

1 “(3) RELATIONSHIP TO EXISTING REGULA-
2 TIONS.—The Secretary, to the maximum extent
3 practicable, shall—

4 “(A) rely on and apply regulations promul-
5 gated to carry out other economic development
6 programs of the Department of Commerce in
7 carrying out this subchapter; and

8 “(B) provide guidance regarding the man-
9 ner and extent to which such other economic
10 development programs relate to this subchapter.

11 “(b) RESOURCES.—The Secretary shall allocate such
12 resources as may be necessary to provide sufficiently indi-
13 vidualized assistance to each eligible community that re-
14 ceives a grant under section 274(a) or seeks technical as-
15 sistance under section 276(c) to develop and implement
16 a strategic plan that meets the requirements of section
17 275.”.

18 (b) CLERICAL AMENDMENT.—The table of contents
19 for the Trade Act of 1974 is amended by striking the
20 items relating to chapter 4 of title II and inserting the
21 following:

 “CHAPTER 4—TRADE ADJUSTMENT ASSISTANCE FOR COMMUNITIES

 “SUBCHAPTER A—TRADE ADJUSTMENT ASSISTANCE FOR COMMUNITIES

 “Sec. 271. Definitions.

 “Sec. 272. Establishment of trade adjustment assistance for communities pro-
 gram.

 “Sec. 273. Eligibility; notification of eligibility.

 “Sec. 274. Grants to eligible communities.

 “Sec. 275. Strategic plans.

“Sec. 276. Coordination of Federal response and other additional technical assistance.

“Sec. 277. General provisions.

“SUBCHAPTER B—COMMUNITY COLLEGE AND CAREER TRAINING GRANT PROGRAM

“Sec. 279. Community College and Career Training Grant Program.

“Sec. 279A. Authorization of appropriations.”.

1 **SEC. 133302. TRADE ADJUSTMENT ASSISTANCE FOR COM-**
2 **MUNITY COLLEGES AND CAREER TRAINING.**

3 Section 279 of the Trade Act of 1974, as redesign-
4 nated by section 133301(a)(2), is amended as follows:

5 (1) In subsection (a)—

6 (A) in paragraph (1), by striking “eligible
7 institutions” and inserting “eligible entities”;
8 and

9 (B) in paragraph (2)—

10 (i) in the matter preceding subpara-
11 graph (A), by striking “eligible institution”
12 and inserting “eligible entity”; and

13 (ii) in subparagraph (B)—

14 (I) by striking “\$1,000,000” and
15 inserting “\$2,500,000”;

16 (II) by striking “(B)” and insert-
17 ing “(B)(i) in the case of an eligible
18 institution,”;

19 (III) by striking the period at the
20 end and inserting “; or”; and

1 (IV) by adding at the end the fol-
2 lowing:

3 “(ii) in the case of a consortium of eligible
4 institutions, a grant under this section in excess
5 of \$15,000,000.”.

6 (2) In subsection (b), by adding at the end the
7 following:

8 “(3) ELIGIBLE ENTITY.—The term ‘eligible en-
9 tity’ means an eligible institution or a consortium of
10 eligible institutions.

11 “(4) UNDERSERVED COMMUNITY.—The term
12 ‘underserved community’ has the meaning given that
13 term in section 247.”.

14 (3) In subsection (c)—

15 (A) by striking “eligible institution” each
16 place it appears and inserting “eligible entity”;
17 and

18 (B) in paragraph (5)(A)(i)—

19 (i) in subclause (I), by striking “and”
20 at the end; and

21 (ii) by adding at the end the fol-
22 lowing:

23 “(III) any opportunities to sup-
24 port industry or sector partnerships to

1 develop or expand quality academic
2 programs and curricula; and”.

3 (4) In subsection (d), by striking “eligible insti-
4 tution” each place it appears and inserting “eligible
5 entity”.

6 (5) By redesignating subsection (e) as sub-
7 section (h) and inserting after subsection (d) the fol-
8 lowing:

9 “(e) USE OF FUNDS.—

10 “(1) IN GENERAL.—An eligible entity shall use
11 a grant awarded under this section to establish and
12 scale career training programs, including career and
13 technical education programs, and career pathways
14 and supports for students participating in such pro-
15 grams.

16 “(2) STUDENT SUPPORT AND EMERGENCY
17 SERVICES.—Not less than 15 percent of the amount
18 of a grant awarded to an eligible entity under this
19 section shall be used to carry out student support
20 services, which may include the following:

21 “(A) Supportive services, including
22 childcare, transportation, mental health serv-
23 ices, or substance use disorder prevention and
24 treatment, assistance in obtaining health insur-

1 ance coverage, housing, and other benefits, as
2 appropriate.

3 “(B) Connecting students to State or Fed-
4 eral means-tested benefits programs.

5 “(C) The provision of direct financial as-
6 sistance to help students facing financial hard-
7 ships that may impact enrollment in or comple-
8 tion of a program supported by such funds.

9 “(D) Navigation, coaching, mentorship,
10 and case management services, including pro-
11 viding information and outreach to the popu-
12 lation described in subparagraph (C) to take
13 part in such a program.

14 “(E) Providing access to necessary sup-
15 plies, materials, technological devices, or re-
16 quired equipment, and other supports necessary
17 to participate in such a program.

18 “(f) PLAN FOR OUTREACH TO UNDERSERVED COM-
19 MUNITIES.—

20 “(1) IN GENERAL.—In awarding grants under
21 this section, the Secretary shall—

22 “(A) ensure that eligible institutions effec-
23 tively serve individuals from underserved com-
24 munities; and

1 “(B) develop a plan to ensure that grants
2 provided under this subchapter effectively serve
3 individuals from underserved communities.

4 “(2) UPDATES.—The Secretary shall update
5 the plan required by paragraph (1)(B) on an annual
6 basis.

7 “(3) SUBMISSION TO CONGRESS.—The Sec-
8 retary shall submit the plan required by paragraph
9 (1)(B) and each update to the plan required by
10 paragraph (2) to Congress.

11 “(g) GEOGRAPHIC DIVERSITY.—The Secretary shall,
12 in awarding grants under this section, ensure that grants
13 are awarded with respect to eligible entities from geo-
14 graphically diverse areas.”.

15 **PART 4—TRADE ADJUSTMENT ASSISTANCE FOR**
16 **FARMERS**

17 **SEC. 133401. DEFINITIONS.**

18 Section 291 of the Trade Act of 1974 (19 U.S.C.
19 2401) is amended—

20 (1) by striking paragraph (3);

21 (2) by redesignating paragraphs (4) through
22 (7) as paragraphs (3) through (6), respectively; and

23 (3) by adding at the end the following:

1 “(7) UNDERSERVED COMMUNITY.—The term
2 ‘underserved community’ has the meaning given that
3 term in section 247.”.

4 **SEC. 133402. GROUP ELIGIBILITY REQUIREMENTS.**

5 Section 292 of the Trade Act of 1974 (19 U.S.C.
6 2401a) is amended—

7 (1) in subsection (c)—

8 (A) in paragraph (1)—

9 (i) by striking “85 percent of” each
10 place it appears; and

11 (ii) in subparagraph (D), by adding
12 “and” at the end;

13 (B) in paragraph (2), by striking “(2)”
14 and inserting “(2)(A)(i)”;

15 (C) by redesignating paragraph (3) as
16 clause (ii) of paragraph (2)(A) (as designated
17 by subparagraph (B));

18 (D) in clause (ii) of paragraph (2)(A) (as
19 redesignated by subparagraph (C))—

20 (i) by striking “importantly”; and

21 (ii) by striking the period at the end
22 and inserting “; or” ; and

23 (E) in paragraph (2), by adding at the end
24 the following:

1 “(B)(i) the volume of exports of the agricultural
2 commodity produced by the group in the marketing
3 year with respect to which the group files the peti-
4 tion decreased compared to the average volume of
5 such exports during the 3 marketing years preceding
6 such marketing year; and

7 “(ii) the decrease in such exports contributed to
8 the decrease in the national average price, quantity
9 of production, or value of production of, or cash re-
10 cepts for, the agricultural commodity, as described
11 in paragraph (1).”; and

12 (2) in subsection (e)(3), by adding at the end
13 before the period the following: “or exports”.

14 **SEC. 133403. BENEFIT INFORMATION TO AGRICULTURAL**
15 **COMMODITY PRODUCERS.**

16 Section 295(a) of the Trade Act of 1974 (19 U.S.C.
17 2401d(a)) is amended by adding at the end the following:
18 “The Secretary shall develop a plan to conduct targeted
19 sustained outreach and offer assistance to agricultural
20 commodity producers from underserved communities”.

21 **SEC. 133404. QUALIFYING REQUIREMENTS AND BENEFITS**
22 **FOR AGRICULTURAL COMMODITY PRO-**
23 **DUCERS.**

24 Section 296 of the Trade Act of 1974 (19 U.S.C.
25 2401e) is amended—

1 (1) in subsection (a)(1)(A), by striking “90
2 days” and inserting “120 days”;

3 (2) in subsection (b)—

4 (A) in paragraph (3)(B), by striking
5 “\$4,000” and inserting “\$12,000”; and

6 (B) in paragraph (4)(C), by striking
7 “\$8,000” and inserting “\$24,000”;

8 (3) in subsection (c), by striking “\$12,000” and
9 inserting “\$36,000”; and

10 (4) by adding at the end the following new sub-
11 section:

12 “(e) ADJUSTMENTS FOR INFLATION.—

13 “(1) IN GENERAL.—The Secretary of Agri-
14 culture shall adjust each dollar amount limitation
15 described in this section on the date that is 30 days
16 after the date of the enactment of this subsection,
17 and at the beginning of each fiscal year thereafter,
18 to reflect the percentage (if any) of the increase in
19 the average of the Consumer Price Index for the
20 preceding 12-month period compared to the Con-
21 sumer Price Index for fiscal year 2020.

22 “(2) SPECIAL RULES FOR CALCULATION OF AD-
23 JUSTMENT.—In making an adjustment under para-
24 graph (1), the Secretary—

1 “(A) shall round the amount of any in-
2 crease in the Consumer Price Index to the near-
3 est dollar; and

4 “(B) may ignore any such increase of less
5 than 1 percent.

6 “(3) CONSUMER PRICE INDEX DEFINED.—For
7 purposes of this subsection, the term ‘Consumer
8 Price Index’ means the Consumer Price Index for
9 All Urban Consumers published by the Bureau of
10 Labor Statistics of the Department of Labor.”.

11 **PART 5—APPROPRIATIONS AND OTHER MATTERS**

12 **SEC. 133501. EXTENSION OF AND APPROPRIATIONS FOR**

13 **TRADE ADJUSTMENT ASSISTANCE PROGRAM.**

14 (a) EXTENSION OF TERMINATION PROVISIONS.—
15 Section 285 of the Trade Act of 1974 (19 U.S.C. 2271
16 note) is amended by striking “2021” each place it appears
17 and inserting “2028”.

18 (b) TRAINING FUNDS.—Section 236(a)(2)(A) of the
19 Trade Act of 1974 (19 U.S.C. 2296(a)(2)(A)) , as amend-
20 ed by section 133110(c)(2)(B), is further amended—

21 (1) by striking “shall not exceed \$450,000,000”
22 and inserting the following: “shall not exceed—

23 “(i) \$450,000,000”;

24 (2) by striking the period at the end and insert-
25 ing “; and”; and

1 (3) by adding at the end the following:

2 “(ii) \$1,000,000,000 for each of the fiscal years 2022
3 through 2028.”.

4 (c) REEMPLOYMENT TRADE ADJUSTMENT ASSIST-
5 ANCE.—Section 246(b)(1) of the Trade Act of 1974 (19
6 U.S.C. 2318(b)(1)) is amended by striking “2021” and
7 inserting “2028”.

8 (d) AUTHORIZATIONS OF APPROPRIATIONS.—

9 (1) TRADE ADJUSTMENT ASSISTANCE FOR
10 WORKERS.—Section 245 of the Trade Act of 1974
11 (19 U.S.C. 2317) is amended—

12 (A) in subsection (a), by striking “2021”
13 and inserting “2028”; and

14 (B) by adding at the end the following:

15 “(d) RESERVATION BY THE SECRETARY.—Of the
16 funds appropriated to carry out this chapter for any fiscal
17 year, the Secretary of Labor may reserve not more than
18 0.5 percent for technical assistance, pilots and demonstra-
19 tions, and the evaluation of activities carried out under
20 this chapter.”.

21 (2) TRADE ADJUSTMENT ASSISTANCE FOR
22 FIRMS.—Section 255(a) of the Trade Act of 1974
23 (19 U.S.C. 2345(a)) is amended in the first sentence
24 by adding at the end before the period the following:

1 “and \$50,000,000 for each of the fiscal years 2022
2 through 2028”.

3 (3) TRADE ADJUSTMENT ASSISTANCE FOR
4 FARMERS.—Section 298 of the Trade Act of 1974
5 (19 U.S.C. 2401g(a)) is amended—

6 (A) in subsection (a)—

7 (i) by striking “\$90,000,000” and in-
8 serting “\$50,000,000”; and

9 (ii) by striking “2021” and inserting
10 “2028”; and

11 (B) by adding at the end the following:

12 “(c) RESERVATION BY THE SECRETARY.—Of the
13 funds appropriated to carry out this chapter for any fiscal
14 year, the Secretary of Agriculture may not reserve more
15 than 5 percent for technical assistance, pilots and dem-
16 onstrations, and the evaluation of activities carried out
17 under this chapter.”.

18 (e) APPROPRIATIONS.—

19 (1) TRADE ADJUSTMENT ASSISTANCE FOR
20 WORKERS.—In addition to amounts otherwise avail-
21 able, there is appropriated for each of fiscal years
22 2022 through 2028, out of any money in the Treas-
23 ury not otherwise appropriated, \$1,000,000,000, to
24 remain available until expended, to carry out the
25 purposes of chapter 2 of title II of the Trade Act

1 of 1974, as authorized by section 245 of the Trade
2 Act of 1974 (19 U.S.C. 2317) (as amended by sub-
3 section (d)).

4 (2) TRADE ADJUSTMENT ASSISTANCE FOR
5 FIRMS.—In addition to amounts otherwise available,
6 there is appropriated for each of fiscal years 2022
7 through 2028, out of any money in the Treasury not
8 otherwise appropriated, \$50,000,000, to remain
9 available until expended, to carry out the provisions
10 of chapter 3 of title II of the Trade Act of 1974,
11 as authorized by section 255 of the Trade Act of
12 1974 (19 U.S.C. 2345) (as amended by subsection
13 (d)).

14 (3) TRADE ADJUSTMENT ASSISTANCE FOR COM-
15 MUNITIES.—

16 (A) IN GENERAL.—In addition to amounts
17 otherwise available, there is appropriated for
18 each of fiscal years 2022 through 2026, out of
19 any money in the Treasury not otherwise ap-
20 propriated, \$1,000,000,000, to remain available
21 until expended, to carry out subchapter A of
22 chapter 4 of title II of the Trade Act of 1974,
23 as added by section 133301 of this Act, as
24 added by subsection (d).

1 (B) SALARIES AND EXPENSES.—Of the
2 amounts appropriated pursuant subparagraph
3 (A) for each of fiscal years 2022 through 2026,
4 not more than \$40,000,000 shall be made avail-
5 able for the salaries and expenses of personnel
6 administering subchapter A of chapter 4 of title
7 II of the Trade Act of 1974.

8 (C) SUPPLEMENT AND NOT SUPPLANT.—
9 Amounts appropriated pursuant to subpara-
10 graph (A) for each of the fiscal years 2022
11 through 2026 shall be used to supplement, and
12 not supplant, other Federal, State, regional,
13 and local government funds made available to
14 provide economic development assistance for
15 communities.

16 (4) TRADE ADJUSTMENT ASSISTANCE FOR COM-
17 MUNITY COLLEGES AND CAREER TRAINING.—

18 (A) IN GENERAL.—In addition to amounts
19 otherwise available, there is appropriated for
20 each of fiscal years 2022 through 2028, out of
21 any money in the Treasury not otherwise ap-
22 propriated, \$1,300,000,000, to remain available
23 until expended, to carry out subchapter B of
24 chapter 4 of title II of the Trade Act of 1974,
25 as designated by section 13301 of this Act, as

1 authorized by section 279A of such subchapter
2 B (as redesignated).

3 (B) RESERVATION BY THE SECRETARY.—

4 Of the funds appropriated to carry out sub-
5 chapter B of chapter 4 of title II of the Trade
6 Act of 1974 for each of fiscal years 2002
7 through 2028, the Secretary of Labor may re-
8 serve not more than 5 percent for administra-
9 tion of the program, including providing tech-
10 nical assistance, sustained outreach to eligible
11 institutions effectively serving underserved com-
12 munities, pilots and demonstrations, and a rig-
13 orous third-party evaluation of the program
14 carried out under such subchapter.

15 (5) TRADE ADJUSTMENT ASSISTANCE FOR
16 FARMERS.—In addition to amounts otherwise avail-
17 able, there is appropriated for each of fiscal years
18 2022 through 2028, out of any money in the Treas-
19 ury not otherwise appropriated, \$50,000,000, to re-
20 main available until expended, to carry out the pur-
21 poses of chapter 6 of title II of the Trade Act of
22 1974, as authorized by section 298 of the Trade Act
23 of 1974 (19 U.S.C. 2401) (as amended by sub-
24 section (d)).

1 **SEC. 133502. APPLICABILITY OF TRADE ADJUSTMENT AS-**
2 **SISTANCE PROVISIONS.**

3 (a) WORKERS CERTIFIED BEFORE DATE OF ENACT-
4 MENT.—

5 (1) IN GENERAL.—Except as provided in para-
6 graphs (2) and (3), a worker certified as eligible for
7 adjustment assistance under section 222 of the
8 Trade Act of 1974 before the date of the enactment
9 of this Act shall be eligible, on and after such date
10 of enactment, to receive benefits only under the pro-
11 visions of chapter 2 of title II of the Trade Act of
12 1974, as in effect on such date of enactment, or as
13 such provisions may be amended after such date of
14 enactment.

15 (2) COMPUTATION OF MAXIMUM BENEFITS.—
16 Benefits received by a worker described in para-
17 graph (1) under chapter 2 of title II of the Trade
18 Act of 1974 before the date of the enactment of this
19 Act shall be included in any determination of the
20 maximum benefits for which the worker is eligible
21 under the provisions of chapter 2 of title II of the
22 Trade Act of 1974, as in effect on the date of the
23 enactment of this Act, or as such provisions may be
24 amended after such date of enactment.

25 (3) AUTHORITY TO MAKE ADJUSTMENTS TO
26 BENEFITS.—For the 90-day period beginning on the

1 date of the enactment of this Act, the Secretary is
2 authorized to make any adjustments to benefits to
3 workers described in paragraph (1) that the Sec-
4 retary determines to be necessary and appropriate in
5 applying and administering the provisions of chapter
6 2 of title II of the Trade Act of 1974, as in effect
7 on the date of the enactment of this Act, or as such
8 provisions may be amended after such date of enact-
9 ment, in a manner that ensures parity of treatment
10 between the benefits of such workers and the bene-
11 fits of workers certified after such date of enact-
12 ment.

13 (b) WORKERS NOT CERTIFIED PURSUANT TO CER-
14 TAIN PETITIONS FILED BEFORE DATE OF ENACT-
15 MENT.—

16 (1) CERTIFICATIONS OF WORKERS NOT CER-
17 TIFIED BEFORE DATE OF ENACTMENT.—

18 (A) CRITERIA IF A DETERMINATION HAS
19 NOT BEEN MADE.—If, as of the date of the en-
20 actment of this Act, the Secretary of Labor has
21 not made a determination with respect to
22 whether to certify a group of workers as eligible
23 to apply for adjustment assistance under sec-
24 tion 222 of the Trade Act of 1974 pursuant to
25 a petition described in subparagraph (C), the

1 Secretary shall make that determination based
2 on the requirements of section 222 of the Trade
3 Act of 1974, as in effect on such date of enact-
4 ment.

5 (B) RECONSIDERATION OF DENIALS OF
6 CERTIFICATIONS.—If, before the date of the en-
7 actment of this Act, the Secretary made a de-
8 termination not to certify a group of workers as
9 eligible to apply for adjustment assistance
10 under section 222 of the Trade Act of 1974
11 pursuant to a petition described in subpara-
12 graph (C), the Secretary shall—

13 (i) reconsider that determination; and
14 (ii) if the group of workers meets the
15 requirements of section 222 of the Trade
16 Act of 1974, as in effect on such date of
17 enactment, certify the group of workers as
18 eligible to apply for adjustment assistance.

19 (C) PETITION DESCRIBED.—A petition de-
20 scribed in this subparagraph is a petition for a
21 certification of eligibility for a group of workers
22 filed under section 221 of the Trade Act of
23 1974 on or after January 1, 2021, and before
24 the date of the enactment of this Act.

25 (2) ELIGIBILITY FOR BENEFITS.—

1 (A) IN GENERAL.—Except as provided in
2 subparagraph (B), a worker certified as eligible
3 to apply for adjustment assistance under sec-
4 tion 222 of the Trade Act of 1974 pursuant to
5 a petition described in paragraph (1)(C) shall
6 be eligible, on and after the date of the enact-
7 ment of this Act, to receive benefits only under
8 the provisions of chapter 2 of title II of the
9 Trade Act of 1974, as in effect on such date of
10 enactment, or as such provisions may be
11 amended after such date of enactment.

12 (B) COMPUTATION OF MAXIMUM BENE-
13 FITS.—Benefits received by a worker described
14 in paragraph (1) under chapter 2 of title II of
15 the Trade Act of 1974 before the date of the
16 enactment of this Act shall be included in any
17 determination of the maximum benefits for
18 which the worker is eligible under the provisions
19 of chapter 2 of title II of the Trade Act of
20 1974, as in effect on the date of the enactment
21 of this Act, or as such provisions may be
22 amended after such date of enactment.

23 (c) CONFORMING AMENDMENTS.—

1 (1) TRADE ACT OF 2002.—Section 151 of the
2 Trade Act of 2002 (19 U.S.C. note prec. 2271) is
3 amended by striking subsections (a), (b), and (c).

4 (2) TRADE AND GLOBALIZATION ADJUSTMENT
5 ASSISTANCE ACT OF 2009.—Section 1891 of the
6 Trade and Globalization Adjustment Assistance Act
7 of 2009 (19 U.S.C. 2271 note) is repealed.

8 (3) TRADE ADJUSTMENT ASSISTANCE EXTEN-
9 SION ACT OF 2011.—The Trade Adjustment Assist-
10 ance Extension Act of 2011 is amended—

11 (A) in section 201 (19 U.S.C. note prec.
12 2271), by striking subsections (b) and (c); and

13 (B) in section 231(a) (19 U.S.C. 2271
14 note), by striking paragraphs (1)(B) and (2).

15 (4) TRADE ADJUSTMENT ASSISTANCE REAU-
16 THORIZATION ACT OF 2015.—The Trade Adjustment
17 Assistance Reauthorization Act of 2015 is amend-
18 ed—

19 (A) in section 402 (19 U.S.C. note prec.
20 2271), by striking subsections (b) and (c); and

21 (B) in section 405(a)(1) (19 U.S.C.
22 2319(a)(1)), by striking subparagraph (B).

23 (d) TRADE ADJUSTMENT ASSISTANCE FOR FIRMS.—

24 (1) CERTIFICATION OF FIRMS NOT CERTIFIED
25 BEFORE DATE OF ENACTMENT.—

1 (A) CRITERIA IF A DETERMINATION HAS
2 NOT BEEN MADE.—If, as of the date of the en-
3 actment of this Act, the Secretary of Commerce
4 has not made a determination with respect to
5 whether to certify a firm as eligible to apply for
6 adjustment assistance under section 251 of the
7 Trade Act of 1974 pursuant to a petition de-
8 scribed in subparagraph (C), the Secretary shall
9 make that determination based on the require-
10 ments of section 251 of the Trade Act of 1974,
11 as in effect on such date of enactment.

12 (B) RECONSIDERATION OF DENIAL OF
13 CERTAIN PETITIONS.—If, before the date of the
14 enactment of this Act, the Secretary made a de-
15 termination not to certify a firm as eligible to
16 apply for adjustment assistance under section
17 251 of the Trade Act of 1974 pursuant to a pe-
18 tition described in subparagraph (C), the Sec-
19 retary shall—

20 (i) reconsider that determination; and
21 (ii) if the firm meets the requirements
22 of section 251 of the Trade Act of 1974,
23 as in effect on such date of enactment, cer-
24 tify the firm as eligible to apply for adjust-
25 ment assistance.

1 (C) PETITION DESCRIBED.—A petition de-
2 scribed in this subparagraph is a petition for a
3 certification of eligibility filed by a firm or its
4 representative under section 251 of the Trade
5 Act of 1974 on or after January 1, 2021, and
6 before the date of the enactment of this Act.

7 (2) CERTIFICATION OF FIRMS THAT DID NOT
8 SUBMIT PETITIONS BETWEEN JANUARY 1, 2021, AND
9 DATE OF ENACTMENT.—

10 (A) IN GENERAL.—The Secretary of Com-
11 merce shall certify a firm described in subpara-
12 graph (B) as eligible to apply for adjustment
13 assistance under section 251 of the Trade Act
14 of 1974, as in effect on the date of the enact-
15 ment of this Act, if the firm or its representa-
16 tive files a petition for a certification of eligi-
17 bility under section 251 of the Trade Act of
18 1974 not later than 90 days after such date of
19 enactment.

20 (B) FIRM DESCRIBED.—A firm described
21 in this subparagraph is a firm that the Sec-
22 retary determines would have been certified as
23 eligible to apply for adjustment assistance if—

24 (i) the firm or its representative had
25 filed a petition for a certification of eligi-

1 bility under section 251 of the Trade Act
2 of 1974 on a date during the period begin-
3 ning on January 1, 2021, and ending on
4 the day before the date of the enactment
5 of this Act; and

6 (ii) the provisions of chapter 3 of title
7 II of the Trade Act of 1974, as in effect
8 on such date of enactment, had been in ef-
9 fect on that date during the period de-
10 scribed in clause (i).

11 **Subtitle E**

12 **PART 1—PROVISIONS RELATING TO PATHWAYS**

13 **TO HEALTH CAREERS**

14 **SEC. 134101. PATHWAYS TO HEALTH CAREERS ACT.**

15 (a) **TRANSITION FUNDING.**—There is appropriated,
16 out of any funds in the Treasury not otherwise appro-
17 priated, \$15,000,000 to the Secretary of Health and
18 Human Services to provide technical assistance and cover
19 administrative costs associated with implementing section
20 2071 of the Social Security Act (as added by subsection
21 (b)).

22 (b) **CAREER PATHWAYS THROUGH HEALTH PROFES-**
23 **SION OPPORTUNITY GRANTS.**—Effective October 1, 2021,
24 title XX of the Social Security Act (42 U.S.C. 1397-
25 1397n–13) is amended by adding at the end the following:

1 **“Subtitle D—Career Pathways**
2 **Through Health Profession Op-**
3 **portunity Grants**

4 **“SEC. 2071. CAREER PATHWAYS THROUGH HEALTH PRO-**
5 **FESSION OPPORTUNITY GRANTS.**

6 “(a) APPLICATION REQUIREMENTS.—An eligible en-
7 tity desiring a grant under this section for a project shall
8 submit to the Secretary an application for the grant, that
9 includes the following:

10 “(1) A description of how the applicant will use
11 a career pathways approach to train eligible individ-
12 uals for health professions that pay well or will put
13 eligible individuals on a career path to an occupation
14 that pays well, under the project.

15 “(2) A description of the adult basic education
16 and literacy activities, work readiness activities,
17 training activities, and case management and career
18 coaching services that the applicant will use to assist
19 eligible individuals to gain work experience, connec-
20 tion to employers, and job placement, and a descrip-
21 tion of the plan for recruiting, hiring, and training
22 staff to provide the case management, mentoring,
23 and career coaching services, under the project di-
24 rectly or through local governmental, apprenticeship,
25 educational, or charitable institutions.

1 “(3) In the case of an application for a grant
2 under this section for a demonstration project de-
3 scribed in subsection (c)(2)(B)(i)(I)—

4 “(A) a demonstration that the State in
5 which the demonstration project is to be con-
6 ducted has in effect policies or laws that permit
7 certain allied health and behavioral health care
8 credentials to be awarded to people with certain
9 arrest or conviction records (which policies or
10 laws shall include appeals processes, waivers,
11 certificates, and other opportunities to dem-
12 onstrate rehabilitation to obtain credentials, li-
13 censure, and approval to work in the proposed
14 health careers), and a plan described in the ap-
15 plication that will use a career pathway to as-
16 sist participants with such a record in acquiring
17 credentials, licensing, and employment in the
18 specified careers;

19 “(B) a discussion of how the project or fu-
20 ture strategic hiring decisions will demonstrate
21 the experience and expertise of the project in
22 working with job seekers who have arrest or
23 conviction records or employers with experience
24 working with people with arrest or conviction
25 records;

1 “(C) an identification of promising innova-
2 tions or best practices that can be used to pro-
3 vide the training;

4 “(D) a proof of concept or demonstration
5 that the applicant has done sufficient research
6 on workforce shortage or in-demand jobs for
7 which people with certain types of arrest or
8 conviction records can be hired;

9 “(E) a plan for recruiting students who
10 are eligible individuals into the project; and

11 “(F) a plan for providing post-employment
12 support and ongoing training as part of a ca-
13 reer pathway under the project.

14 “(4) In the case of an application for a grant
15 under this section for a demonstration project de-
16 scribed in subsection (c)(2)(B)(i)(II)—

17 “(A) a description of the partnerships,
18 strategic staff hiring decisions, tailored program
19 activities, or other programmatic elements of
20 the project, such as training plans for doulas
21 and other community health workers and train-
22 ing plans for midwives and other allied health
23 professions, that are designed to support a ca-
24 reer pathway in pregnancy, birth, or post-
25 partum services; and

1 “(B) a demonstration that the State in
2 which the demonstration project is to be con-
3 ducted recognizes doulas or midwives, as the
4 case may be.

5 “(5) A demonstration that the applicant has ex-
6 perience working with low-income populations, or a
7 description of the plan of the applicant to work with
8 a partner organization that has the experience.

9 “(6) A plan for providing post-employment sup-
10 port and ongoing training as part of a career path-
11 way under the project.

12 “(7) A description of the support services that
13 the applicant will provide under the project, includ-
14 ing a plan for how child care and transportation
15 support services will be guaranteed and, if the appli-
16 cant will provide a cash stipend or wage supplement,
17 how the stipend or supplement would be calculated
18 and distributed.

19 “(8) A certification by the applicant that the
20 project development included—

21 “(A) consultation with a local workforce
22 development board established under section
23 107 of the Workforce Innovation and Oppor-
24 tunity Act;

1 “(B) consideration of apprenticeship and
2 pre-apprenticeship models registered under the
3 Act of August 16, 1937 (also known as the
4 ‘National Apprenticeship Act’);

5 “(C) consideration of career pathway pro-
6 grams in the State in which the project is to be
7 conducted; and

8 “(D) a review of the State plan under sec-
9 tion 102 or 103 of the Workforce Innovation
10 and Opportunity Act.

11 “(9) A description of the availability and rel-
12 evance of recent labor market information and other
13 pertinent evidence of in-demand jobs or worker
14 shortages.

15 “(10) A certification that the applicant will di-
16 rectly provide or contract for the training services
17 described in the application.

18 “(11) A commitment by the applicant that, if
19 the grant is made to the applicant, the applicant
20 will—

21 “(A) during the planning period for the
22 project, provide the Secretary with any informa-
23 tion needed by the Secretary to establish ade-
24 quate data reporting and administrative struc-
25 ture for the project;

1 “(B) hire a person to direct the project not
2 later than the end of the planning period appli-
3 cable to the project;

4 “(C) accept all technical assistance offered
5 by the Secretary with respect to the grant;

6 “(D) participate in peer technical assist-
7 ance conferences as are regularly scheduled by
8 the Secretary; and

9 “(E) provide all data required by the Sec-
10 retary under subsection (g).

11 “(b) PREFERENCES IN CONSIDERING APPLICA-
12 TIONS.—In considering applications for a grant under this
13 section, the Secretary shall give preference to—

14 “(1) applications submitted by applicants to
15 whom a grant was made under this section or any
16 predecessor to this section;

17 “(2) applications submitted by applicants who
18 have business and community partners in each of
19 the following categories:

20 “(A) State and local government agencies
21 and social service providers, including a State
22 or local entity that administers a State program
23 funded under part A of this title;

24 “(B) institutions of higher education, ap-
25 prenticeship programs, and local workforce de-

1 development boards established under section 107
2 of the Workforce Innovation and Opportunity
3 Act; and

4 “(C) health care employers, health care in-
5 dustry or sector partnerships, labor unions, and
6 labor-management partnerships;

7 “(3) applications that include opportunities for
8 mentoring or peer support, and make career coach-
9 ing available, as part of the case management plan;

10 “(4) applications which describe a project that
11 will serve a rural area in which—

12 “(A) the community in which the individ-
13 uals to be enrolled in the project reside is lo-
14 cated;

15 “(B) the project will be conducted; or

16 “(C) an employer partnership that has
17 committed to hiring individuals who successfully
18 complete all activities under the project is lo-
19 cated;

20 “(5) applications that include a commitment to
21 providing project participants with a cash stipend or
22 wage supplement; and

23 “(6) applications which have an emergency cash
24 fund to assist project participants financially in
25 emergency situations.

1 “(c) GRANTS.—

2 “(1) COMPETITIVE GRANTS.—

3 “(A) GRANT AUTHORITY.—

4 “(i) IN GENERAL.—The Secretary
5 may make a grant in accordance with this
6 paragraph to an eligible entity whose appli-
7 cation for the grant is approved by the
8 Secretary, to conduct a project designed to
9 train low-income individuals for allied
10 health professions, health information tech-
11 nology, physicians assistants, nursing as-
12 sistants, registered nurse, advanced prac-
13 tice nurse, and other professions consid-
14 ered part of a health care career pathway
15 model.

16 “(ii) GUARANTEE OF GRANTEES IN
17 EACH STATE AND THE DISTRICT OF CO-
18 LUMBIA.—For each grant cycle, the Sec-
19 retary shall award a grant under this para-
20 graph to at least 2 eligible entities in each
21 State that is not a territory, to the extent
22 there are a sufficient number of applica-
23 tions submitted by the entities that meet
24 the requirements applicable with respect to
25 such a grant. If, for a grant cycle, there

1 are fewer than 2 such eligible entities in a
2 State, the Secretary shall include that in-
3 formation in the report required by sub-
4 section (g)(2) that covers the fiscal year.

5 “(B) GUARANTEE OF GRANTS FOR INDIAN
6 POPULATIONS.—From the amount reserved
7 under subsection (i)(2)(B) for each fiscal year,
8 the Secretary shall award a grant under this
9 paragraph to at least 10 eligible entities that
10 are an Indian tribe, a tribal organization, or a
11 tribal college or university, to the extent there
12 are a sufficient number of applications sub-
13 mitted by the entities that meet the require-
14 ments applicable with respect to such a grant.

15 “(C) GUARANTEE OF GRANTEEES IN THE
16 TERRITORIES.—From the amount reserved
17 under subsection (i)(2)(C) for each fiscal year,
18 the Secretary shall award a grant under this
19 paragraph to at least 2 eligible entities that are
20 located in a territory, to the extent there are a
21 sufficient number of applications submitted by
22 the entities that meet the requirements applica-
23 ble with respect to such a grant.

24 “(2) GRANTS FOR DEMONSTRATION
25 PROJECTS.—

1 “(A) GRANT AUTHORITY.—The Secretary
2 shall make a grant in accordance with this sub-
3 section to an eligible entity whose application
4 for the grant is approved by the Secretary, to
5 conduct a demonstration project that meets the
6 requirements of subparagraph (B).

7 “(B) REQUIREMENTS.—The requirements
8 of this subparagraph are the following:

9 “(i) TYPE OF PROJECT.—The dem-
10 onstration project shall be of 1 of the fol-
11 lowing types:

12 “(I) INDIVIDUALS WITH ARREST
13 OR CONVICTION RECORDS DEM-
14 ONSTRATION.—The demonstration
15 project shall be of a type designed to
16 provide education and training for eli-
17 gible individuals with arrest or convic-
18 tion records to enter and follow a ca-
19 reer pathway in the health professions
20 through occupations that pay well and
21 are expected to experience a labor
22 shortage or be in high demand.

23 “(II) PREGNANCY AND CHILD-
24 BIRTH CAREER PATHWAY DEM-
25 ONSTRATION.—The demonstration

1 project shall be of a type designed to
2 provide education and training for eli-
3 gible individuals to enter and follow a
4 career pathway in the field of preg-
5 nancy, childbirth, post-partum, or
6 childbirth and post-partum, in a State
7 that recognizes doulas or midwives
8 and that provides payment for serv-
9 ices provided by doulas or midwives,
10 as the case may be, under private or
11 public health insurance plans.

12 “(ii) DURATION.—The demonstration
13 project shall be conducted for not less than
14 5 years.

15 “(C) MINIMUM ALLOCATION OF FUNDS
16 FOR EACH TYPE OF DEMONSTRATION
17 PROJECT.—

18 “(i) INDIVIDUALS WITH ARREST OR
19 CONVICTION RECORDS DEMONSTRA-
20 TIONS.—Not less than \$6,375,000 of the
21 amounts made available for grants under
22 this paragraph shall be used to make
23 grants for demonstration projects of the
24 type described in subparagraph (B)(i)(I).

1 “(ii) PREGNANCY AND CHILDBIRTH
2 CAREER PATHWAY DEMONSTRATIONS.—
3 Not less than \$6,375,000 of the amounts
4 made available for grants under this para-
5 graph shall be used to make grants for
6 demonstration projects of the type de-
7 scribed in subparagraph (B)(i)(II).

8 “(3) GRANT CYCLE.—The grant cycle under
9 this section shall be not less than 5 years, with a
10 planning period of not more than the first 12
11 months of the grant cycle. During the planning pe-
12 riod, the amount of the grant shall be in such lesser
13 amount as the Secretary determines appropriate.

14 “(d) USE OF GRANT.—

15 “(1) IN GENERAL.—An entity to which a grant
16 is made under this section shall use the grant in ac-
17 cordance with the approved application for the
18 grant.

19 “(2) SUPPORT TO BE PROVIDED.—

20 “(A) REQUIRED SUPPORT.—A project for
21 which a grant is made under this section shall
22 include the following:

23 “(i) An assessment for adult basic
24 skill competency, and provision of adult
25 basic skills education if necessary for

1 lower-skilled eligible individuals to enroll in
2 the project and go on to enter and com-
3 plete post-secondary training, through
4 means including the following:

5 “(I) Establishing a network of
6 partners that offer pre-training activi-
7 ties for project participants who need
8 to improve basic academic skills or
9 English language proficiency before
10 entering a health occupational train-
11 ing career pathway program.

12 “(II) Offering resources to enable
13 project participants to continue ad-
14 vancing adult basic skill proficiency
15 while enrolled in a career pathway
16 program.

17 “(III) Embedding adult basic
18 skill maintenance as part of ongoing
19 post-graduation career coaching and
20 mentoring.

21 “(ii) A guarantee that child care is an
22 available and affordable support service for
23 project participants through means such as
24 the following:

1511

1 “(I) Referral to, and assistance
2 with, enrollment in a subsidized child
3 care program.

4 “(II) Direct payment to a child
5 care provider if a slot in a subsidized
6 child care program is not available or
7 reasonably accessible.

8 “(III) Payment of co-payments
9 or associated fees for child care.

10 “(iii) Case management plans that in-
11 clude career coaching (with the option to
12 offer appropriate peer support and men-
13 toring opportunities to help develop soft
14 skills and social capital), which may be of-
15 fered on an ongoing basis before, during,
16 and after initial training as part of a ca-
17 reer pathway model.

18 “(iv) A plan to provide project partici-
19 pants with transportation through means
20 such as the following:

21 “(I) Referral to, and assistance
22 with enrollment in, a subsidized trans-
23 portation program.

24 “(II) If a subsidized transpor-
25 tation program is not reasonably

1 available, direct payments to subsidize
2 transportation costs.

3 For purposes of this clause, the term
4 ‘transportation’ includes public transit, or
5 gasoline for a personal vehicle if public
6 transit is not reasonably accessible or
7 available.

8 “(v) In the case of a demonstration
9 project of the type described in subsection
10 (c)(2)(B)(i)(I), access to legal assistance
11 for project participants for the purpose of
12 addressing arrest or conviction records and
13 associated workforce barriers.

14 “(B) ALLOWED SUPPORT.—The goods and
15 services provided under a project for which a
16 grant is made under this section may include
17 the following:

18 “(i) A cash stipend.

19 “(ii) A reserve fund for financial as-
20 sistance to project participants in emer-
21 gency situations.

22 “(iii) Tuition, and training materials
23 such as books, software, uniforms, shoes,
24 and hair nets, and personal protective
25 equipment.

1 “(iv) In-kind resource donations such
2 as interview clothing and conference at-
3 tendance fees.

4 “(v) Assistance with accessing and
5 completing high school equivalency or adult
6 basic education courses as necessary to
7 achieve success in the project and make
8 progress toward career goals.

9 “(vi) Assistance with programs and
10 activities, including legal assistance,
11 deemed necessary to address arrest or con-
12 viction records as an employment barrier.

13 “(vii) Other support services as
14 deemed necessary for family well-being,
15 success in the project, and progress toward
16 career goals.

17 “(3) TRAINING.—The number of hours of train-
18 ing provided to an eligible individual under a project
19 for which a grant is made under this section, for a
20 recognized postsecondary credential (including an in-
21 dustry-recognized credential, and a certificate
22 awarded by a local workforce development board es-
23 tablished under section 107 of the Workforce Inno-
24 vation and Opportunity Act), which is awarded in
25 recognition of attainment of measurable technical or

1 occupational skills necessary to gain employment or
2 advance within an occupation, shall be—

3 “(A) not less than the number of hours of
4 training required for certification in that level
5 of skill by the State in which the project is con-
6 ducted; or

7 “(B) if there is no such requirement, such
8 number of hours of training as the Secretary
9 finds is necessary to achieve that skill level.

10 “(4) INCLUSION OF TANF RECIPIENTS.—In the
11 case of a project for which a grant is made under
12 this section that is conducted in a State that has a
13 program funded under part A of title IV, at least 10
14 percent of the eligible individuals to whom support
15 is provided under the project shall meet the income
16 eligibility requirements under that State program,
17 without regard to whether the individuals receive
18 benefits or services directly under that State pro-
19 gram.

20 “(5) INCOME LIMITATION.—An entity to which
21 a grant is made under this section shall not use the
22 grant to provide support to a person who is not an
23 eligible individual.

24 “(6) PROHIBITION.—An entity to which a grant
25 is made under this section shall not use the grant

1 for purposes of entertainment, except that case man-
2 agement and career coaching services may include
3 celebrations of specific career-based milestones such
4 as completing a semester, graduation, or job place-
5 ment.

6 “(e) TECHNICAL ASSISTANCE.—

7 “(1) IN GENERAL.—The Secretary shall provide
8 technical assistance—

9 “(A) to assist eligible entities in applying
10 for grants under this section;

11 “(B) that is tailored to meet the needs of
12 grantees at each stage of the administration of
13 projects for which grants are made under this
14 section;

15 “(C) that is tailored to meet the specific
16 needs of Indian tribes, tribal organizations, and
17 tribal colleges and universities;

18 “(D) that is tailored to meet the specific
19 needs of the territories;

20 “(E) that is tailored to meet the specific
21 needs of eligible entities in carrying out dem-
22 onstration projects for which a grant is made
23 under this section; and

24 “(F) to facilitate the exchange of informa-
25 tion among eligible entities regarding best prac-

1 tices and promising practices used in the
2 projects.

3 “(2) CONTINUATION OF PEER TECHNICAL AS-
4 SISTANCE CONFERENCES.—The Secretary shall con-
5 tinue to hold peer technical assistance conferences
6 for entities to which a grant is made under this sec-
7 tion or was made under the immediate predecessor
8 of this section. The preceding sentence shall not be
9 interpreted to require any such conference to be held
10 in person.

11 “(f) EVALUATION OF DEMONSTRATION PROJECTS.—

12 “(1) IN GENERAL.—The Secretary shall, by
13 grant, contract, or interagency agreement, conduct
14 rigorous and well-designed evaluations of the dem-
15 onstration projects for which a grant is made under
16 this section.

17 “(2) REQUIREMENT APPLICABLE TO INDIVID-
18 UALS WITH ARREST OR CONVICTION RECORDS DEM-
19 ONSTRATION.—In the case of a project of the type
20 described in subsection (c)(2)(B)(i)(I), the evalua-
21 tion shall include identification of successful activi-
22 ties for creating opportunities for developing and
23 sustaining, particularly with respect to low-income
24 individuals with arrest or conviction records, a
25 health professions workforce that has accessible

1 entry points, that meets high standards for edu-
2 cation, training, certification, and professional devel-
3 opment, and that provides increased wages and af-
4 fordable benefits, including health care coverage,
5 that are responsive to the needs of the workforce.

6 “(3) REQUIREMENT APPLICABLE TO PREG-
7 NANCY AND CHILDBIRTH CAREER PATHWAY DEM-
8 ONSTRATION.—In the case of a project of the type
9 described in subsection (c)(2)(B)(i)(II), the evalua-
10 tion shall include identification of successful activi-
11 ties for creating opportunities for developing and
12 sustaining, particularly with respect to low-income
13 individuals and other entry-level workers, a career
14 pathway that has accessible entry points, that meets
15 high standards for education, training, certification,
16 and professional development, and that provides in-
17 creased wages and affordable benefits, including
18 health care coverage, that are responsive to the
19 needs of the birth, pregnancy, and post-partum
20 workforce.

21 “(4) RULE OF INTERPRETATION.—Evaluations
22 conducted pursuant to this subsection may include a
23 randomized controlled trial, but this subsection shall
24 not be interpreted to require an evaluation to include
25 such a trial.

1 “(g) REPORTS.—

2 “(1) TO THE SECRETARY.—An eligible entity
3 awarded a grant to conduct a project under this sec-
4 tion shall submit interim reports to the Secretary on
5 the activities carried out under the project, and, on
6 the conclusion of the project, a final report on the
7 activities. Each such report shall include data on
8 participant outcomes related to earnings, employ-
9 ment in health professions, graduation rate, gradua-
10 tion timeliness, credential attainment, participant
11 demographics, and other data specified by the Sec-
12 retary.

13 “(2) TO THE CONGRESS.—During each Con-
14 gress, the Secretary shall submit to the Committee
15 on Ways and Means of the House of Representatives
16 and the Committee on Finance of the Senate a re-
17 port—

18 “(A) on the demographics of the partici-
19 pants in the projects for which a grant is made
20 under this section;

21 “(B) on the rate of which project partici-
22 pants completed all activities under the
23 projects;

24 “(C) on the employment credentials ac-
25 quired by project participants;

1 “(D) on the employment of project partici-
2 pants on completion of activities under the
3 projects, and the earnings of project partici-
4 pants at entry into employment;

5 “(E) on best practices and promising prac-
6 tices used in the projects;

7 “(F) on the nature of any technical assist-
8 ance provided to grantees under this section;

9 “(G) on, with respect to the period since
10 the period covered in the most recent prior re-
11 port submitted under this paragraph—

12 “(i) the number of applications sub-
13 mitted under this section, with a separate
14 statement of the number of applications re-
15 ferred to in subsection (b)(5);

16 “(ii) the number of applications that
17 were approved, with a separate statement
18 of the number of such applications referred
19 to in subsection (b)(5); and

20 “(iii) a description of how grants were
21 made in any case described in the last sen-
22 tence of subsection (c)(1)(A)(ii); and

23 “(H) that includes an assessment of the ef-
24 fectiveness of the projects with respect to ad-

1 dressing health professions workforce shortages
2 or in-demand jobs.

3 “(h) DEFINITIONS.—In this section:

4 “(1) ALLIED HEALTH PROFESSION.—The term
5 ‘allied health profession’ has the meaning given in
6 section 799B(5) of the Public Health Service Act.

7 “(2) CAREER PATHWAY.—The term ‘career
8 pathway’ has the meaning given that term in section
9 3(7) of the Workforce Innovation and Opportunity
10 Act.

11 “(3) DOULA.—The term ‘doula’ means an indi-
12 vidual who—

13 “(A) is certified by an organization that
14 has been established for not less than 5 years
15 and that requires the completion of continuing
16 education to maintain the certification, to pro-
17 vide non-medical advice, information, emotional
18 support, and physical comfort to an individual
19 during the individual’s pregnancy, childbirth,
20 and post-partum period; and

21 “(B) maintains the certification by com-
22 pleting the required continuing education.

23 “(4) ELIGIBLE ENTITY.—The term ‘eligible en-
24 tity’ means any of the following entities that dem-
25 onstrates in an application submitted under this sec-

1 tion that the entity has the capacity to fully develop
2 and administer the project described in the applica-
3 tion:

4 “(A) A local workforce development board
5 established under section 107 of the Workforce
6 Innovation and Opportunity Act.

7 “(B) A State or territory, a political sub-
8 division of a State or territory, or an agency of
9 a State, territory, or such a political subdivi-
10 sion, including a State or local entity that ad-
11 ministers a State program funded under part A
12 of this title.

13 “(C) An Indian tribe, a tribal organization,
14 or a tribal college or university.

15 “(D) An institution of higher education (as
16 defined in the Higher Education Act of 1965).

17 “(E) A hospital (as defined in section
18 1861(e)).

19 “(F) A high-quality skilled nursing facility.

20 “(G) A Federally qualified health center
21 (as defined in section 1861(aa)(4)).

22 “(H) A nonprofit organization described in
23 section 501(c)(3) of the Internal Revenue Code
24 of 1986, a labor organization, or an entity with
25 shared labor-management oversight, that has a

1 demonstrated history of providing health profes-
2 sion training to eligible individuals.

3 “(I) In the case of a demonstration project
4 of the type provided for in subsection
5 (c)(2)(B)(i)(II) of this section, an entity recog-
6 nized by a State, Indian tribe, or tribal organi-
7 zation as qualified to train doulas or midwives,
8 if midwives or doulas, as the case may be, are
9 permitted to practice in the State involved.

10 “(J) An opioid treatment program (as de-
11 fined in section 1861(jjj)(2)), and other high
12 quality comprehensive addiction care providers.

13 “(5) ELIGIBLE INDIVIDUAL.—The term ‘eligible
14 individual’ means an individual whose family income
15 does not exceed 200 percent of the Federal poverty
16 level.

17 “(6) FEDERAL POVERTY LEVEL.—The term
18 ‘Federal poverty level’ means the poverty line (as de-
19 fined in section 673(2) of the Omnibus Budget Rec-
20 onciliation Act of 1981, including any revision re-
21 quired by such section applicable to a family of the
22 size involved).

23 “(7) INDIAN TRIBE; TRIBAL ORGANIZATION.—
24 The terms ‘Indian tribe’ and ‘tribal organization’
25 have the meaning given the terms in section 4 of the

1 Indian Self-Determination and Education Assistance
2 Act (25 U.S.C. 450b).

3 “(8) INSTITUTION OF HIGHER EDUCATION.—
4 The term ‘institution of higher education’ has the
5 meaning given the term in section 101 or
6 102(a)(1)(B) of the Higher Education Act of 1965.

7 “(9) TERRITORY.—The term ‘territory’ means
8 the Commonwealth of Puerto Rico, the United
9 States Virgin Islands, Guam, the Northern Mariana
10 Islands, and American Samoa.

11 “(10) TRIBAL COLLEGE OR UNIVERSITY.—The
12 term ‘tribal college or university’ has the meaning
13 given the term in section 316(b) of the Higher Edu-
14 cation Act of 1965.

15 “(i) FUNDING.—

16 “(1) IN GENERAL.—Out of any funds in the
17 Treasury of the United States not otherwise appro-
18 priated, there are appropriated to the Secretary to
19 carry out this section \$425,000,000 for each of fis-
20 cal years 2022 through 2026.

21 “(2) ALLOCATION OF FUNDS.—Of the amount
22 appropriated for a fiscal year under paragraph (1)
23 of this subsection—

24 “(A) \$318,750,000 shall be available for
25 grants under subsection (c)(1)(A);

1 “(B) \$17,000,000 shall be reserved for
2 grants under subsection (c)(1)(B);

3 “(C) \$21,250,000 shall be reserved for
4 grants under subsection (c)(1)(C);

5 “(D) \$25,500,000 shall be available for
6 demonstration project grants under subsection
7 (c)(2);

8 “(E) \$25,500,000, plus all amounts re-
9 ferred to in subparagraphs (A) through (D) of
10 this paragraph that remain unused after all
11 grant awards are made for the fiscal year, shall
12 be available for the provision of technical assist-
13 ance and associated staffing; and

14 “(F) \$17,000,000 shall be available for
15 studying the effects of the demonstration and
16 non-demonstration projects for which a grant is
17 made under this section, and for associated
18 staffing, for the purpose of supporting the rig-
19 orous evaluation of the demonstration projects,
20 and supporting the continued study of the
21 short-, medium-, and long-term effects of all
22 such projects, including the effectiveness of new
23 or added elements of the non-demonstration
24 projects.”.

1 **PART 2—PROVISIONS RELATING TO ELDER**

2 **JUSTICE**

3 **SEC. 134201. REAUTHORIZATION OF FUNDING FOR PRO-**
4 **GRAMS TO PREVENT AND INVESTIGATE**
5 **ELDER ABUSE, NEGLECT, AND EXPLOI-**
6 **TATION.**

7 (a) LONG-TERM CARE STAFF TRAINING GRANTS.—

8 Section 2041 of the Social Security Act (42 U.S.C.
9 1397m) is amended to read as follows:

10 **“SEC. 2041. NURSING HOME WORKER TRAINING GRANTS.**

11 “(a) APPROPRIATION.—Out of any funds in the
12 Treasury not otherwise appropriated, there is appro-
13 priated to the Secretary for each of fiscal years 2022
14 through 2025—

15 “(1) \$392,000,000 for grants under subsection

16 (b)(1); and

17 “(2) \$8,000,000 for grants under subsection

18 (b)(2).

19 “(b) GRANTS.—

20 “(1) STATE ENTITLEMENT.—

21 “(A) IN GENERAL.—Each State shall be
22 entitled to receive from the Secretary for each
23 fiscal year specified in subsection (a) a grant in
24 an amount equal to the amount allotted to the
25 State under subparagraph (B) of this para-
26 graph.

1 “(B) STATE ALLOTMENTS.—The amount
2 allotted to a State under this subparagraph for
3 a fiscal year shall be—

4 “(i) the amount made available by
5 subsection (a) for the fiscal year that is
6 not required to be reserved by subsection
7 (a); multiplied by

8 “(ii)(I) the number of State residents
9 who have attained 65 years of age or are
10 individuals with a disability, as determined
11 by the Secretary using the most recent
12 version of the American Community Sur-
13 vey published by the Bureau of the Census
14 or a successor data set; divided by

15 “(II) the total number of such resi-
16 dents of all States.

17 “(2) GRANTS TO INDIAN TRIBES AND TRIBAL
18 ORGANIZATIONS.—

19 “(A) IN GENERAL.—The Secretary, in con-
20 sultation with the Indian tribes and tribal orga-
21 nizations, shall make grants in accordance with
22 this section to Indian tribes and tribal organiza-
23 tions who operate at least 1 eligible setting.

24 “(B) GRANT FORMULA.—The Secretary, in
25 consultation with the Indian tribes and tribal

1 organizations, shall devise a formula for distrib-
2 uting among Indian tribes and tribal organiza-
3 tions the amount required to be reserved by
4 subsection (a) for each fiscal year.

5 “(3) SUB-GRANTS.—A State, Indian tribe, or
6 tribal organization to which an amount is paid under
7 this paragraph may use the amount to make sub-
8 grants to local organizations, including community
9 organizations, local non-profits, elder rights and jus-
10 tice groups, and workforce development boards for
11 any purpose described in paragraph (1) or (2) of
12 subsection (c).

13 “(c) USE OF FUNDS.—

14 “(1) REQUIRED USES.—A State to which an
15 amount is paid under subsection (b) shall use the
16 amount to—

17 “(A) provide wage subsidies to eligible in-
18 dividuals;

19 “(B) provide student loan repayment or
20 tuition assistance to eligible individuals for a
21 degree or certification in a field relevant to
22 their position referred to in subsection
23 (f)(1)(A);

24 “(C) guarantee affordable and accessible
25 child care for eligible individuals, including help

1 with referrals, co-pays, or other direct assist-
2 ance; and

3 “(D) provide assistance where necessary
4 with obtaining appropriate transportation, in-
5 cluding public transportation if available, or gas
6 money or transit vouchers for ride share, taxis,
7 and similar types of transportation if public
8 transportation is unavailable or impractical
9 based on work hours or location.

10 “(2) AUTHORIZED USES.—A State to which an
11 amount is paid under subsection (b) may use the
12 amount to—

13 “(A) establish a reserve fund for financial
14 assistance to eligible individuals in emergency
15 situations;

16 “(B) provide in-kind resource donations,
17 such as interview clothing and conference at-
18 tendance fees;

19 “(C) provide assistance with programs and
20 activities, including legal assistance, deemed
21 necessary to address arrest or conviction
22 records that are an employment barrier;

23 “(D) support employers operating an eligi-
24 ble setting in the State in providing employees

1 with not less than 2 weeks of paid leave per
2 year; or

3 “(E) provide other support services the
4 Secretary deems necessary to allow for success-
5 ful recruitment and retention of workers.

6 “(3) PROVISION OF FUNDS ONLY FOR THE
7 BENEFIT OF ELIGIBLE INDIVIDUALS IN ELIGIBLE
8 SETTINGS.—A State to which an amount is paid
9 under subsection (b) may provide the amount to only
10 an eligible individual or a partner organization serv-
11 ing an eligible individual.

12 “(4) NONSUPPLANTATION.—A State to which
13 an amount is paid under subsection (b) shall not use
14 the amount to supplant the expenditure of any State
15 funds for recruiting or retaining employees in an eli-
16 gible setting.

17 “(d) ADMINISTRATION.—A State to which a grant is
18 made under subsection (b) shall reserve not more than 10
19 percent of the grant to—

20 “(1) administer subgrants in accordance with
21 this section;

22 “(2) provide technical assistance and support
23 for applying for and accessing such a subgrant op-
24 portunity;

25 “(3) publicize the availability of the subgrants;

1 “(4) carry out activities to increase the supply
2 of eligible individuals; and

3 “(5) provide technical assistance to help sub-
4 grantees find and train individuals to provide the
5 services for which they are contracted.

6 “(e) DEFINITIONS.—In this section:

7 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible
8 individual’ means an individual who—

9 “(A)(i) is a qualified home health aide, as
10 defined in section 484.80(a) of title 42, Code of
11 Federal Regulations;

12 “(ii) is a nurse aide approved by the State
13 as meeting the requirements of sections
14 483.150 through 483.154 of such title, and is
15 listed in good standing on the State nurse aide
16 registry;

17 “(iii) is a personal care aide approved by
18 the State, and furnishes personal care services,
19 as defined in section 440.167 of such title;

20 “(iv) is a qualified hospice aide, as defined
21 in section 418.76 of such title; or

22 “(v) is a licensed practical nurse or a li-
23 censed or certified social worker; or

1 “(vi) is receiving training to be certified or
2 licensed as such an aide, nurse, or social work-
3 er; and

4 “(B) provides (or, in the case of a trainee,
5 intends to provide) services as such an aide,
6 nurse, or social worker in an eligible setting.

7 “(2) ELIGIBLE SETTING.—The term ‘eligible
8 setting’ means—

9 “(A) a skilled nursing facility, as defined
10 in section 1819;

11 “(B) a nursing facility, as defined in sec-
12 tion 1919;

13 “(C) a home health agency, as defined in
14 section 1891;

15 “(D) a facility provider approved to deliver
16 home or community-based services authorized
17 under State options described in subsection (c)
18 or (i) of section 1915 or, as relevant, dem-
19 onstration projects authorized under section
20 1115;

21 “(E) a hospice, as defined in section 1814;
22 or

23 “(F) a tribal assisted living facility.

24 “(3) TRIBAL ORGANIZATION.—The term ‘tribal
25 organization’ has the meaning given the term in sec-

1 tion 4 of the Indian Self-Determination and Edu-
2 cation Assistance Act.”.

3 (b) ADULT PROTECTIVE SERVICES FUNCTIONS AND
4 GRANT PROGRAMS.—

5 (1) DIRECT FUNDING; STATE ENTITLEMENT.—
6 Section 2042 of the Social Security Act (42 U.S.C.
7 1397m–1) is amended—

8 (A) in subsection (a)—

9 (i) in paragraph (1)(A)—

10 (I) by striking “offices” and in-
11 serting “programs”; and

12 (II) by inserting “and adults who
13 are under a disability (as defined in
14 section 216(i)(1))” before the semi-
15 colon; and

16 (ii) by striking paragraph (2) and in-
17 serting the following:

18 “(2) APPROPRIATION.—Out of any money in
19 the Treasury not otherwise appropriated, there are
20 appropriated to the Secretary \$8,000,000 for each of
21 fiscal years 2023 through 2025 to carry out this
22 subsection.”;

23 (B) in subsection (b)—

24 (i) in paragraph (2)—

1533

1 (I) in subparagraph (A), by strik-
2 ing “the availability of appropriations
3 and”; and

4 (II) in subparagraph (B)—
5 (aa) in the heading for
6 clause (i), by inserting “AND THE
7 DISTRICT OF COLUMBIA” after
8 “STATES”; and

9 (bb) in clause (ii), by insert-
10 ing “or the District of Columbia”
11 after “States”; and

12 (ii) by striking paragraph (5) and in-
13 serting the following:

14 “(5) APPROPRIATION.—Out of any money in
15 the Treasury not otherwise appropriated, there are
16 appropriated to the Secretary for each of fiscal years
17 2023 through 2025—

18 “(A) \$392,000,000 for grants to States
19 under this subsection; and

20 “(B) \$8,000,000 for grants to Indian
21 tribes and tribal organizations under this sub-
22 section.”; and

23 (C) in subsection (c), by striking para-
24 graph (6) and inserting the following:

1 “(6) APPROPRIATION.—Out of any money in
2 the Treasury not otherwise appropriated, there are
3 appropriated to the Secretary \$75,000,000 for each
4 of fiscal years 2023 through 2025 to carry out this
5 subsection.”.

6 (2) STATE ENTITLEMENT; GRANTS TO INDIAN
7 TRIBES AND TRIBAL ORGANIZATIONS.—Section 2042
8 of such Act (42 U.S.C. 1397m–1) is amended—

9 (A) in subsection (a)(1)(A), by striking
10 “State and local” and inserting “State, local,
11 and tribal”;

12 (B) in subsection (b)(1), by striking “the
13 Secretary shall annually award grants to States
14 in the amounts calculated under paragraph (2)”
15 and inserting “each State shall be entitled to
16 annually receive from the Secretary in the
17 amounts calculated under paragraph (2), and
18 the Secretary may annually award to each In-
19 dian tribe and tribal organization in accordance
20 with paragraph (3), grants”;

21 (C) in subsection (b)(2)—

22 (i) in the paragraph heading, by in-
23 serting “FOR A STATE” after “PAYMENT”;

1 (ii) in subparagraph (A), by striking
2 “to carry out” and inserting “for grants to
3 States under”; and

4 (iii) in subparagraph (B)(i), by strik-
5 ing “such year” and inserting “for grants
6 to States under this subsection for the fis-
7 cal year”; and

8 (D) in subsection (b), by redesignating
9 paragraphs (3) through (5) as paragraphs (4)
10 through (6), respectively, and inserting after
11 paragraph (2) the following:

12 “(3) AMOUNT OF PAYMENT TO INDIAN TRIBE
13 OR TRIBAL ORGANIZATION.—The Secretary, in con-
14 sultation with Indian tribes and tribal organizations,
15 shall determine the amount of any grant to be made
16 to each Indian tribe and tribal organization under
17 this subsection. Paragraphs (4) and (5) shall apply
18 to grantees under this paragraph in the same man-
19 ner in which the paragraphs apply to States.”;

20 (E) in subsection (c)—

21 (i) in paragraph (1), by striking “to
22 States” and inserting “to States, Indian
23 tribes, and tribal organizations”;

24 (ii) in paragraph (2)—

1 (I) in the matter preceding sub-
2 paragraph (A), by inserting “and In-
3 dian tribes and tribal organizations”
4 after “government”; and

5 (II) in subparagraph (D), by in-
6 serting “or Indian tribe or tribal orga-
7 nization, as the case may be” after
8 “government”;

9 (iii) in paragraph (4), by inserting “or
10 Indian tribe or tribal organization” after
11 “a State” the 1st place it appears; and

12 (iv) in paragraph (5)—

13 (I) by inserting “or Indian tribe
14 or tribal organization” after “Each
15 State”; and

16 (II) by inserting “or Indian tribe
17 or tribal organization, as the case may
18 be” after “the State”; and

19 (F) by adding at the end the following:

20 “(d) DEFINITIONS OF INDIAN TRIBE AND TRIBAL
21 ORGANIZATION.—In this section, the terms ‘Indian tribe’
22 and ‘tribal organization’ have the meanings given the
23 terms in section 419.”.

24 (3) CONFORMING AMENDMENT.—Section
25 2011(2) of such Act (42 U.S.C. 1397j(2)) is amend-

1 ed by striking “such services provided to adults as
2 the Secretary may specify” and inserting “services
3 provided by an entity authorized by or under State
4 law address neglect, abuse, and exploitation of older
5 adults and people with disabilities”.

