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H.R.1424 - A bill to provide authority for the Federal Government to purchase and insure certain types of troubled assets for the purposes of providing stability to and preventing disruption in the economy and financial system and protecting taxpayers, to amend the Internal Revenue Code of 1986 to provide incentives for energy production and conservation, to extend certain expiring provisions, to provide individual income tax relief, and for other purposes.

110th Congress (2007-2008)

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Sponsor: [Rep. Kennedy, Patrick J. \[D-RI-1\]](#) (Introduced 03/09/2007)

Committees: House - Energy and Commerce; Education and Labor; Ways and Means

Committee Reports: [House Report 110-374.Part 2](#); [House Report 110-374.Part 3](#)

Latest Action: 10/03/2008 Became Public Law No: 110-343. ([TXT](#) | [PDF](#)) ([All Actions](#))

Major Recorded Votes: 10/03/2008 : [Resolving Differences](#); 10/01/2008 : [Passed Senate](#); 03/05/2008 : [Passed House](#)

Notes: Emergency Economic Stabilization Act of 2008. [H.R.1424](#) is the vehicle for the economic rescue legislation. Division A is the Emergency Economic Stabilization Act of 2008; Division B is the Energy Improvement and Extension Act of 2008; and Division C is the Tax Extenders and Alternative Minimum Tax Relief Act of 2008.

Tracker:



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Go to:

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Summary: H.R.1424 — 110th Congress (2007-2008)

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Public Law No: 110-343 (10/03/2008)

(This measure has not been amended since it was passed by the Senate on October 1, 2008. The summary of that version is repeated here.)

Division A: Emergency Economic Stabilization - Emergency Economic Stabilization Act of 2008 - **Title I: Troubled Assets Relief Program** - (Sec. 101) Authorizes the Secretary of the Treasury (Secretary) to establish the Troubled Asset Relief Program (TARP) to purchase troubled assets from any financial institution, in accordance with terms, conditions, policies, and procedures the Secretary develops.

Directs the Secretary to establish within the Office of Domestic Finance of the Department of the Treasury an Office of Financial Stability, through which TARP shall be implemented.

Authorizes the Secretary to: (1) designate financial institutions as financial agents of the federal government; and (2) establish vehicles to purchase, hold, and sell troubled assets and issue obligations.

Directs the Secretary to prevent unjust enrichment of participating financial institutions, including any sale of a troubled asset (with certain exceptions) to the Secretary at a price higher than what the seller paid to purchase the asset. Exempts from this requirement any troubled assets acquired in a merger or acquisition, or a purchase of assets from a financial institution that is either under conservatorship or receivership, or that has initiated bankruptcy proceedings.

(Sec. 102) Requires the Secretary, if TARP is established, to establish also a program to guarantee troubled assets originated or issued before March 14, 2008, including mortgage-backed securities.

Establishes the Troubled Assets Insurance Financing Fund for deposit of premiums collected from participating financial institutions in order to fund such guarantee program.

(Sec. 104) Establishes the Financial Stability Oversight Board to review and report to Congress on the authorities created under this Act and their effect in assisting American families in preserving home ownership, stabilizing financial markets, and protecting taxpayers.

(Sec. 105) Requires the Secretary to report periodically to Congress regarding: (1) transactions (tranche reports); (2) purchases; (3) liabilities; and (4) the status of regulatory oversight over financial markets.

(Sec. 106) Authorizes the Secretary to enter into financial transactions regarding any troubled asset purchased under this Act. Requires deposit into the Treasury of all revenues and proceeds from the sale of troubled assets.

(Sec. 107) Authorizes the Secretary to waive specific provisions of the Federal Acquisition Regulation if urgent and compelling circumstances make compliance with them contrary to the public interest. Requires submission of such a waiver, and its justification, to certain congressional oversight committees.

Requires the Secretary, in any solicitation or contract containing such a waiver, to develop and implement standards and procedures to ensure the inclusion and utilization of minorities and women, and minority- and women-owned businesses, in that solicitation or contract, including contracts to asset managers, servicers, property managers, and other service providers or expert consultants.

Makes the Federal Deposit Insurance Corporation (FDIC) eligible for, and requires its consideration in, the selection of asset managers for residential mortgage loans and residential mortgage-backed securities. Requires the Secretary to reimburse the FDIC for any services

(Sec. 108) Directs the Secretary to prescribe regulations or guidelines to address and manage or to prohibit conflicts-of-interest that may arise in connection with the administration and execution of the authorities under this Act.

