



(Original Signature of Member)

110TH CONGRESS  
1ST SESSION

# H. R.

To amend the Internal Revenue Code of 1986 to make technical corrections,  
and for other purposes.

## IN THE HOUSE OF REPRESENTATIVES

Mr. RANGEL (for himself and Mr. MCCRERY) introduced the following bill;  
which was referred to the Committee on \_\_\_\_\_

# A BILL

To amend the Internal Revenue Code of 1986 to make  
technical corrections, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;**

4 **TABLE OF CONTENTS.**

5 (a) **SHORT TITLE.**—This Act may be cited as the  
6 “Tax Technical Corrections Act of 2007”.

7 (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
8 wise expressly provided, whenever in this Act an amend-  
9 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference  
2 shall be considered to be made to a section or other provi-  
3 sion of the Internal Revenue Code of 1986.

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

- Sec. 1. Short title; amendment of 1986 Code; table of contents.
- Sec. 2. Amendment related to the Tax Relief and Health Care Act of 2006.
- Sec. 3. Amendments related to title XII of the Pension Protection Act of 2006.
- Sec. 4. Amendments related to the Tax Increase Prevention and Reconciliation Act of 2005.
- Sec. 5. Amendments related to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.
- Sec. 6. Amendments related to the Energy Policy Act of 2005.
- Sec. 7. Amendments related to the American Jobs Creation Act of 2004.
- Sec. 8. Amendment related to the Jobs and Growth Tax Relief Reconciliation Act of 2003.
- Sec. 9. Amendments related to the Economic Growth and Tax Relief Reconciliation Act of 2001.
- Sec. 10. Amendments related to the Tax Relief Extension Act of 1999.
- Sec. 11. Amendment related to the Internal Revenue Service Restructuring and Reform Act of 1998.
- Sec. 12. Clerical corrections.

6 **SEC. 2. AMENDMENT RELATED TO THE TAX RELIEF AND**  
7 **HEALTH CARE ACT OF 2006.**

8 (a) AMENDMENT RELATED TO SECTION 402 OF DI-  
9 VISION A OF THE ACT.—Subparagraph (A) of section  
10 53(e)(2) is amended to read as follows:

11 “(A) IN GENERAL.—The term ‘AMT re-  
12 fundable credit amount’ means, with respect to  
13 any taxable year, the amount (not in excess of  
14 the long-term unused minimum tax credit for  
15 such taxable year) equal to the greater of—

16 “(i) \$5,000,

1                   “(ii) 20 percent of the long-term un-  
2                   used minimum tax credit for such taxable  
3                   year, or

4                   “(iii) the amount (if any) of the AMT  
5                   refundable credit amount determined  
6                   under this paragraph for the taxpayer’s  
7                   preceding taxable year (as determined be-  
8                   fore any reduction under subparagraph  
9                   (B)).”.

10           (b) **EFFECTIVE DATE.**—The amendment made by  
11 this section shall take effect as if included in the provision  
12 of the Tax Relief and Health Care Act of 2006 to which  
13 it relates.

14 **SEC. 3. AMENDMENTS RELATED TO TITLE XII OF THE PEN-**  
15 **SION PROTECTION ACT OF 2006.**

16           (a) **AMENDMENT RELATED TO SECTION 1201 OF**  
17 **THE ACT.**—Subparagraph (D) of section 408(d)(8) is  
18 amended by striking “all amounts distributed from all in-  
19 dividual retirement plans were treated as 1 contract under  
20 paragraph (2)(A) for purposes of determining the inclu-  
21 sion of such distribution under section 72” and inserting  
22 “all amounts in all individual retirement plans of the indi-  
23 vidual were distributed during such taxable year and all  
24 such plans were treated as 1 contract for purposes of de-

1 terminating under section 72 the aggregate amount which  
2 would have been so includible”.