6 (c) LONG-TERM CARE OMBUDSMAN PROGRAM
7 GRANTS AND TRAINING.—Section 2043 of the Social Se-
8 curity Act (42 U.S.C. 1397m–2) is amended—

9 (1) in subsection (a), by striking paragraph (2)
10 and inserting the following:

11 “(2) APPROPRIATION.—Out of any money in
12 the Treasury not otherwise appropriated, there are
13 appropriated to the Secretary to carry out this sub-
14 section—

15 “(A) \$22,500,000 for fiscal year 2023; and

16 “(B) \$30,000,000 for each of fiscal years
17 2024 and 2025.”; and

18 (2) in subsection (b), by striking paragraph (2)
19 and inserting the following:

20 “(2) APPROPRIATION.—Out of any money in
21 the Treasury not otherwise appropriated, there are
22 appropriated to the Secretary \$30,000,000 for each
23 of fiscal years 2023 through 2025 to carry out this
24 subsection.”.

1 (d) INCENTIVES FOR DEVELOPING AND SUSTAINING
2 STRUCTURAL COMPETENCY IN PROVIDING HEALTH AND
3 HUMAN SERVICES.—Part II of subtitle B of title XX of
4 the Social Security Act (42 U.S.C. 1397m-1397m-5) is
5 amended by adding at the end the following:

6 **“SEC. 2047. INCENTIVES FOR DEVELOPING AND SUS-**
7 **TAINING STRUCTURAL COMPETENCY IN PRO-**
8 **VIDING HEALTH AND HUMAN SERVICES.**

9 “(a) GRANTS TO STATES TO SUPPORT LINKAGES TO
10 LEGAL SERVICES AND MEDICAL LEGAL PARTNER-
11 SHIPS.—

12 “(1) APPROPRIATION.—Out of any money in
13 the Treasury not otherwise appropriated, there are
14 appropriated to the Secretary \$500,000,000 for fis-
15 cal year 2022, to remain available for the purposes
16 of this subsection through fiscal year 2028.

17 “(2) GRANTS.—Within 2 years after the date of
18 the enactment of this section, the Secretary shall es-
19 tablish and administer a program of grants to States
20 to support the adoption of evidence-based ap-
21 proaches to establishing or improving and maintain-
22 ing real-time linkages between health and social
23 services and supports for vulnerable elders or in con-
24 junction with authorized representatives of vulner-
25 able elders, including through the following:

1 “(A) MEDICAL-LEGAL PARTNERSHIPS.—

2 The establishment and support of medical-legal
3 partnerships, the incorporation of the partner-
4 ships in the elder justice framework and health
5 and human services safety net, and the imple-
6 mentation and operation of such a partnership
7 by an eligible grantee—

8 “(i) at the option of a State, in con-
9 junction with an area agency on aging;

10 “(ii) in a solo provider practice in a
11 health professional shortage area (as de-
12 fined in section 332(a) of the Public
13 Health Service Act), a medically under-
14 served community (as defined in section
15 399V of such Act), or a rural area (as de-
16 fined in section 330J of such Act);

17 “(iii) in a minority-serving institution
18 of higher learning with health, law, and so-
19 cial services professional programs;

20 “(iv) in a federally qualified health
21 center, as described in section 330 of the
22 Public Health Service Act, or look-alike, as
23 described in section 1905(l)(2)(B) of this
24 Act; or

1 “(v) in certain hospitals that are crit-
2 ical access hospitals, Medicare-dependent
3 hospitals, sole community hospitals, rural
4 emergency hospitals, or that serve a high
5 proportion of Medicare or Medicaid pa-
6 tients.

7 “(B) LEGAL HOTLINES DEVELOPMENT OR
8 EXPANSION.—The provision of incentives to de-
9 velop, enhance, and integrate platforms, such as
10 legal assistance hotlines, that help to facilitate
11 the identification of older adults who could ben-
12 efit from linkages to available legal services
13 such as those described in subparagraph (A).

14 “(3) STATE REPORTS.—Each State to which a
15 grant is made under this subsection shall submit to
16 the Secretary biannual reports on the activities car-
17 ried out by the State pursuant to this subsection,
18 which shall include assessments of the effectiveness
19 of the activities with respect to—

20 “(A) the number of unique individuals
21 identified through the mechanism outlined in
22 paragraph (2)(B) who are referred to services
23 described in paragraph (2)(A), and the average
24 time period associated with resolving issues;

1 “(B) the success rate for referrals to com-
2 munity-based resources; and

3 “(C) other factors determined relevant by
4 the Secretary.

5 “(4) EVALUATION.—The Secretary shall, by
6 grant, contract, or interagency agreement, evaluate
7 the activities conducted pursuant to this subsection,
8 which shall include a comparison among the States.

9 “(5) SUPPLEMENT NOT SUPPLANT.—Support
10 provided to area agencies on aging, State units on
11 aging, eligible entities, or other community-based or-
12 ganizations pursuant to this subsection shall be used
13 to supplement and not supplant any other Federal,
14 State, or local funds expended to provide the same
15 or comparable services described in this subsection.

16 “(b) GRANTS AND TRAINING TO SUPPORT AREA
17 AGENCIES ON AGING OR OTHER COMMUNITY-BASED OR-
18 GANIZATIONS TO ADDRESS SOCIAL ISOLATION AMONG
19 VULNERABLE OLDER ADULTS AND PEOPLE WITH DIS-
20 ABILITIES.—

21 “(1) APPROPRIATION.—Out of any money in
22 the Treasury not otherwise appropriated, there are
23 appropriated to the Secretary \$250,000,000, to re-
24 main available for the purposes of this subsection
25 through fiscal year 2028.

1 “(2) GRANTS.—The Secretary shall make
2 grants to eligible area agencies on aging or other
3 community-based organizations for the purpose of—

4 “(A) conducting outreach to individuals at
5 risk for, or already experiencing, social isolation
6 or loneliness, through established screening
7 tools or other methods identified by the Sec-
8 retary;

9 “(B) developing community-based interven-
10 tions for the purposes of mitigating loneliness
11 or social isolation (including evidence-based pro-
12 grams, as defined by the Secretary, developed
13 with multi-stakeholder input for the purposes of
14 promoting social connection, mitigating social
15 isolation or loneliness, or preventing social iso-
16 lation or loneliness) among at-risk individuals;

17 “(C) connecting at-risk individuals with
18 community social and clinical supports; and

19 “(D) evaluating the effect of programs de-
20 veloped and implemented under subparagraphs
21 (B) and (C).

22 “(3) TRAINING.—The Secretary shall establish
23 programs to provide and improve training for area
24 agencies on aging or community-based organizations
25 with respect to addressing and preventing social iso-

1 lation and loneliness among older adults and people
2 with disabilities.

3 “(4) EVALUATION.—Not later than 3 years
4 after the date of the enactment of this section and
5 at least once after fiscal year 2025, the Secretary
6 shall submit to the Congress a written report which
7 assesses the extent to which the programs estab-
8 lished under this subsection address social isolation
9 and loneliness among older adults and people with
10 disabilities.

11 “(5) COORDINATION.—The Secretary shall co-
12 ordinate with resource centers, grant programs, or
13 other funding mechanisms established under section
14 411(a)(18) of the Older Americans Act (42 U.S.C.
15 3032(a)(18)), section 417(a)(1) of such Act (42
16 U.S.C. 3032F(a)(1)), or other programs as deter-
17 mined by the Secretary.

18 “(c) DEFINITIONS.—In this section:

19 “(1) AREA AGENCY ON AGING.—The term ‘area
20 agency on aging’ means an area agency on aging
21 designated under section 305 of the Older Ameri-
22 cans Act of 1965.

23 “(2) SOCIAL ISOLATION.—The term ‘social iso-
24 lation’ means objectively being alone, or having few
25 relationships or infrequent social contact.

1 “(3) LONELINESS.—The term ‘loneliness’
2 means subjectively feeling alone, or the discrepancy
3 between one’s desired level of social connection and
4 one’s actual level of social connection.

5 “(4) SOCIAL CONNECTION.—The term ‘social
6 connection’ means the variety of ways one can con-
7 nect to others socially, through physical, behavioral,
8 social–cognitive, and emotional channels.

9 “(5) COMMUNITY-BASED ORGANIZATION.—The
10 term ‘community-based organization’ includes, ex-
11 cept as otherwise provided by the Secretary, a non-
12 profit community-based organization, a consortium
13 of nonprofit community-based organizations, a na-
14 tional nonprofit organization acting as an inter-
15 mediary for a community-based organization, or a
16 community-based organization that has a fiscal
17 sponsor that allows the organization to function as
18 an organization described in section 501(c)(3) of the
19 Internal Revenue Code of 1986 and exempt from
20 taxation under section 501(a) of such Code.”.

21 (e) TECHNICAL AMENDMENT.—Section 2011(12)(A)
22 of the Social Security Act (42 U.S.C. 1397j(12)(A)) is
23 amended by striking “450b” and inserting “5304”.

1 **SEC. 134202. APPROPRIATION FOR ASSESSMENTS.**

2 Out of any money in the Treasury not otherwise ap-
3 propriated, there are appropriated to the Secretary of
4 Health and Human Services \$5,000,000 for each of fiscal
5 years 2022 through 2025 to prepare and submit to the
6 Committee on Ways and Means of the House of Rep-
7 resentatives and the Committee on Finance of the Senate,
8 not later than 3 years after the date of enactment of this
9 Act, and at least once after fiscal year 2025, reports on
10 the programs, coordinating bodies, registries, and activi-
11 ties established or authorized under subtitle B of title XX
12 of the Social Security Act (42 U.S.C. 13971 et seq.) or
13 section 6703(b) of the Patient Protection and Affordable
14 Care Act (42 U.S.C. 1395i–3a), which shall assess the ex-
15 tent to which such programs, coordinating bodies, reg-
16 istries, and activities have improved access to, and the
17 quality of, resources available to aging Americans and
18 their caregivers to ultimately prevent, detect, and treat
19 abuse, neglect, and exploitation, and shall include, as ap-
20 propriate, recommendations to Congress on funding levels
21 and policy changes to help these programs, coordinating
22 bodies, registries, and activities better prevent, detect, and
23 treat abuse, neglect, and exploitation of aging Americans.

1 **PART 3—SKILLED NURSING FACILITIES**

2 **SEC. 134301. FUNDING TO IMPROVE THE ACCURACY AND**
3 **RELIABILITY OF CERTAIN SKILLED NURSING**
4 **FACILITY DATA.**

5 Section 1888 of the Social Security Act (42 U.S.C.
6 1395yy) is amended—

7 (1) in subsection (h)(12)—

8 (A) in subparagraph (A), by striking “and
9 the data submitted under subsection (e)(6)”
10 and inserting “, the data submitted under sub-
11 section (e)(6), and, during the period beginning
12 with fiscal year 2024 and ending with fiscal
13 year 2031, the resident assessment data de-
14 scribed in section 1819(b)(3) and the direct
15 care staffing information described in section
16 1128I(g)”; and

17 (B) in subparagraph (B)—

18 (i) by striking “FUNDING.—For pur-
19 poses” and inserting “FUNDING.—

20 “(i) FISCAL YEARS 2023 THROUGH
21 2025.—For purposes”; and

22 (ii) by adding at the end the following
23 new clause:

24 “(ii) FISCAL YEARS 2026 THROUGH
25 2031.—There is appropriated to the Sec-
26 retary, out of any monies in the Treasury

1 not otherwise appropriated, \$50,000,000
2 for the period of fiscal years 2026 through
3 2031 for purposes of carrying out this
4 paragraph.”; and

5 (2) in subsection (e)(6)(A)—

6 (A) in the header, by striking “FOR FAIL-
7 URE TO REPORT”; and

8 (B) in clause (i)—

9 (i) by striking “For fiscal years” and
10 inserting the following:

11 “(I) FAILURE TO REPORT.—For
12 fiscal years”; and

13 (ii) by adding at the end the following
14 new subclause:

15 “(II) REPORTING OF INAC-
16 CURATE INFORMATION.—For fiscal
17 years during the period beginning
18 with fiscal year 2025 and ending with
19 fiscal year 2031, in the case of a
20 skilled nursing facility that submits
21 data under this paragraph, measures
22 under subsection (h), resident assess-
23 ment data described in section
24 1819(b)(3), or direct care staffing in-
25 formation described in section

1 1128I(g) with respect to such fiscal
2 year that is inaccurate (as determined
3 by the Secretary through the valida-
4 tion process described in section
5 1888(h)(12) or otherwise), after de-
6 termining the percentage described in
7 paragraph (5)(B)(i), and after appli-
8 cation of clauses (ii) and (iii) of para-
9 graph (5)(B) and of subclause (I) of
10 this clause (if applicable), the Sec-
11 retary shall reduce such percentage
12 for payment rates during such fiscal
13 year by 2 percentage points.”.

14 **SEC. 134302. ENSURING ACCURATE INFORMATION ON COST**
15 **REPORTS.**

16 Section 1888(f) of the Social Security Act (42 U.S.C.
17 1395yy(f)) is amended by adding at the end the following
18 new paragraph:

19 “(5) AUDIT OF COST REPORTS.—There is ap-
20 propriated to the Secretary, out of any monies in the
21 Treasury not otherwise appropriated, \$250,000,000
22 for fiscal year 2023 to remain available until ex-
23 pended, for purposes of conducting an annual audit
24 (beginning with 2022 and ending with 2031) of cost

1 reports submitted under this title for a representa-
2 tive sample of skilled nursing facilities.”.

3 **SEC. 134303. SURVEY IMPROVEMENTS.**

4 Section 1819 of the Social Security Act (42 U.S.C.
5 1395i-3) is amended by adding at the end the following
6 new subsection:

7 “(1) SURVEY IMPROVEMENTS.—

8 “(1) IN GENERAL.—There is appropriated to
9 the Secretary, out of any monies in the Treasury not
10 otherwise appropriated, \$325,000,000, for the period
11 of fiscal years 2022 through 2031, for purposes of—

12 “(A) conducting reviews and identifying
13 plans under paragraph (2); and

14 “(B) providing training, tools, technical as-
15 sistance, and financial support in accordance
16 with paragraph (3).

17 “(2) REVIEW.—The Secretary shall conduct re-
18 views, during the period specified in paragraph (1),
19 of (and, as appropriate, identify plans to improve)
20 the following:

21 “(A) The extent to which surveys con-
22 ducted under subsection (g) and the enforce-
23 ment process under subsection (h) result in in-
24 creased compliance with requirements under
25 this section and subpart B of part 483 of title

1 42, Code of Federal Regulations, with respect
2 to skilled nursing facilities (in this subsection
3 referred to as ‘facilities’).

4 “(B) The timeliness and thoroughness of
5 State agency verification of deficiency correc-
6 tions at facilities.

7 “(C) The appropriateness of the scoping
8 and substantiation of cited deficiencies at facili-
9 ties.

10 “(D) The accuracy of the identification
11 and appropriateness of the scoping of life safe-
12 ty, infection control, and emergency prepared-
13 ness deficiencies at facilities.

14 “(E) The timeliness of State agency inves-
15 tigations of—

16 “(i) complaints at facilities; and

17 “(ii) reported allegations of abuse, ne-
18 glect, and exploitation at facilities.

19 “(F) The consistency of facility reporting
20 of substantiated complaints to law enforcement.

21 “(G) The ability of the State agency to
22 sufficiently hire, train, and retain individuals
23 who conduct surveys.

24 “(H) Any other area related to surveys of
25 facilities, or the individuals conducting such

1 surveys, determined appropriate by the Sec-
2 retary.

3 “(3) SUPPORT.—Based on the review under
4 paragraph (2), the Secretary shall, during the period
5 specified in paragraph (1), provide training, tools,
6 technical assistance, and financial support to State
7 agencies that perform surveys of facilities for the
8 purpose of improving the surveys conducted under
9 subsection (g) and the enforcement process under
10 subsection (h) with respect to the areas reviewed
11 under paragraph (2).”.

12 **SEC. 134304. NURSE STAFFING REQUIREMENTS.**

13 Section 1819(d) of the Social Security Act (42 U.S.C.
14 1395i–3(d)) is amended—

15 (1) in paragraph (4)(A), by inserting “and any
16 regulations promulgated under paragraph (5)(C)”
17 after “section 1124”; and

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

20 “(5) NURSE STAFFING REQUIREMENTS.—

21 “(A) FUNDING.—There is appropriated to
22 the Secretary, out of any monies in the Treas-
23 ury not otherwise appropriated, \$50,000,000
24 for the period of fiscal years 2022 through

1 2031 for purposes of carrying out this para-
2 graph.

3 “(B) STUDY.—Not later than 3 years after
4 the date of the enactment of this paragraph,
5 and not less frequently than once every 5 years
6 thereafter, the Secretary shall, out of funds ap-
7 propriated under subparagraph (A), conduct a
8 study and submit to Congress a report on the
9 appropriateness of establishing minimum staff
10 to resident ratios for nursing staff for skilled
11 nursing facilities. Each such report shall in-
12 clude—

13 “(i) with respect to the first such re-
14 port, recommendations regarding appro-
15 priate minimum ratios of registered nurses
16 (and, if practicable, licensed practical
17 nurses (or licensed vocational nurses) and
18 certified nursing assistants) to residents at
19 such skilled nursing facilities; and

20 “(ii) with respect to each subsequent
21 such report, recommendations regarding
22 appropriate minimum ratios of registered
23 nurses, licensed practical nurses (or li-
24 censed vocational nurses), and certified

1 nursing assistants to residents at such
2 skilled nursing facilities.

3 “(C) PROMULGATION OF REGULATIONS.—

4 “(i) IN GENERAL.—Not later than 2
5 years after the Secretary first submits a
6 report under subparagraph (B), the Sec-
7 retary shall, out of funds appropriated
8 under subparagraph (A)—

9 “(I) specify through regulations,
10 consistent with such report, appro-
11 priate minimum ratios (if any) of reg-
12 istered nurses (and, if practicable, li-
13 censed practical nurses (or licensed
14 vocational nurses) and certified nurs-
15 ing assistants) to residents at skilled
16 nursing facilities; and

17 “(II) except as provided in clause
18 (ii), require such skilled nursing facili-
19 ties to comply with such ratios.

20 “(ii) EXCEPTION.—

21 “(I) IN GENERAL.—In addition
22 to the authority to waive the applica-
23 tion of clause (i)(II) under section
24 1135, the Secretary may waive the
25 application of such clause with respect

1 to a skilled nursing facility if the Sec-
2 retary finds that—

3 “(aa) the facility is located
4 in a rural area and the supply of
5 skilled nursing facility services in
6 such area is not sufficient to
7 meet the needs of individuals re-
8 siding therein;

9 “(bb) the Secretary provides
10 notice of the waiver to the State
11 long-term care ombudsman (es-
12 tablished under section
13 307(a)(12) of the Older Ameri-
14 cans Act of 1965) and the pro-
15 tection and advocacy system in
16 the State for the mentally ill; and

17 “(cc) the facility that is
18 granted such a waiver notifies
19 residents of the facility (or,
20 where appropriate, the guardians
21 or legal representatives of such
22 residents) and members of their
23 immediate families of the waiver.

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1 “(II) RENEWAL.—Any waiver in
2 effect under this clause shall be sub-
3 ject to annual renewal.

4 “(iii) UPDATE.—Not later than 2
5 years after the submission of each subse-
6 quent report under subparagraph (B), the
7 Secretary shall, out of funds appropriated
8 under subparagraph (A) and consistent
9 with such report, update the regulations
10 described in clause (i)(I) to reflect appro-
11 priate minimum ratios (if any) of reg-
12 istered nurses, licensed practical nurses (or
13 licensed vocational nurses), and certified
14 nursing assistants to residents at skilled
15 nursing facilities.”.

16 **PART 4—MEDICARE DENTAL, HEARING, AND**
17 **VISION COVERAGE**

18 **SEC. 134401. PROVIDING COVERAGE FOR DENTAL AND**
19 **ORAL HEALTH CARE UNDER THE MEDICARE**
20 **PROGRAM.**

21 (a) COVERAGE.—Section 1861(s)(2) of the Social Se-
22 curity Act (42 U.S.C. 1395x(s)(2)) is amended—

23 (1) in subparagraph (GG), by striking “and”
24 after the semicolon at the end;

1 (2) in subparagraph (HH), by striking the pe-
2 riod at the end and adding “; and”; and

3 (3) by adding at the end the following new sub-
4 paragraph:

5 “(II) dental and oral health services (as defined
6 in subsection (III));”.

7 (b) DENTAL AND ORAL HEALTH SERVICES DE-
8 FINED.—Section 1861 of the Social Security Act (42
9 U.S.C. 1395x) is amended by adding at the end the fol-
10 lowing new subsection:

11 “(III) DENTAL AND ORAL HEALTH SERVICES.—

12 “(1) IN GENERAL.—The term ‘dental and oral
13 health services’ means items and services (other
14 than such items and services for which payment may
15 be made under part A as inpatient hospital services)
16 that are furnished during 2028 or a subsequent
17 year, for which coverage was not provided under
18 part B as of the date of the enactment of this sub-
19 section, and that are—

20 “(A) the preventive and screening services
21 described in paragraph (2) furnished by a doc-
22 tor of dental surgery or of dental medicine (as
23 described in subsection (r)(2)) or an oral health
24 professional (as defined in paragraph (4)); or

1 “(B) the basic treatments specified for
2 such year by the Secretary pursuant to para-
3 graph (3)(A) and the major treatments speci-
4 fied for such year by the Secretary pursuant to
5 paragraph (3)(B) furnished by such a doctor or
6 such a professional.

7 “(2) PREVENTIVE AND SCREENING SERV-
8 ICES.—The preventive and screening services de-
9 scribed in this paragraph are the following:

10 “(A) Oral exams.

11 “(B) Dental cleanings.

12 “(C) Dental x-rays performed in the office
13 of a doctor or professional described in para-
14 graph (1)(A).

15 “(D) Fluoride treatments.

16 “(3) BASIC AND MAJOR TREATMENTS.—For
17 2028 and each subsequent year, the Secretary shall
18 specify—

19 “(A) basic treatments (which may include
20 basic tooth restorations, basic periodontal serv-
21 ices, tooth extractions, and oral disease man-
22 agement services); and

23 “(B) major treatments (which may include
24 major tooth restorations, major periodontal
25 services, bridges, crowns, and root canals);

1 that shall be included as dental and oral health serv-
2 ices for such year.

3 “(4) ORAL HEALTH PROFESSIONAL.—The term
4 ‘oral health professional’ means, with respect to den-
5 tal and oral health services, a health professional
6 (other than a doctor of dental surgery or of dental
7 medicine (as described in subsection (r)(2))) who is
8 licensed to furnish such services, acting within the
9 scope of such license, by the State in which such
10 services are furnished.”.

11 (c) PAYMENT; COINSURANCE; AND LIMITATIONS.—

12 (1) IN GENERAL.—Section 1833(a)(1) of the
13 Social Security Act (42 U.S.C. 1395l(a)(1)) is
14 amended—

15 (A) in subparagraph (N), by inserting
16 “and dental and oral health services (as defined
17 in section 1861(III))” after “section
18 1861(hhh)(1)”;.

19 (B) by striking “and” before “(DD)”; and

20 (C) by inserting before the semicolon at
21 the end the following: “and (EE) with respect
22 to dental and oral health services (as defined in
23 section 1861(III)), the amount paid shall be the
24 payment amount specified under section
25 1834(z)”.

1 (2) PAYMENT AND LIMITS SPECIFIED.—Section
2 1834 of the Social Security Act (42 U.S.C. 1395m)
3 is amended by adding at the end the following new
4 subsection:

5 “(z) PAYMENT AND LIMITS FOR DENTAL AND ORAL
6 HEALTH SERVICES.—

7 “(1) IN GENERAL.—The payment amount
8 under this part for dental and oral health services
9 (as defined in section 1861(l)) shall be, subject to
10 paragraph (3), the applicable percent (specified in
11 paragraph (2)) of the lesser of—

12 “(A) the actual charge for the service; or

13 “(B) the amount determined under the
14 payment basis determined under section 1848
15 for the service, or, in lieu of such amount, if de-
16 termined appropriate by the Secretary, an
17 amount specified by the Secretary for such
18 service under a fee schedule determined appro-
19 priate by the Secretary, taking into account fee
20 schedules for such services—

21 “(i) under the TRICARE program
22 under chapter 55 of title 10 of the United
23 States Code;

1 “(ii) under the health insurance pro-
2 gram under chapter 89 of title 5 of such
3 Code;

4 “(iii) under State plans (or waivers of
5 such plans) under title XIX;

6 “(iv) under Medicare Advantage plans
7 under part C;

8 “(v) established by the Secretary of
9 Veterans Affairs; and

10 “(vi) established by other health care
11 payers.

12 “(2) APPLICABLE PERCENT.—For purposes of
13 paragraph (1), the applicable percent specified in
14 this paragraph is, with respect to dental and oral
15 health services (as defined in section 1861(III)) fur-
16 nished in a year—

17 “(A) that are preventive and screening
18 services described in paragraph (2) or basic
19 treatments specified for such year pursuant to
20 paragraph (3)(A) of such section, 80 percent;
21 and

22 “(B) that are major treatments specified
23 for such year pursuant to paragraph (3)(B) of
24 such section—

1 “(i) in the case such services are fur-
2 nished during 2028, 10 percent;

3 “(ii) in the case such services are fur-
4 nished during 2029 or a subsequent year
5 before 2032, the applicable percent speci-
6 fied under this subparagraph for the pre-
7 vious year, increased by 10 percentage
8 points; and

9 “(iii) in the case such services are fur-
10 nished during 2032 or a subsequent year,
11 50 percent.

12 “(3) LIMITATIONS.—With respect to dental and
13 oral health services that are—

14 “(A) preventive and screening oral exams,
15 payment may be made under this part for not
16 more than two such exams during a 12-month
17 period;

18 “(B) dental cleanings, payment may be
19 made under this part for not more than two
20 such cleanings during a 12-month period; and

21 “(C) not described in subparagraph (A) or
22 (B), payment may be made under this part only
23 at such frequencies and under such cir-
24 cumstances determined appropriate by the Sec-
25 retary.

1 “(4) USE OF BUNDLED PAYMENTS.—The Sec-
2 retary may make payment for dentures and associ-
3 ated professional services, and for any other dental
4 and oral health services, as bundled payments as the
5 Secretary determines appropriate.

6 “(5) LIMITATION ON JUDICIAL REVIEW.—There
7 shall be no administrative or judicial review under
8 section 1869 or otherwise of—

9 “(A) the determination of payment
10 amounts under this subsection for dental and
11 oral health services and under subsection (h)(6)
12 or subsection (z)(4) for dentures;

13 “(B) the determination of what services
14 are basic and major services under subpara-
15 graphs (A) and (B) of section 1861(l)(3); or

16 “(C) the determination of the frequency
17 and circumstance limitations for dental and oral
18 health services under paragraph (3)(C).”.

19 (d) PAYMENT UNDER PHYSICIAN FEE SCHEDULE.—

20 (1) IN GENERAL.—Section 1848(j)(3) of the
21 Social Security Act (42 U.S.C. 1395w-4(j)(3)) is
22 amended by inserting “(2)(II),” before “(3)”.

23 (2) EXCLUSION FROM MIPS.—Section
24 1848(q)(1)(C)(ii) of the Social Security Act (42
25 U.S.C. 1395w-4(q)(1)(C)(ii)) is amended—

1 (A) in subclause (II), by striking “or” at
2 the end;

3 (B) in subclause (III), by striking the pe-
4 riod at the end and inserting “; or”; and

5 (C) by adding at the end the following new
6 subclause:

7 “(IV) with respect to 2028 and
8 each subsequent year, is a doctor of
9 dental surgery or of dental medicine
10 (as described in section 1861(r)(2)) or
11 is an oral health professional (as de-
12 fined in section 1861(lll)(4)).”.

13 (3) INCLUSION OF ORAL HEALTH PROFES-
14 SIONALS AS CERTAIN PRACTITIONERS.—Section
15 1842(b)(18)(C) of the Social Security Act (42
16 U.S.C. 1395u(b)(18)(C)) is amended by adding at
17 the end the following new clause:

18 “(vii) With respect to 2028 and each subse-
19 quent year, an oral health professional (as defined in
20 section 1861(lll)(4)).”.

21 (e) DENTURES.—

22 (1) IN GENERAL.—Section 1861(s)(8) of the
23 Social Security Act (42 U.S.C. 1395x(s)(8)) is
24 amended—

25 (A) by striking “(other than dental)”; and

1 (B) by inserting “and excluding dental, ex-
2 cept for a full or partial set of dentures (as de-
3 scribed in section 1834(h)(6)) furnished on or
4 after January 1, 2028” after “colostomy care”.

5 (2) SPECIAL PAYMENT RULES.—

6 (A) LIMITATIONS.—Section 1834(h) of the
7 Social Security Act (42 U.S.C. 1395m(h)) is
8 amended by adding at the end the following
9 new paragraph:

10 “(6) SPECIAL PAYMENT RULE FOR DEN-
11 TURES.—Payment may be made under this part
12 with respect to an individual for dentures—

13 “(A) not more than once during any 5-year
14 period (except in the case that a doctor de-
15 scribed in section 1861(l)(1)(A) determines
16 such dentures do not fit the individual); and

17 “(B) only to the extent that such dentures
18 are furnished pursuant to a written order of
19 such a doctor or professional.”.

20 (B) APPLICATION OF COMPETITIVE ACQUI-
21 SITION.—

22 (i) IN GENERAL.—Section
23 1834(h)(1)(H) of the Social Security Act
24 (42 U.S.C. 1395m(h)(1)(H)) is amended—

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1 (I) in the subparagraph heading,
2 by inserting “, DENTURES” after
3 “ORTHOTICS”;

4 (II) by inserting “, of dentures
5 described in paragraph (2)(D) of such
6 section,” after “2011,”; and

7 (III) in clause (i), by inserting “,
8 such dentures” after “orthotics”.

9 (ii) CONFORMING AMENDMENT.—Sec-
10 tion 1847(a)(2) of the Social Security Act
11 (42 U.S.C. 1395w-3(a)(2)) is amended by
12 adding at the end the following new sub-
13 paragraph:

14 “(D) DENTURES.—Dentures described in
15 section 1861(s)(8) for which payment would
16 otherwise be made under section 1834(h).”.

17 (iii) EXEMPTION OF CERTAIN ITEMS
18 FROM COMPETITIVE ACQUISITION.—Sec-
19 tion 1847(a)(7) of the Social Security Act
20 (42 U.S.C. 1395w-3(a)(7)) is amended by
21 adding at the end the following new sub-
22 paragraph:

23 “(C) CERTAIN DENTURES.—Those items
24 and services described in paragraph (2)(D) if
25 furnished by a physician or other practitioner

1 (as defined by the Secretary) to the physician’s
2 or practitioner’s own patients as part of the
3 physician’s or practitioner’s professional serv-
4 ice.”.

5 (f) EXCLUSION MODIFICATIONS.—Section 1862(a) of
6 the Social Security Act (42 U.S.C. 1395y(a)) is amend-
7 ed—

8 (1) in paragraph (1)—

9 (A) in subparagraph (O), by striking
10 “and” at the end;

11 (B) in subparagraph (P), by striking the
12 semicolon at the end and inserting “, and”; and

13 (C) by adding at the end the following new
14 subparagraph:

15 “(Q) in the case of dental and oral health serv-
16 ices (as defined in section 1861(l)) that are preven-
17 tive and screening services described in paragraph
18 (2) of such section, which are furnished more fre-
19 quently than provided under section 1834(z)(3) or
20 under circumstances other than circumstances deter-
21 mined appropriate under subparagraph (C) of such
22 section;”; and

23 (2) in paragraph (12), by inserting before the
24 semicolon at the end the following: “and except that
25 payment may be made under part B for dental and

1 oral health services that are covered under section
2 1861(s)(2)(II) and for dentures under section
3 1861(s)(8)”.

4 (g) CERTAIN NON-APPLICATION.—

5 (1) IN GENERAL.—Paragraphs (1) and (4) of
6 section 1839(a) of the Social Security Act (42
7 U.S.C. 1395r(a)) are amended by adding at the end
8 of each such paragraphs the following: “In applying
9 this paragraph there shall not be taken into account
10 benefits and administrative costs attributable to the
11 amendments made by section 134401 (other than
12 subsection (g)) of An Act to provide for reconcili-
13 ation pursuant to title II of S. Con. Res. 14 and the
14 Government contribution under section 1844(a)(5)”.

15 (2) PAYMENT.—Section 1844(a) of such Act
16 (42 U.S.C. 1395w(a)) is amended—

17 (A) in paragraph (4), by striking the pe-
18 riod at the end and inserting “; plus”;

19 (B) by adding at the end the following new
20 paragraph:

21 “(5) a Government contribution equal to the
22 amount that is estimated to be payable for benefits
23 and related administrative costs incurred that are
24 attributable to the amendments made by section
25 134401 (other than subsection (g)) of the An Act to

1 provide for reconciliation pursuant to title II of S.
2 Con. Res. 14.”; and

3 (C) in the flush matter at the end, by
4 striking “paragraph (4)” and inserting “para-
5 graphs (4) and (5)”.

6 (h) IMPLEMENTATION.—

7 (1) FUNDING.—

8 (A) IN GENERAL.—In addition to amounts
9 otherwise available, the Secretary of Health and
10 Human Services (in this subsection referred to
11 as the “Secretary”) shall provide for the trans-
12 fer from the Federal Supplementary Medical
13 Insurance Trust Fund under section 1841 of
14 the Social Security Act (42 U.S.C. 1395t) to
15 the Centers for Medicare & Medicaid Services
16 Program Management Account of—

17 (i) \$20,000,000 for each of fiscal
18 years 2022 through 2028 for purposes of
19 implementing the amendments made by
20 this section; and

21 (ii) such sums as determined appro-
22 priate by the Secretary for each subse-
23 quent fiscal year for purposes of admin-
24 istering the provisions of such amend-
25 ments.

1 (B) AVAILABILITY AND ADDITIONAL USE
2 OF FUNDS.—Funds transferred pursuant to
3 subparagraph (A) shall remain available until
4 expended and may be used, in addition to the
5 purpose specified in subparagraph (A)(i), to im-
6 plement the amendments made by sections
7 134402 and 134403.

8 (2) ADMINISTRATION.—Notwithstanding any
9 other provision of law, the Secretary may implement,
10 by program instruction or otherwise, any of the pro-
11 visions of, or amendments made by, this section.

12 (3) PAPERWORK REDUCTION ACT.—Chapter 35
13 of title 44, United States Code, shall not apply to
14 the provisions of, or the amendments made by, this
15 section.

16 **SEC. 134402. PROVIDING COVERAGE FOR HEARING CARE**
17 **UNDER THE MEDICARE PROGRAM.**

18 (a) PROVISION OF AURAL REHABILITATION AND
19 TREATMENT SERVICES BY QUALIFIED AUDIOLOGISTS.—
20 Section 1861(l)(3) of the Social Security Act (42 U.S.C.
21 1395x(l)(3)) is amended by inserting “(and, beginning
22 October 1, 2023, such aural rehabilitation and treatment
23 services)” after “assessment services”.

24 (b) COVERAGE OF HEARING AIDS.—

1 (1) INCLUSION OF HEARING AIDS AS PROS-
2 THETIC DEVICES.—Section 1861(s)(8) of the Social
3 Security Act (42 U.S.C. 1395x(s)(8)) is amended by
4 inserting “, and including hearing aids (as described
5 in section 1834(h)(7)) furnished on or after October
6 1, 2023, to individuals diagnosed with profound or
7 severe hearing loss” before the semicolon at the end.

8 (2) PAYMENT LIMITATIONS FOR HEARING
9 AIDS.—Section 1834(h) of the Social Security Act
10 (42 U.S.C. 1395m(h)), as amended by section
11 134401(e)(2)(A), is further amended by adding at
12 the end the following new paragraph:

13 “(7) LIMITATIONS FOR HEARING AIDS.—

14 “(A) IN GENERAL.—Payment may be
15 made under this part with respect to an indi-
16 vidual, with respect to hearing aids furnished
17 on or after October 1, 2023—

18 “(i) not more than once during a 5-
19 year period;

20 “(ii) only for types of such hearing
21 aids that are not over-the-counter hearing
22 aids (as defined in section 520(q)(1) of the
23 Federal Food, Drug, and Cosmetic Act)
24 and that are determined appropriate by
25 the Secretary; and

1 “(iii) only if furnished pursuant to a
2 written order of a physician or qualified
3 audiologist (as defined in section
4 1861(l)(4)(B)).

5 “(B) LIMITATION ON JUDICIAL REVIEW.—
6 There shall be no administrative or judicial re-
7 view under section 1869 or otherwise of—

8 “(i) the determination of the types of
9 hearing aids paid for under subparagraph
10 (A)(ii); or

11 “(ii) the determination of fee schedule
12 rates for hearing aids described in this
13 paragraph.”.

14 (3) APPLICATION OF COMPETITIVE ACQUISI-
15 TION.—

16 (A) IN GENERAL.—Section 1834(h)(1)(H)
17 of the Social Security Act (42 U.S.C.
18 1395m(h)(1)(H)), as amended by section
19 134401(e)(2)(B)(i), is further amended—

20 (i) in the header, by inserting “,
21 HEARING AIDS” after “DENTURES”;

22 (ii) by inserting “, of hearing aids de-
23 scribed in paragraph (2)(E) of such sec-
24 tion,” after “paragraph (2)(D) of such sec-
25 tion”; and

1 (iii) in clause (i), by inserting “, such
2 hearing aids” after “such dentures”.

3 (B) CONFORMING AMENDMENT.—

4 (i) IN GENERAL.—Section 1847(a)(2)
5 of the Social Security Act (42 U.S.C.
6 1395w-3(a)(2)), as amended by section
7 134401(e)(2)(B)(ii), is further amended by
8 adding at the end the following new sub-
9 paragraph:

10 “(E) HEARING AIDS.—Hearing aids de-
11 scribed in section 1861(s)(8) for which payment
12 would otherwise be made under section
13 1834(h).”.

14 (ii) EXEMPTION OF CERTAIN ITEMS
15 FROM COMPETITIVE ACQUISITION.—Sec-
16 tion 1847(a)(7) of the Social Security Act
17 (42 U.S.C. 1395w-3(a)(7)), as amended
18 by section 134401(e)(2)(B)(iii), is further
19 amended by adding at the end the fol-
20 lowing new subparagraph:

21 “(D) CERTAIN HEARING AIDS.—Those
22 items and services described in paragraph
23 (2)(E) if furnished by a physician or other
24 practitioner (as defined by the Secretary) to the
25 physician’s or practitioner’s own patients as

1 part of the physician’s or practitioner’s profes-
2 sional service.”.

3 (4) INCLUSION OF AUDIOLOGISTS AS CERTAIN
4 PRACTITIONERS TO RECEIVE PAYMENT ON AN AS-
5 SIGNMENT-RELATED BASIS.—Section
6 1842(b)(18)(C) of the Social Security Act (42
7 U.S.C. 1395u(b)(18)(C)), as amended by section
8 134401(d)(4), is further amended by adding at the
9 end the following new clause:

10 “(viii) Beginning October 1, 2023, a
11 qualified audiologist (as defined in section
12 1861(l)(4)(B)).”.

13 (c) EXCLUSION MODIFICATION.—Section 1862(a)(7)
14 of the Social Security Act (42 U.S.C. 1395y(a)(7)) is
15 amended by inserting “(except such hearing aids or exami-
16 nations therefor as described in and otherwise allowed
17 under section 1861(s)(8))” after “hearing aids or exami-
18 nations therefor”.

19 (d) CERTAIN NON-APPLICATION.—

20 (1) IN GENERAL.—The last sentence of section
21 1839(a)(1) of the Social Security Act (42 U.S.C.
22 1395r(a)(1)), as added by section 134401(g)(1), is
23 amended by striking “section 134401 (other than
24 subsection (g))” and inserting “sections 134401

1 (other than subsection (g)), 134402 (other than sub-
2 section (d))”.

3 (2) PAYMENT.—Paragraph (4) of section
4 1844(a) of such Act (42 U.S.C. 1395w(a)), as added
5 by section 134401(g)(2), is amended by striking
6 “section 134401 (other than subsection (g))” and
7 inserting “sections 134401 (other than subsection
8 (g)), 134402 (other than subsection (d))”.

9 (e) IMPLEMENTATION.—

10 (1) FUNDING.—

11 (A) IN GENERAL.—In addition to amounts
12 otherwise available, the Secretary of Health and
13 Human Services (in this subsection referred to
14 as the “Secretary”) shall provide for the trans-
15 fer from the Federal Supplementary Medical
16 Insurance Trust Fund under section 1841 of
17 the Social Security Act (42 U.S.C. 1395t) to
18 the Centers for Medicare & Medicaid Services
19 Program Management Account of—

20 (i) \$20,000,000 for each of fiscal
21 years 2022 through 2023 for purposes of
22 implementing the amendments made by
23 this section; and

24 (ii) such sums as determined appro-
25 priate by the Secretary for each subse-

1 quent fiscal year for purposes of admin-
2 istering the provisions of such amend-
3 ments.

4 (B) AVAILABILITY AND ADDITIONAL USE
5 OF FUNDS.—Funds transferred pursuant to
6 subparagraph (A) shall remain available until
7 expended and may be used, in addition to the
8 purpose specified in subparagraph (A)(i), to im-
9 plement the amendments made by sections
10 134401 and 134403.

11 (2) ADMINISTRATION.—Notwithstanding any
12 other provision of law, the Secretary may implement,
13 by program instruction or otherwise, any of the pro-
14 visions of, or amendments made by, this section.

15 (3) PAPERWORK REDUCTION ACT.—Chapter 35
16 of title 44, United States Code, shall not apply to
17 the provisions of, or the amendments made by, this
18 section.

19 **SEC. 134403. PROVIDING COVERAGE FOR VISION CARE**
20 **UNDER THE MEDICARE PROGRAM.**

21 (a) COVERAGE.—Section 1861(s)(2) of the Social Se-
22 curity Act (42 U.S.C. 1395x(s)(2)), as amended by section
23 134401(a), is further amended—

24 (1) in subparagraph (HH), by striking “and”
25 after the semicolon at the end;

1 (2) in subparagraph (II), by striking the period
2 at the end and adding “; and”; and

3 (3) by adding at the end the following new sub-
4 paragraph:

5 “(JJ) vision services (as defined in subsection
6 (mmm));”.

7 (b) VISION SERVICES DEFINED.—Section 1861 of
8 the Social Security Act (42 U.S.C. 1395x), as amended
9 by section 134401(b), is further amended by adding at
10 the end the following new subsection:

11 “(mmm) VISION SERVICES.—The term ‘vision serv-
12 ices’ means—

13 “(1) routine eye examinations to determine the
14 refractive state of the eyes, including procedures per-
15 formed during the course of such examination; and

16 “(2) contact lens fitting services;

17 furnished on or after October 1, 2022, by or under the
18 direct supervision of an ophthalmologist or optometrist
19 who is legally authorized to furnish such examinations,
20 procedures, or fitting services (as applicable) under State
21 law (or the State regulatory mechanism provided by State
22 law) of the State in which the examinations, procedures,
23 or fitting services are furnished.”.

24 (c) PAYMENT LIMITATIONS.—Section 1834 of the
25 Social Security Act (42 U.S.C. 1395m), as amended by

1 section 134401(e)(2), is further amended by adding at the
2 end the following new subsection:

3 “(aa) **LIMITATION FOR VISION SERVICES.**—With re-
4 spect to vision services (as defined in section 1861(mmm))
5 and an individual, payment may be made under this part
6 for only 1 routine eye examination described in paragraph
7 (1) of such section and 1 contact lens fitting service de-
8 scribed in paragraph (2) of such section during a 2-year
9 period.”.

10 (d) **PAYMENT UNDER PHYSICIAN FEE SCHEDULE.**—
11 Section 1848(j)(3) of the Social Security Act (42 U.S.C.
12 1395w-4(j)(3)), as amended by section 134401(d)(1), is
13 further amended by inserting “(2)(JJ),” before “(3)”.

14 (e) **COVERAGE OF CONVENTIONAL EYEGLASSES AND**
15 **CONTACT LENSES.**—

16 (1) **IN GENERAL.**—Section 1861(s)(8) of the
17 Social Security Act (42 U.S.C. 1395x(s)(8)), as
18 amended by section 134402(b)(1), is further amend-
19 ed by striking “, and including one pair of conven-
20 tional eyeglasses or contact lenses furnished subse-
21 quent to each cataract surgery with insertion of an
22 intraocular lens” and inserting “, including one pair
23 of conventional eyeglasses or contact lenses fur-
24 nished subsequent to each cataract surgery with in-
25 sertion of an intraocular lens, if furnished before Oc-

1 tober 1, 2022, and including conventional eyeglasses
2 or contact lenses (as described in section
3 1834(h)(8)), whether or not furnished subsequent to
4 such a surgery, if furnished on or after October 1,
5 2022”.

6 (2) CONFORMING AMENDMENT.—Section
7 1842(b)(11)(A) of the Social Security Act (42
8 U.S.C. 1395u(b)(11)(A)) is amended by inserting
9 “furnished prior to October 1, 2022,” after “relating
10 to them,”.

11 (f) SPECIAL PAYMENT RULES FOR EYEGLASSES AND
12 CONTACT LENSES.—

13 (1) LIMITATIONS.—Section 1834(h) of the So-
14 cial Security Act (42 U.S.C. 1395m(h)), as amended
15 by section 134401(e)(2)(A) and section
16 134402(b)(2), is further amended by adding at the
17 end the following new paragraph:

18 “(8) PAYMENT LIMITATIONS FOR EYEGLASSES
19 AND CONTACT LENSES.—

20 “(A) IN GENERAL.—With respect to eye-
21 glasses and contact lenses furnished to an indi-
22 vidual on or after October 1, 2022, subject to
23 subparagraph (B), payment may be made under
24 this part only—

1 “(i) during a 2-year period, for either
2 1 pair of eyeglasses (including lenses and
3 frames) or not more than a 2-year supply
4 of contact lenses;

5 “(ii) with respect to amounts attrib-
6 utable to the lenses and frames of such a
7 pair of eyeglasses or amounts attributable
8 to such a 2-year supply of contact lenses,
9 in an amount not greater than—

10 “(I) for a pair of eyeglasses fur-
11 nished in, or a 2-year supply of con-
12 tact lenses beginning in, 2022—

13 “(aa) \$85 for the lenses of
14 such pair of eyeglasses and \$85
15 for the frames of such pair of
16 eyeglasses; or

17 “(bb) \$85 for such 2-year
18 supply of contact lenses; and

19 “(II) for the lenses and frames of
20 a pair of eyeglasses furnished in, or a
21 2-year supply of contact lenses begin-
22 ning in, a subsequent year, the dollar
23 amounts specified under this subpara-
24 graph for the previous year, increased
25 by the percentage change in the con-

1 sumer price index for all urban con-
2 sumers (United States city average)
3 for the 12-month period ending with
4 June of the previous year;

5 “(iii) if furnished pursuant to a writ-
6 ten order of a physician described in sec-
7 tion 1861(lll); and

8 “(iv) if during the 2-year period de-
9 scribed in clause (i), the individual did not
10 already receive (as described in subpara-
11 graph (B)) one pair of conventional eye-
12 glasses or contact lenses subsequent to a
13 cataract surgery with insertion of an intra-
14 ocular lens furnished during such period.

15 “(B) EXCEPTION.—With respect to a 2-
16 year period described in subparagraph (A)(i), in
17 the case of an individual who receives cataract
18 surgery with insertion of an intraocular lens,
19 notwithstanding subparagraph (A), payment
20 may be made under this part for one pair of
21 conventional eyeglasses or contact lenses fur-
22 nished subsequent to such cataract surgery dur-
23 ing such period.

1 “(C) LIMITATION ON JUDICIAL REVIEW.—
2 There shall be no administrative or judicial re-
3 view under section 1869 or otherwise of—

4 “(i) the determination of the types of
5 eyeglasses and contact lenses covered
6 under this paragraph; or

7 “(ii) the determination of fee schedule
8 rates under this subsection for eyeglasses
9 and contact lenses.”.

10 (2) APPLICATION OF COMPETITIVE ACQUISI-
11 TION.—

12 (A) IN GENERAL.—Section 1834(h)(1)(H)
13 of the Social Security Act (42 U.S.C.
14 1395m(h)(1)(H)), as amended by section
15 134401(e)(2)(B)(i) and section
16 134402(b)(3)(A), is further amended—

17 (i) in the header by inserting “, EYE-
18 GLASSES, AND CONTACT LENSES” after
19 “HEARING AIDS”;

20 (ii) by inserting “and of eyeglasses
21 and contact lenses described in paragraph
22 (2)(F) of such section,” after “paragraph
23 (2)(E) of such section,”; and

1 (iii) in clause (i), by inserting “, or
2 such eyeglasses and contact lenses” after
3 “such hearing aids”.

4 (B) CONFORMING AMENDMENT.—

5 (i) IN GENERAL.—Section 1847(a)(2)
6 of the Social Security Act (42 U.S.C.
7 1395w–3(a)(2)), as amended by section
8 134401(e)(2)(B)(ii) and section
9 134402(b)(3)(B)(i), is further amended by
10 adding at the end the following new sub-
11 paragraph:

12 “(F) EYEGLASSES AND CONTACT
13 LENSES.—Eyeglasses and contact lenses de-
14 scribed in section 1861(s)(8) for which payment
15 would otherwise be made under section
16 1834(h).”.

17 (ii) EXEMPTION OF CERTAIN ITEMS
18 FROM COMPETITIVE ACQUISITION.—Sec-
19 tion 1847(a)(7) of the Social Security Act
20 (42 U.S.C. 1395w–3(a)(7)), as amended
21 by section 134401(e)(2)(B)(iii) and section
22 134402(b)(3)(B)(ii), is further amended by
23 adding at the end the following new sub-
24 paragraph:

1 “(E) CERTAIN EYEGLASSES AND CONTACT
2 LENSES.—Those items and services described in
3 paragraph (2)(F) if furnished by a physician or
4 other practitioner (as defined by the Secretary)
5 to the physician’s or practitioner’s own patients
6 as part of the physician’s or practitioner’s pro-
7 fessional service.”.

8 (g) EXCLUSION MODIFICATIONS.—Section 1862(a)
9 of the Social Security Act (42 U.S.C. 1395y(a)), as
10 amended by section 134401(f), is further amended—

11 (1) in paragraph (1)—

12 (A) in subparagraph (P), by striking
13 “and” at the end;

14 (B) in subparagraph (Q), by striking the
15 semicolon at the end and inserting “, and”; and

16 (C) by adding at the end the following new
17 subparagraph:

18 “(R) in the case of vision services (as defined
19 in section 1861(mmm)) that are routine eye exami-
20 nations and contact lens fitting services (as de-
21 scribed in paragraph (1) or (2), respectively, of such
22 section), which are furnished more frequently than
23 once during a 2-year period;”;

24 (2) in paragraph (7)—

1 (A) by inserting “(other than such an ex-
2 amination that is a vision service that is cov-
3 ered under section 1861(s)(2)(JJ))” after “eye
4 examinations”; and

5 (B) by inserting “(other than such a proce-
6 dure that is a vision service that is covered
7 under section 1861(s)(2)(JJ))” after “refractive
8 state of the eyes”.

9 (h) CERTAIN NON-APPLICATION.—

10 (1) IN GENERAL.—The last sentence of section
11 1839(a)(1) of the Social Security Act (42 U.S.C.
12 1395r(a)(1)), as added by section 134401(g)(1) and
13 amended by section 134402(d)(1), is further amend-
14 ed by inserting “, and 134403 (other than sub-
15 section (h))” after “134402 (other than subsection
16 (d))”.

17 (2) PAYMENT.—Paragraph (4) of section
18 1844(a) of such Act (42 U.S.C. 1395w(a)), as added
19 by section 134401(g)(2) and amended by section
20 134402(d)(2), is further amended by inserting “,
21 and 134403 (other than subsection (h))” after
22 “134402 (other than subsection (d))”.

23 (i) IMPLEMENTATION.—

24 (1) FUNDING.—

1 (A) IN GENERAL.—In addition to amounts
2 otherwise available, the Secretary of Health and
3 Human Services (in this subsection referred to
4 as the “Secretary”) shall provide for the trans-
5 fer from the Federal Supplementary Medical
6 Insurance Trust Fund under section 1841 of
7 the Social Security Act (42 U.S.C. 1395t) to
8 the Centers for Medicare & Medicaid Services
9 Program Management Account of—

10 (i) \$20,000,000 for each of fiscal
11 years 2022 and 2023 for purposes of im-
12 plementing the amendments made by this
13 section; and

14 (ii) such sums as determined appro-
15 priate by the Secretary for each subse-
16 quent fiscal year for purposes of admin-
17 istering the provisions of such amend-
18 ments.

19 (B) AVAILABILITY AND ADDITIONAL USE
20 OF FUNDS.—Funds transferred pursuant to
21 subparagraph (A) shall remain available until
22 expended and may be used, in addition to the
23 purpose specified in subparagraph (A)(i), to im-
24 plement the amendments made by sections
25 134401 and 134402.

1 (2) ADMINISTRATION.—Notwithstanding any
2 other provision of law, the Secretary may implement,
3 by program instruction or otherwise, any of the pro-
4 visions of, or amendments made by, this section.

5 (3) PAPERWORK REDUCTION ACT.—Chapter 35
6 of title 44, United States Code, shall not apply to
7 the provisions of, or the amendments made by, this
8 section.

9 **Subtitle F—Infrastructure Financ-**
10 **ing and Community Develop-**
11 **ment**

12 **SEC. 135001. AMENDMENT OF 1986 CODE.**

13 Except as otherwise expressly provided, whenever in
14 this subtitle an amendment or repeal is expressed in terms
15 of an amendment to, or repeal of, a section or other provi-
16 sion, the reference shall be considered to be made to a
17 section or other provision of the Internal Revenue Code
18 of 1986.

19 **PART 1—INFRASTRUCTURE FINANCING**

20 **Subpart A—Bond Financing**

21 **SEC. 135101. CREDIT TO ISSUER FOR CERTAIN INFRA-**
22 **STRUCTURE BONDS.**

23 (a) IN GENERAL.—Subchapter B of chapter 65 is
24 amended by inserting before section 6432 the following
25 new section:

1 **“SEC. 6431A. CREDIT ALLOWED TO ISSUER FOR QUALIFIED**
 2 **INFRASTRUCTURE BONDS.**

3 “(a) IN GENERAL.—In the case of a qualified infra-
 4 structure bond, the issuer of such bond shall be allowed
 5 a credit with respect to each interest payment under such
 6 bond which shall be payable by the Secretary as provided
 7 in subsection (b).

8 “(b) PAYMENT OF CREDIT.—

9 “(1) IN GENERAL.—The Secretary shall pay
 10 (contemporaneously with each date on which interest
 11 is paid, including any interest paid after the origi-
 12 nally scheduled payment date) to the issuer of such
 13 bond (or, at the direction of the issuer, to any per-
 14 son who makes such interest payments on behalf of
 15 such issuer) an amount equal to the applicable per-
 16 centage of such interest so paid.

17 “(2) APPLICABLE PERCENTAGE.—For purposes
 18 of this subsection, except as provided in subsection
 19 (d), the applicable percentage with respect to any
 20 bond shall be determined under the following table:

| “In the case of a bond issued The applicable percentage is: | |
|--|-----|
| during calendar year: | |
| 2022 through 2024 | 35% |
| 2025 | 32% |
| 2026 | 30% |
| 2027 and thereafter | 28% |

21 “(3) LIMITATION.—

22 “(A) IN GENERAL.—The amount of any
 23 interest payment taken into account under

1 paragraph (1) with respect to a bond for any
2 payment date shall not exceed the amount of
3 interest which would have been payable under
4 such bond for such payment date if interest
5 were determined at the applicable credit rate
6 multiplied by the applicable amount for such
7 bond for such payment date.

8 “(B) APPLICABLE CREDIT RATE.—For
9 purposes of subparagraph (A)—

10 “(i) IN GENERAL.—The applicable
11 credit rate is the rate which the Secretary
12 estimates will permit the issuance of quali-
13 fied infrastructure bonds with a specified
14 maturity or redemption date without dis-
15 count and without additional interest cost
16 to the issuer.

17 “(ii) DATE OF DETERMINATION.—The
18 applicable credit rate with respect to any
19 qualified infrastructure bond shall be de-
20 termined as of the first day on which there
21 is a binding, written contract for the sale
22 or exchange of the bond.

23 “(C) APPLICABLE AMOUNT.—

24 “(i) BONDS WITH MORE THAN DE
25 MINIMIS ORIGINAL ISSUE DISCOUNT.—In

1 the case of any bond that has more than
2 a de minimis amount of original issue dis-
3 count (determined under the rules of sec-
4 tion 1273(a)(3)), the applicable amount for
5 a payment date is the issue price of such
6 bond (within the meaning of section 148),
7 as adjusted for any principal payments
8 made prior to such date.

9 “(ii) OTHER BONDS.—In the case of
10 any other bond, the applicable amount for
11 a payment date is the outstanding prin-
12 cipal amount of such bond on such pay-
13 ment date (determined without taking into
14 account any principal payment on such
15 bond on such date).

16 “(c) QUALIFIED INFRASTRUCTURE BOND.—

17 “(1) IN GENERAL.—For purposes of this sec-
18 tion, the term ‘qualified infrastructure bond’ means
19 any bond (other than a private activity bond) issued
20 as part of an issue if—

21 “(A) 100 percent of the excess of available
22 project proceeds of such issue over the amounts
23 in a reasonably required reserve (within the
24 meaning of section 150(a)(3)) with respect to
25 such issue are to be used for—

1 “(i) capital expenditures or operations
2 and maintenance expenditures in connec-
3 tion with property the acquisition, con-
4 struction, or improvement of which would
5 be a capital expenditure, or

6 “(ii) payments made by a State or po-
7 litical subdivision of a State to a custodian
8 of a rail corridor for purposes of the trans-
9 fer, lease, sale, or acquisition of an estab-
10 lished railroad right-of-way consistent with
11 section 8(d) of the National Trails Act of
12 1968, but only if the Surface Transpor-
13 tation Board has issued a certificate of in-
14 terim trail use or notice of interim trail use
15 for purposes of authorizing such transfer,
16 lease, sale, or acquisition,

17 “(B) the interest on such bond would (but
18 for this section) be excludable from gross in-
19 come under section 103,

20 “(C) the issue price has not more than a
21 de minimis amount (determined under rules
22 similar to the rules of section 1273(a)(3)) of
23 premium over the stated principal amount of
24 the bond, and

1 “(D) prior to the issuance of such bond,
2 the issuer makes an irrevocable election to have
3 this section apply.

4 “(2) APPLICABLE RULES.—For purposes of ap-
5 plying paragraph (1)—

6 “(A) NOT TREATED AS FEDERALLY GUAR-
7 ANTEED.—For purposes of section 149(b), a
8 qualified infrastructure bond shall not be treat-
9 ed as federally guaranteed by reason of the
10 credit allowed under this section.

11 “(B) APPLICATION OF ARBITRAGE
12 RULES.—For purposes of section 148, the yield
13 on a qualified infrastructure bond shall be re-
14 duced by the credit allowed under this section,
15 except that no such reduction shall apply in de-
16 termining the amount of gross proceeds of an
17 issue that qualifies as a reasonably required re-
18 serve or replacement fund.

19 “(d) DEFINITION AND SPECIAL RULES.—For pur-
20 poses of this section—

21 “(1) INTEREST INCLUDIBLE IN GROSS IN-
22 COME.—For purposes of this title, interest on any
23 qualified infrastructure bond shall be includible in
24 gross income.

1 “(2) AVAILABLE PROJECT PROCEEDS.—The
2 term ‘available project proceeds’ means—

3 “(A) the excess of—

4 “(i) the proceeds from the sale of an
5 issue, over

6 “(ii) issuance costs financed by the
7 issue (to the extent that such costs do not
8 exceed 2 percent of such proceeds), and

9 “(B) the proceeds from any investment of
10 the excess described in subparagraph (A).

11 “(3) CURRENT REFUNDINGS ALLOWED.—

12 “(A) IN GENERAL.—In the case of a bond
13 issued to refund a qualified infrastructure bond,
14 such refunding bond shall not be treated as a
15 qualified infrastructure bond for purposes of
16 this section unless—

17 “(i) the average maturity date of the
18 issue of which the refunding bond is a part
19 is not later than the average maturity date
20 of the bonds to be refunded by such issue,

21 “(ii) the amount of the refunding
22 bond does not exceed the outstanding
23 amount of the refunded bond,

1 “(iii) the refunded bond is redeemed
2 not later than 90 days after the date of the
3 issuance of the refunding bond, and

4 “(iv) the refunded bond was issued
5 more than 30 days after the date of the
6 enactment of this section.

7 “(B) APPLICABLE PERCENTAGE LIMITA-
8 TION.—The applicable percentage with respect
9 to any bond to which subparagraph (A) applies
10 shall be 28 percent.

11 “(C) DETERMINATION OF AVERAGE MATU-
12 RITY.—For purposes of subparagraph (A)(i),
13 average maturity shall be determined in accord-
14 ance with section 147(b)(2)(A).

15 “(4) APPLICATION OF DAVIS-BACON ACT RE-
16 QUIREMENTS WITH RESPECT TO QUALIFIED INFRA-
17 STRUCTURE BONDS.—Subchapter IV of chapter 31
18 of title 40, United States Code, shall apply to
19 projects financed with the proceeds of qualified in-
20 frastructure bonds.

21 “(e) REGULATIONS.—The Secretary may prescribe
22 such regulations and other guidance as may be necessary
23 or appropriate to carry out this section.”.

24 (b) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF
25 SEQUESTRATION.—In the case of any payment under sec-

1 tion 6431A of the Internal Revenue Code of 1986 made
2 after the date of the enactment of this Act to which se-
3 questration applies, the amount of such payment shall be
4 increased to an amount equal to—

5 (1) such payment (determined before such se-
6 questration), multiplied by

7 (2) the quotient obtained by dividing 1 by the
8 amount by which 1 exceeds the percentage reduction
9 in such payment pursuant to such sequestration.

10 For purposes of this subsection, the term “sequestration”
11 means any reduction in direct spending ordered in accord-
12 ance with a sequestration report prepared by the Director
13 of the Office and Management and Budget pursuant to
14 the Balanced Budget and Emergency Deficit Control Act
15 of 1985 or the Statutory Pay-As-You-Go Act of 2010.

16 (c) CONFORMING AMENDMENTS.—

17 (1) Section 1324(b)(2) of title 31, United
18 States Code, is amended by striking “or 6431” and
19 inserting “6431, or 6431A”.

20 (2) The table of sections for subchapter B of
21 chapter 65 is amended by inserting before the item
22 relating to section 6432 the following new item:

“Sec. 6431A. Credit allowed to issuer for qualified infrastructure bonds.”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to bonds issued after December
25 31, 2021.

1 **SEC. 135102. ADVANCE REFUNDING BONDS.**

2 (a) IN GENERAL.—Section 149(d) is amended—

3 (1) by striking “to advance refund another
4 bond.” in paragraph (1) and inserting “as part of
5 an issue described in paragraph (2), (3), or (4).”,

6 (2) by redesignating paragraphs (2) and (3) as
7 paragraphs (5) and (7), respectively,

8 (3) by inserting after paragraph (1) the fol-
9 lowing new paragraphs:

10 “(2) CERTAIN PRIVATE ACTIVITY BONDS.—An
11 issue is described in this paragraph if any bond
12 (issued as part of such issue) is issued to advance
13 refund a private activity bond (other than a qualified
14 501(c)(3) bond).

15 “(3) OTHER BONDS.—

16 “(A) IN GENERAL.—An issue is described
17 in this paragraph if any bond (issued as part of
18 such issue), hereinafter in this paragraph re-
19 ferred to as the ‘refunding bond’, is issued to
20 advance refund a bond unless—

21 “(i) the refunding bond is only—

22 “(I) the first advance refunding
23 of the original bond if the original
24 bond is issued after 1985, or

1 “(II) the first or second advance
2 refunding of the original bond if the
3 original bond was issued before 1986,
4 “(ii) in the case of refunded bonds
5 issued before 1986, the refunded bond is
6 redeemed not later than the earliest date
7 on which such bond may be redeemed at
8 par or at a premium of 3 percent or less,
9 “(iii) in the case of refunded bonds
10 issued after 1985, the refunded bond is re-
11 deemed not later than the earliest date on
12 which such bond may be redeemed,
13 “(iv) the initial temporary period
14 under section 148(c) ends—
15 “(I) with respect to the proceeds
16 of the refunding bond not later than
17 30 days after the date of issue of such
18 bond, and
19 “(II) with respect to the proceeds
20 of the refunded bond on the date of
21 issue of the refunding bond, and
22 “(v) in the case of refunded bonds to
23 which section 148(e) did not apply, on and
24 after the date of issue of the refunding
25 bond, the amount of proceeds of the re-

1 funded bond invested in higher yielding in-
2 vestments (as defined in section 148(b))
3 which are nonpurpose investments (as de-
4 fined in section 148(f)(6)(A)) does not ex-
5 ceed—

6 “(I) the amount so invested as
7 part of a reasonably required reserve
8 or replacement fund or during an al-
9 lowable temporary period, and

10 “(II) the amount which is equal
11 to the lesser of 5 percent of the pro-
12 ceeds of the issue of which the re-
13 funded bond is a part or \$100,000 (to
14 the extent such amount is allocable to
15 the refunded bond).

16 “(B) SPECIAL RULES FOR REDEMP-
17 TIONS.—

18 “(i) ISSUER MUST REDEEM ONLY IF
19 DEBT SERVICE SAVINGS.—Clause (ii) and
20 (iii) of subparagraph (A) shall apply only
21 if the issuer may realize present value debt
22 service savings (determined without regard
23 to administrative expenses) in connection
24 with the issue of which the refunding bond
25 is a part.

