DIVISION D—FINANCE

SEC. 40001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the “Highway Investment, Job Creation, and Economic Growth Act of 2012”.

(b) TABLE OF CONTENTS.—The table of contents for this division is as follows:

DIVISION D—FINANCE

Sec. 40001. Short title; table of contents.

TITLE I—EXTENSION OF HIGHWAY TRUST FUND EXPENDITURE AUTHORITY AND RELATED TAXES

Sec. 40101. Extension of trust fund expenditure authority.
Sec. 40102. Extension of highway-related taxes.

TITLE II—OTHER PROVISIONS

Sec. 40201. Temporary increase in small issuer exception to tax-exempt interest expense allocation rules for financial institutions.
Sec. 40202. Temporary modification of alternative minimum tax limitations on tax-exempt bonds.
Sec. 40203. Issuance of TRIP bonds by State infrastructure banks.
Sec. 40204. Extension of parity for exclusion from income for employer-provided mass transit and parking benefits.
Sec. 40205. Exempt-facility bonds for sewage and water supply facilities.

TITLE III—REVENUE PROVISIONS

Sec. 40301. Transfer from Leaking Underground Storage Tank Trust Fund to Highway Trust Fund.
Sec. 40302. Portion of Leaking Underground Storage Tank Trust Fund financing rate transferred to Highway Trust Fund.
Sec. 40303. Transfer of gas guzzler taxes to Highway Trust Fund.
Sec. 40304. Revocation or denial of passport in case of certain unpaid taxes.
Sec. 40305. 100 percent continuous levy on payments to Medicare providers and suppliers.
Sec. 40306. Transfer of amounts attributable to certain duties on imported vehicles into the Highway Trust Fund.
Sec. 40307. Treatment of securities of a controlled corporation exchanged for assets in certain reorganizations.
Sec. 40308. Internal Revenue Service levies and Thrift Savings Plan Accounts.
SEC. 40101. EXTENSION OF TRUST FUND EXPENDITURE AUTHORITY.

(a) HIGHWAY TRUST FUND.—Section 9503 of the Internal Revenue Code of 1986 is amended—

(1) by striking “April 1, 2012” in subsections (b)(6)(B), (e)(1), and (e)(3) and inserting “October 1, 2013”; and

(2) by striking “Surface Transportation Extension Act of 2011, Part II” in subsections (e)(1) and (e)(3) and inserting “Moving Ahead for Progress in the 21st Century Act”.

(b) SPORT FISH RESTORATION AND BOATING TRUST FUND.—Section 9504 of the Internal Revenue Code of 1986 is amended—

(1) by striking “Surface Transportation Extension Act of 2011, Part II” each place it appears in subsection (b)(2) and inserting “Moving Ahead for Progress in the 21st Century Act”; and

1 TITLE I—EXTENSION OF HIGHWAY TRUST FUND EXPENDITURE AUTHORITY AND RELATED TAXES

SEC. 40309. Depreciation and amortization rules for highway and related property subject to long-term leases.

SEC. 40310. Extension for transfers of excess pension assets to retiree health accounts.

SEC. 40311. Transfer of excess pension assets to retiree group term life insurance accounts.

SEC. 40312. Pension funding stabilization.
(d)(2) and inserting “October 1, 2013”.

(c) Leaking Underground Storage Tank Trust Fund.—Paragraph (2) of section 9508(e) of the Internal Revenue Code of 1986 is amended by striking “April 1, 2012” and inserting “October 1, 2013”.

(d) Establishment of Solvency Account.—Section 9503 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(g) Establishment of Solvency Account.—

“(1) Creation of account.—There is established in the Highway Trust Fund a separate account to be known as the ‘Solvency Account’ consisting of such amounts as may be transferred or credited to the Solvency Account as provided in this section or section 9602(b).

“(2) Transfers to Solvency Account.—

The Secretary of the Treasury shall transfer to the Solvency Account the excess of—

“(A) any amount appropriated to the Highway Trust Fund before October 1, 2013, by reason of the provisions of, and amendments made by, the Highway Investment, Job Creation, and Economic Growth Act of 2012, over
“(B) the amount necessary to meet the required expenditures from the Highway Trust Fund under subsection (c) for the period ending before October 1, 2013.

“(3) EXPENDITURES FROM ACCOUNT.—Amounts in the Solvency Account shall be available for transfers to the Highway Account (as defined in subsection (c)(5)(B)) and the Mass Transit Account in such amounts as determined necessary by the Secretary to ensure that each account has a surplus balance of $2,800,000,000 on September 30, 2013.

“(4) TERMINATION OF ACCOUNT.—The Solvency Account shall terminate on September 30, 2013, and the Secretary shall transfer any remaining balance in the Account on such date to the Highway Trust Fund.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on April 1, 2012.

SEC. 40102. EXTENSION OF HIGHWAY-RELATED TAXES.

(a) IN GENERAL.—

(1) Each of the following provisions of the Internal Revenue Code of 1986 is amended by striking “March 31, 2012” and inserting “September 30, 2015”:

(A) Section 4041(a)(1)(C)(iii)(I).
(B) Section 4041(m)(1)(B).

(C) Section 4081(d)(1).

(2) Each of the following provisions of such Code is amended by striking “April 1, 2012” and inserting “October 1, 2015”:

(A) Section 4041(m)(1)(A).

(B) Section 4051(c).

(C) Section 4071(d).

(D) Section 4081(d)(3).

