistance paid with respect to a dwelling unit under the United States Housing Act of 1937, the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, or title V of the Housing Act of 1949 may not be considered as income or a resource for the purpose of determining the eligibility of, or the amount of benefits payable to, any person living in such unit for assistance under any State program receiving payments under part A of title IV of the Social Security Act.

SEC. 1151. USE OF CERTAIN EXCESS RENTAL CHARGES FOR ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS.

Section 236(f)(3) of the National Housing Act is amended by striking out "1985" and inserting in lieu thereof "1986".

SEC. 1152. HOUSING DEMONSTRATION PROJECT.

(a) REPORT.—Section 225(h) of the Housing and Urban-Rural Recovery Act of 1983 is amended—

(1) by striking out paragraph (1);

(2) by redesignating paragraph (2) as paragraph (1);

(3) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1986"; and

(4) by adding at the end thereof the following new paragraph:

"(2) The report required in paragraph (1) shall include an analysis of the condition in urban areas commonly known as roving slums. Such analysis shall evaluate in particular—

"(A) the extent to which such condition is affected by—

"(i) a lack of coordination between housing assistance programs administered by the Secretary and shelter allowances provided to families receiving public assistance payments under programs administered by the Secretary of Health and Human Services; and

"(ii) the manner in which such housing assistance and shelter allowances are provided; and

"(B) possible approaches to eliminating or reducing such condition through improved coordination between the programs referred to in subparagraph (A)(i).".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 225(i) of the Housing and Urban-Rural Recovery Act of 1983 is amended to read as follows:

"(i) There is authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1986. Any amount appropriated under this subsection shall remain available until expended.".

SEC. 1153. FLEXIBLE SUBSIDY ASSISTANCE FOR CERTAIN HOUSING PROJECTS FOR ELDERLY OR HANDICAPPED FAMILIES.

(a) PURPOSES.—Section 201(a) of the Housing and Community Development Amendments of 1978 is amended by inserting "the Housing Act of 1959," after "1937,".

(b) ELIGIBILITY FOR ASSISTANCE.—Section 201(c)(1)(A) of the Housing and Community Development Amendments of 1978 is amended by inserting before the semicolon at the end thereof the following: ", or received a loan under section 202 of the Housing Act of 1959 before October 1, 1970".

SEC. 1154. HOUSING ASSISTANCE TECHNICAL AMENDMENTS.

(a) RENTAL HOUSING FOR LOWER INCOME FAMILIES.—The last sentence of section 236(i)(1) of the National Housing Act is amended by striking out "(h)" and inserting in lieu thereof "(f)(4)".

(b) DEFINITION OF DISABILITY.—Section 3(b)(3)(A) of the United States Housing Act of 1937 is amended—

(1) by striking out "or" the first place it appears and inserting in lieu thereof a comma; and

(2) by striking out "or in section 102 of the Developmental Disabilities Services and Facilities Construction Amendments of 1970" and inserting in lieu thereof the following: ", has a developmental disability as defined in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(7))".

(c) LOWER INCOME HOUSING CONTRACT PROVISIONS.—The first sentence of section 6(a) of the United States Housing Act of 1937 is amended by inserting "The" before "Secretary".

(d) HOUSING DEVELOPMENT GRANTS.—Section 17(d)(7)(A) of the United States Housing Act of 1937 is amended by striking out "title" and inserting in lieu thereof "subsection".

(e) HOUSING FOR THE ELDERLY AND HANDICAPPED.—

(1) The third sentence of section 202(d)(4) of the Housing Act of 1959 is amended by striking out "is a developmentally disabled individual as defined in section 102(5) of the Developmental Disabilities Services and Facilities Construction Amendments of 1950" and inserting in lieu thereof the following: "has a developmental disability as defined in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(7))".

(2) Section 202(f) of the Housing Act of 1959 is amended by striking out "section 134" and inserting in lieu thereof "section 133".

(3) Section 202(l) of the Housing Act of 1959 is amended by striking out "difference" and inserting in lieu thereof "different".

(f) RENT SUPPLEMENTS.—Section 101(j)(1)(D) of the Housing and Urban Development Act of 1965 is amended by striking out "divided" and inserting in lieu thereof "dividend".

Subtitle B—Rural Housing

SEC. 1201. PROGRAM AUTHORIZATIONS.

(a) INSURANCE AND GUARANTEE AUTHORITY.—Section 513(a)(1) of the Housing Act of 1949 is amended to read as follows:

"(a)(1) The Secretary may, to the extent approved in appropriation Acts, insure and guarantee loans under this title during fiscal year 1986 in an aggregate amount not to exceed $2,206,000,000 as follows:

"(A) for insured or guaranteed loans under section 502 on behalf of borrowers receiving assistance under section 521(a)(1) or receiving guaranteed loans pursuant to section 502(f), $1,328,000,000;

"(B) for loans under section 504, $17,000,000;

"(C) for insured loans under section 514, $20,000,000;

"(D) for insured loans under section 515, $900,000,000; and

"(E) for site loans under section 524, $1,000,000.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 513(b) of the Housing Act of 1949 is amended to read as follows:

"(b) There are authorized to be appropriated for fiscal year 1986, and to remain available until expended—

"(1) for grants under section 504, $20,000,000;

"(2) for purposes of section 509(c), $2,000,000;

"(3) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to—

"(A) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503; and

"(B) the interest due on a similar sum represented by notes or other obligations issued by the Secretary;

"(4) for financial assistance under section 516, $15,000,000;

"(5) for grants under section 523(f), $15,000,000;

"(6) for grants under section 533, $20,000,000; and

"(7) such sums as may be necessary for the Secretary to administer the provisions of sections 235 and 236 of the National Housing Act and section 8 of the United States Housing Act of 1937.".

(c) RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(c) of the Housing Act of 1949 is amended to read as follows:

"(c) The Secretary, to the extent approved in appropriation Acts for fiscal year 1986, may enter into rental assistance payment contracts under section 521(a)(2)(A) aggregating $198,000,000. Such authority as is approved in appropriation Acts shall be used by the Secretary to renew rental assistance payment contracts that expire during such fiscal year and to make additional rental assistance payment contracts for existing or newly constructed dwelling units.".

(d) RENTAL HOUSING LOAN AUTHORITY.—Section 515(b)(4) of the Housing Act of 1949 is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(e) MUTUAL AND SELF-HELP HOUSING GRANT AND LOAN AUTHORITY.—

(1) Section 523(f) of the Housing Act of 1949 is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(2) Section 523(g) of the Housing Act of 1949 is amended by striking out "fiscal year 1985" and inserting in lieu thereof the following: "fiscal years 1985 and 1986, respectively".

SEC. 1202. INCOME LEVELS FOR FAMILY ELIGIBILITY.

(a) IN GENERAL.—Section 501(b)(4) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, the maximum income levels established for purposes of this title for such families and persons in the Virgin Islands shall not be less than the highest such levels established for purposes of this title for such families and persons in American Samoa, Guam, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.".

(b) APPLICABILITY.—The amendment made by subsection (a) shall be applicable to any determination of eligibility for assistance under title V of the Housing Act of 1949 made on or after the date of the enactment of this Act.

SEC. 1203. PLANS FOR ALLOCATION OF FINANCIAL ASSISTANCE.

Section 501 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(h) Not later than 30 days after the allocation to any State office of any financial assistance available under this title, there shall be made available to the public in each State, county, and district office in such State a statement of the amount of such assistance that will be available for each program under this title within the area of jurisdiction of such office.".

SEC. 1204. RURAL HOUSING ESCROW ACCOUNTS.

(a) ESCROW PROCEDURES.—Section 501(e) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "The Secre-

tary shall, not later than 60 days after the date of the enactment of the Housing Act of 1985, establish procedures under which borrowers under this title shall make periodic payments for the purpose of taxes, insurance, and such other necessary expenses as the Secretary determines to be appropriate.".

(b) PREPAYMENT OF TAXES AND OTHER EXPENSES.—Section 502(a)(1) of the Housing Act of 1949 is amended by striking out the last sentence and inserting in lieu thereof the following: "The borrower shall prepay to the Secretary as escrow agent, on terms and conditions prescribed by the Secretary, such taxes, insurance, and other expenses as are required in accordance with section 501(e).".

SEC. 1206. RURAL HOUSING GUARANTEED LOANS.

Section 502 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(f)(1) Of the total loans under this section for any fiscal year beginning after September 30, 1985, the following percentage shall be guaranteed loans in accordance with this section, section 517(d), and the last sentence of section 521(a)(1)(A):

"(A) for fiscal year 1986, 10 percent;

"(B) for fiscal year 1987, 20 percent; and

"(C) for fiscal year 1988 and each succeeding fiscal year, 30 percent.

"(2) Loans guaranteed pursuant to this subsection shall be made only to borrowers with moderate or above-moderate incomes that do not exceed 115 percent of the median income of the area, as determined by the Secretary with adjustments for smaller and larger families.".

SEC. 1206. STUDY OF PROCEDURES FOR APPEALS OF ADVERSE DECISIONS.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall study, and submit to the Congress a report evaluating, the procedures established by the Secretary under section 510(g) of the Housing Act of 1949. Such study and report shall include (1) an analysis of the advantages of providing that any appeal of an adverse decision shall be heard by an impartial person disinterested in the result of such appeal; and (2) any additional recommendations of the Secretary for improving such procedures.

SEC. 1207. USE OF FEE INSPECTORS AND APPRAISERS.

(a) IN GENERAL.—Section 510(j) of the Housing Act of 1949 is amended by inserting after "grant applications" the following: "(as determined by the Secretary under section 532(c))".

(b) DETERMINATION OF SECRETARY.—Section 532 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(c)(1) Each county or district office shall immediately notify the Secretary in any case in which such office is unable to process any loan or grant application before the expiration of the 30-day period following the receipt of such application. Such notification shall include a statement of the reason for such delay in application processing.

"(2) Upon the receipt of any notification under paragraph (1), the Secretary shall determine whether the delay in application processing by the county or district office involved is likely to continue without the use of the services of fee inspectors and fee appraisers, as provided in section 510(j). If the Secretary determines that such delay is likely to continue without the use of such services, the Secretary shall require the use of such services by such office until such office is able to expeditiously process loan and grant applications without such services.".

SEC. 1208. LOANS FOR REHABILITATION OF RURAL RENTAL HOUSING.

Section 515(l) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall, not later than the expiration of the 90-day period following the date of the enactment of the Housing Act of 1985, issue regulations to establish the standards required in paragraph (1).".

SEC. 1209. MANAGEMENT OF INSURED AND GUARANTEED LOANS.

(a) SALE OF INSURED AND GUARANTEED LOANS TO PUBLIC.—Section 517(c) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "Any loan made and sold by the Secretary under this section after the date of the enactment of the Housing Act of 1985 (and any loan made by other lenders under this title that is insured or guaranteed in accordance with this section, is purchased by the Secretary, and is sold by the Secretary under this section after such date) shall be sold to the public and may not be sold to the Federal Financing Bank, unless such sale to the Federal Financing Bank is required to service transactions under this title between the Secretary and the Federal Financing Bank occurring on or before such date.".

(b) INTEREST SUBSIDY ON INSURED AND GUARANTEED LOANS OFFERED FOR SALE TO PUBLIC.—Section 517(d) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each loan made by the Secretary or other lenders under this title that is insured or guaranteed in accordance with this subsection shall, when offered for sale to the public, be accompanied by an agreement by the Secretary to pay to the holder of such loan (through an agreement to purchase such loan or through such other means as the Secretary determines to be appropriate) the difference between the rate of interest paid by the borrower of such loan and the market rate of interest (as determined by the Secretary) on obligations having comparable periods to maturity on the date of such sale.".

(c) PROTECTION OF BORROWERS UNDER LOANS SOLD TO PUBLIC.—Section 517(d) of the Housing Act of 1949, as amended by subsection (b) of this section, is amended by adding at the end thereof the following new paragraph:

"(3) Each loan made by the Secretary or other lenders under this title that is insured or guaranteed in accordance with this subsection shall, when offered for sale to the public, be accompanied by agreements for the benefit of the borrower under the loan that provide that—

"(A) the purchaser or any assignee of the loan shall not diminish any substantive or procedural right of the borrower arising under this title;

"(B) upon any default of the borrower, the loan shall be assigned to the Secretary for the purpose of avoiding foreclosure; and

"(C) following any assignment under subparagraph (B) and before commencing any action to foreclose or otherwise dispossess the borrower, the Secretary shall afford the borrower all substantive and procedural rights arising under this title, including consideration for interest subsidy, moratorium, reamortization, refinancing, and appeal of any adverse decision to an impartial officer.".

(d) USE OF RURAL HOUSING INSURANCE FUND.—Section 517(j) of the Housing Act of 1949 is amended—

(1) by striking out "and" at the end of paragraph (4);

(2) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(6) to make payments and take other actions in accordance with agreements entered into under paragraphs (2) and (3) of subsection (d).".

(e) ELIGIBILITY FOR GUARANTEED LOANS.—Section 517 of the Housing Act of 1949 is amended by striking out subsection (n).

(f) REGULATIONS.—Section 517(o) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Not later than the expiration of the 90-day period following the date of the enactment of the Housing Act of 1985, the Secretary shall issue regulations to facilitate the marketability in the secondary mortgage market of loans insured or guaranteed under this section. Such regulations shall ensure that such loans are competitive with other loans and mortgages insured or guaranteed by the Federal Government.".

SEC. 1210. DEFINITION OF RURAL AREA.

The last sentence of section 520 of the Housing Act of 1949 is amended by striking out "through" and inserting in lieu thereof the following: "until determined to no longer be such an area on the basis of data obtained in a decennial census conducted after".

SEC. 1211. RURAL HOUSING PRESERVATION GRANT PROGRAM.

Section 533(h) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall, not later than the expiration of the 90-day period following the date of the enactment of the Housing Act of 1985, issue regulations to carry out the program of grants under subsection (a)(2).".

SEC. 1212. LIMITATION ON RESTRICTIONS ON TAX-EXEMPT FINANCING.

Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"LIMITATION ON RESTRICTIONS ON TAX-EXEMPT FINANCING

"SEC. 536. In addition to the limitations established in section 817 of the Housing and Community Development Act of 1974, the Secretary may not issue any regulation or take any other action that may have the effect of prohibiting or preventing the issuance of tax-exempt bonds or other obligations to provide financing for use in connection with assistance provided under this title.".

SEC. 1213. TASK FORCE ON HOUSING NEEDS OF RURAL AMERICA.

(a) ESTABLISHMENT.—There hereby is established a task force to be known as the Task Force on Housing Needs in Rural America, which shall examine—

(1) the problems of supplying low and moderate income families in rural areas with adequate housing through existing Federal programs;

(2) the access to affordable credit for housing for low and moderate income families in rural areas;

(3) the availability of housing stock in rural areas suitable for rehabilitation;

(4) the feasibility of assisting low and moderate income families in rural areas with existing programs, new programs, or a combination of such programs; and

(5) the need for new construction and additional dwelling units for low and moderate income families in rural areas.

(b) MEMBERS.—

(1) The task force shall consist of not less than 8 members appointed by the Secretary of Agriculture as follows:

(A) 2 members appointed from persons who are officials of the Department of Agriculture;

(B) 2 members appointed from persons representative of for-profit and non-profit organizations and agencies engaged in housing development in rural areas;

(C) 2 members appointed from persons who reside in rural housing assisted under title V of the Housing Act of 1949; and

(D) 2 members appointed from persons who are representatives of units of general local government in rural areas.

(2) Each member of the task force shall serve without pay, allowances, or benefits by reason of such service. Each such member shall be reimbursed for actual expenses, including travel expenses, incurred in the course of performing the duties vested in the task force.

(c) MEETINGS.—The task force shall meet as necessary to carry out the purposes of this section, at the call of the Secretary.

(d) STAFF AND OFFICES.—The Secretary shall provide the task force with such staff and office facilities as the Secretary, following consultation with the task force, considers necessary to permit the task force to carry out its functions under this section.

(e) REPORT.—Not later than the expiration of the 1-year period following the date of the enactment of this Act, the task force shall submit to the Secretary and the Congress a report setting forth its findings as a result of its study under subsection (a). Such report shall include any recommendations of the task force for actions to resolve the problems identified in such study. The task force shall cease to exist after filing such report.

(f) DEFINITIONS.—For purposes of this section:

(1) The term "rural area" has the meaning given such term in section 520 of the Housing Act of 1949.

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "task force" means the Task Force on Housing Needs in Rural America established in subsection (a).

SEC. 1214. RURAL HOUSING TECHINICAL AMENDMENTS.

(a) DEFINITIONS.—Section 501(b)(3) of the Housing Act of 1949 is amended by striking out "is a developmentally disabled individual as defined in section 102(7) of the Development Disabilities Services and Facilities Construction Act" and inserting in lieu thereof the following: "has a developmental disability as defined in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(7))".

(b) FARM LABOR HOUSING.—Section 514(f)(1) of the Housing Act of 1949 is amended by striking out "and" at the end thereof.

(c) HOUSING FOR ELDERLY FAMILIES.—Section 515(o)(1) of the Housing Act of 1949 is amended by striking out "effective".

(d) LOANS TO LOW- AND MODERATE-INCOME FAMILIES.—Section 521(a)(1)(A) of the Housing Act of 1949 is amended by striking out ", except" and all that follows through "charges".

(e) HOUSING FOR RURAL TRAINEES.—Section 522(a) of the Housing Act of 1949 is amended by striking out the comma after "Health".

(f) CONDOMINIUM HOUSING.—

(1) Section 526(a) of the Housing Act of 1949 is amended by striking out "and" the first place it appears.

(2) Section 526(c) of the Housing Act of 1949 is amended by striking out "and" the first place it appears.

(g) HOUSING PRESERVATION GRANTS.—

(1) Section 533(e)(1)(B)(iii) of the Housing Act of 1949 is amended by inserting "to" before "refuse".

(2) Section 533(g) of the Housing Act of 1949 is amended by striking out "persons of low income and very low-income" and inserting in lieu thereof "low income families or persons and very low-income families or persons".

Subtitle C—Program Amendments and Extensions

PART 1—FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

SEC. 1251. EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS.

(a) TITLE I INSURANCE.—Section 2(a) of the National Housing Act is amended by striking out "October 1, 1985" in the first sentence and inserting in lieu thereof "October 1, 1986".

(b) GENERAL INSURANCE.—Section 217 of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(c) LOW AND MODERATE INCOME HOUSING INSURANCE.—Section 221(f) of the National Housing Act is amended by striking out "September 30, 1985" in the fifth sentance and inserting in lieu thereof "September 30, 1986".

(d) CO-INSURANCE.—

(1) Section 244(d) of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(2) Section 244(h) of the National Housing Act is amended by striking out "October 1, 1985" in the last sentence and inserting in lieu thereof "October 1, 1986".

(e) GRADUATED PAYMENT AND INDEXED MORTGAGE INSURANCE.—Section 245(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(f) ARMED SERVICES HOUSING INSURANCE.—

(1) Section 809(f) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(2) Section 810(k) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(g) LAND DEVELOPMENT INSURANCE.—Section 1002(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(h) GROUP PRACTICE FACILITIES INSURANCE.—Section 1101(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

SEC. 1252. AMOUNT TO BE INSURED UNDER NATIONAL HOUSING ACT.

Section 531 of the National Housing Act is amended by striking out "and 1985" and inserting in lieu thereof the following: ", 1985, and 1986".

SEC. 1253. NEGOTIATED INTEREST RATES ON MORTGAGES INSURED BY FEDERAL HOUSING ADMINISTRATION.

(a) NURSING HOME FIRE SAFETY EQUIPMENT INSURANCE.—Section 232(i)(2)(B) of the National Housing Act is amended to read as follows:

"(B) bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee;".

(b) ARMED SERVICES HOUSING INSURANCE.—The first sentence of section 810(h) of the National Housing Act is amended—

(1) by striking out "(exclusive of" and all that follows through "207" and inserting in lieu thereof the following: "at such rate as may be agreed upon by the mortgagor and the mortgagee"; and

(2) by striking out before the period at the end thereof the following: ", and shall bear interest at not to exceed the rate applicable to mortgages insured under section 203".

SEC. 1254. STUDY OF VOLUNTARY STANDARDS FOR MODULAR HOMES.

(a) IN GENERAL.—In order to facilitate the construction of less costly housing, the Secretary of Housing and Urban Development shall prepare and submit to the Congress not later than 6 months after the date of the enactment of this Act a report describing feasible alternative systems for implementing a voluntary preemptive national code for modular housing, including the method for inspecting the structures to ensure compliance with the recommended code. Such code shall provide for the development of modular housing standards for construction, design, and performance that ensure quality, durability, and safety and are in accordance with life-cycle cost-effective energy conservation standards established by the Secretary of Housing and Urban Development and designed to ensure the lowest total construction and operating costs over the estimated life of such housing.

(b) DEFINITION.—For purposes of this section, the term "modular housing" means factory-built single-family housing not subject to the requirements of the National Manufactured Housing Construction and Safety Standards Act of 1974.

SEC. 1255. LIMITATION ON CERTAIN PREMIUM CHARGES.

Section 530 of the National Housing Act is amended—

(1) by inserting "(a)" after the section designation; and

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

"(b) Notwithstanding any other provisions of this Act, no loan or mortgage insurance premium charge pursuant to subsection (a)(1) may exceed 3.8 percent of the principal obligation of the loan or mortgage involved.".

SEC. 1256. MORTGAGES ON HAWAIIAN HOME LANDS AND INDIAN LANDS TO BE OBLIGATIONS OF GENERAL INSURANCE FUND.

(a) MORTGAGES ON HAWAIIAN HOME LANDS.—Section 247 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this Act, the insurance of a mortgage using the authority contained in this section shall be the obligation of the General Insurance Fund created pursuant to section 519 of this Act. The mortgagee shall be eligible to receive the benefits of insurance as provided in section 204 of this Act with respect to mortgages insured pursuant to this section, except that all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and all references in section 204 to section 203 shall be construed to refer to the section under which the mortgage is insured.".

(b) MORTGAGES ON INDIAN RESERVATIONS.—Section 248 of the National Housing Act is amended—

(1) by redesignating subsections (f), (g), and (h) as subsections (g), (h), and (i), respectively;

(2) by inserting after subsection (e) the following new subsection:

"(f) Notwithstanding any other provision of this Act, the insurance of a mortgage using the authority contained in this section shall be the obligation of the General Insurance Fund created pursuant to section 519 of this Act. The mortgagee shall be eligible to receive the benefits of insurance as provided in section 204 of this Act with respect to mortgages insured pursuant to this section, except that all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and all references in section 204 to section 203 shall be construed to refer to the section under which the mortgage is insured."; and

(3) in the last sentence of subsection (g)(3) and the first sentence of subsection (g)(5), as so redesignated by paragraph (1), by striking out "insurance fund" each place it appears and inserting in lieu thereof "General Insurance Fund".

SEC. 1257. REPEAL OF REQUIREMENT TO PUBLISH PROTOTYPE HOUSING COSTS FOR 1- TO 4-FAMILY DWELLING UNITS.

The Housing and Community Development Act of 1977 is amended by striking out section 904.

SEC. 1258. AUTHORITY FOR INCREASED MORTGAGE LIMITS FOR MULTIFAMILY PROJECTS IN HIGH-COST AREAS.

Section 207(c)(3), the second proviso of section 213(b)(2), the first proviso of section 220(d)(3)(B)(iii), section 221(d)(3)(ii), section 221(d)(4)(ii), section 231(c)(2) and section 234(e)(3) of the National Housing Act are each amended by striking out "not to exceed 75 per centum" and all that follows through "involved) in such an area" and inserting in lieu thereof the following: "not to exceed 110 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 140 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved".

SEC. 1259. PERMISSIBLE ANNUAL INTEREST RATE ADJUSTMENT FOR ADJUSTABLE RATE MORTGAGES.

The last sentence of section 251(a) of the National Housing Act is amended by striking out "1 percent" and inserting in lieu thereof "2 percent".

SEC. 1260. DOUBLE DAMAGES REMEDY FOR UNAUTHORIZED USE OF MULTIFAMILY HOUSING PROJECT ASSETS AND INCOME.

(a) ACTION TO RECOVER ASSETS OR INCOME.—

(1) The Secretary of Housing and Urban Development (hereafter referred to in this section as the "Secretary") may request the Attorney General to bring an action in a United States district court to recover any assets or income used by any person in violation of (A) a regulatory agreement that applies to a multifamily project whose mortgage is insured or held by the Secretary under title II of the National Housing Act; or (B) any applicable regulation. For purposes of this section, a use of assets or income in violation of the regulatory agreement or any applicable regulation shall include any use for which the documentation in the books and accounts does not establish that the use was made for a reasonable operating expense or necessary repair of the project and has not been maintained in accordance with the requirements of the Secretary and in reasonable condition for proper audit.

(2) For purposes of a mortgage insured or held by the Secretary under title II of the National Housing Act, the term "any person" shall mean any person or entity which owns a project, as identified in the regulatory agreement, including but not limited to any stockholder holding 25 percent or more interest of a corporation that owns the project; any beneficial owner under any business or trust; any officer, director, or partner of an entity owning the project; and any heir, assignee, successor in interest, or agent of any owner.

(b) INITIATION OF PROCEEDINGS AND TEMPORARY RELIEF.—The Attorney General, upon request of the Secretary, shall have the exclusive authority to authorize the initiation of proceedings under this section. Pending final resolution of any action under this section, the court may grant appropriate temporary or preliminary relief, including restraining orders, injunctions, and acceptance of satisfactory performance bonds, to protect the interests of the Secretary and to prevent use of assets or income in violation of the regulatory agreement and any applicable regulation and to prevent loss of value of the realty and personalty involved.

(c) AMOUNT RECOVERABLE.—In any judgment favorable to the United States entered under this section, the Attorney General may recover double the value of the assets and income of the project that the court determines to have been used in violation of the regulatory agreement or any applicable regulation, plus all costs relating to the action, including but not limited to reasonable attorney and auditing fees. Notwithstanding any other provision of law, the Secretary may apply the recovery, or any portion of the recovery, to the project or to the applicable insurance fund under the National Housing Act.

(d) TIME LIMITATION.—Notwithstanding any other statute of limitations, the Secretary may request the Attorney General to bring an action under this section at any time up to and including 6 years after the latest date that the Secretary discovers any use of project assets and income in violation of the regulatory agreement or any applicable regulation.

(e) CONTINUED AVAILABILITY OF OTHER REMEDIES.—The remedy provided by this section is in addition to any other remedies available to the Secretary or the United States.

SEC. 1261. ADMINISTRATIVE IMPROVEMENTS IN SINGLE-FAMILY MORTGAGE INSURANCE PROGRAM.

The National Housing Act is amended by inserting after section 532 the following new section:

"ADMINISTRATIVE IMPROVEMENTS IN MORTGAGE INSURANCE PROGRAM

"SEC. 533. (a) ANNUAL REPORT.—The Secretary shall annually prepare and submit to the Congress a comprehensive report regarding the non-subsidized single-family mortgage insurance programs carried out by the Secretary under title II in metropolitan cities and urban counties. Each such report shall describe the types of dwellings insured, the individual income eligibility, the delinquency in foreclosure rates, the condition of the dwellings, and the status of the homeowners (including whether such homeowners are first-time homeowners or single-parent families). Each such report shall be made available to the public in all regional and local offices of the Secretary.

"(b) SPECIAL OVERSIGHT.—The Secretary shall establish procedures to analyze in detail and conduct scrutinized oversight of the single-family mortgage insurance operations of the Department of Housing and Urban Development under title II, with specific attention to Milwaukee, Camden, and other cities having recent single-family mortgage foreclosure difficulties.

"(c) FEE APPRAISAL STANDARDS.—The Secretary shall review the fee appraisal standards used under title II with respect to single-family dwellings, and shall develop a higher standard of appraisal with respect to such dwellings for fee appraisers in predominately low and moderate income neighborhoods.

"(d) FEE APPRAISERS.—The Secretary may not use the services of fee appraisers who are not employees of the Federal Housing Administration for purposes of appraising single-family dwellings subject to mortgages insured under title II and located in any metropolitan city or urban county.

"(e) COORDINATION OF ACTIVITIES WITH PUBLIC HOUSING AGENCIES AND COMMUNITY GROUPS.—The Secretary shall require each regional and local office of the Department of Housing and Urban Development to provide on a priority basis, to public housing agencies and community advocacy groups located within the area of its jurisdiction, adequate and timely information regarding the single-family mortgage insurance activities of such office under title II.

"(f) PUBLICIZING OF AVAILABILITY OF MORTGAGE INSURANCE.—The Secretary shall take such actions as may be necessary, including improved marketing and advertising practices, to publicize the availability of single-family mortgage insurance under title II.".

SEC. 1262. REFINANCING MORTGAGE INSURANCE FOR HOSPITALS, NURSING HOMES, INTERMEDIATE CARE FACILITIES, AND BOARD AND CARE HOMES.

(a) STATE CERTIFICATION REQUIREMENT.—Section 223(f)(4)(D) of the National Housing Act is amended to read as follows:

"(D) such existing hospital has received such certification from the State in which the hospital is located as is comparable to the certification required for hospitals under section 242.".

(b) REFINANCING INSURANCE FOR NURSING HOMES, INTERMEDIATE CARE FACILITIES, AND BOARD AND CARE HOMES.—Section 223(f) of the National Housing Act, as amended by subsection (a), is amended—

(1) in paragraph (1), by inserting after "existing hospital" the following: ", existing nursing home, existing intermediate care facility, or existing board and care home"; and

(2) in paragraph (4)—

(A) by inserting after "existing hospital" each place it appears the following: ", existing nursing home, existing intermediate care facility, or existing board and care home";

(B) by inserting after "the hospital" the following: ", nursing home, intermediate care facility, or board and care home"; and

(C) by inserting after "section 242" the following: "or for nursing homes, intermediate care facilities, or board and care homes insured under section 232, as the case may be".

(c) REGULATIONS.—The Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendments made by this section by not later than the expiration of the 90-day period following the date of the enactment of this Act.

SEC. 1263. MORTGAGE INSURANCE FOR NURSING HOMES, INTERMEDIATE CARE FACILITIES, AND BOARD AND CARE HOMES.

(a) INSURANCE FOR PUBLIC NURSING HOMES.—Section 232(b)(1) of the National

Housing Act is amended by inserting "public facility," before "proprietary".

(b) REQUIREMENT OF STATE APPROVAL.—Section 232(d)(4)(A) of the National Housing Act is amended by striking out "(i)" and all that follows through "(ii)" and inserting in lieu thereof the following: "(i) the facility has received such approval as the State in which the facility is located requires for the facility, and (ii)".

(c) REGULATIONS.—The Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendments made by this section by not later than the expiration of the 90-day period following the date of the enactment of this Act.

SEC. 1264. REQUIREMENT OF STATE APPROVAL FOR MORTGAGE INSURANCE FOR HOSPITALS.

(a) IN GENERAL.—Section 242(d)(4) of the National Housing Act is amended by striking out "(A)" and all that follows through "(B)" and inserting in lieu thereof the following: "(A) the facility has received such approval as the State in which the facility is located requires for the facility, and (B)".

(b) REGULATIONS.—The Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendment made by this section by not later than the expiration of the 90-day period following the date of the enactment of this Act.

SEC. 1265. MORTGAGE INSURANCE TECHNICAL AMENDMENTS.

(a) ADMINISTRATIVE PROVISIONS.—The second sentence of section 1 of the National Housing Act is amended by striking out the last comma.

(b) APPLICABILITY.—Section 9 of the National Housing Act is amended by inserting the following section heading:

"APPLICABILITY"

(c) CO-INSURANCE.—Section 244(h) of the National Housing Act is amended by striking out "coinsurance" each place it appears and inserting in lieu thereof "co-insurance".

(d) INSURANCE ON HAWAIIAN HOME LANDS.—Section 247(a)(2) of the National Housing Act is amended by striking out "Mortgagor" and inserting in lieu thereof "mortgagor".

PART 2—FLOOD AND CRIME INSURANCE PROGRAMS

SEC. 1271. FLOOD INSURANCE.

(a) GENERAL AUTHORITY.—Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(b) EMERGENCY IMPLEMENTATION.—Section 1336(a) of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(c) AUTHORIZATION OF APPROPRIATIONS FOR STUDIES.—Section 1376(c) of the National Flood Insurance Act of 1968 is amended to read as follows:

"(c) There are authorized to be appropriated for studies under this title $36,902,000 for fiscal year 1986. Any amount appropriated under this subsection shall remain available until expended.".

(d) FLOOD INSURANCE PREMIUMS.—The premium rates charges for flood insurance under any program established pursuant to the National Flood Insurance Act of 1968 may not be increased during the period beginning on the date of the enactment of this Act and ending on September 30, 1986.

(e) PREMIUM RATES FOR COMMUNITY MAKING ADEQUATE PROGRESS.—For purposes of the determination of premium rates under the National Flood Insurance Act of 1968, the flood protection system in Winfield, in the State of Kansas, shall be considered to comply with the requirements and conditions of section 1307(e) of such Act.

SEC. 1272. CRIME INSURANCE.

(a) GENERAL AUTHORITY.—Section 1201(b)(1) of the National Housing Act is amended in the matter preceding subparagraph (A)—

(1) by striking out "parts A, C, and D" and inserting in lieu thereof "part A"; and

(2) by inserting after "1985," the following: "and parts C and D shall terminate on September 30, 1986,".

(b) CONTINUATION OF EXISTING CONTRACTS.—Section 1201(b)(1)(A) of the National Housing Act is amended by striking out "September 30, 1986" and inserting in lieu thereof "September 30, 1987".

(c) CRIME INSURANCE PREMIUMS.—The premium rates charged for crime insurance under any program established pursuant to part C of title XII of the National Housing Act may not be increased during the period beginning on the date of the enactment of this Act and ending on September 30, 1986.

SEC. 1273. FLOOD AND CRIME INSURANCE TECHNICAL AMENDMENTS.

(a) CRIME INSURANCE PROGRAM AUTHORITY.—Section 1201(b) of the National Housing Act is amended—

(1) by striking out paragraphs (2) and (3);

(2) by striking out "(b)(1)" and inserting in lieu thereof "(b)"; and

(3) by redesignating subparagraphs (A) through (C) as paragraphs (1) through (3), respectively.

(b) REINSURANCE AGREEMENTS.—Section 1222(c) of the National Housing Act is amended by striking out "section 3679(a) of the Revised Statutes of the United States (31 U.S.C. 665(a))," and inserting in lieu thereof "section 1341(a) of title 31, United States Code,".

(c) NATIONAL INSURANCE DEVELOPMENT FUND.—Section 1243(d) of the National Housing Act is amended by striking out "by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847-849))" and inserting in lieu thereof "by sections 9103 and 9104 of title 31, United States Code,".

(d) NATIONAL FLOOD INSURANCE FUND.—Section 1310(e) of the National Flood Insurance Act of 1968 is amended by inserting a comma after "Code".

(e) FEMA TREASURY BORROWINGS.—The third sentence of section 15(e) of the Federal Flood Insurance Act of 1956 is amended by inserting a comma after "Code".

PART 3—SECONDARY MORTGAGE MARKET PROGRAMS

SEC. 1281. GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE-BACKED SECURITIES PROGRAM.

Section 306(g)(2) of the Federal National Mortgage Association Charter Act is amended by striking out "and 1985" and inserting in lieu thereof the following: ", 1985, and 1986".

SEC. 1282. PROHIBITION OF CERTAIN FEES.

(a) FEDERAL NATIONAL MORTGAGE ASSOCIATION.—Section 304 of the Federal National Mortgage Association Charter Act is amended by adding at the end thereof the following new subsection:

"(f) Except for fees paid pursuant to section 309(g), no fee or charge may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States) on or with regard to the purchase, acquisition, sale, pledge, issuance, guarantee, or redemption of any mortgage, asset, obligation, trust certificate of beneficial interest, or other security by the corporation. No provision of this subsection shall affect the purchase of any obligation by the Secretary of the Treasury pursuant to subsection (c).".

(b) GOVERNMENT NATIONAL MORTGAGE ASSOCIATION.—Section 306(g) of Federal National Mortgage Association Charter Act is amended by adding at the end thereof the following new paragraph:

"(3) No fee or charge may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States) on or with regard to any guarantee under this subsection, unless such fee or charge is not more than the applicable percentage amount in effect on June 1, 1985.".

(c) FEDERAL HOME LOAN MORTGAGE CORPORATION.—Section 306 of the Federal Home Loan Mortgage Corporation Act is amended by adding at the end thereof the following new subsection:

"(i) Except for fees paid pursuant to section 303(c), no fee or charge may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States) on or with regard to the purchase, acquisition, sale, pledge, issuance, guarantee, or redemption of any mortgage, asset, obligation, or other security by the Corporation.".

SEC. 1283. SECONDARY MORTGAGE MARKET TECHNICAL AMENDMENTS.

Section 482 of the Housing and Urban-Rural Recovery Act of 1983 is amended by striking out "such Act" and inserting in lieu thereof "the National Housing Act".

PART 4—REGULATORY AND OTHER PROGRAMS

SEC. 1291. SOLAR ENERGY AND ENERGY CONSERVATION BANK.

Section 522(a) of the Solar Energy and Energy Conservation Bank Act is amended by inserting before the period at the end thereof the following: "and $15,000,000 for fiscal year 1986".

SEC. 1292. COUNSELING.

Section 106(a)(3) of the Housing and Urban Development Act of 1968 is amended by inserting before the period in the first sentence the following: ", and for fiscal year 1986 there is authorized to be appropriated not to exceed $4,000,000 for such purposes".

SEC. 1293. HOME MORTGAGE DISCLOSURE.

(a) APPLICABILITY TO MORTGAGE BANKING AFFILIATES.—

(1) Section 303(2) of the Home Mortgage Disclosure Act of 1975 is amended—

(A) by striking out "or" the first place it appears; and

(B) by inserting before the semicolon at the end thereof the following: ", mortgage banking subsidiary of a bank holding company or savings and loan holding company, or savings and loan service corporation that originates or purchases mortgage loans".

(2) Section 304 of the Home Mortgage Disclosure Act of 1975 is amended by adding at the end thereof the following new subsection:

"(g) The requirements of subsections (a) and (b) shall not apply with respect to mortgage loans that are—

"(1) made by any mortgage banking subsidiary of a bank holding company or savings and loan holding company or by any savings and loan service corporation that originates or purchases mortgage loans; and

"(2) approved by the Secretary for insurance under title I or II of the National Housing Act.".

(3) The first sentence of section 311 of the Home Mortgage Disclosure Act of 1975 is amended by inserting after "306(b)" the following: "(and for each mortgagee making mortgage loans exempted under section 304(g))".

(4) The amendments made by this subsection shall be applicable to calendar years beginning after December 31, 1985.

(b) RECORDS ON MORTGAGE LOANS SECURED BY PROPERTY OUTSIDE METROPOLITAN STATISTICAL AREAS.—Section 304(a)(2)(B) of the Home Mortgage Disclosure Act of 1975 is amended by inserting ", by State," after "paragraph (1)".

(c) AVAILABILITY OF DISCLOSURE STATEMENTS.—Section 304(f) of the Home Mortgage Disclosure Act of 1975 is amended by adding at the end thereof the following new sentence: "Disclosure statements shall be made available to the public at such central depository of data not later than June 1 of the year following the calendar year on which the statements are based.".

(d) EXTENSION OF GENERAL AUTHORITY.—The Home Mortgage Disclosure Act of 1975 is amended by striking out section 312.

(e) STUDY OF DATA COLLECTION REQUIREMENTS.—

(1) The Federal Financial Institutions Examination Council shall conduct a study to assess the following:

(A) the estimated cost incurred by depository institutions for the preparation and dissemination of disclosure reports pursuant to the requirements of the Home Mortgage Disclosure Act of 1975, based upon the results an independent analysis of the actual costs incurred by a representative sample of such institutions located in at least 3 and not more than 6 metropolitan statistical areas;

(B) the estimated usage of the data available to the public pursuant to the Home Mortgage Disclosure Act of 1975, based upon the results of a survey of both direct and indirect usage of such data over a 12-month period following the date of the enactment of this Act; and

(C) the obstacles to the usage by the public of the data made available pursuant to the Home Mortgage Disclosure Act of 1975 and recommendations for action to be taken by the Federal financial institutions regulatory agencies to increase public awareness about the availability of such data.

(2) The Council shall submit a report on the results of such a study to the Congress not later than 36 months following the date of the enactment of this Act.

SEC. 1294. RESEARCH AUTHORIZATION.

The second sentence of section 501 of the Housing and Urban Development Act of 1970 is amended—

(1) by striking out "and" the last place it appears; and

(2) by inserting before the period at the end thereof the following: ", and $17,000,000 for fiscal year 1986".

SEC. 1295. TIMELY PAYMENT OF SUBCONTRACTORS.

It is the policy of the United States that each prime contractor of the Department of Housing and Urban Development should establish procedures to ensure the timely payment of amounts due pursuant to the terms of the subcontracts of such prime contractor.

SEC. 1296. MEDIAN AREA INCOME.

For purposes of calculating the median income for any area that is not within a metropolitan statistical area (as established by the Office of Management and Budget) for programs under title I of the Housing and Community Development Act of 1974, the United States Housing Act of 1937, the National Housing Act, or title V of the Housing Act of 1949, the Secretary of Housing and Urban Development or the Secretary of Agriculture (as appropriate) shall use whichever of the following is higher:

(1) the median income of the county in which the area is located; or

(2) the median income of the entire nonmetropolitan area of the State.

SEC. 1297. MANUFACTURED HOUSING CONSTRUCTION AND SAFETY STANDARDS.

Not later than the expiration of the 6-month period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Congress a detailed report describing the fees collected by the Secretary during the 4-year period preceding the date of the enactment of this Act in connection with inspection of manufactured homes under section 614 of the National Manufactured Housing Construction and Safety Standards Act of 1974. Such report shall include the amount of such fees collected, the allocation of expenses, the costs of the program, and any available reserves.

SEC. 1298. REMOVAL OF MAXIMUM FEE FOR INTERSTATE LAND SALES REGISTRATION.

Section 1405(b) of the Interstate Land Sales Full Disclosure Act is amended by striking out "a fee, not in excess of $1,000" and inserting in lieu thereof "a reasonable fee".

SEC. 1299. PREVENTING FRAUD AND ABUSE IN DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS.

(a) DISCLOSURE OF SOCIAL SECURITY ACCOUNT NUMBER.—As a condition of initial or continuing eligibility for participation in any program of the Department of Housing and Urban Development involving loans, grants, interest or rental assistance of any kind, or mortgage or loan insurance, and to ensure that the level of benefits provided under such programs is proper, the Secretary may require that an applicant or participant (including members of the household of an applicant or participant) disclose his or her social security account number or employer identification number to the Secretary.

(b) VERIFICATION OF INFORMATION.—As a condition of initial or continuing eligibility for participation in any program of the Department of Housing and Urban Development involving initial and periodic review of the income of an applicant or participant, and to ensure that the level of benefits provided under such programs is proper, the Secretary may require that an applicant or participant (including members of the household of an applicant or participant) sign a consent form approved by the Secretary authorizing (1) the Secretary, or the public housing agency or owner responsible for determining eligibility or level of benefits, to verify the information furnished by the applicant or participant, and (2) any Federal, State, or local agency or private person or entity to release information related to the determination of eligibility and benefit level. The information may include, but is not limited to, data concerning wages (not including return information as defined in section 6103(b)(2) of title 26, United States Code), unemployment compensation, benefits made available under the Social Security Act, and veterans benefits under title 38, United States Code. Any individually identifiable information received by the Secretary under this section shall be subject to the requirements of section 552a of title 5, United States Code. An applicant or participant shall have the right to obtain, examine, and correct any information that the Secretary, public housing agency, or owner responsible for determining eligibility or level of benefits has received under this section before the Secretary, public housing agency, or owner takes any action on the basis of such information, unless a criminal investigation is pending. An applicant or participant shall also have the right to file a statement disputing or augmenting any such information and to have such statement included in any records of such information.

(c) DEFINITIONS.—For purposes of this section:

(1) The terms "applicant" and "participant" shall have such meanings as the Secretary by regulation shall prescribe. Such terms shall not include persons whose involvement is only in their official capacity, such as State or local government officials or officers of lending institutions.

(2) The term "public housing agency" means any agency described in section 3(b)(6) of the United States Housing Act of 1937.

(3) The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 1300. FAIR HOUSING INITIATIVES PROGRAM.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (hereafter referred to in this section as the "Secretary") may make grants to, or enter into contracts or cooperative agreements with, State or local governments or their agencies, public or private nonprofit organizations or institutions, or other public or private entities that are formulating or carrying out programs to prevent or eliminate discriminatory housing practices, to develop, implement, carry out, or coordinate—

(1) programs or activities designed to obtain enforcement of the rights granted by title VIII of the Act of April 11, 1968 (commonly referred to as the Civil Rights Act of 1968), or by State or local laws that provide rights and remedies for alleged discriminatory housing practices that are substantially equivalent to the rights and remedies provided in such title VIII, through such appropriate judicial or administrative proceedings (including informal methods of conference, conciliation, and persuasion) as are available therefor; and

(2) education and outreach programs designed to inform the public concerning rights and obligations under the laws referred to in paragraph (1).

(b) PROGRAM ADMINISTRATION.—

(1) Not less than 30 days before providing a grant or entering into any contract or cooperative agreement to carry out activities authorized by this section, the Secretary shall submit notification of such proposed grant, contract, or cooperative agreement (including a description of the geographical distribution of such contracts) to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives.

(2) The Secretary shall provide to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives a quarterly report that summarizes the activities funded under this section and describes the geographical distribution of grants, contracts, or cooperative agreements funded under this section.

(c) REGULATIONS.—

(1) The Secretary shall issue such regulations as may be necessary to carry out the provisions of this section.

(2) Such regulations shall include provisions governing applications for assistance under this section, and shall require each such application to contain—

(A) a description of the assisted activities proposed to be undertaken by the applicant, together with the estimated costs and schedule for completion of such activities;

(B) a description of the experience of the applicant in formulating or carrying out programs to prevent or eliminate discriminatory housing practices;

(C) available information, including studies made by or available to the applicant, indicating the nature and extent of discriminatory housing practices occurring in the general location where the applicant proposes to conduct its assisted activities, and the relationship of such activities to such practices;

(D) an estimate of such other public or private resources as may be available to assist the proposed activities;

(E) a description of proposed procedures to be used by the applicant for monitoring conduct and evaluating results of the proposed activities; and

(F) any additional information required by the Secretary.

(3) Regulations issued under this subsection shall not become effective prior to the expiration of 90 days after the Secretary transmits such regulations, in the form such regulations are intended to be published, to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives.

(4) The Secretary shall not obligate or expend any amount under this section before the effective date of the regulations required under this subsection.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the provisions of this section, including any program evaluations, $10,000,000 for fiscal year 1986. Any amounts appropriated under this section shall remain available until expended.

SEC. 1301. LEAD-BASED PAINT POISONING PREVENTION.

(a) LEAD-BASED PAINT POISONING PREVENTION PROCEDURES.—Section 302 of the Lead-Based Paint Poisoning Prevention Act is amended—

(1) in clause (1) of the second sentence, by inserting after "exposed" the following: ", including intact lead-based paint on the interior and exterior surfaces of such housing";

(2) by striking out the third sentence;

(3) by inserting "(a)" after the section designation; and

(4) by adding at the end thereof the following new subsections:

"(b) The Secretary shall make a periodic determination of whether housing constructed during or after 1950 presents hazards of lead-based paint. The Secretary shall apply the procedures established under this section to housing constructed during or after 1950 if such housing presents immediate hazards of lead-based paint.

"(c) The Secretary shall take such actions as may be necessary to ensure that each public housing agency owning or operating housing assisted under the United States Housing Act of 1937 complies with the procedures established by the Secretary under this section.".

(b) REGULATIONS.—Not later than the expiration of the 90-day period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendments made by this section.

SEC. 1302. REGULATORY AND OTHER PROGRAMS TECHNICAL AMENDMENTS.

(a) HUD ADMINISTRATIVE PROVISIONS.—

(1) Section 502(a) of the Housing Act of 1948 is amended by striking out the fourth sentence.

(2) Section 502(b) of the Housing Act of 1948 is amended—

(A) by striking out "United States Housing Authority" each place it appears and inserting in lieu thereof "Secretary of Housing and Urban Development"; and

(B) by striking out "the Authority" each place it appears and inserting in lieu thereof "the Secretary of Housing and Urban Development".

(3) Section 502(c)(2) of the Housing Act of 1948 is amended by adding "and" at the end thereof.

(b) ANNUAL REPORT OF SECRETARY.—Section 802 of the Housing Act of 1954 is amended by inserting the following section heading:

"ANNUAL REPORT OF SECRETARY".

(c) ENERGY CONSERVATION IN NEW BUILDINGS.—Section 303(11) of the Energy Conservation Standards for New Buildings Act of 1976 is amended by striking out "Secretary of Housing and Urban Development" and inserting in lieu thereof "Secretary of Energy".

(d) WEATHERIZATION ASSISTANCE.—Section 412(9)(G) of the Energy Conservation in Existing Buildings Act of 1976 is amended by striking out the first comma after "determine".

(e) SOLAR ENERGY AND ENERGY CONSERVATION BANK.—Sections 506(f)(1), 506(b)(2)(E), 515(b)(1)(A)(ii), 515(b)(1)(B), 515(b)(1)(C)(ii), 515(b)(1)(D), and 515(b)(2) of the Solar Energy and Energy Conservation Bank Act are amended by striking out "38" and "44C" each place they appear and inserting in lieu thereof "23" and "36", respectively.

(f) NATIONAL INSTITUTE OF BUILDING SCIENCES.—Section 809(g)(4) of the Housing and Community Development Act of 1974 is amended by striking out "and its" and inserting in lieu thereof "of its".

PART 5—COMMUNITY AND NEIGHBORHOOD DEVELOPMENT AND CONSERVATION PROGRAMS

SEC. 1311. COMMUNITY DEVELOPMENT BLOCK GRANT METROPOLITAN CITY AND URBAN COUNTY CLASSIFICATIONS.

(a) CENTRAL CITIES.—Section 102(a)(4) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new sentence: "Any city classified as a metropolitan city under clause (A) of the first sentence for purposes of assistance under any section of this title shall retain such classification until such city is determined to no longer qualify as a metropolitan city on the basis of data obtained in a decennial census conducted after the end of fiscal year 1985.".

(b) OTHER CITIES.—Section 102(a)(4) of the Housing and Community Development Act of 1974, as amended by subsection (a), is amended by adding at the end thereof the following new sentence: "Any city classified as a metropolitan city under clause (B) of the first sentence for purposes of assistance under any section of this title shall retain such classification notwithstanding a decrease in population below 50,000 if the population of such city is not measured by 2 consecutive decennial censuses (including the 1980 census) to be below 50,000.".

(c) URBAN COUNTIES.—Section 102(a)(6) of the Housing and Community Development Act of 1974 is amended by inserting before the period at the end of the first sentence the following: ", or (D) has a current population in excess of 177,000, with more than 50 percent of the housing units of the area unsewered and with the unsewered housing units contributing to the degradation of an aquifer that has been declared a sole source aquifer by the Environmental Protection Agency".

SEC. 1312. STATEMENT OF ACTIVITIES AND REVIEW.

Section 104(a)(1) of the Housing and Community Development Act of 1974 is amended by striking out the last sentence.

SEC. 1313. HOUSING ASSISTANCE PLANS.

Section 104(c)(1)(A) of the Housing and Community Development Act of 1974 is amended—

(1) in the second parenthetical phrase, by inserting "homeless persons," after "assistance,"; and

(2) in the last parenthetical phrase, by inserting "and homeless persons" after "persons".

SEC. 1314. LIMITED NEW CONSTRUCTION OF HOUSING UNDER COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.

Section 105(a) of the Housing and Community Development Act of 1974 is amended—

(1) by striking out "and" at the end of paragraph (17);

(2) by striking out the period at the end of paragraph (18) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(19) provision of assistance to facilitate new construction or substantial reconstruction in instances in which persons of low and moderate income own and occupy a home that the grantee determines is not suitable for rehabilitation.".

SEC. 1315. COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE ACTIVITIES.

Section 105(a)(8) of the Housing and Community Development Act of 1974 is amended—

(1) by inserting "(A)" after "paragraph unless"; and

(2) by inserting before the semicolon at the end thereof the following: "; or (B) the Secretary authorizes such unit of general local government to use more than 15 percent (but not more than the highest amount permitted to be used under subparagraph (A) by another unit of general local government located in the same metropolitan area) of the assistance received under this title for such activities following (i) a determination by such unit of general local government that the activities carried out using the amounts authorized under this subparagraph are appropriate to support proposed community development activities; and (ii) submission to the Secretary of a request for such authorization by such unit of general local government".

SEC. 1316. STATE CERTIFICATIONS FOR RECEIVING COMMUNITY DEVELOPMENT BLOCK GRANTS FOR NONENTITLEMENT AREAS.

Section 106(d)(2) of the Housing and Community Development Act of 1974 is amended—

(1) in subparagraph (C), by striking out "the Governor must certify that the State" and inserting in lieu thereof "the State must certify that it"; and

(2) in subparagraph (D), by striking out "the Governor of each State" and inserting in lieu thereof "the State".

SEC. 1317. DISCRETIONARY FUND.

Section 107(a) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new sentence: "Of the amount set aside for grants under subsection (b) for fiscal year 1986, not more than $5,000,000 shall be made available by the Secretary for purposes of grants under subsection (b)(1) for the Park Central New Community Project.".

SEC. 1318. COMMUNITY DEVELOPMENT BLOCK GRANT LOAN GUARANTEES.

(a) MORATORIUM FOR FISCAL YEAR 1986.—Section 108(a) of the Housing and Community Development Act of 1974 is amended by striking out the last sentence and inserting in lieu thereof the following: "The Secretary may not enter into any commitment to

guarantee a note or obligation under this section during fiscal year 1986.".

(b) PROHIBITION ON FEES.—Section 108 of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new subsection:

"(1) No fee or charge may be assessed or collected by the Secretary or any other Federal agency on or with respect to a guarantee made by the Secretary under this section.".

SEC. 1319. URBAN DEVELOPMENT ACTION GRANT SELECTION CRITERIA.

(a) SELECTION FOR 40 PERCENT OF FUNDS BASED ON PROJECT QUALITY.—Section 119(d)(1) of the Housing and Community Development Act of 1974 is amended—

(1) by inserting "(A)" after "(d)(1)";

(2) by inserting before the first comma the following: "or as otherwise provided in subparagraph (B)";

(3) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively; and

(4) by adding at the end thereof the following new subparagraph:

"(B)(i) Of the aggregate amount awarded for grants for any fiscal year under this paragraph, 40 percent shall be awarded for grants made solely on the basis of the selection criteria established by the Secretary under subparagraph (A)(iii).

"(ii) In evaluating applications for grants under this paragraph, the Secretary shall first evaluate such applications in accordance with the provisions of this subparagraph. The Secretary shall then evaluate the applications that are not to be selected under such provisions under the selection criteria established under subparagraph (A).".

(b) MODIFICATIONS IN SELECTION CRITERIA RELATING TO PROJECT QUALITY.—

(1) Section 119(d)(1)(A)(iii) of the Housing and Community Development Act of 1974, as so redesignated by subsection (a), is amended by inserting before the last semicolon the following: "; the failure of the city or urban county to receive a preliminary grant approval under this section on or after December 21, 1983".

(2) Section 119(d)(1) of the Housing and Community Development Act of 1974, as amended by subsection (a), is amended by adding at the end thereof the following new subparagraph:

"(C) In determining the score to be awarded each of the criteria under subparagraph (A)(iii) for applications for grants for housing activities, the Secretary shall compare such applications only with other applications for grants for housing activities. For purposes of this subparagraph, an application shall be considered an application for a grant for housing activities if such application proposes that—

"(i) not less than 51 percent of all funds available for the project shall be used for dwelling units and related facilities; and

"(ii) not less than 20 percent of all funds used for dwelling units and related facilities shall be used for dwelling units to be occupied by persons of low and moderate income, or not less than 20 percent of all dwelling units made available for occupancy using such funds shall be occupied by persons of low and moderate income, whichever results in the occupancy of more dwelling units by persons of low and moderate income.".

(3) Section 119(r) of the Housing and Community Development Act of 1974 is amended by striking out "In" and inserting in lieu thereof the following: "Except as provided in subsection (d)(1)(C), in".

(c) MODIFICATIONS IN SELECTION CRITERIA RELATING TO URBAN COUNTIES.—Section 119(d)(1) of the Housing and Community Development Act of 1974, as amended by subsections (a) and (b), is amended by adding at the end thereof the following new subparagraph:

"(D) In determining the score to be awarded each of the criteria under clauses (i), (ii), and (iii) of subparagraph (A) for applications for grants for urban counties, the Secretary shall compare such applications only with other applications for grants for urban counties.".

(d) NUMBER OF COMPETITIONS FOR GRANTS.—Section 119(d) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new paragraph:

"(3)(A) For each fiscal year, the Secretary shall hold—

"(i) 3 competitions for grants under paragraph (1) for cities not described in the first sentence of subsection (i) (relating to small cities) and urban counties; and

"(ii) 3 competitions for cities described in the first sentence of subsection (i) (relating to small cities).

"(B) Each competition for grants described in any clause of subparagraph (A) shall be for an amount equal to the sum of—

"(i) approximately ⅓ of the funds available for such grants for the fiscal year;

"(ii) any funds available for such grants in any previous competition that are not awarded; and

"(iii) any funds available for such grants in any previous competition that are recaptured.".

(e) REPORTS TO CONGRESS.—

(1) Not later than the expiration of the 6-month period following the date of the enactment of this Act and each year thereafter, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a comprehensive report evaluating the eligibility standards and selection criteria applicable under section 119 of the Housing and Community Development Act of 1974. Such report shall evaluate in detail the standards and criteria specified in such section that measure the level or comparative degree of economic distress of cities and urban counties. Such report shall also evaluate in detail the extent to which the economic and social data utilized by the Secretary in awarding grants under such section is current and accurate, and shall compare the data used by the Secretary with other available data. The Secretary shall make recommendations to the Congress on whether or not other data should be collected by the Federal Government in order to fairly and accurately distribute grants under such section based on the level or comparative degree of economic distress. The Secretary shall also make recommendations on whether or not existing data should be collected more frequently in order to ensure that timely data is used to evaluate grant applications under such section. Such report shall also describe in detail the standards and criteria utilized by the Secretary to evaluate project quality under section 119(d)(1)(A)(iii) of such Act.

(2) Not later than the expiration of the 3-month period following the date of the final competition for grants for fiscal year 1986 under section 119 of the Housing and Community Development Act of 1974, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a comprehensive report describing the effect of the amendments made by this section on—

(A) the targetting of grant funds to cities and urban counties having the highest level or degree of economic distress;

(B) the distribution of grant funds among regions of the United States;

(C) the number and types of projects receiving grants; and

(D) the per capita funding levels for each city, urban county, or identifiable community described in subsection (p), receiving assistance under this section.

(f) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to carry out the amendments made by this section. Such regulations shall be published for comment in the Federal Register not later than 60 days after the date of the enactment of this Act.

(g) APPLICABILITY.—The amendments made by this section shall be applicable to the making of urban development action grants that have not received the preliminary approval of the Secretary of Housing and Urban Development before the date on which final regulations issued by the Secretary under subsection (f) become effective. For the fiscal year in which the amendments made by this section become applicable, such amendments shall only apply with respect to the aggregate amount awarded *for such grants on or after such date.*

SEC. 1320. PROHIBITION ON USE OF URBAN DEVELOPMENT ACTION GRANTS FOR BUSINESS RELOCATIONS.

Section 119(h) of the Housing and Community Development Act of 1974 is amended—

(1) by inserting after the subsection designation the following: "(1) SPECULATIVE PROJECTS.—";

(2) by adding at the end of paragraph (1), as so redesignated, the following new sentence: "The provisions of this paragraph shall apply only to projects that do not have identified intended occupants."; and

(3) by adding at the end thereof the following new paragraphs:

"(2) PROJECTS WITH IDENTIFIED INTENDED OCCUPANTS.—No assistance may be provided or utilized under this section for any project with identified intended occupants that is likely to facilitate—

"(A) a relocation of any operation of an industrial or commercial plant or facility or other business establishment—

"(i) from any city, urban county, or identifiable community described in subsection (p), that is eligible for assistance under this section; and

"(ii) to the city, urban county, or identifiable community described in subsection (p), in which the project is located; or

"(B) an expansion of any such operation that results in a reduction of any such operation in any city, county, or community described in subparagraph (A)(i).

"(3) SIGNIFICANT AND ADVERSE EFFECT.—The restrictions established in paragraph (2) shall not apply if the Secretary determines that the relocation or expansion does not significantly and adversely affect the employment or economic base of the city, county, or community from which the relocation or expansion occurs.

"(4) DEFINITION.—For purposes of this subsection, the term 'operation' includes any plant, equipment, facility, position, employment opportunity, production capacity, or product line.

"(5) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to carry out the provisions of this subsection. Such regulations shall include specific criteria to be used by the Secretary in determining whether there is a significant and adverse effect under paragraph (3).".

SEC. 1321. CONSIDERATION OF CERTAIN COUNTIES AS CITIES UNDER URBAN DEVELOPMENT ACTION GRANT PROGRAM.

Section 119(n)(1) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the

following new sentence: "Such term also includes the counties of Kauai, Maui, and Hawaii in the State of Hawaii.".

SEC. 1322. URBAN DEVELOPMENT ACTION GRANT LOAN GUARANTEES.

Section 119 of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new subsection:

"(s)(1) The Secretary shall, to the extent provided in appropriation Acts, guarantee (in accordance with the provisions of this subsection), the repayment of loans made to neighborhood-based nonprofit organizations.

"(2) Such guarantees may be made only if—

"(A) the organization is based in a neighborhood in which activities financed with funds from a grant under this section are being or will be carried out;

"(B) the funds from the loan are to be used to finance neighborhood revitalization activities that are designed to meet housing and other related needs of persons of low and moderate income in the neighborhood and that have been developed with the approval of the city or urban county receiving the grant described in subparagraph (A);

"(C) the amount guaranteed at any time does not exceed 90 percent of the outstanding unpaid principal balance of the loan;

"(D) the amount of the loan does not exceed 95 percent of the cost of the neighborhood revitalization activities financed by the loan;

"(E) the organization meets requirements established by the Secretary;

"(F) there is reasonable assurance of repayment of the loan;

"(G) the guarantee is requested by a financial institution in the manner and form required by the Secretary;

"(H) the loan is not available from financial institutions without the guarantee; and

"(I) the guarantee meets terms and conditions prescribed by the Secretary with respect to the interest rate and amortization of the loan, security required for the loan, proceedings in the event of default, and other matters defined by the Secretary.

"(3) In making available guarantees under this subsection, the Secretary shall give a priority to assisting neighborhood revitalization activities designed primarily to mitigate the displacement of persons of low and moderate income that is likely to occur as a result of commercial or other activities in the neighborhood.

"(4) The aggregate amount of loans that may be guaranteed under this subsection during fiscal year 1986 may not exceed an amount equal to 10 percent of the amount approved in appropriation Acts for urban development action grants during such fiscal year.

"(5) The full faith and credit of the United States is pledged to the payment of all guarantees made under this subsection. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the loan for such guarantee, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed loan.

"(6) With respect to any proceedings conducted in connection with the default of any loan guaranteed under this subsection, the Secretary shall have the authority described in paragraphs (3) through (8) of section 402(c) of the Housing Act of 1950.".

SEC. 1323. URBAN HOMESTEADING.

(a) CONVEYANCES OF PROPERTY BY STATE AND LOCAL GOVERNMENTS FOR CONSIDERATION.—Section 810 of the Housing and Community Development Act of 1974 is amended—

(1) in subsection (b)(1), by inserting after "consideration" the following: "in the case of a lower income family or individual, or for such consideration (if any) as may be agreed upon by the entity and the family or individual in the case of a family or individual that is not a lower income family or individual";

(2) by striking out "and" at the end of subsection (b)(3)(C);

(3) by inserting "and" after the semicolon at the end of subsection (b)(3)(D);

(4) by adding at the end of subsection (b)(3) the following new subparagraph:

"(E) pay the agreed upon consideration (if any) for the property, in the case of a family or individual that is not a lower income family or individual;";

(5) in subsection (b)(5), by inserting after "consideration" the following: "in the case of a lower income family or individual, or for such consideration (if any) as may be agreed upon by the entity and the family or individual in the case of a family or individual that is not a lower income family or individual,";

(6) in subsection (b)(7)—

(A) by striking out "and" at the end of subparagraph (B);

(B) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon; and

(C) by adding at the end thereof the following new subparagraphs:

"(D) prohibits the unit of general local government, State, or public agency designated by a unit of general local government or a State, from considering the amount of consideration it desires to charge for a property, if such charge results in excluding any prospective recipient qualified for the special priority under subparagraph (A); and

"(E) prohibits the conveyance of any property under this section to a family or individual that is not a lower income family or individual, if there is a qualified applicant who is a lower income family or individual.";

(7) by adding at the end of subsection (b) the following new sentences: "Any unit of general local government, State, or public agency designated by a unit of general local government or a State, that receives consideration in connection with the conveyance of a property to an individual or family under this section shall remit to the Secretary any amount received, in such manner and at such time as the Secretary may prescribe. The Secretary shall deposit any amount remitted under the preceding sentence in the miscellaneous receipts of the Treasury of the United States."; and

(8) in subsection (h)(3), by striking out "subsection and subsection (i)" and inserting in lieu thereof "section".

(b) INCREASED ASSISTANCE FOR COMMUNITIES HAVING HIGH RATES OF FORECLOSURES.—Section 810 of the Housing and Community Development Act of 1974 is amended—

(1) by redesignating subsection (k) as subsection (l); and

(2) by inserting after subsection (j) the following new subsection:

"(k)(1) Any unit of general local government in which the rate of foreclosure on mortgages on single-family dwellings insured under title II of the National Housing Act exceeds by more than 20 percent such rate of foreclosure in such unit of general local government during the preceding year may apply to the Secretary for an increase in its assistance under this section.

"(2) Any unit of general local government applying for an increase in assistance under this subsection shall provide the Secretary with documentation describing the rate of foreclosure referred to in paragraph (1), the administrative capacities of the homestead program of such unit of general local government, and the likely effect of the use of additional assistance under this subsection on such rate of foreclosure.

"(3) The Secretary may not approve an increase in assistance under this subsection that exceeds an amount equal to 25 percent of the assistance requested by the unit of general local government under this section in its original application.".

(c) AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 810(l) of the Housing and Community Development Act of 1974, as so redesignated by subsection (b), is amended—

(1) by striking out "and" the last place it appears; and

(2) by inserting before the period at the end thereof the following: ", and $12,000,000 for fiscal year 1986".

SEC. 1324. REHABILITATION LOANS.

(a) LOAN AUTHORITY.—Section 312(h) of the Housing Act of 1964 is amended—

(1) by striking out "September 30, 1984" and inserting in lieu thereof "September 30, 1986"; and

(2) by striking out "October 1, 1984" and inserting in lieu thereof "October 1, 1986".

(b) PROHIBITION OF FEES ON REHABILITATION LOANS.—Section 312(g) of the Housing Act of 1964 is amended by adding at the end thereof the following new sentence: "No risk premium or loan fee may be assessed or collected by the Secretary or any other Federal agency on or with respect to a loan made by the Secretary under this section.".

SEC. 1325. NEIGHBORHOOD REINVESTMENT CORPORATION.

Section 608(a) of the Neighborhood Reinvestment Corporation Act is amended—

(1) by striking out "and" the last place it appears; and

(2) by inserting before the period at the end thereof the following: ", and $15,500,000 for fiscal year 1986".

SEC. 1326. NEIGHBORHOOD DEVELOPMENT DEMONSTRATION PROGRAM.

Section 123(g) of the Housing and Urban-Rural Recovery Act of 1983 is amended by inserting before the period at the end thereof the following: ", and not to exceed $10,000,000 for fiscal year 1986".

SEC. 1327. USE OF URBAN RENEWAL LAND DISPOSITION PROCEEDS.

Notwithstanding any other provision of law or other requirement, the City of Boston in the State of Massachusetts is authorized to retain any land disposition proceeds from the financially closed-out Government Center Urban Renewal Project (NO. MASS. R-35) not paid to the Department of Housing and Urban Development, and to use such proceeds in accordance with the requirements of the community development block grant program specified in title I of the Housing and Community Development Act of 1974. The City of Boston shall retain such proceeds in a lump sum and shall be entitled to retain and use all past and future earnings from such proceeds, including any interest.

SEC. 1328. LIMITATION ON RECAPTURE OF CERTAIN RESERVATIONS OF ASSISTANCE.

After the reservation of assistance for any person or governmental entity under section 312 of the Housing Act of 1964 or section 810 of the Housing and Community Development Act of 1974, the Secretary of Housing and Urban Development shall not recapture any of the assistance included in such reservation due to the failure of such person or governmental entity to utilize, obligate, or expend such assistance during the fiscal year in which such amount is received or during the succeeding fiscal year.

SEC. 1329. COMMUNITY DEVELOPMENT AUTHORIZATIONS OF APPROPRIATIONS.

(a) COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.—Section 103 of the Housing and Community Development Act of 1974 is amended by striking out the second sentence and inserting in lieu thereof the following: "There is authorized to be appropriated for purposes of assistance under sections 106 and 107 not to exceed $2,980,000,000 for fiscal year 1986.".

(b) URBAN DEVELOPMENT ACTION GRANT PROGRAM.—Section 119(a) of the Housing and Community Development Act of 1974 is amended by striking out the second and third sentences and inserting in lieu thereof the following: "There is authorized to be appropriated to carry out the provisions of this section not to exceed $352,000,000 for fiscal year 1986. Any amount appropriated under this subsection shall remain available until expended.".

SEC. 1330. COMMUNITY DEVELOPMENT TECHNICAL AMENDMENTS.

Section 123(e)(3) of the Housing and Urban-Rural Recovery Act of 1983 is amended by striking out "Act" and inserting in lieu thereof "section".

Subtitle D—Shelter Assistance for the Homeless and Displaced

PART 1—NATIONAL BOARD OF CHARITIES PROGRAM

SEC. 1331. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Federal Emergency Management Agency to carry out an emergency program equivalent to the emergency food and shelter program established in the Second Supplemental Appropriations Act, 1984 (98 Stat. 1382), $66,000,000 for fiscal year 1986. Any amount appropriated under this section shall remain available until expended.

SEC. 1332. ELIGIBLE ACTIVITIES.

Any amount appropriated under section 401 may be used for the activities carried out under the emergency food and shelter program referred to in such section, other than renovation of buildings to be used as emergency shelters.

PART 2—SECOND STAGE HOUSING FOR THE HOMELESS AND DISPLACED

SEC. 13411. ESTABLISHMENT OF DEMONSTRATION PROGRAM.

(a) IN GENERAL.—The Secretary shall carry out a demonstration program in accordance with the provisions of this part to determine the effectiveness of assisting nonprofit organizations in providing housing and supportive services for homeless persons.

(b) PURPOSES.—Such demonstration program shall be designed to determine—

(1) the cost of acquisition, rehabilitation, or acquisition and rehabilitation of existing structures for the provision of housing for homeless persons;

(2) the cost of operating such housing and providing supportive services to the residents of such housing;

(3) the social, financial, and other advantages of such housing and supportive services as an alternative to continued institutionalization of handicapped persons; and

(4) the social, financial, and other advantages of such housing and supportive services as a means of assisting homeless persons.

SEC. 1342. ASSISTANCE TO NONPROFIT ORGANIZATIONS.

(a) IN GENERAL.—The Secretary may provide the following assistance to any eligible nonprofit organization under the demonstration program established in this part:

(1) a non-interest-bearing advance equal to the aggregate cost of acquisition, rehabilitation, or acquisition and rehabilitation of an existing structure for use in the provision of housing and supportive services for homeless persons;

(2) annual payments for operating expenses of such housing, not to exceed 80 percent of the annual operating expenses of such housing; and

(3) technical assistance in establishing and operating such housing and providing supportive services to the residents of such housing.

(b) NONREPAYMENT OF ADVANCES.—Any advance provided under subsection (a)(1) shall not be required to be repaid if the nonprofit organization involved utilizes the structure for which such advance is made as housing for homeless persons in accordance with the provisions of this part for not less than the 10-year period following initial occupancy of such housing.

(c) ASSISTANCE CONTRACTS.—The Secretary shall, to the extent approved in appropriation Acts, enter into a contract with each nonprofit organization receiving annual payments under subsection (a)(2) to provide for the making of such payments for not more than a 10-year period.

SEC. 1343. PROGRAM REQUIREMENTS.

(a) APPLICATIONS.—Applications for assistance under this part shall be made in such form and in accordance with such procedures as the Secretary shall establish.

(b) SELECTION CRITERIA.—In selecting nonprofit organizations for assistance under this part, the Secretary shall consider—

(1) the ability of such nonprofit organization to develop and operate housing for homeless persons and to provide or coordinate supportive services for the residents of such housing;

(2) the need for such housing and supportive services in the area to be served; and

(3) such other factors as the Secretary determines to be appropriate for purposes of carrying out the demonstration program established in this part in an effective and efficient manner.

(c) REQUIRED AGREEMENTS.—Each nonprofit organization receiving assistance under this part shall agree, with respect to each structure for which such assistance is provided—

(1) to conduct an assessment of the supportive services required by the residents of such structure;

(2) to employ a full-time residential supervisor with sufficient expertise to provide, or supervise the provision of, supportive services to the residents of such structure;

(3) to utilize such structure as housing for homeless persons in accordance with the provisions of this part for not less than the 5-year period following initial occupancy of such housing; and

(4) to comply with such other terms and conditions as the Secretary may establish for purposes of carrying out the demonstration program established in this part in an effective and efficient manner.

(d) OCCUPANT RENT.—Each homeless person residing in housing assisted under this part shall pay as rent an amount determined in accordance with the provisions of section 3(a) of the United States Housing Act of 1937.

SEC. 1344. REGULATIONS.

(a) IN GENERAL.—Not later than the expiration of the 180-day period following the date of the enactment of this Act, the Secretary shall issue such regulations as may be necessary to carry out the provisions of this part.

(b) ADVANCE CONSULTATION.—Before issuing regulations under this section, the Secretary shall consult with persons and entities having expertise with respect to the problems and needs of homeless persons or experience in providing housing or supportive services for such persons.

SEC. 1345. REPORTS TO CONGRESS.

The Secretary shall submit to the Congress—

(1) not later than 3 months after the end of fiscal year 1986, an interim report summarizing the activities carried out under this part during such fiscal year and setting forth any preliminary findings or conclusions of the Secretary as a result of such activities; and

(2) not later than 6 months after the end of fiscal year 1987, a final report summarizing all activities carried out under this part and setting forth any findings, conclusions, or recommendations of the Secretary as a result of such activities.

SEC. 1346. DEFINITIONS.

For purposes of this part:

(1) The term "elderly person" means an individual who is not less than 62 years of age.

(2) The term "handicapped person" means an individual having a physical, psychological, or other impairment that substantially impedes the ability of such individual to live independently without supportive services.

(3) The term "homeless person" means an individual who—

(A) is a lower income person, elderly person, or handicapped person;

(B) lacks permanent housing; and

(C) cannot live independently without supportive services.

(4) The term "housing for homeless persons" means a single- or multifamily structure suitable for the provision of housing and supportive services for not more than 12 homeless persons.

(5) The term "lower income person" means an individual whose income does not exceed 80 percent of the median income of the area involved.

(6) The term "nonprofit organization" means any governmental or private nonprofit entity that is approved by the Secretary as to financial responsibility.

(7) The term "operating costs" means expenses incurred by a nonprofit organization operating housing for homeless persons under this part with respect to—

(A) the administration, maintenance, repair, and security of such housing;

(B) utilities, fuel, furnishings, and equipment for such housing;

(C) the conducting of the assessment required in section 413(c)(1); and

(D) the provision of supportive services to the residents of such housing.

(8) The term "Secretary" means the Secretary of Housing and Urban Development.

(9) The term "supportive services" means assistance in obtaining permanent housing, medical and psychological counseling and supervision, employment counseling, nutritional counseling, and such other services essential for maintaining independent living as the Secretary determines to be appropriate. Such term includes the provision of assistance to residents of housing for homeless persons in obtaining other Federal, State, and local assistance available for such persons, including mental health benefits, employment counseling, and medical assistance.

SEC. 1347. LIMITATION ON BUDGET AUTHORITY.

The aggregate amount of non-interest bearing advances and annual payments for operating expenses made by the Secretary under this part in fiscal year 1986 may not exceed $50,000,000. Such amount shall remain available until expended.

PART 3—EMERGENCY SHELTER GRANTS

SEC. 1351. GRANT ASSISTANCE.

The Secretary of Housing and Urban Development shall, to the extent of amounts approved in appropriation Acts, make grants to States and units of local government (and to private nonprofit organizations providing assistance to the homeless, in the case of grants made with reallocated amounts) in order to carry out activities described in section 423.

SEC. 1352. ALLOCATION AND DISTRIBUTION OF ASSISTANCE.

(a) IN GENERAL.—The Secretary shall allocate assistance under this part to metropolitan cities, urban counties, and States (for distribution to units of general local government in the States) in a manner that ensures that the percentage of the total amount available under this part for any fiscal year that is allocated to any State, metropolitan city, or urban county is equal to the percentage of the total amount available for section 106 of the Housing and Community Development Act of 1974 for such fiscal year that is allocated to such State, metropolitan city, or urban county.

(b) MINIMUM ALLOCATION REQUIREMENT.—If, under the allocation provisions applicable under this part, any metropolitan city or urban county will receive a grant of less than $30,000 for any fiscal year, such amount shall instead be allocated to the State in which such city or county is located and shall be included in the amount available for distribution to units of general local government in the State.

(c) DISTRIBUTIONS TO NONPROFIT ORGANIZATIONS.—Any unit of general local government receiving assistance under this part may distribute all or a portion of such assistance to private nonprofit organizations providing assistance to the homeless.

(d) REALLOCATION FUNDS.—

(1) The Homeless Assistance Council established in section 425 shall, not less than twice during each fiscal year, reallocate any assistance provided under this part that is unused or returned to the Secretary.

(2) The Council shall provide such reallocation funds—

(A) to units of general local government demonstrating extraordinary need or large numbers of homeless individuals;

(B) to private nonprofit organizations providing assistance to the homeless; and

(C) to meet such other needs consistent with the purposes of this part.

SEC. 1353. ELIGIBLE ACTIVITIES.

Assistance provided under this part may be used for the following activities relating to emergency shelter for the homeless:

(1) renovation of buildings to be used as emergency shelters;

(2) provision of essential services, including services concerned with employment, health, drug abuse, or education, if—

(A) such services have not been provided by the unit of general local government during any part of the immediately preceding 12-month period; and

(B) not more than 15 percent of the amount of any assistance to a unit of general local government under this part is used for activities under this paragraph; and

(3) maintenance, operation (other than staff), utilities, and furnishings.

SEC. 1354. RESPONSIBILITIES OF GRANTEES.

(a) SUBMISSION OF HOMELESS ASSISTANCE PLAN.—Following notification by the Secretary of eligibility for assistance under this part, each State, metropolitan city, and urban county shall submit to the Secretary a plan describing the proposed use of such assistance. The Secretary shall provide the appropriate amount of assistance to such State, metropolitan city, or urban county before the expiration of the 60-day period following the date of the submission of such plan, unless the Secretary determines before the expiration of such period that such plan is not in compliance with this part.

(b) MATCHING AMOUNTS.—

(1) Each grantee under this part shall be required to supplement the assistance provided under this part with an equal amount of funds from sources other than this subtitle. Each grantee shall certify to the Secretary its compliance with this paragraph, and shall include with such certification a description of the sources and amounts of such supplemental funds.

(2) In calculating the amount of supplemental funds provided by a grantee under this part, a grantee may include the value of any donated material or building, the value of any lease on a building, any salary paid to staff to carry out the program of the grantee, and the value of the time contributed by volunteers to carry out the program of the grantee (calculated at a rate of $5 per hour).

(c) ADMINISTRATION OF ASSISTANCE.—Each grantee shall act as the fiscal agent of the Secretary with respect to assistance provided to such grantee.

(d) CERTIFICATIONS ON USE OF ASSISTANCE.—Each grantee shall certify to the Secretary that—

(1) it will maintain as a shelter for the homeless for not less than a 3-year period any building for which assistance is used under this part, or for not less than a 7-year period if such assistance is used for the substantial rehabilitation of such building;

(2) any renovation carried out with assistance under this part shall be sufficient to ensure that the building involved is safe and sanitary; and

(3) it will assist homeless individuals in obtaining—

(A) appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

(B) other Federal, State, local, and private assistance available for such individuals.

(e) USE OF INTEREST ON ASSISTANCE.—Any interest received by any grantee under this part on assistance provided under this part shall be used in accordance with this part or returned to the Secretary for reallocation.

SEC. 1355. HOMELESS ASSISTANCE COUNCIL.

(a) ESTABLISHMENT.—There hereby is established a commission to be known as the Homeless Assistance Council.

(b) MEMBERSHIP.—The Council shall be composed of 9 members as follows:

(1) the Secretary of Housing and Urban Development, or the designee of the Secretary;

(2) the Secretary of Health and Human Services, or the designee of the Secretary;

(3) 1 individual appointed by the Secretary of Housing and Urban Development from individuals recommended jointly by the National League of Cities, the National Conference of Mayors, the National Association of Counties, and the National Association of Towns and Townships;

(4) 1 individual appointed by the Secretary of Housing and Urban Development from individuals who are representative of the providers of services to the homeless;

(5) 3 individuals appointed by the Secretary of Housing and Urban Development from individuals who are members of, and are recommended by the members of, the national board of charities constituted under the emergency food and shelter program established in the Second Supplemental Appropriations Act, 1984 (98 Stat. 1382);

(6) 1 individual appointed by the Secretary of Housing and Urban Development from individuals recommended by the Speaker of the House of Representatives; and

(7) 1 individual appointed by the Secretary of Housing and Urban Development from individuals recommended by the Majority Leader of the Senate.

(c) TERM OF MEMBERSHIP.—

(1) Each member of the Council described in paragraphs (3) through (7) of subsection (b) shall be appointed for a term of 2 years.

(2) Any vacancy in the Council occurring before the expiration of a term shall be filled in the manner in which the original appointment was made. Any member appointed to fill such a vacancy shall be appointed only for the remainder of such term.

(d) MEMBERS NOT FEDERAL EMPLOYEES.—The members of the Council shall not, by reason of their membership on the Council, be considered to be officers or employees of the Federal Government.

(e) PAY AND EXPENSES.—

(1) Each member of the Council shall serve without pay, allowances, or benefits by reason of such service.

(2) Each member of the Council shall, while attending meetings of the Council or while engaged in duties relating to such meetings or in other activities of the Council under this part, be allowed (except in the case of members of the Council who are Members of Congress or officers or employees of the Federal Government) travel expenses while away from their homes or regular places of business, including per diem in lieu of subsistence, equal to that authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(f) POWERS.—The powers of the Council are—

(1) to review plans submitted by recipients of emergency shelter grants;

(2) to reallocate unexpended emergency shelter grant funds in accordance with section 422(d);

(3) to recommend to the Secretary that action be taken against recipients of emergency shelter grants who use such grants improperly;

(4) to call meetings of the Council, elect a chairperson of the Council, and to empower the chairperson to convene the Council; and

(5) to request additional temporary staff from the Secretary.

SEC. 1356. ADMINISTRATIVE PROVISIONS.

(a) REGULATIONS.—Not later than the expiration of the 30-day period following the date of the enactment of this Act, the Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this part. Such requirements shall not be subject to section 553 of title 5, United States Code, or section 7(o) of the Department of Housing and Urban Development Act. The Secretary shall issue regulations based on the initial notice before the expiration of the 12-month period following the date of the enactment of this Act.

(b) INITIAL ALLOCATION OF ASSISTANCE.—Not later than the expiration of the 30-day period following the date of the enactment of a law providing appropriations to carry out this part, the Secretary shall notify each State, metropolitan city, and urban county of its allocation of assistance under this part. Such assistance shall be allocated and may be used notwithstanding any failure of the Secretary to issue regulations under subsection (a).

(c) STAFF AND OFFICES OF COUNCIL.—The Secretary shall provide the Council with

such staff and office facilities as the Secretary, following consultation with the Council, considers necessary to permit the Council to carry out its functions under this part.

(d) RECAPTURE OF UNUSED ASSISTANCE.—The Secretary shall recapture any assistance provided under this part that is not used by the grantee within a reasonable period of time.

SEC. 1357. DEFINITIONS.

For purposes of this part:

(1) The term "Council" means the Homeless Assistance Council established in section 425.

(2) The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 1358. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out the provisions of this part $100,000,000 for fiscal year 1986 and such sums as may be necessary for fiscal year 1987. Any amount appropriated under this section shall remain available until expended.

Subtitle E—Nehemiah Housing Opportunity Grants

SEC. 1361. STATEMENT OF PURPOSE.

It is the purpose of this subtitle—

(1) to encourage homeownership by families in the United States who are not otherwise able to afford homeownership;

(2) to undertake a concentrated effort to rebuild the depressed areas of the cities of the United States and to create sound and attractive neighborhoods; and

(3) to increase the employment of neighborhood residents.

SEC. 1362. DEFINITIONS.

For purposes of this subtitle:

(1) The term "Fund" means the Nehemiah Housing Opportunity Fund established in section 509(a).

(2) The term "home" means any 1- to 4-family dwelling. Such term includes any dwelling unit in a condominium project or cooperative project consisting of not more than 4 dwelling units, any town house, and any manufactured home.

(3) The term "lower income families" has the meaning given such term in section 3(b)(2) of the United States Housing Act of 1937.

(4) The term "metropolitan statistical area" means a metropolitan statistical area as established by the Office of Management and Budget.

(5) The term "nonprofit organization" means a private nonprofit corporation, or other private nonprofit legal entity, that is approved by the Secretary as to financial responsibility.

(6) The term "Secretary" means the Secretary of Housing and Urban Development.

(7) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

(8) The term "substantial rehabilitation" means—

(A) rehabilitation involving costs in excess of 60 percent of the maximum sale price of a home assisted under this subtitle in the market area in which it is located; or

(B) the rehabilitation of a vacant, uninhabitable structure.

(9) The term "unit of general local government" means any borough, city, county, parish, town, township, village, or other general purpose political subdivision of a State.

SEC. 1363. ASSISTANCE TO NONPROFIT ORGANIZATIONS.

(a) IN GENERAL.—The Secretary may provide assistance to nonprofit organizations to carry out Nehemiah housing opportunity programs in accordance with the provisions of this subtitle. Such assistance shall be made in the form of grants.

(b) APPLICATIONS.—Applications for assistance under this subtitle shall be made in such form, and in accordance with such procedures, as the Secretary may prescribe.

SEC. 1364. USE OF ASSISTANCE.

(a) IN GENERAL.—Any nonprofit organization receiving assistance under this subtitle shall use such assistance to provide loans to families purchasing homes constructed or substantially rehabilitated in accordance with a Nehemiah housing opportunity program approved under this subtitle.

(b) SPECIFIC REQUIREMENTS.—Each loan made to a family under this section shall—

(1) be secured by a second mortgage held by the Secretary on the property involved;

(2) be in an amount not exceeding $15,000;

(3) bear no interest; and

(4) be repayable to the Secretary upon the sale or other transfer of such property.

SEC. 1365. PROGRAM REQUIREMENTS.

(a) IN GENERAL.—Assistance provided under this subtitle may be used only in connection with a Nehemiah housing opportunity program of construction or substantial rehabilitation of homes.

(b) FAMILY NEED.—Each family purchasing a home under this subtitle shall—

(1) have a family income on the date of such purchase that is not more than whichever of the following is higher:

(A) 115 percent of the median income for a family of 4 persons in the metropolitan statistical area involved; or

(B) the national median income for a family of 4 persons; and

(2) not have owned a home during the 3-year period preceding such purchase.

(c) DOWNPAYMENT.—

(1) Each family purchasing a home under this subtitle shall make a downpayment of not less than 10 percent of the sale price of such home, or of such greater amount determined by the nonprofit organization involved to be appropriate.

(2) Any downpayment made under this subsection shall accrue interest from the date on which such downpayment is made through the date of settlement, at a rate not less than the passbook rate. Such interest shall be paid by the nonprofit organization involved to the family purchasing the home for which such downpayment was made.

(d) LEASING PROHIBITION.—No family purchasing a home under this subtitle may lease such home.

SEC. 1366. TERMS AND CONDITIONS OF ASSISTANCE.

(a) LOCAL CONSULTATION.—No proposed Nehemiah housing opportunity program may be approved by the Secretary under this subtitle unless the nonprofit organization involved demonstrates to the satisfaction of the Secretary that—

(1) it has consulted with and received the support of residents of the neighborhood in which such program is to be located; and

(2) it has the approval of each unit of general local government in which such program is to be located.

(b) PROGRAM SCHEDULE.—Each nonprofit organization applying for assistance under this subtitle shall submit to the Secretary an estimated schedule for completion of its proposed Nehemiah housing opportunity program, which schedule shall have been agreed to by each unit of general local government in which such program is to be located.

(c) MINIMUM PARTICIPATION.—No nonprofit organization receiving assistance under this subtitle may commence any construction or substantial rehabilitation (except with respect to homes to be constructed or substantially rehabilitated for the purpose of display) until not less than 25 percent of the homes to be constructed or substantially rehabilitated are contracted for sale to purchasers who intend to live in such homes and the required downpayments are made.

(d) FINANCIAL FEASIBILITY.—The Secretary may not provide any assistance under this subtitle to any nonprofit organization unless such nonprofit organization demonstrates the financial feasibility of its proposed Nehemiah housing opportunity program, including the availability of non-Federal public and private funds.