1 “(ii) REDEMPTIONS NOT REQUIRED
2 BEFORE 90TH DAY.—For purposes of
3 clauses (ii) and (iii) of subparagraph (A),
4 the earliest date referred to in such clauses
5 shall not be earlier than the 90th day after
6 the date of issuance of the refunding bond.

7 “(4) ABUSIVE TRANSACTIONS PROHIBITED.—
8 An issue is described in this paragraph if any bond
9 (issued as part of such issue) is issued to advance
10 refund another bond and a device is employed in
11 connection with the issuance of such issue to obtain
12 a material financial advantage (based on arbitrage)
13 apart from savings attributable to lower interest
14 rates.”, and

15 (4) by inserting after paragraph (5) (as so re-
16 designated) the following new paragraph:

17 “(6) SPECIAL RULES FOR PURPOSES OF PARA-
18 GRAPH (3).—For purposes of paragraph (3), bonds
19 issued before October 22, 1986, shall be taken into
20 account under subparagraph (A)(i) thereof except—

21 “(A) a refunding which occurred before
22 1986 shall be treated as an advance refunding
23 only if the refunding bond was issued more
24 than 180 days before the redemption of the re-
25 funded bond, and

1 “(B) a bond issued before 1986, shall be
2 treated as advance refunded no more than once
3 before March 15, 1986.”.

4 (b) CONFORMING AMENDMENT.—Section
5 148(f)(4)(C) is amended by redesignating clauses (xiv)
6 through (xvi) as clauses (xv) to (xvii), respectively, and
7 by inserting after clause (xiii) the following new clause:

8 “(xiv) DETERMINATION OF INITIAL
9 TEMPORARY PERIOD.—For purposes of
10 this subparagraph, the end of the initial
11 section temporary period shall be deter-
12 mined without regard to section
13 149(d)(3)(A)(iv).”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to advance refunding bonds issued
16 more than 30 days after the date of the enactment of this
17 Act.

18 **SEC. 135103. PERMANENT MODIFICATION OF SMALL**
19 **ISSUER EXCEPTION TO TAX-EXEMPT INTER-**
20 **EST EXPENSE ALLOCATION RULES FOR FI-**
21 **NANCIAL INSTITUTIONS.**

22 (a) PERMANENT INCREASE IN LIMITATION.—Sub-
23 paragraphs (C)(i), (D)(i), and (D)(iii)(II) of section
24 265(b)(3) are each amended by striking “\$10,000,000”
25 and inserting “\$30,000,000”.

1 (b) PERMANENT MODIFICATION OF OTHER SPECIAL
2 RULES.—Section 265(b)(3) is amended—

3 (1) by redesignating clauses (iv), (v), and (vi)
4 of subparagraph (G) as clauses (ii), (iii), and (iv),
5 respectively, and moving such clauses to the end of
6 subparagraph (H) (as added by paragraph (2)), and

7 (2) by striking so much of subparagraph (G) as
8 precedes such clauses and inserting the following:

9 “(G) QUALIFIED 501(c)(3) BONDS TREATED
10 AS ISSUED BY EXEMPT ORGANIZATION.—In the
11 case of a qualified 501(c)(3) bond (as defined
12 in section 145), this paragraph shall be applied
13 by treating the 501(c)(3) organization for
14 whose benefit such bond was issued as the
15 issuer.

16 “(H) SPECIAL RULE FOR QUALIFIED
17 FINANCINGS.—

18 “(i) IN GENERAL.—In the case of a
19 qualified financing issue—

20 “(I) subparagraph (F) shall not
21 apply, and

22 “(II) any obligation issued as a
23 part of such issue shall be treated as
24 a qualified tax-exempt obligation if
25 the requirements of this paragraph

1 are met with respect to each qualified
2 portion of the issue (determined by
3 treating each qualified portion as a
4 separate issue which is issued by the
5 qualified borrower with respect to
6 which such portion relates).”.

7 (c) INFLATION ADJUSTMENT.—Section 265(b)(3), as
8 amended by subsection (b), is amended by adding at the
9 end the following new subparagraph:

10 “(I) INFLATION ADJUSTMENT.—In the
11 case of any calendar year after 2021, the
12 \$30,000,000 amounts contained in subpara-
13 graphs (C)(i), (D)(i), and (D)(iii)(II) shall each
14 be increased by an amount equal to—

15 “(i) such dollar amount, multiplied by
16 “(ii) the cost-of-living adjustment de-
17 termined under section 1(f)(3) for such
18 calendar year, determined by substituting
19 ‘calendar year 2020’ for ‘calendar year
20 2016’ in subparagraph (A)(ii) thereof.

21 Any increase determined under the preceding
22 sentence shall be rounded to the nearest mul-
23 tiple of \$100,000.”.

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

4 **SEC. 135104. MODIFICATIONS TO QUALIFIED SMALL ISSUE**
5 **BONDS.**

6 (a) MANUFACTURING FACILITIES TO INCLUDE PRO-
7 Duction OF INTANGIBLE PROPERTY AND FUNCTIONALLY
8 RELATED FACILITIES.—Subparagraph (C) of section
9 144(a)(12) is amended to read as follows:

10 “(C) MANUFACTURING FACILITY.—For
11 purposes of this paragraph—

12 “(i) IN GENERAL.—The term ‘manu-
13 facturing facility’ means any facility
14 which—

15 “(I) is used in the manufacturing
16 or production of tangible personal
17 property (including the processing re-
18 sulting in a change in the condition of
19 such property),

20 “(II) is used in the creation or
21 production of intangible property
22 which is described in section
23 197(d)(1)(C)(iii), or

24 “(III) is functionally related and
25 subordinate to a facility described in

1 subclause (I) or (II) if such facility is
2 located on the same site as the facility
3 described in subclause (I) or (II).

4 “(ii) CERTAIN FACILITIES IN-
5 CLUDED.—The term ‘manufacturing facil-
6 ity’ includes facilities that are directly re-
7 lated and ancillary to a manufacturing fa-
8 cility (determined without regard to this
9 clause) if—

10 “(I) those facilities are located on
11 the same site as the manufacturing
12 facility, and

13 “(II) not more than 25 percent
14 of the net proceeds of the issue are
15 used to provide those facilities.

16 “(iii) LIMITATION ON OFFICE
17 SPACE.—A rule similar to the rule of sec-
18 tion 142(b)(2) shall apply for purposes of
19 clause (i).

20 “(iv) LIMITATION ON REFUNDINGS
21 FOR CERTAIN PROPERTY.—Subclauses (II)
22 and (III) of clause (i) shall not apply to
23 any bond issued on or before the date of
24 the enactment of the Act to provide for
25 reconciliation pursuant to title II of S.

1 Con. Res. 14, or to any bond issued to re-
2 fund a bond issued on or before such date
3 (other than a bond to which clause (iii) of
4 this subparagraph (as in effect before the
5 date of the enactment of such Act) ap-
6 plies), either directly or in a series of
7 refundings.”.

8 (b) INCREASE IN LIMITATIONS.—Section 144(a)(4) is
9 amended—

10 (1) in subparagraph (A)(i), by striking
11 “\$10,000,000” and inserting “\$30,000,000”, and

12 (2) in the heading, by striking “\$10,000,000” and
13 inserting “\$30,000,000”.

14 (c) ADJUSTMENT FOR INFLATION.—Section
15 144(a)(4) is amended by adding at the end the following
16 new subparagraph:

17 “(H) ADJUSTMENT FOR INFLATION.—In
18 the case of any calendar year after 2021, the
19 \$30,000,000 amount in subparagraph (A) shall
20 be increased by an amount equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-
23 termined under section 1(f)(3) for the cal-
24 endar year, determined by substituting

1 ‘calendar year 2020’ for ‘calendar year
2 2016’ in subparagraph (A)(ii) thereof.

3 If any amount as increased under the preceding
4 sentence is not a multiple of \$100,000, such
5 amount shall be rounded to the nearest multiple
6 of \$100,000.”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to obligations issued after the date
9 of the enactment of this Act.

10 **SEC. 135105. EXPANSION OF CERTAIN EXCEPTIONS TO THE**
11 **PRIVATE ACTIVITY BOND RULES FOR FIRST-**
12 **TIME FARMERS.**

13 (a) INCREASE IN DOLLAR LIMITATION.—

14 (1) IN GENERAL.—Section 147(c)(2)(A) is
15 amended by striking “\$450,000” and inserting
16 “\$552,500”.

17 (2) REPEAL OF SEPARATE LOWER DOLLAR LIM-
18 ITATION ON USED FARM EQUIPMENT.—Section
19 147(c)(2) is amended by striking subparagraph (F)
20 and by redesignating subparagraphs (G) and (H) as
21 subparagraphs (F) and (G), respectively.

22 (3) QUALIFIED SMALL ISSUE BOND LIMITATION
23 CONFORMED TO INCREASED DOLLAR LIMITATION.—
24 Section 144(a)(11)(A) is amended by striking
25 “\$250,000” and inserting “\$552,500”.

1 (4) INFLATION ADJUSTMENT.—

2 (A) IN GENERAL.—Section 147(c)(2)(G),
3 as redesignated by paragraph (2), is amended—

4 (i) by striking “after 2008, the dollar
5 amount in subparagraph (A) shall be in-
6 creased” and inserting “after 2021, the
7 dollar amounts in subparagraph (A) and
8 section 144(a)(11)(A) shall each be in-
9 creased”, and

10 (ii) in clause (ii), by striking “2007”
11 and inserting “2020”.

12 (B) CROSS-REFERENCE.—Section
13 144(a)(11) is amended by adding at the end the
14 following new subparagraph:

15 “(D) INFLATION ADJUSTMENT.—For infla-
16 tion adjustment of dollar amount contained in
17 subparagraph (A), see section 147(c)(2)(G).”.

18 (b) SUBSTANTIAL FARMLAND DETERMINED ON
19 BASIS OF AVERAGE RATHER THAN MEDIAN FARM
20 SIZE.—Section 147(c)(2)(E) is amended by striking “me-
21 dian” and inserting “average”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to bonds issued after the date of
24 the enactment of this Act.

1 **SEC. 135106. CERTAIN WATER AND SEWAGE FACILITY**
2 **BONDS EXEMPT FROM VOLUME CAP ON PRI-**
3 **VATE ACTIVITY BONDS.**

4 (a) IN GENERAL.—Section 146(g) is amended by
5 striking “and” at the end of paragraph (3), striking the
6 period at the end of paragraph (4) and inserting “, and”,
7 and inserting after paragraph (4) the following new para-
8 graph:

9 “(5) any exempt facility bond issued as part of
10 an issue described in paragraph (4) or (5) of section
11 142(a) if 95 percent or more of the net proceeds of
12 such issue are to be used to provide facilities
13 which—

14 “(A) will be used—

15 “(i) by a person who was, as of July
16 1, 2020, engaged in operation of a facility
17 described in such paragraph, and

18 “(ii) to provide service within the area
19 served by such person on such date (or
20 within a county or city any portion of
21 which is within such area), or

22 “(B) will be used by a successor in interest
23 to such person for the same use and within the
24 same service area as described in subparagraph
25 (A).”.

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

4 **SEC. 135107. EXEMPT FACILITY BONDS FOR ZERO-EMISSION**
5 **VEHICLE INFRASTRUCTURE.**

6 (a) IN GENERAL.—Section 142 is amended—

7 (1) in subsection (a)—

8 (A) in paragraph (14), by striking “or” at
9 the end,

10 (B) in paragraph (15), by striking the pe-
11 riod at the end and inserting “, or”, and

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

14 “(16) zero-emission vehicle infrastructure.”,

15 and

16 (2) by adding at the end the following new sub-
17 section:

18 “(n) ZERO-EMISSION VEHICLE INFRASTRUCTURE.—

19 “(1) IN GENERAL.—For purposes of subsection
20 (a)(16), the term ‘zero-emission vehicle infrastruc-
21 ture’ means any property (not including a building
22 and its structural components) if such property is
23 part of a unit which—

24 “(A) is used to charge or fuel zero-emis-
25 sions vehicles,

1 “(B) is located where the vehicles are
2 charged or fueled,

3 “(C) is of a character subject to the allow-
4 ance for depreciation (or amortization in lieu of
5 depreciation),

6 “(D) is made available for use by members
7 of the general public,

8 “(E) accepts payment via a credit card
9 reader, including a credit card reader that uses
10 contactless technology, and

11 “(F) is capable of charging or fueling vehi-
12 cles produced by more than one manufacturer
13 (within the meaning of section 30D(d)(3)).

14 “(2) INCLUSION OF UTILITY SERVICE CONNEC-
15 TIONS, ETC.—The term ‘zero-emission vehicle infra-
16 structure’ shall include any utility service connec-
17 tions, utility panel upgrades, line extensions and
18 conduit, transformer upgrades, or similar property,
19 in connection with property meeting the require-
20 ments of paragraph (1).

21 “(3) ZERO-EMISSIONS VEHICLE.—The term
22 ‘zero-emissions vehicle’ means—

23 “(A) a zero-emission vehicle as defined in
24 section 88.102–94 of title 40, Code of Federal
25 Regulations, or

1 “(B) a vehicle that produces zero exhaust
2 emissions of any criteria pollutant (or precursor
3 pollutant) or greenhouse gas under any possible
4 operational modes and conditions.

5 “(4) ZERO-EMISSIONS VEHICLE INFRASTRUC-
6 TURE LOCATED WITHIN OTHER FACILITIES OR
7 PROJECTS.—For purposes of subsection (a), any
8 zero-emission vehicle infrastructure located within—

9 “(A) a facility or project described in sub-
10 section (a), or

11 “(B) an area adjacent to a facility or
12 project described in subsection (a) that pri-
13 marily serves vehicles traveling to or from such
14 facility or project,

15 shall be treated as described in the paragraph in
16 which such facility or project is described.

17 “(5) EXCEPTION FOR REFUELING PROPERTY
18 FOR FLEET VEHICLES.—Subparagraphs (D), (E),
19 and (F) of paragraph (1) shall not apply to property
20 which is part of a unit which is used exclusively by
21 fleets of commercial or governmental vehicles.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to obligations issued after Decem-
24 ber 31, 2021.

1 **SEC. 135108. APPLICATION OF DAVIS-BACON ACT REQUIRE-**
2 **MENTS WITH RESPECT TO CERTAIN EXEMPT**
3 **FACILITY BONDS.**

4 (a) IN GENERAL.—Section 142(b) is amended by
5 adding at the end the following new paragraph:

6 “(3) APPLICATION OF DAVIS-BACON ACT RE-
7 QUIREMENTS WITH RESPECT TO CERTAIN EXEMPT
8 FACILITY BONDS.—If any proceeds of any issue are
9 used for construction, alteration, or repair of any fa-
10 cility otherwise described in paragraph (4), (5), (15),
11 or (16) of subsection (a), such facility shall be treat-
12 ed for purposes of subsection (a) as described in
13 such paragraph only if each entity that receives such
14 proceeds to conduct such construction, alteration, or
15 repair agrees to comply with the provisions of sub-
16 chapter IV of chapter 31 of title 40, United States
17 Code with respect to such construction, alteration, or
18 repair.”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to bonds issued after the date of
21 the enactment of this Act.

1 **Subpart B—Other Provisions Related to**
2 **Infrastructure Financing**
3 **SEC. 135111. CREDIT FOR OPERATIONS AND MAINTENANCE**
4 **COSTS OF GOVERNMENT-OWNED**
5 **BROADBAND.**

6 (a) IN GENERAL.—Subchapter B of chapter 65, as
7 amended by the preceding provisions of this Act, is amend-
8 ed by inserting before section 6432 the following new sec-
9 tion:

10 **“SEC. 6431B. CREDIT FOR OPERATIONS AND MAINTENANCE**
11 **COSTS OF GOVERNMENT-OWNED**
12 **BROADBAND.**

13 “(a) IN GENERAL.—In the case of any eligible gov-
14 ernmental entity, there shall be allowed a credit equal to
15 the applicable percentage of the qualified broadband ex-
16 penses paid or incurred by such entity during the taxable
17 year which credit shall be payable by the Secretary as pro-
18 vided in subsection (b).

19 “(b) PAYMENT OF CREDIT.—Upon receipt from an
20 eligible governmental entity of such information as the
21 Secretary may require for purposes of carrying out this
22 section, the Secretary shall pay to such entity the amount
23 of the credit determined under subsection (a) for the tax-
24 able year.

25 “(c) LIMITATION.—The amount of qualified
26 broadband expenses taken into account under this section

1 for any taxable year with respect to any qualified
2 broadband network shall not exceed the product of \$400
3 multiplied by the number of qualified households sub-
4 scribed to the qualified broadband service provided by
5 such network (determined as of any time during such tax-
6 able year).

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

8 “(1) APPLICABLE PERCENTAGE.—The term
9 ‘applicable percentage’ means—

10 “(A) in the case of any taxable year begin-
11 ning in 2021 through 2026, 30 percent,

12 “(B) in the case of any taxable year begin-
13 ning in 2027, 26 percent, and

14 “(C) in the case of any taxable year begin-
15 ning in 2028, 24 percent.

16 “(2) ELIGIBLE GOVERNMENTAL ENTITY.—The
17 term ‘eligible governmental entity’ means—

18 “(A) any State, local, or Indian tribal gov-
19 ernment,

20 “(B) any political subdivision or instru-
21 mentality of any government described in sub-
22 paragraph (A), and

23 “(C) any entity wholly owned by one or
24 more entities described in subparagraph (A) or
25 (B).

1 For purposes of this paragraph, the term ‘State’ in-
2 cludes any possession of the United States.

3 “(3) QUALIFIED BROADBAND EXPENSES.—The
4 term ‘qualified broadband expenses’ means so much
5 of the amounts paid or incurred for the operation
6 and maintenance of a qualified broadband network
7 as are properly allocable to qualified households sub-
8 scribed to the qualified broadband service provided
9 by such network.

10 “(4) QUALIFIED HOUSEHOLD.—The term
11 ‘qualified household’ means a personal residence
12 which—

13 “(A) is located in a low-income community
14 (as defined in section 45D(e)), and

15 “(B) did not have access to qualified
16 broadband service from the eligible govern-
17 mental entity (determined as of the beginning
18 of the taxable year of such entity).

19 “(5) QUALIFIED BROADBAND NETWORK.—The
20 term ‘qualified broadband network’ means property
21 owned by an eligible governmental entity and used
22 for the purpose of providing qualified broadband
23 service.

24 “(6) QUALIFIED BROADBAND SERVICE.—The
25 term ‘qualified broadband service’ means fixed, ter-

1 restrial broadband service providing downloads at a
2 speed of at least 25 megabits per second and
3 uploads at a speed of at least 3 megabits per second.

4 “(7) TAXABLE YEAR.—Except as otherwise pro-
5 vided by the Secretary, the term ‘taxable year’
6 means, with respect to any eligible governmental en-
7 tity, the fiscal year of such entity.

8 “(e) SPECIAL RULES.—

9 “(1) ALLOCATIONS.—For purposes of sub-
10 section (d)(3), amounts shall be treated as properly
11 allocated if allocated ratably among the subscribers
12 of the qualified broadband service.

13 “(2) DENIAL OF DOUBLE BENEFIT.—Qualified
14 broadband expenses shall not include any amount
15 which is paid or reimbursed (directly or indirectly)
16 by any grant from the Federal Government.

17 “(f) REGULATIONS.—The Secretary may prescribe
18 such regulations and other guidance as may be necessary
19 or appropriate to carry out this section.

20 “(g) TERMINATION.—No credit shall be allowed
21 under this section for any taxable year beginning after De-
22 cember 31, 2028.”.

23 (b) PAYMENTS MADE UNDER SECTION 6431B(b) OF
24 INTERNAL REVENUE CODE OF 1986.—Section 255(h) of
25 the Balanced Budget and Emergency Deficit Control Act

1 of 1985 (2 U.S.C. 905(h)) is amended by inserting: “Pay-
2 ments made under section 6431B(b) of the Internal Rev-
3 enue Code of 1986” after the item related to Payments
4 for Foster Care and Permanency.

5 (c) CONFORMING AMENDMENTS.—

6 (1) Section 1324(b)(2) of title 31, United
7 States Code, as amended by the preceding provisions
8 of this Act, is amended by striking “or 6431A” and
9 inserting “6431A, or 6431B”.

10 (2) The table of sections for subchapter B of
11 chapter 65, as amended by the preceding provisions
12 of this Act, is amended by inserting before the item
13 relating to section 6432 the following new item:

“Sec. 6431B. Credit for operations and maintenance costs of government-
owned broadband.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2020.

17 **PART 2—NEW MARKETS TAX CREDIT**

18 **SEC. 135201. PERMANENT EXTENSION OF NEW MARKETS**
19 **TAX CREDIT.**

20 (a) TEMPORARY LIMIT INCREASE AND PERMANENT
21 EXTENSION.—Section 45D(f)(1) is amended by striking
22 “and” at the end of subparagraph (G) and by striking
23 subparagraph (H) and inserting the following new sub-
24 paragraphs:

1 “(H) \$5,000,000,000 for each of calendar
2 years 2020 and 2021,

3 “(I) \$7,000,000,000 for calendar year
4 2022,

5 “(J) \$6,000,000,000 for calendar year
6 2023, and

7 “(K) \$5,000,000,000 for calendar year
8 2024 and each calendar year thereafter.”.

9 (b) ALTERNATIVE MINIMUM TAX RELIEF.—Section
10 38(c)(4)(B) is amended—

11 (1) by redesignating clauses (v) through (xii) as
12 clauses (vi) through (xiii), respectively, and

13 (2) by inserting after clause (iv) the following
14 new clause:

15 “(v) the credit determined under sec-
16 tion 45D, but only with respect to credits
17 determined with respect to qualified equity
18 investments (as defined in section 45D(b))
19 initially made after December 31, 2021.”.

20 (c) INFLATION ADJUSTMENT.—Section 45D(f) is
21 amended by adding at the end the following new para-
22 graph:

23 “(4) INFLATION ADJUSTMENT.—

24 “(A) IN GENERAL.—In the case of any cal-
25 endar year beginning after 2024, the dollar

1 amount paragraph (1)(H) shall be increased by
2 an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-
5 termined under section 1(f)(3) for the cal-
6 endar year, determined by substituting
7 ‘calendar year 2023’ for ‘calendar year
8 2016’ in subparagraph (A)(ii) thereof.

9 “(B) ROUNDING RULE.—Any increase
10 under subparagraph (A) which is not a multiple
11 of \$1,000,000 shall be rounded to the nearest
12 multiple of \$1,000,000.”.

13 (d) CONFORMING AMENDMENT.—Section 45D(f)(3)
14 is amended by striking the last sentence.

15 (e) EFFECTIVE DATES.—

16 (1) IN GENERAL.—Except as otherwise pro-
17 vided in this subsection, the amendments made by
18 this section shall apply to new markets tax credit
19 limitation determined for calendar years after 2021.

20 (2) ALTERNATIVE MINIMUM TAX RELIEF.—The
21 amendments made by subsection (b) shall apply to
22 credits determined with respect to qualified equity
23 investments (as defined in section 45D(b) of the In-
24 ternal Revenue Code of 1986) initially made after
25 December 31, 2021.

1 **PART 3—REHABILITATION TAX CREDIT**

2 **SEC. 135301. DETERMINATION OF CREDIT PERCENTAGE.**

3 (a) IN GENERAL.—Section 47(a)(2) is amended by
4 striking “20 percent” and inserting “the applicable per-
5 centage”.

6 (b) APPLICABLE PERCENTAGE.—Section 47(a) is
7 amended by adding at the end the following new para-
8 graph:

9 “(3) APPLICABLE PERCENTAGE.—For purposes
10 of this subsection, the term ‘applicable percentage’
11 means the percentage determined in accordance with
12 the following table:

| “In the case of taxable years begin- ning: | The applicable percentage is: |
|---|-------------------------------|
| Before 2020 | 20 percent |
| In 2020 through 2025 | 30 percent |
| In 2026 | 26 percent |
| In 2027 | 23 percent |
| After 2027 | 20 percent |

13 “(4) APPLICATION OF PERCENTAGES TO YEAR
14 OF EXPENDITURE.—In the case of qualified rehabili-
15 tation expenditures with respect to the qualified re-
16 habilitated building that are paid or incurred in 2 or
17 more taxable years for which there is a different ap-
18 plicable percentage under paragraph (3), the ratable
19 share shall be determined by applying to such ex-
20 penditures the applicable percentage corresponding

1 to the taxable year in which such expenditures were
2 paid or incurred.”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to property placed in service after
5 March 31, 2021.

6 **SEC. 135302. INCREASE IN THE REHABILITATION CREDIT**
7 **FOR CERTAIN SMALL PROJECTS.**

8 (a) IN GENERAL.—Section 47 is amended by adding
9 at the end the following new subsection:

10 “(e) SPECIAL RULE REGARDING CERTAIN SMALLER
11 PROJECTS.—

12 “(1) IN GENERAL.—In the case of any smaller
13 project—

14 “(A) the applicable percentage determined
15 under subsection (a)(3) shall be 30 percent, and

16 “(B) the qualified rehabilitation expendi-
17 tures taken into account under this section with
18 respect to such project shall not exceed
19 \$2,500,000.

20 “(2) SMALLER PROJECT.—For purposes of this
21 subsection, the term ‘smaller project’ means the re-
22 habilitation of any qualified rehabilitated building
23 if—

24 “(A) the qualified rehabilitation expendi-
25 tures taken into account under this section (or

1 which would be so taken into account but for
2 paragraph (1)(B)) with respect to such rehabili-
3 tation do not exceed \$3,750,000,

4 “(B) no credit was allowed under this sec-
5 tion with respect to such building to any tax-
6 payer for either of the 2 taxable years imme-
7 diately preceding the first taxable year in which
8 expenditures described in subparagraph (A)
9 were paid or incurred, and

10 “(C) the taxpayer elects (at such time and
11 manner as the Secretary may provide) to have
12 this subsection apply with respect to such reha-
13 bilitation.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to taxable years beginning after
16 December 31, 2021.

17 **SEC. 135303. MODIFICATION OF DEFINITION OF SUBSTAN-**
18 **TIALLY REHABILITATED.**

19 (a) IN GENERAL.—Section 47(c)(1)(B)(i)(I) is
20 amended by inserting “50 percent of” before “the ad-
21 justed basis”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall apply to determinations with respect
24 to 24-month periods (referred to in clause (i) of section
25 47(c)(1)(B) of the Internal Revenue Code of 1986) and

1 60-month periods (referred to in clause (ii) of such sec-
2 tion) which end after December 31, 2021.

3 **SEC. 135304. ELIMINATION OF REHABILITATION CREDIT**
4 **BASIS ADJUSTMENT.**

5 (a) IN GENERAL.—Section 50(c) is amended by add-
6 ing at the end the following new paragraph:

7 “(6) EXCEPTION FOR REHABILITATION CRED-
8 IT.—In the case of the rehabilitation credit, para-
9 graph (1) shall not apply.”.

10 (b) TREATMENT IN CASE OF CREDIT ALLOWED TO
11 LESSEE.—Section 50(d) is amended by adding at the end
12 the following: “In the case of the rehabilitation credit,
13 paragraph (5)(B) of the section 48(d) referred to in para-
14 graph (5) of this subsection shall not apply.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to property placed in service after
17 December 31, 2022.

18 **SEC. 135305. MODIFICATIONS REGARDING CERTAIN TAX-EX-**
19 **EMPT USE PROPERTY.**

20 (a) IN GENERAL.—Section 47(c)(2)(B)(v) is amend-
21 ed by adding at the end the following new subclause:

22 “(III) DISQUALIFIED LEASE
23 RULES TO APPLY ONLY IN CASE OF
24 GOVERNMENT ENTITY.—For purposes
25 of subclause (I), except in the case of

1 a tax-exempt entity described in sec-
2 tion 168(h)(2)(A)(i) (determined with-
3 out regard to the last sentence of sec-
4 tion 168(h)(2)(A)), the determination
5 of whether property is tax-exempt use
6 property shall be made under section
7 168(h) without regard to whether the
8 property is leased in a disqualified
9 lease (as defined in section
10 168(h)(1)(B)(ii)).”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to leases entered into after Decem-
13 ber 31, 2021.

14 **SEC. 135306. QUALIFICATION OF REHABILITATION EXPEND-**
15 **ITURES FOR PUBLIC SCHOOL BUILDINGS**
16 **FOR REHABILITATION CREDIT.**

17 (a) IN GENERAL.—Section 47(c)(2)(B)(v), as amend-
18 ed by the preceding provisions of this Act, is amended by
19 adding at the end the following new subclause:

20 “(IV) CLAUSE NOT TO APPLY TO
21 PUBLIC SCHOOLS.—This clause shall
22 not apply in the case of the rehabilita-
23 tion of any building which was used
24 as a qualified public educational facil-
25 ity (as defined in section 142(k)(1),

1 determined without regard to sub-
2 paragraph (B) thereof) at any time
3 during the 5-year period ending on
4 the date that such rehabilitation be-
5 gins and which is used as such a facil-
6 ity immediately after such rehabilita-
7 tion.”.

8 (b) REPORT.—Not later than the date which is 5
9 years after the date of the enactment of this Act, the Sec-
10 retary of the Treasury, after consultation with the heads
11 of appropriate Federal agencies, shall report to Congress
12 on the effects resulting from the amendment made by sub-
13 section (a), including—

14 (1) the number of qualified public education fa-
15 cilities rehabilitated (stated separately with respect
16 to each State) and the number of students using
17 such facilities (stated separately with respect to each
18 such State),

19 (2) the number of qualified public education fa-
20 cilities rehabilitated in low income communities (as
21 section 45D(e)(1) of the Internal Revenue Code of
22 1986) and the number of students using such facili-
23 ties,

1 (3) the amount of qualified rehabilitation ex-
2 penditures for each qualified public education facility
3 rehabilitated, and

4 (4) and any other data determined by the Sec-
5 retary to be useful in evaluating the impact of such
6 amendment.

7 (c) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to property placed in service after
9 December 31, 2021.

10 **PART 4—DISASTER AND RESILIENCY**

11 **SEC. 135401. EXCLUSION OF AMOUNTS RECEIVED FROM**
12 **STATE-BASED CATASTROPHE LOSS MITIGA-**
13 **TION PROGRAMS.**

14 (a) IN GENERAL.—Section 139 is amended by redess-
15 ignating subsection (h) as subsection (i) and by inserting
16 after subsection (g) the following new subsection:

17 “(h) STATE-BASED CATASTROPHE LOSS MITIGATION
18 PROGRAMS.—

19 “(1) IN GENERAL.—Gross income shall not in-
20 clude any amount received by an individual as a
21 qualified catastrophe mitigation payment under a
22 program established by a State, or a political sub-
23 division or instrumentality thereof, for the purpose
24 of making such payments.

1 “(2) QUALIFIED CATASTROPHE MITIGATION
2 PAYMENT.—For purposes of this section, the term
3 ‘qualified catastrophe mitigation payment’ means
4 any amount which is received by an individual to
5 make improvements to such individual’s residence
6 for the sole purpose of reducing the damage that
7 would be done to such residence by a windstorm,
8 earthquake, or wildfire.

9 “(3) NO INCREASE IN BASIS.—Rules similar to
10 the rules of subsection (g)(3) shall apply in the case
11 of this subsection.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Section 139(d) is amended by striking “and
14 qualified” and inserting “, qualified catastrophe
15 mitigation payments, and qualified”.

16 (2) Section 139(i) (as redesignated by sub-
17 section (a)) is amended by striking “or qualified”
18 and inserting “, qualified catastrophe mitigation
19 payment, or qualified”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2020.

1 **SEC. 135402. REPEAL OF TEMPORARY LIMITATION ON PER-**
2 **SONAL CASUALTY LOSSES.**

3 (a) **IN GENERAL.**—Section 165(h) is amended by
4 striking paragraph (5).

5 (b) **EXTENSION OF PERIOD OF LIMITATION ON FILING CLAIM IN CERTAIN CIRCUMSTANCES.**—In the case of
6 a claim for credit or refund which is properly allocable
7 to a loss which is—

9 (1) deductible under section 165(a) of the Internal Revenue Code of 1986,
10

11 (2) described in Revenue Procedure 2017-60
12 (as modified by Revenue Procedure 2018-14), and

13 (3) claimed for a taxable year beginning after
14 December 31, 2016,

15 the period of limitation prescribed in section 6511 of the
16 Internal Revenue Code of 1986 for the filing of such claim
17 shall be treated as not expiring earlier than the date that
18 is 1 year after the date of the enactment of this Act.

19 (c) **EFFECTIVE DATE.**—The amendment made by
20 subsection (a) shall apply to losses incurred in taxable
21 years beginning after December 31, 2017.

22 (d) **REGULATIONS.**—The Secretary of the Treasury
23 (or the Secretary's delegate) shall issue such regulations
24 or other guidance as are necessary to implement the
25 amendment made by this section, including regulations or

1 guidance consistent with Revenue Procedure 2017–60 (as
2 so modified).

3 **SEC. 135403. CREDIT FOR QUALIFIED WILDFIRE MITIGA-**
4 **TION EXPENDITURES.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-
6 chapter A of chapter 1 is amended by inserting after sec-
7 tion 27 the following new section:

8 **“SEC. 28. QUALIFIED WILDFIRE MITIGATION EXPENDI-**
9 **TURES.**

10 “(a) IN GENERAL.—There shall be allowed as a cred-
11 it against the tax imposed by this chapter for the taxable
12 year an amount equal to 30 percent of the qualified wild-
13 fire mitigation expenditures paid or incurred by the tax-
14 payer during such taxable year with respect to real prop-
15 erty owned or leased by the taxpayer.

16 “(b) QUALIFIED WILDFIRE MITIGATION EXPENDI-
17 TURES.—For purposes of this section—

18 “(1) IN GENERAL.—The term ‘qualified wildfire
19 mitigation expenditures’ means any specified wildfire
20 mitigation expenditure made pursuant to a qualified
21 State wildfire mitigation program of a State which
22 requires expenditures for wildfire mitigation to be
23 paid both by the taxpayer and such State. Such
24 term shall not include any item of expenditure un-
25 less the ratio of the State’s expenditure for such

1 item to the sum of the State's and taxpayer's ex-
2 penditures for such item is not less than 25 percent.

3 “(2) SPECIFIED WILDFIRE MITIGATION EX-
4 PENDITURE.—The term ‘specified wildfire mitigation
5 expenditure’ means, with respect to any real prop-
6 erty owned or leased by the taxpayer, any amount
7 paid or incurred to reduce the risk of wildfire by re-
8 moving accumulations of vegetation (including estab-
9 lishing, expanding, or maintaining fuel breaks to
10 serve as fire breaks) on such real property.

11 “(3) QUALIFIED STATE WILDFIRE MITIGATION
12 PROGRAM.—The term ‘qualified State wildfire miti-
13 gation program’ means any program of a State the
14 primary purpose of which is to mitigate the risk of
15 wildfires in such State.

16 “(4) TREATMENT OF REIMBURSEMENTS.—Any
17 amount originally paid or incurred by the taxpayer
18 which is reimbursed by a State under a qualified
19 wildfire mitigation program of such State shall be
20 treated as paid by such State (and not by such tax-
21 payer).

22 “(c) APPLICATION WITH OTHER CREDITS.—

23 “(1) BUSINESS CREDIT TREATED AS PART OF
24 GENERAL BUSINESS CREDIT.—So much of the credit
25 which would be allowed under subsection (a) for any

1 taxable year (determined without regard to this sub-
2 section) that is attributable to expenditures made in
3 the ordinary course of the taxpayer's trade or busi-
4 ness (or, in the case of expenditures made by a
5 State, would have been expenditures made in the or-
6 dinary course of the taxpayer's trade or business if
7 made by the taxpayer) shall be treated as a credit
8 listed in section 38(b) for taxable year (and not al-
9 lowed under subsection (a)).

10 “(2) PERSONAL CREDIT.—For purposes of this
11 title, the credit allowed under subsection (a) for any
12 taxable year (determined after application of para-
13 graph (1)) shall be treated as a credit allowable
14 under subpart A for such taxable year.

15 “(d) REDUCTION OF CREDIT PERCENTAGE WHERE
16 TAXPAYER EXPENDITURES LESS THAN 30 PERCENT.—

17 “(1) IN GENERAL.—If the expenditure percent-
18 age with respect to any item of qualified wildfire
19 mitigation expenditure is less than 30 percent, sub-
20 section (a) shall be applied by substituting ‘the ex-
21 penditure percentage’ for ‘30 percent’ with respect
22 to such item of expenditure.

23 “(2) EXPENDITURE PERCENTAGE.—For pur-
24 poses of this section, the term ‘expenditure percent-
25 age’ means, with respect to any item of qualified

1 wildfire mitigation expenditure any portion of which
2 is paid or incurred by a State, the ratio (expressed
3 as a percentage) of—

4 “(A) the taxpayer’s expenditure for such
5 item, divided by

6 “(B) the sum of the taxpayer’s and such
7 State’s expenditures for such item.

8 “(e) SPECIAL RULES.—

9 “(1) TREATMENT OF EXPENDITURES RELATED
10 TO MARKETABLE TIMBER.—An expenditure shall not
11 be taken into account for purposes of this section
12 (whether made by the taxpayer or a State pursuant
13 to a qualified State wildfire mitigation program of
14 such State) if such expenditure is properly allocable
15 to timber which is sold or exchanged by the tax-
16 payer. The preceding sentence shall not apply to the
17 extent that such amount exceeds the gain on such
18 sale or exchange.

19 “(2) BASIS REDUCTION.—For purposes of this
20 subtitle, if the basis of any property would (but for
21 this paragraph) be determined by taking into ac-
22 count any qualified wildfire mitigation expenditure,
23 the basis of such property shall be reduced by the
24 amount of the credit allowed under subsection (a)

1 with respect to such expenditure (determined with-
2 out regard to subsection (c)).

3 “(3) DENIAL OF DOUBLE BENEFIT.—The
4 amount of any deduction or other credit allowable
5 under this chapter for any expenditure for which a
6 credit is allowable under subsection (a) shall be re-
7 duced by the amount of credit allowed under such
8 subsection for such expenditure (determined without
9 regard to subsection (c)).”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 38(b), as amended by the preceding
12 provisions of this Act, is amended by striking “plus”
13 at the end of paragraph (33), by striking the period
14 at the end of paragraph (34) and inserting “, plus”,
15 and by adding at the end the following new para-
16 graph:

17 “(35) the portion of the qualified wildfire miti-
18 gation expenditures credit to which section 28(c)(1)
19 applies.”.

20 (2) Section 1016(a) is amended by redesignig-
21 nating paragraphs (35) through (38) as paragraphs
22 (36) through (39), respectively, and by inserting
23 after paragraph (34) the following new paragraph:

24 “(35) to the extent provided in section
25 28(e)(2),”.

1 (3) The table of sections for subpart B of part
 2 IV of subchapter A of chapter 1 is amended by in-
 3 serting after the item relating to section 27 the fol-
 4 lowing new item:

“Sec. 28. Qualified wildfire mitigation expenditures.”.

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to expenditures paid or incurred
 7 after the date of the enactment of this Act, in taxable
 8 years ending after such date.

PART 5—HOUSING

Subpart A—Low Income Housing Tax Credit

SEC. 135501. INCREASES IN STATE ALLOCATIONS.

12 (a) IN GENERAL.—Section 42(h)(3)(I) is amended to
 13 read as follows:

14 “(I) INCREASE IN STATE HOUSING CREDIT
 15 CEILING FOR 2022 THROUGH 2028.—

16 “(i) IN GENERAL.—In the case of cal-
 17 endar years 2022 through 2028, the dollar
 18 amounts under subclauses (I) and (II) of
 19 subparagraph (C)(ii) for any such calendar
 20 shall be determined under clause (ii) and
 21 in accordance with the following table:

| “In the case of calendar year: | The sub- clause (I) amount shall be: | The sub- clause (II) amount shall be: |
|--------------------------------|---|--|
| 2022 | \$3.22 | \$3,711,575 |
| 2023 | \$3.70 | \$4,269,471 |

| “In the case of calendar year: | The sub- clause (I) amount shall be: | The sub- clause (II) amount shall be: |
|--------------------------------|---|--|
| 2024 | \$4.25 | \$4,901,620 |
| 2025 | \$4.88 | \$5,632,880 |

1 “(ii) INFLATION ADJUSTMENT FOR
2 2026, 2027, AND 2028.—In the case of
3 calendar years 2026, 2027, and 2028, the
4 subclause (I) and (II) dollar amounts shall
5 be the respective dollar amounts cor-
6 responding to calendar year 2025 in the
7 table under clause (i) each increased by an
8 amount equal to—
9 “(I) such dollar amount, multi-
10 plied by
11 “(II) the cost-of-living adjust-
12 ment determined under section 1(f)(3)
13 for such calendar year by substituting
14 ‘calendar year 2025’ for ‘calendar
15 year 2016’ in paragraph (A)(ii) there-
16 of.
17 Any increase under this clause shall be
18 rounded to the nearest cent in the case of
19 the subclause (I) amount and the nearest
20 dollar in the case of the subclause (II)
21 amount.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to calendar years beginning after
3 December 31, 2021.

4 **SEC. 135502. TAX-EXEMPT BOND FINANCING REQUIRE-**
5 **MENT.**

6 (a) IN GENERAL.—Section 42(h)(4)(B) is amended
7 by adding at the end the following: “The preceding sen-
8 tence shall be applied by substituting ‘25 percent’ for ‘50
9 percent’ in the case of any building which is financed by
10 any obligation issued in calendar year 2022, 2023, 2024,
11 2025, 2026, 2027, or 2028 (and not by any obligation on
12 which the application of this subparagraph is based during
13 any taxable year beginning during calendar year 2019,
14 2020, or 2021).”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to buildings placed in service in
17 taxable years beginning after December 31, 2021.

18 **SEC. 135503. BUILDINGS DESIGNATED TO SERVE EX-**
19 **TREMELY LOW-INCOME HOUSEHOLDS.**

20 (a) RESERVED STATE ALLOCATION.—

21 (1) IN GENERAL.—Section 42(h) is amended—
22 (A) by redesignating paragraphs (6), (7),
23 and (8) as paragraphs (7), (8), and (9), respec-
24 tively, and

1 (B) by inserting after paragraph (5) the
2 following new paragraph:

3 “(6) PORTION OF STATE CEILING SET-ASIDE
4 FOR PROJECTS DESIGNATED TO SERVE EXTREMELY
5 LOW-INCOME HOUSEHOLDS.—

6 “(A) IN GENERAL.—Not more than 90
7 percent of the portion of the State housing
8 credit ceiling amount described in paragraph
9 (3)(C)(ii) for any State for any calendar year
10 shall be allocated to buildings other than build-
11 ings described in subparagraph (B).

12 “(B) BUILDINGS DESCRIBED.—A building
13 is described in this subparagraph if 20 percent
14 or more of the residential units in such building
15 are rent-restricted (determined as if the im-
16 puted income limitation applicable to such units
17 were 30 percent of area median gross income)
18 and are designated by the taxpayer for occu-
19 pancy by households the aggregate household
20 income of which does not exceed the greater
21 of—

22 “(i) 30 percent of area median gross
23 income, or

1 “(ii) 100 percent of an amount equal
2 to the Federal poverty line (within the
3 meaning of section 36B(d)(3)).

4 “(C) STATE MAY NOT OVERRIDE SET-
5 ASIDE.—Nothing in subparagraph (F) of para-
6 graph (3) shall be construed to permit a State
7 not to comply with subparagraph (A) of this
8 paragraph.

9 “(D) TERMINATION.—This paragraph
10 shall not apply to allocations after December
11 31, 2031.”.

12 (2) CONFORMING AMENDMENT.—Section
13 42(b)(4)(C) is amended by striking “(h)(7)” and in-
14 serting “(h)(8)”.

15 (b) INCREASE IN CREDIT.—Paragraph (5) of section
16 42(d) is amended by adding at the end the following new
17 subparagraph:

18 “(C) INCREASE IN CREDIT FOR PROJECTS
19 DESIGNATED TO SERVE EXTREMELY LOW-IN-
20 COME HOUSEHOLDS.—

21 “(i) IN GENERAL.—In the case of any
22 building—

23 “(I) which is described in sub-
24 section (h)(6)(B), and

1 “(II) which is designated by the
2 housing credit agency as requiring the
3 increase in credit under this subpara-
4 graph in order for such building to be
5 financially feasible as part of a quali-
6 fied low-income housing project,
7 subparagraph (B) shall not apply to the
8 portion of such building which is comprised
9 of such units, and the eligible basis of such
10 portion of the building shall be 150 per-
11 cent of such basis determined without re-
12 gard to this subparagraph.

13 “(ii) ALLOCATION RULES APPLICABLE
14 TO PROJECTS TO WHICH CLAUSE (i) AP-
15 PLIES.—

16 “(I) STATE HOUSING CREDIT
17 CEILING.—For any calendar year, the
18 housing credit agency shall not allo-
19 cate more than 15 percent of the por-
20 tion of the State housing credit ceiling
21 amount described in subsection
22 (h)(3)(C)(ii) to buildings to which
23 clause (i) applies, and

24 “(II) PRIVATE ACTIVITY BOND
25 VOLUME CAP.—In the case of projects

1 financed by tax-exempt bonds as de-
2 scribed in subsection (h)(4), for any
3 calendar year, the State shall not
4 issue more than 10 percent of the pri-
5 vate activity bond volume cap as de-
6 scribed in section 146(d)(1) to build-
7 ings to which clause (i) applies.

8 “(iii) TERMINATION.—This subpara-
9 graph shall not apply to allocations after
10 December 31, 2031.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to allocations, and determinations,
13 of housing credit dollar amount after December 31, 2021.

14 **SEC. 135504. INCLUSION OF RURAL AREAS AS DIFFICULT**
15 **DEVELOPMENT AREAS.**

16 (a) IN GENERAL.—Subclause (I) of section
17 42(d)(5)(B)(iii) is amended by inserting before the period
18 the following: “, and any rural area”.

19 (b) RURAL AREA.—Clause (iii) of section
20 42(d)(5)(B) is amended by redesignating subclause (II)
21 as subclause (III) and by inserting after subclause (I) the
22 following new subclause:

23 “(II) RURAL AREA.—For pur-
24 poses of subclause (I), the term ‘rural
25 area’ means any non-metropolitan

1 area, or any rural area as defined by
2 section 520 of the Housing Act of
3 1949, which is identified by the quali-
4 fied allocation plan under subsection
5 (m)(1)(B).”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to buildings placed in service after
8 December 31, 2021.

9 **SEC. 135505. REPEAL OF QUALIFIED CONTRACT OPTION.**

10 (a) TERMINATION OF OPTION FOR CERTAIN BUILD-
11 INGS.—

12 (1) IN GENERAL.—Subclause (II) of section
13 42(h)(7)(E)(i), as redesignated by section 135503, is
14 amended by inserting “in the case of a building de-
15 scribed in clause (iii),” before “on the last day”.

16 (2) BUILDINGS DESCRIBED.—Subparagraph
17 (E) of section 42(h)(7), as so redesignated, is
18 amended by adding at the end the following new
19 clause:

20 “(iii) BUILDINGS DESCRIBED.—A
21 building described in this clause is a build-
22 ing—

23 “(I) which received its allocation
24 of housing credit dollar amount before
25 January 1, 2022, or

1 “(II) in the case of a building
2 any portion of which is financed as
3 described in paragraph (4), which re-
4 ceived before January 1, 2022, a de-
5 termination from the issuer of the
6 tax-exempt bonds or the housing cred-
7 it agency that the building is eligible
8 to receive an allocation of housing
9 credit dollar amount under the rules
10 of paragraphs (1) and (2) of sub-
11 section (m).”.

12 (b) RULES RELATING TO EXISTING PROJECTS.—
13 Subparagraph (F) of section 42(h)(7), as redesignated by
14 section 135503, is amended by striking “the nonlow-in-
15 come portion” and all that follows and inserting “the
16 nonlow-income portion and the low-income portion of the
17 building for fair market value (determined by the housing
18 credit agency by taking into account the rent restrictions
19 required for the low-income portion of the building to con-
20 tinue to meet the standards of paragraphs (1) and (2) of
21 subsection (g)). The Secretary shall prescribe such regula-
22 tions as may be necessary or appropriate to carry out this
23 paragraph.”.

24 (c) CONFORMING AMENDMENTS.—

1 (1) Paragraph (7) of section 42(h), as redesignig-
2 nated by section 135503, is amended by striking
3 subparagraph (G) and by redesignating subpara-
4 graphs (H), (I), (J), and (K) as subparagraphs (G),
5 (H), (I), and (J), respectively.

6 (2) Subclause (II) of section 42(h)(7)(E)(i), as
7 so redesignated and as amended by subsection (a),
8 is further amended by striking “subparagraph (I)”
9 and inserting “subparagraph (H)”.

10 (d) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as provided in para-
12 graph (2), the amendments made by this section
13 shall take effect on the date of the enactment of this
14 Act.

15 (2) SUBSECTION (b).—The amendments made
16 by subsection (b) shall apply to buildings with re-
17 spect to which a written request described in section
18 42(h)(7)(H) of the Internal Revenue Code of 1986,
19 as redesignated by section 135503 and subsection
20 (c), is submitted after the date of the enactment of
21 this Act.

22 **SEC. 135506. MODIFICATION AND CLARIFICATION OF**
23 **RIGHTS RELATING TO BUILDING PURCHASE.**

24 (a) MODIFICATION OF RIGHT OF FIRST REFUSAL.—

1 (1) IN GENERAL.—Subparagraph (A) of section
2 42(i)(7) is amended by striking “a right of 1st re-
3 fusal” and inserting “an option”.

4 (2) CONFORMING AMENDMENT.—The heading
5 of paragraph (7) of section 42(i) is amended by
6 striking “RIGHT OF 1ST REFUSAL” and inserting
7 “OPTION”.

8 (b) CLARIFICATION WITH RESPECT TO RIGHT OF
9 FIRST REFUSAL AND PURCHASE OPTIONS.—

10 (1) PURCHASE OF PARTNERSHIP INTEREST.—
11 Subparagraph (A) of section 42(i)(7), as amended
12 by subsection (a), is amended by striking “the prop-
13 erty” and inserting “the property or all of the part-
14 nership interests (other than interests of the person
15 exercising such option or a related party thereto
16 (within the meaning of section 267(b) or 707(b)(1)))
17 relating to the property”.

18 (2) PROPERTY INCLUDES ASSETS RELATING TO
19 THE BUILDING.—Paragraph (7) of section 42(i) is
20 amended by adding at the end the following new
21 subparagraph:

22 “(C) PROPERTY.—For purposes of sub-
23 paragraph (A), the term ‘property’ may include
24 all or any of the assets held for the develop-

1 ment, operation, or maintenance of a build-
2 ing.”.

3 (3) EXERCISE OF RIGHT OF FIRST REFUSAL
4 AND PURCHASE OPTIONS.—Subparagraph (A) of
5 section 42(i)(7), as amended by subsection (a) and
6 paragraph (1)(A), is amended by adding at the end
7 the following: “For purposes of determining whether
8 an option, including a right of first refusal, to pur-
9 chase property or partnership interests holding (di-
10 rectly or indirectly) such property is described in the
11 preceding sentence—

12 “(i) such option or right of first re-
13 fusal shall be exercisable with or without
14 the approval of any owner of the project
15 (including any partner, member, or affili-
16 ated organization of such an owner), and

17 “(ii) a right of first refusal shall be
18 exercisable in response to any offer to pur-
19 chase the property or partnership interests,
20 including an offer by a related party.”.

21 (c) CONFORMING AMENDMENTS.—Subparagraph (B)
22 of section 42(i)(7) is amended by striking “the sum of”
23 and all that follows and inserting “the principal amount
24 of outstanding indebtedness secured by the building (other
25 than indebtedness incurred within the 5-year period end-

1 ing on the date of the sale to the tenants). In the case
2 of a purchase of a partnership interest, the minimum pur-
3 chase price is an amount not less than such interest's rat-
4 able share of the amount determined under the first sen-
5 tence of this subparagraph.”.

6 (d) EFFECTIVE DATES.—

7 (1) MODIFICATION OF RIGHT OF FIRST RE-
8 FUSAL.—The amendments made by subsections (a)
9 and (c) shall apply to agreements entered into or
10 amended after the date of the enactment of this Act.

11 (2) CLARIFICATION.—The amendments made
12 by subsection (b) shall apply to agreements among
13 the owners of the project (including partners, mem-
14 bers, and their affiliated organizations) and persons
15 described in section 42(i)(7)(A) of the Internal Rev-
16 enue Code of 1986 entered into before, on, or after
17 the date of the enactment of this Act.

18 (3) NO EFFECT ON AGREEMENTS.—None of the
19 amendments made by this section is intended to su-
20 persede express language in any agreement with re-
21 spect to the terms of a right of first refusal or op-
22 tion permitted by section 42(i)(7) of the Internal
23 Revenue Code of 1986 in effect on the date of the
24 enactment of this Act.

1 **SEC. 135507. INCREASE IN CREDIT FOR BOND-FINANCED**
2 **PROJECTS DESIGNATED BY HOUSING CREDIT**
3 **AGENCY.**

4 (a) **IN GENERAL.**—Section 42(d)(5)(B)(v) is amend-
5 ed by striking “The preceding sentence” and inserting “In
6 the case of determinations of housing credit dollar amount
7 after December 31, 2028, the preceding sentence”.

8 (b) **EFFECTIVE DATE.**—The amendments made by
9 this section shall apply to buildings which receive a deter-
10 mination of housing credit dollar amount pursuant to sec-
11 tion 42(m)(2)(D) of the Internal Revenue Code of 1986
12 after the date of the enactment of this Act.

13 **Subpart B—Neighborhood Homes Investment Act**

14 **SEC. 135511. NEIGHBORHOOD HOMES CREDIT.**

15 (a) **IN GENERAL.**—Subpart D of part IV of sub-
16 chapter A of chapter 1 is amended by inserting after sec-
17 tion 42 the following new section:

18 **“SEC. 42A. NEIGHBORHOOD HOMES CREDIT.**

19 “(a) **ALLOWANCE OF CREDIT.**—For purposes of sec-
20 tion 38, the neighborhood homes credit determined under
21 this section for the taxable year is, with respect to each
22 qualified residence sold by the taxpayer during such tax-
23 able year in an affordable sale, the lesser of—

24 “(1) the excess (if any) of—

1 “(A) the reasonable development costs paid
2 or incurred by the taxpayer with respect to such
3 qualified residence, over

4 “(B) the sale price of such qualified resi-
5 dence (reduced by any reasonable expenses paid
6 or incurred by the taxpayer in connection with
7 such sale), or

8 “(2) 35 percent of the lesser of—

9 “(A) the eligible development costs paid or
10 incurred by the taxpayer with respect to such
11 qualified residence, or

12 “(B) 80 percent of the national median
13 sale price for new homes (as determined pursu-
14 ant to the most recent census data available as
15 of the date on which the neighborhood homes
16 credit agency makes an allocation for the quali-
17 fied project).

18 “(b) DEVELOPMENT COSTS.—For purposes of this
19 section—

20 “(1) REASONABLE DEVELOPMENT COSTS.—

21 “(A) IN GENERAL.—The term ‘reasonable
22 development costs’ means amounts paid or in-
23 curred for the acquisition of buildings and land,
24 construction, substantial rehabilitation, demoli-
25 tion of structures, or environmental remedi-

1 ation, to the extent that the neighborhood
2 homes credit agency determines that such
3 amounts meet the standards specified pursuant
4 to subsection (f)(1)(C) (as of the date on which
5 construction or substantial rehabilitation is sub-
6 stantially complete, as determined by such
7 agency) and are necessary to ensure the finan-
8 cial feasibility of such qualified residence.

9 “(B) CONSIDERATIONS IN MAKING DETER-
10 MINATION.—In making the determination under
11 subparagraph (A), the neighborhood homes
12 credit agency shall consider—

13 “(i) the sources and uses of funds and
14 the total financing,

15 “(ii) any proceeds or receipts gen-
16 erated or expected to be generated by rea-
17 son of tax benefits, and

18 “(iii) the reasonableness of the devel-
19 opmental costs and fees.

20 “(2) ELIGIBLE DEVELOPMENT COSTS.—The
21 term ‘eligible development costs’ means the amount
22 which would be reasonable development costs if the
23 amounts taken into account as paid or incurred for
24 the acquisition of buildings and land did not exceed
25 75 percent of such costs determined without regard

1 to any amount paid or incurred for the acquisition
2 of buildings and land.

3 “(3) SUBSTANTIAL REHABILITATION.—The
4 term ‘substantial rehabilitation’ means amounts paid
5 or incurred for rehabilitation of a qualified residence
6 if such amounts exceed the greater of—

7 “(A) \$20,000, or

8 “(B) 20 percent of the amounts paid or in-
9 curred by the taxpayer for the acquisition of
10 buildings and land with respect to such quali-
11 fied residence.

12 “(4) CONSTRUCTION AND REHABILITATION
13 ONLY AFTER ALLOCATION TAKEN INTO ACCOUNT.—

14 “(A) IN GENERAL.—The terms ‘reasonable
15 development costs’ and ‘eligible development
16 costs’ shall not include any amount paid or in-
17 curred before the date on which an allocation is
18 made to the taxpayer under subsection (e) with
19 respect to the qualified project of which the
20 qualified residence is part unless such amount
21 is paid or incurred for the acquisition of build-
22 ings or land.

23 “(B) LAND AND BUILDING ACQUISITION
24 COSTS.—Amounts paid or incurred for the ac-
25 quisition of buildings or land shall be included

1 under paragraph (A) only if paid or incurred
2 not more than 3 years before the date on which
3 the allocation referred to in subparagraph (A)
4 is made. If the taxpayer acquired any building
5 or land from an entity (or any related party to
6 such entity) that holds an ownership interest in
7 the taxpayer, then such entity must also have
8 acquired such property within such 3-year pe-
9 riod, and the acquisition cost included under
10 subparagraph (A) with respect to the taxpayer
11 shall not exceed the amount such entity paid or
12 incurred to acquire such property.

13 “(c) QUALIFIED RESIDENCE.—For purposes of this
14 section—

15 “(1) IN GENERAL.—The term ‘qualified resi-
16 dence’ means a residence that—

17 “(A) is real property affixed on a perma-
18 nent foundation,

19 “(B) is—

20 “(i) a house which is comprised of 4
21 or fewer residential units,

22 “(ii) a condominium unit, or

23 “(iii) a house or an apartment owned
24 by a cooperative housing corporation (as
25 defined in section 216(b)),

1 “(C) is part of a qualified project with re-
2 spect to the neighborhood homes credit agency
3 has made an allocation under subsection (e),
4 and

5 “(D) is located in a qualified census tract
6 (determined as of the date of such allocation).

7 “(2) QUALIFIED CENSUS TRACT.—

8 “(A) IN GENERAL.—The term ‘qualified
9 census tract’ means a census tract—

10 “(i) which—

11 “(I) has a median family income
12 which does not exceed 80 percent of
13 the median family income for the ap-
14 plicable area,

15 “(II) has a poverty rate that is
16 not less than 130 percent of the pov-
17 erty rate of the applicable area, and

18 “(III) has a median value for
19 owner-occupied homes that does not
20 exceed the median value for owner-oc-
21 cupied homes in the applicable area,

22 “(ii) which—

23 “(I) is located in a city which has
24 a population of not less than 50,000
25 and such city has a poverty rate that

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1 is not less than 150 percent of the
2 poverty rate of the applicable area,

3 “(II) has a median family income
4 which does not exceed the median
5 family income for the applicable area,
6 and

7 “(III) has a median value for
8 owner-occupied homes that does not
9 exceed 80 percent of the median value
10 for owner-occupied homes in the ap-
11 plicable area,

12 “(iii) which—

13 “(I) is located in a nonmetropoli-
14 tan county,

15 “(II) has a median family income
16 which does not exceed the median
17 family income for the applicable area,
18 and

19 “(III) has been designated by a
20 neighborhood homes credit agency
21 under this clause, or

22 “(iv) which is not otherwise a quali-
23 fied census tract and is located in a dis-
24 aster area (as defined in section
25 7508A(d)(3)), but only with respect to

1 credits allocated in any period during
2 which the President of the United States
3 has determined that such area warrants in-
4 dividual or individual and public assistance
5 by the Federal Government under the Rob-
6 ert T. Stafford Disaster Relief and Emer-
7 gency Assistance Act.

8 “(B) APPLICABLE AREA.—The term ‘appli-
9 cable area’ means—

10 “(i) in the case of a metropolitan cen-
11 sus tract, the metropolitan area in which
12 such census tract is located, and

13 “(ii) in the case of a census tract
14 other than a census tract described in
15 clause (i), the State.

16 “(d) AFFORDABLE SALE.—For purposes of this sec-
17 tion—

18 “(1) IN GENERAL.—The term ‘affordable sale’
19 means a sale to a qualified homeowner of a qualified
20 residence that the neighborhood homes credit agency
21 certifies as meeting the standards promulgated
22 under subsection (f)(1)(D) for a price that does not
23 exceed—

24 “(A) in the case of any qualified residence
25 not described in subparagraph (B), (C), or (D),

1 the amount equal to the product of 4 multiplied
2 by the median family income for the applicable
3 area (as determined pursuant to the most re-
4 cent census data available as of the date of the
5 contract for such sale),

6 “(B) in the case of a house comprised of
7 2 residential units, 125 percent of the amount
8 described in subparagraph (A),

9 “(C) in the case of a house comprised of
10 3 residential units, 150 percent of the amount
11 described in subparagraph (A), or

12 “(D) in the case of a house comprised of
13 4 residential units, 175 percent of the amount
14 described in subparagraph (A).

15 “(2) QUALIFIED HOMEOWNER.—The term
16 ‘qualified homeowner’ means, with respect to a
17 qualified residence, an individual—

18 “(A) who owns and uses such qualified res-
19 idence as the principal residence of such indi-
20 vidual, and

21 “(B) whose family income (determined as
22 of the date that a binding contract for the af-
23 fordable sale of such residence is entered into)
24 is 140 percent or less of the median family in-

1 come for the applicable area in which the quali-
2 fied residence is located.

3 “(e) CREDIT CEILING AND ALLOCATIONS.—

4 “(1) CREDIT LIMITED BASED ON ALLOCATIONS
5 TO QUALIFIED PROJECTS.—

6 “(A) IN GENERAL.—The credit allowed
7 under subsection (a) to any taxpayer for any
8 taxable year with respect to one or more quali-
9 fied residences which are part of the same
10 qualified project shall not exceed the excess (if
11 any) of—

12 “(i) the amount allocated by the
13 neighborhood homes credit agency under
14 this paragraph to such taxpayer with re-
15 spect to such qualified project, over

16 “(ii) the aggregate amount of credit
17 allowed under subsection (a) to such tax-
18 payer with respect to qualified residences
19 which are a part of such qualified project
20 for all prior taxable years.

21 “(B) DEADLINE FOR COMPLETION.—No
22 credit shall be allowed under subsection (a)
23 with respect to any qualified residence unless
24 the affordable sale of such residence is during
25 the 5-year period beginning on the date of the

1 allocation to the qualified project of which such
2 residence is a part (or, in the case of a qualified
3 residence to which subsection (i) applies, the re-
4 habilitation of such residence is completed dur-
5 ing such 5-year period).

6 “(2) LIMITATIONS ON ALLOCATIONS TO QUALI-
7 FIED PROJECTS.—

8 “(A) ALLOCATIONS LIMITED BY STATE
9 NEIGHBORHOOD HOMES CREDIT CEILING.—The
10 aggregate amount allocated to taxpayers with
11 respect to qualified projects by the neighbor-
12 hood homes credit agency of any State for any
13 calendar year shall not exceed the State neigh-
14 borhood homes credit amount of such State for
15 such calendar year.

16 “(B) SET-ASIDE FOR CERTAIN PROJECTS
17 INVOLVING QUALIFIED NONPROFIT ORGANIZA-
18 TIONS.—Rules similar to the rules of section
19 42(h)(5) shall apply for purposes of this sec-
20 tion.

21 “(3) DETERMINATION OF STATE NEIGHBOR-
22 HOOD HOMES CREDIT CEILING.—

23 “(A) IN GENERAL.—The State neighbor-
24 hood homes credit amount for a State for a cal-
25 endar year is an amount equal to the sum of—

1 “(i) the greater of—
2 “(I) the product of \$6, multiplied
3 by the State population (determined
4 in accordance with section 146(j)), or
5 “(II) \$8,000,000, and
6 “(ii) any amount previously allocated
7 to any taxpayer with respect to any quali-
8 fied project by the neighborhood homes
9 credit agency of such State which can no
10 longer be allocated to any qualified resi-
11 dence because the 5-year period described
12 in paragraph (1)(B) expires during cal-
13 endar year.

14 “(B) 3-YEAR CARRYFORWARD OF UNUSED
15 LIMITATION.—The State neighborhood homes
16 credit amount for a State for a calendar year
17 shall be increased by the excess (if any) of the
18 State neighborhood homes credit amount for
19 such State for the preceding calendar year over
20 the aggregate amount allocated by the neigh-
21 borhood homes credit agency of such State dur-
22 ing such preceding calendar year. Any amount
23 carried forward under the preceding sentence
24 shall not be carried past the third calendar year
25 after the calendar year in which such credit

1 amount originally arose, determined on a first-
2 in, first-out basis.