(b) Extension of Tax, etc., on Use of Certain Heavy Vehicles.—Each of the following provisions of the Internal Revenue Code of 1986 is amended by striking “2012” and inserting “2015”:

(1) Section 4481(f).

(2) Subsections (c)(4) and (d) of section 4482.

(e) Floor Stocks Refunds.—Section 6412(a)(1) of the Internal Revenue Code of 1986 is amended—

(1) by striking “April 1, 2012” each place it appears and inserting “October 1, 2015”;

(2) by striking “September 30, 2012” each place it appears and inserting “March 31, 2016”;

and

(3) by striking “July 1, 2012” and inserting “January 1, 2016”.

(d) Extension of Certain Exemptions.—Sections 4221(a) and 4483(i) of the Internal Revenue Code of 1986 are each amended by striking “April 1, 2012” and inserting “October 1, 2015”.

(e) Extension of Transfers of Certain Taxes.—

(1) In General.—Section 9503 of the Internal Revenue Code of 1986 is amended—

(A) in subsection (b)—

(i) by striking “April 1, 2012” each place it appears in paragraphs (1) and (2) and inserting “October 1, 2015”;

(ii) by striking “April 1, 2012” in the heading of paragraph (2) and inserting “October 1, 2015”;

(iii) by striking “March 31, 2012” in paragraph (2) and inserting “September 30, 2015”; and

(iv) by striking “January 1, 2013” in paragraph (2) and inserting “July 1, 2016”; and

(B) in subsection (c)(2), by striking “January 1, 2013” and inserting “July 1, 2016”.

(2) Motorboat and Small-engine Fuel Tax Transfers.—
(A) IN GENERAL.—Paragraphs (3)(A)(i) and (4)(A) of section 9503(c) of such Code are each amended by striking “April 1, 2012” and inserting “October 1, 2015”.

(B) CONFORMING AMENDMENTS TO LAND AND WATER CONSERVATION FUND.—Section 201(b) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–11(b)) is amended—

(i) by striking “April 1, 2013” each place it appears and inserting “October 1, 2016”; and

(ii) by striking “April 1, 2012” and inserting “October 1, 2015”.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on April 1, 2012.

(2) SUBSECTION (b)(2).—The amendment made by subsection (b)(2) shall apply to periods beginning after September 30, 2012.
TITLE II—OTHER PROVISIONS

SEC. 40201. TEMPORARY INCREASE IN SMALL ISSUER EXCEPTION TO TAX-EXEMPT INTEREST EXPENSE ALLOCATION RULES FOR FINANCIAL INSTITUTIONS.

(a) In General.—Subparagraph (G) of section 265(b)(3) of the Internal Revenue Code of 1986 is amended—

(1) by striking “2009 or 2010” in clause (i) and inserting “2009, 2010, or 2012”,

(2) by striking “2009 or 2010” each place it appears in clauses (ii) and (iii) and inserting “2009, 2010, or the period beginning after the date of the enactment of the Highway Investment, Job Creation, and Economic Growth Act of 2012 and before January 1, 2013”, and


(b) Effective Date.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.
SEC. 40202. TEMPORARY MODIFICATION OF ALTERNATIVE MINIMUM TAX LIMITATIONS ON TAX-EXEMPT BONDS.

(a) INTEREST ON PRIVATE ACTIVITY BONDS NOT TREATED AS TAX PREFERENCE ITEMS.—Clause (vi) of section 57(a)(5)(C) of the Internal Revenue Code of 1986 is amended—

(1) in subclause (I) by inserting “, or after the date of enactment of the Highway Investment, Job Creation, and Economic Growth Act of 2012 and before January 1, 2013” after “January 1, 2011”;

(2) in subclause (III) by inserting “before January 1, 2011” after “which is issued”; and

(3) by striking “AND 2010” in the heading and inserting “, 2010, AND PORTIONS OF 2012”.

(b) NO ADJUSTMENT TO ADJUSTED CURRENT EARNINGS.—Clause (iv) of section 56(g)(4)(B) of the Internal Revenue Code of 1986 is amended—

(1) in subclause (I) by inserting “, or after the date of enactment of the Highway Investment, Job Creation, and Economic Growth Act of 2012 and before January 1, 2013” after “January 1, 2011”;

(2) in subclause (III) by inserting “before January 1, 2011” after “which is issued”; and

(3) by striking “AND 2010” in the heading and inserting “, 2010, AND PORTIONS OF 2012”.
(c) Effective Date.—The amendments made by this section shall apply to obligations issued after the date of enactment of this Act.

SEC. 40203. ISSUANCE OF TRIP BONDS BY STATE INFRASTRUCTURE BANKS.

Section 610(d) of title 23, United States Code, is amended—

(1) by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (7), respectively,

(2) by inserting after paragraph (3) the following new paragraph:

“(4) TRIP Bond Account.—

“(A) In general.—A State, through a State infrastructure bank, may issue TRIP bonds and deposit proceeds from such issuance into the TRIP bond account of the bank.

“(B) TRIP Bond.—For purposes of this section, the term ‘TRIP bond’ means any bond issued as part of an issue if—

“(i) 100 percent of the available project proceeds of such issue are to be used for expenditures incurred after the date of the enactment of this paragraph for 1 or more qualified projects pursuant to an allocation of such proceeds to such
project or projects by a State infrastructure bank,

“(ii) the bond is issued by a State infrastructure bank and is in registered form (within the meaning of section 149(a) of the Internal Revenue Code of 1986),

“(iii) the State infrastructure bank designates such bond for purposes of this section, and

“(iv) the term of each bond which is part of such issue does not exceed 30 years.