3 (b) AMENDMENT RELATED TO SECTION 1203 OF  
4 THE ACT.—Subsection (d) of section 1366 is amended by  
5 adding at the end the following new paragraph:

6 “(4) APPLICATION OF LIMITATION ON CHARIT-  
7 TABLE CONTRIBUTIONS.—In the case of any chari-  
8 table contribution of property to which the second  
9 sentence of section 1367(a)(2) applies, paragraph  
10 (1) shall not apply to the extent of the excess (if  
11 any) of—

12 “(A) the shareholder’s pro rata share of  
13 such contribution, over

14 “(B) the shareholder’s pro rata share of  
15 the adjusted basis of such property.”.

16 (c) AMENDMENT RELATED TO SECTION 1215 OF  
17 THE ACT.—Subclause (I) of section 170(e)(7)(D)(i) is  
18 amended by striking “related” and inserting “substantial  
19 and related”.

20 (d) AMENDMENTS RELATED TO SECTION 1218 OF  
21 THE ACT.—

22 (1) Section 2055 is amended by striking sub-  
23 section (g) and by redesignating subsection (h) as  
24 subsection (g).

1           (2) Subsection (e) of section 2522 is amend-  
2       ed—

3           (A) by striking paragraphs (2) and (4),

4           (B) by redesignating paragraph (3) as  
5       paragraph (2), and

6           (C) by adding at the end of paragraph (2),  
7       as so redesignated, the following new subpara-  
8       graph:

9           “(C) INITIAL FRACTIONAL CONTRIBU-  
10       TION.—For purposes of this paragraph, the  
11       term ‘initial fractional contribution’ means,  
12       with respect to any donor, the first gift of an  
13       undivided portion of the donor’s entire interest  
14       in any tangible personal property for which a  
15       deduction is allowed under subsection (a) or  
16       (b).”.

17       (e) AMENDMENTS RELATED TO SECTION 1219 OF  
18       THE ACT.—

19           (1) Paragraph (2) of section 6695A(a) is  
20       amended by inserting “a substantial estate or gift  
21       tax valuation understatement (within the meaning of  
22       section 6662(g)),” before “or a gross valuation  
23       misstatement”.

1           (2) Paragraph (1) of section 6696(d) is amend-  
2           ed by striking “or under section 6695” and inserting  
3           “, section 6695, or 6695A”.

4           (f) AMENDMENT RELATED TO SECTION 1221 OF THE  
5 ACT.—Subparagraph (A) of section 4940(c)(4) is amend-  
6 ed to read as follows:

7                   “(A) There shall not be taken into account  
8                   any gain or loss from the sale or other disposi-  
9                   tion of property to the extent that such gain or  
10                   loss is taken into account for purposes of com-  
11                   puting the tax imposed by section 511.”.

12           (g) AMENDMENT RELATED TO SECTION 1225 OF  
13 THE ACT.—

14           (1) Subsection (b) of section 6104 is amend-  
15 ed—

16                   (A) by striking “INFORMATION” in the  
17                   heading, and

18                   (B) by adding at the end the following:  
19                   “Any annual return which is filed under section  
20                   6011 by an organization described in section  
21                   501(c)(3) and which relates to any tax imposed  
22                   by section 511 (relating to imposition of tax on  
23                   unrelated business income of charitable, etc.,  
24                   organizations) shall be treated for purposes of

1           this subsection in the same manner as if fur-  
2           nished under section 6033.”.

3           (2) Clause (ii) of section 6104(d)(1)(A) is  
4           amended to read as follows:

5                       “(ii) any annual return which is filed  
6                       under section 6011 by an organization de-  
7                       scribed in section 501(c)(3) and which re-  
8                       lates to any tax imposed by section 511  
9                       (relating to imposition of tax on unrelated  
10                      business income of charitable, etc., organi-  
11                      zations),”.

12           (3) Paragraph (2) of section 6104(d) is amend-  
13           ed by striking “section 6033” and inserting “section  
14           6011 or 6033”.

15           (h) AMENDMENT RELATED TO SECTION 1231 OF  
16 THE ACT.—Subsection (b) of section 4962 is amended by  
17 striking “or D” and inserting “D, or G”.