(Sec. 109) Directs the Secretary, to the extent that he or she acquires mortgages, mortgage-backed securities, and other assets secured by residential real estate, and the Federal Housing Finance Agency, as conservator of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), to implement a plan to maximize assistance for home owners and encourage the servicers of the underlying mortgages to take advantage of the HOPE for Homeowners Program under the National Housing Act or other available programs to minimize foreclosures. Authorizes the Secretary to use loan guarantees and credit enhancements to facilitate loan modifications to prevent avoidable foreclosures.

(Sec. 110) Directs federal property managers (the Federal Housing Finance Agency, as conservator of Fannie Mae and Freddie Mac, the FDIC, and the Board of Governors of the Federal Reserve System), to the extent that they hold, own, or control mortgages, mortgage-backed securities, and other assets secured by residential real estate, including multifamily housing, to implement a plan that seeks to maximize assistance for homeowners and use its authority to encourage the servicers of the underlying mortgages to take advantage of the HOPE for Homeowners Program or other available programs to minimize foreclosures.

(Sec. 111) Subjects any financial institution that sells troubled assets to the Secretary to specified executive compensation requirements.

Directs the Secretary to require a financial institution to meet appropriate standards for executive compensation and corporate governance whenever: (1) the purposes of this Act are best met through direct purchases of troubled assets from an individual financial institution where no bidding process or market prices are available; and (2) the Secretary receives a meaningful equity or debt position in the financial institution as a result of the transaction.

Requires such standards to include: (1) limits on compensation that exclude incentives for senior executive officers to take unnecessary and excessive risks that threaten the financial institution's value during the period the Secretary holds an equity or debt position in it; (2) a provision for the recovery by the financial institution of any bonus or incentive compensation paid to a senior executive officer based on statements of earnings, gains, or other criteria that are later proven to be materially inaccurate; and (3) a prohibition on the institution's making any golden parachute payment to its senior executive officer during the period that the Secretary holds an equity or debt position in the financial institution.

Requires the Secretary, upon a determination that specified auction purchases of troubled assets best meet the purposes of this Act, to prohibit, for certain financial institutions, any new employment contract with a senior executive officer that provides a golden parachute in the event of an involuntary termination, bankruptcy filing, insolvency, or receivership.

(Sec. 112) Instructs the Secretary to coordinate with foreign financial authorities and central banks to work toward the establishment of similar programs by such authorities and central banks.

States that, to the extent the foreign entities hold troubled assets as a result of extending financing to financial institutions that have failed or defaulted on such financing, such troubled assets qualify for purchase under this title.

(Sec. 113) Prescribes requirements for purchase and sale of assets by the Secretary, using market mechanisms, in a manner that will minimize any potential long-term negative impact on the taxpayer and maximize the return on investment for the federal government, including by making such purchases at the lowest price determined to be consistent with this Act. Authorizes the Secretary, if the Secretary determines that use of a market mechanism is not feasible or appropriate, and the purposes of the Act are best met through direct purchases from an individual financial institution, to pursue additional measures to ensure that prices paid are reasonable and reflect the asset's underlying value. Provides requirements for warrants and senior debt instruments.

(Sec. 114) Requires the Secretary to: (1) make available to the public a description, amounts, and pricing of assets acquired under this Act within two business days of purchase, trade, or other disposition; and (2) determine whether the disclosure required of financial institutions that sell troubled assets to the Secretary with respect to off-balance sheet transactions, derivatives instruments, contingent liabilities, and similar sources of potential exposure adequately provides sufficient information to the public regarding the true financial position of the institutions (market transparency).

Requires the Secretary to recommend additional disclosure requirements to the relevant regulators if disclosure pursuant to this market transparency requirement is not adequate for that purpose.

(Sec. 115) Limits the Secretary's authority to purchase troubled assets under this Act to: (1) \$250 billion outstanding at any one time; (2) \$350 billion outstanding at any one time if, at any time, the President certifies to Congress that the Secretary needs to exercise authority for up to such an amount; and (3) \$700 billion outstanding at any one time if, at any time after such a certification, the President reports to Congress a plan of the Secretary to exercise the authority for up to such an amount, unless Congress enacts a joint resolution of disapproval within 15 calendar days of transmission of the plan.