“(C) QUALIFIED PROJECT.—For purposes of this subparagraph, the term ‘qualified project’ means the capital improvements to any transportation infrastructure project of any governmental unit or other person, including roads, bridges, rail and transit systems, ports, and inland waterways proposed and approved by a State infrastructure bank, but does not include costs of operations or maintenance with respect to such project.”,

(3) by adding at the end of paragraph (5), as redesignated by paragraph (1), the following new subparagraph:
“(D) TRIP BOND ACCOUNT.—Funds deposited into the TRIP bond account shall constitute for purposes of this section a capitalization grant for the TRIP bond account of the bank.”, and

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

“(8) SPECIAL RULES FOR TRIP BOND ACCOUNT FUNDS.—

“(A) IN GENERAL.—The State shall develop a transparent competitive process for the award of funds deposited into the TRIP bond account that considers the impact of qualified projects on the economy, the environment, state of good repair, and equity.

“(B) APPLICABILITY OF FEDERAL LAW.—
The requirements of any Federal law, including this title and titles 40 and 49, which would otherwise apply to projects to which the United States is a party or to funds made available under such law and projects assisted with those funds shall apply to—

“(i) funds made available under the TRIP bond account for similar qualified projects, and
“(ii) similar qualified projects assisted through the use of such funds.”.

SEC. 40204. EXTENSION OF PARITY FOR EXCLUSION FROM INCOME FOR EMPLOYER-PROVIDED MASS TRANSIT AND PARKING BENEFITS.

(a) In General.—Paragraph (2) of section 132(f) of the Internal Revenue Code of 1986 is amended by striking “January 1, 2012” and inserting “January 1, 2013”.

(b) Effective Date.—The amendment made by this section shall apply to months after December 31, 2011.

SEC. 40205. EXEMPT-FACILITY BONDS FOR SEWAGE AND WATER SUPPLY FACILITIES.

(a) Bonds for Water and Sewage Facilities Temporarily Exempt From Volume Cap on Private Activity Bonds.—Subsection (g) of section 146 of the Internal Revenue Code of 1986 is amended—

(1) by striking “and” at the end of paragraph (3),

(2) by striking the period at the end of paragraph (4) and inserting “, and”, and

(3) by inserting after paragraph (4) the following new paragraph:
“(5) any exempt facility bonds issued before January 1, 2018, as part of an issue described in paragraph (4) or (5) of section 142(a).”.

(b) CONFORMING CHANGE.—Paragraphs (2) and (3)(B) of section 146(k) of the Internal Revenue Code of 1986 are both amended by striking “paragraph (4), (5), (6), or (10) of section 142(a)” and inserting “paragraph (4) or (5) of section 142(a) with respect to bonds issued after December 31, 2017, or paragraph (6) or (10) of section 142(a)”.

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

**TITLE III—REVENUE PROVISIONS**

**SEC. 40301. TRANSFER FROM LEAKING UNDERGROUND STORAGE TANK TRUST FUND TO HIGHWAY TRUST FUND.**

(a) IN GENERAL.—Subsection (c) of section 9508 of the Internal Revenue Code of 1986 is amended—

(1) by striking “Amounts” and inserting:

“(1) IN GENERAL.—Except as provided in paragraph (2), amounts”, and

(2) by adding at the end the following new paragraph:
“(2) Transfer to Highway Trust Fund.—

Out of amounts in the Leaking Underground Storage Tank Trust Fund there is hereby appropriated $3,000,000,000 to be transferred under section 9503(f)(3) to the Highway Trust Fund.”.

(b) Transfer to Highway Trust Fund.—

(1) In General.—Subsection (f) of section 9503 of the Internal Revenue Code of 1986 is amended by inserting after paragraph (2) the following new paragraph:

“(3) Increase in Fund Balance.—There is hereby transferred to the Highway Trust Fund amounts appropriated from the Leaking Underground Storage Tank Trust Fund under section 9508(c)(2).”.

(2) Conforming Amendments.—Paragraph (4) of section 9503(f) of such Code is amended—

(A) by inserting “or transferred” after “appropriated”, and

(B) by striking “appropriated” in the heading thereof.
SEC. 40302. PORTION OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE TRANSFERRED TO HIGHWAY TRUST FUND.

(a) IN GENERAL.—Subsection (b) of section 9503 of the Internal Revenue Code of 1986 is amended by inserting after paragraph (2) the following new paragraph:

“(3) PORTION OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—There are hereby appropriated to the Highway Trust Fund amounts equivalent to one-third of the taxes received in the Treasury under—

“(A) section 4041(d) (relating to additional taxes on motor fuels),

“(B) section 4081 (relating to tax on gasoline, diesel fuel, and kerosene) to the extent attributable to the Leaking Underground Storage Tank Trust Fund financing rate under such section, and

“(C) section 4042 (relating to tax on fuel used in commercial transportation on inland waterways) to the extent attributable to the Leaking Underground Storage Tank Trust Fund financing rate under such section.

For purposes of this paragraph, there shall not be taken into account the taxes imposed by sections
4041 and 4081 on diesel fuel sold for use or used as fuel in a diesel-powered boat.”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraphs (1), (2), and (3) of section 9508(b) of the Internal Revenue Code of 1986 are each amended by inserting “two-thirds of the” before “taxes”.