18           (i) AMENDMENT RELATED TO SECTION 1242 OF THE  
19 ACT.—

20           (1) Subclause (II) of section 4958(c)(3)(A)(i) is  
21           amended by striking “paragraph (1), (2), or (4) of  
22           section 509(a)” and inserting “subparagraph  
23           (C)(ii)”.

24           (2) Clause (ii) of section 4958(c)(3)(C) is  
25           amended to read as follows:

1                   “(ii) EXCEPTION.—Such term shall  
2                   not include—

3                   “(I) any organization described  
4                   in paragraph (1), (2), or (4) of section  
5                   509(a), and

6                   “(II) any organization which is  
7                   treated as described in such para-  
8                   graph (2) by reason of the last sen-  
9                   tence of section 509(a) and which is a  
10                  supported organization (as defined in  
11                  section 509(f)(3)) of the organization  
12                  to which subparagraph (A) applies.”.

13           (j) EFFECTIVE DATE.—The amendments made by  
14 this section shall take effect as if included in the provisions  
15 of the Pension Protection Act of 2006 to which they re-  
16 late.

17 **SEC. 4. AMENDMENTS RELATED TO THE TAX INCREASE**  
18                   **PREVENTION AND RECONCILIATION ACT OF**  
19                   **2005.**

20           (a) AMENDMENTS RELATED TO SECTION 103 OF  
21 THE ACT.—Paragraph (6) of section 954(e) is amended  
22 by redesignating subparagraph (B) as subparagraph (C)  
23 and inserting after subparagraph (A) the following new  
24 subparagraph:



1                   “(B) EXCEPTION.—Subparagraph (A)  
2 shall not apply in the case of any interest, rent,  
3 or royalty to the extent such interest, rent, or  
4 royalty creates (or increases) a deficit which  
5 under section 952(c) may reduce the subpart F  
6 income of the payor or another controlled for-  
7 eign corporation.”.

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

10           (1) Subparagraph (A) of section 355(b)(2) is  
11 amended to read as follows:

12                   “(A) it is engaged in the active conduct of  
13 a trade or business,”.

14           (2) Paragraph (3) of section 355(b) is amended  
15 to read as follows:

16                   “(3) SPECIAL RULES FOR DETERMINING AC-  
17 TIVE CONDUCT IN THE CASE OF AFFILIATED  
18 GROUPS.—

19                   “(A) IN GENERAL.—For purposes of deter-  
20 mining whether a corporation meets the re-  
21 quirements of paragraph (2)(A), all members of  
22 such corporation’s separate affiliated group  
23 shall be treated as one corporation.

24                   “(B) SEPARATE AFFILIATED GROUP.—For  
25 purposes of this paragraph, the term ‘separate

1 affiliated group' means, with respect to any cor-  
2 poration, the affiliated group which would be  
3 determined under section 1504(a) if such cor-  
4 poration were the common parent and section  
5 1504(b) did not apply.

6 “(C) TREATMENT OF TRADE OR BUSINESS  
7 CONDUCTED BY ACQUIRED MEMBER.—If a cor-  
8 poration became a member of a separate affili-  
9 ated group as a result of one or more trans-  
10 actions in which gain or loss was recognized in  
11 whole or in part, any trade or business con-  
12 ducted by such corporation (at the time that  
13 such corporation became such a member) shall  
14 be treated for purposes of paragraph (2) as ac-  
15 quired in a transaction in which gain or loss  
16 was recognized in whole or in part.

17 “(D) REGULATIONS.—The Secretary shall  
18 prescribe such regulations as are necessary or  
19 appropriate to carry out the purposes of this  
20 paragraph, including regulations which provide  
21 for the proper application of subparagraphs  
22 (B), (C), and (D) of paragraph (2), and modify  
23 the application of subsection (a)(3)(B), in con-  
24 nection with the application of this para-  
25 graph.”.

1           (3) The Internal Revenue Code of 1986 shall be  
2 applied and administered as if the amendments  
3 made by section 202 of the Tax Increase Prevention  
4 and Reconciliation Act of 2005 and by section 410  
5 of division A of the Tax Relief and Health Care Act  
6 of 2006 had never been enacted.