(e) HOME QUALITY AND LOCATION.—A Nehemiah housing opportunity program may be approved under this subtitle only if it provides that—

(1) the number of homes to be constructed or substantially rehabilitated under such program will not be less than whichever of the following is less:

(A) the greater of (i) 50 homes; or (ii) 0.25 percent of the number of existing dwelling units in the unit of general local government that provides the most assistance to such program; or

(B) 250 homes;

(2) each home constructed or substantially rehabilitated under such program will comply with—

(A)(i) applicable local building code standards; or

(ii) in any case in which there is not an applicable local building code, a nationally recognized model building code mutually agreed upon by the sponsoring nonprofit organization and the Secretary; and

(B) the energy performance requirements established under section 526 of the National Housing Act;

(3) all homes constructed or substantially rehabilitated under such program will be located in census tracts, or identifiable neighborhoods within census tracts, in which the median family income is not more than 80 percent of the median family income of the area in which such program is to be located, as such median family income and area are determined for purposes of assistance under section 8 of the United States Housing Act of 1937;

(4) all homes constructed or substantially rehabilitated under such program will be concentrated in a single neighborhood and located on contiguous parcels of land, except that if the unit of general local government in which the project is located certifies that such land cannot be made available for a program of the size required by subsection (e)(1), homes may be constructed in a single identifiable neighborhood if the program provides for construction or substantial rehabilitation of homes on not less than 20 percent of the lots in such neighborhood; and

(5) sales contracts entered into under such program will contain provisions requiring repayment of any loan made under this subtitle upon the sale or other transfer of the home involved, unless the Secretary approves a transfer of such home without repayment (in which case the second mortgage held by the Secretary on such home shall remain in force until such loan is fully repaid).

SEC. 1367. PROGRAM SELECTION CRITERIA.

(a) IN GENERAL.—In selecting Nehemiah housing opportunity programs for assistance under this subtitle from among eligible programs, the Secretary shall make such selection on the basis of the extent to which—

(1) non-Federal public or private entities will contribute land necessary to make each program feasible;

(2) non-Federal public and private financial or other contributions (including tax abatements, waivers of fees related to development, waivers of construction, development, or zoning requirements, and direct financial contributions) will reduce the cost of homes constructed or substantially rehabilitated under each program;

(3) each program will produce the greatest number of units for the least amount of assistance provided under this subtitle, taking into consideration the cost differences among different market areas;

(4) each program is located in a neighborhood of severe physical and economic blight (and, in determining the degree of physical blight, the Secretary shall consider the condition (but not age) of the housing, other buildings, and infrastructure, in the neighborhood of the proposed program);

(5) each program uses construction methods that will reduce the cost per square foot below the average construction cost in the market area involved; and

(6) each program provides for the involvement of local residents in the planning, and construction or substantial rehabilitation, of homes.

(b) EXCEPTION.—To the extent that non-Federal public entities are prohibited by the law of any State from making any form of contribution described in paragraph (1) or (2) of subsection (a), the Secretary shall not consider such form of contribution in evaluating such program.

SEC. 1368. DISTRIBUTION OF ASSISTANCE TO NONPROFIT ORGANIZATIONS.

(a) RESERVATION OF AMOUNTS.—Following the selection of any Nehemiah housing opportunity program for assistance under this subtitle, the Secretary shall reserve sufficient amounts in the Nehemiah Housing Opportunity Fund for such assistance.

(b) DISTRIBUTION OF ASSISTANCE.—Following the sale of any home constructed or substantially rehabilitated under a Nehemiah housing opportunity program selected for assistance under this subtitle, the Secretary shall provide to the sponsoring nonprofit organization an amount equal to the amount of the loan made to the family purchasing such home. Such amount shall be provided not more than 30 days after the sale of such home.

(c) MAXIMUM ASSISTANCE.—The assistance provided to any nonprofit organization under this subtitle may not exceed $15,000 per home.

SEC. 1369. NEHEMIAH HOUSING OPPORTUNITY FUND.

(a) ESTABLISHMENT.—There hereby is established in the Treasury of the United States a revolving fund, to be known as the Nehemiah Housing Opportunity Fund. The Fund shall be available to the Secretary, to the extent approved in appropriation Acts, for purposes of providing assistance under section 503.

(b) ASSETS.—The Fund shall consist of—

(1) any amount appropriated under section 512;

(2) any amount received by the Secretary under section 504(b)(4); and

(3) any amount received by the Secretary under subsection (c).

(c) ADMINISTRATION.—Any amount in the Fund determined by the Secretary to be in excess of the amount currently required to carry out the provisions of this subtitle shall be invested by the Secretary in obligations of, or obligations guaranteed as to both principal and interest by, the United States or any agency of the United States.

SEC. 1370. ANNUAL REPORT.

The Secretary shall annually prepare and submit to the Congress a comprehensive report setting forth the activities carried out under this subtitle. Such report shall include—

(1) an analysis of the characteristics of the families assisted under this subtitle during the preceding year, including family size, number of children, family income, sources of family income, race, age, and sex;

(2) an analysis of the market value of homes purchased under this subtitle during the preceding year;

(3) an analysis of the non-Federal public and private financial or other contributions made during the preceding year to reduce the cost of homes constructed or substantially rehabilitated under each program;

(4) an analysis of the sales prices of homes under this subtitle during the preceding year;

(5) an analysis of the amounts of the grants made to programs under this subtitle during the preceding year; and

(6) any recommendations of the Secretary for modifications in the program established by this subtitle in order to ensure the effective implementation of such program.

SEC. 1371. REGULATIONS.

The Secretary shall issue such regulations as may be necessary to carry out the provisions of this subtitle. Any such regulations shall be issued in accordance with section 553 of title 5, United States Code, notwithstanding the provisions of subsection (a)(2) of such section.

SEC. 1372. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out the provisions of this subtitle $100,000,000 for fiscal year 1986. Any amount appropriated under this section shall be deposited in the Nehemiah Housing Opportunity Fund, and shall remain available until expended.

Subtitle F—Multifamily Housing Preservation Loans

SEC. 1381. PURPOSE.

The purpose of this subtitle is to provide loans to the owners of certain multifamily housing projects assisted by the Secretary of Housing and Urban Development to permit such owners to make capital improvements required to maintain such projects as decent, safe, and sanitary housing and to maintain the low- and moderate-income character of such projects.

SEC. 1382. DEFINITIONS.

For purposes of this subtitle:

(1) The term "capital improvement" means any major repair or replacement of a capital item in a multifamily housing project, including any such repair or replacement required as a result of deferred or inadequate maintenance. Such term does not include maintenance of any such item.

(2) The term "Fund" means the Multifamily Housing Preservation Fund established in section 606.

(3) The term "lower income families" has the meaning given such term in section 3(b)(2) of the United States Housing Act of 1937.

(4) The term "low- and moderate-income character" means the character of a multifamily housing project with respect to tenant admission and rental charges that have been agreed to by the owner of such project and the Secretary in connection with assistance or insurance provided by the Secretary.

(5) The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 1383. AUTHORITY TO PROVIDE LOANS.

(a) IN GENERAL.—The Secretary may provide and, to the extent approved in appropriation Acts, contract to provide loans to owners of rental or cooperative housing projects meeting the requirements of this subtitle for purposes of assisting such owners to make capital improvements required to maintain such projects as decent, safe, and sanitary housing and to maintain the low- and moderate-income character of such projects.

(b) APPLICATIONS.—Applications for loans under this subtitle shall be made in such form, and in accordance with such procedures, as the Secretary may prescribe.

SEC. 1384. ELIGIBILITY FOR LOANS.

(a) PROJECT REQUIREMENTS.—The owner of any rental or cooperative housing project shall be eligible for a loan under this subtitle only if such project—

(1)(A) is assisted under section 236 of the National Housing Act, the proviso of section 221(d)(5) of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965, without regard to whether such project is insured under the National Housing Act;

(B) is assisted under section 8 of the United States Housing Act of 1937 following conversion to such assistance from assistance under section 236(f)(2) of the National Housing Act or section 101 of the Housing and Urban Development Act of 1965;

(C) is assisted under section 23 of the United States Housing Act of 1937, as in effect before January 1, 1975; or

(D) was a project described in subparagraph (A) before the acquisition of such project by the Secretary, and has been sold by the Secretary subject to an agreement that provides that the low- and moderate-income character of such project will be maintained; and

(2) meets such other requirements consistent with the purposes of this subtitle as the Secretary may prescribe.

(b) LOAN AND BORROWER REQUIREMENTS.—No loan may be provided under this subtitle to the owner of any rental or cooperative housing project unless the Secretary determines that—

(1) such loan, when considered with other resources available to and financially feasible for such project, is necessary for such owner to make capital improvements with respect to capital items that have failed, or are likely to seriously deteriorate or fail in the near future, in such project;

(2) the owner of such project agrees to contribute assistance to such project in such amounts, from such sources, and in such manner as the Secretary determines to be appropriate, except that—

(A) such contribution shall not be less than 20 percent of the total estimated cost of the capital improvements involved, unless the Secretary, upon application of the owner, determines that such contribution is financially infeasible and waives or reduces such contribution to the extent necessary;

(B) the Secretary may not require an amount to be contributed, from the reserve funds established by the owner of such project for the purpose of making capital improvements, in excess of 50 percent of the amount of such reserve funds on the date of such loan; and

(C) the Secretary shall waive the requirements of this paragraph if such owner is a private nonprofit corporation or association;

(3) the owner of such project agrees to maintain the low- and moderate-income character of such project for a period of not less than the remaining term of the project mortgage;

(4) the management of such project is conducted by persons who meet levels of competency and experience prescribed by the Secretary and are approved by the Secretary;

(5) such project is structurally sound, or will be made structurally sound as a result of the capital improvements involved, as de-

termined on the basis of information obtained as a result of an onsite inspection of such project;

(6) such loan, when considered with other resources available to and financially feasible for such project, will maintain the financial soundness of such project;

(7) such project is operated and managed in accordance with a management improvement and operating plan that has been determined to be necessary and approved by the Secretary and that includes the following:

(A) a detailed maintenance schedule;

(B) a schedule for correcting past deficiencies in maintenance, repairs, and replacements;

(C) a plan to upgrade the capital items being improved, and any other capital items determined by the Secretary to be associated with such capital items being improved and to require upgrading, to meet cost-effective energy efficiency standards prescribed by the Secretary;

(D) a plan to improve or maintain financial and management control systems;

(E) a detailed annual operating budget taking into account such standards for operating costs in the area as may be determined by the Secretary to be appropriate; and

(F) such other items as the Secretary may determine to be appropriate;

(8) the reserve funds established by the owner of such project for the purpose of making capital improvements are insufficient to finance both the capital improvements for which such loan is requested and other capital improvements that are reasonably expected to be required in the near future, and such insufficiency is not the result of the failure of such owner to comply with any standard established by the Secretary for management of such reserve funds; and

(9) such loan will be less costly to the Federal Government than other reasonable alternatives available to the Secretary for maintaining the low- and moderate-income character of such project.

(c) PRIORITIES IN PROVIDING LOANS.—In providing, and contracting to provide, loans under this subtitle, the Secretary shall give priority to—

(1) the extent to which the capital improvements for which such loans are requested are immediately required;

(2) the extent to which the projects for which such loans are requested serve as the residences of lower income families, and the extent to which other suitable housing is unavailable for such families in the areas in which such projects are located;

(3) the extent to which the capital improvements for which such loans are requested involve the life, safety, or health of the residents of the projects or involve major capital improvements in the projects; and

(4) projects that demonstrate the greatest financial distress, while continuing to meet the requirements of subsection (b)(6).

SEC. 1385. AMOUNT AND CONDITIONS OF LOANS.

(a) PRINCIPAL AMOUNT OF LOANS.—Subject to section 604(b)(2), the principal amount of any loan provided under this subtitle to the owner of any project shall not exceed 80 percent of the sum of—

(1) the amount determined by the Secretary to be necessary for such owner to make capital improvements with respect to capital items that have failed, or are likely to seriously deteriorate or fail in the near future, in such project;

(2) the amount determined by the Secretary to be necessary to carry out a plan to upgrade the capital items being improved, and any other capital items determined by the Secretary to be associated with such capital items being improved and to require upgrading, to meet cost-effective energy efficiency standards prescribed by the Secretary; and

(3) the amount determined by the Secretary to be necessary to comply with the requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

(b) CONDITIONS OF LOANS.—

(1) The term of any loan provided under this subtitle shall not exceed the remaining term of the mortgage on the project with respect to which such loan is provided.

(2) Subject to subsection (c), each loan provided under this subtitle shall bear interest at a rate determined by the Secretary to be appropriate, except that such rate shall not be less than 6 percent or more than the rate determined under section 221(d)(5)(B) of the National Housing Act.

(3) Each loan provided under this subtitle shall be considered to be a liability of the project involved, and shall not be dischargeable in any bankruptcy proceeding under section 727, 1141, or 1328(b) of title 11, United States Code.

(4) The Secretary may establish such additional conditions on loans provided under this subtitle as the Secretary determines to be appropriate.

(5) The Secretary may provide more than one loan to any project under this subtitle, if each such loan complies with the provisions of this subtitle.

(c) MINIMIZATION OF RENT INCREASES.—In order to minimize any increases in rental payments that may occur as a result of the debt service and other expenses of a loan provided under this subtitle, and that would be incurred by residents of the project involved whose rental payments are, or would as a result of such expenses be, in excess of the amount allowable if section 3(a) of the United States Housing Act of 1937 were applicable to such residents, the Secretary may take any or all of the following actions:

(1) Provide assistance with respect to such project under section 8(b)(1) of the United States Housing Act of 1937, to the extent amounts are available for such assistance and without regard to section 16 of such Act.

(2) Reduce the rate of interest charged on such loan to a rate of not less than 1 percent.

(3) Increase the term of such loan to a term that does not exceed the remaining term of the mortgage on such project.

(4) Increase the amount of assistance to be provided by the owner of such project under section 604(b)(2), if applicable, to an amount not to exceed 30 percent of the total estimated cost of the capital improvements involved.

SEC. 1386. MULTIFAMILY HOUSING PRESERVATION FUND.

(a) ESTABLISHMENT OF FUND.—For purposes of carrying out the provisions of this subtitle, there hereby is established in the Treasury of the United States a revolving fund, to be known as the Multifamily Housing Preservation Fund. The Fund shall, to the extent approved in appropriation Acts, be available to the Secretary for purposes of carrying out the provisions of this subtitle.

(b) ASSETS OF FUND.—The Fund shall consist of (1) any amount appropriated under section 608; (2) any amount repaid on a loan provided under this subtitle; and (3) any other amount received by the Secretary under this subtitle.

(c) MANAGEMENT OF FUND.—Any amounts in the Fund determined by the Secretary to be in excess of the amounts currently required to carry out the provisions of this subtitle shall be invested by the Secretary in obligations of, or obligations guaranteed as to both principal and interest by, the United States or any agency of the United States.

SEC. 1387. REGULATIONS.

The Secretary shall, not later than the expiration of the 180-day period following the date of the enactment of this Act, issue such regulations as may be necessary to carry out the provisions of this subtitle.

SEC. 1388. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out the provisions of this subtitle $60,000,000 for fiscal year 1986. Any amount appropriated under this section shall be deposited in the Fund and shall remain available until expended.

Subtitle G—Enterprise Zone Development

SEC. 1391. DESIGNATION OF ENTERPRISE ZONES.

(a) DESIGNATION OF ZONES.—

(1) DEFINITION.—For purposes of this section, the term "enterprise zone" means any area that—

(A) is nominated by 1 or more local governments and the State or States in which it is located for designation as an enterprise zone (hereafter in this section referred to as a "nominated area"); and

(B) the Secretary of Housing and Urban Development designates as an enterprise zone, after consultation with—

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

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

(2) LIMITATION ON DESIGNATIONS.—

(A) PUBLICATION OF REGULATIONS.—Before designating any area as an enterprise zone, the Secretary of Housing and Urban Development shall prescribe by regulation not later than 4 months following the date of the enactment of this Act, after consultation with the officials described in paragraph (1)(B)—

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

(ii) the parameters relating to the size and population characteristics of an enterprise zone; and

(iii) the manner in which nominated areas will be compared based on the criteria specified in subsection (d) and the other factors specified in subsection (e).

(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development shall designate nominated areas as enterprise zones only during the 36-month period beginning on the later of—

(i) the 1st day of the 1st month following the month in which the effective date of the regulations described in subparagraph (A) occurs; or

(ii) July 1, 1985.

(C) NUMBER OF DESIGNATIONS.—

(i) IN GENERAL.—The Secretary of Housing and Urban Development may not designate more than 75 nominated areas as enterprise zones during the period beginning with the 1st day of the 36-month period described in subparagraph (B).

(ii) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under clause (i), at least 1/3 must be areas that—

(I) are within a local government jurisdiction or jurisdictions with a population of less than 50,000 (as determined under the most recent census data available) and are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas; or

(II) are outside of a metropolitan statistical area (as designated by the Director of the Office of Management and Budget).

(D) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation under paragraph (1) unless—

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

(I) to nominate such area for designation as an enterprise zone;

(II) to make the State and local commitments under subsection (d); and

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

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

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

(iv) the State and local governments certify that no portion of the area nominated is already included in an enterprise zone or in an area otherwise nominated to be an enterprise zone.

(3) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—In the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be deemed to be both the State and local governments with respect to such area.

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

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

(A) December 31 of the 24th calendar year following the calendar year in which such date occurs;

(B) the termination date designated by the State and local governments as provided for in their nomination pursuant to subsection (a)(2)(D)(ii); or

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

(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development, after consultation with the officials described in subsection (a)(1)(B), may revoke the designation of an area if the Secretary of Housing and Urban Development determines that the local government or the State in which it is located is not complying substantially with the State and local commitments pursuant to subsection (d).

(c) AREA AND ELIGIBILITY REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of Housing and Urban Development may make a designation of any nominated area under subsection (a)(1) only if it meets the requirements of paragraphs (2) and (3).

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

(A) the area is within the jurisdiction of the local government;

(B) the boundary of the area is continuous; and

(C) the area—

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

(I) 4,000 if any portion of such area (other than a rural area described in subsection (b)(2)(C)(ii)(I)) is located within a metropolitan statistical area (as designated by the Director of the Office of Management and Budget) with a population of 50,000 or greater; or

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

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

(3) ELIGIBILITY REQUIREMENTS.—For purposes of paragraph (1), a nominated area meets the requirements of this paragraph if the State and local governments in which it is located certify and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification, that—

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

(B) the area is located wholly within the jurisdiction of a local government that is eligible for Federal assistance under section 119 of the Housing and Community Development Act of 1974, as in effect on the date of the enactment of this Act; and

(C) 1 of the following criteria is met:

(i) the unemployment rate, as determined by the appropriate available data, was at least 1.5 times the national unemployment rate for that period;

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

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

(iv) the population of the area decreased by 20 percent or more between 1970 and 1980 (as determined from the most recent census data available).

(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

(1) IN GENERAL.—No nominated area shall be designated as an enterprise zone unless the local government and the State in which it is located agree in writing that, during any period during which the area is an enterprise zone, such governments will follow a specified course of action designated to reduce the various burdens borne by employers or employees in such area.

(2) COURSE OF ACTION.—The course of action under paragraph (1) may be implemented by both such governments and private nongovernmental entities, may be funded from proceeds of any Federal program, and may include, but is not limited to—

(A) a reduction of tax rates or fees applying within the enterprise zone;

(B) an increase in the level of efficiency of local services within the enterprise zone, such as crime prevention (particularly through experimentation with providing such services by nongovernmental entities);

(C) actions to reduce, remove, simplify, or streamline governmental requirements applying within the enterprise zone; and

(D) involvement in the program by private entities, organizations, neighborhood associations, and community groups, particularly those within the nominated area, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents of the nominated area.

(e) PRIORITY OF DESIGNATION.—In choosing nominated areas for designation, the Secretary of Housing and Urban Development shall give special preference to the areas with respect to which the strongest and highest quality contributions described in subsection (d)(2) have been promised as part of the course of action, taking into consideration the fiscal ability of the nominating State and local governments to provide tax relief. The Secretary shall also give preference to—

(1) the nominated areas with respect to which the strongest and highest quality contributions other than those described in subsection (d)(2) have been promised as part of the course of action;

(2) the nominated areas with respect to which the nominating State and local governments have provided the most effective and enforceable guarantees that the proposed course of action under subsection (d) will actually be carried out during the period of the enterprise zone designation;

(3) the nominated areas with high levels of poverty, unemployment, and general distress, particularly the areas—

(A) that are near areas with concentrations of disadvantaged workers or long-term unemployed individuals; and

(B) with respect to which there is a strong likelihood that residents of the area described in subparagraph (A) will receive jobs if the area is designated as an enterprise zone;

(4) the nominated areas the size and location of which—

(A) will primarily stimulate new economic activity; and

(B) minimize unnecessary tax losses to the Federal Government;

(5) the nominated areas with respect to which private entities have made the most substantial commitments in additional resources and contributions, including the creation of new or expanded business activities; and

(6) the nominated areas that best exhibit such other factors determined by the Secretary of Housing and Urban Development as are—

(A) consistent with the intent of the enterprise zone program; and

(B) important to minimizing the unnecessary loss of tax revenues to the Federal Government.

(f) DEFINITIONS.—For purposes of this section:

(1) GOVERNMENT.—If more than 1 government seeks to nominate an area as an enterprise zone, any reference to, or requirement of, this section shall apply to all such governments.

(2) LOCAL GOVERNMENT.—The term "local government" means—

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

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

(C) the District of Columbia.

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

SEC. 1392. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the 4th calendar year after the year in which the Secretary of Housing and Urban Development first designates areas as enterprise zones, and at the close of each 4th calendar year thereafter, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a report on the effects of such designation in accomplishing the purposes of this subtitle.

SEC. 1393. INTERACTION WITH OTHER FEDERAL PROGRAMS.

(a) TAX REDUCTIONS.—Any reduction of taxes under any required program of State and local commitment under section 701(d)

shall be disregarded in determining the eligibility of a State or local government for, or the amount or extent of, any assistance or benefits under any law of the United States.

(b) COORDINATION WITH RELOCATION ASSISTANCE.—The designation of an enterprise zone under section 701 shall not—

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

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

(c) COORDINATION WITH ENVIRONMENTAL POLICY.—Designation of an enterprise zone under section 701 shall not constitute a Federal action for purposes of applying the requirements of the National Environmental Policy Act (42 U.S.C. 4341) or other provisions of Federal law relating to the protection of the environment.

SEC. 1394. WAIVER OR MODIFICATION OF CERTAIN AGENCY RULES IN ENTERPRISE ZONES.

(a) IN GENERAL.—Upon the written request of the governments that designated and approved an area that has been designated as an enterprise zone under section 701, an agency is authorized, in order to further the job creation, community development, or economic revitalization objectives of the zone, to waive or modify all or part of any rule that it has authority to promulgate, as such rule pertains to the carrying out of projects, activities, or undertakings within the zone.

(b) LIMITATION.—Nothing in this section shall authorize an agency to waive or modify any rule adopted to carry out a statute or Executive order that prohibits, or the purpose of which is to protect persons against, discrimination on the basis of race, color, religion, sex, marital status, national origin, age, or handicap.

(c) SUBMISSION OF REQUESTS.—A request under subsection (a) shall specify the rule or rules to be waived or modified and the change proposed, and shall briefly describe why the change would promote the achievement of the job creation, community development, or economic revitalization objectives of the enterprise zone. If a request is made to an agency other than the Department of Housing and Urban Development, the requesting governments shall send a copy of the request to the Secretary of Housing and Urban Development at the time the request is made.

(d) CONSIDERATION OF REQUESTS.—In considering a request, the agency shall weigh the extent to which the proposed change is likely to further job creation, community development, or economic revitalization within the enterprise zone against the effect the change is likely to have on the underlying purposes of applicable statutes in the geographic area that would be affected by the change. The agency shall approve the request whenever it finds, in its discretion, that the public interest that the proposed change would serve in furthering such job creation, community development, or economic revitalization outweighs the public interest that continuation of the rule unchanged would serve in furthering such underlying purposes. The agency shall not approve any request to waive or modify a rule if such waiver or modification would—

(1) directly violate a statutory requirement (including any requirement of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.)); or

(2) be likely to present a significant risk to the public health, including environmental health or safety, such as a rule with respect to occupational safety or health, or environmental pollution.

(e) NOTICE OF DISAPPROVAL.—If a request is disapproved, the agency shall inform the requesting governments in writing of the reasons therefor and shall, to the maximum extent possible, work with such governments to develop an alternative, consistent with the standards contained in subsection (d).

(f) PERIOD FOR DETERMINATION.—Agencies shall discharge their responsibilities under this section in an expeditious manner, and shall make a determination on requests not later than 90 days after their receipt.

(g) APPLICABLE PROCEDURES.—A waiver or modification of a rule under subsection (a) shall not be considered to be a rule, rulemaking, or regulation under chapter 5 of title 5, United States Code. To facilitate reaching its decision on any requested waiver or modification, the agency may seek the views of interested parties and, if the views are to be sought, determine how they should be obtained and to what extent, if any, they should be taken into account in considering the request. The agency shall publish a notice in the Federal Register stating any waiver or modification of a rule under this section.

(h) EFFECT OF SUBSEQUENT AMENDMENT OF RULES.—In the event that an agency proposes to amend a rule for which a waiver or modification under this section is in effect, the agency shall not change the waiver or modification to impose additional requirements unless it determines, consistent with standards contained in subsection (d), that such action is necessary.

(i) EXPIRATION OF WAIVERS AND MODIFICATIONS.—No waiver or modification of a rule under this section shall remain in effect for a period longer than the period for which the enterprise zone designation remains in effect for the area in which the waiver or modification applies.

(j) DEFINITIONS.—For purposes of this section:

(1) AGENCY.—The term "agency" means the Department of Housing and Urban Development and, with respect to any rule issued under title V of the Housing Act of 1949, the Department of Agriculture.

(2) RULE.—The term "rule" means (A) any rule as defined in section 551(4) of title 5, United States Code; or (B) any rulemaking conducted on the record after opportunity for an agency hearing pursuant to sections 556 and 557 of such title 5.

SEC. 1395. COORDINATION OF HOUSING AND URBAN DEVELOPMENT PROGRAMS IN ENTERPRISE ZONES.

Section 3 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(d) The Secretary shall—

"(1) promote the coordination of all programs under the jurisdiction of the Secretary that are carried on within an enterprise zone designated pursuant to section 701 of the Housing Act of 1985;

"(2) expedite, to the greatest extent possible, the consideration of applications for programs referred to in paragraph (1) through the consolidation of forms or otherwise; and

"(3) provide, whenever possible, for the consolidation of periodic reports required under programs referred to in paragraph (1) into 1 summary report submitted at such intervals as may be designated by the Secretary.".

TITLE III—COMMITTEE ON EDUCATION AND LABOR

Subtitle A—Amendments to the Higher Education Act of 1965

PART 1—AMENDMENTS RELATING TO FEDERALLY INSURED AND GUARANTEED STUDENT LOANS

SEC. 1401. RECOVERY OF OUTSTANDING ADVANCES TO GUARANTY AGENCIES.

Section 422 of the Higher Education Act of 1965 (hereafter in this subtitle referred to as "the Act") is amended by adding at the end thereof the following new subsection:

"(d)(1) Notwithstanding any other provision of this section, advances made by the Secretary under this section shall be repaid in accordance with this paragraph and shall be deposited in the fund established by section 431. The Secretary shall, in accordance with the requirements of paragraph (2), recover (and so deposit) an amount equal to $50,000,000 during fiscal year 1988.

"(2) In determining the amount of advances which shall be repaid by a State or nonprofit private institution or organization under paragraph (1), the Secretary—

"(A) shall consider the solvency and maturity, as determined by the Comptroller General, of the reserve and insurance funds of the State or nonprofit private institution or organization assisted by such advances; and

"(B) shall not seek repayment of such advances from any State described in subsection (c)(5)(B) during any year of its eligibility under such subsection.".

SEC. 1402. DISBURSEMENT OF STUDENT LOANS TO INSTITUTIONS REQUIRED.

(a) FISL LOANS REQUIREMENT.—Section 427(a)(2)(I) of the Act is amended to read as follows:

"(I) the funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this subparagraph shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check; and".

(b) GSL LOANS REQUIREMENT.—Section 428(b)(1)(O) of the Act is amended to read as follows:

"(O) provides that funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this subparagraph shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check;".

(c) CONFORMING AMENDMENT.—Section 433A(a) of the Act is amended by striking out "to a borrower" in the first sentence.

SEC. 1403. NEED REQUIREMENTS AND SCREENING OF PELL GRANT—ELIGIBLE STUDENTS.

(a) REQUIREMENT THAT FISL AND GSL BORROWERS FIRST OBTAIN PELL GRANT ELIGIBILITY DETERMINATION.—Section 428(a)(2)(A) of the Act is amended—

(1) by striking out "and" at the end of clause (i);

(2) by striking out the period at the end of clause (ii) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new clause:

"(iii) in the case of any student other than a graduate or professional student (as defined in regulations of the Secretary), have obtained a determination of eligibility or in-

eligibility for a grant under subpart 1 of part A of this title.".

(b) NEED ANALYSIS REQUIRED FOR ALL FISL AND GSL BORROWERS.—Section 428(a)(2)(B) of the Act is amended to read as follows:

"(B) For the purposes of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan and the amount of such need, subject to the provisions of subparagraph (F).".

SEC. 1404. MULTIPLE DISBURSEMENTS OF STUDENT LOANS REQUIRED.

(a) REPEAL OF INCENTIVES TO LENDERS TO MAKE MULTIPLE DISBURSEMENTS.—Section 428(a) of the Higher Education Act of 1965 (20 U.S.C. 1078(a)) is amended by striking out paragraph (8).

(b) MULTIPLE DISBURSEMENT REQUIRED IN FISL PROGRAM.—Section 427(a) of the Act is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

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

"(3) in the case of a loan made for any period of enrollment of more than six months, one semester, two quarters, or 600 clock hours and for an amount of $1,000 or more, the proceeds of the loan will be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of such period.

For purposes of paragraph (3), all loans issued for the same period of enrollment shall be considered as a single loan.".

(c) MULTIPLE DISBURSEMENTS REQUIRED IN GSL PROGRAM.—Section 428(b)(1) of such Act is amended—

(1) by redesignating subparagraph (P) as subparagraph (Q); and

(2) by inserting after subparagraph (O) the following new subparagraph:

"(P) provides that the proceeds of any loan made for any period of enrollment of more than six months, one semester, two quarters, or 600 clock hours and for an amount of $1,000 or more—

"(i) will be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of such period, or

"(ii) will be disbursed in such installments pursuant to the escrow provisions of subsection (i) of this section,

but all loans issued for the same period of enrollment shall be considered as a single loan for purposes of this subparagraph; and".

(d) ORIGINATION FEE TO BE DEDUCTED PROPORTIONATELY FROM EACH INSTALLMENT.—Section 438(c)(2) of the Act is amended by striking out "which may be deducted from the proceeds of the loan prior to payment to the borrower" and inserting in lieu thereof "which shall be deducted proportionately from each installment payment of the proceeds of the loan to the borrower".

(e) CONFORMING AMENDMENTS.—(1) Section 425(a)(1) of the Act is amended—

(A) by inserting "and" at the end of subparagraph (A), by striking out subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B); and

(B) by striking out the last sentence.

(2) Section 428(a)(3)(A) of the Act is amended—

(A) by striking out "Except as provided in paragraph (8) and subject" and inserting in lieu thereof "Subject"; and

(B) by striking out "but, except as provided in paragraph (8) of this subsection, such portion" and inserting in lieu thereof "but such portion".

(3) Section 428(b)(1)(A) of such Act is amended—

(A) by inserting "and" at the end of division (i);

(B) by striking out division (ii) and by redesignating division (iii) as division (ii); and

(C) in the matter following such division, by striking out "annual limit," and all that follows and inserting in lieu thereof "annual limit;".

SEC. 1405. INSURANCE PREMIUM.

Section 428(b)(1)(H) of the Act is amended to read as follows:

"(H) provides for collection of an insurance premium equal to 3 per centum per loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders;".

SEC. 1406. AGREEMENT FOR AUDITS.

Section 428(b)(2) of the Act is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; and"; and

(3) by inserting after such subparagraph the following:

"(D) provide for—

"(i) conducting, except as provided in clause (ii), financial and compliance audits of the guaranty agency at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

"(ii) with regard to a guaranty program of a State which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period of time covered by such audit.".

SEC. 1407. PRE-CLAIM COLLECTION ACTIVITIES.

(a) DELAY REQUIRED BEFORE SUBMISSION OF CLAIMS BY GUARANTY AGENCIES.—Section 428(c)(1)(A) of the Act is amended by adding at the end thereof the following new sentence: "In no case shall a State or nonprofit private institution or organization with which the Secretary has an agreement pursuant to subsection (b) file a claim for such reimbursement with respect to such losses prior to 210 days after the loan becomes delinquent with respect to any installment thereon.".

(b) SUPPLEMENTAL PRECLAIMS ASSISTANCE.—Section 428(c)(6) of the Act is amended—

(1) in subparagraph (A), by inserting after "assistance for default prevention," the following: "the administrative costs of supplemental preclaims assistance for default prevention,";

(2) in such subparagraph, by striking out "as such terms are defined in subparagraph (B)" and inserting in lieu thereof "as such terms are defined in subparagraph (B) or (C)"; and

(3) by adding at the end thereof the following new subparagraph:

"(C)(i) For purposes of this paragraph, 'administrative costs of supplemental preclaims assistance' means (subject to divisions (ii) through (iv)) any administrative costs—

"(I) incurred by a guaranty agency in connection with a loan on which the guarantor has exercised pre-claims assistance required or permitted under sections 428(c)(2)(A) and 428(f)(2), and which has been in delinquent status for at least 120 days; and

"(II) which are directly related to providing collection assistance to the lender on a delinquent loan, prior to a claim being filed with the guaranty agency,

including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions, only the portion of compensation attributable to the collection assistance), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges, but does not include overhead costs.

"(ii) The administrative costs for which reimbursement is authorized under this subparagraph must be clearly supplemental to the preclaim assistance for default prevention which the guaranty agency is required or permitted to provide pursuant to section 428(c)(2)(A) and section 428(f)(2) of this Act.

"(iii) The services associated with carrying out this subparagraph may be provided by the guaranty agency directly or under contract, except that such services may not be carried out by an organization or entity (other than the guaranty agency)—

"(I) that is the holder or servicer of the loan or an organization or entity that owns or controls the holder or servicer of the loan; or

"(II) that is owned or controlled by the same corporation, partnership, association, or individual that owns or controls the holder or servicer of the loan.

"(iv) The costs for each delinquent loan associated with carrying out this subparagraph may not exceed 2 per centum of the outstanding principal balance of each such loan subject to the supplemental preclaims assistance authorized by this subparagraph or $100, whichever is less.".

SEC. 1408. STATUTE OF LIMITATIONS.

Section 428(d) of the Act is amended—

(1) by redesignating clauses (A) and (B) of paragraph (2) as clauses (i) and (ii), respectively;

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(3) by inserting "(1)" before "No provision of any law"; and

(4) by adding at the end thereof the following new paragraphs:

"(2) Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(A) a guaranty agency which has an agreement with the Secretary under subsection (c) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date such guaranty agency reimburses the previous holder of the loan for its loss on account of the default of the borrower; and

"(B) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due the Secretary from a borrower pursuant to subsection (c)(2)(D) of this section until six years following the date on which the loan is assigned to the Secretary under this part.".

SEC. 1409. ADMINISTRATIVE COST PAYMENTS.

Section 428(f) of the Act is amended—

(1) by striking out "is authorized to make payments" each place it appears in the first sentence of paragraphs (1) and (2) and inserting in lieu thereof "shall make payments";

(2) by striking out "shall not exceed" each place it appears in the second sentence of such paragraphs and inserting in lieu thereof "shall be equal to"; and

(3) by striking out the third and fourth sentences of each such paragraph.

SEC. 1410. RECOVERY OF COSTS.

Section 430(b) of the Act is amended—

(1) by striking out "(b)(1)" and inserting in lieu thereof "(b)";

(2) by striking out "(including reasonable administrative costs)" and inserting in lieu thereof the following: "(including reasonable administrative and collection costs, to the extent set forth in regulations issued by the Secretary)"; and

(3) by striking out paragraph (2).

SEC. 1411. CREDIT BUREAU REPORTS.

Part B of the Act is amended by adding immediately after section 430 the following new section:

"REPORTS TO CREDIT BUREAUS AND INSTITUTIONS OF HIGHER EDUCATION

"SEC. 430A. (a) For the purpose of promoting responsible repayment of loans covered by Federal loan insurance pursuant to this part or covered by a guaranty agreement pursuant to section 428, the Secretary, and each guaranty agency having a guaranty agreement with the Secretary under section 428, shall enter into agreements with credit bureau organizations to exchange information concerning student borrowers, in accordance with the requirements of this section. For the purpose of assisting such organizations in complying with the Fair Credit Reporting Act, such agreements may provide for timely response by the Secretary, concerning loans covered by Federal loan insurance, or by a guaranty agency, concerning loans covered by a guaranty agreement, to requests from such organizations for responses to objections raised by borrowers. Subject to the requirements of subsection (c), such agreements shall require the Secretary or the guaranty agency, as appropriate, to disclose to such organizations, with respect to any loan under this part—

"(1) the date of disbursement and the amount of the loan;

"(2) information concerning the date of any default on the loan and the collection of the loan, including information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 430(a) or the guaranty agency has made a payment to the previous holder of the loan; and

"(3) the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437.

"(b) Such agreements may also provide for the disclosure by such organizations to the Secretary or a guaranty agency, whichever insures or guarantees a loan, upon receipt of a notice under subsection (a)(2) that such a loan is in default, of information concerning the borrower's location or other information which may assist the Secretary, the guaranty agency, the eligible lender, or the subsequent holder in collecting the loan.

"(c) Agreements entered into pursuant to this section shall contain such provisions as may be necessary to ensure that—

"(1) no information is disclosed by the Secretary or the guaranty agency unless its accuracy and completeness have been verified and the Secretary or the guaranty agency has determined that disclosure would accomplish the purposes of this section;

"(2) as to any information so disclosed, such organizations will be promptly notified of, and will promptly record, any change submitted by the Secretary or the guaranty agency with respect to such information, or any objections by the borrower with respect to any such information, as required by section 611 of the Fair Credit Reporting Act (15 U.S.C. 1681i);

"(3) no use will be made of any such information which would result in the use of collection practices with respect to such a borrower that are not fair and reasonable or that involve harassment, intimidation, false or misleading representations, or unnecessary communication concerning the existence of such loan or concerning any such information; and

"(4) with regard to notices of default under subsection (a)(2) of this section, except for disclosures made to obtain the borrower's location, the guaranty agency, eligible lender, or subsequent holder (A) shall not disclose any such information until he has notified the borrower that such information will be disclosed to credit bureau organizations unless the borrower enters into repayment of his loan, and (B) shall, if the borrower has not entered into repayment within a reasonable period of time, but not less than thirty days, from the date such notice has been sent to the borrower, disclose the information required by this subsection.

"(d) A guaranty agency or credit bureau organization which discloses or receives information under this section shall not be considered a Government contractor within the meaning of section 552a of title 5, United States Code.

"(e) The Secretary and each guaranty agency, eligible lender, and subsequent holder of a loan are authorized to disclose information described in subsections (a) and (b) concerning student borrowers to the eligible institutions such borrowers attend or previously attended.

"(f) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary or a guaranty agency, eligible lender, or subsequent holder regarding the status of a borrower's account on a loan guaranteed under this part until—

"(1) seven years from the date on which the Secretary or the agency paid a claim to the holder on the guaranty, or

"(2) with regard to an account on a loan on which the Secretary or the guaranty agency has paid a claim but not reported the account to a consumer reporting agency on or before October 1, 1985, seven years from that date.".

SEC. 1412. CIVIL PENALTIES.

Section 432 of the Act is further amended by adding at the end thereof the following new subsection:

"(f)(1) Upon determination, after reasonable notice and opportunity for a hearing on the record, that a lender or a guaranty agency—

"(A) has violated or failed to carry out any provision of this part or any regulation prescribed under this part, or

"(B) has engaged in substantial misrepresentation of the nature of its financial charges,

the Secretary may impose a civil penalty upon such lender or agency of not to exceed $25,000 for each violation, failure, or misrepresentation.

"(2) No civil penalty may be imposed under paragraph (1) of this subsection unless it is determined that the violation, failure or substantial misrepresentation referred to in that paragraph resulted from—

"(A)(i) a clear and consistent pattern or practice of violations, failures, or substantial misrepresentations in which the lender or guaranty agency did not maintain procedures reasonably adapted to avoid the violation, failure, or substantial representation;

"(ii) gross negligence; or

"(iii) willful actions on the part of the lender or guaranty agency; and

"(B) the violation, failure, or substantial misrepresentation is material.

"(3) A lender or guaranty agency has no liability under paragraph (1) of this subsection if, prior to the institution of an action under that paragraph, the lender or guaranty agency cures or corrects the violation or failure or notifies the person who received the substantial misrepresentation of the actual nature of the financial charges involved.

"(4) For the purposes of paragraph (1) of this subsection, violations, failures, or substantial misrepresentations arising from a specific practice of a lender or guaranty agency shall be deemed to be a single violation, failure, or substantial misrepresentation even if the violation, failure, or substantial misrepresentation affects more than one loan or more than one borrower, or both, and the Secretary may only impose a single civil penalty for each such violation, failure, or substantial misrepresentation.

"(5) If a loan affected by a violation, failure, or substantial misrepresentation is assigned to another holder, the lender or guaranty agency responsible for the violation, failure, or substantial misrepresentation shall remain liable for any civil money penalty provided for under paragraph (1) of this subsection, but the assignee shall not be liable for any such civil money penalty.

"(6) Until a matter is referred to the Attorney General, any civil penalty under paragraph (1) of this subsection may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the resources of the lender or guaranty agency subject to the determination; the gravity of the violation, failure, or substantial misrepresentation; the frequency and persistence of the violation, failure, or substantial misrepresentation; and the amount of any losses resulting from the violation, failure, or substantial misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the lender or agency charged (unless the lender or agency has in the case of a final agency determination commenced proceedings for judicial review within 90 days of the determination, in which case the deduction may not be made during the pendency of the proceeding).".

SEC. 1413. EXTENSION OF PROGRAM.

(a) EXTENSION OF AUTHORITY.—Part B of title IV of the Act is amended—

(1) in section 424(a)—

(A) by striking out "1986" and inserting in lieu thereof "1988";

(B) by striking out "1990" and inserting in lieu thereof "1992";

(2) in section 428(a)(5)—

(A) by striking out "1986" and inserting in lieu thereof "1988";

(B) by striking out "1990" and inserting in lieu thereof "1992"; and

(3) in section 439(l), by striking out "1988" and inserting in lieu thereof "1990".

(b) EXTENSION OF FAMILY CONTRIBUTION SCHEDULES.—Section 9 of the Student Finan-

cial Assistance Technical Amendments Act of 1982 is amended—

(1) in subsection (a), by striking out "and from July 1, 1986, through June 30, 1987," and inserting in lieu thereof "from July 1, 1986, through June 30, 1987, from July 1, 1987, through June 30, 1988, from July 1, 1988, through June 30, 1989, and from July 1, 1989, through June 30, 1990,"; and

(2) in subsection (c)—

(A) by striking out "and" at the end of paragraph (3);

(B) by striking out the comma at the end of paragraph (4) and inserting in lieu thereof a semicolon; and

(C) by inserting after such paragraph the following new paragraphs:

"(5) April 1, 1987, for the period of instruction from July 1, 1987, through June 30, 1988;

"(6) April 1, 1988, for the period of instruction from July 1, 1988, through June 30, 1989; and

"(7) April 1, 1989, for the period of instruction from July 1, 1989, through June 30, 1990,".

PART 2—AMENDMENTS RELATING TO THE NATIONAL DIRECT STUDENT LOAN PROGRAM

SEC. 1421. ASSIGNMENT AND REFERRAL OF LOANS FOR COLLECTION.

Section 463(a)(5) of the Act is amended to read as follows:

"(5) provide that where a note or written agreement evidencing a loan has been in default despite due diligence on the part of the institution in attempting collection thereon—

"(A) if the institution has knowingly failed to maintain an acceptable collection record with respect to such loan, as determined by the Secretary in accordance with criteria established by regulation, the Secretary may—

"(i) require the institution to assign such note or agreement to the Secretary, without recompense; and

"(ii) apportion any sums collected on such a loan, less an amount not to exceed 30 per centum of any sums collected to cover the Secretary's collection costs, among other institutions in accordance with section 462; or

"(B) if the institution is not one described in clause (A), the Secretary may allow it to refer such note or agreement to the Secretary, without recompense, except that any sums collected on such a loan, less an amount not to exceed 30 per centum of any sums collected to cover the Secretary's collection costs, shall be repaid to such institution and treated as if a part of Federal capital contributions from funds appropriated under section 461;".

SEC. 1422. REPORTING BY CONSUMER REPORTING AGENCY.

Section 463(c) of the Act is amended by adding the following new paragraph:

"(3) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary regarding the status of a borrower's account on a loan made under this part until—

"(A) seven years from the date on which the Secretary accepted an assignment or referral of a loan, or

"(B) seven years from the date the Secretary first reports the account to a consumer reporting agency, if that account has not been previously reported by any other holder of the note.".

SEC. 1423. DEFAULT PENALTY.

Section 463A(a)(7) of the Act is amended by inserting immediately before the semicolon at the end thereof the following: "and a description of any penalty imposed as a consequence of default, such as liability for expenses reasonably incurred in attempts by the Secretary or institutions to collect on a loan".

SEC. 1424. STUDENT LOAN AGREEMENTS.

(a) CHARGES FOR LATE PAYMENTS.—Section 464(c)(1)(H) of the Act is amended to read as follows:

"(H) pursuant to regulations of the Secretary, shall provide for an assessment of a charge with respect to the loan for failure of the borrower to pay all or part of an installment when due, which shall include the expenses reasonably incurred in attempting collection of the loan, to the extent permitted by the Secretary, except that no charge imposed under this clause shall exceed 20 per centum of the amount of the monthly payment of the borrower; and".

(b) CONFORMING AMENDMENT.—Section 464(c)(4) of the Act is amended to read as follows:

"(4) The institution may elect—

"(A) to add the amount of any charge imposed under paragraph (1)(H) to the principal amount of the loan as of the first day after the day on which the installment was due and to notify the borrower of the assessment of the charge; or

"(B) to make the amount of the charge payable to the institution not later than the due date of the next installment.".

SEC. 1425. REFERRAL FOR COLLECTION.

Section 467(a) of the Act is amended—

(1) by inserting immediately after "attempt to collect" a comma and "by any means authorized by law, including referral to the Attorney General for litigation, for collecting claims of the United States"; and

(2) by striking out the comma after "any loan".

SEC. 1426. FEDERAL COLLECTION PROCEDURE.

Section 467(b) of the Act (20 U.S.C. 1087gg(b)) is amended to read as follows:

"(b) The Secretary shall continue to attempt to collect any loan referred or assigned under section 465(a)(5) or (6) until all appropriate collection efforts, as determined by the Secretary, have been expended.".

SEC. 1427. STATUTE OF LIMITATIONS.

Part E of title IV of the Act is amended by adding immediately after section 467 the following new section:

"STATUTE OF LIMITATIONS

"SEC. 467A. Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which has an agreement with the Secretary pursuant to section 463(a) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date of the default of the borrower with respect to that amount; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due from a borrower on a loan made under this part until six years following the date on which the loan is assigned or referred to the Secretary under this part.".

PART 3—AMENDMENTS RELATING TO STUDENT ASSISTANCE GENERALLY

SEC. 1431. EXCLUSION OF LIQUIDATION PROCEEDS FROM FAMILY CONTRIBUTION COMPUTATIONS.

Section 482 of the Act is amended by adding at the end thereof the following new subsection:

"(f) The Secretary shall, within 30 days after the date of enactment of this subsection, promulgate special regulations to permit, in the computation of family contributions for the programs under subpart 1 of part A and part B of this title for any academic year beginning on or after July 1, 1985, the exclusion from family income of any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy.".

SEC. 1432. STUDENT ELIGIBILITY.

Section 484(a) of the Act is amended—

(1) by striking out the word "such" each place it appears in paragraph (4) and inserting in lieu thereof "any"; and

(2) by striking out "(which need not be notarized)" in paragraph (5) and inserting in lieu thereof "(which need not be notarized but which shall include such student's social security number or, if the student does not have a social security number, such student's student identification number)".

SEC. 1433. STATUTE OF LIMITATIONS.

Part F of title IV of the Act is amended by adding immediately after section 484 the following new section:

"STATUTE OF LIMITATIONS

"SEC. 484A. (a) Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which receives funds under this title may file suit for collection of a refund due from a student on a grant made or work assistance awarded under this title during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date the refund first became due; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for payment of a refund due from a student on a grant made under this title until six years following the date on which the refund first became due.

"(b) Notwithstanding any provision of State law to the contrary, a borrower who has defaulted on a loan made under this title shall be required to pay, in addition to other charges specified in this title, reasonable collection costs.".

SEC. 1434. PROGRAM PARTICIPATION AGREEMENTS.

(a) USE OF INTEREST ON FUNDS RECEIVED.—Section 487(a)(1) of the Act is amended to read as follows:

"(1) The institution will use funds received by it for any program under this title and any interest or other earnings thereon solely for the purposes specified in and in accordance with the provision of that program.".

(b) AUDIT AND RECOVERY OF FUNDS.—Section 487(b)(1) of the Act is amended by striking out subparagraph (A) and inserting in lieu thereof the following:

"(A)(i) except as provided in clause (ii), a financial and compliance audit of an eligible institution, with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organization, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

"(ii) with regard to an eligible institution which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period covered by such audit;".

PART 4—EFFECTIVE DATES

SEC. 1441. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this subtitle shall take effect on October 1, 1985.

(b) EXCEPTIONS.—(1) The amendments made by sections 1402, 1423, and 1424 shall apply to loans to cover the cost of attendance for any period of enrollment beginning on or after July 1, 1986.

(2) The amendments made by sections 1403(a) and 1404 of this Act shall take effect on July 1, 1986.

(3) The amendment made by section 1405 shall take effect on October 1, 1986.

(4) The amendments made by sections 1406, 1408, 1410, 1411, 1412, 1421, 1422, 1425, 1426, and 1427 shall apply to all loans, including loans made before the enactment of this Act, and shall take effect ninety days after the date of enactment of this Act.

(5) The amendment made by section 1409 shall apply to any fiscal year beginning after September 30, 1984.

(6) The amendment made by section 1432 shall apply to grants, loans, or work assistance to cover the cost of attendance for any period of enrollment beginning on or after July 1, 1986.

(7) The amendment made by section 1433 shall apply to all grants, including grants awarded before the enactment of this Act, and shall take effect ninety days after the date of enactment of this Act.

(8) The amendment made by section 1434 shall apply to all grants, loans, or work assistance, including such assistance awarded before the date of enactment of this Act, and shall take effect ninety days after the date of enactment of this Act.

Subtitle B—Single-Employer Plan Termination Insurance Premiums

SEC. 1441. SHORT TITLE.

This subtitle may be cited as the "Single-Employer Pension Plan Termination Insurance Premium Act of 1985".

SEC. 1442. PREMIUM INCREASE.

(a) GENERAL RULE.—Section 4006(a)(3)(A)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)(i)) is amended by striking out, "for plan years beginning after December 31, 1977, an amount equal to $2.60" and inserting in lieu thereof "for plan years beginning after December 31, 1985, an amount equal to $8.50".

(b) CONFORMING AMENDMENT WITH RESPECT TO PLAN YEARS AFTER 1977.—Section 4006(c)(1) of such Act (29 U.S.C. 1306(c)(1)) is amended by striking out subparagraph (A) and inserting in lieu thereof the following new subparagraph:

"(A) in the case of each plan which was not a multiemployer plan in a plan year—

"(i) with respect to each plan year beginning before January 1, 1978, an amount equal to $1 for each individual who was a participant in such plan during the plan year, and

"(ii) with respect to each plan year beginning after December 31, 1977, an amount equal to $2.60 for each individual who was a participant in such plan during the plan year, and".

SEC. 1443. INCORPORATION OF CERTAIN FORMER PROVISIONS IN LIEU OF CROSS REFERENCE THERETO.

Section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended—

(1) in paragraph (1), by striking out the last sentence; and

(2) by adding at the end thereof the following new paragraph:

"(6)(A) In carrying out its authority under paragraph (1) to establish premium rates and bases for basic benefits guaranteed under section 4022 with respect to single-employer plans, the corporation shall establish such rates and bases in coverage schedules in accordance with the provisions of this paragraph.

"(B) The corporation may establish annual premiums for single-employer plans composed of the sum of—

"(i) a charge based on a rate applicable to the excess, if any, of the present value of the basic benefits of the plan which are guaranteed over the value of the assets of the plan, not in excess of 0.1 percent, and

"(ii) an additional charge based on a rate applicable to the present value of the basic benefits of the plan which are guaranteed.

The rate for the additional charge referred to in clause (ii) shall be set by the corporation for every year at a level which the corporation estimates will yield total revenue approximately equal to the total revenue to be derived by the corporation from the charges referred to in clause (i) of this subparagraph.

"(C) The corporation may establish annual premiums for single-employer plans based on—

"(i) the number of participants in a plan, but such premium rates shall not exceed the rates described in paragraph (3),

"(ii) unfunded basic benefits guaranteed under this title, but such premium rates shall not exceed the limitations applicable to charges referred to in subparagraph (B)(i), or

"(iii) total guaranteed basic benefits, but such premium rates shall not exceed the rates for additional charges referred to in subparagraph (B)(ii).

If the corporation uses two or more of the rate bases described in this subparagraph, the premium rates shall be designed to produce approximately equal amounts of aggregate premium revenue from each of the rate bases used.

"(D) For purposes of this paragraph, the corporation shall by regulation define the terms 'value of assets' and 'present value of the benefits of the plan which are guaranteed' in a manner consistent with the purposes of this title and the provisions of this section.".

SEC. 1444. APPROVAL BY JOINT RESOLUTION OF RECOMMENDATIONS OF THE PENSION BENEFIT GUARANTY CORPORATION.

Title IV of the Employee Retirement Income Security Act of 1974 is amended as follows:

(1) The last sentence of subsection (a)(2) of section 4006 (29 U.S.C. 1306(a)(2)) is amended by striking out "the Congress approves such revised schedule by a concurrent resolution" and inserting in lieu thereof "a joint resolution approving such revised schedule is enacted".

(2) Subsection (a)(4) of section 4006 (29 U.S.C. 1306(a)(4)) is amended by striking out "approval by the Congress" and inserting in lieu thereof "the enactment of a joint resolution".

(3) Subsection (b)(3) of section 4006 (29 U.S.C. 1306(b)(3)) is amended by striking out "concurrent" and inserting in lieu thereof "joint", by striking out "That the Congress favors the" and inserting in lieu thereof "The", and by inserting "is hereby approved" before the period preceding the quotation marks.

(4) Subsection (f)(2)(B) of section 4022A (29 U.S.C. 1322a(f)(2)(B)) is amended by striking out "Congress by concurrent resolution" and inserting in lieu thereof "the enactment of a joint resolution".

(5) Subsection (f)(2)(C) of section 4022A (29 U.S.C. 1322a(f)(2)(C)) is amended by striking out "approved" and inserting in lieu thereof "so enacted".

(6) Subsection (f)(3)(B) of section 4022A (29 U.S.C. 1322a(f)(3)(A)) is amended by striking out "Congress by a concurrent resolution" and inserting in lieu thereof "enactment of a joint resolution".

(7) Subsection (f)(4)(A) of section 4022A (29 U.S.C. 1322a(f)(4)(A)) is amended by striking out "concurrent" and inserting in lieu thereof "joint".

(8) Subsection (f)(4)(B) of section 4022A (29 U.S.C. 1322a(f)(4)(B)) is amended by striking out "concurrent" each place it appears and inserting in lieu thereof "joint", by striking out "That the Congress favors the" and inserting in lieu thereof "The", and by inserting "is hereby approved" immediately before the period preceding the quotation marks.

(9) Subsection (g)(4)(A)(ii) of section 4022A (29 U.S.C. 1322a(g)(4)(A)(ii)) is amended by striking out "concurrent" and inserting in lieu thereof "joint", and by striking out "adopted" and inserting in lieu thereof "enacted".

(10) Subsection (g)(4)(B) of section 4022A (29 U.S.C. 1322a(g)(4)(B)) is amended by striking out "concurrent" each place it appears and inserting in lieu thereof "joint", by striking out "That the Congress disapproves the" and inserting in lieu thereof "The", and by inserting "is hereby disapproved" immediately before the period preceding the quotation marks.

SEC. 1445. EFFECTIVE DATES.

(a) GENERAL RULE.—Except as provided in subsection (b), the amendments made by this subtitle shall be effective for plan years commencing after December 31, 1985.

(b) SPECIAL RULE.—The amendments made by section 1443 shall be effective as of the date of the enactment of the Multiemployer Pension Plan Amendments Act of 1980.

Subtitle C—Single-Employer Plan Termination Insurance System Amendments

SEC. 1451. SHORT TITLE AND TABLE OF CONTENTS.

This subtitle may be cited as "Single-Employer Pension Plan Amendments Act of 1985".

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SEC. 1452. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—The Congress finds that—

(1) single-employer defined benefit pension plans have a substantial impact on interstate commerce and are affected with a national interest;

(2) the continued well-being and retirement income security of millions of workers, retirees, and their dependents are directly affected by such plans;

(3) the existence of a sound termination insurance system is fundamental to the retirement income security of participants and beneficiaries of such plans; and

(4) the current termination insurance system in some instances encourages employers to terminate pension plans, evade their obligations to pay benefits, and shift unfunded pension liabilities onto the termination insurance system and the other premium-payers.

(b) ADDITIONAL FINDINGS.—The Congress further finds that modification of the current termination insurance system—

(1) is desirable to increase the likelihood that full benefits will be paid to participants and beneficiaries of such plans; and

(2) is desirable to provide for the transfer of liabilities to the termination insurance system only in cases of severe hardship, and to keep the premium costs of such system at a reasonable level.

(c) DECLARATION OF POLICY.—It is hereby declared to be the policy of this Act—

(1) to foster and facilitate interstate commerce,

(2) to encourage the maintenance and growth of single-employer defined benefit pension plans,

(3) to increase the likelihood that participants and beneficiaries under single-employer defined benefit pension plans will receive their full benefits, and

(4) to provide for the transfer of unfunded pension liabilities onto the single-employer pension plan termination insurance system only in cases of severe hardship, and to keep the premium costs of such system at a reasonable level.

SEC. 1453. AMENDMENT OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

Whenever in this subtitle an amendment is expressed in terms of an amendment to a section or other provision, the reference is to a section or other provision of the Employee Retirement Income Security Act of 1974, unless otherwise specified.

SEC. 1454. DEFINITIONS.

Section 4001(a) (29 U.S.C. 1301(a)) is amended—

(1) by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

"(2) 'substantial employer', for any plan year of a single-employer plan, means one or more persons—

"(A) who are contributing sponsors of the plan in such plan year,

"(B) who, at any time during such plan year, are members of the same affiliated group (within the meaning of subsection (a) of section 1563 of the Internal Revenue Code of 1954, determined without regard to subsections (a)(4) and (e)(3)(C) of such section), and

"(C) whose required contributions to the plan for each plan year constituting one of—

"(i) the two immediately preceding plan years, or

"(ii) the first two of the three immediately preceding plan years,

total an amount greater than or equal to 10 percent of all contributions required to be paid to or under that plan for such plan year;";

(2) in paragraph (11), by striking out "and";

(3) in paragraph (12), by striking out "corporation." and inserting in lieu thereof "corporation;" and

(4) by adding after paragraph (12) the following new paragraphs:

"(13) 'contributing sponsor', of a single-employer plan, means a person—

"(A) who is responsible for meeting the funding requirements under section 302, or

"(B) who is a member of the controlled group of a person described in subparagraph (A), has been responsible for meeting such funding requirements, and has employed a significant number (as may be defined in regulations of the corporation) of participants under such plan while such person was so responsible;

"(14) in the case of a single-employer plan—

"(A) 'controlled group' means, in connection with any person, a group consisting of such person and all other persons under common control with such person; and

"(B) the determination of whether two or more persons are under 'common control' shall be made under regulations of the corporation which are consistent and coextensive with regulations prescribed for similar purposes by the Secretary of the Treasury under section 414(c) of the Internal Revenue Code of 1954;

"(15) 'single-employer plan' means, except as otherwise specifically provided in this title, any plan which is not a multiemployer plan;

"(16) 'benefit entitlements', of a participant or beneficiary as of any date under a single-employer plan, means all benefits provided by the plan with respect to the participant or beneficiary which—

"(A) are guaranteed under section 4022,

"(B) would be guaranteed under section 4022, but for the operation of subsection 4022(b), or

"(C) constitute—

"(i) early retirement supplements or subsidies,

"(ii) plant closing benefits, or

"(iii) death benefits,

irrespective of whether any such benefits are guaranteed under section 4022, if the participant or beneficiary has satisfied, as of such date, all of the conditions required of him or her under the provisions of the plan to establish entitlement to the benefits, except for the submission of a formal application, retirement, completion of a required waiting period, death, or designation of a beneficiary;

"(17) 'amount of unfunded guaranteed benefits', of a participant or beneficiary as of any date under a single-employer plan, means an amount equal to the excess of—

"(A) the actuarial present value (determined as of such date on the basis of assumptions prescribed by the corporation for purposes of section 4044) of the benefits of the participant or beneficiary under the plan which are guaranteed under section 4022, over

"(B) the current value as of such date of the assets of the plan which are required to be allocated to those benefits under section 4044;

"(18) 'amount of unfunded benefit entitlements', of a participant or beneficiary as of any date under a single-employer plan, means an amount equal to the excess of—

"(A) the actuarial present value (determined as of such date on the basis of assumptions prescribed by the corporation for purposes of section 4044) of the benefit entitlements of the participant or beneficiary under the plan, over

"(B) the current value as of such date of the assets of the plan which are required to be allocated to such benefit entitlements under section 4044;

"(19) 'outstanding amount of benefit entitlements', of a participant or beneficiary under a terminated single-employer plan, means the excess of—

"(A) the actuarial present value (determined as of the termination date on the basis of assumptions prescribed by the corporation for purposes of section 4044) of the benefit entitlements of such participant or beneficiary under the plan, over

"(B) the actuarial present value (determined as of such date on the basis of assumptions prescribed by the corporation for purposes of section 4044) of the benefits of such participant or beneficiary which are guaranteed under section 4022 or to which assets of the plan are allocated under section 4044;

"(20) 'person' has the meaning set forth in section 3(9);

"(21) 'affected party' means, with respect to a plan—

"(A) each participant in the plan,

"(B) each beneficiary under the plan who is a beneficiary of a deceased participant or who is an alternate payee (within the meaning of section 206(d)(3)(K)) under an applicable qualified domestic relations order (within the meaning of section 206(d)(3)(B)(i)),

"(C) each employee organization representing participants in the plan, and

"(D) the corporation,

except that, in connection with any notice required to be provided to the affected party, if an affected party has designated, in writing, a person to receive such notice on behalf of the affected party, any reference to the affected party shall be construed to refer to such person; and

"(22) 'section 4049 trustee', in connection with a terminated single-employer plan, means the trustee appointed under section 4049(a) in connection with the plan.".

SEC. 1455. CLARIFICATION OF AUTHORITY TO FREEZE PLANS.

(a) FREEZING OF PLANS UNDER TITLE IV.—Section 4001 (29 U.S.C. 1301) is amended by adding at the end thereof the following new subsection:

"(c)(1) For purposes of this title, the term 'terminate', when used in connection with a single-employer plan, means to terminate in accordance with section 4041 or 4042.

"(2)(A) The adoption and operation of a provision of a single-employer plan amendment is not a termination for purposes of this title if such provision constitutes a freezing of the plan.

"(B)(i) Except as provided in clause (ii), a provision referred to in subparagraph (A) constitutes a freezing of a plan if and only if the sole effect of the provision is to provide that some or all service performed on or after a specified date (which is or follows the effective date of the amendment) will not be taken into account under the plan solely for purposes of determining (in accordance with section 204 of this Act benefits accrued on or after such specified date.

"(ii) A provision referred to in subparagraph (A) shall not be treated as failing to constitute a freezing of the plan solely be-

cause the provision also provides that some or all relevant factors used to determine benefits based on service performed prior to such specified date shall remain constant.

"(C) A provision referred to in subparagraph (A) shall not constitute a freezing of the plan if an effect of the provision is to provide that some or all service performed on or after such specified date will not be taken into account under the plan for purposes of determining (in accordance with section 203) nonforfeitability of benefits accrued before such specified date or for purposes of determining satisfaction of any other requirements for eligibility for benefits accrued before such specified date.".

(b) FREEZING OF PLANS UNDER TITLE I.—

(1) IN GENERAL.—Part 2 of subtitle B of title I is amended—

(A) by redesignating section 211 as section 212; and

(B) by inserting after section 210 the following new section:

"FREEZING OF PLANS

"SEC. 211. (a) The adoption and operation of a provision of a single-employer plan amendment is not a violation of this title if such provision constitutes a freezing of the plan.

"(b)(1) Except as provided in paragraph (2), a provision referred to in subsection (a) constitutes a freezing of a plan if and only if the sole effect of the provision is to provide that some or all service performed on or after a specified date (which is or follows the effective date of the amendment) will not be taken into account under the plan solely for purposes of determining (in accordance with section 204) benefits accrued on or after such specified date.

"(2) A provision referred to in subsection (a) shall not be treated as failing to constitute a freezing of the plan solely because the provision also provides that some or all relevant factors used to determine benefits based on service performed prior to such specified date shall remain constant.

"(c) A provision referred to in subsection (a) shall not constitute a freezing of the plan if an effect of the provision is to provide that some or all service performed on or after such specified date will not be taken into account under the plan for purposes of determining (in accordance with section 203) nonforfeitability of benefits accrued before such specified date or for purposes of determining satisfaction of any other requirements for eligibility for benefits accrued before such specified date.

"(d) A single-employer plan may not be amended on or after the date of the enactment of the Single-Employer Pension Plan Amendments Act of 1985 so as to provide for a freezing of the plan, unless, after adoption of the plan amendment and not less than 60 days before the effective date of the plan amendment, the plan administrator provides to each affected party (as defined in section 4001(a)(21)) a written notice setting forth the plan amendment and its effective date.".

(B) CLERICAL AMENDMENT.—The table of contents in section 1 is amended by striking out the item relating to section 211 and inserting in lieu thereof the following new items:

"Sec. 211. Freezing of plans.
"Sec. 212. Effective dates.".

SEC. 1456. GENERAL REQUIREMENTS RELATING TO TERMINATION OF SINGLE-EMPLOYER PLANS BY PLAN ADMINISTRATORS.

(a) IN GENERAL.—Section 4041 (29 U.S.C. 1341) is amended by striking out subsections (a) through (c) and inserting in lieu thereof the following:

"SEC. 4041. (a) GENERAL RULES GOVERNING SINGLE-EMPLOYER PLAN TERMINATIONS.—

"(1) EXCLUSIVE MEANS OF PLAN TERMINATION.—Except in the case of a termination for which proceedings are otherwise instituted by the corporation as provided in section 4042, a single-employer plan may be terminated only in a standard termination under subsection (b) or a distress termination under subsection (c).

"(2) 60-DAY NOTICE TO AFFECTED PARTIES.—Not less than 60 days before the proposed termination date of a plan termination under subsection (b) or (c), the plan administrator shall provide to each affected party a written notice stating that such termination is intended and the proposed termination date. The written notice shall include any related additional information required in regulations of the corporation.

"(3) PROCEDURE IN THE EVENT OF RELATED ADJUDICATORY PROCEEDINGS.—

"(A) PROCEDURE IN THE CASE OF STANDARD TERMINATION.—In any case in which, during the period beginning on the date on which the plan administrator provides the notice required under paragraph (2) and ending on the proposed termination date specified in such notice, the plan administrator receives written notice from an affected party that there is pending a related adjudicatory proceeding with respect to the proposed standard termination of the plan under subsection (b), the plan administrator—

"(i) shall suspend the termination, by refraining from further processing or implementing the termination during the pendency of such proceeding, or

"(ii) may proceed with the termination, except that, in so proceeding, the plan administrator shall take such actions (including, but not limited to, providing for segregation of plan assets or maintenance of plan records) as are necessary and appropriate to assure that the plan may be effectively restored if the plan is finally determined in any such proceeding to have been terminated in violation of the contractual or statutory rights of any affected party and is ordered in such proceeding to be restored.

During any period of time for which the plan administrator suspends the termination pursuant to clause (i), any applicable time limitation in the termination procedure shall cease to run.

"(B) PROCEDURE IN THE CASE OF DISTRESS TERMINATION.—In the case of a related adjudicatory proceeding with respect to a proposed distress termination of the plan under subsection (c), subparagraph (A) shall apply with respect to such termination and proceeding in the same manner and to the same extent as it applies in the case of a standard termination, except that any reference in subparagraph (A) to the plan administrator shall be considered a reference to the plan administrator and to the corporation or other person serving as trustee under section 4042.

"(C) RELATED ADJUDICATORY PROCEEDING.—For purposes of this paragraph, the term 'related adjudicatory proceeding' means any proceeding (including timely appeals therefrom) commenced by an affected party as—

"(i) a grievance proceeding before an appropriate adjudicative entity,

"(ii) an administrative proceeding before an appropriate governmental agency, or

"(iii) a civil action in a court of competent jurisdiction,

in which the affected party alleges that the proposed termination would violate the contractual or statutory rights of any affected party.

"(D) PENDENCY OF PROCEEDING.—For purposes of this paragraph, a related adjudicatory proceeding shall be treated as pending from the date on which it is commenced until the earlier of—

"(i) the date of a final determination in the proceeding that the proposed termination would not violate the contractual or statutory rights referred to in subparagraph (C), or

"(ii) the date of a preliminary decision by the presiding adjudicative entity, governmental agency, or court that, taking into consideration all the facts and circumstances, the affected party is not likely to prevail in such proceeding and the equities clearly favor discontinuing compliance with clauses (i) and (ii) of subparagraph (A).

"(E) EFFECTS OF SUSPENSION OF TERMINATION.—In any case in which a termination is suspended pursuant to the preceding provisions of this paragraph, if the proposed termination is finally determined in a related adjudicatory proceeding not to be in violation of the contractual or statutory rights of any affected party, the termination of the plan shall be effective as of the proposed termination date.".

(b) DEFINITIONS RELATING TO SUFFICIENCY.—Section 4041(d) (29 U.S.C. 1341(d)) is amended to read as follows:

"(d) SUFFICIENCY.—For purposes of this section—

"(1) SUFFICIENCY FOR BENEFIT ENTITLEMENTS.—A single-employer plan is sufficient for benefit entitlements if there is no amount of unfunded benefit entitlements under the plan.

"(2) SUFFICIENCY FOR GUARANTEED BENEFITS.—A single-employer plan is sufficient for guaranteed benefits if there is no amount of unfunded guaranteed benefits under the plan.".

SEC. 1457. STANDARD TERMINATION OF SINGLE-EMPLOYER PLANS.

(a) IN GENERAL.—Section 4041 (as amended by section 3306 of this Act) is further amended by inserting after subsection (a) the following new subsection:

"(b) STANDARD TERMINATION OF SINGLE-EMPLOYER PLANS.—

"(1) GENERAL REQUIREMENTS.—A single-employer plan may terminate under a standard termination only if—

"(A) when the final distribution of assets occurs, the plan is sufficient for benefit entitlements (determined as of the termination date),

"(B) the plan administrator provides the 60-day advance notice to affected parties required under subsection (a)(2),

"(C) the requirements of subparagraphs (A) and (B) of paragraph (2) are met, and

"(D) the corporation does not issue a notice of noncompliance under subparagraph (C) of paragraph (2).

"(2) TERMINATION PROCEDURE.—

"(A) NOTICE TO THE CORPORATION.—As soon as practicable after the termination date proposed in the notice provided pursuant to subsection (a)(2), the plan administrator shall send a notice to the corporation setting forth—

"(i) certification by an enrolled actuary—

"(I) of the amount of the assets of the plan (as of a proposed date of final distribution of assets),

"(II) of the actuarial present value (as of such date) of the benefit entitlements under the plan, and

"(III) that the plan will be sufficient (as of such date) for benefit entitlements,

"(ii) such information as the corporation may prescribe in regulations as necessary to enable the corporation to make determinations under subparagraph (C), and

"(iii) certification by the plan administrator that the information on which the enrolled actuary based the certification under clause (i) and the information provided to the corporation under clause (ii) is accurate and complete.

"(B) NOTICE TO PARTICIPANTS AND BENEFICIARIES OF BENEFIT ENTITLEMENTS.—At the time a notice is sent by the plan administrator under subparagraph (A), the plan administrator shall send a notice to each person who is a participant or beneficiary under the plan specifying the amount of such person's benefit entitlements (if any), expressed in terms of the normal form of benefits under the plan. Such notice shall be written in such manner as is likely to be understood by the participant or beneficiary and as may be prescribed in regulations of the corporation.

"(C) NOTICE FROM THE CORPORATION OF NONCOMPLIANCE.—

"(i) IN GENERAL.—Within 60 days after receipt of the notice under subparagraph (A), the corporation shall provide the plan administrator with a notice of noncompliance if—

"(I) it has reason to believe that the requirements of subsection (a)(2) and subparagraphs (A) and (B) have not been met, or

"(II) it otherwise determines, on the basis of information provided by affected parties or otherwise obtained by the corporation, that there is reason to believe that the plan is not sufficient for benefit entitlements.

"(ii) EXTENSION.—The corporation and the plan administrator may agree to extend the 60-day period referred to in clause (i) by a written agreement signed by the corporation and the plan administrator before the expiration of the 60-day period. The 60-day period shall be extended as provided in the agreement and may be further extended by subsequent written agreements signed by the corporation and the plan administrator made before the expiration of a previously agreed upon extension of the 60-day period. Any extension may be made upon such terms and conditions (including the payment of benefits) as are agreed upon by the corporation and the plan administrator.

"(D) FINAL DISTRIBUTION OF ASSETS IN ABSENCE OF NOTICE OF NONCOMPLIANCE.—The plan administrator shall commence the final distribution of assets pursuant to the standard termination of the plan as soon as practicable after the expiration of the 60-day (or extended) period referred to in subparagraph (C), but such final distribution may occur only if—

"(i) the plan administrator has not received during such period a notice of noncompliance from the corporation under subparagraph (C), and

"(ii) when such final distribution occurs, the plan is sufficient for benefit entitlements (determined as of the termination date).

"(3) METHODS OF FINAL DISTRIBUTION OF ASSETS.—

"(A) IN GENERAL.—In connection with any final distribution of assets pursuant to the termination of the plan, the plan administrator shall distribute the assets in accordance with section 4044. In distributing such assets, the plan administrator shall—

"(i) purchase irrevocable commitments from an insurer to provide when due the benefit entitlements under the plan and all other benefits (if any) under the plan to which assets are allocated under section 4044, or

"(ii) otherwise fully provide when due the benefit entitlements under the plan and all other benefits (if any) under the plan to which assets are allocated under section 4044 in accordance with the provisions of the plan and any applicable regulations of the corporation.

"(B) CERTIFICATION TO THE CORPORATION OF FINAL DISTRIBUTION OF ASSETS.—Within 30 days after the final distribution of assets is completed pursuant to the termination of the plan, the plan administrator shall send a notice to the corporation certifying that the assets of the plan have been distributed in accordance with the provisions of subparagraph (A) so as to pay when due the benefit entitlements under the plan and all other benefits (if any) under the plan to which assets are allocated under section 4044.

"(4) CONTINUING AUTHORITY.—Nothing in this section shall be construed to preclude the continued exercise by the corporation, after the termination date of a plan terminated in a standard termination under this subsection, of its authority under section 4003 with respect to matters relating to the termination. A certification under paragraph (3)(B) shall not affect the corporation's obligations under section 4022.".

(b) CONFORMING AMENDMENTS.—Section 4041(f) (29 U.S.C. 1341(f)) is amended—

(1) by inserting after "(f)" the following: "CONVERSION OF A DEFINED BENEFIT PLAN TO A DEFINED CONTRIBUTION PLAN TREATED AS A STANDARD TERMINATION.—";

(2) by striking out "subsection (a)" and inserting in lieu thereof "this section"; and

(3) by inserting "in a standard termination" after "terminated".

SEC. 1456. DISTRESS TERMINATION OF SINGLE-EMPLOYER PLANS.

Section 4041 (as amended by sections 3306 and 3307 of this Act) is further amended by inserting after subsection (b) the following new subsection:

"(c) DISTRESS TERMINATION OF SINGLE-EMPLOYER PLANS.—

"(1) IN GENERAL.—A single-employer plan may terminate under a distress termination only if—

"(A) the plan administrator provides the 60-day advance notice to affected parties required under subsection (a)(2),

"(B) the requirements of subparagraph (A) of paragraph (2) are met, and

"(C) the corporation determines that the requirements of subparagraph (B) of paragraph (2) are met.

"(2) TERMINATION REQUIREMENTS.—

"(A) INFORMATION SUBMITTED TO THE CORPORATION.—As soon as practicable after the termination date proposed in the notice provided pursuant to subsection (a)(2), the plan administrator shall provide the corporation, in such form as may be prescribed by the corporation in regulations, the following information:

"(i) such information as the corporation may prescribe by regulation as necessary to make determinations under subparagraph (B) and paragraph (3);

"(ii) certification by an enrolled actuary of—

"(I) the amount (as of the proposed termination date) of the current value of the assets of the plan,

"(II) the actuarial present value (as of such date) of the benefit entitlements under the plan,

"(III) whether the plan is sufficient for benefit entitlements as of such date, and

"(IV) whether the plan is sufficient for guaranteed benefits as of such date;

"(iii) in any case in which the plan is not sufficient for benefit entitlements as of such date—

"(I) the name and address of each participant and beneficiary under the plan as of such date, and

"(II) such other information as shall be prescribed by the corporation by regulation as necessary to enable the section 4049 trustee to be able to make payments to participants and beneficiaries as required under section 4049; and

"(iv) certification by the plan administrator that the information on which the enrolled actuary based the certifications under clause (ii) and the information provided to the corporation under clauses (i) and (iii) is accurate and complete.

"(B) DETERMINATION BY THE CORPORATION OF NECESSARY DISTRESS CRITERIA.—Upon receipt of the notice of distress termination required under subsection (a)(2) and the information required under subparagraph (A), the corporation shall determine whether the requirements of this subparagraph are met as provided in clause (i), (ii), (iii), or (iv).

"(i) RECENT FUNDING WAIVERS.—The requirements of this subparagraph are met if a funding waiver has been granted with respect to the terminating plan with respect to not fewer than three of the five plan years immediately preceding the termination date, and such a waiver has also been granted to each other single-employer plan of which any of the contributing sponsors of the terminating plan or the substantial members of their controlled groups (if any) is a contributing sponsor with respect to at least one of the three plan years immediately preceding the termination date. For purposes of this clause, the term 'funding waiver' means a waiver of the minimum funding standard under section 303.

"(ii) LIQUIDATION IN BANKRUPTCY OR INSOLVENCY PROCEEDINGS.—The requirements of this subparagraph are met if each of the contributing sponsors and the substantial members of their controlled groups (if any) has filed or has had filed against it as of the termination date a petition seeking liquidation in a case under title 11, United States Code (or under any similar law of a State or political subdivision of a State) which has not, as of the termination date, been dismissed or converted to a case under chapter 11 of such title (or under any similar law of a State or political subdivision of a State) in which reorganization is sought.

"(iii) TERMINATION REQUIRED TO ENABLE PAYMENT OF DEBTS WHILE STAYING IN BUSINESS.—The requirements of this subparagraph are met if a contributing sponsor provides to the corporation substantial evidence that, unless a distress termination occurs, the contributing sponsors and the substantial members of such sponsors' controlled groups (if any) will each be unable to pay their respective debts when due and will be unable to continue in business.

"(iv) UNREASONABLY BURDENSOME PENSION COSTS CAUSED BY DECLINING WORKFORCE.—

"(I) IN GENERAL.—The requirements of this subparagraph are met if, as determined under regulations of the corporation, solely as a result of a decline in the workforce covered as participants under all single-employer plans maintained by the contributing sponsors of the terminating plan and the members of their controlled groups, the costs of providing pension coverage have become unreasonably burdensome.

"(II) REQUIREMENT MET BY DOUBLING OF COST RATIOS.—The requirements of subclause (I) shall be considered met if and only if the contribution-wage ratio for the plan year in which the termination date occurs is at least twice the contribution-wage ratio for the applicable preceding plan year, and the contribution-income ratio for the plan year in which the termination date occurs is at least twice the contribution-income ratio for the applicable preceding plan year. The corporation may provide by regulation for application of this clause with respect to the plan year of the terminating plan preceding the year in which the termination date occurs, in lieu of the plan year in which the termination date occurs, in any case in which the corporation determines that such application will enable the

corporation to carry out the purposes of this title more equitably and effectively.

"(III) CONTRIBUTION-WAGE RATIO.—For purposes of this clause, the contribution-wage ratio is the ratio of the total required contributions under all single-employer plans of which the persons who are contributing sponsors of the terminating plan or who are members of their controlled groups are contributing sponsors, to the total annualized wages with respect to the active participants under such plans.

"(IV) CONTRIBUTION-INCOME RATIO.—For purposes of this clause, the contribution-income ratio is the ratio of the total required contributions under all single-employer plans of which the persons who are contributing sponsors of the terminating plan or who are members of their controlled groups are contributing sponsors, to the consolidated gross income of such persons.

"(V) APPLICABLE PRECEDING PLAN YEAR.—For purposes of this clause, the applicable preceding plan year is the later of the plan year following the initial effective date of the plan, the earliest of the five immediately preceding plan years (if the plan has completed five or more plan years), or the plan year following the effective date of the most recent plan amendment (if any) increasing benefits which was adopted and took effect before the termination date.

"(C) SUBSTANTIAL MEMBER.—For purposes of subparagraph (B), the term 'substantial member' of a controlled group means a person whose assets comprise 5 percent or more of the total assets of the controlled group as a whole. Such term includes any member of the controlled group who does not meet the requirements of the preceding sentence but did meet such requirements—

"(i) for purposes of subparagraph (B)(i), as of the beginning of the earliest applicable plan year referred to therein, or

"(ii) for purposes of subparagraph (B)(ii), as of the date of the filing of the petition referred to therein.

"(D) NOTIFICATION OF DETERMINATIONS BY THE CORPORATION.—The corporation shall notify the plan administrator as soon as practicable of its determinations made pursuant to subparagraph (B).

"(3) TERMINATION PROCEDURE.—

"(A) DETERMINATIONS BY THE CORPORATION RELATING TO PLAN SUFFICIENCY FOR GUARANTEED BENEFITS AND FOR BENEFIT ENTITLEMENTS.—If the corporation determines that the requirements for a distress termination set forth in paragraphs (1) and (2) are met, the corporation shall—

"(i) determine whether the plan is sufficient for guaranteed benefits (as of the termination date) or that the corporation is unable to make such determination on the basis of information made available to the corporation,

"(ii) determine whether the plan is sufficient for benefit entitlements (as of the termination date) or that the corporation is unable to make such determination on the basis of information made available to the corporation, and

"(iii) notify the plan administrator of the determinations made pursuant to this subparagraph as soon as practicable.

"(B) IMPLEMENTATION OF TERMINATION.—After the corporation notifies the plan administrator of its determinations under subparagraph (A), the termination of the plan shall be carried out as provided in clause (i), (ii), or (iii).

"(i) CASES OF SUFFICIENCY FOR BENEFIT ENTITLEMENTS.—In any case in which the corporation determines that the plan is sufficient for benefit entitlements, the plan administrator shall proceed to distribute the plan's assets in the manner described in subsection (b)(3), and take such other actions as may be appropriate to carry out the termination of the plan.

"(ii) CASES OF SUFFICIENCY FOR GUARANTEED BENEFITS WITHOUT A FINDING OF SUFFICIENCY FOR BENEFIT ENTITLEMENTS.—In any case in which the corporation determines that the plan is sufficient for guaranteed benefits, but further determines that the plan is not sufficient for benefit entitlements (or that it is unable to determine whether the plan is sufficient for benefit entitlements on the basis of the information made available to it)—

"(I) the plan administrator shall proceed to distribute the plan's assets in the manner prescribed in section 4044,

"(II) the corporation shall appoint a section 4049 trustee as provided in section 4049(a), notify the plan administrator of the identity of the section 4049 trustee, and submit to such trustee copies of the notice of distress termination and other information provided to the corporation pursuant to subsection (a)(2) and clauses (ii), (iii), and (iv) of paragraph (2)(A), and

"(III) the plan administrator shall notify each contributing sponsor and member of such sponsor's controlled group of the identity of the section 4049 trustee and that they may be liable under section 4062 in connection with the termination.

"(iii) CASES WITHOUT ANY FINDING OF SUFFICIENCY.—In any case in which the corporation determines that the plan is not sufficient for guaranteed benefits (or that it is unable to determine whether the plan is sufficient for guaranteed benefits on the basis of the information made available to it)—

"(I) the corporation shall commence proceedings in accordance with section 4042, and

"(II) the corporation and the plan administrator shall take the respective actions required under subclauses (II) and (III) of clause (ii) relating to the section 4049 trustee, unless the corporation determines that all benefit entitlements under the plan are benefits guaranteed by the corporation under section 4022.

"(C) FINDING AFTER AUTHORIZED COMMENCEMENT OF TERMINATION THAT PLAN IS UNABLE TO PAY BENEFITS WHEN DUE.—

"(i) FINDING WITH RESPECT TO GUARANTEED BENEFITS ONLY.—If, after the plan administrator has begun to terminate the plan as authorized by subparagraph (B)(i) or (ii), the corporation or the plan administrator finds that the plan is unable, or will be unable, to pay when due all benefits under the plan which are guaranteed by the corporation under section 4022, the plan administrator shall notify the corporation of such finding as soon as practicable thereafter. If the corporation makes such a finding or concurs with the finding of the plan administrator, it shall institute appropriate proceedings under section 4042.

"(ii) FINDING WITH RESPECT TO BENEFIT ENTITLEMENTS WHICH ARE NOT GUARANTEED BENEFITS.—If, after the plan administrator has begun to terminate the plan as authorized under subparagraph (B)(i), the corporation or the plan administrator finds that the plan is unable, or will be unable, to pay when due benefit entitlements which are not benefits guaranteed by the corporation under section 4022, the plan administrator shall notify the corporation of such finding as soon as practicable thereafter. If the corporation makes such a finding or concurs with the finding of the plan administrator, it shall take the actions set forth in subparagraph (B)(ii)(II) relating to the section 4049 trustee.

"(D) ADMINISTRATION OF THE PLAN DURING INTERIM PERIOD.—During the period commencing on the date on which the plan administrator provides a notice of distress termination to the corporation under subsection (a)(2) and ending on the date on which the plan administrator receives notification from the corporation of its determinations under subparagraph (A), the plan administrator—

"(i) shall refrain from distributing assets or taking any other actions to carry out the proposed termination under this subsection,

"(ii) shall pay benefits attributable to employer contributions, other than death benefits, only in the form of an annuity,

"(iii) shall not use plan assets to purchase irrevocable commitments to provide benefits from an insurer, and

"(iv) shall continue to pay when due all benefit entitlements under the plan, except that, commencing on the proposed termination date, the plan administrator shall limit the payment of benefits under the plan to those benefits which are guaranteed by the corporation under section 4022 or to which assets are required to be allocated under section 4044.

In the event the plan is later determined not to have terminated in a distress termination, any benefits which are not paid solely by reason of clause (iv) shall be due and payable immediately (together with interest).

"(4) RESTORATION OF PLAN TERMINATED ON THE BASIS OF BANKRUPTCY OR INSOLVENCY UPON CONVERSION OF LIQUIDATION PROCEEDINGS TO REORGANIZATION PROCEEDINGS.—In any case in which—

"(A) a single-employer plan has been terminated under a distress termination and the requirements of paragraph (2)(B) in connection with such termination were met solely on the basis of the filing of a petition seeking liquidation in a case under title 11, United States Code (or under a similar law of a State or a political subdivision of a State), as provided in paragraph (2)(B)(ii), and

"(B) during the one-year period following the date of the filing of the petition, such case is dismissed or converted to a case under chapter 11 of such title (or under a similar law of a State or a political subdivision of a State) in which reorganization is sought,

the distress termination shall be void and the plan shall be restored to pretermination status (effective as of the proposed termination date), unless the plan administrator obtains a determination by the corporation that the requirements of paragraph (2)(B) as provided in clause (i), (iii), or (iv) thereof were met as of such date.".

(b) CONFORMING AMENDMENTS.—Section 4041 (as amended by the preceding provisions of this Act) is further amended—

(1) by striking out subsection (e); and

(2) by redesignating subsection (f) as subsection (e).

SEC. 1459. TERMINATION PROCEEDINGS; DUTIES OF THE CORPORATION.

(a) MANDATORY COMMENCEMENT OF PROCEEDINGS UPON INABILITY OF SINGLE-EMPLOYER PLAN TO PAY BENEFITS THAT ARE CURRENTLY DUE.—

(1) IN GENERAL.—Section 4042(a) (29 U.S.C. 1342(a)) is amended by striking out in the second sentence "The corporation" and inserting in lieu thereof the following: "The corporation shall as soon as practicable institute court proceedings under this section to terminate a single-employer plan whenever it determines that the plan does not have assets available to pay benefits that are currently due under the terms of the plan. The corporation".

(2) CONFORMING AMENDMENTS.—

(A) Section 4042(b)(1) (29 U.S.C. 1342(b)(1)) is amended, in the first sentence, by inserting "or is required under subsection (a) to institute court proceedings under this section," after "to a plan".