(2) Paragraph (4) of section 9503(b) of such Code is amended by striking subparagraphs (A) and (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (A) and (B), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxes received after the date of the enactment of this Act.

SEC. 40303. TRANSFER OF GAS GUZZLER TAXES TO HIGHWAY TRUST FUND.

(a) IN GENERAL.—Paragraph (1) of section 9503(b) of the Internal Revenue Code of 1986 is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following new subparagraph:

“(B) section 4064 (relating to gas guzzler tax),”.
(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxes received after the date of the enactment of this Act.

SEC. 40304. REVOCATION OR DENIAL OF PASSPORT IN CASE OF CERTAIN UNPAID TAXES.

(a) IN GENERAL.—Subchapter D of chapter 75 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 7345. REVOCATION OR DENIAL OF PASSPORT IN CASE OF CERTAIN TAX DELINQUENCIES.

“(a) IN GENERAL.—If the Secretary receives certification by the Commissioner of Internal Revenue that any individual has a seriously delinquent tax debt in an amount in excess of $50,000, the Secretary shall transmit such certification to the Secretary of State for action with respect to denial, revocation, or limitation of a passport pursuant to section 4 of the Act entitled ‘An Act to regulate the issue and validity of passports, and for other purposes’, approved July 3, 1926 (22 U.S.C. 211a et seq.), commonly known as the ‘Passport Act of 1926’.

“(b) SERIOUSLY DELINQUENT TAX DEBT.—For purposes of this section, the term ‘seriously delinquent tax debt’ means an outstanding debt under this title for which a notice of lien has been filed in public records pursuant
to section 6323 or a notice of levy has been filed pursuant
to section 6331, except that such term does not include—
“(1) a debt that is being paid in a timely man-
ner pursuant to an agreement under section 6159 or
7122, and
“(2) a debt with respect to which collection is
suspended because a collection due process hearing
under section 6330, or relief under subsection (b),
(e), or (f) of section 6015, is requested or pending.
“(c) ADJUSTMENT FOR INFLATION.—In the case of
a calendar year beginning after 2012, the dollar amount
in subsection (a) shall be increased by an amount equal
to—
“(1) such dollar amount, multiplied by
“(2) the cost-of-living adjustment determined
under section 1(f)(3) for the calendar year, deter-
mired by substituting ‘calendar year 2011’ for ‘cal-
endar year 1992’ in subparagraph (B) thereof.
If any amount as adjusted under the preceding sentence
is not a multiple of $1,000, such amount shall be rounded
to the next highest multiple of $1,000.”.
(b) CLERICAL AMENDMENT.—The table of sections
for subchapter D of chapter 75 of the Internal Revenue
Code of 1986 is amended by adding at the end the fol-
lowing new item:
(c) Authority for Information Sharing.—

(1) In General.—Subsection (l) of section 6103 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(23) Disclosure of return information to Department of State for purposes of passport revocation under section 7345.—

“(A) In general.—The Secretary shall, upon receiving a certification described in section 7345, disclose to the Secretary of State return information with respect to a taxpayer who has a seriously delinquent tax debt described in such section. Such return information shall be limited to—

“(i) the taxpayer identity information with respect to such taxpayer, and

“(ii) the amount of such seriously delinquent tax debt.

“(B) Restriction on disclosure.—Return information disclosed under subparagraph (A) may be used by officers and employees of the Department of State for the purposes of, and to the extent necessary in, carrying out the
requirements of section 4 of the Act entitled ‘An Act to regulate the issue and validity of passports, and for other purposes’, approved July 3, 1926 (22 U.S.C. 211a et seq.), commonly known as the ‘Passport Act of 1926’.”.

(2) CONFORMING AMENDMENT.—Paragraph (4) of section 6103(p) of such Code is amended by striking “or (22)” each place it appears in subparagraph (F)(ii) and in the matter preceding subparagraph (A) and inserting “(22), or (23)”.

(d) REVOCATION AUTHORIZATION.—The Act entitled “An Act to regulate the issue and validity of passports, and for other purposes”, approved July 3, 1926 (22 U.S.C. 211a et seq.), commonly known as the “Passport Act of 1926”, is amended by adding at the end the following:

“SEC. 4. AUTHORITY TO DENY OR REVOKE PASSPORT.

“(a) INELIGIBILITY.—

“(1) ISSUANCE.—Except as provided under subsection (b), upon receiving a certification described in section 7345 of the Internal Revenue Code of 1986 from the Secretary of the Treasury, the Secretary of State may not issue a passport or passport card to any individual who has a seriously delinquent tax debt described in such section.
“(2) Revocation.—The Secretary of State shall revoke a passport or passport card previously issued to any individual described in subparagraph (A).

“(b) Exceptions.—

“(1) Emergency and humanitarian situations.—Notwithstanding subsection (a), the Secretary of State may issue a passport or passport card, in emergency circumstances or for humanitarian reasons, to an individual described in subsection (a)(1).

“(2) Limitation for return to United States.—Notwithstanding subsection (a)(2), the Secretary of State, before revocation, may—

“(A) limit a previously issued passport or passport card only for return travel to the United States; or

“(B) issue a limited passport or passport card that only permits return travel to the United States.”.

(e) Effective Date.—The amendments made by this section shall take effect on January 1, 2013.
SEC. 40305. 100 PERCENT CONTINUOUS LEVY ON PAYMENTS TO MEDICARE PROVIDERS AND SUPPLIERS.