Requires a joint resolution of disapproval to receive fast track consideration in the House and the Senate.

(Sec. 116) Directs the Comptroller General to: (1) perform ongoing oversight of TARP activities and performance and its agents and representatives, including vehicles established by the Secretary under this Act; and (2) study and report to Congress on the extent to which leverage and sudden deleveraging of financial institutions was a factor behind the current financial crisis.

(Sec. 118) Authorizes the Secretary to use proceeds from the sale of government bonds to pay the costs of administering authorities under this Act.

Declares that funds expended or obligated by the Secretary for actions authorized by this Act, including the payment of administrative expenses, shall be deemed appropriated at the time of expenditure or obligation.

(Sec. 119) Subjects the actions of the Secretary under this Act to judicial review, with specified limitations.

(Sec. 120) Terminates the authorities under sections 101 and 102, with a certain exception, on December 31, 2009. Authorizes a two-year extension of such authorities if the Secretary submits a specified certification to Congress.

(Sec. 121) Establishes the Office of the Special Inspector General for TARP to conduct oversight of the purchase, management, and sale of assets by the Secretary, including the management of any program established under this Act.

(Sec. 122) Increases the statutory limit on the public debt to \$11.315 trillion.

(Sec. 124) Amends the National Housing Act, with respect to extinguishment of subordinate liens for refinanced mortgages, to authorize the Secretary to make payments, which shall be accepted as payment in full of all indebtedness to any holder of an existing subordinate mortgage in lieu of certain future appreciation payments.

(Sec. 125) Establishes the Congressional Oversight Panel to review and report to Congress on the status of the financial markets and regulatory system.

(Sec. 126) Amends the Federal Deposit Insurance Act to prohibit false advertising, misuse of Federal Deposit Insurance Corporation (FDIC) names, and misrepresentation of insured status.

(Sec. 127) Requires the federal financial regulatory agencies to cooperate with the Federal Bureau of Investigation (FBI) and other law enforcement agencies investigating fraud, misrepresentation, and malfeasance regarding development, advertising, and sale of financial products.

(Sec. 128) Amends the Financial Services Regulatory Relief Act of 2006 to accelerate from October 1, 2011, to October 1, 2008, the effective date for the Board of Governors of the Federal Reserve (Board) to: (1) pay interest on balances maintained at a Federal Reserve bank; and (2) employ increased flexibility to set reserve requirements for member banks.

(Sec. 129) Instructs the Board to submit periodic updates to certain congressional committees regarding its exercise of loan authority.

(Sec. 131) Directs the Secretary to reimburse the Exchange Stabilization Fund for any funds that are used for the Treasury Money Market Funds Guaranty Program for the U.S. money market mutual fund industry.

Prohibits the Secretary from using the Exchange Stabilization Fund to establish any future guaranty programs for the U.S. money market mutual fund industry.

(Sec. 132) Authorizes the Securities and Exchange Commission (SEC) to suspend application of Statement Number 157 (about mark-to-market accounting) of the Financial Accounting Standards Board.

Instructs the SEC to study and report to Congress on the applicability of such standard to financial and depository institutions.

(Sec. 133) Directs the SEC to study and report to Congress on Statement Number 157.

(Sec. 134) Instructs the Director of the Office of Management and Budget (OMB) to report to Congress, after five years, on the net amount within TARP.

Instructs the President, in case of a shortfall within TARP, to submit to Congress a legislative proposal that recoups from the financial industry an amount equal to such shortfall in order to ensure that TARP does not add to the deficit or national debt.

(Sec. 136) Increases from \$100,000 to \$250,000, until December 31, 2009, the amount of deposit and share insurance coverage offered under the Federal Deposit Insurance Act and the Federal Credit Union Act.

Title II: Budget-Related Provisions - (Sec. 201) Requires all information used by the Secretary in connection with activities authorized under this Act (including the records to which the Comptroller General is entitled) to be made available, upon request, to the Congressional Budget Office (CBO) and the Joint Committee on Taxation to assist congressional committees with conducting oversight, monitoring, and analysis of such authorized activities.

(Sec. 202) Requires OMB to report to the President and Congress semiannually: (1) an estimate of the cost of troubled assets and their guarantees; (2) the information used to derive such estimate; and (3) a detailed analysis of how the estimate has changed from the previous report.

