We ask unanimous consent that the text of the bill print in the RECORD. There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 4026
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ‘Tax Technical Corrections Act of 2006’.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; amendment of 1986 Code; table of contents.
Sec. 3. Amendment related to the Gulf Opportunity Zone Act of 2005.
Sec. 4. Amendments related to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.
Sec. 6. Amendment related to the American Jobs Creation Act of 2004.
Sec. 7. Amendment related to the Jobs and Growth Tax Relief Reconciliation Act of 2003.
Sec. 10. Amendment related to the Internal Revenue Service Restructuring and Reform Act of 1998.
Sec. 11. Clerical corrections.

SEC. 2. AMENDMENTS RELATED TO THE TAX INCREASE PREVENTION AND RECONCILIATION ACT OF 2005.

(a) AMENDMENTS RELATED TO SECTION 103 OF THE ACT.—

(1) Subparagraph (A) of section 954(c)(6) is amended—

(A) in the first sentence, by striking ‘‘which is not subpart F income’’ and inserting ‘‘which is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in the United States’’, and

(B) by striking the last sentence and inserting the following: ‘‘The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this subparagraph, including regulations which may be necessary or appropriate to prevent the abuse of the purposes of this paragraph.’’.

(2) Paragraph (6) of section 954(c) is amended by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following new subparagraph:

‘‘(B) EXCEPTION.—Subparagraph (A) shall not apply to subpart F income nor income treated as effectively connected with the conduct of a trade or business in the United States, and shall not apply to subpart F income of any other controlled foreign corporation.’’.

(b) AMENDMENTS RELATED TO SECTION 302 OF THE ACT.—

(1) Subparagraph (B) of section 355(b)(3) is amended to read as follows:

‘‘(B) AFFILIATED GROUP RULE.—

‘‘(I) IN GENERAL.—For purposes of clause (i), the term ‘affiliated group’ means, with respect to any corporation, the affiliated group which includes such corporation unless the Secretary determines that it would be necessary or appropriate to prevent the abuse of the purposes of such section.’’.

(ii) SEPARATE AFFILIATED GROUP.—For purposes of clause (ii), the term ‘separate affiliated group’ means, with respect to any corporation, the affiliated group which includes such corporation unless the Secretary determines that it would be necessary or appropriate to prevent the abuse of the purposes of such section.’’.

(2) Paragraph (3) of section 355(b) is amended by adding at the end the following new subparagraph:

‘‘(III) REGULATIONS.—The Secretary shall prescribe regulations which provide for the proper application of subparagraphs (B), (C), and (D) of paragraph (2) with respect to transactions to which this subparagraph applies.’’.

(c) AMENDMENTS RELATED TO SECTION 515 OF THE ACT.—

(1) Paragraph (2) of section 911(f) is amended—

(A) by deleting ‘‘the amount which would be determined under the first sentence of section 56(b)(1)(A)’’, and

(B) by striking ‘‘the amount which would be determined under such sentence’’.

(2) Paragraph (3) of section 911(f) is amended—

(A) by adding the following new subparagraph:

‘‘(II) GROSS INCOME OF ENTRUSTEE.—If the value of any property held by an individual in trust for a person to whom such trust is revocable at the option of such individual is includible in gross income of such individual under section 672(a), the amount which would be determined under subsection (b)(1) in respect of such property shall be determined on the assumption that—

(i) such property is includible in gross income of such individual under section 672(a), and

(ii) any income which is includible in gross income of such individual under such section on account of such property is includible in the gross income of such individual under section 672(a).’’.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Tax Increase Prevention and Reconciliation Act of 2005 to which they relate.

SEC. 3. AMENDMENT RELATED TO THE GULF OPPORTUNITY ZONE ACT OF 2005.