(a) In General.—Paragraph (3) of section 6331(h) of the Internal Revenue Code of 1986 is amended by striking the period at the end and inserting “, or to a Medicare provider or supplier under title XVIII of the Social Security Act.”.

(b) Effective Date.—The amendment made by this section shall apply to payments made after the date of the enactment of this Act.

SEC. 40306. TRANSFER OF AMOUNTS ATTRIBUTABLE TO CERTAIN DUTIES ON IMPORTED VEHICLES INTO THE HIGHWAY TRUST FUND.

Section 9503(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following new paragraph:

“(8) Certain duties on imported vehicles.—There are hereby appropriated to the Highway Trust Fund amounts equivalent to the amounts received in the Treasury that are attributable to duties collected on or after October 1, 2011, and before October 1, 2016, on articles classified under subheading 8703.22.00 or 8703.24.00 of the Harmonized Tariff Schedule of the United States.”.
SEC. 40307. TREATMENT OF SECURITIES OF A CONTROLLED CORPORATION EXCHANGED FOR ASSETS IN CERTAIN REORGANIZATIONS.

(a) In general.—Section 361 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(d) Special rules for transactions involving section 355 distributions.—In the case of a reorganization described in section 368(a)(1)(D) with respect to which stock or securities of the corporation to which the assets are transferred are distributed in a transaction which qualifies under section 355—

“(1) this section shall be applied by substituting ‘stock other than nonqualified preferred stock (as defined in section 351(g)(2))’ for ‘stock or securities’ in subsections (a) and (b)(1), and

“(2) the first sentence of subsection (b)(3) shall apply only to the extent that the sum of the money and the fair market value of the other property transferred to such creditors does not exceed the adjusted bases of such assets transferred (reduced by the amount of the liabilities assumed (within the meaning of section 357(e))).”.

(b) Conforming amendment.—Paragraph (3) of section 361(b) is amended by striking the last sentence.

(c) Effective date.—
(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to exchanges after the date of the enactment of this Act.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any exchange pursuant to a transaction which is—

(A) made pursuant to a written agreement which was binding on February 6, 2012, and at all times thereafter;

(B) described in a ruling request submitted to the Internal Revenue Service on or before February 6, 2012; or

(C) described on or before February 6, 2012, in a public announcement or in a filing with the Securities and Exchange Commission.

SEC. 40308. INTERNAL REVENUE SERVICE LEVIES AND THRIFT SAVINGS PLAN ACCOUNTS.

Section 8437(e)(3) of title 5, United States Code, is amended by inserting “, the enforcement of a Federal tax levy as provided in section 6331 of the Internal Revenue Code of 1986,” after “(42 U.S.C. 659)”.

SEC. 40309. DEPRECIATION AND AMORTIZATION RULES FOR HIGHWAY AND RELATED PROPERTY SUBJECT TO LONG-TERM LEASES.

(a) ACCELERATED COST RECOVERY.—

(1) IN GENERAL.—Section 168(g)(1) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of subparagraph (D), by redesignating subparagraph (E) as subparagraph (F), and by inserting after subparagraph (D) the following new subparagraph:

“(E) any applicable leased highway property.”.

(2) RECOVERY PERIOD.—The table contained in subparagraph (C) of section 168(g)(2) of such Code is amended by redesignating clause (iv) as clause (v) and by inserting after clause (iii) the following new clause:

“(iv) Applicable leased highway property ........... 45 years.”.

(3) APPLICABLE LEASED HIGHWAY PROPERTY DEFINED.—

(A) IN GENERAL.—Section 168(g) of such Code is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:
“(7) APPLICABLE LEASED HIGHWAY PROPERTY.—For purposes of paragraph (1)(E)—

“(A) IN GENERAL.—The term ‘applicable leased highway property’ means property to which this section otherwise applies which—

“(i) is subject to an applicable lease, and

“(ii) is placed in service before the date of such lease.

“(B) APPLICABLE LEASE.—The term ‘applicable lease’ means a lease or other arrangement—

“(i) which is between the taxpayer and a State or political subdivision thereof, or any agency or instrumentality of either, and

“(ii) under which the taxpayer—

“(I) leases a highway and associated improvements,

“(II) receives a right-of-way on the public lands underlying such highway and improvements, and

“(III) receives a grant of a franchise or other intangible right permitting the taxpayer to receive funds re-
(B) Conforming Amendment.—Subparagraph (F) of section 168(g)(1) (as redesignated by subsection (a)(1)) is amended by striking “paragraph (7)” and inserting “paragraph (8)”.

(b) Amortization of Intangibles.—Section 197(f) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(11) Intangibles relating to applicable leased highway property.—In the case of any amortizable section 197 intangible property which is acquired in connection with an applicable lease (as defined in section 168(g)(7)(B)), the amortization period under this section shall not be less than the term of the applicable lease. For purposes of the preceding sentence, rules similar to the rules of section 168(i)(3)(A) shall apply in determining the term of the applicable lease.”.

(c) No Private Activity Bond Financing of Applicable Leased Highway Property.—Section 147(e) of the Internal Revenue Code of 1986 is amended by inserting “, or to finance any applicable leased highway
property (as defined in section 168(g)(7)(A))’’ after
“premises”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in para-
graph (2), the amendments made by this section
shall apply to leases entered into after the date of
the enactment of this Act.

(2) NO PRIVATE ACTIVITY BOND FINANCING.—
The amendment made by subsection (c) shall apply
to bonds issued after the date of the enactment of
this Act.