Requires the second and each ensuing report to explain the differences between CBO's required estimate and prior OMB estimates.

Requires CBO to assess and report to Congress on OMB's report, including: (1) the cost of the troubled assets and their guarantees; (2) the information and valuation methods used to calculate such cost; and (3) the impact on the deficit and the debt.

Authorizes appropriations.

(Sec. 203) Requires the President's annual budget request to Congress to include as supplementary materials a separate analysis of the budgetary effects for all prior fiscal years, the current fiscal year, the fiscal year for which the budget is submitted, and ensuing fiscal years of the Secretary's actions taken or to be taken using any authority provided in this Act.

(Sec. 204) Designates all provisions of this Act as an emergency requirement necessary to meet emergency needs. Prohibits rescissions of any amounts provided in it from being counted for budget enforcement purposes.

Title III: Tax Provisions - (Sec. 301) Provides for ordinary income or loss treatment of gain or loss from the sale or exchange of any applicable preferred stock by any applicable financial institution. Defines "applicable preferred stock" as preferred stock in Fannie Mae or Freddie Mac that was held on September 6, 2008, or that was sold or exchanged on or after January 1, 2008, and before September 7, 2008. Defines "applicable financial institution" as a banking, financial, or investment institution or a depository institution holding company. Allows the Secretary of the Treasury to apply ordinary gain or loss treatment to certain sales of preferred stock not held on September 6, 2008. Authorizes the Secretary to prescribe regulations to carry out this section.

(Sec. 302) Denies certain employers whose assets have been purchased under the Troubled Asset Relief Program (TARP) a tax deduction for the payment of compensation or other benefits in excess of \$500,000 to their executives or other highly compensated employees. Makes tax penalties for excess parachute payments applicable to employers who participate in TARP and their executives.

(Sec. 303) Extends through 2012 the exclusion from gross income of income attributable to a discharge of indebtedness on a principal residence.

Division B: Energy Improvement and Extension Act of 2008 - Energy Improvement and Extension Act of 2008 - Title I: Energy Production Incentives - Subtitle A: Renewable Energy Incentives - (Sec. 101) Extends through 2009 the tax credit for producing electricity from wind and refined coal facilities. Extends through 2010 such tax credit for other facilities, including closed and open-loop biomass, solar energy, small irrigation power, landfill gas, trash combustion, and hydropower. Modifies rules for and definitions of refined coal, trash and biomass facilities, and hydropower production.

(Sec. 102) Includes marine and hydrokinetic renewable energy as a renewable resource for purposes of the tax credit for producing electricity from renewable resources.

(Sec. 103) Extends through 2016 the energy tax credit for solar energy, fuel cell, and microturbine property. Allows a new energy tax credit for combined heat and power system property. Increases to \$1,500 the credit limitation for fuel cell property. Modifies energy tax credit rules to allow: (1) offsets of tax credit amounts against alternative minimum tax (AMT) liabilities; and (2) public utility property to qualify for such credit.

(Sec. 104) Allows a new energy tax credit for 30% of expenditures for wind turbines used to generate electricity in a residence and for geothermal heat pump systems.

(Sec. 106) Extends through 2016 the tax credit for residential energy efficient property. Eliminates the limitation on the tax credit for solar electric property. Allows a residential energy tax credit for 30% of small wind energy and geothermal heat pump property expenditures.

(Sec. 107) Allows a new tax credit for investment in new clean renewable energy bonds for capital investment in renewable energy facilities.

Extends through 2009 the authority to issue clean renewable energy bonds.

(Sec. 108) Includes steel industry fuel as a renewable resource for purposes of the tax credit for producing electricity from renewable

resources. Defines "steel industry fuel" as fuel that: (1) is produced by liquefying coal waste sludge and distributing it on coal; and (2) is used as a feedstock for the manufacture of coke.

(Sec. 109) Extends through 2009 the deferral of tax on the gain on sales of transmission property by vertically-integrated electric utilities to independent transmission companies approved by the Federal Energy Regulatory Commission (FERC).

Subtitle B: Carbon Mitigation and Coal Provisions - (Sec. 111) Allows a 30% investment tax credit rate for advanced coal-based generation technology projects and increases the maximum credit amounts allocable for such projects to \$2.55 billion.