7           (c) AMENDMENT RELATED TO SECTION 515 OF THE  
8 ACT.—Subsection (f) of section 911 is amended to read  
9 as follows:

10           “(f) DETERMINATION OF TAX LIABILITY.—

11           “(1) IN GENERAL.—If, for any taxable year,  
12 any amount is excluded from gross income of a tax-  
13 payer under subsection (a), then, notwithstanding  
14 sections 1 and 55—

15           “(A) if such taxpayer has taxable income  
16 for such taxable year, the tax imposed by sec-  
17 tion 1 for such taxable year shall be equal to  
18 the excess (if any) of—

19           “(i) the tax which would be imposed  
20 by section 1 for such taxable year if the  
21 taxpayer’s taxable income were increased  
22 by the amount excluded under subsection  
23 (a) for such taxable year, over

24           “(ii) the tax which would be imposed  
25 by section 1 for such taxable year if the

1 taxpayer's taxable income were equal to  
2 the amount excluded under subsection (a)  
3 for such taxable year, and

4 “(B) if such taxpayer has a taxable excess  
5 (as defined in section 55(b)(1)(A)(ii)) for such  
6 taxable year, the amount determined under the  
7 first sentence of section 55(b)(1)(A)(i) for such  
8 taxable year shall be equal to the excess (if any)  
9 of—

10 “(i) the amount which would be deter-  
11 mined under such sentence for such tax-  
12 able year (subject to the limitation of sec-  
13 tion 55(b)(3)) if the taxpayer's taxable ex-  
14 cess (as so defined) were increased by the  
15 amount excluded under subsection (a) for  
16 such taxable year, over

17 “(ii) the amount which would be de-  
18 termined under such sentence for such tax-  
19 able year (subject to the limitation of sec-  
20 tion 55(b)(3)) if the taxpayer's taxable ex-  
21 cess (as so defined) were equal to the  
22 amount excluded under subsection (a) for  
23 such taxable year.

24 “(2) TREATMENT OF ORDINARY LOSS.—

1           “(A) REGULAR TAX.—If, for any taxable  
2 year, a taxpayer’s net capital gain exceeds tax-  
3 able income, in determining the tax under para-  
4 graph (1)(A)(ii)—

5           “(i) there shall be treated as adjusted  
6 net capital gain the lesser of—

7           “(I) the adjusted net capital gain  
8 (determined without regard to this  
9 paragraph), or

10           “(II) the amount of such excess,

11           “(ii) there shall be treated as  
12 unrecaptured section 1250 gain the lesser  
13 of—

14           “(I) the unrecaptured section  
15 1250 gain (determined without regard  
16 to this paragraph), or

17           “(II) the amount of such excess  
18 reduced by adjusted net capital gain  
19 (as determined under clause (i)), and

20           “(iii) there shall be treated as 28-per-  
21 cent rate gain the amount of such excess  
22 reduced by the sum of—

23           “(I) the amount treated as ad-  
24 justed net capital gain under clause  
25 (i), and

1                   “(II) the amount treated as  
2                   unrecaptured section 1250 gain under  
3                   clause (ii).

4                   “(B) ALTERNATIVE MINIMUM TAX.—The  
5                   rules of subparagraph (A) shall apply for pur-  
6                   poses of determining the amount under para-  
7                   graph (1)(B)(ii), except that such subparagraph  
8                   shall be applied by substituting ‘taxable excess  
9                   (as defined in section 55(b)(1)(A)(ii))’ for ‘tax-  
10                  able income’.”.

11                  (d) EFFECTIVE DATE.—

12                  (1) IN GENERAL.—Except as otherwise pro-  
13                  vided in this subsection, the amendments made by  
14                  this section shall take effect as if included in the  
15                  provisions of the Tax Increase Prevention and Rec-  
16                  onciliation Act of 2005 to which they relate.

17                  (2) MODIFICATION OF ACTIVE BUSINESS DEFINI-  
18                  TION UNDER SECTION 355.—

19                  (A) IN GENERAL.—Except as otherwise  
20                  provided in this paragraph, the amendments  
21                  made by subsection (b) shall apply to distribu-  
22                  tions made after May 17, 2006.