3 “(f) RESPONSIBILITIES OF NEIGHBORHOOD HOMES
4 CREDIT AGENCIES.—

5 “(1) IN GENERAL.—Notwithstanding subsection
6 (e), the State neighborhood homes credit dollar
7 amount shall be zero for a calendar year unless the
8 neighborhood homes credit agency of the State—

9 “(A) allocates such amount pursuant to a
10 qualified allocation plan of the neighborhood
11 homes credit agency,

12 “(B) allocates not more than 20 percent of
13 amounts allocated in the previous year (or for
14 allocations made in 2022, not more than 20
15 percent of the neighborhood homes credit ceil-
16 ing for such year) to projects with respect to
17 qualified residences which—

18 “(i) are located in census tracts de-
19 scribed in subsection (c)(2)(A)(iii),
20 (c)(2)(A)(iv), (i)(5), or

21 “(ii) are not located in a qualified
22 census tract but meet the requirements of
23 (i)(8),

1 “(C) promulgates standards with respect
2 to reasonable qualified development costs and
3 fees,

4 “(D) promulgates standards with respect
5 to construction quality,

6 “(E) in the case of any neighborhood
7 homes credit agency which makes an allocation
8 to a qualified project which includes any quali-
9 fied residence to which subsection (i) applies,
10 promulgates standards with respect to pro-
11 tecting the owners of such residences, including
12 the capacity of such owners to pay rehabilita-
13 tion costs not covered by the credit provided by
14 this section and providing for the disclosure to
15 such owners of their rights and responsibilities
16 with respect to the rehabilitation of such resi-
17 dences, and

18 “(F) submits to the Secretary (at such
19 time and in such manner as the Secretary may
20 prescribe) an annual report specifying—

21 “(i) the amount of the neighborhood
22 homes credits allocated to each qualified
23 project for the previous year,

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1 “(ii) with respect to each qualified
2 residence completed in the preceding cal-
3 endar year—

4 “(I) the census tract in which
5 such qualified residence is located,

6 “(II) with respect to the qualified
7 project that includes such qualified
8 residence, the year in which such
9 project received an allocation under
10 this section,

11 “(III) whether such qualified res-
12 idence was new, substantially rehabili-
13 tated and sold to a qualified home-
14 owner, or substantially rehabilitated
15 pursuant to subsection (i),

16 “(IV) the eligible development
17 costs of such qualified residence,

18 “(V) the amount of the neighbor-
19 hood homes credit with respect to
20 such qualified residence,

21 “(VI) the sales price of such
22 qualified residence, if applicable, and

23 “(VII) the family income of the
24 qualified homeowner (expressed as a
25 percentage of the applicable area me-

1 dian family income for the location of
2 the qualified residence), and

3 “(iii) such other information as the
4 Secretary may require.

5 “(2) QUALIFIED ALLOCATION PLAN.—For pur-
6 poses of this subsection, the term ‘qualified alloca-
7 tion plan’ means any plan which—

8 “(A) sets forth the selection criteria to be
9 used to prioritize qualified projects for alloca-
10 tions of State neighborhood homes credit dollar
11 amounts, including—

12 “(i) the need for new or substantially
13 rehabilitated owner-occupied homes in the
14 area addressed by the project,

15 “(ii) the expected contribution of the
16 project to neighborhood stability and revi-
17 talization, including the impact on neigh-
18 borhood residents,

19 “(iii) the capability and prior perform-
20 ance of the project sponsor, and

21 “(iv) the likelihood the project will re-
22 sult in long-term homeownership,

23 “(B) has been made available for public
24 comment, and

1 “(C) provides a procedure that the neigh-
2 borhood homes credit agency (or any agent or
3 contractor of such agency) shall follow for pur-
4 poses of—

5 “(i) identifying noncompliance with
6 any provisions of this section, and

7 “(ii) notifying the Internal Revenue
8 Service of any such noncompliance of
9 which the agency becomes aware.

10 “(g) REPAYMENT.—

11 “(1) IN GENERAL.—

12 “(A) SOLD DURING 5-YEAR PERIOD.—If a
13 qualified residence is sold during the 5-year pe-
14 riod beginning immediately after the affordable
15 sale of such qualified residence referred to in
16 subsection (a), the seller (with respect to the
17 sale during such 5-year period) shall transfer
18 an amount equal to the repayment amount to
19 the relevant neighborhood homes credit agency.

20 “(B) USE OF REPAYMENTS.—A neighbor-
21 hood homes credit agency shall use any amount
22 received pursuant to subparagraph (A) only for
23 purposes of qualified projects.

24 “(2) REPAYMENT AMOUNT.—For purposes of
25 paragraph (1)(A), the repayment amount is an

1 amount equal to 50 percent of the gain from the
2 sale to which the repayment relates, reduced by 20
3 percent for each year of the 5-year period referred
4 to in paragraph (1)(A) which ends before the date
5 of such sale.

6 “(3) LIEN FOR REPAYMENT AMOUNT.—A
7 neighborhood homes credit agency receiving an allo-
8 cation under this section shall place a lien on each
9 qualified residence that is built or rehabilitated as
10 part of a qualified project for an amount such agen-
11 cy deems necessary to ensure potential repayment
12 pursuant to paragraph (1)(A).

13 “(4) DENIAL OF DEDUCTIONS IF CONVERTED
14 TO RENTAL HOUSING.—If, during the 5-year period
15 described in paragraph (1), an individual who owns
16 a qualified residence fails to use such qualified resi-
17 dence as such individual’s principal residence for any
18 period of time, no deduction shall be allowed for ex-
19 penses paid or incurred by such individual with re-
20 spect to renting, during such period of time, such
21 qualified residence.

22 “(5) WAIVER.—The neighborhood homes credit
23 agency may waive the repayment required under
24 paragraph (1)(A) in the case of homeowner experi-
25 encing a hardship.

1 “(h) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3 “(1) NEIGHBORHOOD HOMES CREDIT AGEN-
4 CY.—The term ‘neighborhood homes credit agency’
5 means the agency designated by the governor of a
6 State as the neighborhood homes credit agency of
7 the State.

8 “(2) QUALIFIED PROJECT.—The term ‘qualified
9 project’ means a project that a neighborhood homes
10 credit agency certifies will build or substantially re-
11 habilitate one or more qualified residences.

12 “(3) DETERMINATIONS OF FAMILY INCOME.—
13 Rules similar to the rules of section 143(f)(2) shall
14 apply for purposes of this section.

15 “(4) POSSESSIONS TREATED AS STATES.—The
16 term ‘State’ includes the District of Columbia and
17 the possessions of the United States.

18 “(5) SPECIAL RULES RELATED TO CONDOMIN-
19 IUMS AND COOPERATIVE HOUSING CORPORATIONS.—

20 “(A) DETERMINATION OF DEVELOPMENT
21 COSTS.—In the case of a qualified residence de-
22 scribed in clause (ii) or (iii) of subsection
23 (c)(1)(A), the reasonable development costs and
24 eligible development costs of such qualified resi-
25 dence shall be an amount equal to such costs,

1 respectively, of the entire condominium or coop-
2 erative housing property in which such qualified
3 residence is located, multiplied by a fraction—

4 “(i) the numerator of which is the
5 total floor space of such qualified resi-
6 dence, and

7 “(ii) the denominator of which is the
8 total floor space of all residences within
9 such property.

10 “(B) TENANT-STOCKHOLDERS OF COOPER-
11 ATIVE HOUSING CORPORATIONS TREATED AS
12 OWNERS.—In the case of a cooperative housing
13 corporation (as such term is defined in section
14 216(b)), a tenant-stockholder shall be treated
15 as owning the house or apartment which such
16 person is entitled to occupy.

17 “(6) RELATED PARTY SALES NOT TREATED AS
18 AFFORDABLE SALES.—

19 “(A) IN GENERAL.—A sale between related
20 persons shall not be treated as an affordable
21 sale.

22 “(B) RELATED PERSONS.—For purposes
23 of this paragraph, a person (in this subpara-
24 graph referred to as the ‘related person’) is re-
25 lated to any person if the related person bears

1 a relationship to such person specified in sec-
2 tion 267(b) or 707(b)(1), or the related person
3 and such person are engaged in trades or busi-
4 nesses under common control (within the mean-
5 ing of subsections (a) and (b) of section 52).
6 For purposes of the preceding sentence, in ap-
7 plying section 267(b) or 707(b)(1), ‘10 percent’
8 shall be substituted for ‘50 percent’.

9 “(7) INFLATION ADJUSTMENT.—

10 “(A) IN GENERAL.—In the case of a cal-
11 endar year after 2022, the dollar amounts in
12 subsections (b)(3)(A), (e)(3)(A)(i)(I),
13 (e)(3)(A)(i)(II), and (i)(2)(C) shall each be in-
14 creased by an amount equal to—

15 “(i) such dollar amount, multiplied by
16 “(ii) the cost-of-living adjustment de-
17 termined under section 1(f)(3) for such
18 calendar year by substituting ‘calendar
19 year 2021’ for ‘calendar year 2016’ in sub-
20 paragraph (A)(ii) thereof.

21 “(B) ROUNDING.—

22 “(i) In the case of the dollar amounts
23 in subsection (b)(3)(A) and (i)(2)(C), any
24 increase under paragraph (1) which is not

1 a multiple of \$1,000 shall be rounded to
2 the nearest multiple of \$1,000.

3 “(ii) In the case of the dollar amount
4 in subsection (e)(3)(A)(i)(I), any increase
5 under paragraph (1) which is not a mul-
6 tiple of \$0.01 shall be rounded to the near-
7 est multiple of \$0.01.

8 “(iii) In the case of the dollar amount
9 in subsection (e)(3)(A)(i)(II), any increase
10 under paragraph (1) which is not a mul-
11 tiple of \$100,000 shall be rounded to the
12 nearest multiple of \$100,000.

13 “(8) REPORT.—

14 “(A) IN GENERAL.—The Secretary shall
15 annually issue a report, to be made available to
16 the public, which contains the information sub-
17 mitted pursuant to subsection (f)(1)(F).

18 “(B) DE-IDENTIFICATION.—The Secretary
19 shall ensure that any information made public
20 pursuant to paragraph (1) excludes any infor-
21 mation that would allow for the identification of
22 qualified homeowners.

23 “(9) LIST OF QUALIFIED CENSUS TRACTS.—
24 The Secretary of Housing and Urban Development

1 shall, for each year, make publicly available a list of
2 qualified census tracts under—

3 “(A) on a combined basis, clauses (i) and
4 (ii) of subsection (c)(2)(A),

5 “(B) clause (iii) of such subsection, and

6 “(C) subsection (i)(5)(A).

7 “(i) APPLICATION OF CREDIT WITH RESPECT TO
8 OWNER-OCCUPIED REHABILITATIONS.—

9 “(1) IN GENERAL.—In the case of a qualified
10 rehabilitation by the taxpayer of any qualified resi-
11 dence which is owned (as of the date that the writ-
12 ten binding contract referred to in paragraph (3) is
13 entered into) by a specified homeowner, the rules of
14 paragraphs (2) through (7) shall apply.

15 “(2) ALTERNATIVE CREDIT DETERMINATION.—
16 In the case of any qualified residence described in
17 paragraph (1), the neighborhood homes credit deter-
18 mined under subsection (a) with respect to such resi-
19 dence shall (in lieu of any credit otherwise deter-
20 mined under subsection (a) with respect to such resi-
21 dence) be allowed in the taxable year during which
22 the qualified rehabilitation is completed (as deter-
23 mined by the neighborhood homes credit agency)
24 and shall be equal to the least of—

25 “(A) the excess (if any) of—

1 “(i) the amounts paid or incurred by
2 the taxpayer for the qualified rehabilitation
3 of the qualified residence to the extent that
4 such amounts are certified by the neigh-
5 borhood homes credit agency (at the time
6 of the completion of such rehabilitation) as
7 meeting the standards specified pursuant
8 to subsection (f)(1)(C), over

9 “(ii) any amounts paid to such tax-
10 payer for such rehabilitation,

11 “(B) 50 percent of the amounts described
12 in subparagraph (A)(i), or

13 “(C) \$50,000.

14 “(3) QUALIFIED REHABILITATION.—

15 “(A) IN GENERAL.—For purposes of this
16 subsection, the term ‘qualified rehabilitation’
17 means a rehabilitation or reconstruction per-
18 formed pursuant to a written binding contract
19 between the taxpayer and the qualified home-
20 owner if the amount paid or incurred by the
21 taxpayer in the performance of such rehabilita-
22 tion or reconstruction exceeds the dollar
23 amount in effect under subsection (b)(3)(A).

24 “(B) APPLICATION OF LIMITATION TO EX-
25 PENSES PAID OR INCURRED AFTER ALLOCA-

1 TION.—A rule similar to the rule of section
2 (b)(4) shall apply for purposes of this sub-
3 section.

4 “(4) SPECIFIED HOMEOWNER.—For purposes
5 of this subsection, the term ‘qualified homeowner’
6 means, with respect to a qualified residence, an indi-
7 vidual—

8 “(A) who owns and uses such qualified res-
9 idence as the principal residence of such indi-
10 vidual as of the date that the written binding
11 contract referred to in paragraph (3) is entered
12 into, and

13 “(B) whose family income (determined as
14 of such date) does not exceed the median family
15 income for the applicable area (with respect to
16 the census tract in which the qualified residence
17 is located).

18 “(5) ADDITIONAL CENSUS TRACTS IN WHICH
19 OWNER-OCCUPIED RESIDENCES MAY BE LOCATED.—
20 In the case of any qualified residence described in
21 paragraph (1), the term ‘qualified census tract’ in-
22 cludes any census tract which—

23 “(A) meets the requirements of subsection
24 (c)(2)(A)(i) without regard to subclause (III)
25 thereof, and

1 “(B) is designated by the neighborhood
2 homes credit agency for purposes of this para-
3 graph.

4 “(6) MODIFICATION OF REPAYMENT REQUIRE-
5 MENT.—In the case of any qualified residence de-
6 scribed in paragraph (1), subsection (g) shall be ap-
7 plied by beginning the 5-year period otherwise de-
8 scribed therein on the date on which the qualified
9 owner acquired the residence.

10 “(7) RELATED PARTIES.—Paragraph (1) shall
11 not apply if the taxpayer is the owner of the quali-
12 fied residence described in paragraph (1) or is re-
13 lated (within the meaning of subsection (h)(6)(B))
14 to such owner.

15 “(8) PYRRHOTITE REMEDIATION.—The require-
16 ment of subsection (c)(1)(C) shall not apply to a
17 qualified rehabilitation under this subsection of a
18 qualified residence that is documented by an engi-
19 neer’s report and core testing to have a foundation
20 that is adversely impacted by pyrrhotite or other
21 iron sulfide minerals.

22 “(j) REGULATIONS.—The Secretary shall prescribe
23 such regulations as may be necessary or appropriate to
24 carry out the purposes of this section, including regula-

1 tions that prevent avoidance of the rules, and abuse of
2 the purposes, of this section.”.

3 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
4 NESS CREDIT.—Section 38(b), as amended by the pre-
5 ceding provisions of this Act, is amended by striking
6 “plus” at the end of paragraph (34), by striking the period
7 at the end of paragraph (35) and inserting “, plus”, and
8 by adding at the end the following new paragraph:

9 “(36) the neighborhood homes credit deter-
10 mined under section 42A(a),”.

11 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
12 IMUM TAX.—Section 38(c)(4)(B), as amended by the pre-
13 ceding provisions of this Act, is amended by redesignating
14 clauses (iv) through (xiii) as clauses (v) through (xiv), re-
15 spectively, and by inserting after clause (iii) the following
16 new clause:

17 “(iv) the credit determined under sec-
18 tion 42A,”.

19 (d) CONFORMING AMENDMENTS.—

20 (1) Subsections (i)(3)(C), (i)(6)(B)(i), and
21 (k)(1) of section 469 are each amended by inserting
22 “or 42A” after “section 42”.

23 (2) The table of sections for subpart D of part
24 IV of subchapter A of chapter 1 is amended by in-

1 serting after the item relating to section 42 the fol-
2 lowing new item:

 “Sec. 42A. Neighborhood homes credit.”.

3 (e) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2021.

6 **PART 6—INVESTMENTS IN TRIBAL**
7 **INFRASTRUCTURE**

8 **SEC. 135601. TREATMENT OF INDIAN TRIBES AS STATES**
9 **WITH RESPECT TO BOND ISSUANCE.**

10 (a) **IN GENERAL.**—Section 7871(c) is amended to
11 read as follows:

12 “(c) **SPECIAL RULES FOR TAX-EXEMPT BONDS.**—

13 “(1) **IN GENERAL.**—In applying section 146 to
14 bonds issued by Indian Tribal Governments the Sec-
15 retary shall annually—

16 “(A) establish a national bond volume cap
17 based on the greater of—

18 “(i) the State population formula ap-
19 proach in section 146(d)(1)(A) (using na-
20 tional Tribal population estimates supplied
21 annually by the Department of the Interior
22 in consultation with the Census Bureau),
23 and

24 “(ii) the minimum State ceiling
25 amount in section 146(d)(1)(B) (as ad-

1 justed in accordance with the cost of living
2 provision in section 146(d)(2)),

3 “(B) allocate such national bond volume
4 cap among all Indian Tribal Governments seek-
5 ing such an allocation in a particular year
6 under regulations prescribed by the Secretary.

7 “(2) APPLICATION OF GEOGRAPHIC RESTRIC-
8 TION.—In the case of national bond volume cap allo-
9 cated under paragraph (1), section 146(k)(1) shall
10 not apply to the extent that such cap is used with
11 respect to financing for a facility located on qualified
12 Indian lands.

13 “(3) RESTRICTION ON FINANCING OF CERTAIN
14 GAMING FACILITIES.—No portion of the volume cap
15 allocated under this subsection may be used with re-
16 spect to the financing of any portion of a building
17 in which class II or class III gaming (as defined in
18 section 4 of the Indian Gaming Regulatory Act) is
19 conducted or housed or any property actually used
20 in the conduct of such gaming.

21 “(4) DEFINITIONS AND SPECIAL RULES.—For
22 purposes of this subsection—

23 “(A) INDIAN TRIBAL GOVERNMENT.—The
24 term ‘Indian Tribal Government’ means the
25 governing body of an Indian Tribe, band, na-

1 tion, or other organized group or community, or
2 of Alaska Natives, which is recognized as eligi-
3 ble for the special programs and services pro-
4 vided by the United States to Indians because
5 of their status as Indians, and also includes any
6 agencies, instrumentalities or political subdivi-
7 sions thereof.

8 “(B) INTERTRIBAL CONSORTIUMS, ETC.—
9 In any case in which an Indian Tribal Govern-
10 ment has authorized an intertribal consortium,
11 a Tribal organization, or an Alaska Native re-
12 gional or village corporation, as defined in, or
13 established pursuant to, the Alaska Native
14 Claims Settlement Act, to plan for, coordinate
15 or otherwise administer services, finances, func-
16 tions, or activities on its behalf under this sub-
17 section, the authorized entity shall have the
18 rights and responsibilities of the authorizing In-
19 dian Tribal Government only to the extent pro-
20 vided in the Authorizing resolution.

21 “(C) QUALIFIED INDIAN LANDS.—The
22 term ‘qualified Indian lands’ shall mean an In-
23 dian reservation as defined in section 3(d) of
24 the Indian Financing Act of 1974 (25 U.S.C.
25 1452(d)), including lands which are within the

1 jurisdictional area of an Oklahoma Indian Tribe
2 (as determined by the Secretary of the Interior)
3 and shall include lands outside a reservation
4 where the facility is to be placed in service in
5 connection with—

6 “(i) the active conduct of a trade or
7 business by an Indian Tribe on, contiguous
8 to, within reasonable proximity of, or with
9 a substantial connection to, an Indian res-
10 ervation or Alaska Native village, or

11 “(ii) infrastructure (including roads,
12 power lines, water systems, railroad spurs,
13 and communication facilities) serving an
14 Indian reservation or Alaska Native vil-
15 lage.”.

16 (b) CONFORMING AMENDMENT.—Subparagraph (B)
17 of section 45(c)(9) is amended to read as follows:

18 “(B) INDIAN TRIBE.—For purposes of this
19 paragraph, the term ‘Indian tribe’ has the
20 meaning given the term ‘Indian Tribal Govern-
21 ment’ by section 7871(c)(3)(A).”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to obligations issued in calendar
24 years beginning after the date of the enactment of this
25 Act.

1 **SEC. 135602. NEW MARKETS TAX CREDIT FOR TRIBAL STA-**
2 **TISTICAL AREAS.**

3 (a) ADDITIONAL ALLOCATIONS FOR TRIBAL STATIS-
4 TICAL AREAS.—Section 45D(f), as amended by the pre-
5 ceding provisions of this Act, is amended by adding at the
6 end the following new paragraph:

7 “(5) ADDITIONAL ALLOCATIONS FOR TRIBAL
8 STATISTICAL AREAS.—

9 “(A) IN GENERAL.—In the case of each
10 calendar year after 2021, there is (in addition
11 to any limitation under any other paragraph of
12 this subsection) a new markets tax credit limi-
13 tation of \$175,000,000 which shall be allocated
14 by the Secretary as provided in paragraph (2)
15 except that such limitation may only be allo-
16 cated with respect to Tribal Statistical Areas.

17 “(B) CARRYOVER OF UNUSED TRIBAL STA-
18 TISTICAL AREA LIMITATION.—

19 “(i) IN GENERAL.—If the credit limi-
20 tation under subparagraph (A) for any cal-
21 endar year exceeds the amount of such
22 limitation allocated by the Secretary for
23 such calendar year, such limitation for the
24 succeeding calendar year shall be increased
25 by the amount of such excess.

1 “(ii) LIMITATION ON CARRYOVER.—

2 No amount of credit limitation may be car-
3 ried under clause (i) past the 5th calendar
4 year following the calendar year in which
5 such amount of credit limitation arose.

6 “(iii) TRANSFER OF EXPIRED TRIBAL

7 STATISTICAL AREA LIMITATION TO GEN-
8 ERAL LIMITATION.—In the case of any
9 amount of credit limitation which would
10 (but for clause (ii)) be carried under clause
11 (i) to the 6th calendar year following the
12 calendar year in which such amount of
13 credit limitation arose, the new market tax
14 credit limitation under paragraph (1) for
15 such 6th calendar year shall be increased
16 by the amount of such credit limitation.

17 “(C) TRIBAL STATISTICAL AREA.—For

18 purposes of this paragraph, the term ‘Tribal
19 Statistical Area’ means—

20 “(i) any low-income community which
21 is located in any Tribal Census Tract,
22 Oklahoma Tribal Statistical Area, Tribal-
23 Designated Statistical Area, Alaska Native
24 Village Statistical Area, or Hawaiian
25 Home Land, and

1 “(ii) any low-income community de-
2 scribed in subsection (e)(1)(B).”.

3 (b) ELIGIBILITY OF CERTAIN PROJECTS SERVING
4 TRIBAL MEMBERS.—Section 45D(e)(1) is amended to
5 read as follows:

6 “(1) IN GENERAL.—The term ‘low-income com-
7 munity’ means any area—

8 “(A) comprising a population census tract
9 if—

10 “(i) the poverty rate for such tract is
11 at least 20 percent, or

12 “(ii)(I) in the case of a tract not lo-
13 cated within a metropolitan area, the me-
14 dian family income for such tract does not
15 exceed 80 percent of statewide median
16 family income, or

17 “(II) in the case of a tract located
18 within a metropolitan area, the median
19 family income for such tract does not ex-
20 ceed 80 percent of the greater of statewide
21 median family income or the metropolitan
22 area median family income,

23 “(B) which is used for a qualified active
24 low-income community business which—

1 “(i) services a significant population
2 of Tribal or Alaska Native Village mem-
3 bers who are residents of a low-income
4 community described in subsection
5 (f)(5)(C)(i), and

6 “(ii) obtains a written statement from
7 the relevant Indian Tribal Government
8 (within the meaning of section 7871(e))
9 that documents the eligibility such project
10 with respect to the requirement of clause
11 (i).

12 Subparagraph (A)(ii) shall be applied using posses-
13 sion wide median family income in the case of cen-
14 sus tracts located within a possession of the United
15 States.”.

16 (c) APPLICATION OF INFLATION ADJUSTMENT.—
17 Section 45D(f)(4), as added by the preceding provisions
18 of this Act, is amended by striking “the dollar amount
19 paragraph (1)(H) shall be increased” and inserting “the
20 dollar amounts in paragraphs (1)(H) and (5)(A) shall
21 each be increased”.

22 (d) COORDINATION WITH EXISTING CARRYOVER.—
23 Section 45D(f)(3), as amended by the preceding provisions
24 of this Act, is amended to read as follows:

1 “(3) CARRYOVER OF UNUSED LIMITATION.—If
2 the new markets tax credit limitation under para-
3 graph (1) for any calendar year exceeds the amount
4 of such limitation allocated by the Secretary under
5 paragraph (2) for such year, such limitation for the
6 succeeding calendar year shall be increased by the
7 amount of such excess.”.

8 (e) REGULATORY AUTHORITY.—Section 45D(i) is
9 amended by striking “and” at the end of paragraph (5),
10 by striking the period at the end of paragraph (6) and
11 inserting “, and”, and by adding at the end the following
12 new paragraph:

13 “(7) which provide documentation requirements
14 for the written statement required under subsection
15 (e)(1)(B)(ii), and

16 “(8) which provide procedures for determining
17 which projects under subsection (e)(1)(B) are quali-
18 fied active low-income community businesses with re-
19 spect to the populations described in such sub-
20 section. Such procedures shall take into account the
21 location needs of such projects, especially with re-
22 spect to projects that serve multiple tribal or Alaska
23 Native Village communities.”.

24 (f) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to new markets tax credit limita-

1 tion determined for calendar years after December 31,
2 2021.

3 **SEC. 135603. INCLUSION OF INDIAN AREAS AS DIFFICULT**
4 **DEVELOPMENT AREAS FOR PURPOSES OF**
5 **CERTAIN BUILDINGS.**

6 (a) IN GENERAL.—Subclause (I) of section
7 42(d)(5)(B)(iii), as amended by the preceding provisions
8 of this Act, is amended by inserting “, any Indian area”
9 after “median gross income”.

10 (b) INDIAN AREA.—Clause (iii) of section
11 42(d)(5)(B), as amended by the preceding provisions of
12 this Act is amended by redesignating subclause (III) as
13 subclause (V) and by inserting after subclause (II) the fol-
14 lowing new subclauses:

15 “(III) INDIAN AREA.—For pur-
16 poses of subclause (I), the term ‘In-
17 dian area’ means any Indian area (as
18 defined in section 4(11) of the Native
19 American Housing Assistance and
20 Self Determination Act of 1996 (25
21 U.S.C. 4103(11))).

22 “(IV) SPECIAL RULE FOR BUILD-
23 INGS IN INDIAN AREAS.—In the case
24 of an area which is a difficult develop-
25 ment area solely because it is an In-

1 dian area, a building shall not be
2 treated as located in such area unless
3 such building is assisted or financed
4 under the Native American Housing
5 Assistance and Self Determination
6 Act of 1996 (25 U.S.C. 4101 et seq.)
7 or the project sponsor is an Indian
8 tribe (as defined in section
9 45A(c)(6)), a tribally designated hous-
10 ing entity (as defined in section 4(22)
11 of such Act (25 U.S.C. 4103(22))), or
12 wholly owned or controlled by such an
13 Indian tribe or tribally designated
14 housing entity.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to buildings placed in service after
17 December 31, 2021.

18 **PART 7—INVESTMENTS IN THE TERRITORIES**

19 **SEC. 135701. POSSESSIONS ECONOMIC ACTIVITY CREDIT.**

20 (a) IN GENERAL.—Subpart D of part IV of sub-
21 chapter A of chapter 1, as amended by the preceding pro-
22 visions of this Act, is amended by adding at the end the
23 following new section:

1 **“SEC. 45V. POSSESSIONS ECONOMIC ACTIVITY CREDIT.**

2 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
3 tion 38, in the case of a qualified domestic corporation
4 the possessions economic activity credit determined under
5 this section for a taxable year is an amount equal to 20
6 percent of the sum of the qualified possession wages and
7 allocable employee fringe benefit expenses paid or incurred
8 by the taxpayer for the taxable year.

9 “(b) QUALIFIED DOMESTIC CORPORATION; QUALI-
10 FIED CORPORATION.—For purposes of this section—

11 “(1) IN GENERAL.—The term ‘qualified domes-
12 tic corporation’ means any domestic corporation
13 which is—

14 “(A) a qualified corporation, or

15 “(B) a United States shareholder of a for-
16 eign corporation which—

17 “(i) is a qualified corporation, and

18 “(ii) is wholly owned by the United
19 States shareholder together with any cor-
20 porations which are members of the same
21 affiliated group (within the meaning of sec-
22 tion 1504(a)) as such United States share-
23 holder.

24 “(2) QUALIFIED CORPORATION.—The term
25 ‘qualified corporation’ means any corporation if such
26 corporation meets the following requirements:

1 “(A) SOURCE QUALIFICATION.—80 percent
2 or more of the gross income of the corporation
3 for the 3-year period immediately preceding the
4 close of the taxable year (or for such part of
5 such period immediately preceding the close of
6 such taxable year as may be applicable) was de-
7 rived from sources within a possession of the
8 United States (determined without regard to
9 section 904(f)).

10 “(B) TRADE OR BUSINESS QUALIFICA-
11 TION.—75 percent or more of the gross income
12 of the corporation for such period or such part
13 thereof was derived from the active conduct of
14 a trade or business within a possession of the
15 United States.

16 “(3) SPECIAL RULE FOR SEPARATE AND
17 CLEARLY IDENTIFIED UNITS OF FOREIGN CORPORA-
18 TIONS.—

19 “(A) IN GENERAL.—In the case of a
20 United States shareholder of a foreign corpora-
21 tion which—

22 “(i) is not a qualified corporation but
23 with respect to which the ownership re-
24 quirements of paragraph (1)(B)(ii) are
25 met, and

1 “(ii) has an eligible foreign business
2 unit which, if such unit were a corporation,
3 would be a qualified corporation with re-
4 spect to which such ownership require-
5 ments would be met,
6 then, for purposes of this section, the United
7 States shareholder may elect to treat such unit
8 as a separate foreign corporation which meets
9 the requirements of paragraph (1)(B) and with
10 respect to which such shareholder is a United
11 States shareholder.

12 “(B) ELIGIBLE FOREIGN BUSINESS
13 UNIT.—For purposes of this paragraph, the
14 term ‘eligible foreign business unit’ means a
15 separate and clearly identified foreign unit of a
16 trade or business, including a partnership or an
17 entity treated as disregarded as a separate enti-
18 ty from its owner (under section 7701 or other
19 provision under this title), which maintains sep-
20 arate books and records.

21 “(C) SPECIAL ELECTION FOR AFFILIATED
22 GROUPS.—In the case of an affiliated group de-
23 scribed in paragraph (1)(B)(ii), the election
24 under subparagraph (A) with respect to any eli-
25 gible foreign business unit shall be made by the

1 common parent of such group and shall apply
2 uniformly to all members of such group which
3 are United States shareholders with respect to
4 the foreign corporation which has such unit.

5 “(c) QUALIFIED POSSESSION WAGES.—For purposes
6 of this section—

7 “(1) IN GENERAL.—The term ‘qualified posses-
8 sion wages’ means wages paid or incurred by the
9 qualified corporation during the taxable year in con-
10 nection with the active conduct of a trade or busi-
11 ness within a possession of the United States to any
12 employee for services performed in such possession,
13 but only if such services are performed while the
14 principal place of employment of such employee is
15 within such possession.

16 “(2) LIMITATION ON AMOUNT OF WAGES
17 TAKEN INTO ACCOUNT.—

18 “(A) IN GENERAL.—The amount of wages
19 which may be taken into account under para-
20 graph (1) with respect to any employee for any
21 taxable year shall not exceed \$50,000.

22 “(B) TREATMENT OF PART-TIME EMPLOY-
23 EES, ETC.—If—

24 “(i) any employee is not employed by
25 the qualified corporation on a substantially

1 full-time basis at all times during the tax-
2 able year, or

3 “(ii) the principal place of employ-
4 ment of any employee with the qualified
5 corporation is not within a possession at
6 all times during the taxable year,

7 the limitation applicable under paragraph (1)
8 with respect to such employee shall be the ap-
9 propriate portion (as determined by the Sec-
10 retary) of the limitation which would otherwise
11 be in effect under paragraph (1).

12 “(C) WAGES.—

13 “(i) IN GENERAL.—Except as pro-
14 vided in clause (ii), the term ‘wages’ has
15 the meaning given to such term by sub-
16 section (b) of section 3306 (determined
17 without regard to any dollar limitation
18 contained in such section). For purposes of
19 the preceding sentence, such subsection (b)
20 shall be applied as if the term ‘United
21 States’ included all possessions of the
22 United States.

23 “(ii) SPECIAL RULE FOR AGRICUL-
24 TURAL LABOR AND RAILWAY LABOR.—In
25 any case to which subparagraph (A) or (B)

1 of paragraph (1) of section 51(h) applies,
2 the term ‘wages’ has the meaning given to
3 such term by section 51(h)(2).

4 “(3) ALLOCABLE EMPLOYEE FRINGE BENEFIT
5 EXPENSES.—

6 “(A) IN GENERAL.—The allocable em-
7 ployee fringe benefit expenses of any qualified
8 corporation for any taxable year is an amount
9 which bears the same ratio to the amount de-
10 termined under subparagraph (B) for such tax-
11 able year as—

12 “(i) the aggregate amount of the
13 qualified corporation’s qualified possession
14 wages for such taxable year, bears to

15 “(ii) the aggregate amount of the
16 wages paid or incurred by such qualified
17 corporation during such taxable year.

18 In no event shall the amount determined under
19 the preceding sentence exceed 15 percent of the
20 amount referred to in clause (i).

21 “(B) EXPENSES TAKEN INTO ACCOUNT.—

22 For purposes of subparagraph (A), the amount
23 determined under this subparagraph for any
24 taxable year is the aggregate amount allowable
25 (or, in the case of a foreign corporation, which

1 would be allowable if such foreign corporation
2 were a domestic corporation) as a deduction
3 under this chapter to the qualified corporation
4 for such taxable year with respect to—

5 “(i) employer contributions under a
6 stock bonus, pension, profit-sharing, or an-
7 nuity plan,

8 “(ii) employer-provided coverage
9 under any accident or health plan for em-
10 ployees, and

11 “(iii) the cost of life or disability in-
12 surance provided to employees.

13 Any amount treated as wages under paragraph
14 (2)(C) shall not be taken into account under
15 this subparagraph.

16 “(d) SPECIAL RULE FOR QUALIFIED SMALL DOMES-
17 TIC CORPORATION.—For purposes of this section—

18 “(1) INCREASED CREDIT PERCENTAGE.—In the
19 case of a qualified small domestic corporation, sub-
20 section (a) shall be applied by substituting ‘50 per-
21 cent’ for ‘20 percent’.

22 “(2) QUALIFIED SMALL DOMESTIC CORPORA-
23 TION.—

24 “(A) IN GENERAL.—The term ‘qualified
25 small domestic corporation’ means a qualified

1 domestic corporation that meets the require-
2 ments of subparagraphs (B) and (C).

3 “(B) FULL-TIME EMPLOYMENT.—A quali-
4 fied domestic corporation meets the require-
5 ments of this subparagraph if the qualified cor-
6 poration which is the qualified domestic cor-
7 poration under subsection (b)(1)(A) or the for-
8 eign corporation under subsection
9 (b)(1)(B)(i)—

10 “(i) has at least 5 full-time employees
11 in a possession of the United States for
12 each year in the 3-year period immediately
13 preceding the close of the taxable year (or
14 for such part of such period immediately
15 preceding the close of such taxable year as
16 may be applicable), and

17 “(ii) has not more than a total of 30
18 full-time employees for each year in such
19 3-year period.

20 “(C) GROSS RECEIPTS.—A qualified do-
21 mestic corporation meets the requirements of
22 this subparagraph if the annual gross receipts
23 of the qualified domestic corporation (and all
24 persons related thereto) for each year in such
25 3-year period is not more than \$50,000,000.

1 “(3) RELATED PERSONS.—In determining
2 whether the limitations under subparagraphs (B)(ii)
3 and (C) of paragraph (2) are met, all persons who
4 are treated as related to the qualified domestic cor-
5 poration for purposes of subsection (a) or (b) of sec-
6 tion 52 shall be taken into account.

7 “(4) AMOUNT OF WAGES TAKEN INTO AC-
8 COUNT.—Subsection (c)(2)(A) shall be applied by
9 substituting ‘\$139,500’ for ‘\$50,000’.

10 “(e) POSSESSION OF THE UNITED STATES.—

11 “(1) IN GENERAL.—The term ‘possession of the
12 United States’ means American Samoa, the Com-
13 monwealth of the Northern Mariana Islands, the
14 Commonwealth of Puerto Rico, Guam, and the Vir-
15 gin Islands.

16 “(2) MIRROR CODE POSSESSIONS.—In the case
17 of any possession of the United States with a mirror
18 code tax system (as defined in section 24(k)), this
19 section shall not be treated as part of the income tax
20 laws of the United States for purposes of deter-
21 mining the income tax law of such possession unless
22 such possession elects to have this section be so
23 treated.

24 “(f) SEPARATE APPLICATION TO EACH POSSES-
25 SION.—For purposes of determining the amount of the

1 credit allowed under this section, this section shall be ap-
2 plied separately with respect to each possession of the
3 United States.

4 “(g) TERMINATION.—No credit shall be allowed
5 under this section for any taxable year beginning after De-
6 cember 31, 2031.”.

7 (b) CREDIT MADE PART OF GENERAL BUSINESS
8 CREDIT.—Subsection (b) of section 38, as amended by the
9 preceding provisions of this Act, is amended by striking
10 “plus” at the end of paragraph (35), by striking the period
11 at the end of paragraph (36) and inserting “, plus”, and
12 by adding at the end the following new paragraph:

13 “(37) the possessions economic activity credit
14 determined under section 45V.”.

15 (c) CLERICAL AMENDMENT.—The table of sections
16 for subpart B of part IV of subchapter A of chapter 1
17 is amended by adding at the end the following:

“Sec. 45V. Possessions Economic Activity Credit.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 the date of the enactment of this Act, and in the case
21 of a qualified corporation that is a foreign corporation,
22 to taxable years beginning after the date of enactment and
23 to taxable years of United States shareholders in which
24 or with which such taxable years of foreign corporations
25 end.

1 **SEC. 135702. ADDITIONAL NEW MARKETS TAX CREDIT AL-**
2 **LOCATIONS FOR THE TERRITORIES.**

3 (a) IN GENERAL.—Section 45D(f), as amended by
4 the preceding provisions of this Act, is amended by adding
5 at the end the following new paragraph:

6 “(6) ADDITIONAL ALLOCATIONS FOR POSSES-
7 SIONS OF THE UNITED STATES.—

8 “(A) IN GENERAL.—In the case of each
9 calendar year after 2021, there is (in addition
10 to the limitation under paragraph (1)—

11 “(i) a new markets tax credit limita-
12 tion of \$80,000,000 which shall be allo-
13 cated by the Secretary as provided in para-
14 graph (2) except that such limitation may
15 only be allocated with respect to low-in-
16 come communities located in Puerto Rico,
17 and

18 “(ii) a new markets tax credit limita-
19 tion of \$20,000,000 which shall be allo-
20 cated by the Secretary as provided in para-
21 graph (2) except that such limitation may
22 only be allocated with respect to low-in-
23 come communities located in possessions of
24 the United States other than Puerto Rico.

25 “(B) CARRYOVER OF UNUSED LIMITA-
26 TION.—

1 “(i) IN GENERAL.—If the credit limi-
2 tation under clause (i) or clause (ii) of sub-
3 paragraph (A) for any calendar year ex-
4 ceeds the amount of such limitation allo-
5 cated by the Secretary for such calendar
6 year, such limitation for the succeeding
7 calendar year shall be increased by the
8 amount of such excess.

9 “(ii) LIMITATION ON CARRYOVER.—
10 No amount of credit limitation may be car-
11 ried under clause (i) past the 5th calendar
12 year following the calendar year in which
13 such amount of credit limitation arose.

14 “(iii) TRANSFER OF EXPIRED POSSES-
15 SION LIMITATION TO GENERAL LIMITA-
16 TION.—In the case of any amount of credit
17 limitation which would (but for clause (ii))
18 be carried under clause (i) to the 6th cal-
19 endar year following the calendar year in
20 which such amount of credit limitation
21 arose, the new market tax credit limitation
22 under paragraph (1) for such 6th calendar
23 year shall be increased by the amount of
24 such credit limitation.”.

1 (b) APPLICATION OF INFLATION ADJUSTMENT.—
2 Section 45D(f)(4), as added and amended by the pre-
3 ceding provisions of this Act, is amended by striking
4 “paragraphs (1)(H) and (5)(A)” and inserting “para-
5 graphs (1)(H), (5)(A), (6)(A)(i), and (6)(A)(ii)”.

6 (c) EFFECTIVE DATES.—The amendments made by
7 this section shall apply to new markets tax credit limita-
8 tion determined for calendar years after December 31,
9 2021.

10 **Subtitle G—Green Energy**

11 **SEC. 136001. AMENDMENT OF 1986 CODE.**

12 Except as otherwise expressly provided, whenever in
13 this subtitle an amendment or repeal is expressed in terms
14 of an amendment to, or repeal of, a section or other provi-
15 sion, the reference shall be considered to be made to a
16 section or other provision of the Internal Revenue Code
17 of 1986.

18 **PART 1—RENEWABLE ELECTRICITY AND**

19 **REDUCING CARBON EMISSIONS**

20 **SEC. 136101. EXTENSION AND MODIFICATION OF CREDIT**

21 **FOR ELECTRICITY PRODUCED FROM CER-**

22 **TAIN RENEWABLE RESOURCES.**

23 (a) IN GENERAL.—The following provisions of sec-
24 tion 45(d) are each amended by striking “January 1,

1 2022” each place it appears and inserting “January 1,
2 2034”:

3 (1) Paragraph (2)(A).

4 (2) Paragraph (3)(A).

5 (3) Paragraph (4)(B).

6 (4) Paragraph (6).

7 (5) Paragraph (7).

8 (6) Paragraph (9).

9 (7) Paragraph (11)(B).

10 (b) APPLICATION OF EXTENSION TO SOLAR.—Sec-
11 tion 45(d)(4)(A) is amended by striking “is placed in serv-
12 ice before January 1, 2006” and inserting “the construc-
13 tion of which begins before January 1, 2034.”.

14 (c) EXTENSION OF ELECTION TO TREAT QUALIFIED
15 FACILITIES AS ENERGY PROPERTY.—Section
16 48(a)(5)(C)(ii) is amended by striking “January 1, 2022”
17 and inserting “January 1, 2034”.

18 (d) APPLICATION OF EXTENSION TO WIND FACILI-
19 TIES.—

20 (1) IN GENERAL.—Section 45(d)(1) is amended
21 by striking “January 1, 2022” and inserting “Janu-
22 ary 1, 2034”.

23 (2) APPLICATION OF PHASEOUT PERCENT-
24 AGE.—

1 (A) RENEWABLE ELECTRICITY PRODUC-
2 TION CREDIT.—Section 45(b)(5)(D) is amended
3 by inserting “placed in service before January
4 1, 2022” after “In the case of any facility”.

5 (B) ENERGY CREDIT.—Section
6 48(a)(5)(E)(iv) is amended by inserting “placed
7 in service before January 1, 2022” after “In
8 the case of any facility”.

9 (3) QUALIFIED OFFSHORE WIND FACILITIES
10 UNDER ENERGY CREDIT.—Section 48(a)(5)(F)(i) is
11 amended by striking “offshore wind facility—” and
12 all that follows and inserting the following: “offshore
13 wind facility, subparagraph (E) shall not apply.”.

14 (e) PERCENTAGE PHASEOUT OF CREDIT.—Section
15 45(b) is amended by adding at the end the following new
16 paragraph:

17 “(6) PERCENTAGE PHASEOUT OF CREDIT.—In
18 the case of any facility, the amount of the credit de-
19 termined under subsection (a) shall be reduced by—

20 “(A) in the case of any facility the con-
21 struction of which begins after December 31,
22 2031 and before January 1, 2033, 20 percent,

23 “(B) in the case of any facility the con-
24 struction of which begins after December 31,

1 2032 and before January 1, 2034, 40 percent,
2 and

3 “(C) in the case of any facility the con-
4 struction of which begins after December 31,
5 2033, 100 percent.”.

6 (f) WAGE AND APPRENTICESHIP REQUIREMENTS.—
7 Section 45(b) is amended by adding at the end the fol-
8 lowing new paragraphs:

9 “(7) BASE CREDIT AMOUNT AND INCREASED
10 CREDIT AMOUNT FOR QUALIFIED FACILITIES.—

11 “(A) IN GENERAL.—In the case of any
12 qualified facility which does not satisfy the re-
13 quirements of subparagraph (B), the amount of
14 the credit determined under subsection (a) (de-
15 termined after the application of paragraphs (1)
16 through (6)) shall be 20 percent of such
17 amount (determined without regard to this sen-
18 tence).

19 “(B) INCREASED CREDIT FOR CERTAIN FA-
20 CILITIES MEETING PROJECT REQUIREMENTS.—

21 “(i) IN GENERAL.—In the case of any
22 qualified facility which meets the project
23 requirements of this subparagraph, sub-
24 paragraph (A) shall not apply.

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1 “(ii) PROJECT REQUIREMENTS.—A
2 project meets the requirements of this sub-
3 paragraph if it is one of the following:

4 “(I) A project with a maximum
5 net output of less than 1 megawatt.

6 “(II) A project which commences
7 construction prior to the date of the
8 enactment of this paragraph.

9 “(III) A project which satisfies
10 the requirements of paragraphs (8)
11 and (9).

12 “(8) PREVAILING WAGE REQUIREMENTS.—

13 “(A) IN GENERAL.—The requirements de-
14 scribed in this subparagraph with respect to
15 any qualified facility are that the taxpayer shall
16 ensure that any laborers and mechanics em-
17 ployed by contractors and subcontractors in—

18 “(i) the construction of such facility,
19 and

20 “(ii) for the 10-year period beginning
21 on the date the facility was originally
22 placed in service, the alteration or repair of
23 such facility,

24 shall be paid wages at rates not less than the
25 prevailing rates for construction, alteration, or

1 repair of a similar character in the locality as
2 most recently determined by the Secretary of
3 Labor, in accordance with subchapter IV of
4 chapter 31 of title 40, United States Code.

5 “(B) CORRECTION AND PENALTY RELATED
6 TO FAILURE TO SATISFY WAGE REQUIRE-
7 MENTS.—

8 “(i) IN GENERAL.—In the case of any
9 taxpayer which fails to satisfy the require-
10 ment under subparagraph (A) with respect
11 to the construction of any qualified facility
12 or with respect to the alteration or repair
13 of a facility in any year during the period
14 described in subparagraph (A)(ii), such
15 taxpayer shall be deemed to have satisfied
16 such requirement under such subparagraph
17 with respect to such facility for any year if,
18 with respect to any laborer or mechanic
19 who was paid wages at a rate below the
20 rate described in such subparagraph for
21 any period during such year, such tax-
22 payer—

23 “(I) makes payment to such la-
24 borer or mechanic in an amount equal
25 to the sum of—

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1 “(aa) an amount equal to
2 the difference between the
3 amount of wages paid to such la-
4 borer or mechanic during such
5 period, and—

6 “(AA) the amount of
7 wages required to be paid to
8 such laborer or mechanic
9 pursuant to such subpara-
10 graph during such period,
11 plus

12 “(BB) interest on the
13 amount determined under
14 item (aa) at the under-
15 payment rate established
16 under section 6621 for the
17 period described in such
18 item, and

19 “(II) makes payment to the Sec-
20 retary of a penalty in an amount
21 equal to the product of—

22 “(aa) \$5,000, multiplied by

23 “(bb) the total number of la-
24 borers and mechanics who were
25 paid wages at a rate below the

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1 rate described in subparagraph
2 (A) for any period during such
3 year.

4 “(ii) PENALTY ASSESSED AS TAX.—
5 The penalty described in clause (i)(II)
6 shall be treated in the same manner as a
7 penalty imposed under subchapter B of
8 chapter 68.

9 “(9) APPRENTICESHIP REQUIREMENTS.—The
10 requirements described in this subparagraph with re-
11 spect to the construction of any qualified facility are
12 as follows:

13 “(A) LABOR HOURS.—

14 “(i) PERCENTAGE OF TOTAL LABOR
15 HOURS.—All contractors and subcontrac-
16 tors engaged in the performance of con-
17 struction, alteration, or repair work on any
18 project shall, subject to subparagraph (B),
19 ensure that not less than the applicable
20 percentage of the total labor hours of such
21 work be performed by qualified appren-
22 tices.

23 “(ii) APPLICABLE PERCENTAGE.—For
24 purposes of paragraph (1), the applicable
25 percentage shall be—

1 “(I) in the case of any applicable
2 project the construction of which be-
3 gins before January 1, 2023, 5 per-
4 cent,

5 “(II) in the case of any applica-
6 ble project the construction of which
7 begins after December 31, 2022, and
8 before January 1, 2024, 10 percent,
9 and

10 “(III) in the case of any applica-
11 ble project the construction of which
12 begins after December 31, 2023, 15
13 percent.

14 “(B) APPRENTICE TO JOURNEYWORKER
15 RATIO.—The requirement under subparagraph
16 (A)(i) shall be subject to any applicable require-
17 ments for apprentice-to-journeyworker ratios of
18 the Department of Labor or the applicable
19 State apprenticeship agency.

20 “(C) PARTICIPATION.—Each contractor
21 and subcontractor who employs 4 or more indi-
22 viduals to perform construction, alteration, or
23 repair work on an applicable project shall em-
24 ploy 1 or more qualified apprentices to perform
25 such work.

1 “(D) EXCEPTION.—

2 “(i) IN GENERAL.—Notwithstanding
3 any other provision of this paragraph, this
4 paragraph shall not apply in the case of a
5 taxpayer who—

6 “(I) demonstrates a lack of avail-
7 ability of qualified apprentices in the
8 geographic area of the construction,
9 alteration, or repair work, and

10 “(II) makes a good faith effort to
11 comply with the requirements of this
12 paragraph, or

13 “(ii) GOOD FAITH EFFORT.—For pur-
14 poses of clause (i), a taxpayer shall be
15 deemed to have satisfied the requirements
16 under such paragraph with respect to an
17 applicable project if such taxpayer has re-
18 quested qualified apprentices from a reg-
19 istered apprenticeship program, as defined
20 in section 3131(e)(3)(B), and such request
21 has been denied, provided that such denial
22 is not the result of a refusal by the con-
23 tractors or subcontractors engaged in the
24 performance of construction, alteration, or
25 repair work on such applicable project to

1 comply with the established standards and
2 requirements of such apprenticeship pro-
3 gram.

4 “(E) DEFINITIONS.—For purposes of this
5 paragraph—

6 “(i) LABOR HOURS.—The term ‘labor
7 hours’—

8 “(I) means the total number of
9 hours devoted to the performance of
10 construction, alteration, or repair
11 work by employees of the contractor
12 or subcontractor, and

13 “(II) excludes any hours worked
14 by—

15 “(aa) foremen,

16 “(bb) superintendents,

17 “(cc) owners, or

18 “(dd) persons employed in a
19 bona fide executive, administra-
20 tive, or professional capacity
21 (within the meaning of those
22 terms in part 541 of title 29,
23 Code of Federal Regulations).

24 “(ii) QUALIFIED APPRENTICE.—The
25 term ‘qualified apprentice’ means an indi-

1 vidual who is an employee of the con-
2 tractor or subcontractor and who is par-
3 ticipating in a registered apprenticeship
4 program, as defined in section
5 3131(e)(3)(B).

6 “(10) DOMESTIC CONTENT BONUS CREDIT
7 AMOUNT.—

8 “(A) IN GENERAL.—In the case of any
9 qualified facility which satisfies the requirement
10 under subparagraph (B), the amount of the
11 credit determined under subsection (a) (deter-
12 mined after the application of paragraphs (1)
13 through (9)) shall be increased by an amount
14 equal to 10 percent of the amount otherwise in
15 effect under such subsection.

16 “(B) REQUIREMENT.—

17 “(i) IN GENERAL.—Subject to clause
18 (iii), the requirement described in this sub-
19 clause with respect to any qualified facility
20 is that, prior to the end of the taxable year
21 in which such facility is placed in service,
22 the taxpayer shall certify to the Secretary
23 that, any steel, iron, or manufactured
24 product used in the construction of such
25 facility was produced in the United States.

1 “(ii) STEEL AND IRON.—In the case
2 of steel or iron, clause (i) shall be applied
3 in a manner consistent with section
4 661.5(b) of title 49, Code of Federal Regu-
5 lations.

6 “(iii) MANUFACTURED PRODUCT.—
7 For purposes of clause (i), a manufactured
8 product shall be deemed to have been man-
9 ufactured in the United States if not less
10 than 55 percent of the total cost of the
11 components of such product is attributable
12 to components which are mined, produced,
13 or manufactured in the United States.

14 “(C) INTERNATIONAL AGREEMENTS.—This
15 paragraph shall be applied in a manner which
16 is consistent with the obligations of the United
17 States under international agreements.

18 “(11) PENALTY FOR DIRECT PAY.—

19 “(A) IN GENERAL.—In the case of a tax-
20 payer making an election under section 6417
21 with respect to a credit under this section, the
22 amount of such credit shall be replaced with—

23 “(i) the value of such credit (deter-
24 mined without regard to this paragraph),
25 multiplied by

1 “(ii) the applicable percentage.

2 “(B) 100 PERCENT APPLICABLE PERCENT-
3 AGE FOR CERTAIN QUALIFIED FACILITIES.—In
4 the case of any qualified facility—

5 “(i) which satisfies the requirements
6 under paragraph (10) with respect to the
7 construction of such facility, or

8 “(ii) with a maximum net output of
9 less than 1 megawatt,
10 the applicable percentage shall be 100 percent.

11 “(C) PHASED DOMESTIC CONTENT RE-
12 QUIREMENT.—Subject to subparagraph (D), in
13 the case of any qualified facility which is not
14 described in subparagraph (B), the applicable
15 percentage shall be—

16 “(i) if construction of such facility
17 began before January 1, 2024, 100 per-
18 cent,

19 “(ii) if construction of such facility
20 began in calendar year 2024, 90 percent,

21 “(iii) if construction of such facility
22 began in calendar year 2025, 85 percent,
23 and

24 “(iv) if construction of such facility
25 began after December 31, 2025, 0 percent.

1 “(D) EXCEPTIONS.—In order to facilitate
2 the use of amounts made available in this sec-
3 tion, increase the tax incentives for investment
4 in clean energy, and grow the domestic supply
5 chains, the Secretary shall provide appropriate
6 exceptions to the domestic content requirements
7 for products under subparagraph (C) for the
8 construction of qualified facilities if either the
9 inclusion of domestic products increases the
10 overall costs of projects by more than 25 per-
11 cent or relevant manufactured products are not
12 produced in the United States in sufficient and
13 reasonably available quantities or of a satisfac-
14 tory quality.

15 “(12) REGULATIONS AND GUIDANCE.—The
16 Secretary shall issue such regulations or other guid-
17 ance as the Secretary determines necessary or ap-
18 propriate to carry out the purposes of this sub-
19 section.”.

20 “(g) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to facilities placed in service after
22 December 31, 2021.

1 **SEC. 136102. EXTENSION AND MODIFICATION OF ENERGY**

2 **CREDIT.**

3 (a) **EXTENSION OF CREDIT.**—The following provi-
4 sions of section 48 are each amended by striking “January
5 1, 2024” each place it appears and inserting “January
6 1, 2034”:

7 (1) Subsection (a)(3)(A)(ii).

8 (2) Subsection (a)(3)(A)(vii).

9 (3) Subsection (c)(1)(D).

10 (4) Subsection (c)(2)(D).

11 (5) Subsection (c)(3)(A)(iv).

12 (6) Subsection (c)(4)(C).

13 (b) **PHASEOUT OF CREDIT.**—Section 48(a) is amend-
14 ed by striking paragraphs (6) and (7) and inserting the
15 following new paragraphs:

16 “(6) **PHASEOUT FOR SOLAR ENERGY PROP-**
17 **ERTY.**—

18 “(A) **IN GENERAL.**—Subject to subpara-
19 graph (B), in the case of any energy property
20 described in paragraph (3)(A)(i) the construc-
21 tion of which begins before January 1, 2034,
22 the energy percentage determined under para-
23 graph (2) shall be equal to—

24 “(i) in the case of any property the
25 construction of which begins after Decem-

1 ber 31, 2019, and which is placed in serv-
2 ice before January 1, 2022, 26 percent,

3 “(ii) in the case of any property the
4 construction of which begins before Janu-
5 ary 1, 2032, and which is placed in service
6 after December 31, 2021, 30 percent,

7 “(iii) in the case of any property the
8 construction of which begins after Decem-
9 ber 31, 2031 and before January 1, 2033,
10 26 percent, and

11 “(iv) in the case of any property the
12 construction of which begins after Decem-
13 ber 31, 2032 and before January 1, 2034,
14 22 percent.

15 “(B) PLACED IN SERVICE DEADLINE.—In
16 the case of any energy property described in
17 paragraph (3)(A)(i) the construction of which
18 begins before January 1, 2034, and which is
19 not placed in service before January 1, 2036,
20 the energy percentage determined under para-
21 graph (2) shall be equal to 10 percent.

22 “(7) PHASEOUT FOR CERTAIN OTHER ENERGY
23 PROPERTY.—

24 “(A) IN GENERAL.—Subject to subpara-
25 graph (B), in the case of any qualified fuel cell

1 property, qualified small wind property, waste
2 energy recovery property, or energy property
3 described in paragraph (3)(A)(ii), the energy
4 percentage determined under paragraph (2)
5 shall be equal to—

6 “(i) in the case of any property the
7 construction of which begins after Decem-
8 ber 31, 2019, and which is placed in serv-
9 ice before January 1, 2022, 26 percent,

10 “(ii) in the case of any property the
11 construction of which begins before Janu-
12 ary 1, 2032, and which is placed in service
13 after December 31, 2021, 30 percent,

14 “(iii) in the case of any property the
15 construction of which begins after Decem-
16 ber 31, 2031 and before January 1, 2033,
17 26 percent, and

18 “(iv) in the case of any property the
19 construction of which begins after Decem-
20 ber 31, 2032 and before January 1, 2034,
21 22 percent.

22 “(B) PLACED IN SERVICE DEADLINE.—In
23 the case of any energy property described in
24 subparagraph (A) which is not placed in service
25 before January 1, 2036, the energy percentage

1 determined under paragraph (2) shall be equal
2 to 0 percent.”.

3 (c) 30 PERCENT CREDIT FOR SOLAR AND GEO-
4 THERMAL.—

5 (1) EXTENSION FOR SOLAR.—Section
6 48(a)(2)(A)(i)(II) is amended by striking “January
7 1, 2024” and inserting “January 1, 2034”.

8 (2) APPLICATION TO GEOTHERMAL.—

9 (A) IN GENERAL.—Paragraphs
10 (2)(A)(i)(II), (6)(A), and (6)(B) of section
11 48(a) are each amended by striking “paragraph
12 (3)(A)(i)” and inserting “clause (i), (iii), or
13 (vii) of paragraph (3)(A)”.

14 (B) CONFORMING AMENDMENT.—The
15 heading of section 48(a)(6) is amended by in-
16 serting “AND GEOTHERMAL” after “SOLAR EN-
17 ERGY”.

18 (d) ENERGY STORAGE TECHNOLOGIES; QUALIFIED
19 BIOGAS PROPERTY; MICROGRID CONTROLLERS; EXTEN-
20 SION OF WASTE ENERGY RECOVERY PROPERTY.—

21 (1) IN GENERAL.—Section 48(a)(3)(A) is
22 amended by striking “or” at the end of clause (vii),
23 and by adding at the end the following new clauses:

24 “(viii) energy storage technology,

25 “(ix) qualified biogas property, or

1 “(x) microgrid controllers,”.

2 (2) APPLICATION OF 30 PERCENT CREDIT.—
3 Section 48(a)(2)(A)(i) is amended by striking “and”
4 at the end of subclauses (IV) and (V) and adding at
5 the end the following new subclauses:

6 “(VI) energy storage technology,
7 “(VII) qualified biogas property,
8 and
9 “(VIII) microgrid controllers,
10 and”.

11 (3) APPLICATION OF PHASEOUT.—Section
12 48(a)(7) is amended by inserting “energy storage
13 technology, qualified biogas property, microgrid
14 contollers,” after “waste energy recovery property,”.

15 (4) DEFINITIONS.—Section 48(c) is amended
16 by adding at the end the following new paragraphs:

17 “(6) ENERGY STORAGE TECHNOLOGY.—

18 “(A) IN GENERAL.—The term ‘energy
19 storage technology’ means equipment (other
20 than equipment primarily used in the transpor-
21 tation of goods or individuals and not for the
22 production of electricity) which uses batteries,
23 compressed air, pumped hydropower, hydrogen
24 storage, thermal energy storage, regenerative
25 fuel cells, flywheels, capacitors, superconducting

1 magnets, or other technologies identified by the
2 Secretary, after consultation with the Secretary
3 of Energy, to store energy for conversion to
4 electricity (or, in the case of hydrogen storage,
5 to store energy), and has a capacity of not less
6 than 5 kilowatt hours.

7 “(B) MODIFICATIONS OF CERTAIN PROP-
8 ERTY.—In the case of any equipment which ei-
9 ther—

10 “(i) would be described in subpara-
11 graph (A) except that such equipment has
12 a capacity of less than 5 kilowatt hours is
13 modified such that such equipment (after
14 such modification) has a capacity of not
15 less than 5 kilowatt hours, or

16 “(ii) is described in subparagraph (A)
17 and which has a capacity of not less than
18 5 kilowatt hours and is modified such that
19 such equipment (after such modification)
20 has an increased capacity,

21 such equipment shall be treated as described in
22 subparagraph (A) except that the basis of any
23 property which was part of such equipment be-
24 fore such modification shall not be taken into
25 account for purposes of this section. In the case

1 of any property to which this subparagraph ap-
2 plies, subparagraph (C) shall be applied by sub-
3 stituting ‘modification’ for ‘construction’.

4 “(C) TERMINATION.—The term ‘energy
5 storage technology’ shall not include any prop-
6 erty the construction of which does not begin
7 before January 1, 2034.

8 “(7) QUALIFIED BIOGAS PROPERTY.—

9 “(A) IN GENERAL.—The term ‘qualified
10 biogas property’ means property comprising a
11 system which—

12 “(i) converts biomass (as defined in
13 section 45K(c)(3), as in effect on the date
14 of enactment of this paragraph) into a gas
15 which—

16 “(I) consists of not less than 52
17 percent methane, or

18 “(II) is concentrated by such sys-
19 tem into a gas which consists of not
20 less than 52 percent methane, and

21 “(ii) captures such gas for productive
22 use.

23 “(B) INCLUSION OF CLEANING AND CON-
24 DITIONING PROPERTY.—The term ‘qualified
25 biogas property’ includes any property which is

1 part of such system which cleans or conditions
2 such gas.

3 “(C) TERMINATION.—The term ‘qualified
4 biogas property’ shall not include any property
5 the construction of which does not begin before
6 January 1, 2034.

7 “(8) MICROGRID CONTROLLER.—

8 “(A) IN GENERAL.—The term ‘microgrid
9 controller’ means equipment which is—

10 “(i) part of a qualified microgrid, and

11 “(ii) designed and used to monitor
12 and control the energy resources and loads
13 on such microgrid to maintain acceptable
14 frequency, voltage, or economic dispatch.

15 “(B) QUALIFIED MICROGRID.—The term
16 ‘qualified microgrid’ means an electrical system
17 which—

18 “(i) includes equipment which is capa-
19 ble of generating not less than 4 kilowatts
20 and not greater than 20 megawatts of elec-
21 tricity,

22 “(ii) is capable of operating—

23 “(I) in connection with the elec-
24 trical grid and as a single controllable
25 entity with respect to such grid, and

1 “(II) independently (and discon-
2 nected) from such grid, and

3 “(iii) is not part of a bulk-power sys-
4 tem (as defined in section 215 of the Fed-
5 eral Power Act (16 U.S.C. 24o)).

6 “(C) TERMINATION.—The term ‘microgrid
7 controller’ shall not include any property the
8 construction of which does not begin before
9 January 1, 2034.”.

10 (5) DENIAL OF DOUBLE BENEFIT FOR QUALI-
11 FIED BIOGAS PROPERTY.—Section 45(e) is amended
12 by adding at the end the following new paragraph:

13 “(12) COORDINATION WITH ENERGY CREDIT
14 FOR QUALIFIED BIOGAS PROPERTY.—The term
15 ‘qualified facility’ shall not include any facility which
16 produces electricity from gas produced by qualified
17 biogas property (as defined in section 48(c)(7)) if a
18 credit is determined under section 48 with respect to
19 such property for the taxable year or any prior tax-
20 able year.”.

21 (6) EXTENSION OF WASTE ENERGY RECOVERY
22 PROPERTY.—Section 48(c)(5)(D) is amended by
23 striking “January 1, 2024” and inserting “January
24 1, 2034”.

1 (e) FUEL CELLS USING ELECTROMECHANICAL
2 PROCESSES.—

3 (1) IN GENERAL.—Section 48(c)(1) is amend-
4 ed—

5 (A) in subparagraph (A)(i)—

6 (i) by inserting “or electromechanical”
7 after “electrochemical”, and

8 (ii) by inserting “(1 kilowatts in the
9 case of a fuel cell power plant with a linear
10 generator assembly)” after “0.5 kilowatt”,
11 and

12 (B) in subparagraph (C)—

13 (i) by inserting “, or linear generator
14 assembly,” after “a fuel cell stack assem-
15 bly”, and

16 (ii) by inserting “or
17 electromechanical” after “electrochemical”.