Authorizes additional carbon energy projects, including projects for the capture and and sequestration of carbon dioxide.

(Sec. 112) Increases to 30% the investment tax credit rate for coal gasification projects and the aggregate credit amount for such projects.

(Sec. 113) Extends the excise tax on coal until the earlier of January 1, 2019, or the day after the first December 31 after December 31, 2007, on which there is no balance of repayable advances made to the Black Lung Disability Trust Fund and no unpaid interest on such advances. Makes a one-time appropriation to the Trust Fund to pay the difference between the market value of outstanding repayable advances (plus accrued interest) and the proceeds from the obligations issued by such Trust Fund to the Secretary of the Treasury.

(Sec. 114) Sets forth special rules for refund claims of the coal excise tax by certain coal producers and exporters.

(Sec. 115) Allows a new tax credit for carbon dioxide sequestration.

(Sec. 116) Provides for the treatment of certain income and gains from industrial source carbon dioxide as qualifying income for publicly traded partnerships.

(Sec. 117) Directs the Secretary of the Treasury to contract with the National Academy of Sciences for a comprehensive review of Internal Revenue Code provisions that have the largest effects on carbon and other greenhouse gas emissions and an estimate of the magnitude of such effects. Requires the Academy to report to Congress on the results of such study within two years after the enactment of this Act. Authorizes appropriations.

Title II: Transportation and Domestic Fuel Security Provisions - (Sec. 201) Includes cellulosic biofuel within the definition of biomass ethanol plant property for purposes of the bonus depreciation allowance.

(Sec. 202) Increases and extends through 2009 income and excise tax credits for biodiesel and renewable diesel used as fuel.

(Sec. 203) Disqualifies foreign-produced fuel that is used or sold for use outside the United States from the income and excise tax credits for alcohol, biodiesel, and alternative fuel production.

(Sec. 204) Extends through 2009 the excise tax credit for alternative fuel and fuel mixtures. Requires such fuels to include compressed or liquefied biomass gas and to meet certain carbon capture requirements.

(Sec. 205) Allows a new tax credit for new qualified plug-in electric drive motor vehicles. Limits the amount of such credit based upon the gross vehicle weight rating of such vehicles. Terminates such credit after 2014.

(Sec. 206) Allows an exclusion from the heavy truck excise tax for idling reduction devices and advanced insulation used in certain heavy trucks and trailers.

(Sec. 207) Extends through 2010 the tax credit for alternative fuel vehicle refueling property expenditures. Includes electricity as a clean burning fuel for purposes of such credit.

(Sec. 208) Provides for the treatment of certain income and gains from alcohol, biodiesel, and alternative fuels and mixtures as qualifying income for publicly traded partnerships.

(Sec. 209) Extends through 2013 the taxpayer election to expense costs of certain refinery property.

(Sec. 210) Extends the suspension of the taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.

(Sec. 211) Allows employees to exclude reimbursements for bicycle commuting expenses from gross income.

Title III: Energy Conservation And Efficiency Provisions - (Sec. 301) Allows a new tax credit for investment in qualified energy conservation bonds for capital expenditures to reduce energy consumption in public buildings, implement green community programs, develop alternative and renewable energy sources, and promote mass commuting facilities.

(Sec. 302) Extends through 2009 the tax credit for nonbusiness energy property expenditures. Includes energy-efficient biomass fuel stoves as property eligible for such tax credit. Modifies tax credit standards for water heaters, geothermal heat pumps, and energy efficiency improvements.

(Sec. 303) Extends through 2013 the tax deduction for energy efficient commercial buildings.

(Sec. 304) Extends through 2009 the tax credit for residential energy efficiency improvements.

(Sec. 305) Modifies tax credit amounts and standards for energy efficient household appliances produced after 2007.

(Sec. 306) Allows an accelerated 10-year recovery period for the depreciation of qualified smart electric meters and smart electric grid systems.

(Sec. 307) Extends through FY2012 the authority to issue tax-exempt bonds for qualified green building and sustainable design projects.

(Sec. 308) Allows a 50% depreciation allowance for reuse and recycling property used to collect, distribute, or recycle certain materials, including scrap, fibers, and metals.

Title IV: Revenue Provisions - (Sec. 401) Reduces by 3% the tax deduction for income attributable to domestic production activities for taxpayers with income derived from activities related to oil, gas, or any primary products thereof.