(B) Section 4042(c) (29 U.S.C. 1342(c)) is amended in the first sentence by striking out "If the corporation" and all that follows down through "it may," and inserting in lieu thereof the following: "If the corporation is required under subsection (a) of this section to commence court proceedings under this section with respect to a plan or, after issuing a notice under this section to a plan administrator, has determined (whether or not a trustee has been appointed under subsection (b)) that the plan should be terminated under this section, it shall,".

(b) CLARIFICATION OF POWER TO COLLECT AMOUNTS DUE THE CORPORATION.—Section 4042(d)(1)(B)(ii) (29 U.S.C. 1342(d)(1)(B)(ii)) is amended by inserting after "amounts due the plan" the following: ", including but not limited to the power to collect from the persons obligated to meet the requirements of section 302 or the terms of the plan".

(c) CONFORMING AMENDMENT.—The heading for section 4042 is amended to read as follows:

"INSTITUTION OF TERMINATION PROCEEDINGS BY THE CORPORATION"

SEC. 1440. AMENDMENTS TO LIABILITY PROVISIONS; LIABILITIES RELATING TO BENEFIT ENTITLEMENTS IN EXCESS OF BENEFITS GUARANTEED BY THE CORPORATION.

(a) LIABILITY FOR DISTRESS TERMINATIONS AND TERMINATIONS BY THE CORPORATION.—Section 4062 (29 U.S.C. 1362) is amended by striking out so much as precedes subsection (e) and inserting in lieu thereof the following:

"LIABILITY FOR TERMINATION OF SINGLE-EMPLOYER PLANS UNDER A DISTRESS TERMINATION OR A TERMINATION BY THE CORPORATION

"SEC. 4062. (a) IN GENERAL.—In any case in which a single-employer plan is terminated in a distress termination under section 4041(c) or a termination otherwise instituted by the corporation under section 4042, any person who is, on the termination date, a contributing sponsor of the plan or a member of such a contributing sponsor's controlled group shall incur liability under this section. The liability under this section of all such persons shall be joint and several. The liability under this section consists of—

"(1) liability to the corporation to the extent provided in subsection (b), and

"(2) liability to the section 4049 trustee to the extent provided in subsection (c).

"(b) LIABILITY TO THE CORPORATION.—

"(1) IN GENERAL.—The liability to the corporation of a person described in subsection (a) shall consist of the sum of—

"(A) the amount of the plan's funding shortage (as defined in subsection (d)(1)), and

"(B) the total amount of unfunded guaranteed benefits (as of the termination date) of all participants and beneficiaries under the plan,

together with interest calculated from the termination date.

"(2) PAYMENT OF LIABILITY TO THE CORPORATION.—

"(A) GENERAL RULE.—Except as provided in subparagraph (B), the liability to the corporation under this subsection shall be due and payable to the corporation as of the termination date, in cash or securities acceptable to the corporation.

"(B) PAYMENTS TO CORPORATION UNDER PROFITS SCHEDULE.—Notwithstanding subparagraph (A), if any person subject to liability under this subsection in connection with a plan termination demonstrates to the satisfaction of the corporation that the liability described in paragraph (1)(B) exceeds 30 percent of the collective net worth of persons subject to liability, any person subject to such liability may satisfy the liability described in paragraph (1)(B) in excess of such 30 percent amount by means of payments under the profits schedule as provided in paragraph (3).

"(3) ANNUAL LIABILITY PAYMENTS UNDER PROFITS SCHEDULE.—

"(A) FORM OF PAYMENTS.—Each person making liability payments under the profits schedule shall be liable to the corporation for an annual payment, in cash or securities acceptable to the corporation, for each of the ten liability payment years in connection with the terminated plan (subject to earlier satisfaction of the liability under paragraph (4)(B)).

"(B) AMOUNT OF ANNUAL PAYMENT.—The amount of each annual payment for a liability payment year shall be equal to 10 percent of the sum of the individual pretax profits (if any) of all persons liable under this section in connection with the plan termination for their respective fiscal years ending during such liability payment year.

"(C) DUE DATE.—A person's liability for each annual liability payment referred to in subparagraph (A) for a liability payment year shall accrue as of the end of such year and shall be paid (together with interest accrued from the end of such year) not later than 30 days after the later of—

"(i) the end of such liability payment year, or

"(ii) the latest date on which any person liable for such payment is required to file a Federal income tax return for a fiscal year ending during such liability payment year (taking into account any applicable extensions of time to file such return).

"(4) SATISFACTION OF LIABILITY UNDER PROFITS SCHEDULE.—Notwithstanding paragraph (3)(A)—

"(A) SATISFACTION OF ANNUAL LIABILITY UPON RECEIPT BY CORPORATION OF 10-PERCENT AMOUNT.—The liability to the corporation of all persons who are subject to the profits schedule under this subsection in connection with the same plan termination shall be satisfied with respect to any liability payment year upon receipt by the corporation of one or more liability payments under paragraph (3) for such liability payment year which equal, in the aggregate, the 10-percent amount described in paragraph (3)(B).

"(B) SATISFACTION OF ENTIRE LIABILITY UNDER PROFITS SCHEDULE.—All liability to the corporation under this subsection in connection with the same plan termination with respect to which payment has commenced under the profits schedule under this subsection may be satisfied with respect to all liability payment years at any time by payment by any person to the corporation of the excess of—

"(i) the total amount of liability to the corporation under this subsection subject to payment under the profits schedule in connection with such termination (plus interest), over

"(ii) the total amount of prior liability payments previously made by all persons to the corporation under the profits schedule under this subsection in connection with such termination (plus interest).

"(C) REFUNDS OF EXCESS PAYMENTS.—The corporation shall refund to the payor (with interest) any amounts paid to the corporation as profits liability payments which are in excess of amounts necessary for satisfaction of liability under subparagraph (A) or (B).

"(5) ALTERNATIVE ARRANGEMENTS.—The corporation and any person liable under this section may agree to alternative arrangements for the satisfaction of liability to the corporation under this subsection.

"(c) LIABILITY TO SECTION 4049 TRUSTEE.—

"(1) IN GENERAL.—A person described in subsection (a) shall be subject to liability to the section 4049 trustee under this subsection if there is an outstanding amount of benefit entitlements under the plan.

"(2) ANNUAL LIABILITY PAYMENTS.—

"(A) FORM OF PAYMENTS.—The liability of any person under this subsection shall consist of an annual payment to the section 4049 trustee, in cash or securities acceptable to the section 4049 trustee, for each of the ten liability payment years in connection with the terminated plan (subject to earlier satisfaction of the liability under paragraph (3)(B)).

"(B) AMOUNT OF ANNUAL PAYMENT.—The amount of each annual payment for a liability payment year shall be equal to 5 percent of the sum of the individual pretax profits (if any) of all persons liable under this section in connection with the plan termination for their respective fiscal years ending during such liability payment year.

"(C) DUE DATE.—A person's liability under this subsection for a liability payment year shall accrue as of the end of such year and shall be paid (with interest accrued from the end of such year) not later than 30 days after the later of—

"(i) the end of such year, or

"(ii) the latest date on which any person subject to liability under this subsection in connection with such termination is required to file a Federal income tax return for a fiscal year ending during such liability payment year (taking into account applicable extensions of time to file such return).

"(3) SATISFACTION OF LIABILITY.—Notwithstanding paragraph (2)(C)—

"(A) SATISFACTION OF ANNUAL LIABILITY UPON RECEIPT BY TERMINATION TRUSTEE OF 5-PERCENT AMOUNT.—The liability to the section 4049 trustee of all persons who are subject to liability under this subsection in connection with the same plan termination shall be satisfied with respect to any liability payment year upon receipt by the section 4049 trustee of one or more liability payments under this subsection for such liability payment year which equal, in the aggregate, the 5-percent amount described in paragraph (2)(B).

"(B) SATISFACTION OF ENTIRE LIABILITY TO SECTION 4049 TRUSTEE.—All liability to the section 4049 trustee of all persons who are subject to liability under this subsection in connection with the same plan termination may be satisfied with respect to all liability payment years at any time by payment by any person to the section 4049 trustee of an amount equal to the excess of—

"(i) the total outstanding amount of benefit entitlements of all participants and beneficiaries under the plan (plus interest), over

"(ii) the total amount of prior liability payments previously made by all persons to the section 4049 trustee under this subsection in connection with such termination (plus interest).

"(C) REFUNDS OF EXCESS PAYMENTS.—The section 4049 trustee shall refund to the payor (with interest) any amount paid to the section 4049 trustee as liability payments which is in excess of amounts necessary for satisfaction of liability under subparagraph (A) or (B).

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

"(1) FUNDING SHORTAGE.—The term 'funding shortage', in connection with a terminat-

ed plan, means an amount (as of the termination date) equal to the sum of—

"(A) the outstanding balance of the accumulated funding deficiencies (within the meaning of section 302(a)(2)) of the plan (if any) (which, for purposes of this subparagraph, shall include the amount of any increase in such accumulated funding deficiencies of the plan which would result if all applications for waivers of the minimum funding standard under section 303 and for extensions of the amortization period under section 304 which are pending with respect to such plan were denied),

"(B) the outstanding balance of the amount of waived funding deficiencies of the plan waived before such date under section 303 (if any), and

"(C) the outstanding balance of the amount of decreases in the minimum funding standard allowed before such date under section 304 (if any).

"(2) COLLECTIVE NET WORTH OF PERSONS SUBJECT TO LIABILITY.—

"(A) IN GENERAL.—The collective net worth of persons subject to liability in connection with a plan termination consists of the sum of the individual net worths of all persons who—

"(i) have individual net worths which are greater than zero, and

"(ii) are (as of the termination date) contributing sponsors of the terminated plan or members of their controlled groups.

"(B) DETERMINATION OF NET WORTH.—For purposes of this paragraph, the net worth of a person is—

"(i) determined on whatever basis best reflects, in the determination of the corporation, the current status of the person's operations and prospects at the time chosen for determining the net worth of the person, and

"(ii) increased by the amount of any transfers of assets made by the person which are determined by the corporation to be improper under the circumstances, including any such transfers which would be inappropriate under title 11, United States Code, if the person were a debtor in a case under chapter 7 of such title.

"(C) TIMING OF DETERMINATION.—For purposes of this paragraph, determinations of net worth shall be made as of a day chosen by the corporation (during the 120-day period ending with the termination date) and shall be computed without regard to any liability under this section.

"(3) PRETAX PROFITS.—The term 'pretax profits' means—

"(A) except as provided in subparagraph (B), for any fiscal year of any person, such person's consolidated net income (excluding any extraordinary charges to income and including any extraordinary credits to income) for such fiscal year, as shown on audited financial statements prepared in accordance with generally accepted accounting principles, or

"(B) for any fiscal year of an organization described in section 501(c) of the Internal Revenue Code of 1954, the excess of income over expenses (as such terms are defined for such organizations under generally accepted accounting principles),

before provision for or deduction of Federal or other income tax, any contribution to any single-employer plan of which such person is a contributing sponsor at any time during the period beginning on the termination date and ending with the end of such fiscal year, and any amounts required to be paid for such fiscal year under this section. The corporation may by regulation require such information to be filed on such forms as may be necessary to determine the existence and amount of such pretax profits.

"(4) LIABILITY PAYMENT YEARS.—The liability payment years in connection with a terminated plan consist of the ten consecutive one-year periods, the first of which is the earlier of—

"(A) the first of the consecutive one-year periods, following the last plan year preceding the termination date, in which any person liable under this section in connection with the plan termination earns a pretax profit, or

"(B) the fourth of the consecutive one-year periods following the last plan year preceding the termination date.".

(b) CLERICAL AMENDMENT.—Subsection (e) of section 4062 is amended by inserting "TREATMENT OF SUBSTANTIAL CESSATION OF OPERATIONS.—" after [illegible].

SEC. 1461. DISTRIBUTION TO PARTICIPANTS AND BENEFICIARIES OF LIABILITY PAYMENTS TO SECTION 4049 TRUSTEE.

Subtitle C of title IV is amended by adding at the end thereof the following new section:

"DISTRIBUTION TO PARTICIPANTS AND BENEFICIARIES OF LIABILITY PAYMENTS TO SECTION 4049 TRUSTEE

"SEC. 4049. (a) APPOINTMENTS OF TRUSTEE; ESTABLISHMENT OF TRUST.—Whenever the corporation is required under section 4041(c)(3)(B)(ii) or (iii) to appoint a section 4049 trustee, it shall appoint either itself or another person to act as the section 4049 trustee. The trustee appointed under this section shall establish a separate trust with respect to the terminated plan. The trust established by the section 4049 trustee shall be used exclusively for—

"(1) receiving liability payments under section 4062(c) from the persons who were (as of the termination date) contributing sponsors of the terminated plan and members of their controlled groups,

"(2) making distributions as provided in this section to the persons who were (as of the termination date) participants and beneficiaries under the terminated plan, and

"(3) defraying the reasonable administrative expenses incurred by the section 4049 trustee in carrying out its responsibilities under this section.

The section 4049 trustee shall establish and maintain such trust with respect to the terminated plan for such period of time as is necessary to receive all liability payments required to be made to the trustee under section 4062(c) with respect to the terminated plan and to make all distributions required to be made to participants and beneficiaries under this section with respect to the terminated plan.

"(b) DISTRIBUTIONS BY TRUSTEE.—

"(1) IN GENERAL.—Not later than 30 days after the end of each liability payment year (described in section 4062(d)(4)) with respect to a terminated single-employer plan, the trustee appointed under this section with respect to such plan shall distribute from the trust maintained by the trustee pursuant to subsection (a) to each person who was (as of the termination date) a participant or beneficiary under the plan—

"(A) in any case not described in subparagraph (B), an amount equal to the outstanding amount of benefit entitlements of such person under the plan (including interest calculated from the termination date), to the extent not previously paid under this paragraph, or

"(B) in any case in which the balance in the trust at the end of such year (after taking into account liability payments received under subsection (a)(1) and administrative expenses paid under subsection (a)(3)) is less than the total of all amounts described in subparagraph (A) in connection with all persons who were (as of the termination date) participants and beneficiaries under the terminated plan, the product derived by multiplying—

"(i) the amount described in subparagraph (A) in connection with each such person, by

"(ii) a fraction—

"(I) the numerator of which is such balance in the trust, and

"(II) the denominator of which is equal to the total of all amounts described in subparagraph (A) in connection with all persons who were (as of the termination date) participants and beneficiaries under the terminated plan.

"(2) CARRY-OVER OF MINIMAL PAYMENT AMOUNTS.—The trustee may withhold a payment to any person under this subsection in connection with any liability payment year (other than the last liability payment year with respect to which payments under paragraph (1) are payable) if such payment does not exceed $25. In any case in which such a payment is so withheld, the payment to such person in connection with the next following liability payment year shall be increased by the amount of such withheld payment.

"(c) REGULATIONS.—The corporation may issue such regulations as it considers necessary to carry out the purposes of this section.".

SEC. 1462. TREATMENT OF TRANSACTIONS TO EVADE LIABILITY; EFFECT OF CORPORATE REORGANIZATION.

Subtitle D of title IV is amended by adding at the end thereof the following new section:

"TREATMENT OF TRANSACTIONS TO EVADE LIABILITY; EFFECT OF CORPORATE REORGANIZATION

"SEC. 4069. (a) TREATMENT OF TRANSACTIONS TO EVADE LIABILITY.—If a principal purpose of any person in entering into any transaction is to evade liability under this subtitle in connection with the termination of a single-employer plan under sections 4041 or 4042 and the transaction becomes effective within five years before the termination date, then such person and the members of such person's controlled group (determined as of the termination date) shall be subject to liability under this subtitle in connection with such termination as if such person were a contributing sponsor of the terminated plan as of the termination date. This subsection shall not cause any person to be liable under this subtitle in connection with such plan termination for any increases or improvements in the benefits provided under the plan which are adopted after the date on which the transaction referred to in the preceding sentence becomes effective.

"(b) EFFECT OF CORPORATE REORGANIZATION.—For purposes of this subtitle, the following rules apply in the case of certain corporate reorganizations:

"(1) CHANGE OF IDENTITY, FORM, ETC.—If a person ceases to exist by reason of a reorganization which involves a mere change in identity, form, or place of organization, however effected, a successor corporation resulting from such reorganization shall be treated as the person to whom this subtitle applies.

"(2) LIQUIDATION INTO PARENT CORPORATION.—If a person ceases to exist by reason of liquidation into a parent corporation, the parent corporation shall be treated as the person to whom this subtitle applies.

"(3) MERGER, CONSOLIDATION, OR DIVISION.—If a person ceases to exist by reason of a merger, consolidation, or division, the successor corporation or corporations shall

be treated as the person to whom this subtitle applies.".

SEC. 1463. ADDITIONAL ENFORCEMENT AUTHORITY RELATING TO TERMINATIONS OF SINGLE-EMPLOYER PLANS.

Subtitle D of title IV (as amended by section 3312) is further amended by adding at the end thereof the following new section:

"ADDITIONAL ENFORCEMENT AUTHORITY RELATING TO TERMINATIONS OF SINGLE-EMPLOYER PLANS

"SEC. 4070. (a) IN GENERAL.—A person who is with respect to a single-employer plan a fiduciary, employer, contributing sponsor, member of a contributing sponsor's controlled group, participant, or beneficiary, and who is adversely affected by an act or practice of any party in violation of any provision of section 4041, 4042, 4049, 4062, 4063, 4064, or 4069, or an employee organization which represents such a participant or beneficiary for purposes of collective bargaining with respect to such plan, may bring an action—

"(1) to enjoin such act or practice, or

"(2) to obtain other appropriate equitable relief (A) to redress such violation or (B) to enforce such provision.

"(b) STATUS OF PLAN AS PARTY TO ACTION AND WITH RESPECT TO LEGAL PROCESS.—A single-employer plan may be sued under this section as an entity. Service of summons, subpoena, or other legal process of a court upon a trustee or an administrator of a single-employer plan in such trustee's or administrator's capacity as such shall constitute service upon the plan. If a plan has not designated in the summary plan description of the plan an individual as agent for the service of legal process, service upon the corporation shall constitute such service. The corporation, not later than 15 days after receipt of service under the preceding sentence, shall notify the administrator or any trustee of the plan of receipt of such service. Any money judgment under this section against a single-employer plan shall be enforceable only against the plan as an entity and shall not be enforceable against any other person unless liability against such person is established in such person's individual capacity.

"(c) JURISDICTION AND VENUE.—The district courts of the United States shall have exclusive jurisdiction of civil actions under this section. Such actions may be brought in the district where the plan is administered, where the violation took place, or where a defendant resides or may be found, and process may be served in any other district where a defendant resides or may be found. The district courts of the United States shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to grant the relief provided for in subsection (a) in any action.

"(d) RIGHT OF CORPORATION TO INTERVENE.—A copy of the complaint in any action under this section shall be served upon the corporation by certified mail. The corporation shall have the right in its discretion to intervene in any action.

"(e) RIGHT OF CORPORATION TO ATTORNEY REPRESENTATION.—In all civil actions under this section, attorneys appointed by the corporation may represent the corporation.

"(f) VENUE OF SUITS AGAINST THE CORPORATION.—Suits under this section to review a final determination or order of the corporation, to restrain the corporation from taking any action contrary to the provisions of sections 4041, 4042, 4062, 4063, 4064, and 4069, or to compel the corporation to take action required under such provisions, may be brought in the district court of the United States for the district where the plan has its principal office or in the United States District Court for the District of Columbia.

"(g) AWARDS OF COSTS AND EXPENSES.—

"(1) GENERAL RULE.—In any action brought under this section, the court in its discretion may award all or a portion of the costs and expenses incurred in connection with such action, including reasonable attorney's fees, to any party who prevails or substantially prevails in such action.

"(2) SPECIAL RULE FOR STANDARD TERMINATION VIOLATIONS.—If, in any action brought under this section the plaintiff alleges a violation of any requirement of section 4041(b) (relating to the termination of a single-employer plan in a standard termination), and, in the judgment of the court, the plaintiff substantially prevails on such allegation, the court shall award to the plaintiff the costs and expenses incurred in connection with such action (including reasonable attorney's fees).

"(3) SPECIAL RULE FOR FAILURE TO MAKE LIABILITY PAYMENT.—In the case of a failure to make timely payment of any liability payment under section 4062(c), the court, in any action for enforcement under this section relating to such failure, shall award to the plaintiff the costs and the expenses incurred in connection with such action (including reasonable attorney's fees), unless the defendant demonstrates that the failure to make the liability payment was based on reasonable cause.

"(4) EXEMPTION FOR PLANS.—Notwithstanding the preceding provisions of this subsection, no plan shall be required in any action to pay any costs and expenses (including attorney's fees).

"(h) TIME LIMITATION.—An action under this section may not be brought after the later of—

"(1) 6 years after the date on which the cause of action arose, or

"(2) 3 years after the earliest date on which the plaintiff acquired or should have acquired actual knowledge of the existence of such cause of action; except that in the case of fraud or concealment, such action may be brought not later than 6 years after the date of discovery of the existence of such cause of action.".

SEC. 1464. SECURITY FOR WAIVERS OF MINIMUM FUNDING STANDARD AND EXTENSIONS OF AMORTIZATION PERIOD.

(a) IN GENERAL.—Part 3 of subtitle B of title I is amended—

(1) by redesignating section 306 (29 U.S.C. 1086) as section 307; and

(2) by inserting after section 305 (29 U.S.C. 1085) the following new section:

"SECURITY FOR WAIVERS OF MINIMUM FUNDING STANDARD AND EXTENSIONS OF AMORTIZATION PERIOD

"SEC. 306. (a) IN GENERAL.—Except as provided in subsection (c), the Secretary may require security to a single-employer plan as a condition for granting or modifying a waiver of the minimum funding standard with respect to such plan under section 303 or an extension of an amortization period with respect to such plan under section 304. The providing of such security to the plan in accordance with this section shall not be considered an extension of credit for purposes of part 4 of this subtitle. Such security may be perfected and enforced only by the Pension Benefit Guaranty Corporation or by a contributing sponsor (within the meaning of section 4001(a)(13)) or a member of such a sponsor's controlled group at the direction of the Corporation.

"(b) CONSULTATION WITH THE PENSION BENEFIT GUARANTY CORPORATION AND OTHER INTERESTED PARTIES.—Except as provided in subsection (c), before granting or modifying a waiver of the minimum funding standard with respect to a single-employer plan under section 303 or an extension of the amortization period with respect to such plan under section 304 or taking any other action under this section, the Secretary shall—

"(1) provide the Pension Benefit Guaranty Corporation notice of the proposed waiver, extension, modification, or other action and a reasonable period of time to comment with respect to such waiver, extension, modification, or action and consider any comments of such Corporation relating to such waiver, extension, modification, or action which are provided to the Secretary during such period, and

"(2) consider the views of any other interested parties relating to such waiver, extension, modification, or action which are submitted in writing to such Secretary.

"(c) EXCEPTION.—The requirements of subsections (a) and (b) shall not apply in the case of any waiver, extension, modification, or other action referred to in such subsections with respect to a plan if the sum of—

"(1) the outstanding balance of the accumulated funding deficiencies (within the meaning of section 302(a)(2)) of the plan (which, for purposes of this paragraph, shall include the amount of any increase in such accumulated funding deficiencies of the plan which would result if all applications for waivers of the minimum funding standard under section 303 and for extensions of the amortization period under section 304 which are pending with respect to such plan were denied),

"(2) the outstanding balance of the amount of waived funding deficiencies of the plan waived under section 303, and

"(3) the outstanding balance of the amount of decreases in the minimum funding standard allowed under section 304,

is less than $1,000,000.".

(b) CLERICAL AMENDMENT.—The table of sections in section 1 is amended by striking out the item relating to section 306 and inserting in lieu thereof the following new items:

"Sec. 306. Security for waivers of minimum funding standard and extensions of amortization period.

"Sec. 307. Effective dates.".

(c) EFFECTIVE DATES.—The amendments made by this section shall apply with respect to—

(1) waivers of the minimum funding standard granted on or after the date of the enactment of this Act with respect to a single-employer plan under section 303 of the Employee Retirement Income Security Act of 1974,

(2) extensions of an amortization period granted on or after such date with respect to a single-employer plan under section 304 of such Act, and

(3) modifications granted on or after such date of waivers of the minimum funding standard granted with respect to a single-employer plan under such section 303 on or after such date and modifications granted on or after such date of extensions of the amortization period granted with respect to a single-employer plan under such section 304 on or after such date.

SEC. 1465. CONFORMING, CLARIFYING, TECHNICAL, AND MISCELLANEOUS AMENDMENTS.

(a) CONFORMING AMENDMENTS RELATING TO PLAN TERMINATIONS.—

(1) CREDITS TO PENSION BENEFIT GUARANTY FUNDS.—Section 4005(b)(1)(C) (29 U.S.C. 1305(b)(1)(C)) is amended by inserting "terminated under section 4041(c) or" after "a plan".

(2) APPLICABILITY OF ASSET ALLOCATION RULES.—Section 4044(c) (29 U.S.C. 1344(c)) is amended—

(A) in the first sentence, by striking out "Any" and inserting in lieu thereof "In the

case of a distress termination under section 4041(c) or a termination by the corporation under section 4042, any", and by striking out "the period beginning" and all that follows down through "is to be allocated" and inserting in lieu thereof the following: "the period beginning on the date a trustee is appointed under section 4042(b) and ending on the termination date is to be allocated"; and

(B) in the second sentence, by inserting "in such a termination under section 4041(c) or 4042" after "terminated".

(3) TERMINATION DATE.—Section 4048(a) (29 U.S.C. 1348(a)) is amended—

(A) by striking out "date of termination" and inserting in lieu thereof "termination date";

(B) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively;

(C) in paragraph (2) (as redesignated), by inserting "in a distress termination" after "terminated" and by striking out "section 4041" and inserting in lieu thereof "section 4041(c)";

(D) by inserting before paragraph (2) (as redesignated) the following new paragraph:

"(1) in the case of a plan terminated in a standard termination in accordance with the provisions of section 4041(b), the date specified in the notice provided under section 4041(a)(2),";

and

(E) in paragraph (4) (as redesignated), by striking out "in accordance with the provisions of either section" and inserting in lieu thereof "under section 4041(c) or 4042".

(4) CONFORMING AMENDMENTS TO SPECIAL LIABILITY RULES RELATING TO CERTAIN SINGLE-EMPLOYER PLANS WITH MULTIPLE CONTROLLED GROUPS.—

(A) LIABILITY OF SUBSTANTIAL EMPLOYER FOR WITHDRAWAL.—

(i) Section 4063(a) (29 U.S.C. 1363(a)) is amended—

(I) by striking out "plan under which more than one employer makes contributions (other than a multiemployer plan)" and inserting in lieu thereof "single-employer plan which has two or more contributing sponsors at least two of whom are not under common control";

(II) in paragraph (1), by striking out "withdrawal of a substantial employer" and inserting in lieu thereof "withdrawal during a plan year of a substantial employer for such plan year";

(III) in paragraph (2), by striking out "of such employer" and all that follows and inserting in lieu thereof "of all persons with respect to the withdrawal of the substantial employer.";

(IV) by striking out "whether such employer is liable for any amount under this subtitle with respect to the withdrawal" and inserting in lieu thereof "whether there is liability resulting from the withdrawal of the substantial employer"; and

(V) by striking out "notify such employer" and inserting in lieu thereof "notify the liable persons".

(ii) Section 4063(b) (29 U.S.C. 1363(b)) is amended—

(I) by striking out "an employer" and all that follows down through "shall be liable" and inserting in lieu thereof "any one or more contributing sponsors who withdraw, during a plan year for which they constitute a substantial employer, from a single-employer plan, to which section 4021 applies and which has two or more contributing sponsors at least two of whom are not under common control, shall, upon notification of such contributing sponsors by the corporation as provided by subsection (a), be liable, together with the members of their controlled groups,";

(II) by striking out "such employer's";

(III) by striking out "the employer's withdrawal" and inserting in lieu thereof "the withdrawal referred to in subsection (a)(1)";

(IV) in paragraph (1), by striking out "such employer" and inserting in lieu thereof "such contributing sponsors";

(V) in paragraph (2), by striking out "all employers" and inserting in lieu thereof "all contributing sponsors"; and

(VI) by striking out "the liability of each such employer" and inserting in lieu thereof "such liability".

(iii) Section 4063(c) (29 U.S.C. 1363(c)) is amended—

(I) in paragraph (1), by striking out "In lieu of payment of his liability under this section the employer" and inserting in lieu thereof "In lieu of payment of a contributing sponsor's liability under this section the contributing sponsor";

(II) in paragraph (2), by inserting "under section 4041(c) or 4042" after "terminated", by striking out "of such employer", and by striking out "to the employer (or his bond cancelled)" and inserting in lieu thereof "(or the bond cancelled)"; and

(III) in paragraph (3), by inserting "under section 4041(c) or 4042" after "terminates".

(iv) Section 4063(d) (29 U.S.C. 1363(d)) is amended—

(I) by striking out "Upon a showing by the plan administrator of a plan (other than a multiemployer plan) that the withdrawal from the plan by any employer or employers has resulted" and inserted in lieu thereof "Upon a showing by the plan administrator of the plan that the withdrawal from the plan by one or more contributing sponsors has resulted";

(II) by striking out "by employers"; and

(III) in paragraph (1), by striking out "their employer's" and inserting in lieu thereof "the".

(v) Section 4063(e) (29 U.S.C. 1363(e)) is amended—

(I) by striking out "to any employer or plan administrator"; and

(II) by striking out "all other employers" and inserting in lieu thereof "contributing sponsors".

(vi) The heading for section 4063 is amended by adding at the end thereof the following "FROM SINGLE-EMPLOYER PLANS UNDER MULTIPLE CONTROLLED GROUPS.".

(B) ALLOCATION OF LIABILITY UPON TERMINATION OF CERTAIN SINGLE-EMPLOYER PLANS.—

(i) Section 4064(a) (29 U.S.C. 1364(a)) is amended—

(I) by striking out "all employers who maintain a plan under which more than one employer makes contributions (other than a multiemployer plan)" and inserting in lieu thereof "all contributing sponsors of a single-employer plan which has two or more contributing sponsors at least two of whom are not under common control"; and

(II) by inserting "under section 4041(c) or 4042" after "terminated".

(ii) Section 4064(b) (29 U.S.C. 1364(b)) is amended—

(I) by striking out "liability of each such employer" and inserting in lieu thereof "liability with respect to each contributing sponsor and each member of its controlled group";

(II) by striking out "under section 4062(b)(1)";

(III) by striking out "each employer" the first place it appears and inserting in lieu thereof "each contributing sponsor and member of its controlled group";

(IV) in paragraph (1), by striking out "each employer" and inserting in lieu thereof "members of such controlled group";

(V) in paragraph (2), by striking out "such employers" and inserting in lieu thereof "contributing sponsors";

(VI) by striking out "5 years," in paragraph (2) and all that follows down through "employer." and inserting in lieu thereof "5 years."; and

(VII) in the last sentence, by striking out "of each such employer" and inserting in lieu thereof "of each such contributing sponsor and member of its controlled group".

(iii) The heading for section 4064 is amended to read as follows:

"LIABILITY ON TERMINATION OF SINGLE-EMPLOYER PLANS UNDER MULTIPLE CONTROLLED GROUPS".

(C) ANNUAL NOTIFICATION TO SUBSTANTIAL EMPLOYERS.—Section 4066 (29 U.S.C. 1366) is amended—

(i) by striking out "each plan under which contributions are made by more than one employer (other than a multiemployer plan)" and inserting in lieu thereof "each single-employer plan which has at least two contributing sponsors at least two of whom are not under common control";

(ii) by striking out "any employer making contributions under that plan" and inserting in lieu thereof "any contributing sponsor of the plan"; and

(iii) by striking out "that he is a substantial employer" and inserting in lieu thereof "that such contributing sponsor comprises with others a substantial employer".

(5) ADDITIONAL AMENDMENTS RELATING TO RECOVERY OF AMOUNTS OF LIABILITY.—

(A) Section 4067 (29 U.S.C. 1367) is amended—

(i) by striking out "employers" and inserting in lieu thereof "contributing sponsors and members of their controlled groups"; and

(ii) by inserting "of amounts of liability to the corporation accruing as of the termination date" after "deferred payment".

(B)(i) Section 4068 (29 U.S.C. 1368) is amended—

(I) in subsection (a), by striking out "employer or employers" each place it appears and inserting in lieu thereof "person", and by striking out "neglect or refuse" and inserting in lieu thereof "neglects or refuses";

(II) in subsection (d)(1), by striking out "employer" and inserting in lieu thereof "liable person";

(III) in subsection (d)(2), by striking out "employer" each place it appears and inserting in lieu thereof "liable person"; and

(IV) in subsection (e), by striking out "employer or employers" and inserting in lieu thereof "liable person".

(ii) Section 4068 is further amended by striking out the second sentence in subsection (c)(1) (29 U.S.C. 1368(c)(1)) and inserting in lieu thereof the following:

"Such section 6323 shall be applied for purposes of this section by disregarding subsection (g)(4) and by substituting—

"(A) 'lien imposed by section 4068 of the Employee Retirement Income Security Act of 1974' for 'lien imposed by section 6321' each place it appears in subsections (a), (b), (c)(1), (c)(4)(B), (d), (e), and (h)(5);

"(B) 'the corporation' for 'the Secretary' in subsections (a) and (b)(9)(C);

"(C) 'the payment of the amount on which the lien is based' for 'the collection of any tax under this title' in subsection (b)(3);

"(D) 'a person whose property is subject to the lien' for 'the taxpayer' in subsections (b)(8), (c)(2)(A)(i) (the first place it appears), (c)(2)(A)(ii), (c)(2)(B), (c)(4)(B), and (c)(4)(C) (in the matter preceding clause (i));

"(E) 'such person' for 'the taxpayer' in subsections (c)(2)(A)(i) (the second place it appears) and (c)(4)(C)(ii);

"(F) 'payment of the lien value of the amount on which the lien is based is made to the corporation' for 'satisfaction of a levy pursuant to section 6332(b)' in subsection (b)(9)(C);

"(G) 'section 4068 lien' for 'tax lien' each place it appears in subsections (c)(1), (c)(2)(A), (c)(2)(B), (c)(3)(B)(iii), (c)(4)(B), (d), and (h)(5); and

"(H) 'the date on which the lien is first filed' for 'the date of the assessment of the tax' in subsection (g)(3)(A).".

(b) CLARIFICATION OF DESCRIPTION OF CERTAIN INFORMATION REQUIRED TO BE FILED IN ANNUAL REPORT.—

(1) IN GENERAL.—Section 103(d)(6) (29 U.S.C. 1023(d)(6)) is amended to read as follows:

"(6) Information required in regulations of the Pension Benefit Guaranty Corporation with respect to:

"(A) the current value of the assets of the plan,

"(B) the present value of all nonforfeitable benefits for participants and beneficiaries receiving payments under the plan,

"(C) the present value of all nonforfeitable benefits for all other participants and beneficiaries,

"(D) the present value of all accrued benefits which are not nonforfeitable (including a separate accounting of such benefits which are benefit entitlements, as defined in section 4001(a)(16)), and

"(E) the actuarial assumptions and techniques used in determining the values described in subparagraphs (A) through (D).".

(2) CONFORMING AMENDMENT.—Section 104(a)(2)(A) (29 U.S.C. 1024(a)(2)(A)) is amended by striking out the second sentence.

(3) TRANSITION RULES.—Any regulations, modifications, or waivers which have been issued by the Secretary of Labor with respect to section 103(d)(6) of the Employee Retirement Income Security Act of 1974 (as in effect immediately before the date of the enactment of this Act) shall remain in full force and effect until modified by any regulations with respect to such section 103(d)(6) prescribed by the Pension Benefit Guaranty Corporation.

(c) ADDITIONAL AMENDMENTS.—

(1) DEFINITIONS FOR TITLE I.—Section 3 (29 U.S.C. 1002) is amended—

(A) in paragraph (37)(A), by inserting "pension" before "plan"; and

(B) by adding after paragraph (40) the following new paragraph:

"(41) The term 'single-employer plan' means any pension plan which is not a multiemployer plan.".

(2) NOTICE OF REQUEST FOR WAIVERS OF MINIMUM FUNDING STANDARDS AND RIGHT TO SUBMIT RELEVANT INFORMATION.—Section 303 (29 U.S.C. 1083) is amended—

(A) by redesignating subsection (d) as subsection (e); and

(B) by inserting after subsection (c) the following new subsection:

"(d)(1) Before granting a waiver under this section, the Secretary shall require that the applicant provide evidence satisfactory to the Secretary that the applicant has notified each affected party (within the meaning of section 4001(a)(21)) that the waiver has been requested.

"(2) After granting a waiver under this section, the Secretary may (subject to section 306) modify the terms and conditions under which the waiver was granted if the Secretary determines that this is appropriate taking into account all the facts and circumstances.

"(3) The Secretary shall consider any relevant information submitted by a recipient of the notification described in paragraph (1) relating to the propriety of granting the waiver or of subsequently modifying the terms and conditions thereof.".

(3) NOTICE OF REQUEST FOR EXTENSIONS OF AMORTIZATION PERIOD AND RIGHT TO SUBMIT RELEVANT INFORMATION.—Section 304 (29 U.S.C. 1084) is amended by adding at the end thereof the following new subsection:

"(c)(1) Before granting an extension under this section, the Secretary shall require that the applicant provide evidence satisfactory to the Secretary that the applicant has notified each affected party (within the meaning of section 4001(a)(21)) that the extension has been requested.

"(2) After granting an extension under this section, the Secretary may (subject to section 306) modify the terms and conditions under which the extension was granted if the Secretary determines that this is appropriate taking into account all the facts and circumstances.

"(3) The Secretary shall consider any relevant information submitted by a recipient of the notification described in paragraph (1) relating to the propriety of granting the extension or of subsequently modifying the terms and conditions thereof.".

(4) TECHNICAL CORRECTION.—Section 4003(f) (29 U.S.C. 1303(f)) is amended, in the first sentence, by striking out "employee" and inserting in lieu thereof "employer".

(5) REPEAL OF EXPIRED AUTHORITY.—Section 4004 (29 U.S.C. 1304) is repealed.

(6) VOTING BY CORPORATION OF STOCK PAID AS LIABILITY.—Section 4005 (29 U.S.C. 1305) is amended by adding at the end thereof the following new subsection:

"(g) Any stock in a person liable to the corporation under this title which is paid to the corporation by such person or a member of such person's controlled group in satisfaction of such person's liability under this title may be voted only by the custodial trustees or outside money managers of the corporation.".

(7) EFFECTIVE YEARS.—Section 4022(b)(7) (29 U.S.C. 1322(b)(7)) is amended by striking out "following" and inserting in lieu thereof "beginning with".

(8) TREATMENT OF PRE-RETIREMENT SURVIVOR BENEFITS.—Section 4022 (29 U.S.C. 1322) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of subsection (a), a pre-retirement survivor benefit with respect to a participant under a terminated single-employer plan shall not be treated as forfeitable solely because the participant has not died as of the termination date.".

(9) CONFORMING AMENDMENT.—Section 4042(d)(3) (29 U.S.C. 1342(d)(3)) is amended by striking out "same duties as a trustee appointed under section 47 of the Bankruptcy Act" and inserting in lieu thereof "same duties as those of a trustee under section 704 of title 11, United States Code".

(10) CLERICAL CORRECTIONS.—Section 4044(a)(4) (29 U.S.C. 1344(a)(4)(A)) is amended—

(A) in subparagraph (A), by striking out "section 4022(b)(5)" and inserting in lieu thereof "section 4022B(a)"; and

(B) in subparagraph (B), by striking out "section 4022(b)(6)" and inserting in lieu thereof "section 4022(b)(5)".

(11) RELEASE OF LIEN.—Section 4068(e) (29 U.S.C. 1368(e)) is amended by striking out ", with the consent of the board of directors,".

(d) AMENDMENTS TO THE TABLE OF CONTENTS OF ERISA.—The table of contents in section 1 is amended—

(1) by striking out the item relating to section 4004;

(2) by striking out the item relating to section 4042 and inserting in lieu thereof the following new item:

"Sec. 4042. Institution of termination proceedings by the corporation.";

(3) by inserting after the item relating to section 4048 the following new item:

"Sec. 4049. Distribution to participants and beneficiaries of liability payments to section 4049 trustee."; and

(4) by striking out the items relating to subtitle D of title IV and inserting in lieu thereof the following new items:

"Subtitle D—Obligations of the Corporation; Liability of Employers and Other Persons

"Sec. 4061. Amounts payable by the corporation.

"Sec. 4062. Liability for termination of single-employer plans under a distress termination or a termination by the corporation.

"Sec. 4063. Liability of substantial employer for withdrawal from single-employer plans under multiple controlled groups.

"Sec. 4064. Liability on termination of single-employer plans under multiple controlled groups.

"Sec. 4065. Annual report of plan administrator.

"Sec. 4066. Annual notification of substantial employers.

"Sec. 4067. Recovery of employer liability for plan termination.

"Sec. 4068. Lien for liability of employer.

"Sec. 4069. Treatment of transactions to evade liability; effect of corporate reorganization.

"Sec. 4070. Additional enforcement authority relating to terminations of single-employer plans.".

SEC. 1464. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this subtitle, the provisions of this subtitle shall take effect on the date of enactment of this Act.

(b) TRANSITIONAL RULE.—If a single-employer plan which has not terminated under title IV of the Employee Retirement Income Security Act of 1974 fails to meet the requirements of the amendments made by this subtitle but is administered in a manner which meets such requirements, such plan need not be amended to meet such requirements until the earlier of—

(1) the date on which such plan is first amended after the date of the enactment of this Act, or

(2) the beginning of the first plan year beginning after December 31, 1989.

Subtitle D—Continuation Coverage Under Group Health Plans

SEC. 1471. TEMPORARY EXTENSION OF COVERAGE AT GROUP RATES FOR FAMILY MEMBERS OF DECEASED, DIVORCED, OR MEDICARE-ELIGIBLE WORKERS.

(a) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new part:

"PART 6—CONTINUATION COVERAGE UNDER GROUP HEALTH PLANS

"SEC. 601. REQUIRED OPTION OF CONTINUATION COVERAGE WHEN QUALIFIED BENEFICIARY WOULD LOSE COVERAGE.

"The plan sponsor of each group health plan shall provide under such plan, in accordance with this part, to each qualified beneficiary who would lose coverage under the plan because of a qualifying event the option of electing continuation coverage under the plan.

"SEC. 602. ELECTION.

"(a) ELECTION PERIOD.—The option of electing continuation coverage must be offered during a period that—

"(1) begins not later than the termination date (as defined in section 603(2))

"(2) is of at least 60 days duration, and

"(3) ends not earlier than 60 days after the date the qualified beneficiary is notified under section 606(4) or the termination date, whichever date is later.

"(b) EFFECT OF ELECTION ON OTHER BENEFICIARIES.—Unless otherwise specified in the election, any such election by a qualified beneficiary described in section 607(3)(A) shall be deemed to include an election of continuation coverage on behalf of any other qualified beneficiary whose coverage would, but for continuation coverage provided in accordance with this paragraph, be affected by the qualifying event.

"SEC. 603. QUALIFYING EVENT AND TERMINATION DATE.

"For purposes of this part—

"(1) QUALIFYING EVENT.—A 'qualifying event' under a group health plan, with respect to a covered employee, is any of the following events if coverage of a qualified beneficiary under the plan would, but for continuation coverage provided in compliance with this paragraph, be terminated by the occurrence of the event:

"(A) The death of the covered employee.

"(B) The divorce or separation of the covered employee from the employee's spouse.

"(C) The covered employee becoming entitled to benefits under title XVIII of the Social Security Act.

"(2) TERMINATION DATE.—The term 'termination date' means, with respect to a qualifying event, the date on which coverage of a qualified beneficiary under a group health plan would be terminated under the plan but for continuation coverage provided in compliance with this part.

"SEC. 604. TERMS OF CONTINUATION COVERAGE.

"Any continuation coverage elected by or on behalf of a qualified beneficiary shall meet the following requirements:

"(1) NO REQUIREMENT OF INSURABILITY.—The coverage may not be conditioned upon, or discriminate on the basis of lack of, evidence of insurability.

"(2) CONTINUED BENEFITS.—The coverage shall consist of coverage which is identical to the coverage provided under the plan to similarly situated beneficiaries under the plan with respect to whom a qualifying event has not occurred.

"(3) PERIOD OF CONTINUED COVERAGE.—The coverage shall be for a period commencing upon the termination date and ending not earlier than the earliest of the following:

"(A) MAXIMUM OF FIVE YEARS.—Five years after the termination date.

"(B) END OF PLAN.—The date on which the plan sponsor ceases to provide any group health plan to employees.

"(C) FAILURE TO PAY PREMIUMS.—The date on which there is a failure in making timely payment of any premium required under the plan with respect to the qualified beneficiary.

"(D) REEMPLOYMENT OR MEDICARE ELIGIBILITY.—The date on which the qualified beneficiary first becomes or could become, after the date of the election, a covered employee under any other group health plan or becomes entitled to benefits under title XVIII of the Social Security Act.

"(E) REMARRIAGE OF SPOUSE.—In the case of a qualified beneficiary described in section 607(3)(A), the date on which the beneficiary remarries and becomes (or could become) covered under a group health plan as the spouse of a covered employee.

"(F) CHILD TURNING MAJORITY.—In the case of an individual who is a qualified beneficiary by reason of having been a covered dependent child of a covered employee, the date on which the individual ceases to be a covered dependent child of the covered employee.

"(4) CONVERSION OPTION.—In the case of a qualified beneficiary whose period of continued coverage expires under paragraph (3)(A), the plan must provide to the beneficiary, during the 180-day period ending on the date of expiration of the period of continued coverage, the option of enrollment under a conversion health plan otherwise generally available to beneficiaries under the plan.

"SEC. 605. PREMIUMS FOR CONTINUATION COVERAGE.

"(a) AMOUNT.—The total premium charged under a group health plan with respect to any qualified beneficiary for continuation coverage under the plan shall not exceed the sum of employer premiums and employee premiums generally charged with respect to coverage under the plan of similarly situated beneficiaries with respect to whom a qualifying event has not occurred. The total of all premiums charged under the plan in any plan year may be based upon reasonably anticipated community costs for such plan year of the entire pool of covered employees and other beneficiaries under the plan, including qualified beneficiaries receiving continuation coverage under the plan under this part.

"(b) PAYMENTS.—The plan may provide for payment of the total premium by the qualified beneficiary receiving such coverage, or for payment of all or part of such premium by the plan sponsor, employer, or other party and payment of the remainder of such premium by such beneficiary. The plan shall provide for payment of any premium by a qualified beneficiary in monthly installments if so elected by such beneficiary. If an election is made during an election period but after the termination date, the plan shall permit payment of any premium for continuation coverage during the preceding period to be made within 45 days of the date of the election.

"(c) PREMIUM CHARGED DEFINED.—As used in this section, the term 'premium charged' means any amount payable with respect to the provision of coverage under a group health plan.

"SEC. 606. NOTICE REQUIREMENTS.

"In accordance with regulations of the Secretary—

"(1) the group health plan must provide, at the time of commencement of coverage under the plan, for written notice to each covered employee and spouse of the employee (if any) of the rights provided under this part;

"(2) the employer of an employee under the plan must notify the group health plan administrator if the employer knows or has reason to know that the covered employee has died;

"(3) each covered employee is responsible for notifying the group health plan administrator of the occurrence of any qualifying event (other than that described in section 603(1)(A)) with respect to such employee; and

"(4) the group health plan administrator must notify each qualified beneficiary, within a period of 14 days after the date the administrator is notified concerning the occurrence of a qualifying event affecting such beneficiary, of—

"(A) the termination date with respect to such beneficiary, and

"(B) such beneficiary's right to elect continuation coverage under this part and the election period established under section 602(a) during which such beneficiary can exercise that right.

For purposes of paragraph (4), any notification to an individual who is a qualified beneficiary as the spouse of the covered employee shall be treated as notification to all other qualified beneficiaries residing with such spouse at the time such notification is made.

"SEC. 607. DEFINITIONS.

"For purposes of this part—

"(1) GROUP HEALTH PLAN.—

"(A) IN GENERAL.—The term 'group health plan' means any employee welfare benefit plan of, or contributed to by, a plan sponsor to provide medical care to employees, former employees, or the families of such employees or former employees, directly or through insurance, reimbursement, or otherwise.

"(B) MEDICAL CARE.—For purposes of this paragraph, the term 'medical care' means amounts paid—

"(i) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body,

"(ii) for transportation primarily for and essential to medical care referred to in clause (i), or

"(iii) for insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care referred to in clauses (i) and (ii).

"(2) COVERED EMPLOYEE.—The term 'covered employee' means an individual who is (or was) provided coverage under a group health plan by virtue of the individual's employment or previous employment with an employer.

"(3) QUALIFIED BENEFICIARY.—The term 'qualified beneficiary' means, with respect to a covered employee under a group health plan, any other individual who, on the date before the date of a qualifying event for that employee—

"(A) is a beneficiary under the plan as the spouse of the employee and has been married to the employee for at least the immediately preceding 30-day period, or

"(B) is a beneficiary under the plan as a covered dependent child of the employee.

"(4) COVERED DEPENDENT CHILD.—The term 'covered dependent child' means, with respect to a covered employee, an individual who meets the generally applicable requirements of the plan for treatment as a dependent child covered under the plan by reason of the coverage of the employee under the plan.

"(5) GROUP HEALTH PLAN ADMINISTRATOR.—The term 'group health plan administrator' means, in connection with a group health plan, the plan administrator.

"SEC. 608. REGULATIONS.

"The Secretary may prescribe regulations to carry out the provisions of this part.".

(b) PENALTY FOR FAILURE TO PROVIDE NOTICE.—Section 502(c) of such Act (29 U.S.C. 1132(c)) is amended by inserting after "such request" the following: ", or who fails to meet the requirements of paragraph (1) or (4) of section 606 with respect to a participant or beneficiary,".

(c) CLERICAL AMENDMENTS.—The table of contents in section 1 of such Act is amended by inserting after the item relating to section 514 the following new items:

"PART 6—CONTINUATION COVERAGE UNDER GROUP HEALTH PLANS

"Sec. 601. Required option of continuation coverage when qualified beneficiary would lose coverage.

"Sec. 602. Election.

"Sec. 603. Qualifying event and termination date.

"Sec. 604. Terms of continuation coverage.

"Sec. 605. Premiums for continuation cover-

age.
"Sec. 606. Notice requirements.
"Sec. 607. Definitions.
"Sec. 608. Regulations.".

SEC. 1472. EFFECTIVE DATES.

(a) GENERAL RULE.—The amendments made by this subtitle shall apply to plan years beginning on or after January 1, 1986.

(b) SPECIAL RULE FOR COLLECTIVE BARGAINING AGREEMENTS.—In the case of a group health plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, the amendments made by this subtitle shall not apply to plan years beginning before the earlier of—

(1) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(2) January 1, 1987.

For purposes of paragraph (1), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

SEC. 1473. NOTIFICATION TO COVERED EMPLOYEES.

At the time that the amendments made by this subtitle apply to a group health plan (within the meaning of section 607(1)) of the Employee Retirement Income Security Act of 1974, the plan shall notify each covered employee, and spouse of the employee (if any), who is covered under the plan at that time of the continuation coverage required under part 6 of subtitle (B) of title I of such Act. The notice furnished under this section is in lieu of notice that may otherwise be required under section 606(1) of such Act.

TITLE IV—COMMITTEE ON ENERGY AND COMMERCE

Subtitle A—Synthetic Fuels

SEC. 1501. SHORT TITLE.

This subtitle may be cited as the "Synthetic Fuels Fiscal Responsibility Act".

SEC. 1502. FINDINGS AND PURPOSES.

Section 100 of the Energy Security Act (42 U.S.C. 8701) is amended to read as follows:

"FINDINGS AND PURPOSES

"SEC. 100. (a) The Congress finds and declares that—

"(1) the reduction of unnecessary Federal spending is essential to reducing the budget deficit, and important to the health of the national economy and the well-being of our citizens;

"(2) the United States Synthetic Fuels Corporation has failed in its mission, has spent funds on unreasonable and excessive personnel and administrative costs, and is not the appropriate institution to carry out a scaled down synthetic fuels assistance program;

"(3) such a program can best be carried out by the Department of Energy under standard Government procedures regarding conflicts-of-interest, salaries and benefits, and public access to information;

"(4) the achievement of energy security for the United States is essential to the long-term health of the national economy, the well-being of our citizens, and the maintenance of national security;

"(5) the petroleum industry and petroleum consumers have been subject to alternating cycles of shortage and oversupply, which has disrupted and inhibited the orderly development of alternatives to continually depleting petroleum supplies; and

"(6) the vulnerability of the United States to oil supply interruptions or world energy price increases can be reduced by a limited program to develop the capability to produce synthetic fuels from the vast available domestic resources.

"(b)(1) The purposes of this Act are to reduce the budget deficit, to improve the Nation's balance of payments, to reduce the threat of economic disruption from oil supply interruptions or price increases, to improve the Nation's environmental quality, and to increase the Nation's security by reducing its future dependence on imported oil.

"(2) Congress declares that these purposes can be served by—

"(A) abolishing the United States Synthetic Fuels Corporation, transferring to the Department of Energy its functions and authorizing funds for a smaller synthetic fuels assistance program to be administered by the Secretary of Energy; and

"(B) providing limited financial support for capital and operating expenses of commercial scale synthetic fuel plants at the smallest scale which will encourage the replication of commercial scale technologies.".

SEC. 1503. ABOLITION OF THE UNITED STATES SYNTHETIC FUELS CORPORATION.

Subtitle B of part B of title I of the Energy Security Act is amended to read as follows:

"SUBTITLE B—ABOLITION OF CORPORATION

"CESSATION OF COMMITMENTS

"SEC. 115. The Corporation shall not enter into any legally binding commitment, including any increase or addition to an existing commitment, under this part after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act.

"TEMPORARY OPERATIONS

"SEC. 116. (a) The Board of Directors of the Corporation is disestablished and the Directors shall be discharged on the date of enactment of the Synthetic Fuels Fiscal Responsibility Act.

"(b) The Secretary, or the designated representative of the Secretary, shall be the Chief Operating Officer of the Corporation.

"(c) The Secretary shall dispose of all assets of the Corporation not necessary for the operation of the synthetic fuels assistance program described in sections 125 and 126, shall transfer to the Department of Energy all other assets of the Corporation, and shall take such other steps as are necessary to terminate the affairs of the Corporation.

"(d) No officer or employee of the Corporation shall receive a salary for the period after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act in excess of the rate of basic pay payable for level IV of the Executive Schedule under title 5 of the United States Code.

"(e)(1) The Director of the Office of Personnel Management shall, within 90 days after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act, determine—

"(A) the amount of compensation rights which have vested under contract with respect to each Director, officer, or employee of the Corporation; and

"(B) the extent of compensation claims made by each such Director, officer, or employee that are not vested under contract and are unreasonable or excessive.

"(2) No payments of any amounts described in paragraph (1)(B) shall be made to any Director, officer, or employee of the Corporation by the Secretary, the Corporation, or the United States.

"ABOLITION

"SEC. 117. The Corporation shall be abolished and all officers and employees of the Corporation discharged 90 days after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act.".

SEC. 1504. SYNTHETIC FUELS ASSISTANCE PROGRAM.

Subtitle C of part B of title I of the Energy Security Act is amended to read as follows:

"SUBTITLE C—SYNTHETIC FUELS ASSISTANCE PROGRAM

"SECRETARY'S RESPONSIBILITIES

"SEC. 125. (a)(1) The Secretary shall assume the responsibility for administering under this part the synthetic fuels program formerly administered by the Corporation, and shall assume all legally binding obligations and contractual rights and responsibilities of the Corporation in connection therewith. Liability to the United States under this paragraph is limited to the extent of budget authority for such purposes provided by law before the date of enactment of the Synthetic Fuels Fiscal Responsibility Act.

"(2) This subsection shall take effect on the date of enactment of the Synthetic Fuels Fiscal Responsibility Act or on October 1, 1985, whichever occurs later.

"(b)(1) The Secretary shall administer the modified synthetic fuels assistance program described in section 126(a), to the extent provided in advance in appropriation Acts.

"(2)(A) For purposes of determining the Secretary's compliance with the limitation contained in paragraph (1)—

"(i) loans shall be counted at the initial face value of the loan plus such amounts as are subsequently obligated pursuant to section 132(a)(3);

"(ii) loan guarantees shall be counted at the initial face value of such loan guarantee (including any amount of interest which is guaranteed under such loan guarantee) plus such amounts as are subsequently obligated pursuant to section 133(a)(3);

"(iii) price guarantees and purchase agreements shall be valued by the Secretary as of the date of each such contract, based upon the Secretary's estimate of the maximum potential liability of the United States;

"(iv) joint ventures and Department construction projects shall be valued at the current estimated cost to the United States, as determined annually by the Secretary; and

"(v) any increase in the liability of the United States pursuant to any amendment or other modification to a contract for a loan, loan guarantee, price guarantee, purchase agreement, joint venture, or Department construction project shall be counted.

"(B) Determinations made under subparagraph (A) shall be made in accordance with generally accepted accounting principles, consistently applied.

"(C) If more than one form of financial assistance is to be provided to any one synthetic fuel project or if the financial assistance agreement provides a right to the United States to purchase the synthetic fuel project, then the obligations and commitments thereunder shall be valued at the maximum potential exposure on such project at any time during the life of such project.

"(D) Any commitment by the Secretary to provide financial assistance or make capital expenditures which is nullified or voided for any reason shall not be considered in the aggregate for the purpose of paragraph (1).

"MODIFIED ASSISTANCE PROGRAM

"SEC. 126. (a) The Secretary shall undertake a program to encourage the synthetic fuels industry in the United States by providing financial assistance for commercial scale projects in the United States on the

smallest, least expensive, scale practicable that would encourage the replication of commercial scale synthetic fuels technologies, including those which may face economic or other risks in order to compete in the market place.

"(b)(1) To the extent possible in carrying out the program described in subsection (a), the Secretary shall avoid duplication of effort by adapting work done by the Corporation and by applicants for financial assistance on solicitations and projects already in negotiation.

"(2) In carrying out the program described in subsection (a), the Secretary shall first give consideration to projects, as originally proposed or as modified within 90 days after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act, with respect to which the Corporation issued a letter of intent before February 5, 1985.

"ASSISTANCE PLAN

"SEC. 127. (a) The Secretary shall, within 90 days after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act, submit to the Congress an assistance plan, consistent with section 126(a) and the purposes of this part, setting forth the anticipated methods and schedules for the attainment of the synthetic fuels assistance program of the United States described by sections 125 and 126. Such plan shall address—

"(1) which synthetic fuel resources and technologies deserve Federal support;

"(2) the economic and technical feasibility or potential of each technology;

"(3) the anticipated improvements in later commercial scale projects to be derived from projects under this part;

"(4) the anticipated environmental effects associated with each technology and resource, including water requirements; and

"(5) the most advantageous combination of technologies and resources to be supported.

"(b) To the extent possible in preparing the assistance plan required by subsection (a), the Secretary shall avoid duplication of effort by adapting information and materials compiled by the Corporation.

"ASSISTANCE STRATEGY

"SEC. 128. (a) In order to assure achievement of the purposes of this title and the assistance plan developed under section 127, the Secretary—

"(1) shall, pursuant to subtitle D, solicit proposals for synthetic fuel projects;

"(2) shall, pursuant to section 131(a), award financial assistance to those qualified concerns submitting proposals acceptable to the Secretary;

"(3) shall, after soliciting proposals pursuant to paragraph (1) and reviewing such proposals, if in the judgment of the Secretary, there are, or will be, insufficient acceptable proposals as necessary to achieve the purposes of this title, undertake to negotiate contracts pursuant to subtitle D as necessary to achieve the purposes of this title; and

"(4) may, only after fulfilling the requirements of paragraphs (1), (2), and (3), and subsection (c), if in the judgment of the Secretary, there still are, or will be, insufficient acceptable proposals as necessary to achieve the purposes of this title, consistent with the objectives set forth in subsection (b) and the assistance plan developed under section 127, undertake a construction project under subtitle E as necessary to achieve the purposes of this title.

"(b)(1) The Secretary, in discharging responsibilities under subsection (a), shall employ financial assistance pursuant to subtitle D or construction projects under subtitle E in such manner as will, in the judgment of the Secretary, (A) incorporate a technological diversity of processes, methods and techniques for each domestic resource that offers significant potential for use as a synthetic fuel feedstock, and (B) offer the potential for achieving the assistance plan developed under section 127.

"(2) For the purposes of this subsection, the term 'domestic resource' shall be construed so as to require the consideration of different types and qualities of coal (such as high- and low-sulphur coal, or Eastern and Western coal), shale, and tar sands, as different domestic resources.

"(c) Prior to undertaking a construction project under subtitle E, the Secretary shall publish in the Federal Register the intention to undertake a project and the objectives of such a project, and shall solicit proposals to meet such objectives through the use of other financial assistance mechanisms established under subtitle D. If the Secretary does not receive, within thirty days after the publication of the objectives pursuant to the preceding sentence, an acceptable notice of intent to submit a proposal, the Secretary may undertake such a construction project under subtitle E.

"SOLICITATION OF PROPOSALS

"SEC. 129. (a) The Secretary is hereby directed to solicit proposals from time to time from concerns interested in the construction or operation, or both, of synthetic fuel projects. Such set of solicitations shall encompass a diversity of technologies (including differing processes, methods, and techniques) for each potential domestic resource as well as all of the forms of financial assistance authorized in subtitle D. The Secretary shall provide notice of such solicitations in the Federal Register and by such other notice as is customarily used to inform the public of Federal assistance for major research and development undertakings.

"(b) All solicitations of proposals for financial assistance shall be conducted in a manner so as to encourage maximum open and free competition.

"(c) Any concern may request the Secretary to issue a solicitation pursuant to this section for proposals for a general type of synthetic fuel project and the Secretary, if the action is in accordance with the purposes of this title and the provisions of this part, may issue such a solicitation.

"(d) Each solicitation for proposals pursuant to the authority of this section shall set forth general evaluation criteria, as determined by the Secretary, taking into account—

"(1) the achievement of the assistance plan developed under section 127; and

"(2) the requirements of the assistance strategy set forth under section 128.

"(e) The Secretary shall consult with the Governor of any State in which a proposed construction project under subtitle E or a proposed joint venture project under section 136 would be located with regard to (1) the manner in which the project would be developed, and (2) regulatory, licensing, and related governmental activities pertaining to such project. The States shall have the opportunity to provide written response to the Secretary on all aspects of such project development, licensing, and operation.

"EMPLOYEES

"SEC. 130. The Secretary may hire former employees of the Corporation who have special expertise or experience to assist the Secretary in carrying out the synthetic fuels assistance program under this part, subject to the laws of the United States with respect to Federal employment.".

SEC. 1505. ENVIRONMENTAL PLAN.

Section 131(e) of the Energy Security Act (42 U.S.C. 8731(e)) is amended to read as follows:

"(e) Any proposed legally binding obligation for financial assistance not entered into before the date of enactment of the Synthetic Fuels Fiscal Responsibility Act shall include a plan, acceptable to the Secretary and the Administrator of the Environmental Protection Agency, for the monitoring of environmental and health related effects of the construction and operation of the synthetic fuel project. Such plan shall be developed by the applicant for financial assistance in consultation with the Secretary, the Administrator of the Environmental Protection Agency, and appropriate State, regional, and local agencies, and shall—

"(1) provide for the collection of data of environmental significance;

"(2) identify all known or potentially significant pollutants and emissions associated with the project;

"(3) provide for the testing of mitigation methods and control, monitoring, and assessment technologies;

"(4) provide for the accumulation of a data base for assessing solid waste disposal problems;

"(5) ensure the operation of such project in compliance with applicable environmental requirements, including the Federal Water Pollution Control Act (33 U.S.C. 1151-1175) and the Clean Air Act (42 U.S.C. 7400 et seq.);

"(6) provide information with respect to the anticipated effect of such project on regional and local water supplies;

"(7) provide information with respect to the anticipated health effects on workers and other persons connected to the project, including any carcinogenic effects;

"(8) provide information with respect to the anticipated social and economic impacts on local communities which will be most directly affected by the project; and

"(9) provide for the participation in appropriate activities under such plan by representatives of the Environmental Protection Agency.".

SEC. 1506. FUNDING LIMITATION.

Section 131(o) of the Energy Security Act (42 U.S.C. 8731(o)) is amended by adding at the end the following new sentence: "No financial assistance may be extended under this part after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act from funds authorized under section 109(a) of such Act (1) to the extent such assistance would cause the total amount of assistance under this part for any one synthetic fuel project or module to exceed 60 percent of the capital and operating costs of such project or module, or (2) for any synthetic fuel project which received, before November 1, 1984, more than $1,000,000,000 pursuant to a Federal Financing Bank Agreement guaranteed by the Department of Energy.".

SEC. 1507. PRICE GUARANTEE LIMITATION.

Section 134 of the Energy Security Act (42 U.S.C. 8734) is amended—

(1) by inserting "(a)" after "SEC. 134."; and

(2) by adding at the end a new subsection as follows:

"(b) No price guarantee shall be made under this section after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act from funds authorized under section 109(a) of such Act at a level in excess of 125 percent of the projected market price of comparable energy over the term of the guarantee.".

SEC. 1508. CONGRESSIONAL REVIEW.

Section 138 of the Energy Security Act (42 U.S.C. 8738) is amended to read as follows:

"CONGRESSIONAL REVIEW PROCEDURE

"SEC. 138. (a) No legally binding obligation, or accumulation of such obligations for one project, for an amount in excess of

$20,000,000 may be entered into by the Secretary under this part after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act unless a proposal for such obligation, or accumulation of such obligations for one project, is submitted to the Congress under this section.

"(b) For purposes of this section, the term 'synthetic fuel action' means any matter required under subsection (a) to be submitted to the Congress.

"(c) Along with any synthetic fuel action submitted to the Congress under this section the Secretary shall attach—

"(1) a detailed analysis of the aid proposal, including the amount and type of assistance;

"(2) an assessment by the Secretary of the potential of the resource and technology being assisted;

"(3) a cost-benefit analysis, including projections of net monetary gains and losses for the United States;

"(4) a copy of the environmental plan required under section 131(e); and

"(5) an explanation of how the proposed project and its technology relates to the assistance plan submitted by the Secretary under section 127, including a justification of resource applicability and reproducibility.

"(d) The Secretary shall transmit any synthetic fuel action (bearing an identification number) to both Houses of the Congress on the same day. If both Houses are not in session on the day on which any synthetic fuel action is transmitted to the appropriate officers of each House, for the purposes of this section such synthetic fuel action shall be deemed to have been received on the first succeeding day on which both Houses are in session.

"(e) No synthetic fuel action shall take effect if a joint resolution disapproving such synthetic fuel action is enacted within the first period of 90 calendar days of continuous session of Congress beginning on the date after the date such synthetic fuel action is received by the Congress.".

SEC. 1509. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—There is authorized to be appropriated to the Secretary of Energy for carrying out part B of title I of the Energy Security Act, as amended by this subtitle, $500,000,000.

(b) ADDITIONAL REQUESTS.—The Secretary may from time to time request the Congress to authorize additional funds for such purposes.

SEC. 1510. RESTRICTIONS.

(a) USE OF FUNDS.—None of the funds appropriated by section 1510 or any other provision of law may be used by the United States Synthetic Fuels Corporation, the Secretary of Energy, or any other agent or officer of the United States for making payments with respect to obligations entered into by the United States Synthetic Fuels Corporation after July 31, 1985, and before the date of enactment of this Act.

(b) IMMUNITY FROM SUIT.—The United States hereby withdraws any stated or implied consent for the United States, any officer or agent of the United States, or the United States Synthetic Fuels Corporation to be sued by any person with respect to any claim arising out of obligations described in subsection (a).

SEC. 1511. TECHNICAL AND CONFORMING AMENDMENTS.

(a) SHORT TITLE.—Section 111 of the Energy Security Act is amended by striking out "United States Synthetic Fuels Corporation Act of 1980" and inserting in lieu thereof "United States Synthetic Fuels Assistance Act".

(b) DEFINITIONS.—Section 112 of the Energy Security Act (42 U.S.C. 8702) is amended—

(1) by inserting after paragraph (15) the following new paragraph:

"(15A) The term 'Secretary' means the Secretary of Energy."; and

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

"(19) The term 'United States' means the States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.".

(c) ADDITIONAL LOAN AMOUNTS.—Section 132(a)(3)(B) of the Energy Security Act (42 U.S.C. 8732(a)(3)(B)) is amended by striking out ", except that" and all that follows through "has not been disapproved".

(d) ADDITIONAL LOAN GUARANTEES.—Section 133(a)(3)(B) of the Energy Security Act (42 U.S.C. 8733(a)(3)(B)) is amended by striking out ", except if" and all that follows through "pursuant to such section".

(e) JOINT VENTURES.—Section 136(a) of the Energy Security Act (42 U.S.C. 8736(a)) is amended—

(1) by striking out the second sentence; and

(2) by striking out ": *Provided, however*" and all that follows through "joint venture agreement".

(f) FEES AND RECEIPTS.—

(1) FEES.—Section 139 of the Energy Security Act (42 U.S.C. 8739) is amended to read as follows:

"USER FEES

"SEC. 139. (a) The Secretary may charge and collect fees in connection with the financial assistance provided under this part, except that such fees shall not exceed 1 percent of the amount of such financial assistance. Fees received by the Secretary shall be deposited in the general fund of the Treasury.

"(b) The Secretary shall prescribe and collect an annual fee, in connection with each loan guarantee provided under this part, of one-half of one percent of the amount of such loan guarantee. Sums realized from such loan guarantee fees shall be deposited in the general fund of the Treasury.".

(2) RECEIPTS.—Section 154 of the Energy Security Act (42 U.S.C. 8754) is amended to read as follows:

"RECEIPTS

"SEC. 154. All receipts collected by the Secretary in connection with the synthetic fuels assistance program under this part shall be deposited in the general fund of the Treasury.".

(g) POWERS.—Section 171 of the Energy Security Act is amended—

(1) by amending subsection (a) to read as follows:

"(a) In carrying out the provisions of this part, the Secretary may lease, purchase, accept gifts or donations of, or otherwise acquire, and own, hold, improve, use, or otherwise deal in or with, and sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest therein."; and

(2) by striking out subsection (b).

(h) REPEALS.—Sections 113, 131(d), (j), (k)(2), (k)(3), and (u), 142, 151, 152, 153, 155, 172, 173(e) and (g), 174, 175, 177, 179, 180, and subtitles G, I, J, and K of part B of title I of the Energy Security Act are repealed.

(i) MISCELLANEOUS TERMINOLOGY CHANGES.—Part B of title I of the Energy Security Act is amended—

(1) in the title of such part by striking out "Corporation" and inserting in lieu thereof "Assistance Program";

(2) by striking out "Board of Directors" and inserting in lieu thereof "Secretary" each place it appears in sections 112(15), 131(a), (b)(2), (b)(4), (o), (p), and (r), 132(a)(2)(B) and (d), 133(a)(1), (a)(4), and (b), 134, 136(b), (c), and (f)(1), 137(b)(1) and (5), 141(d), and 173(a) and (b)(2), and in the last sentence of section 171(c);

(3) by striking out "127" and inserting in lieu thereof "129" each place it appears in sections 131 and 141(c);

(4) by striking out "Corporation" and inserting in lieu thereof "Secretary" each place it appears in sections 131(a), (b)(3), (c), (f), (g), (h), (l), (o), (p), (q), (s), and (t), 132(a) and (b), 133(a), 134, 135(a), (b), (d), and (e), 136(a), 141(b)(4), and 173(b); the first two places it appears in section 131(b)(1) and (r); the first place it appears in sections 131(l) and (n), 136(f)(1), 141(e), and 173(c), (d), and (f)(1); the second place it appears in sections 143(a), 144, and 173(a); the first and third places it appears in section 132(d); the fourth, fifth, and sixth places it appears in section 133(b); the second and third places it appears in section 137(c); the first, second, and fifth places it appears in section 140; the second and fourth places it appears in section 141(a); the third and fourth places it appears in section 141(d); the first, third, and fourth places it appears in section 145; the second and sixth places it appears in section 171(c); and each place it appears in the section headings for sections 132, 133, 134, 135, and 136;

(5) by striking out "Corporation" and inserting in lieu thereof "United States" each place it appears in sections 131(b)(2) and (k)(1), 133(b)(1) and (2), 135(c), 136(c), (d)(2), and (f)(2), 137(a), and 173(f)(1)(B) and (C); the second place it appears in sections 131(b)(1)(C), (l), and (n), and 136(f)(1); the third place it appears in section 131(r); the second and fourth places it appears in section 132(d); the first place it appears in sections 133(b)(3), 137(c), 141(a) and (b), and 173(a); all but the last two places it appears in section 137(b); the third and sixth places it appears in section 140; and the second, third, fourth, and fifth places it appears in section 173(d);

(6) by striking out ", upon such terms and conditions as the Board of Directors shall determine" in section 131(b)(1);

(7) by striking out "national synthetic fuel production goal established under section 125" and inserting in lieu thereof "objectives set forth in the assistance plan developed under section 127" in sections 131(b)(2) and (4) and 132(b);

(8) by striking out "national synthetic fuel production goal set forth in section 125" and inserting in lieu thereof "objectives set forth in the assistance plan developed under section 127" in section 136(b)(1);

(9) by striking out "126" and inserting in lieu thereof "128" in section 131(b)(4);

(10) by striking out ", except as provided in section 151" in section 131(f);

(11) by striking out "or its designee" each place it appears in sections 131(l) and 173(d);

(12) by striking out "as it deems" and inserting in lieu thereof "as the Secretary deems" in section 131(l);

(13) by striking out ", as computed in accordance with section 152" in section 131(k)(1);

(14) by striking out ", in its judgment," in section 131(r);

(15) by striking out "its determination of" and inserting in lieu thereof "determining" in section 131(t);

(16) by striking out ", on such terms and conditions as the Board of Directors may prescribe," in sections 132(a)(1), 134, 135(a), 136(a), and 137(c);

(17) by striking out "Corporation" the last two places it appears in section 137(b), the last two places it appears in section 137(c), and the fifth and sixth places it appears in section 141(d);

(18) by striking out "128" and inserting in lieu thereof "138" in sections 137(b) and (c) and 141(d);

(19) by striking out "not been disapproved" and inserting in lieu thereof "been approved" in sections 137(b) and (c) and 141(d);

(20) by striking out "in its sole discretion" in section 134;

(21) by striking out "of Energy" in sections 135(a) and (d) and 143(b);

(22) by striking out ", subject to section 172(d)," in section 135(d);

(23) by striking out "Prior to the approval of a comprehensive strategy pursuant to section 126(c), the" and inserting in lieu thereof "The" in section 136(a);

(24) by striking out "pursuant to section 181" in section 136(c);

(25) by striking out "Corporation" and inserting in lieu thereof "United States" in section 136(e);

(26) by striking out "Corporation's" and inserting in lieu thereof "United States" in section 136(e) and (f)(1);

(27) by striking out ", prior to the approval of the comprehensive strategy pursuant to section 126(c)," in section 137(b);

(28) by striking out "until it has submitted" and inserting in lieu thereof "until the Secretary has submitted" in section 137(b) and (c);

(29) by striking out "Corporation" and inserting in lieu thereof "Department" each place it appears in sections 112(5), 141(c), and 143(b); the fourth place it appears in section 140; the third and fifth places it appears in section 141(a); the second place it appears in sections 141(b) and (e) and 145; the first and second places it appears in section 141(d); the first place it appears in sections 143(a) and 144; the first, third, fourth, fifth, and seventh places it appears in section 171(c); and each place it appears in the headings for subtitle E and section 141;

(30) by striking out "126(a)(1)(D), section 126(a)(3), and section 142" and inserting in lieu thereof "128(a)(4) and (c)" in section 141(a);

(31) by striking out ", prior to the approval of a comprehensive strategy pursuant to section 126(c)," in section 141(a);

(32) by striking out ", in the judgment of the Board of Directors," in section 141(a);

(33) by striking out "126(a)(2)" and inserting in lieu thereof "128(b)" in section 141(a);

(34) by striking out "subject to section 172(d)," in section 141(b);

(35) by striking out ", in its sole discretion," in section 141(d);

(36) by striking out "addition to the powers granted under subsections (a) and (b), and only in" in section 171(c);

(37) by striking out "by its Board of Directors" in section 171(c);

(38) by striking out "it holds the patent but it" and inserting in lieu thereof "the United States holds the patent but the Secretary" in section 173(b)(1);

(39) by striking out "it holds the patent" and inserting in lieu thereof "the United States holds the patent" in section 173(b)(2);

(40) by striking out "including provision for the Corporation," in section 173(c);

(41) by striking out "and its designees" in section 173(d); and

(42) by striking out "Chairman of the Board of Directors" and inserting in lieu thereof "Secretary" in section 173(f)(1)(A).

(j) TABLE OF CONTENTS.—The table of contents for part B of title I of the Energy Security Act is amended to read as follows:

"Part B—United States Synthetic Fuels Assistance Program

"SUBTITLE A—GENERAL PROVISIONS

"Sec. 111. Short title.
"Sec. 112. General definitions.

"SUBTITLE B—ABOLITION OF CORPORATION

"Sec. 115. Cessation of commitments.
"Sec. 116. Temporary operations.
"Sec. 117. Abolition.

"SUBTITLE C—SYNTHETIC FUELS ASSISTANCE PROGRAM

"Sec. 125. Secretary's responsibilities.
"Sec. 126. Modified assistance program.
"Sec. 127. Assistance plan.
"Sec. 128. Assistance strategy.
"Sec. 129. Solicitation of proposals.
"Sec. 130. Employees.

"SUBTITLE D—FINANCIAL ASSISTANCE

"Sec. 131. Authorization of financial assistance.
"Sec. 132. Loans made by the Secretary.
"Sec. 133. Loan guarantees made by the Secretary.
"Sec. 134. Price guarantees made by the Secretary.
"Sec. 135. Purchase agreements made by the Secretary.
"Sec. 136. Joint ventures by the Secretary.
"Sec. 137. Control of assets.
"Sec. 138. Congressional review procedure.
"Sec. 139. User fees.
"Sec. 140. Disposition of securities.

"SUBTITLE E—DEPARTMENT CONSTRUCTION PROJECTS

"Sec. 141. Department construction and contractor operation.
"Sec. 143. Environmental, land use, and siting matters.
"Sec. 144. Project reports.
"Sec. 145. Financial records.

"SUBTITLE F—CAPITALIZATION AND FINANCE

"Sec. 154. Receipts.

"SUBTITLE H—GENERAL PROVISIONS

"Sec. 171. General powers.
"Sec. 173. Patents.
"Sec. 176. Severability.
"Sec. 178. Water rights.".

Subtitle B—Strategic Petroleum Reserve

SEC. 1521. STRATEGIC PETROLEUM RESERVE.

(a) STRATEGIC PETROLEUM RESERVE FILL RATE.—Notwithstanding any other provision of law, the Strategic Petroleum Reserve shall be filled at an annual average rate of 35,000 barrels per day for each of the fiscal years 1986, 1987, and 1988. Authorizations under subsection (b) are made for this purpose.

(b) AUTHORIZATIONS OF APPROPRIATIONS.—(1) There are authorized to be appropriated the following amounts for the acquisition, transportation, and injection of petroleum products into the Strategic Petroleum Reserve:

(A) For fiscal year 1986, $358,000,000.
(B) For fiscal year 1987, $334,000,000.
(C) For fiscal year 1988, $357,000,000.

(2) There are authorized to be appropriated the following amounts for the implementation of the Strategic Petroleum Reserve Plan, including planning, administration, and acquisition and construction of storage and related facilities but excluding the acquisition of petroleum products for such Reserve:

(A) For fiscal year 1986, $136,000,000.
(B) For fiscal year 1987, $359,000,000.
(C) For fiscal year 1988, $157,000,000.

(3) Amounts authorized by this subsection are in lieu of any other amount authorized to be appropriated for the purposes and fiscal years referred to in paragraphs (1) and (2).

(c) LIMITATION ON UNITED STATES' SHARE OF NAVAL PETROLEUM RESERVE.—(1) Section 160(d)(1) of the Energy Policy and Conservation Act (42 U.S.C. 6240(d)(1)) is amended—

(A) by striking out "500,000,000 barrels" each place it appears in subparagraphs (A) and (C) and inserting in lieu thereof "527,000,000 barrels"; and

(B) by striking out "100,000 barrels" in subparagraph (B) and inserting in lieu thereof "35,000 barrels".

(2) The amendment made by this subsection shall take effect on October 1, 1985.

Subtitle C—Uranium Enrichment and Power Sales

SEC. 1531. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—In accordance with section 660 of the Department of Energy Organization Act (42 U.S.C. 7270), there is authorized to be appropriated to the Department of Energy for each of the fiscal years 1986, 1987, and 1988 to carry out uranium enrichment service activities an amount equal to the difference between—

(1) the revenues to be received during such fiscal year by the Department of Energy in providing uranium enrichment service activities, as estimated in the budget submitted by the President to the Congress for such fiscal year; and

(2) the amount specified in section 1532(a) for such fiscal year.

(b) ADJUSTMENTS.—If the estimate referred to in subsection (a)(1) for any fiscal year is increased or decreased in the budget submitted by the President to the Congress for the subsequent fiscal year, the authorization of appropriations in subsection (a) for such subsequent fiscal year shall be increased or decreased by an equal amount, as the case may be.

SEC. 1532. REPAYMENTS TO UNITED STATES TREASURY.

(a) PARTIAL REPAYMENT OF APPROPRIATED AMOUNTS.—In partial repayment of amounts appropriated from the general fund of the Treasury of the United States for uranium enrichment service activities, the Secretary of Energy shall deposit in the general fund not less than the following amount of the revenues received by the Department of Energy in providing uranium enrichment service activities:

(1) $110,000,000 for fiscal year 1986;
(2) $150,000,000 for fiscal year 1987; and
(3) $150,000,000 for fiscal year 1988.

(b) REPAYMENT SCHEDULE.—The Secretary of Energy may make the repayments required in subsection (a) for any fiscal year on a quarterly basis.

SEC. 1533. SALE OF UNNECESSARY ELECTRIC ENERGY.

(a) IN GENERAL.—The Secretary of Energy shall attempt to sell to electric utilities any electric energy that the Secretary has the right to buy under any Federal law or contract in effect on the date of the enactment of this Act for use in the provision of uranium enrichment service activities under section 161 v. of the Atomic Energy Act of 1954 (42 U.S.C. 2201(v)) that the Secretary determines to be unnecessary to the conduct of such activities.

(b) CONSENT TO SALE.—Notwithstanding any other Federal law or contract in effect on the date of the enactment of this Act, no Executive agency may withhold its consent to the sale of electric energy under subsection (a).

(c) TRANSMISSION.—Notwithstanding any other Federal law or contract in effect on the date of the enactment of this Act—

(1) any Executive agency selling electric energy to the Department of Energy shall make such electric energy available to the location requested by the Secretary of Energy; and

(2) the Secretary of Energy, acting through the organizational entities described in subparagraphs (A) and (B) of section 302(a)(1) of the Department of Energy Organization Act (42 U.S.C. 7152(a)(1)) shall

assist in the transmission of any electric energy sold under subsection (a).

(d) REVENUES FROM SALE.—In partial repayment of amounts appropriated from the general fund of the Treasury of the United States for uranium enrichment service activities, the Secretary of Energy shall deposit in the general fund any revenues derived from the sale of electric energy under subsection (a) that are in excess of the energy charge incurred by the Secretary. Any amount required to be repaid under this subsection shall be in addition to any amount required to be repaid in section 1532(a).

(e) DEFINITIONS.—For purposes of this section:

(1) The term "electric utility" has the meaning given such term in section 3(4) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(4)). Such term does not include any person or entity that sells electric energy solely from cogeneration facilities or small power production facilities, as such terms are defined in paragraphs 17(A) and 18(A) of section 3 of the Federal Power Act (16 U.S.C. 796).

(2) The term "energy charge" means any fee or payment associated with the purchase of electric energy that is supplied by an electric energy seller to an electric energy purchaser and does not include any fee or payment made exclusively for the availability of electric energy or the right to purchase specified amounts of electric energy.

(3) The term "Executive agency" has the meaning given such term in section 105 of title 5, United States Code.

(f) EXPIRATION.—This section shall cease to be effective on December 31, 1992.

Subtitle D—Energy-Related User Fees

SEC. 1541. PIPELINE SAFETY USER FEES.

(a) ESTABLISHMENT.—

(1) SCHEDULE.—The Secretary of Transportation (hereafter in this section referred to as the "Secretary") shall establish a schedule of fees based on the usage, in reasonable relationship to volume-miles, miles, or an appropriate combination thereof, of natural gas and hazardous liquid pipelines.

(2) COLLECTION.—The Secretary shall establish procedures for the collection of such fees and shall collect such fees.

(3) LIABILITY.—Fees established under this section shall be assessed to the persons operating the pertinent pipeline facilities.

(b) TIME OF ASSESSMENT.—The Secretary shall assess and collect fees described in subsection (a) with respect to each fiscal year before the end of such fiscal year.

(c) USE OF FUNDS.—Funds received under subsection (a) shall be used, to the extent provided for in advance in appropriation Acts, only—

(1) in the case of natural gas pipeline safety fees, for activities authorized under the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1671 et seq.); and

(2) in the case of hazardous liquid pipeline safety fees, for activities authorized under the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2001 et seq.).

(d) FEE SCHEDULE.—

(1) SUFFICIENT TO MEET COSTS.—Fees established by the Secretary under subsection (a) shall be assessed against all natural gas and hazardous liquids transported by pipelines subject to the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 after September 30, 1985, and shall be sufficient to meet the ongoing costs, beginning on October 1, 1985, described in subsection (c).

(2) NON-HYDROCARBON RATES.—Fees established for the transportation through pipelines of substances other than hydrocarbons may be set at a rate higher than those for the transportation of hydrocarbons.

(3) UNUSUAL DRAIN ON SAFETY RESOURCES.—The Secretary may charge additional fees to any user of pipelines if the use results in an unusual drain on the pipeline safety resources of the United States.

(e) STATE FEES.—If a State establishes a pipeline safety fee mechanism compatible with the mechanism established by the Secretary under this section, the Secretary may by agreement with such State administer the collection of such State fees.

SEC. 1542. NUCLEAR REGULATORY COMMISSION ANNUAL CHARGES.

(a) IN GENERAL.—

(1) The Nuclear Regulatory Commission (hereafter in this section referred to as the "Commission") shall assess and collect annual charges from its licensees on a fiscal year basis, beginning with fiscal year 1986.

(2) The amount of such charges shall be established by rule.

(b) MATTERS TO CONSIDER IN ESTABLISHING ASSESSMENTS.—

(1) In establishing the amounts of such assessments, the Commission shall take into consideration the relative cost of regulating different categories of its licensees and other factors determined to be appropriate by the Commission, including the impact of such assessments on research and medical treatment.

(2) In establishing the amounts of such assessments with respect to any utilization or production facility for industrial or commercial purposes issued a license under section 103 or 104 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2133 or 2134(b)), the Commission shall also take into consideration the rated capacity of such facility.

(c) LIMITATION.—The maximum amount of assessments made under this section with respect to any fiscal year may not exceed an amount that, when added to other amounts collected by the Commission for such fiscal year under other provisions of law, is estimated to be equal to 50 percent of the costs incurred by the Commission with respect to such fiscal year.

(d) TIME OF PAYMENT.—The Commission may make estimates in assessing charges under this section and shall provide that the charges assessed under this section shall be paid by the end of the fiscal year for which they are assessed.

(e) USE OF FUNDS.—To the extent approved in appropriation Acts, amounts collected under this section may be retained and used for costs incurred by the Commission and shall remain available for such purpose until expended.

SEC. 1543. FEDERAL ENERGY REGULATORY COMMISSION ANNUAL CHARGES.

(a) IN GENERAL.—The Federal Energy Regulatory Commission shall assess and collect annual charges on a fiscal year basis, beginning with fiscal year 1986, from interstate natural gas pipelines, interstate oil pipeline carriers, and public utilities in amounts determined under subsection (b).

(b) AMOUNT OF ASSESSMENTS.—The Commission shall assess and collect charges under this section—

(1) in the case of an interstate natural gas pipeline, in an amount that bears the same relationship to the adjusted costs of the Commission for the fiscal year as the volume of natural gas sold or transported by the pipeline during such year bears to the total volume of natural gas sold or transported by all interstate natural gas pipelines during such year;

(2) in the case of an interstate oil pipeline carrier, in an amount that bears the same relationship to the adjusted costs of the Commission for the fiscal year as the total barrels delivered (subject to the jurisdiction of the Commission) by the pipeline carrier during such year bears to the total barrels delivered (subject to such jurisdiction) by all interstate oil pipeline carriers during such year; and

(3) in the case of a public utility, in an amount that represents the public utility's proportional share of the adjusted costs of the Commission for the fiscal year, taking into consideration the public utility's proportional share of the total of the kilowatt hours transmitted under interchange hour agreements and the total jurisdictional kilowatt hours sold by all public utilities during such fiscal year.

(c) TIME OF ASSESSMENT.—The Commission shall assess charges under this section during the fourth quarter of the fiscal year for which the charge is being determined by making estimates based on data available to the Commission at the time of assessment.

(d) TIME OF PAYMENT.—The Commission shall provide that the charges assessed under this section shall be paid by the end of the fiscal year for which they were assessed.

(e) ADJUSTMENTS.—The Commission shall, after the completion of a fiscal year, make adjustments in the assessments for such fiscal year. Such adjustments shall be made on the basis of the complete data applicable to the fiscal year concerned, as determined by the Commission, and shall be used for making adjustments in assessments made under subsection (b) for the following fiscal year.