23                  (B) TRANSITION RULE.—The amendments  
24                  made by subsection (b) shall not apply to any

1 distribution pursuant to a transaction which  
2 is—

3 (i) made pursuant to an agreement  
4 which was binding on May 17, 2006, and  
5 at all times thereafter,

6 (ii) described in a ruling request sub-  
7 mitted to the Internal Revenue Service on  
8 or before such date, or

9 (iii) described on or before such date  
10 in a public announcement or in a filing  
11 with the Securities and Exchange Commis-  
12 sion.

13 (C) ELECTION OUT OF TRANSITION  
14 RULE.—Subparagraph (B) shall not apply if  
15 the distributing corporation elects not to have  
16 such subparagraph apply to distributions of  
17 such corporation. Any such election, once made,  
18 shall be irrevocable.

19 (D) SPECIAL RULE FOR CERTAIN PRE-EN-  
20 ACTMENT DISTRIBUTIONS.—For purposes of  
21 determining the continued qualification under  
22 section 355(b)(2)(A) of the Internal Revenue  
23 Code of 1986 of distributions made on or before  
24 May 17, 2006, as a result of an acquisition, dis-  
25 position, or other restructuring after such date,

1 such distribution shall be treated as made on  
2 the date of such acquisition, disposition, or re-  
3 structuring for purposes of applying subpara-  
4 graphs (A) through (C) of this paragraph. The  
5 preceding sentence shall only apply with respect  
6 to the corporation that undertakes such acquisi-  
7 tion, disposition, or other restructuring, and  
8 only if such application results in continued  
9 qualification under section 355(b)(2)(A) of such  
10 Code.

11 (3) AMENDMENT RELATED TO SECTION 515 OF  
12 THE ACT.—The amendment made by subsection (c)  
13 shall apply to taxable years beginning after Decem-  
14 ber 31, 2006.

15 **SEC. 5. AMENDMENTS RELATED TO THE SAFE, ACCOUNT-**  
16 **ABLE, FLEXIBLE, EFFICIENT TRANSPOR-**  
17 **TATION EQUITY ACT: A LEGACY FOR USERS.**

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

20 (1) Paragraph (3) of section 6427(i) is amend-  
21 ed—

22 (A) by inserting “or under subsection  
23 (e)(2) by any person with respect to an alter-  
24 native fuel (as defined in section 6426(d)(2))”  
25 after “section 6426” in subparagraph (A),



1 (B) by inserting “or (e)(2)” after “sub-  
2 section (e)(1)” in subparagraphs (A)(i) and  
3 (B), and

4 (C) by striking “ALCOHOL FUEL AND BIO-  
5 DIESEL MIXTURE CREDIT” and inserting “MIX-  
6 TURE CREDITS AND THE ALTERNATIVE FUEL  
7 CREDIT” in the heading thereof.

8 (2) Subparagraph (F) of section 6426(d)(2) is  
9 amended by striking “hydrocarbons” and inserting  
10 “fuel”.

11 (3) Section 6426 is amended by adding at the  
12 end the following new subsection:

13 “(h) DENIAL OF DOUBLE BENEFIT.—No credit shall  
14 be determined under subsection (d) or (e) with respect to  
15 any fuel with respect to which credit may be determined  
16 under subsection (b) or (c) or under section 40 or 40A.”.

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

20 **SEC. 6. AMENDMENTS RELATED TO THE ENERGY POLICY**  
21 **ACT OF 2005.**

22 (a) AMENDMENT RELATED TO SECTION 1306 OF  
23 THE ACT.—Paragraph (2) of section 45J(b) is amended  
24 to read as follows:

1           “(2) AMOUNT OF NATIONAL LIMITATION.—The  
2           aggregate amount of national megawatt capacity  
3           limitation allocated by the Secretary under para-  
4           graph (3) shall not exceed 6,000 megawatts.”.