18 (2) LINEAR GENERATOR ASSEMBLY LIMITA-
19 TION.—Section 48(c)(1) is amended by redesign-
20 ating subparagraph (D) as subparagraph (E) and
21 by inserting after subparagraph (C) the following
22 new subparagraph:

23 “(D) LINEAR GENERATOR ASSEMBLY.—

24 The term ‘linear generator assembly’ does not

1 include any assembly which contains rotating
2 parts.”.

3 (f) DYNAMIC GLASS.—Section 48(a)(3)(A)(ii) is
4 amended by inserting “, or electrochromic glass which
5 uses electricity to change its light transmittance properties
6 in order to heat or cool a structure,” after “sunlight”.

7 (g) COORDINATION WITH LOW INCOME HOUSING
8 TAX CREDIT.—Paragraph (3) of section 50(c) of the In-
9 ternal Revenue Code of 1986 is amended—

10 (1) by striking “and” at the end of subpara-
11 graph (A),

12 (2) by striking the period at the end of sub-
13 paragraph (B) and inserting “, and”, and

14 (3) by adding at the end the following new sub-
15 paragraph:

16 “(C) paragraph (1) shall not apply for pur-
17 poses of determining eligible basis under section
18 42.”.

19 (h) WAGE AND APPRENTICESHIP REQUIREMENTS.—
20 Section 48(a) is amended by adding at the end the fol-
21 lowing new paragraphs:

22 “(8) BASE CREDIT AMOUNT AND INCREASED
23 CREDIT AMOUNT FOR ENERGY PROJECTS.—

24 “(A) IN GENERAL.—

1 “(i) RULE.—In the case of any energy
2 project which does not satisfy the require-
3 ments of subparagraph (B), the amount of
4 the credit determined under this subsection
5 (determined after the application of para-
6 graphs (1) through (7)) shall be 20 per-
7 cent of such amount (determined without
8 regard to this sentence).

9 “(ii) ENERGY PROJECT DEFINED.—
10 For purposes of this subsection the term
11 ‘energy project’ means a project consisting
12 of multiple energy properties that are part
13 of a single project. The requirements of
14 this paragraph shall be applied to such
15 project.

16 “(B) INCREASED CREDIT FOR ENERGY
17 PROJECTS MEETING PROJECT REQUIRE-
18 MENTS.—

19 “(i) IN GENERAL.—In the case of any
20 energy project which meets the project re-
21 quirements of this subparagraph, subpara-
22 graph (A) shall not apply.

23 “(ii) PROJECT REQUIREMENTS.—A
24 project meets the requirements of this sub-
25 paragraph if it is one of the following:

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1 “(I) A project with a maximum
2 net output of less than 1 megawatt.

3 “(II) A project which commences
4 construction prior to the date of the
5 enactment of this paragraph.

6 “(III) A project which satisfies
7 the requirements of paragraphs (9)
8 and (10).

9 “(9) PREVAILING WAGE REQUIREMENTS.—

10 “(A) IN GENERAL.—The requirements de-
11 scribed in this subparagraph with respect to
12 any energy project are that the taxpayer shall
13 ensure that any laborers and mechanics em-
14 ployed by contractors and subcontractors in—

15 “(i) the construction of such energy
16 project , and

17 “(ii) for any year during the period
18 beginning on the date any energy property
19 of such project is originally placed in serv-
20 ice, the alteration or repair of such prop-
21 erty,

22 shall be paid wages at rates not less than the
23 prevailing rates for construction, alteration, or
24 repair of a similar character in the locality as
25 most recently determined by the Secretary of

1 Labor, in accordance with subchapter IV of
2 chapter 31 of title 40, United States Code.

3 “(B) CORRECTION AND PENALTY RELATED
4 TO FAILURE TO SATISFY WAGE REQUIRE-
5 MENTS.—A taxpayer shall not be treated as
6 failing to satisfy the requirements of this para-
7 graph if such taxpayer meets requirements
8 similar to the requirements of section
9 45(b)(8)(B).

10 “(10) APPRENTICESHIP REQUIREMENTS.—The
11 requirements described in this subparagraph with re-
12 spect to the construction of any applicable facility
13 are as follows:

14 “(A) LABOR HOURS.—

15 “(i) PERCENTAGE OF TOTAL LABOR
16 HOURS.—All contractors and subcontractors
17 engaged in the performance of con-
18 struction, alteration, or repair work on any
19 applicable facility prior to such facility
20 being placed into service shall, subject to
21 subparagraph (B), ensure that not less
22 than the applicable percentage of the total
23 labor hours of such work be performed by
24 qualified apprentices.

1725

1 “(ii) APPLICABLE PERCENTAGE.—For
2 purposes of paragraph (1), the applicable
3 percentage shall be—

4 “(I) in the case of any applicable
5 project the construction of which be-
6 gins before January 1, 2023, 5 per-
7 cent,

8 “(II) in the case of any applica-
9 ble project the construction of which
10 begins after December 31, 2022, and
11 before January 1, 2024, 10 percent,
12 and

13 “(III) in the case of any applica-
14 ble project the construction of which
15 begins after December 31, 2023, 15
16 percent.

17 “(B) APPRENTICE TO JOURNEYWORKER
18 RATIO.—The requirement under subparagraph
19 (A)(i) shall be subject to any applicable require-
20 ments for apprentice-to-journeyworker ratios of
21 the Department of Labor or the applicable
22 State apprenticeship agency.

23 “(C) PARTICIPATION.—Each contractor
24 and subcontractor who employs 4 or more indi-
25 viduals to perform construction, alteration, or

1 repair work on an applicable project shall em-
2 ploy 1 or more qualified apprentices to perform
3 such work.

4 “(D) EXCEPTION.—

5 “(i) IN GENERAL.—Notwithstanding
6 any other provision of this paragraph, this
7 paragraph shall not apply in the case of a
8 taxpayer who—

9 “(I) demonstrates a lack of avail-
10 ability of qualified apprentices in the
11 geographic area of the construction,
12 alteration, or repair work, and

13 “(II) makes a good faith effort to
14 comply with the requirements of this
15 paragraph.

16 “(ii) GOOD FAITH EFFORT.—For pur-
17 poses of clause (i), a taxpayer shall be
18 deemed to have satisfied the requirements
19 under such paragraph with respect to an
20 applicable project if such taxpayer has re-
21 quested qualified apprentices from a reg-
22 istered apprenticeship program, as defined
23 in section 3131(e)(3)(B), and such request
24 has been denied, provided that such denial
25 is not the result of a refusal by the con-

1 tractors or subcontractors engaged in the
2 performance of construction, alteration, or
3 repair work on such applicable project to
4 comply with the established standards and
5 requirements of such apprenticeship pro-
6 gram.

7 “(E) DEFINITIONS.—For purposes of this
8 paragraph—

9 “(i) LABOR HOURS.—The term ‘labor
10 hours’ has the meaning given such term in
11 section 45(b)(9)(E)(i).

12 “(ii) QUALIFIED APPRENTICE.—The
13 term ‘qualified apprentice’ has the mean-
14 ing given such term in section
15 45(b)(9)(E)(ii).

16 “(11) DOMESTIC CONTENT BONUS CREDIT
17 AMOUNT.—

18 “(A) IN GENERAL.—In the case of any en-
19 ergy project which satisfies the requirements
20 under subparagraph (B), the energy percentage
21 in subsection (a)(2) shall be increased by the
22 applicable rate in subparagraph (C).

23 “(B) REQUIREMENTS.—

24 “(i) IN GENERAL.—The requirement
25 described in this subclause with respect to

1 any energy project is satisfied if the tax-
2 payer certifies to the Secretary (at such
3 time, and in such form and manner, as the
4 Secretary may prescribe) that the facility
5 is composed of steel, iron, or manufactured
6 products which were produced in the
7 United States.

8 “(ii) STEEL AND IRON.—In the case
9 of steel or iron, clause (i) shall be applied
10 in a manner consistent with section
11 661.5(b) of title 49, Code of Federal Regu-
12 lations.

13 “(iii) MANUFACTURED PRODUCT.—
14 For purposes of clause (i), a manufactured
15 product shall be deemed to have been man-
16 ufactured in the United States if not less
17 than 55 percent of the total cost of the
18 components of such product is attributable
19 to components which are mined, produced,
20 or manufactured in the United States.

21 “(C) APPLICABLE RATE INCREASE.—For
22 purposes of subparagraph (A), the applicable
23 credit rate increase shall be an amount equal
24 to—

1 “(i) in the case of energy project that
2 does not meet the requirements of sub-
3 clause (I) or (III) of paragraph (8)(B)(ii),
4 2 percentage points, and

5 “(ii) in the case of energy property
6 that meets the requirements of subclause
7 (I) or (III) of paragraph (8)(B)(ii), 10 per-
8 centage points.

9 “(D) INTERNATIONAL AGREEMENTS.—
10 This paragraph shall be applied in a manner
11 which is consistent with the obligations of the
12 United States under international agreements.

13 “(12) PENALTY FOR DIRECT PAY.—

14 “(A) IN GENERAL.—In the case of a tax-
15 payer making an election under section 6417
16 with respect to a credit under this section, the
17 amount of such credit shall be replaced with—

18 “(i) the value of such credit (deter-
19 mined without regard to this paragraph),
20 multiplied by

21 “(ii) the applicable percentage.

22 “(B) 100 PERCENT APPLICABLE PERCENT-
23 AGE FOR CERTAIN ENERGY PROJECTS.—In the
24 case of any energy project—

1 “(i) which satisfies the requirements
2 under paragraph (11) with respect to the
3 construction of such project, or

4 “(ii) with a maximum net output of
5 less than 1 megawatt

6 the applicable percentage shall be 100 percent.

7 “(C) PHASED DOMESTIC CONTENT RE-
8 QUIREMENT.—Subject to subparagraph (D), in
9 the case of any energy project which is not de-
10 scribed in subparagraph (B), the applicable per-
11 centage shall be—

12 “(i) if construction of such project
13 began before January 1, 2024, 100 per-
14 cent,

15 “(ii) if construction of such project
16 began in calendar year 2024, 90 percent,

17 “(iii) if construction of such project
18 began in calendar year 2025, 85 percent,

19 and

20 “(iv) if construction of such project
21 began after December 31, 2025, 0 percent.

22 “(D) EXCEPTIONS.—In order to facilitate
23 the use of amounts made available in this sec-
24 tion, increase the tax incentives for investment
25 in clean energy, and grow the domestic supply

1 chains, the Secretary shall provide appropriate
2 exceptions to the domestic content requirements
3 for products under subparagraph (C) for the
4 construction of qualified facilities if either the
5 inclusion of domestic products increases the
6 overall costs of projects by more than 25 per-
7 cent or relevant manufactured products are not
8 produced in the United States in sufficient and
9 reasonably available quantities or of a satisfac-
10 tory quality.

11 “(13) REGULATIONS AND GUIDANCE.—The
12 Secretary shall issue such regulations or other guid-
13 ance as the Secretary determines necessary or ap-
14 propriate to carry out the purposes of this sub-
15 section.”.

16 (i) EFFECTIVE DATES.—

17 (1) The amendments made by subsections (a),
18 (b), (c), (e), (f), (g), and (h) of this section shall
19 apply to property placed in service after December
20 31, 2021.

21 (2) The amendment made by subsection (d)
22 shall apply to periods after December 31, 2021,
23 under rules similar to the rules of section 48(m) of
24 the Internal Revenue Code of 1986 (as in effect on

1 the day before the date of the enactment of the Rev-
2 enue Reconciliation Act of 1990).

3 **SEC. 136103. INCREASE IN ENERGY CREDIT FOR SOLAR FA-**
4 **CILITIES PLACED IN SERVICE IN CONNec-**
5 **TION WITH LOW-INCOME COMMUNITIES.**

6 (a) IN GENERAL.—Section 48 is amended by adding
7 at the end the following new subsection:

8 “(e) SPECIAL RULES FOR CERTAIN SOLAR FACILI-
9 TIES PLACED IN SERVICE IN CONNECTION WITH LOW-
10 INCOME COMMUNITIES.—

11 “(1) IN GENERAL.—In the case of any qualified
12 solar facility with respect to which the Secretary,
13 after consultation with the Secretary of Energy and
14 the Administrator of the Environmental Protection
15 Agency, makes an allocation of environmental justice
16 solar capacity limitation under paragraph (4)—

17 “(A) equipment described in paragraph
18 (3)(B) shall be treated for purposes of this sec-
19 tion as energy property described in subsection
20 (a)(2)(A)(i),

21 “(B) the energy percentage otherwise de-
22 termined under subsection (a)(2) with respect
23 to any eligible property which is part of such
24 facility shall be increased by—

1 “(i) in the case of a facility described
2 in subclause (I) of paragraph (2)(A)(iii)
3 and not described in subclause (II) of such
4 paragraph, 10 percentage points, and

5 “(ii) in the case of a facility described
6 in subclause (II) of paragraph (2)(A)(iii),
7 20 percentage points, and

8 “(C) the increase in the credit determined
9 under subsection (a) by reason of this sub-
10 section for any taxable year with respect to all
11 property which is part of such facility shall not
12 exceed the amount which bears the same ratio
13 to the amount of such increase (determined
14 without regard to this subparagraph) as—

15 “(i) the environmental justice solar
16 capacity limitation allocated to such facil-
17 ity, bears to

18 “(ii) the total megawatt nameplate ca-
19 pacity of such facility, as measured in di-
20 rect current.

21 “(2) QUALIFIED SOLAR FACILITY.—For pur-
22 poses of this subsection—

23 “(A) IN GENERAL.—The term ‘qualified
24 solar facility’ means any facility—

1 “(i) which generates electricity solely
2 from property described in subsection
3 (a)(3)(A)(i),

4 “(ii) which has a nameplate capacity
5 of 5 megawatts or less, and

6 “(iii) which—

7 “(I) is located in a low-income
8 community (as defined in section
9 45D(e)), or

10 “(II) is part of a qualified low-in-
11 come residential building project or a
12 qualified low-income economic benefit
13 project.

14 “(B) QUALIFIED LOW-INCOME RESIDEN-
15 TIAL BUILDING PROJECT.—A facility shall be
16 treated as part of a qualified low-income resi-
17 dential building project if—

18 “(i) such facility is installed on a resi-
19 dential rental building which participates
20 in a covered housing program (as defined
21 in section 41411(a) of the Violence Against
22 Women Act of 1994 (34 U.S.C.
23 12491(a)(3)), a Housing Development
24 Fund Corporation cooperative under Arti-
25 cle XI of the New York State Private

1 Housing Finance Law, a housing assist-
2 ance program administered by the Depart-
3 ment of Agriculture under title V of the
4 Housing Act of 1949, or such other afford-
5 able housing programs as the Secretary
6 may provide, and

7 “(ii) the financial benefits of the elec-
8 tricity produced by such facility are allo-
9 cated equitably among the occupants of the
10 dwelling units of such building.

11 “(C) QUALIFIED LOW-INCOME ECONOMIC
12 BENEFIT PROJECT.—A facility shall be treated
13 as part of a qualified low-income economic ben-
14 efit project if at least 50 percent of the finan-
15 cial benefits of the electricity produced by such
16 facility are provided to households with income
17 of—

18 “(i) less than 200 percent of the pov-
19 erty line applicable to a family of the size
20 involved, or

21 “(ii) less than 80 percent of area me-
22 dian gross income (as determined under
23 section 142(d)(2)(B)).

24 “(D) FINANCIAL BENEFIT.—For purposes
25 of subparagraphs (B) and (C), electricity ac-

1 required at a below-market rate shall not fail to
2 be taken into account as a financial benefit.

3 “(3) ELIGIBLE PROPERTY.—

4 “(A) IN GENERAL.—For purposes of this
5 section, the term ‘eligible property’ means—

6 “(i) energy property which is de-
7 scribed in subsection (a)(3)(A)(i), includ-
8 ing energy storage property (described in
9 subsection (a)(3)(A)(viii)) installed in con-
10 nection with such energy property, and

11 “(ii) the amount of any expenditures
12 which are paid or incurred by the taxpayer
13 for qualified interconnection property in-
14 stalled in connection with the installation
15 of property described in subparagraph (A)
16 to provide for the transmission or distribu-
17 tion of the electricity produced or stored by
18 such property, and which are properly
19 chargeable to the capital account of the
20 taxpayer.

21 “(B) DEFINITIONS.—For purposes of sub-
22 paragraph (A)—

23 “(i) QUALIFIED INTERCONNECTION
24 PROPERTY.—The term ‘qualified inter-
25 connection property’ means, with respect

1 to a qualified facility which is not a
2 microgrid, any tangible property—

3 “(I) which is part of an addition,
4 modification, or upgrade to a trans-
5 mission or distribution system which
6 is required at or beyond the point at
7 which the qualified facility intercon-
8 nects to such transmission or distribu-
9 tion system in order to accommodate
10 such interconnection,

11 “(II) either—

12 “(aa) which is constructed,
13 reconstructed, or erected by the
14 taxpayer, or

15 “(bb) for which the cost
16 with respect to the construction,
17 reconstruction, or erection of
18 such property is paid or incurred
19 by such taxpayer, and

20 “(III) the original use of which,
21 pursuant to an interconnection agree-
22 ment, commences with the utility.

23 “(ii) INTERCONNECTION AGREE-
24 MENT.—The term ‘interconnection agree-
25 ment’ means an agreement with a utility

1 for the purposes of interconnecting the
2 qualified facility owned by such taxpayer to
3 the transmission or distribution system of
4 such utility.

5 “(iii) UTILITY.—The term ‘utility’
6 means the owner or operator of an elec-
7 trical transmission or distribution system
8 which is subject to the regulatory authority
9 of—

10 “(I) the Federal Energy Regu-
11 latory Commission, or

12 “(II) a State or political subdivi-
13 sion thereof, any agency or instrumen-
14 tality of the United States, a public
15 service or public utility commission or
16 other similar body of any State or po-
17 litical subdivision thereof, or the gov-
18 erning or ratemaking body of an elec-
19 tric cooperative.

20 “(C) SPECIAL RULE FOR INTERCONNEC-
21 TION PROPERTY.—In the case of expenses paid
22 or incurred for interconnection property,
23 amounts otherwise chargeable to capital ac-
24 count with respect to such expenses shall be re-

1 duced under rules similar to the rules of section
2 50(c).

3 “(4) ALLOCATIONS.—

4 “(A) IN GENERAL.—Not later than 180
5 days after the date of enactment of this sub-
6 section, the Secretary shall establish a program
7 to allocate amounts of environmental justice
8 solar capacity limitation to qualified solar facili-
9 ties.

10 “(B) LIMITATION.—The amount of envi-
11 ronmental justice solar capacity limitation allo-
12 cated by the Secretary under subparagraph (A)
13 during any calendar year shall not exceed the
14 annual capacity limitation with respect to such
15 year.

16 “(C) ANNUAL CAPACITY LIMITATION.—For
17 purposes of this paragraph, the term ‘annual
18 capacity limitation’ means 1.8 gigawatts of di-
19 rect current capacity for each of calendar years
20 2022 through 2031, and zero thereafter.

21 “(D) CARRYOVER OF UNUSED LIMITA-
22 TION.—If the annual capacity limitation for any
23 calendar year exceeds the aggregate amount al-
24 located for such year under this paragraph,
25 such limitation for the succeeding calendar year

1 shall be increased by the amount of such excess.
2 No amount may be carried under the preceding
3 sentence to any calendar year after 2033.

4 “(E) PLACED IN SERVICE DEADLINE.—

5 “(i) IN GENERAL.—Paragraph (1)
6 shall not apply with respect to any prop-
7 erty which is placed in service after the
8 date that is 4 years after the date of the
9 allocation with respect to the facility of
10 which such property is a part.

11 “(ii) APPLICATION OF CARRYOVER.—
12 Any amount of environmental justice solar
13 capacity limitation which expires under
14 clause (i) during any calendar year shall be
15 taken into account as an excess described
16 in subparagraph (D) (or as an increase in
17 such excess) for such calendar year, sub-
18 ject to the limitation imposed by the last
19 sentence of such subparagraph.

20 “(F) SELECTION CRITERIA.—In deter-
21 mining to which qualified solar facilities to allo-
22 cate environmental justice solar capacity limita-
23 tion under this paragraph, the Secretary shall
24 take into consideration which facilities will re-
25 sult in—

1 “(i) the greatest health and economic
2 benefits, including the ability to withstand
3 extreme weather events, for individuals de-
4 scribed in section 45D(e)(2),

5 “(ii) the greatest employment and
6 wages for such individuals, and

7 “(iii) the greatest engagement with,
8 outreach to, or ownership by, such individ-
9 uals, including through partnerships with
10 local governments and community-based
11 organizations.

12 “(G) DISCLOSURE OF ALLOCATIONS.—The
13 Secretary shall, upon making an allocation of
14 environmental justice solar capacity limitation
15 under this paragraph, publicly disclose the iden-
16 tity of the applicant, the amount of the environ-
17 mental justice solar capacity limitation allocated
18 to such applicant, and the location of the facil-
19 ity for which such allocation is made.

20 “(5) RECAPTURE.—The Secretary shall, by reg-
21 ulations or other guidance, provide for recapturing
22 the benefit of any increase in the credit allowed
23 under subsection (a) by reason of this subsection
24 with respect to any property which ceases to be
25 property eligible for such increase (but which does

1 not cease to be investment credit property within the
2 meaning of section 50(a)). The period and percent-
3 age of such recapture shall be determined under
4 rules similar to the rules of section 50(a). To the ex-
5 tent provided by the Secretary, such recapture may
6 not apply with respect to any property if, within 12
7 months after the date the taxpayer becomes aware
8 (or reasonably should have become aware) of such
9 property ceasing to be property eligible for such in-
10 crease, the eligibility of such property for such in-
11 crease is restored. The preceding sentence shall not
12 apply more than once with respect to any facility.”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to periods after December 31,
15 2021, under rules similar to the rules of section 48(m)
16 of the Internal Revenue Code of 1986 (as in effect on the
17 day before the date of the enactment of the Revenue Rec-
18 onciliation Act of 1990).

19 **SEC. 136104. ELECTIVE PAYMENT FOR ENERGY PROPERTY**
20 **AND ELECTRICITY PRODUCED FROM CER-**
21 **TAIN RENEWABLE RESOURCES, ETC.**

22 (a) IN GENERAL.—Subchapter B of chapter 65 is
23 amended by inserting after section 6416 the following new
24 section:

1 **“SEC. 6417. ELECTIVE PAYMENT OF APPLICABLE CREDITS.**

2 “(a) IN GENERAL.—In the case of a taxpayer making
3 an election (at such time and in such manner as the Sec-
4 retary may provide) under this section with respect to any
5 applicable credit determined with respect to such taxpayer,
6 such taxpayer shall be treated as making a payment
7 against the tax imposed by subtitle A (for the taxable year
8 with respect to which such credit was determined) equal
9 to the amount of such credit.

10 “(b) APPLICABLE CREDIT.—The term ‘applicable
11 credit’ means each of the following:

12 “(1) The renewable electricity production credit
13 determined under section 45.

14 “(2) The energy credit determined under sec-
15 tion 48.

16 “(3) The credit for carbon oxide sequestration
17 determined under section 45Q.

18 “(4) The credit for alternative fuel vehicle re-
19 fueling property allowed under section 30C.

20 “(5) The qualifying advanced energy project
21 credit determined under section 48C.

22 “(c) SPECIAL RULES.—For purposes of this sec-
23 tion—

24 “(1) APPLICATION TO TAX-EXEMPT AND GOV-
25 ERNMENTAL ENTITIES.—In the case of any organi-
26 zation exempt from the tax imposed by subtitle A,

1 any State or local government (or political subdivi-
2 sion thereof), or any Indian tribal government (with-
3 in the meaning of section 139E), which makes the
4 election described in subsection (a), any applicable
5 credit shall be determined—

6 “(A) without regard to paragraphs (3) and
7 (4)(A)(i) of section 50(b), and

8 “(B) by treating any property with respect
9 to which such credit is determined as used in
10 a trade or business of the taxpayer.

11 “(2) APPLICATION TO PARTNERSHIPS AND S
12 CORPORATIONS.—

13 “(A) IN GENERAL.—In the case of any ap-
14 plicable credit determined with respect to any
15 qualified resources, qualified facility, or energy
16 property held directly by a partnership or S
17 corporation, if such partnership or S corpora-
18 tion makes an election under this subsection (in
19 such manner as the Secretary may provide)
20 with respect to such credit—

21 “(i) the Secretary shall make a pay-
22 ment to such partnership or S corporation
23 equal to the amount of such credit,

24 “(ii) subsection (d) shall be applied
25 with respect to such credit before deter-

1 mining any partner's distributive share, or
2 shareholder's pro rata share, of such cred-
3 it,

4 “(iii) any amount with respect to
5 which the election in subsection (a) is
6 made shall be treated as tax exempt in-
7 come for purposes of sections 705 and
8 1366, and

9 “(iv) a partner's distributive share of
10 such tax exempt income shall be based on
11 such partner's distributive share of the
12 otherwise applicable credit for each taxable
13 year.

14 “(B) COORDINATION WITH APPLICATION
15 AT PARTNER OR SHAREHOLDER LEVEL.—In the
16 case of any partnership or S corporation, sub-
17 section (a) shall be applied at the partner or
18 shareholder level after application of paragraph
19 (2)(A)(ii).

20 “(3) IRREVOCABLE ELECTION.—Any election
21 under this subsection shall be made not later than
22 the due date (including extensions of time) for the
23 return of tax for the taxable year for which the ap-
24 plicable credit is determined, but in no event earlier
25 than 180 days after the date of the enactment of

1 this section. Any such election, once made, shall be
2 irrevocable.

3 “(4) TIMING.—The payment described in sub-
4 section (a) shall be treated as made on—

5 “(A) in the case of any government, or po-
6 litical subdivision, described in paragraph (1)
7 and for which no return is required under sec-
8 tion 6011 or 6033(a), the later of the date that
9 a return would be due under section 6033(a) if
10 such government or subdivision were described
11 in that section or the date on which such gov-
12 ernment or subdivision submits a claim for
13 credit or refund (at such time and in such man-
14 ner as the Secretary shall provide), and

15 “(B) in any other case, the later of the due
16 date of the return of tax for the taxable year
17 or the date on which such return is filed.

18 “(5) TREATMENT OF PAYMENTS TO PARTNER-
19 SHIPS AND S CORPORATIONS.—For purposes of sec-
20 tion 1324 of title 31, United States Code, the pay-
21 ments under subparagraph (A)(ii) of paragraph (2)
22 shall be treated in the same manner as a refund due
23 from a credit provision referred to in subparagraph
24 (B) of such paragraph.

1 “(6) ADDITIONAL INFORMATION.—As a condi-
2 tion of, and prior to, a payment under this section,
3 the Secretary may require such information or reg-
4 istration as the Secretary deems necessary or appro-
5 priate for purposes of preventing duplication, fraud,
6 improper payments, or excessive payments under
7 this section.

8 “(7) EXCESSIVE PAYMENT.—

9 “(A) IN GENERAL.—In the case of a pay-
10 ment made to a taxpayer under this subsection
11 or any amount treated as a payment which is
12 made by the taxpayer under subsection (a)
13 which the Secretary determines constitutes an
14 excessive payment, the tax imposed on such tax-
15 payer by chapter 1 for the taxable year in
16 which such determination is made shall be in-
17 creased by an amount equal to the sum of—

18 “(i) the amount of such excessive pay-
19 ment, plus

20 “(ii) an amount equal to 20 percent of
21 such excessive payment.

22 “(B) REASONABLE CAUSE.—Subparagraph
23 (A)(ii) shall not apply if the taxpayer dem-
24 onstrates to the satisfaction of the Secretary

1 that the excessive payment resulted from rea-
2 sonable cause.

3 “(C) EXCESSIVE PAYMENT DEFINED.—For
4 purposes of this paragraph, the term ‘excessive
5 payment’ means, with respect to a facility for
6 which an election is made under this section for
7 any taxable year, an amount equal to the excess
8 of—

9 “(i) the amount of the payment made
10 to the taxpayer under this subsection with
11 respect to such facility for such taxable
12 year, over

13 “(ii) the amount of the credit which,
14 without application of this subsection,
15 would be otherwise allowable under this
16 section with respect to such facility for
17 such taxable year.

18 “(d) DENIAL OF DOUBLE BENEFIT.—In the case of
19 a taxpayer making an election under this section with re-
20 spect to an applicable credit, such credit shall be reduced
21 to zero and such taxpayer shall be deemed to have taken
22 such credit.

23 “(e) MIRROR CODE POSSESSIONS.—In the case of
24 any possession of the United States with a mirror code
25 tax system (as defined in section 24(k)), this section shall

1 not be treated as part of the income tax laws of the United
2 States for purposes of determining the income tax law of
3 such possession unless such possession elects to have this
4 section be so treated.

5 “(f) BASIS REDUCTION AND RECAPTURE.—Rules
6 similar to the rules of subsections (a) and (c) of section
7 50 shall apply for purposes of this section.

8 “(g) REGULATIONS.—The Secretary shall issue such
9 regulations or other guidance as may be necessary or ap-
10 propriate to carry out the purposes of this section, includ-
11 ing—

12 “(1) regulations or other guidance providing
13 rules for determining a partner’s distributive share
14 of the tax exempt income described in subsection
15 (c)(2)(A)(iii), and

16 “(2) guidance to ensure that the amount of the
17 payment or deemed payment made under this sec-
18 tion is commensurate with the amount of the credit
19 that would be otherwise allowable.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for subchapter B of chapter 65 is amended by inserting
22 after the item relating to section 6416 the following new
23 item:

“Sec. 6417. Elective payment of applicable credits.”.

1 (c) IN GENERAL.—The amendments made by this
2 section shall apply to property placed in service after the
3 December 31, 2021.

4 **SEC. 136105. INVESTMENT CREDIT FOR ELECTRIC TRANS-**
5 **MISSION PROPERTY.**

6 (a) IN GENERAL.—Subpart E of part IV of sub-
7 chapter A of chapter 1 is amended by inserting after sec-
8 tion 48C the following new section:

9 **“SEC. 48D. QUALIFYING ELECTRIC TRANSMISSION PROP-**
10 **ERTY.**

11 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
12 tion 46, the qualifying electric transmission property cred-
13 it for any taxable year is an amount equal to 30 percent
14 of the basis of qualifying electric transmission property
15 placed in service by the taxpayer during such taxable year.

16 “(b) QUALIFYING ELECTRIC TRANSMISSION PROP-
17 ERTY.—For purposes of this section—

18 “(1) IN GENERAL.—The term ‘qualifying elec-
19 tric transmission property’ means tangible prop-
20 erty—

21 “(A) which is a qualifying electric trans-
22 mission line or related transmission property,

23 “(B)(i) the construction, reconstruction, or
24 erection of which is completed by the taxpayer,

25 or

1 “(ii) which is acquired by the taxpayer if
2 the original use of such property commences
3 with the taxpayer, and

4 “(C) with respect to which depreciation (or
5 amortization in lieu of depreciation) is allow-
6 able.

7 “(2) QUALIFYING ELECTRIC TRANSMISSION
8 LINE.—The term ‘qualifying electric transmission
9 line’ means an electric transmission line which—

10 “(A) is capable of transmitting electricity
11 at a voltage of not less than 275 kilovolts, and

12 “(B) has a transmission capacity of not
13 less than 500 megawatts.

14 “(3) RELATED TRANSMISSION PROPERTY.—

15 “(A) IN GENERAL.—The term ‘related
16 transmission property’ means, with respect to
17 any electric transmission line, any property
18 which—

19 “(i) is listed as ‘transmission plant’ in
20 the Uniform System of Accounts for the
21 Federal Energy Regulatory Commission
22 under part 101 of subchapter C of chapter
23 I of title 18, Code of Federal Regulations,
24 and

1 “(ii) is necessary for the operation of
2 such electric transmission line.

3 “(B) CREDIT NOT ALLOWED SEPARATELY
4 WITH RESPECT TO RELATED PROPERTY.—No
5 credit shall be allowed to any taxpayer under
6 this section with respect to any related trans-
7 mission property unless such taxpayer is al-
8 lowed a credit under this section with respect to
9 the qualifying electric transmission line to
10 which such related transmission property re-
11 lates.

12 “(c) APPLICATION TO REPLACEMENT AND UP-
13 GRADED SYSTEMS.—

14 “(1) IN GENERAL.—In the case of any quali-
15 fying electric transmission line (determined without
16 regard to this subsection) which replaces any exist-
17 ing electric transmission line—

18 “(A) the 500 megawatts referred to in sub-
19 section (b)(2)(B) shall be increased by the
20 transmission capacity of such existing electric
21 transmission line, and

22 “(B) in no event shall the basis of such ex-
23 isting electric transmission line (or related
24 transmission property with respect to such ex-
25 isting electric transmission line) be taken into

1 account in determining the credit allowed under
2 this section.

3 “(2) UPGRADES TREATED AS REPLACEMENTS.—For purposes of this subsection, any upgrade of an existing electric transmission line shall
4 be treated as a replacement of such line.
5

6 “(d) EXCEPTION FOR CERTAIN PROPERTY AND
7 PROJECTS ALREADY IN PROCESS.—No credit shall be allowed under this section with respect to—
8

9
10 “(1) any property if a State or political subdivision thereof, any agency or instrumentality of the
11 United States, a public service or public utility commission or other similar body of any State or political
12 subdivision thereof, or the governing or rate-making body of an electric cooperative has, before
13 the date of the enactment of this section, selected for cost allocation such property for cost recovery, or
14
15
16
17

18 “(2) any property if—

19 “(A) construction of such property begins
20 before January 1, 2022, or

21 “(B) construction of any portion of the
22 qualifying electric transmission line to which
23 such property relates begins before such date.

24 “(e) CERTAIN QUALIFIED PROGRESS EXPENDITURES
25 RULES MADE APPLICABLE.—Rules similar to the rules of

1 subsections (c)(4) and (d) of section 46 (as in effect on
2 the day before the enactment of the Revenue Reconcili-
3 ation Act of 1990) shall apply for purposes of this section.

4 “(f) CREDIT ADJUSTMENTS; WAGE AND APPREN-
5 TICESHIP REQUIREMENTS.—

6 “(1) BASE CREDIT AMOUNT AND INCREASED
7 CREDIT AMOUNT FOR APPLICABLE FACILITIES.—

8 “(A) IN GENERAL.—

9 “(i) RULE.—In the case of any appli-
10 cable facility which does not satisfy the re-
11 quirements of subparagraph (B), the
12 amount of the credit determined under this
13 subsection shall be 20 percent of such
14 amount (determined without regard to this
15 sentence).

16 “(ii) APPLICABLE FACILITY DE-
17 FINED.—For purposes of this subsection,
18 the term ‘applicable facility’ means a quali-
19 fying electric transmission line and related
20 transmission property to which such quali-
21 fying electric transmission line relates.

22 “(B) INCREASED CREDIT FOR APPLICABLE
23 FACILITY MEETING PROJECT REQUIREMENTS.—

24 “(i) IN GENERAL.—In the case of any
25 applicable facility which meets the project

1 requirements of this subparagraph, sub-
2 paragraph (A) shall not apply.

3 “(ii) PROJECT REQUIREMENTS.—A
4 project meets the requirements of this sub-
5 paragraph if it is one of the following:

6 “(I) A project with a maximum
7 net output of less than 1 megawatt.

8 “(II) A project which commences
9 construction prior to the date of the
10 enactment of this paragraph.

11 “(III) A project which satisfies
12 the requirements of paragraphs (2)
13 and (3).

14 “(2) PREVAILING WAGE REQUIREMENTS.—

15 “(A) IN GENERAL.—The requirements de-
16 scribed in this subparagraph with respect to
17 any applicable facility are that the taxpayer
18 shall ensure that any laborers and mechanics
19 employed by contractors and subcontractors
20 in—

21 “(i) the construction of such facility,
22 and

23 “(ii) for any year during the 5-year
24 period beginning on the date the facility or
25 property is originally placed in service, the

1 alteration or repair of such facility or prop-
2 erty,
3 shall be paid wages at rates not less than the
4 prevailing rates for construction, alteration, or
5 repair of a similar character in the locality as
6 most recently determined by the Secretary of
7 Labor, in accordance with subchapter IV of
8 chapter 31 of title 40, United States Code.

9 “(B) CORRECTION AND PENALTY RELATED
10 TO FAILURE TO SATISFY WAGE REQUIRE-
11 MENTS.—A taxpayer shall not be treated as
12 failing to satisfy the requirements of this para-
13 graph if such taxpayer meets requirements
14 similar to the requirements of section
15 45(b)(8)(B).

16 “(3) APPRENTICESHIP REQUIREMENTS.—The
17 requirements described in this subparagraph with re-
18 spect to the construction of any applicable facility
19 are as follows:

20 “(A) LABOR HOURS.—

21 “(i) PERCENTAGE OF TOTAL LABOR
22 HOURS.—All contractors and subcontractors
23 engaged in the performance of con-
24 struction, alteration, or repair work on any
25 applicable facility prior to such facility

1 being placed into service shall, subject to
2 subparagraph (B), ensure that not less
3 than the applicable percentage of the total
4 labor hours of such work be performed by
5 qualified apprentices.

6 “(ii) APPLICABLE PERCENTAGE.—For
7 purposes of paragraph (1), the applicable
8 percentage shall be—

9 “(I) in the case of any applicable
10 project the construction of which be-
11 gins before January 1, 2023, 5 per-
12 cent,

13 “(II) in the case of any applica-
14 ble project the construction of which
15 begins after December 31, 2022, and
16 before January 1, 2024, 10 percent,
17 and

18 “(III) in the case of any applica-
19 ble project the construction of which
20 begins after December 31, 2023, 15
21 percent.

22 “(B) APPRENTICE TO JOURNEYWORKER
23 RATIO.—The requirement under subparagraph
24 (A)(i) shall be subject to any applicable require-
25 ments for apprentice-to-journeyworker ratios of

1 the Department of Labor or the applicable
2 State apprenticeship agency.

3 “(C) PARTICIPATION.—Each contractor
4 and subcontractor who employs 4 or more indi-
5 viduals to perform construction, alteration, or
6 repair work on an applicable project shall em-
7 ploy 1 or more qualified apprentices to perform
8 such work.

9 “(D) EXCEPTION.—

10 “(i) IN GENERAL.—Notwithstanding
11 any other provision of this paragraph, this
12 paragraph shall not apply in the case of a
13 taxpayer who—

14 “(I) demonstrates a lack of avail-
15 ability of qualified apprentices in the
16 geographic area of the construction,
17 alteration, or repair work, and

18 “(II) makes a good faith effort to
19 comply with the requirements of this
20 paragraph.

21 “(ii) GOOD FAITH EFFORT.—For pur-
22 poses of clause (i), a taxpayer shall be
23 deemed to have satisfied the requirements
24 under such paragraph with respect to an
25 applicable project if such taxpayer has re-

1 requested qualified apprentices from a reg-
2 istered apprenticeship program, as defined
3 in section 3131(e)(3)(B), and such request
4 has been denied, provided that such denial
5 is not the result of a refusal by the con-
6 tractors or subcontractors engaged in the
7 performance of construction, alteration, or
8 repair work on such applicable project to
9 comply with the established standards and
10 requirements of such apprenticeship pro-
11 gram.

12 “(E) DEFINITIONS.—For purposes of this
13 paragraph—

14 “(i) LABOR HOURS.—The term ‘labor
15 hours’ has the meaning given such term in
16 section 45(b)(9)(E)(i).

17 “(ii) QUALIFIED APPRENTICE.—The
18 term ‘qualified apprentice’ has the mean-
19 ing given such term in section
20 45(b)(9)(E)(ii).

21 “(4) DOMESTIC CONTENT BONUS CREDIT
22 AMOUNT.—

23 “(A) IN GENERAL.—In the case of any ap-
24 plicable facility which satisfies the requirements
25 under subparagraph (B), the credit determined

1 under subsection (a) shall be increased by the
2 applicable rate in subparagraph (C).

3 “(B) REQUIREMENTS.—

4 “(i) IN GENERAL.—The requirement
5 described in this subclause with respect to
6 any applicable facility is satisfied if the
7 taxpayer certifies to the Secretary (at such
8 time, and in such form and manner, as the
9 Secretary may prescribe) that the facility
10 is composed of steel, iron, or manufactured
11 products which were produced in the
12 United States.

13 “(ii) STEEL AND IRON.—In the case
14 of steel or iron, clause (i) shall be applied
15 in a manner consistent with section
16 661.5(b) of title 49, Code of Federal Regu-
17 lations.

18 “(iii) MANUFACTURED PRODUCT.—
19 For purposes of clause (i), a manufactured
20 product shall be deemed to have been man-
21 ufactured in the United States if not less
22 than 55 percent of the total cost of the
23 components of such product is attributable
24 to components which are mined, produced,
25 or manufactured in the United States.

1 “(C) APPLICABLE RATE INCREASE.—For
2 purposes of subparagraph (A), the applicable
3 credit rate increase shall be an amount equal
4 to—

5 “(i) in the case of applicable facility
6 that does not meet the requirements of
7 subclause (I) or (III) of paragraph
8 (1)(B)(ii), 2 percentage points, and

9 “(ii) in the case of applicable facility
10 that meets the requirements of subclause
11 (I) or (III) of paragraph (1)(B)(ii), 10 per-
12 centage points.

13 “(D) INTERNATIONAL AGREEMENTS.—
14 This paragraph shall be applied in a manner
15 which is consistent with the obligations of the
16 United States under international agreements.

17 “(5) PENALTY FOR DIRECT PAY.—

18 “(A) IN GENERAL.—In the case of a tax-
19 payer making an election under section 6417
20 with respect to a credit under this section, the
21 amount of such credit shall be replaced with—

22 “(i) the value of such credit (deter-
23 mined without regard to this paragraph),
24 multiplied by

25 “(ii) the applicable percentage.

1 “(B) 100 PERCENT APPLICABLE PERCENT-
2 AGE FOR CERTAIN APPLICABLE FACILITY.—In
3 the case of any applicable facility—

4 “(i) which satisfies the requirements
5 under paragraph (11) with respect to the
6 construction of such property, or

7 “(ii) with a maximum net output of
8 less than 1 megawatt,
9 the applicable percentage shall be 100 percent.

10 “(C) PHASED DOMESTIC CONTENT RE-
11 QUIREMENT.—Subject to subparagraph (D), in
12 the case of any qualified facility which is not
13 described in subparagraph (B), the applicable
14 percentage shall be—

15 “(i) if construction of such facility
16 began before January 1, 2024, 100 per-
17 cent,

18 “(ii) if construction of such facility
19 began in calendar year 2024, 90 percent,

20 “(iii) if construction of such facility
21 began in calendar year 2025, 85 percent,
22 and

23 “(iv) if construction of such facility
24 began after December 31, 2025, 0 percent.

1 “(D) EXCEPTIONS.—In order to facilitate
2 the use of amounts made available in this sec-
3 tion, increase the tax incentives for investment
4 in clean energy, and grow the domestic supply
5 chains, the Secretary shall provide appropriate
6 exceptions to the domestic content requirements
7 for products under subparagraph (C) for the
8 construction of qualified facilities if either the
9 inclusion of domestic products increases the
10 overall costs of projects by more than 25 per-
11 cent or relevant manufactured products are not
12 produced in the United States in sufficient and
13 reasonably available quantities or of a satisfac-
14 tory quality.

15 “(g) TERMINATION.—This section shall not apply to
16 any property unless—

17 “(1) such property is placed in service before
18 January 1, 2032, and

19 “(2) the qualifying electric transmission line
20 with respect to which such property relates is placed
21 in service before such date.

22 “(h) REGULATIONS AND GUIDANCE.—The Secretary,
23 after consultation with the Chairman of the Federal En-
24 ergy Regulatory Commission, shall issue such regulations

1 or other guidance as the Secretary determines necessary
2 or appropriate to carry out the purposes of this section.”.

3 (b) ELECTIVE PAYMENT OF CREDIT.—Section
4 6417(b), as added by the preceding provisions of this Act,
5 is amended by adding at the end the following new para-
6 graph:

7 “(6) The qualifying electric transmission prop-
8 erty credit determined under section 48D.”.

9 (c) CONFORMING AMENDMENTS.—

10 (1) Section 46 is amended—

11 (A) by striking “and” at the end of para-
12 graph (5),

13 (B) by striking the period at the end of
14 paragraph (6) and inserting “, and”, and

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

17 “(7) the qualifying electric transmission prop-
18 erty credit.”.

19 (2) Section 49(a)(1)(C) is amended—

20 (A) by striking “and” at the end of clause
21 (iv),

22 (B) by striking the period at the end of
23 clause (v) and inserting “, and”, and

24 (C) by adding at the end the following new
25 clause:

1 “(vi) the basis of any qualifying elec-
2 tric transmission property under section
3 48D.”.

4 (3) Section 50(a)(2)(E) is amended by striking
5 “or 48C(b)(2)” and inserting “48C(b)(2), or 48D”.

6 (4) The table of sections for subpart E of part
7 IV of subchapter A of chapter 1 of such Code is
8 amended by inserting after the item relating to sec-
9 tion 48C the following new item:

“Sec. 48D. Qualifying electric transmission property.”.

10 (d) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by
12 this section shall apply to property placed in service
13 after December 31, 2021.

14 (2) EXCEPTION FOR CERTAIN PROPERTY AND
15 PROJECTS ALREADY IN PROCESS.—For exclusion of
16 certain property and projects already in process, see
17 section 48D(d) of the Internal Revenue Code of
18 1986 (as added by this section).

19 **SEC. 136106. ZERO EMISSIONS FACILITY CREDIT.**

20 (a) IN GENERAL.—Subpart E of part IV of sub-
21 chapter A of chapter 1 is amended by inserting after sec-
22 tion 48C the following new section:

23 **“SEC. 48E. ZERO EMISSIONS FACILITY CREDIT.**

24 “(a) IN GENERAL.—For purposes of section 46, the
25 zero emissions facility credit for any taxable year is an

1 amount equal to 30 percent of the qualified investment
2 for such taxable year with respect to any zero emissions
3 facility of the taxpayer.

4 “(b) QUALIFIED INVESTMENT.—

5 “(1) IN GENERAL.—For purposes of subsection
6 (a), the qualified investment for any taxable year is
7 the basis of eligible property placed in service by the
8 taxpayer during such taxable year which is part of
9 a zero emissions facility.

10 “(2) CERTAIN QUALIFIED PROGRESS EXPENDI-
11 TURES RULES MADE APPLICABLE.—Rules similar to
12 the rules of subsections (c)(4) and (d) of section 46
13 (as in effect on the day before the enactment of the
14 Revenue Reconciliation Act of 1990) shall apply for
15 purposes of this section.

16 “(3) LIMITATION.—The amount which is treat-
17 ed as the qualified investment for all taxable years
18 with respect to any zero emissions facility shall not
19 exceed the amount designated by the Secretary as el-
20 ible for the credit under this section.

21 “(c) ZERO EMISSIONS FACILITY.—

22 “(1) IN GENERAL.—For purposes of this sec-
23 tion, the term ‘zero emissions facility’ means any fa-
24 cility—

25 “(A) which generates electricity,

1 “(B) which does not generate any green-
2 house gases (within the meaning of section
3 211(o)(1)(G) of the Clean Air Act (42 U.S.C.
4 7545(o)(1)(G)), as in effect on the date of the
5 enactment of this section),

6 “(C) which uses a technology or process
7 which, in the calendar year in which an amount
8 of credit is designated with respect to such fa-
9 cility, achieved a market penetration level of
10 less than 3 percent,

11 “(D) no portion of which is—

12 “(i) a qualified facility (as defined in
13 section 45(d)),

14 “(ii) an advanced nuclear power facil-
15 ity (as defined in section 45J(d)),

16 “(iii) a qualified facility (as defined in
17 section 45Q), or

18 “(iv) energy property (as defined in
19 section 48(a)(3)).

20 “(2) MARKET PENETRATION LEVEL.—For pur-
21 poses of this subsection, the term ‘market penetra-
22 tion level’ means, with respect to any calendar year,
23 the amount equal to the greater of—

24 “(A) the amount (expressed as a percent-
25 age) equal to the quotient of—

1 “(i) the sum of all electricity produced
2 (expressed in terawatt hours) from the
3 technology or method used for the produc-
4 tion of electricity by all electricity gener-
5 ating facilities in the United States during
6 such calendar year (as determined by the
7 Secretary on the basis of data reported by
8 the Energy Information Administration),
9 divided by the total domestic power sector
10 electricity production (expressed in
11 terawatt hours) for such calendar year, or

12 “(ii) the amount determined under
13 this subparagraph for the preceding cal-
14 endar year with respect to such technology
15 or method.

16 “(d) ELIGIBLE PROPERTY.—For purposes of this
17 section, the term ‘eligible property’ means any property—

18 “(1) which is necessary for the generation of
19 electricity,

20 “(2) which is—

21 “(A) tangible personal property, or

22 “(B) other tangible property (not including
23 a building or its structural components), but
24 only if such property is used as an integral part
25 of the zero emissions facility, and

1 “(3) with respect to which depreciation (or am-
2 ortization in lieu of depreciation) is allowable.

3 “(e) ALLOCATIONS.—

4 “(1) IN GENERAL.—Not later than 180 days
5 after the date of enactment of this section, the Sec-
6 retary, after consultation with the Secretary of En-
7 ergy and the Administrator of the Environmental
8 Protection Agency, shall establish a program to con-
9 sider and award certification amounts of zero emis-
10 sions facility credit limitation to zero emissions fa-
11 cilities.

12 “(2) ANNUAL LIMITATION.—

13 “(A) IN GENERAL.—The amount of zero
14 emissions facility credit limitation that may be
15 designated under this subsection during any
16 calendar year shall not exceed the annual credit
17 limitation with respect to such year.

18 “(B) ANNUAL CREDIT LIMITATION.—For
19 purposes of this subsection, the term ‘annual
20 credit limitation’ means \$250,000,000 for each
21 of calendar years 2022 through 2031, and zero
22 thereafter.

23 “(C) CARRYOVER OF UNUSED LIMITA-
24 TION.—If the annual credit limitation for any
25 calendar year exceeds the aggregate amount

1 designated for such year under this subsection,
2 such limitation for the succeeding calendar year
3 shall be increased by the amount of such excess.
4 No amount may be carried under the preceding
5 sentence to any calendar year after 2031.

6 “(3) PLACED IN SERVICE DEADLINE.—

7 “(A) IN GENERAL.—No credit shall be de-
8 termined under subsection (a) with respect to
9 any zero emissions facility which is placed in
10 service after the date that is 4 years after the
11 date of the designation under this subsection
12 relating to such zero emissions facility.

13 “(B) APPLICATION OF CARRYOVER.—Any
14 amount of credit which expires under subpara-
15 graph (A) during any calendar year shall be
16 taken into account as an excess described in
17 paragraph (2)(C) (or as an increase in such ex-
18 cess) for such calendar, subject to the limitation
19 imposed by the last sentence of such paragraph.

20 “(4) SELECTION CRITERIA.—In determining
21 which zero emissions facilities to certify under this
22 section, the Secretary, after consultation with the
23 Secretary of Energy and the Administrator of the
24 Environmental Protection Agency, shall—

1 “(A) take into consideration which facili-
2 ties—

3 “(i) will result in the greatest reduc-
4 tion of greenhouse gas emissions,

5 “(ii) have the greatest potential for
6 technological innovation and commercial
7 deployment, and

8 “(iii) will result in the greatest reduc-
9 tion of local environmental effects that are
10 harmful to human health, and

11 “(B) require that applicants provide writ-
12 ten assurances to the Secretary that all laborers
13 and mechanics employed by contractors and
14 subcontractors in the performance of construc-
15 tion, alteration or repair work on a zero emis-
16 sions facility shall be paid wages at rates not
17 less than those prevailing on projects of a simi-
18 lar character in the locality as determined by
19 the Secretary of Labor in accordance with sub-
20 chapter IV of chapter 31 of title 40, United
21 States Code.

22 “(5) DISCLOSURE OF CERTIFICATIONS.—The
23 Secretary shall, upon making a certification under
24 this subsection, publicly disclose the identity of the
25 applicant, the amount of the credit awarded with re-

1 spect to such applicant, and the location of the zero-
2 emissions facility for which such credit is awarded.

3 “(f) CREDIT CONDITIONED UPON WAGE AND AP-
4 PRENTICESHIP REQUIREMENTS.—

5 “(1) IN GENERAL.—No credit shall be allocated
6 for a zero emissions facility under this section unless
7 the zero emissions facility meets the prevailing wage
8 requirements of paragraph (2) and the apprentice-
9 ship requirements of paragraph (3).

10 “(2) PREVAILING WAGE REQUIREMENTS.—

11 “(A) IN GENERAL.—The requirements de-
12 scribed in this paragraph with respect to a zero
13 emissions facility are that the taxpayer shall en-
14 sure that any laborers and mechanics employed
15 by contractors and subcontractors in—

16 “(i) the construction of such zero
17 emissions facility, and

18 “(ii) for any year during the 5-year
19 period beginning on the date the facility is
20 originally placed in service, the alteration
21 or repair of such zero emissions facility,

22 shall be paid wages at rates not less than the
23 prevailing rates for construction, alteration, or
24 repair of a similar character in the locality as
25 most recently determined by the Secretary of

1 Labor, in accordance with subchapter IV of
2 chapter 31 of title 40, United States Code.

3 “(B) CORRECTION AND PENALTY RELATED
4 TO FAILURE TO SATISFY WAGE REQUIRE-
5 MENTS.—

6 “(i) IN GENERAL.—In the case of any
7 taxpayer which fails to satisfy the require-
8 ment under subparagraph (A) with respect
9 to the construction of any qualified facility
10 or with respect to the alteration or repair
11 of a facility in any year during the period
12 described in subparagraph (A)(ii), such
13 taxpayer shall be deemed to have satisfied
14 such requirement under such subparagraph
15 with respect to such zero emissions facility
16 for any year if, with respect to any laborer
17 or mechanic who was paid wages at a rate
18 below the rate described in such subpara-
19 graph for any period during such year,
20 such taxpayer—

21 “(I) makes payment to such la-
22 borer or mechanic in an amount equal
23 to the sum of—

24 “(aa) an amount equal to
25 the difference between the

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1 amount of wages paid to such la-
2 borer or mechanic during such
3 period, and—

4 “(bb) the amount of wages
5 required to be paid to such la-
6 borer or mechanic pursuant to
7 such subparagraph during such
8 period, plus

9 “(AA) interest on the
10 amount determined under
11 item (aa) at the under-
12 payment rate established
13 under section 6621 for the
14 period described in such
15 item, and

16 “(II) makes payment to the Sec-
17 retary of a penalty in an amount
18 equal to the product of—

19 “(aa) \$5,000, multiplied by

20 “(bb) the total number of la-
21 borers and mechanics who were
22 paid wages at a rate below the
23 rate described in subparagraph
24 (A) for any period during such
25 year.

1 “(ii) PENALTY ASSESSED AS TAX.—
2 The penalty described in clause (i)(II)
3 shall be treated in the same manner as a
4 penalty imposed under subchapter B of
5 chapter 68.

6 “(3) APPRENTICESHIP REQUIREMENTS.—The
7 requirements described in this subparagraph with re-
8 spect to a zero emissions facility are as follows:

9 “(A) LABOR HOURS.—

10 “(i) PERCENTAGE OF TOTAL LABOR
11 HOURS.—All contractors and subcontractors
12 engaged in the performance of construction,
13 alteration, or repair work on any
14 facility prior to such facility being placed
15 into service shall, subject to subparagraph
16 (B), ensure that not less than the applicable
17 percentage of the total labor hours of
18 such work be performed by qualified apprentices.
19

20 “(ii) APPLICABLE PERCENTAGE.—For
21 purposes of paragraph (1), the applicable
22 percentage shall be—

23 “(I) in the case of any applicable
24 zero emissions facility the construc-

1 tion of which begins before January 1,
2 2023, 5 percent,

3 “(II) in the case of any applica-
4 ble zero emissions facility the con-
5 struction of which begins after De-
6 cember 31, 2022, and before January
7 1, 2024, 10 percent, and

8 “(III) in the case of any applica-
9 ble zero emissions facility the con-
10 struction of which begins after De-
11 cember 31, 2023, 15 percent.

12 “(B) APPRENTICE TO JOURNEYWORKER
13 RATIO.—The requirement under subparagraph
14 (A)(i) shall be subject to any applicable require-
15 ments for apprentice-to-journeyworker ratios of
16 the Department of Labor or the applicable
17 State apprenticeship agency.

18 “(C) PARTICIPATION.—Each contractor
19 and subcontractor who employs 4 or more indi-
20 viduals to perform construction, alteration, or
21 repair work on an applicable zero emissions fa-
22 cility shall employ 1 or more qualified appren-
23 tices to perform such work.

24 “(D) EXCEPTION.—

1 “(i) IN GENERAL.—Notwithstanding
2 any other provision of this paragraph, this
3 paragraph shall not apply in the case of a
4 taxpayer who—

5 “(I) demonstrates a lack of avail-
6 ability of qualified apprentices in the
7 geographic area of the construction,
8 alteration, or repair work, and

9 “(II) makes a good faith effort to
10 comply with the requirements of this
11 paragraph.

12 “(ii) GOOD FAITH EFFORT.—For pur-
13 poses of clause (i), a taxpayer shall be
14 deemed to have satisfied the requirements
15 under such paragraph with respect to an
16 applicable project if such taxpayer has re-
17 quested qualified apprentices from a reg-
18 istered apprenticeship program, as defined
19 in section 3131(e)(3)(B), and such request
20 has been denied, provided that such denial
21 is not the result of a refusal by the con-
22 tractors or subcontractors engaged in the
23 performance of construction, alteration, or
24 repair work on such applicable project to
25 comply with the established standards and

1 requirements of such apprenticeship pro-
2 gram.

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

5 “(i) LABOR HOURS.—The term ‘labor
6 hours’—

7 “(I) means the total number of
8 hours devoted to the performance of
9 construction, alteration, or repair
10 work by employees of the contractor
11 or subcontractor prior to a facility
12 being placed into service, and

13 “(II) excludes any hours worked
14 by—

15 “(aa) foremen,

16 “(bb) superintendents,

17 “(cc) owners, or

18 “(dd) persons employed in a
19 bona fide executive, administra-
20 tive, or professional capacity
21 (within the meaning of those
22 terms in part 541 of title 29,
23 Code of Federal Regulations).

24 “(ii) QUALIFIED APPRENTICE.—The
25 term ‘qualified apprentice’ has the mean-

1 ing given such term in section
2 45(b)(9)(E)(ii).

3 “(4) REGULATIONS AND GUIDANCE.—The Sec-
4 retary shall issue such regulations or other guidance
5 as the Secretary determines necessary or appropriate
6 to carry out the purposes of this subsection.

7 “(5) PENALTY FOR DIRECT PAY.—

8 “(A) IN GENERAL.—In the case of a tax-
9 payer making an election under section 6417
10 with respect to a credit under this section, the
11 amount of such credit shall be replaced with—

12 “(i) the value of such credit (deter-
13 mined without regard to this paragraph),
14 multiplied by

15 “(ii) the applicable percentage.

16 “(B) 100 PERCENT APPLICABLE PERCENT-
17 AGE FOR CERTAIN QUALIFIED FACILITIES.—In
18 the case of any qualified facility—

19 “(i) which satisfies the requirements
20 under paragraph (5) with respect to the
21 construction of such facility, or

22 “(ii) with a maximum net output of
23 less than 1 megawatt,
24 the applicable percentage shall be 100 percent.

1 “(C) PHASED DOMESTIC CONTENT RE-
2 QUIREMENT.—Subject to subparagraph (D), in
3 the case of any qualified facility which is not
4 described in subparagraph (B), the applicable
5 percentage shall be—

6 “(i) if construction of such facility
7 began before January 1, 2024, 100 per-
8 cent,

9 “(ii) if construction of such facility
10 began in calendar year 2024, 90 percent,

11 “(iii) if construction of such facility
12 began in calendar year 2025, 85 percent,
13 and

14 “(iv) if construction of such facility
15 began after December 31, 2025, 0 percent.

16 “(D) EXCEPTION.—If the Secretary, after
17 consultation with the Secretary of Commerce
18 and the United States Trade Representative,
19 determines that, for purposes of application of
20 the requirements under paragraph (5) with re-
21 spect to the construction of the qualified facil-
22 ity—

23 “(i) their application would be incon-
24 sistent with the public interest,

1 “(ii) such materials and products are
2 not produced in the United States in suffi-
3 cient and reasonably available quantities
4 and of a satisfactory quality, or

5 “(iii) inclusion of domestic material
6 will increase the cost of the construction of
7 the qualified facility by more than 25 per-
8 cent,
9 the applicable percentage shall be 100 per-
10 cent.”.

11 (b) ELECTIVE PAYMENT OF CREDIT.—Section
12 6417(b), as added and amended by the preceding provi-
13 sions of this Act, is amended by adding at the end the
14 following new paragraph:

15 “(7) The zero emissions facility credit deter-
16 mined under section 48E.”.

17 (c) CONFORMING AMENDMENTS.—

18 (1) Section 46 is amended by striking “and” at
19 the end of paragraph (6), by striking the period at
20 the end of paragraph (7) and inserting “, and”, and
21 by adding at the end the following new paragraph:

22 “(8) the zero emissions facility credit.”.

23 (2) Section 49(a)(1)(C) is amended by striking
24 “and” at the end of clause (v), by striking the pe-

1 riod at the end of clause (vi) and inserting a comma,
2 and by adding at the end the following new clause:

3 “(vii) the basis of any eligible prop-
4 erty which is part of a zero emissions facil-
5 ity under section 48D.”.

6 (3) Section 50(a)(2)(E) is amended by striking
7 “ or 48D” and inserting “48D, or 48E(b)(2)”.

8 (4) The table of sections for subpart E of part
9 IV of subchapter A of chapter 1 is amended by in-
10 sserting after the item relating to section 48D the
11 following new item:

Sec. 48E. Zero emissions facility credit.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to periods after December 31,
14 2021, under rules similar to the rules of section 48(m)
15 of the Internal Revenue Code of 1986 (as in effect on the
16 day before the date of the enactment of the Revenue Rec-
17 onciliation Act of 1990)

18 **SEC. 136107. EXTENSION AND MODIFICATION OF CREDIT**
19 **FOR CARBON OXIDE SEQUESTRATION.**

20 (a) EXTENSION.—Section 45Q(d)(1) is amended by
21 striking “January 1, 2026” and inserting “January 1,
22 2032”.

23 (b) MODIFICATION OF CARBON OXIDE CAPTURE RE-
24 QUIREMENTS.—Section 45Q(d)(2) is amended to read as
25 follows:

1 “(2) which captures—

2 “(A) in the case of a direct air capture fa-
3 cility, not less than 1,000 metric tons of quali-
4 fied carbon oxide during the taxable year,

5 “(B) in the case of an electricity gener-
6 ating facility, not less than 18,750 metric tons
7 of qualified carbon oxide during the taxable
8 year and not less than 75 percent of the carbon
9 oxide that would otherwise be released into the
10 atmosphere by such facility during such taxable
11 year, and

12 “(C) in the case of any other facility, not
13 less than 12,500 metric tons of qualified carbon
14 oxide during the taxable year and not less than
15 50 percent of the carbon oxide that would oth-
16 erwise be released into the atmosphere by such
17 facility during such taxable year.”.

18 (c) DETERMINATION OF APPLICABLE DOLLAR
19 AMOUNT.—

20 (1) IN GENERAL.—Section 45Q(b)(1) is amend-
21 ed by redesignating subparagraph (B) as subpara-
22 graph (C) and by inserting after subparagraph (A)
23 the following new subparagraph:

24 “(B) SPECIAL RULE FOR DIRECT AIR CAP-
25 TURE FACILITIES.—For any taxable year begin-

1 ning after December 31, 2021, in the case of
2 any qualified facility described in subsection
3 (d)(2)(C), the applicable dollar amount shall be
4 an amount equal to—

5 “(i) for purposes of paragraph (3) of
6 subsection (a), an amount equal to the
7 product of \$180 and the inflation adjust-
8 ment factor for such calendar year deter-
9 mined under section 43(b)(3)(B) for such
10 calendar year, determined by substituting
11 ‘2020’ for ‘1990’, and

12 “(ii) for purposes of paragraph (4) of
13 such subsection, an amount equal to the
14 product of \$130 and the inflation adjust-
15 ment factor for such calendar year deter-
16 mined under section 43(b)(3)(B) for such
17 calendar year, determined by substituting
18 ‘2020’ for ‘1990’.”.

19 (2) CONFORMING AMENDMENTS.—

20 (A) Section 45Q(b)(1)(A) is amended by
21 striking “The applicable dollar amount” and in-
22 serting “Except as provided in subparagraph
23 (B), the applicable dollar amount”.

24 (B) Section 45Q(b)(1)(C), as redesignated
25 by subparagraph (A), is amended by striking

1 “subparagraph (A)” and inserting “subpara-
2 graph (A) or (B)”.

3 (d) WAGE AND APPRENTICESHIP REQUIREMENTS.—

4 Section 45Q is amended by redesignating subsection (h)
5 as subsection (i) and inserting after subsection (g) fol-
6 lowing new subsection:

7 “(h) BASE CREDIT AMOUNT AND INCREASED CRED-
8 IT AMOUNT FOR QUALIFIED FACILITIES AND CARBON
9 CAPTURE EQUIPMENT.—

10 “(1) IN GENERAL.—In the case of any qualified
11 facility and any carbon capture equipment which
12 does not satisfy the requirements of paragraph (2),
13 the amount of the credit determined under sub-
14 section (a) shall be 20 percent of such amount (de-
15 termined without regard to this sentence).