(f) USE OF FUNDS.—To the extent approved in appropriation Acts, amounts collected under this section may be retained and used for costs incurred by the Commission in administering its jurisdictional statutes and shall remain available for such purpose until expended.

(g) NATURAL GAS CHARGES IN RATES.—The Commission shall provide that charges assessed under this section shall be included in the rates of an interstate natural gas pipeline as a uniform charge on each thousand cubic feet (Mcf) or million Btu (MmBtu), as determined appropriate by the Commission, of natural gas sold or transported by the pipeline.

(h) DEFINITIONS.—For purposes of this section—

(1) the term "adjusted costs of the Commission" means—

(A) in the case of the assessment of charges on interstate natural gas pipelines, costs incurred by the Commission (but not to exceed the amount authorized by law for such costs) in administering the Natural Gas Act and the Natural Gas Policy Act of 1978 for a fiscal year, reduced by the amount of fees collected by the Commission during such fiscal year under section 9701 of title 31, United States Code, with respect to the regulation of the sale or transportation of natural gas,

(B) in the case of the assessment of charges on interstate oil pipeline carriers, costs incurred by the Commission (but not to exceed the amount authorized by law for such costs) as a result of regulating the transportation of oil under title 49, United States Code, reduced by the amount of fees collected by the Commission during such fiscal year under such section 9701 with respect to the regulation of the transportation of oil, and

(C) in the case of the assessment of charges on public utilities, costs incurred by the Commission (but not to exceed the amount authorized by law for such costs) in administering titles II and III of the Federal Power Act (other than for the regulation of cogeneration and small power production

under sections 201 and 210 of such Act) for a fiscal year, reduced by the amount of fees collected under such section 9701 for services or benefits rendered under such titles during such fiscal year;

(2) the term "Commission" means the Federal Energy Regulatory Commission;

(3) the term "interstate natural gas pipeline" means any person engaged in the transportation or sale of natural gas subject to the jurisdiction of the Commission under the Natural Gas Act;

(4) the term "pipeline carrier" has the meaning given such term in section 10102 of title 49, United States Code;

(5) the term "natural gas sold or transported" means—

(A) sales or deliveries of natural gas to distribution utilities for sales or use, and

(B) sales or deliveries of natural gas to consumers for ultimate use; and

(6) the term "public utility" has the same meaning given such term by section 201(e) of the Federal Power Act, except that such term does not include a qualifying small power producer or a qualifying cogenerator.

Subtitle E—Federal Energy Conservation Shared Savings

SEC. 1551. SHARED ENERGY SAVINGS.

(a) IN GENERAL.—The National Energy Conservation Policy Act (42 U.S.C. 8201 and following) is amended by adding at the end the following new title:

"TITLE VIII—SHARED ENERGY SAVINGS

"SEC. 801. AUTHORITY TO ENTER INTO CONTRACTS.

"The head of a Federal agency may, notwithstanding any other provision of law, enter into contracts under this title for the purpose of achieving energy savings. Each such contract may be for a period not to exceed 25 years and shall provide that the contractor shall incur the initial cost of implementing energy savings measures in exchange for a share of any savings resulting from such implementation.

"SEC. 802. PAYMENT OF COSTS.

"Any amount paid by a Federal agency pursuant to any contract entered into under this title, including any costs of terminating any such contract, may be paid only from funds appropriated, after the date of enactment of this title, for the payment of utility costs (and related operational and maintenance costs) of such agency.

"SEC. 803. REPORTS.

"Each Federal agency shall periodically furnish the Secretary of Energy with full and complete information on its activities under this title, and the Secretary shall include in the report submitted to Congress under section 550 a description of the progress made by each Federal agency in—

"(1) including the authority provided by this title in its contracting practices; and

"(2) achieving energy savings under contracts entered into under this title.

"SEC. 804. DEFINITIONS.

"For purposes of this title—

"(1) the term 'Federal agency' means an agency defined in section 551(1) of title 5, United States Code, and

"(2) the term 'energy savings' means a reduction in the energy consumption, or in the energy-related costs, of an existing building or buildings as a result of—

"(A) equipment, supplies, improvements, altered operation and maintenance, technical services, or other means; or

"(B) the increased efficient use of existing energy sources by cogeneration, heat recovery, or other means."

(b) TABLE OF CONTENTS.—The table of contents of such Act is amended by adding the following at the end:

"TITLE VIII—SHARED ENERGY SAVINGS

"Sec. 801. Authority to enter into contracts.

"Sec. 802. Payment of costs.

"Sec. 803. Reports.

"Sec. 804. Definitions."

Subtitle F—Charges to Cover the Cost of Federal Communications Commission

SEC. 1561. CHARGES TO COVER THE COST OF FEDERAL COMMUNICATIONS COMMISSION.

(a) SCHEDULE OF CHARGES.—(1) The Federal Communications Commission (hereafter in this section referred to as the "Commission") shall assess and collect charges listed in this subsection at the rates listed or at such modified rates as it shall establish pursuant to the provisions of subsection (b) of this section.

Schedule of Charges

Service	Fee amount
PRIVATE RADIO BUREAU	
1. Marine Coast Stations (new, modifications, renewals).	$60
2. Operational Fixed Microwave Stations (new, modifications, renewals).	135
3. Aviation (ground stations) (new, modifications, renewals).	60
4. Land, Mobile Radio Licenses (new, modifications, renewals).	30
EQUIPMENT APPROVAL SERVICE	
1. Certification	
a. Receivers (except TV and FM receivers).	250
b. All other devices	650
2. Type Acceptance	
a. Approval of subscription TV systems.	2,000
b. All others	325
3. Type Approval	
a. Ship (radio telegraph) automatic alarm systems.	6,500
b. Ship and lifeboat (radio telegraph) transmitters.	3,250
c. All others (with testing)	1,300
d. All others (without testing)	150
4. Notifications	100
MASS MEDIA BUREAU	
1. Commercial TV Stations	
a. New and major change construction permits application fees.	2,250
b. Minor changes application fee.	500
c. Hearing charge	6,000
d. License fee	150
2. Commercial Radio Stations	
a. New and major change construction permits.	
(1) Application fee AM station.	2,000
(2) Application fee FM station.	1,800
b. Minor changes application fee—AM and FM.	500
c. Hearing charge	6,000
d. License fee	
(1) AM	325
(2) FM	100
e. Directional antenna license fee (AM only).	375
3. FM/TV Translators and LPTV Stations (new and major change construction permits)	
a. Application fee	375
b. License fee	75
4. Station Assignment and Transfer Fees	
a. AM, FM, and TV commercial stations	
(1) Application fee (Forms 314/315).	500
(2) Application fee (Form 316).	70
b. FM/TV translators and LPTV stations.	75
5. Auxiliary Services Major Actions—Application Fee.	75
6. Renewals—All Services	30
7. Cable Television Service	
a. Cable television relay service—construction permits, assignments and transfers, renewals and modifications.	135
b. Cable special relief petitions—filing fee.	700

Schedule of Charges—Continued

Service	Fee amount
8. Direct Broadcast Satellite New and Major Change CP's	
a. Application for authorization to construct a direct broadcast satellite.	1,300
b. Issuance of CP and launch authority.	17,500
c. License to operate satellite	500
d. Hearing charge	6,000
COMMON CARRIER BUREAU	
1. Domestic Public Land Mobile Stations (Base, Dispatch, Control and Repeater Stations)	
a. New or additional facility authorizations, assignments and transfers (per transmitter/per station).	200
b. Renewals and minor modifications (per station).	20
c. Air-Ground individual license renewals and modifications.	20
2. Cellular Systems	
a. Initial construction permits and major modification applications (per cellular systems).	200
b. Assignments and transfers (per station).	200
c. Initial covering license (per cellular system)	
(1) Wireline carrier	525
(2) Nonwireline carrier	50
d. Renewals	20
e. Minor modifications and additional licenses.	50
3. Rural Radio (Central Office, Interoffice Relay Facilities)	
a. Initial construction permit, assignments and transfers (per transmitter).	90
b. Renewals and modifications (per station).	20
4. Offshore Radio Service	
a. Initial construction permits, assignments and transfers (per transmitter).	90
b. Renewals and modifications (per station).	20
5. Local television or point-to-point microwave radio service	
a. Construction permits, modifications of construction permits, and renewals of licenses.	135
b. Assignments and transfers of control (per station).	45
c. Initial license for new frequency.	135
6. International Fixed public radio (public and control stations)	
a. Initial construction permits, assignments and transfers.	450
b. Renewals and modifications	325
7. Satellite services	
a. Transmit Earth stations	
(1) Initial station authorizations.	1,350
(2) Assignments and transfers of station authorizations.	450
(3) All other applications	90
b. Small transmit/receive Earth stations (2 meters or less)	
(1) Lead authorization	3,000
(2) Routine authorization	30
(3) All other applications	90
c. Receive only Earth stations	
(1) Initial station authorization.	200
(2) All other applications	90
d. Applications for authority to construct a space station.	1,800
e. Applications for authority to launch and operate a space station.	18,000
f. Satellite system application	
(1) Initial station authorization.	5,000
(2) Assignments and transfers of systems.	1,333
(3) All other applications	90
8. Multipoint distribution service	
a. Construction permits, renewals and modifications of construction permits.	135
b. Assignments and transfers of control (per station).	45
c. Initial license (per channel)	400
9. Section 214 applications	
a. Applications for overseas cable construction.	8,100
b. Applications for domestic cable construction.	540
c. All other 214 applications	540
10. Tariff filings	
a. Filing fee	250
b. Special permission filings	200
11. Telephone equipment registration	135

Schedule of Charges—Continued

Service	Fee amount
12. Digital electronic message service	
a. Construction permits, renewals and modifications of construction permits.	135
b. Assignments and transfers of control (per station).	45
c. Initial license (first license or license adding a new frequency).	135

(2) The schedule of charges established by this subsection shall be implemented not later than 360 days after the date of enactment of this subsection.

(b) SUBSEQUENT INCREASES OR DECREASES IN CHARGES.—(1) The schedule of charges established by this section shall be reviewed by the Commission every 2 years after the date of enactment of this section and adjusted by the Commission to reflect changes in the Consumer Price Index. Increases or decreases in charges shall apply to all categories of charges, except that individual fees shall not be adjusted until the increase or decrease, as determined by the net change in the Consumer Price Index since the date of enactment of this section, amounts to at least $5 in the case of fees under $100, or 5 percent in the case of fees of $100 or more. All fees which require adjustment will be rounded upward to the next $5 increment. The Commission shall transmit to the Congress notification of any such adjustment not later than 90 days before the effective date of such adjustment.

(2) Increases or decreases in charges made pursuant to this subsection shall not be subject to judicial review.

(c) PENALTIES FOR LATE PAYMENTS.—(1) The Commission shall prescribe by regulation an additional charge which shall be assessed as a penalty for late payment of charges required by subsection (a) of this section. Such penalty shall be 25 percent of the amount of the charge which was not paid in a timely manner.

(2) The Commission may dismiss any application or other filing for failure to pay in a timely manner any charge or penalty under this section.

(d) EXEMPTIONS AND WAIVERS.—(1) The charges established in this section shall not be applicable—

(A) to the following radio services: Local Government, Police, Fire, Highway Maintenance, Forestry-Conservation, Public Safety, and Special Emergency Radio; or

(B) to governmental entities licensed in other services.

(2) The Commission may waive or defer payment of a charge in any specific instance for good cause shown, where such action would promote the public interest.

(e) DEPOSIT OF MONEYS RECEIVED.—Moneys received from charges established in or prescribed pursuant to this section shall be deposited in the general fund of the Treasury to reimburse the United States for amounts appropriated for use by the Commission in carrying out its functions.

(f) RULES AND REGULATIONS.—The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section.

Subtitle G—Local Rail Service Assistance

SEC. 1571. LOCAL RAIL SERVICE ASSISTANCE.

Section 5(q) of the Department of Transportation Act (49 U.S.C. App. 1654(q)) is amended by adding at the end the following new sentence: "No funds are authorized to be appropriated under this section after September 1, 1985.".

Subtitle H—Amtrak

SEC. 1581. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—Section 601(b)(2) of the Rail Passenger Service Act (45 U.S.C. 601(b)(2)) is amended—

(1) in subparagraph (A) by striking out "and" after "403(b) of this Act;";

(2) in subparagraph (B) by striking out the period and inserting in lieu thereof "; and"; and

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

"(C) not to exceed $603,500,000 for the fiscal year ending September 30, 1986.".

(b) LIMITATION.—Such section 601(b) is further amended by adding at the end a new paragraph as follows:

"(5) Unless sufficient funds are otherwise available to operate the Corporation's rail system at substantially the same level of service, maintenance, and equipment overhauls in effect on the date of the enactment of this paragraph, funds appropriated to or for the benefit of the Corporation under this section before the date of the enactment of this paragraph which the Corporation has designated for nonoperational capital projects shall be used as necessary to maintain the operations of the system at such level.".

SEC. 1582. STUDY COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the National Railroad Passenger Corporation Financial Status Commission (hereafter in this subtitle referred to as the "Commission").

(b) PURPOSE OF COMMISSION.—The purpose of the Commission is to study—

(1) the ability of the National Railroad Passenger Corporation (hereafter in this subtitle referred to as "Amtrak") to continue to improve, or to accelerate the improvement of, its financial performance;

(2) the short-term and long-term capital needs of Amtrak; and

(3) alternative funding mechanisms for Amtrak.

(c) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—The Commission shall be composed of seventeen members as follows:

(A) Two State legislators appointed by the National Conference of State Legislators, one from the area comprised of Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia, and one from outside such area.

(B) Two members of the National Association of Railroad Passengers appointed by the President of such Association; one who lives in the area comprised of Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia, and one who lives outside such area.

(C) A Member of the United States Senate appointed by the President pro tempore of the Senate.

(D) A Member of the United States House of Representatives appointed by the Speaker of the House.

(E) A State transportation official from a State financially participating in the program established under section 403(b) of the Rail Passenger Service Act, appointed by the Executive Director of the National Conference of State Railway Officials (NCSRO).

(F) A State transportation official from a State not participating in the program established under section 403(b) of the Rail Passenger Service Act, appointed by the Executive Director of the National Conference of State Railway Officials (NCSRO).

(G) A representative of the Department of Transportation designated by the Secretary of Transportation.

(H) A person appointed by the Railway Labor Executives' Association.

(I) A representative of freight railroads appointed by the Association of American Railroads or its successor.

(J) Two commuter authorities, as such term is defined for purposes of the Rail Passenger Service Act, appointed by the American Public Transit Association; one that operates exclusively within the area comprised of Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia and one that operates exclusively outside such area.

(K) A person from the private sector, appointed by the President, with no financial interest in Amtrak or any competing mode of transportation.

(L) A representative of the passenger bus industry appointed by the President.

(M) A representative of Amtrak appointed by the President of Amtrak.

(N) A representative of the Office of Management and Budget appointed by the Director of such Office.

(2) SELECTION.—The members of the Commission shall be selected in accordance with paragraph (1) within sixty days after the date of enactment of this Act.

(3) EXPENSES.—Members of the Commission shall each be reimbursed actual expenses incurred in the actual performance of duties vested in the Commission.

(4) QUORUM.—Nine members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(5) CHAIRMAN.—The Chairman of the Commission shall be elected by the members of the Commission from among such members.

(6) ORGANIZATIONAL MEETING.—The members of the Commission shall hold their first meeting for the purpose of organizing the Commission and electing a Chairman under paragraph (4) within ninety days after the date of enactment of this Act.

(7) All meetings of the Commission shall be open to the public.

(d) STAFF OF COMMISSION.—

(1) STAFF.—Subject to such rules as may be prescribed by the Commission, the Chairman may appoint such personnel as the Chairman considers appropriate.

(2) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(3) EXPERTS AND CONSULTANTS.—Subject to such rules as may be prescribed by the Commission, the Chairman may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(4) STAFF OF FEDERAL AGENCIES.—Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties under this subtitle.

(e) POWERS OF COMMISSION.—

(1) HEARINGS AND SESSIONS.—The Commission, or, if so authorized by the Commission, any three members of the Commission, may, for the purpose of carrying out this subtitle, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission considers appropriate. The Commission may administer oaths or affirmations to witnesses appearing before it.

(2) OBTAINING OFFICIAL DATA.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this subtitle. Upon request of the Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

(3) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(4) ADMINISTRATIVE SUPPORT SERVICES.—The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(f) REPORT.—The Commission shall transmit to the Congress a report not later than March 30, 1986. The report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation as it considers appropriate.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the purpose of carrying out this section not to exceed $1,000,000 for the fiscal year ending September 30, 1986, to remain available until expended.

SEC. 1583. CAPITAL ASSETS.

Section 304(c) of the Rail Passenger Service Act (45 U.S.C. 544(c)) is amended by adding at the end thereof the following new paragraph:

"(3) The preferred stock issued pursuant to paragraphs (1) and (2) of this subsection shall be deemed to have been issued as of the date of receipt by the Corporation of the funds for which such stock is issued.".

SEC. 1584. GOVERNMENT TRAVEL.

Section 306(f) of the Rail Passenger Service Act (45 U.S.C. 546(f)) is amended by inserting ", which shall include allowing the Corporation to participate in the contract air program administered by the General Services Administration in markets where service provided by the Corporation is competitive as to rates and total trip times" before the period.

SEC. 1585. REPORT CONSOLIDATION.

Section 308(a) of the Rail Passenger Service Act (45 U.S.C. 548(a)) is amended to read as follows:

"(a) The Corporation shall submit to the Congress a report not later than February 15 of each year. The report shall include, for each route on which the Corporation operated intercity rail passenger service during the preceding fiscal year, data on ridership, passenger miles, short-term avoidable profit or loss per passenger mile, revenue-to-cost ratio, revenues, the Federal subsidy, the non-Federal subsidy, and on-time performance.".

SEC. 1586. CHARTER TRAINS.

Section 402 of the Rail Passenger Service Act (45 U.S.C. 562) is amended:

(1) by repealing subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

SEC. 1587. MISCELLANEOUS AMENDMENTS.

(a) AUDITS.—Section 805 of the Rail Passenger Service Act (45 U.S.C. 644) is amended:

(1) in subsection (2)(A) by striking out "shall conduct annually a" in the first sentence and inserting in lieu thereof "may conduct"; and

(2) in subsections (2)(A) and (2)(B) by striking "audit" wherever it appears and inserting in lieu thereof "audits".

(b) REPEAL OF STUDIES AND REPORTS.—Sections 306(k), 806, 810, and 811 of the Rail Passenger Service Act (45 U.S.C. 546(k), 645, 649, and 650) are repealed.

(c) EMERGENCY ASSISTANCE.—Title VII of the Rail Passenger Service Act (45 U.S.C. 621 and 622) is repealed.

(d) NORTHEAST CORRIDOR REPORTS.—Section 703(1)(D) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853(1)(D)) is repealed, effective October 1, 1986.

(e) PERFORMANCE EVALUATION CENTER.—Section 305(1) of the Rail Passenger Service Act (45 U.S.C. 545(1)) is repealed.

SEC. 1588. REVENUE-COST RATIO.

Section 404(c)(4)(A) of the Rail Passenger Service Act (45 U.S.C. 564(c)(4)(a)) is amended by adding at the end the following new sentence: "Commencing in fiscal year 1986, the Corporation shall set a goal of recovering an amount sufficient that the ratio of its revenues, including contributions from States, agencies, and other persons, to costs, excluding capital costs, shall be at least 61 percent.

SEC. 1589. LABOR-RELATED COST SAVINGS.

Amtrak and the representatives of employees of Amtrak shall negotiate changes in existing agreements between such parties that will result in substantial cost savings to Amtrak, and shall report the results of such negotiations to the Congress within six months after the date of enactment of this Act.

SEC. 1590. ROUTE DISCONTINUANCE.

(a) PROHIBITION.—Amtrak shall not, by reason of any provision of this subtitle, including section 1581, reduce the frequency of service on any line on which, as of May 1, 1985, three or fewer trains operate per week.

SEC. 1591. UNSAFE FACILITIES.

Title VIII of the Rail Passenger Service Act (45 U.S.C. 641 et seq.) is amended by adding at the end the following new section:

"SEC. 812. UNSAFE FACILITIES.

"(a) The Corporation, or the owner of any facility which presents a danger to the employees, passengers, or property of the Corporation, may petition the Secretary for assistance to the owner of such facility for relocation or other remedial measures to minimize or eliminate such danger under this section.

"(b) If the Secretary determines that—

"(1) a facility which is the subject of a petition under subsection (a) presents a danger of death or serious injury to any employee or passenger of the Corporation or serious damage to any property of the Corporation; and

"(2) the owner of such facility should not be expected to bear the cost of relocating or other remedial measures necessary to minimize or eliminate such danger,

the Secretary shall recommend to the Congress that the Congress, as a part of its periodic reauthorizations of this subtitle, authorize funding, by reimbursement or otherwise, for such relocation or other remedial measures.

"(c) Petitions may be submitted under subsection (a) of this section with respect to any relocation or remedial measures undertaken on or after January 1, 1978.".

SEC. 1592. EMPLOYMENT VACANCY FILING.

(a) LIABILITY.—Section 704(c) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 797c(c)) is amended—

(1) by inserting "(1)" after "VACANCY NOTICES.—"; and

(2) by adding at the end a new paragraph as follows:

"(2)(A) As soon as the Board becomes aware of any failure on the part of a railroad to comply with paragraph (1), the Board shall issue a warning to such railroad of its potential liability under subparagraph (B).

"(B) Any railroad failing to comply with paragraph (1) of this subsection after being warned by the Board under subparagraph (A) shall be liable for a civil penalty in the amount of $1,000 for each vacancy with respect to which such railroad has so failed to comply.".

(b) EXTENSION.—Section 704(f) of such Act (45 U.S.C. 797c(f)) is amended by striking out "4-year" and inserting in lieu thereof "6-year".

(c) EFFECTIVE DATES.—The amendments made by subsection (a) shall take effect on the date of enactment of this Act, and the amendment made by subsection (b) shall be effective as of August 1, 1985.

SEC. 1593. TRANSPORTATION OF UNOCCUPIED VEHICLES.

Section 103(3) of the Rail Passenger Service Act (45 U.S.C. 502(3)) is amended by inserting ", and, when space is available, of unoccupied vehicles" after "and their occupants".

SEC. 1594. RAIL EMPLOYEE TAXES.

Section 11504(a) of title 49, United States Code, is amended by adding at the end the following new paragraph:

"(3) No part of the compensation paid by a rail carrier providing transportation subject to the jurisdiction of the Interstate Commerce Commission under subchapter I of chapter 105 of this title to an employee who performs his regular assigned duties as such an employee on a railroad in more than one State, shall be subject to the income tax laws of any State or subdivision thereof other than a State or subdivision thereof described in paragraph (2) of this subsection.".

TITLE V—COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

SEC. 1601. REVISION OF SECTION 8(g).

Section 8(g) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)) is amended to read as follows:

"(g)(1) At the time of soliciting nominations for the leasing of lands containing tracts wholly or partially within three nautical miles of the seaward boundary of any coastal State, and subsequently as new information is obtained or developed, the Secretary shall, in addition to the information required by section 26 of this Act, provide the Governor of such State—

"(A) an identification and schedule of the areas and regions proposed to be offered for leasing;

"(B) all information from all sources concerning the geographical, geological, and ecological characteristics of such region;

"(C) an estimate of the oil and gas reserves in the areas proposed for leasing; and

"(D) an identification of any potentially hydrocarbon-bearing area or areas located wholly or partially within three nautical miles of the seaward boundary of such coastal State, including all information relating to the entire potentially hydrocarbon-bearing area.

The confidentiality provisions of section 26 of this Act shall apply to all information provided under this paragraph.

"(2) Notwithstanding any other provision of this Act, the Secretary shall deposit into a separate account in the Treasury of the United States all bonuses, rents, royalties, and other revenues, excluding Federal income and windfall profits taxes, derived from any lease of any Federal tract which lies wholly or partially within three nautical miles of the seaward boundary of any coastal State. Except as provided in paragraph (5), not later than the last business day of the month following the month in which those revenues are deposited in the Treasury, the Secretary shall transmit to such coastal State 27 percent of those revenues, together with all accrued interest. The re-

maining balance of such revenues shall be transmitted simultaneously to the miscellaneous receipts account of the United States Treasury.

"(3) Whenever the Secretary or the Governor of a coastal State determines that a common potentially hydrocarbon-bearing area may underlie the Federal and State boundary, the Secretary or the Governor shall notify the other party in writing of his determination and the Secretary shall provide to the Governor notice of the current and projected status of the tract or tracts containing the potentially common hydrocarbon-bearing area. If the Secretary has leased or intends to lease such tract or tracts, the Secretary and the Governor of the coastal State may enter into an agreement to divide the revenues from production of any potentially common hydrocarbon-bearing area, by unitization or other royalty sharing agreement, pursuant to existing law. Any revenues received by the United States under such an agreement shall be subject to the requirements of paragraph (2).

"(4) The deposits in the Treasury account described in this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest available interest rates.

"(5)(A) For all existing and future disputes, including *United States* v. *Alaska*, Supreme Court No. 84, Original, between the United States and any State regarding the location of that State's seaward boundary, the Secretary shall deposit in the separate Treasury account described in paragraph (2) all revenues not put into a separate escrow account of the Treasury escrowed pursuant to section 7 of the Outer Continental Shelf Lands Act (43 U.S.C. 1336) which are attributable to tracts which are wholly or partially within three nautical miles of the seaward boundary claimed by the coastal State in that dispute. Upon final agreement of the parties or upon a final determination by a court of competent jurisdiction resolving such dispute, the Secretary shall distribute such revenues pursuant to paragraph (2) based upon the results of the boundary dispute.

"(B) After distribution to any State of its direct entitlement under any final agreement by the parties or any final determination by a court of competent jurisdiction concerning any controversy arising under section 7 of the Outer Continental Shelf Lands Act (43 U.S.C. 1336) that portion of any remaining revenues which is attributable to lease tracts which are wholly or partially within three nautical miles of such State's seaward boundary as established by such agreement or court decree shall be deposited and then distributed in accordance with the process established under paragraph (2). This paragraph applies to all existing accounts for revenues attributable to leased tracts sold in the Federal/State Joint Beaufort Sea Oil and Gas Lease Sale BF, Sale 71 and Sale 87, all of which involve tracts related to the dispute under section 7 of the Outer Continental Shelf Lands Act in *United States* v. *Alaska*, Supreme Court No. 84, Original, as well as to all future Outer Continental Shelf oil and gas lease sales which may involve tracts subject to an ownership dispute.

"(6) This section shall be deemed to take effect on October 1, 1985, for purposes of determining the amounts to be deposited in the separate account and the States' shares described in paragraph (2).

"(7) When the Secretary leases any tract which lies wholly or partially within three miles of the seaward boundary of two or more States, the revenues from such tract shall be distributed as otherwise provided by this section, except that the State's share of such revenues that would otherwise result under this section shall be divided equally among such States.".

SEC. 1602. DISTRIBUTION OF 8(g) ACCOUNT.

(a) Prior to January 1, 1986, the Secretary shall distribute to the designated coastal States the sum of—

(1) the amounts due and payable to each such State under paragraph (2) of section 8(g) of the Outer Continental Shelf Lands Act, as amended by this title, for the period between October 1, 1985, and the date of such distribution, and

(2) the amounts due each such State under subsection (b) for the period prior to October 1, 1985.

(b)(1) The funds which were deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)(4)) which was in effect prior to the date of enactment of this Act shall be distributed in the following manner as a fair and equitable disposition of such funds derived from bonuses and rents and accrued interest thereon through September 30, 1985:

Louisiana	$635,000,000
Texas	$424,000,000
California	$375,000,000
Alabama	$73,000,000
Alaska	$56,000,000
Mississippi	$15,000,000
Florida	$30,000

(2) The Secretary shall distribute to each coastal State 27 percent of the royalties derived from any lease of Federal lands within three miles of the seaward boundary of such coastal State and accrued interest thereon which have been deposited through September 30, 1985, in the separate account described in paragraph (1), as a fair and equitable disposition of such royalties.

(3) Of the funds attributable to bonuses, rents, royalties, and accrued interest remaining in the separate account after payment is made to the States in accordance with paragraphs (1) and (2) of this subsection, $4,300,000,000 shall be credited to the miscellaneous receipts of the Treasury. The remainder of the money shall be paid to the affected coastal States. Each State shall receive an amount equal to its proportional share of the total additional amount that would have been due to the States if all revenues derived from any lease of any Federal tract which lies wholly or partially within three miles of a State's seaward boundary had been deposited in the separate account in the Treasury of the United States in accordance with section 8(g)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)(4)), as in effect prior to the date of enactment of this Act. A State's proportional share of the total additional amount due is based on an amount equal to—

(A) 27 percent of all bonuses, rents, and royalties, plus accrued interest derived through September 30, 1985, from any lease of any Federal tract which lies wholly or partially within three miles of the seaward boundary of such coastal State, less

(B) the amounts paid to such coastal State under paragraphs (1) and (2) of this subsection.

SEC. 1603. IMMOBILIZATION OF BOUNDARIES.

Section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)) is amended by inserting before the semicolon at the end of the subsection the following: ", except that any boundary between a State and the United States under this Act which has been or is hereafter fixed by coordinates under a final decree of the United States Supreme Court shall remain immobilized at the coordinates provided under such decree and shall not be ambulatory".

SEC. 1604. RECOUPMENT.

(a) As a fair and equitable disposition of revenues derived between September 18, 1978, and September 30, 1985, from all bonuses, royalties, other revenues, excluding Federal income and windfall profits taxes, and accrued interest through September 30, 1985, from any Federal leases within three miles of the seaward boundary of any coastal State, including all such revenues which should have been, but which were not, deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)(4)) which was in effect prior to the date of enactment of this Act, such coastal State shall be entitled to an additional amount equal to—

(1) 27 percent of all bonuses, rents, royalties, other revenues, and accrued interest through September 30, 1985, derived from any lease of any Federal tract which lies wholly or partially within three nautical miles of the seaward boundary of such coastal State, less

(2) the amounts paid to such coastal State under section 1602(b) of this Act.

(b) The additional amount due each State under subsection (a) shall be paid from a separate Treasury account which is constituted as set forth in subsection (c). The total amount contained in such account on the last business day of each month shall be paid to each State in an amount proportional to that State's share of the total additional amounts due to all States under subsection (a).

(c) Beginning on October 1, 1986, the Secretary shall deposit into the account described in subsection (b) from the separate account described in section 8(g)(2) of the Outer Continental Shelf Lands Act, as amended by this title, 10 percent of all revenues deposited after October 1, 1986, into the account described in such section 8(g)(2) until such time as the amount due to all coastal States under subsection (a) has been paid.

SEC. 1605. REVISION OF SECTION 19(c).

(a) Section 19(c) of the Outer Continental Shelf Lands Act (43 U.S.C. 1345(c)) is amended to read as follows:

"(c) The Secretary shall accept recommendations of the Governor and may accept recommendations of the executive of any affected local government unless he determines, based on substantial evidence and after having provided the opportunity for consultation, that acceptance of such recommendations would significantly impair the national interest. For purposes of this subsection, a determination of the national interest shall be based on the desirability of obtaining oil and gas supplies in a balanced manner and on the findings, purposes, and policies of this Act. The Secretary shall inform the Governor in writing of his decision to accept or reject a recommendation or to implement any alternative means to protect the national interest identified in consultation with the Governor, and the reasons for his decision. Should the Secretary reject a recommendation, he shall, no less than thirty days prior to proceeding with the proposed action, provide the Governor with the findings on which his decision is based.".

(b)(1) Section 19(d) of such Act is repealed.

(2) Subsection (e) of section 19 of such Act is redesignated as subsection (d).

TITLE VI—COMMITTEE ON MERCHANT MARINE AND FISHERIES

Subtitle A—Boating Safety Fund

SEC. 1701. BOATING SAFETY FUND.

An amount equal to one-third of the amount transferred for fiscal year 1985 to the Boat Safety Account under section 9503(c)(4) of the Internal Revenue Code of 1954 (26 U.S.C. 9503(c)(4)) shall be deposited in the general fund of the Treasury as proprietary receipts of the department in which the Coast Guard is operating and ascribed to Coast Guard activities. Section 13106(a) of title 46, United States Code, shall be applied with respect to fiscal year 1985 by substituting "one-third" for "two-thirds" in the first sentence.

Subtitle B—NOAA Charts

SEC. 1711. NOAA CHARTS.

(a) Section 1307 of title 44, United States Code (relating to the sale and distribution of charts and associated reference materials published by the National Oceanic and Atmospheric Administration) is amended to read as follows:

"§ 1307. National Oceanic and Atmospheric Administration: charts; sale and distribution

"(a) GENERAL RULE.—Each nautical or aeronautical product shall be sold at a price established by the Secretary of Commerce as follows:

"(1) The Secretary shall increase the price annually, from the price in effect immediately before the date of the enactment of this paragraph, so that by the end of the three-year period beginning on such date it is equal to the costs attributable to data base management, compilation, printing, and distribution which are allocable to the nautical or aeronautical product.

"(2) At all times after the end of such three-year period the price shall be equal to the costs attributable to data base management, compilation, printing, and distribution which are allocable to the nautical or aeronautical product unless the Secretary determines that a lower price is necessary for reasons of air and marine safety.

"(b) EXCEPTIONS AND LIMITATIONS.—

"(1) FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS.—The Secretary of Commerce may distribute nautical and aeronautical products without charge to each foreign government or international organization with which the Secretary or a Federal department or agency has an agreement for exchange of these products without cost.

"(2) DEPARTMENTS AND AGENCIES OF THE UNITED STATES.—The Secretary of Commerce may distribute nautical and aeronautical products to officers and employees of the United States requiring them for official use at such prices as the Secretary may establish.

"(3) EXCHANGES FOR CONTRIBUTIONS OF INFORMATION.—The Secretary of Commerce may distribute nautical and aeronautical products without charge, or at a reduced charge, if the Secretary determines that it is a reasonable exchange for a voluntary contribution of information by the recipient to the National Oceanic and Atmospheric Administration.

"(4) LIMITATION ON COSTS OF ACQUIRING AND PROCESSING DATA.—Prices established under this section shall not include costs attributable to the acquisition or processing of nautical or aeronautical data.

"(c) ANNUAL PUBLICATION OF PRICES.—The Secretary of Commerce shall establish and publish annually the prices at which nautical and aeronautical products are sold to the public under this section.

"(d) DEPOSIT OF REVENUES IN TREASURY.—Revenues from the sale of nautical and aeronautical products shall be deposited in the general fund of the Treasury and credited to miscellaneous receipts.

"(e) REPORT.—Not later than the end of the three-year period beginning on the date of the enactment of this subsection, the Secretary of Commerce shall report to Congress on the effects of raising prices for nautical and aeronautical products under subsection (a), including the effect on air and marine safety.

"(f) DEFINITION OF NAUTICAL AND AERONAUTICAL PRODUCTS.—For purposes of this section, the term 'nautical and aeronautical products' includes all nautical and aeronautical charts, tide and tidal current tables, tidal current charts, coast pilots, water level products, and associated data bases which are created or published by the National Oceanic and Atmospheric Administration.

"(g) SAVINGS PROVISION.—The collection of fees under this section does not—

"(1) alter or expand any duty or liability of the United States under existing law for the performance of functions for which fees are collected; or

"(2) constitute an express or implied undertaking by the United States to perform any activity in a certain manner.".

(b) The table of sections for chapter 13 of title 44, United States Code, is amended by striking out the item relating to section 1307 and inserting in lieu thereof the following:

"1307. National Oceanic and Atmospheric Administration: charts; sale and distribution.".

Subtitle C—Amendments to Fishery Conservation and Management Act of 1976

SEC. 1721. AMENDMENTS TO FISHERY CONSERVATION AND MANAGEMENT ACT OF 1976.

Paragraph (10) of section 204(b) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1824(b)) is amended—

(1) in the third sentence thereof by striking out "and the territorial waters of the United States"; and

(2) by striking out the last sentence of such paragraph and inserting in lieu thereof the following: "The Secretary shall transfer the amount collected during any fiscal year under this paragraph as follows:

"(A) The fisheries loan fund established under section 4 of the Fish and Wildlife Act of 1956 (16 U.S.C. 742c), for so long as such fund exists, shall be credited with an amount that bears to the total cost of carrying out the provisions of this Act (as described in the preceding sentence) during the fiscal year the same ratio as the aggregate quantity of fish harvested by foreign fishing vessels within the fishery conservation zone during the preceding year bears to the aggregate quantity of fish harvested by both foreign and domestic fishing vessels within such zone and the territorial waters of the United States during the preceding year. Such amount may be used for the purpose of making loans from the fund to the extent and in amounts provided for in advance in appropriation Acts.

"(B) The general fund of the United States Treasury shall be credited with any portion of the amount collected during the fiscal year that remains after the Secretary completes the transfer under subparagraph (A)."

SEC. 1722. EFFECTIVE DATE.

The amendments made by section 1721 shall apply to permits issued under section 204(b) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1824(b)) on October 1, 1985.

Subtitle D—Amendments to the Outer Continental Shelf Lands Act

SEC. 1731. NATIONAL POLICY FOR THE OUTER CONTINENTAL SHELF.

The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended in subsection (4) of section 3 by deleting the word "and" at the end of paragraph (A); deleting the semicolon at the end of paragraph (B) and inserting in lieu thereof, a period; designating paragraph (B) as paragraph (C); and inserting the following new paragraph (B):

"(B) the distribution of a portion of the receipts from the leasing of mineral resources of the Outer Continental Shelf adjacent to State lands, as provided under section 8(g), will provide affected coastal States and localities with funds which shall be used for the mitigation of adverse economic and environmental effects related to the development of such resources;".

SEC. 1732. REVISION OF SECTION 8(g).

Section 8(g) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)) is amended to read as follows:

"(g) Leasing of lands within three nautical miles of seaward boundaries of coastal States:

"(1) At the time of soliciting nominations for the leasing of lands containing tracts wholly or partially within three nautical miles of the seaward boundary of any coastal State, and subsequently as new information is obtained or developed by the Secretary, the Secretary shall, in addition to the information required by section 26 of this Act, provide the Governor of such State—

"(A) an identification and schedule of the areas and regions proposed to be offered for leasing;

"(B) at the request of the Governor of such State, all information from all sources concerning the geographical, geological, and ecological characteristics of such tracts;

"(C) an estimate of the oil and gas reserves in the areas proposed for leasing; and

"(D) at the request of the Governor of such State, an identification of any field, geological structure, or trap located wholly or partially within three nautical miles of the seaward boundary of such coastal State, including all information relating to the entire field, geological structure, or trap.

The provisions of the first sentence of subsection (c) and the provisions of subsections (e)-(h) of section 26 of this Act shall be applicable to the release by the Secretary of any information to any coastal State under this paragraph. In addition, the provisions or subsections (c) and (e)-(h) of this Act shall apply in their entirety to the release by the Secretary to any coastal State of any information relating to federal lands beyond three nautical miles of the seaward boundary of such coastal State.

"(2) Notwithstanding any other provision of this Act, the Secretary shall deposit into a separate account in the Treasury of the United States all bonuses, rents, royalties and other revenues, excluding federal income and windfall profits taxes, derived from any lease of any federal tract which lies wholly or partially within three nautical miles of the seaward boundary of any coastal State. Except as provided in paragraph (5) of this subsection, not later than the last business day of the month following the month in which those revenues are deposited in the Treasury, the Secretary shall transmit to such coastal State 27 percent of those revenues, together with all accrued interest. The remaining balance of such revenues shall be transmitted simultaneously to the miscellaneous receipts account of the United States Treasury.

"(3) Whenever the Secretary or the Governor of a coastal State determines that a common potentially hydrocarbon-bearing area may underlie the federal and State boundary, the Secretary or the Governor shall notify the other party in writing of his determination and the Secretary shall provide to the Governor notice of the current and projected status of the tract or tracts containing the potentially common hydrocarbon-bearing area. If the Secretary has leased or intends to lease such tract or tracts, the Secretary and the Governor of the coastal State may enter into an agreement to divide the revenues from production of any potentially common hydrocarbon-bearing area, by unitization or other royalty sharing agreement, pursuant to existing law. Any revenues received by the United States under such an agreement shall be subject to the requirements of paragraph (2) of this subsection.

"(4) The deposits in the Treasury account described in this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest available interest rates.

"(5) (A) For all existing and future disputes, including United States v. Alaska, Supreme Court No. 84, Original, between the United States and any State regarding the location of that State's seaward boundary, the Secretary shall deposit in the separate Treasury account described in paragraph (2) of this subsection all revenues not put into a separate escrow account of the Treasury escrowed pursuant to section 7 of the Outer Continental Shelf Lands Act (43 U.S.C. 1336) which are attributable to tracts which are wholly or partially within three nautical miles of the seaward boundary claimed by the coastal State in that dispute. Upon final agreement of the parties or upon a final determination by a court of competent jurisdiction resolving such dispute, the Secretary shall distribute such revenues pursuant to paragraph (2) of this subsection based upon the results of the boundary dispute.

"(B) After distribution to any State of its direct entitlement under any final agreement by the parties or any final determination by a court of competent jurisdiction concerning any controversy arising under section 7 of the Outer Continental Shelf Lands Act (43 U.S.C. 1336) that portion of any remaining revenues which is attributable to lease tracts which are wholly or partially within three nautical miles of such State's seaward boundary as established by such agreement or court decree shall be deposited and then distributed in accordance with the process established under paragraph (2) of this subsection. This paragraph applies to all existing accounts for revenues attributable to leased tracts sold in the Federal/State Joint Beaufort Sea Oil and Gas Lease Sale BF, Sale 71 and Sale 87, all of which involve tracts related to the dispute under section 7 of the Outer Continental Shelf Lands Act in United States v. Alaska, Supreme Court No. 84, Original, as well as to all future Outer Continental Shelf oil and gas lease sales which may involve tracts subject to an ownership dispute.

"(6) This section shall be deemed to take effect on October 1, 1985 for purposes of determining the amounts to be deposited in the separate account and the States' shares described in paragraph (2) of this subsection.

"(7) When the Secretary leases any tract which lies wholly or partially within three miles of the seaward boundary of two or more States, the revenues from such tract shall be distributed as otherwise provided by this section, except that the State's share of such revenues that would otherwise result under this section shall be divided equally among such States."

SEC. 1733. DISTRIBUTION OF 8(g) ACCOUNT.

(a) Prior to January 1, 1986, the Secretary shall distribute to the designated coastal States the sum of:

(1) The amounts due and payable to each such State under paragraph (2) of section 8(g) of the Outer Continental Shelf Lands Act, as amended by this title, for the period between October 1, 1985, and the date of such distribution, and

(2) The amounts due each such State under subsection (b) of this section for the period prior to October 1, 1985.

(b)(1) The funds which were deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1337(g)(4)) which was in effect prior to the date of enactment of section 1732 of this title shall be distributed in the following manner as a fair and equitable disposition of such funds derived from bonuses and rents and accrued interest thereon through September 30, 1985:

	($ million)
Louisiana	635
Texas	424
California	375
Alabama	73
Alaska	56
Mississippi	15
Florida	0.03

(2) The Secretary shall distribute to each coastal State 27 percent of the royalties derived from any lease of Federal lands within 3 miles of the seaward boundary of such coastal State and accrued interest thereon which have been deposited through September 30, 1985, in the separate account described in paragraph (1) of this subsection, as a fair and equitable disposition of such royalties.

(3) The amounts derived from bonuses, rents and royalties, and accrued interest thereon through September 30, 1985, remaining in the account after distribution to the States under this subsection shall be transmitted to the miscellaneous receipts account of the United States Treasury.

(4) The acceptance of payment under this section shall satisfy and release any and all claims against the United States arising under, or related to, former section 8(g) of the Outer Continental Shelf Lands Act, as amended.

SEC. 1734. IMMOBILIZATION OF BOUNDARIES.

Section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)) is amended by inserting before the semicolon at the end of the subsection the following: ", except that any boundary between a State and the United States under this Act which has been or is hereafter fixed by coordinates under a final decree of the United States Supreme Court shall remain immobilized at the coordinates provided under such decree and shall not be ambulatory".

SEC. 1735. RECOUPMENT.

(a) As a fair and equitable disposition of revenues derived between September 18, 1978 and September 30, 1985 from all bonuses, royalties, other revenues, excluding Federal income and windfall profits taxes, and accrued interest through September 30, 1985, from any Federal leases within three miles of the seaward boundary of any coastal State, including all such revenues which should have been, but which were not, deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1337(g)(4)) which was in effect prior to the date of enactment of section 1732 of this title, such coastal State shall be entitled to an additional amount equal to:

(1) 27 percent of all bonuses, rents, royalties, other revenues and accrued interest through September 30, 1985, derived from any lease of any Federal tract which lies wholly or partially within three nautical miles of the seaward boundary of such coastal State, less

(2) the amounts paid to such coastal State under section 1733(b) of this title.

(b) The additional amount due each State under subsection (a) of this section shall be paid from a separate Treasury account which is constituted as set forth in subsection (c) of this section. The total amount contained in such account on the last business day of each month shall be paid to each State in an amount proportional to that State's share of the total additional amounts due to all States under subsection (a) of this section.

(c) Beginning on October 1, 1986, the Secretary shall deposit into the account described in subsection (b) of this section from the separate account described in section 8(g)(2) of the Outer Continental Shelf Lands Act, as amended by this title, 10 percent of all revenues deposited after October 1, 1986, into the account described in such section 8(g)(2) until such time as the amount due to all coastal States under subsection (a) of this section has been paid.

SEC. 1736. LOCAL PASSTHROUGH.

Unless otherwise prohibited by its constitution, or a constitutional amendment pending as of the date of enactment of this title, subsequently approved, each State receiving payment under sections 1732, 1733, and 1735 of this title, shall provide no less than 33 percent of the funds to local coastal governments for the mitigation of economic and environmental effects related to OCS mineral leasing, exploration, development, and production. In the case of the State of Alaska, the State shall be considered the local coastal community for the Unorganized Borough.

Subtitle E—Ocean and Coastal Resources Management and Development Block Grant Act

SEC. 1741. DEFINITIONS.

For purposes of this subtitle—

(1) "block grant" means a National Ocean and Coastal Resources Management and Development Block Grant;

(2) "coastal population" means that term as defined in regulations issued on May 17, 1982, at 15 CFR Part 927;

(3) "coastal-related energy facilities" means any equipment or facility that (A) is or will be used primarily in the exploration for, or the development, production, conversion, storage, transfer, processing, or transportation of, any energy resource or for the manufacture, production, or assembly of equipment, machinery, products, or devices that are involved in any such energy-resource activity, and (B) is, or is likely to be, sited, constructed, expanded, or operated in, or in close proximity to, the coastal zone of any State because of technical requirements;

The term includes, (i) electric generating plants; (ii) facilities associated with the transportation, transfer, or storage of coal; (iii) petroleum refineries and associated facilities; (iv) gasification plants; (v) facilities associated with the transportation, conversion, treatment, transfer, or storage of liquefied natural gas; (vi) oil and gas facilities, including platforms, assembly plants, storage depots, tank farms, crew and supply bases, and refining complexes; (vii) facilities, including deepwater ports, for the transfer of petroleum; (viii) facilities used

for alternative ocean energy activities, including those associated with ocean thermal energy conversion; and (ix) pipelines, transmission facilities, and terminals associated with any of the foregoing.

For the purposes of this subtitle, the siting, construction, expansion, or operation of any coastal-related energy facilities is "in close proximity to the coastal zone of any state" if such siting, construction, expansion, or operation has, or is likely to have, a significant effect on such coastal zone.

(4) "coastal state" means the Commonwealth of Puerto Rico and any state of the United States in, or bordering on, the Atlantic Ocean, the Pacific Ocean, the Arctic Ocean, the Gulf of Mexico, Long Island Sound, or one or more of the Great Lakes;

(5) "coastal territory" means the Virgin Islands, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, American Samoa, or Guam;

(6) "Fund" means the Ocean and Coastal Resources Management and Development Fund;

(7) "local government" means that term as defined in section 304(11) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(11)) and, with respect to the State of Alaska, the term includes unincorporated communities, including Alaska Native villages;

(8) "outer Continental Shelf planning area" means one of the geophysical regions of the outer Continental Shelf which is so designated in the Outer Continental Shelf Leasing Program (43 U.S.C. 1344), dated July 21, 1982, or as so designated in subsequent outer Continental Shelf leasing programs;

(9) "proportionately" means in the same ratio as a state's allocation;

(10) "Secretary" means the Secretary of Commerce;

(11) "shoreline mileage" means that term as defined in regulations issued on May 17, 1982, at 15 CFR Part 927; and

(12) "state" means any coastal state or coastal territory.

SEC. 1742. OCEAN AND COASTAL RESOURCES MANAGEMENT AND DEVELOPMENT FUND.

(a) There is established in the Treasury of the United States a fund to be known as the Ocean and Coastal Resources Management and Development Fund.

(b)(1) Beginning in fiscal year 1988 and in each fiscal year thereafter, the Secretary of the Treasury shall deposit into the Fund, not later than 60 days after the end of the previous fiscal year, an amount equal to 4 per centum of the average amount of all sums deposited in the Treasury of the United States pursuant to section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) during the three previous fiscal years.

(2) The amount deposited in the Fund in fiscal year 1988 shall not exceed $150,000,000. The amount deposited in fiscal year 1989 shall not exceed $300,000,000. Beginning in fiscal year 1990, and in each fiscal year thereafter, the amount deposited in the Fund shall not exceed 105 per centum of the amount deposited in the Fund in the prior fiscal year.

(c) As provided in advance by appropriation Acts, the Secretary shall use the total amount of any amounts deposited in the Fund during each fiscal year to carry out the purposes of, and in accordance with, section 1743 of this title.

SEC. 1743. NATIONAL OCEAN AND COASTAL RESOURCES MANAGEMENT AND DEVELOPMENT BLOCK GRANTS.

(a) Subject to the provisions of section 1742(c) and this section, for fiscal year 1988 and for each subsequent fiscal year, the Secretary shall provide to each state a national ocean and coastal resources management and development block grant from amounts paid into the Fund during such fiscal year under section 1742(b).

(b)(1) No state may receive a block grant for a fiscal year unless such state has submitted to the Secretary a report for such fiscal year that—

(A) specifies the proposed allocation by such state of the block grant among coastal zone management activities, coastal energy impact activities, living marine resource activities, and natural resource preservation, enhancement and management activities under section 1744(a); and

(B) describes each proposed activity receiving funds provided by the block grant and the amounts proposed to be expended for each activity.

(2) In order to be eligible to receive a block grant pursuant to this subtitle and before submitting the report required under paragraph (1), each state shall provide opportunities for the public to review and comment on the report and shall hold at least one public hearing on such report at a site in the state convenient for encouraging maximum public participation.

(c) A block grant shall not be paid from the Fund to a state until the state has established a trust fund for the receipt of such grant.

(d) The amount of each block grant provided under subsection (a) shall be determined by the Secretary under a formula established by the Secretary which gives equal consideration to each of the following criteria:

(1) For each state, the equal combination of—

(A) the amount of actual leasing with respect to oil and gas which is carried out under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) during the previous fiscal year which occurs within the outer Continental Shelf planning area to which such state is adjacent; and

(B) the volume of oil and gas produced from outer Continental Shelf acreage leased by the Federal Government which is first landed in such state during the previous fiscal year.

(2) For each state, any proposed oil and gas lease sales specified by the outer Continental Shelf leasing program prepared under section 18(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(a)) and scheduled to occur within the outer Continental Shelf planning area to which such state is adjacent.

(3) The coastal-related energy facilities (including coal facilities) located within each state during the previous fiscal year. For any state for which the Secretary has not approved a coastal zone management program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), this criterion shall be reduced by fifty per centum. The amounts resulting from such reduction shall be reallocated proportionately, under this paragraph, among states for which the Secretary has approved such a management program.

(4) The shoreline mileage of each state for which the Secretary has approved a coastal zone management program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455).

(5) The coastal population of each state for which the Secretary has approved a coastal zone management program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455).

(e) For purposes of paragraphs (4) and (5) of subsection (d)—

(1) the Secretary shall be presumed to have approved the coastal zone management program of any state if the Secretary determines that, in any fiscal year, such state is making satisfactory progress toward the development of a coastal zone management program which will be approvable under section 306 of the Coastal Zone Management Act (16 U.S.C. 1455). Such presumption may be renewed only once and for a period not to exceed one additional fiscal year if the Secretary makes such determination under this subsection for such additional fiscal year; and

(2) a state shall not receive in excess of 30 per centum of the amounts attributable to either criterion. If any state would receive an allotment greater than 30 per centum, the Secretary shall reduce such allotment to 30 per centum. The amounts resulting from such reduction shall be reallocated proportionately among those states that receive less than 30 per centum of the amounts attributable to such criterion.

(f)(1) For states for which the Secretary has approved a coastal zone management program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), a coastal state shall receive not less than one and sixty two one-hundredths per centum, and a coastal territory not less than one-half of one per centum, of the total amount available for block grants under section 1742(c) during any fiscal year.

(2) If, after the calculations required under subsection (d), any coastal state or coastal territory is to receive a block grant that is less than the respective minimum grant levels established under paragraph (1), the Secretary shall increase such state's block grant to the minimum level. Amounts necessary to make such increases shall be derived by reducing proportionately the block grant of each state which, as determined under subsection (d), exceeds the respective minimum level under paragraph (1).

(3) For the purposes of the implementation of section 1744(b), block grant levels may fall below the respective minimum levels established under this section.

(g) If, after the calculations required under subsections (d), (e) and (f), any state would receive a block grant which is greater than 15 per centum of the funds appropriated under section 1742(c), the Secretary shall reduce such state's block grant to 15 per centum. The amounts resulting from such reduction shall be reallocated proportionately among states receiving less than 15 per centum of such funds and more than the minimum grant levels under subsection (f).

SEC. 1744. REQUIREMENTS ON THE USE OF BLOCK GRANTS.

Block grants provided to a state under section 1743(a) shall be used for the enhancement and management of ocean and coastal resources and for the amelioration of any adverse impacts that result from the siting, construction, expansion, or operation of coastal-related energy facilities.

(a) Such block grants shall be used only for each of the following activities:

(1) activities of such state authorized by the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.);

(2) activities of such state pursuant to the coastal energy impact program administered under section 308 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1457);

(3) activities of such state for the enhancement, management and development of living marine resources; and

(4) activities of such state for the preservation, enhancement and management of its natural resources including coastal habitats.

(b) Nothing in this subtitle shall be construed to repeal or modify, by implication or otherwise, section 312 of the Coastal Zone

Management Act of 1972 (16 U.S.C 1461). The Secretary shall reduce any block grant, provided under this subtitle to a state that has an approved program under section 306 of the Coastal Zone Management Act (16 U.S.C. 1455), by no more than 30 per centum of the amount of such state's block grant that is attributable to paragraphs (4) and (5) of section 6503(d) of this subtitle, if the Secretary makes the determination provided in section 312(c) of the Coastal Zone Management Act.

SEC. 1745. LOCAL GOVERNMENTS.

(a) Each State receiving a block grant in any fiscal year under section 1743(a) shall—

(1) establish an effective mechanism for consultation and coordination with its local governments with respect to the allocation of such block grant within the state; and

(2) provide to its local governments allocations from such block grant, taking into consideration the responsibilities of the local governments in carrying out activities under section 1744(a).

(b) In carrying out its responsibilities under subsection (a)(2), the State shall give particular emphasis to the activities of local governments in—

(1) providing public services and public facilities required as a result of the siting, construction, expansion, or operation of coastal-related energy facilities; and

(2) preventing, reducing, or ameliorating any unavoidable loss of valuable environmental or recreational resources if such loss results from the siting, construction, expansion, or operation of coastal-related energy facilities.

(c) In carrying out its responsibilities under this section, each State shall provide no less than 33⅓ per centum of each block grant received under section 1743(a) to its local governments.

SEC. 1746. AUDIT.

(a) Under regulations promulgated by the Secretary, any State receiving a block grant under section 1743(a) shall, for each fiscal year that it receives such grant, submit to the Secretary a financial audit of the trust fund established pursuant to section 1743(c). The income derived from such trust fund for each fiscal year shall be included in the audit required by this section.

(b) Each audit submitted by a State under subsection (a) shall—

(1) contain a statement of all funds provided by the block grant received by such State for the fiscal year;

(2) include a statement of all financial assistance provided to such State's local governments pursuant to section 6505;

(3) be conducted by an entity which is independent of any agency or official administering or using funds provided by such block grant; and

(4) be conducted in accordance with the financial and compliance element of the standards for audit of governmental organizations, activities, and functions established by the Comptroller General of the United States.

(c) After receiving a State's financial audit under this section, the Secretary shall—

(1) make a preliminary evaluation of each audit submitted pursuant to this section. If the Secretary determines, in the preliminary evaluation of a State's audit, that all or any part of the block grant has not been used as required by this subtitle, the Secretary shall publish notice of this finding in the Federal Register. In addition, the Secretary may suspend, and place in escrow, an amount from any future block grant which is equivalent to the amount misused, pending final determination pursuant to paragraph (3);

(2) provide the state with an opportunity for a hearing; and

(3) make a final determination.

(d) If the Secretary makes a final determination under subsection (c)(3) that all or any part of such funds were not used as required by this subtitle, the Secretary shall—

(1) provide in writing to the State the reasons for the determination and the amount of funds misused; and

(2) take appropriate action to recover an amount equal to that determined to have been misused under subsection (c), including the withholding of such amount from a State's future block grant or the amount which may have been suspended under subsection (c)(1).

(e) If no appeal of the final determination is filed within sixty days following notification to the State of the final determination, any funds withheld or recovered by the Secretary under subsection (d)(2) shall be returned to the Fund.

(f) If an appeal of the final determination is filed within the sixty-day period specified in subsection (e), any funds withheld by the Secretary shall be held in escrow until such time as a final determination is made of the appeal.

SEC. 1747. RULES AND REGULATIONS.

The Secretary shall promulgate, pursuant to section 553 of title 5, United States Code, after notice and opportunity for participation by relevant Federal agencies, State agencies, local governments, regional organizations, and other interested parties, both public and private, such rules and regulations as may be necessary to carry out the provisions of this subtitle.

Subtitle F—Amendments to the Coastal Zone Management Act

SEC. 1751. SHORT TITLE.

This subtitle may be cited as the "Coastal Zone Management Reauthorization Act of 1985".

SEC. 1752. REFERENCE.

Whenever in this subtitle an amendment or repeal is expressed in terms of an amendment, or repeal, of a section, subsection, paragraph, or other provision, the reference is to be considered to be made to a section, subsection, paragraph, or other provision of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.) unless otherwise specified.

SEC. 1753. REDUCTION OF ADMINISTRATIVE GRANTS.

(a) Section 312(c) (16 U.S.C. 1458(c)) is amended by striking "if the Secretary determines" and all that follows thereafter and inserting in lieu thereof the following: "if the Secretary determines that the coastal state—

"(1) is failing to make significant improvement in achieving the coastal management objectives specified in section 303(2) (A) through (I); or

"(2) is failing to make satisfactory progress in providing in its management program for the matters referred to in section 306(i) (A) and (B).".

(b)(1) Subsection (a) of section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455) is amended by striking, "The Secretary may" and all that follows through "if the Secretary—" and substituting in lieu thereof the following: "The Secretary may make grants to any coastal state for the purpose of administering that state's management program, if the state provides for the applicable fiscal year: 20 per centum of the grant for fiscal year 1986; 30 per centum of the grant for fiscal year 1987; 40 per centum of the grant for fiscal year 1988; and 50 per centum of the grant for each fiscal year thereafter. The Secretary may make the grant only if the Secretary—".

(2) Section 306A is amended by striking section (d)(1) and substituting in lieu thereof the following:

"(d)(1) The Secretary may make grants to any coastal state for the purpose of carrying out the project or purpose for which such grants are awarded, if the state provides for the applicable fiscal year: 20 per centum of the grant for fiscal year 1986; 30 per centum of the grant for fiscal year 1987; 40 per centum of the grant for fiscal year 1988; and 50 per centum of the grant for each fiscal year thereafter.".

(c) Section 306(g) (16 U.S.C. 1455) is amended by striking all that follows after the first sentence, and inserting in lieu thereof, the following: "Provided that—

"(1) The state shall promptly notify the Secretary of any proposed amendment, modification or other program change and submit it for Secretarial approval. The Secretary may suspend all or part of any grant made under this section pending state submission of the proposed amendment, modification or other program change;

"(2) The state may not implement any proposed amendment as part of its approved program pursuant to section 306, until after it has been approved by the Secretary, and the Secretary may not authorize any federal financial assistance for such implementation until the Secretary approves the amendment; and

"(3) Within four months from the date on which any proposed amendment is received by the Secretary, the Secretary shall notify the state of the decision to approve or disapprove it. This period may be extended only as necessary to meet the requirements of the National Environmental Policy Act (42 U.S.C. 4321).".

SEC. 1754. NATIONAL ESTUARINE RESERVE RESEARCH SYSTEM.

Section 315 (16 U.S.C. 1461) is amended to read as follows:

"NATIONAL ESTUARINE RESERVE RESEARCH SYSTEM

"(a) ESTABLISHMENT OF THE SYSTEM.—There is established the National Estuarine Reserve Research System (hereinafter referred to in this section as the 'System') that consists of—

"(1) each estuarine sanctuary designated under this section as in effect before October 1, 1985; and

"(2) each estuarine area designated as a national estuarine reserve under subsection (b).

Each estuarine sanctuary referred to in paragraph (1) is hereby designated as a national estuarine reserve.

"(b) DESIGNATION OF NATIONAL ESTUARINE RESERVES.—After September 30, 1985, the Secretary may designate an estuarine area as a national estuarine reserve if—

"(1) the Governor of the coastal state in which the area is located nominates the area for that designation; and

"(2) The Secretary finds that—

"(A) the area is a representative estuarine ecosystem that is suitable for long-term research and contributes to the biogeographical and typological balance of the System;

"(B) the law of the coastal State provides long-term protection for reserve resources to ensure a stable environmental for research;

"(C) designation of the area as a reserve will serve to enhance public awareness and understanding of estuarine areas, and provide suitable opportunities for public education and interpretation; and

"(D) the coastal State in which the area is located has complied with the requirements of any regulations issued by the Secretary to implement this section.

"(c) ESTUARINE RESEARCH GUIDELINES.—The Secretary shall develop guidelines for the conduct of research within the System that shall include—

"(1) a mechanism for identifying, and establishing priorities among, the coastal management issues that should be addressed through coordinated research within the System;

"(2) the establishment of common research principles and objectives to guide the development of research programs within the System;

"(3) the identification of uniform research methodologies which will ensure comparability of data, the broadest application of research results, and the maximum use of the System for research purposes;

"(4) the establishment of performance standards upon which the effectiveness of the research efforts and the value of reserves within the System in addressing the coastal management issues identified in subsection (1) may be measured; and

"(5) the consideration of additional sources of funds for estuarine research than the funds authorized under this Act, and strategies for encouraging the use of such funds within the System, with particular emphasis on mechanisms established under subsection (d).

In developing the guidelines under this section, the Secretary shall consult with prominent members of the estuarine research community.

"(d) PROMOTION AND COORDINATION OF ESTUARINE RESEARCH.—The Secretary shall take such action as is necessary to promote and coordinate the use of the System for research purposes including—

"(1) requiring that the National Oceanic and Atmospheric Administration, in conducting or supporting estuarine research, give priority consideration to research that uses the System; and

"(2) consulting with other Federal and State agencies to promote use of one or more reserves within the System by such agencies when conducting estuarine research.

"(e) FINANCIAL ASSISTANCE.—(1) The Secretary may, in accordance with such rules and regulations as the Secretary shall promulgate, make grants—

"(A) to a coastal State—

"(i) for purposes of acquiring such lands and waters, and any property interests therein, as are necessary to ensure the appropriate long-term management of an area as a national estuarine reserve,

"(ii) for purposes of operating or managing a national estuarine reserve and constructing appropriate reserve facilities, or

"(iii) for purposes of conducting educational or interpretive activities; and

"(B) to any coastal State or public or private person for purposes of supporting research and monitoring within a national estuarine reserve that are consistent with the research guidelines developed under subsection (c).

"(2) Financial assistance provided under paragraph (1) shall be subject to such terms and conditions as the Secretary considers necessary or appropriate to protect the interests of the United States, including requiring coastal States to execute suitable title documents setting forth the property interest or interests of the United States in any lands and waters acquired in whole or part with such financial assistance.

"(3)(A) The amount of the financial assistance provided under paragraph (1)(A)(i) of subsection (e) with respect to the acquisition of lands and waters, or interests therein, for any one national estuarine reserve may not exceed an amount equal to 50 percentum of the costs of the lands, waters, and interests therein or $4,000,000, whichever amount is less.

"(B) The amount of the financial assistance provided under paragraph (1)(A) (ii) and (iii) and paragraph (1)(B) of subsection (e) may not exceed 50 per centum of the costs incurred to achieve the purposes described in those paragraphs with respect to a reserve.

"(f) EVALUATION OF SYSTEM PERFORMANCE.—(1) The Secretary shall periodically evaluate the operation and management of each national estuarine reserve, including education and interpretive activities, and the research being conducted within the reserve.

"(2) If evaluation under paragraph (1) reveals that the operation and management of the reserve is deficient, or that the research being conducted within the reserve is not consistent with the research guidelines developed under subsection (c), the Secretary may suspend the eligibility of that reserve for financial assistance under subsection (e) until the deficiency or inconsistency is remedied.

"(3) The Secretary may withdraw the designation of an estuarine area as a national estuarine reserve if evaluation under paragraph (1) reveals that—

"(A) the basis for any one or more of the findings made under subsection (b)(2) regarding that area no longer exists; or

"(B) a substantial portion of the research conducted within the area, over a period of years, has not been consistent with the research guidelines developed under subsection (c).

"(g) ANNUAL REPORT.—Beginning with fiscal year 1987, the Secretary shall provide to the Congress an annual report that sets forth, with respect to the period covered by the report—

"(1) new designations of national estuarine reserves;

"(2) any expansion of existing national estuarine reserves;

"(3) the status of the research program being conducted within the System; and

"(4) a summary of the evaluations made under subsection (f). "The Secretary shall submit the report within three months after the end of the fiscal year covered by the report.".

SEC. 1755. REPEALS.

The following are repealed:

(1) Section 310 (16 U.S.C. 1456c; relating to research and tehnical assistance programs and grants).

(2) Section 314 (16 U.S.C. 1460; establishing the Coastal Zone Management Advisory Committee).

(3) Subsection (c) of section 15 of the Coastal Zone Management Act Amendments of 1976, Public Law 94-370 (16 U.S.C. 1451 note; relating to certain additional personnel positions).

SEC. 1754. AUTHORIZATIONS OF APPROPRIATIONS.

Section 318 (16 U.S.C. 1464) is amended as follows:

(1) by amending paragraph (1) to read as follows:

"(1) such sums, not to exceed $36,600,000 for the fiscal year ending September 30, 1987; $37,900,000 for the fiscal year ending September 30, 1988; $38,800,000 for the fiscal year ending September 30, 1989; and $40,600,000 for the fiscal year ending September 30, 1990, as may be necessary for grants under sections 306 and 306A, to remain available until expended;".

(2) By striking paragraph (2) and renumbering subsequent paragraphs—

(3) By amending the new paragraph (3) to read as follows:

"(3) such sums, not to exceed $1,500,000 for each of the fiscal years occurring during the period beginning October 1, 1986, and ending September 30, 1990, as may be necessary for grants under section 309, to remain available until expended;".

(4) By amending the new paragraph (4) to read as follows:

"(4) such sums, not to exceed $3,800,000 for the fiscal year ending September 30, 1987; $4,500,000 for the fiscal year ending September 30, 1988; $5,000,000 for the fiscal year ending September 30, 1989; and $5,500,000 for the fiscal year ending September 30, 1990, as may be necessary for grants under section 315, to remain available until expended;" and

(5) By amending the new paragraph (5) to read as follows:

"(5) such sums, not to exceed $3,300,000 for the fiscal year ending September 30, 1987; $3,300,000 for the fiscal year ending September 30, 1988; $4,000,000 for the fiscal year ending September 30, 1989; and $4,000,000 for the fiscal year ending September 30, 1990, as may be necesssary for administrative expenses incident to the administration of this title.".

SEC. 1757. TECHNICAL AMENDMENT.

Section 308(h) (16 U.S.C. 1456a(h)) is amended by deleting "subsections (c)(1)" each place it appears and inserting instead "subsections (c)".

Subtitle G—Use of American-Built Rigs For OCS Drilling

SEC. 1761. USE OF AMERICAN-BUILT RIGS FOR OCS DRILLING.

Section 5 of the Outer Continental Shelf Lands Act (43 U.S.C. 1334) is amended by adding at the end the following new subsection:

"(j)(1) Any vessel, rig, platform, or other structure used for the purpose of exploration or production of oil and gas on the outer Continental Shelf south of 49 degrees North latitude shall be built—

"(A) in the United States; and

"(B) from articles, materials, or supplies at least 50 percent of which, by cost, shall have been mined, produced, or manufactured, as the case may be, in the United States.

"(2) The requirements of paragraph (1) shall not apply to any vessel, rig, platform, or other structure which was built, which is being built, or for which a building contract has been executed, on or before October 1, 1985.

"(3) The Secretary may waive—

"(A) the requirement in paragraph (1)(B) whenever the Secretary determines that 50 percent of the articles, materials, or supplies for a vessel, rig, platform, or other structure cannot be mined, produced, or manufactured, as the case may be, in the United States, and

"(B) the requirement in paragraph (1)(A) upon application, with respect to any classification of vessels, rigs, platforms, or other structures on a specific lease, when the Secretary determines that at least 50 percent of such classification, as calculated by number and by weight, which are to be built for exploration or production activities under such lease will be built in the United States in compliance with the requirements of paragraph (1)(A).".

TITLE VII—COMMITTEE ON POST OFFICE AND CIVIL SERVICE

SEC. 1801. PAY ADJUSTMENTS DURING FISCAL YEARS 1986, 1987, AND 1988.

(a) ADJUSTMENTS FOR EMPLOYEES UNDER STATUTORY PAY SYSTEMS.—(1) Notwithstanding any other provision of law, adjustments under section 5305 of title 5, United States Code, in the rates of pay under the General Schedule and in the rates of pay

under the other statutory pay systems shall be as follows:

(A) In the case of fiscal year 1986, no adjustment under such section shall be made.

(B) In the case of fiscal year 1987, the overall percentage of the adjustment under such section shall be an increase of 5 percent.

(C) In the case of fiscal year 1988, the overall percentage of the adjustment under such section shall be an increase of 5 percent.

(2) Each increase in a pay rate or schedule which takes effect pursuant to subparagraph (B) or (C) of paragraph (1) shall, to the maximum extent practicable, be of the same percentage and shall take effect as of the beginning of the first applicable pay period beginning on or after January 1 of the fiscal year involved.

(b) ADJUSTMENTS FOR PREVAILING RATE EMPLOYEES.—(1) Notwithstanding any other provision of law, and except as otherwise provided in this subsection, in the case of a prevailing rate employee described in section 5342(a)(2) of title 5, United States Code, or an employee covered by section 5348 of such title, the total adjustment to any wage schedule or rate applicable to such employee which is to become effective (determined without regard to paragraph (2)) during—

(A) fiscal year 1986, shall (except to the extent permitted by section 616(a)(2) of H.R. 5798, incorporated by reference in section 101(j) of Public Law 98-473 (98 Stat. 1963)) be equal to zero;

(B) fiscal year 1987, shall not exceed an increase of 5 percent; and

(C) fiscal year 1988, shall not exceed an increase of 5 percent.

(2) Notwithstanding any other provision of law, any increase permitted by paragraph (1) which is scheduled to take effect during fiscal year 1987 or 1988 (determined without regard to this paragraph) shall take effect as of the beginning of the first applicable pay period beginning at least 90 days after the date on which such increase is so scheduled to take effect.

(3) Notwithstanding the provisions of section 9(b) of Public Law 92-392 or section 704(b) of Public Law 95-454, the provisions of paragraph (1) shall apply (in such manner as the Office of Personnel Management shall prescribe) to prevailing rate employees to whom such section 9(b) applies, except that the provisions of paragraph (1) shall not apply to any increase in a wage schedule or rate which is required by the terms of a contract entered into before October 1, 1985.

(4) Nothing in this subsection or any provision of law governing the use of appropriated funds for the payment of employees covered by this subsection during the period covered by paragraph (1) (or any part of such period) shall be construed to permit or require the payment to any such employee at a rate in excess of the rate that would be payable were this subsection, or such provision of law governing the use of appropriated funds, not in effect.

(5) The Office may make exceptions from the limitations imposed by paragraph (1) if the Office determines that such exceptions are necessary to ensure the recruitment or retention of well-qualified employees.

(c) ASSUMPTION.—Notwithstanding any other provision of law, determinations relating to amounts to be appropriated in order to provide for the respective adjustments described in subparagraphs (B) and (C) of subsection (a)(1), and subparagraphs (B) and (C) of subsection (b)(1), shall be made based on the assumption that the various departments and agencies of the Government will, in the aggregate, and with respect to the fiscal year involved, absorb 33 percent of the increase in total pay for such year, as defined in subsection (d)(2).

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

(1) the term "total pay" means, with respect to a fiscal year—

(A) the total amount of basic pay which, in the case of employees covered by the statutory pay systems, will be payable to such employees for service performed during such year; and

(B) the total amount of basic pay which, in the case of prevailing rate employees described in section 5342(a)(2) of title 5, United States Code, and employees covered by section 5348 of such title, will be payable to employees under those respective provisions for service performed during such year;

(2) the term "increase in total pay" means, with respect to a fiscal year, that part of total pay for such year which is attributable to the adjustment taking effect under this section during such year; and

(3) the term "statutory pay system" has the meaning given such term by section 5301(c) of title 5, United States Code.

SEC. 1802. AMENDMENTS RELATING TO FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM.

(a) AMOUNTS TO BE REFUNDED FROM CARRIERS' SPECIAL RESERVES.—(1) The Office of Personnel Management—

(A) shall determine the minimum level of financial reserves necessary to be held by a carrier for each health benefits plan under chapter 89 of such title for the purpose of ensuring the stable and efficient operation of such plan; and

(B) shall require the carrier to refund to the Employees Health Benefits Fund any such reserves in excess of such minimum level in such amounts and at such times during fiscal years 1986 and 1987 as the Office determines appropriate.

Any refund made by a carrier under this subsection shall be credited to the contingency reserve of the health benefits plan of such carrier (as described in section 8909(b) of such title).

(2) In carrying out its responsibilities under this subsection, the Office shall ensure that the aggregate amount to be refunded to the Employees Health Benefits Fund under this subsection—

(A) during fiscal year 1986 shall be not less than $800,000,000; and

(B) during fiscal year 1987 shall be not less than $300,000,000.

(3) No amount in any of the contingency reserves referred to in paragraph (1) may be transferred to the general fund of the Treasury of the United States, to the United States Postal Service, or to the government of the District of Columbia as a result of a refund made under this subsection.

(b) ELIMINATION OF 75 PERCENT LIMITATION ON GOVERNMENT CONTRIBUTIONS FOR FISCAL YEARS 1986 AND 1987.—Effective for each of the contract years commencing in fiscal years 1986 and 1987, respectively, the maximum biweekly Government contribution allowable under section 8906(b)(2) of title 5, United States Code, for any individual shall be 100 percent of the applicable subscription charge.

SEC. 1803. CONVERSION OF ANNUAL TO HOURLY RATES OF PAY BASED ON 2,087 HOURS PER YEAR.

(a) CONVERSION.—Section 5504(b) of title 5, United States Code, is amended—

(1) by striking out the first sentence;

(2) in the second sentence, by striking out "When" and inserting in lieu thereof "When, in the case of an employee,";

(3) in paragraph (1), by striking out "2,080" and inserting in lieu thereof "2,087"; and

(4) in the last sentence, by striking out "title." and inserting in lieu thereof "title other than an employee or individual excluded by section 5541(2)(xvi) of this title.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as of the beginning of the first applicable pay period commencing on or after October 1, 1985.

(c) TERMINATION DATE.—The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall cease to have effect as of the beginning of the first applicable pay period commencing on or after October 1, 1988.

SEC. 1804. SAVINGS UNDER POSTAL SERVICE PROGRAMS.

(a) REDUCTION OF AUTHORIZATION FOR REVENUE FORGONE.—Notwithstanding subsection (c) of section 2401 of title 39, United States Code, the amount authorized to be appropriated pursuant to such subsection for fiscal year 1986 shall be $749,000,000.

(b) REDUCTION OF TRANSITIONAL APPROPRIATIONS.—(1) Notwithstanding section 2004 of title 39, United States Code—

(A) no sum is authorized to be appropriated pursuant to such section for fiscal year 1986; and

(B) for fiscal year 1989, there is authorized to be appropriated—

(i) such sums as may be necessary to carry out such section in such year; and

(ii) such sums as may be necessary to reimburse the Postal Service Fund (established by section 2003 of such title) for any expenditures made from such Fund under paragraph (2).

(2) The United States Postal Service, during fiscal year 1986, shall carry out section 2004 of title 39, United States Code, using any amounts available in the Postal Service Fund.

TITLE VIII—COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Subtitle A—Highway Programs

SEC. 1851. REDUCTIONS IN HIGHWAY APPORTIONMENTS.

(a) PRIMARY SYSTEM.—The first sentence of section 105(a)(1) of the Highway Improvement Act of 1982 is amended by striking out "$2,450,000,000" and inserting in lieu thereof "$2,300,000,000".

(b) BRIDGE REPLACEMENT AND REHABILITATION.—Section 202(1) of the Highway Safety Act of 1982 is amended by striking out "$2,050,000,000" and inserting in lieu thereof "$1,750,000,000".

(c) INTERSTATE 4R.—The first sentence of section 105 of the Federal-Aid Highway Act of 1978 is amended by striking out "$3,150,000,000" and inserting in lieu thereof "$2,800,000,000".

(d) APPORTIONMENT ADJUSTMENTS.—

(1) DETERMINATION OF ADJUSTMENT AMOUNT.—On the first day following the effective date of this Act, the Secretary of Transportation shall determine—

(A) the amount of funds that would have been apportioned to each State on October 1, 1985—

(i) for the Federal-aid primary system program if the amendment made by subsection (a) had been in effect on such date;

(ii) for the highway bridge replacement and rehabilitation program if the amendment made by subsection (b) had been in effect on such date; and

(iii) for the program to resurface, restore, rehabilitate, and reconstruct routes on the National System of Interstate and Defense Highways if the amendment made by sub-

section (c) had been in effect on such date; and

(B) the amount by which the amount which was apportioned to such State on October 1, 1985, for such program exceeds the amount determined under subparagraph (A) for such program.

(2) ADJUSTMENTS TO CURRENT APPORTIONMENT.—To the extent that any funds—

(A) which were apportioned to a State on October 1, 1985, for any program referred to in paragraph (1)(A); and

(B) which are unobligated on the first day following the effective date of this Act;

do not exceed the amount determined under paragraph (1)(B) for such program, such apportioned and unobligated funds shall lapse on such first day.

(3) ADJUSTMENT TO FUTURE APPORTIONMENT.—If the amount determined under paragraph (1)(B) with respect to the apportionment made on October 1, 1985, to any State for any program referred to in paragraph (1)(A) is greater than the amount of funds which lapse from the apportionment to such State for such program under paragraph (2), the Secretary of Transportation shall reduce the amount which, but for this paragraph, would otherwise be apportioned to such State for such program on October 1, 1986, by the amount of such excess.

SEC. 1852. OBLIGATION CEILING.

(a) GENERAL LIMITATION.—Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs shall not exceed—

(1) $13,250,000,000 for fiscal year 1986;

(2) $13,800,000,000 for fiscal year 1987; and

(3) $14,400,000,000 for fiscal year 1988.

(b) EXCEPTIONS.—The limitations under subsection (a) shall not apply to obligations—

(1) under section 125 of title 23, United States Code;

(2) under section 157 of such title;

(3) under section 320 of such title;

(4) under section 147 of the Surface Transportation Assistance Act of 1978;

(5) under section 9 of the Federal-Aid Highway Act of 1981;

(6) under sections 131(b) and 131(j) of the Surface Transportation Assistance Act of 1982;

(7) under section 118 of the National Visitor Center Facilities Act of 1968; and

(8) for completion of the Zilwaukee Bridge required because of construction failure.

No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978.

(c) DISTRIBUTION OF OBLIGATIONAL AUTHORITY.—For each of fiscal years 1986, 1987, and 1988, the Secretary of Transportation shall distribute the limitation imposed by subsection (a) by allocation as follows:

(1) 95 percent of such limitation shall be allocated among the States in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned or allocated to each State for such fiscal year bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned or allocated to all the States for such fiscal year.

(2) 5 percent of such limitation shall be allocated among the States in the ratio which sums apportioned or allocated for Federal-aid highways and highway safety construction which remain available for obligation to each State and are unobligated on the last day of the fiscal year preceding such fiscal year and which will not lapse at the end of such last day bears to the total of the sums apportioned or allocated for Federal-aid highways and highway safety construction which remain available for obligation to all the States and are unobligated on such last day and which will not lapse at the end of such last day.

(d) LIMITATION ON OBLIGATIONAL AUTHORITY.—During the period October 1 through December 31 of each of fiscal years 1986, 1987, and 1988, no State shall obligate more than 35 percent of the amount distributed to such State under subsection (c) for such fiscal year, and the total of all State obligations during such period shall not exceed 25 percent of the total amount distributed to all States under such subsection for such fiscal year.

(e) REDISTRIBUTION OF UNUSED OBLIGATIONAL AUTHORITY.—Notwithstanding subsections (c) and (d), the Secretary of Transportation shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which have been apportioned or allocated to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1 of each of fiscal years 1986, 1987, and 1988, revise a distribution of the funds made available under subsection (c) for such fiscal year if a State will not obligate the amount distributed during such fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during such fiscal year giving priority to those States having large unobligated balances of funds apportioned under section 104 of title 23, United States Code, and giving priority to those States which, because of statutory changes made by the Surface Transportation Assistance Act of 1982 and the Federal-Aid Highway Act of 1981, have experienced substantial proportional reductions in their apportionments and allocations; and

(3) not distribute amounts authorized for administrative expenses and Federal lands highways programs.

(f) CONFORMING AMENDMENT.—Section 157(b) of title 23, United States Code, is amended by striking out the period at the end of the last sentence and inserting in lieu thereof "and section 8102(c) of the Omnibus Budget Reconciliation Act of 1985.".

SEC. 1853. OHIO RIVER BRIDGE FUND REPROGRAMMING.

Section 147 of the Federal-Aid Highway Act of 1978 is amended by inserting "(a)" after "SEC. 147." and by adding at the end thereof the following new subsection:

"(b)(1) Funds which have been set aside previously pursuant to the fourth and fifth sentences of subsection (a) of this section and which are in excess of the amounts needed to complete the projects authorized by such subsection shall be available to the Secretary of Transportation to carry out the following state-of-the-art technology projects:

"(A) Construction of a bridge (including approaches thereto) across the Ohio River between Newport, Kentucky, and Cincinnati, Ohio, to replace a bridge on a highway designated as a United States route.

"(B) Construction of a bridge (including approaches thereto) across the Ohio River near Covington, Kentucky, and Cincinnati, Ohio, to replace a bridge on a Kentucky State highway.

"(C) Construction of a bridge (including approaches thereto) across the Ohio River between Maysville, Kentucky, and Aberdeen, Ohio, to replace a bridge on a highway designated as a United States route.

"(2) In order to demonstrate the latest high-type geometric design features (including safety hardware) and new advances in highway bridge construction, the projects authorized by this subsection shall utilize state-of-the-art technology, and all design elements, including the decking, shall be designed to provide the best life-cycle costs, thereby minimizing future maintenance and rehabilitation costs.

"(3) The Secretary of Transportation shall provide necessary technical assistance in the design and construction of projects under this subsection.

"(4) Not later than one year, six years, 11 years, and 21 years after the completion of the state-of-the-art technology projects under this subsection, the Secretary of Transportation shall submit reports to Congress, including but not limited to the results of such projects, the effects of using the best available technology on safety and other considerations, recommendations for applying the results to other bridge projects, and any changes that may be necessary by law to permit further use of such features.

"(5) In allocating funds made available to carry out this subsection, the Secretary shall assure that sufficient funds are allocated to the projects described in subparagraphs (A) and (B) of paragraph (1) to complete such projects. Any remaining funds shall be used to carry out the project described in subparagraph (C) of such paragraph.

"(6) Funds made available to carry out this subsection shall be available for obligation in the same manner and to the same extent as if such funds were apportioned under chapter 1 of title 23, United States Code, except that such funds shall be available until expended and shall not be subject to any obligation limitation. The Federal share of the projects carried out under this subsection shall be that provided in subsection (a).".

Subtitle B—Pipeline Safety

SEC. 1861. NATURAL GAS PIPELINE SAFETY AUTHORIZATIONS.

Section 17(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(a)) is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(4) $3,450,000 for the fiscal year ending September 30, 1986; and

"(5) $3,600,000 for the fiscal year ending September 30, 1987.".

SEC. 1862. AUTHORIZATIONS FOR FEDERAL GRANTS-IN-AID.

(a) COMBINED PROGRAM.—Section 17 of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684) is amended by adding at the end thereof the following new subsections:

"(c) For the purpose of carrying out the Federal grants-in-aid provisions of section 5(d) of this Act and section 205(d) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2004(d)) there are authorized to be appropriated—

"(1) $5,000,000 for the fiscal year ending September 30, 1986; and

"(2) $5,230,000 for the fiscal year ending September 30, 1987.

"(d) Not less than 5 percent of any amounts appropriated for carrying out the Federal grants-in-aid provisions for any

fiscal year beginning after September 30, 1985, shall be available only for carrying out the Federal grants-in-aid provisions of section 205(d) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2004(d)).".

(b) CONFORMING AMENDMENTS.—

(1) Section 5(d)(2) of such Act (49 U.S.C. App. 1674(d)(2)) is amended—

(A) by striking out "authorized to be appropriated by section 17(b) of this Act" and inserting in lieu thereof "appropriated for carrying out the Federal grants-in-aid provisions of this subsection"; and

(B) by striking out "(1) of this section" and inserting in lieu thereof "(1) of this subsection".

(2) Section 205(d)(2) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2004(d)(2)) is amended by striking out "authorized to be appropriated by section 214 of this title" and inserting in lieu thereof "appropriated for carrying out the Federal grants-in-aid provisions of this subsection".

(3) Section 214(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2013(a)) is amended by inserting after "subsection (b)" the following: "or section 17(c) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(c))".

(4) Section 17(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(a)) is amended by inserting after "subsection (b)" the following: "or (c)".

SEC. 1863. HAZARDOUS LIQUID PIPELINE SAFETY AUTHORIZATIONS.

Section 214(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2013(a)) is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(4) $875,000 for the fiscal year ending September 30, 1986; and

"(5) $912,000 for the fiscal year ending September 30, 1987.".

SEC. 1864. TAX DISCRIMINATION AGAINST NATURAL GAS TRANSMISSION PROPERTY.

(a) IN GENERAL.—The Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1671-1686) is amended by adding at the end thereof the following new section:

"TAX DISCRIMINATION AGAINST NATURAL GAS TRANSMISSION PROPERTY

"SEC. 20. (a) As used in this section—

"(1) 'assessment' means valuation for a property tax levied by a taxing district;

"(2) 'assessment jurisdiction' means a geographical area in a State used in determining the assessed value of property for ad valorem taxation;

"(3) 'natural gas transmission property' means property owned or used for the transportation of natural gas by a natural gas company providing transportation of natural gas by pipeline in interstate commerce;

"(4) 'commercial and industrial property' means all real and personal property, other than transportation property, and land used primarily for agricultural purposes or timber growing, devoted to a commercial or industrial use and subject to a property tax levy; and

"(5) 'natural gas company' has the meaning natural gas company has under the Natural Gas Act; except that such term shall not include any person not subject to the jurisdiction of the Federal Energy Regulatory Commission under the Natural Gas Act solely by reason of section 1(c) of such Act (15 U.S.C. 717 and following).

"(b) The Congress finds and declares that the following acts unreasonably burden and discriminate against interstate commerce, and a State, subdivision of a State, or authority acting for a State or subdivision of a State may not do any of them:

"(1) assess natural gas transmission property at a value that has a higher ratio to the true market value of the natural gas transmission property than the ratio that the assessed value of other commercial and industrial property in the same assessment jurisdiction has to the true market value of the other commercial and industrial property;

"(2) levy or collect a tax on an assessment that may not be made under paragraph (1) of this subsection; and

"(3) levy or collect an ad valorem property tax on natural gas transmission property at a tax rate that exceeds the tax rate applicable to commercial and industrial property in the same assessment jurisdiction.

"(c) Notwithstanding section 1341 of title 28, United States Code, and without regard to the amount in controversy or citizenship of the parties, a district court of the United States has jurisdiction, concurrent with other jurisdiction of courts of the United States and the States, to enjoin, suspend, restrain, or set aside, any tax of any State or local unit of government which is in violation of subsection (b) of this section. Relief may be granted under this subsection only if the ratio of assessed value to true market value of natural gas transmission property exceeds, by at least 5 percent, the ratio of assessed value to true market value of other commercial and industrial property in the assessment jurisdiction. The burden of proof in determining such assessed value and true market value shall be governed by State law. If the ratio of the assessed value of other commercial and industrial property in the assessment jurisdiction to the true market value of all other commercial and industrial property cannot be determined to the satisfaction of the district court through the random-sampling method known as a sales assessment ratio study, the court shall find that—

"(1) an assessment of the natural gas transmission property at a value that has a higher ratio to the true market value of the natural gas transmission property than the assessed value of all other property subject to a property tax levy in the assessment jurisdiction has to the true market value of all such other property; and

"(2) the collection of an ad valorem property tax on the natural gas transmission property at a tax rate that exceeds the tax rate applicable to taxable property in the taxing district;

are violations of this section. Any sales assessment ratio study conducted pursuant to this subsection shall be carried out under statistical principles applicable to such study.