(a) AMENDMENTS RELATED TO SECTION 303 OF THE ACT.—Clause (iii) of section 909(d)(2)(B) of the American Jobs Creation Act of 2004, as amended by section 303 of the Gulf Opportunity Zone Act of 2005, is amended by inserting ‘‘or the Secretary’s delegate’’ after ‘‘The Secretary of the Treasury’’.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 303 of the Gulf Opportunity Zone Act of 2005.

SEC. 4. AMENDMENTS RELATED TO THE SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUIITY ACT: A LEGACY FOR USERS.

(a) AMENDMENTS RELATED TO SECTION 11113 OF THE ACT.—

(1) By striking ‘‘or under subsection (e)(2) by any person with respect to an alternative fuel (as defined in section 6426(b)(2))’’ after ‘‘to which subparagraph (A) applies’’, and

(2) by deleting ‘‘the amount which would be determined under section 6426(b)(2) after subsection (e)(2)’’ after ‘‘the cost of such property’’.

(b) AMENDMENTS RELATED TO SECTION 202 OF THE ACT.—

(1) Paragraph (2) of section 6426(b)(3) is amended to read as follows:

‘‘(3) Alternative fuel credit.—

‘‘(A) IN GENERAL.—For purposes of clause (i), paragraph (2) of section 6426(b) shall be applied (without regard to subsection (d)(2)) to such property to the extent such property is alternative property to which such paragraph applies.’’.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the SAFETEA-LU to which they relate.

By Mr. GRASSLEY (for himself and Mr. BAUCUS):

S. 4026.

A bill to amend the Internal Revenue Code of 1986 to make technical corrections, and for other purposes; to the Committee on Finance.

Mr. GRASSLEY. Mr. President, today Senator BAUCUS and I are pleased to introduce the Tax Technical Corrections Act of 2006.

Technical Corrections measures are routine for major tax acts, and are necessary to ensure that the provisions of the acts are working consistently with Congressional intent, or to provide clerical corrections. Because these measures carry out Congressional intent, no revenue gain or loss is scored from them.

Technical corrections are derived from a deliberative and consultative process among the Congressional and Administration tax staffs. That means the Republican and Democratic staffs of the Senate Ways and Means and House Ways and Means Finance Committees are involved, as is the staff of the Treasury Department.

All of this work is performed with the participation and guidance of the non-partisan staff of the Joint Committee on Taxation. A technical correction should be submitted in a timely manner, by the end of October. It is our hope that we may move this package of technicals in November if possible.
(a) Amendment Related to Section 1306 of the Tax Act.—Paragraph (2) of section 45(j)(b) is amended to read as follows:

"(1) In general.—Subsection (a) shall not apply to the tax imposed under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.

(2) Exception for Export, etc.—Paragraph (1) shall not apply with respect to any fuel if the Secretary determines that such fuel is destined for export or for use by the United States for personal, trade, or governmental purposes.

(3) Treatment of Tax Imposed at Leaking Underground Storage Tank Trust Fund Financing Rate.

No refunds, credits, or payments shall be made under this subchapter for any tax imposed by reason of section 4081 on fuel where such fuel is destined for export or for use by the United States for personal, trade, or governmental purposes.

(b) Special Rules for Leaking Underground Storage Tank Trust Fund Financing Rate.

(1) Exception for Short-Term Funds. —Funds which are set aside, or subject to any arrangement referred to in subparagraph (A), shall be treated as 1 arrangement for purposes of this clause.

(2) Special Rules. —Funds which are set aside, or subject to any arrangement, for a period of less than 12 months shall not be taken into account under subparagraph (A). Except as provided by the Secretary, the related set asides and arrangements shall be treated as 1 arrangement for purposes of this clause.

(c) Arrangements. —The arrangements referred to in this section include a loan by a tax-exempt partner or the partnership to satisfy any obligation of such tax-exempt partner to the partnership, any taxable partner of the partnership, or any lender and any arrangement referred to in subparagraph (A) (i) and (ii).