SEC. 40310. EXTENSION FOR TRANSFERS OF EXCESS PEN-
SION ASSETS TO RETIREE HEALTH AC-
COUNTS.

(a) IN GENERAL.—Paragraph (5) of section 420(b)
of the Internal Revenue Code of 1986 is amended by strik-
ing “December 31, 2013” and inserting “December 31,
2021”.

(b) CONFORMING ERISA AMENDMENTS.—

(1) Sections 101(e)(3), 403(e)(1), and
408(b)(13) of the Employee Retirement Income Se-
curity Act of 1974 are each amended by striking
“Pension Protection Act of 2006” and inserting
“Highway Investment, Job Creation, and Economic
Growth Act of 2012”.
(2) Section 408(b)(13) of such Act (29 U.S.C. 1108(b)(13)) is amended by striking “January 1, 2014” and inserting “January 1, 2022”.

(c) Effective Date.—The amendments made by this Act shall take effect on the date of the enactment of this Act.

SEC. 40311. TRANSFER OF EXCESS PENSION ASSETS TO RETIREE GROUP TERM LIFE INSURANCE ACCOUNTS.

(a) In General.—Subsection (a) of section 420 of the Internal Revenue Code of 1986 is amended by inserting “, or an applicable life insurance account,” after “health benefits account”.

(b) Applicable Life Insurance Account Defined.—

(1) In General.—Subsection (e) of section 420 of the Internal Revenue Code of 1986 is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

“(4) Applicable life insurance account.—The term ‘applicable life insurance account’ means a separate account established and maintained for amounts transferred under this sec-
tion for qualified current retiree liabilities based on
to premiums for applicable life insurance benefits.”

(2) APPLICABLE LIFE INSURANCE BENEFITS

DEFINED.—Paragraph (1) of section 420(e) of such
Code is amended by redesignating subparagraph (D)
as subparagraph (E) and by inserting after subpara-
graph (C) the following new subparagraph:

“(D) APPLICABLE LIFE INSURANCE BENEFITS.—The term ‘applicable life insurance bene-
fits’ means group-term life insurance coverage
provided to retired employees who, immediately
before the qualified transfer, are entitled to re-
ceive such coverage by reason of retirement and
who are entitled to pension benefits under the
plan, but only to the extent that such coverage
is provided under a policy for retired employees
and the cost of such coverage is excludable from
the retired employee’s gross income under sec-
section 79.”.

(3) COLLECTIVELY BARGAINED LIFE INSUR-
ANCE BENEFITS DEFINED.—

(A) IN GENERAL.—Paragraph (6) of sec-
tion 420(f) of such Code is amended by redesign-
ating subparagraph (D) as subparagraph (E)
and by inserting after subparagraph (C) the following new subparagraph:

“(D) COLLECTIVELY BARGAINED LIFE INSURANCE BENEFITS.—The term ‘collectively bargained life insurance benefits’ means, with respect to any collectively bargained transfer—

“(i) applicable life insurance benefits which are provided to retired employees who, immediately before the transfer, are entitled to receive such benefits by reason of retirement, and

“(ii) if specified by the provisions of the collective bargaining agreement governing the transfer, applicable life insurance benefits which will be provided at retirement to employees who are not retired employees at the time of the transfer.”.

(B) CONFORMING AMENDMENTS.—

(i) Clause (i) of section 420(e)(1)(C) of such Code is amended by striking “upon retirement” and inserting “by reason of retirement”.

(ii) Subparagraph (C) of section 420(f)(6) of such Code is amended—
(I) by striking “which are provided to” in the matter preceding clause (i),

(II) by inserting “which are provided to” before “retired employees” in clause (i),

(III) by striking “upon retirement” in clause (i) and inserting “by reason of retirement”, and

(IV) by striking “active employees who, following their retirement,” and inserting “which will be provided at retirement to employees who are not retired employees at the time of the transfer and who”.

(e) Maintenance of Effort.—

(1) In General.—Subparagraph (A) of section 420(c)(3) of the Internal Revenue Code of 1986 is amended by inserting “, and each group-term life insurance plan under which applicable life insurance benefits are provided,” after “health benefits are provided”.

(2) Conforming Amendments.—

(A) Subparagraph (B) of section 420(c)(3) of such Code is amended—
(i) by redesignating subclauses (I) and
(II) of clause (i) as subclauses (II) and
(III) of such clause, respectively, and by
inserting before subclause (II) of such
clause, as so redesignated, the following
new subclause:

“(I) separately with respect to
applicable health benefits and applica-
able life insurance benefits,”, and

(ii) by striking “for applicable health
benefits” and all that follows in clause (ii)
and inserting “was provided during such
taxable year for the benefits with respect
to which the determination under clause (i)
is made.”.

(B) Subparagraph (C) of section 420(c)(3)
of such Code is amended—

(i) by inserting “for applicable health
benefits” after “applied separately”, and

(ii) by inserting “, and separately for
applicable life insurance benefits with re-
spect to individuals age 65 or older at any
time during the taxable year and with re-
spect to individuals under age 65 during
the taxable year” before the period.
(C) Subparagraph (E) of section 420(c)(3) of such Code is amended—

(i) in clause (i), by inserting “or retiree life insurance coverage, as the case may be,” after “retiree health coverage”, and

(ii) in clause (ii), by inserting “FOR RETIREE HEALTH COVERAGE” after “COST REDUCTIONS” in the heading thereof, and

(iii) in clause (ii)(II), by inserting “with respect to applicable health benefits” after “liabilities of the employer”.