"(d) It is the sense of the Congress that any savings accruing to any person (including any natural gas company) by reason of the enactment and implementation of this section should be passed on to the ultimate consumers of natural gas.

"(e) The Federal Energy Regulatory Commission shall submit to Congress—

"(1) an interim report two and one half years after the effective date of this section, and

"(2) a final report five years after such effective date,

on the amount of savings, through reduced rates, accruing to consumers as a result of the enactment and implementation of this section.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall take effect two years after the date of the enactment of this Act.

SEC. 1865. PROHIBITION ON THE ASSESSMENT AND COLLECTION OF CERTAIN FEES AND CHARGES.

(a) SECRETARY OF TRANSPORTATION.—Notwithstanding any other provision of this Act (including any amendment made by this Act), the Secretary of Transportation may not assess or collect any fees based on the usage of any natural gas pipeline or hazardous liquid pipeline, except those fees assessed or collected pursuant to a law approved before the date of the enactment of this Act.

(b) FEDERAL ENERGY REGULATORY COMMISSION.—Notwithstanding any other provision of this Act (including any amendment made by this Act), the Federal Energy Regulatory Commission may not assess or collect any charges from any interstate natural gas pipeline or any interstate oil pipeline carrier, except those charges assessed or collected pursuant to a law approved before the date of the enactment of this Act.

Subtitle C—Tennessee Valley Authority

SEC. 1871. SALE BY SECRETARY OF ENERGY OF CERTAIN UNNECESSARY ELECTRIC ENERGY.

(a) AUTHORITY TO SELL.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary of Energy shall attempt to sell to electric utilities any electric energy that the Secretary has the right to buy under any Federal law or contract in effect on the date of the enactment of this Act for use in the provision of uranium enrichment service activities under section 161 v. of the Atomic Energy Act of 1954 (42 U.S.C. 2201(v)) and that the Secretary determines to be unnecessary to the conduct of such activities.

(2) EXCEPTION.—The Secretary of Energy may not sell any electric energy referred to in paragraph (1) that the Secretary has the right to buy from any federally chartered or Federal regional power marketing authority.

(b) CONSENT TO SALE.—Notwithstanding any other Federal law or contract in effect on the date of the enactment of this Act, no Executive agency (other than a federally chartered or Federal regional power marketing authority) may withhold its consent to the sale of electric energy under subsection (a).

(c) TRANSMISSION.—Notwithstanding any other Federal law or contract in effect on the date of the enactment of this Act—

(1) any Executive agency (other than a federally chartered or Federal regional power marketing authority) selling electric energy to the Department of Energy shall make such electric energy available to the location requested by the Secretary of Energy; and

(2) the Secretary of Energy, acting through the organizational entities described in subparagraphs (A) and (B) of section 302(a)(1) of the Department of Energy Organization Act (42 U.S.C. 7152(a)(1)), shall assist in the transmission of any electric energy sold under subsection (a).

(d) REVENUES FROM SALE.—In partial repayment of amounts appropriated from the general fund of the Treasury of the United States for uranium enrichment service activities, the Secretary of Energy shall deposit in the general fund of the Treasury any revenues derived from the sale of electric energy under subsection (a) that are in excess of the energy charge incurred by the Secretary.

(e) DEFINITIONS.—For purposes of this section:

(1) The term "energy charge" means any fee or payment associated with the purchase of electric energy that is supplied by an electric energy seller to an electric

energy purchaser and does not include any fee or payment made exclusively for the availability of electric energy or the right to purchase specified amounts of electric energy.

(2) The term "Executive agency" has the meaning given such term in section 105 of title 5, United States Code.

(f) EXPIRATION.—Subsections (a) through (e) of this section shall cease to be effective on December 31, 1992.

(g) TENNESSEE VALLEY AUTHORITY.—Notwithstanding any other provision of this Act (including any amendment made by this Act)—

(1) the Tennessee Valley Authority shall comply with section 15d of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831n-4);

(2) the Tennessee Valley Authority shall, under any contract for the sale of electric power and energy with the Department of Energy in effect on September 25, 1985, make available and deliver electric power and energy to the Department of Energy only in such amounts as the Tennessee Valley Authority may lawfully make available and deliver, and under such terms and conditions as are provided, under such contract, the Tennessee Valley Authority Act of 1933, and other laws, as such contract, Act, and laws are in effect on September 25, 1985; and

(3) the Department of Energy shall comply with all payment and contract terms under any Department of Energy contract with the Tennessee Valley Authority providing for the sale of electric power and energy.

TITLE IX—COMMITTEE ON SMALL BUSINESS

SEC. 1901. Section 20 of the Small Business Act is amended by adding the following:

"(u) The following program levels are authorized for fiscal year 1986—

"(1) for the programs authorized by section 7(a) of this Act, the Administration is authorized to make $80,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $20,000,000 in loans to disabled veterans and Vietnam era veterans as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72;

"(2) for the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $2,862,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $15,000,000 in loans as provided in paragraph (12), $450,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503;

"(3) for the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $250,000,000 in guarantees of debentures;

"(4) for the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $900,000,000; and

"(5) for the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $50,000,000.

"(v) There are authorized to be appropriated to the Administration for fiscal year 1986, $593,340,000. Of such sum, $376,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (u), paragraphs (1) through (3); $12,000,000 shall be available for the purposes of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $205,340,000 shall be available for salaries and expenses of the Administration. There also are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

"(w) The following program levels are authorized for fiscal year 1987—

"(1) for the programs authorized by section 7(a) of this Act, the Administration is authorized to make $80,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $20,000,000 in loans to disabled veterans and Vietnam era veterans as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72;

"(2) for the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $2,862,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $15,000,000 in loans as provided in paragraph (12), $450,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503;

"(3) for the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $250,000,000 in guarantees of debentures;

"(4) for the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $900,000,000; and

"(5) for the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $50,000,000.

"(x) There are authorized to be appropriated to the Administration for fiscal year 1987, $627,340,000. Of such sum, $410,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (w), paragraphs (1) through (3); $12,000,000 shall be available for the purposes of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $205,340,000 shall be available for salaries and expenses of the Administration. There also are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

"(y) The following program levels are authorized for fiscal year 1988—

"(1) for the programs authorized by section 7(a) of this Act, the Administration is authorized to make $80,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $20,000,000 in loans to disabled veterans and Vietnam era veterans as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72;

"(2) for the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $2,862,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $15,000,000 in loans as provided in paragraph (12), $450,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503;

"(3) for the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $250,000,000 in guarantees of debentures;

"(4) for the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $900,000,000; and

"(5) for the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $50,000,000.

"(z) There are authorized to be appropriated to the Administration for fiscal year 1988, $634,340,000. Of such sum, $417,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (y), paragraphs (1) through (3); $12,000,000 shall be available for the purposes of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $205,340,000 shall be available for salaries and expenses of the Administration. There also are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.".

SEC. 1902. Section 20(t) of the Small Business Act is amended as follows:

(a) by striking "each of fiscal years 1985 and 1986," and by inserting in lieu thereof "1985"; and

(b) by striking "for each of such years".

SEC. 1903. (a) Section 15 of the Small Business Act is amended by adding at the end thereof the following new subsection:

"(n) For purposes of this section, the determination of labor surplus areas shall be made on the basis of the criteria in effect at the time of the determination except that any minimum population criteria shall not exceed twenty-five thousand. Such determination, as modified by the preceding sen-

tence, shall be made by the Secretary of Labor.".

(b) The amendment made by subsection (a) shall take effect on the ninetieth day after the date of the enactment of this Act.

SEC. 1904. (a) Title III of the Small Business Investment Act of 1958 is amended by adding at the end thereof the following new section:

"GUARANTEED OBLIGATIONS NOT ELIGIBLE FOR PURCHASE BY FEDERAL FINANCING BANK

"SEC. 320. Nothing in any provision of law shall be construed to authorize the Federal Financing Bank to acquire after September 30, 1985—

"(1) any obligation the payment of principal or interest on which has at any time been guaranteed in whole or in part under this title,

"(2) any obligation which is an interest in any obligation described in paragraph (1), or

"(3) any obligation which is secured by, or substantially all of the value of which is attributable to, any obligation described in paragraph (1) or (2).".

(b) The table of sections for such title III is amended by adding at the end thereof the following new item:

"Sec. 320. Guaranteed obligations not eligible for purchase by Federal Financing Bank.".

SEC. 1905. (a) Title III of the Small Business Investment Act of 1958 is amended by adding at the end thereof the following new section:

"ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES

"SEC. 321. The Administration or its agent is authorized to issue trust certificates representing ownership of all or a fractional part of the guaranteed debentures issued by small business investment companies and guaranteed by the Administration under this Act under the same authority, terms and conditions as are applicable to trust certificates issued for loans pursuant to the authority of subsection 5(g) of the Small Business Act.".

(b) The table of sections for such title III is amended by adding at the end thereof the following new item:

"Sec. 321. Issuance and guarantee of trust certificates.".

SEC. 1906. (a) Section 7(b) of the Small Business Act is amended as follows:

(1) by striking "The" after "(b)" and inserting in lieu thereof "Except as to agricultural enterprises as defined in section 18(b)(1) of this Act, the,";

(2) by adding "and" to the end of paragraph (1);

(3) by striking out the semicolon at the end of paragraph (2) and inserting in lieu thereof a period; and

(4) by striking paragraphs (3) and (4).

(b) Section 7(c)(4) of such Act is amended by striking out the last, undesignated paragraph.

(c) Section 18(a) of such Act is amended by striking all of the first sentence that follows "Federal Government," and precedes "and nothing".

SEC. 1907. Section 7(a) of the Small Business Act is amended by adding at the end thereof the following:

"(16) The Administration shall collect a guarantee fee equal to three percent of the amount of the deferred participation share of any loan under this subsection other than a loan repayable in one year or less or a loan under paragraph (13). The fee shall be payable by the participating lending institution and may be charged to the borrower.".

SEC. 1908. The Small Business Investment Act of 1958 is amended by adding the following new section to title V:

"SEC. 504. (a) Notwithstanding any other law, rule or regulation, the Administration is authorized and directed to conduct a pilot program involving the sale to investors, either publicly or by private placement, of debentures guaranteed pursuant to section 503 of the Small Business Investment Act of 1958 as follows—

"(1) of the program levels otherwise authorized by law for fiscal year 1986, an amount not to exceed $235,000,000; and

"(2) of the program levels otherwise authorized by law for fiscal year 1987, an amount not to exceed $280,000,000.

"(b) The sales may be for all or a fractional part of such amounts and the Administration or its agent further is authorized to issue trust certificates for such debentures under the same authority, terms and conditions as are applicable to trust certificates issued for loans pursuant to the authority of section 5(g) of the Small Business Act.

"(c) Nothing in any provision of law shall be construed to authorize the Federal Financing Bank to acquire—

"(1) any obligation the payment of principal or interest on which at any time has been guaranteed in whole or in part under section 503 of the Small Business Investment Act of 1958 and which is being sold pursuant to the provisions of the pilot program authorized in this section,

"(2) any obligation which is an interest in any obligation described in paragraph (1), or

"(3) any obligation which is secured by, or substantially all of the value of which is attributable to, any obligation described in paragraph (1) or (2).

"(d) The Administration shall report to the President and the Congress on the conduct of such pilot program not later than 90 days after the date on which the last sale is made pursuant to paragraph (a) in each fiscal year and unless a report has been made by October 1 of each of 1986 and 1987, the Administration shall make an interim report by such dates.".

SEC. 1909. Section 16 of the Small Business Act is amended by adding to the end thereof the following new subsection:

"(d) Whoever makes any statement knowing it to be false, or whoever knowingly makes or uses any false document, writing or entry, for the purpose of misrepresenting the status of any concern or person as a 'small business concern' or 'small business concern owned and controlled by socially and economically disadvantaged individuals', in order to obtain for oneself or another any—

"(1) prime contract to be awarded pursuant to section 9 or 15;

"(2) subcontract to be awarded pursuant to section 8(a);

"(3) subcontract that is to be included as part or all of a goal contained in a subcontracting plan required pursuant to section 8(d); or

"(4) prime or subcontract to be awarded as a result or in furtherance of any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility,

shall be punished by a fine of not more than $50,000 or by imprisonment for not more than five years, or both.".

SEC. 1910. Not later than December 15, 1985, the Administrator of the Small Business Administration shall submit to the Committees on Small Business of the Senate and House of Representatives an internal report on the options available to providing a guarantee on loans under section 7(a) of the Small Business Act from sources outside the Federal Government, together with such recommendations as the Administrator may have with respect to such options. One option which shall be evaluated in such report is the creation of a corporation owned by the Federal Government to make such guarantees.

SEC. 1911. Subsection (a) of section 7 of the Small Business Act is amended by adding at the end thereof the following new paragraph:

"(17)(A) No financial assistance shall be available under this subsection which benefits any applicant—

"(i) which performs abortion,

"(ii) which engages in research which relates, in whole or in part, to methods of, or the performance of, abortion,

"(iii) which promotes or recommends abortion, or

"(iv) which trains any individual to perform abortion.

"(B) Subparagraph (A) shall not apply to any activity described in clause (i) or (iii) of subparagraph (A) if all of the abortions performed, promoted, and recommended in such activity are in cases where the life of the mother would be endangered if the fetus were carried to term.".

SEC. 1912. (a) Section 5 of the Small Business Act is amended by adding at the end thereof the following new subsection:

"(i)(1) Notwithstanding any other provision of law, the Administrator shall prescribe regulations which impose fees for services provided by the Administration. Such fees shall be in such amounts (subject to the limitation in paragraph (2)) as the Administrator determines to be appropriate, and apply only to the following services—

"(A) publications provided by the Administration,

"(B) processing applications for guaranteed or other loans, and

"(C) determining whether any business is a small business concern (or any type of such concern) for purposes of enabling such business to be eligible for any assistance or preferential treatment under this or any other Act.

"(2) With respect to any fee imposed under this subsection—

"(A) In the case of fees imposed for publications, such fees shall not exceed the lesser of $5 per publication, or the actual publication costs of said publication.

"(B) In the case of fees imposed for processing applications for loans, such fee shall not exceed $100.

"(C) In the case of fees imposed for designation as a small business concern (or any type of such concern), such fee shall not exceed $100 but shall be refunded to the applicant if such designation is not made.

"(3) Amounts collected pursuant to this subsection shall be deposited in the general fund of the Treasury as proprietary receipts of the Small Business Administration to be retained and used by such Administration to cover the costs of such services and publications to the extent and in the amounts as provided in advance in appropriations Acts. There shall be an annual verification by the Administrator of amounts collected and expended for services and publications as provided herein.".

(b) Within one year of the date of enactment of this Act, the Administrator of the Small Business Administration shall submit to the Committees on Small Business and Appropriations of the Senate and House of Representatives a report with his findings and recommendations as to:

(1) the imposition of fees for counseling services provided by the Administration; and

(2) the imposition of each participating lender in the guaranteed loan program under section 7(a) of the Small Business Act of an annual fee of between one-quarter of

one percent and one percent of the value of the unpaid balance of any loan made under such program, particularly on the revenues that could be expected and whether such revenues could be used for a loss reserve fund or to defray the cost of administration of the program.

(c) Not later than 60 days after the enactment of this Act, the Administrator of the Small Business Administration shall submit to the Committees on Small Business and Appropriations of the Senate and House of Representatives a report detailing the fees which the Administrator is considering to impose under the amendment made by subsection (a) and his proposed timetable for imposing such fees.

TITLE X—COMMITTEE ON VETERANS' AFFAIRS

SEC. 1951. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE.

(a) SHORT TITLE.—This title may be cited as the "Veterans' Compensation and Health Care Amendments of 1985".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

Subtitle A—Compensation Rate Increases

SEC. 1961. SHORT TITLE.

This subtitle may be cited as the "Veterans' Compensation Rate Amendments of 1985".

SEC. 1962. DISABILITY COMPENSATION.

(a) IN GENERAL.—Section 314 is amended—

(1) by striking out "$66" in subsection (a) and inserting in lieu thereof "$68";

(2) by striking out "$122" in subsection (b) and inserting in lieu thereof "$127";

(3) by striking out "$185" in subsection (c) and inserting in lieu thereof "$192";

(4) by striking out "$266" in subsection (d) and inserting in lieu thereof "$276";

(5) by striking out "$376" in subsection (e) and inserting in lieu thereof "$390";

(6) by striking out "$474" in subsection (f) and inserting in lieu thereof "$492";

(7) by striking out "$598" in subsection (g) and inserting in lieu thereof "$620";

(8) by striking out "$692" in subsection (h) and inserting in lieu thereof "$718";

(9) by striking out "$779" in subsection (i) and inserting in lieu thereof "$808";

(10) by striking out "$1,295" in subsection (j) and inserting in lieu thereof "$1,343";

(11) by striking out "$1,609" and "$2,255" in subsection (k) and inserting in lieu thereof "$1,669" and "$2,338", respectively;

(12) by striking out "$1,609" in subsection (l) and inserting in lieu thereof "$1,669";

(13) by striking out "$1,774" in subsection (m) and inserting in lieu thereof "$1,840";

(14) by striking out "$2,017" in subsection (n) and inserting in lieu thereof "$2,092";

(15) by striking out "$2,255" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$2,338";

(16) by striking out "$968" and "$1,442" in subsection (r) and inserting in lieu thereof "$1004" and "$1,495", respectively;

(17) by striking out "$1,449" in subsection (s) and inserting in lieu thereof "$1,503"; and

(18) by striking out "$280" in subsection (t) and inserting in lieu thereof "$290".

(b) SPECIAL RULE.—The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 1963. ADDITIONAL COMPENSATION FOR DEPENDENTS.

Section 315(1) is amended—1

(1) by striking out "$79" in clause (A) and inserting in lieu thereof "$82";

(2) by striking out "$132" and "$42" in clause (B) and inserting in lieu thereof "$137" and "$44", respectively;

(3) by striking out "$54" and "$42" in clause (C) and inserting in lieu thereof "$56" and "$44", respectively;

(4) by striking out "$64" in clause (D) and inserting in lieu thereof "$66";

(5) by striking out "$143" in clause (E) and inserting in lieu thereof "$148"; and

(6) by striking out "$120" in clause (F) and inserting in lieu thereof "$124".

SEC. 1964. CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS.

Section 362 is amended by striking out "$349" and inserting in lieu thereof "$362".

SEC. 1965. DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES.

Section 411 is amended—

(1) by striking out the table in subsection (a) and inserting in lieu thereof the following:

Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	$494	W-4	$707
E-2	508	O-1	624
E-3	521	O-2	644
E-4	555	O-3	690
E-5	569	O-4	729
E-6	582	O-5	804
E-7	611	O-6	905
E-8	644	O-7	979
E-9	[1]673	O-8	1,073
W-1	624	O-9	1,152
W-2	649	O-10	[2]1,262
W-3	668		

[1]If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $726

[2]If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,353.";

(2) by striking out "$55" in subsection (b) and inserting in lieu thereof "$57";

(3) by striking out "$143" in subsection (e) and inserting in lieu thereof "$148"; and

(4) by striking out "$70" in subsection (d) and inserting in lieu thereof "$73".

SEC. 1966. DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN.

Section 413 is amended—

(1) by striking out "$240" in clause (1) and inserting in lieu thereof "$249";

(2) by striking out "$345" in clause (2) and inserting in lieu thereof "$358";

(3) by striking out "$446" in clause (3) and inserting in lieu thereof "$463"; and

(4) by striking out "$446" and "$90" in clause (4) and inserting in lieu thereof "$463" and "$93", respectively.

SEC. 1967. SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN.

Section 414 is amended—

(1) by striking out "$143" in subsection (a) and inserting in lieu thereof "$148";

(2) by striking out "$240" in subsection (b) and inserting in lieu thereof "$249"; and

(3) by striking out "$122" in subsection (c) and inserting in lieu thereof "$127".

SEC. 1968. EFFECTIVE DATE FOR RATE INCREASES.

The amendments made by this part shall take effect on December 1, 1985.

Subtitle B—Health-Care Eligibility Reform

SEC. 1971. SHORT TITLE.

This subtitle may be cited as the "Veterans' Health-Care Eligibility Reform Act of 1985".

SEC. 1972. ELIGIBILITY FOR HEALTH CARE OF VETERANS WITH NON-SERVICE-CONNECTED DISABILITIES.

(a) HOSPITAL CARE AND NURSING HOME CARE.—(1) Subsection (a) of section 610 of title 38, United States Code, is amended to read as follows:

"(a) The Administrator shall furnish hospital care which the Administrator determines is needed and may (within the limits of Veterans' Administration facilities) furnish nursing home care which the Administrator determines is needed—

"(1) to any veteran for a service-connected disability;

"(2) to a veteran whose discharge or release from the active military, naval, or air service was for a disability incurred or aggravated in line of duty, for any disability;

"(3) to a veteran who is in receipt of, or but for the receipt of retirement pay would be entitled to, disability compensation, for any disability;

"(4) to a veteran who, but for a suspension pursuant to section 351 of this title (or both such a suspension and the receipt of retired pay), would be entitled to disability compensation, but only to the extent that such veteran's continuing eligibility for such care is provided for in the judgment or settlement described in such section, for any disability;

"(5) to a veteran as provided in subsection (e) of this section;

"(6) to a veteran who is a former prisoner of war, for any disability;

"(7) to a veteran of the Spanish-American war, Indian wars, Mexican border period, or World War I, for any disability;

"(8) to a veteran for a non-service-connected disability, if the veteran is unable to defray the expenses of necessary care; and

"(9) to a veteran for a non-service-connected disability if, in the case of hospital care (as well as nursing home care), the Administrator determines that the care may be provided within the limits of Veterans' Administration facilities.".

(2) Subsection (e)(1) of such section is amended by striking out "may be furnished hospital care or nursing home care" in subparagraphs (A) and (B) and inserting in lieu thereof "shall be furnished hospital care and may (within the limits of Veterans' Administration facilities) be furnished nursing home care".

(3) Such section is further amended by adding at the end the following new subsections:

"(f)(1) Except as provided in paragraph (2) of this subsection, the Administrator may not furnish hospital care or nursing home care under this section to a veteran who is eligible for such care solely because of subsection (a)(9) of this section unless the veteran agrees to pay to the United States the lesser of—

"(A) the cost of furnishing such care, as determined by the Administrator; and

"(B) the amount of the inpatient Medicare deductible in effect on the date of the veteran's admission for such care.

"(2) A veteran may not be required to make a payment under paragraph (1) of this subsection for care furnished during any 12-month period to the extent that such payment would cause the total amount paid by the veteran under such paragraph for hospital and nursing home care furnished during that period and under section 612(f)(3) of this title for medical services furnished during that period to exceed the amount of the inpatient Medicare deductible in effect for services provided during the first month of such 12-month period.

"(3) An amount collected or received by the Veterans' Administration under this subsection shall be deposited in the Treasury as a proprietary receipt.

"(4) For the purposes of this subsection, the term 'inpatient Medicare deductible' means the amount of the inpatient hospital deductible in effect under section 1813(b) of the Social Security Act (42 U.S.C. 1395e(b)).

"(g) Nothing in this section—

"(1) requires the Administrator to furnish hospital care in a facility other than a Veterans' Administration facility;

"(2) requires the Administrator to furnish care to a veteran to whom another agency of Federal, State, or local government has a duty to provide care in an institution of such government; or

"(3) restricts the Administrator's discretion to determine—

"(A) the appropriateness of furnishing medical services, therapies, or programs under this chapter; or

"(B) in what manner they will be furnished.".

(b) MEDICAL SERVICES FURNISHED ON AN OUTPATIENT OR AMBULATORY BASIS.—(1) Subsections (a) and (g) of section 612 are amended by striking ", within the limits of Veterans' Administration facilities, may" and inserting in lieu thereof "shall".

(2) Subsection (f) of such section is amended—

(A) by striking out "The Administrator, within the limits of Veterans' Administration facilities, may" and inserting in lieu thereof "(1) Except as provided in paragraph (3) of this subsection, the Administrator shall";

(B) by redesignating clause (1) as clause (A) and redesignating subclauses (A) and (B) of such clause as subclauses (i) and (ii), respectively;

(C) by redesignating clauses (2) and (3) as clauses (B) and (C), respectively;

(D) by designating the second sentence as paragraph (2);

(E) by striking out the third sentence; and

(F) by adding at the end the following:

"(3)(A) The Administrator may not furnish medical services under paragraph (1) of this subsection or home health services under paragraph (2) of this subsection to a veteran who is eligible for such care solely because of section 610(a)(9) of this title unless the veteran agrees to pay to the United States, in the case of each visit in which such medical or home health services are furnished, the amount equal to 20 percent of the estimated average cost of an outpatient visit in a Veterans' Administration facility during the fiscal year in which the services are furnished. Such estimated average cost shall be determined by the Administrator.

"(B) Subparagraph (A) of this paragraph does not apply to services furnished under paragraph (1)(A)(ii) of this subsection.

"(C) A veteran may not be required to make a payment under this paragraph for services furnished under this subsection during any 12-month period to the extent that such payment would cause the total amount paid by the veteran under this paragraph for medical services furnished during that period and under section 610(f) of this title for hospital and nursing home care furnished during that period to exceed the amount of the inpatient Medicare deductible in effect for services provided during the first month of such 12-month period.

"(D) For the purposes of this paragraph, the term 'inpatient Medicare deductible' means the amount of the inpatient hospital deductible in effect under section 1813(b) of the Social Security Act (42 U.S.C. 1395e(b)).

"(E) An amount collected or received by the Veterans' Administration under this paragraph shall be deposited in the Treasury as a proprietary receipt.".

(3) Subsection (i) of such section is repealed.

(4) Subsection (j) of such section is amended—

(A) by striking out "pursuant to" and inserting in lieu thereof "under";

(B) by striking out "(voluntarily requesting" and inserting in lieu thereof "who voluntarily request";

(C) by striking out the parenthesis after "immunizations";

(D) by striking out "facility, utilizing" and inserting in lieu thereof "facility. Any such immunization shall be made using";

(E) by striking out "Administration," and all that follows through "to provide" and inserting in lieu thereof "Administration. For such purpose, the Secretary may provide"; and

(F) by striking out "cost and the provisions of section" and inserting in lieu thereof "cost. Section".

(c) DETERMINATION OF ABILITY TO PAY.—Section 622 of such title is amended—

(1) by inserting "(a)" before "For the purposes";

(2) by striking out "610(a)(1)(B)" and inserting in lieu thereof "610(a)(8)"; and

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

"(b)(1) An individual who does not qualify as having sufficient evidence of inability to defray necessary expenses by reason of subsection (a) of this section shall nevertheless be presumed to be unable to defray necessary expenses for the purpose of the sections referred to in that subsection if the individual's attributable income during the 12-month period preceding the date of the individual's application for care under one of those sections is not greater than the health-care income threshold.

"(2) Notwithstanding paragraph (1) of this subsection, the Administrator may refuse to determine that an individual is unable to defray necessary medical expenses for the purpose of the sections referred to in subsection (a) of this section if the corpus of the estate of the individual (and of the individual's spouse and dependent children, if any) is such that under all the circumstances (including consideration of the annual income of the individual and of such spouse and dependent children) it is reasonable that some part of the corpus of such estates be consumed for the individual's maintenance.

"(3) For purposes of this subsection, an individual's attributable income shall be determined in the same manner as the manner in which a determination is made of the total amount of income by which the rate of pension for such individual under section 521 of this title would be reduced if such individual were eligible for pension under that section.

"(4) For purposes of paragraph (1) of this subsection, the health-care income threshold for an individual—

"(A) in the case of an application for care made during the 12-month period beginning on December 1, 1985, is the amount equal to the product of—

"(i) 3.34, and

"(ii) the applicable current maximum annual rate of pension (as determined under paragraph (5) of this subsection); and

"(B) in the case of an application for care made during a 12-month period beginning on December 1 of a calendar year after 1985, is the amount in effect for purposes of this paragraph during the previous 12-month period increased by the percentage by which benefits have been increased under section 3112(a) of this title during that period.

"(5) For purposes of paragraph (4)(A)(ii) of this subsection, the current maximum annual rate of pension for a veteran is—

"(A) the amount in effect under section 521(b) in the case of a veteran who is unmarried (or married but not living with or reasonably contributing to the support of such veteran's spouse) and there is no child of the veteran in the custody of the veteran or to whose support the veteran is reasonably contributing; and

"(B) the amount in effect under section 521(c), in the case of a veteran who is married and living with or reasonably contributing to the support of such veteran's spouse or if there is a child of the veteran in the veteran's custody or to whose support the veteran is reasonably contributing.".

(d) CONFORMING AMENDMENTS.—(1) Section 525(a) is amended by striking out "and special priority with respect to such care and services under section 612(i)(5) of this title".

(2) Section 601 is amended—

(A) in paragraph (4)(C)(ii) by striking out "in clause (1)(b) or (2) of the first sentence, or in the third sentence," and inserting in lieu thereof "in paragraph (1)(A)(ii), (1)(B), or (1)(C)";

(B) in paragraph (6)(A)(i) by striking out "section 612(f)(1)(A)" and inserting in lieu thereof "section 612(f)(1)(A)(i)"; and

(C) in paragraph (6)(B)(ii) by striking out "section 612(f)(1)(B)" and inserting in lieu thereof "section 612(f)(1)(A)(ii)".

(3) Section 612A is amended—

(A) by striking out "clause (1)(b)" in subsection (b)(1) and inserting in lieu thereof "paragraph (1)(A)(ii)"; and

(B) by striking out "612(f)(2)" in subsection (e)(1) and inserting in lieu thereof "612(f)(1)(B)".

(4) Section 618(e) is repealed.

(5) Section 620(f)(1)(A)(ii) is amended by striking out "612(f)(2)" and inserting in lieu thereof "612(f)(1)(B)".

(6) Section 663(a)(1) is amended by striking out "612(f)(2)" both places it appears and inserting in lieu thereof "612(f)(1)(B)".

(e) EFFECTIVE DATE.—(1) Except as provided in paragraph (2), the amendments made by this section shall apply to hospital care, nursing home care, and medical services furnished after the end of the 60-day period beginning on the date of the enactment of this Act.

(2) The provisions of sections 610 and 622 of title 38, United States Code, as in effect on the day before the date of the enactment of this Act, shall apply with respect to hospital and nursing home care and medical services furnished after the end of such 60-day period to veterans who were furnished such care or services on the day before the end of such period, but only to the extent that such care or service is furnished with respect to the same spell of illness for which it was furnished on such day as determined by the Administrator.

(f) SUNSET PROVISION.—The amendments made by this section shall expire on October 1, 1988.

SEC. 1973. RECOVERY OF THE COST OF CERTAIN CARE AND SERVICES.

(a) IN GENERAL.—Section 629 of title 38, United States Code, is amended to read as follows:

"§ 629. Recovery by the United States of the cost of certain care and services

"(a)(1) In any case in which a veteran is furnished care or services under this chapter for a disability described in paragraph (2) of this subsection, the United States has the right to recover or collect the reasonable costs of such care or services (as determined by the Administrator under subsection (d)(2)) from a third party to the extent that the veteran (or the provider of the care or services) would be eligible to receive reimbursement or indemnification for such care or services from such third party if the care or services had not been furnished by a department or agency of the United States.

"(2) Paragraph (1) of this subsection applies to a non-service-connected disability—

"(A) that is incurred incident to the veterans' employment and that is covered under a workers' compensation law or plan that provides reimbursement for or indemnification of the cost of health care and services provided to the veteran by reason of the disability;

"(B) that is incurred as the result of a motor vehicle accident to which applies a State law that requires the owners or operators of motor vehicles registered in that State to have in force automobile accident reparations insurance;

"(C) that is incurred as the result of a crime of personal violence that occurred in a State, or a political subdivision of a State, in which a person injured as the result of such a crime is entitled to receive health care and services at such State's or subdivision's expense for personal injuries suffered as the result of such crime; or

"(D) that is incurred by a veteran who—

"(i) does not have a service-connected disability; and

"(ii) is entitled to care (or reimbursement for the expenses of care) under an insurance policy, contract, medical, or hospital service agreement, membership, or subscription contract, or similar arrangement for the purpose of providing, paying for, or reimbursing expenses for health services.

"(b)(1) With respect to the right provided in subsection (a) of this section, the United States shall be subrogated to any right or claim that the veteran (or the veteran's personal representative, successor, dependents, or survivors) may have against a third party.

"(2)(A) In order to enforce any right or claim to which it is subrogated under paragraph (1) of this subsection, the United States may intervene or join in any action or proceeding brought by the veteran (or the veteran's personal representative, successor, dependents, or survivors) against a third party.

"(B) The United States may institute and prosecute legal proceedings against the third party if—

"(i) an action or proceeding described in subparagraph (A) of this paragraph is not begun within 180 days after the first day on which care and services for which recovery is sought are furnished to the veteran by the Veterans' Administration under this chapter;

"(ii) the United States sends written notice by certified mail to the veteran at the veteran's last-known address (or to the veteran's personal representative or successor) of the intention of the United States to institute such legal proceedings; and

"(iii) a period of 60 days has passed following the mailing of such notice.

"(c) The Administrator may compromise, settle, or waive a claim of the United States under this section.

"(d)(1) The Administrator may enter into contracts or agreements with individuals or organizations for services to recover or collect amounts due the United States under this section. Notwithstanding section 3302(b) of title 31, such a contract or agreement may provide that a fee an individual or organization charges to recover or collect amounts due the United States is payable from the amount recovered or collected. Any such contract or agreement shall provide that—

"(A) the Administrator retains the authority to—

"(i) resolve a dispute;

"(ii) compromise a claim;

"(iii) end collection action; and

"(iv) refer a matter to the Attorney General to bring a civil action; and

"(B) with respect to any such recovery or collection, the individual or organization is subject to—

"(i) section 552a(m) of title 5 and sections 3301 and 4132 of this title; and

"(ii) laws and regulations of the United States and of the States related to collection practices.

"(2) The amount that may be recovered by the United States under subsection (a) of this section may not exceed the lesser of—

"(A) an amount equal to the reasonable cost of the care and services furnished the veteran under this chapter, as determined by the Administrator; or

"(B) the maximum amount specified (as applicable)—

"(i) by the law of the State or political subdivision concerned; or

"(ii) by any relevant contractual provision to which the veteran was a party or was subject.

"(3) For the purpose of determining the reasonable cost of care and services under subsection (a)(1) of this section and paragraph (2)(A) of this subsection, the Administrator—

"(A) shall prescribe regulations; and

"(B) may enter into agreements with insurance, medical service, and health-plan carriers and contractors.

"(4) Regulations prescribed under paragraph (3) of this subsection shall be prescribed only after notice and opportunity for public comment.

"(5) A determination for the purposes of this subsection of the reasonable cost of care and services furnished a veteran under this chapter shall be made in accordance with regulations prescribed and agreements entered into under paragraph (3) of this subsection.

"(e) A veteran eligible for care or services under this chapter may not be denied such care or services by reason of this section.

"(f) No law of any State or of any political subdivision of a State, and no provision of any contract or other agreement entered into, renewed, or modified (including any modifications of premiums or coverage) after the date of the enactment of the Veterans' Health-Care Eligibility Reform Act of 1985, shall operate to prevent recovery or collection by the United States under this section or with respect to care or services furnished under section 611(b) of this title.

"(g) Any moneys collected or received by the Veterans' Administration under this section shall be deposited in the Treasury as a proprietary receipt.

"(h) The Administrator shall make available clinical records of the Veterans' Administration for a veteran who is a beneficiary of any kind of policy, contract, agreement, or other arrangement which is referred to in subsection (a)(2)(D) of this section and with respect to which recovery or collection is sought under this section for inspection and review by the parties to such policy, contract, agreement, or other arrangement for the sole purpose of permitting such parties to verify that services for which recovery or collection is sought were furnished.

"(i)(1) For purposes of this section, the term 'third party' means—

"(A) a State or political subdivision of a State;

"(B) an employer or an employer's insurance carrier;

"(C) an automobile accident reparations insurance carrier;

"(D) an insurance, medical service, or health plan carrier; or

"(E) a contractor.

"(2) Such term does not include—

"(A) the insurance programs under parts A and B of title XVIII of the Social Security Act; or

"(B) a State plan for medical assistance approved under title XIX of such Act.".

(b) EFFECTIVE DATE.—(1) The amendments made by this section shall apply to care and services provided on or after the date of the enactment of this Act, but shall not affect any policy, contract, agreement, or other arrangement referred to in section 629(a)(2)(D) of title 38, United States Code, as amended by subsection (a), that was entered into before such date and is not modified or renewed on or after such date.

(2) For purposes of paragraph (1), the term "modified" includes any change in premiums or coverage.

SEC. 1974. ACCEPTANCE OF VA BENEFICIARIES BY PROVIDERS WHO ACCEPT MEDICARE BENEFICIARIES.

(a) IN GENERAL.—Chapter 17 is amended by inserting after section 624 the following new section:

"§ 625. Requirement that providers accept Medicare and Veterans' Administration beneficiaries on similar basis and accept Veterans' Administration payments as payments in full

"(a) A non-Federal provider of hospital services to any Medicare beneficiary—

"(1) must accept Veterans' Administration beneficiaries on a similar basis; and

"(2) must accept payments made by the Administrator in accordance with Veterans' Administration regulations as payments in full.

"(b) Upon a finding by the Administrator, made in accordance with procedures developed in consultation with the Secretary of Health and Human Services, that a Medicare provider has failed to comply with subsection (a) of this section, the Administrator shall report such finding to the Secretary for possible corrective action or for possible termination of the provider's agreement with the Secretary entered into under the Social Security Act (42 U.S.C. 1395cc(a)). Thereafter, in addition to the bases for termination set forth in such Act, the Secretary may terminate such agreement with the provider if the Secretary determines that the provider has failed to comply with this section.

"(c) For purposes of this section, the term 'Veterans' Administration beneficiaries' means all veterans and other persons for whose hospital care outside Federal facilities the Administrator is authorized to pay.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 624 the following new item:

"625. Requirement that providers accept Medicare and Veterans' Administration beneficiaries on similar basis and accept Veterans'

Administration payments as payments in full.".

SEC. 1975. REPORT.

(a) REPORT ON PROVISION OF HEALTH CARE.—The Administrator of Veterans' Affairs shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report describing in detail—

(1) the number of veterans receiving health care from the Veterans' Administration during the report period;

(2) the number of veterans applying for health care from the Veterans' Administration during the report period who did not receive such care; and

(3) the reasons why veterans who applied for such care did not receive such care.

(b) DEADLINE FOR REPORT.—The report shall be submitted not later than 30 days after the end of the report period.

(c) REPORT PERIOD.—For the purposes of this section, the term "report period" means the 12-month period beginning on the effective date of the amendments made by section 1962.

Subtitle C—Miscellaneous

SEC. 1981. ADVISORY COMMITTEE ON AMERICAN INDIAN VETERANS.

(a) ESTABLISHMENT OF COMMITTEE.—The Administrator of Veterans' Affairs shall establish, by January 15, 1986, an advisory committee to be known as the Advisory Committee on American Indian Veterans (hereinafter in this section referred to as the "Committee").

(b) DUTIES.—The Committee shall examine and evaluate programs and other activities of the Veterans' Administration with respect to the needs of American Indian veterans. Such examination and evaluation shall include—

(1) an assessment of the needs of such veterans with respect to health care, rehabilitation, outreach, and other programs administered by the Veterans' Administration; and

(2) a review of the manner in which and the extent to which the programs and other activities of the Veterans' Administration meet such needs.

(c) MEMBERS.— The Committee shall consist of—

(1) the Secretary of Labor (or a representative of the Secretary of Labor designated by the Secretary after consultation with the Assistant Secretary of Labor for Veterans' Employment);

(2) the Chief Medical Director and Chief Benefits Director of the Veterans' Administration; and

(3) members appointed by the Administrator from the general public, including—

(A) representatives of American Indian veterans, including such veterans with service-connected disabilities; and

(B) individuals who are recognized authorities in fields pertinent to the needs of such veterans, including specific health care needs of such veterans and the delivery of health care services by the Veterans' Administration to such veterans.

(d) PARTICIPATION BY OTHER AGENCIES.—The Administrator may invite representatives of other departments and agencies of the Federal Government to participate in the meetings and other activities of the Committee.

(e) EXPENSES.—The members of the Committee appointed by the Administrator shall be paid for reasonable and necessary expenses, as determined by the Administrator, incurred in carrying out the duties of the Committee.

(f) REPORTS.—(1) Not later than November 1, 1986, and not later than November 1, 1987, the Committee shall transmit to the Administrator a report on the matters described in paragraphs (1) and (2) of subsection (b) that were examined and evaluated by the Committee during fiscal year 1986 in the case of the first report and during fiscal year 1987 in the case of the second report.

(2) Within 60 days after receiving each such report, the Administrator shall transmit to the Congress a copy of the report, together with any comments concerning the report that the Administrator considers appropriate.

(g) TERMINATION.—The Committee shall terminate on the date on which the second report is transmitted by the Committee pursuant to subsection (f)(1).

SEC. 1982. AGENT ORANGE STUDY FOR FEMALE VETERANS.

(a) REQUIREMENT FOR EPIDEMIOLOGICAL STUDY.—(1) The Administrator of Veterans' Affairs shall provide for the conduct of an epidemiological study of any long-term adverse gender-specific health effects in females of service in the Armed Forces of the United States in the Republic of Vietnam during the period of the Vietnam conflict as such health effects may result from exposure to—

(A) phenoxy herbicides (including the herbicide known as Agent Orange); and

(B) the class of chemicals known as the dioxins produced during the manufacture of such herbicides.

(2) In providing for such study, the Administrator may expand the scope of the study to include an evaluation of any long-term adverse gender-specific health effects in females of such service as such health effects may result from other factors involved in such service (including exposure to other herbicides, chemicals, medications, or environmental hazards or conditions).

(3) The Administrator may also include in the study an evaluation of the means of detecting and treating adverse gender-specific health effects found through the study.

(4) The Administrator shall provide for the study to be conducted through contracts or agreements with public or private agencies or persons.

(b) FUNCTIONS OF OFFICE OF TECHNOLOGY ASSESSMENT.—(1) The study required by subsection (a) shall be conducted in accordance with a protocol approved by the Director of the Office of Technology Assessment.

(2) The Director shall monitor the conduct of such study in order to assure compliance with such protocol.

(3)(A) Concurrent with the approval or disapproval of any protocol under paragraph (1), the Director shall submit to the appropriate committees of Congress a report—

(i) explaining the basis for the Director's action in approving or disapproving the protocol; and

(ii) providing the Director's conclusions regarding the scientific validity and objectivity of the protocol.

(B) If the Director has not approved such a protocol during the 180 days following the date of the enactment of this Act, the Director—

(i) shall submit to the appropriate committees of Congress a report describing the reasons why the Director has not given such approval; and

(ii) shall submit to such committees an update report on such initial report each 60 days thereafter until such a protocol is approved.

(4) The Director shall submit to the appropriate committees of Congress, at each of the times specified in the second sentence of this paragraph, a report on the Director's monitoring of the conduct of such study pursuant to paragraph (2). A report under the preceding sentence shall be submitted—

(A) before the end of the six-month period beginning on the date of the approval of the protocol by the Director;

(B) before the end of the 12-month period beginning on such date; and

(C) annually thereafter until the study is completed or terminated.

(c) DURATION OF STUDY.—The study conducted pursuant to subsection (a) shall be continued for as long after the submission of the first report under subsection (d)(1) as the Administrator may determine reasonable in light of the possibility of developing through such study significant new information on the long-term gender-specific adverse health effects in females of exposure to dioxins.

(d) REPORTS TO CONGRESS.—(1) Not later than 24 months after the date of the approval of the protocol pursuant to subsection (b)(1) and annually thereafter, the Administrator shall submit to the appropriate committees of Congress a report containing—

(A) a description of the results thus far obtained under the study conducted pursuant to such subsection; and

(B) such comments and recommendations for administrative or legislative action, or both, as the Administrator considers appropriate in light of such results.

(2) Not later than 90 days after the submission of each report under paragraph (1), the Administrator shall publish in the Federal Register, for public review and comment, a description of any action that the Administrator proposes to take with respect to programs administered by the Veterans' Administration. Each such description shall include a justification or rationale for any such action the Administrator proposes to take. Any such proposal shall be based on the results described in the report under paragraph (1) and the comments and recommendations on that report and any other available pertinent information.

(3) The requirement in paragraph (1) for the submission of annual reports expires upon the submission of a report after the completion of the study under subsection (a).

(e) BUDGET ACT PROVISIONS.—(1) This section does not authorize the enactment of new budget authority for a fiscal year before fiscal year 1987.

(2) A contract to carry out the study under subsection (a) may be entered into only to the extent that—

(A) appropriated funds are available to carry out the contract; or

(B) the contract provides that the obligation of the United States to make payments under the contract is contingent upon the availability of appropriated funds for such payments.

(f) DEFINITION.—For the purposes of this section, the term "gender-specific health effects in females" includes effects on female reproductive capacity, reproductive organs, and reproductive outcomes, effects on female-specific organs and tissues, and other effects unique to the physiology of females.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DIVISION B—

SEC. 2001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the "Deficit Reduction Amendments of 1985".

(b) TABLE OF CONTENTS.—

Title I. Health care programs.
Title II. Trade and customs laws amendments.
Title III. Provisions relating to aid to fami-

lies with dependent children.
Title IV. Provisions relating to railroad unemployment repayment tax and unemployment compensation.
Title V. Revenue provisions.
Title VI. Amendments relating to single employer plans.

TITLE I—HEALTH CARE PROGRAMS

SEC. 2100. SHORT TITLE; TABLE OF CONTENTS OF TITLE.

This title may be cited as the "Medicare and Medicaid Budget Reconciliation Amendments of 1985".

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Part A—Changes Relating Primarily to Part A of the Medicare Program
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Sec. 2101. Rate of increase in payments for inpatient hospital services.
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Sec. 2105. Computation of additional payment amounts for hospitals serving a disproportionate share of low-income patients.
Sec. 2106. Treatment of certain rural osteopathic hospitals as rural referral centers.
Sec. 2107. One-year prohibition on freezing cost increases that may be recognized for direct medical education.
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Sec. 2109. Continuation of medicare reimbursement waivers for certain hospitals subject to regional hospital reimbursement demonstrations.
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Sec. 2111. Special rule for treatment of depreciation and capital indebtedness for donations of state property to non-profit corporations.
Sec. 2112. Report on impact of outlier and transfer policy on rural hospitals.
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Subpart 2—Benefits, Coverage, Premiums, and Provider Agreements
Sec. 2121. Extension and payment for hospice care.
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Sec. 2123. Medicare coverage of, and application of hospital insurance tax to, newly hired State and local government employees.
Sec. 2124. Responsibilities of medicare hospitals in emergency cases.
Part B—Changes Relating to Parts A and B of the Medicare Program
Sec. 2131. Extension of working aged provisions to individuals over 69.
Sec. 2132. Provisions relating to health maintenance organizations and competitive medical plans.
Sec. 2133. Evaluation of preadmission and pre-procedure certification programs.
Sec. 2134. Prohibition of administrative merger of renal disease networks with other organizations.
Sec. 2135. Extension of certain medicare municipal health services demonstration projects.
Sec. 2136. Technical corrections.
Part C—Changes Relating to Part B of the Medicare Program
Sec. 2141. Extension of physician fee freeze for non-participating physicians and improvements in the participating physician program.
Sec. 2142. Expansion of membership and duties of the Prospective Payment Assessment Commission to include review of payments for physicians' services.
Sec. 2143. Part B premium.
Sec. 2144. Determinations of inherent reasonableness of charges and customary charges for certain former hospital-compensated physicians.
Sec. 2145. Occupational therapy services.
Sec. 2146. Payment for durable medical equipment.
Sec. 2147. Payment for assistants at surgery for certain cataract operations and other operations.
Sec. 2148. Limitation on medicare payment for post-cataract surgery patients.
Sec. 2149. Demonstration of preventive health services under medicare.
Part D—Other and Additional Changes Relating to Part B (or to Parts A and B) of the Medicare Program
Sec. 2151. Extension of physician fee freeze for non-participating physicians and improvements in the participating physician program.
Sec. 2152. Physician Payment Review Commission and development of relative value scale.
Sec. 2153. Payment for durable medical equipment.
Sec. 2154. Payment for clinical laboratory services.
Sec. 2155. Vision care.
Sec. 2156. Second opinions.
Sec. 2157. Changing medicare appeal rights.
Sec. 2158. Extension of On Lok waiver.
Part E—Changes Relating to the Medicaid Program
Sec. 2161. Services for pregnant women.
Sec. 2162. Modifications of home and community-based waiver under section 1915(c).
Sec. 2163. Optional hospice benefits.
Sec. 2164. Medicaid payments for direct medical education costs of hospitals.
Sec. 2165. Treatment of potential payments from medicaid qualifying trusts.
Sec. 2166. Written standards for provision of organ transplants.
Sec. 2167. Deemed residence for out-of-state adoptive and foster care placements.
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Sec. 2171. Reference to provisions of law providing coverage under, or directly affecting, the medicaid program.
Part F—Private Health Insurance Continuation
Sec. 2181. Temporary extension of coverage at group rates for family members of deceased, divorced, or medicare-eligible workers.
Part G—Task Force on Long-Term Health Care Policies
Sec. 2191. Guidelines for long-term health care policies.

PART A—CHANGES RELATING PRIMARILY TO PART A OF THE MEDICARE PROGRAM

Subpart 1—Hospital Payment Rates

SEC. 2101. RATE OF INCREASE IN PAYMENTS FOR INPATIENT HOSPITAL SERVICES.

(a) SETTING APPLICABLE PERCENTAGE AT ONE PERCENT.—The second sentence of section 1886(b)(3)(B) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)) is amended to read as follows: "Notwithstanding the previous sentence or subsection (e), for purposes of subparagraph (A) for cost reporting periods beginning during fiscal year 1986 and for purposes of subsection (d)(3)(A) for discharges occurring during that fiscal year, the applicable percentage increase shall be one percent.".

(b) APPLICATION TO DRG PAYMENT SYSTEM.—Section 1886(d)(3)(A) of such Act is amended by striking out "for fiscal year 1985" and inserting in lieu thereof "for each of fiscal years 1985 and 1986".

(c) NO SECRETARIAL DISCRETION FOR FISCAL YEAR 1986.—Section 1886(e)(4) of such Act is amended by striking out "1986" and inserting in lieu thereof "1987".

SEC. 2102. ONE-YEAR EXTENSION OF DRG TRANSITION.

(a) MAINTAINING CURRENT BLEND FOR ONE YEAR.—Section 1886(d)(1) of the Social Security Act (42 U.S.C. 1395ww(d)(1)) is amended by striking out "1985" and "1986" and inserting in lieu thereof "1986" and "1987", respectively, each place either appears.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to cost reporting periods, and discharges in fiscal years, beginning on or after October 1, 1985.

SEC. 2103. APPLICATION OF REVISED HOSPITAL WAGE INDEX.

(a) APPLICATION OF REVISED INDEX PROSPECTIVELY.—(1) Subsection (b) of section 2316 of the Deficit Reduction Act of 1984 (Public Law 98-369; 98 Stat. 1081) is amended to read as follows:

"(b) The Secretary shall adjust the payment amounts for hospitals for discharges occurring during fiscal year 1986 to reflect the changes the Secretary has proposed (in the Federal Register on June 10, 1985) in regulations respecting the hospital wage index under section 1886(d)(3)(E) of the Social Security Act, as that proposal relates to the use of total gross hospital wages. For discharges occurring after September 30, 1986, the Secretary shall provide for such periodic adjustments in the appropriate wage index used under that section as may be necessary, taking into account changes in the wage differences of full-time and part-time workers.".

(2) The amendment made by paragraph (1) shall be effective as if it had been included in the Deficit Reduction Act of 1984.

(b) STUDY OF METHODOLOGY FOR AREA WAGE ADJUSTMENT FOR CENTRAL CITIES.—(1) The Secretary of Health and Human Services, in consultation with the Prospective Payment Assessment Commission, shall collect information and shall develop one or more methodologies to permit the adjustment of the wage indices used for purposes of sections 1886(d)(2)(C)(ii), 1886(d)(2)(H), and 1886(d)(3)(E) of the Social Security Act, in order to more accurately reflect hospital labor markets, by taking into account variations in wages and wage-related costs between the central city portion of urban areas and other parts of urban areas.

(2) The Secretary shall report to Congress on the information collected and the meth-

odologies developed under paragraph (1) not later than May 1, 1986. The report shall include a recommendation as to the feasibility and desirability of implementing such methodologies.

SEC. 2104. CHANGE IN FORMULA FOR INDIRECT TEACHING ADJUSTMENT.

(a) SUBSTITUTION OF NEW FORMULA.—Section 1886(d)(5)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(B)) is amended—

(1) by inserting "(i)" after "(B)",

(2) in the first sentence—

(A) by inserting "for discharges occurring during fiscal years 1984 and 1985" after "except that", and

(B) by inserting before the period at the end the following: ", and except that for discharges for fiscal years after fiscal year 1985 the payment amount shall be determined by multiplying (I) the sum of the amount determined under paragraph (1)(A)(ii)(II) (or, if applicable, the amount determined under paragraph (1)(A)(iii)) and the amount paid to the hospital under subparagraph (A), by (II) the indirect teaching adjustment factor described in clause (ii)", and

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

"(ii) For purposes clause (i)(II), the indirect teaching adjustment factor for discharges occurring—

"(I) during fiscal years 1986 and 1987, is equal to 2 x [(1+r)^.405 -1], where 'r' is the ratio of the hospital's full-time equivalent interns and residents (including those assigned to outpatient departments of the hospital) to beds and '^' is .405, or

"(II) after fiscal year 1987, is equal to 1.5 x [(1+r)^ .5795 -1], where 'r' is the same as 'r' under subclause (I) and '^' is .5795.".

(b) ADJUSTMENT OF PAYMENT AMOUNTS.—

(1) RESTANDARDIZING DRG PAYMENT AMOUNTS TO REFLECT CHANGE IN FORMULA.—Section 1886(d)(2)(C)(i) of such Act is amended by inserting "(taking into account, for discharges occurring after September 30, 1985, the amendments made by section 2104(a) of the Medicare and Medicaid Budget Reconciliation Amendments of 1985)" after "medical education costs".

(2) PROVIDING FOR SYSTEM SAVINGS FROM CHANGE IN FORMULA.—Subparagraph (C) of section 1886(d)(3) of such Act is amended—

(A) by inserting "(i)" after "(C)",

(B) by inserting "FOR FISCAL YEAR 1985" after "NEUTRALITY",

(C) by striking out "The Secretary" and inserting in lieu thereof "For discharges occurring in fiscal year 1985, the Secretary", and

(D) by adding at the end the following new clause:

"(ii) REDUCING FOR SAVINGS FROM AMENDMENT TO INDIRECT TEACHING ADJUSTMENT FOR SUBSEQUENT FISCAL YEARS.—For discharges occurring after fiscal year 1985, the Secretary shall further reduce each of the average standardized amounts (in a proportion which takes into account the differing effects of the standardization effected under paragraph (2)(C)(i)) so as to provide for a reduction in the total of the payments (attributable to this paragraph) made for discharges occurring during—

"(I) each of fiscal years 1986 and 1987, of an amount equal to the estimated reduction in the additional payment amounts under paragraph (5)(B) that would have resulted from the enactment of the amendments made by section 2104 of the Medicare and Medicaid Budget Reconciliation Amendments of 1985 if the factor described in clause (ii)(II) of paragraph (5)(B) were applied for each respective fiscal year instead of the factor described in clause (ii)(I) of that paragraph, and

"(II) each fiscal year thereafter, of an amount equal to the estimated reduction in the additional payment amounts under paragraph (5)(B) for that fiscal year that has resulted from the enactment of the amendments made by section 104 of the Medicare and Medicaid Budget Reconciliation Amendments of 1985.".

(3) CONFORMING AMENDMENT.—Clauses (i)(I) and (ii)(I) of section 1886(d)(3)(D) of such Act are each amended by inserting "or reduced" after "(B), and adjusted".

SEC. 2105. COMPUTATION OF ADDITIONAL PAYMENT AMOUNTS FOR HOSPITALS SERVING A DISPROPORTIONATE SHARE OF LOW-INCOME PATIENTS.

(a) REQUIRING ADJUSTMENT.—Section 1886(d)(5) of the Social Security Act (42 U.S.C. 1395ww(d)(5)) is amended by adding at the end the following new subparagraph:

"(F)(i) The Secretary shall provide under this subparagraph, for discharges occurring during fiscal years 1986 and 1987, for an additional payment amount, for discharges occurring in a cost reporting period of a hospital, for a subsection (d) hospital that is located in an urban area, that has 100 or more beds, and that—

"(I) serves a significantly disproportionate number of patients who have low income (as defined in clause (iv)(I)), or

"(II) can demonstrate that its net inpatient care revenues (excluding any of such revenues attributable to this title or State plans approved under title XIX) during the cost reporting period for indigent care from State and local government sources exceed 30 percent of its total of such revenues during the period.

"(ii) The amount of such payment for each discharge shall be the amount determined under paragraph (1)(A)(ii)(II) (or, if applicable, the amount determined under paragraph (1)(A)(iii)) for that discharge multiplied by the disproportionate share adjustment percentage established under clause (iii) for the cost reporting period in which the discharge occurs.

"(iii) The disproportionate share adjustment percentage for a cost reporting period—

"(I) for a hospital described in clause (i)(II) is equal to 16 percent, and

"(II) for other hospitals is equal to seventenths of the excess low income patient percentage (as defined in clause (iv)(IV)) for that period,

but in no case may the percentage for any hospital for any period exceed 16 percent.

"(iv) In this subparagraph:

"(I) A hospital 'serves a significantly disproportionate number of patients who have low income' for a cost reporting period if the hospital has a low income patient percentage (as defined in subclause (II)) for that period which equals, or exceeds, 15 percent.

"(II) The term 'low income patient percentage' means, with respect to a cost reporting period of a hospital, the percentage of its total number of patient days of inpatient hospital services it provided during period which are attributable to low income patients (as defined in subclause (III)).

"(III) The term 'low income patient' means, with respect to inpatient hospital services provided to a patient, a patient who was, or is determined to have been, entitled to medical assistance under title XIX with respect to some or all of such services during the hospital stay, and includes such an individual notwithstanding the fact that some or all of such services were actually paid for under this title.

"(IV) The term 'excess low income patient percentage' means, for a cost reporting of a hospital, the hospital's low income patient percentage (as defined in subclause (II)) for that period minus 15 percent.".

(b) RESTANDARDIZING DRG PAYMENT AMOUNTS TO REFLECT DISPROPORTIONATE SHARE PAYMENTS.—Section 1886(d)(2)(C) of such Act is amended—

(1) by striking out "and" at the end of clause (ii),

(2) by striking out the period at the end of clause (iii) and inserting in lieu thereof ", and", and

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

"(iv) for discharges occurring during fiscal years 1986 and 1987, excluding an estimate of the additional payments to certain hospitals to be made under paragraph (5)(F).".

SEC. 2106. TREATMENT OF CERTAIN RURAL OSTEOPATHIC HOSPITALS AS RURAL REFERRAL CENTERS.

(a) IN GENERAL.—Section 1886(d)(5)(C)(i) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(C)(i)) is amended by inserting before the period at the end of the second sentence the following: "and which shall not require a rural osteopathic hospital to have more than 3,000 discharges in a year in order to be classified as a rural referral center".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to cost reporting periods beginning on or after the date of the enactment of this Act.

SEC. 2107. ONE-YEAR PROHIBITION ON FREEZING COST INCREASES THAT MAY BE RECOGNIZED FOR DIRECT MEDICAL EDUCATION.

(a) RULE.—The Secretary of Health and Human Services may not implement any regulation that would limit, under the authority of section 1861(v) of the Social Security Act, the costs that may be recognized as reasonable under title XVIII of that Act with respect to the net costs of approved educational activities for a cost reporting period based upon the net costs of those activities for any previous cost reporting period.

(b) EFFECTIVE PERIOD.—The prohibition of subsection (a) shall apply to the cost reporting periods beginning during the one-year period beginning on July 1, 1985.

SEC. 2108. RETURN ON EQUITY CAPITAL FOR INPATIENT HOSPITAL SERVICES AND OTHER SERVICES.

(a) INPATIENT HOSPITAL SERVICES.—(1) Section 1861(v)(1) of the Social Security Act (42 U.S.C. 1395x(v)(1)) is amended by adding at the end the following new subparagraph:

"(P) Such regulations may not provide for any payment, with respect to the reasonable costs of inpatient hospital services, for a return on equity capital for hospitals.".

(2) Section 1886(g) of such Act (42 U.S.C. 1395ww(g)) is amended—

(A) by striking out "(1)" after "(g)", and

(B) by striking out paragraph (2).

(b) OTHER SERVICES.—(1) Section 1861(v)(1)(P) of such Act, as added by subsection (a)(1), is amended by inserting "(i)" after "(P)" and by adding at the end the following new clause:

"(ii) If such regulations provide for the payment for a return on equity capital, the rate of return to be recognized, for determining the reasonable cost of services furnished in a cost reporting period, shall be equal to the average of the rates of interest, for each of the months any part of which is included in the period, on obligations issued for purchase by the Federal Hospital Insurance Trust Fund.".

(2) Section 1861(v)(1)(B) of such Act (42 U.S.C. 1395x(v)(1)(B)) is amended—

(A) by striking out "any fiscal period" and "such fiscal period" and inserting in lieu thereof "any cost reporting period" and "the period", respectively, and

(B) by striking out "not exceed one and one-half times" in the second sentence and inserting in lieu thereof "be equal to".

(c) EFFECTIVE DATES.—(1) The amendments made by subsection (a) shall apply to payments made, on the basis of reasonable cost, for hospital cost reporting periods beginning on or after October 1, 1986. Costs attributable to a return on equity capital shall not be included in determining national and regional adjusted DRG prospective payment rates (under section 1886(d) of the Social Security Act) for discharges occurring on or after October 1, 1986.

(2) The amendments made by subsection (b) shall apply to cost reporting periods beginning on or after October 1, 1985.

SEC. 2109. CONTINUATION OF MEDICARE REIMBURSEMENT WAIVERS FOR CERTAIN HOSPITALS SUBJECT TO REGIONAL HOSPITAL REIMBURSEMENT DEMONSTRATIONS.

For purposes of section 1886(c) of the Social Security Act (including paragraph (4) thereof), a hospital reimbursement control system which, on January 1, 1985, was carrying out a demonstration under a contract which had been approved by the Secretary of Health and Human Services under section 222(a) of the Social Security Amendments of 1972 shall be deemed (as of the date of the enactment of this Act) to meet the requirements of section 1886(c)(1)(A) of the Social Security Act if the system applies—

(1) to substantially all non-Federal acute care hospitals (as defined by the Secretary for purposes of that section) in the geographic area served by the system on January 1, 1985; and

(2) to the review of at least 75 percent—

(A) of all revenues or expenses in such geographic area for inpatient hospital services, and

(B) of revenues or expenses in the geographic area for inpatient hospital services provided under the applicable State plan approved under title XIX of the Social Security Act.

SEC. 2110. FOUR-YEAR TEST FOR STATE WAIVERS FOR CERTAIN STATES.

(a) IN GENERAL.—Section 1886(c) of the Social Security Act (42 U.S.C 1395ww(c)) is amended by adding at the end the following new paragraph:

"(7) In the case of a State which made a request under paragraph (5) before December 31, 1984, for the approval of a State hospital reimbursement control system and which request was approved—

"(A) in applying paragraphs (1)(C) and (6), a reference to a '36-month period' is deemed a reference to as '48-month period', and

"(B) in order to allow the State the opportunity to provide the assurances described in paragraph (1)(C) for a 48-month period, the Secretary may not discontinue payments under the system, under the authority of paragraph (3)(A) because the Secretary has reason to believe that such assurances are not being (or will not be) met, before July 1, 1986.".

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

SEC. 2111. SPECIAL RULE FOR TREATMENT OF DEPRECIATION AND CAPITAL INDEBTEDNESS FOR DONATIONS OF STATE PROPERTY TO NON-PROFIT CORPORATIONS.

(a) GENERAL RULE.—Section 1861(v)(1)(O) of the Social Security Act (42 U.S.C. 1395x(v)(1)(O)) is amended—

(1) by inserting ", except as provided in clause (iv)," in clause (i) after "such regulations shall provide", and

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

"(iv) In the case of the transfer of a hospital or skilled nursing facility from ownership by a State to ownership by a non-profit corporation without monetary consideration, clause (i) shall be applied without regard to the acquisition cost of the hospital or facility to the new owner.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be applied as though they were included in the Deficit Reduction Act of 1984.

SEC. 2112. REPORT ON IMPACT OF OUTLIER AND TRANSFER POLICY ON RURAL HOSPITALS.

(a) REVIEW.—The Secretary of Health and Human Services shall review the impact of policies respecting outliers and patient transfers on payments under section 1886(d) of the Social Security Act to rural hospitals (particularly on rural hospitals with less than 100 beds).

(b) REPORT.—The Secretary shall report to Congress on the findings of the review not later than May 1, 1986, and shall include in the report recommendations on changes in policies respecting outliers and patient transfers to the extent they adversely affect rural hospitals.

SEC. 2113. INFORMATION ON IMPACT OF PPS PAYMENTS ON HOSPITALS.

(a) DISCLOSURE OF INFORMATION.—The Secretary of Health and Human Services shall make available to the Prospective Payment Assessment Commission, the Congressional Budget Office, and to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the most current information on the payments being made under section 1886 of the Social Security Act to individual hospitals. Such information shall be made available in a manner that permits examination of the impact of such section on hospitals.

(b) CONFIDENTIALITY.—Information disclosed under subsection (a) shall be treated as confidential and shall not be subject to further disclosure in a manner that permits the identification of individual hospitals.

Subpart 2—Benefits, Coverage, Premiums, and Provider Agreements

SEC. 2121. EXTENSION AND PAYMENT FOR HOSPICE CARE.

(a) ELIMINATION OF SUNSET.—Section 122(h)(1) of the Tax Equity and Fiscal Responsibility Act of 1982 (P.L. 97-248, 96 Stat. 362), relating to the end of the effective date for hospice care, is amended—

(1) in subparagraph (A)—

(A) by striking out "(h)(1)(A) Subject to subparagraph (B), the" and inserting in lieu thereof "(h)(1) The", and

(B) by striking out ", and before October 1, 1986", and

(2) by striking out subparagraph (B).

(b) INCREASE IN PAYMENT OF DAILY RATES FOR HOSPICE CARE FOR FISCAL YEAR 1986.—(1) Subparagraph (B) of section 1814(i)(1) of the Social Security Act (42 U.S.C. 1395f(i)(1)) is amended to read as follows:

"(B) Notwithstanding subparagraph (A) and for hospice care furnished on or after October 1, 1985, the daily rate of payment per day for routine home care shall be $63.17 and the daily rate of payment for other services included in hospice care shall be the daily rate of payment recognized under subparagraph (A) as of July 1, 1985, increased by $10.".

(2) Subparagraph (C) of such section is amended by striking out "1985" and inserting in lieu thereof "1986".

SEC. 2122. LIMITING THE PENALTY FOR LATE ENROLLMENT IN PART A.

(a) LIMITING PENALTY TO 10 PERCENT AND TWICE THE PERIOD DURING WHICH NOT ENROLLED.—Section 1818(c) of the Social Security Act (42 U.S.C. 1395i-2(c)) is amended—

(1) by striking out "and" at the end of paragraph (5),

(2) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and", and

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

"(7) any percent increase effected under section 1839(b) in an individual's monthly premium may not exceed 10 percent and shall only apply to premiums paid during a period equal to twice the number of months in the full 12-month periods described in that section.".

(b) EFFECTIVE DATE.—(1) The amendment made by subsection (a)(3) shall apply to premiums paid for months beginning with January 1986.

(2) In applying that amendment, months (before, during, or after January 1986) in which an individual was required to pay a premium increased under the section that was so amended shall be taken into account in determining the month in which the premium will no longer be subject to an increase under that section as so amended.

SEC. 2123. MEDICARE COVERAGE OF, AND APPLICATION OF HOSPITAL INSURANCE TAX TO, NEWLY HIRED STATE AND LOCAL GOVERNMENT EMPLOYEES.

(a) APPLICATION OF HOSPITAL INSURANCE TAX TO NEWLY HIRED EMPLOYEES OF STATE AND LOCAL GOVERNMENTS.—

(1) IN GENERAL.—Subsection (u) of section 3121 of the Internal Revenue Code of 1954 (relating to application of hospital insurance tax to Federal employment) is amended to read as follows:

"(u) APPLICATION OF HOSPITAL INSURANCE TAX TO FEDERAL, STATE, AND LOCAL EMPLOYMENT.—

"(1) FEDERAL EMPLOYMENT.—For purposes of the taxes imposed by sections 3101(b) and 3111(b), subsection (b) shall be applied without regard to paragraph (5) thereof.

"(2) STATE AND LOCAL EMPLOYMENT.—For purposes of the taxes imposed by sections 3101(b) and 3111(b)—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), subsection (b) shall be applied without regard to paragraph (7) thereof.

"(B) EXCEPTION FOR CERTAIN SERVICES.—Service shall not be treated as employment by reason of subparagraph (A) if—

"(i) the service is included under an agreement under section 218 of the Social Security Act, or

"(ii) the service is performed—

"(I) by an individual who is employed by a State or political subdivision thereof to relieve him from unemployment,

"(II) in a hospital, home, or other institution by a patient or inmate thereof as an employee of a State or political subdivision thereof or of the District of Columbia,

"(III) by an individual, as an employee of a State or political subdivision thereof or of the District of Columbia, serving on a temporary basis in case of fire, storm, snow, earthquake, flood or other similar emergency, or

"(IV) by any individual as an employee included under section 5351(2) of title 5, United States Code (relating to certain interns, student nurses, and other student employees of hospitals of the District of Columbia Government), other than as a medical or dental in- tern or a medical or dental resident in training.

As used in this subparagraph, the terms 'State' and 'political subdivision' have the meanings given those terms in section 218(b) of the Social Security Act.

"(C) EXCEPTION FOR CURRENT EMPLOYMENT WHICH CONTINUES.—Service performed for

an employer shall not be treated as employment by reason of subparagraph (A) if—

"(i) such service would be excluded from the term 'employment' for purposes of this chapter if subparagraph (A) did not apply;

"(ii) such service is performed by an individual—

"(I) who was performing substantial and regular service for remuneration for that employer before January 1, 1986,

"(II) who is a bona fide employee of that employer on December 31, 1985, and

"(III) whose employment relationship with that employer was not entered into for purposes of meeting the requirements of this subparagraph; and

"(iii) the employment relationship with that employer has not been terminated after December 31, 1985.

"(D) TREATMENT OF AGENCIES AND INSTRUMENTALITIES.—For purposes of subparagraph (C), under regulations—

"(i) All agencies and instrumentalities of a State (as defined in section 218(b) of the Social Security Act) or of the District of Columbia shall be treated as a single employer.

"(ii) All agencies and instrumentalities of a political subdivision of a State (as so defined) shall be treated as a single employer and shall not be treated as described in clause (i).

"(3) MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.—For purposes of this chapter, the term 'medicare qualified government employment' means service which—

"(A) is employment (as defined in subsection (b)) with the application of paragraphs (1) and (2), but

"(B) would not be employment (as so defined) without the application of such paragraphs."

(2) CONFORMING AMENDMENTS.—

(A)(i) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by redesignating subsections (a), (b), and (c) as subsections (b), (c), and (d), respectively, and by inserting before subsection (b) (as so redesignated) the following new subsection:

"(a) STATES.—Except as otherwise provided in this section, in the case of the taxes imposed by sections 3101(b) and 3111(b) with respect to service performed in the employ of a State or any political subdivision thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby), the return and payment of such taxes may be made by the head of the agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the contribution and benefit base limitation in section 3121(a)(1)."

(ii) The section heading for such section 3125 is amended by inserting "STATES," before "GUAM".

(iii) The item relating to section 3125 in the table of sections for subchapter C of chapter 21 of such Code is amended by inserting "States," before "Guam".

(B) Subsection (b) of section 1402 of such Code is amended by striking out "medicare qualified Federal employment (as defined in section 3121(u)(2))" and inserting in lieu thereof "medicare qualified government employment (as defined in section 3121(u)(3))".

(C) Section 3122 of such Code (relating to Federal service) is amended by striking out "including service which is medicare qualified Federal employment (as defined in section 3121(u)(2))" and inserting in lieu thereof "including such service which is medicare qualified government employment (as defined in section 3121(u)(3))".

(D) Subsection (a) of 6205 of such Code (relating to special rules applicable to certain employment taxes) is amended by adding at the end thereof the following new paragraph:

"(5) STATES AND POLITICAL SUBDIVISIONS AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received from a State or any political subdivision thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby) during any calendar year, each head of an agency or instrumentality, and each agent designated by either, who makes a return pursuant to section 3125 shall be deemed a separate employer."

(E)(i) Section 6413(a) of such Code (relating to adjustment of certain employment taxes) is amended by adding at the end thereof the following new paragraph:

"(5) STATES AND POLITICAL SUBDIVISIONS AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received from a State or any political subdivision thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby) during any calendar year, each head of an agency or instrumentality, and each agent designated by either, who makes a return pursuant to section 3125 shall be deemed a separate employer."

(ii) Section 6413(c)(2) of such Code (relating to special refunds of certain employment taxes) is amended—

(I) by striking out "3125(a)", "3125(b)", and "3125(c)" in subparagraphs (D), (E), and (F), respectively, and inserting in lieu thereof "3125(b)", "3125(c)", and "3125(d)", respectively, and

(II) by adding at the end thereof the following new subparagraph:

"(G) EMPLOYEES OF STATES AND POLITICAL SUBDIVISIONS.—In the case of remuneration received from a State or any political subdivision thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby) during any calendar year, each head of an agency or instrumentality, and each agent designated by either, who makes a return pursuant to section 3125(a) shall, for purposes of this subsection, be deemed a separate employer."

(b) ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS.—

(1) REVISION OF DEFINITION OF MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.—Section 210(p) of the Social Security Act (42 U.S.C. 410(p)) is amended to read as follows:

"Medicare Qualified Government Employment

"(p)(1) For purposes of sections 226 and 226A, the term 'medicare qualified government employment' means any service which would constitute 'employment' as defined in subsection (a) of this section but for the application of the provisions of—

"(A) subsection (a)(5), or

"(B) subsection (a)(7), except as provided in paragraphs (2) and (3).

"(2) Service shall not be treated as employment by reason of paragraph (1)(B) if the service is performed—

"(A) by an individual who is employed by a State or political subdivision thereof to relieve him from unemployment,

"(B) in a hospital, home, or other institution by a patient or inmate thereof as an employee of a State or political subdivision thereof or of the District of Columbia,

"(C) by an individual, as an employee of a State or political subdivision thereof or of the District of Columbia, serving on a temporary basis in case of fire, storm, snow, earthquake, flood or other similar emergency, or

"(D) by any individual as an employee included under section 5351(2) of title 5, United States Code (relating to certain interns, student nurses, and other student employees of hospitals of the District of Columbia Government), other than as a medical or dental intern or a medical or dental resident in training.

As used in this paragraph, the terms 'State' and 'political subdivision' have the meanings given those terms in section 218(b).

"(3) Service performed for an employer shall not be treated as employment by reason of paragraph (1)(B) if—

"(A) such service would be excluded from the term 'employment' for purposes of this section if paragraph (1)(B) did not apply;

"(B) such service is performed by an individual—

"(i) who was performing substantial and regular service for remuneration for that employer before January 1, 1986,

"(ii) who is a bona fide employee of that employer on December 31, 1985, and

"(iii) whose employment relationship with that employer was not entered into for purposes of meeting the requirements of this subparagraph; and

"(C) the employment relationship with that employer has not been terminated after December 31, 1985.

"(4) For purposes of paragraph (3), under regulations (consistent with regulations established under section 3121(u)(2)(D) of the Internal Revenue Code of 1954)—

"(A) all agencies and instrumentalities of a State (as defined in section 218(b)) or of the District of Columbia shall be treated as a single employer, and

"(B) all agencies and instrumentalities of a political subdivision of a State (as so defined) shall be treated as a single employer and shall not be treated as described in subparagraph (A).".

(2) ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS.—

(A) FOR INDIVIDUALS AGE 65 OR OLDER AND FOR DISABLED INDIVIDUALS.—Section 226 of such Act (42 U.S.C. 426) is amended by striking out "medicare qualified Federal employment" in subsections (a)(2)(C)(i) and (b)(2)(C)(ii)(I) and inserting in lieu thereof "medicare qualified government employment".

(B) FOR INDIVIDUALS WITH END-STAGE RENAL DISEASE.—Section 226A(a) of such Act (42 U.S.C. 426-1(a)) is amended by striking out "medicare qualified Federal employment" in paragraphs (1)(A)(ii) and (1)(B)(iii) and inserting in lieu thereof "medicare qualified government employment".

(C) CONFORMING AMENDMENTS.—

(i) Section 1811 of such Act (42 U.S.C. 1395c) is amended by striking out "Federal employment" in clauses (1) and (2) and inserting in lieu thereof "government employment".

(ii) Section 226(g) of such Act (42 U.S.C. 426(g)) is amended by striking out "medicare qualified Federal employment" and inserting in lieu thereof "medicare qualified government employment by virtue of service described in section 210(a)(5)".

(c) EFFECTIVE DATES.—

(1) HOSPITAL INSURANCE TAXES.—The amendments made by subsection (a) shall apply to services performed after December 31, 1985.

(2) MEDICARE COVERAGE.—

(A) IN GENERAL.—The amendments made by subsection (b) shall be effective after December 31, 1985, and the amendments made by paragraph (3) of that subsection shall apply to services performed (for medicare qualified government employment) after that date.

(B) TREATMENT OF CERTAIN DISABILITIES.—For purposes of establishing entitlement to hospital insurance benefits under part A of title XVIII of the Social Security Act pursuant to the amendments made by subsection (b), no individual may be considered to be under a disability for any period beginning before January 1, 1986.

SEC. 2124. RESPONSIBILITIES OF MEDICARE HOSPITALS IN EMERGENCY CASES.

(a) REQUIREMENT OF MEDICARE HOSPITAL PROVIDER AGREEMENTS.—Section 1866(a)(1) of the Social Security Act (42 U.S.C. 1395cc(a)(1)) is amended—

(1) by striking out "and" at the end of subparagraph (G),

(2) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof ", and", and

(3) by inserting after subparagraph (H) the following new subparagraph:

"(I) in the case of a hospital, to comply with the requirements of section 1867 to the extent applicable.".

(b) REQUIREMENTS.—Title XVIII of such Act is amended by inserting after section 1866 the following new section:

"EXAMINATION AND TREATMENT FOR EMERGENCY MEDICAL CONDITIONS AND WOMEN IN ACTIVE LABOR

"SEC. 1867. (a) MEDICAL SCREENING REQUIREMENT.—In the case of a hospital that has a hospital emergency department, if any individual (whether or not eligible for benefits under this title) comes to the emergency department and a request is made on the individual's behalf for examination or treatment for a medical condition, the hospital must provide for an appropriate medical screening examination to determine whether or not an emergency medical condition (within the meaning of subsection (e)(1)) exists or to determine if the individual is in active labor (within the meaning of subsection (e)(2)).

"(b) NECESSARY STABILIZING TREATMENT FOR EMERGENCY MEDICAL CONDITIONS AND ACTIVE LABOR.—If any individual (whether or not eligible for benefits under this title) comes to a hospital and the hospital determines that the individual has an emergency medical condition or is in active labor, the hospital must provide either—

"(1) within the staff and facilities available at the hospital, for such further medical examination and such treatment as may be required to stabilize the medical condition or to provide for treatment of the labor, unless the examination or treatment is refused, or

"(2) for transfer of the patient to another medical facility in accordance with subsection (c).

"(c) RESTRICTING TRANSFERS UNTIL PATIENT STABILIZED.—

"(1) RULE.—If a patient at a hospital has an emergency medical condition which has not been stabilized (within the meaning of subsection (e)(4)(B)) or is in active labor, the hospital may not transfer the patient unless—

"(A) a physician (within the meaning of section 1861(r)(1)) has signed a certification that, based upon the reasonable risks and benefits to the patient, and based upon the information available at the time, the benefits reasonably expected from the provision of appropriate medical treatment at another medical facility outweigh the increased risks to the individual's medical condition from effecting the transfer, and

"(B) the transfer is an appropriate transfer (within the meaning of paragraph (2)) to that facility.

"(2) APPROPRIATE TRANSFER.—An appropriate transfer to a medical facility is a transfer—

"(A) in which the receiving facility—

"(i) has available space and qualified personnel for the treatment of the patient, and

"(ii) has agreed to accept transfer of the patient and to provide appropriate medical treatment, and

"(iii) is being provided appropriate medical records (or copies thereof) of the examination and treatment effected at the transferring facility;

"(B) in which the transferring hospital provides the receiving facility with appropriate medical records (or copies thereof) of the examination and treatment effected at the transferring hospital;

"(C) in which the transfer is effected through qualified personnel and transportation equipment, including the use of medically appropriate life support measures during the transfer; and

"(D) which meets such other requirements as the Secretary may find necessary in the interest of the health and safety of patients transferred.

"(d) ENFORCEMENT.—

"(1) AS REQUIREMENT OF MEDICARE PROVIDER AGREEMENT.—Failure of a hospital to meet the requirements of this section subjects the hospital to termination of its medicare provider agreement under this title, in accordance with section 1866(b).

"(2) CIVIL MONETARY PENALTIES.—In addition to the other grounds for imposition of a civil money penalty under section 1128A(a), a participating hospital that knowingly violates a requirement of this section and the responsible physician in the hospital with respect to such a violation are each subject, under that section, to a civil money penalty of not more than $25,000 for each such violation. As used in the previous sentence, the term 'responsible physician' means, with respect to a hospital's violation of a requirement of this section, a physician who—

"(A) is employed by, or under contract with, the participating hospital, and

"(B) acting as such an employee or under such a contract, has professional responsibility for the provision of examinations or treatments for the individual, or transfers of the individual, with respect to which the violation occurred.

"(3) CIVIL ENFORCEMENT.—Any individual who suffers personal harm and any medical facility which suffers a financial loss as a direct result of a participating hospital's violation of a requirement of this section may, in a civil action against the participating hospital, obtain damages and other appropriate relief. No action may be brought under this paragraph more than two years after the date of the violation with respect to which the action is brought.

"(e) DEFINITIONS.—In this section:

"(1) The term 'emergency medical condition' means a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in—

"(A) placing the patient's health in serious jeopardy,

"(B) serious impairment to bodily functions, or

"(C) serious dysfunction of any bodily organ or part.

"(2) The term 'active labor' means labor at a time at which—

"(A) delivery is imminent,

"(B) there is inadequate time to effect safe transfer to another hospital, or

"(C) a transfer may pose a threat of the health and safety of the patient or the unborn child.

"(3) The term 'participating hospital' means hospital that has entered into a provider agreement under section 1866 and has, under the agreement, obligated itself to comply with the requirements of this section.

"(4)(A) The term 'to stabilize' means, with respect to a medical condition, to provide such medical treatment of the condition as may be necessary to assure that no material deterioration of the condition is likely to result from the transfer of the individual from a facility.

"(B) The term 'stabilized' means, with respect to a medical condition, that no material deterioration of the condition is likely to result from the transfer of the individual from a facility.

"(5) The term 'transfer' means the movement (including the discharge) of a patient outside a hospital's facilities at the direction of any person employed by (or affiliated or associated, directly or indirectly, with) the hospital, but does not include such a movement of a patient who (A) has been declared dead, or (B) leaves the facility without the permission of any such person.

"(f) PREEMPTION.—The provisions of this section do not preempt any State or local law requirement respecting hospitals, except to the extent that the requirement directly conflicts with a requirement of this section.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1985.

PART B—CHANGES RELATING TO PARTS A AND B OF THE MEDICARE PROGRAM

SEC. 2131. EXTENSION OF WORKING AGED PROVISIONS TO INDIVIDUALS OVER 69.

(a) EXTENSION OF MEDICARE AS SECONDARY PAYOR.—Section 1862(b)(3)(A) of the Social Security Act (42 U.S.C. 1395y(b)(3)(A)) is amended—

(1) in clause (i), by striking out "who is under 70 years of age during any part of such month" and ", if the spouse is under 70 years of age during any part of such month", and

(2) in clause (iii), by striking out "and ending with the month before the month in which such individual attains the age of 70".

(b) EXTENSION OF ANTI-DISCRIMINATION PROVISIONS.—

(1) Section 4(g)(1) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623(g)(1)) is amended by striking out "through 69" and inserting in lieu thereof "or older" each place it appears.

(2) Section 12(a) of such Act (29 U.S.C. 631(a)) is amended by inserting "(except the provisions of section 4(g))" after "Act".

(c) CONFORMING AMENDMENTS.—

(1) SPECIAL ENROLLMENT PERIOD.—Paragraph (3) of section 1837(i) of the Social Security Act (42 U.S.C. 1395p(i)(3)) is amended to read as follows:

"(3) The special enrollment period referred to in paragraphs (1) and (2) is the period beginning with the first day of the first month in which the individual is no longer enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of current employment and ending seven months later.".

(2) EFFECTIVE DATE OF ENROLLMENT.—Subsection (e) of section 1838 of the Social Security Act (42 U.S.C. 1395q) is amended to read as follows:

"(e) Notwithstanding subsection (a), in the case of an individual who enrolls during a special enrollment period pursuant to section 1837(i)(3)—

"(1) in the first month of the special enrollment period, the coverage period shall begin on the first day of that month, or

"(2) in a month after the first month of the special enrollment period, the coverage period shall begin on the first day of the

month following the month in which the individual so enrolls."

(d) EFFECTIVE DATES.—(1) The amendments made by subsection (a) shall apply with respect to items and services furnished on or after January 1, 1986.

(2) The amendments made by subsection (b) shall become effective on January 1, 1986.

(3) The amendments made by subsection (c) shall take effect on January 1, 1986, but shall not apply to any individual with respect to whom a special enrollment period under section 1837(i)(3) began before that date.

SEC. 2132. PROVISIONS RELATING TO HEALTH MAINTENANCE ORGANIZATIONS AND COMPETITIVE MEDICAL PLANS.

(a) FINANCIAL RESPONSIBILITY FOR PATIENTS HOSPITALIZED ON THE EFFECTIVE DATE OF AN ENROLLMENT OR DISENROLLMENT.—(1) Subsection (c) of section 1876 of the Social Security Act (42 U.S.C. 1395mm) is amended by adding at the end the following new paragraph:

"(7) A risk-sharing contract under this section shall provide that in the case of an individual who is receiving inpatient hospital services from a subsection (d) hospital (as defined in section 1886(d)(1)(B)) as of the effective date of the individual's—

"(A) enrollment with an eligible organization under this section—

"(i) payment for such services until the date of the individual's discharge shall be made under this title as if the individual were not enrolled with the organization,

"(ii) the organization shall not be financially responsible for payment for such services until the date after the date of the individual's discharge, and

"(iii) the organization shall nonetheless be paid the full amount otherwise payable to the organization under this section; or

"(B) termination of enrollment with an eligible organization under this section—

"(i) the organization shall be financially responsible for payment for such services after such date and until the date of the individual's discharge,

"(ii) payment for such services during the stay shall not be made under section 1886(d), and

"(iii) the organization shall not receive any payment with respect to the individual under this section during the period the individual is not enrolled.".

(2) Subsection (a)(3) of such section is amended by striking out "Payments" and inserting in lieu thereof "Subject to subsection (c)(7), payments".

(3) Subsection (a)(6) of such section is amended by striking out "If" and inserting in lieu thereof "Subject to subsection (c)(7), if".

(b) DISENROLLMENTS.—

(1) EFFECTIVE DATE.—Subsection (c)(3)(B) of such section is amended by striking out "a full calendar month after" and inserting in lieu thereof "the date on which".

(2) INFORMATION.—Such subsection is further amended by adding at the end the following: "In the case of an individual's termination of enrollment, the organization shall provide the individual with a copy of the written request for termination of enrollment and a written explanation of the period (ending on the effective date of the termination) during which the individual continues to be enrolled with the organization and may not receive benefits under this title other than through the organization.".

(c) REVIEW OF MARKETING MATERIAL.—Subsection (c)(3)(C) of such section is amended by adding at the end the following: "No brochures, application forms, or other promotional or informational material may be distributed by an organization to (or for the use of) individuals eligible to enroll with the organization under this section unless (i) at least 45 days before its distribution, the organization has submitted the material to the Secretary for review and (ii) the Secretary has not disapproved the distribution of the material. The Secretary shall review all such material submitted and shall disapprove such material if the Secretary determines, in the Secretary's discretion, that the material is materially inaccurate or misleading or otherwise makes a material misrepresentation.".

(d) PROMPT PUBLICATION OF AAPCC.—Subsection (a)(1)(A) of such section is amended by inserting after "The Secretary shall annually determine" the following: ", and shall publish not later than September 7 before the calendar year concerned".

(e) EFFECTIVE DATES.—

(1) FINANCIAL RESPONSIBILITY.—The amendments made by subsection (a) shall apply to enrollments and disenrollments that become effective on or after October 1, 1985.

(2) DISENROLLMENTS.—The amendments made by subsection (b) shall apply to requests for termination of enrollment submitted on or after October 1, 1985.

(3) MATERIAL REVIEW.—(A) The amendment made by subsection (c) shall not apply to material which has been distributed before October 1, 1985.

(B) Such amendment also shall not apply so as to require the submission of material which is distributed before November 15, 1985.

(C) Such amendment shall also not apply to material which the Secretary determines has been prepared before the date of the enactment of this Act and for which a commitment for distribution has been made, if the application of such amendment would constitute a hardship for the organization involved.

(4) PUBLICATION.—The amendment made by subsection (d) shall apply to determinations of per capita rates of payment for 1987 and subsequent years.