(d) Special Rules. —Funds which are set aside, or subject to any arrangement, for a period of less than 12 months shall not be taken into account under subparagraph (A). Except as provided by the Secretary, the related set asides and arrangements shall be treated as 1 arrangement for purposes of this clause.

"(i) ONE PERCENT OF THE AMOUNT OF TAX IMPOSED AT THE LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.

No refunds, credits, or payments shall be made under this subsection for any tax imposed by reason of section 4081 on fuel where such fuel is destined for export or for use by the United States for personal, trade, or governmental purposes.


(a) Amendments Related to Section 710 of the Act.—

(1) Clause (ii) of section 45(c)(3)(A) is amended by striking "which is segregated from other funds".

(2) Paragraph (B) of section 45(d)(2) is amended by inserting "and" at the end of clause (i), by striking clause (ii), by redesignating clause (ii) as clause (i), and by striking clause (iii).

(b) Amendments Related to Section 848 of the Act.—

(1) Section 470 is amended by redesignating subsections (e), (f), and (g) as subsections (f), (g), and (h) and by inserting after subsection (f) the following new subsection:

"(e) Exception for Certain Partnerships.—

"(1) IN GENERAL.—In the case of any property which would (but for this subsection) be treated as tax-exempt property for purposes of this section for any taxable year of the partnership if—

"(A) such property is not property of a character subject to the allowance for depreciation,

"(B) any credit is allowable under section 42 or 47 with respect to such property, or

"(C) except as provided in regulations prescribed by the Secretary under subsection (h)(4) of this section, the requirements of paragraphs (2) and (3) are met with respect to such property for such taxable year.

"(2) AVAILABILITY OF FUNDS.—

"(A) IN GENERAL.—The requirement of this paragraph is met for any taxable year with respect to any property owned by the partnership if the aggregate amount of funds available to the partnership at any time during the taxable year for such property is not more than the aggregate amount of funds available to the partnership at any time during the taxable year for any other property.
“(1) each tax-exempt partner does not have an option to purchase (or compel distribution of) such property or any direct or indirect interest in the partnership at any time other than at the fair market value of such property or interest at the time of such purchase or distribution, and

(ii) the partnership and each taxable partner do not have an option to sell (or compel distribution of) such property or any direct or indirect interest in the partnership to a tax-exempt partner at any time other than at the fair market value of such property or interest at the time of such sale or distribution.

(b) OPTION FOR DETERMINATION OF FAIR MARKET VALUE.—Under regulations prescribed by the Secretary, a value of property determined on the basis of a formula shall be treated for purposes of subparagraph (A) as the fair market value of such property at the time of the purchase, sale, or distribution, as the case may be.”

(2) Subsection (g) of section 470, as redesignated by paragraph (1), is amended by adding at the end the following new paragraphs:

”(5) TAX-EXEMPT PARTNER.—The term ‘tax-exempt partner’ means, with respect to any taxable partner, any partner who is not a tax-exempt partner.

(2) Subsection (b) of section 470, as redesignated by paragraph (1), is amended—

(A) by striking ‘‘, and’’ at the end of paragraph (1) and inserting ‘‘or owned by the same fiduciary’’;

(B) by striking the period at the end of paragraph (2) and inserting a comma, and

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

”(3) provide for the application of this section to tiered and other related partnerships, and

(4) provide for the treatment of partnership property (other than property described in subsection (e)(1)(A)) as tax-exempt property if such property is used in an arrangement which is inconsistent with the purposes of this section determined by taking into account one or more of the following factors:

(A) A tax-exempt partner maintains physical possession or control or holds the benefits and burdens of ownership with respect to such property.

(B) There is significant equity investment in such property by any taxable partner.

(C) The transfer of such property to the partnership does not result in a change in use of such property.

(D) Such property is necessary for the provision of a health care service.

(E) The deductions for depreciation with respect to such property are allocated disproportionately to one or more taxable partners relative to such partner’s risk of loss with respect to such property or to such partner’s allocation of other partnership items.