16 “(2) INCREASED CREDIT FOR CERTAIN FACILI-
17 TIES AND CARBON CAPTURE EQUIPMENT MEETING
18 PROJECT REQUIREMENTS.—

19 “(A) IN GENERAL.—In the case of any
20 qualified facility and any carbon capture equip-
21 ment placed in service at such facility which
22 meets the project requirements of this subpara-
23 graph, subparagraph (A) shall not apply.

1 “(B) PROJECT REQUIREMENTS.—A project
2 meets the requirements of this subparagraph if
3 it is one of the following:

4 “(i) A qualified facility with a max-
5 imum net output of less than 1 megawatt.

6 “(ii) A qualified facility or any carbon
7 capture equipment placed in service at
8 such facility which commences construction
9 prior to the date of the enactment of this
10 paragraph.

11 “(iii) A project which satisfies the re-
12 quirements of paragraphs (3) and (4).

13 “(3) PREVAILING WAGE REQUIREMENTS.—

14 “(A) IN GENERAL.—The requirements de-
15 scribed in this subparagraph with respect to
16 any qualified facility and any carbon capture
17 equipment placed in service at such facility are
18 that the taxpayer shall ensure that any laborers
19 and mechanics employed by contractors and
20 subcontractors in—

21 “(i) the construction of such facility
22 and carbon capture equipment,

23 “(ii) the alteration or repair of such
24 facility and carbon capture equipment dur-
25 ing the 12 year-period after being placed

1 into service, or for carbon capture equip-
2 ment placed in service prior to 2018, until
3 the date determined by the Secretary
4 under subsection (g),
5 shall be paid wages at rates not less than the
6 prevailing rates for construction, alteration, or
7 repair of a similar character in the locality as
8 most recently determined by the Secretary of
9 Labor, in accordance with subchapter IV of
10 chapter 31 of title 40, United States Code.

11 “(B) CORRECTION AND PENALTY RELATED
12 TO FAILURE TO SATISFY WAGE REQUIRE-
13 MENTS.—

14 “(i) IN GENERAL.—In the case of any
15 taxpayer which fails to satisfy the require-
16 ment under subparagraph (A) with respect
17 to the construction of any qualified facility
18 or with respect to the alteration or repair
19 of a facility in any year during the period
20 described in subparagraph (A)(ii), such
21 taxpayer shall be deemed to have satisfied
22 such requirement under such subparagraph
23 with respect to such facility and carbon
24 capture equipment for any year if, with re-
25 spect to any laborer or mechanic who was

1 paid wages at a rate below the rate de-
2 scribed in such subparagraph for any pe-
3 riod during such year, such taxpayer—

4 “(I) makes payment to such la-
5 borer or mechanic in an amount equal
6 to the sum of an amount equal to the
7 difference between the amount of
8 wages paid to such laborer or me-
9 chanic during such period, and—

10 “(aa) the amount of wages
11 required to be paid to such la-
12 borer or mechanic pursuant to
13 such subparagraph during such
14 period, plus

15 “(bb) interest on the
16 amount determined under item
17 (aa) at the underpayment rate
18 established under section 6621
19 for the period described in such
20 item, and

21 “(II) makes payment to the Sec-
22 retary of a penalty in an amount
23 equal to the product of—

24 “(aa) \$5,000, multiplied by

1 “(bb) the total number of la-
2 borers and mechanics who were
3 paid wages at a rate below the
4 rate described in subparagraph
5 (A) for any period during such
6 year.

7 “(ii) PENALTY ASSESSED AS TAX.—
8 The penalty described in clause (i)(II)
9 shall be treated in the same manner as a
10 penalty imposed under subchapter B of
11 chapter 68.

12 “(4) APPRENTICESHIP REQUIREMENTS.—The
13 requirements described in this paragraph with re-
14 spect to any qualified facility and carbon capture
15 equipment are as follows:

16 “(A) LABOR HOURS.—

17 “(i) PERCENTAGE OF TOTAL LABOR
18 HOURS.—All contractors and subcontractors
19 engaged in the performance of con-
20 struction, alteration, or repair work on any
21 facility and carbon capture equipment
22 prior to such facility being placed into
23 service shall, subject to subparagraph (B),
24 ensure that not less than the applicable
25 percentage of the total labor hours of such

1 work be performed by qualified appren-
2 tices.

3 “(ii) APPLICABLE PERCENTAGE.—For
4 purposes of paragraph (1), the applicable
5 percentage shall be—

6 “(I) in the case of any applicable
7 project the construction of which be-
8 gins before January 1, 2023, 5 per-
9 cent,

10 “(II) in the case of any applica-
11 ble project the construction of which
12 begins after December 31, 2022, and
13 before January 1, 2024, 10 percent,
14 and

15 “(III) in the case of any applica-
16 ble project the construction of which
17 begins after December 31, 2023, 15
18 percent.

19 “(B) APPRENTICE TO JOURNEYWORKER
20 RATIO.—The requirement under subparagraph
21 (A)(i) shall be subject to any applicable require-
22 ments for apprentice-to-journeyworker ratios of
23 the Department of Labor or the applicable
24 State apprenticeship agency.

1 “(C) PARTICIPATION.—Each contractor
2 and subcontractor who employs 4 or more indi-
3 viduals to perform construction, alteration, or
4 repair work on an applicable project shall em-
5 ploy 1 or more qualified apprentices to perform
6 such work.

7 “(D) EXCEPTION.—

8 “(i) IN GENERAL.—Notwithstanding
9 any other provision of this paragraph, this
10 paragraph shall not apply in the case of a
11 taxpayer who—

12 “(I) demonstrates a lack of avail-
13 ability of qualified apprentices in the
14 geographic area of the construction,
15 alteration, or repair work, and

16 “(II) makes a good faith effort to
17 comply with the requirements of this
18 paragraph.

19 “(ii) GOOD FAITH EFFORT.—For pur-
20 poses of clause (i), a taxpayer shall be
21 deemed to have satisfied the requirements
22 under such paragraph with respect to an
23 applicable project if such taxpayer has re-
24 quested qualified apprentices from a reg-
25 istered apprenticeship program, as defined

1 in section 3131(e)(3)(B), and such request
2 has been denied, provided that such denial
3 is not the result of a refusal by the con-
4 tractors or subcontractors engaged in the
5 performance of construction, alteration, or
6 repair work on such applicable project to
7 comply with the established standards and
8 requirements of such apprenticeship pro-
9 gram.

10 “(E) DEFINITIONS.—For purposes of this
11 paragraph—

12 “(i) LABOR HOURS.—The term ‘labor
13 hours’ has the meaning given such term in
14 section 45(b)(9)(E)(i).

15 “(ii) QUALIFIED APPRENTICE.—The
16 term ‘qualified apprentice’ has the mean-
17 ing given such term in section
18 45(b)(9)(E)(ii).

19 “(5) REGULATIONS AND GUIDANCE.—The Sec-
20 retary shall issue such regulations or other guidance
21 as the Secretary determines necessary or appropriate
22 to carry out the purposes of this subsection.”.

23 (e) INCREASED APPLICABLE DOLLAR AMOUNT.—

24 (1) IN GENERAL.—Section 45Q(b)(1) is amend-
25 ed—

1 (A) by amending clause (i) of subpara-
2 graph (A) to read as follows:

3 “(i) for any taxable year beginning in
4 a calendar year after 2016 and before
5 2027—

6 “(I) for purposes of paragraph
7 (3) of subsection (a), \$50 for each
8 calendar year during such period, and

9 “(II) for purposes of paragraph
10 (4) of such subsection, \$35 for each
11 calendar year during such period,
12 and”,

13 (B) by redesignating subparagraphs (B)
14 and (C) as subparagraphs (C) and (D), and

15 (C) by inserting after subparagraph (A)
16 the following new subparagraph:

17 “(B) INFLATION ADJUSTMENT.—In the
18 case of any taxable year beginning in a calendar
19 year after 2025, each of the dollar amounts in
20 subparagraph (A)(i) shall be increased by an
21 amount equal to—

22 “(i) such dollar amount, multiplied by

23 “(ii) the cost-of-living adjustment de-
24 termined under section 1(f)(3) for the cal-
25 endar year in which the taxable year be-

1 gins, determined by substituting ‘calendar
2 year 2024’ for ‘calendar year 2016’ in sub-
3 paragraph (A)(ii) thereof.

4 Any increase determined under the preceding
5 sentence shall be rounded to the nearest cent.”.

6 (f) EFFECTIVE DATES.—

7 (1) EXTENSION.—The amendment made by
8 subsection (a) shall apply to facilities the construc-
9 tion of which begins after December 31, 2025.

10 (2) OTHER AMENDMENTS.—The amendments
11 made by subsections (b), (c), (d), and (e) shall apply
12 to taxable years beginning after December 31, 2021.

13 **SEC. 136108. GREEN ENERGY PUBLICLY TRADED PARTNER-**
14 **SHIPS.**

15 (a) IN GENERAL.—Section 7704(d)(1)(E) is amend-
16 ed—

17 (1) by striking “income and gains derived from
18 the exploration” and inserting “income and gains
19 derived from—

20 “(i) the exploration”,

21 (2) by inserting “or” before “industrial
22 source”, and

23 (3) by striking “, or the transportation or stor-
24 age” and all that follows and inserting the following:

1 “(ii) the generation of electric power
2 or thermal energy exclusively using any
3 qualified energy resource (as defined in
4 section 45(c)(1)),

5 “(iii) the operation of energy property
6 (as defined in section 48(a)(3), determined
7 without regard to any date by which the
8 construction of the facility is required to
9 begin),

10 “(iv) in the case of a facility described
11 in paragraph (3) or (7) of section 45(d)
12 (determined without regard to any placed
13 in service date or date by which construc-
14 tion of the facility is required to begin),
15 the accepting or processing of open-loop
16 biomass or municipal solid waste,

17 “(v) the transportation or storage of
18 any fuel described in subsection (b), (c),
19 (d), or (e) of section 6426,

20 “(vi) the conversion of renewable bio-
21 mass (as defined in subparagraph (I) of
22 section 211(o)(1) of the Clean Air Act (as
23 in effect on the date of the enactment of
24 this clause)) into renewable fuel (as de-
25 fined in subparagraph (J) of such section

1 as so in effect), or the storage or transpor-
2 tation of such fuel,

3 “(vii) the production, storage, or
4 transportation of any fuel which—

5 “(I) uses as its primary feedstock
6 carbon oxides captured from an an-
7 thropogenic source or the atmosphere,

8 “(II) does not use as its primary
9 feedstock carbon oxide which is delib-
10 erately released from naturally occur-
11 ring subsurface springs, and

12 “(III) is determined by the Sec-
13 retary, after consultation with the
14 Secretary of Energy and the Adminis-
15 trator of the Environmental Protec-
16 tion Agency, to achieve a reduction of
17 not less than a 60 percent in lifecycle
18 greenhouse gas emissions (as defined
19 in section 211(o)(1)(H) of the Clean
20 Air Act, as in effect on the date of the
21 enactment of this clause) compared to
22 baseline lifecycle greenhouse gas emis-
23 sions (as defined in section
24 211(o)(1)(C) of such Act, as so in ef-
25 fect), or

1 “(viii) a qualified facility (as defined
2 in section 45Q(d), without regard to any
3 date by which construction of the facility is
4 required to begin).”.

5 (b) **EFFECTIVE DATE.**—The amendments made by
6 this section apply to taxable years beginning after Decem-
7 ber 31, 2021.

8 **SEC. 136109. ZERO-EMISSION NUCLEAR POWER PRODUC-**
9 **TION CREDIT.**

10 (a) **IN GENERAL.**—Subpart D of part IV of sub-
11 chapter A of chapter 1 of the Internal Revenue Code of
12 1986 is amended by adding at the end the following new
13 section:

14 **“SEC. 45W. ZERO-EMISSION NUCLEAR POWER PRODUCTION**
15 **CREDIT.**

16 “(a) **AMOUNT OF CREDIT.**—For purposes of section
17 38, the zero-emission nuclear power production credit for
18 any taxable year is an amount equal to the amount by
19 which—

20 “(1) the product of—

21 “(A) 1.5 cents, multiplied by

22 “(B) the kilowatt hours of electricity—

23 “(i) produced by the taxpayer at a
24 qualified nuclear power facility, and

1 “(ii) sold by the taxpayer to an unre-
2 lated person during the taxable year, ex-
3 ceeds

4 “(2) the reduction amount for such taxable
5 year.

6 “(b) DEFINITIONS.—

7 “(1) QUALIFIED NUCLEAR POWER FACILITY.—
8 For purposes of this section, the term ‘qualified nu-
9 clear power facility’ means any nuclear facility—

10 “(A) which is owned by the taxpayer and
11 which uses nuclear energy to produce elec-
12 tricity,

13 “(B) which has not received an allocation
14 under section 45J(b), and

15 “(C) which is placed in service before the
16 date of the enactment of this section.

17 “(2) REDUCTION AMOUNT.—

18 “(A) IN GENERAL.—For purposes of this
19 section, the term ‘reduction amount’ means,
20 with respect to any qualified nuclear power fa-
21 cility for any taxable year, the amount equal to
22 the lesser of—

23 “(i) the amount determined under
24 subsection (a)(1), or

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1 “(ii) the amount equal to 80 percent
2 of the excess of—

3 “(I) subject to subparagraph (B),
4 the gross receipts from any electricity
5 produced by such facility (including
6 any electricity services or products
7 provided in conjunction with the elec-
8 tricity produced by such facility) and
9 sold to an unrelated person during
10 such taxable year, over

11 “(II) the amount equal to the
12 product of—

13 “(aa) 2.5 cents, multiplied
14 by

15 “(bb) the amount deter-
16 mined under subsection
17 (a)(1)(B).

18 “(B) TREATMENT OF CERTAIN RE-
19 CEIPTS.—

20 “(i) IN GENERAL.—The amount de-
21 termined under subparagraph (A)(ii)(I)
22 shall include any amount received by the
23 taxpayer during the taxable year with re-
24 spect to the qualified nuclear power facility
25 from a zero-emission credit program unless

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1 the amount received by the taxpayer is
2 subject to reduction—

3 “(I) by the full amount of the
4 credit determined under this section,
5 or

6 “(II) by any lesser amount if
7 such amount entirely offsets the
8 amount received from a zero-emission
9 credit program.

10 “(ii) ZERO-EMISSION CREDIT PRO-
11 GRAM.—For purposes of this subpara-
12 graph, the term ‘zero-emission credit pro-
13 gram’ means any payments to a qualified
14 nuclear power facility as a result of any
15 Federal, State or local government pro-
16 gram for, in whole or in part, the zero-
17 emission, zero-carbon, or air quality at-
18 tributes of any portion of the electricity
19 produced by such facility.

20 “(3) ELECTRICITY.—For purposes of this sec-
21 tion, the term ‘electricity’ means the energy pro-
22 duced by a qualified nuclear power facility from the
23 conversion of nuclear fuel into electric power.

24 “(c) OTHER RULES.—

1 “(1) INFLATION ADJUSTMENT.—The 1.5 cent
2 amount in subsection (a)(1)(A) and the 2.5 cent
3 amount in subsection (b)(2)(A)(ii)(II)(aa) shall each
4 be adjusted by multiplying such amount by the infla-
5 tion adjustment factor (as determined under section
6 45(e)(2), as applied by substituting ‘calendar year
7 2022’ for ‘calendar year 1992’ in subparagraph (B)
8 thereof) for the calendar year in which the sale oc-
9 curs. If any amount as increased under the pre-
10 ceding sentence is not a multiple of 0.1 cent, such
11 amount shall be rounded to the nearest multiple of
12 0.1 cent.

13 “(2) SPECIAL RULES.—Rules similar to the
14 rules of paragraphs (1), (3), (4), and (5) of section
15 45(e) shall apply for purposes of this section.

16 “(3) DENIAL OF DOUBLE BENEFIT.—No credit
17 shall be allowed under section 48E for any power
18 production for which a credit is taken under this
19 section.

20 “(d) WAGE AND APPRENTICESHIP REQUIRE-
21 MENTS.—

22 “(1) BASE CREDIT AMOUNT AND INCREASED
23 CREDIT AMOUNT FOR QUALIFIED NUCLEAR POWER
24 FACILITIES.—

1 “(A) IN GENERAL.—In the case of any
2 qualified nuclear power facility which does not
3 satisfy the requirements of subparagraph (B),
4 the amount of the credit determined under sub-
5 section (a) and the 2.5 cent amount in sub-
6 section (b)(2)(A)(ii)(II)(aa) shall be 20 percent
7 of such amount (determined without regard to
8 this sentence).

9 “(B) INCREASED CREDIT FOR CERTAIN FA-
10 CILITIES MEETING PROJECT REQUIREMENTS.—

11 “(i) IN GENERAL.—In the case of any
12 qualified nuclear power facility which
13 meets the project requirements of this sub-
14 paragraph, subparagraph (A) shall not
15 apply.

16 “(ii) PROJECT REQUIREMENTS.—A
17 project meets the requirements of this sub-
18 paragraph if it is one of the following:

19 “(I) A project with a maximum
20 net output of less than 1 megawatt.

21 “(II) A project which satisfies
22 the requirements of paragraphs (2)
23 and (3).

24 “(2) PREVAILING WAGE REQUIREMENTS.—

1 “(A) IN GENERAL.—The taxpayer shall en-
2 sure that any laborers and mechanics employed
3 by contractors and subcontractors in the alter-
4 ation or repair of a facility shall be paid wages
5 at rates not less than the prevailing rates for
6 construction, alteration, or repair of a similar
7 character in the locality as most recently deter-
8 mined by the Secretary of Labor, in accordance
9 with subchapter IV of chapter 31 of title 40,
10 United States Code.

11 “(B) CORRECTION AND PENALTY RELATED
12 TO FAILURE TO SATISFY WAGE REQUIRE-
13 MENTS.—

14 “(i) IN GENERAL.—In the case of any
15 taxpayer which fails to satisfy the require-
16 ment under subparagraph (A), such tax-
17 payer shall be deemed to have satisfied
18 such requirement under such subparagraph
19 with respect to such facility for any year if,
20 with respect to any laborer or mechanic
21 who was paid wages at a rate below the
22 rate described in such subparagraph for
23 any period during such year, such tax-
24 payer—

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1 “(I) makes payment to such la-
2 borer or mechanic in an amount equal
3 to the sum of—

4 “(aa) an amount equal to
5 the difference between the
6 amount of wages paid to such la-
7 borer or mechanic during such
8 period, and—

9 “(AA) the amount of
10 wages required to be paid to
11 such laborer or mechanic
12 pursuant to such subpara-
13 graph during such period,
14 plus

15 “(BB) interest on the
16 amount determined under
17 item (aa) at the under-
18 payment rate established
19 under section 6621 for the
20 period described in such
21 item, and

22 “(II) makes payment to the Sec-
23 retary of a penalty in an amount
24 equal to the product of—

25 “(aa) \$5,000, multiplied by

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1 “(bb) the total number of la-
2 borers and mechanics who were
3 paid wages at a rate below the
4 rate described in subparagraph
5 (A) for any period during such
6 year.

7 “(ii) PENALTY ASSESSED AS TAX.—
8 The penalty described in clause (i)(II)
9 shall be treated in the same manner as a
10 penalty imposed under subchapter B of
11 chapter 68.

12 “(3) APPRENTICESHIP REQUIREMENTS.—The
13 requirements described in this subparagraph with re-
14 spect to any qualified nuclear power facility are as
15 follows:

16 “(A) LABOR HOURS.—

17 “(i) PERCENTAGE OF TOTAL LABOR
18 HOURS.—All contractors and subcontractors
19 engaged in the performance of alter-
20 ation or repair work on any qualified nu-
21 clear power facility shall, subject to sub-
22 paragraph (B), ensure that not less than
23 the applicable percentage of the total labor
24 hours of such work be performed by quali-
25 fied apprentices.

1 “(ii) APPLICABLE PERCENTAGE.—For
2 purposes of paragraph (1), the applicable
3 percentage shall be—

4 “(I) in the case of any applicable
5 project the construction of which be-
6 gins before January 1, 2023, 5 per-
7 cent,

8 “(II) in the case of any applica-
9 ble project the construction of which
10 begins after December 31, 2022, and
11 before January 1, 2024, 10 percent,
12 and

13 “(III) in the case of any applica-
14 ble project the construction of which
15 begins after December 31, 2023, 15
16 percent.

17 “(B) APPRENTICE TO JOURNEYWORKER
18 RATIO.—The requirement under subparagraph
19 (A)(i) shall be subject to any applicable require-
20 ments for apprentice-to-journeyworker ratios of
21 the Department of Labor or the applicable
22 State apprenticeship agency.

23 “(C) PARTICIPATION.—Each contractor
24 and subcontractor who employs 4 or more indi-
25 viduals to perform construction, alteration, or

1 repair work on an applicable project shall em-
2 ploy 1 or more qualified apprentices to perform
3 such work.

4 “(D) EXCEPTION.—

5 “(i) IN GENERAL.—Notwithstanding
6 any other provision of this paragraph, this
7 paragraph shall not apply in the case of a
8 taxpayer who—

9 “(I) demonstrates a lack of avail-
10 ability of qualified apprentices in the
11 geographic area of the construction,
12 alteration, or repair work, and

13 “(II) makes a good faith effort to
14 comply with the requirements of this
15 paragraph.

16 “(ii) GOOD FAITH EFFORT.—For pur-
17 poses of clause (i), a taxpayer shall be
18 deemed to have satisfied the requirements
19 under such paragraph with respect to an
20 applicable project if such taxpayer has re-
21 quested qualified apprentices from a reg-
22 istered apprenticeship program, as defined
23 in section 3131(e)(3)(B), and such request
24 has been denied, provided that such denial
25 is not the result of a refusal by the con-

1 tractors or subcontractors engaged in the
2 performance of construction, alteration, or
3 repair work on such applicable project to
4 comply with the established standards and
5 requirements of such apprenticeship pro-
6 gram.

7 “(E) DEFINITIONS.—For purposes of this
8 paragraph—

9 “(i) LABOR HOURS.—The term ‘labor
10 hours’ has the meaning given such term in
11 section 45(b)(9)(E)(i).

12 “(ii) QUALIFIED APPRENTICE.—The
13 term ‘qualified apprentice’ has the mean-
14 ing given such term in section
15 45(b)(9)(E)(ii).

16 “(4) REGULATIONS AND GUIDANCE.—The Sec-
17 retary shall issue such regulations or other guidance
18 as the Secretary determines necessary or appropriate
19 to carry out the purposes of this subsection.

20 “(e) TERMINATION.—This section shall not apply to
21 taxable years beginning after December 31, 2026.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 38(b) of the Internal Revenue Code
24 of 1986 is amended—

1 (A) in paragraph (36), by striking “plus”
2 at the end,

3 (B) in paragraph (37), by striking the pe-
4 riod at the end and inserting “, plus”, and

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

7 “(38) the zero-emission nuclear power produc-
8 tion credit determined under section 45W(a).”.

9 (2) The table of sections for subpart D of part
10 IV of subchapter A of chapter 1 of such Code is
11 amended by adding at the end the following new
12 item:

“Sec. 45W. Zero-emission nuclear power production credit.”.

13 (c) ELECTIVE PAYMENT OF CREDIT.—Section
14 6417(b), as added by the preceding provisions of this Act,
15 is amended by adding at the end the following new para-
16 graph:

17 “(8) The zero-emission nuclear power produc-
18 tion credit determined under section 45W.”.

19 (d) EFFECTIVE DATE.—This section shall apply to
20 electricity produced and sold after December 31, 2021, in
21 taxable years beginning after such date.

1 **PART 2—RENEWABLE FUELS**
2 **SEC. 136201. EXTENSION OF INCENTIVES FOR BIODIESEL,**
3 **RENEWABLE DIESEL AND ALTERNATIVE**
4 **FUELS.**

5 (a) BIODIESEL AND RENEWABLE DIESEL CREDIT.—
6 Section 40A(g) is amended by striking “December 31,
7 2022” and inserting “December 31, 2031”.

8 (b) BIODIESEL MIXTURE CREDIT.—

9 (1) IN GENERAL.—Section 6426(c)(6) is
10 amended by striking “December 31, 2022” and in-
11 sserting “December 31, 2031”.

12 (2) FUELS NOT USED FOR TAXABLE PUR-
13 POSES.—Section 6427(e)(6)(B) is amended by strik-
14 ing “December 31, 2022” and inserting “December
15 31, 2031”.

16 (c) ALTERNATIVE FUEL CREDIT.—Section
17 6426(d)(5) is amended by striking “December 31, 2021”
18 and inserting “December 31, 2031”.

19 (d) ALTERNATIVE FUEL MIXTURE CREDIT.—Section
20 6426(e)(3) is amended by striking “December 31, 2021”
21 and inserting “December 31, 2031”.

22 (e) PAYMENTS FOR ALTERNATIVE FUELS.—Section
23 6427(e)(6)(C) is amended by striking “December 31,
24 2021” and inserting “December 31, 2031”.

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to fuel sold or used after December
3 31, 2021.

4 **SEC. 136202. EXTENSION OF SECOND GENERATION**
5 **BIOFUEL INCENTIVES.**

6 (a) IN GENERAL.—Section 40(b)(6)(J)(i) is amended
7 by striking “2022” and inserting “2032”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to qualified second generation
10 biofuel production after December 31, 2021.

11 **SEC. 136203. SUSTAINABLE AVIATION FUEL CREDIT.**

12 (a) IN GENERAL.—Subpart D of part IV of sub-
13 chapter A of chapter 1 is amended by inserting after sec-
14 tion 40A the following new section:

15 **“SEC. 40B. SUSTAINABLE AVIATION FUEL CREDIT.**

16 “(a) IN GENERAL.—For purposes of section 38, the
17 sustainable aviation fuel credit for the taxable year is, with
18 respect to any sale or use of a qualified mixture which
19 occurs during such taxable year, an amount equal to the
20 product of—

21 “(1) the number of gallons of sustainable avia-
22 tion fuel in such mixture, multiplied by

23 “(2) the sum of—

24 “(A) \$1.25, plus

1 “(B) the applicable supplementary amount
2 with respect to such sustainable aviation fuel.

3 “(b) APPLICABLE SUPPLEMENTARY AMOUNT.—For
4 purposes of this section, the term ‘applicable supple-
5 mentary amount’ means, with respect to any sustainable
6 aviation fuel, an amount equal to \$0.01 for each percent-
7 age point by which the lifecycle greenhouse gas emissions
8 reduction percentage with respect to such fuel exceeds 50
9 percent. In no event shall the applicable supplementary
10 amount determined under this subsection exceed \$0.50.

11 “(c) QUALIFIED MIXTURE.—For purposes of this
12 section, the term ‘qualified mixture’ means a mixture of
13 sustainable aviation fuel and kerosene if—

14 “(1) such mixture is produced by the taxpayer
15 in the United States,

16 “(2) such mixture is used by the taxpayer (or
17 sold by the taxpayer for use) in an aircraft,

18 “(3) such sale or use is in the ordinary course
19 of a trade or business of the taxpayer, and

20 “(4) the transfer of such mixture to the fuel
21 tank of such aircraft occurs in the United States.

22 “(d) SUSTAINABLE AVIATION FUEL.—For purposes
23 of this section, the term ‘sustainable aviation fuel’ means
24 liquid fuel which—

25 “(1) meets the requirements of—

1 “(A) ASTM International Standard
2 D7566, or

3 “(B) the Fischer Tropsch provisions of
4 ASTM International Standard D1655, Annex
5 A1,

6 “(2) is not derived from palm fatty distillates or
7 petroleum, and

8 “(3) has been certified in accordance with sub-
9 section (e) as having a lifecycle greenhouse gas emis-
10 sions reduction percentage of at least 50 percent.

11 “(e) LIFECYCLE GREENHOUSE GAS EMISSIONS RE-
12 DUCTION PERCENTAGE.—For purposes of this section—

13 “(1) IN GENERAL.—The term ‘lifecycle green-
14 house gas emissions reduction percentage’ means,
15 with respect to any sustainable aviation fuel, the
16 percentage reduction in lifecycle greenhouse gas
17 emissions achieved by such fuel in comparison with
18 petroleum-based jet fuel as stated in a certification
19 which meets the requirements of paragraphs (2).

20 “(2) CERTIFICATION METHODOLOGY.—A cer-
21 tification meets the requirements of this paragraph
22 if such certification (including the methodology and
23 process of such certification) conforms with all re-
24 quirements (including requirements related to
25 traceability and information transmission) of the

1 most recent Carbon Offsetting and Reduction
2 Scheme for International Aviation which has been
3 adopted by the International Civil Aviation Organi-
4 zation with the agreement of the United States.

5 “(3) OPTION TO OBTAIN CERTIFICATION FROM
6 SECRETARY.—Not later than 24 months after the
7 date of the enactment of this section, the Secretary,
8 after consultation with the Secretary of Energy and
9 the Administrator of the Environmental Protection
10 Agency, shall establish procedures pursuant to which
11 taxpayers may obtain a certification which meets the
12 requirements of paragraph (2) from the Secretary.

13 “(f) REGISTRATION OF SUSTAINABLE AVIATION
14 FUEL PRODUCERS.—No credit shall be allowed under this
15 section with respect to any sustainable aviation fuel unless
16 the producer of such fuel has entered into an agreement
17 with the Secretary to provide the Secretary such informa-
18 tion with respect to such fuel as the Secretary may require
19 for purposes of carrying out this section.

20 “(g) COORDINATION WITH CREDIT AGAINST EXCISE
21 TAX.—The amount of the credit determined under this
22 section with respect to any sustainable aviation fuel shall,
23 under rules prescribed by the Secretary, be properly re-
24 duced to take into account any benefit provided with re-

1 spect to such sustainable aviation fuel solely by reason of
2 the application of section 6426 or 6427(e).

3 “(h) TERMINATION.—This section shall not apply to
4 any sale or use after December 31, 2031.”.

5 (b) CREDIT MADE PART OF GENERAL BUSINESS
6 CREDIT.— Section 38(b) is amended by striking “plus”
7 at the end of paragraph (37), by striking the period at
8 the end of paragraph (38) and inserting “, plus”, and by
9 inserting after paragraph (38) the following new para-
10 graph:

11 “(39) the sustainable aviation fuel credit deter-
12 mined under section 40B.”.

13 (c) COORDINATION WITH BIODIESEL INCENTIVES.—

14 (1) IN GENERAL.—Section 40A(d)(1) is amend-
15 ed by inserting “or 40B” after “determined under
16 section 40”.

17 (2) CONFORMING AMENDMENT.—Section
18 40A(f) is amended by striking paragraph (4).

19 (d) SUSTAINABLE AVIATION FUEL ADDED TO CRED-
20 IT FOR ALCOHOL FUEL, BIODIESEL, AND ALTERNATIVE
21 FUEL MIXTURES.—

22 (1) IN GENERAL.—Section 6426 is amended by
23 adding at the end the following new subsection:

24 “(k) SUSTAINABLE AVIATION FUEL CREDIT.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the sustainable aviation fuel credit for the tax-
3 able year is, with respect to any sale or use of a
4 qualified mixture, an amount equal to the product
5 of—

6 “(A) the number of gallons of sustainable
7 aviation fuel in such mixture, multiplied by

8 “(B) the sum of—

9 “(i) \$1.25, plus

10 “(ii) the applicable supplementary
11 amount with respect to such sustainable
12 aviation fuel.

13 “(2) APPLICABLE SUPPLEMENTARY AMOUNT.—
14 For purposes of this subsection, the term ‘applicable
15 supplementary amount’ has the meaning given such
16 term in section 40B(b).

17 “(3) OTHER DEFINITIONS.—Any term used in
18 this subsection which is also used in section 40B
19 shall have the meaning given such term by section
20 40B.

21 “(4) REGISTRATION REQUIREMENT.—For pur-
22 poses of this subsection, rules similar to the rules of
23 section 40B(f) shall apply.”.

24 (2) CONFORMING AMENDMENTS.—

25 (A) Section 6426 is amended—

1 (i) in subsection (a)(1), by striking
2 “and (e)” and inserting “(e), and (k)”,
3 and

4 (ii) in subsection (h), by striking
5 “under section 40 or 40A” and inserting
6 “under section 40, 40A, or 40B”.

7 (B) Section 6427(e)(6) is amended by
8 striking the “and” at the end of subparagraph
9 (C), by striking the period at the end of sub-
10 paragraph (D) and inserting “, and”, and by
11 adding at the end the following new subpara-
12 graph:

13 “(E) any qualified mixture of sustainable
14 aviation fuel (as defined in section 6426(k)(3))
15 sold or used after December 31, 2031.”.

16 (e) GUIDANCE.—Under rules prescribed by the Sec-
17 retary of the Treasury (or the Secretary’s delegate), the
18 amount of the credit allowed under section 40B of the In-
19 ternal Revenue Code of 1986 (as added by this subsection)
20 shall be properly reduced to take into account any benefit
21 provided with respect to sustainable aviation fuel (as de-
22 fined in such section 40B) by reason of the application
23 of section 6426 or section 6427(e).

24 (f) AMOUNT OF CREDIT INCLUDED IN GROSS IN-
25 COME.—Section 87 is amended by striking “and” in para-

1 graph (1), by striking the period at the end of paragraph
2 (2) and inserting “, and”, and by adding at the end the
3 following new paragraph:

4 “(3) the sustainable aviation fuel credit deter-
5 mined with respect to the taxpayer for the taxable
6 year under section 40B(a).”.

7 (g) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to fuel sold or used after December
9 31, 2022.

10 **SEC. 136204. CLEAN HYDROGEN.**

11 (a) CREDIT FOR PRODUCTION OF CLEAN HYDRO-
12 GEN.—

13 (1) IN GENERAL.—Subpart D of part IV of
14 subchapter A of chapter 1 is amended by adding at
15 the end the following new section:

16 **“SEC. 45X. CREDIT FOR PRODUCTION OF CLEAN HYDRO-
17 GEN.**

18 “(a) AMOUNT OF CREDIT.—For purposes of section
19 38, the clean hydrogen production credit for any taxable
20 year is an amount equal to the product of—

21 “(1) the applicable amount, multiplied by

22 “(2) the kilograms of qualified clean hydrogen
23 produced by the taxpayer during such taxable year
24 at a qualified clean hydrogen production facility dur-

1 ing the 10-year period beginning on the date such
2 facility was originally placed in service.

3 “(b) APPLICABLE AMOUNT.—

4 “(1) IN GENERAL.—For purposes of subsection
5 (a)(1), the applicable amount shall be an amount
6 equal to the applicable percentage of \$3.00. If any
7 amount as determined under the preceding sentence
8 is not a multiple of 0.1 cent, such amount shall be
9 rounded to the nearest multiple of 0.1 cent.

10 “(2) APPLICABLE PERCENTAGE.—For purposes
11 of paragraph (1), the term ‘applicable percentage’
12 means—

13 “(A) in the case of any qualified clean hy-
14 drogen which is produced through a process
15 that, as compared to hydrogen produced by
16 steam-methane reforming, achieves a percent-
17 age reduction in lifecycle greenhouse gas emis-
18 sions which is less than 75 percent, 20 percent,

19 “(B) in the case of any qualified clean hy-
20 drogen which is produced through a process
21 that, as compared to hydrogen produced by
22 steam-methane reforming, achieves a percent-
23 age reduction in lifecycle greenhouse gas emis-
24 sions which is not less than 75 percent and less
25 than 85 percent, 25 percent,

1 “(C) in the case of any qualified clean hy-
2 drogen which is produced through a process
3 that, as compared to hydrogen produced by
4 steam-methane reforming, achieves a percent-
5 age reduction in lifecycle greenhouse gas emis-
6 sions which is not less than 85 percent and less
7 than 95 percent, 34 percent, and

8 “(D) in the case of any qualified clean hy-
9 drogen which is produced through a process
10 that, as compared to hydrogen produced by
11 steam-methane reforming, achieves a percent-
12 age reduction in lifecycle greenhouse gas emis-
13 sions which is not less than 95 percent, 100
14 percent.

15 “(3) INFLATION ADJUSTMENT.—The \$3.00
16 amount in paragraph (1) shall be adjusted by multi-
17 plying such amount by the inflation adjustment fac-
18 tor (as determined under section 45(e)(2), deter-
19 mined by substituting ‘2020’ for ‘1992’ in subpara-
20 graph (B) thereof) for the calendar year in which
21 the qualified clean hydrogen is produced. If any
22 amount as increased under the preceding sentence is
23 not a multiple of 0.1 cent, such amount shall be
24 rounded to the nearest multiple of 0.1 cent.

25 “(c) DEFINITIONS.—For purposes of this section—

1 “(1) LIFECYCLE GREENHOUSE GAS EMIS-
2 SIONS.—For purposes of this section, the term
3 ‘lifecycle greenhouse gas emissions’ has the same
4 meaning given such term under subparagraph (H) of
5 section 211(o)(1) of the Clean Air Act (42 U.S.C.
6 7545(o)(1)), as in effect on the date of enactment of
7 this section, as related to the full fuel lifecycle
8 through the point of hydrogen production.

9 “(2) QUALIFIED CLEAN HYDROGEN.—

10 “(A) IN GENERAL.—The term ‘qualified
11 clean hydrogen’ means hydrogen which is pro-
12 duced through a process that, as compared to
13 hydrogen produced by steam-methane reform-
14 ing, achieves a percentage reduction in lifecycle
15 greenhouse gas emissions which is not less than
16 40 percent.

17 “(B) ADDITIONAL REQUIREMENTS.—Such
18 term shall not include any hydrogen unless such
19 hydrogen is produced—

20 “(i) in the United States (as defined
21 in section 638(1) or a possession of the
22 United States (as defined in section
23 638(2)),

24 “(ii) in the ordinary course of a trade
25 or business of the taxpayer, and

1 “(iii) for sale or use.

2 “(3) QUALIFIED CLEAN HYDROGEN PRODUC-
3 TION FACILITY.—

4 “(A) IN GENERAL.—The term ‘qualified
5 clean hydrogen production facility’ means a fa-
6 cility owned by the taxpayer which produces
7 qualified clean hydrogen and which meets the
8 requirements of subparagraph (B).

9 “(B) TERMINATION.—The term ‘qualified
10 clean hydrogen production facility’ shall not in-
11 clude any facility the construction of which be-
12 gins after December 31, 2028.

13 “(4) STEAM-METHANE REFORMING.—The term
14 ‘steam-methane reforming’ means a hydrogen pro-
15 duction process in which high-temperature steam is
16 used to produce hydrogen from natural gas (other
17 than natural gas derived from biomass (as defined
18 in section 45K(c)(3) as in effect on the date of the
19 enactment of this section), without carbon capture
20 and sequestration.

21 “(d) SPECIAL RULES.—

22 “(1) TREATMENT OF FACILITIES OWNED BY
23 MORE THAN 1 TAXPAYER.—Rules similar to the
24 rules section 45(e)(3) shall apply for purposes of
25 this section.

1 “(2) COORDINATION WITH CREDIT FOR CARBON
2 OXIDE SEQUESTRATION.—No credit shall be allowed
3 under this section with respect to any qualified clean
4 hydrogen produced at a facility which includes prop-
5 erty for which a credit is allowed under section 45Q.

6 “(e) BASE CREDIT AMOUNT AND INCREASED CREDIT
7 AMOUNT FOR QUALIFIED CLEAN HYDROGEN PRODUC-
8 TION FACILITIES.—

9 “(1) IN GENERAL.—In the case of any qualified
10 clean hydrogen production facility which does not
11 satisfy the requirements of paragraph (2)(B), the
12 amount of the credit determined under subsection
13 (a) shall be 20 percent of such amount (determined
14 without regard to this sentence).

15 “(2) INCREASED CREDIT FOR CERTAIN FACILI-
16 TIES MEETING PROJECT REQUIREMENTS.—

17 “(A) IN GENERAL.—In the case of any
18 qualified facility which meets the project re-
19 quirements of this paragraph, paragraph (1)
20 shall not apply.

21 “(B) PROJECT REQUIREMENTS.—A project
22 meets the requirements of this subparagraph if
23 it is one of the following:

24 “(i) A project with a maximum net
25 output of less than 1 megawatt.

1 “(ii) A project which commences con-
2 struction prior to the date of the enact-
3 ment of this paragraph.

4 “(iii) A project which satisfies the re-
5 quirements of paragraphs (3) and (4).

6 “(3) PREVAILING WAGE REQUIREMENTS.—

7 “(A) IN GENERAL.—The requirements de-
8 scribed in this subparagraph with respect to
9 any qualified clean hydrogen production facility
10 are that the taxpayer shall ensure that any la-
11 borers and mechanics employed by contractors
12 and subcontractors in—

13 “(i) the construction of such facility,
14 and

15 “(ii) for the 10-year period beginning
16 on the date the facility was originally
17 placed in service, the alteration or repair of
18 such facility,

19 shall be paid wages at rates not less than the
20 prevailing rates for construction, alteration, or
21 repair of a similar character in the locality as
22 most recently determined by the Secretary of
23 Labor, in accordance with subchapter IV of
24 chapter 31 of title 40, United States Code.

1 “(B) CORRECTION AND PENALTY RELATED
2 TO FAILURE TO SATISFY WAGE REQUIRE-
3 MENTS.—Rules similar to the rules of section
4 45(b)(8)(B) shall apply for purposes of this
5 subparagraph.

6 “(4) APPRENTICESHIP REQUIREMENTS.—Rules
7 similar to the rules of section 45(b)(9) shall apply
8 for purposes of this paragraph.

9 “(5) REGULATIONS AND GUIDANCE.—The Sec-
10 retary shall issue such regulations or other guidance
11 as the Secretary determines necessary or appropriate
12 to carry out the purposes of this subsection.

13 “(f) REGULATIONS.—Not later than 1 year after the
14 date of enactment of this section, the Secretary, after con-
15 sultation with the Secretary of Energy and the Adminis-
16 trator of the Environmental Protection Agency, shall issue
17 regulations or other guidance to carry out the purposes
18 of this section, including regulations or other guidance—

19 “(1) for determining lifecycle greenhouse gas
20 emissions, and

21 “(2) which require verification by unrelated
22 third parties of the production and sale or use of
23 qualified clean hydrogen with respect to which credit
24 is otherwise allowed under this section.”.

1 (2) ELECTIVE PAYMENT OF CREDIT.—Section
2 6417(b), as added by the preceding provisions of
3 this Act, is amended by adding at the end the fol-
4 lowing new paragraph:

5 “(9) The credit for production of clean hydro-
6 gen determined under section 45X.”.

7 (3) CONFORMING AMENDMENTS.—

8 (A) Section 38(b) is amended—

9 (i) in paragraph (38), by striking
10 “plus” at the end,

11 (ii) in paragraph (39), by striking the
12 period at the end and inserting “, plus”,
13 and

14 (iii) by adding at the end the fol-
15 lowing new paragraph:

16 “(40) the clean hydrogen production credit de-
17 termined under section 45X(a).”.

18 (B) The table of sections for subpart D of
19 part IV of subchapter A of chapter 1 amended
20 by adding at the end the following new item:

“Sec. 45X. Credit for production of clean hydrogen.”.

21 (4) EFFECTIVE DATE.—The amendments made
22 by this subsection shall apply to hydrogen placed in
23 service after December 31, 2021.

1 (b) CREDIT FOR ELECTRICITY PRODUCED FROM RE-
2 NEWABLE RESOURCES ALLOWED IF ELECTRICITY IS
3 USED TO PRODUCE CLEAN HYDROGEN.—

4 (1) IN GENERAL.—Section 45(e) is amended by
5 adding at the end the following new paragraph:

6 “(13) SPECIAL RULE FOR ELECTRICITY USED
7 AT A QUALIFIED CLEAN HYDROGEN PRODUCTION
8 FACILITY.—Electricity produced by the taxpayer
9 shall be treated as sold by such taxpayer to an unre-
10 lated person during the taxable year if such elec-
11 tricity is used during such taxable year by the tax-
12 payer or a person related to the taxpayer at a quali-
13 fied clean hydrogen production facility (as defined in
14 section 45X(d)(3)) to produce qualified clean hydro-
15 gen (as defined in section 45X(d)(2)) during the 10
16 year period after such facility is placed in service.
17 The Secretary shall issue such regulations or other
18 guidance as the Secretary determines appropriate to
19 carry out the purposes of this paragraph, including
20 regulations or other guidance to require verification
21 by unrelated third parties of the production and use
22 of electricity to which this paragraph applies.”.

23 (2) EFFECTIVE DATE.—The amendment made
24 by this subsection shall apply to electricity produced
25 after December 31, 2021.

1 (c) ELECTION TO TREAT CLEAN HYDROGEN PRO-
2 Duction FACILITIES AS ENERGY PROPERTY.—

3 (1) IN GENERAL.—Section 48(a) is amended by
4 adding at the end the following new paragraph:

5 “(8) ELECTION TO TREAT CLEAN HYDROGEN
6 PRODUCTION FACILITIES AS ENERGY PROPERTY.—

7 “(A) IN GENERAL.—In the case of any
8 qualified property (as defined in paragraph
9 (5)(D)) which is part of a specified clean hydro-
10 gen production facility—

11 “(i) such property shall be treated as
12 energy property for purposes of this sec-
13 tion, and

14 “(ii) the energy percentage with re-
15 spect to such property is—

16 “(I) in the case of a facility
17 which is designed and reasonably ex-
18 pected to produce qualified clean hy-
19 drogen which is described in a sub-
20 paragraph (A) of section 45X(b)(2), 6
21 percent,

22 “(II) in the case of a facility
23 which is designed and reasonably ex-
24 pected to produce qualified clean hy-
25 drogen which is described in a sub-

1 paragraph (B) of such section, 7.5
2 percent,

3 “(III) in the case of a facility
4 which is designed and reasonably ex-
5 pected to produce qualified clean hy-
6 drogen which is described in a sub-
7 paragraph (C) of such section, 10.2
8 percent, and

9 “(IV) in the case of a facility
10 which is designed and reasonably ex-
11 pected to produce qualified clean hy-
12 drogen which is described in a sub-
13 paragraph (D) of such section, 30
14 percent.

15 “(B) DENIAL OF PRODUCTION CREDIT.—
16 No credit shall be allowed under section 45X
17 for any taxable year with respect to any speci-
18 fied clean hydrogen production facility.

19 “(C) SPECIFIED CLEAN HYDROGEN PRO-
20 Duction FACILITY.—For purposes of this para-
21 graph, the term ‘specified clean hydrogen pro-
22 duction facility’ means any qualified clean hy-
23 drogen production facility (as defined in section
24 45X(d)(3)) or any portion of such facility—

1 “(i) which is placed in service after
2 December 31, 2021, and

3 “(ii) with respect to which—

4 “(I) no credit has been allowed
5 under section 45X or 45Q, and

6 “(II) the taxpayer makes an ir-
7 revocable election to have this para-
8 graph apply.

9 “(D) QUALIFIED CLEAN HYDROGEN.—For
10 purposes of this paragraph, the term ‘qualified
11 clean hydrogen’ has the meaning given such
12 term by section 45X(d)(2).

13 “(E) REGULATIONS.—The Secretary, after
14 consultation with the Secretary of Energy and
15 the Administrator of the Environmental Protec-
16 tion Agency, shall issue such regulations or
17 other guidance as the Secretary determines nec-
18 essary or appropriate to carry out the purposes
19 of this section, including regulations or other
20 guidance which—

21 “(i) requires verification by one or
22 more unrelated third parties that the facil-
23 ity produces hydrogen which is consistent
24 with the hydrogen that such facility was

1 designed and expected to produce under
2 subparagraph (A)(ii), and

3 “(ii) recaptures so much of any credit
4 allowed under this section as exceeds the
5 amount of the credit which would have
6 been allowed if the expected production
7 were consistent with the actual verified
8 production (or all of the credit so allowed
9 in the absence of such verification).”.

10 (2) EFFECTIVE DATE.—The amendments made
11 by this section shall apply to periods after December
12 31, 2021, under rules similar to the rules of section
13 48(m) of the Internal Revenue Code of 1986 (as in
14 effect on the day before the date of the enactment
15 of the Revenue Reconciliation Act of 1990).

16 (d) TERMINATION OF EXCISE TAX CREDIT FOR HY-
17 DROGEN.—

18 (1) IN GENERAL.—Section 6426(d)(2) is
19 amended by striking subparagraph (D) and by re-
20 designating subparagraphs (E), (F), and (G) as sub-
21 paragraphs (D), (E), and (F), respectively.

22 (2) CONFORMING AMENDMENT.—Section
23 6426(e)(2) is amended by striking “(F)” and insert-
24 ing “(E)”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to fuel sold or used
3 after December 31, 2021.

4 **PART 3—GREEN ENERGY AND EFFICIENCY**
5 **INCENTIVES FOR INDIVIDUALS**

6 **SEC. 136301. EXTENSION, INCREASE, AND MODIFICATIONS**
7 **OF NONBUSINESS ENERGY PROPERTY CRED-**
8 **IT.**

9 (a) EXTENSION OF CREDIT.—Section 25C(g)(2) is
10 amended by striking “December 31, 2021” and inserting
11 “December 31, 2031”.

12 (b) INCREASE IN CREDIT PERCENTAGE FOR QUALI-
13 FIED ENERGY EFFICIENCY IMPROVEMENTS.—Section
14 25C(a)(1) is amended by striking “10 percent” and insert-
15 ing “30 percent”.

16 (c) APPLICATION OF ANNUAL LIMITATION IN LIEU
17 OF LIFETIME LIMITATION.—Section 25C(b) is amended
18 to read as follows:

19 “(b) LIMITATIONS.—

20 “(1) IN GENERAL.—The credit allowed under
21 this section with respect to any taxpayer for any tax-
22 able year shall not exceed \$1,200.

23 “(2) WINDOWS.—The credit allowed under this
24 section by reason of subsection (a)(1) with respect to
25 any taxpayer for any taxable year shall not exceed—

1 “(A) in the aggregate with respect to all
2 exterior windows and skylights which are not
3 described in subparagraph (B), \$200,

4 “(B) in the aggregate with respect to all
5 exterior windows and skylights which meet the
6 standard for the most efficient certification
7 under applicable Energy Star program require-
8 ments, the excess (if any) of \$600 over the
9 credit so allowed with respect to all windows
10 and skylights taken into account under sub-
11 paragraph (A).

12 “(3) DOORS.—The credit allowed under this
13 section by reason of subsection (a)(1) with respect to
14 any taxpayer for any taxable year shall not exceed—

15 “(A) \$250 in the case of any exterior door,
16 and

17 “(B) \$500 in the aggregate with respect to
18 all exterior doors.”.

19 (d) MODIFICATIONS RELATED TO QUALIFIED EN-
20 ERGY EFFICIENCY IMPROVEMENTS.—

21 (1) STANDARDS FOR ENERGY EFFICIENT
22 BUILDING ENVELOPE COMPONENTS.—Section
23 25C(e)(2) is amended by striking “meets—” and all
24 that follows through the period at the end and in-
25 serting the following: “meets—

1 “(A) in the case of an exterior window, a
2 skylight, or an exterior door, applicable Energy
3 Star program requirements, and

4 “(B) in the case of any other component,
5 the prescriptive criteria for such component es-
6 tablished by the most recent International En-
7 ergy Conservation Code standard in effect as of
8 the beginning of the calendar year which is 2
9 years prior to the calendar year in which such
10 component is placed in service.”.

11 (2) ROOFS NOT TREATED AS BUILDING ENVE-
12 LOPE COMPONENTS.—Section 25C(c)(3) is amended
13 by adding “and” at the end of subparagraph (B), by
14 striking “, and” at the end of subparagraph (C) and
15 inserting a period, and by striking subparagraph
16 (D).

17 (3) AIR BARRIER INSULATION ADDED TO DEFINI-
18 TION OF BUILDING ENVELOPE COMPONENT.—Sec-
19 tion 25C(c)(3)(A) is amended by striking “material
20 or system” and inserting “material or system, in-
21 cluding air sealing material or system,”.

22 (e) MODIFICATION OF RESIDENTIAL ENERGY PROP-
23 erty EXPENDITURES.—Section 25C(d) is amended to
24 read as follows:

1 “(d) RESIDENTIAL ENERGY PROPERTY EXPENDI-
2 TURES.—For purposes of this section—

3 “(1) IN GENERAL.—The term ‘residential en-
4 ergy property expenditures’ means expenditures
5 made by the taxpayer for qualified energy property
6 which is—

7 “(A) installed on or in connection with a
8 dwelling unit located in the United States and
9 used as a residence by the taxpayer, and

10 “(B) originally placed in service by the tax-
11 payer.

12 Such term includes expenditures for labor costs
13 properly allocable to the onsite preparation, assem-
14 bly, or original installation of the property.

15 “(2) QUALIFIED ENERGY PROPERTY.—The
16 term ‘qualified energy property’ means any of the
17 following which meet or exceed the highest efficiency
18 tier (not including any advanced tier) established by
19 the Consortium for Energy Efficiency which is in ef-
20 fect as of the beginning of the calendar year in
21 which the property is placed in service:

22 “(A) An electric heat pump water heater.

23 “(B) An electric heat pump.

24 “(C) A central air conditioner.

1 “(D) A natural gas, propane, or oil water
2 heater.

3 “(E) A natural gas, propane, or oil furnace
4 or hot water boiler.”.

5 (f) HOME ENERGY AUDITS.—

6 (1) IN GENERAL.—Section 25C(a) is amended
7 by striking “and” at the end of paragraph (1), by
8 striking the period at the end of paragraph (2) and
9 inserting “, and”, and by adding at the end the fol-
10 lowing new paragraph:

11 “(3) 30 percent of the amount paid or incurred
12 by the taxpayer during the taxable year for home en-
13 ergy audits.”.

14 (2) LIMITATION.—Section 25C(b), as amended
15 by subsection (c), is amended adding at the end the
16 following new paragraph:

17 “(5) HOME ENERGY AUDITS.—

18 “(A) DOLLAR LIMITATION.—The amount
19 of the credit allowed under this section by rea-
20 son of subsection (a)(3) shall not exceed \$150.

21 “(B) SUBSTANTIATION REQUIREMENT.—
22 No credit shall be allowed under this section by
23 reason of subsection (a)(3) unless the taxpayer
24 includes with the taxpayer’s return of tax such

1 information or documentation as the Secretary
2 may require.”.

3 (3) HOME ENERGY AUDITS.—

4 (A) IN GENERAL.—Section 25C, as amend-
5 ed by subsections (a), is amended by redesignig-
6 nating subsections (e), (f), and (g), as sub-
7 sections (f), (g), and (h), respectively, and by
8 inserting after subsection (d) the following new
9 subsection:

10 “(e) HOME ENERGY AUDITS.—For purposes of this
11 section, the term ‘home energy audit’ means an inspection
12 and written report with respect to a dwelling unit located
13 in the United States and owned or used by the taxpayer
14 as the taxpayer’s principal residence (within the meaning
15 of section 121) which—

16 “(1) identifies the most significant and cost-ef-
17 fective energy efficiency improvements with respect
18 to such dwelling unit, including an estimate of the
19 energy and cost savings with respect to each such
20 improvement, and

21 “(2) is conducted and prepared by a home en-
22 ergy auditor that meets the certification or other re-
23 quirements specified by the Secretary (after con-
24 sultation with the Secretary of Energy and the Ad-
25 ministrator of the Environmental Protection Agency

1 and not later than 180 days after the date of the en-
2 actment of this subsection) in regulations or other
3 guidance.”.

4 (B) CONFORMING AMENDMENT.—Section
5 1016(a)(33) is amended by striking “section
6 25C(f)” and inserting “section 25C(g)”.

7 (4) LACK OF SUBSTANTIATION TREATED AS
8 MATHEMATICAL OR CLERICAL ERROR.—Section
9 6213(g)(2) is amended—

10 (A) in subparagraph (P), by striking
11 “and” at the end,

12 (B) in subparagraph (Q), by striking the
13 period at the end and inserting “, and”, and

14 (C) by adding at the end the following:

15 “(R) an omission of correct information or
16 documentation required under section
17 25C(b)(5)(B) (relating to home energy audits)
18 to be included on a return.”.

19 (g) IDENTIFICATION NUMBER REQUIREMENT.—

20 (1) IN GENERAL.—Section 25C, as amended by
21 subsections (a) and (f), is amended by redesignating
22 subsection (h) as subsection (i) and by inserting
23 after subsection (g) the following new subsection:

24 “(h) PRODUCT IDENTIFICATION NUMBER REQUIRE-
25 MENT.—

1 “(1) IN GENERAL.—No credit shall be allowed
2 under subsection (a) with respect to any item of
3 specified property placed in service after December
4 31, 2023, unless—

5 “(A) such item is produced by a qualified
6 manufacturer, and

7 “(B) the taxpayer includes the qualified
8 product identification number of such item on
9 the return of tax for the taxable year.

10 “(2) QUALIFIED PRODUCT IDENTIFICATION
11 NUMBER.—For purposes of this section, the term
12 ‘qualified product identification number’ means, with
13 respect to any item of specified property, the prod-
14 uct identification number assigned to such item by
15 the qualified manufacturer pursuant to the method-
16 ology referred to in paragraph (3).

17 “(3) QUALIFIED MANUFACTURER.—

18 “(A) IN GENERAL.—For purposes of this
19 section, the term ‘qualified manufacturer’
20 means any manufacturer of specified property
21 which enters into an agreement with the Sec-
22 retary which provides that such manufacturer
23 will—

24 “(i) assign a product identification
25 number to each item of specified property

1 produced by such manufacturer utilizing a
2 methodology that will ensure that such
3 number (including any alphanumeric) is
4 unique to each such item (by utilizing
5 numbers or letters which are unique to
6 such manufacturer or by such other meth-
7 od as the Secretary may provide),

8 “(ii) label such item with such num-
9 ber in such manner as the Secretary may
10 provide, and

11 “(iii) make periodic written reports to
12 the Secretary (at such times and in such
13 manner as the Secretary may provide) of
14 the product identification numbers so as-
15 signed and including such information as
16 the Secretary may require with respect to
17 the item of specified property to which
18 such number was so assigned.

19 “(B) CONSULTATION WITH DOE AND
20 EPA.—The Secretary, after consultation with
21 the Secretary of Energy and the Administrator
22 of the Environmental Protection Agency, shall
23 establish procedures for manufacturers and
24 consumers to meet the requirements for product
25 identification numbers under subparagraph (A).

1 “(4) SPECIFIED PROPERTY.—For purposes of
2 this subsection, the term ‘specified property’ means
3 any qualified energy property and any property de-
4 scribed in subparagraph (B) or (C) of subsection
5 (c)(3).”.

6 (2) OMISSION OF CORRECT PRODUCT IDENTI-
7 FICATION NUMBER TREATED AS MATHEMATICAL OR
8 CLERICAL ERROR.—Section 6213(g)(2), as amended
9 by the preceding provisions of this Act, is amend-
10 ed—

11 (A) in subparagraph (Q), by striking
12 “and” at the end,

13 (B) in subparagraph (R), by striking the
14 period at the end and inserting “, and”, and

15 (C) by adding at the end the following:

16 “(S) an omission of a correct product iden-
17 tification number required under section 25C(h)
18 (relating to credit for nonbusiness energy prop-
19 erty) to be included on a return.”.

20 (h) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as otherwise pro-
22 vided by this subsection, the amendments made by
23 this section shall apply to property placed in service
24 after December 31, 2021.

1 (2) HOME ENERGY AUDITS.—The amendments
2 made by subsection (f) shall apply to amounts paid
3 or incurred after December 31, 2021.

4 (3) IDENTIFICATION NUMBER REQUIREMENT.—
5 The amendments made subsection (g) shall apply to
6 property placed in service after December 31, 2023.

7 **SEC. 136302. RESIDENTIAL ENERGY EFFICIENT PROPERTY.**

8 (a) EXTENSION OF CREDIT.—

9 (1) IN GENERAL.—Section 25D(h) is amended
10 by striking “December 31, 2023” and inserting
11 “December 31, 2033”.

12 (2) APPLICATION OF PHASEOUT.—Section
13 25D(g) is amended—

14 (A) by striking “before January 1, 2023”
15 in paragraph (2) and inserting “before January
16 1, 2022”,

17 (B) by striking “and” at the end of para-
18 graph (2),

19 (C) by redesignating paragraph (3) as
20 paragraph (5) and by inserting after paragraph
21 (2) the following new paragraphs:

22 “(3) in the case of property placed in service
23 after December 31, 2021, and before January 1,
24 2032, 30 percent,

1 “(4) in the case of property placed in service
2 after December 31, 2031, and before January 1,
3 2033, 26 percent, and”, and

4 (D) by striking “December 31, 2022, and
5 before January 1, 2024” in paragraph (5) (as
6 so redesignated) and inserting “December 31,
7 2032, and before January 1, 2034”.

8 (b) RESIDENTIAL ENERGY EFFICIENT PROPERTY
9 CREDIT FOR BATTERY STORAGE TECHNOLOGY.—

10 (1) IN GENERAL.—Section 25D(a) is amended
11 by striking “and” at the end of paragraph (5) and
12 by inserting after paragraph (6) the following new
13 paragraph:

14 “(7) the qualified battery storage technology ex-
15 penditures,”.

16 (2) QUALIFIED BATTERY STORAGE TECH-
17 NOLOGY EXPENDITURE.—Section 25D(d) is amend-
18 ed by adding at the end the following new para-
19 graph:

20 “(7) QUALIFIED BATTERY STORAGE TECH-
21 NOLOGY EXPENDITURE.—The term ‘qualified bat-
22 tery storage technology expenditure’ means an ex-
23 penditure for battery storage technology which—

1 “(A) is installed in connection with a
2 dwelling unit located in the United States and
3 used as a residence by the taxpayer, and

4 “(B) has a capacity of not less than 3 kilo-
5 watt hours.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to expenditures made after Decem-
8 ber 31, 2021.

9 **SEC. 136303. ENERGY EFFICIENT COMMERCIAL BUILDINGS**
10 **DEDUCTION.**

11 (a) PLACED IN SERVICE REQUIREMENT.—Section
12 179D(c)(2) is amended by striking “the date that is 2
13 years before the date that construction of such property
14 begins” and inserting “the date that is 2 years before the
15 date such property is placed into service”.

16 (b) TEMPORARY INCREASE IN DEDUCTION, ETC.—
17 Section 179D is amended by adding at the end the fol-
18 lowing:

19 “(i) TEMPORARY RULES.—

20 “(1) PERIOD OF APPLICATION.—The provisions
21 of this subsection shall apply only to taxable years
22 beginning after December 31, 2021, and before Jan-
23 uary 1, 2032.

1 “(2) MODIFICATION OF EFFICIENCY STAND-
2 ARD.—Subsection (c)(1)(D) shall be applied by sub-
3 stituting ‘25’ for ‘50’.

4 “(3) MAXIMUM AMOUNT OF DEDUCTION.—

5 “(A) IN GENERAL.—The deduction under
6 subsection (a) with respect to any building for
7 any taxable year shall not exceed the excess (if
8 any) of—

9 “(i) the product of—

10 “(I) the applicable dollar value,

11 and

12 “(II) the square footage of the
13 building, over

14 “(ii) the aggregate amount of the de-
15 ductions under subsection (a) and para-
16 graph (6) with respect to the building for
17 the 3 taxable years immediately preceding
18 such taxable year (or, in the case of any
19 such deduction allowable to a person other
20 than the taxpayer, for any taxable year
21 ending during the 4-taxable-year period
22 ending with such taxable year).

23 “(B) APPLICABLE DOLLAR VALUE.—For
24 purposes of paragraph (3)(A)(i), the applicable
25 dollar value shall be an amount equal to \$2.50

1 increased (but not above \$5.00) by \$0.10 for
2 each percentage point by which the total annual
3 energy and power costs for the building are cer-
4 tified to be reduced by a percentage greater
5 than 25 percent.

6 “(C) APPLICATION OF INFLATION ADJUST-
7 MENT.—Subsection (g) shall be applied—

8 “(i) by substituting ‘2022’ for ‘2020’,

9 “(ii) by substituting ‘subsection
10 (i)(3)(B)’ for ‘subsection (b) or subsection
11 (d)(1)(A)’, and

12 “(iii) by substituting ‘2021’ for
13 ‘2019’.

14 “(D) LIMITATION TO APPLY IN LIEU OF
15 CURRENT LIMITATION AND PARTIAL ALLOW-
16 ANCE.—Subsections (b) and (d)(1) shall not
17 apply.

18 “(4) BASE CREDIT AMOUNT AND INCREASED
19 CREDIT AMOUNT FOR CERTAIN PROPERTY.—

20 “(A) IN GENERAL.—In the case of any
21 property which does not satisfy the require-
22 ments of subparagraph (B), paragraph (3)(B)
23 shall be applied by substituting ‘\$0.50’ for
24 ‘\$2.50’, ‘\$.02’ for ‘\$.10’, and ‘\$1.00’ for
25 ‘\$5.00’.

1 “(B) INCREASED CREDIT FOR CERTAIN
2 PROPERTY MEETING PROJECT REQUIRE-
3 MENTS.—

4 “(i) PROJECT REQUIREMENTS.—A
5 project meets the requirements of this sub-
6 paragraph if it is one of the following:

7 “(I) A project which commences
8 construction prior to the date of the
9 enactment of this paragraph.

10 “(II) A project which commences
11 construction after the date of enact-
12 ment of this paragraph and satisfies
13 the requirements of paragraphs (5)
14 and (6).

15 “(III) A project with respect to
16 which initial construction is completed
17 and building modifications are made
18 as part of a qualified retrofit plan,
19 and which satisfies paragraphs (5)
20 and (6).