(5) NECESSARY MODIFICATION OF CONTRACTS.—The Secretary of Health and Human Services shall provide for such changes in the risk-sharing contracts which have been entered into under section 1876 of the Social Security Act as may be necessary to conform to the requirements imposed by the amendments made by this section on a timely basis.

SEC. 2133. EVALUATION OF PREADMISSION AND PRE-PROCEDURE CERTIFICATION PROGRAMS.

(a) EFFECTIVENESS OF 100 PERCENT REVIEW.—The Secretary of Health and Human Services shall evaluate the relative effectiveness of peer review organizations that require preadmission certification of 100 percent of elective inpatient surgical procedures with other peer review organizations that require such certification of a lesser percentage of such procedures.

(b) FEASIBILITY OF PRE-PROCEDURE CERTIFICATION FOR OUTPATIENT SURGICAL PROCEDURES.—The Secretary also shall evaluate the feasibility of extending the pre-procedure certification activities of peer review organizations to cover elective surgical procedures conducted in outpatient and ambulatory care settings. In doing the evaluation, the Secretary shall consider the extent to which entities with contracts with the Secretary under section 1842 of the Social Security Act and other entities might perform such activities more efficiently and effectively than peer review organizations.

(c) REPORT.—The Secretary shall report to Congress, not later than December 31, 1986, on the results of the evaluations conducted under this section.

(d) DEFINITIONS.—In this section, the term "peer review organization" means a utilization and quality control peer review organization with a contract under part B of title XI of the Social Security Act.

SEC. 2134. PROHIBITION OF ADMINISTRATIVE MERGER OF RENAL DISEASE NETWORKS WITH OTHER ORGANIZATIONS.

The Secretary of Health and Human Services may not provide for the merger of any renal disease network (established under section 1881(c) of the Social Security Act) into a utilization and quality control peer review organization (with a contract under part B of title IX of such Act) or another entity without express statutory authorization.

SEC. 2135. EXTENSION OF CERTAIN MEDICARE MUNICIPAL HEALTH SERVICES DEMONSTRATION PROJECTS.

The Secretary of Health and Human Services shall extend, for a period of three additional years, approval of three municipal health services demonstration projects (located in Cincinnati, Milwaukee, and San Jose) authorized under section 402(a) of the Social Security Amendments of 1967.

SEC. 2136. TECHNICAL CORRECTIONS.

(a) WORKING AGED TECHNICAL CORRECTIONS.—

(1) PREMIUM PENALTY.—The second sentence of section 1839(b) of the Social Security Act (42 U.S.C. 1395r(b)), as amended by section 2338(a) of the Deficit Reduction Act of 1984, is amended by striking out "months in which" and all that follows through "clause (iv) of such section" and inserting in lieu thereof "months during which the individual has attained the age of 65 and for which the individual can demonstrate that the individual was enrolled in a group health plan described in section 1862(b)(3)(A)(iv)".

(2) SPECIAL ENROLLMENT PERIODS.—Section 1837(i) of the Social Security Act (42 U.S.C. 1395p), as added by section 2338(b) of the Deficit Reduction Act of 1984, is amended—

(A) in paragraph (1), by amending subparagraph (A) to read as follows:

"(A) has attained the age of 65,"; and

(B) in paragraph (2), by redesignating subparagraph (C) as subparagraph (D) and by amending subparagraphs (A) and (B) to read as follows:

"(A) has attained the age of 65;

"(B)(i) has enrolled (or has been deemed to have enrolled) in the medical insurance program established under this part during the individual's initial enrollment period, or (ii) is an individual described in paragraph (1)(B);

"(C) has enrolled in such program during any subsequent special enrollment period under this subsection during which the individual was not enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of the individual's (or individual's spouse's) current employment; and".

(3) EFFECTIVE DATES.—

(A) The amendment made by paragraph (1) shall apply to months beginning with January 1983 for premiums for months beginning with the first month that begins more than 30 days after the date of the enactment of this Act.

(B)(i) The amendments made by paragraph (2) shall apply to enrollments in months beginning with the first effective month (as defined in clause (ii)), except that in the case of any individual who would have a special enrollment period under section 1837(i) of the Social Security Act that would have begun after November 1984 and before the first effective month, the period shall be deemed to begin with the first day of the first effective month.

(ii) For purposes of clause (i), the term "first effective month" means the first month that begins more than 90 days after the date of the enactment of this Act.

(b) MISCELLANEOUS TECHNICAL CORRECTIONS.—

(1)(A) Subclause (III) of section 1842(b)(7)(B)(ii) of the Social Security Act (42 U.S.C. 1395u(b)(7)(B)(ii)), as added by section 2307(a)(2)(G) of the Deficit Reduction Act of 1984, is amended by indenting it two additionals ems to the right so as to align its left margin with the left margins of subclauses (I) and (II) of that section.

(B) Section 1861(n) of the Social Security Act (42 U.S.C. 1395x(n)), as inserted by section 2321(e)(3) of the Deficit Reduction Act of 1984, is amended by striking out "at his home" and inserting in lieu thereof "as his home".

(C) Section 1888(b) of the Social Security Act (42 U.S.C. 1395yy(b)), as added by section 2319(b) of the Deficit Reduction At of 1984, is amended by striking out "nothwithstanding" and inserting in lieu thereof "notwithstanding".

(D) The amendments made by this paragraph shall be effective as if they had been originally included in the Deficit Reduction Act of 1984.

(2)(A) Clause (iii) of section 1842(b)(7)(B) of the Social Security Act (42 U.S.C. 1395u(b)(7)(B)), as added by section 3(b)(6) of Public Law 98-617, is amended by moving its alignment two additionals ems to the left so as to align its left margin with the left margins of clauses (i) and (ii) of that section.

(B) The amendment made by subparagraph (A) shall be effective as if it had been originally included in Public Law 98-617.

(3)(A) Section 1861(v)(1)(G)(i) of the Social Security Act (42 U.S.C. 1395x(b)(1)(G)(i)), as amended by section 602(d)(1) of the Social Security Amendments of 1983, is amended by inserting, in the matter after subclause (III), "on the basis of" after "(during such period)".

(B) The amendment made by subparagraph (A) shall be effective as if it had been originally included in the Social Security Amendments of 1983.

PART C—CHANGES RELATING PRIMARILY TO PART B OF THE MEDICARE PROGRAM

SEC. 2141. EXTENSION OF PHYSICIAN FEE FREEZE FOR NON-PARTICIPATING PHYSICIANS AND IMPROVEMENTS IN THE PARTICIPATING PHYSICIAN PROGRAM.

(a) ONE-YEAR EXTENSION FOR NON-PARTICIPATING PHYSICIANS.—

(1) EXTENSION.—Section 1842(b)(4) of the Social Security Act (42 U.S.C. 1395u(b)(4)) is amended—

(A) in subparagraph (A)—

(i) by inserting "(i)" after "(4)(A)", and

(ii) by adding at the end the following new clauses:

"(ii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during the 12-month period beginning October 1, 1985, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services, the Secretary shall not set any level higher than the same level as was set for the 12-month period beginning July 1, 1983.

"(iii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during a 12-month period beginning on or after October 1, 1986, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services, the Secretary shall not set any level higher than the same level as was set for services furnished during the previous fiscal year for physicians who were participating physicians during that year.";

(B) in subparagraph (B)—

(i) by inserting "(i)" after "(B)", and

(ii) by adding at the end the following new clause:

"(ii) In determining the reasonable charge under paragraph (3) for physicians' services furnished during the 12-month period beginning October 1, 1985, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services, the customary charges shall be the same customary charges as were recognized under this section for the 12-month period beginning July 1, 1983.";

(C) in subparagraph (C)—

(i) by inserting "(i)" after "(C)",

(ii) by striking out "(A)" and inserting in lieu thereof "(A)(i)" each place it appears, and

(iii) by adding at the end the following new clause:

"(ii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during the periods beginning after September 30, 1986, by a physician who was not a participating physician on that date, the Secretary shall treat the level as set under subparagraph (A)(ii) as having fully provided for the economic changes which would have been taken into account but for the limitations contained in subparagraph (A)(ii).";and

(D) in subparagraph (D)—

(i) by striking out "who at no time" and all that follows through "subsection (h)(1))" and insert in lieu thereof "who was not a participating physician (as defined in subsection (h)(1)) on September 30, 1985",

(ii) by inserting "(i)" after "(D)", and

(iii) by adding at the end the following new clause:

"(ii) In determining the customary charges for physicians' services furnished during the 12-month period beginning October 1, 1986, or October 1, 1987, by a physician who is not a participating physician (as defined in subsection (h)(1)) on September 30, 1986, the Secretary shall not recognize increases in actual charges for services furnished during the 12-month period beginning on October 1, 1985, above the level of the physician's actual charges billed during the 3-month period ending on June 30, 1984.".

(2) CONTINUED ENFORCEMENT.—The first sentence of section 1842(j)(1) of such Act (42 U.S.C. 1395u(j)(1)) is amended to read as follows: "In the case of a physician who is not a participating physician for items and services furnished during a portion of the 27-month period beginning July 1, 1984, the Secretary shall monitor the physician's actual charges to individuals enrolled under this part for physicians' services during that portion of that period.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to services furnished on or after October 1, 1985.

(b) INCENTIVES FOR PARTICIPATING PHYSICIAN PROGRAM.—

(1) ONE-YEAR EXTENSION OF TRANSFER OF FUNDS FOR CARRIERS.—Section 2306(e) of the Deficit Reduction Act of 1984 (Public Law 98-369; 98 Stat. 1073) is amended—

(A) by striking out "and 1985" and inserting in lieu thereof ", 1985, and 1986",

(B) by striking out "the amendments made by this section" and inserting in lieu thereof "subsections (b)(4), (h), and (j) of section 1842 of the Social Security Act",

(C) by striking out "for fiscal year 1985" and inserting in lieu thereof "for each of fiscal years 1985 and 1986", and

(D) by adding at the end the following new sentence: "A significant proportion of such funds shall be used for the expansion of the participating physician and supplier program and for the development of professional relations staffs dedicated to addressing the billing and other problems of physicians and suppliers participating in that program.".

(2) IMPROVEMENT OF PARTICIPATING PHYSICIAN DIRECTORIES.—Section 1842(i) of the Social Security Act (42 U.S.C. 1395u(i)) is amended—

(A) in the first sentence of paragraph (2)—

(i) by striking out "a directory" and inserting in lieu thereof "directories (for appropriate local geographic areas)", and

(ii) by inserting "for that area" before "for that fiscal year";

(B) in the second sentence of paragraph (2), by striking out "The directory" and inserting in lieu thereof "Each directory";

(C) in paragraph (3)—

(i) by striking out "directory" the first place it appears and inserting in lieu thereof "the directories", and

(ii) by striking out "directory" the second place it appears and inserting in lieu thereof "the appropriate area directory or directories"; and

(D) in paragraph (4)—

(i) by striking out "directory" and inserting in lieu thereof "the directories", and

(ii) by adding at the end the following: "The Secretary shall provide that each appropriate area directory is sent to each participating physician located in that area.".

(3) ELIMINATION OF PHYSICIAN ASSIGNMENT RATE LIST.—Section 1842(i) of such Act is further amended—

(A) by striking out "(i)(1)" and all that follows through the end of paragraph (1),

(B) by striking out "subsection (h)(1)" in paragraph (2) and inserting in lieu thereof "paragraph (1)",

(C) by striking out "such list and" and "the list and" each place either appears in paragraphs (3) and (4), and

(D) by redesignating paragraphs (2) through (4) as paragraphs (4) through (6) of subsection (h), respectively.

(4) INFORMATION ON THE PARTICIPATING PHYSICIAN AND SUPPLIER PROGRAM IN EXPLANATIONS OF MEDICARE BENEFITS FOR UNASSIGNED CLAIMS.—Section 1842(h) of such Act, as previously amended by this subsection, is further amended by adding at the end the following new paragraphs:

"(7) The Secretary shall provide that each explanation of benefits provided under this part for services furnished in the United States, in conjunction with the payment of claims under section 1833(a)(1) (made other than on an assignment-related basis, described in paragraph (8)), shall include—

"(A) a reminder of the participating physician and supplier program established under this subsection (including the limitation on charges that may be imposed by such physicians and suppliers), and

"(B) the toll-free telephone number or numbers, maintained under paragraph (2), at which an individual enrolled under this part may obtain information on participating physicians and suppliers.

"(8) For purposes of this title, a claim is considered to be paid on an 'assignment-related basis' if the claim is paid on the basis of an assignment described in subsection (b)(3)(B)(ii), in accordance with subsection (b)(6)(B), or under the procedure described in section 1870(f)(1).".

(5) EFFECTIVE DATE.—Section 1842(b)(7) of the Social Security Act, as added by paragraph (4) of this subsection, shall apply to explanations of benefits provided on or after such date (not later than April 1, 1986)

as the Secretary of Health and Human Services shall specify.

SEC. 2142. EXPANSION OF MEMBERSHIP AND DUTIES OF THE PROSPECTIVE PAYMENT ASSESSMENT COMMISSION TO INCLUDE REVIEW OF PAYMENTS FOR PHYSICIANS' SERVICES.

(a) EXPANSION AND ESTABLISHMENT OF SUBCOMMITTEES.—

(1) IN GENERAL.—Section 1886(e)(6) of the Social Security Act (42 U.S.C. 1395ww(e)(6)) is amended—

(A) by amending subparagraph (A) to read as follows:

"(A)(i) The Commission shall consist of 23 members. Fifteen members of the Commission shall first be appointed no later than April 1, 1984, and the remaining members shall first be appointed no later than January 1, 1986, for a term of three years, except that the Director may provide for such shorter terms as will insure that (on a continuing basis) the terms of no more than eight members expire in any one year. The Director shall appoint a member to serve as Chairman.

"(ii) The Chairman of the Commission shall provide for two subcommittees of the Commission, one with functions and responsibilities relating primarily to hospital payment issues and the other with functions and responsibilities relating primarily to physician payment issues. The Chairman may assign members of the Commission to serve on either or both subcommittees of the Commission."; and

(B) in subparagraph (B), by inserting "representatives of consumer and elderly groups," after "third party payors,".

(2) INITIAL ASSIGNMENT OF MEMBERS TO SUBCOMMITTEES.—The Chairman of the Commission shall initially assign—

(A) to serve on the hospital payment subcommittee of the Commission—

(i) all the members of the Commission serving in positions established before the date of the enactment of this Act, and

(ii) two of the members appointed to the Commission for additional positions established by the amendment made by paragraph (1), and

(B) to serve on the physician payment subcommittee of the Commission the six remaining members of the Commission who are appointed to serve in the additional positions so established.

(b) ADDITIONAL FUNCTIONS RELATING TO PHYSICIANS' PAYMENTS.—Section 1886(e) of such Act is amended by adding at the end the following new paragraph:

"(7)(A) The Commission shall make recommendations to the Congress, not later than February 1 of each year (beginning with 1987), regarding adjustments to the reasonable charge levels for physicians' services recognized under section 1842(b) and changes in the methodology for determining the rates of payment, and for making payment, for physicians' services under this title and other items and services under part B.

"(B) In making its recommendations, the Commission shall—

"(i) consider, and make recommendations on the feasibility and desirability of reducing, the differences in payment amounts for physicians' services under part B which are based on differences in geographic location or specialty;

"(ii) review the input costs (including time, professional skills, and risks) associated with the provision of different physicians' services;

"(iii) identify those charges recognized as reasonable under section 1842(b) which are significantly out-of-line, based on the considerations of clauses (i) and (ii);

"(iv) assess the likely impact of different adjustments in payment rates, particularly their impact on physician participation in the participation program established under section 1842(h) and on beneficiary access to necessary physicians' services;

"(v) make recommendations on ways to increase physician participation in that participation program and the acceptance of payment under part B on an assignment-related basis;

"(vi) make recommendations respecting the advisability and feasibility of making changes in the payment system for physicians' services under part B based on (I) the Secretary's study under section 603(b)(2) of the Social Security Amendments of 1983 (relating to payments for physicians' services furnished to hospital inpatients on the basis of diagnosis-related groups) and (II) the Office's report under section 2309 of the Deficit Reduction Act of 1984 (relating to physician reimbursement under part B);

"(vii) identify those procedures, involving the use of assistants at surgery, for which payment for those assistants should not be made under this title without prior approval; and

"(viii) identify those procedures for which an opinion of a second physician should be required before payment is made under this title.

"(C) The Commission also shall advise and make recommendations to the Secretary respecting the development of the relative value scale under section 1845.".

(c) STUDY OF RELATIVE VALUE SCALE FOR PHYSICIANS' SERVICES.—Part B of title XVIII of such Act is amended by adding at the end the following new section:

"STUDY OF RELATIVE VALUE SCALE FOR PHYSICIANS' SERVICES

"SEC. 1845. (a) The Secretary shall develop a relative value scale that establishes a numerical relationship among the various physicians' services for which payment may be made under this part.

"(b) In developing the scale, the Secretary shall consider among other items—

"(1) the report of the Office of Technology Assessment under section 2309 of the Deficit Reduction Act of 1984,

"(2) the recommendations of the Prospective Payment Assessment Commission under section 1886(e)(7)(C), and

"(3) factors with respect to the input costs for furnishing particular physicians' services, such as—

"(A) the differences in costs of furnishing services in different settings,

"(B) the differences in skill levels and training required to perform the services, and

"(C) the time required, and risk involved, in furnishing different services.

"(c) The Secretary shall complete the development of the relative value scale under this section, and report to Congress on the development, not later than April 1, 1987. The report shall include recommendations for the application of the scale to the payment for physicians' services furnished under this part on or after October 1, 1987.".

(d) MODIFICATION OF FUNDING FORMULA.—Section 1886(e)(6)(I)(ii) of such Act is amended by striking out "Eighty-five" and "15" and inserting in lieu thereof "Fifty" and "50".

(e) STAFFING.—Section 1886(e)(6)(C)(i) of such Act is amended by striking out "25" and inserting in lieu thereof "35".

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1985.

SEC. 2143. PART B PREMIUM.

Section 1839 of the Social Security Act (42 U.S.C. 1395r) is amended—

(1) in subsection (e), by striking out "1988" and inserting in lieu thereof "1989" each place it appears;

(2) in subsection (f)(1), by striking out "or 1986" and inserting in lieu thereof ", 1986, or 1987"; and

(3) in subsection (f)(2), by striking out "or 1987" and inserting in lieu thereof ", 1987, or 1988".

SEC. 2144. DETERMINATIONS OF INHERENT REASONABLENESS OF CHARGES AND CUSTOMARY CHARGES FOR CERTAIN FORMER HOSPITAL-COMPENSATED PHYSICIANS.

(a) REGULATIONS RELATING TO INHERENT REASONABLENESS OF CHARGES.—Section 1842(b) of the Social Security Act (42 U.S.C. 1395u(b)) is amended by adding at the end the following new paragraph:

"(8) The Secretary by regulation shall—

"(A) describe the factors to be used in determining the cases (of particular items or services) in which the application of this subsection results in the determination of a reasonable charge that, by reason of its grossly excessive or grossly deficient amount, is not inherently reasonable, and

"(B) provide in those cases for the factors that will be considered in establishing a reasonable charge that is realistic and equitable.".

(b) COMPUTATION OF CUSTOMARY CHARGES FOR CERTAIN FORMER HOSPITAL-COMPENSATED PHYSICIANS.—(1) In applying section 1842(b) of the Social Security Act for payment for physicians' services performed during fiscal year 1986, in the case of a physician who during the period beginning on October 31, 1982, and ending on January 31, 1985, was a hospital-compensated physician (as defined in paragraph (2)) but who, as of January 31, 1985, was no longer a hospital-compensated physician, the physician's customary charges shall—

(A) be based upon the physician's actual charges billed during the 12-month period ending on March 31, 1985, and

(B) in the case of a physician who is not a participating physician (as defined in section 1842(h)(1) of the Social Security Act) on October 1, 1985, be deflated (to take into account the legislative freeze on actual charges for nonparticipating physicians' services) by multiplying the physician's customary charges by .83.

(2) In paragraph (1), the term "hospital-compensated physician" means, with respect to services furnished to patients of a hospital, a physician who is compensated by the hospital for the furnishing of physicians' services for which payment may be made under this part.

SEC. 2145. OCCUPATIONAL THERAPY SERVICES.

(a) COVERAGE.—Subparagraph (C) of section 1832(a)(2) of the Social Security Act (42 U.S.C. 1395k(a)(2)) is amended to read as follows:

"(C) outpatient physical therapy services (other than services to which the second sentence of section 1861(p) applies) and outpatient occupational therapy services (other than services to which such sentence applies through the operation of section 1861(g));".

(b) LIMITATION ON PAYMENTS.—Section 1833(g) of such Act (42 U.S.C. 1395l(g)) is amended—

(1) by striking out "next to last sentence" and inserting in lieu thereof "second sentence", and

(2) by adding at the end thereof the following new sentence: "In the case of outpatient occupational therapy services which are described in the second sentence of section 1861(p) through the operation of section 1861(g), with respect to expenses incurred in any calendar year, no more than $500 shall be considered as incurred ex-

penses for purposes of subsections (a) and (b).".

(c) CERTIFICATION STANDARD.—(1) Section 1835(a)(2)(C) of such Act (42 U.S.C. 1395n(a)(2)(C)) is amended—

(A) by inserting "or outpatient occupational therapy services" after "outpatient physical therapy services",

(B) in clause (i), by inserting "or occupational therapy services, respectively" after "physical therapy services", and

(C) in clause (ii), by inserting "or qualified occupational therapist, respectively" after "qualified physical therapist".

(2) The second sentence of section 1835(a) of such Act and section 1866(e) of such Act (42 U.S.C. 1395n(a), 1395cc(e)) are each amended—

(A) by inserting "(or meets the requirements of such section through the operation of section 1861(g))" after "1861(p)(4)(A)" and after "1861(p)(4)(B)", and

(B) by inserting "or (through the operation of section 1861(g)) with respect to the furnishing of outpatient occupational therapy services" after "(as therein defined)".

(d) DEFINITION AND INCLUSION WITH OTHER PART B SERVICES.—(1) Section 1861 of the Social Security Act (42 U.S.C. 1395x) is amended by inserting after subsection (f) the following new subsection:

"Outpatient Occupational Therapy Services

"(g) The term 'outpatient occupational therapy services' has the meaning given the term 'outpatient physical therapy services' in subsection (p), except that 'occupational' shall be substituted for 'physical' each place it appears therein.".

(2) Section 1861(s)(2)(D) of such Act (42 U.S.C. 1395x(s)(2)(D)) is amended by inserting "and outpatient occupational therapy services" after "outpatient physical therapy services".

(3) Section 1861(v)(5)(A) of such Act (42 U.S.C. 1395x(v)(5)(A)) is amended by inserting "(including through the operation of section 1861(g))" after "section 1861(p)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses incurred for outpatient occupational therapy services furnished on or after October 1, 1985.

SEC. 2146. PAYMENT FOR DURABLE MEDICAL EQUIPMENT.

(a) LIMITING TO ONE PERCENT INCREASES IN CUSTOMARY AND PREVAILING CHARGES FOR DURABLE MEDICAL EQUIPMENT FURNISHED ON RENTAL BASIS.—Section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by adding at the end the following new subsection:

"(k)(1) In determining the customary and prevailing charge levels under the third and fourth sentences of subsection (b)(3) for durable medical equipment furnished on a rental basis (other than under a lease-purchase agreement) during the 12-month period beginning on October 1, 1985, the Secretary shall not set any such level higher than 101 percent of the same level as was set for the 15-month period beginning July 1, 1984.".

(b) REQUIRING PAYMENT ON AN ASSIGNMENT BASIS FOR DURABLE MEDICAL EQUIPMENT FURNISHED ON A RENTAL BASIS.—Section 1842(k) of such Act, as added by subsection (a), is amended by adding at the end the following new paragraph:

"(2) Payment under this part for durable medical equipment furnished on a rental basis (other than under a lease-purchase agreement) may only be made on an assignment-related basis (as defined in subsection (h)(8)) or to a provider of services with an agreement in effect under section 1866.".

(c) LIMITING INCREASE IN PREVAILING CHARGES FOR DURABLE MEDICAL EQUIPMENT TO CONSUMER PRICE INDEX.—Section 1842(k) of such Act, as previously amended, is further amended by adding at the end the following new paragraph:

"(3) In the case of durable medical equipment, the prevailing charge levels determined for purposes of clause (ii) of the third sentence of subsection (b) for any 12-month period (beginning after September 30, 1986) may not exceed (in the aggregate) the levels determined under such clause (taking into account paragraph (1), if applicable) for the preceding 12-month period by a percentage which exceeds the percentage increase in the Consumer Price Index for all urban consumers (U.S. city average), as published by the Secretary of Labor, for the 12-month period ending in March of that preceding 12-month period.".

(d) CLARIFICATION OF PREVIOUS EFFECTIVE DATE.—Section 2306(b)(2) of the Deficit Reduction Act of 1984 is amended by adding before the period at the end the following: "and to durable medical equipment furnished on or after July 1, 1985".

(e) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to durable medical equipment furnished on or after October 1, 1985.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to durable medical equipment furnished on or after January 1, 1986.

(3) SUBSECTION (c).—The amendments made by subsection (c) shall apply to durable medical equipment furnished on or after October 1, 1986.

(4) SUBSECTION (d).—The amendment made by subsection (d) shall take effect as though it were included in the enactment of the Deficit Reduction Act of 1984.

SEC. 2147. PAYMENT FOR ASSISTANTS AT SURGERY FOR CERTAIN CATARACT OPERATIONS AND OTHER OPERATIONS.

(a) LIMITATION ON PAYMENT.—Section 1862(a) of the Social Security Act (42 U.S.C. 1395y(a)) is amended—

(1) by striking out "or" at the end of paragraph (13),

(2) by striking out the period at the end of paragraph (14) and inserting in lieu thereof "; or", and

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

"(15) which are for services of an assistant at surgery in a cataract operation unless, before the surgery is performed, the appropriate utilization and quality control peer review organization (under part B of title XI) has approved of the use of such an assistant in the surgical procedure based on the existence of a complicating medical condition.".

(b) ADDITIONAL PRO FUNCTIONS.—Section 1154(a)(8) of such Act (42 U.S.C. 1320c-3(a)(8)) is amended by inserting before the period at the end the following: "or as may be required to carry out section 1862(a)(15)".

(c) PROHIBITION FOR SUBMITTING BILL FOR WHICH PAYMENT MAY NOT BE MADE.—Section 1842 of such Act (42 U.S.C. 1395u) is amended—

(1) in subsection (j)(2), by inserting "or subsection (l)" after "paragraph (1)", and

(2) by adding after subsection (k), added by section 146(a) of this title, the following new subsection:

"(l)(1) If a physician knowingly and willfully bills an individual enrolled under this part for actual charges for services as an assistant at surgery for which payment may not be made by reason of section 1862(a)(15), the Secretary may apply sanctions against such physician in accordance with subsection (j)(2).

"(2) If a physician knowingly and willfully bills an individual enrolled under this part for actual charges that includes a charge for an assistant at surgery for which payment may not be made by reason of section 1862(a)(15), the Secretary may apply sanctions against such physician in accordance with subsection (j)(2).".

(d) EXTENSION OF PROHIBITION TO OTHER PROCEDURES.—The Secretary of Health and Human Services, after consultation with the Prospective Payment Assessment Commission, shall develop recommendations and guidelines respecting other surgical procedures for which an assistant at surgery is generally not medically necessary and the circumstances under which the use of an assistant at surgery is medically appropriate with prior approval of an appropriate entity. The Secretary shall report to Congress, not later than April 1, 1986, on these recommendations and guidelines.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to services performed on or after October 1, 1985.

SEC. 2148. LIMITATION ON MEDICARE PAYMENT FOR POST-CATARACT SURGERY PATIENTS.

(a) PAYMENT FOR REPLACEMENT OF LOST OR DAMAGED CATARACT EYEGLASSES AND CATARACT CONTACT LENSES.—With respect to the payment for replacement cataract eyeglasses and cataract contact lenses under title XVIII of the Social Security Act in the case of an individual beneficiary—

(1) payment may be made for the replacement only once every year of lost or damaged cataract eyeglasses, and

(2) payment may be made—

(A) in the first year after surgery, for one original cataract contact lens for each eye and for the replacement only twice of a lost or damaged cataract contact lens for each eye, and

(B) in each subsequent year, for the replacement only twice of a lost or damaged cataract contact lens for each eye.

(b) DETERMINATION OF SEPARATE PAYMENT AMOUNTS FOR PROSTHETIC LENSES AND PROFESSIONAL SERVICES.—Section 1842(b) of the Social Security Act (42 U.S.C. 1395u(b)) is amended by adding after paragraph (8), added by section 2144(a) of this Act, the following new paragraph:

"(9) In providing payment for cataract eyeglasses and cataract contact lenses, and professional services relating to them, under this part, each carrier shall—

"(A) provide for separate determinations of the payment amount for the eyeglasses and lenses and of the payment amount for the professional services, and

"(B) not recognize as reasonable for such eyeglasses and lenses more than such amount as the Secretary establishes in guidelines relating to the inherent reasonableness of charges for such eyeglasses and lenses.".

(c) EFFECTIVE DATE.—(1) The amendments made by this section shall apply to items and services furnished on or after October 1, 1985.

(2) In applying the amendment made by subsection (a), there shall not be taken into account any cataract eyeglasses or contact lenses replaced before October 1, 1985.

SEC. 2149. DEMONSTRATION OF PREVENTIVE HEALTH SERVICES UNDER MEDICARE.

(a) DEMONSTRATION PROGRAM.—The Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") shall establish a demonstration program designed to reduce disability and dependency through the provision of preventive health services to individuals entitled to benefits under title XVIII of the Social Security Act (hereinafter in this section referred to as "medicare beneficiaries").

(b) PREVENTIVE HEALTH SERVICES UNDER DEMONSTRATION PROGRAM.—The preventive health services to be made available under the demonstration program shall include—

(1) health screenings,

(2) health risk appraisals,

(3) immunizations, and

(4) counseling on and instruction in—

(A) diet and nutrition,

(B) reduction of stress,

(C) exercise and exercise programs,

(D) sleep regulation,

(E) injury prevention,

(F) prevention of alcohol and drug abuse,

(G) prevention of mental health disorders,

(H) self-care, including use of medication, and

(I) reduction of smoking.

(c) CONDUCT OF PROGRAM.—The demonstration program shall—

(1) be conducted under the direction of accredited public or private nonprofit schools of public health;

(2) be conducted in no fewer than five sites, which sites shall be chosen so as to be geographically diverse and shall be readily accessible to a significant number of medicare beneficiaries;

(3) involve community outreach efforts at each site to enroll the maximum number of medicare beneficiaries in the program; and

(4) be designed—

(A) to test alternative methods of payment for preventive health services, including payment on a prepayment basis as well as payment on a fee-for-service basis,

(B) to permit a variety of appropriate health care providers to furnish preventive health services, including physicians, health educators, nurses, allied health personnel, dieticians, and clinical psychologists, and

(C) to facilitate evaluation under subsection (d).

(d) EVALUATION.—The Secretary shall evaluate the demonstration project in order to determine—

(1) the short-term and long-term costs and benefits of providing preventive health services for medicare beneficiaries, including any reduction in inpatient services resulting from providing the services, and

(2) what practical financing mechanisms exist to provide payment for preventive health services under title XVIII of the Social Security Act.

(e) REPORTS TO CONGRESS.—(1) Not later than three years after the date of the enactment of this Act, the Secretary shall submit a preliminary report to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate on the progress made in the demonstration program, including a description of the sites at which the program is being conducted and the preventive health services being provided at the different sites.

(2) Not later than five years after the date of the enactment of this Act, the Secretary shall submit a final report to those Committees on the demonstration program and shall include in the report—

(A) the evaluation described in subsection (d), and

(B) recommendations for appropriate legislative changes to incorporate payment for cost-effective preventive health services into the medicare program.

(f) FUNDING.—Expenditures made for the demonstration program shall be made from the Federal Supplementary Medical Insurance Trust Fund (established by section 1841 of the Social Security Act). Grants and payments under contracts may be made either in advance or by way of reimbursement, as may be determined by the Secretary, and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purpose of this section.

(g) WAIVER OF MEDICARE REQUIREMENTS.—The Secretary shall waive compliance with such requirements of title XVIII of the Social Security Act to the extent and for the period the Secretary finds necessary for the conduct of the demonstration program.

PART D—OTHER AND ADDITIONAL CHANGES RELATING TO PART B (OR TO PARTS A AND B) OF THE MEDICARE PROGRAM

SEC. 2151. EXTENSION OF PHYSICIAN FEE FREEZE FOR CERTAIN NON-PARTICIPATING PHYSICIANS AND IMPROVEMENTS IN THE PARTICIPATING PHYSICIAN PROGRAM.

(a) ONE-YEAR EXTENSION FOR NON-PARTICIPATING PHYSICIANS.—

(1) EXTENSION.—Section 1842(b)(4) of the Social Security Act (42 U.S.C. 1395u(b)(4)) is amended—

(A) in subparagraph (A)—

(i) by inserting "(i)" after "(4)(A)", and

(ii) by adding at the end the following new clauses:

"(ii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during the 12-month period beginning October 1, 1985, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services, the Secretary shall not set any level higher than the same level as was set for the 12-month period beginning July 1, 1983; except that in the case of a physician described in subparagraph (E)(i), the Secretary shall not set any level higher than the increase percentage (described in subparagraph (E)(ii)) above the level that was set for the 12-month period beginning July 1, 1983.

"(iii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during a 12-month period beginning on or after October 1, 1986, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services, the Secretary shall not set any level higher than the same level as was set for services furnished during the previous fiscal year for physicians who were participating physicians on the last day of that year; except that in the case of a physician described in subparagraph (E)(i), the Secretary shall not set any level higher than the increase percentage (described in subparagraph (E)(ii)) above the level that was set for services furnished during the previous fiscal year for physicians who were participating physicians on the last day of that year.";

(B) in subparagraph (B)—

(i) by inserting "(i)" after "(B)", and

(ii) by adding at the end the following new clause:

"(ii) In determining the reasonable charge under paragraph (3) for physicians' services furnished during the 12-month period beginning October 1, 1985, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services, the customary charges shall be the same customary charges as were recognized under this section for the 12-month period beginning July 1, 1983; except that in the case of a physician described in subparagraph (E)(i), the customary charges may not exceed the customary charges that were recognized under this section for the 12-month period beginning July 1, 1983, increased by the increase percentage (described in subparagraph (E)(ii)).";

(C) in subparagraph (C)—

(i) by inserting "(i)" after "(C)",

(ii) by striking out "(A)" and inserting in lieu thereof "(A)(i)" each place it appears, and

(iii) by adding at the end the following new clause:

"(ii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during periods beginning after September 30, 1986, by a physician who was not a participating physician on that date, the Secretary shall treat the level as set under subparagraph (A)(ii) as having fully provided for the economic changes which would have been taken into account but for the limitations contained in subparagraph (A)(ii).";

(D) in subparagraph (D)—

(i) by striking out "who at no time" and all that follows through "subsection (h)(1))" and insert in lieu thereof "who was not a participating physician (as defined in subsection (h)(1)) on September 30, 1985",

(ii) by inserting "(i)" after "(D)", and

(iii) by adding at the end the following new clause:

"(ii)(I) In determining the customary charges for physicians' services furnished during the 12-month period beginning October 1, 1986, or October 1, 1987, by a physician who is not a participating physician (as defined in subsection (h)(1)) on September 30, 1986, except as provided in subclause (II) the Secretary shall not recognize increases in actual charges for services furnished during the 12-month period beginning on October 1, 1985, above the level of the physician's actual charges billed during the 3-month period ending on June 30, 1984.

"(II) In the case of a physician who was a participating physician on September 30, 1985, the Secretary shall recognize increases in actual charges for services furnished during the 12-month period beginning on October 1, 1985, above the level of the physician's actual charges billed during the 3-month period ending on June 30, 1984, but only to the extent that the percentage of such an increase does not exceed one-half of the percentage increase in the physician's actual charges for services furnished over the period beginning July 1, 1984, and ending September 30, 1985."; and

(E) by adding at the end the following new subparagraph:

"(E)(i) With respect to services furnished during a 12-month period beginning on October 1, a physician described in this clause is a physician who is not a participating physician at the time of furnishing the services but who either (I) was a participating physician on September 30 before that period, or (II) accepted payment on an assignment-related basis (as defined in subsection (h)(8)) for all claims received during the immediately preceding 12-month period for services furnished by the physician under this part during that period.

"(ii) The 'increase percentage' described in this clause is, with respect to a physician for items and services furnished during a 12-month period beginning on October 1, one-half of the percentage increase that otherwise would be applicable to services furnished by the physician if the physician (I) had been a participating physician on the date before the first date of the period, and (II) were to sign up to be a participating physician for items and services furnished during the period.".

(2) CONTINUED ENFORCEMENT.—Section 1842(j)(1) of such Act (42 U.S.C. 1395u(j)(1)) is amended—

(A) by amending the first sentence to read as follows: "In the case of a physician who is not a participating physician for items and services furnished during a portion of the

27-month period beginning July 1, 1984, the Secretary shall monitor the physician's actual charges to individuals enrolled under this part for physicians' services during that portion of that period."; and

(B) in the second sentence, by inserting ", or, in the case of items and services furnished during fiscal year 1986 by a physician who was a participating physician on September 30, 1985, if such physician knowingly and willfully bills individuals enrolled under this part for actual charges which are more than the increase percentage (which may be recognized under subparagraph (D)(ii)(II)) above such physician's actual charges for the calendar quarter beginning on April 1, 1984" after "April 1, 1984".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to services furnished on or after October 1, 1985.

(b) INCENTIVES FOR PARTICIPATING PHYSICIAN PROGRAM.—

(1) ONE-YEAR EXTENSION OF TRANSFER OF FUNDS FOR CARRIERS.—Section 2306(e) of the Deficit Reduction Act of 1984 (Public Law 98-369; 98 Stat. 1073) is amended—

(A) by striking out "and 1985" and inserting in lieu thereof ", 1985, and 1986",

(B) by striking out "the amendments made by this section" and inserting in lieu thereof "subsections (b)(4), (h), and (j) of section 1842 of the Social Security Act",

(C) by striking out "for fiscal year 1985" and inserting in lieu thereof "for each of fiscal years 1985 and 1986", and

(D) by adding at the end the following new sentence: "A significant proportion of such funds shall be used for the expansion of the participating physician and supplier program and for the development of professional relations staffs dedicated to addressing the billing and other problems of physicians and suppliers participating in that program.".

(2) IMPROVEMENT OF PARTICIPATING PHYSICIAN DIRECTORIES.—Section 1842(i) of the Social Security Act (42 U.S.C. 1395u(i)) is amended—

(A) in the first sentence of paragraph (2)—

(i) by striking out "a directory" and inserting in lieu thereof "directories (for appropriate local geographic areas)", and

(ii) by inserting "for that area" before "for that fiscal year";

(B) in the second sentence of paragraph (2), by striking out "The directory" and inserting in lieu thereof "Each directory";

(C) in paragraph (3)—

(i) by striking out "directory" the first place it appears and inserting in lieu thereof "the directories", and

(ii) by striking out "directory" the second place it appears and inserting in lieu thereof "the appropriate area directory or directories";

(D) in paragraph (4)—

(i) by striking out "directory" and inserting in lieu thereof "the directories", and

(ii) by adding at the end the following: "The Secretary shall provide that each appropriate area directory is sent to each participating physician located in that area.".

(3) ELIMINATION OF PHYSICIAN ASSIGNMENT RATE LIST.—Section 1842(i) of such Act is further amended—

(A) by striking out "(i)(1)" and all that follows through the end of paragraph (1),

(B) by striking out "subsection (h)(1)" in paragraph (2) and inserting in lieu thereof "paragraph (1)",

(C) by striking out "such list and" and "the list and" each place either appears in paragraphs (3) and (4), and

(D) by redesignating paragraphs (2) through (4) as paragraphs (4) through (6) of subsection (h), respectively.

(4) INFORMATION ON THE PARTICIPATING PHYSICIAN AND SUPPLIER PROGRAM IN EXPLANATIONS OF MEDICARE BENEFITS FOR UNASSIGNED CLAIMS.—Section 1842(h) of such Act, as previously amended by this subsection, is further amended by adding at the end the following new paragraphs:

"(7) The Secretary shall provide that each explanation of benefits provided under this part for services furnished in the United States, in conjunction with the payment of claims under section 1833(a)(1) (made other than on an assignment-related basis, described in paragraph (8)), shall include—

"(A) a reminder of the participating physician and supplier program established under this subsection (including the limitation on charges that may be imposed by such physicians and suppliers), and

"(B) the toll-free telephone number or numbers, maintained under paragraph (2), at which a beneficiary may obtain information on participating physicians and suppliers.

"(8) For purposes of this title, a claim is considered to be paid on an 'assignment-related basis' if the claim is paid on the basis of an assignment described in subsection (b)(3)(B)(ii), in accordance with subsection (b)(6)(B), or under the procedure described in section 1870(f)(1).".

(5) EFFECTIVE DATE.—Section 1842(b)(7) of the Social Security Act, as added by paragraph (4) of this subsection, shall apply to explanations of benefits provided on or after such date (not later than April 1, 1986) as the Secretary of Health and Human Services shall specify.

SEC. 2152. PHYSICIAN PAYMENT REVIEW COMMISSION AND DEVELOPMENT OF RELATIVE VALUE SCALE.

(a) ESTABLISHMENT OF COMMISSION.—Part B of title XVIII of the Social Security Act is amended by adding at the end the following new section:

"PHYSICIAN PAYMENT REVIEW COMMISSION

"SEC. 1845. (a)(1) The Director of the Congressional Office of Technology Assessment (hereinafter in this section referred to the the 'Director' and the 'Office', respectively) shall provide for the appointment of a Physician Payment Review Commission (hereinafter in this section referred to as the 'Commission'), to be composed of individuals with expertise in the provision and financing of physicians' services appointed by the Director (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service).

"(2) The Commission shall consist of 11 individuals. Members of the Commission shall first be appointed no later than December 1, 1985, for a term of three years, except that the Director may provide initially for such shorter terms as will insure that (on a continuing basis) the terms of no more than four members expire in any one year.

"(3) The membership of the Commission shall include physicians, other health professionals, individuals skilled in the conduct and interpretation of biomedical, health services, and health economics research, and representatives of consumers and the elderly. The Director shall seek nominations from a wide range of groups, including—

"(A) national organizations representing physicians, including medical specialty organizations,

"(B) organizations representing the elderly and consumers,

"(C) national organizations representing medical schools,

"(D) national organizations representing hospitals, including teaching hospitals, and

"(E) national organizations representing health benefits programs.

"(b)(1) The Commission shall make recommendations to the Congress, not later than February 1 of each year (beginning with 1987), regarding adjustments to the reasonable charge levels for physicians' services recognized under section 1842(b) and changes in the methodology for determining the rates of payment, and for making payment, for physicians' services under this title and other items and services under this part.

"(2) In making its recommendations, the Commission shall—

"(A) consider, and make recommendations on the feasibility and desirability of reducing, the differences in payment amounts for physicians' services under this part which are based on differences in geographic location or specialty;

"(B) review the input costs (including time, professional skills, and risks) associated with the provision of different physicians' services;

"(C) identify those charges recognized as reasonable under section 1842(b) which are significantly out-of-line, based on the considerations of subparagraphs (A) and (B);

"(D) assess the likely impact of different adjustments in payment rates, particularly their impact on physician participation in the participation program established under section 1842(h) and on beneficiary access to necessary physicians' services;

"(E) make recommendations on ways to increase physician participation in that participation program and the acceptance of payment under this part on an assignment-related basis;

"(F) make recommendations respecting the advisability and feasibility of making changes in the payment system for physicians' services under this part based on (i) the Secretary's study under section 603(b)(2) of the Social Security Amendments of 1983 (relating to payments for physicians' services furnished to hospital inpatients on the basis of diagnosis-related groups) and (ii) the Office's report under section 2309 of the Deficit Reduction Act of 1984 (relating to physician reimbursement under this part);

"(G) identify those procedures, involving the use of assistants at surgery, for which payment for those assistants should not be made under this title without prior approval;

"(H) identify those procedures for which an opinion of a second physician should be required before payment is made under this title; and

"(I) evaluate the method for calculating the number of full-time-equivalent residents set forth in section 1902(h)(4)(D) and make recommendations regarding revisions in, or alternatives to, that method.

"(3) The Commission also shall advise and make recommendations to the Secretary respecting the development of the relative value scale under subsection (e).

"(c)(1) The following provisions of section 1886(e)(6) shall apply to the Commission in the same manner as they apply to the Prospective Payment Assessment Commission:

"(A) Subparagraph (C) (relating to staffing and administration generally).

"(B) Subparagraph (D) (relating to compensation of members).

"(C) Subparagraph (F) (relating to access to information).

"(D) Subparagraph (G) (relating to reports and use of funds).

"(E) Subparagraph (H) (relating to periodic GAO audits).

"(F) Subparagraph (J) (relating to requests for appropriations).

"(2) In order to carry out its functions, the Commission shall collect and assess information on medical and surgical procedures and services, including information on

regional variations of medical practice. In collecting and assessing information, the Commission shall—

"(A) utilize existing information, both published and unpublished, where possible, collected and assessed either by its own staff or under other arrangements made in accordance with this section,

"(B) carry out, or award grants or contracts for, original research and experimentation, where existing information is inadequate for the development of useful and valid guidelines by the Commission, and

"(C) adopt procedures allowing any interested party to submit information with respect to physicians' services (including new practices, such as the use of new technologies and treatment modalities), which information the Commission shall consider in making reports and recommendations to the Secretary and Congress.

"(d) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. Such sums shall be payable from the Federal Supplementary Medical Insurance Trust Fund.".

(b) DEVELOPMENT OF RELATIVE VALUE SCALE FOR PHYSICIANS' SERVICES.—Section 1845 of the Social Security Act, as added by subsection (a), is further amended by adding at the end the following new subsection:

"(e)(1) The Secretary shall develop a relative value scale that establishes a numerical relationship among the various physicians' services for which payment may be made under this part or under State plans approved under title XIX.

"(2) In developing the scale, the Secretary shall consider among other items—

"(A) the report of the Office of Technology Assessment under section 2309 of the Deficit Reduction Act of 1984,

"(B) the recommendations of the Physician Payment Review Commission under subsection (b)(3), and

"(C) factors with respect to the input costs for furnishing particular physicians' services, such as—

"(i) the differences in costs of furnishing services in different settings,

"(ii) the differences in skill levels and training required to perform the services, and

"(iii) the time required, and risk involved, in furnishing different services.

"(3) The Secretary shall complete the development of the relative value scale under this section, and report to Congress on the development, not later than April 1, 1987. The report shall include recommendations for the application of the scale to payment for physicians' services furnished under this part on or after October 1, 1987.".

SEC. 2153. PAYMENT FOR DURABLE MEDICAL EQUIPMENT.

(a) FREEZING CUSTOMARY AND PREVAILING CHARGES FOR ITEMS FURNISHED ON RENTAL BASIS AND HOME OXYGEN SERVICES.—Section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by adding at the end the following new subsection:

"(k)(1) In determining the customary and prevailing charge levels under the third and fourth sentences of subsection (b)(3)—

"(A) for durable medical equipment furnished on a rental basis (other than under a lease-purchase agreement), and

"(B) for oxygen therapy services furnished,

during the 12-month period beginning on October 1, 1985, the Secretary shall not set any such level higher than the same level as was set for the 15-month period beginning July 1, 1984. As used in this subsection, the term 'oxygen therapy services' means durable medical equipment, accessories, and supplies for the provision of oxygen therapy in a patient's home.".

(b) REQUIRING PAYMENT ON AN ASSIGNMENT BASIS FOR DURABLE MEDICAL EQUIPMENT FURNISHED ON A RENTAL BASIS AND FOR OXYGEN THERAPY SERVICES.—Section 1842(k) of such Act, as added by subsection (a), is amended by adding at the end the following new paragraph:

"(2) Payment under this part for durable medical equipment furnished on a rental basis (other than under a lease-purchase agreement) and for oxygen therapy services may only be made on an assignment-related basis (as defined in subsection (h)(8)) or to a provider of services with an agreement in effect under section 1866.".

(c) LIMITING INCREASE IN PREVAILING CHARGES FOR DURABLE MEDICAL EQUIPMENT TO CONSUMER PRICE INDEX.—Section 1842(k) of such Act, as previously amended, is further amended by adding at the end the following new paragraph:

"(3) In the case of durable medical equipment, the prevailing charge levels determined for purposes of clause (ii) of the third sentence of subsection (b) for any 12-month period (beginning after September 30, 1986) may not exceed (in the aggregate) the levels determined under such clause (taking into account paragraph (1), if applicable) for the preceding 12-month period by a percentage which exceeds the percentage increase in the Consumer Price Index for all urban consumers (U.S. city average), as published by the Secretary of Labor, for the 12-month period ending in March of that preceding 12-month period.".

(d) CLARIFICATION OF PREVIOUS EFFECTIVE DATE.—Section 2306(b)(2) of the Deficit Reduction Act of 1984 is amended by adding before the period at the end the following: "and to durable medical equipment furnished on or after July 1, 1985".

(e) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to durable medical equipment (including oxygen therapy services) furnished on or after October 1, 1985.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to durable medical equipment furnished on or after January 1, 1986.

(3) SUBSECTION (c).—The amendments made by subsection (c) shall apply to durable medical equipment furnished on or after October 1, 1986.

(4) SUBSECTION (d).—The amendment made by subsection (d) shall take effect as though it were included in the enactment of the Deficit Reduction Act of 1984.

SEC. 2154. PAYMENT FOR CLINICAL LABORATORY SERVICES.

(a) CHANGING MONTH OF ANNUAL UPDATE FROM JULY TO OCTOBER.—

(1) IN GENERAL.—Section 1833(h) of the Social Security Act (42 U.S.C. 1395l(h)) is amended—

(A) by striking out "June 30, 1987" and "July 1, 1987" and inserting in lieu thereof "September 30, 1987" and "October 1, 1987", respectively, each place either appears, and

(B) in paragraph (2), by inserting "(to become effective on October 1 of each year)" after "adjusted annually".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to clinical laboratory diagnostic tests performed on or after July 1, 1986.

(3) TRANSITION.—The Secretary of Health and Human Service shall provide that the annual adjustment under section 1833(h) of the Social Security Act for 1986—

(A) shall take effect on October 1, 1986,

(B) shall apply for the 12-month period beginning on that date, and

(C) shall take into account the percentage increase or decrease in the Consumer Price Index for all urban consumers (United States city average) occurring over a 15-month period, rather than over a 12-month period.

(b) PROVIDING CEILING ON RATES.—

(1) CEILING ON PAYMENTS.—Paragraphs (1)(D)(i) and (2)(D)(i) of section 1833(a) of the Social Security Act (42 U.S.C. 1395l(a)) are each amended by inserting after "lesser of the amount determined under such fee schedule" the following: ", the limitation amount for that test determined under subsection (h)(4)(B),".

(2) ESTABLISHMENT OF LIMITATION AMOUNT.—Section 1833(h)(4) of such Act is amended by inserting "(A)" after "(4)" and by adding at the end the following new subparagraph:

"(B) For purposes of subsections (a)(1)(D)(i) and (a)(2)(D)(i), the limitation amount for a clinical diagnostic laboratory test performed—

"(i) on or after January 1, 1986, and before October 1, 1986, is equal to 115 percent of the median of all the fee schedules established for that test for that laboratory setting under paragraph (1), or

"(ii) after September 30, 1986, and so long as a fee schedule for the test has not been established on a nationwide basis, is equal to 110 percent of the median of all the fee schedules established for that test for that laboratory setting under paragraph (1).".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to clinical diagnostic laboratory tests performed on or after January 1, 1986.

(c) REPORT ON MINIMUM STANDARDS FOR CLINICAL LABORATORIES THAT ARE PART OF, OR ASSOCIATED WITH, PHYSICIANS' OFFICES.—The Secretary of Health and Human Services shall report to Congress, not later than 12 months after the date of the enactment of this Act, on the standards that might be established under the medicare program for clinical laboratories which are part of or associated with a physician's office to assure the health and safety of individuals with respect to whom the laboratories perform clinical diagnostic laboratory tests for which payment may be made under the program. In recommending standards, the Secretary shall consider the differences in the scope, type, and complexity of tests performed by such laboratories and such other factors as may indicate a need for different standards for laboratories with different characteristics.

SEC. 2155. VISION CARE.

(a) DEFINING SERVICES AN OPTOMETRIST CAN PROVIDE.—Clause (4) of section 1861(r) of the Social Security Act (42 U.S.C. 1395x(r)) is amended to read as follows: "(4) a doctor of optometry, but only with respect to the provision of items or services described in subsection (s) which he is legally authorized to perform as a doctor of optometry by the State in which he performs them, or".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services furnished on or after April 1, 1986.

SEC. 2156. SECOND OPINIONS.

(a) IN GENERAL.—Title XVIII of the Social Security Act is amended by adding at the end the following new section:

"SECOND OPINIONS FOR CERTAIN SURGICAL PROCEDURES

"SEC. 1890. (a) CONDITION OF PAYMENT.—No payment shall be made under part A or part B with respect to items or services furnished in connection with a surgical procedure listed by the Secretary pursuant to this section unless the individual undergo-

ing the procedure obtains a second opinion as to the necessity and appropriateness of such procedure, in accordance with this section. For purposes of determining whether an opinion is the second opinion, the first opinion must be made by a physician who is qualified to perform the surgical procedure, and the second opinion is any subsequent opinion made by a physician of the appropriate speciality, as determined under subsection (b)(3). Such second opinion need not necessarily agree with the first opinion in order for payment to be made.

"(b) SURGICAL PROCEDURES TO WHICH CONDITION APPLIES.—

"(1) SECRETARY TO ESTABLISH LIST.—The Secretary shall establish a list of not less than 10 surgical procedures to which the requirements of this section shall apply. The Secretary shall establish such list based upon the following criteria:

"(A) The procedure is one which generally can be postponed without undue risk to the patient.

"(B) The procedure is a high volume procedure among patients who are covered under the programs established under this title, or is a high cost procedure.

"(C) The procedure has a comparatively high rate of nonconfirmation upon requesting a second opinion, based upon data available to the Secretary from any sources.

"(2) LIST VARIATIONS.—The Secretary may vary the list on a State-by-State basis, or within areas of a State, if data available with regard to volume and costs of procedures suggest that to do so would be cost effective and would better serve the purposes of this section.

"(3) LIST TO SPECIFY SPECIALISTS WHO MUST RENDER SECOND OPINION.—The Secretary shall specify, for each procedure on a list established under this subsection, the type or types of board certified or board eligible specialists who must be consulted for the second opinion, based upon the nature of the procedure.

"(c) REFERRAL MECHANISM FOR SECOND OPINIONS.—

"(1) USE OF PRO AS REFERRAL CENTER.—The Secretary shall enter into or modify contracts with utilization and quality control peer review organizations under which such organizations shall serve as referral centers for second opinions required under this section.

"(2) REFERRAL OF PATIENT.—The organization shall maintain a list of physicians qualified to provide a second opinion and shall advise the patient as to which physicians are participating physicians (within the meaning of section 1842(h)) and which physicians have agreed to accept assignment for second opinions. If the patient seeking the second opinion so requests, the organization shall refer such patient to a physician of the appropriate specialty for purposes of providing the second opinion.

"(3) FREEDOM OF CHOICE OF PATIENT TO CHOOSE PHYSICIAN.—Subject to paragraph (4), the patient may choose any physician of the proper specialty to provide the second opinion.

"(4) PHYSICIANS PROHIBITED FROM PROVIDING SECOND OPINION.—For purposes of this section, a second opinion may not be provided by a physician who is affiliated with, or has any direct or indirect common financial interest with, the physician who rendered the first opinion that the procedure was necessary.

"(5) FORWARDING OF RELEVANT MEDICAL RECORDS.—Each such organization shall, if the patient seeking the second opinion so requests, obtain the relevant medical records from the physician who rendered the first opinion that the procedure was necessary, and provide the relevant information to the physician selected by the patient to render the second opinion in such form so as not to identify the physician who rendered the first opinion.

"(6) USE OF OTHER ENTITIES AS REFERRAL CENTERS.—(A) If no utilization and quality control peer review organization is available to perform the functions described in this subsection, the Secretary may enter into an agreement with a State or local agency or appropriate private entity to perform such functions.

"(B) If a State is utilizing an entity other than a utilization and quality control peer review organization to provide referrals for second opinions for purposes of title XIX, the Secretary may enter into an agreement under this section with such entity (rather than with a utilization and quality control peer review organization) to perform the functions described in this section if the Secretary determines that such arrangement would be more cost effective and would adequately protect the patients receiving benefits under this title.

"(C) If the Secretary determines that a utilization and quality control peer review organization is not able to perform the referral services described in this subsection in a manner that adequately protects patients, the Secretary may enter into an agreement with a State or local agency or appropriate private entity to perform such functions.

"(d) EXCEPTIONS TO REQUIREMENT.—The requirements of this section shall not apply—

"(1) if delay in providing the surgical procedure would result in a risk to the patient;

"(2) if no physician is available (within such reasonable limits as the Secretary shall determine by regulation) who is (A) an appropriate specialist, and (B) a participating physician or a physician who has agreed to accept assignment for the second opinion; or

"(3) the surgical procedure is to be performed on a patient who is a member of a health maintenance organization or competitive medical plan having a risk-sharing contract with the Secretary under section 1876(g).

"(e) DUTIES OF PHYSICIANS, HOSPITALS, AND AMBULATORY SURGICAL CENTERS TO NOTIFY PATIENTS.—

"(1) NOTICE.—Any physician, before performing a surgical procedure which requires a second opinion pursuant to this section, and any hospital or ambulatory surgical center, before a patient is furnished services at the hospital or center in connection with the performance of such a procedure, shall inform the patient in writing of the necessity of obtaining a second opinion, and make available to the patient, or to the entity performing referral services under subsection (c) if so requested by the patient, any medical records available to such physician, hospital, or center that are necessary in order for the patient to obtain such second opinion.

"(2) SANCTIONS.—(A) In the case of any physician, hospital, or ambulatory surgical center which fails to notify a patient of the need to obtain a second opinion or fails to make available medical records, as required under paragraph (1), the Secretary may—

"(i) impose a civil monetary penalty and assessment, in the same manner as such penalties are authorized under section 1128A(a), or

"(ii) in the case of a second or subsequent failure, bar the physician, hospital, or ambulatory surgical center from participation under the program under this title for a period not to exceed 5 years, in accordance with the procedures of paragraphs (2) and (3) of section 1862(d),

or both. No payment may be made under this title with respect to any item or service furnished by a physician, hospital, or ambulatory surgical center during the period when it is barred from participation in the program under this title pursuant to this subsection.

"(B) The Secretary may not bar a physician, hospital, or ambulatory surgical center pursuant to subparagraph (A) if such physician, hospital, or ambulatory surgical center is a sole source of essential services in a community.

"(C) The Secretary shall take into account access of beneficiaries to physicians' services, hospital services, and other surgical facility services for which payment may be made under this title in determining whether to bar a physician, hospital, or ambulatory surgical center from participation pursuant to subparagraph (A).

"(D) In any case where payment under this title is denied by reason of this section, and a physician, hospital, or ambulatory surgical center failed to notify the patient as required by paragraph (1), the Secretary shall, out of any civil monetary penalty or assessment collected from such physician, hospital, or ambulatory surgical center pursuant to this subsection, make a payment to the patient in the nature of restitution for amounts paid by such patient to such physician, hospital, or ambulatory surgical center which otherwise would have been paid under this title.

"(f) NOTICE BY SECRETARY.—

"(1) NOTICE TO PHYSICIANS, HOSPITALS, AND AMBULATORY SURGICAL CENTERS.—The Secretary shall notify all physicians, all hospitals having agreements under section 1866, and all ambulatory surgical centers having an agreement with the Secretary described in section 1832(a)(2)(F) of the requirements of this section. The notice shall include the applicable list of surgical procedures to which such requirements apply, and a description of the penalties for failure to notify a patient concerning such requirements.

"(2) NOTICE TO BENEFICIARIES.—The Secretary shall provide for periodic notice to all beneficiaries under this title of the requirements of this section, including the applicable list of the surgical procedures to which such requirements apply and information about the availability of the referral services described in this section. The Secretary shall make the applicable lists and information about referral services available at district and branch offices of the Social Security Administration, in the offices of carriers, and to senior citizen organizations.".

(b) WAIVER OF DEDUCTIBLE AND COPAYMENTS.—

(1) DEDUCTIBLE.—Section 1833(b) of the Social Security Act (42 U.S.C. 1395l(b)) is amended by striking out "and" before "(4)", and by inserting before the period at the end of the first sentence the following: ", and (5) such deductible shall not apply with respect to items and services furnished in connection with obtaining a second opinion required under section 1890 (or a third opinion, if such second opinion was in disagreement with the first opinion)".

(2) COPAYMENTS.—(A) Section 1833(a)(1) of such Act (42 U.S.C. 1395l(a)(1)) is amended by striking out "and" before "(F)", and by adding at the end thereof the following: "and (G) with respect to items and services furnished in connection with obtaining a second opinion required under section 1890 (or a third opinion, if such second opinion was in disagreement with the first opinion), the amounts paid shall be 100 percent of the reasonable charges for such items and services;".

(B) Section 1833(a)(2)(A) of such Act (42 U.S.C. 1395l(a)(2)(A)) is amended by inserting ", items and services furnished in con-

nection with obtaining a second opinion required under section 1890 (or a third opinion, if such second opinion was in disagreement with the first opinion)," after "(other than durable medical equipment)".

(C) Section 1833(a)(2)(D) of such Act (42 U.S.C. 1395l(a)(2)(D)) is amended by striking out "or to a provider having an agreement under section 1866" and inserting in lieu thereof "to a provider having an agreement under section 1866, or for tests furnished in connection with obtaining a second opinion required under section 1890 (or a third opinion, if such second opinion was in disagreement with the first opinion)".

(c) CONFORMING AMENDMENTS.—

(1) EXCLUSIONS FROM COVERAGE.—Section 1862(a) of the Social Security Act (42 U.S.C. 1395g(a)), as amended by section 2147(a) of this Act, is amended—

(A) by striking out "or" at the end of paragraph (14);

(B) by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or"; and

(C) by adding at the end thereof the following new paragraph:

"(16) furnished in connection with a surgical procedure if a second opinion is required under section 1890 but is not obtained.".

(2) PROVIDER AGREEMENTS.—Section 1866(a)(1) of such Act (42 U.S.C. 1395cc(a)(1)) is amended—

(A) by striking out "and" at the end of subparagraph (G);

(B) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof ", and"; and

(C) by inserting after subparagraph (H) the following new subparagraph:

"(I) to notify beneficiaries under this title for whom surgery is to be performed of the need to obtain a second opinion if such surgery is a procedure listed pursuant to section 1890.".

(3) FUNCTIONS OF PEER REVIEW ORGANIZATIONS.—Section 1154(a) of such Act (42 U.S.C. 1395c-3(a)) is amended by adding at the end thereof the following new paragraph:

"(12) The organization shall perform the referral functions for second opinions described in section 1890(c).".

(d) EFFECTIVE DATES.—(1) The amendments made by subsection (a) shall apply to items and services furnished on or after the first day of the first month which begins more than 6 months after the date of the enactment of this Act.

(2) The Secretary of Health and Human Services shall promulgate final regulations necessary to implement the amendments made by this section within 6 months after the date of the enactment of this Act.

(e) INTERIM LIST.—(1) If the Secretary of Health and Human Services has not established a list or lists of surgical procedures requiring second opinions, as required under section 1890 of the Social Security Act, within 6 months after the date of the enactment of this Act, then the following list shall be in effect for purposes of such section:

Coronary artery bypass.
Cardiac pacemaker implantation.
Cataract surgery.
Gall bladder surgery.
Prostate surgery.
Knee surgery.
Hysterectomy.
Back surgery.
Hernia repair.
Hemorrhoidectomy.

(2) The list in paragraph (1) shall remain in effect until such time as the Secretary establishes a new list for the applicable State or area pursuant to section 1890.

(f) STUDY.—The Secretary of Health and Human Services shall conduct a study of the results of the amendments made by this section. Such study shall include any changes in utilization of surgical procedures, changes in nonconfirmation rates of second opinions, and outcomes in cases where surgery is not done after a second opinion failed to confirm the necessity of the surgical procedure. The Secretary shall report the results of the study to the Congress within 30 months after the date of the enactment of this Act.

SEC. 2157. CHANGING MEDICARE APPEAL RIGHTS.

(a) PERMITTING PROVIDER REPRESENTATION OF BENEFICIARIES.—Section 1869(b)(1) of the Social Security Act (42 U.S.C. 1395ff(b)(1)) is amended by adding at the end the following new sentence: "Sections 206(a), 1102, and 1871 shall not be construed as authorizing the Secretary to prohibit an individual from being represented under this subsection by a person that furnishes or supplies the individual, directly or indirectly, with services or items solely on the basis that the person furnishes or supplies the individual with such a service or item.".

(b) REVIEW OF PART B DETERMINATIONS.—(1) Section 1869 of such Act (42 U.S.C. 1395ff) is further amended—

(A) by inserting "or part B" in subsection (a) after "amount of benefits under part A",

(B) by inserting "or part B" in subsection (b)(1)(C) after "part A", and

(C) by amending paragraph (2) of subsection (b) to read as follows:

"(2) Notwithstanding paragraph (1)(C), in the case of a claim arising—

"(A) under part A, a hearing shall not be available to an individual under paragraph (1)(C) if the amount in controversy is less than $100 and judicial review shall not be available to the individual under that paragraph if the amount in controversy is less than $1,000; or

"(B) under part B, a hearing shall not be available to an individual under paragraph (1)(C) if the amount in controversy is less than $500 and judicial review shall not be available to the individual under that paragraph if the aggregate amount in controversy is less than $1,000.

In determining the amount in controversy, the Secretary, under regulations, shall allow two or more claims to be aggregated if the claims involve the delivery of similar or related services to the same individual or involve common issues of law and fact arising from services furnished to two or more individuals.".

(2) Section 1842(b)(3)(C) of such Act (42 U.S.C. 1395u(b)(3)(C)) is amended by striking out "$100 or more" and inserting in lieu thereof "at least $100, but not more than $500".

(3) Section 1879(d) of such Act (42 U.S.C. 1395pp(d)) is amended by striking out "section 1869(b)" and all that follows through "part B)" and inserting in lieu thereof "sections 1869(b) and 1842(b)(3)(C) (as may be applicable)".

(c) EFFECTIVE DATES.—(1) The amendment made by subsection (a) takes effect on the date of the enactment of this Act.

(2) The amendments made by subsection (b) shall apply to claims submitted on or after October 1, 1985.

SEC. 2158. EXTENSION OF ON LOK WAIVER.

(a) CONTINUED APPROVAL.—

(1) MEDICARE WAIVERS.—Notwithstanding any limitations contained in section 222 of the Social Security Amendments of 1972 and section 402(a) of the Social Security Amendments of 1967, the Secretary of Health and Human Services shall continue approval of the risk-sharing application (described in section 603(c)(1) of Public Law 98-21) for waivers of certain requirements of title XVIII of the Social Security Act after the end of the period described in that section.

(2) MEDICAID WAIVERS.—Notwithstanding any limitations contained in section 1115 of the Social Security Act, the Secretary shall approve any application of the Department of Health Services, State of California, for a waiver of requirements of title XIX of such Act in order to continue carrying out the demonstration project referred to in section 603(c)(2) of Public Law 98-21 after the end of the period described in that section.

(b) TERMS, CONDITIONS, AND PERIOD OF APPROVAL.—The Secretary's approval of an application (or renewal of an application) under this section—

(1) shall be on the same terms and conditions as applied with respect to the corresponding application under section 603(c) of Public Law 98-21 as of July 1, 1985, except that requirements relating to collection and evaluation of information for demonstration purposes (and not for operational purposes) shall not apply; and

(2) shall remain in effect until such time as the Secretary finds that the applicant no longer complies with the terms and conditions described in paragraph (1).

PART E—CHANGES RELATING TO THE MEDICAID PROGRAM

SEC. 2161. SERVICES FOR PREGNANT WOMEN.

(a) EXPANDED COVERAGE.—Section 1905(n)(1) of the Social Security Act (42 U.S.C. 1396d(n)(1)) is amended—

(1) by striking out "; or" at the end of subparagraph (A) and inserting in lieu thereof a comma,

(2) by striking out "; and" at the end of subparagraph (B) and inserting in lieu thereof ", or", and

(3) by adding after subparagraph (B) the following new subparagraph:

"(C) otherwise meets the income and resources requirements of a State plan under part A of title IV; and".

(b) OPTIONAL EXPANSION OF PREGNANCY-RELATED SERVICES.—Section 1902(a)(10) of such Act (42 U.S.C. 1396a(a)(10)) is amended, in the matter after subparagraph (D) thereof—

(1) by striking out "and" before "(IV)" and inserting in lieu thereof a comma, and

(2) by inserting before the semicolon the following: ", and (V) the making available to all pregnant women covered under the plan of services relating to pregnancy (including pre-natal, delivery, and post-partum services) or to any other condition which may complicate pregnancy shall not, by reason of subparagraph (B), require the making available of these services, or the making available of such services of the same amount, duration, and scope, to any other individuals".

(c) POST-PARTUM ELIGIBILITY FOR PREGNANT WOMEN.—Section 1902(e) of such Act (42 U.S.C. 1396b(e)) is amended by adding at the end the following new paragraph:

"(5) A woman who, while pregnant, is eligible for, has applied for, and has received medical assistance under the State plan, shall be deemed to remain pregnant, for purposes of the provision of all pregnancy-related and post-partum medical assistance under the plan, until the end of the 60-day period beginning on the last day of her pregnancy.".

(d) EFFECTIVE DATES.—

(1) EXPANDED COVERAGE.—(A) The amendments made by subsection (a) apply (except as provided under subparagraph (B)) to payments under title XIX of the Social Security Act for calendar quarters beginning on or after October 1, 1985, without regard to

whether or not final regulations to carry out the amendments have been promulgated by that date.

(B) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirement imposed by the amendments made by subsection (a), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet this additional requirement before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

(2) OPTIONAL SERVICES.—The amendments made by subsection (b) shall take effect on October 1, 1985.

(3) CONTINUED COVERAGE.—The amendment made by subsection (c) shall apply to medical assistance furnished to a woman on or after October 1, 1985.

SEC. 2162. MODIFICATIONS OF HOME AND COMMUNITY-BASED WAIVER UNDER SECTION 1915(c).

(a) EXPLICIT INCLUSION OF CERTAIN VOCATIONAL, PREVOCATIONAL, AND EDUCATIONAL SERVICES.—Section 1915(c) of the Social Security Act (42 U.S.C. 1396n(c)) is amended by adding at the end the following new paragraph:

"(5) For purposes of paragraph (4)(B), the term 'habilitation services', with respect to individuals who receive such services after discharge from a skilled nursing facility or intermediate care facility—

"(A) means services designed to assist individuals in acquiring, retaining, and improving the self-help, socialization, and adaptive skills necessary to reside successfully in home and community based settings, and

"(B) includes (except as provided in subparagraph (C)) prevocational, educational, and supported employment services, but

"(C) does not include—

"(i) special education and related services (as defined in section 602(16) and (17) of the Education of the Handicapped Act (20 U.S.C. 1401(16), (17)) which otherwise are available to the individual through a local educational agency, and

"(ii) vocational rehabilitation services which otherwise are available to the individual through a program funded under section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730).".

(b) PERMITTING HOSPITAL LEVEL OF CARE FOR CERTAIN PARTICIPANTS.—(1) Paragraph (1) of such section is amended by inserting "or but for the provision of such services the individuals would continue to receive inpatient hospital services because they are dependent on ventilator support the cost of which is reimbursed under the State plan" before the period at the end.

(2) Paragraph (2)(C) of such section is amended—

(A) by inserting "hospital or" after "provided in a", and

(B) by inserting "inpatient hospital services or" after "the provision of".

(c) PROHIBITING IMPOSITION OF CERTAIN REGULATORY LIMITS.—Such section, as amended by subsection (a), is further amended—

(1) in paragraph (2)(D), by inserting "100 percent of" after "does not exceed", and

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

"(6) The Secretary may not require, as a condition of approval of a waiver under this section under paragraph (2)(D), that the actual total expenditures for home and community-based services under the waiver (and a claim for Federal financial participation in expenditures for the services) cannot exceed the approved estimates for these services. The Secretary may not deny Federal financial payment with respect to services under such a waiver on the ground that, in order to comply with paragraph (2)(D), a State has failed to comply with such a requirement.".

(d) COMPUTATION OF EXPENDITURES FOR CERTAIN DISABLED PATIENTS.—Such section, as amended by subsection (c), is further amended by adding at the end the following new paragraph:

"(7) In making estimates under paragraph (2)(D) in the case of a waiver which applies only to physically disabled individuals who are inpatients in skilled nursing or intermediate care facilities, the State may determine the average per capita expenditure which would have been made in a fiscal year for those individuals under the State plan separately from the expenditure for other individuals who are inpatients of those facilities.".

(e) PERMITTING FLEXIBILITY IN ESTABLISHING MAINTENANCE INCOME STANDARDS.—Paragraph (3) of such section is amended by adding at the end the following new sentence: "A waiver may provide, with respect to post-eligibility treatment of income of all individuals receiving services under that waiver, that the maximum amount of the individual's income which may be disregarded for any month for the maintenance needs of the individual may be an amount greater than the maximum allowed for that purpose under regulations in effect on July 1, 1985.".

(f) EFFECTIVE DATES.—

(1) HABILITATION SERVICES AND HOSPITALIZED PATIENTS.—The amendments made by subsections (a) and (b) are effective for services furnished on or after October 1, 1985.

(2) PROHIBITION OF REGULATORY LIMITS AND TREATMENT OF CERTAIN PHYSICALLY DISABLED INDIVIDUALS.—The amendments made by subsections (c) and (d) shall apply to applications for waivers filed before, on, or after, the date of the enactment of this Act and for services furnished on or after August 13, 1981.

(3) INCOME STANDARDS.—The amendment made by subsection (e) shall apply to waivers approved on or after the date of the enactment of this Act.

(g) TASK FORCE ON ALTERNATIVE CARE FOR TECHNOLOGY-DEPENDENT, CHRONICALLY ILL CHILDREN.—(1) The Secretary of Health and Human Services, within six months after the date of the enactment of this Act, shall establish a task force concerning alternatives to institutional care for technology-dependent children (as defined in paragraph (5)).

(2) The task force shall include representatives of Federal and State agencies with responsibilities relating to child health, health insurers, large employers (including those that self-insure for health care costs), providers of health care to technology-dependent children, and parents of technology-dependent children.

(3) The task force shall—

(A) identify barriers that prevent the provision of appropriate care in a home or community-setting to meet the special needs of technology-dependent children, and

(B) recommend changes in the provision and financing of health care in private and public health care programs (including appropriate joint public-private initiatives) so as to provide home and community-based alternatives to the institutionalization of technology- dependent children.

(4) The task force shall make a final report to the Secretary and to the Congress on its activities not later than two years after the date of the enactment of this Act.

(5) In this subsection, the term "technology-dependent child" means a child who has a chronic illness which makes the child dependent upon the continuing use of medical care technology (such as a ventilator).

SEC. 2163. OPTIONAL HOSPICE BENEFITS.

(a) COVERAGE OF HOSPICE CARE AS AN OPTIONAL MEDICAID BENEFIT.—Section 1905 of the Social Security Act (42 U.S.C. 1396d) is amended—

(1) in subsection (a)—

(A) by striking out "and" at the end of paragraph (17),

(B) by redesignating paragraph (18) as paragraph (19), and

(C) by inserting after paragraph (17) the following new paragraph:

"(18) hospice care (as defined in subsection (o)); and"; and

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

"(o)(1) The term 'hospice care' means the care described in section 1861(dd)(1) furnished by a public, or private nonprofit, hospice program (as defined in section 1861(dd)(2)) to a terminally ill individual who has voluntarily elected (in accordance with paragraph (2)) to receive hospice care instead of certain other benefits (described in section 1812(d)(2)) under the plan.

"(2) An individual's voluntary election under this subsection—

"(A) shall be made in accordance with procedures that are established by the State and that are consistent with the procedures established under section 1812(d)(2),

"(B) shall be for such a period or periods (which need not be the same periods described in section 1812(d)(1)) as the State may establish, and

"(C) may be revoked at any time without a showing of cause and may be modified so as to change the hospice program with respect to which a previous election was made.".

(b) ELIGIBILITY.—

(1) LIMITATION TO TERMINALLY ILL INDIVIDUALS.—Section 1902(a)(10) of such Act (42 U.S.C. 1396a(a)(10)), as amended by section 2161(b) of this Act, is further amended, in the matter following subparagraph (D), by striking out "and" before "(V)" and by inserting before the semicolon the following: ", and (VI) with respect to the making available of medical assistance for hospice care to terminally ill individuals who have made a voluntary election described in section 1905(o) to receive hospice care instead of medical assistance for certain other services, such assistance may not be made available in an amount, duration, or scope less than that provided under title XVIII, and the making available of such assistance shall not, by reason of this paragraph (10), require the making available of medical assistance for hospice care to other individuals or the making available of medical assistance for services waived by such terminally ill individuals".

(2) HIGHER INCOME STANDARD PERMITTED.—Section 1902(a)(10)(A)(ii) of such Act (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

(A) by striking out "or" at the end of subclause (V),

(B) by striking out the semicolon at the end of subclause (VI) and inserting in lieu thereof ", or", and

(C) by adding at the end the following new subclause:

"(VII) who would be eligible under the State plan under this title if they were in a medical institution, who are terminally ill, and who will receive hospice care pursuant to a voluntary election described in section 1905(o);".

(c) PAYMENT FOR HOSPICE CARE.—

(1) USE OF MEDICARE RATES.—Section 1902(a)(13) of such Act (42 U.S.C. 1396a(a)(13)) is amended—

(A) by striking out "and" at the end of subparagraph (B),

(B) by redesignating subparagraph (C) as subparagraph (D), and

(C) by inserting after subparagraph (B) the following new subparagraph:

"(C) for payment for hospice care in the same amounts, and using the same methodology, as used under part A of title XVIII; and".

(2) LIMITATION ON COPAYMENTS.—Subsections (a)(2) and (b)(2) of section 1916 of the Social Security Act (42 U.S.C. 1396o) are each amended—

(A) by striking out "or" at the end of subparagraph (C),

(B) by striking out "; and" at the end of subparagraph (D) and inserting in lieu thereof ", or", and

(C) by adding at the end the following new subparagraph:

"(E) services furnished to an individual who is receiving hospice care (as defined in section 1905(o)); and".

(d) CONFORMING AMENDMENTS.—

(1) Section 1902(j) of such Act (42 U.S.C. 1396a(j)) is amended by striking out "(18)" and inserting in lieu thereof "(19)".

(2) Section 1902(a)(10)(C)(iv) of such Act (42 U.S.C. 1396a(a)(10)(C)(iv)) is amended by striking out "through (17)" and inserting in lieu thereof "through (18)".

(e) EFFECTIVE DATE.—The amendments made by this section apply to medical assistance provided for hospice care furnished on or after October 1, 1985.

SEC. 2164. MEDICAID PAYMENTS FOR DIRECT MEDICAL EDUCATION COSTS OF HOSPITALS.

(a) MEDICAID PAYMENT METHODOLOGY.—Section 1902 of the Social Security Act (42 U.S.C. 1396a), as amended by section 2163(c)(1) of this Act, is further amended—

(1) in paragraph (13) of subsection (a)—

(A) by striking out "and" at the end of subparagraph (C),

(B) by redesignating subparagraph (D) as subparagraph (E), and

(C) by inserting after subparagraph (C) the following new subparagraph:

"(D) for payment to hospitals for direct medical education costs in amounts determined in accordance with subsection (h); and"; and

(2) by inserting before subsection (i) the following new subsection:

"(h) PAYMENTS FOR DIRECT MEDICAL EDUCATION COSTS.—

"(1) SUBSTITUTION OF SPECIAL PAYMENT RULES.—Instead of any amounts that are otherwise payable under a State plan with respect to the costs of hospitals for direct medical education costs, the State shall provide for payments to hospitals for such costs in accordance with paragraph (3) of this subsection.

"(2) DETERMINATION OF HOSPITAL-SPECIFIC APPROVED FTE RESIDENT AMOUNTS.—The Secretary shall determine, for each hospital with an approved medical residency training program, an approved FTE resident amount for each residency year beginning on or after July 1, 1985, as follows:

"(A) DETERMINING ALLOWABLE AVERAGE COST PER FTE RESIDENT IN A HOSPITAL'S BASE PERIOD.—The Secretary shall determine, based on data from the most recent available audited cost report of the hospital, the average amount recognized as reasonable under title XVIII for direct medical education costs of the hospital for each full-time-equivalent resident.

"(B) UPDATING UP THROUGH JUNE 1985.—The Secretary shall update each average amount determined under subparagraph (A) through June 1985 by the percentage increase in the consumer price index from the midpoint of the cost reporting periods used under subparagraph (A) to the end of December 1984.

"(C) AMOUNT FOR RESIDENCY YEAR BEGINNING JULY 1, 1985.—For the residency year beginning July 1, 1985, the approved FTE resident amount for each hospital is equal to the amount determined under paragraph (B) for that hospital updated, to the end of December 1985, by projecting the estimated percentage increase in the consumer price index during the 12-month period ending with December 1985.

"(D) AMOUNT FOR SUBSEQUENT RESIDENCY YEARS.—

"(i) GENERAL RULE.—Except as provided in clause (ii), for each residency year beginning after July 1, 1985, the approved FTE resident amount for each hospital is equal to the amount determined under this paragraph for the previous residency year updated by projecting the estimated percentage change in the consumer price index during the 12-month period ending with December of that residency year, with appropriate adjustments to reflect previous under- or over-estimations under this paragraph in the projected percentage change in the consumer price index.

"(ii) LIMITATION ON APPROVED FTE RESIDENT AMOUNTS.—The approved FTE resident amount for a hospital for a residency year may not exceed—

"(I) for the residency year beginning on July 1, 1986, 175 percent,

"(II) for the residency year beginning on July 1, 1987, 150 percent, and

"(III) for residency years beginning on or after July 1, 1988, 125 percent,

of the median amounts determined under clause (i) for all the hospitals in the United States for that residency year.

"(E) TREATMENT OF CERTAIN HOSPITALS.—In the case of a hospital that did not have an approved medical residency training program and was not participating in the program under title XVIII for a cost reporting period ending before 1985, the Secretary shall provide, for the first such period for which it has such a residency training program and is participating under this title, for such approved FTE resident amount as the Secretary determines to be appropriate, based on comparable approved FTE resident amounts for similar programs of similar hospitals located in similar areas.

"(3) HOSPITAL PAYMENT AMOUNT PER RESIDENT.—

"(A) IN GENERAL.—The payment amount, for a hospital cost reporting period beginning on or after October 1, 1985, is equal to the product of—

"(i) the aggregate approved amount (as defined in subparagraph (B)) for that period, and

"(ii) the hospital's medicaid patient load (as defined in subparagraph (C)) for that period.

"(B) AGGREGATE APPROVED AMOUNT.—As used in subparagraph (A), the term 'aggregate approved amount' means, for a hospital cost reporting period, the sum of the products, for each residency year occurring during the cost reporting period, of—

"(i) the fraction of that residency year that occurs during the period,

"(ii) the hospital's approved FTE resident amount (determined under paragraph (2)) for that residency year, and

"(iii) the number of full-time-equivalent residents (as determined under paragraph (4)) in the hospital's approved medical residency training programs in that year.

"(C) MEDICAID PATIENT LOAD.—As used in subparagraph (A), the term 'medicaid patient load' means, with respect to a hospital's cost reporting period, the fraction of the total number of inpatient-bed-days (as established by the Secretary) during the reporting period which are attributable to patients with respect to whom payment may be made under the State plan approved under this part.

"(4) DETERMINATION OF FULL-TIME-EQUIVALENT RESIDENTS.—

"(A) RULES.—The Secretary shall establish rules consistent with this paragraph for the computation of the number of full-time-equivalent residents in an approved medical residency training program.

"(B) COUNTING TIME SPENT IN OUTPATIENT SETTINGS.—Such rules shall provide that only time spent in activities relating to patient care shall be counted and that time so spent by a resident under an approved medical residency training program in an outpatient clinic, facility of a health maintenance organization, or other ambulatory setting shall be counted towards the determination of full-time equivalency.

"(C) ADJUSTMENT FOR PART-YEAR OR PART-TIME RESIDENTS.—Such rules shall take into account individuals who serve as residents for only a portion of a residency year with a hospital or simultaneously with more than one hospital.

"(D) WEIGHTING FACTORS FOR PRIMARY CARE AND OTHER SPECIALTIES.—Subject to subparagraphs (E) and (F), such rules shall provide, in calculating the number of full-time-equivalent residents in approved residency program for residency years beginning on or after July 1, 1987, for the application of a weighting factor for residents determined in accordance with the following table:

"For the residency year beginning in—	The weighting factor for each—		
	(i) primary care resident is—	(ii) other resident—	
		(I) during the initial residency period is—	(II) during any other period is—
1987	01.10	.90	.75
1988	1.20	.80	.50
1989 or later	1.30	.70	.50

"(E) ALTERNATIVE COMPUTATIONS OF FULL-TIME EQUIVALENTS.—For residency years beginning on or after July 1, 1989, the Secretary may change the weighting factors described in the table in subparagraph (D) or may establish alternative methods for calculating the number of full-time equivalent residents, based on recommendations of the Physician Payment Review Commission (established under section 1845).

"(F) SPECIAL RULES FOR FOREIGN MEDICAL GRADUATES.—

"(i) REQUIRED TO PASS FMGEMS EXAMINATION.—Except as provided in clause (ii), such rules shall provide that, in the case of an individual who is a foreign medical graduate (as defined in paragraph (5)(D)), the individual shall not be counted as a resident for a residency year beginning on or after July 1, 1986, unless the individual has passed the FMGEMS examination (as defined in paragraph (5)(E)) before the beginning of the residency year.

"(ii) TRANSITION FOR CURRENT FMGS.—For the residency year beginning on July 1, 1986, in the case of a foreign medical graduate who—

"(I) has served as a resident before that year and is serving as a resident during that year, but

"(II) has not passed the FMGEMS examination before July 1, 1986,

the individual shall be counted as a resident at a rate equal to one-half of the rate at which the individual would otherwise be counted.

"(iii) TREATMENT OF CERTAIN ECFMG-CERTIFIED INDIVIDUALS.—For purposes of this subparagraph, the Secretary may provide for an individual to be treated as having passed the FMGEMS examination if the individual is unable to take that examination because the individual has previously received certification from the Educational Commission for Foreign Medical Graduates.

"(5) DEFINITIONS.—As used in this subsection:

"(A) APPROVED MEDICAL RESIDENCY TRAINING PROGRAM.—The term 'approved medical residency training program' means a residency or other postgraduate medical training program participation in which may be counted toward certification in a specialty or subspecialty and includes formal postgraduate training programs in geriatric medicine approved by the Secretary.

"(B) CONSUMER PRICE INDEX.—As used in this paragraph, the term 'consumer price index' refers to the Consumer Price Index for All Urban Consumers (United States city average), as published by the Secretary of Commerce.

"(C) DIRECT MEDICAL EDUCATION COSTS.—The term 'direct medical education costs' means direct costs of approved educational activities for approved medical residency training programs.

"(D) FOREIGN MEDICAL GRADUATE.—The term 'foreign medical graduate' means an individual who is a graduate of a medical school not accredited by a body or bodies approved for this purpose by the Secretary of Education (regardless of whether the school of medicine is in the United States).

"(E) FMGEMS EXAMINATION.—The term 'FMGEMS examination' means parts I and II of the Foreign Medical Graduate Examination in the Medical Sciences recognized by the Secretary for this purpose.

"(F) INITIAL RESIDENCY PERIOD.—The term 'initial residency period' means, in the case of a resident, the minimum number of years of formal training necessary to satisfy the requirements (as specified in the 1985–1986 Directory of Residency Training Programs published by the Accreditation Council on Graduate Medical Education) for initial board eligibility in the particular specialty for which the resident is training; except that—

"(i) except as provided in clause (ii), in no case shall the initial period of residency exceed an aggregate period of residency of more than five years for any individual, and

"(ii) a period, of not more than two years, during which an individual is a resident in the field of geriatric medicine or the field of public health and preventive health shall not be counted towards the initial residency period.

"(G) PRIMARY CARE RESIDENT.—The term 'primary care resident' means an individual during the individual's first three years of postgraduate medical training in the field of internal medicine, pediatrics, or family medicine, but does not include such an individual who—

"(i) has been accepted for postgraduate medical training in a field other than internal medicine, pediatrics, family medicine, geriatric medicine, or public health and preventive medicine, and

"(ii) is receiving such training as part of the initial training for that field.

Such term also includes an individual during up to two years of postgraduate medical training in the field of geriatric medicine or the field of public health and preventive medicine.

"(H) RESIDENCY YEAR.—The term 'residency year' means a 12-month period beginning on July 1.

"(I) RESIDENT.—The term 'resident' includes an intern or other participant in an approved medical residency training program.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made on or after July 1, 1986, under State plans approved under title XIX of the Social Security Act; except that such amendments shall not apply to such payments for costs incurred (or services rendered) before that date.

(d) REPORT ON UNIFORMITY OF APPROVED FTE RESIDENT AMOUNTS.—The Secretary of Health and Human Services shall report to Congress, not later than December 31, 1986, on whether section 1902(a) of the Social Security Act should be revised to provide for greater uniformity in the approved FTE resident amounts established under paragraph (2) of that section, and, if so, how such revisions should be implemented.