(Sec. 402) Revises the tax treatment of foreign oil and gas extraction income and foreign oil related income for purposes of the foreign tax credit.

(Sec. 403) Includes within the reporting requirements of investment brokers the adjusted basis of any publicly traded security owned by customers of such brokers.

(Sec. 404) Extends through 2009 the 0.2% Federal Unemployment Tax Act (FUTA) surtax.

(Sec. 405) Increases the Oil Spill Liability Trust Fund financing rate and extends such rate through 2017.

Division C: Tax Extenders and Alternative Minimum Tax Relief - Tax Extenders and Alternative Minimum Tax Relief Act of 2008 - **Title I: Alternative Minimum Tax Relief** - (Sec. 101) Amends the Internal Revenue Code to extend through 2008 for individual taxpayers: (1) the offset of nonrefundable personal tax credits against regular and alternative minimum tax (AMT) liability; and (2) the increased AMT exemption amounts.

Increases the AMT refundable credit amount for individuals who have long-term unused minimum tax credits from prior taxable years. Abates any underpayment of tax attributable to the application of special AMT rules for the treatment of incentive stock options.

Title II: Extension of Individual Tax Provisions - (Sec. 201) Extends through 2009: (1) the tax deduction for state and local sales taxes in lieu of state and local income taxes; (2) the tax deduction for qualified tuition and related expenses; (3) the tax deduction for certain expenses of elementary and secondary school teachers; (4) the additional standard tax deduction from gross income for real property taxes; (5) tax-free distributions from individual retirement plans for charitable purposes; (6) the exemption from withholding of tax of interest-related and short-term capital gain dividends received from a regulated investment company (RIC) and the special rule for RIC stock held in the estate of a nonresident non-citizen; and (7) the inclusion of an RIC within the definition of "qualified investment entity" for income tax purposes.

Title III: Extension of Business Tax Provisions - (Sec. 301) Extends through 2009: (1) the tax credit for increasing research activities; (2) the new markets tax credit; (3) the subpart F income exemption for active financing income; (4) special rules for related controlled foreign corporations and for the tax treatment of certain payments to tax-exempt organizations by a controlled subsidiary; (5) accelerated depreciation for qualified leasehold and restaurant improvements and for certain improvements to retail space; (6) the special rule for reductions in the basis of S corporation stock for charitable contributions of property; (7) the increase in alcohol excise taxes payable to Puerto Rico and the Virgin Islands; (8) the economic development credit for American Samoa; (9) tax incentives for mine rescue team training and advanced mine safety equipment; (10) the tax deduction for income attributable to domestic production activities in Puerto Rico; (11) issuance authority for qualified zone academy bonds; (12) the Indian employment tax credit; (13) accelerated depreciation of business property on Indian reservations and of motorsports racing track facilities; (14) the tax credit for railroad track maintenance; (15) expensing allowances for film and television production costs and for environmental remediation costs; (16) work opportunity tax credit eligibility for Hurricane Katrina employees (through August 28, 2009); (17) the increased rehabilitation tax credit for property in the Gulf Opportunity (GO) Zone; (18) the tax deduction for corporate contributions of computer technology and equipment for educational purposes; (19) tax incentives for investment in the District of Columbia; and (20) the expanded tax deductions for charitable contributions of food and book inventories by noncorporate taxpayers.

H.R.1424 - 110th Congress (2007-2008): A bill to provide authority for the Federal Government to purchase and insure certain types of troubled assets for the purpose...

(Sec. 325) Extends through 2014: (1) the suspension of tariff duties on certain wool products; and (2) the Wool Research, Promotion, and Development Trust Fund.

Title IV: Extension of Tax Administration Provisions - (Sec. 401) Makes permanent the authority of the Internal Revenue Service (IRS) to: (1) conduct undercover operations; and (2) disclose tax return information related to terrorist activities.

Title V: Additional Tax Relief and Other Tax Provisions - Subtitle A: General Provisions - (Sec. 501) Lowers in 2008 (from \$10,000 to \$8,500) the earned income threshold amount for determining the refundable portion of the child tax credit.