21 “(5) PREVAILING WAGE REQUIREMENTS.—

22 “(A) IN GENERAL.—The requirements de-
23 scribed in this subparagraph with respect to
24 any project are that the taxpayer shall ensure
25 that any laborers and mechanics employed by

1 contractors and subcontractors in the construc-
2 tion of any property or with respect to building
3 modifications made as part of a qualified ret-
4 rofit plan shall be paid wages at rates not less
5 than the prevailing rates for construction, alter-
6 ation, or repair of a similar character in the lo-
7 cality as most recently determined by the Sec-
8 retary of Labor, in accordance with subchapter
9 IV of chapter 31 of title 40, United States
10 Code.

11 “(B) CORRECTION AND PENALTY RELATED
12 TO FAILURE TO SATISFY WAGE REQUIRE-
13 MENTS.—In the case of any taxpayer which
14 fails to satisfy the requirement under subpara-
15 graph (A) with respect to any project or any
16 building modifications made as part of a quali-
17 fied retrofit plan, rules similar to the rules of
18 section 45(b)(8)(B) shall apply for purposes of
19 this paragraph.

20 “(6) APPRENTICESHIP REQUIREMENTS.—The
21 requirements described in this subparagraph with re-
22 spect to any property are as follows:

23 “(A) LABOR HOURS.—

24 “(i) PERCENTAGE OF TOTAL LABOR
25 HOURS.—All contractors and subcontrac-

1 tors engaged in the performance of con-
2 struction of a project or building modifica-
3 tions made as part of a qualified retrofit
4 plan shall, subject to subparagraph (B),
5 ensure that not less than the applicable
6 percentage of the total labor hours of such
7 work be performed by qualified appren-
8 tices.

9 “(ii) APPLICABLE PERCENTAGE.—For
10 purposes of paragraph (1), the applicable
11 percentage shall be—

12 “(I) in the case of any applicable
13 project the construction of which be-
14 gins before January 1, 2023, 5 per-
15 cent,

16 “(II) in the case of any applica-
17 ble project the construction of which
18 begins after December 31, 2022, and
19 before January 1, 2024, 10 percent,
20 and

21 “(III) in the case of any applica-
22 ble project the construction of which
23 begins after December 31, 2023, 15
24 percent.

1 “(B) APPRENTICE TO JOURNEYWORKER
2 RATIO.—The requirement under subparagraph
3 (A)(i) shall be subject to any applicable require-
4 ments for apprentice-to-journeyworker ratios of
5 the Department of Labor or the applicable
6 State apprenticeship agency.

7 “(C) PARTICIPATION.—Each contractor
8 and subcontractor who employs 4 or more indi-
9 viduals to perform construction, alteration, or
10 repair work on an applicable project shall em-
11 ploy 1 or more qualified apprentices to perform
12 such work.

13 “(D) EXCEPTION.—

14 “(i) IN GENERAL.—Notwithstanding
15 any other provision of this paragraph, this
16 paragraph shall not apply in the case of a
17 taxpayer who—

18 “(I) demonstrates a lack of avail-
19 ability of qualified apprentices in the
20 geographic area of the construction,
21 alteration, or repair work, and

22 “(II) makes a good faith effort to
23 comply with the requirements of this
24 paragraph.

1 “(ii) GOOD FAITH EFFORT.—For pur-
2 poses of clause (i), a taxpayer shall be
3 deemed to have satisfied the requirements
4 under such paragraph with respect to an
5 applicable project if such taxpayer has re-
6 quested qualified apprentices from a reg-
7 istered apprenticeship program, as defined
8 in section 3131(e)(3)(B), and such request
9 has been denied, provided that such denial
10 is not the result of a refusal by the con-
11 tractors or subcontractors engaged in the
12 performance of construction, alteration, or
13 repair work on such applicable project to
14 comply with the established standards and
15 requirements of such apprenticeship pro-
16 gram.

17 “(E) DEFINITIONS.—For purposes of this
18 paragraph—

19 “(i) LABOR HOURS.—The term ‘labor
20 hours’ has the meaning given such term in
21 section 45(b)(9)(E)(i).

22 “(ii) QUALIFIED APPRENTICE.—The
23 term ‘qualified apprentice’ has the mean-
24 ing given such term in section
25 45(b)(9)(E)(ii).

1 “(7) ALLOCATION OF DEDUCTION BY CERTAIN
2 TAX-EXEMPT ENTITIES.—

3 “(A) IN GENERAL.—A specified tax-ex-
4 empt entity shall be treated in the same manner
5 as a Federal, State, or local government for
6 purposes of applying subsection (d)(4).

7 “(B) SPECIFIED TAX-EXEMPT ENTITY.—
8 For purposes of this paragraph, the term ‘spec-
9 ified tax-exempt entity’ means—

10 “(i) the United States, any State or
11 political subdivision thereof, any possession
12 of the United States, or any agency or in-
13 strumentality of any of the foregoing,

14 “(ii) any Indian tribal government
15 (within the meaning of section 139E), and

16 “(iii) any organization exempt from
17 tax imposed by this chapter.

18 “(8) ALTERNATIVE DEDUCTION FOR ENERGY
19 EFFICIENT RETROFIT BUILDING PROPERTY.—

20 “(A) IN GENERAL.—In the case of a tax-
21 payer which elects (at such time and in such
22 manner as the Secretary, after consultation
23 with the administrator of the Environmental
24 Protection Agency, may provide) the application
25 of this paragraph with respect to any qualified

1 building, there shall be allowed as a deduction
2 for the taxable year which includes the date of
3 the qualifying final certification with respect to
4 the qualified retrofit plan of such building, an
5 amount equal to the lesser of—

6 “(i) the excess described in paragraph
7 (3) (determined by substituting ‘energy
8 usage intensity’ for ‘total annual energy
9 and power costs’ in subparagraph (B)
10 thereof), or

11 “(ii) the aggregate adjusted basis (de-
12 termined after taking into account all ad-
13 justments with respect to such taxable year
14 other than the reduction under subsection
15 (e)) of energy efficient retrofit building
16 property placed in service by the taxpayer
17 pursuant to such qualified retrofit plan.

18 “(B) QUALIFIED RETROFIT PLAN.—For
19 purposes of this paragraph, the term ‘qualified
20 retrofit plan’ means a written plan prepared by
21 a qualified professional which specifies modi-
22 fications to a building which, in the aggregate,
23 are expected to reduce such building’s energy
24 usage intensity by 25 percent or more in com-
25 parison to the baseline energy usage intensity of

1 such building. Such plan shall provide for a
2 qualified professional to—

3 “(i) as of any date during the 1-year
4 period ending on the date of the first cer-
5 tification described in clause (ii), certify
6 the energy usage intensity of such building
7 as of such date,

8 “(ii) certify the status of property in-
9 stalled pursuant to such plan as meeting
10 the requirements of clauses (ii) and (iii)
11 subparagraph (C), and

12 “(iii) as of any date that is more than
13 1 year after completion of the plan, certify
14 the energy usage intensity of such building
15 as of such date.

16 “(C) ENERGY EFFICIENT RETROFIT
17 BUILDING PROPERTY.—For purposes of this
18 paragraph, the term ‘energy efficient retrofit
19 building property’ means property—

20 “(i) with respect to which depreciation
21 (or amortization in lieu of depreciation) is
22 allowable,

23 “(ii) which is installed on or in any
24 qualified building,

25 “(iii) which is installed as part of—

1 “(I) the interior lighting systems,

2 “(II) the heating, cooling, ven-
3 tilation, and hot water systems, or

4 “(III) the building envelope, and

5 “(iv) which is certified in accordance
6 with subparagraph (B)(ii) as meeting the
7 requirements of clauses (ii) and (iii).

8 “(D) QUALIFIED BUILDING.—For pur-
9 poses of this paragraph, the term ‘qualified
10 building’ means any building which—

11 “(i) is located in the United States,
12 and

13 “(ii) was originally placed in service
14 not less than 5 years before the establish-
15 ment of the qualified retrofit plan with re-
16 spect to such building.

17 “(E) QUALIFYING FINAL CERTIFI-
18 CATION.—For purposes of this paragraph, the
19 term ‘qualifying final certification’ means, with
20 respect to any qualified retrofit plan, the certifi-
21 cation described in subparagraph (B)(iii) if the
22 energy usage intensity certified in such certifi-
23 cation is not more than 75 percent of the base-
24 line energy usage intensity of the building.

1 “(F) BASELINE ENERGY USAGE INTEN-
2 SITY.—

3 “(i) IN GENERAL.—The term ‘baseline
4 energy usage intensity’ means the energy
5 usage intensity certified under subpara-
6 graph (B)(i), as adjusted to take into ac-
7 count weather as compared to the energy
8 usage intensity determined under subpara-
9 graph (B)(iii)(I).

10 “(ii) DETERMINATION OF ADJUST-
11 MENT.—For purposes of clause (i), the ad-
12 justments described in such clause shall be
13 determined in such manner as the Sec-
14 retary, after consultation with the Admin-
15 istrator of the Environmental Protection
16 Agency, may provide.

17 “(G) OTHER DEFINITIONS.—For purposes
18 of this paragraph—

19 “(i) ENERGY USAGE INTENSITY.—The
20 term ‘energy usage intensity’ means the
21 site energy usage intensity determined in
22 accordance with such regulations or other
23 guidance as the Secretary, after consulta-
24 tion with the Administrator of the Envi-

1 ronmental Protection Agency, may provide
2 and measured in British thermal units.

3 “(ii) QUALIFIED PROFESSIONAL.—
4 The term ‘qualified professional’ means an
5 individual who is a licensed architect or a
6 licenced engineer and meets such other re-
7 quirements as the Secretary may provide.

8 “(H) COORDINATION WITH DEDUCTION
9 OTHERWISE ALLOWED UNDER SUBSECTION
10 (a).—

11 “(i) IN GENERAL.—In the case of any
12 building with respect to which an election
13 is made under subparagraph (A), the term
14 ‘energy efficient commercial building prop-
15 erty’ shall not include any energy efficient
16 retrofit building property with respect to
17 which a deduction is allowable under this
18 paragraph.

19 “(ii) CERTAIN RULES NOT APPLICA-
20 BLE.—

21 “(I) IN GENERAL.—Except as
22 provided in subclause (II), subsection
23 (d) shall not apply for purposes of
24 this paragraph.

1 “(II) ALLOCATION OF DEDUC-
2 TION BY CERTAIN TAX-EXEMPT ENTI-
3 TIES.—Rules similar to subsection
4 (d)(4) (determined after application of
5 paragraph (5)) shall apply for pur-
6 poses of this paragraph.”.

7 (c) EFFECTIVE DATE.—

8 (1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection, the amendment made by
10 this section shall apply to taxable years beginning
11 after December 31, 2021.

12 (2) ALTERNATIVE DEDUCTION FOR ENERGY EF-
13 FICIENT RETROFIT BUILDING PROPERTY.—Para-
14 graph (6) of section 179D(i) of the Internal Revenue
15 Code of 1986 (as added by this section), and any
16 other provision of such section solely for purposes of
17 applying such paragraph, shall apply to property
18 placed in service after December 31, 2021 (in tax-
19 able years ending after such date) if such property
20 is placed in service pursuant to qualified retrofit
21 plan (within the meaning of such section) estab-
22 lished after such date.

1 **SEC. 136304. EXTENSION, INCREASE, AND MODIFICATIONS**
2 **OF NEW ENERGY EFFICIENT HOME CREDIT.**

3 (a) EXTENSION OF CREDIT.—Section 45L(g) is
4 amended by striking “December 31, 2021” and inserting
5 “December 31, 2031”.

6 (b) INCREASE IN CREDIT AMOUNTS.—Section
7 45L(a)(2) is amended to read as follows:

8 “(2) APPLICABLE AMOUNT.—For purposes of
9 paragraph (1), the applicable amount is an amount
10 equal to—

11 “(A) in the case of a dwelling unit which
12 is eligible to participate in the Energy Star
13 Residential New Construction Program or the
14 Energy Star Manufactured New Homes pro-
15 gram—

16 “(i) that is described in subsection
17 (c)(1)(A) (and not described in subsection
18 (c)(1)(B)), \$2,500, and

19 “(ii) that is described in subsection
20 (c)(1)(B), \$5000, and

21 “(B) in the case of a dwelling which are
22 part of a building eligible to participate in the
23 Energy Star Multifamily New Construction
24 Program—

1 “(i) that is described in subsection
2 (c)(1)(A) (and not described in subsection
3 (c)(1)(B)), \$500, and

4 “(ii) that is described in subsection
5 (c)(1)(B), \$1000.”.

6 (c) MODIFICATION OF ENERGY SAVING REQUIRE-
7 MENTS.—Section 45L(c) is amended to read as follows:

8 “(c) ENERGY SAVING REQUIREMENTS.—

9 “(1) IN GENERAL.—A dwelling unit meets the
10 energy saving requirements of this subsection if—

11 “(A) such dwelling unit meets the require-
12 ments of paragraph (2) or (3) (whichever is ap-
13 plicable), or

14 “(B) such dwelling unit is certified as a
15 zero energy ready home under the zero energy
16 ready home program of the Department of En-
17 ergy (or any successor program determined by
18 the Secretary, after consultation with the Sec-
19 retary of Energy) as in effect on January 1,
20 2022.

21 “(2) SINGLE-FAMILY HOME REQUIREMENTS.—

22 A dwelling unit meets the requirements of this para-
23 graph if—

24 “(A) such dwelling unit meets—

1 “(i) in the case of a dwelling unit ac-
2 quired before January 1, 2025, the Energy
3 Star Single-Family New Homes National
4 Program Requirements 3.1, and

5 “(ii) in the case of a dwelling unit ac-
6 quired after December 31, 2024, the En-
7 ergy Star Single-Family New Homes Na-
8 tional Program Requirements 3.2,

9 “(B) such dwelling unit meets the most re-
10 cent Energy Star Single-Family New Homes
11 Program Requirements applicable to the loca-
12 tion of such dwelling unit (as in effect on the
13 latter of January 1, 2022 or January 1 of two
14 calendar years prior to the date the dwelling
15 was acquired), or

16 “(C) such dwelling unit meets the most re-
17 cent Energy Star Manufactured Home National
18 program requirements as in effect on the latter
19 of January 1, 2022 or January 1 of two cal-
20 endar years prior to the date such dwelling unit
21 is acquired.

22 “(3) MULTI-FAMILY HOME REQUIREMENTS.—A
23 dwelling unit meets the requirements of this para-
24 graph if—

1 “(A) such dwelling unit meets the most re-
2 cent Energy Star Multifamily New Construction
3 National Program Requirements (as in effect
4 on either January 1, 2022 or January 1 of
5 three calendar years prior to the date the dwell-
6 ing was acquired, whichever is later), and

7 “(B) such dwelling unit meets the most re-
8 cent Energy Star Multifamily New Construction
9 Regional Program Requirements applicable to
10 the location of such dwelling unit (as in effect
11 on either January 1, 2022 or January 1 of
12 three calendar years prior to the date the dwell-
13 ing was acquired, whichever is later).”.

14 (d) PREVAILING WAGE REQUIREMENT.—Section
15 45L is amended by redesignating subsection (g) as sub-
16 section (h) and by inserting after subsection (f) the fol-
17 lowing new subsection:

18 “(g) PREVAILING WAGE REQUIREMENT.—

19 “(1) IN GENERAL.—In the case of a qualifying
20 residence described in subsection (b)(2)(B) meeting
21 the prevailing wage requirements of paragraph (2),
22 the credit amount allowed with respect to such resi-
23 dence shall be—

24 “(A) \$2,500 in the case of a residence de-
25 scribed in subparagraph (A) of subsection

1 (c)(1) (and not described in subparagraph (B)
2 of such subsection), and

3 “(B) \$5,000 in the case of a residence de-
4 scribed in (c)(1)(B).

5 “(2) PREVAILING WAGE REQUIREMENTS.—

6 “(A) IN GENERAL.—The requirements de-
7 scribed in this paragraph with respect to any
8 qualified residence are that the taxpayer shall
9 ensure that any laborers and mechanics em-
10 ployed by contractors and subcontractors in the
11 construction of such residence shall be paid
12 wages at rates not less than the prevailing rates
13 for construction, alteration, or repair of a simi-
14 lar character in the locality as most recently de-
15 termined by the Secretary of Labor, in accord-
16 ance with subchapter IV of chapter 31 of title
17 40, United States Code.

18 “(B) CORRECTION AND PENALTY RELATED
19 TO FAILURE TO SATISFY WAGE REQUIRE-
20 MENTS.—In the case of any taxpayer which
21 fails to satisfy the requirement under subpara-
22 graph (A) with respect to any qualified resi-
23 dence, rules similar to the rules of section
24 45(b)(8)(B) shall apply for purposes of this
25 paragraph.

1 or locality, for the purchase or installation of any
2 storm water management measure, or

3 “(4) provided (directly or indirectly) by a State
4 or local government to a resident of such State or
5 locality for the purchase or installation of any waste-
6 water management measure, but only if such meas-
7 ure is with respect to the taxpayer’s principal resi-
8 dence.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) DEFINITION OF WATER CONSERVATION OR
11 EFFICIENCY MEASURE AND STORM WATER MANAGE-
12 MENT MEASURE.—Section 136(c) is amended—

13 (A) by striking “ENERGY CONSERVATION
14 MEASURE” in the heading thereof and inserting
15 “DEFINITIONS”,

16 (B) by striking “IN GENERAL” in the
17 heading of paragraph (1) and inserting “EN-
18 ERGY CONSERVATION MEASURE”, and

19 (C) by redesignating paragraph (2) as
20 paragraph (5) and by inserting after paragraph
21 (1) the following:

22 “(2) WATER CONSERVATION OR EFFICIENCY
23 MEASURE.—For purposes of this section, the term
24 ‘water conservation or efficiency measure’ means any
25 evaluation of water use, or any installation or modi-

1 fication of property, the primary purpose of which is
2 to reduce consumption of water or to improve the
3 management of water demand with respect to one or
4 more dwelling units.

5 “(3) STORM WATER MANAGEMENT MEASURE.—
6 For purposes of this section, the term ‘storm water
7 management measure’ means any installation or
8 modification of property primarily designed to re-
9 duce or manage amounts of storm water with re-
10 spect to one or more dwelling units.

11 “(4) WASTEWATER MANAGEMENT MEASURE.—
12 For purposes of this section, the term ‘wastewater
13 management measure’ means any installation or
14 modification of property primarily designed to man-
15 age wastewater (including septic tanks and cess-
16 pools) with respect to one or more dwelling units.”.

17 (2) DEFINITION OF PUBLIC UTILITY.—Section
18 136(c)(5) (as redesignated by paragraph (1)(C)) is
19 amended by striking subparagraph (B) and inserting
20 the following:

21 “(B) PUBLIC UTILITY.—The term ‘public
22 utility’ means a person engaged in the sale of
23 electricity, natural gas, or water to residential,
24 commercial, or industrial customers for use by
25 such customers.

1 “(C) STORM WATER MANAGEMENT PRO-
2 VIDER.—The term ‘storm water management
3 provider’ means a person engaged in the provi-
4 sion of storm water management measures to
5 the public.

6 “(D) PERSON.—For purposes of subpara-
7 graphs (B) and (C), the term ‘person’ includes
8 the Federal Government, a State or local gov-
9 ernment or any political subdivision thereof, or
10 any instrumentality of any of the foregoing.”.

11 (3) CLERICAL AMENDMENTS.—

12 (A) The heading for section 136 is amend-
13 ed—

14 (i) by inserting “**AND WATER**” after
15 “**ENERGY**”, and

16 (ii) by striking “**PROVIDED BY PUB-
17 LIC UTILITIES**”.

18 (B) The item relating to section 136 in the
19 table of sections of part III of subchapter B of
20 chapter 1 is amended—

21 (i) by inserting “and water” after
22 “energy”, and

23 (ii) by striking “provided by public
24 utilities”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts received after Decem-
3 ber 31, 2018.

4 (d) NO INFERENCE.—Nothing in this Act or the
5 amendments made by this Act shall be construed to create
6 any inference with respect to the proper tax treatment of
7 any subsidy received directly or indirectly from a public
8 utility, a storm water management provider, or a State
9 or local government for any water conservation measure
10 or storm water management measure before January 1,
11 2019.

12 **PART 4—GREENING THE FLEET AND**
13 **ALTERNATIVE VEHICLES**

14 **SEC. 136401. REFUNDABLE NEW QUALIFIED PLUG-IN ELEC-**
15 **TRIC DRIVE MOTOR VEHICLE CREDIT FOR IN-**
16 **DIVIDUALS.**

17 (a) IN GENERAL.—Subpart C of part IV of sub-
18 chapter A of chapter 1 is amended by inserting after sec-
19 tion 36B the following new section:

20 **“SEC. 36C. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE**
21 **MOTOR VEHICLES.**

22 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
23 dividual, there shall be allowed as a credit against the tax
24 imposed by this subtitle for the taxable year an amount
25 equal to the sum of the credit amounts determined under

1 subsection (b) with respect to each new qualified plug-in
2 electric drive motor vehicle placed in service by the tax-
3 payer during the taxable year.

4 “(b) PER VEHICLE DOLLAR LIMITATION.—

5 “(1) IN GENERAL.—The amount determined
6 under this subsection with respect to any new quali-
7 fied plug-in electric drive motor vehicle is the sum
8 of the amounts determined under paragraphs (2)
9 through (5) with respect to such vehicle (not to ex-
10 ceed 50 percent of the purchase price of such vehi-
11 cle).

12 “(2) BASE AMOUNT.—The amount determined
13 under this paragraph is \$4,000.

14 “(3) BATTERY CAPACITY.—In the case of a new
15 qualified plug-in electric drive motor vehicle, the
16 amount determined under this paragraph is \$3,500
17 if—

18 “(A) in the case of a vehicle placed in serv-
19 ice before January 1, 2027, such vehicle draws
20 propulsion energy from a battery with not less
21 than 40 kilowatt hours of capacity, and

22 “(B) in the case of a vehicle placed in serv-
23 ice after December 31, 2026, such vehicle
24 draws propulsion energy from a battery with
25 not less than 50 kilowatt hours of capacity.

1 “(4) DOMESTIC ASSEMBLY.—In the case of a
2 new qualified plug-in vehicle which satisfies the do-
3 mestic assembly qualifications, the amount deter-
4 mined under this paragraph is \$4,500.

5 “(5) DOMESTIC CONTENT.—In the case of a
6 new qualified plug-in vehicle which satisfies domestic
7 content qualifications, the amount determined under
8 this paragraph is \$500.

9 “(c) LIMITATION BASED ON MODIFIED ADJUSTED
10 GROSS INCOME.—

11 “(1) IN GENERAL.—The amount of the credit
12 allowable under subsection (a) shall be reduced (but
13 not below zero) by \$200 for each \$1,000 (or fraction
14 thereof) by which the taxpayer’s modified adjusted
15 gross income exceeds the threshold amount. For
16 purposes of the preceding sentence, the term ‘modi-
17 fied adjusted gross income’ means adjusted gross in-
18 come increased by any amount excluded from gross
19 income under section 911, 931, or 933.

20 “(2) SPECIAL RULE FOR DETERMINATION OF
21 MODIFIED ADJUSTED GROSS INCOME.—The modified
22 adjusted gross income of the taxpayer that is taken
23 into account for purposes of paragraph (1) shall be
24 the lesser of—

1 “(A) the modified adjusted gross income
2 for the taxable year in which the credit is
3 claimed, or

4 “(B) the modified adjusted gross income
5 for the immediately preceding taxable year.

6 “(3) THRESHOLD AMOUNT.—For purposes of
7 paragraph (1), the term ‘threshold amount’ means—

8 “(A) \$800,000 in the case of a joint return
9 or surviving spouse (half such amount for mar-
10 ried filing separately),

11 “(B) \$600,000 in the case of a head of
12 household, and

13 “(C) \$400,000 in any other case.

14 “(d) MANUFACTURER’S SUGGESTED RETAIL PRICE
15 LIMITATION.—

16 “(1) IN GENERAL.—No credit shall be allowed
17 under subsection (a) for a vehicle with a manufac-
18 turer’s suggested retail price in excess of the appli-
19 cable limitation.

20 “(2) APPLICABLE LIMITATION.—For purposes
21 of paragraph (1), the applicable limitation for each
22 vehicle classification is as follows:

23 “(A) SEDANS.—In the case of a sedan,
24 \$55,000.

1 “(B) VANS.—In the case of a van,
2 \$64,000.

3 “(C) SPORT UTILITY VEHICLES.—In the
4 case of a sport utility vehicle, \$69,000.

5 “(D) PICKUP TRUCKS.—In the case of a
6 pickup truck, \$74,000.

7 “(3) REGULATIONS.—For purposes of this sub-
8 section, the Secretary shall prescribe regulations for
9 determining vehicle classifications using criteria
10 similar to that employed by the Environmental Pro-
11 tection Agency and the Department of Energy to de-
12 termine size and class of vehicles.

13 “(e) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE
14 MOTOR VEHICLE.—For purposes of this section—

15 “(1) IN GENERAL.—The term ‘new qualified
16 plug-in electric drive motor vehicle’ means a motor
17 vehicle—

18 “(A) the original use of which commences
19 with the taxpayer,

20 “(B) which is acquired for use by the tax-
21 payer and not for resale,

22 “(C) which is made by a qualified manu-
23 facturer,

24 “(D) which is treated as a motor vehicle
25 for purposes of title II of the Clean Air Act,

1 “(E) which has a gross vehicle weight rat-
2 ing of less than 14,000 pounds,

3 “(F) which is propelled to a significant ex-
4 tent by an electric motor which draws electricity
5 from a battery which—

6 “(i) has a capacity of—

7 “(I) in the case of a vehicle
8 placed in service in 2022 or 2023, not
9 less than 7 kilowatt hours, and

10 “(II) in the case of a vehicle
11 placed in service after 2023, not less
12 than 10 kilowatt hours, and

13 “(ii) is capable of being recharged
14 from an external source of electricity,

15 “(G) for which, in the case of a vehicle
16 placed into service after December 31, 2026,
17 final assembly is within the United States, and

18 “(H) is not of a character subject to an al-
19 lowance for depreciation.

20 “(2) MOTOR VEHICLE.—The term ‘motor vehi-
21 cle’ means any vehicle which is manufactured pri-
22 marily for use on public streets, roads, and highways
23 (not including a vehicle operated exclusively on a rail
24 or rails) and which has at least 4 wheels.

1 “(3) QUALIFIED MANUFACTURER.—The term
2 ‘qualified manufacturer’ means any manufacturer
3 (within the meaning of the regulations prescribed by
4 the Administrator of the Environmental Protection
5 Agency for purposes of the administration of title II
6 of the Clean Air Act (42 U.S.C. 7521 et seq.) which
7 enters into a written agreement with the Secretary
8 under which such manufacturer agrees—

9 “(A) to ensure that each vehicle manufac-
10 tured by such manufacturer after the later of
11 the date on which such agreement takes effect
12 or December 31, 2021, and that meets the re-
13 quirements of subparagraphs (D), (E), and (F)
14 of paragraph (1) and paragraph (6) of sub-
15 section (e) is labeled with a unique vehicle iden-
16 tification number, and

17 “(B) to make periodic written reports to
18 the Secretary (at such times and in such man-
19 ner as the Secretary may provide) providing
20 such vehicle identification numbers and such
21 other information related to such vehicle as the
22 Secretary may require.

23 “(4) BATTERY CAPACITY.—The term ‘capacity’
24 means, with respect to any battery, the quantity of
25 electricity which the battery is capable of storing, ex-

1 pressed in kilowatt hours, as measured from a 100
2 percent state of charge to a 0 percent state of
3 charge.

4 “(f) SPECIAL RULES.—

5 “(1) BASIS REDUCTION.—For purposes of this
6 subtitle, the basis of any property for which a credit
7 is allowable under subsection (a) shall be reduced by
8 the amount of such credit so allowed.

9 “(2) NO DOUBLE BENEFIT.—The amount of
10 any deduction or other credit allowable under this
11 chapter for a vehicle for which a credit is allowable
12 under subsection (a) shall be reduced by the amount
13 of credit allowed under such subsection for such ve-
14 hicle.

15 “(3) PROPERTY USED OUTSIDE UNITED STATES
16 NOT QUALIFIED.—No credit shall be allowable under
17 subsection (a) with respect to any property referred
18 to in section 50(b)(1).

19 “(4) RECAPTURE.—The Secretary shall, by reg-
20 ulations, provide for recapturing the benefit of any
21 credit allowable under subsection (a) with respect to
22 any property which ceases to be property eligible for
23 such credit.

24 “(5) ELECTION NOT TO TAKE CREDIT.—No
25 credit shall be allowed under subsection (a) for any

1 vehicle if the taxpayer elects to not have this section
2 apply to such vehicle.

3 “(6) INTERACTION WITH AIR QUALITY AND
4 MOTOR VEHICLE SAFETY STANDARDS.—A vehicle
5 shall not be considered eligible for a credit under
6 this section unless such vehicle is in compliance
7 with—

8 “(A) the applicable provisions of the Clean
9 Air Act for the applicable make and model year
10 of the vehicle (or applicable air quality provi-
11 sions of State law in the case of a State which
12 has adopted such provision under a waiver
13 under section 209(b) of the Clean Air Act), and

14 “(B) the motor vehicle safety provisions of
15 sections 30101 through 30169 of title 49,
16 United States Code.

17 “(g) CREDIT ALLOWED FOR 2 AND 3-WHEELED
18 PLUG-IN ELECTRIC VEHICLES.—

19 “(1) IN GENERAL.—In the case of a qualified
20 2- or 3-wheeled plug-in electric vehicle—

21 “(A) there shall be allowed as a credit
22 against the tax imposed by this subtitle for the
23 taxable year an amount equal to the sum of the
24 applicable amount with respect to each such
25 qualified 2- or 3-wheeled plug-in electric vehicle

1 placed in service by the taxpayer during the
2 taxable year, and

3 “(B) the amount of the credit allowed
4 under subparagraph (A) shall be treated as a
5 credit allowed under subsection (a).

6 “(2) APPLICABLE AMOUNT.—For purposes of
7 paragraph (1), the applicable amount is an amount
8 equal to the lesser of—

9 “(A) 10 percent of the cost of the qualified
10 2- or 3-wheeled plug-in electric vehicle, or

11 “(B) \$2,500.

12 “(3) QUALIFIED 2- OR 3-WHEELED PLUG-IN
13 ELECTRIC VEHICLE.—The term ‘qualified 2- or 3-
14 wheeled plug-in electric vehicle’ means any vehicle
15 which—

16 “(A) has 2 or 3 wheels,

17 “(B) meets the requirements of subpara-
18 graphs (A), (B), (C), (E), (F), and (G) of sub-
19 section (e)(1) (determined by substituting ‘2.5
20 kilowatt hours’ for ‘7 kilowatt hours’ in sub-
21 paragraph (F)(i)(I) and by substituting ‘2.5 kil-
22 owatt hours’ for ‘10 kilowatt hours’ in subpara-
23 graph (F)(i)(II)),

24 “(C) is manufactured primarily for use on
25 public streets, roads, and highways, and

1 “(D) is capable of achieving a speed of 45
2 miles per hour or greater.

3 “(h) VIN NUMBER REQUIREMENT.—No credit shall
4 be allowed under this section with respect to any vehicle
5 unless the taxpayer includes the vehicle identification
6 number of such vehicle on the return of tax for the taxable
7 year.

8 “(i) TREATMENT OF CERTAIN POSSESSIONS.—

9 “(1) PAYMENTS TO POSSESSIONS WITH MIRROR
10 CODE TAX SYSTEMS.—The Secretary shall pay to
11 each possession of the United States which has a
12 mirror code tax system amounts equal to the loss (if
13 any) to that possession by reason of the application
14 of the provisions of this section (determined without
15 regard to this subsection). Such amounts shall be
16 determined by the Secretary based on information
17 provided by the government of the respective posses-
18 sion.

19 “(2) PAYMENTS TO OTHER POSSESSIONS.—The
20 Secretary shall pay to each possession of the United
21 States which does not have a mirror code tax system
22 amounts estimated by the Secretary as being equal
23 to the aggregate benefits (if any) that would have
24 been provided to residents of such possession by rea-
25 son of the provisions of this section if a mirror code

1 tax system had been in effect in such possession.
2 The preceding sentence shall not apply unless the re-
3 spective possession has a plan which has been ap-
4 proved by the Secretary under which such possession
5 will promptly distribute such payments to its resi-
6 dents.

7 “(3) MIRROR CODE TAX SYSTEM; TREATMENT
8 OF PAYMENTS.—Rules similar to the rules of para-
9 graphs (4) and (5) of section 21(h) shall apply for
10 purposes of this section.

11 “(j) ASSEMBLY AND CONTENT QUALIFICATIONS.—
12 For purposes of this section—

13 “(1) DOMESTIC ASSEMBLY QUALIFICATIONS.—
14 The term ‘domestic assembly qualifications’ means,
15 with respect to any new qualified plug-in electric ve-
16 hicle, that the final assembly of such vehicle occurs
17 at a plant, factory, or other place which is operating
18 under a collective bargaining agreement negotiated
19 by an employee organization (as defined in section
20 412(c)(4)), determined in a manner consistent with
21 section 7701(a)(46).

22 “(2) DOMESTIC CONTENT QUALIFICATIONS.—
23 The term ‘domestic content qualifications’ means,
24 with respect to any model of a new qualified plug-
25 in electric vehicle, that vehicles of that model—

1 “(A) are assembled by a manufacturer
2 which utilizes not less than 50 percent domestic
3 content in the component parts for final assem-
4 bly of such vehicles, and

5 “(B) are powered by battery cells which
6 are manufactured in the United States (with
7 such battery cells to be included for purposes of
8 the requirement described in subparagraph
9 (A)), as certified by the manufacturer, at such
10 time, and in such form and manner, as the Sec-
11 retary may prescribe.

12 “(3) FINAL ASSEMBLY.—The term ‘final assem-
13 bly’ means the process by which a manufacturer pro-
14 duces a new qualified plug-in electric vehicle at, or
15 through the use of, a plant, factory, or other place
16 from which the vehicle is delivered to a dealer or im-
17 porter with all component parts necessary for the
18 mechanical operation of the vehicle included with the
19 vehicle, whether or not the component parts are per-
20 manently installed in or on the vehicle.

21 “(k) TERMINATION.—No credit shall be allowed
22 under this section with respect to any vehicle acquired
23 after December 31, 2031.”.

1 (b) TRANSFER OF CREDIT.—Subsection (f) of section
2 36C is amended by adding at the end the following new
3 paragraphs:

4 “(7) IN GENERAL.—Subject to such regulations
5 or other guidance as the Secretary determines nec-
6 essary or appropriate, if, with respect to the credit
7 allowed under subsection (a) for any taxable year,
8 the taxpayer elects the application of this subpara-
9 graph for such taxable year with respect to such
10 credit, the eligible entity specified in such election,
11 and not the taxpayer who has purchased or leased
12 the vehicle, shall be treated as the taxpayer for pur-
13 poses of this title with respect to such credit.

14 “(8) ELIGIBLE ENTITY.—For purposes of this
15 paragraph, the term ‘eligible entity’ means, with re-
16 spect to the vehicle for which the credit is allowed
17 under subsection (a), the dealer which sold such ve-
18 hicle to the taxpayer and has—

19 “(A) subject to paragraph (10), registered
20 with the Secretary for purposes of this para-
21 graph, at such time, and in such form and
22 manner, as the Secretary may prescribe,

23 “(B) prior to the election described in
24 paragraph (7), disclosed to the taxpayer pur-
25 chasing such vehicle—

1 “(i) the manufacturer’s suggested re-
2 tail price,

3 “(ii) the value of the credit allowed or
4 other incentive available for the purchase
5 or lease of such vehicle,

6 “(iii) all fees associated with the pur-
7 chase or lease of such vehicle, and

8 “(iv) the amount provided by the deal-
9 er to such taxpayer as a condition of the
10 election described in paragraph (7),

11 “(C) made payment to such taxpayer
12 (whether in cash or in the form of a partial
13 payment or down payment for the purchase of
14 such vehicle) in an amount equal to the credit
15 otherwise allowable to such taxpayer, and

16 “(D) with respect to any incentive other-
17 wise available for the purchase of a vehicle for
18 which a credit is allowed under this section, in-
19 cluding any incentive in the form of a rebate or
20 discount provided by the dealer or manufac-
21 turer, ensured that—

22 “(i) the availability or use of such in-
23 centive shall not limit the ability of a tax-
24 payer to make an election described in
25 paragraph (7), and

1 “(ii) such election shall not limit the
2 value or use of such incentive.

3 “(9) TIMING.—An election described in para-
4 graph (7) shall be made by the taxpayer not later
5 than the date on which the vehicle for which the
6 credit is allowed under subsection (a) is purchased.

7 “(10) REVOCATION OF REGISTRATION.—Upon
8 determination by the Secretary that a dealer has
9 failed to comply with the requirements described in
10 paragraph (8), the Secretary may revoke the reg-
11 istration (as described in subparagraph (A) of such
12 subparagraph) of such dealer.

13 “(11) TAX TREATMENT OF PAYMENTS.—With
14 respect to any payment described in paragraph
15 (8)(C), such payment—

16 “(A) shall not be includible in the gross in-
17 come of the taxpayer, and

18 “(B) with respect to the dealer, shall not
19 be deductible under this title.

20 “(12) ADVANCE PAYMENT TO REGISTERED
21 DEALERS.—

22 “(A) IN GENERAL.—The Secretary shall
23 establish a program to make advance payments
24 to any eligible entity in an amount equal to the
25 cumulative amount of the credits allowed under

1 subsection (a) with respect to any vehicles sold
2 by such entity for which an election described
3 in paragraph (1) has been made.

4 “(B) EXCESSIVE PAYMENTS.—Rules simi-
5 lar to the rules of section 6417(c)(8) shall apply
6 for purposes of this subparagraph.

7 “(13) DEALER.—For purposes of this para-
8 graph, the term ‘dealer’ means a person licensed by
9 a State, the District of Columbia, the Common-
10 wealth of Puerto Rico, any other territory or posses-
11 sion of the United States, or an Indian Tribe (as de-
12 fined in section 4 of the Indian Self-Determination
13 and Education Assistance Act (25 U.S.C. 5304)) to
14 engage in the sale of vehicles.”.

15 (c) REPEAL OF NONREFUNDABLE NEW QUALIFIED
16 PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE CREDIT.—
17 Subpart B of part IV of subchapter A of chapter 1 is
18 amended by striking section 30D (and by striking the item
19 relating to such section in the table of sections of such
20 subpart).

21 (d) CONFORMING AMENDMENTS.—

22 (1) Section 1016(a)(37) is amended by striking
23 “section 30D(f)(1)” and inserting “section
24 36C(f)(1)”.

1 (2) Section 6211(b)(4)(A) is amended by insert-
2 ing “36C,” after “36B,”.

3 (3) Section 6213(g)(2), as amended by the pre-
4 ceding provisions of this Act, is amended—

5 (A) in subparagraph (R), by striking
6 “and” at the end,

7 (B) in subparagraph (S), by striking the
8 period at the end and inserting “, and”, and

9 (C) by adding at the end the following:

10 “(T) an omission of a correct vehicle iden-
11 tification number required under section 36C(f)
12 (relating to credit for new qualified plug-in elec-
13 tric drive motor vehicles) to be included on a re-
14 turn.”.

15 (4) Section 6501(m) is amended by striking
16 “30D(e)(4)” and inserting “36C(f)(5)”.

17 (5) Section 166(b)(5)(A)(ii) of title 23, United
18 States Code, is amended by striking “section
19 30D(d)(1)” and inserting “section 36C(e)(1)”.

20 (6) Section 1324(b)(2) of title 31, United
21 States Code, is amended by inserting “36C,” after
22 “36B,”.

23 (7) The table of sections for subpart C of part
24 IV of subchapter A of chapter 1 is amended by in-

1 serting after the item relating to section 36B the fol-
2 lowing new item:

“Sec. 36C. New qualified plug-in electric drive motor vehicles.”.

3 (e) **EFFECTIVE DATES.**—

4 (1) The amendments made by subsections (a),
5 (c), and (d) of this section shall apply to vehicles ac-
6 quired after December 31, 2021.

7 (2) The amendments made by subsection (b)
8 shall apply to vehicles purchased or leased after De-
9 cember 31, 2022.

10 **SEC. 136402. CREDIT FOR PREVIOUSLY-OWNED QUALIFIED**
11 **PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.**

12 (a) **IN GENERAL.**—Subpart C of part IV of sub-
13 chapter A of chapter 1, as amended by the preceding pro-
14 visions of this Act, is amended by inserting after section
15 36C the following new section:

16 **“SEC. 36D. PREVIOUSLY-OWNED QUALIFIED PLUG-IN ELEC-**
17 **TRIC DRIVE MOTOR VEHICLES.**

18 “(a) **ALLOWANCE OF CREDIT.**—In the case of a
19 qualified buyer who during a taxable year places in service
20 a previously-owned qualified plug-in electric drive motor
21 vehicle, there shall be allowed as a credit against the tax
22 imposed by this subtitle for the taxable year an amount
23 equal to the sum of—

24 “(1) \$1,250, plus

1 “(2) in the case of a vehicle which draws pro-
2 pulsion energy from a battery which exceeds 4 kilo-
3 watt hours of capacity (determined at the time of
4 sale), the lesser of—

5 “(A) \$1,250, and

6 “(B) the product of \$208.50 and such ex-
7 cess kilowatt hours.

8 “(b) LIMITATIONS.—

9 “(1) SALE PRICE.—The credit allowed under
10 subsection (a) with respect to sale of a vehicle shall
11 not exceed 30 percent of the sale price.

12 “(2) ADJUSTED GROSS INCOME.—The amount
13 which would (but for this paragraph) be allowed as
14 a credit under subsection (a) shall be reduced (but
15 not below zero) by \$200 for each \$1,000 (or fraction
16 thereof) by which the taxpayer’s adjusted gross in-
17 come exceeds—

18 “(A) \$150,000 in the case of a joint return
19 or a surviving spouse (as defined in section
20 2(a)),

21 “(B) \$112,500 in the case of a head of
22 household (as defined in section 2(b)), and

23 “(C) \$75,000 in the case of a taxpayer not
24 described in paragraph (1) or (2).

25 “(c) DEFINITIONS.—For purposes of this section—

1 “(1) PREVIOUSLY-OWNED QUALIFIED PLUG-IN
2 ELECTRIC DRIVE MOTOR VEHICLE.—The term ‘pre-
3 viously-owned qualified plug-in electric drive motor
4 vehicle’ means, with respect to a taxpayer, a motor
5 vehicle—

6 “(A) the model year of which is at least 2
7 earlier than the calendar year in which the tax-
8 payer acquires such vehicle,

9 “(B) the original use of which commences
10 with a person other than the taxpayer,

11 “(C) which is acquired by the taxpayer in
12 a qualified sale,

13 “(D) registered by the taxpayer for oper-
14 ation in a State or possession of the United
15 States, and

16 “(E) which meets the requirements of sub-
17 paragraphs (C), (D), (E), (F), and (G) of sec-
18 tion 36C(e)(1).

19 “(2) QUALIFIED SALE.—The term ‘qualified
20 sale’ means a sale of a motor vehicle—

21 “(A) by a seller who holds such vehicle in
22 inventory (within the meaning of section 471)
23 for sale or lease,

24 “(B) for a sale price not to exceed
25 \$25,000, and

1 “(C) which is the first transfer since the
2 date of the enactment of this section to a per-
3 son other than the person with whom the origi-
4 nal use of such vehicle commenced.

5 “(3) QUALIFIED BUYER.—The term ‘qualified
6 buyer’ means, with respect to a sale of a motor vehi-
7 cle, a taxpayer—

8 “(A) who is an individual,

9 “(B) who purchases such vehicle for use
10 and not for resale,

11 “(C) with respect to whom no deduction is
12 allowable with respect to another taxpayer
13 under section 151,

14 “(D) who has not been allowed a credit
15 under this section for any sale during the 3-
16 year period ending on the date of the sale of
17 such vehicle, and

18 “(E) who possesses a certificate issued by
19 the seller that certifies—

20 “(i) that the vehicle is a previously-
21 owned qualified plug-in electric drive motor
22 vehicle,

23 “(ii) the vehicle identification number
24 of such vehicle,

1 “(iii) the capacity of the battery at
2 time of sale, and

3 “(iv) such other information as the
4 Secretary may require.

5 “(4) MOTOR VEHICLE; CAPACITY.—The terms
6 ‘motor vehicle’ and ‘capacity’ have the meaning
7 given such terms in paragraphs (2) and (4) of sec-
8 tion 36C(e), respectively.

9 “(d) VIN NUMBER REQUIREMENT.—No credit shall
10 be allowed under subsection (a) with respect to any vehicle
11 unless the taxpayer includes the vehicle identification
12 number of such vehicle on the return of tax for the taxable
13 year.

14 “(e) APPLICATION OF CERTAIN RULES.—For pur-
15 poses of this section, rules similar to the rules of para-
16 graphs (1), (2), (4), (5), (6) and (7) of section 36C(f)
17 shall apply for purposes of this section.

18 “(f) CERTIFICATE SUBMISSION REQUIREMENT.—
19 The Secretary may require that the issuer of the certifi-
20 cate described in subsection (c)(3)(E) submit such certifi-
21 cate to the Secretary at the time and in the manner re-
22 quired by the Secretary.

23 “(g) TREATMENT OF CERTAIN POSSESSIONS.—

24 “(1) PAYMENTS TO POSSESSIONS WITH MIRROR
25 CODE TAX SYSTEMS.—The Secretary shall pay to

1 each possession of the United States which has a
2 mirror code tax system amounts equal to the loss (if
3 any) to that possession by reason of the application
4 of the provisions of this section. Such amounts shall
5 be determined by the Secretary based on information
6 provided by the government of the respective posses-
7 sion.

8 “(2) PAYMENTS TO OTHER POSSESSIONS.—The
9 Secretary shall pay to each possession of the United
10 States which does not have a mirror code tax system
11 amounts estimated by the Secretary as being equal
12 to the aggregate benefits (if any) that would have
13 been provided to residents of such possession by rea-
14 son of the provisions of this section if a mirror code
15 tax system had been in effect in such possession.
16 The preceding sentence shall not apply unless the re-
17 spective possession has a plan which has been ap-
18 proved by the Secretary under which such possession
19 will promptly distribute such payments to its resi-
20 dents.

21 “(3) MIRROR CODE TAX SYSTEM; TREATMENT
22 OF PAYMENTS.—Rules similar to the rules of para-
23 graphs (4) and (5) of section 21(h) shall apply for
24 purposes of this section.

1 “(h) TERMINATION.—No credit shall be allowed
2 under this section with respect to any vehicle acquired
3 after December 31, 2031.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 6211(b)(4)(A), as amended by the
6 preceding provisions of this Act, is amended by in-
7 serting “36D,” after “36C,”.

8 (2) Section 6213(g)(2), as amended by the pre-
9 ceding provisions of this Act, is amended—

10 (A) in subparagraph (S), by striking
11 “and” at the end,

12 (B) in subparagraph (T), by striking the
13 period at the end and inserting “, and”, and

14 (C) by adding at the end the following:

15 “(U) an omission of a correct vehicle iden-
16 tification number required under section
17 36D(d) (relating to credit for previously-owned
18 qualified plug-in electric drive motor vehicles) to
19 be included on a return.”.

20 (3) Paragraph (2) of section 1324(b) of title
21 31, United States Code, as amended by the pre-
22 ceding provisions of this Act, is amended by insert-
23 ing “36D,” after “36C,”.

24 (c) CLERICAL AMENDMENT.—The table of sections
25 for subpart C of part IV of subchapter A of chapter 1,

1 as amended by the preceding provisions of this Act, is
2 amended by inserting after the item relating to section
3 36C the following new item:

“Sec. 36D. Previously-owned qualified plug-in electric drive motor vehicles.”.

4 (d) **EFFECTIVE DATE.**—The amendments made by
5 this section shall apply to vehicles acquired after Decem-
6 ber 31, 2021.

7 **SEC. 136403. QUALIFIED COMMERCIAL ELECTRIC VEHI-**
8 **CLES.**

9 (a) **IN GENERAL.**—Subpart D of part IV of sub-
10 chapter A of chapter 1 is amended by adding at the end
11 the following new section:

12 **“SEC. 45Y. CREDIT FOR QUALIFIED COMMERCIAL ELEC-**
13 **TRIC VEHICLES.**

14 “(a) **IN GENERAL.**—For purposes of section 38, the
15 qualified commercial electric vehicle credit for any taxable
16 year is an amount equal to the sum of the credit amounts
17 determined under subsection (b) with respect to each
18 qualified commercial electric vehicle placed in service by
19 the taxpayer during the taxable year.

20 “(b) **PER VEHICLE AMOUNT.**—The amount deter-
21 mined under this subsection with respect to any qualified
22 commercial electric vehicle shall be equal to 30 percent
23 of the basis of such vehicle.

1 “(c) QUALIFIED COMMERCIAL ELECTRIC VEHI-
2 CLE.—For purposes of this section, the term ‘qualified
3 commercial electric vehicle’ means any vehicle which—

4 “(1) meets the requirements of subparagraphs
5 (A) and (C) of section 36C(e)(1) without regard to
6 any gross vehicle weight rating, and is acquired for
7 use or lease by the taxpayer and not for resale,

8 “(2) either—

9 “(A) meets the requirements of subpara-
10 graph (D) of section 36C(e)(1), or

11 “(B) is mobile machinery, as defined in
12 section 4053(8),

13 “(3) is primarily propelled by an electric motor
14 which draws electricity from a battery which—

15 “(A) has a capacity of not less than 30 kil-
16 owatt hours,

17 “(B) is capable of being recharged from an
18 external source of electricity,

19 “(C) is not powered or charged by an in-
20 ternal combustion engine, or

21 “(D) is a new qualified fuel cell motor ve-
22 hicle described in subparagraphs (A) and (B) of
23 section 30B(b)(3), and

24 “(4) is of a character subject to the allowance
25 for depreciation.

1 “(d) SPECIAL RULES.—

2 “(1) IN GENERAL.—Rules similar to the rules
3 under subsection (f) of section 36C shall apply for
4 purposes of this section.

5 “(2) PROPERTY USED BY TAX-EXEMPT ENTI-
6 TY.—In the case of a vehicle the use of which is de-
7 scribed in paragraph (3) or (4) of section 50(b) and
8 which is not subject to a lease, the person who sold
9 such vehicle to the person or entity using such vehi-
10 cle shall be treated as the taxpayer that placed such
11 vehicle in service, but only if such person clearly dis-
12 closes to such person or entity in a document the
13 amount of any credit allowable under subsection (a)
14 with respect to such vehicle.

15 “(e) VIN NUMBER REQUIREMENT.—No credit shall
16 be determined under subsection (a) with respect to any
17 vehicle unless the taxpayer includes the vehicle identifia-
18 tion number of such vehicle on the return of tax for the
19 taxable year.

20 “(f) TERMINATION.—No credit shall be determined
21 under this section with respect to any vehicle acquired
22 after December 31, 2031.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) Section 38(b) is amended by striking para-
25 graph (30) and inserting the following:

1 “(30) the qualified commercial electric vehicle
2 credit determined under section 45Y,”.

3 (2) Section 6213(g)(2), as amended by the pre-
4 ceding provisions of this Act, is amended—

5 (A) in subparagraph (T), by striking
6 “and” at the end,

7 (B) in subparagraph (U), by striking the
8 period at the end and inserting “, and”, and

9 (C) by adding at the end the following:

10 “(V) an omission of a correct vehicle iden-
11 tification number required under section 45Y(e)
12 (relating to commercial electric vehicle credit)
13 to be included on a return.”.

14 (3) The table of sections for subpart D of part
15 IV of subchapter A of chapter 1 is amended by add-
16 ing at the end the following new item:

“Sec. 45Y. Qualified commercial electric vehicle credit.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to vehicles acquired after Decem-
19 ber 31, 2021.

20 **SEC. 136404. QUALIFIED FUEL CELL MOTOR VEHICLES.**

21 (a) IN GENERAL.—Section 30B(k)(1) is amended by
22 striking “December 31, 2021” and inserting “December
23 31, 2031”.

24 (b) NEW QUALIFIED FUEL CELL MOTOR VEHI-
25 CLE.—Section 30B(b) is amended by striking “and” at

1 the end of subparagraph (D), by striking the period at
2 the end of subparagraph (E) and inserting “, and”, and
3 by adding at the end the following new subparagraph:

4 “(F) which is not property of a character
5 subject to an allowance for depreciation.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to property placed in service after
8 December 31, 2021.

9 **SEC. 136405. ALTERNATIVE FUEL REFUELING PROPERTY**
10 **CREDIT.**

11 (a) IN GENERAL.—Section 30C(g) is amended by
12 striking “December 31, 2021” and inserting “December
13 31, 2031”.

14 (b) ADDITIONAL CREDIT FOR CERTAIN ELECTRIC
15 CHARGING PROPERTY.—

16 (1) IN GENERAL.—Section 30C(a) is amend-
17 ed—

18 (A) by striking “equal to 30 percent” and
19 inserting the following: “equal to the sum of—
20 “(1) 30 percent”,

21 (B) by striking the period at the end and
22 inserting “, plus”, and

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

1 “(2) 20 percent of so much of such cost as ex-
2 ceeds the limitation under subsection (b)(1) that
3 does not exceed the amount of cost attributable to
4 qualified alternative vehicle refueling property (de-
5 termined without regard to subsection (c)(1) and as
6 if only electricity, and fuel at least 85 percent of the
7 volume of which consists of hydrogen, were treated
8 as clean-burning fuels for purposes of section
9 179A(d)) which—

10 “(A) is intended for general public use
11 with no associated fee or payment arrangement,

12 “(B) is intended for general public use and
13 accepts payment via a credit card reader, in-
14 cluding a credit card reader that uses
15 contactless technology, or

16 “(C) is intended for use exclusively by
17 fleets of commercial or governmental vehicles.”.

18 (2) CONFORMING AMENDMENT.—Section
19 30C(b) is amended—

20 (A) by striking “The credit allowed under
21 subsection (a)” and inserting “The amount of
22 cost taken into account under subsection
23 (a)(1)”,

24 (B) by striking “\$30,000” and inserting
25 “\$100,000”, and

1 (C) by striking “\$1,000” and inserting
2 “\$3,333.33”.

3 (3) BIDIRECTIONAL CHARGING EQUIPMENT IN-
4 CLUDED AS QUALIFIED ALTERNATIVE FUEL VEHI-
5 CLE REFUELING PROPERTY.—Section 30C(e) is
6 amended—

7 (A) by striking “For purposes of this sec-
8 tion, the term” and inserting “For purposes of
9 this section—

10 “(1) IN GENERAL.—The term”, and

11 (B) by adding at the end the following new
12 paragraph:

13 “(2) BIDIRECTIONAL CHARGING EQUIPMENT.—
14 Property shall not fail to be treated as qualified al-
15 ternative vehicle refueling property solely because
16 such property—

17 “(A) is capable of charging the battery of
18 a motor vehicle propelled by electricity, and

19 “(B) allows discharging electricity from
20 such battery to an electric load external to such
21 motor vehicle.”.

22 (c) CERTAIN ELECTRIC CHARGING STATIONS IN-
23 CLUDED AS QUALIFIED ALTERNATIVE FUEL VEHICLE
24 REFUELING PROPERTY.—Section 30C is amended by re-
25 designating subsections (f) and (g) as subsections (g) and

1 (h), respectively, and by inserting after subsection (e) the
2 following:

3 “(f) SPECIAL RULE FOR ELECTRIC CHARGING STA-
4 TIONS FOR CERTAIN VEHICLES WITH 2 OR 3 WHEELS.—
5 For purposes of this section—

6 “(1) IN GENERAL.—The term ‘qualified alter-
7 native fuel vehicle refueling property’ includes any
8 property described in subsection (c) for the re-
9 charging of a motor vehicle described in paragraph
10 (2) that is propelled by electricity, but only if the
11 property—

12 “(A) meets the requirements of subsection
13 (a)(2), and

14 “(B) is of a character subject to deprecia-
15 tion.

16 “(2) MOTOR VEHICLE.—A motor vehicle is de-
17 scribed in this paragraph if the motor vehicle—

18 “(A) is manufactured primarily for use on
19 public streets, roads, or highways (not including
20 a vehicle operated exclusively on a rail or rails),
21 and

22 “(B) has at least 2, but not more than 3,
23 wheels.”.

24 (d) WAGE AND APPRENTICESHIP REQUIREMENTS.—

25 Section 30C, as amended by this section, is further

1 amended by redesignating subsections (g) and (h) as sub-
2 sections (h) and (i) and by inserting after subsection (f)
3 the following new subsection:

4 “(g) WAGE AND APPRENTICESHIP REQUIRE-
5 MENTS.—

6 “(1) BASE CREDIT AMOUNT AND INCREASED
7 CREDIT AMOUNT.—

8 “(A) IN GENERAL.—In the case of any
9 qualified alternative fuel vehicle refueling prop-
10 erty which does not satisfy the requirements of
11 subparagraph (B), the amount of the credit de-
12 termined under subsection (a) shall be 20 per-
13 cent of such amount (determined without re-
14 gard to this sentence).

15 “(B) INCREASED CREDIT FOR CERTAIN
16 QUALIFIED ALTERNATIVE FUEL VEHICLE RE-
17 FUELING PROPERTY MEETING PROJECT RE-
18 QUIREMENTS.—

19 “(i) IN GENERAL.—In the case of any
20 qualified alternative fuel vehicle refueling
21 property which meets the project require-
22 ments of this subparagraph, subparagraph
23 (A) shall not apply.

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1 “(ii) PROJECT REQUIREMENTS.—A
2 project meets the requirements of this sub-
3 paragraph if it is one of the following:

4 “(I) A project which commences
5 construction prior to the date of the
6 enactment of this paragraph.

7 “(II) A project which satisfies
8 the requirements of paragraphs (2)
9 and (3).

10 “(2) PREVAILING WAGE REQUIREMENTS.—

11 “(A) IN GENERAL.—The requirements de-
12 scribed in this subparagraph with respect to
13 any qualified alternative fuel vehicle refueling
14 property are that the taxpayer shall ensure that
15 any laborers and mechanics employed by con-
16 tractors and subcontractors in the construction
17 of such property shall be paid wages at rates
18 not less than the prevailing rates for construc-
19 tion, alteration, or repair of a similar character
20 in the locality as most recently determined by
21 the Secretary of Labor, in accordance with sub-
22 chapter IV of chapter 31 of title 40, United
23 States Code.

24 “(B) CORRECTION AND PENALTY RELATED
25 TO FAILURE TO SATISFY WAGE REQUIRE-

1 MENTS.—In the case of any taxpayer which
2 fails to satisfy the requirement under subpara-
3 graph (A) with respect to such qualified alter-
4 native fuel vehicle refueling property, rules
5 similar to the rules of section 45(b)(8)(B) shall
6 apply for purposes of this paragraph.

7 “(3) APPRENTICESHIP REQUIREMENTS.—The
8 requirements described in this subparagraph with re-
9 spect to the construction of any qualified alternative
10 fuel vehicle refueling property are as follows:

11 “(A) LABOR HOURS.—

12 “(i) PERCENTAGE OF TOTAL LABOR
13 HOURS.—All contractors and subcontrac-
14 tors engaged in the performance of con-
15 struction on any project shall, subject to
16 subparagraph (B), ensure that not less
17 than the applicable percentage of the total
18 labor hours of such work be performed by
19 qualified apprentices.

20 “(ii) APPLICABLE PERCENTAGE.—For
21 purposes of paragraph (1), the applicable
22 percentage shall be—

23 “(I) in the case of any applicable
24 project the construction of which be-

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1 gins before January 1, 2023, 5 per-
2 cent,

3 “(II) in the case of any applica-
4 ble project the construction of which
5 begins after December 31, 2022, and
6 before January 1, 2024, 10 percent,
7 and

8 “(III) in the case of any applica-
9 ble project the construction of which
10 begins after December 31, 2023, 15
11 percent.

12 “(B) APPRENTICE TO JOURNEYWORKER
13 RATIO.—The requirement under subparagraph
14 (A)(i) shall be subject to any applicable require-
15 ments for apprentice-to-journeyworker ratios of
16 the Department of Labor or the applicable
17 State apprenticeship agency.

18 “(C) PARTICIPATION.—Each contractor
19 and subcontractor who employs 4 or more indi-
20 viduals to perform construction, alteration, or
21 repair work on an applicable project shall em-
22 ploy 1 or more qualified apprentices to perform
23 such work.

24 “(D) EXCEPTION.—

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1 “(i) IN GENERAL.—Notwithstanding
2 any other provision of this paragraph, this
3 paragraph shall not apply in the case of a
4 taxpayer who—

5 “(I) demonstrates a lack of avail-
6 ability of qualified apprentices in the
7 geographic area of the construction,
8 alteration, or repair work, and

9 “(II) makes a good faith effort to
10 comply with the requirements of this
11 paragraph.

12 “(ii) GOOD FAITH EFFORT.—For pur-
13 poses of clause (i), a taxpayer shall be
14 deemed to have satisfied the requirements
15 under such paragraph with respect to an
16 applicable project if such taxpayer has re-
17 quested qualified apprentices from a reg-
18 istered apprenticeship program, as defined
19 in section 3131(e)(3)(B), and such request
20 has been denied, provided that such denial
21 is not the result of a refusal by the con-
22 tractors or subcontractors engaged in the
23 performance of construction, alteration, or
24 repair work on such applicable project to
25 comply with the established standards and

1 requirements of such apprenticeship pro-
2 gram.

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

5 “(i) LABOR HOURS.—The term ‘labor
6 hours’ has the meaning given such term in
7 section 45(b)(9)(E)(i).

8 “(ii) QUALIFIED APPRENTICE.—The
9 term ‘qualified apprentice’ has the mean-
10 ing given such term in section
11 45(b)(9)(E)(ii).

12 “(4) REGULATIONS AND GUIDANCE.—The Sec-
13 retary shall issue such regulations or other guidance
14 as the Secretary determines necessary or appropriate
15 to carry out the purposes of this subsection.”.

16 (e) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to property placed in service after
18 December 31, 2021.

19 **SEC. 136406. REINSTATEMENT AND EXPANSION OF EM-**
20 **PLOYER-PROVIDED FRINGE BENEFITS FOR**
21 **BICYCLE COMMUTING.**

22 (a) REPEAL OF SUSPENSION OF EXCLUSION FOR
23 QUALIFIED BICYCLE COMMUTING BENEFITS.—Section
24 132(f) is amended by striking paragraph (8).

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1 (b) EXPANSION OF BICYCLE COMMUTING BENE-
2 FITS.—Section 132(f)(5)(F) is amended to read as fol-
3 lows:

4 “(F) DEFINITIONS RELATED TO BICYCLE
5 COMMUTING BENEFITS.—

6 “(i) QUALIFIED BICYCLE COMMUTING
7 BENEFIT.—The term ‘qualified bicycle
8 commuting benefit’ means, with respect to
9 any calendar year—

10 “(I) any employer reimbursement
11 during the 15-month period beginning
12 with the first day of such calendar
13 year for reasonable expenses incurred
14 by the employee during such calendar
15 year for the purchase (including asso-
16 ciated finance charges), lease, rental
17 (including a bikeshare), improvement,
18 repair, or storage of qualified com-
19 muting property, or

20 “(II) the provision by the em-
21 ployer to the employee during such
22 calendar year of the use (including a
23 bikeshare), improvement, repair, or
24 storage of qualified commuting prop-
25 erty,

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1 if the employee regularly uses such quali-
2 fied commuting property for travel between
3 the employee's residence, place of employ-
4 ment, or a mass transit facility that con-
5 nects the employee to their residence or
6 place of employment.

7 “(ii) QUALIFIED COMMUTING PROP-
8 erty.—The term ‘qualified commuting
9 property’ means—

10 “(I) any bicycle (other than a bi-
11 cycle equipped with any motor),

12 “(II) any electric bicycle which
13 meets the requirements of section
14 36E(c)(5),

15 “(III) any 2- or 3-wheel scooter
16 (other than a scooter equipped with
17 any motor), and

18 “(IV) any 2- or 3-wheel scooter
19 propelled by an electric motor if such
20 motor does not provide assistance if
21 the speed of such scooter exceeds 20
22 miler per hour (or if the speed of such
23 scooter is not capable of exceeding 20
24 miles per hour) and the weight of

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1 such scooter does not exceed 100
2 pounds.

3 “(iii) BIKESHARE.—The term
4 ‘bikeshare’ means a rental operation at
5 which qualified commuting property is
6 made available to customers to pick up and
7 drop off for point-to-point use within a de-
8 fined geographic area.”.

9 (e) LIMITATION ON EXCLUSION.—Section
10 132(f)(2)(C) is amended to read as follows:

11 “(C) 30 percent of the dollar amount in ef-
12 fect under subparagraph (B) per month in the
13 case of any qualified bicycle commuting ben-
14 efit.”.

15 (d) NO CONSTRUCTIVE RECEIPT.—Section 132(f)(4)
16 is amended by striking “(other than a qualified bicycle
17 commuting reimbursement)”.

18 (e) CONFORMING AMENDMENT.—Section
19 132(f)(1)(D) is amended by striking “reimbursement”
20 and inserting “benefit”.

21 (f) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2021.

1 **SEC. 136407. CREDIT FOR CERTAIN NEW ELECTRIC BICY-**
2 **CLES.**

3 (a) IN GENERAL.—Subpart C of part IV of sub-
4 chapter A of chapter 1, as amended by the preceding pro-
5 visions of this Act, is amended by inserting after section
6 36D the following new section:

7 **“SEC. 36E. ELECTRIC BICYCLES.**

8 “(a) ALLOWANCE OF CREDIT.—There shall be al-
9 lowed as a credit against the tax imposed by this chapter
10 for the taxable year an amount equal to 15 percent of the
11 cost of each qualified electric bicycle placed in service by
12 the taxpayer during such taxable year.