SEC. 2165. TREATMENT OF POTENTIAL PAYMENTS FROM MEDICAID QUALIFYING TRUSTS.

(a) AMOUNTS TREATED AS BEING AVAILABLE FROM GRANTOR TRUSTS.—Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended by adding at the end the following new subsection:

"(k)(1) In the case of a medicaid qualifying trust (described in paragraph (2)), the amounts from the trust deemed available to a grantor, for purposes of subsection (a)(17), is the maximum amount of payments that may be permitted under the terms of the trust to be distributed to the grantor, assuming the full exercise of discretion by the trustee or trustees for the distribution of the maximum amount to the grantor. For purposes of the previous sentence, the term 'grantor' means the individual referred to in paragraph (2).

"(2) For purposes of this subsection, a 'medicaid qualifying trust' is a trust, or similar legal device, established by an individual (or an individual's spouse) under which the individual may be the beneficiary of all or part of the payments from the trust and the distribution of such payments is determined by one or more trustees who are permitted to exercise any discretion with respect to the distribution to the individual.

"(3) This subsection shall apply without regard to—

"(A) whether or not the medicaid qualifying trust is irrevocable or is established for purposes other than to enable a grantor to qualify for medical assistance under this title, or

"(B) whether or not the discretion described in paragraph (2) is actually exercised.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to medical assistance furnished on or after the first day of the second month beginning after the date of the enactment of this Act.

SEC. 2166. WRITTEN STANDARDS FOR PROVISION OF ORGAN TRANSPLANTS.

(a) DENIAL OF FEDERAL PAYMENTS FOR ORGAN TRANSPLANTS UNLESS PROVIDED UNDER WRITTEN STANDARDS.—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)) is amended by inserting before paragraph (2) the following new paragraph:

"(1) for organ transplant procedures unless the State plan provides for written standards respecting the coverage of such procedures and unless such standards provide that—

"(A) similarly situated individuals are treated alike, and

"(B) any restriction, on the facilities or practitioners which may provide such procedures, is consistent with the accessibility of high quality care to individuals eligible for the procedures under the State plan.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to medical assistance furnished on or after July 1, 1986.

SEC. 2167. DEEMED RESIDENCE FOR OUT-OF-STATE ADOPTIVE AND FOSTER CARE PLACEMENTS.

(a) GENERAL RULE.—Section 1902(b) of the Social Security Act (42 U.S.C. 1396a(b)) is amended by adding at the end the following:

"For purposes of this title, any individual receiving aid or assistance under any plan of a State approved under part E of title IV shall be deemed to be receiving such aid or assistance from the State in which the individual actually resides.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to medical assistance furnished on or after the first calendar quarter that begins more than 90 days after the date of the enactment of this Act.

SEC. 2168. EXTENSION OF MMIS DEADLINE.

(a) NEW DEADLINE.—Section 1903(r)(1)(B) of the Social Security Act (42 U.S.C. 1396b(r)(1)(B)) is amended by striking out "the earlier of" and all that follows through the end of subparagraph (B) and inserting in lieu thereof "September 30, 1985.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to payment under section 1903(a) of the Social Security Act for calendar quarters beginning on or after October 1, 1982.

SEC. 2169. EXTENSION OF CERTAIN WAIVER PROJECT.

(a) CONTINUED APPROVAL.—Notwithstanding any limitations contained in section 1115 of the Social Security Act but subject to subsection (b) of this section, the Secretary of Health and Human Services, upon application, shall continue approval of demonstration project number 11-P-97473/6-06 ("Modifications under the Texas System of Care for the Elderly: Alternatives to the Institutionalized Aged"), previously approved under that section, until December 31, 1988.

(b) TERMS AND CONDITIONS.—The Secretary's continued approval of the project under subsection (a)—

(1) shall be on the same terms and conditions as applied to the project as of the date of the enactment of this Act, and

(2) shall remain in effect until such time as the Secretary finds that the applicant no longer complies with such terms and conditions.

SEC. 2170. REPORT ON ADJUSTMENT IN MEDICAID PAYMENTS FOR HOSPITALS SERVING DISPROPORTIONATE NUMBERS OF LOW INCOME PATIENTS.

The Secretary of Health and Human shall transmit to Congress, not later than July 1, 1986, a report that—

(1) describes the methodology used by States under section 1902(a)(13)(A) of the Social Security Act, in their making payments to hospitals, in taking into account the situation of hospitals that serve a disproportionate number of low income patients with special needs,

(2) identifies each of those hospitals that have had the amount of their payments under that title adjusted under that section, and

(3) for each of those hospitals, describes the proportion of total inpatient-days attributable to low income patients and the proportion of total inpatient-days attributable to patients entitled to medical assistance under that title.

SEC. 2171. REFERENCE TO PROVISIONS OF LAW PROVIDING COVERAGE UNDER, OR DIRECTLY AFFECTING, THE MEDICAID PROGRAM.

Title XIX of the Social Security Act is amended by adding at the end the following new section:

"REFERENCES TO LAWS DIRECTLY AFFECTING MEDICAID PROGRAM

"SEC. 1919. (a) AUTHORITY OR REQUIREMENTS TO COVER ADDITIONAL INDIVIDUALS.—For provisions of law that make additional individuals eligible for medical assistance under this title, see the following:

"(1) AFDC.—(A) Section 402(a)(37) of this Act (relating to individuals who lose AFDC eligibility due to increased earnings).

"(B) Section 406(h) of this Act (relating to individuals who lose AFDC eligibility due to increased collection of child or spousal support).

"(C) Section 414(g) of this Act (relating to certain individuals participating in work supplementation programs).

"(2) SSI.—Section 1619 of this Act (relating to benefits for individuals who perform substantial gainful activity despite severe medical impairment).

"(3) REFUGEE ASSISTANCE.—Section 412(e)(5) of the Immigration and Nationality Act (relating to medical assistance for certain refugees).

"(4) MISCELLANEOUS.—(A) Section 230 of Public Law 93-66 (relating to deeming eligible for medical assistance certain essential persons).

"(B) Section 231 of Public Law 93-66 (relating to deeming eligible for medical assistance certain persons in medical institutions).

"(C) Section 232 of Public Law 93-66 (relating to deeming eligible for medical assistance certain blind and disabled medically indigent persons).

"(D) Section 13(c) of Public Law 93-233 (relating to deeming eligible for medical assistance certain individuals receiving mandatory State supplementary payments).

"(E) Section 503 of Public Law 94-566 (popularly known as the 'Pickle Amendment', relating to deeming eligible for medical assistance certain individuals who would be eligible for supplemental security income benefits but for cost-of-living increases in social security benefits).

"(b) ADDITIONAL STATE PLAN REQUIREMENTS.—For other provisions of law that establish additional requirements for State plans to be approved under this title, see the following:

"(1) Section 1618 of this Act (relating to requirement for operation of certain State supplementation programs).

"(2) Section 212(a) of Public Law 93-66 (relating to requiring mandatory minimum State supplementation of SSI benefits program).".

PART F—PRIVATE HEALTH INSURANCE CONTINUATION

SEC. 2181. TEMPORARY EXTENSION OF COVERAGE AT GROUP RATES FOR FAMILY MEMBERS OF DECEASED, DIVORCED, OR MEDICARE-ELIGIBLE WORKERS.

(a) IN GENERAL.—Subsection (i) of section 162 of the Internal Revenue Code of 1954 (relating to deduction for trade or business expenses with respect to group health plans) is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following new paragraph:

"(2) CONTINUATION COVERAGE.—

"(A) REQUIRING OPTION OF CONTINUATION COVERAGE WHEN QUALIFIED BENEFICIARY WOULD LOSE COVERAGE.—The expenses paid or incurred by an employer for a group health plan shall not be allowed as a deduction under this section unless each qualified beneficiary who would lose coverage under the plan because of a qualifying event is given, in accordance with this paragraph, the option of electing continuation coverage under the plan.

"(B) ELECTION.—

"(i) ELECTION PERIOD.—The option of electing continuation coverage must be offered during a period that—

"(I) begins not later than the termination date (as defined in subparagraph (C)(ii)),

"(II) is of at least 60 days duration, and

"(III) ends not earlier than 60 days after the date the qualified beneficiary is notified under subparagraph (F)(iv) or the termination date, whichever date is later.

"(ii) EFFECT OF ELECTION ON OTHER BENEFICIARIES.—Unless otherwise specified in the election, any such election by a qualified beneficiary described in subparagraph (G)(ii)(I) shall be deemed to include an election of continuation coverage on behalf of any other qualified beneficiary whose coverage would, but for continuation coverage provided in accordance with this paragraph, be affected by the qualifying event.

"(C) QUALIFYING EVENT AND TERMINATION DATE.—For purposes of this paragraph—

"(i) A 'qualifying event' under a group health plan, with respect to a covered employee, is any of the following events if coverage of a qualified beneficiary under the plan would, but for continuation coverage provided in compliance with this paragraph, be terminated by the occurrence of the event:

"(I) The death of the covered employee.

"(II) The divorce or separation of the covered employee from the employee's spouse.

"(III) The covered employee becoming entitled to benefits under title XVIII of the Social Security Act.

"(ii) The term 'termination date' means, with respect to a qualifying event, the date on which coverage of a qualified beneficiary under a group health plan would be terminated under the plan but for continuation coverage provided in compliance with this paragraph.

"(D) TERMS OF CONTINUATION COVERAGE.—Any continuation coverage elected by or on behalf of a qualified beneficiary shall meet the following requirements:

"(i) NO REQUIREMENT OF INSURABILITY.—The coverage may not be conditioned upon, or discriminate on the basis of lack of, evidence of insurability.

"(ii) CONTINUED BENEFITS.—The coverage shall consist of coverage which is identical to the coverage provided under the plan to similarly situated beneficiaries under the plan with respect to whom a qualifying event has not occurred.

"(iii) PERIOD OF CONTINUED COVERAGE.—The coverage shall be for a period commencing upon the termination date and ending not earlier than the earliest of the following:

"(I) MAXIMUM OF FIVE YEARS.—Five years after the termination date.

"(II) END OF PLAN.—The date on which the employer ceases to provide any group health plan to employees.

"(III) FAILURE TO PAY PREMIUMS.—The date on which there is a failure in making timely payment of any premium required under the plan with respect to the qualified beneficiary.

"(IV) REEMPLOYMENT OR MEDICARE ELIGIBILITY.—The date on which the qualified beneficiary first becomes or could become, after the date of the election, a covered employee under any other group health plan or becomes entitled to benefits under title XVIII of the Social Security Act.

"(V) REMARRIAGE OF SPOUSE.—In the case of a qualified beneficiary described in subparagraph (G)(ii)(I), the date on which the beneficiary remarries and becomes (or could become) covered under a group health plan as the spouse of a covered employee.

"(VI) CHILD TURNING MAJORITY.—In the case of an individual who is a qualified beneficiary by reason of having been a covered dependent child of a covered employee, the date on which the individual ceases to be a covered dependent child of the covered employee.

"(iv) CONVERSION OPTION.—In the case of a qualified beneficiary whose period of continued coverage expires under clause (iii)(I), the plan must provide to the beneficiary, during the 180-day period ending on the date of expiration of the period of continued coverage, the option of enrollment under a conversion health plan otherwise generally available to beneficiaries under the plan.

"(E) PREMIUMS FOR CONTINUATION COVERAGE.—

"(i) AMOUNT.—The total premium charged by a group health plan with respect to any qualified beneficiary for continuation coverage under the plan shall not exceed the sum of employer premiums and employee premiums generally charged with respect to coverage under the plan of similarly situated beneficiaries with respect to whom a qualifying event has not occurred. The total of all premiums charged by the plan in any plan year may be based upon reasonably anticipated community costs for such plan year of the entire pool of covered employees and other beneficiaries under the plan, including qualified beneficiaries receiving continuation coverage under the plan under this paragraph.

"(ii) PAYMENTS.—The plan may provide for payment of the total premium by the qualified beneficiary receiving such coverage, or for payment of all or part of such premium by the employer or other party and payment of the remainder of such premium by such beneficiary. The plan shall provide for payment of any premium by a qualified beneficiary in monthly installments if so elected by the beneficiary. If an election is made during an election period but after the termination date, the plan shall permit payment of any premium for continuation coverage during the preceding period to be made within 45 days of the date of the election.

"(iii) PREMIUM DEFINED.—As used in this subparagraph, the term 'premium' means any amount payable with respect to the provision of coverage under a group health plan.

"(F) NOTICE REQUIREMENTS.—In accordance with regulations of the Secretary—

"(i) the group health plan must provide, at the time of commencement of coverage under the plan, for written notice to each covered employee and spouse of the employee (if any) of the rights provided under this paragraph;

"(ii) the employer of a employee under the plan must notify the group health plan administrator if the employee dies;

"(iii) each covered employee is responsible for notifying the group health plan administrator of the occurrence of any qualifying event (other than that described in subparagraph (C)(i)(I)) respecting that employee; and

"(iv) the group health plan administrator must notify each qualified beneficiary, within a period of 14 days after the date the administrator is notified concerning the occurrence of a qualifying event affecting that beneficiary, of—

"(I) the termination date with respect to the beneficiary, and

"(II) the beneficiary's right to elect continuation coverage under this paragraph and the election period established under subparagraph (B)(i) during which the beneficiary can exercise that right.

"(G) DEFINITIONS.—For purposes of this paragraph—

"(i) COVERED EMPLOYEE.—The term 'covered employee' means an individual who is (or was) provided coverage under a group health plan by virtue of the individual's employment or previous employment with an employer.

"(ii) QUALIFIED BENEFICIARY.—The term 'qualified beneficiary' means, with respect to a covered employee under a group health plan, any other individual who, on the date before the date of a qualifying event for that employee—

"(I) is a beneficiary under the plan as the spouse of the employee and has been married to the employee for at least the immediately preceding 30-day period, or

"(II) is a beneficiary under the plan as a covered dependent child of the employee.

"(iii) COVERED DEPENDENT CHILD.—The term 'covered dependent child' means, with respect to a covered employee, an individual who meets the generally applicable requirements of the plan for treatment as a dependent child covered under the plan by reason of the coverage of the employee under the plan.

"(iv) GROUP HEALTH PLAN ADMINISTRATOR.—The term 'group health plan administrator' means, in connection with a group health plan, any person who provides for administrative functions relating to enrollment of individuals under the plan. For purposes of this subparagraph, the term 'person' includes one or more individuals, governments or agencies of the United States or any State or political subdivision thereof, labor unions, partnerships, associations, corporations, legal representatives, mutual companies, joint ventures, joint stock companies, societies, trusts, unincorporated organizations, trustees, trustees in bankruptcy, receivers, and fiduciaries.".

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 162(i) of such Code is amended by striking out "GENERAL RULE" and inserting in lieu thereof "COVERAGE RELATING TO END STAGE RENAL DISEASE".

(c) EFFECTIVE DATES.—

(1) GENERAL RULE.—The amendments made by this section shall apply to plan years beginning on or after January 1, 1986.

(2) SPECIAL RULE FOR COLLECTIVE BARGAINING AGREEMENTS.—In the case of a group health plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) January 1, 1987.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

(d) NOTIFICATION TO COVERED EMPLOYEES.—At the time that the amendments made by this section apply to a group health plan described in section 162(i) of the Internal Revenue Code of 1954, the plan shall notify each covered employee, and spouse of the employee (if any), who is covered under the plan at that time of the continuation coverage required under paragraph (2) of that section. The notice furnished under this subsection is in lieu of notice that may otherwise be required under paragraph (2)(F)(i) of that section.

PART G—TASK FORCE ON LONG-TERM HEALTH CARE POLICIES

SEC. 2191. GUIDELINES FOR LONG-TERM HEALTH CARE POLICIES.

(a) ESTABLISHMENT OF TASK FORCE.—(1) The Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") shall establish a Task Force on Long-Term Health Care Policies (hereinafter in this section referred to as the "Task Force"). The Task Force shall be established not later than 60 days after the date of the enactment of this Act and in consultation with the National Association of Insurance Commissioners.

(b) COMPOSITION OF TASK FORCE.—The Task Force shall be composed of 18 members, which shall include—

(1) two members representing the National Association of Insurance Commissioners,

(2) three members representing Federal and State agencies with responsibilities relating to health or the elderly,

(3) three members representing private insurers,

(4) three members from organizations representing consumers or the elderly, and

(5) three members from organizations representing providers of long-term health care services.

The Secretary shall designate a member of the Task Force as chair.

(c) DEVELOPMENT OF GUIDELINES.—The Task Force shall develop guidelines for long-term health care policies, including guidelines designed—

(1) to limit marketing and agent abuse for those policies,

(2) to assure the dissemination of such information to consumers as is necessary to permit informed choice in purchasing the policies and to reduce the purchase of unnecessary or duplicative coverage,

(3) to assure that benefits provided under the policies are reasonable in relationship to premiums charged, and

(4) to promote the development and availability of long-term health care policies which meet these guidelines.

(d) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Task Force shall report to the Secretary and Congress respecting—

(1) the guidelines developed under subsection (c), including an explanation of the reasons for their selection, and

(2) such recommendations for additional activities respecting long-term health care policies as the Task Force finds appropriate. The Secretary, in cooperation with the National Association of Insurance Commissioners, shall provide for the dissemination of the report to each of the States.

(e) ANNUAL REPORT OF SECRETARY.—The Secretary shall annually report to Congress on—

(1) actions taken by the States to implement the guidelines developed under this section,

(2) recommendations for the development of additional guidelines (or modification of proposed guidelines), and

(3) recommendations for legislative and administrative action needed to respond to issues raised by the Task Force or to improve consumer protection with respect to long-term health care policies.

(f) LONG-TERM HEALTH CARE POLICY DEFINED.—In this section, the term "long-term health care policy" means an insurance policy, or similar health benefits plan, which is designed for or marketed as providing (or making payments for) health care services (such as nursing home care and home health care) or related services (which may include home and community-based services), or both, over an extended period of time.

TITLE II—TRADE AND CUSTOMS LAWS AMENDMENTS

PART A—TRADE ADJUSTMENT ASSISTANCE

SUBPART 1—WORKER ADJUSTMENT ASSISTANCE

Sec. 2201. Group eligibility requirements.
Sec. 2202. Qualifying requirements.
Sec. 2203. Limitations on trade readjustment allowances.
Sec. 2204. Worker training.
Sec. 2205. Agreements with States regarding training.

SUBPART 2—FIRM ADJUSTMENT ASSISTANCE

Sec. 2211. Petitions.
Sec. 2212. Approval of adjustment proposals.
Sec. 2213. Technical assistance.
Sec. 2214. Financial assistance.
Sec. 2215. Protective provisions.

SUBPART 3—EXTENSION OF TRADE ADJUSTMENT ASSISTANCE

Sec. 2221. Extension of adjustment assistance for workers and firms.

SUBPART 4—EFFECTIVE DATES

Sec. 2231. Effective dates.

PART B—AUTHORIZATION OF APPROPRIATIONS FOR TRADE AND CUSTOMS AGENCIES

Sec. 2241. United States International Trade Commission.
Sec. 2242. United States Customs Service.
Sec. 2243. United States Trade Representative.

PART C—USER FEES FOR CUSTOMS SERVICES

Sec. 2251. Fees to offset expenses incurred in processing arrivals in the United States.
Sec. 2252. Conforming amendments.
Sec. 2253. Advisory committee.
Sec. 2254. Effective period for fees.

PART A—TRADE ADJUSTMENT ASSISTANCE

Subpart 1—Worker Adjustment Assistance

SEC. 2201. GROUP ELIGIBILITY REQUIREMENTS.

Section 222 of the Trade Act of 1974 (19 U.S.C. 2272) is amended to read as follows:

"SEC. 222. GROUP ELIGIBILITY REQUIREMENTS.

"The Secretary shall certify a group of workers as eligible to apply for adjustment assistance under this part if he determines—

"(1) that—

"(A) a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated,

"(B) sales or production, or both, of such firm or subdivision have decreased absolutely, and

"(C) increases of imports of articles like or directly competitive with articles produced by such workers' firm or an appropriate subdivision thereof contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production; or

"(2) that a significant number or proportion of the workers in such workers' firm (if the firm has no subdivision) or subdivision of a firm have become totally or partially separated, or are threatened to become totally or partially separated, by reason of the relocation of the production functions of that firm or subdivision to a foreign country or instrumentality.

For purposes of paragraph (1)(C), the term 'contributed importantly' means a cause

which is important but not necessarily more important than any other cause.".

SEC. 2202. QUALIFYING REQUIREMENTS.

The last sentence of section 231(a)(2) of the Trade Act of 1974 (19 U.S.C. 2291(a)(2)) is amended by striking out all that follows after subparagraph (C) and inserting in lieu thereof "shall be treated as a week of employment at wages of $30 or more, but not more than 7 weeks, in case of weeks described in paragraph (A) or (C), or both, may be treated as weeks of employment under this sentence.".

SEC. 2203. LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES.

Section 233(a)(2) of the Trade Act of 1974 (19 U.S.C. 2293(a)(2)) is amended by striking out "52-week period" and inserting "104-week period".

SEC. 2204. WORKER TRAINING.

Section 236(a)(1) of the Trade Act of 1974 (19 U.S.C. 2296(a)(1)) is amended by adding at the end thereof the following new sentence: "For purposes of applying subparagraph (C), a reasonable expectation of employment does not require that employment opportunities for a worker be available, or offered, immediately upon the completion of training under this section.".

SEC. 2205. AGREEMENTS WITH STATES REGARDING TRAINING.

Section 239(a) of the Trade Act of 1974 (19 U.S.C. 2311(a)) is amended—

(1) by inserting "(1)" immediately after "(a)";

(2) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(3) by amending subparagraph (B) (as so redesignated) to read as follows: "(B) where appropriate, but in accordance with paragraph (2), will afford adversely affected workers testing, counseling, referred to training, and placement services, and"; and

(4) by adding at the end thereof the following new paragraph:

"(2) Each cooperating State agency must, in carrying out paragraph (1)(B)—

"(A) advise each adversely affected worker to apply for training under section 236(a) at the time the worker makes application for trade readjustment allowances (but failure of the worker to do so may not be treated as cause for denial of those allowances); and

"(B) within 60 days after application for training is made by the worker, interview the adversely affected worker regarding, and review, suitable training opportunities available to the worker under section 236.".

Subpart 2—Firm Adjustment Assistance

SEC. 2211. PETITIONS.

Section 251(c)(2) of the Trade Act of 1974 (19 U.S.C. 2341(c)(2)) is amended to read as follows:

"(2) sales or production, or both—

"(A) of the firm have decreased absolutely, or

"(B) of an article that accounted for not less than 25 percent of the total production or sales of the firm during the 12-month period preceding the most recent 12-month period for which data are available have decreased absolutely, and".

SEC. 2212. APPROVAL OF ADJUSTMENT PROPOSALS.

Section 252 of the Trade Act of 1974 (19 U.S.C. 2342) is amended—

(1) by amending the second sentence of subsection (b)(1) by striking out "adjustment assistance" and inserting in lieu thereof "technical assistance under section 253(a)(3) or financial assistance under section 254"; and

(2) by striking out subsection (c) and redesignating subsection (d) as subsection (c).

SEC. 2213. TECHNICAL ASSISTANCE.

Section 253(b)(2) of the Trade Act of 1974 (19 U.S.C. 2343(b)(2)) is amended by inserting "to a certified firm in the implementation of its adjustment proposal" immediately after "furnished".

SEC. 2214. FINANCIAL ASSISTANCE.

Section 254(b) of the Trade Act of 1974 (19 U.S.C. 2344(b)) is amended by inserting ", either through a single loan or a combination of loans," immediately before "to the firm—" in subsection (b).

SEC. 2215. PROTECTIVE PROVISIONS.

Section 258(d) of the Trade Act of 1974 (19 U.S.C. 2348(d)) is amended by striking out "them and".

Subpart 3—Extension of Trade Adjustment Assistance

SEC. 2221. EXTENSION OF ADJUSTMENT ASSISTANCE FOR WORKERS AND FIRMS.

Section 285 of the Trade Act of 1974 (19 U.S.C. note preceding 2271) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1989".

Subpart 4—Effective Dates

SEC. 2231. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this part shall take effect October 1, 1985.

(b) SPECIAL PROVISIONS.—(1) The amendments made by sections 2201, 2202, and 2211 shall apply with respect to all petitions for certification filed after September 30, 1985, under section 221 or 251, as the case may be, of the Trade Act of 1974.

(2) The amendment made by section 2204 shall apply with respect to workers covered under certifications issued under section 222 of such Act of 1974 after September 30, 1985.

PART B—AUTHORIZATION OF APPROPRIATIONS FOR TRADE AND CUSTOMS AGENCIES

SEC. 2241. UNITED STATES INTERNATIONAL TRADE COMMISSION.

The first sentence of paragraph (2) of section 330(e) of the Tariff Act of 1930 (19 U.S.C. 1330(e)(2)) is amended to read as follows: "There are authorized to be appropriated to the Commission for necessary expenses (including the rental of conference rooms in the District of Columbia and elsewhere) for fiscal year 1986 not to exceed $28,901,000; of which not to exceed $2,500 may be used, subject to approval by the Chairman of the Commission, for reception and entertainment expenses.".

SEC. 2242. UNITED STATES CUSTOMS SERVICE.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 301 of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075) is amended as follows:

(1) Subsection (b) is amended to read as follows:

"(b)(1) There are authorized to be appropriated to the Department of the Treasury not to exceed $769,067,000 for the salaries and expenses of the United States Customs Service for fiscal year 1986; of which—

"(A) $27,900,000 is for the addition of 500 inspectors, 150 import specialists, 100 customs patrol officers, and 50 special agents;

"(B) $50,425,000 is for the operation and maintenance of the air interdiction program of the Service; and

"(C) not to exceed $14,000,000 is for the implementation of the 'Operation EXODUS' program and any related program designed to enforce or monitor export controls under the Export Administration Act of 1979.

"(2) No part of any sum that is appropriated under the authority of paragraph (1) may be used to close any port of entry at which, during fiscal year 1985—

"(A) not less than 2,500 merchandise entries (including informal entries) were made; and

"(B) not less than $1,500,000 in customs revenues were assessed.

"(3)(A) No part of any sum that is appropriated under the authority of paragraph (1) may be used for further research and development or acquisition of F-15 avionics for the P-3 aircraft and related equipment until 60 days after the Committee on Ways and Means and the Committee on Finance have received from the Secretary of the Treasury a written comparative assessment of the suitability of the P-3, E-2, or other appropriate aircraft for use by the Customs Service in its air drug interdiction program. Such assessment, which the Secretary may not submit to the Committees until the General Accounting Office study required under paragraph (6) is completed, shall include life cycle costs.

"(B) Acquisition of additional aircraft for use by the Customs Service for its air drug interdiction program after completion of the assessment required under subparagraph (A) shall be subject to competitive bidding through the use of the normal 'request for proposal' process.

"(4) No part of any sum that is appropriated under the authority of paragraph (1) may be used to consolidate the drawback liquidation centers within the Customs Service to less than 4 such centers. If a consolidation is undertaken, the Commissioner of Customs shall select the location of the centers after taking into account the drawback volume at, and the geographic dispersion of, the respective centers being considered for consolidation.

"(5) In addition to any sum authorized to be appropriated under paragraph (1), there are authorized to be appropriated to the Department of the Treasury for fiscal year 1986—

"(A) not to exceed $8,000,000 from the Customs Forfeiture Fund for the making of payments under section 613A of the Tariff Act of 1930 (19 U.S.C. 1613b), of which not to exceed $5,000,000 may be used for the modification of aircraft (whether or not aircraft described in subsection (a)(5) of that section) for drug interdiction; and

"(B) from the Treasury account established under section 236 of the Trade and Tariff Act of 1984 (19 U.S.C. 58b) such sums as may be necessary for the provision of customs services at airports under that section, but not to exceed $75,000 for each such airport.; and

"(6) As soon as possible after the date of the enactment of this paragraph, but not later than 12 months after that date, the General Accounting Office shall complete, and submit to the Committee on Ways and Means and the Committee on Finance, a study that evaluates the air detection and interdiction capability of the Customs Service, including assets, geographic dispersal, costs of operation, procurement practices, and the services and equipment provided by other Federal agencies. Within 6 months after commencing the study, the General Accounting Office shall consult with the Committees on the progress of the study."; and

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

"(f) USE OF SAVINGS RESULTING FROM ADMINISTRATIVE CONSOLIDATIONS.—If savings in salaries and expenses result from the consolidation of administrative functions within the Customs Service, the Commissioner of Customs shall apply those savings, to the extent they are not needed to meet emergency requirements of the Service, to strengthening the commercial operations of the Service by increasing the number of inspector, import specialist, patrol officer, and other line operational positions.".

(b) ELIMINATION OF SURETIES ON CUSTOMS BONDS.—(1) The Commissioner of Customs may not publish, nor take any other action to give force and effect to, any final rule that would revise any provision in 19 CFR part 113 or section 142.4 (as in effect on March 1, 1984) relating to the requirement for sureties on customs bonds—

(A) unless the Commissioner submits to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, on the same day, a report containing—

(i) the text of the draft final rule;

(ii) an analysis of the revenue impact of the rule;

(iii) a regulatory impact analysis;

(iv) the estimated cost benefit of the rule to the Customs Service and to the importing community, and an explanation in support of those estimates; and

(v) a justification for each revision to be effected by the rule; and

(B) until the close of the first period of 90 calendar days of continuous session of Congress occurring after the date on which the report is submitted under subparagraph (A).

SEC. 2243. UNITED STATES TRADE REPRESENTATIVE.

Section 141 of the Trade Act of 1974 (19 U.S.C. 2171) is amended—

(1) by inserting before the semicolon at the end of subsection (d)(1) the following: ", except that not more than 20 individuals may be employed without regard to any provision of law regulating the employment or compensation at rates not to exceed the rate of pay for level IV of the Executive Schedule in section 5314 of title 5, United States Code"; and

(2) by amending subsection (f)(1)—

(A) by striking out "$14,179,000 for fiscal year 1985" and inserting in lieu thereof "$13,582,000 for fiscal year 1986", and

(B) by striking out "$80,000" and inserting in lieu thereof "$68,000".

PART C—USER FEES FOR CUSTOMS SERVICES

SEC. 2251. FEES TO OFFSET EXPENSES INCURRED IN PROCESSING ARRIVALS IN THE UNITED STATES.

Section 214 of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 58a) is amended to read as follows:

"SEC. 214. (a) The Secretary of the Treasury shall charge and collect the following fees to cover the expenses incurred by the Customs Service in processing arrivals at ports of entry in the customs territory of the United States:

"(1) For the arrival of a commercial vessel of 100 or more tons, $425.

"(2) For the arrival of a commercial truck, $5.

"(3) For the arrival of a railroad car, whether passenger or freight, $5.

"(4) For all arrivals made during a calendar year by a private aircraft or private vessel, $25.

"(5) For the arrival in the United States of each passenger aboard a commercial vessel or commercial aircraft from a place outside the United States other than a place described in paragraph (6), $5.

"(6) For the arrival in the United States of each passenger aboard a commercial vessel, commercial aircraft, or train from Canada, Mexico, a territory or possession of the United States, or any island that is an adjacent island within the meaning of section 101(b)(5) of the Immigration and Nationality Act (8 U.S.C. 1101(b)(5)), $1.

"(b) Each person providing transportation for hire by vessel, aircraft, or train shall—

"(1) separately identify the fee charged under subsection (a)(5) or (6), as the case may be, as a Federal inspection fee on the document or ticket issued to each passenger for that transportation;

"(2) collect the fee from the passenger at the time the documentation or ticket is purchased; and

"(3) remit to the Secretary the fees collected under paragraph (2) during each calendar quarter before the 31st day after the last day of that quarter.

"(c) Except with respect to those services for which fees are imposed under subsection (a), the Secretary of the Treasury may charge such fees as may be necessary to cover the costs of providing those services which customs officers were authorized to provide under subsection (a), as in effect before the date of the enactment of this subsection.

"(d) Notwithstanding any other provision of law, the customs services required to be provided to passengers upon arrival in the United States on scheduled airline flights shall be adequately provided when and where needed at no cost to airlines and airline passengers other than the fees imposed under subsection (a).

"(e) The receipts for reimbursable charges, including those collected under subsection (a), and expenses which have been paid for out of any appropriation for collecting the revenue from customs that are covered into the Treasury as miscellaneous receipts under the first section of the Act of March 4, 1907 (19 U.S.C. 527), shall be placed in a proprietary account."

SEC. 2252. CONFORMING AMENDMENTS.

(a) REPEAL OF APPROPRIATION REFUND AUTHORITY.—Section 524 of the Tariff Act of 1930 (19 U.S.C. 1524) is repealed.

(b) RAIL PASSENGER SERVICE ACT.—Section 305(i) of the Rail Passenger Service Act, as amended (45 U.S.C. 545(i)), is amended by striking out the last sentence thereof.

(c) AIRPORT AND AIRWAY DEVELOPMENT ACT OF 1970.—Section 53(e) of the Airport and Airway Development Act of 1970 (49 U.S.C. App. 1741(e)) is repealed.

SEC. 2253. ADVISORY COMMITTEE.

In accordance with the provisions of the Federal Advisory Committee Act, the Secretary of the Treasury shall establish an advisory committee, whose membership shall consist of representatives from the airline, shipping, and other transportation industries, the general public, and others who may be subject to any fee or charge (1) authorized by law, or (2) proposed by the Customs Service for the purpose of covering expenses incurred by the Customs Service. The advisory committee shall meet on a periodic basis and shall advise the Secretary on issues related to the performance of the customs services. This advice shall include, but not be limited to, such issues as the time periods during which such services should be performed, the proper number and deployment of inspection officers, the level of fees, and the appropriateness of any proposed fee. The Secretary shall give substantial consideration to the views of the advisory committee in the exercise of his duties.

SEC. 2254. EFFECTIVE PERIOD FOR FEES.

The fees authorized under section 214(a) of the Customs Procedural Reform and Simplification Act of 1978 (as amended by section 2251) shall be charged with respect to arrivals in the United States occurring after the 180th day after the date of the enactment of this Act and before the close of the 3-year period beginning on that day.

TITLE III—PROVISIONS RELATING TO AID TO FAMILIES WITH DEPENDENT CHILDREN

Sec. 2301. Improvements in AFDC quality control standards and procedures.

Sec. 2302. Grants for programs to prevent teenage pregnancies and to assist pregnant individuals and teenage parents in achieving self-sufficiency.

Sec. 2303. Mandatory provision of aid with respect to dependent children in two-parent families.

SEC. 2301. IMPROVEMENTS IN AFDC QUALITY CONTROL STANDARDS AND PROCEDURES.

(a) IN GENERAL.—Section 403(i) of the Social Security Act is amended to read as follows:

"(i)(1)(A) In order to establish and maintain improved quality control standards and procedures in the operation and administration of State plans approved under this part—

"(i) each State, in accordance with a timetable and standards which shall be established by the Secretary in regulations, shall—

"(I) collect a statistically reliable sample of the cases under its approved State plan under this part for each fiscal year or (at the option of the State) for each of the two six-month periods in such year, for purposes of quality control review under this subsection,

"(II) review the sample so collected and (on the basis of such review) make its original findings with respect to errors for the period involved, and

"(III) submit such findings to the Secretary;

"(ii) the Secretary, after studying the State's original findings as submitted under clause (i)(III), shall select specified cases for further review and notify the State thereof; and the State shall submit to the Secretary the records of the cases so selected and specified;

"(iii) the Secretary shall review and analyze the case records submitted under clause (ii) and (on the basis of such review and the State's original findings) shall determine the State's error rate for the period involved (without any adjustment under paragraph (2)(C)) and notify the State of such error rate within six months after the close of the fiscal year or within six months after the date on which the sample is submitted, whichever is later; and

"(iv) the State shall develop and submit to the Secretary (except as provided by subparagraph (B)) a corrective action plan for eliminating or reducing errors identified as a result of the reviews under clauses (i) and (iii) (whether or not such errors are subject to inclusion for purposes of disallowances under paragraph (2)(A)) and, after such plan has been reviewed and approved by the Secretary in accordance with subparagraph (C), shall implement the corrective actions provided for in such plan in accordance with a timetable established by the Secretary in regulations; and the Secretary shall continuously monitor the State's corrective action process under such plan.

"(B) The requirement (in subparagraph (A)(iv)) that States submit corrective action plans for eliminating or reducing errors may be waived by the Secretary in the case of any State which has consistently had an error rate below its error rate tolerance level (as determined by the Secretary, upon the request of the State, in the manner provided in subparagraphs (B) and (C)(i) of paragraph (2)).

"(C) The Secretary shall establish criteria for corrective action plans submitted by States under subparagraph (A)(iv), and shall approve any plan so submitted upon determining that it meets such criteria. If a plan so submitted is disapproved, the Secretary shall specify (in notifying the State of such disapproval) the respect or respects in which the plan fails to meet the criteria so

established, and shall provide appropriate advice and assistance to the State in eliminating such failure with the objective of facilitating the resubmission and approval of the plan at the earliest possible time.

"(D) The sample obtained under subparagraph (A)(i) by a State which collected such sample on an annual basis rather than electing to collect two six-month samples for the fiscal year involved shall in no case include a smaller number of cases than the number that the Secretary determines would be required for a statistically reliable sample if the State had elected to collect two six-month samples for that fiscal year.

"(E) The requirements imposed upon a State by subparagraph (A) with respect to the collection and review of samples and the submission of the results thereof, and the requirement that a State (under subparagraphs (A)(iv) and (C)) submit a corrective action plan which meets the Secretary's criteria established under subparagraph (C), shall be deemed for purposes of section 404 to be included in the State's plan approved under section 402.

"(2)(A) Notwithstanding subsection (a)(1) (but subject to subparagraph (C) and paragraph (3)), if a State's error rate for any fiscal year (as defined in paragraph (5)(A)) exceeds the error rate tolerance level determined for the State (for that year) under subparagraph (B), then the Secretary shall disallow Federal payments for such fiscal year with respect to the State's erroneous payments (as defined in paragraph (5)(B)) to the extent that the inclusion of such erroneous payments in determining the State's error rate caused such rate to exceed the tolerance level so determined.

"(B) A State's error rate tolerance level for any fiscal year shall be 3.5 percent, increased by—

"(i) 0.5 percentage points if, throughout such fiscal year, the plan of such State approved under this part provides for the payment of aid with respect to dependent children of unemployed parents as provided in section 407,

"(ii) 0.1 percentage points for each full 20 percent increment (up to a maximum of five such increments) by which (I) the ratio of the number of families with earned income who are receiving aid under such State's plan approved under this part to the total number of families receiving such aid exceeds (II) the average ratio, per State, of the number of families with earned income who are receiving aid under all of the State plans approved under this part to the total number of families receiving such aid, and

"(iii) 0.1 percentage points for each full 20 percent increment (up to a maximum of five such increments) by which (I) the population per square mile of land area in such State exceeds (II) the average population per square mile of land area, per State, in all of the States having plans approved under this part.

"(C) In determining the error rate in any State for purposes of this paragraph—

"(i) such rate shall be fixed at the midpoint of the standard interval for errors within which the State's true error rate falls (as determined without regard to this clause on the basis of the sample or samples collected by the State under paragraph (1)(A)(i)), or at the lower bound of such standard interval in the case of a State which has collected a sample or samples sufficiently large to produce a lower limit of such interval no more than 2.5 percentage points below the midpoint; and

"(ii) errors which are technical in nature, and which would not change the AFDC payment levels involved, shall be disregarded.

For purposes of clause (i), the lower limit of the standard interval for errors within which a State's true error rate falls shall be calculated in accordance with regulations prescribed by the Secretary to adjust for variability among the States in the number, proportion, or dollar value of cases in which the State's findings under paragraph (1)(A)(i)(II) (with respect to errors in its sample or samples collected under paragraph (1)(A)(i)(I)) differ from the Secretary's findings with respect to the State's error rate under paragraph (1)(A)(iii).

"(D) The total amount of the disallowances that would otherwise be imposed with respect to any State under subparagraph (A) on account of an error rate in excess of the applicable error rate tolerance level for any fiscal year shall be reduced by the Federal share of any overpayments collected by such State (on account of erroneous payments) during that fiscal year.

"(3)(A) The Secretary, in accordance with this paragraph, may waive all or any part of any disallowance that would otherwise be imposed with respect to a State under paragraph (2)(A) if such State is unable to reach the applicable error rate tolerance level for the fiscal year involved despite a good-faith effort by such State.

"(B) Any State may request a waiver of all or part of any disallowance that would otherwise be imposed with respect to such State for any fiscal year under paragraph (2)(A), basing such request upon a showing—

"(i) that the State has made (and is continuing to make) a good-faith effort to reduce or eliminate the erroneous payments involved but was unable to reach the applicable error rate tolerance level for such fiscal year despite that effort; or

"(ii) that (I) the Secretary's determination of the State's error rate for such fiscal year was made incorrectly or in a manner inconsistent with the provisions of this subsection, and (II) the State's error rate, if determined correctly and in a proper manner, would be lower than the rate so determined by the Secretary.

The Secretary shall consider and review such request, and either approve it or disapprove it in whole or in part, in accordance with a timetable which shall be specified in regulations. If the Secretary disapproves the request, the State may appeal the Secretary's decision to the Grant Appeals Board in the Department of Health and Human Services for such further action as may be provided for by law or regulations (including judicial review of the Secretary's decision or the Board's determination).

"(C) In considering and reviewing any request for a waiver submitted by a State under this paragraph, the Secretary shall take into account—

"(i) factors beyond the State's control (including disasters, strikes by State or other staff personnel engaged in determining eligibility or processing cases, sudden workload changes resulting from changes in Federal or State laws or regulations or from rapid caseload growth, and State actions resulting from incorrect policy interpretations by Federal officials);

"(ii) factors relating to agency commitment, including demonstrated commitment by upper level State officials to the error reduction program under this subsection, the sufficiency and quality of operational systems designed to reduce errors, the use of effective systems and procedures for the statistical and program analysis of quality control and related data, and effective management and execution of the corrective action process;

"(iii) the State's past performance with respect to erroneous payments, including past error rate levels and past error rate reduction efforts;

"(iv) the cost effectiveness of error rate reduction, both in general and in the particular circumstances existing within the State; and

"(v) such other factors as the Secretary may determine to be appropriate, as specified in regulations or as detailed by the State in its waiver request.

The Secretary's regulations shall specify the factors to be considered and the criteria to be used in assessing waiver requests under this paragraph, and shall indicate the relative weight or importance of each of such factors and criteria in order to assist States in determining the appropriateness of proposed requests.

"(D) Notwithstanding the preceding provisions of this paragraph, the Secretary shall in any case grant a waiver requested by a State under subparagraph (B) for any fiscal year if such State's corrective action plan submitted under paragraph (1)(A)(iv) or (1)(C), or a separate plan for the reduction of errors submitted by such State along with its waiver request, provides in detail for the expenditure of additional State and local funds for the reduction of errors in such fiscal year in a total amount (over and above the amount of State and local funds that would otherwise be expended in such fiscal year for the administration of the State plan approved under this part) equal to or exceeding one-half of the net amount of the disallowances that would otherwise be imposed with respect to such State under paragraph (2)(A) for such fiscal year. Expenditures of additional State and local funds for the reduction of errors as provided for in the corrective action plan or separate plan described in the preceding sentence shall be considered (for purposes of subsection (a)) to be expenditures for the proper and efficient administration of the State plan approved under this part.

"(4)(A) Each State agency administering a plan approved under this part shall, at such times and in such form as the Secretary may specify, provide information on the rates of erroneous payments made in connection with its administration of such plan, together with any other data which the Secretary may request that are reasonably necessary for the Secretary to carry out the provisions of this subsection.

"(B) If a State fails to cooperate with the Secretary in providing information necessary to carry out this subsection, the Secretary, directly or through such contractual or other arrangements as the Secretary may find appropriate, shall establish the error rates for that State on the basis of the best data reasonably available and in accordance with such techniques for sampling and estimating as the Secretary may find appropriate.

"(C) In any case in which it is necessary for the Secretary to exercise the authority under subparagraph (B) to determine a State's error rate for a fiscal year, the amount that would otherwise be payable to such State under this part for quarters in such year shall be reduced by the costs incurred by the Secretary in making such determination.

"(5) For purposes of this subsection—

"(A) the term 'error rate', with respect to any State for any fiscal year, means the ratio of such State's erroneous payments for such year (as defined in subparagraph (B)) to its total payments under the State plan approved under this part for such year, determined (except as otherwise specifically provided) subject to the adjustments provided for in paragraph (2)(C); and

"(B) the term 'erroneous payments' means—

"(i) payments to ineligible families receiving assistance, and

"(ii) overpayments to eligible families receiving assistance.

"(6) This subsection shall not apply with respect to Puerto Rico, Guam, or the Virgin Islands.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective only with respect to quarters in the fiscal year 1983 and subsequent fiscal years; except that such amendment may also be effective in the case of any State, at the election of the State made in such manner and within such time as the Secretary of Health and Human Services shall by regulation prescribe, with respect to quarters in the fiscal year 1982 or with respect to quarters in the fiscal years 1981 and 1982.

SEC. 2302. GRANTS FOR PROGRAMS TO PREVENT TEENAGE PREGNANCIES AND TO ASSIST PREGNANT INDIVIDUALS AND TEENAGE PARENTS IN ACHIEVING SELF-SUFFICIENCY.

(a) IN GENERAL.—Part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"GRANTS FOR PROGRAMS TO PREVENT TEENAGE PREGNANCIES AND TO ASSIST PREGNANT INDIVIDUALS AND TEENAGE PARENTS OF YOUNG CHILDREN IN ACHIEVING SELF-SUFFICIENCY

"SEC. 416. (a)(1) For the purpose of assisting States and localities in establishing and carrying out programs—

"(A) to reduce the rate of teenage pregnancies in AFDC families; and

"(B) to help pregnant individuals and teenage parents of young children in such families, who might otherwise become long-term recipients of aid to families with dependent children, in achieving self-sufficiency,

there are authorized to be appropriated the sum of $50,000,000 for the fiscal year 1986 and the sum of $100,000,000 for the fiscal year 1987, to be used by the Secretary in making grants for such programs in accordance with this section. Any State which provides for the establishment and carrying out of one or more such programs in accordance with this section shall be entitled to receive a grant under this section for each such fiscal year, in an amount determined under subsection (d).

"(2) The State agency administering or supervising the administration of the State's plan approved under section 402 shall be responsible for administering or supervising the administration of the State's programs described in paragraph (1) for which grants under this section are made. Such grants shall be made directly to the State agency, and may be—

"(A) used by such agency for the purpose of conducting and providing in accordance with this section (directly or under contracts with others) the activities and services required to carry out the program or programs involved, or

"(B) paid by such agency to local school districts or to other local agencies or public or private nonprofit entities meeting the requirements of this section, under arrangements made with such districts or (through such districts) with such other agencies and entities, for use by such districts, agencies, or entities in conducting and providing in accordance with this section (directly or under contracts with others) the activities and services required to carry out the program or programs involved;

but such grants may be used only in areas which are determined by the State agency to be areas of high teenage pregnancy or high infant mortality, and it must be the objective of any program for which such grants are used to carry out both the purpose described in subparagraph (A) of paragraph (1) and the purpose described in subparagraph (B) of such paragraph.

"(3) In order to qualify for a grant under this section for any fiscal year with respect to a program or programs described in paragraph (1) in any State, the State agency must submit to the Secretary no later than 3 months after the beginning of such year, in such manner and form as the Secretary may prescribe, a full and complete description of the program together with satisfactory assurances that the program will be operated in an effective and efficient manner and will otherwise meet the requirements of this section.

"(4) Grants made under this section—

"(A) shall be in addition to any amounts payable to States under section 403, and shall supplement and not replace any other funds which may be available for the same general purposes, or for the provision of services of any kind to needy individuals, in the localities involved, and

"(B) shall not be used to provide any individual with services which are available to that individual under a State plan approved under section 1902.

"(b)(1) In carrying out the purpose described in subparagraph (A) of subsection (a)(1), it shall be the objective of each program under this section (subject to the availability of funds) to—

"(A) conduct activities and provide services which may help to reduce pregnancies among children, targeting such activities and services to children who are eligible for aid to families with dependent children, in order to assure that such children will not be prevented from achieving self-sufficiency by parental responsibilities imposed upon them before they reach adulthood;

"(B) identify and address all of the factors which may play important roles in determining teenage sexual activity and contraceptive use;

"(C) encourage active participation by the parents of the children involved in the activities and services being conducted or provided under the program; and

"(D) encourage the children involved to develop education and employment goals for the future, combining new and existing resources to assist such children in achieving those goals and encouraging such children to postpone sexual activity and child bearing and to assume responsibility for family planning in order to achieve them.

"(2)(A) To the maximum extent appropriate and feasible, the activities conducted and services provided in carrying out the purpose described in subparagraph (A) of subsection (a)(1) shall include the services which are made available to pregnant individuals and teenage parents with young children under the program as more specifically described in subsection (c).

"(B) None of the activities conducted or services provided under this subsection or subsection (c) as a part of any program under this section may include the performance of abortions, or include the counseling of individuals to have abortions except where the life of the mother would be endangered if the fetus were carried to term.

"(c)(1) In carrying out the purpose described in subparagraph (B) of subsection (a)(1), it shall be the objective of each program under this section (subject to the availability of funds) to help achieve self-sufficiency for individuals under the age of 25 who are eligible for aid to families with dependent children, who (at the start of their participation in the program) are pregnant or are teenage parents with children under the age of 6, and who voluntarily elect to participate in the program, by—

"(A) requiring such individuals to seek a high school diploma or its equivalent or to take part in appropriate training,

"(B) providing each participant with academic or vocational training; job counseling, employment readiness, and job placement services,

"(C) integrating and coordinating services otherwise available to participants, and

"(D) providing each participant with other services and assistance designed to meet such objective, including an individualized assessment and plan, as more particularly described in paragraph (3).

"(2) Participation in program activities conducted and services provided with the objective specified in paragraph (1) shall be limited to individuals under the age of 25 residing within the area covered by the program who are pregnant, or who are teenage parents of dependent children under the age of 6, and shall include any such individual only if he or she (at the time of initial participation in the program)—

"(A) has not graduated from high school or its equivalent, and

"(B) voluntarily elects (subject to subsection (e)) to participate;

and the funds made available under this section may be used only for activities and services so conducted or provided in the case of individuals (described in the preceding provisions of this paragraph) who are eligible under this part (individually or as members of families) for aid to families with dependent children under the State's plan approved under section 402, or whose children are eligible for such aid.

"(3) A program described in subsection (a)(1) meets the requirements of this section only if the activities conducted and services provided with the objective specified in paragraph (1) include—

"(A) provision for the assignment to each participant of an agency staff person who, utilizing the case management approach and in coordination with the participant, will establish an individualized program, based on an individualized assessment of need and set forth in an individualized written plan, to meet the health needs of the participant and his or her dependent (or unborn) child, and to ensure the provision and coordination (on behalf of such participant and child) of such other services as the State determines to be necessary or appropriate to carry out the objective of this section, including, at a minimum, academic and vocational services, health services, training in parenting skills, job counseling, employment readiness, job placement, transportation, and child day care;

"(B) provision for the integration and coordination of services which are otherwise available at the local level to individuals under age 25 who are pregnant or are teenage parents with children under age 6 and which are offered under this part, under parts B and C of this title, under title V, under title XX, under the Job Training Partnership Act, and under other Federal and State programs that would assist in achieving the objectives of the program under this section;

"(C) provision for the coordination (with the local school system) of academic and vocational programs leading to a high school diploma or its equivalent, with a requirement of active participation in an educational program leading to a high school diploma or its equivalent, or in an appropriate training program, as a condition of participation in the program under this section;

"(D) provision for job counseling, training, employment readiness, and job placement and relevant supportive services independently or in conjunction with one or more

programs of employment and training under this part or part C of this title, under the Job Training Partnership Act, or under another Federal or State law;

"(E) provision of child care at the program site or of other child day care services which have been contracted for on a reimbursable basis, to the extent necessary for teenage parents to participate effectively in the program, with a requirement that such care and services meet applicable State and local standards and with emphasis upon services that are compatible with the goal of achieving self-sufficiency;

"(F)(i) assurances that all such child care and services, and any transportation to and from work which may be necessary for a teenage parent or pregnant individual to participate effectively in the program, will be provided or arranged for without any charge to such parent or individual while he or she is participating in any phase of the program, and

"(ii) assurances that such care, services, and transportation will be provided or arranged for on a sliding scale basis (with charges based on ability to pay) during at least the first 6 months of work after the teenage parent or pregnant individual has completed his or her participation in the program, in order to ensure a smooth transition into the workforce;

"(G) provision for variations in the selection and offering of services to individual participants to the extent necessary to take account of differences in the needs of such participants and in their age, family composition, cultural background, and geographic location;

"(H) assurances that, in order to encourage participants to take advantage of the full range of services offered, as many of such services as possible will be provided at a single site, with programs and activities being conducted in the local schools to the maximum extent feasible;

"(I) provision for the establishment of peer groups of participants, led by experienced group counselors, to enable such participants to meet and discuss program-related problems and issues and to share their common concerns, and to serve as a medium for the communication and dissemination of relevant information; and

"(J) provision for the establishment of an outreach program designed to attract pregnant individuals and teenage parents of young children who would be eligible to participate.

Program activities conducted and services provided with the objective specified in paragraph (1) must include but need not be limited to the services and assistance set forth in the preceding provisions of this paragraph, and may include such other health, family planning, educational, training, and social services as may be needed to achieve such objective in cases where the necessary funding is not available from other sources.

"(4) In the case of a teenage parent participating in program activities conducted or services provided with the objective specified in paragraph (1), absences from his or her child for the purpose of attending a secondary or post-secondary school or participating in other education or training activities as a part of the program shall not be considered 'absences from the child' in determining whether he or she is exempted under clause (v) of section 402(a)(19)(A) from the requirement of registration under that section.

"(5) As used in this section, the term 'teenage parent' means a male or female individual who is the parent of a child under the age of 6 and who (A) has not attained the age of 20 or (B) became the parent of such child before attaining the age of 20.

"(d)(1) The grant to which any State is entitled from the sum appropriated pursuant to subsection (a)(1) for any fiscal year shall be in an amount bearing the same ratio to the sum so appropriated as the amount expended by such State during the preceding fiscal year as aid to families with dependent children under its plan approved under section 402 bears to the total amount expended by all the States during such preceding year as aid to families with dependent children under their plans so approved.

"(2) If any State does not qualify for a grant under this section for any fiscal year within the time provided in subsection (a)(3), the amount of the grant to which it would have been entitled for such year shall be reallocated to one or more other States on the basis of their relative need for additional assistance under this section (as determined by the Secretary).

"(e) If any State wishes to require participation in activities and services provided under subsection (c) by all individuals who are eligible to participate in such activities and services (or would be eligible to so participate if they satisfied paragraph (2)(B) of such subsection) and with respect to whose participation funds made available under this section may be used, such State may request that the Secretary waive the requirement of such paragraph (2)(B) and permit the State to make participation mandatory for all such individuals. The Secretary shall grant any such request and permit the State to require participation by all such individuals if he or she determines that—

"(1) the funds available for the program from Federal, State, local, and other sources (including this section) are sufficient to conduct all of the activities and provide all of the services which would be necessary to serve such individuals; and

"(2) mandatory participation in the program by all such individuals can be effectively administered and enforced by the State and the locality or localities involved.

"(f)(1) Prior to expenditure by a State of any grant payments made to it under this section for any fiscal year, the State shall report to the Secretary on the intended use of such payments; and such report shall be revised from time to time throughout the fiscal year involved if and to the extent that there are significant changes in such use.

"(2) No later than March 1, 1987, each State shall submit to the Secretary a full and complete report on the activities carried out with the proceeds of the grant or grants theretofore made to it under this section. The report—

"(A) shall be in such form and contain such information as may be necessary to provide an accurate description of such activities, to provide a complete record of the purposes for which the grant funds were spent, to indicate the extent to which such funds were spent in a manner consistent with the report or reports submitted under paragraph (1), and to indicate the extent to which the expenditure of such funds succeeded in accomplishing the objectives for which the grant was made, and

"(B) shall specifically contain such information as the Secretary may require in order to include in his or her evaluation under paragraph (3) the overall description referred to in subparagraph (B) thereof.

"(3)(A) No later than July 1, 1987, the Secretary, on the basis of the reports submitted by a State under paragraphs (1) and (2) for the fiscal year 1986 and of such additional information as he or she may obtain or develop, shall evaluate the use by such State of the grant or grants made to it under this section for that year in the light of the purposes of this section, with the objective of appraising the achievements of the programs for which such grants were made and developing comprehensive information and data on the basis of which decisions can be made with respect to the improvement of such programs and the desirability of providing further assistance in subsequent years. The Secretary shall report such evaluation to the Congress.

"(B) As a part of the evaluation under subparagraph (A) the Secretary shall include, at a minimum, a detailed overall description of the number and characteristics of the individuals served by the programs, the various kinds of activities conducted and services provided, and the results achieved, and shall set forth in detail his or her findings and comments with respect to the various State programs and a statement of his or her plans and recommendations for the future.

"(C) If as a result of the evaluation the Secretary determines that any such grant was used in a manner inconsistent with the purposes of this section or the objective stated in subparagraph (A) or if the reports submitted by the State were insufficient to indicate whether or not the grant was so used, the Secretary shall notify the State of his or her disapproval, and the inconsistent use of such grant shall be subject to sanctions of the type described in section 404(a) as though this section were a part of the approved State plan and such inconsistent use were a failure to comply with a provision required by section 402(a) to be included in such plan.

"(g) Grant payments to a State under this section for any fiscal year—

"(1) shall be used only for the specific purposes described in this section;

"(2) may be made on an estimated basis in advance of the determination of the exact grant amount, with appropriate subsequent adjustments to take account of any error in the estimates; and

"(3) shall be expended by such State in that fiscal year or in the succeeding fiscal year.

"(h) Notwithstanding any other provision of this title, payments made and services provided to participants in a program under this section, as a direct consequence of their participation in such program, shall not be considered as income or resources for purposes of determining their eligibility (or the eligibility of any other persons) for aid under the State's plan approved under section 402, or for purposes of determining the level of such aid.".

(b) DURATION OF PROGRAM.—Subject to section 416(g)(3) of the Social Security Act (as added by subsection (a)), the amendment made by subsection (a) shall be in effect only from October 1, 1985, until September 30, 1987.

SEC. 2303. MANDATORY PROVISION OF AID WITH RESPECT TO DEPENDENT CHILDREN IN TWO-PARENT FAMILIES.

(a) REQUIREMENT THAT AID BE PROVIDED.—Section 402(a) of the Social Security Act is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (38);

(2) by striking out the period at the end of paragraph (39) and inserting in lieu thereof "; and"; and

(3) by inserting immediately after paragraph (39) the following new paragraph:

"(40) provide that payments of aid will be made under the plan with respect to dependent children of unemployed parents, in accordance with section 407.".

(b) CONFORMING AMENDMENTS.—(1) Section 407(b) of such Act is amended by striking out "(b) The provisions" and all that follows

down through "(1) requires" and inserting in lieu thereof the following:

"(b) In providing for the payment of aid under the State's plan approved under section 402 in the case of families which include dependent children within the meaning of subsection (a) of this section, as required by section 402(a)(40), the State's plan—

"(1) shall require".

(2) Section 407(b)(2) of such Act is amended by striking out "provides—" and inserting in lieu thereof "shall provide—".

(c) QUARTERS OF WORK BASED ON EDUCATION OR TRAINING.—(1) Section 407(d)(1) of such Act is amended—

(A) by inserting "(A)" after "means a calendar quarter"; and

(B) by inserting before the semicolon at the end thereof the following: ", or (B) if the State plan so provides (but subject to the last sentence of this subsection), in which such individual (i) was in regular full-time attendance as a student at an elementary or secondary school, (ii) was in regular full-time attendance in a course of vocational or technical training designed to fit him or her for gainful employment, or (iii) participated in an education or training program established under the Job Training Partnership Act".

(2) Section 407(d) of such Act is further amended by adding at the end thereof (after and below paragraph (4)) the following new sentence:

"No individual shall be credited during his or her lifetime (for purposes of subsection (b)(1)(C)(i)) with more than 4 'quarters of work' based on attendance in a course or courses of vocational or technical training as described in paragraph (1)(B)(ii) of this subsection.".

(3) Section 407(b)(1)(C)(i) of such Act is amended by inserting after "6 or more quarters of work (as defined in subsection (d)(1))" the following: ", including 2 or more quarters of work as defined in subsection (d)(1)(A),".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1986.

TITLE IV—PROVISIONS RELATING TO RAILROAD UNEMPLOYMENT REPAYMENT TAX AND UNEMPLOYMENT COMPENSATION

Sec. 2401. Railroad unemployment repayment tax.
Sec. 2402. Extension of borrowing authority under the Railroad Unemployment Insurance Act.
Sec. 2403. Supplemental unemployment compensation for certain individuals.

SEC. 2401. RAILROAD UNEMPLOYMENT REPAYMENT TAX.

(a) RATE OF TAX.—Subsection (c) of section 3321 of the Internal Revenue Code of 1954 (relating to rate of railroad unemployment repayment tax) is amended to read as follows:

"(c) RATE OF TAX.—For purposes of this section—

"(1) IN GENERAL.—The applicable percentage for any taxable period shall be the sum of—

"(A) the basic rate for such period, and

"(B) the surtax rate (if any) for such period.

"(2) BASIC RATE.—For purposes of paragraph (1)—

"(A) FOR PERIODS BEFORE 1989.—The basic rate shall be—

"(i) 4.3 percent for the taxable period beginning on July 1, 1986, and ending on December 31, 1986,

"(ii) 4.7 percent for the 1987 taxable period, and

"(iii) 6 percent for the 1988 taxable period.

"(B) FOR PERIODS AFTER 1988.—For any taxable period beginning after December 31, 1988, the basic rate shall be the sum of—

"(i) 2.9 percent, plus

"(ii) 0.3 percent for each preceding taxable period after 1988.

In no event shall the basic rate under this subparagraph exceed 5 percent.

"(3) SURTAX RATE.—For purposes of paragraph (1), the surtax rate shall be—

"(A) 3.5 percent for any taxable period if, as of September 30 of the preceding calendar year, there was a balance of transfers (or unpaid interest thereon) made after September 30, 1985, to the railroad unemployment insurance account under section 10(d) of the Railroad Unemployment Insurance Act, and

"(B) zero for any other taxable period.

"(4) BASIC RATE NOT TO APPLY TO RAIL WAGES PAID AFTER SEPTEMBER 30, 1990.—The basic rate under paragraph (1)(A) shall not apply to rail wages paid after September 30, 1990."

(b) BASE OF TAX TO BE COMPENSATION USED FOR RAILROAD RETIREMENT TAX PURPOSES.—Subsection (b) of section 3323 of such Code (defining rail wages) is amended to read as follows:

"(b) RAIL WAGES.—

"(1) IN GENERAL.—For purposes of this chapter, the term 'rail wages' means compensation (as defined in section 3231(e) for purposes of the tax imposed by section 3201(a)) with the modifications specified in paragraph (2).

"(2) MODIFICATIONS.—In applying subsection (e) of section 3231 for purposes of paragraph (1)—

"(A) ONLY EMPLOYMENT COVERED BY RAILROAD UNEMPLOYMENT INSURANCE ACT TAKEN INTO ACCOUNT.—Such subsection (e) shall be applied—

"(i) by substituting 'rail employment' for 'services' each place it appears,

"(ii) by substituting 'rail employer' for 'employer' each place it appears, and

"(iii) by substituting 'rail employee' for 'employee' each place it appears.

"(B) $7,000 WAGE BASE.—Such subsection (e) shall be applied by substituting for 'the applicable base' in paragraph (2)(A)(i) thereof—

"(i) except as provided in clauses (ii) and (iii), '$7,000',

"(ii) '$3,500' for the taxable period beginning on July 1, 1986, and ending on December 31, 1986, and

"(iii) for purposes of applying the basic rate under section 3321(c)(1)(A), '$5,250' for the taxable period beginning on January 1, 1990.

"(C) SUCCESSOR EMPLOYERS.—For purposes of this subsection, rules similar to the rules applicable under section 3231(e)(2)(C) shall apply."

(c) USE OF TAXES.—

(1) IN GENERAL.—Paragraph (2) of section 232(a) of the Railroad Retirement Revenue Act of 1983 (relating to tax used to repay loans made to railroad unemployment insurance account) is amended to read as follows:

"(2) TAXES CREDITED AGAINST LOANS TO RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT.—

"(A) TAXES ATTRIBUTABLE TO BASIC RATE TO REDUCE RAILROAD UNEMPLOYMENT LOANS MADE BEFORE OCTOBER 1, 1985.—So much of the amount transferred under paragraph (1) as is attributable to the basic rate under section 3321(c)(1)(A) of the Internal Revenue Code of 1954 shall be credited against, and operate to reduce, the outstanding balance of railroad unemployment loans made before October 1, 1985.

"(B) TAXES ATTRIBUTABLE TO SURTAX RATE TO REDUCE RAILROAD UNEMPLOYMENT LOANS MADE AFTER SEPTEMBER 30, 1985.—So much of the amount transferred under paragraph (1) as is attributable to the surtax rate under section 3321(c)(1)(B) of such Code shall be credited against, and operate to reduce, the outstanding balance of railroad unemployment loans made after September 30, 1985."

(2) TRANSFERS TO RAILROAD UNEMPLOYMENT FUND AFTER LOAN REPAID.—Subsection (c) of section 232 of such Act is amended—

(A) by striking out "the amount" in paragraph (1) and inserting in lieu thereof "the amount described in subparagraph (A) or (B) of subsection (a)(2)", and

(B) by inserting before the comma at the end of paragraph (2) "against which the amount described in such subparagraph may be credited under such subparagraph".

(d) TECHNICAL AMENDMENTS.—

(1) Subsection (a) of section 3322 of such Code (relating to taxable period) is amended—

(A) by adding "and" at the end of paragraph (1), and

(B) by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

"(2) each calendar year after 1986."

(2) Subsection (b) of section 3322 of such Code (relating to earlier termination if loans to rail unemployment fund repaid) is amended—

(A) by striking out "The tax imposed by this chapter shall not apply" and inserting in lieu thereof "The basic rate under section 3321(c)(1)(A) of the tax imposed by section 3321 shall not apply", and

(B) by inserting "made before October 1, 1985," after "no balance of transfers" in paragraph (1) thereof.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration paid after June 30, 1986.

SEC. 2402. EXTENSION OF BORROWING AUTHORITY UNDER THE RAILROAD UNEMPLOYMENT INSURANCE ACT.

Section 10(d) of the Railroad Unemployment Insurance Act is amended by striking out the last sentence thereof.

SEC. 2403. SUPPLEMENTAL UNEMPLOYMENT COMPENSATION FOR CERTAIN INDIVIDUALS.

(a) IN GENERAL.—If—

(1) an individual was receiving Federal supplemental compensation for the week which includes March 31, 1985, or a series of consecutive weeks which began with such week, and

(2) such individual did not meet the consecutive-week eligibility requirements of the Federal Supplemental Compensation Act of 1982 during any period of 1 or more subsequent weeks by reason of performing temporary disaster services described in subsection (e),

weeks in such period shall be disregarded for purposes of the consecutive-week requirement of section 602(f)(2)(B) of such Act, and, notwithstanding the requirements of State law relating to the availability for work, the active search for work, or the refusal to accept work, such individual shall be entitled to payment of Federal supplemental compensation for each week of unemployment which is described in subsection (b) and for which a certification of unemployment is made by such individual in accordance with subsection (c).

(b) WEEKS FOR WHICH PAYMENT SHALL BE MADE.—A week of unemployment for which payment shall be made under subsection (a) is a week which occurred during the period which commences with the first week beginning after the close of the period described in subsection (a)(2) and ends with the beginning of the first week in which the individual was employed after the close of such period.

(c) CERTIFICATION.—The certification of unemployment referred to in subsection (a) shall be a certification—

(1) that is made on a form provided by the State agency concerned and signed by the individual; and

(2) that identifies the weeks of unemployment for which the individual is making the certification.

(d) LIMITATION ON AMOUNT OF PAYMENT.—In no case may the total amount paid to an individual under subsection (a) exceed the amount remaining in the account established for such individual under section 602(e) of the Federal Supplemental Compensation Act of 1982 after payments were made from such account for weeks of unemployment beginning before the period described in subsection (a)(2).

(e) DEFINITION.—For purposes of subsection (a), the term "temporary disaster services" means services performed as a member of the National Guard after being called up by the Governor of a State to perform services related to a major disaster that was declared on June 3, 1985, by the President of the United States under the Disaster Relief Act of 1974.

(f) MODIFICATION OF AGREEMENT.—(1) The Secretary of Labor shall, at the earliest possible date after the date of the enactment of this Act, propose to any State concerned a modification of the agreement that the Secretary has with such State under section 602 of the Federal Supplemental Compensation Act of 1982 in order to carry out this section.

(2) Pending modification of the agreement, the State may make payment in accordance with the provisions of this section and shall be reimbursed in accordance with the provisions of section 604(a) of the Federal Supplemental Compensation Act of 1982. For purposes of carrying out this paragraph, the term "this subtitle" in such section 604(a) shall include this section.

(g) EFFECTIVE DATE.—The provisions of this section shall apply to weeks beginning after March 31, 1985.

TITLE V—REVENUE PROVISIONS

Sec. 2501. Restoration of proposed cuts in Internal Revenue Service budget and further increases in funds for revenue enforcement and related purposes.

Sec. 2502. Increase in rate of tax on cigarettes made permanent; portion of tax revenues dedicated to tobacco price support program.

Sec. 2503. Increase in excise tax on coal.

Sec. 2504. Only railroad retirement benefits equivalent to social security benefits treated as tier 1 benefits.

Sec. 2505. Temporary increase in pension benefit guaranty corporation premiums for single employer plans.

SEC. 2501. RESTORATION OF PROPOSED CUTS IN INTERNAL REVENUE SERVICE BUDGET AND FURTHER INCREASES IN FUNDS FOR REVENUE ENFORCEMENT AND RELATED PURPOSES.

It is the sense of the Congress that—

(1) the restoration of the cuts in the budget for the Internal Revenue Service for fiscal year 1986, and

(2) the further increase in such budget total,

recommended by the Committee on Appropriations of the House of Representatives are necessary for the efficient operation of the Government and to carry out the purposes of this Act.

SEC. 2502. INCREASE IN RATE OF TAX ON CIGARETTES MADE PERMANENT; PORTION OF CIGARETTE TAX REVENUES DEDICATED TO TOBACCO PRICE SUPPORT PROGRAM.

(a) INCREASE IN TAX MADE PERMANENT.—Subsection (c) of section 283 of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by striking out "and before October 1, 1985".

(b) DEDICATION OF PORTION OF CIGARETTE TAX REVENUES FOR TOBACCO PRICE SUPPORT PROGRAM.—

(1) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to Trust Fund Code) is amended by adding at the end thereof the following new section:

"SEC. 9505. TOBACCO EQUALIZATION TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Tobacco Equalization Trust Fund', consisting of such amounts as may be appropriated or credited to the Tobacco Equalization Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TOBACCO EQUALIZATION TRUST FUND.—There is hereby appropriated to the Tobacco Equalization Trust Fund an amount equal to so much of the taxes received in the Treasury after September 30, 1985, and before October 1, 1990, under section 5701(b) (relating to tax on cigarettes) as is attributable to such tax determined at the rates of—

"(1) 50 cents per thousand in the case of cigarettes taxable under section 5701(b)(1), and

"(2) $1.05 per thousand in the case of cigarettes taxable under section 5701(b)(2).

"(c) EXPENDITURES FROM TRUST FUND.—

"(1) IN GENERAL.—Amounts in the Tobacco Equalization Trust Fund shall be available, as provided in appropriation Acts, for the reimbursement of the Commodity Credit Corporation for part or all of the amount of any net realized losses sustained after September 30, 1985, by such Corporation under section 106, 106A, or 106B of the Agricultural Act of 1949 (or any successor tobacco support provision hereafter enacted) with respect to crop years of tobacco after 1981.

"(2) REPAYMENTS AND CREDITS.—The Secretary shall pay from time to time from the Tobacco Equalization Trust Fund to the general fund of the Treasury amounts equivalent to the same proportion of the credits allowed, and refunds made, after September 30, 1985, and before October 1, 1990, with respect to the tax imposed by section 5701(b) as the portion the tax imposed by section 5701(b) appropriated to the Tobacco Equalization Trust Fund bears to the aggregate tax imposed by section 5701(b)."

(2) CLERICAL AMENDMENT.—The table of sections for such subchapter A is amended by adding at the end thereof the following new item:

"Sec. 9505. Tobacco Equalization Trust Fund."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on October 1, 1985.

SEC. 2503. INCREASE IN EXCISE TAX ON COAL.

(a) INCREASE IN TAX.—Subsections (a) and (b) of section 4121 of the Internal Revenue Code of 1954 (relating to imposition of tax on coal) are amended to read as follows:

"(a) TAX IMPOSED.—

"(1) IN GENERAL.—There is hereby imposed on coal from mines located in the United States sold by the producer a tax equal to the rate per ton determined under subsection (b).

"(2) LIMITATION ON TAX.—The amount of the tax imposed by paragraph (1) with respect to a ton of coal shall not exceed the applicable percentage (determined under subsection (b)) of the price at which such ton of coal is sold by the producer.

"(b) DETERMINATION OF RATES AND LIMITATION ON TAX.—For purposes of subsection (a)—

In the case of sales during calendar year:	The rate for coal from underground mines is:	The rate for coal from surface mines is:	The applicable percentage is:
1986 through 1990	$1.50	$.75	6
1991 through 1995	$1.60	$.80	6.4
After 1995	$1.50	$.75	6."

(b) REDUCTION OF TAX AFTER 1995 IF LOANS MADE TO BLACK LUNG DISABILITY TRUST FUND REPAID.—Section 4121 of such Code is amended by striking out subsection (e) and inserting in lieu thereof the following:

"(e) REDUCTION OF TAX AFTER 1995 IF LOANS MADE TO BLACK LUNG DISABILITY TRUST FUND REPAID.—

"(1) IN GENERAL.—In the case of sales during any calendar year to which this subsection applies, for purposes of subsection (a)—

"(A) the rate of tax on coal from underground mines shall be $1.00,

"(B) the rate of tax on coal from surface mines shall be $.50, and

"(C) the applicable percentage shall be 4 percent.

"(2) CALENDAR YEARS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to any calendar year after 1995 (and all calendar years thereafter) if throughout the 2 most recent fiscal years ending before the beginning of such calendar year there was—

"(A) no balance of repayable advances made to the Black Lung Disability Trust Fund, and

"(B) no unpaid interest on such advances."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after December 31, 1985.

SEC. 2504. ONLY RAILROAD RETIREMENT BENEFITS EQUIVALENT TO SOCIAL SECURITY BENEFITS TREATED AS TIER 1 BENEFITS.

(a) IN GENERAL.—Paragraph (4) of section 86(d) of the Internal Revenue Code of 1954 (defining social security benefits) is amended to read as follows:

"(4) TIER 1 RAILROAD RETIREMENT BENEFIT.—For purposes of paragraph (1), the term 'tier 1 railroad retirement benefit' means—

"(A) the amount of the annuity under the Railroad Retirement Act of 1974 equal to the amount of the benefit to which the taxpayer would have been entitled under the Social Security Act if all of the service after December 31, 1936, of the employee (on whose employment record the annuity is being paid) had been included in the term employment as defined in the Social Security Act, and

"(B) a monthly annuity amount under section 3(f)(3) of the Railroad Retirement Act of 1974."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to any monthly benefit for which the generally applicable payment date is after December 31, 1985.

SEC. 2505. TEMPORARY INCREASE IN PENSION BENEFIT GUARANTY CORPORATION PREMIUMS FOR SINGLE EMPLOYER PLANS.

(a) IN GENERAL.—Clause (i) of section 4006(a)(3)(A) of the Employee Retirement Income Security Act of 1974 is amended by inserting "($8.00 for plan years beginning after December 31, 1985, and before January 1, 1989)" after "$2.60".

(b) TECHNICAL AMENDMENTS.—

(1) Clause (iii) of section 4006(a)(3)(C) of such Act is amended by striking out "The maximum" and inserting in lieu thereof "In the case of a multiemployer plan, the maximum".

(2) Clause (iv) of section 4006(a)(3)(C) of such Act is amended by striking out "The provisions" and inserting in lieu thereof "In the case of a multiemployer plan, the provisions".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 1985.

TITLE VI—AMENDMENTS RELATING TO SINGLE EMPLOYER PLANS

SEC. 2601. EXCISE TAX ON UNPAID LIABILITY TO PENSION PLAN AT PLAN TERMINATION.

(a) IN GENERAL.—Chapter 43 of the Internal Revenue Code of 1954 (relating to qualified pension, etc., plans) is amended by adding at the end thereof the following new section:

SEC. 4979. TAX ON UNPAID EMPLOYER LIABILITY TO PENSION PLAN AT PLAN TERMINATION.

"(a) INITIAL TAX.—

"(1) IN GENERAL.—In the case of an employer who maintains a plan to which section 4062 of the Employee Retirement Income Security Act of 1974 applies, there is hereby imposed a tax equal to 5 percent of the portion of any required payment which is not paid on the date such payment is required.

"(2) REQUIRED PAYMENT.—For purposes of this section, the term 'required payment' means, with respect to any date, the portion of the termination liability of the employer which is required to be paid on such date pursuant to section 4062 of the Employee Retirement Income Security Act of 1974 plus interest on such portion at the adjusted rate applicable under section 6621(b).

"(b) ADDITIONAL TAX WHERE LIABILITY REMAINS UNPAID.—

"(1) IN GENERAL.—If any required payment remains unpaid as of the close of the 90-day period beginning on the date such payment is required, the tax imposed by subsection (a) shall be increased by—

"(A) 5 percent of the portion of such payment which is unpaid as of the close of such 90-day period, and

"(B) an additional 5 percent of the portion of such payment which is unpaid as of the close of each 30-day period thereafter.

"(2) LIMITATION ON ADDITIONAL TAX.—The amount of the additional tax imposed by reason of this subsection with respect to any required payment shall not exceed the portion of such payment which is not paid before the close of the 90-day period beginning on the date such payment is required.

"(c) TERMINATION LIABILITY.—For purposes of this section—

"(1) IN GENERAL.—The term 'termination liability' means the excess of—

"(A) the current value of the plan's benefits guaranteed under title IV of the Employee Retirement Income Security Act of 1974 on the date of termination, over

"(B) the current value of the plan's assets allocable to such benefits on the date of termination.

For purposes of subparagraph (B), the current value of the plan's assets shall be determined without regard to any receivable which is attributable to any accumulated funding deficiency.

"(2) LIMITATION ON LIABILITY WHERE EMPLOYER CEASES TO EXIST.—

"(A) IN GENERAL.—In the case of an employer which ceases to exist (and with respect to which no other person is liable under section 4062 of the Employee Retirement Income Security Act of 1974 for the liability under such section of such employer), the excess of—

"(i) the amount of the termination liability under paragraph (1) (determined without regard to this paragraph), over

"(ii) the accumulated funding deficiency (if any) as of the date of termination,

shall not exceed 30 percent of the net worth of the employer.

"(B) DETERMINATION OF NET WORTH.—For purposes of subparagraph (A), the determination of the net worth of the employer shall be made—

"(i) as of a day, chosen by the Pension Benefit Guaranty Corporation but not more than 120 days before the date of termination, and

"(ii) without regard to any liability under section 4062 of the Employee Retirement Income Security Act of 1974.

"(3) RULES RELATING TO ACCUMULATED FUNDING DEFICIENCY.—For purposes of this subsection—

"(A) WAIVED FUNDING DEFICIENCY INCLUDED IN ACCUMULATED FUNDING DEFICIENCY.—The accumulated funding deficiency of an employer shall include the amount of any waived funding deficiency (as defined in section 412(d)(3)) of such employer.

"(B) ACCUMULATED FUNDING DEFICIENCY.—The term 'accumulated funding deficiency' has the meaning given such term by the last 2 sentences of section 412(a).

"(4) COORDINATION WITH DETERMINATION OF LIABILITY UNDER SECTION 4062 OF ERISA.—Subtitle D of title IV of the Employee Retirement Income Security Act of 1974 shall apply for purposes of determining termination liability under this subsection.

"(d) CREDIT AGAINST ADDITIONAL TAX.—There shall be allowed as a credit against the tax imposed by this section with respect to any termination liability an amount equal to the lesser of—

"(1) the amount paid, not later than 2 years after the date of final determination, to the Pension Benefit Guaranty Corporation with respect to such liability, or

"(2) the amount of the tax imposed by reason of subsection (b).

"(e) SPECIAL RULES.—For purposes of this section—

"(1) LIABILITY ONLY AFTER FINAL DETERMINATION.—The tax imposed by this section shall apply to any termination liability only after a final determination of the amount of such liability.

"(2) LIABILITY OF CONTROLLED GROUP.—

"(A) IN GENERAL.—Any liability under this section of any member of a controlled group shall be a joint and several liability of all members of such group.

"(B) CONTROLLED GROUP.—For purposes of subparagraph (A), the term 'controlled group' means all persons who are treated as a single employer under subsection (b), (c), (m), or (o) of section 414.

"(3) TITLE 11 AND SIMILAR CASES.—In the case of an employer which is in a title 11 or similar case (as defined in section 368(a)(3)(A))—

"(A) the date such case begins shall be treated as the date of the final determination, and

"(B) the period of the pendency of such case shall be substituted for the 2-year period described in subsection (d)(1).

"(4) REFERENCES TO ERISA.—For purposes of this section—

"(A) except as provided in subparagraph (B), any reference to a provision of the Employee Retirement Income Security Act of 1974 shall be treated as a reference to such provision as in effect on the date of the enactment of this section, and

"(B) for purposes of subsection (a), section 4062 of such Act shall be treated as applying to a plan if such section would have applied to such plan as such section was in effect on such date of enactment."

(b) LIABILITY UNDER SECTION 4062 OF ERISA TO BE JOINT AND SEVERAL AMONG MEMBERS OF CONTROLLED GROUP.—

(1) IN GENERAL.—Section 4062 of the Employee Retirement Income Security Act of 1974 (relating to liability of employer) is amended by adding at the end thereof the following new subsection:

"(f)(1) Any liability under subsection (a) of any member of a controlled group shall be a joint and several liability of all members of such group.

"(2) For purposes of paragraph (1), the term 'controlled group' means all persons who are treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1954."

(2) TECHNICAL AMENDMENT.—Paragraph (2) of section 404(g) of the Internal Revenue Code of 1954 (relating to certain employer liability payments considered as contributions) is amended by striking out "subsection (b) or (c)" and inserting in lieu thereof "subsection (b), (c), (m), or (o)".

(c) NET WORTH LIMITATION ON LIABILITY OF EMPLOYER TO APPLY ONLY WHERE EMPLOYER GOES OUT OF BUSINESS.—Subsection (b) of section 4062 of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

"(b)(1) Any employer to which this section applies shall be liable to the corporation in an amount equal to the excess of—

"(A) the current value of the plan's benefits guaranteed under this title on the date of termination, over

"(B) the current value of the plan's assets allocable to such benefits on the date of termination.

For purposes of subparagraph (B), the current value of the plan's assets shall be determined without regard to any receivable which is attributable to any accumulated funding deficiency.

"(2)(A) In the case of an employer which ceases to exist (and with respect to whose liability under this section no other person is liable), the excess of—

"(i) the amount of the liability under paragraph (1) (determined without regard to this paragraph), over

"(ii) the accumulated funding deficiency (if any) as of the date of termination,

shall not exceed 30 percent of the net worth of the employer.

"(B) For purposes of subparagraph (A), the determination of the net worth of the employer shall be made—

"(i) as of a day, chosen by the corporation but not more than 120 days before the date of termination, and

"(ii) without regard to any liability under this section.

"(3) For purposes of this subsection—

"(A) the accumulated funding deficiency of an employer shall include the amount of any waived funding deficiency (as defined in section 412(d)(3) of the Internal Revenue Code of 1954) of such employer, and

"(B) the term 'accumulated funding deficiency' has the meaning given such term by the last 2 sentences of section 412(a) of such Code."

(d) PBGC MUST OFFER OPTIONS TO PAY LIABILITY OVER 5 AND 15 YEARS.—Section

4067 of the Employee Retirement Income Security Act of 1974 is amended—

(1) by inserting "(a)" before "The corporation", and

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

"(b) Among the options offered by the corporation shall be—

"(1) a 5-year amortization of the liability, and

"(2) a 15-year amortization of the liability.

If the employer has not ceased business and if the corporation deems that to do so will not jeopardize the collection of the liability, no security shall be required in the case of the 5-year amortization of the liability.

"(c) In any deferred payment arrangement under this section, interest from the date of termination shall be charged at the adjusted rate applicable under section 6621(b) of the Internal Revenue Code of 1954."

(e) DEDUCTION FOR EMPLOYER LIABILITY PAYMENTS TO PBGC.—Subsection (g) of section 404 of the Internal Revenue Code of 1954 (relating to certain employer liability payments considered as contributions) is amended by inserting "(as such sections and part were in effect on the date of the enactment of this parenthetical material)" after "1974".

(f) CLERICAL AMENDMENT.—The table of sections for chapter 43 of such Code is amended by adding at the end thereof the following new item:

"Sec. 4979. Tax on unpaid employer liability to pension plan at plan termination."

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to terminations with respect to which notification is filed with the Pension Benefit Guaranty Corporation after the date of the enactment of this Act.

(2) DEDUCTION FOR EMPLOYER PAYMENTS.—The amendment made by subsection (e) shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 2602. SECURITY FOR WAIVERS OF MINIMUM FUNDING STANDARD AND EXTENSIONS OF AMORTIZATION PERIOD.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Part 3 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended—

(A) by redesignating section 306 (29 U.S.C. 1086) as section 307; and

(B) by inserting after section 305 (29 U.S.C. 1085) the following new section:

"SECURITY FOR WAIVERS OF MINIMUM FUNDING STANDARD AND EXTENSIONS OF AMORTIZATION PERIOD

"SEC. 306. (a) IN GENERAL.—Except as provided in subsection (c), the Secretary of the Treasury may require security to a single-employer plan as a condition for granting or modifying a waiver of the minimum funding standard with respect to such plan under section 303 of this Act or section 412(d) of the Internal Revenue Code of 1954 or an extension of an amortization period with respect to such plan under section 304 of this Act or section 412(e) of such Code. The providing of such security to the plan in accordance with this section shall not be considered an extension of credit for purposes of part 4 of this subtitle or section 4975 of such Code. Such security may be perfected and enforced only by the Pension Benefit Guaranty Corporation or by the employer acting at the direction of the Corporation.

"(b) CONSULTATION WITH THE PENSION BENEFIT GUARANTY CORPORATION.—Except as provided in subsection (c), before granting or modifying a waiver of the minimum funding standard with respect to a single-employer plan under section 303 of this Act or section 412(d) of the Internal Revenue Code of 1954 or an extension of the amortization period with respect to such plan under section 304 of this Act or section 412(e) of such Code, the Secretary of the Treasury shall provide the Pension Benefit Guaranty Corporation notice of the proposed waiver, modification, or extension and 15 days to comment with respect to such waiver, modification, or extension and shall consider any comments of such Corporation relating to such waiver, modification, or extension which are provided to such Secretary during such period.

"(c) EXCEPTION.—The requirements of subsections (a) and (b) shall not apply in the case of any waiver, modification, or extension referred to in such subsections with respect to a plan if the sum of—

"(1) the outstanding balance of the accumulated funding deficiencies (within the meaning of section 302(a)(2) of this Act and section 412(a) of the Internal Revenue Code of 1954) of the plan (which, for purposes of this paragraph, shall include the amount of any increase in such accumulated funding deficiencies of the plan which would result if all applications for waivers and modifications of the minimum funding standard under section 303 of this Act or 412(d) of such Code and for extensions of the amortization period under such section 304 of this Act or 412(e) of such Code which are pending with respect to such plan were denied),

"(2) the outstanding balance of the amount of waived funding deficiencies of the plan waived under section 303 of this Act or section 412(d) of such Code, and

"(3) the outstanding balance of the amount of decreases in the minimum funding standard allowed under section 304 of this Act or section 412(e) of such Code,

is less than $1,000,000."

(2) CLERICAL AMENDMENT.—The table of sections in section 1 of such Act is amended by striking out the item relating to section 306 and inserting in lieu thereof the following new items:

"Sec. 306. Security for waivers of minimum funding standard and extensions of amortization period.

"Sec. 307. Effective dates."

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954.—Subsection (f) of section 412 of the Internal Revenue Code of 1954 (relating to requirement that benefits may not be increased during waiver or extension period) is amended—

(1) by striking out "BENEFITS MAY NOT BE INCREASED DURING WAIVER OR EXTENSION PERIOD.—" and inserting in lieu thereof "REQUIREMENTS RELATING TO WAIVERS AND EXTENSIONS.—";

(2) in paragraph (1), by striking out "IN GENERAL.—" and inserting in lieu thereof "BENEFITS MAY NOT BE INCREASED DURING WAIVER OR EXTENSION PERIOD.—"; and

(3) by adding at the end thereof the following new paragraph:

"(3) SECURITY FOR WAIVERS AND EXTENSIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (C), the Secretary may require security to a single-employer plan as a condition for granting or modifying a waiver of the minimum funding standard with respect to such plan under subsection (d) or an extension of an amortization period with respect to such plan under subsection (e). The providing of such security to the plan in accordance with this paragraph shall not be considered an extension of credit for purposes of section 4975 or part 4 of subtitle B of title I of the Employee Retirement Income Security Act of 1974. Such security may be perfected and enforced only by the Pension Benefit Guaranty Corporation or by the employer acting at the direction of the Corporation.