(Sec. 502) Amends Internal Revenue Code provisions relating to the tax deduction for domestic film and television productions to: (1) include within the income base for such deduction compensation for services performed in the United States by actors, production personnel, directors, and producers and any copyrights, trademarks, or other intangibles with respect to a film production; and (2) allow a deduction for partners or S corporation shareholders who own at least a 20% interest in a film project.

(Sec. 503) Exempts from the excise tax on bows and arrows certain shafts consisting of all natural wood that, after assembly, measure 5/16 of an inch or less in diameter and that are not suitable for use with bows that would otherwise be subject to such tax (having a peak draw weight of 30 pounds or more).

(Sec. 504) Allows taxpayers who are plaintiffs in the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska), or their heirs or dependents, to: (1) elect to average, for income tax purposes, income received in settlement of such civil action; and (2) make a limited contribution of such settlement income to certain tax-exempt retirement plans in the year such income is received.

(Sec. 505) Allows accelerated depreciation (i.e., five-year recovery period) for certain farming business machinery or equipment placed in service before January 1, 2010.

(Sec. 506) Modifies the standards for imposing penalties on tax return preparers for understatements of tax to require: (1) substantial authority for a position with respect to an item on a tax return if such position was not disclosed with the return; and (2) a reasonable basis for a position that was disclosed with the return.

Requires tax return preparers to have a reasonable belief that a position with respect to a tax shelter or a reportable transaction (a transaction having a potential for tax avoidance or evasion) will more likely than not be sustained on its merits.

Subtitle B: Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 - (Sec. 511) Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 - Amends the Employee Retirement Income Security Act of 1974 (ERISA), the Public Health Service Act, and the Internal Revenue Code to require a group health plan that provides both medical and surgical benefits and mental health or substance use disorder benefits to ensure that: (1) the financial requirements, such as deductibles and copayments, applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant financial requirements applied to substantially all medical and surgical benefits covered by the plan; (2) there are no separate cost sharing requirements that are applicable only with respect to mental health or substance use disorder benefits; (3) the treatment limitations applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant treatment limitations applied to substantially all medical and surgical benefits covered by the plan; and (4) there are no separate treatment limitations that are applicable only with respect to mental health or substance use disorder benefits.

Requires the criteria for medical necessity determinations and the reason for any denial of reimbursement or payment for services made under the plan with respect to mental health or substance use disorder benefits to be made available by the plan administrator.

Requires the plan to provide out-of network coverage for mental health or substance use disorder benefits if the plan provides coverage for medical or surgical benefits provided by out-of network providers.

Exempts from the requirements of this Act a group health plan if the application of this Act results in an increase for the plan year of the actual total costs of coverage with respect to medical and surgical benefits and mental health and substance use disorder benefits by an amount that exceeds 2% for the first plan year and 1% for each subsequent plan year. Requires determinations as to increases in actual costs under a plan to be made and certified by a qualified and licensed actuary.

Requires determinations for such an exemption to be made after such plan has complied with this Act for the first six months of the plan year.

Sets forth requirements for notifications of exemptions under this Act, including notification of the Secretary of Health and Human Services, the appropriate state agencies, and participants and beneficiaries in the plan.

Authorizes the Secretary and the appropriate state agency to audit the books and records of a group health plan relating to an exemption.

Directs the Secretary to: (1) report to the appropriate congressional committees on compliance of group health plans with the requirements of

this Act; and (2) publish guidance and information concerning the requirements of this Act and provide assistance concerning such requirements and the continued operation of applicable state law.

Requires the Comptroller General to report to Congress on the specific rates, patterns, and trends in coverage and exclusion of specific mental health and substance use disorder diagnoses by health plans and health insurance.

Title VI: Other Provisions - (Sec. 601) Revises the provisions of the Secure Rural Schools and Community Self-Determination Act of 2000.

Provides for: (1) calculating payments to eligible states, counties, and territories for FY2008-FY2011 and; (2) the making of transition payments for FY2008-FY2010 to California, Louisiana, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, and Washington. Sets forth distribution, election, and expenditure rules.

Permits eligible electing counties to expend a portion of funds received for the protection, restoration, and enhancement of fish and wildlife habitat, and other consistent resource objectives upon project approval.

Sets forth requirements for a merchantable timber contracting pilot program.

Revises provisions concerning resource advisory committees and the use and availability of project funds for projects submitted by such committees. Terminates authority to initiate projects on September 30, 2011.