(2) Such other factors as the Secretary may determine.”

(4) Paragraph (2) of section 470(c) is amended—

(A) by striking ‘‘and’’ at the end of subparagraph (A), by redesignating subparagraph (B) as subparagraph (C), and by inserting after subparagraph (A) the following new subparagraph:

”(B) by treating the entire property as tax-exempt use property if any portion of such property is treated as tax-exempt use property by reason of paragraph (6) thereof.,’’, and

(B) by striking the flush sentence at the end.

Subparagraph (A) of section 470(d)(1) is amended by striking ‘‘(at any time during the lease term)’’ and inserting ‘‘(at all times during the lease term)’’. The amendment made by this section shall apply only to leases entered into on or after September 29, 2006, in taxable years ending after such date.


(a) AMENDMENTS RELATED TO SECTION 617 OF THE ACT.—

(1) Subclause (II) of section 617(g)(7)(A)(ii) is amended by striking ‘‘for prior taxable years and inserting ‘‘for prior taxable years by reason of this paragraph.’’

(2) Subparagraph (A) of section 617(v)(1) is amended by inserting ‘‘or consisting of designated Roth contributions as defined in section 402A(c)’’ before the comma at the end.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 to which they relate.


(a) AMENDMENT RELATED TO SECTION 507 OF THE ACT.—Clause (i) of section 507(a) is amended by striking ‘‘placed in service in the taxpayer’’ and inserting ‘‘originally placed in service’’.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Tax Relief Extension Act of 1999 to which they relate.


(a) AMENDMENTS RELATED TO SECTION 3509 OF THE ACT.—Paragraph (3) of section 6108(b) is amended by inserting ‘‘and related back-up tax documents’’ after ‘‘Chief Counsel advice’’ in the matter preceding subparagraph (A).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provision of the Internal Revenue Service Restructuring and Reform Act of 1998 to which it relates.

SEC. 11. CLERICAL CORRECTIONS.

(a) IN GENERAL.—

(1) Paragraph (5) of section 21(e) is amended by striking ‘‘section 152(e)(3)(A)’’ in the matter preceding subparagraph (A) and inserting ‘‘section 152(e)(4)(A)’’.

(2) Paragraph (3) of section 25C(c) is amended by striking ‘‘section 3280’’ and inserting ‘‘part 3280’’.

(3) Subsection (a) of section 34 is amended—

(A) in paragraph (1), by striking ‘‘with respect to gasoline used during the taxable year on a farm for farming purposes’’,

(B) in paragraph (2), by striking ‘‘with respect to gasoline used during the taxable year (A) otherwise than as a fuel in a highway vehicle or (B) in vehicles while engaged in furnishing certain public passenger land transportation services’’, and

(C) in paragraph (3), by striking ‘‘with respect to fuels used for nontaxable purposes or resold during the taxable year’’.

(b) Paragraph (2) of section 35(d) is amended—

(A) by striking ‘‘paragraph (2) or (4) of’’, and

(B) by striking ‘‘(within the meaning of section 152(e)(1))’’ and inserting ‘‘(as defined in section 152(e)(4)(A))’’.

(c) Paragraph (24) of section 58(b) is amended by striking ‘‘and’’ at the end of clause (i) of subsection (b) and inserting ‘‘and’’ after clause (i) of subsection (b). The amendment made by this section shall apply to returns received on or after September 29, 2006, in taxable years ending after such date.

(a) AMENDMENTS RELATED TO SECTION 302 OF THE ACT.—(A) Clause (ii) of section 1(h)(11)(A) is amended by striking ‘‘and’’ at the end of subparagraph (B), by redesignating clause (ii) as clause (III), by inserting ‘‘and’’ after subparagraph (B), and by striking the following flush sentence:

”(IV) any dividend received from a corporation which is a DISC or former DISC (as defined in section 992(a)) to the extent such dividend is paid out of the corporation’s accumulated DISC income or is a deemed distribution pursuant to section 956(b)(1).’’