"(B) CONSULTATION WITH THE PENSION BENEFIT GUARANTY CORPORATION.—Except as provided in subparagraph (C), before granting or modifying a waiver of the minimum funding standard with respect to a single-employer plan under subsection (d) or an extension of the amortization period with respect to such plan under subsection (e), the Secretary shall provide the Pension Benefit Guaranty Corporation notice of the proposed waiver, modification, or extension and 15 days to comment with respect to such waiver, modification, or extension and shall consider any comments of such Corporation relating to such waiver, modification, or extension which are provided to the Secretary during such period.

"(C) EXCEPTION.—The requirements of subparagraphs (A) and (B) shall not apply in the case of any waiver, modification, or extension referred to in such subparagraphs with respect to a plan if the sum of—

"(i) the outstanding balance of the accumulated funding deficiencies (within the meaning of subsection (a)) of the plan (which, for purposes of this clause, shall include the amount of any increase in such accumulated funding deficiencies of the plan which would result if all applications for waivers and modifications of the minimum funding standard under subsection (d) and for extensions of the amortization period under subsection (e) which are pending with respect to such plan were denied),

"(ii) the outstanding balance of the amount of waived funding deficiencies of the plan waived under subsection (d), and

"(iii) the outstanding balance of the amount of decreases in the minimum funding standard allowed under subsection (e),

is less than $1,000,000."

(c) EFFECTIVE DATES.—The amendments made by this section shall apply with respect to applications filed after the date of the enactment of this Act.

SEC. 2603. TREATMENT OF TRANSACTIONS TO EVADE LIABILITY.

(a) IN GENERAL.—Subtitle D of title IV of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new section:

"TREATMENT OF TRANSACTIONS TO EVADE LIABILITY

"SEC. 4069. If, within 10 years before the date of termination, a person undertakes a transaction a principal purpose of which is to fraudulently evade any liability to the corporation, such transaction shall not be treated as transferring such liability (or any portion thereof) away from such person or any member of a controlled group which included such person."

(b) CLERICAL AMENDMENT.—The table of sections in section 1 of such Act is amended by adding after the item relating to section 4068 the following new item:

"Sec. 4069. Treatment of transactions to evade liability."

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

SEC. 2604. STUDY OF RISK RELATED PREMIUM.

The Secretary of the Treasury shall conduct a study on the feasibility of imposing a risk related premium under title IV of the Employee Retirement Income Security Act of 1974 which is based on the different risk exposures imposed on the Pension Benefit Guaranty Corporation by employers with

different histories and in different circumstances. The results of such study shall be submitted, not later than 2 years after the date of the enactment of this Act, to the Committee on Ways and Means and the Committee on Education and Labor of the House of Representatives and the Committees on Finance and Labor and Human Resources of the Senate.

CONFERENCE REPORT ON H.R. 2965, THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1986

Mr. SMITH of Iowa. Mr. Speaker, pursuant to the order of the House of December 4, 1985, I call up the conference report on the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes.

The SPEAKER pro tempore (Mr. GRAY of Illinois). Pursuant to the order of the House of Wednesday, December 4, 1985, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of December 4, 1985, at page H10817.)

The SPEAKER pro tempore. The gentleman from Iowa [Mr. SMITH] will be recognized for 30 minutes and the gentleman from Illinois [Mr. O'BRIEN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Iowa [Mr. SMITH].

GENERAL LEAVE

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report and the amendments in disagreement on the bill under consideration, and that I may insert a table following my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SMITH of Iowa. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we bring to the Members a conference report on this bill which contains $11,919,618,000 for fiscal year 1986. It is $345,635,200 less than the appropriations that were enacted for fiscal year 1985 for these programs. The bill is $8,542,000 less than the Senate bill, and it is $2,403,000 less than the bill that passed the House on July 17.

Mr. Speaker, in comparison with our House section 302 allocation, this bill is $123,382,000 less than that in budget authority and $21,657,000 less in outlays.

There are a number of these programs for which it would be desirable to have more money, but there is some difference of opinion as to the scoring of the budget authority and the outlay effect of these various programs, the way they were scored in the Budget Committee and down at the Office of Management and Budget. So what we finally did was to trim the bill. We are within all the maximums that have been set forth in budget authorizations and in budget agreements in the House and the Senate.

This bill in its present form, I have every reason to believe, should be signed. At least I feel that way. I do not speak for the administration, that is for sure, but I have reason to believe that we have complied with their requests enough so that this bill, I am hopeful at least, will be signed. That is the hope of the conferees. I think, myself, that it is a good conference report.

Mr. Speaker, the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes, as agreed to by the conferees contains a total of $11,919,618,000 in new budget authority for fiscal year 1986. It also contains $299,500,000 for liquidation of contract authority in the operating subsidy program of the Maritime Administration.

The total amount agreed to for fiscal year 1986 is $345,635,200 less than appropriations enacted for fiscal year 1985 and is $244,313,000 more than the total amount requested for fiscal year 1986. The total in the bill is $8,542,000 less that the Senate bill. The total is also $2,403,000 less than the bill as it passed the House on July 17.

For the Department of Commerce, the conference agreement includes $175 million for economic development assistance programs, $18,500,000 for trade adjustment assistance and $1,169,949,000 for the National Oceanic and Atmospheric Administration. For the Department of Justice, the conference agreement provides $70,282,000 for the Office of Juvenile Justice and Delinquency Prevention; $305,500,000 for the Legal Services Corporation; $872,450,000, including $18 million for the National Endowment for Democracy, for the U.S. Information Agency; and $385,500,000 for the Small Business Administration.

I should also point out that amendment No. 134, concerning a prohibition of payments to political parties from funds appropriated for the National Endowment for Democracy, is reported in disagreement and a motion will be made at the proper time concerning this matter. The bill contains $18 million for NED regardless of the way in which this amendment is handled.

With respect to the Federal Trade Commission, amendment No. 108 of the conference agreement provides $65,500,000, which is the same amount as provided by the Senate. The conference agreement concerning the FTC also extends the restrictions and limitations, currently in force, of the Federal Trade Commission Improvement Act of 1980. These restrictions and limitations were extended in the fiscal year 1985 Appropriations Act.

Mr. Speaker, Members should be pleased with the way we were able to take care of the matters in which they had indicated special interests. Please support the committee in adopting the conference report and opposing all amendments.

Mr. Speaker, I ask unanimous consent to insert at this point in the RECORD a summary table showing, by department or agency, the conference action compared with the amount provided for fiscal year 1986, the budget estimates for 1986, the House bill, and the Senate bill.

The table follows:

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate	
TITLE I - DEPARTMENT OF COMMERCE										
General Administration										
Salaries and expenses	36,483,000	36,227,000	31,609,000	32,343,000	32,300,000	-4,183,000	-3,927,000	+691,000	-43,000	B
Special foreign currency program	500,000	---	---	---	---	-500,000	---	---	---	B
Bureau of The Census										
Salaries and expenses	85,259,000	90,639,000	88,662,000	90,400,000	90,400,000	+5,141,000	-239,000	+1,738,000	---	D
Periodic censuses and programs	81,000,000	108,523,000	105,111,000	105,687,000	105,600,000	+24,600,000	-2,923,000	+489,000	-87,000	D
Total, Bureau of the Census	166,259,000	199,162,000	193,773,000	196,087,000	196,000,000	+29,741,000	-3,162,000	+2,227,000	-87,000	
Economic and Statistical Analysis										
Salaries and expenses	30,652,000	30,331,000	30,543,000	30,168,000	30,500,000	-152,000	+169,000	-43,000	+332,000	D
Economic Development Administration										
Economic development assistance programs	230,730,000	---	180,000,000	192,100,000	175,000,000	-55,730,000	+175,000,000	-5,000,000	-17,100,000	B
(Limitation on loan guarantees)	(150,000,000)	---	(150,000,000)	(150,000,000)	(150,000,000)	---	(+150,000,000)	---	---	B
Salaries and expenses	28,380,000	15,467,000	26,000,000	24,450,000	26,000,000	-2,380,000	+10,533,000	---	+1,550,000	D
Total, Economic Development Administration	259,110,000	15,467,000	206,000,000	216,550,000	201,000,000	-58,110,000	+185,533,000	-5,000,000	-15,550,000	
International Trade Administration										
Operations and administration	192,418,000	175,824,000	196,472,000	192,980,000	192,000,000	-418,000	+16,176,000	-4,472,000	-980,000	D
(Limitation on direct loans)	(6,500,000)	---	(3,500,000)	---	(8,100,000)	(+1,600,000)	(+8,100,000)	(+4,600,000)	(+8,100,000)	D
(Limitation on guaranteed loans)	(15,000,000)	---	(10,000,000)	---	(6,000,000)	(-9,000,000)	(+6,000,000)	(-4,000,000)	(+6,000,000)	D
Participation in United States expositions	-6,000	---	---	---	---	+6,000	---	---	---	B
Minority Business Development Agency										
Minority business development	49,580,000	45,163,000	44,802,000	45,090,000	45,000,000	-4,580,000	-163,000	+198,000	-90,000	B
United States Travel and Tourism Administration										
Salaries and expenses	11,532,000	4,011,000	12,000,000	12,000,000	12,000,000	+468,000	+7,989,000	---	---	D
National Oceanic and Atmospheric Administration										
Operations, research, and facilities	1,239,166,000	964,905,000	1,121,228,000	1,131,699,000	1,133,699,000	-105,467,000	+168,794,000	+12,471,000	+2,000,000	D
(By transfer)	(4,860,000)	---	---	---	---	(-4,860,000)	---	---	---	D
(By transfer from Promote and Develop Fund)	(25,900,000)	(40,000,000)	(30,000,000)	(35,700,000)	(35,700,000)	(+9,800,000)	(-4,300,000)	(+5,700,000)	---	D
(By transfer from Coastal Energy Impact Fund)	(9,300,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(-1,300,000)	---	---	---	B
(By transfer from SBA disaster loan fund)	---	---	---	(3,000,000)	---	---	---	---	(-3,000,000)	D
Aviation weather services program	27,000,000	28,000,000	28,000,000	28,000,000	28,000,000	+1,000,000	---	---	---	D
Fishermen's contingency fund	750,000	750,000	750,000	750,000	750,000	---	---	---	---	B
Foreign fishing observer fund	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	---	---	---	---	D

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate	
Fishermen's guaranty fund	4,300,000	1,800,000	1,800,000	4,200,000	3,000,000	-1,300,000	+1,200,000	+1,200,000	-1,200,000	B
Fisheries loan fund	2,500,000	---	2,500,000	---	---	-2,500,000	---	-2,500,000	---	B
Federal ship financing fund, fishing vessels	25,104,000	---	---	---	---	-25,104,000	---	---	---	D
Portion applied to debt reduction	-20,700,000	---	---	---	---	+20,700,000	---	---	---	B
Total, National Oceanic and Atmospheric Administration	1,282,620,000	999,955,000	1,158,778,000	1,169,149,000	1,169,949,000	-112,671,000	+169,994,000	+11,171,000	+800,000	
Patent and Trademark Office										
Salaries and expenses	100,159,000	89,484,000	84,739,000	88,535,000	84,700,000	-15,459,000	-4,784,000	-39,000	-3,835,000	D
National Bureau of Standards										
Scientific and technical research and services	123,485,000	122,415,000	123,985,000	125,916,000	123,985,000	+500,000	+1,570,000	---	-1,931,000	B
National Telecommunications and Information Administration										
Salaries and expenses	13,511,000	13,527,000	13,186,000	13,686,000	13,400,000	-111,000	-127,000	+214,000	-286,000	B
Public telecommunications facilities, planning and construction	23,968,000	---	24,000,000	24,000,000	24,000,000	+32,000	+24,000,000	---	---	D
Total, National Telecommunications and Information Administration	37,479,000	13,527,000	37,186,000	37,686,000	37,400,000	-79,000	+23,873,000	+214,000	-286,000	
Total, title I, Department of Commerce: New budget (obligational) authority	2,290,271,000	1,731,566,000	2,119,887,000	2,146,504,000	2,124,834,000	-165,437,000	+393,268,000	+4,947,000	-21,670,000	
TITLE II - DEPARTMENT OF JUSTICE										
General Administration										
Salaries and expenses	72,052,000	72,364,000	72,533,000	72,710,000	70,800,000	-1,252,000	-1,564,000	-1,733,000	-1,910,000	B
Working capital fund	3,000,000	---	---	---	---	-3,000,000	---	---	---	B
United States Parole Commission										
Salaries and expenses	9,173,000	9,609,000	9,681,000	9,836,000	9,800,000	+627,000	+191,000	+119,000	-36,000	D
Legal Activities										
Salaries and expenses, general legal activities	197,575,000	207,283,000	200,277,000	205,400,000	205,000,000	+7,425,000	-2,283,000	+4,723,000	-400,000	D
Salaries and expenses, Antitrust Division	44,119,000	44,782,000	43,476,000	44,520,000	44,500,000	+381,000	-282,000	+1,024,000	-20,000	B
Section 511 reduction	-1,000,000	---	---	---	---	+1,000,000	---	---	---	B
Subtotal, Antitrust Division	43,119,000	44,782,000	43,476,000	44,520,000	44,500,000	+1,381,000	-282,000	+1,024,000	-20,000	

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate	
Salaries and expenses, Foreign Claims Settlement Commission	929,000	900,000	700,000	850,000	700,000	-229,000	-200,000	---	-150,000	B
Salaries and expenses, United States attorneys and trustees 1/	448,503,000	489,203,000	471,500,000	335,000,000	332,000,000	-116,503,000	-157,203,000	-139,500,000	-3,000,000	D
(By transfer)	(3,000,000)	---	---	---	---	(-3,000,000)	---	---	---	D
U.S. Marshals Service /1	(137,932,000)	(147,610,000)	(148,589,000)	149,000,000	150,000,000	+150,000,000	+150,000,000	+150,000,000	+1,000,000	D
(By transfer)	(1,636,000)	---	---	---	---	---	---	---	---	D
Support of United States prisoners	63,240,000	58,240,000	62,240,000	52,000,000	57,000,000	-6,240,000	-1,240,000	-5,240,000	+5,000,000	D
Fees and expenses of witnesses	41,091,000	48,300,000	47,900,000	47,400,000	47,400,000	+6,309,000	-900,000	-500,000	---	M
(By transfer)	(1,500,000)	---	---	---	---	(-1,500,000)	---	---	---	B
Salaries and expenses, Community Relations Service	33,092,000	33,378,000	33,217,000	29,900,000	29,900,000	-3,192,000	-3,478,000	-3,317,000	---	B
Assets forfeiture fund	5,000,000	20,000,000	10,000,000	10,000,000	10,000,000	+5,000,000	-10,000,000	---	---	D
Total, legal activities	832,549,000	902,086,000	869,310,000	874,070,000	876,500,000	+43,951,000	-25,586,000	+7,190,000	+2,430,000	
Interagency Law Enforcement										
Organized crime drug enforcement	2,178,000	1,000,000	---	1,000,000	1,000,000	-1,178,000	---	+1,000,000	---	D
Federal Bureau of Investigation										
Salaries and expenses	1,160,388,000	1,207,182,000	1,194,132,000	1,209,468,000	1,209,000,000	+48,612,000	+1,818,000	+14,868,000	-468,000	B
Drug Enforcement Administration										
Salaries and expenses	353,794,000	351,349,000	353,421,000	380,000,000	380,000,000	+26,206,000	+28,651,000	+26,579,000	---	D
Immigration and Naturalization Service										
Salaries and expenses	585,031,000	591,540,000	577,510,000	598,490,000	593,800,000	+8,769,000	+2,260,000	+16,290,000	-4,690,000	B
Federal Prison System										
Salaries and expenses	511,244,000	555,980,000	550,334,000	554,360,000	556,900,000	+45,656,000	+920,000	+6,566,000	+2,540,000	D
(By transfer)	(6,633,000)	---	---	---	---	(-6,633,000)	---	---	---	D
National Institute of Corrections	14,000,000	13,166,000	12,226,000	12,000,000	11,000,000	-3,000,000	-2,166,000	-1,226,000	-1,000,000	D
Buildings and facilities	86,043,000	46,137,000	46,063,000	46,063,000	46,063,000	-39,980,000	-74,000	---	---	D
Federal Prison Industries, Incorporated: (Limitation on administrative and vocational training expenses)	(9,068,000)	(8,990,000)	(8,990,000)	(9,120,000)	(9,120,000)	(+52,000)	(+130,000)	(+130,000)	---	D
Total, Federal prison system	611,287,000	615,283,000	608,623,000	612,423,000	613,963,000	+2,676,000	-1,320,000	+5,340,000	+1,540,000	

1/ Note: U.S. Attorneys & Trustees and U.S. Marshals Service Accounts previously combined in U.S. Attorneys & Marshals Account

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate	
Office of Justice Programs										
Justice Assistance	145,551,000	140,015,000	210,479,000	197,100,000	203,982,000	+58,431,000	+63,967,000	-6,497,000	+6,882,000	D
Total, Department of Justice:										
New budget (obligational) authority	3,775,003,000	3,890,428,000	3,895,689,000	3,955,097,000	3,958,845,000	+183,842,000	+68,417,000	+63,156,000	+3,748,000	
(Limitation on expenses)	(9,068,000)	(8,990,000)	(8,990,000)	(9,120,000)	(9,120,000)	(+52,000)	(+130,000)	(+130,000)	---	
TITLE III - DEPARTMENT OF STATE										
Administration of Foreign Affairs										
Salaries and expenses	1,417,011,000	1,488,861,000	1,452,689,000	1,459,000,000	1,455,000,000	+37,989,000	-33,861,000	+2,311,000	-4,000,000	B
(By transfer)	(12,781,000)	---	---	---	---	(-12,781,000)	---	---	---	B
Reopening consulates	1,929,000	---	1,700,000	---	1,700,000	-229,000	+1,700,000	---	+1,700,000	D
Representation allowances	4,500,000	4,700,000	4,700,000	4,700,000	4,700,000	+200,000	---	---	---	B
Protection of foreign missions and officials	9,500,000	9,900,000	9,900,000	9,500,000	9,500,000	---	-400,000	-400,000	---	B
Acquisition, operation, and maintenance of buildings abroad	406,579,000	337,392,000	341,992,000	331,800,000	337,000,000	-69,579,000	-392,000	-4,992,000	+5,200,000	D
Acquisition, operation, and maintenance of buildings abroad (special foreign currency program)	21,353,000	2,707,000	2,707,000	---	---	-21,353,000	-2,707,000	-2,707,000	---	B
Emergencies in the diplomatic and consular service	6,000,000	4,400,000	4,400,000	4,400,000	4,400,000	-1,600,000	---	---	---	D
Payment to the American Institute in Taiwan	9,800,000	10,000,000	10,000,000	9,800,000	9,800,000	---	-200,000	-200,000	---	B
Payment to the Foreign Service Retirement and Disability Fund	112,137,000	118,174,000	118,174,000	118,174,000	118,174,000	+6,037,000	---	---	---	M
Total, administration of foreign affairs	1,988,809,000	1,976,134,000	1,946,262,000	1,937,374,000	1,940,274,000	-48,535,000	-35,860,000	-5,988,000	+2,900,000	
International Organizations and Conferences										
Contributions to international organizations	501,667,200	495,235,000	460,235,000	475,000,000	463,000,000	-38,667,200	-32,235,000	+2,765,000	-12,000,000	B
Contributions for international peacekeeping activities	47,400,000	51,000,000	47,400,000	29,400,000	29,400,000	-18,000,000	-21,600,000	-18,000,000	---	B
International conferences and contingencies	10,000,000	7,339,000	6,839,000	6,039,000	6,000,000	-4,000,000	-1,339,000	-839,000	-39,000	B
Section 511 reduction	-400,000	---	---	---	---	+400,000	---	---	---	D
Subtotal, International conferences and contingencies	9,600,000	7,339,000	6,839,000	6,039,000	6,000,000	-3,600,000	-1,339,000	-839,000	-39,000	
Total, international organizations and conferences	558,667,200	553,574,000	514,474,000	510,439,000	498,400,000	-60,267,200	-55,174,000	-16,074,000	-12,039,000	

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate	
International Commissions										
International Boundary and Water Commission, United States and Mexico:										
Salaries and expenses	12,000,000	10,416,000	11,392,000	11,340,000	11,300,000	-700,000	+884,000	-92,000	-40,000	B
Section 511 reduction	-400,000	---	---	---	---	+400,000	---	---	---	D
Subtotal, salaries and expenses	11,600,000	10,416,000	11,392,000	11,340,000	11,300,000	-300,000	+884,000	-92,000	-40,000	
Construction	2,400,000	2,557,000	2,257,000	2,257,000	2,257,000	-143,000	-300,000	---	---	B
American sections, international commissions	3,685,000	3,755,000	3,755,000	3,755,000	3,755,000	+70,000	---	---	---	D
International fisheries commissions	9,100,000	11,505,000	11,300,000	11,300,000	11,300,000	+2,200,000	-205,000	---	---	D
(By transfer)	(1,200,000)	---	---	---	---	(-1,200,000)	---	---	---	D
Total, international commissions	26,785,000	28,233,000	28,704,000	28,652,000	28,612,000	+1,827,000	+379,000	-92,000	-40,000	
Other										
United States Bilateral Science and Technology Agreements	---	2,000,000	2,000,000	2,000,000	2,000,000	+2,000,000	---	---	---	D
Payment to the Asia Foundation	9,600,000	9,785,000	10,000,000	9,800,000	10,000,000	+400,000	+215,000	---	+200,000	D
Soviet-East European research and training	4,800,000	5,000,000	5,000,000	4,800,000	4,800,000	---	-200,000	-200,000	---	D
Contribution to United States - India Fund for Cultural, Educational and Scientific Cooperation	(110,000,000)	---	---	---	---	(-110,000,000)	---	---	---	B
Fishermen's Protective Fund	1,000,000	---	---	---	---	-1,000,000	---	---	---	D
Total, Department of State	2,589,661,200	2,574,726,000	2,506,440,000	2,493,065,000	2,484,086,000	-105,575,200	-90,640,000	-22,354,000	-8,979,000	
TITLE IV - THE JUDICIARY										
Supreme Court of the United States										
Salaries and expenses	14,143,000	15,176,000	15,000,000	15,000,000	15,000,000	+857,000	-176,000	---	---	B
Care of the buildings and grounds	2,242,000	2,426,000	2,200,000	2,275,000	2,275,000	+33,000	-151,000	+75,000	---	D
Construction	---	---	---	2,000,000	---	---	---	---	-2,000,000	D
Total, Supreme Court of the United States	16,385,000	17,602,000	17,200,000	19,275,000	17,275,000	+890,000	-327,000	+75,000	-2,000,000	
United States Court of Appeals for the Federal Circuit										
Salaries and expenses	5,237,000	5,720,000	5,500,000	5,500,000	5,500,000	+263,000	-220,000	---	---	D
United States Court of International Trade										
Salaries and expenses	6,168,000	6,538,000	6,400,000	6,400,000	6,400,000	+232,000	-138,000	---	---	D

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate	
Courts of Appeals, District Courts, and Other Judicial Services										
Salaries of judges	79,548,000	104,826,000	103,000,000	103,000,000	103,000,000	+23,452,000	-1,826,000	---	---	M
Salaries of supporting personnel	384,926,000	509,010,000	480,000,000	472,690,000	474,900,000	+89,974,000	-34,110,000	-5,100,000	+2,210,000	D
Defender services	64,367,000	68,955,000	64,000,000	61,830,000	61,800,000	-2,567,000	-7,155,000	-2,200,000	-30,000	D
Fees of jurors and commissioners	43,700,000	46,200,000	45,000,000	43,400,000	43,400,000	-300,000	-2,800,000	-1,600,000	---	D
Expenses of operation and maintenance of the courts	110,609,000	144,926,000	139,000,000	135,000,000	135,000,000	+24,391,000	-9,926,000	-4,000,000	---	D
Bankruptcy courts, salaries and expenses	119,490,000	---	---	---	---	-119,490,000	---	---	---	D
Space and facilities	142,384,000	155,018,000	150,000,000	147,000,000	147,000,000	+4,616,000	-8,018,000	-3,000,000	---	D
Court security	26,992,000	38,116,000	32,000,000	33,500,000	32,750,000	+5,758,000	-5,366,000	+750,000	-750,000	D
Total, courts of appeals, district courts, and other judicial services	972,016,000	1,067,051,000	1,013,000,000	996,420,000	997,850,000	+25,834,000	-69,201,000	-15,150,000	+1,430,000	
Administrative Office of the United States Courts										
Salaries and expenses	28,788,000	32,217,000	30,000,000	29,200,000	29,200,000	+412,000	-3,017,000	-800,000	---	D
Federal Judicial Center										
Salaries and expenses	9,471,000	9,923,000	9,700,000	9,600,000	9,600,000	+129,000	-323,000	-100,000	---	D
Total, title IV, new budget (obligational) authority, the Judiciary	1,038,065,000	1,139,051,000	1,081,800,000	1,066,395,000	1,065,825,000	+27,760,000	-73,226,000	-15,975,000	-570,000	
TITLE V - RELATED AGENCIES										
Department of Transportation										
Maritime Administration										
Operating-differential subsidies (liquidation of contract authority)	(386,250,000)	(299,500,000)	(299,500,000)	(299,500,000)	(299,500,000)	(-86,750,000)	---	---	---	M
Research and development	2,900,000	9,900,000	9,900,000	9,900,000	9,900,000	+7,000,000	---	---	---	D
(By transfer)	(7,000,000)	---	---	---	---	(-7,000,000)	---	---	---	D
Operations and training	77,467,000	60,467,000	69,812,000	68,736,000	69,700,000	-7,767,000	+9,233,000	-112,000	+964,000	D
(By transfer)	(552,000)	---	---	---	---	(-552,000)	---	---	---	D
Federal ship financing fund (limitation on guaranteed loans)	---	(900,000,000)	---	---	---	---	(-900,000,000)	---	---	D
Total, Maritime Administration	80,367,000	70,367,000	79,712,000	78,636,000	79,600,000	-767,000	+9,233,000	-112,000	+964,000	
Arms Control and Disarmament Agency										
Arms control and disarmament activities	23,602,000	26,243,000	25,614,000	26,100,000	25,850,000	+2,248,000	-393,000	+236,000	-250,000	D

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate	
Board for International Broadcasting										
Grants and expenses	111,251,000	142,149,000	98,000,000	106,822,000	102,700,000	-8,551,000	-39,449,000	+4,700,000	-4,122,000	D
Christopher Columbus Quincentenary Jubilee Commission										
Salaries and expenses	---	220,000	---	---	--	---	-220,000	---	---	D
Commission on the Bicentennial of the United States Constitution										
Salaries and expenses	331,000	775,000	775,000	775,000	775,000	+444,000	---	---	---	D
Commission on Civil Rights										
Salaries and expenses	12,869,000	12,386,000	12,061,000	12,320,000	12,300,000	-569,000	-86,000	+239,000	-20,000	D
Commission on Security and Cooperation in Europe										
Salaries and expenses	625,000	550,000	550,000	550,000	550,000	-75,000	---	---	---	D
Commission on the Ukraine Famine										
Salaries and expenses	400,000	---	---	400,000	400,000	---	+400,000	+400,000	---	D
Equal Employment Opportunity Commission										
Salaries and expenses	163,655,000	163,094,000	165,000,000	163,240,000	165,000,000	+1,345,000	+1,906,000	---	+1,760,000	D
Federal Communications Commission										
Salaries and expenses	95,441,000	94,904,000	92,285,000	94,400,000	94,400,000	-1,041,000	-504,000	+2,115,000	---	D
Federal Maritime Commission										
Salaries and expenses	12,292,000	11,940,000	11,606,000	11,873,000	11,870,000	-422,000	-70,000	+264,000	-3,000	D
Federal Trade Commission										
Salaries and expenses	69,572,000	65,626,000	63,900,000	65,500,000	65,500,000	-4,072,000	-126,000	+1,600,000	---	D
International Trade Commission										
Salaries and expenses	25,130,000	28,901,000	28,900,000	28,060,000	28,600,000	+3,470,000	-301,000	-300,000	+540,000	D
Japan - United States Friendship Commission										
Japan - United States Friendship Trust Fund	1,600,000	1,550,000	---	1,550,000	775,000	-825,000	-775,000	+775,000	-775,000	D
(Foreign currency appropriation)	(1,200,000)	---	---	(1,200,000)	(1,200,000)	---	(+1,200,000)	(+1,200,000)	---	B

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate	
Legal Services Corporation										
Payment to the Legal Services Corporation	313,000,000	305,000,000	305,500,000	306,400,000	305,500,000	-7,500,000	+500,000	---	-900,000	D
Marine Mammal Commission										
Salaries and expenses	929,000	800,000	900,000	900,000	900,000	-29,000	+100,000	---	---	B
Office of the United States Trade Representative										
Salaries and expenses	13,582,000	11,510,000	13,158,000	13,158,000	13,158,000	-424,000	+1,648,000	---	---	D
Securities and Exchange Commission										
Salaries and expenses	106,382,000	110,974,000	109,767,000	110,355,000	111,100,000	+4,718,000	+126,000	+1,333,000	+745,000	D
Small Business Administration										
Salaries and expenses	206,239,000	227,200,000	205,000,000	204,360,000	208,800,000	+2,561,000	-18,400,000	+3,800,000	+4,440,000	B
(By transfer)	(72,400,000)	---	(80,000,000)	(80,000,000)	(80,000,000)	(+7,600,000)	(+80,000,000)	---	---	D
White House Conference on Small Business	2,000,000	2,700,000	3,000,000	2,700,000	2,700,000	+700,000	---	-300,000	---	B
Business loan and investment fund	511,601,000	61,000,000	201,400,000	149,400,000	167,000,000	-344,601,000	+106,000,000	-34,400,000	+17,600,000	D
Surety bond guarantees revolving fund	8,910,000	10,000,000	7,000,000	7,000,000	7,000,000	-1,910,000	-3,000,000	---	---	D
Total, Small Business Administration	728,750,000	300,900,000	416,400,000	363,460,000	385,500,000	-343,250,000	+84,600,000	-30,900,000	+22,040,000	
State Justice Institute										
Salaries and expenses	---	8,883,000	8,883,000	5,000,000	8,000,000	+8,000,000	-883,000	-883,000	+3,000,000	D
United States Information Agency										
Salaries and expenses	524,477,000	593,457,000	569,672,000	569,000,000	571,000,000	+46,523,000	-22,457,000	+1,328,000	+2,000,000	D
Salaries and expenses (special foreign currency program)	8,000,000	---	---	---	---	-8,000,000	---	- -	---	D
Educational and cultural exchange programs	140,000,000	159,136,000	144,412,000	141,000,000	138,000,000	-2,000,000	-21,136,000	-6,412,000	-3,000,000	D
Acquisition and construction of radio facilities	91,648,000	167,947,000	124,310,000	124,000,000	114,000,000	+22,352,000	-53,947,000	-10,310,000	-10,000,000	D
Radio broadcasting to Cuba	8,500,000	11,432,000	8,500,000	11,500,000	10,700,000	+2,200,000	-732,000	+2,200,000	-800,000	B
Center for Cultural and Technical Interchange Between East and West	19,000,000	19,490,000	19,000,000	21,000,000	20,750,000	+1,750,000	+1,260,000	+1,750,000	-250,000	B
National endowment for democracy 2/	18,500,000	31,300,000	19,300,000	10,000,000	18,000,000	-500,000	-13,300,000	-1,300,000	+8,000,000	B
Total, United States Information Agency	810,125,000	982,762,000	885,194,000	876,500,000	872,450,000	+62,325,000	-110,312,000	-12,744,000	-4,050,000	

2/ FY 1985 amount appropriated under salaries and expenses, but shown here for comparison purposes.

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate
United States Sentencing Commission									
Salaries and expenses	2,350,000	---	---	1,100,000	1,100,000	-1,250,000	+1,100,000	+1,100,000	--- D
Total, title V, new budget (obligational) authority, Related agencies	2,572,253,000	2,339,534,000	2,318,205,000	2,267,099,000	2,286,028,000	-286,225,000	-53,506,000	-32,177,000	+18,929,000
RECAPITULATION									
Grand total:									
New budget (obligational) authority	12,265,253,200	11,675,305,000	11,922,021,000	11,928,160,000	11,919,618,000	-345,635,200	+244,313,000	-2,403,000	-8,542,000
(Limitation on expenses)	(9,068,000)	(8,990,000)	(8,990,000)	(9,120,000)	(9,120,000)	(+52,000)	(+130,000)	(+130,000)	---
(By transfer)	(145,126,000)	(48,000,000)	(118,000,000)	(126,700,000)	(123,700,000)	(-21,426,000)	(+75,700,000)	(+5,700,000)	(-3,000,000)
(Limitation on direct loans)	(6,500,000)	---	(3,500,000)	---	(8,100,000)	(+1,600,000)	(+8,100,000)	(+4,600,000)	(+8,100,000)
(Limitation on guaranteed loans)	(165,000,000)	(900,000,000)	(160,000,000)	(150,000,000)	(156,000,000)	(-9,000,000)	(-744,000,000)	(-4,000,000)	(+6,000,000)
Memoranda:									
(Appropriations to liquidate contract authorizations)	(386,250,000)	(299,500,000)	(299,500,000)	(299,500,000)	(299,500,000)	(-86,750,000)	---	---	---
Total appropriations, including appropriations to liquidate contract authorizations	(12,651,503,200)	(11,974,805,000)	(12,221,521,000)	(12,227,660,000)	(12,219,118,000)	(-432,385,200)	(+244,313,000)	(-2,403,000)	(-8,542,000)
Department of Commerce	2,290,271,000	1,731,566,000	2,119,887,000	2,146,504,000	2,124,834,000	-165,437,000	+393,268,000	+4,947,000	-21,670,000
Department of Justice	3,775,003,000	3,890,428,000	3,895,689,000	3,955,097,000	3,958,845,000	+183,842,000	+68,417,000	+63,156,000	+3,748,000
Department of State	2,589,661,200	2,574,726,000	2,506,440,000	2,493,065,000	2,484,086,000	-105,575,200	-90,640,000	-22,354,000	-8,979,000
The Judiciary	1,038,065,000	1,139,051,000	1,081,800,000	1,066,395,000	1,065,825,000	+27,760,000	-73,226,000	-15,975,000	-570,000
Related Agencies:									
Arms Control and Disarmament Agency	23,602,000	26,243,000	25,614,000	26,100,000	25,850,000	+2,248,000	-393,000	+236,000	-250,000
Board for International Broadcasting	111,251,000	142,149,000	98,000,000	106,822,000	102,700,000	-8,551,000	-39,449,000	+4,700,000	-4,122,000
Christopher Columbus Quincentenary Jubilee Commission	---	220,000	--	---	---	---	-220,000	---	---
Commission on the Bicentennial of the United States Constitution	331,000	775,000	775,000	775,000	775,000	+444,000	---	--	---
Commission on Civil Rights	12,869,000	12,386,000	12,061,000	12,320,000	12,300,000	-569,000	-86,000	+239,000	-20,000
Commission on Security and Cooperation in Europe	625,000	550,000	550,000	550,000	550,000	-75,000	---	---	---
Commission on the Ukraine Famine	400,000	---	---	400,000	400,000	---	+400,000	+400,000	---
Equal Employment Opportunity Commission	163,655,000	163,094,000	165,000,000	163,240,000	165,000,000	+1,345,000	+1,906,000	---	+1,760,000

Comparative Statement of New Budget (Obligational) Authority

	FY 1985 Enacted	FY 1986 Estimates	House	Senate	Conference	Conference compared with Enacted	Conference compared with Estimates	Conference compared with House	Conference compared with Senate
Federal Communications Commission	95,441,000	94,904,000	92,285,000	94,400,000	94,400,000	-1,041,000	-504,000	+2,115,000	---
Federal Maritime Commission	12,292,000	11,940,000	11,606,000	11,873,000	11,870,000	-422,000	-70,000	+264,000	-3,000
Federal Trade Commission	69,572,000	65,626,000	63,900,000	65,500,000	65,500,000	-4,072,000	-126,000	+1,600,000	---
International Trade Commission	25,130,000	28,901,000	28,900,000	28,060,000	28,600,000	+3,470,000	-301,000	-300,000	+540,000
Japan - United States Friendship Commission	1,600,000	1,550,000	---	1,550,000	775,000	-825,000	-775,000	+775,000	-775,000
Legal Services Corporation	313,000,000	305,000,000	305,500,000	306,400,000	305,500,000	-7,500,000	+500,000	---	-900,000
Marine Mammal Commission	929,000	800,000	900,000	900,000	900,000	-29,000	+100,000	---	---
Maritime Administration	80,367,000	70,367,000	79,712,000	78,636,000	79,600,000	-767,000	+9,233,000	-112,000	+964,000
Office of the United States Trade Representative	13,582,000	11,510,000	13,158,000	13,158,000	13,158,000	-424,000	+1,648,000	---	---
Securities and Exchange Commission	106,382,000	110,974,000	109,767,000	110,355,000	111,100,000	+4,718,000	+126,000	+1,333,000	+745,000
Small Business Administration	728,750,000	300,900,000	416,400,000	363,460,000	385,500,000	-343,250,000	+84,600,000	-30,900,000	+22,040,000
State Justice Institute	---	8,883,000	8,883,000	5,000,000	8,000,000	+8,000,000	-883,000	-883,000	+3,000,000
United States Information Agency	810,125,000	982,762,000	885,194,000	876,500,000	872,450,000	+62,325,000	-110,312,000	-12,744,000	-4,050,000
United States Sentencing Commission	2,350,000	---	---	1,100,000	1,100,000	-1,250,000	+1,100,000	+1,100,000	---
Grand total	12,265,253,200	11,675,305,000	11,922,021,000	11,928,160,000	11,919,618,000	-345,635,200	+244,313,000	-2,403,000	-8,542,000

Mr. Speaker, I would be willing to yield to any Member who has any question concerning any particular part of the conference report, and I now reserve the balance of my time.

Mr. O'BRIEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to thank the distinguished gentleman from Iowa, Mr. NEIL SMITH, for his diligence in getting the bill to the floor today. I would like to commend our friends on the committee and our colleagues in the other body, to say nothing about the members of both staffs which contributed much to this bill.

The chairman of the subcommittee has provided a detailed overview of the funding levels in clear figures. What the bill demonstrates is a firm commitment to control spending and reduce the deficit. If we have achieved nothing more than this, surely we can be proud of this accomplishment.

What we have before us represents a prudent and judicious use of available resources balanced against program needs and objectives. Common sense and reason seem to have prevailed not only in our negotiations with the other body but in the compromise we have reached.

We have brought back in disagreement one item which Members will have an opportunity to comment on and express their views. The issue at hand is whether or not various representatives of political parties should be entitled to received funds from the National Endowment for Democracy to perform valuable work in the service and promotion of democracy abroad, particularly in countries without a democratic tradition and where democracy stands the best chance of improving the lives of those yearning for the freedom it gives. We felt it imperative to include the parties and make them eligible for funding as they form pillars of any viable democracy. We hope that Members will agree that the work done to promote democracy is worthy of support and vote to allow the parties to be eligible for funding.

As has already been pointed out, this bill is $1 million below the OMB target for signing, and OMB has signaled its satisfaction with it. The administration had wanted to eliminate the Small Business Administration, the Economic Development Administration, and the National Oceanic and Atmospheric Administration, but because of strong congressional support for these programs, we have continued to fund them.

All in all, we have a good bill here. With that thought in mind and in good faith and conscience, I urge my colleagues to support our chairman and to support this bill.

Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. ROGERS].

(Mr. ROGERS asked and was given permission to review and extend his remarks.)

Mr. ROGERS. Mr. Speaker, I rise in strong support of the conference report, and I wish to commend our chairman, the gentleman from Iowa, Mr. NEIL SMITH, and our ranking member, the gentleman from Illinois, Mr. GEORGE O'BRIEN, as well as all who took part in the conference on both sides in both bodies. I wish to commend this report to the membership of this body.

Many of the programs of importance to many Members of the House, I think, are retained in this conference report at adequate levels. For example, the export promotion program in the Department of Commerce were retained and adequately funded, and I think that is of terrible importance to us at this particular time and in this particular year.

Of particular interest to those who may represent a small-business constituency, we have expanded the break-out procurement program to encourage small-business participation in Government procurement. Those who may be interested in the public telecommunications planning facilities and construction grants will be, I think, pleased to note that this bill contains continued adequate funding for those purposes.

For those who are interested in the juvenile-justice programs around the country—and that is of particular interest to this Member—the bill maintains adequate funding for the continuation of these very important juvenile-justice programs throughout the country. The bill also continues and maintains adequate funding for the Economic Development Administration. For those of us who may represent some of the more distressed areas of the country, that is of particular importance in this bill.

Mr. O'BRIEN. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. SMITH of Iowa. Mr. Speaker, before yielding time to others, I yield myself such time as I may consume in order to say this because I neglected to do so before:

I want to commend the staff and all the members of the subcommittee for their work on this bill on both the majority and the minority sides. We worked together on this bill, and it is truly a subcommittee bill as we bring it to the floor.

Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. TORRES].

Mr. TORRES. Mr. Speaker, I thank the gentleman from Iowa for yielding me this time. I would like to enter into a brief colloquy at this time with the gentleman from Iowa.

I notice that the conferees have included $112 million in this conference report for EDA public works grants. As the gentleman from Iowa knows, there is a proposal to acquire, demolish, and build new infrastructure at the site of the abandoned General Motors plant in the city of South Gate, CA. With EDA funds, this site could be developed into a working industrial park and a commercial park as well providing for over 6,000 permanent jobs. Right now, as my colleague knows, the site is abandoned, and the unemployment rate in the surrounding communities is about 26 percent.

Should this not be the type of project encompassed by the appropriations in this bill?

Mr. SMITH of Iowa. Mr. Speaker, if the gentleman will yield, it is true that this is the type of project that would qualify udner EDA, if the resources were available. We have a total amount of only $112 million for the United States now for these kinds of projects.

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As far as I know, this kind of a project would qualify if resources are available.

I am familiar with this proposal and the impact that it would have in alleviating economic problems.

The bill's intent with regard to EDA is to help to provide a relatively small amount of money where it will generate local activity that brings about more jobs; that is, of course, within the resources that are available on a nationwide basis.

As I said, we only have $112 million nationwide and obviously not all of them can be funded; but I know of no reason why this project would not meet the requirements and the criteria within the resources available.

Mr. TORRES. Mr. Speaker, I thank the chairman for his assurances and I thank the gentleman for giving me this time.

Mr. ALEXANDER. Mr. Speaker, I rise in support of the conference report on H.R. 2695. This agreement was not easily reached. There were some strong disagreements with the other body on some issues. Our subcommittee chairman, Mr. SMITH, and ranking minority member, Mr. O'BRIEN, in cooperation with our subcommittee members, worked very hard to bring back a conference report this House can approve.

This report provides $345.7 million less than was appropriated for the past year. It is below the amounts approved by both the House and the Senate. It is just 2 percent above the President's request.

There is one group of programs funded in this bill that I particularly want to mention. These programs have been generating private sector jobs and resulting in net income to the Federal Treasury for two decades.

I refer, of course, to the economic development assistance programs administered by the Economic Development Administration. There is $175 million in this conference report for these programs. That is less than was provided for in 1985. It is nearly 64 percent less than was provided in 1981. Nevertheless, this is critically important money because it has a single goal, helping generate or save private sector jobs for American working people.

Across this Nation, from Maine to Hawaii and from Alaska to Florida, rising numbers of State and local leaders are focusing top priority efforts toward creating new job opportunities and saving existing jobs in their communities, towns, cities, and States.

Generating private sector job opportunities, saving such jobs for the U.S. workers who hold them, takes a partnership between private enterprise and the public sector. Since EDA began making seed money investments in the future of working Americans it has become the Federal partner in one of the most successful programs of private and public commitment to private sector job generation in the Nation's history.

In the most recent overview and assessment report by the authorizing committee, data gathered showed that for every EDA dollar invested in job producing projects nearly $2 in private investment is leveraged. Furthermore, the committee found that each year U.S. workers holding the jobs generated or saved through EDA's investments pay into the Federal, State, and local treasuries more in taxes than the total investments EDA had made since it began operations.

Other estimates indicated that U.S. workers, during each 18-month period, pay to the Federal Treasury taxes at least equal to EDA's investments. In other words, these economic development assistance programs are money makers for the Federal, State, and local treasuries.

EDA's programs are the workhorses of economic development. Its investments are made in projects chosen and developed at the grassroots level by local government officials and community leaders. These are the people who know best the jobs needs and opportunities of their communities, towns, and cities. Congress recognized that when it insured that the economic development projects decisions be made at the local level.

Earlier this year, during debates on these economic development assistance programs, I cited one of the many examples from First District, Arkansas, which I represent, where EDA's job impact is felt.

That example is the industrial park in Trumann, AR, where EDA made a $576,000 investment. One of the industries located there will bring 400 jobs for Arkansas workers. Their estimated annual earnings will be $3,328,000. The estimated Federal taxes they will pay in 1 year—$655,600—will more than repay EDA's investment.

Trumann is just one of the 19 communities, towns, and cities in First District where EDA investments have brought private sector jobs to U.S. workers through the creation of industrial parks. Such facilities, though, are not the only kinds of investments EDA makes.

In First District, alone, EDA investments have helped bring into being such facilities as river ports at Osceola and West Memphis. Footwear workers have been assisted through investments aiding their employers combat threats from the flood of shoe imports.

Workers in small and mid-sized food processing firms and other product manufacturers in places like Batesville and Jonesboro have been aided through EDA investments helping their employers find export markets for their goods.

In places like Clarendon, Stuttgart, Wheatly, Wynne, Pocahontas, Clinton, and Heber Springs, AR, workers in business and industry have benefited from EDA investments in local public water systems.

Since it began operations, EDA has invested more than $167 million in more than 450 private sector job opportunity generating or saving projects in Arkansas. Direct jobs resulting for Arkansans working in the private sector have exceeded 80,000. The annual payroll income from these jobs is estimated to exceed $646 million. Annual tax payments from these jobs is estimated to be more than $129 million.

The story of EDA and First District is repeated throughout the State of Arkansas, and in State after State across the Nation.

The kinds of businesses and industries where U.S. workers have benefited from EDA investments are numerous and varied. They range from acquaculture to tourism, from cattle feed lots to transportation. And, in between are businesses and/or industries involved in food processing, plastics, furniture, textiles and apparel, electronics, metal fabrication, retail sales, health, and on and on.

EDA investments are the building blocks that put and keep U.S. workers on the payroll and help keep them out of the jobless lines. I am proud to have had a part in seeing that this program continues to work to help American workers earn the paychecks they need to feed, clothe, and house themselves and their families.

Mr. CONYERS. Mr. Speaker, the National Endowment for Democracy [NED] was established to promote democracy around the world, a noble and lofty goal that sounded patriotic and reasonable. But the incestuous nature of its structure raised eyebrows from the very beginning, permitting more than 80 percent of its funds to be distributed to private sector organizations whose leaders sat on NED's board and determined where the money would go. A very pleasant arrangement indeed.

How are these funds used? Last year, in Panama, NED money was discovered being secretly funneled through labor's Latin American affiliate to support the Presidential candidate backed by the Panamanian Army, causing acute embarrassment to the United States and our Ambassador publically demanded that these funds from NED be cut off.

Now it has been revealed that NED has been secretly funding groups in France actively opposing the democratically elected Mitterand Government; $830,000 was given to an anti-Mitterand labor union, the Force Ouvriere, engaged in demonstrations against Mitterand. In addition, $575,000 was given to a student group called Union Nationale Inter-Universitaire, which has been linked to an extreme rightwing terrorist organization, known as Service d'Action Civique, which is now outlawed in France.

The National Endowment for Democracy has become an endowment against democracy; an agency funded by the United States which conducts programs which interfere with or subvert the political processes in other countries.

This new language contained in the conference report on the Commerce, State, and Justice appropriations to restrict the party institutes' involvement in foreign elections does not rule out their general support for favored parties abroad.

While section 501, as amended by Chairman SMITH, now specifically prohibits the expenditures of NED funds to "finance the campaigns of candidates for public office in any country," it does nothing to prevent these funds from being used to support other non-campaign-related partisan political activities such as polling, precinct organizing, public relations, or fundraising.

This language, while looking like a step forward, does little to prevent abuses like those that have already been uncovered. As a result, they are quite likely to continue and NED will continue to be resented by our foreign friends, just as Americans would resent their involvement in our political process. This is an unacceptable attempt to resolve scandalous and illegal conduct.

Mr. SMITH of Iowa. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will designate the first amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 6: Page 3, line 3, after "principal" insert ": *Provided further*, That none of the funds appropriated or otherwise made available under this heading may be used directly or indirectly for attorney's fees in connection with grants and contracts made by the Economic Development Administration.".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment to the Senate numbered 6 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ": *Provided further*, That none of the funds appropriated or otherwise made available under this heading may be used directly or indirectly for attorneys' or consultants' fees in connection with securing grants and contracts made by the Economic Development Administration".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. O'BRIEN].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 9: Page 4, line 14, strike out "$196,472,000" and insert "$192,980,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 9 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment insert the following "$192,000,000".

The motion was agreed to.

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent to consider en bloc the following amendments, which are reported in technical disagreement and on which the managers on the part of the House propose to recede and concur in the Senate amendments:

Senate amendments numbers 10, 16, 18, 19, 27, 47, 49, 55, 66, 73, 85, 109, 133, 137, 140, and 141.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The text of the several amendments is as follows:

Senate amendment No. 10: Page 4, line 14, after "$196,472,000," insert "of which $7,090,000 is for the Office of Textiles and Apparels, including $3,500,000 for a grant to the Tailored Clothing Technology Corporation,".

Senate amendment No. 16: Page 6, line 21, after "pended," insert "of which $600,000 shall be for enhancements to the EROS Data Center in Sioux Falls, South Dakota,".

Senate amendment No. 18: Page 7, line 2, strike out "unobligated" and insert "unexpended".

Senate amendment No. 19: Page 7, line 7, after "$450,000" insert ": *Provided further*, That of the funds appropriated in this paragraph, necessary funds shall be used to fill and maintain a staff of three persons, as National Oceanic and Atmospheric Administration personnel, to work on contracts and purchase orders at the National Data Buoy Center in Bay St. Louis, Mississippi, and report to the Director of the National Data Buoy Center in the same manner and extent that such procurement functions were performed at Bay St. Louis prior to June 26, 1983, except that they may provide procurement assistance to other Department of Commerce activities pursuant to ordinary intgeragency agreements. Where practicable, these positions shall be filled by the employees who performed such functions prior to June 26, 1983.".

Senate amendment No. 27: Page 9, line 15, after "amended" insert ": *Provided further*, That notwithstanding the provisions of section 391 of the Communications Act of 1934, as amended, the prior year unobligated balances may be made available for grants for projects for which applications have been submitted and approved during any fiscal year.".

Senate amendment No. 47: Page 14, after line 15, insert:

INTERAGENCY LAW ENFORCEMENT

PRESIDENTIAL COMMISSION ON ORGANIZED CRIME

For expenses necessary for the Presidential Commission on Organized Crime, $1,000,000.

Senate amendment No. 49: Page 15, line 21, after "services" insert ": *Provided further*, That $13,120,000 shall remain available until expended for constructing and equipping new facilities at the FBI Academy, Quantico, Virginia".

Senate amendment No. 55: Page 17, line 13, after "year" insert ": *Provided further*, That no funds appropriated in this Act may be used to implement Immigration and Naturalization Service reorganization proposals which would have the purpose of or would result in the closing of the Northern Regional Office of the Immigration and Naturalization Service at Fort Snelling, Minnesota".

Senate amendment No. 66: Page 22, after line 2, insert:

SEC. 204. (a) Subject to subsection (b) of this section, authorities contained in Public Law 96-132, "The Department of Justice Appropriation Authorization Act, Fiscal Year 1980", shall remain in effect until the termination date of this Act or until the effective date of a Department of Justice Appropriation Authorization Act, whichever is earlier.

(b)(1) With respect to any undercover investigative operation of the Federal Bureau of Investigation or the Drug Enforcement Administration which is necessary for the detection and prosecution of crimes against the United States or for the collection of foreign intelligence or counterintelligence—

(A) sums authorized to be appropriated for the Federal Bureau of Investigation and for the Drug Enforcement Administration, for fiscal year 1986, may be used for purchasing property, buildings, and other facilities, and for leasing space, within the United States, the District of Columbia, and the territories and possessions of the United States, without regard to section 1341 of title 31 of the United States Code, section 3732(a) of the Revised Statutes (41 U.S.C. 11(a)), section 305 of the Act of June 30, 1949 (63 Stat. 396; 41 U.S.C. 255), the third undesignated paragraph under the heading "Miscellaneous" of the Act of March 3, 1877 (19 Stat. 370; 40 U.S.C. 34), section 3324 of title 31 of the United States Code, section 3741 of the Revised Statutes (41 U.S.C. 22), and subsections (a) and (c) of section 304 of the Federal Property and Administrative Service Act of 1949 (63 Stat. 395; 41 U.S.C. 254 (a) and (c)),

(B) sums authorized to be appropriated for the Federal Bureau of Investigation and for the Drug Enforcement Administration, for fiscal year 1986, may be used to establish or to acquire proprietary corporations or business entities as part of an undercover investigation operation, and to operate such corporations or business entities on a commercial basis, without regard to section 9102 of title 31 of the United States Code,

(C) sums authorized to be appropriated for the Federal Bureau of Investigation and for the Drug Enforcement Administration, for fiscal year 1986, and the proceeds from such undercover operation, may be deposited in banks or other financial institutions, without regard to section 648 of title 18 of the United States Code and section 3302 of title 31 of the United States Code, and

(D) proceeds from such undercover operation may be used to offset necessary and reasonable expenses incurred in such operation, without regard to section 3302 of title 31 of the United States Code,

only, in operations designed to detect and prosecute crimes against the United States, upon the written certification of the Director of the Federal Bureau of Investigation (or, if designated by the Director, a member of the Undercover Operations Review Committee established by the Attorney General in the Attorney General's Guidelines on the Federal Bureau of Investigation Undercover Operations, as in effect on July 1, 1983) or the Administrator of the Drug Enforcement Administration, as the case may be, and the Attorney General (or, with respect to Federal Bureau of Investigation udercover operations, if designated by the Attorney General, a member of such Review Committee), that any action authorized by subparagraph (A), (B), (C), or (D) is necessary for the conduct of such undercover operation. If the undercover operation is designed to collect foreign intelligence or counterintelligence, the certification that any action authorized by subparagraph (A), (B), (C), and (D) is necessary for the conduct of such undercover operation shall be by the Director of the Federal Bureau of Investigation (or if designated by the Director, the Assistant Director, Intelligence Division) and the Attorney General (or, if designated by the Attorney General, the Counsel for Intelligence Policy). Such certification shall continue in effect for the duration of such undercover operation, without regard to fiscal years.

(2) As soon as the proceeds from an undercover investigative operation with respect to which an action is authorized and carried out under subparagraphs (C) and (D) of subsection (a) are no longer necessary for the conduct of such operation, such proceeds or the balance of such proceeds remaining at the time shall be deposited in the Treasury of the United States as miscellaneous receipts.

(3) If a corporation or business entity established or acquired as part of an undercover operation under subparagraph (B) of paragraph (1) with a net value of over $50,000 is to be liquidated, sold, or otherwise disposed of, the Federal Bureau of Investigation or the Drug Enforcement Administration, as much in advance as the Director or the Administrator, or the designee of the Director or the Administrator, determines is practicable, shall report the circumstances to the Attorney General and the Comptroller General. The proceeds of the liquidation, sale, or other disposition, after obligations are met, shall be deposited in the Treasury of the United States as miscellaneous receipts.

(4)(A) The Federal Bureau of Investigation or the Drug Enforcement Administration, as the case may be, shall conduct a detailed financial audit of each undercover investigative operation which is closed in fiscal year 1986,

(i) submit the results of such audit in writing to the Attorney General, and

(ii) not later than 180 days after such undercover operation is closed, submit a report to the Congress concerning such audit.

(B) The Federal Bureau of Investigation and the Drug Enforcement Administration shall each also submit a report annually to the Congress specifying as to their respective undercover investigative operations—

(i) the number, by programs, of undercover investigative operations pending as of the end of the one-year period for which such report is submitted,

(ii) the number, by programs, of undercover investigative operations commenced in the one-year period preceding the period for which such report is submitted, and

(iii) the number, by programs, of undercover investigative operations closed in the one-year period preceding the period for which such report is submitted and, with respect to each such closed undercover operation, the results obtained. With respect to each such closed undercover operation which involves any of the sensitive circumstances specified in the Attorney General's Guidelines on Federal Bureau of Investiga-

tion Undercover Operations, such report shall contain a detailed description of the operation and related matters, including information pertaining to—

(I) the results,

(II) any civil claims, and

(III) identification of such sensitive circumstances involved, that arose at any time during the course of such undercover operation.

(5) For purposes of paragraph (4)—

(A) the term "closed" refers to the earliest point in time at which—

(I) all criminal proceedings (other than appeals) are concluded, or

(II) covert activities are concluded, whichever occurs later,

(B) the term "employees" means employees, as defined in section 2105 of title 5 of the United States Code, of the Federal Bureau of Investigation, and

(C) the terms "undercover investigative operation" and "undercover operation" mean any undercover investigative operation of the Federal Bureau of Investigation or the Drug Enforcement Administration (other than a foreign counterintelligence undercover investigative operation)—

(i) in which—

(I) the gross receipts (excluding interest earned) exceed $50,000, or

(II) expenditures (other than expenditures for salaries of employees) exceed $150,000, and

(ii) which is exempt from section 3302 or 9102 of title 31 of the United States Code,

except that clauses (i) and (ii) shall not apply with respect to the report required under subparagraph (B) of such paragraph.

Senate amendment No. 73: Page 23, line 24, after "expended" insert ": *Provided*, That balances of previous appropriations for "Acquisition, operation, and maintenance of buildings abroad" shall be transferred to and merged with this appropriation.

Senate amendment No. 85: Page 29, after line 5, insert:

SEC. 302. None of the funds appropriated in this title shall be used (1) to pay the United States contribution to any international organization which engages in the direct or indirect promotion of the principle or doctrine of one world government or one world citizenship; (2) for the promotion, direct or indirect, of the principle or doctrine of one world government or one world citizenship.

Senate amendment No. 109: Page 39, line 23, after "$63,900,000" insert ": *Provided*, That the funds appropriated in this paragraph are subject to the limitations and provisions of sections 10(a) and 10(c) (notwithstanding section 10(e)), 11(b), 18, and 20 of the Federal Trade Commission Improvements Act of 1980 (Public Law 96-252; 94 Stat. 374)".

Senate amendment No. 133: Page 46, after line 9, insert:

GENERAL PROVISIONS—UNITED STATES INFORMATION AGENCY

Senate amendment No. 137: Page 46, after line 9, insert:

UNITED STATES SENTENCING COMMISSION

SALARIES AND EXPENSES

For the salaries and expenses necessary to carry out the provisions of chapter 58 of title 28, United States Code, $1,100,000, to remain available until expended.

Senate amendment No. 140: Page 47, strike out line 15, insert:

SEC. 606. (a) None of the funds provided under this Act shall be available for obligation or expenditure through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or activity; (3) increases funds or personnel by any means for any project or activity for which funds have been denied or restricted; (4) relocates an office or employees; (5) reorganizes offices, programs, or activities; or (6) contracts out any functions or activities presently performed by Federal employees; unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprogramming of funds.

(b) None of the funds provided under this Act shall be available for obligation or expenditure for activities, programs, or projects through a reprogramming of funds in excess of $250,000 or 10 per centum, whichever is less, that: (1) augments existing programs, projects, or activities; (2) reduces by 10 per centum funding for any existing program, project, or activity, or numbers of personnel by 10 per centum as approved by Congress; or (3) results from any general savings from a reduction in personnel which would result in a change in existing programs, activities, or projects as approved by Congress, unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprogramming of funds.

Senate amendment No. 141: Page 47, after line 15, insert:

SEC. 607. None of the funds appropriated by the Act to the Legal Services Corporation may be used by the Corporation or any recipient to participate in any litigation with respect to abortion. Except where the life of mother would be endangered if the fetus were carried to term.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendments of the Senate numbered 10, 16, 18, 19, 27, 47, 49, 55, 66, 73, 85, 109, 133, 137, 140, and 141, and concur therein.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 11: Page 4, line 18, strike out all after "activities." down to and including "principal." in line 23.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 11 and concur therein with an amendment, as follows: In lieu of the matter stricken by said amendment, insert the following:

During fiscal year 1986 and within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $8,100,000. During fiscal year 1986, commitments to guarantee loans shall not exceed $6,000,000 of contingent liability for loan principal.

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 20: Page 7, line 7, after "$450,000," insert "In addition, $3,000,000 for payments under section 4(b) of the Commercial Fisheries Research and Development Act of 1964 for commercial fisheries failures and disruptions to be derived by transfer from the "Disaster loan fund, Small Business Administration".".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 20 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

In addition, $3,000,000 shall be for payments under section 4(b) of the Commercial Fisheries Research and Development Act of 1964 for commercial fisheries failures and disruptions.

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 21: Page 8, line 1, strike out "$1,800,000," and insert "$4,200,000, of which $2,400,000 is to be derived from the general fund of the Treasury and of which $1,800,000 is".

MOTION OFFERD BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 21 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$3,000,000, of which $1,200,000 is to be derived from the general fund of the Treasury and of which $1,800,000 is.".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

Mr. SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. CONYERS. Mr. Speaker, reserving the right to object, may I ask the distinguished chairman where number 134 is at this point?

Mr. SMITH of Iowa. Mr. Speaker, if the gentleman will yield, it will come a little later. We are going through them one by one.

Mr. CONYERS. Mr. Speaker, I withdraw my reservation of objection.

Mr. SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 23: Page 8, line 15, strike out "$84,739,000" and insert "$88,535,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 23 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert the following: "$84,700,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 29: Page 10, after line 12, insert:

SEC. 105. None of the funds made available in this or any other Act shall be obligated or expended to plan to relocate, or to relocate the National Marine Fisheries Service's Sandy Hook Laboratory, or any of its activities or programs, out of New Jersey.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 29 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

SEC. 104. None of the funds made available in this or any prior Act shall be obligated or expended to relocate the National Marine Fisheries Service's Sandy Hook Laboratory, or any of its activities or programs, out of New Jersey. Notwithstanding the previous sentence, the Secretary of Commerce shall submit a report to the Appropriations Committees of both Houses of Congress by February 1, 1986, evaluating options for restoring or replacing that portion of the Sandy Hook Laboratory destroyed by fire: *Provided*, That any proposed relocation or replacement of the Laboratory pursuant to said report shall be subject to the reprogramming procedures in section 606 of this Act.

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 30: Page 10, line 19, strike out "$72,533,000" and insert "$72,710,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 30 and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "$70,800,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 38: Page 12, after line 14, insert:

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS AND TRUSTEES

For necessary expenses of the Offices of the United States attorneys and bankruptcy trustees, $335,000,000: Provided, That not less than $450,000 shall be used for the investigation and prosecution of individuals indicted for violations of obsecenity statutes.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 38 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS AND TRUSTEES

For necessary expenses of the Offices of the United States attorneys and bankruptcy trustees, $332,000,000.

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 39: Page 12, after line 14, insert:

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For necessary expenses of the United States Marshals Service; including acquisition, lease, maintenance, and operation of vehicles and aircraft, $149,000,000.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 39 and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "$150,000,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 44: Page 13, line 16, after "safesites" insert : *Provided*, That restitution of not to exceed $25,000 shall be paid to the estate of victims killed as a result of crimes committed by persons who have been enrolled in the Federal witness protection program, if such crimes were committed within two years after protection was terminated, notwithstanding any limitations contained in part (a) of section 3525 of title 18 of the United States Code.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 44 and concur therein with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert the following: "*Provided*, That restitution of not to exceed $25,000 shall be paid to the estate of victims killed before October 12, 1984 as a result of crimes committed by persons who have been enrolled in the Federal witness protection program, if such crimes were committed within two years after protection was terminated, notwithstanding any limitations contained in part (a) of section 3525 of title 18 of the United States Code".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 50: Page 15, line 23, after "expenses" insert ": *Provided further*, That of the funds appropriated by this section, not less than $1,000,000 shall be spent for the purpose of countering the interception of domestic American telecommunications by agents of the Soviet Union and its allies, from foreign missions maintained in the United States by those governments: *Provided further*, That by June 1, 1986, the Director of the FBI shall submit to the appropriate committees of the Congress a report on the FBI's capabilities and efforts to counter the electronic interception of American telecommunications by foreign agents".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate Numbered 50 and concur therein with an amendment, as follows:

In lieu of the matter proposed in said amendment, insert the following: ": *Provided further*, That by June 1, 1986, the Director of the FBI shall submit to the appropriate committees of the Congress a report on the FBI's capabilities and efforts to counter the electronic interception of American telecommunications by foreign agents".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considerd as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 56: Page 17, line 21, strike out "$550,334,000" and insert "$554,360,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 56 and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "$556,900,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 57: Page 18, line 7, strike out "$12,226,000" and insert "$12,000,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 57 and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "$11,000,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 58: Page 18, line 18, after "$46,063,000," insert "of which $7,100,000 shall be used to renovate or construct a facility to be used as a maximum security penitentiary for the incarceration of illegal alien felons".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 58 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: "and from this amount and any unobligated balances of previous appropriations for "Buildings and Facilities", not to exceed a total of $7,100,000 shall be available to renovate or construct a facility for the incarceration of illegal alien felons, in accordance with the standards and procedures of the Federal Bureau of Prisons,".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 61: Page 20, line 8, strike out "$135,197,000" and insert "$130,000,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 61 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "$128,700,000 and of the unobligated funds previously appropriated for the Juvenile Justice and Delinquency Prevention Act, other than funds subject to provisions of section 222(b), 223(d), and 228(e) of title II of such Act, $9,300,000 shall be made available for programs authorized under Parts D and E of the Justice Assistance Act of 1984, all funds appropriated herein".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 78: Page 25, line 24, strike out "$6,839,000" and insert "$6,039,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 78 and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "$6,000,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 79: Page 26, line 18, strike out "$11,392,000" and insert "$11,340,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 79 and concur therein with an amendment, as follows: In lieu of the sum in said amendment, insert "$11,300,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 92: Page 32, line 8, strike out "$64,000,000" and insert "$61,830,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 92 and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "$61,800,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 100: Page 37, line 7, strike out "$25,614,000" and insert "26,100,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 100 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment insert the following: "$25,850,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 103: Page 38, after line 8, insert:

COMMISSION ON THE UKRAINE FAMINE

For necessary expenses for the Commission on the Ukraine Famine, as provided for in section 136 of Public Law 98-473, $400,000, to remain available until expended.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 103 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

COMMISSION ON THE UKRAINE FAMINE

For necessary expenses of the Commission on the Ukraine Famine to carry out the provisions of S. 2456 (98th Congress) as passed the Senate on September 21, 1984, $400,000, to remain available until expended, and the Commission on the Ukraine Famine as contained in S. 2456, is hereby established, with modifications as follows:

ESTABLISHMENT

SECTION 1. There is established a commission to be known as the "Commission on the Ukraine Famine" (in this Act referred to as the "Commission").

PURPOSE OF THE COMMISSION

SEC. 2. The purpose of the Commission is to conduct a study of the 1932-1933 Ukraine famine in order to—

(1) expand the world's knowledge of the famine; and

(2) provide the American public with a better understanding of the Soviet system by revealing the Soviet role in the Ukraine famine.

DUTIES OF THE COMMISSION

SEC. 3. The duties of the Commission are to—

(1) conduct a study of the 1932-1933 Ukraine famine (in this Act referred to as the "famine study"), in accordance with section 6 of this Act, in which the Commission shall—

(A) gather all available information about the 1932-1933 famine in Ukraine;

(B) analyze the causes of such famine and the effects it has had on the Ukrainian nation and other countries; and

(C) study and analyze the reaction by the free countries of the world to such famine; and

(2) submit to Congress for publication a final report on the results of the famine study no later than two years after the organizational meeting of the Commission held under section 6(a) of this Act.

MEMBERSHIP

SEC. 4. (a) The Commission shall be composed of fifteen members, who shall be appointed within thirty days after the date of enactment of this Act, as follows:

(1) Four members shall be Members of the House of Representatives and shall be appointed by the Speaker of the House of Representatives. Two such members shall be selected from the majority party of the House of Representatives and two such members shall be selected, after consultation with the minority leader of the House, from the minority party of the House of Representatives. The Speaker also shall designate one of the House Members as Chairman of the Commission.

(2) Two members shall be Members of the Senate and shall be appointed by the President pro tempore of the Senate. One such member shall be selected from the majority party of the Senate and one such member shall be selected, after consultation with the minority leader of the Senate, from the minority party of the Senate.

(3) One member shall be from among officers and employees of each of the Departments of State, Education, and Health and Human Services and shall be appointed by the President, after consultation with the Secretaries of the respective departments.

(4) Six members shall be from the Ukrainian-American community at large and Ukrainian-American chartered human rights groups and shall be appointed by the Chairman of the Commission in consultation with congressional members of the Commission, the Ukrainian-American community at large, and executive boards of Ukrainian-American chartered human rights groups.

(b) The term of office of each member shall be for the life of the Commission.

(c) Each member of the Commission who is not otherwise employed by the United States Government shall be paid from the sum appropriated to carry out this Act, the daily equivalent of the rate of basic pay payable for GS-18 of the General Schedule for each day, including travel time, during which he or she is attending meetings or hearings of the Commission or otherwise performing Commission related duties as requested by the Chairman of the Commission. A member of the Commission who is an officer or employee of the United States Government or a Member of Congress shall serve without additional compensation. Each member of the Commission shall be reimbursed for travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

ADMINISTRATIVE PROVISIONS

SEC. 5 (a) Not later than thirty days after all members have been appointed to the Commission, the Commission shall hold an organizational meeting to establish the rules and procedures under which it will carry out its responsibilities.

(b) The Commission shall hire experts and consultants in accordance with section 3109 of title 5, United States Code from the academic community to assist in carrying out the famine study. Such experts and consultants shall be chosen by a majority vote of the Commission members on the basis of their academic background and their experience relevant to research on the Ukraine famine. No person shall be otherwise employed by the Federal Government while serving as an expert or consultant to the Commission.

(c) The Commission shall have a staff director, who shall be appointed by the Chairman.

POWERS OF THE COMMISSION

SEC. 6. (a) The Commission or any member it authorizes may, for the purpose of carrying out this Act, hold such hearings, sit and act at such times and places, request such attendance, take such testimony, and

receive such evidence as the Commission considers appropriate. The Commission or any such member may administer oaths or affirmations to witnesses appearing before it.

(b)(1) The Commission may issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter under investigation by the Commission. Such attendance of witnesses and the production of such evidence may be required from any place within the United States at any designated place of hearing within the United States.

(2) The subpenas of the Commission may be issued by the Chairman of the Commission or any member designated by him and may be served by any person designated by the Chairman or such member. The subpenas of the Commission shall be served in the same manner provided for subpenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(3) If a person issued a subpena under paragraph (1) refuses to obey such subpena, any court of the United States within the judicial district within which the hearing is conducted or within the judicial district within which such person is found or resides or transacts business may (upon application by the Commission) order such person to appear before the Commission to produce evidence or to give testimony relating to the matter under investigation. Any failure to obey such order of the court may be punished as a contempt of the court.

(4) All process of any court to which application may be made under this section may be served in the judicial district in which the person required to be served resides or may be found.

(c) The Commission may obtain from any department or agency of the United States information that it considers useful in the discharge of its duties. Upon request of the Chairman, the head of such department or agency shall furnish such information to the Commission to the extent permitted by law.

(d) The Commission may appoint and fix the pay of such personnel as it considers appropriate. Such personnel may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter 53 of such title, relating to classification and General Schedule pay rates. No individual so appointed may receive pay in excess of the maximum annual rate of pay payable for GS-18 of the General Schedule under section 5332 of title 5, United States Code.

(e) The Commission may solicit, accept, use, and dispose of donations of money, property, or services.

(f) The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(g) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(h) The Commission may procure by contract any supplies, services, and property, including the conduct of research and the preparation of reports by Government agencies and private firms, necessary to discharge the duties of the Commission, in accordance with applicable laws and regulations and to the extent or in such amounts as are provided in appropriation Acts.

TERMINATION

SEC. 7. The Commission shall terminate sixty days after the report of the Commission is submitted to Congress under section 4(4) of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 8. There is authorized to be appropriated the sum of $400,000, to remain available until expended, to carry out this Act.

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 111: Page 40, line 7, insert:

JAPAN-UNITED STATES FRIENDSHIP COMMISSION

JAPAN-UNITED STATES FRIENDSHIP TRUST FUND

For expenses of the Japan-United States Friendship Commission as authorized by Public Law 94-118, as amended, from the interest earned on the Japan-United States Friendship Trust Fund, $1,550,000 to remain available until expended; and an amount of Japanese currency not to exceed the equivalent of $1,200,000 based on exchange rates at the time of payment of such amounts, to remain available until expended: *Provided*, That not to exceed a total of $2,500 of such amounts shall be available for official reception and representation expenses.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 111 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

JAPAN-UNITED STATES FRIENDSHIP COMMISSION

JAPAN-UNITED STATES FRIENDSHIP TRUST FUND

For expenses of the Japan-United States Friendship Commission as authorized by Public Law 94-118, as amended, from the interest earned on the Japan-United States Friendship Trust Fund, $775,000 to remain available until expended; and an amount of Japanese currency not to exceed the equivalent of $1,200,000 based on exchange rates at the time of payment of such amounts, to remain available until expended: *Provided*, That not to exceed a total of $2,500 of such amounts shall be available for official reception and representation expenses.

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 114: Page 41, line 20, strike out "$109,767,000" and insert "$110,355,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. Smith of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 114 and concur therein with an amendment, as follows: In lieu of the sum stricken and proposed by said amendment insert the following: "$111,100,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 118: Page 43, line 3, strike out "$80,400,000" and insert "$73,400,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 118 and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "$66,000,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 121: Page 43, line 17, after "$8,883,000" insert ", of which not to exceed $550,000 shall be available for administration".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 121 and concur therein with an amendment, as fol-

lows: In lieu of the sum named in said amendment insert "$715,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 122: Page 44, line 11, strike out "$569,672,000" and insert "$569,000,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 122 and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "$571,000,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 123: Page 44, line 11, after $569,672,000" insert ", of which not to exceed $1,200,000 in addition to the base shall be available only for the worldwide book program initiative notwithstanding section 205 of Public Law 99-93".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 123 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ", none of which shall be restricted from use for the purposes appropriated herein".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 127: Page 45, line 3, after "Programs" insert ", $12,984,000, of which $1,500,000, to remain available until expended, is for the Eisenhower Exchange Fellowship Program".

MOTION OFFERED BY MR SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 127 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert: ", $9,894,000, of which $1,500,000, to remain available until expended, is for the Eisenhower Exchange Fellowship Program".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 128: Page 45, line 9, strike out "$124,310,000" and insert "$124,000,000".

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 128 and concur therein with an amendment, as follows: In Lieu of the sum proposed in said amendment, insert "$114,000,000".

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 134: Page 46, after line 9, insert:

SEC. 501. None of the funds provided in this Act for the United States Information Agency shall be awarded to the National Democratic Institute for International Affairs, the National Republican Institute for International Affairs, or any other organization connected in any manner with any political party operating in the United States.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 134 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

SEC. 501. None of the funds provided in this Act for the United States Information Agency shall be awarded to the National Democratic Institute for International Affairs, the National Republican Institute for International Affairs, or any other organization connected in any manner with any political party operating in the United States, unless said Institutes agree that such funds received from the National Endowment for Democracy shall not be expended to finance the campaigns of candidates for public office in any country; shall not be used to finance activities of the Republican National Committee or the Democratic National Committee; shall not be used for partisan activities on behalf of either the Republican National Committee or the Democratic National Committee or on behalf of any candidate for public office; and agree that no officer or employee of the Republican or Democratic National Committees may serve as an officer or member of the Board of Directors of either Institute.

The SPEAKER pro tempore. Does the gentleman from Iowa wish time on this amendment?

Mr. SMITH of Iowa. Yes, Mr. Speaker, I do.

The SPEAKER pro tempore. The gentleman from Iowa [Mr. SMITH] is recognized for 30 minutes.

Mr. SMITH of Iowa. All I have to say, Mr. Speaker, is that I think the amendment is self-explanatory. I hve nothing further to say.

Mr. O'BRIEN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Iowa. Yes, I yield to the gentleman from Illinois.

Mr. O'BRIEN. Mr. Speaker, if the chairman would enlighten me, it is my impression that this amendment tracks precisely the disposition of this matter as it was handled in the authorizing committee, with the exception of the additional reference at the end indicating that no officer or employee of the Republican or Democratic National Committees may serve as an officer or member of the board of directors of either institute. Is that correct?

Mr. SMITH of Iowa. That is correct. It tracks the authorizing legislation, with an additional limitation.

Mr. O'BRIEN. So it is congruent with the constraints laid on by the authorizing committee?

Mr. SMITH of Iowa. That is right, all the constraints, plus the additional one that is there.

Mr. O'BRIEN. Mr. Speaker, I thank the gentleman.

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The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the last amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 138: Page 47, line 11, after "Senate" insert ": *Provided further*, it is the sense of the Congress that—

(1) the antitrust enforcement policy guidelines stated in 'Vertical Restraints Guidelines', published by the Department of Justice on January 23, 1985—

(A) are not an accurate expression of the Federal antitrust laws or of congressional intent with regard to the application of such laws to resale price maintenance and other vertical restraints of trade;

(B) should not be accorded any force of law or be treated by the courts of the United States as binding or persuasive; and

(C) should be recalled by the Attorney General for review and should not be reissued before providing fair procedures for public participation in the formulation of such policy guidelines, including public notice and hearings;

(2) any antitrust enforcement policy guidelines formulated or adopted by the Department of Justice—

(A) cannot and do not have the force of law; and

(B) cannot modify or supersede the antitrust laws, regardless of the fact that public participation may be permitted in the formulation or adoption of such policy guidelines.

MOTION OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. SMITH of Iowa moves that the House recede from its disagreement to the amendment of the Senate numbered 138 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ": *Provided further*, That whereas on January 23, 1985, the Department of Justice published a document entitled "Vertical Restraints Guidelines", for the stated purpose of explaining Federal policy for enforcing the Sherman Act and the Clayton Act with respect to nonprice vertical restraints of trade;

Whereas such policy guidelines extend beyond the matter of nonprice vertical restraints of trade and propose the avoidance of the per se rule of illegality applied by the Supreme Court in 1911 in Dr. Miles Medical Company against John D. Park and Sons Company (220 U.S. 373) to price-related restraints of trade and subsequently applied by the Supreme Court and endorsed by the Congress on many occasions;

Whereas such policy guidelines are inconsistent with established antitrust law, as reflected in Supreme Court decisions and statements of congressional intent, in maintaining that such policy guidelines do not treat vertical price fixing when, in fact, some provisions of such policy guidelines suggest that certain price fixing conspiracies are legal if such conspiracies are "limited" to restricting intrabrand competition; by blurring the distinction between price and nonprice restraints in analyzing a distribution program containing both types of restraints, thereby qualifying the accepted rule that vertical price fixing in any context is illegal per se; in stating that vertical restraints that have an impact upon prices are subject to the per se rule of illegality only if there is an "explicit agreement as to the specific prices"; in stating that restraints imposed by a manufacturer at the request of dealers are vertical in nature and therefore not subject to the per se rule of illegality; in aggregating the factors of collusion and foreclosure, thereby failing to distinguish adequately between the separate antitrust concerns associated with vertical territorial restraints and with exclusive dealing practices; in stating that less than absolute territorial restraints are "always legal"; and in arbitrarily specifying a 30 per centum minimum market share in the tying product for assessing the legality of tying arrangements;

Whereas such policy guidelines state that the Department of Justice may refuse to attribute to corporations the illegal conduct of their low-level employee acting within the scope of the authority conferred upon such employees by such corporations, contrary to the common law of corporate responsibility and agency in the antitrust context;

Whereas the general business community would be at risk if it accepted and relied upon such policy guidelines as an accurate statement of existing federal antitrust laws in the area of vertical restraints of trade;

Whereas such policy guidelines relate to an area in which the Department of Justice has brought no enforcement actions in more than four years and may have been published, in part, as an attempt to influence the courts of the United States to pursue a very narrow and limited vertical restraint analysis in deciding private enforcement antitrust cases;

Whereas previous antitrust enforcement policy guidelines issued by the Department of Justice have been substantially based on existing jurisprudence and congressional intent, and therefore have been given considerable weight by the courts of the United States in evaluating the facts in antitrust litigation; and

Whereas the "Vertical Restraints Guidelines" may affect the development of antitrust law to the detriment of competitive pricing of branded goods and services by direct or mail order retailers: Now, therefore, be it

Resolved, That it is the sense of the Congress that the antitrust enforcement policy guidelines stated in "Vertial Restraints Guidelines", published by the Department of Justice on January 23, 1985—

(1) are not an accurate expression of the Federal antitrust laws or of congressional intent with regard to the application of such laws to resale price maintenance and other vertical restraints of trade;

(2) shall not be accorded any force of law or be treated by the courts of the United States as binding or persuasive; and

(3) should be recalled by the Attorney General

Mr. O'BRIEN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa [Mr. SMITH].

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

SUPERFUND AMENDMENTS OF 1985

The SPEAKER pro tempore. Pursuant to House Resolution 331 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2817.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2817) to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and for other purposes, with Mr. HOYER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Michigan [Mr. DINGELL] will be recognized for 30 minutes, the gentleman from New York [Mr. LENT] will be recognized for 30 minutes, the gentleman from New Jersey [Mr. HOWARD] will be recognized for 30 minutes, the gentleman from Kentucky [Mr. SNYDER] will be recognized for 30 minutes, the gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 30 minutes, the gentleman from Tennessee [Mr. DUNCAN] will be recognized for 30 minutes, the gentleman from Kansas [Mr. GLICKMAN] will be recognized for 15 minutes, the gentleman from Ohio [Mr. KINDNESS] will be recognized for 15 minutes, the gentleman from North Carolina [Mr. JONES] will be recognized for 15 minutes, and the gentleman from New York [Mr. LENT] again will be recognized for 15 minutes.

The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I yield myself such time as I may consume.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Chairman, H.R. 2817 amends the Comprehensive Enviromental Response Compensation and Liability Act [CERCLA] or as we refer to it, the Superfund bill. This bill will provide $10 billion in additonal funding over the next 5 years to clean up the Nation's worst abandoned hazardous waste sites and uncontrolled leaking underground storage tanks.

Superfund is one of this Nation's most important environmental programs designed to protect human health and the environment. It is also the most beleaguered program the Environmental Protection Agency [EPA] administers. When enacted, H.R 2817 will give EPA the flexibility to revitalize the Superfund Program, ensure cleanup of abandoned hazardous waste sites, and protect communities now exposed to the dangerous and toxic chemicals that have been dumped at those sites.

Before I continue my general discussion of the legislation itself, there are a few specific matters which I would like to address.

No change has been made in the standard of liability that applies under CERCLA. As under section 311 of the Federal Water Pollution Control Act, 33 U.S.C. 1321, liability under CERCLA is strict, that is,

without regard to fault or willfulness. Where appropriate, liability under CERCLA is also joint and several, as a matter of Federal common law.

Explicit mention of joint and several liability was deleted from CERCLA in 1980 to allow courts to establish the scope of liability through a case-by-case application of "traditional and evolving principles of common law" and preexisting statutory law. The courts have made substantial progress in doing so.

The uniform Federal rule on joint and several liability established in the case of *United States* v. *Chem-Dyne Corporation*, 572 F. Supp. 802 (S.D. Ohio 1983), is correct and should be followed. It is unnecessary and would be undersirable for Congress to modify this uniform rule. Thus, nothing in this legislation is intended to change the application of the uniform Federal rule of joint and several liability enunciated by the Chem-Dyne court.

The Environmental Protection Agency Administrator in testimony on this legislation described aggressive enforcement of the law, including the use of strict, joint and several liability, as the very heart of EPA's success in promoting private party cleanups. While Superfund's liability provisions may be considered extraordinary, the hazardous waste problem in this country is also extraordinary. Estimates of the number of hazardous waste sites in this country to be cleaned up range well over 20,000. During the next 5 years, EPA plans to begin cleanup work at approximately 1,000 national priority sites. According to EPA's Administrator, it is only through the effective use of strict, joint and several liability that EPA will be able to achieve a significant level or private party involvement in our priority cleanup program.

Further, the settlement provisions in this legislation should greatly encourage and facilitate the cleanup of hazardous waste sites by responsible parties pursuant to negotiated settlements with the Environmental Protection Agency. However, the emphasis in the legislation on settlement should not be construed to mean that EPA should settle under all circumstances. The settlement provisions are not intended to replace or weaken, in any fashion, government enforcement efforts under CERCLA.

They simply complement the enforcement approach, leading to a Superfund Program that is balanced between fund-financed cleanups, negotiated voluntary private party cleanups, and litigation where necessary.

The legislation encourages the Administrator to enter into agreements with potentially responsible parties, but only where it is in the public interest to do so. In this respect, the legislation endorses the EPA settlement policy, which gives the Administrator the discretion he needs to ensure that all settlements are in the public interest. There is no intent to codify the entire EPA settlement policy, however, since the terms needed in particular settlement agreements will vary from case to case and the Administrator may include in each agreement, whenever terms are needed, to ensure that CERCLA goals are met.

Further, the legislation provides procedures for making information available to potentially responsible parties and also establishes discretionary special procedures that the Administrator can choose to use if he thinks they will expedite settlement.

The committee did not include in its substitute for H.R. 2817, as reported by the Energy and Commerce Committee, the amendment to section 107 included in the Energy and Commerce bill that expressly authorized recovery of pre-CERCLA, post-RCRA government response costs. The committee did not include such a provision in its bill because, as with the standard of liability under CERCLA, the courts are currently adequately addressing this issue under CERCLA as enacted in 1980. In addition to recovery under section 107 of CERCLA, the United States may also recover under an equitable restitution theory the response costs it has incurred pursuant to the Solid Waste Disposal Act.

I will now return to my more general comments on the very important legislation we are considering today.

Superfund was passed in 1980 to address what many then believed was a relatively limited problem. The EPA was instructed to find 400 hazardous waste sites. Most people believed that cleaning up a site was relatively inexpensive and involved removing a few containers or scraping only a few inches of soil off the ground. EPA was given $1.6 billion to do the job.

Today, 5 years later, our understanding of the problem posed by abandoned hazardous chemicals is entirely different. The Office of Technology Assessment now estimates there may be as many as 10,000 Superfund sites across the Nation, or an average of 23 sites per congressional district. These sites range from industrial plants to river beds to city dumps where small businesses and households have disposed of solvents, paints and cleaning fluids. We now understand that a cleanup frequently goes far beyond simple removal of barrels. It often involves years of pumping contaminated water from aquifers. The total cost of completing the Superfund Program is estimated to be as much as $100 billion. The total time will be decades.

The resources given to EPA in 1980 were simply inadequate to fulfill the promises that were made to the American people that we would clean up the abandoned hazardous wastes in this country. The sense of urgency about cleaning up each individual site was overwhelmed by the inadequacy of the law and the Agency's funding.

To compound the problem, the program was initially victimized by mismanagement and policies that limited expenditures for site cleanups, in part in an effort to dissuade Congress from extending the funding for the program beyond its scheduled expiration date of October 1, 1985.

As a result of the intensive investigation of the Superfund Program by the Energy and Commerce Committee's Subcommittee on Oversight and Investigations in 1982 and 1983, more than 20 top-level officials, including the Administrator of EPA, resigned or were fired from their jobs. One was convicted of perjury and sent to prison.

Understandably, this gross mismanagement of the program, together with the problems created by limited resources that made fulfillment of our promises to the Nation impossible, have created mistrust in the public and in Congress.

The current reauthorization, coming when it does, forces us to face a very fundamental policy question: How do we ensure the provision of adequate resources in the future while making certain that past mismanagement problems are not repeated?

As reported from the Committee on Energy and Commerce, H.R. 2817 focused on ways to ensure rapid and thorough cleanup of abandoned hazardous waste sites rather than on past mistakes. It was the intent of the committee to facilitate cleanups of hazardous substances by the responsible parties while assuring a strong EPA oversight role with a set of tough legal enforcement standards. Equally important was our committee's determination to involve the communities situated around Superfund sites.

But H.R. 2817 was jointly referred to three committees when it was first introduced. The Committees on Energy and Commerce, Ways and Means, and Public Works and Transportation. When the Committee on Energy and Commerce reported the bill on August 1, 1985, the bill was sequentially referred to the Committees on the Judiciary and Merchant Marine and Fisheries. The Committee on Ways and Means reported the bill on October 28 with the Committees on the Judiciary and Merchant Marine and Fisheries reporting on October 31. The Committee on Public Works and Transportation ordered the bill reported on October 10 and filed its report on November 12, 1985. And, Mr. Chairman, as you well know, other committees took a slightly different approach to achieving the cleanup of hazardous wastes sites than that taken by Energy and Commerce.

During the past several weeks, members and staff of the various committees have been meeting almost continuously to develop a consensus bill. The urgent need for this legislation was the driving force that kept our negotiations going. The funding authority for Superfund expired on September 30. This legislation was desperately needed, and we did not dare delay further. Our negotiations had their ups and downs, but they succeeded. The result is a comprehensive compromise which, I trust, will be approved by an overwhelming majority of our colleagues.

By achieving a compromise on the basic provisions, we have shortened the amount of time that will be needed for floor consideration, thus allowing such consideration to occur prior to the Christmas recess. Moreover, the expedited conference procedure will allow Members of both bodies to begin work on the Superfund issue over the holidays.

I believe that most of us in this House want a strong Superfund bill. I have certainly supported strong Superfund legislation over the years, and so have the overwhelming majority of the members of my committee. The Committee on Energy and Commerce has been the lead committee on this matter, starting with Superfund's initial passage in 1980 and again in 1984. And this year, my committee has put aside