Revises provisions for the use of county funds for certain projects. Requires certification by participating counties that county funds have been expended only for authorized uses. Terminates authority to initiate such projects on September 30, 2011.

Authorizes appropriations for FY2008-FY2011 to carry out the Secure Rural Schools and Community Self-Determination Act of 2000.

Amends the Act of May 23, 1908, and the Weeks Law to prescribe that an amount equal to the annual average of 25% of all amounts received for the applicable fiscal year and each of the preceding six fiscal years from each national forest (under current law, 25% of all moneys received during any fiscal year) be paid at the end of such year to eligible states and counties for the benefit of public schools and public roads in which such forests are situated.

Amends federal law regarding payment in lieu of taxes to provide, for FY2008-FY2012, for each county or other eligible unit of local government to be entitled to payment for entitlement land (certain land owned by the U.S. government).

(Sec. 602) Amends the Surface Mining Control and Reclamation Act of 1977 to require the transfer of \$9 million on October 1, 2010, to the United Mine Workers of America Combined Benefit Fund to provide for refunds of certain health benefit premiums, death benefit premiums, and unassigned beneficiaries premiums.

Title VII: Disaster Relief - Subtitle A: Heartland and Hurricane Ike Disaster Relief - Heartland Disaster Tax Relief Act of 2008 - (Sec. 702)

Makes certain provisions of the Internal Revenue Code providing tax benefits to residents of the Gulf Opportunity (GO) Zone and the Hurricane Katrina disaster areas, including provisions for tax-exempt bond financing, the low-income housing tax credit, an increased rehabilitation tax credit, education and housing tax benefits, employee retention tax credits, and tax-exempt bond financing, applicable to residents of the Midwestern disaster area on a similar basis. Defines "Midwestern disaster area" as an area in which a major disaster has been declared by the President on or after May 20, 2008, and before August 1, 2008, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of severe storms, tornados, or flooding occurring in any of the states of Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, and Wisconsin.

(Sec. 703) Includes within the reporting requirements of tax-exempt public charities information about disaster relief activities and contributions received for those purposes.

(Sec. 704) Extends through 2010 tax-exempt bond financing and low-income housing tax credit benefits to the Hurricane Ike disaster area. Defines the "Hurricane Ike disaster area" as an area in Texas or Louisiana that was declared a major disaster area by the President by reason of Hurricane Ike and that was determined by the President to warrant federal assistance.

Subtitle B: National Disaster Relief - (Sec. 706) Waives the 10% adjusted gross income limitation on personal casualty losses for losses sustained from a federally declared disaster occurring before January 1, 2010. Defines "federally declared disaster" as any disaster determined by the President to warrant federal assistance under the Robert T. Stafford Relief and Emergency Assistance Act.

Increases the standard tax deduction by a taxpayer's net disaster loss (i.e., personal casualty losses in a disaster area over personal casualty gains).

Increases until December 31, 2009, the threshold for deductible casualty losses (from \$100 to \$500).

(Sec. 707) Allows the expensing of business-related costs incurred due to a federally declared disaster for: (1) the abatement or control of

H.R.1424 - 110th Congress (2007-2008): A bill to provide authority for the Federal Government to purchase and insure certain types of troubled assets for the purpose... hazardous substances; (2) removal of debris or demolition of damaged structures; or (3) repair of damaged property.

(Sec. 708) Provides for a five-year carryback period for net operating losses attributable to a federally declared disaster. Allows such losses as a deduction in computing alternative minimum taxable income.

(Sec. 709) Modifies certain mortgage revenue bond requirements for principal residences damaged or destroyed in a federally declared disaster occurring before January 1, 2010.

(Sec. 710) Allows accelerated depreciation and increases the expensing allowance for qualified disaster assistance property. Defines "qualified disaster assistance property" to include nonresidential real or residential rental property in a federally declared disaster area.

Title VIII: Spending Reductions and Appropriate Revenue Raisers for New Tax Relief Policy - (Sec. 801) Requires the inclusion in gross income for income tax purposes of employee compensation deferred under a nonqualified deferred compensation plan of a nonqualified entity when there is no substantial risk of forfeiture of the rights to such compensation. Defines "nonqualified entity" as any foreign corporation unless substantially all of its income is: (1) effectively connected with a trade or business in the United States; or (2) subject to a comprehensive foreign income tax. Includes certain partnerships within such definition.

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