5           (b) AMENDMENTS RELATED TO SECTION 1342 OF  
6 THE ACT.—

7           (1) So much of subsection (b) of section 30C as  
8           precedes paragraph (1) thereof is amended to read  
9           as follows:

10          “(b) LIMITATION.—The credit allowed under sub-  
11 section (a) with respect to all qualified alternative fuel ve-  
12 hicle refueling property placed in service by the taxpayer  
13 during the taxable year at a location shall not exceed—  
14 ”.

15          (2) Subsection (c) of section 30C is amended to  
16          read as follows:

17          “(c) QUALIFIED ALTERNATIVE FUEL VEHICLE RE-  
18 FUELING PROPERTY.—For purposes of this section, the  
19 term ‘qualified alternative fuel vehicle refueling property’  
20 has the same meaning as the term ‘qualified clean-fuel ve-  
21 hicle refueling property’ would have under section 179A  
22 if—

23          “(1) paragraph (1) of section 179A(d) did not  
24          apply to property installed on property which is used

1 as the principal residence (within the meaning of  
2 section 121) of the taxpayer, and

3 “(2) only the following were treated as clean-  
4 burning fuels for purposes of section 179A(d):

5 “(A) Any fuel at least 85 percent of the  
6 volume of which consists of one or more of the  
7 following: ethanol, natural gas, compressed nat-  
8 ural gas, liquified natural gas, liquefied petro-  
9 leum gas, or hydrogen.

10 “(B) Any mixture—

11 “(i) which consists of two or more of  
12 the following: biodiesel (as defined in sec-  
13 tion 40A(d)(1)), diesel fuel (as defined in  
14 section 4083(a)(3)), or kerosene, and

15 “(ii) at least 20 percent of the volume  
16 of which consists of biodiesel (as so de-  
17 fined) determined without regard to any  
18 kerosene in such mixture.”.

19 (c) AMENDMENTS RELATED TO SECTION 1351 OF  
20 THE ACT.—

21 (1) Paragraph (3) of section 41(a) is amended  
22 by inserting “for energy research” before the period  
23 at the end.

1           (2) Paragraph (6) of section 41(f) is amended  
2           by adding at the end the following new subpara-  
3           graph:

4                   “(E) ENERGY RESEARCH.—The term ‘en-  
5           ergy research’ does not include any research  
6           which is not qualified research.”.

7           (d) AMENDMENTS RELATED TO SECTION 1362 OF  
8           THE ACT.—

9           (1)(A) Paragraph (1) of section 4041(d) is  
10          amended by adding at the end the following new  
11          sentence: “No tax shall be imposed under the pre-  
12          ceding sentence on the sale or use of any liquid if  
13          tax was imposed with respect to such liquid under  
14          section 4081 at the Leaking Underground Storage  
15          Tank Trust Fund financing rate.”.

16          (B) Paragraph (3) of section 4042(b) is amend-  
17          ed to read as follows:

18                   “(3) EXCEPTION FOR FUEL ON WHICH LEAK-  
19          ING UNDERGROUND STORAGE TANK TRUST FUND FI-  
20          NANCING RATE SEPARATELY IMPOSED.—The Leak-  
21          ing Underground Storage Tank Trust Fund financ-  
22          ing rate under paragraph (2)(B) shall not apply to  
23          the use of any fuel if tax was imposed with respect  
24          to such fuel under section 4041(d) or 4081 at the

1 Leaking Underground Storage Tank Trust Fund fi-  
2 nancing rate.”.

3 (C) Notwithstanding section 6430 of the Inter-  
4 nal Revenue Code of 1986, a refund, credit, or pay-  
5 ment may be made under subchapter B of chapter  
6 65 of such Code for taxes imposed with respect to  
7 any liquid after September 30, 2005, and before the  
8 date of the enactment of this Act under section  
9 4041(d)(1) or 4042 of such Code at the Leaking  
10 Underground Storage Tank Trust Fund financing  
11 rate to the extent that tax was imposed with respect  
12 to such liquid under section 4081 at the Leaking  
13 Underground Storage Tank Trust Fund financing  
14 rate.