(2) Paragraph (2)(A) of section 302(c) is amended by striking ‘‘section 3280’’ and inserting ‘‘part 3280’’.
(b) CLERICAL AMENDMENTS RELATED TO THE GULF OPPORTUNITY ZONE ACT OF 2005.—
(1) AMENDMENTS RELATED TO SECTION 402 OF THE ACT.—Subparagraph (B) of section 24G(1)(B) is amended—
(A) by striking “the excess (if any) of” in the matter preceding clause (i) and inserting “the greater of” and
(B) by striking “section 402” in clause (i)(II) and inserting “section 32”.
(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Gulf Opportunity Zone Act of 2005 to which they relate.
(c) CLERICAL AMENDMENTS RELATED TO THE SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUIITY ACT: A LEGACY FOR USERS.—
(1) AMENDMENTS RELATED TO SECTION 11151 OF THE ACT.—Subparagraph (C) of section 6416(a)(4) is amended—
(A) by striking “ultimate vendor” and all that follows through “has certified” and inserting “ultimate vendor or credit card issuer has certified” and;
(B) by striking “all ultimate purchasers of the vendor’s or credit card issuer’s products or services” and inserting “all ultimate purchasers of the vendor or credit card issuer are certified”.
(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users to which they relate.
(d) CLERICAL AMENDMENTS RELATED TO THE ENERGY POLICY ACT OF 2005.—
(1) AMENDMENTS RELATED TO SECTION 1351 OF THE ACT.—Subparagraph (A) of section 4082(e)(1)(A) is amended by striking “qualified research expenses and basic research payments” and inserting “qualified research expenses and basic research payments” and "qualified research expenses and basic research payments", and amounts paid or incurred to energy research consortiums.
(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Energy Policy Act of 2005 to which they relate.

By Mr. HATCH.
S. 4079.

I am amending the Internal Revenue Code of 1986 to allow an above-the-line deduction for certain professional development and other expenses of elementary and secondary school teachers and for certain certification expenses of individuals designed to improve their knowledge. These include subscriptions to journals and other periodicals as well as the cost of courses and seminars designed to improve their knowledge. These expenditures are necessary to keep our teachers up to date on the latest ideas, techniques, and trends so that they can provide our children with the best education possible.

Furthermore, almost all teachers find themselves providing basic classroom materials for their students. Because of tight education budgets, most schools do not provide 100 percent of the material teachers need to adequately present their lessons. As a result, dedicated teachers incur personal expenses for copies, art supplies, books, puzzles and games, paper, pencils, and countless other needs. If not for the willingness of teachers to purchase these materials at their own pocket costs of classroom materials that practically all teachers find themselves supplying. Let me explain.

As many other professionals, most elementary and secondary school teachers have surprisingly incurred the unfair tax treatment of these professionals currently receive under our tax law. Specifically, teachers find themselves greatly disadvantaged by the lack of deductibility of professional development expenses, and out-of-pocket costs of classroom materials that practically all teachers find themselves supplying. Let me explain.

A historic turnover is taking place in the teaching profession. While student enrollments are rising rapidly, more than a million veteran teachers are nearing retirement.

Experts predict that overall we will need more than two million new teachers in the next decade.

This teacher recruitment problem has reached crisis proportions in some urban and rural areas. The shortage is most acute in high-need subject areas such as math, science, and technology.

Retaining qualified teachers in the schools is only part of the puzzle. Attracting new teachers in math, science, and technology is another. It is clear that our teacher recruitment problem represents one of the biggest challenges America faces as we contemplate how we are going to prepare the next generation to take their places in our society, and in our economy.

Unfortunately, these problems of retention and recruitment of public school teachers are exacerbated by the unfair tax treatment these professionals currently receive under our tax law. Specifically, teachers find themselves greatly disadvantaged by the lack of deductibility of professional development expenses, and out-of-pocket costs of classroom materials that practically all teachers find themselves supplying. Let me explain.