(D) Paragraph (2) of section 420(f) of such Code is amended by striking “collectively bargained retiree health liabilities” each place it occurs and inserting “collectively bargained retiree liabilities”.

(E) Clause (i) of section 420(f)(2)(D) of such Code is amended—

(i) by inserting “, and each group-term life insurance plan or arrangement under which applicable life insurance benefits are provided,” in subclause (I) after “applicable health benefits are provided”,

(ii) by inserting “collectively bargained retiree liabilities” after “liabilities of the employer”. 
(ii) by inserting “or applicable life insurance benefits, as the case may be,” in subclause (I) after “provides applicable health benefits”,

(iii) by striking “group health” in subclause (II), and

(iv) by inserting “or collectively bargained life insurance benefits” in subclause (II) after “collectively bargained health benefits”.

(F) Clause (ii) of section 420(f)(2)(D) of such Code is amended—

(i) by inserting “with respect to applicable health benefits or applicable life insurance benefits” after “requirements of subsection (c)(3)”, and

(ii) by adding at the end the following: “Such election may be made separately with respect to applicable health benefits and applicable life insurance benefits. In the case of an election with respect to applicable life insurance benefits, the first sentence of this clause shall be applied as if subsection (c)(3) as in effect be-
fore the amendments made by such Act
applied to such benefits.”

(G) Clause (iii) of section 420(f)(2)(D) of
such Code is amended—

(i) by striking “retiree” each place it
occurs, and

(ii) by inserting “, collectively bargained life insurance benefits, or both, as
the case may be,” after “health benefits”
each place it occurs.

(d) COORDINATION WITH SECTION 79.—Section 79
of the Internal Revenue Code of 1986 is amended by add-
ing at the end the following new subsection:

“(f) EXCEPTION FOR LIFE INSURANCE PURCHASED
IN CONNECTION WITH QUALIFIED TRANSFER OF EXCESS
PENSION ASSETS.—Subsection (b)(3) and section
72(m)(3) shall not apply in the case of any cost paid
(whether directly or indirectly) with assets held in an ap-
plicable life insurance account (as defined in section
420(e)(4)) under a defined benefit plan.”.

(e) CONFORMING AMENDMENTS.—

(1) Section 420 of the Internal Revenue Code
of 1986 is amended by striking “qualified current
retiree health liabilities” each place it appears and
inserting “qualified current retiree liabilities”.
(2) Section 420 of such Code is amended by inserting “, or an applicable life insurance account,” after “a health benefits account” each place it appears in subsection (b)(1)(A), subparagraphs (A), (B)(i), and (C) of subsection (c)(1), subsection (d)(1)(A), and subsection (f)(2)(E)(ii).

(3) Section 420(b) of such Code is amended—

(A) by adding the following at the end of paragraph (2)(A): “If there is a transfer from a defined benefit plan to both a health benefits account and an applicable life insurance account during any taxable year, such transfers shall be treated as 1 transfer for purposes of this paragraph.”, and

(B) by inserting “to an account” after “may be transferred” in paragraph (3).

(4) The heading for section 420(c)(1)(B) of such Code is amended by inserting “OR LIFE INSURANCE” after “HEALTH BENEFITS”.

(5) Paragraph (1) of section 420(e) of such Code is amended—

(A) by inserting “and applicable life insurance benefits” in subparagraph (A) after “applicable health benefits”, and
(B) by striking “HEALTH” in the heading thereof.

(6) Subparagraph (B) of section 420(e)(1) of such Code is amended—

(A) in the matter preceding clause (i), by inserting “(determined separately for applicable health benefits and applicable life insurance benefits)” after “shall be reduced by the amount”,

(B) in clause (i), by inserting “or applicable life insurance accounts” after “health benefit accounts”, and

(C) in clause (i), by striking “qualified current retiree health liability” and inserting “qualified current retiree liability”.

(7) The heading for subsection (f) of section 420 of such Code is amended by striking “HEALTH” each place it occurs.

(8) Subclause (II) of section 420(f)(2)(B)(ii) of such Code is amended by inserting “or applicable life insurance account, as the case may be,” after “health benefits account”.

(9) Subclause (III) of section 420(f)(2)(E)(i) of such Code is amended—
(A) by inserting “defined benefit” before “plan maintained by an employer”, and

(B) by inserting “health” before “benefit plans maintained by the employer”.

(10) Paragraphs (4) and (6) of section 420(f) of such Code are each amended by striking “collectively bargained retiree health liabilities” each place it occurs and inserting “collectively bargained retiree liabilities”.

(11) Subparagraph (A) of section 420(f)(6) of such Code is amended—

(A) in clauses (i) and (ii), by inserting “, in the case of a transfer to a health benefits account,” before “his covered spouse and dependents”, and

(B) in clause (ii), by striking “health plan” and inserting “plan”.

(12) Subparagraph (B) of section 420(f)(6) of such Code is amended—

(A) in clause (i), by inserting “, and collectively bargained life insurance benefits,” after “collectively bargained health benefits”,

(B) in clause (ii)—

(i) by adding at the end the following:

“The preceding sentence shall be applied
separately for collectively bargained health
benefits and collectively bargained life in-
surance benefits.”, and

(ii) by inserting “, applicable life in-
surance accounts,” after “health benefit
accounts”, and

(C) by striking “HEALTH” in the heading
thereof.