13 “(b) LIMITATIONS.—

14 “(1) LIMITATION ON COST PER ELECTRIC BICY-
15 CLE TAKEN INTO ACCOUNT.—The amount taken
16 into account under subsection (a) as the cost of any
17 qualified electric bicycle shall not exceed \$5,000.

18 “(2) BICYCLE LIMITATION WITH RESPECT TO
19 CREDIT.—

20 “(A) LIMITATION ON NUMBER OF PER-
21 SONAL-USE BICYCLES.—In the case of any tax-
22 payer for any taxable year, the number of per-
23 sonal-use bicycles taken into account under sub-
24 section (a) shall not exceed the excess (if any)
25 of—

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1 “(i) 1 (2 in the case of a joint return),
2 reduced by

3 “(ii) the aggregate number of bicycles
4 taken into account by the taxpayer under
5 subsection (a) for the 2 preceding taxable
6 years.

7 “(B) PHASEOUT BASED ON MODIFIED AD-
8 JUSTED GROSS INCOME.—So much of the credit
9 allowed under subsection (a) to any taxpayer
10 for any taxable year as would (but for this sub-
11 paragraph) be treated under subsection (e)(2)
12 as a credit allowable under subpart C shall be
13 reduced by \$200 for each \$1,000 (or fraction
14 thereof) by which the taxpayer’s modified ad-
15 justed gross income exceeds—

16 “(i) \$150,000 in the case of a joint
17 return or a surviving spouse (as defined in
18 section 2(a)),

19 “(ii) \$112,500 in the case of a head
20 of household (as defined in section 2(b)),
21 and

22 “(iii) \$75,000 in the case of a tax-
23 payer not described in clause (i) or (ii).

24 “(C) MODIFIED ADJUSTED GROSS IN-
25 COME.—For purposes of subparagraph (B), the

1 term ‘modified adjusted gross income’ means
2 adjusted gross income increased by any amount
3 excluded from gross income under section 911,
4 931, or 933.

5 “(D) SPECIAL RULE FOR DETERMINATION
6 OF MODIFIED ADJUSTED GROSS INCOME.—The
7 modified adjusted gross income of the taxpayer
8 that is taken into account for purposes of this
9 paragraph shall be the lesser of—

10 “(i) the modified adjusted gross in-
11 come for the taxable year in which the
12 credit is claimed, or

13 “(ii) the modified adjusted gross in-
14 come for the immediately preceding taxable
15 year.

16 “(c) QUALIFIED ELECTRIC BICYCLE.—For purposes
17 of this section, the term ‘qualified electric bicycle’ means
18 a bicycle—

19 “(1) the original use of which commences with
20 the taxpayer,

21 “(2) which is acquired for use by the taxpayer
22 and not for resale,

23 “(3) which is made by a qualified manufacturer
24 and is labeled with the qualified vehicle identification

1 number assigned to such bicycle by such manufac-
2 turer,

3 “(4) with respect to which the aggregate
4 amount paid for such acquisition does not exceed
5 \$8,000, and

6 “(5) which is equipped with—

7 “(A) fully operable pedals,

8 “(B) a saddle or seat for the rider, and

9 “(C) an electric motor of less than 750
10 watts which is designed to provided assistance
11 in propelling the bicycle and—

12 “(i) does not provide such assistance
13 if the bicycle is moving in excess of 20
14 miler per hour, or

15 “(ii) if such motor only provides such
16 assistance when the rider is pedaling, does
17 not provide such assistance if the bicycle is
18 moving in excess of 28 miles per hour.

19 “(d) VIN NUMBER REQUIREMENT.—

20 “(1) IN GENERAL.—No credit shall be allowed
21 under subsection (a) with respect to any qualified
22 electric bicycle unless the taxpayer includes the
23 qualified vehicle identification number of such bicy-
24 cle on the return of tax for the taxable year.

1 “(2) QUALIFIED VEHICLE IDENTIFICATION
2 NUMBER.—For purposes of this section, the term
3 ‘qualified vehicle identification number’ means, with
4 respect to any bicycle, the vehicle identification num-
5 ber assigned to such bicycle by a qualified manufac-
6 turer pursuant to the methodology referred to in
7 paragraph (3).

8 “(3) QUALIFIED MANUFACTURER.—For pur-
9 poses of this section, the term ‘qualified manufac-
10 turer’ means any manufacturer of qualified electric
11 bicycles which enters into an agreement with the
12 Secretary which provides that such manufacturer
13 will—

14 “(A) assign a vehicle identification number
15 to each qualified electric bicycle produced by
16 such manufacturer utilizing a methodology that
17 will ensure that such number (including any al-
18 phanumeric) is unique to such bicycle (by uti-
19 lizing numbers or letters which are unique to
20 such manufacturer or by such other method as
21 the Secretary may provide),

22 “(B) label such bicycle with such number
23 in such manner as the Secretary may provide,
24 and

1 “(C) make periodic written reports to the
2 Secretary (at such times and in such manner as
3 the Secretary may provide) of the vehicle identi-
4 fication numbers so assigned and including
5 such information as the Secretary may require
6 with respect to the qualified electric bicycle to
7 which such number was so assigned.

8 “(e) SPECIAL RULES.—

9 “(1) BASIS REDUCTION.—For purposes of this
10 subtitle, the basis of any property for which a credit
11 is allowable under subsection (a) shall be reduced by
12 the amount of such credit so allowed (determined
13 without regard to subsection (c)).

14 “(2) NO DOUBLE BENEFIT.—The amount of
15 any deduction or other credit allowable under this
16 chapter for a qualified electric bicycle for which a
17 credit is allowable under subsection (a) shall be re-
18 duced by the amount of credit allowed under such
19 subsection for such vehicle (determined without re-
20 gard to subsection (c)).

21 “(3) PROPERTY USED OUTSIDE UNITED STATES
22 NOT QUALIFIED.—No credit shall be allowable under
23 subsection (a) with respect to any property referred
24 to in section 50(b)(1).

1 “(4) RECAPTURE.—The Secretary shall, by reg-
2 ulations, provide for recapturing the benefit of any
3 credit allowable under subsection (a) with respect to
4 any property which ceases to be property eligible for
5 such credit.

6 “(5) ELECTION NOT TO TAKE CREDIT.—No
7 credit shall be allowed under subsection (a) for any
8 bicycle if the taxpayer elects to not have this section
9 apply to such bicycle.

10 “(f) TREATMENT OF CERTAIN POSSESSIONS.—

11 “(1) PAYMENTS TO POSSESSIONS WITH MIRROR
12 CODE TAX SYSTEMS.—The Secretary shall pay to
13 each possession of the United States which has a
14 mirror code tax system amounts equal to the loss (if
15 any) to that possession by reason of the application
16 of the provisions of this section (determined without
17 regard to this subsection). Such amounts shall be
18 determined by the Secretary based on information
19 provided by the government of the respective posses-
20 sion.

21 “(2) PAYMENTS TO OTHER POSSESSIONS.—The
22 Secretary shall pay to each possession of the United
23 States which does not have a mirror code tax system
24 amounts estimated by the Secretary as being equal
25 to the aggregate benefits (if any) that would have

1 been provided to residents of such possession by rea-
2 son of the provisions of this section if a mirror code
3 tax system had been in effect in such possession.
4 The preceding sentence shall not apply unless the re-
5 spective possession has a plan which has been ap-
6 proved by the Secretary under which such possession
7 will promptly distribute such payments to its resi-
8 dents.

9 “(3) MIRROR CODE TAX SYSTEM; TREATMENT
10 OF PAYMENTS.—Rules similar to the rules of para-
11 graphs (4) and (5) of section 21(h) shall apply for
12 purposes of this section.

13 “(g) TERMINATION.—This section shall not apply to
14 bicycles placed in service after December 31, 2031.”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 38(b) is amended by striking “plus”
17 at the end of paragraph (39), by striking the period
18 at the end of paragraph (40) and inserting “, plus”,
19 and by adding at the end the following new para-
20 graph:

21 “(41) the portion of the electric bicycles credit
22 to which section 36E(c)(1) applies.”.

23 (2) Section 1016(a) is amended by striking
24 “and” at the end of paragraph (37), by striking the
25 period at the end of paragraph (38) and inserting “,

1 and”, and by adding at the end the following new
2 paragraph:

3 “(39) to the extent provided in section
4 36E(f)(1).”.

5 (3) Section 6211(b)(4)(A) of such Code is
6 amended by inserting “36E by reason of subsection
7 (c)(2) thereof,” before “32,”.

8 (4) Section 6213(g)(2), as amended by the pre-
9 ceding provisions of this Act, is amended—

10 (A) in subparagraph (U), by striking
11 “and” at the end,

12 (B) in subparagraph (V), by striking the
13 period at the end and inserting “, and”, and

14 (C) by adding at the end the following:

15 “(W) an omission of a correct vehicle iden-
16 tification number required under section 36E(e)
17 (relating to electric bicycles credit) to be in-
18 cluded on a return.”.

19 (5) Section 6501(m) is amended by inserting
20 “36E(f)(4),” after “35(g)(11),”.

21 (6) Section 1324(b)(2) of title 31, United
22 States Code, is amended by inserting “36E,” after
23 “36B,”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for subpart B of part IV of subchapter A of chapter 1
3 is amended by adding at the end the following new item:

“Sec. 36E. Electric bicycles.”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to property placed in service after
6 the date of the enactment of this Act, in taxable years
7 ending after such date.

8 **PART 5—INVESTMENT IN THE GREEN**

9 **WORKFORCE**

10 **SEC. 136501. EXTENSION OF THE ADVANCED ENERGY**
11 **PROJECT CREDIT.**

12 (a) EXTENSION OF CREDIT.—Section 48C is amend-
13 ed by redesignating subsection (e) as subsection (f) and
14 by inserting after subsection (d) the following new sub-
15 section:

16 “(e) ADDITIONAL ALLOCATIONS.—

17 “(1) IN GENERAL.—Not later than 180 days
18 after the date of enactment of this subsection, the
19 Secretary, after consultation with the Secretary of
20 Energy, shall establish a program to consider and
21 award certifications for qualified investments eligible
22 for credits under this section to qualifying advanced
23 energy project sponsors.

24 “(2) ANNUAL LIMITATION.—

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1 “(A) IN GENERAL.—The amount of credits
2 that may be allocated under this subsection
3 during any calendar year shall not exceed the
4 annual credit limitation with respect to such
5 year.

6 “(B) ANNUAL CREDIT LIMITATION.—

7 “(i) IN GENERAL.—For purposes of
8 this subsection, the term ‘annual credit
9 limitation’ means \$2,500,000,000 for each
10 of calendar years 2022 through 2031, and
11 zero thereafter.

12 “(ii) AMOUNT SET ASIDE FOR AUTO-
13 MOTIVE COMMUNITIES.—

14 “(I) IN GENERAL.—For purposes
15 of clause (i), \$400,000,000 of the an-
16 nual credit limitation for each of cal-
17 endar years 2022 through 2031 shall
18 be allocated to qualified investments
19 located within automotive commu-
20 nities.

21 “(II) AUTOMOTIVE COMMU-
22 NITIES.—For purposes of this clause,
23 the term ‘automotive communities’
24 means a census tract and any directly
25 adjoining census tract, including a no-

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1 population census tract, that has ex-
2 perience major job losses in the auto-
3 motive manufacturing sector since
4 January 1, 1994, as determined by
5 the Secretary after consultation with
6 the Secretary of Energy and Secretary
7 of Labor.

8 “(C) CARRYOVER OF UNUSED LIMITA-
9 TION.—If the annual credit limitation for any
10 calendar year exceeds the aggregate amount
11 designated for such year under this subsection,
12 such limitation for the succeeding calendar year
13 shall be increased by the amount of such excess.
14 No amount may be carried under the preceding
15 sentence to any calendar year after 2036.

16 “(3) CERTIFICATIONS.—

17 “(A) APPLICATION REQUIREMENT.—Each
18 applicant for certification under this subsection
19 shall submit an application at such time and
20 containing such information as the Secretary
21 may require.

22 “(B) TIME TO MEET CRITERIA FOR CER-
23 TIFICATION.—Each applicant for certification
24 shall have 2 years from the date of acceptance
25 by the Secretary of the application during

1 which to provide to the Secretary evidence that
2 the requirements of the certification have been
3 met.

4 “(C) PERIOD OF ISSUANCE.—An applicant
5 which receives a certification shall have 2 years
6 from the date of issuance of the certification in
7 order to place the project in service and to no-
8 tify the Secretary that such project has been so
9 placed in service, and if such project is not
10 placed in service (and the Secretary so notified)
11 by that time period, then the certification shall
12 no longer be valid. If any certification is re-
13 voked under this subparagraph, the amount of
14 the annual credit limitation under paragraph
15 (2) for the calendar year in which such certifi-
16 cation is revoked shall be increased by the
17 amount of the credit with respect to such re-
18 voked certification.

19 “(4) SELECTION CRITERIA.—Selection criteria
20 similar to those in subsection (d)(3) shall apply, ex-
21 cept that in determining designations under this
22 subsection, the Secretary, after consultation with the
23 Secretary of Energy, shall—

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1 “(A) in addition to the factors described in
2 subsection (d)(3)(B), take into consideration
3 which projects—

4 “(i) will provide the greatest net im-
5 pact in avoiding or reducing anthropogenic
6 emissions of greenhouse gases, as deter-
7 mined by the Secretary after consultation
8 with the Administrator of the Environ-
9 mental Protection Agency,

10 “(ii) will provide the greatest domestic
11 job creation (both direct and indirect) dur-
12 ing the credit period,

13 “(iii) will provide the greatest job cre-
14 ation within the vicinity of the project, par-
15 ticularly with respect to—

16 “(I) low-income communities (as
17 described in section 45D(e)), and

18 “(II) dislocated workers who
19 were previously employed in manufac-
20 turing, coal power plants, or coal min-
21 ing, and

22 “(iv) will provide the greatest job cre-
23 ation in areas with a population that is at
24 risk of experiencing higher or more adverse
25 human health or environmental effects and

1 a significant portion of such population is
2 comprised of communities of color, low-in-
3 come communities, Tribal and Indigenous
4 communities, or individuals formerly em-
5 ployed in the fossil fuel industry, and

6 “(B) give the highest priority to projects
7 which—

8 “(i) manufacture (other than pri-
9 marily assembly of components) property
10 described in a subclause of subsection
11 (c)(1)(A)(i) (or components thereof), and

12 “(ii) have the greatest potential for
13 commercial deployment of new applica-
14 tions.

15 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-
16 retary shall, upon allocating a credit under this sub-
17 section, publicly disclose the identity of the appli-
18 cant, the amount of the credit with respect to such
19 applicant, and the project location for which such
20 credit was allocated.

21 “(6) CREDIT CONDITIONED UPON WAGE AND
22 APPRENTICESHIP REQUIREMENTS.—No credit shall
23 be allocated for a project under this subsection un-
24 less the project meets the prevailing wage require-

1 ments of paragraph (7) and the apprenticeship re-
2 quirements of paragraph (8).

3 “(7) PREVAILING WAGE REQUIREMENTS.—

4 “(A) IN GENERAL.—The requirements de-
5 scribed in this paragraph with respect to a
6 project are that the taxpayer shall ensure that
7 any laborers and mechanics employed by con-
8 tractors and subcontractors in the re-equipping,
9 expansion, or establishment of an industrial or
10 manufacturing facility shall be paid wages at
11 rates not less than the prevailing rates for con-
12 struction, alteration, or repair of a similar char-
13 acter in the locality as most recently determined
14 by the Secretary of Labor, in accordance with
15 subchapter IV of chapter 31 of title 40, United
16 States Code.

17 “(B) CORRECTION AND PENALTY RELATED
18 TO FAILURE TO SATISFY WAGE REQUIRE-
19 MENTS.—

20 “(i) IN GENERAL.—In the case of any
21 taxpayer which fails to satisfy the require-
22 ment under subparagraph (A) with respect
23 to any project—

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1 “(I) rules similar to the rules of
2 section 45(b)(8)(B) shall apply for
3 purposes of this paragraph, and

4 “(II) if the failure to satisfy the
5 requirement under subparagraph (A)
6 is not corrected pursuant to the rules
7 described in subclause (I), the certifi-
8 cation with respect to the re-equip-
9 ping, expansion, or establishment of
10 an industrial or manufacturing facility
11 shall no longer be valid.

12 “(8) APPRENTICESHIP REQUIREMENTS.—The
13 requirements described in this subparagraph with re-
14 spect to a project are as follows:

15 “(A) LABOR HOURS.—

16 “(i) PERCENTAGE OF TOTAL LABOR
17 HOURS.—All contractors and subcontrac-
18 tors engaged in the performance of con-
19 struction, alteration, or repair work on any
20 project shall, subject to subparagraph (B),
21 ensure that not less than the applicable
22 percentage of the total labor hours of such
23 work be performed by qualified appren-
24 tices.

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1 “(ii) APPLICABLE PERCENTAGE.—For
2 purposes of paragraph (1), the applicable
3 percentage shall be—

4 “(I) in the case of any applicable
5 project the construction of which be-
6 gins before January 1, 2023, 5 per-
7 cent,

8 “(II) in the case of any applica-
9 ble project the construction of which
10 begins after December 31, 2022, and
11 before January 1, 2024, 10 percent,
12 and

13 “(III) in the case of any applica-
14 ble project the construction of which
15 begins after December 31, 2023, 15
16 percent.

17 “(B) APPRENTICE TO JOURNEYWORKER
18 RATIO.—The requirement under subparagraph
19 (A)(i) shall be subject to any applicable require-
20 ments for apprentice-to-journeyworker ratios of
21 the Department of Labor or the applicable
22 State apprenticeship agency.

23 “(C) PARTICIPATION.—Each contractor
24 and subcontractor who employs 4 or more indi-
25 viduals to perform construction, alteration, or

1 repair work on an applicable project shall em-
2 ploy 1 or more qualified apprentices to perform
3 such work.

4 “(D) EXCEPTION.—

5 “(i) IN GENERAL.—Notwithstanding
6 any other provision of this paragraph, this
7 paragraph shall not apply in the case of a
8 taxpayer who—

9 “(I) demonstrates a lack of avail-
10 ability of qualified apprentices in the
11 geographic area of the construction,
12 alteration, or repair work, and

13 “(II) makes a good faith effort to
14 comply with the requirements of this
15 paragraph.

16 “(ii) GOOD FAITH EFFORT.—For pur-
17 poses of clause (i), a taxpayer shall be
18 deemed to have satisfied the requirements
19 under such paragraph with respect to an
20 applicable project if such taxpayer has re-
21 quested qualified apprentices from a reg-
22 istered apprenticeship program, as defined
23 in section 3131(e)(3)(B), and such request
24 has been denied, provided that such denial
25 is not the result of a refusal by the con-

1 tractors or subcontractors engaged in the
2 performance of construction, alteration, or
3 repair work on such applicable project to
4 comply with the established standards and
5 requirements of such apprenticeship pro-
6 gram.

7 “(E) DEFINITIONS.—For purposes of this
8 paragraph—

9 “(i) LABOR HOURS.—The term ‘labor
10 hours’ has the meaning given such term in
11 section 45(b)(9)(E)(i).

12 “(ii) QUALIFIED APPRENTICE.—The
13 term ‘qualified apprentice’ has the mean-
14 ing given such term in section
15 45(b)(9)(E)(ii).”.

16 (b) MODIFICATION OF QUALIFYING ADVANCED EN-
17 ERGY PROJECTS.—

18 (1) INCLUSION OF WATER AS A RENEWABLE
19 RESOURCE.—Section 48C(c)(1)(A)(i)(I) is amended
20 by inserting “water,” after “sun,”.

21 (2) ENERGY STORAGE SYSTEMS.—Section
22 48C(c)(1)(A)(i)(II) is amended by striking “an en-
23 ergy storage system for use with electric or hybrid-
24 electric motor vehicles” and inserting “energy stor-
25 age systems and components”.

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1 (3) MODIFICATION OF QUALIFYING ELECTRIC
2 GRID PROPERTY.—Section 48C(c)(1)(A)(i)(III) is
3 amended to read as follows:

4 “(III) electric grid modernization
5 equipment or components,”.

6 (4) USE OF CAPTURED CARBON.—Section
7 48C(c)(1)(A)(i)(IV) is amended by striking “sequester”
8 and insert “use or sequester”.

9 (5) ELECTRIC AND FUEL CELL VEHICLES.—
10 Section 48C(c)(1)(A)(i)(VI) is amended—

11 (A) by striking “new qualified plug-in elec-
12 tric drive motor vehicles (as defined by section
13 30D)” and inserting “vehicles described in sec-
14 tion 36C, 45Y, and 36E”, and

15 (B) and striking “and power control units”
16 and inserting “power control units, and equip-
17 ment used for charging or refueling”.

18 (6) PROPERTY FOR PRODUCTION OF HYDRO-
19 GEN.—Section 48C(c)(1)(A)(i) is amended by strik-
20 ing “or” at the end of subclause (VI), by redesign-
21 ating subclause (VII) as subclause (VIII), and by in-
22 serting after subclause (VI) the following new sub-
23 clause:

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1 “(VII) property designed to be
2 used to produce qualified clean hydro-
3 gen (as defined in section 45X), or”.

4 (7) RECYCLING OF ADVANCED ENERGY PROP-
5 erty.—Section 48C(c)(1) is amended by adding at
6 the end the following new subparagraph:

7 “(C) SPECIAL RULE FOR CERTAIN RECY-
8 cling facilities.—A facility which recycles
9 batteries or similar energy storage property de-
10 scribed in subparagraph (A)(i) shall be treated
11 as part of a manufacturing facility described in
12 such subparagraph.”.

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

16 **SEC. 136502. LABOR COSTS OF INSTALLING MECHANICAL**
17 **INSULATION PROPERTY.**

18 (a) IN GENERAL.—Subpart D of part IV of sub-
19 chapter A of chapter 1, as amended by the preceding pro-
20 visions of this Act, is further amended by adding at the
21 end the following new section:

22 **“SEC. 45Z. LABOR COSTS OF INSTALLING MECHANICAL IN-**
23 **SULATION PROPERTY.**

24 “(a) IN GENERAL.—For purposes of section 38, the
25 mechanical insulation labor costs credit determined under

1 this section for any taxable year is an amount equal to
2 10 percent of the mechanical insulation labor costs paid
3 or incurred by the taxpayer during such taxable year.

4 “(b) MECHANICAL INSULATION LABOR COSTS.—For
5 purposes of this section—

6 “(1) IN GENERAL.—The term ‘mechanical insu-
7 lation labor costs’ means the labor cost of installing
8 mechanical insulation property with respect to a me-
9 chanical system referred to in paragraph (2)(A)
10 which was originally placed in service not less than
11 1 year before the date on which such mechanical in-
12 sulation property is installed.

13 “(2) MECHANICAL INSULATION PROPERTY.—
14 The term ‘mechanical insulation property’ means in-
15 sulation materials, and facings and accessory prod-
16 ucts installed in connection to such insulation mate-
17 rials—

18 “(A) placed in service in connection with a
19 mechanical system which—

20 “(i) is located in the United States,

21 “(ii) is of a character subject to an al-
22 lowance for depreciation, and

23 “(iii) meets the requirements of sec-
24 tion 434.403 of title 10, Code of Federal

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1 Regulations (as in effect on the date of en-
2 actment of this section), and

3 “(B) which result in a reduction in energy
4 loss from the mechanical system which is great-
5 er than the expected reduction from the instal-
6 lation of insulation materials which meet the
7 minimum requirements of Reference Standard
8 90.1 (as defined in section 179D(c)(2)).

9 “(c) TERMINATION.—This section shall not apply to
10 mechanical insulation labor costs paid or incurred after
11 December 31, 2031.”

12 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
13 NESS CREDIT.—Section 38(b), as amended by the pre-
14 ceding provisions of this Act, is further amended by strik-
15 ing “plus” at the end of paragraph (40), by striking the
16 period at the end of paragraph (41) and inserting “, plus”,
17 and by adding at the end the following new paragraph:

18 “(42) the mechanical insulation labor costs
19 credit determined under section 45Z(a).”

20 (c) CONFORMING AMENDMENTS.—

21 (1) Section 280C is amended by adding at the
22 end the following new subsection:

23 “(i) MECHANICAL INSULATION LABOR COSTS CRED-
24 IT.—

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1 “(1) IN GENERAL.—No deduction shall be al-
2 lowed for that portion of the mechanical insulation
3 labor costs (as defined in section 45Z(b)) otherwise
4 allowable as deduction for the taxable year which is
5 equal to the amount of the credit determined for
6 such taxable year under section 45Z(a).

7 “(2) SIMILAR RULE WHERE TAXPAYER CAP-
8 ITALIZES RATHER THAN DEDUCTS EXPENSES.—If—

9 “(A) the amount of the credit determined
10 for the taxable year under section 45Z(a), ex-
11 ceeds

12 “(B) the amount of allowable as a deduc-
13 tion for such taxable year for mechanical insu-
14 lation labor costs (determined without regard to
15 paragraph (1)),

16 the amount chargeable to capital account for the
17 taxable year for such costs shall be reduced by the
18 amount of such excess.”.

19 (2) The table of sections for subpart D of part
20 IV of subchapter A of chapter 1, as amended by the
21 preceding provisions of this Act, is further amended
22 by adding at the end the following new item:

“Sec. 45Z. Labor costs of installing mechanical insulation property.”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to amounts paid or incurred after

1 December 31, 2021, in taxable years ending after such
2 date.

3 **PART 6—ENVIRONMENTAL JUSTICE**

4 **SEC. 136601. QUALIFIED ENVIRONMENTAL JUSTICE PRO-**
5 **GRAM CREDIT.**

6 (a) IN GENERAL.—Subpart C of part IV of sub-
7 chapter A of chapter 1, as amended by the preceding pro-
8 visions of this Act, is amended by inserting after section
9 36E the following new section:

10 **“SEC. 36F. QUALIFIED ENVIRONMENTAL JUSTICE PRO-**
11 **GRAMS.**

12 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
13 gible educational institution, there shall be allowed as a
14 credit against the tax imposed by this subtitle for any tax-
15 able year an amount equal to the applicable percentage
16 of the amounts paid or incurred by such taxpayer during
17 such taxable year which are necessary for a qualified envi-
18 ronmental justice program.

19 “(b) QUALIFIED ENVIRONMENTAL JUSTICE PRO-
20 GRAM.—For purposes of this section—

21 “(1) IN GENERAL.—The term ‘qualified envi-
22 ronmental justice program’ means a program con-
23 ducted by one or more eligible educational institu-
24 tions that is designed to address, or improve data
25 about, qualified environmental stressors for the pri-

1 mary purpose of improving, or facilitating the im-
2 provement of, health and economic outcomes of indi-
3 viduals residing in low-income areas or areas that
4 experience, or are at risk of experiencing, multiple
5 exposures to qualified environmental stressors.

6 “(2) QUALIFIED ENVIRONMENTAL STRESSOR.—
7 The term ‘qualified environmental stressor’ means,
8 with respect to an area, a contamination of the air,
9 water, soil, or food with respect to such area or a
10 change relative to historical norms of the weather
11 conditions of such area, including—

12 “(A) toxic pollutants (such as lead, pes-
13 ticides, or fine particulate matter) in air, soil,
14 food, or water,

15 “(B) high rates of asthma prevalence and
16 incidence, and

17 “(C) such other adverse human health or
18 environmental effects as are identified by the
19 Secretary.

20 “(c) ELIGIBLE EDUCATIONAL INSTITUTION.—For
21 purposes of this section, the term ‘eligible educational in-
22 stitution’ means an institution of higher education (as
23 such term is defined in section 101 or 102(c) of the High-
24 er Education Act of 1965) that is eligible to participate
25 in a program under title IV of such Act.

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1 “(d) APPLICABLE PERCENTAGE.—For purposes of
2 this section, the term ‘applicable percentage’ means—

3 “(1) in the case of a program involving material
4 participation of faculty and students of an institu-
5 tion described in section 371(a) of the Higher Edu-
6 cation Act of 1965, 30 percent, and

7 “(2) in all other cases, 20 percent.

8 “(e) CREDIT ALLOCATION.—

9 “(1) ALLOCATION.—

10 “(A) IN GENERAL.—The Secretary shall
11 allocate credit dollar amounts under this section
12 to eligible educational institutions, for qualified
13 environmental justice programs, that—

14 “(i) submit applications at such time
15 and in such manner as the Secretary may
16 provide, and

17 “(ii) are selected by the Secretary
18 under subparagraph (B).

19 “(B) SELECTION CRITERIA.—The Sec-
20 retary, after consultation with the Secretary of
21 Energy, the Secretary of Education, the Sec-
22 retary of Health and Human Services, and the
23 Administrator of the Environmental Protection
24 Agency, shall select applications on the basis of
25 the following criteria:

1938

1 “(i) The extent of participation of fac-
2 ulty and students of an institution de-
3 scribed in section 371(a) of the Higher
4 Education Act of 1965.

5 “(ii) The extent of the expected effect
6 on the health or economic outcomes of in-
7 dividuals residing in areas within the
8 United States that are low-income areas or
9 areas that experience, or are at risk of ex-
10 periencing, multiple exposures to qualified
11 environmental stressors.

12 “(iii) The creation or significant ex-
13 pansion of qualified environmental justice
14 programs.

15 “(2) LIMITATIONS.—

16 “(A) IN GENERAL.—The amount of the
17 credit determined under this section for any
18 taxable year to any eligible educational institu-
19 tion for any qualified environmental justice pro-
20 gram shall not exceed the excess of—

21 “(i) the credit dollar amount allocated
22 to such institution for such program under
23 this subsection, over

1939

1 “(ii) the credits previously claimed by
2 such institution for such program under
3 this section.

4 “(B) FIVE-YEAR LIMITATION.—No
5 amounts paid or incurred after the 5-year pe-
6 riod beginning on the date a credit dollar
7 amount is allocated to an eligible educational
8 institution for a qualified environmental justice
9 program shall be taken into account under sub-
10 section (a) with respect to such institution for
11 such program.

12 “(C) ALLOCATION LIMITATION.—The total
13 amount of credits that may be allocated under
14 the program shall not exceed—

15 “(i) \$1,000,000,000 for each of tax-
16 able years 2022 through 2031, and

17 “(ii) \$0 for each subsequent year.

18 “(D) CARRYOVER OF UNUSED LIMITA-
19 TION.—If the annual credit limitation for any
20 calendar year exceeds the aggregate amount
21 designated for such year under this subsection,
22 such limitation for the succeeding calendar year
23 shall be increased by the amount of such excess.
24 No amount may be carried under the preceding
25 sentence to any calendar year after 2036.

1 “(f) REQUIREMENTS.—

2 “(1) IN GENERAL.—An eligible educational in-
3 stitution that has been allocated credit dollar
4 amounts under this section for a qualified environ-
5 mental justice project for a taxable year shall—

6 “(A) make publicly available the applica-
7 tion submitted to the Secretary under sub-
8 section (e) with respect to such project, and

9 “(B) submit an annual report to the Sec-
10 retary that describes the amounts paid or in-
11 curred for, and expected impact of, such
12 project.

13 “(2) FAILURE TO COMPLY.—In the case of an
14 eligible education institution that has failed to com-
15 ply with the requirements of this subsection, the
16 credit dollar amount allocated to such institution
17 under this section is deemed to be \$0.

18 “(g) PUBLIC DISCLOSURE.—The Secretary, upon
19 making an allocation of credit dollar amounts under this
20 section, shall publicly disclose—

21 “(1) the identity of the eligible educational in-
22 stitution receiving the allocation, and

23 “(2) the amount of such allocation.”.

24 (b) CONFORMING AMENDMENTS.—

1 (2) ADJUSTMENT FOR INFLATION.—

2 (A) Section 4611(c)(2)(A) is amended by
3 striking “9.7 cents” and inserting “16.4 cents”.

4 (B) Section 4611(c) is amended by adding
5 at the end the following:

6 “(3) ADJUSTMENT FOR INFLATION.—

7 “(A) IN GENERAL.—In the case of a year
8 beginning after 2022, the amount in paragraph
9 (2)(A) shall be increased by an amount equal
10 to—

11 “(i) such amount, multiplied by

12 “(ii) the cost-of-living adjustment de-
13 termined under section 1(f)(3) for the cal-
14 endar year, determined by substituting
15 ‘calendar year 2021’ for ‘calendar year
16 2016’ in subparagraph (A)(ii) thereof.

17 “(B) ROUNDING.—If any amount as ad-
18 justed under subparagraph (A) is not a multiple
19 of \$0.01, such amount shall be rounded to the
20 next lowest multiple of \$0.01.”.

21 (b) AUTHORITY FOR ADVANCES.—Section
22 9507(d)(3)(B) is amended by striking “December 31,
23 1995” and inserting “December 31, 2031”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall take effect on January 1, 2022.

1 **PART 8—APPROPRIATIONS**

2 **SEC. 136801. APPROPRIATIONS.**

3 Immediately upon the enactment of this Act, in addi-
4 tion to amounts otherwise available, there are appro-
5 priated for fiscal year 2022, out of any money in the
6 Treasury not otherwise appropriated, \$3,831,000,000 to
7 remain available until September 30, 2031, for necessary
8 expenses for the Internal Revenue Service to carry out this
9 subtitle (and the amendments made by this subtitle),
10 which shall supplement and not supplant any other appro-
11 priations that may be available for this purpose.

12 **Subtitle H—Social Safety Net**

13 **SEC. 137001. AMENDMENT OF 1986 CODE.**

14 Except as otherwise expressly provided, whenever in
15 this subtitle an amendment or repeal is expressed in terms
16 of an amendment to, or repeal of, a section or other provi-
17 sion, the reference shall be considered to be made to a
18 section or other provision of the Internal Revenue Code
19 of 1986.

20 **PART 1—CHILD TAX CREDIT**

21 **SEC. 137101. MODIFICATIONS APPLICABLE BEGINNING IN**
22 **2021.**

23 (a) **SAFE HARBOR EXCEPTION FOR FRAUD AND IN-**
24 **TENTIONAL DISREGARD OF RULES AND REGULATIONS.—**
25 Section 24(j)(2)(B) is amended—

1 (1) by striking “qualified” each place it appears
2 in clause (iv)(II) and inserting “qualifying”, and

3 (2) by adding at the end the following new
4 clause:

5 “(v) EXCEPTION FOR FRAUD AND IN-
6 TENTIONAL DISREGARD OF RULES AND
7 REGULATIONS.—

8 “(I) IN GENERAL.—For purposes
9 of determining the safe harbor
10 amount under clause (iv) with respect
11 to any taxpayer, an individual shall
12 not be treated as taken into account
13 in determining the annual advance
14 amount of such taxpayer if the Sec-
15 retary determines that such individual
16 was so taken into account due to
17 fraud by the taxpayer or intentional
18 disregard of rules and regulations by
19 the taxpayer.

20 “(II) ARRANGEMENTS TO TAKE
21 INDIVIDUAL INTO ACCOUNT MORE
22 THAN ONCE.—For purposes of sub-
23 clause (I), a taxpayer shall not fail to
24 be treated as intentionally dis-
25 regarding rules and regulations with

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1 respect to any individual taken into
2 account in determining the annual ad-
3 vance amount of such taxpayer if such
4 taxpayer entered into a plan or other
5 arrangement with, or expected, an-
6 other taxpayer to take such individual
7 into account in determining the credit
8 allowed under this section for the tax-
9 able year.”.

10 (b) TREATMENT OF JOINT RETURNS.—Section 24(j)
11 is amended by adding at the end the following new para-
12 graph:

13 “(3) JOINT RETURNS.—Except as otherwise
14 provided by the Secretary, in the case of an advance
15 payment made under section 7527A with respect to
16 a joint return, half of such payment shall be treated
17 as having been made to each individual filing such
18 return.”.

19 (c) ANNUAL ADVANCE AMOUNT.—Section 7527A(b)
20 is amended—

21 (1) in paragraph (1)—

22 (A) in subparagraph (A), by inserting “or
23 based on any other information known to the
24 Secretary” after “reference taxable year”,

1 (B) in subparagraph (C), by inserting “un-
2 less determined by the Secretary based on any
3 information known to the Secretary,” before
4 “the only children”, and

5 (C) in subparagraph (D), by inserting “un-
6 less determined by the Secretary based on any
7 information known to the Secretary,” before
8 “the ages of”, and

9 (2) in paragraph (3)(A)(ii), by striking “ pro-
10 vided by the taxpayer” and inserting “provided, or
11 known,”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning, and
14 payments made, after December 31, 2020.

15 **SEC. 137102. EXTENSION AND MODIFICATION OF CHILD TAX**

16 **CREDIT AND ADVANCE PAYMENT FOR 2022.**

17 (a) EXTENSIONS.—

18 (1) EXTENSION OF CHILD TAX CREDIT.—Sec-
19 tion 24(i) is amended—

20 (A) by striking “January 1, 2022” in the
21 matter preceding paragraph (1) and inserting
22 “January 1, 2023”, and

23 (B) by inserting “AND 2022” after “2021”
24 in the heading thereof.

1 (2) EXTENSION OF PROVISIONS RELATED TO
2 POSSESSIONS OF THE UNITED STATES.—

3 (A) Section 24(k)(2)(B) is amended—

4 (i) by striking “December 31, 2021”
5 in the matter preceding clause (i) and in-
6 serting “December 31, 2022”, and

7 (ii) by striking “AFTER 2021” in the
8 heading thereof and inserting “AFTER
9 2022”.

10 (B) Section 24(k)(3)(C)(ii) is amended—

11 (i) in subclause (I), by inserting “or
12 2022” after “2021”, and

13 (ii) in subclause (II), by striking “De-
14 cember 31, 2021” and inserting “Decem-
15 ber 31, 2022”.

16 (C) The heading of section 24(k)(2)(A) is
17 amended by inserting “AND 2022” after
18 “2021”.

19 (3) EXTENSION OF ADVANCE PAYMENT.—Sec-
20 tion 7527A is amended—

21 (A) in subsection (b)(1), by striking “50
22 percent of”,

23 (B) in clauses (i) and (ii) of subsection
24 (e)(4)(C), by inserting “or 2022” after “in
25 2021”, and

1 (C) in subsection (f), by striking “Decem-
2 ber 31, 2021” and inserting “December 31,
3 2022”.

4 (b) REPEAL OF SOCIAL SECURITY NUMBER RE-
5 QUIREMENT.—Section 24(h) is amended by striking para-
6 graph (7).

7 (c) APPLICATION OF INCOME PHASEOUT ON BASIS
8 OF INCOME FOR PRECEDING TAXABLE YEAR.—Section
9 24(i) is amended by adding at the end the following new
10 paragraph:

11 “(5) APPLICATION OF INCOME PHASEOUT ON
12 BASIS OF INCOME FOR PRIOR TAXABLE YEAR.—If
13 the taxpayer’s modified adjusted gross income (as
14 defined in subsection (b)) for the taxable year for
15 which the credit allowed under this section is deter-
16 mined is greater than such taxpayer’s modified ad-
17 justed gross income (as so defined) for the preceding
18 taxable year, paragraph (4) and subsection (b)(1)
19 shall both be applied with respect to such taxpayer’s
20 modified adjusted gross income (as so defined) for
21 the preceding taxable year.”.

22 (d) INFLATION ADJUSTMENT.—Section 24(i), as
23 amended by subsection (c), is amended by adding at the
24 end the following new paragraph:

25 “(6) INFLATION ADJUSTMENTS.—

1949

1 “(A) IN GENERAL.—In the case of any
2 taxable year beginning after December 31,
3 2021, the \$500 amount in subsection (h)(4)(A),
4 the \$3,000 and \$3,600 amounts in paragraph
5 (3) and subsection (j)(2)(B)(iv), and the dollar
6 amounts in paragraph (4)(B), shall each be in-
7 creased by an amount equal to—

8 “(i) such dollar amount, multiplied by
9 “(ii) the percentage (if any) by
10 which—

11 “(I) the CPI (as defined in sec-
12 tion 1(f)(4)) for the calendar year
13 preceding the calendar year in which
14 such taxable year begins, exceeds

15 “(II) the CPI (as so defined) for
16 calendar year 2020.

17 “(B) ROUNDING.—

18 “(i) \$500 AMOUNT.—In the case of
19 the \$500 amount in subsection (h)(4)(A),
20 any increase under subparagraph (A)
21 which is not a multiple of \$10 shall be
22 rounded to the nearest multiple of \$10.

23 “(ii) \$3,000 AND \$3,600 AMOUNTS.—
24 In the case of the \$3,000 and \$3,600
25 amounts in paragraph (3) and subsection

1950

1 (j)(2)(B)(iv), any increase under subpara-
2 graph (A) which is not a multiple of \$100
3 shall be rounded to the nearest multiple of
4 \$100.

5 “(iii) APPLICABLE THRESHOLD
6 AMOUNTS.—In the case of the dollar
7 amounts in paragraph (4)(B), any increase
8 under subparagraph (A) which is not a
9 multiple of \$5,000 shall be rounded to the
10 nearest multiple of \$5,000.”.

11 (e) MODIFICATION OF RECAPTURE SAFE HARBOR
12 FOR 2022.—Section 24(j)(2)(B)(iv), as amended by the
13 preceding provisions of this Act, is amended to read as
14 follows:

15 “(iv) SAFE HARBOR AMOUNT.—For
16 purposes of this subparagraph, the term
17 ‘safe harbor amount’ means, with respect
18 to any taxpayer for any taxable year, the
19 aggregate of \$3,000 (\$3,600 in the case of
20 a qualifying child who has not attained age
21 6 as of the close of the calendar year in
22 which the taxable year of the taxpayer be-
23 gins) with respect to each qualifying child
24 who is—

1951

1 “(I) taken into account in deter-
2 mining the annual advance amount
3 with respect to such taxpayer under
4 section 7527A with respect to months
5 beginning in such taxable year, and

6 “(II) not taken into account in
7 determining the credit allowed to such
8 taxpayer under this section for such
9 taxable year.”.

10 (f) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning, and
12 payments made, after December 31, 2021.

13 **SEC. 137103. ESTABLISHMENT OF MONTHLY CHILD TAX**
14 **CREDIT WITH ADVANCE PAYMENT THROUGH**
15 **2025.**

16 (a) IN GENERAL.—Subpart A of part IV of sub-
17 chapter A of chapter 1 is amended by inserting after sec-
18 tion 24 the following new sections:

19 **“SEC. 24A. MONTHLY CHILD TAX CREDIT.**

20 “(a) ALLOWANCE OF CREDIT.—There shall be al-
21 lowed as a credit against the tax imposed by this chapter
22 for the taxable year the sum of the monthly specified child
23 allowances determined with respect to the taxpayer under
24 subsection (b) for each calendar month during such tax-
25 able year.

1952

1 “(b) MONTHLY SPECIFIED CHILD ALLOWANCE.—

2 “(1) IN GENERAL.—For purposes of this sec-
3 tion, the term ‘monthly specified child allowance’
4 means, with respect to any taxpayer for any cal-
5 endar month, the sum of—

6 “(A) \$300 with respect to each specified
7 child of such taxpayer who will not, as of the
8 close of the taxable year which includes such
9 month, have attained age 6, plus

10 “(B) \$250 with respect to each specified
11 child of such taxpayer who will, as of the close
12 of the taxable year which includes such month,
13 have attained age 6.

14 “(2) LIMITATIONS BASED ON MODIFIED AD-
15 JUSTED GROSS INCOME.—

16 “(A) INITIAL REDUCTION.—The monthly
17 specified child allowance otherwise determined
18 under paragraph (1) with respect to any tax-
19 payer for any calendar month shall be reduced
20 (but not below zero) by $\frac{1}{12}$ of 5 percent of the
21 excess (if any) of the taxpayer’s modified ad-
22 justed gross income for the applicable taxable
23 year over the initial threshold amount in effect
24 for such applicable taxable year.

1953

1 “(B) LIMITATION ON INITIAL REDUC-
2 TION.—The amount of the reduction under sub-
3 paragraph (A) shall not exceed the lesser of—

4 “(i) the excess (if any) of—

5 “(I) the monthly specified child
6 allowance with respect to the taxpayer
7 for the calendar month (determined
8 without regard to this paragraph),
9 over

10 “(II) the amount which would be
11 determined under subclause (I) if the
12 dollar amounts in effect under sub-
13 paragraphs (A) and (B) of paragraph
14 (1) were each equal to \$166.67, or

15 “(ii) $\frac{1}{12}$ of 5 percent of the excess of
16 the secondary threshold amount over the
17 initial threshold amount.

18 “(C) SECONDARY REDUCTION.—The
19 monthly specified child allowance otherwise de-
20 termined under paragraph (1) with respect to
21 any taxpayer for any calendar month (deter-
22 mined after the application of subparagraphs
23 (A) and (B)) shall be reduced (but not below
24 zero) by $\frac{1}{12}$ of 5 percent of the excess (if any)
25 of the taxpayer’s modified adjusted gross in-

1954

1 come for the applicable taxable year over the
2 secondary threshold amount.

3 “(D) DEFINITIONS RELATED TO LIMITA-
4 TIONS BASED ON MODIFIED ADJUSTED GROSS
5 INCOME.—For purposes of this paragraph—

6 “(i) INITIAL THRESHOLD AMOUNT.—
7 The term ‘initial threshold amount’
8 means—

9 “(I) \$150,000, in the case of a
10 joint return or surviving spouse (as
11 defined in section 2(a)),

12 “(II) 1/2 the dollar amount in ef-
13 fect under subclause (I), in the case of
14 a married individual filing a separate
15 return, and

16 “(III) \$112,500, in any other
17 case.

18 “(iii) SECONDARY THRESHOLD
19 AMOUNT.—The term ‘secondary threshold
20 amount’ means—

21 “(I) \$400,000, in the case of a
22 joint return or surviving spouse (as
23 defined in section 2(a)),

1955

1 “(II) \$300,000, in the case of a
2 head of household (as defined in sec-
3 tion 2(b)), and

4 “(III) \$200,000, in any other
5 case.

6 “(iv) APPLICABLE TAXABLE YEAR.—
7 The term ‘applicable taxable year’ means,
8 with respect to any taxpayer, the relevant
9 taxable year with respect to which the tax-
10 payer has the lowest modified adjusted
11 gross income. For purposes of the pre-
12 ceding sentence, the term ‘relevant taxable
13 year’ means the taxable year for which the
14 credit allowed under this section is deter-
15 mined and each of the 2 immediately pre-
16 ceding taxable years.

17 “(v) MODIFIED ADJUSTED GROSS IN-
18 COME.—The term ‘modified adjusted gross
19 income’ means adjusted gross income in-
20 creased by any amount excluded from
21 gross income under section 911, 931, or
22 933.

23 “(c) SPECIFIED CHILD.—For purposes of this sec-
24 tion—

1956

1 “(1) IN GENERAL.—The term ‘specified child’
2 means, with respect to any taxpayer for any cal-
3 endar month, an individual—

4 “(A) who has the same principal place of
5 abode as the taxpayer for more than one-half of
6 such month,

7 “(B) who is younger than the taxpayer and
8 will not, as of the close of the calendar year
9 which includes such month, have attained age
10 18,

11 “(C) who receives care from the taxpayer
12 during such month that is not compensated,

13 “(D) who is not the spouse of the taxpayer
14 at any time during such month,

15 “(E) who is not a taxpayer with respect to
16 whom any individual is a specified child for
17 such month, and

18 “(F) who either—

19 “(i) is a citizen, national, or resident
20 of the United States, or

21 “(ii) if the taxpayer is a citizen or na-
22 tional of the United States, such individual
23 is described in section 152(f)(1)(B) with
24 respect to such taxpayer.

25 “(2) CARE FROM THE TAXPAYER.—

1 “(A) IN GENERAL.—Except as otherwise
2 provided by the Secretary, whether any indi-
3 vidual receives care from the taxpayer (within
4 the meaning of paragraph (1)(C)) shall be de-
5 termined on the basis of facts and cir-
6 cumstances with respect to the following fac-
7 tors:

8 “(i) The supervision provided by the
9 taxpayer regarding the daily activities and
10 needs of the individual.

11 “(ii) The maintenance by the taxpayer
12 of a secure environment at which the indi-
13 vidual resides.

14 “(iii) The provision or arrangement by
15 the taxpayer of, and transportation by the
16 taxpayer to, medical care at regular inter-
17 vals and as required for the individual.

18 “(iv) The involvement by the taxpayer
19 in, and financial and other support by the
20 taxpayer for, educational or similar activi-
21 ties of the individual.

22 “(v) Any other factor that the Sec-
23 retary determines to be appropriate to de-
24 termine whether the individual receives
25 care from the taxpayer.

1 “(B) DETERMINATION OF WHETHER CARE
2 IS COMPENSATED.—For purposes of deter-
3 mining if care is compensated within the mean-
4 ing of paragraph (1)(C), compensation from the
5 Federal Government, a State or local govern-
6 ment, a Tribal government, or any possession of
7 the United States shall not be taken into ac-
8 count.

9 “(3) APPLICATION OF TIE-BREAKER RULES.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (D), if any individual would (but
12 for this paragraph) be a specified child of 2 or
13 more taxpayers for any month, such individual
14 shall be treated as the specified child only of
15 the taxpayer who is—

16 “(i) the parent of the individual (or, if
17 such individual would (but for this para-
18 graph) be a specified child of 2 or more
19 parents of the individual for such month,
20 the parent of the individual determined
21 under subparagraph (B)),

22 “(ii) if the individual is not a specified
23 child of any parent of the individual (deter-
24 mined without regard to this paragraph),
25 the specified relative of the individual with

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1 the highest adjusted gross income for the
2 taxable year which includes such month, or
3 “(iii) if the individual is neither a
4 specified child of any parent of the indi-
5 vidual nor a specified child of any specified
6 relative of the individual (in both cases de-
7 termined without regard to this para-
8 graph), the taxpayer with the highest ad-
9 justed gross income for the taxable year
10 which includes such month.

11 “(B) TIE-BREAKER AMONG PARENTS.—If
12 any individual would (but for this paragraph)
13 be the specified child of 2 or more parents of
14 the individual for any month, such child shall
15 be treated only as the specified child of—

16 “(i) the parent with whom the child
17 resided for the longest period of time dur-
18 ing such month, or

19 “(ii) if the child resides with both par-
20 ents for the same amount of time during
21 such month, the parent with the highest
22 adjusted gross income for the taxable year
23 which includes such month.

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1 “(C) SPECIFIED RELATIVE.—For purposes
2 of this paragraph, the term ‘specified relative’
3 means an individual who is—

4 “(i) an ancestor of a parent of the
5 specified child,

6 “(ii) a brother or sister of a parent of
7 the specified child, or

8 “(iii) a brother, sister, stepbrother, or
9 stepsister of the specified child.

10 “(D) CERTAIN PARENTS OR SPECIFIED
11 RELATIVES NOT TAKEN INTO ACCOUNT.—This
12 paragraph shall be applied without regard to
13 any parent or specified relative of an individual
14 for any month if—

15 “(i) such parent or specified relative
16 elects to have such individual not be treat-
17 ed as a specified child of such parent or
18 specified relative for such month,

19 “(ii) in the case of a parent of such
20 individual, the adjusted gross income of
21 the taxpayer (with respect to whom such
22 individual would be treated as a specified
23 child after application of this subpara-
24 graph) for the taxable year which includes
25 such month is higher than the highest ad-

1961

1 justed gross income of any parent of the
2 individual for any taxable year which in-
3 cludes such month (determined without re-
4 gard to any parent with respect to whom
5 such individual is not a specified child, de-
6 termined without regard to subparagraphs
7 (A) and (B) and after application of this
8 subparagraph), and

9 “ (iii) in the case of a specified relative
10 of such individual, the adjusted gross in-
11 come of the taxpayer (with respect to
12 whom such individual would be treated as
13 a specified child after application of this
14 subparagraph) for the taxable year which
15 includes such month is higher than the
16 highest adjusted gross income of any par-
17 ent and any specified relative of the indi-
18 vidual for any taxable year which includes
19 such month (determined without regard to
20 any parent and any specified relative with
21 respect to whom such individual is not a
22 specified child, determined without regard
23 to subparagraphs (A) and (B) and after
24 application of this subparagraph).

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1 “(E) TREATMENT OF JOINT RETURNS.—

2 For purposes of this paragraph, with respect to
3 any month, 2 individuals filing a joint return
4 for the taxable year which includes such month
5 shall be treated as 1 individual.

6 “(F) PARENT.—Except as otherwise pro-
7 vided by the Secretary, the term ‘parent’ shall
8 have the same meaning as when used in section
9 152(c)(4).

10 “(4) SPECIAL RULES WITH RESPECT TO BIRTH
11 AND DEATH.—

12 “(A) BIRTH.—

13 “(i) IN GENERAL.—In the case of the
14 birth of an individual during any calendar
15 year, such individual shall be treated as a
16 specified child of the relevant taxpayer for
17 each calendar month in such calendar year
18 which precedes the calendar month re-
19 ferred to in clause (ii).

20 “(ii) RELEVANT TAXPAYER.—For
21 purposes of clause (i), the term ‘relevant
22 taxpayer’ means the taxpayer with respect
23 to whom the individual referred to in
24 clause (i) is a specified child for the first
25 month for which such individual is a speci-

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1 fied child with respect to any taxpayer (de-
2 termined without regard to this subpara-
3 graph).

4 “(B) DEATH.—

5 “(i) IN GENERAL.—In the case of the
6 death of an individual during any calendar
7 year, such individual shall be treated as a
8 specified child of the relevant taxpayer for
9 each calendar month in such calendar year
10 which follows the calendar month referred
11 to in clause (ii).

12 “(ii) RELEVANT TAXPAYER.—For
13 purposes of clause (i), the term ‘relevant
14 taxpayer’ means the taxpayer with respect
15 to whom the individual referred to in
16 clause (i) is a specified child for the last
17 month for which such individual is alive.

18 “(5) TREATMENT OF TEMPORARY ABSENCES.—

19 For purposes of this subsection—

20 “(A) IN GENERAL.—In the case of any in-
21 dividual’s temporary absence from such individ-
22 ual’s principal place of abode, each day com-
23 posing the temporary absence shall—

24 “(i) be treated as a day at such indi-
25 vidual’s principal place of abode, and

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1 “(ii) not be treated as a day at any
2 other location.

3 “(B) TEMPORARY ABSENCE.—For pur-
4 poses of subparagraph (A), an absence shall be
5 treated as temporary if—

6 “(i) the individual would have resided
7 at the place of abode but for the absence,
8 and

9 “(ii) under the facts and cir-
10 cumstances, it is reasonable to assume that
11 the individual will return to reside at the
12 place of abode.

13 “(6) SPECIAL RULE FOR DIVORCED PARENTS,
14 ETC.—Rules similar to the rules section 152(e) shall
15 apply for purposes of this subsection.

16 “(7) ELIGIBILITY DETERMINED ON BASIS OF
17 PRESUMPTIVE ELIGIBILITY.—

18 “(A) IN GENERAL.—If a period of pre-
19 sumptive eligibility is established under section
20 7527B(c) for any individual with respect to any
21 taxpayer—

22 “(i) such individual shall be treated as
23 the specified child of such taxpayer for any
24 month in such period of presumptive eligi-
25 bility, and

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1 “(ii) such individual shall not be
2 treated as the specified child of any other
3 taxpayer with respect to whom a period of
4 presumptive eligibility has not been estab-
5 lished for any such month.

6 “(B) ABILITY OF CREDIT CLAIMANTS TO
7 ESTABLISH PRESUMPTIVE ELIGIBILITY.—Noth-
8 ing in section 7527B(c) shall be interpreted to
9 preclude a taxpayer who elects not to receive
10 monthly advance child payments under section
11 7527B from establishing a period of presump-
12 tive eligibility (including any such period de-
13 scribed in section 7527B(c)(2)(D)) with respect
14 to any specified child for purposes of this sec-
15 tion.

16 “(d) PORTION OF CREDIT REFUNDABLE.—If the tax-
17 payer (in the case of a joint return, either spouse) has
18 a principal place of abode (determined as provided in sec-
19 tion 32) in the United States or Puerto Rico for more
20 than one-half of any calendar month during the taxable
21 year, so much of the credit otherwise allowed under sub-
22 section (a) as is attributable to monthly specified child al-
23 lowances with respect to any such calendar month shall
24 be allowed under subpart C (and not allowed under this
25 subpart).

1 “(e) IDENTIFICATION REQUIREMENTS.—Rules simi-
2 lar to the rules of section 24(e) shall apply for purposes
3 of this section.

4 “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
5 ERLY CLAIMED CREDIT OR IMPROPERLY RECEIVED
6 MONTHLY ADVANCE CHILD PAYMENT.—

7 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
8 OR RECKLESS CLAIMS.—

9 “(A) IN GENERAL.—No credit shall be al-
10 lowed under this section for any taxable year
11 (and no payment shall be made under section
12 7527B for any month) in the disallowance pe-
13 riod.

14 “(B) DISALLOWANCE PERIOD.—For pur-
15 poses of subparagraph (A), the disallowance pe-
16 riod is—

17 “(i) the period of 10 taxable years
18 after the most recent taxable year for
19 which there was a final determination that
20 the taxpayer’s claim of credit under this
21 section or section 24 (or payment under
22 section 7527A or 7527B) was due to
23 fraud,

24 “(ii) the period of 2 taxable years
25 after the most recent taxable year for

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1 which there was a final determination that
2 the taxpayer's claim of credit under this
3 section or section 24 (or payment under
4 section 7527A or 7527B) was due to reck-
5 less or intentional disregard of rules and
6 regulations (but not due to fraud), and

7 “(iii) in addition to any period deter-
8 mined under clause (i) or (ii) (as the case
9 may be), the period beginning on the date
10 of the final determination described in
11 such clause and ending with the beginning
12 of the period described in such clause.

13 “(2) TAXPAYERS MAKING IMPROPER PRIOR
14 CLAIMS.—In the case of a taxpayer who is denied
15 credit under this section or section 24 for any tax-
16 able year as a result of the deficiency procedures
17 under subchapter B of chapter 63, no credit shall be
18 allowed under this section for any subsequent tax-
19 able year (and no payment shall be made under sec-
20 tion 7527B for any subsequent month) unless the
21 taxpayer provides such information as the Secretary
22 may require to demonstrate eligibility for such cred-
23 it.

24 “(3) COORDINATION WITH POSSESSIONS OF
25 THE UNITED STATES.—In carrying out this section,

1 the Secretary shall coordinate with each possession
2 of the United States to prevent the avoidance of the
3 application of this subsection.

4 “(g) RECONCILIATION OF CREDIT AND MONTHLY
5 ADVANCE CHILD PAYMENTS.—

6 “(1) IN GENERAL.—The amount otherwise de-
7 termined under subsection (a) with respect to any
8 taxpayer for any taxable year shall be reduced (but
9 not below zero) by the aggregate amount of pay-
10 ments made under section 7527B to such taxpayer
11 for one or more calendar months in such taxable
12 year. Any failure to so reduce the credit shall be
13 treated as arising out of a mathematical or clerical
14 error and assessed according to section 6213(b)(1).

15 “(2) RECAPTURE OF EXCESS ADVANCE PAY-
16 MENTS IN CERTAIN CIRCUMSTANCES.—In the case
17 of a taxpayer described in paragraph (3) for any
18 taxable year, the tax imposed by this chapter for
19 such taxable year shall be increased by the excess (if
20 any) of—

21 “(A) the aggregate amount of payments
22 made to the taxpayer under section 7527B for
23 one or more calendar months in such taxable
24 year, over

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1 “(B) the amount determined under sub-
2 section (a) with respect to the taxpayer for such
3 taxable year (without regard to paragraph (1)
4 of this subsection).

5 “(3) TAXPAYERS SUBJECT TO RECAPTURE.—

6 “(A) FRAUD OR RECKLESS OR INTEN-
7 TIONAL DISREGARD OF RULES AND REGULA-
8 TIONS.—A taxpayer is described in this para-
9 graph with respect to any taxable year if the
10 Secretary determines that the amount described
11 in paragraph (2)(A) with respect to the tax-
12 payer for such taxable year was determined on
13 the basis of fraud or a reckless or intentional
14 disregard of rules and regulations.

15 “(B) UNDERSTATEMENT OF INCOME;
16 CHANGES IN FILING STATUS.—If the amount
17 described in paragraph (2)(A) with respect to
18 the taxpayer for the taxable year was deter-
19 mined on the basis of an amount of the tax-
20 payer’s modified adjusted gross income which
21 was less than the taxpayer’s modified adjusted
22 gross income for the applicable taxable year (as
23 defined in subsection (b))—

24 “(i) such taxpayer shall be treated as
25 described in this paragraph, and

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1 “(ii) the increase determined under
2 paragraph (2) by reason of this subpara-
3 graph shall not exceed the excess of—

4 “(I) the amount described in
5 paragraph (2)(A), over

6 “(II) the amount which would be
7 so described if the payments described
8 therein had been determined on the
9 basis of the taxpayer’s modified ad-
10 justed gross income for the applicable
11 taxable year (as defined in subsection
12 (b)).

13 A rule similar to the rule of the preceding
14 sentence shall apply if the amount de-
15 scribed in paragraph (2)(A) with respect to
16 the taxpayer for the taxable year was de-
17 termined on the basis of a filing status of
18 the taxpayer which differs from the tax-
19 payer’s filing status for the applicable tax-
20 able year (as so defined).

21 “(C) PAYMENTS MADE OUTSIDE OF PE-
22 RIOD OF PRESUMPTIVE ELIGIBILITY.—If any
23 payment described in paragraph (2)(A) with re-
24 spect to the taxpayer for the taxable year was
25 made with respect to a child for a month which

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1 was not part of a period of presumptive eligi-
2 bility established under section 7527B(c) for
3 such child with respect to such taxpayer—

4 “(i) such taxpayer shall be treated as
5 described in this paragraph, and

6 “(ii) the increase determined under
7 paragraph (2) by reason of this subpara-
8 graph shall not exceed the portion of such
9 payment so made.

10 “(D) CERTAIN PAYMENTS MADE AFTER
11 NOTICE FROM SECRETARY.—If the Secretary
12 notifies a taxpayer under section 7527B(j)(2)
13 that such taxpayer is subject to recapture with
14 respect to any payments—

15 “(i) such taxpayer shall be treated as
16 described in this paragraph, and

17 “(ii) the increase determined under
18 paragraph (2) by reason of this subpara-
19 graph shall not exceed the aggregate
20 amount of such payments.

21 “(E) TAXPAYERS MOVING TO ANOTHER
22 JURISDICTION.—To minimize the amount of ad-
23 vance payments made under section 7527B to
24 ineligible individuals, the Secretary shall issue
25 regulations or other guidance for purposes of

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1 this paragraph which apply with respect to tax-
2 payers who are described in section
3 7527B(b)(4) with respect to the reference
4 month but are not so described with respect to
5 one or more months during the taxable year for
6 which advance payments under section 7527B
7 are made.

8 “(F) OTHER CIRCUMSTANCES TO PREVENT
9 ABUSE.—A taxpayer is described in this para-
10 graph with respect to any taxable year pursuant
11 to regulations or other guidance of the Sec-
12 retary describing other recapture circumstances
13 to facilitate the administration and enforcement
14 by the Secretary of section 7527B to minimize
15 the amount of advance payments made under
16 section 7527B to ineligible individuals and to
17 prevent abuse.

18 “(4) JOINT RETURNS.—Except as otherwise
19 provided by the Secretary, in the case of an advance
20 payment made under section 7527B with respect to
21 a joint return, half of such payment shall be treated
22 as having been made to each individual filing such
23 return.

24 “(h) INFLATION ADJUSTMENTS.—

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1 “(1) MONTHLY SPECIFIED CHILD ALLOW-
2 ANCE.—

3 “(A) IN GENERAL.—In the case of any
4 month beginning after December 31, 2022,
5 each of the dollar amounts in subsection (b)(1)
6 shall be increased by an amount equal to—

7 “(i) such dollar amount, multiplied by

8 “(ii) the percentage (if any) by
9 which—

10 “(I) the CPI (as defined in sec-
11 tion 1(f)(4)) for the calendar year
12 preceding the calendar year in which
13 such month begins, exceeds

14 “(II) the CPI (as so defined) for
15 calendar year 2020.

16 “(B) ROUNDING.—Any increase under
17 subparagraph (A) which is not a multiple of
18 \$10 shall be rounded to the nearest multiple of
19 \$10.

20 “(2) INITIAL THRESHOLD AMOUNT.—

21 “(A) IN GENERAL.—In the case of any
22 taxable year beginning after December 31,
23 2022, the dollar amounts in subclauses (I) and
24 (III) of subsection (b)(2)(D)(i) shall each be in-
25 creased by an amount equal to—

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1 “(i) such dollar amount, multiplied by

2 “(ii) the percentage (if any) by

3 which—

4 “(I) the CPI (as defined in sec-

5 tion 1(f)(4)) for the calendar year

6 preceding the calendar year in which

7 such taxable year begins, exceeds

8 “(II) the CPI (as so defined) for

9 calendar year 2020.

10 “(B) ROUNDING.—Any increase under

11 subparagraph (A) which is not a multiple of

12 \$5,000 shall be rounded to the nearest multiple

13 of \$5,000.

14 “(i) APPLICATION OF CREDIT IN POSSESSIONS.—

15 “(1) MIRROR CODE POSSESSIONS.—

16 “(A) IN GENERAL.—The Secretary shall

17 pay to each possession of the United States

18 with a mirror code tax system amounts equal to

19 the loss (if any) to that possession by reason of

20 the application of this section (determined with-

21 out regard to this subsection) with respect to

22 taxable years beginning after 2022 and before

23 2026. Such amounts shall be determined by the

24 Secretary based on information provided by the

25 government of the respective possession.