By Mr. HATCH.
S. 4079.

I am amending the Internal Revenue Code of 1986 to allow an above-the-line deduction for certain professional development and other expenses of elementary and secondary school teachers and for certain certification expenses of individuals designed to improve their knowledge. These include subscriptions to journals and other periodicals as well as the cost of courses and seminars designed to improve their knowledge. These expenditures are necessary to keep our teachers up to date on the latest ideas, techniques, and trends so that they can provide our children with the best education possible.

Furthermore, almost all teachers find themselves providing basic classroom materials for their students. Because of tight education budgets, most schools do not provide 100 percent of the material teachers need to adequately present their lessons. As a result, dedicated teachers incur personal expenses for copies, art supplies, books, puzzles and games, paper, pencils, and countless other needs. If not for the willingness of teachers to purchase these supplies themselves, many students would simply go without needed materials.

I realize that employees in many fields of endeavor incur expenses for professional development and out-of-pocket expenses. In many cases, however, these costs are fully reimbursed by the employer. This is seldom the case with school teachers. Other professionals who are self-employed are able to fully deduct these types of expenses.

Under the current tax law, unreimbursed employee expenses are deductible generally, but only as miscellaneous itemized deductions. However,
there are two practical hurdles that effectively make these expenses non-deductible for most teachers.

The first hurdle is that the total amount of a taxpayer’s deductible miscellaneous deductions must exceed two percent of adjusted gross income before they are deductible. The second hurdle is that the amount in excess of the two percent floor, if any, combined with other deductions of the taxpayer, must exceed the standard deduction before the teacher can itemize. Only about a third of taxpayers have enough deductions to itemize.

The unfortunate effect of these two limitations is that, as a practical matter, only a small proportion of teachers are able to deduct their professional development and out-of-pocket supplies expenses.

Let me illustrate this unfair situation with an example.

Let’s consider the case of a fifth-grade high school English teacher in Utah whom I will call Alice White Head. Alice is single and earns $48,000 per year. Last year she incurred $1,050 for a course she took over the summer to increase her knowledge of English literature. She also spent $450 on classroom supplies out of her own pocket. She was not reimbursed for either of these expenses, which totaled $1,500, by her school district. Under current law, Alice’s expenditures are deductible, subject to the limitations I mentioned. The first limitation is that her expenses must exceed two percent of her income before they begin to be deductible. Two percent of $48,000 is $960. Thus, only $540 of her $1,500 total expenses are deductible, that portion that exceeds $960.

As a single taxpayer, Alice’s standard deduction for 2006 is $5,150. Her total itemized deductions, including the $540 in miscellaneous deductions for her professional expenses and out-of-pocket costs, fall short of the standard deduction threshold. Therefore, not even the $540 of the original $1,500 in professional development expenses and out-of-pocket costs are deductible for Alice. What the first limitation did not block, the second one did, and Alice gets no deduction at all under the current law.

The way I see it, this situation is just not fair. Also, the tax treatment of teachers certainly does not help solve our teacher retention and recruitment problems.

To help alleviate this long-standing problem, five years ago I introduced the Teacher Equity for School Teachers Act of 2001. This legislation would have provided an unlimited tax deduction for the out-of-pocket expenses of school teachers for classroom supplies and other needed materials to help a teacher do his or her job. The bill would have also allowed teachers to take a deduction for their professional development expenses.

Rather than being available only for those who are able to itemize their deductions, this bill would have made these expenses “above-the-line” deductions, meaning they would be deductible whether or not the teacher itemized on their tax return.

Unfortunately, only a part of this bill was enacted. The 2001 tax bill included an above-the-line deduction for $250 for the costs of classroom expenses. While this was a great step in the right direction, it did not go nearly far enough. Moreover, the provision has now expired, and it is not clear when Congress is going to extend it again.