(13) Subparagraph (E) of section 420(f)(6) of
such Code, as redesignated by subsection (b), is
amended—

(A) by striking “bargained health” and in-
serting “bargained”,

(B) by inserting “, or a group-term life in-
surance plan or arrangement for retired em-
ployees,” after “dependents”, and

(C) by striking “HEALTH” in the heading
thereof.

(14) Section 101(e) of the Employee Retire-
1021(e)) is amended—

(A) in paragraphs (1) and (2), by inserting
“or applicable life insurance account” after
“health benefits account” each place it appears,
(B) in paragraph (1), by inserting “or applicable life insurance benefit liabilities” after “health benefits liabilities”.

(f) TECHNICAL CORRECTION.—Clause (iii) of section 420(f)(6)(B) is amended by striking “416(I)(1)” and inserting “416(i)(1)”.

(g) REPEAL OF DEADWOOD.—

(1) Subparagraph (A) of section 420(b)(1) of the Internal Revenue Code of 1986 is amended by striking “in a taxable year beginning after December 31, 1990”.

(2) Subsection (b) of section 420 of such Code is amended by striking paragraph (4) and by redesignating paragraph (5), as amended by this Act, as paragraph (4).

(3) Paragraph (2) of section 420(b) of such Code, as amended by this section, is amended—

(A) by striking subparagraph (B), and

(B) by striking “PER YEAR.—” and all that follows through “No more than” and inserting “PER YEAR.—No more than”.

(4) Paragraph (2) of section 420(c) of such Code is amended—

(A) by striking subparagraph (B),
(B) by moving subparagraph (A) two ems to the left, and

(C) by striking “BEFORE TRANSFER.—” and all that follows through “The requirements of this paragraph” and inserting the following: “BEFORE TRANSFER.—The requirements of this paragraph”.

(5) Paragraph (2) of section 420(d) of such Code is amended by striking “after December 31, 1990”.

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to transfers made after the date of the enactment of this Act.

(2) CONFORMING AMENDMENTS RELATING TO PENSION PROTECTION ACT.—The amendments made by subsections (b)(3)(B) and (f) shall take effect as if included in the amendments made by section 841(a) of the Pension Protection Act of 2006.

SEC. 40312. PENSION FUNDING STABILIZATION.

(a) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Subparagraph (C) of section 430(h)(2) of the Internal Revenue Code of 1986 is
amended by adding at the end the following new clause:

“(iv) Segment rate stabilization.—If a segment rate described in clause (i), (ii), or (iii) with respect to any applicable month (determined without regard to this clause) is less than 85 percent, or more than 115 percent, of the average of the segment rates (determined on an annual basis by the Secretary) described in such clause for years in the 10-year period ending with September 30 of the calendar year preceding the calendar year in which the plan year begins, then the segment rate described in such clause with respect to the applicable month shall be equal to 85 or 115 percent of such average, whichever is closest.”.

(2) Conforming Amendments.—

(A) Paragraph (6) of section 404(o) of such Code is amended by inserting “(determined by not taking into account any adjustment under clause (iv) of subsection (h)(2)(C) thereof)” before the period.
(B) Subparagraph (F) of section 430(h)(2) of such Code is amended by inserting “and the averages determined under subparagraph (C)(iv)” after “subparagraph (C)”.

(C) Subparagraphs (C) and (D) of section 417(e)(3) of such Code are each amended by striking “section 430(h)(2)(C)” and inserting “section 430(h)(2)(C) (determined by not taking into account any adjustment under clause (iv) thereof)”.

(b) Amendments to Employee Retirement Income Security Act of 1974.—

(1) In General.—Subparagraph (C) of section 303(h)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1083(h)(2)) is amended by adding at the end the following new clause:

“(iv) Segment Rate Stabilization.—If a segment rate described in clause (i), (ii), or (iii) with respect to any applicable month (determined without regard to this clause) is less than 85 percent, or more than 115 percent, of the average of the segment rates (determined on an annual basis by the Secretary of the Treasury) described in such clause for years in
the 10-year period ending with September
30 of the calendar year preceding the cal-
endar year in which the plan year begins,
then the segment rate described in such
clause with respect to the applicable month
shall be equal to 85 or 115 percent of such
average, whichever is closest.”.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (F) of section 303(h)(2)
of such Act (29 U.S.C. 1083(h)(2)) is amended
by inserting “and the averages determined
under subparagraph (C)(iv)” after “subpara-
graph (C)”.

(B) Clauses (ii) and (iii) of section
205(g)(3)(B) of such Act (29 U.S.C.
1055(g)(3)(B)) are each amended by striking
“section 303(h)(2)(C)” and inserting “section
303(h)(2)(C) (determined by not taking into ac-
count any adjustment under clause (iv) there-
of)”.

(C) Clause (iv) of section 4006(a)(3)(E) of
such Act (29 U.S.C. 1306(a)(3)(E)) is amended
by striking “section 303(h)(2)(C)” and insert-
ing “section 303(h)(2)(C) (notwithstanding any
regulations issued by the corporation, deter-
mined by not taking into account any adjustment under clause (iv) thereof’’.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning after December 31, 2011.

(d) TRANSFER TO HIGHWAY TRUST FUND.—Sub-section (f) of section 9503 of the Internal Revenue Code of 1986, as amended by this Act, is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

“(4) ADDITIONAL APPROPRIATION TO FUND.—Out of money in the Treasury not otherwise appropriated, there is hereby appropriated $1,588,000,000 to the Highway Trust Fund.”.