The bill I am introducing today would do three things. First, it would reinstate the above-the-line deduction for teachers’ out-of-pocket expenses for classroom supplies, make it permanent, and remove the $250 cap. Second, it would provide an unlimited deduction for the professional development expenses for school teachers. Finally, to assist in the recruitment of teachers in the most needed fields, it would provide an unlimited deduction for the cost of professionals in the fields of math, science, and technology to certify to become public school teachers.

Under my bill, the Alice of my example would be allowed to deduct all the costs of her professional development and classroom supplies expenses, whether she itemized or not. This would help provide tax equity, and a measure of much-needed tax relief for an underpaid professional. It would also help retain current public school teachers and attract new ones to this vital field.

Some might argue that such a generous deduction would be giving teachers preferential treatment. I disagree. Most organizations provide training for their employees that is fully deductible to the organization and non-taxable to the employee. Yet public teachers, who are some of the most important professionals in our society, are left to foot the bill for these needed costs on their own. Also, office supplies and instructional materials are fully deductible to businesses. Should not teachers who provide these similar materials for their classrooms be afforded the same tax treatment?

Others may question the wisdom of my bill granting an unlimited tax deduction. “Why not place a limit or a cap on the amount that may be deducted?” some might ask. Again, I reiterate my disagreement with such critics. It is important to keep in mind the differences between a tax deduction and a tax credit. My bill calls for tax deductions, which reduce the amount of income that is subject to tax, and not for a credit, which is a dollar-for-dollar reduction in the amount of tax that is due.

With a tax deduction, a public school teacher is not receiving a cash subsidy or reimbursement for his or her expenses. Rather, he or she merely obtains a reduction in the amount of income that is taxed. Thus, the most benefit the teacher would receive under my bill would be a 35 percent reduction in the cost of the professional development, supplies, or certification expenses. This means that the teacher is still responsible for paying for the biggest portion of these costs. I do not believe that our public school teachers will abuse such an unlimited deduction. It would not be fair for them to take any more than they would if they itemized.

Support for mathematics and science education at all levels is necessary to improve the global competitiveness of the United States in science and energy technology. I endorse the efforts of my colleagues to encourage more of our best and brightest students to choose these fields of study. Support for qualified STEM teachers (Science, Technology, Engineering, and Mathematics) is equally important. If we are successful in increasing the supply for STEM students, we will need to increase the supply of STEM teachers.

This bill will provide incentives for these professionals to enter the teaching profession by allowing expenses in connection with teacher certification to be fully deductible, above-the-line, the same as the professional development and supplies expenses of teaching professionals.

Mr. President, this bill would provide modest tax equity for teachers who, for too long, have been footing the bill for improving the quality of teaching by themselves. It is time that Congress recognizes this unfairness and corrected it.

I thank the Senate for the opportunity to address this issue today, and I urge my colleagues to support this legislation.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

SEC. 2. DEDUCTION FOR CERTAIN PROFESSIONAL DEVELOPMENT EXPENSES AND CLASSROOM SUPPLIES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS AND FOR CERTAIN CERTIFICATION EXPENSES OF SCIENCE, TECHNOLOGY, ENGINEERING, OR MATH TEACHERS.

(a) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Subparagraph (D) of section 62(a)(2) of the Internal Revenue Code of 1986 (relating to certain expenses of elementary and secondary school teachers) is amended to read as follows:—

"(D) CERTAIN PROFESSIONAL DEVELOPMENT EXPENSES, CLASSROOM SUPPLIES, AND OTHER EXPENSES FOR CERTIFICATION EXPENSES FOR ELEMENTARY AND SECONDARY SCHOOL TEACHERS.—The sum of the deductions allowed by section 162 with respect to the following expenses:

(I) Expenses paid or incurred by an eligible educator in connection with books, supplies (other than nonathletic supplies for