15 (2)(A) Paragraph (5) of section 4041(d) is  
16 amended—

17 (i) by striking “(other than with respect to  
18 any sale for export under paragraph (3) there-  
19 of)”, and

20 (ii) by adding at the end the following new  
21 sentence: “The preceding sentence shall not  
22 apply with respect to subsection (g)(3) and so  
23 much of subsection (g)(1) as relates to vessels  
24 (within the meaning of section 4221(d)(3)) em-

1           ployed in foreign trade or trade between the  
2           United States and any of its possessions.”.

3           (B) Section 4082 is amended—

4                 (i) by striking “(other than such tax at the  
5           Leaking Underground Storage Tank Trust  
6           Fund financing rate imposed in all cases other  
7           than for export)” in subsection (a), and

8                 (ii) by redesignating subsections (f) and  
9           (g) as subsections (g) and (h), respectively, and  
10          by inserting after subsection (ē) the following  
11          new subsection:

12          “(f) EXCEPTION FOR LEAKING UNDERGROUND  
13 STORAGE TANK TRUST FUND FINANCING RATE.—

14                 “(1) IN GENERAL.—Subsection (a) shall not  
15          apply to the tax imposed under section 4081 at the  
16          Leaking Underground Storage Tank Trust Fund fi-  
17          nancing rate.

18                 “(2) EXCEPTION FOR EXPORT, ETC.—Para-  
19          graph (1) shall not apply with respect to any fuel if  
20          the Secretary determines that such fuel is destined  
21          for export or for use by the purchaser as supplies for  
22          vessels (within the meaning of section 4221(d)(3))  
23          employed in foreign trade or trade between the  
24          United States and any of its possessions.”.

1 (C) Subsection (e) of section 4082 is amend-  
2 ed—

3 (i) by striking “an aircraft, the rate of tax  
4 under section 4081(a)(2)(A)(iii) shall be zero.”  
5 and inserting “an aircraft—

6 “(1) the rate of tax under section  
7 4081(a)(2)(A)(iii) shall be zero, and

8 “(2) if such aircraft is employed in foreign  
9 trade or trade between the United States and any of  
10 its possessions, the increase in such rate under sec-  
11 tion 4081(a)(2)(B) shall be zero.”; and

12 (ii) by moving the last sentence flush with  
13 the margin of such subsection (following the  
14 paragraph (2) added by clause (i)).

15 (D) Section 6430 is amended to read as follows:

16 **“SEC. 6430. TREATMENT OF TAX IMPOSED AT LEAKING UN-**  
17 **DERGROUND STORAGE TANK TRUST FUND**  
18 **FINANCING RATE.**

19 “No refunds, credits, or payments shall be made  
20 under this subchapter for any tax imposed at the Leaking  
21 Underground Storage Tank Trust Fund financing rate,  
22 except in the case of fuels—

23 “(1) which are exempt from tax under section  
24 4081(a) by reason of section 4082(f)(2),

1           “(2) which are exempt from tax under section  
2           4041(d) by reason of the last sentence of paragraph  
3           (5) thereof, or

4           “(3) with respect to which the rate increase  
5           under section 4081(a)(2)(B) is zero by reason of  
6           section 4082(e)(2).”.

7           (3) Paragraph (5) of section 4041(d) is amend-  
8           ed by inserting “(b)(1)(A),” after “subsections”.

9           (e) EFFECTIVE DATE.—

10           (1) IN GENERAL.—Except as otherwise pro-  
11           vided in this subsection, the amendments made by  
12           this section shall take effect as if included in the  
13           provisions of the Energy Policy Act of 2005 to which  
14           they relate.

15           (2) NONAPPLICATION OF EXEMPTION FOR OFF-  
16           HIGHWAY BUSINESS USE.—The amendment made by  
17           subsection (d)(3) shall apply to fuel sold for use or  
18           used after the date of the enactment of this Act.

19           (3) AMENDMENT MADE BY THE SAFETEA-  
20           LU.—The amendment made by subsection  
21           (d)(2)(C)(ii) shall take effect as if included in sec-  
22           tion 11161 of the SAFETEA-LU.



1 **SEC. 7. AMENDMENTS RELATED TO THE AMERICAN JOBS**  
2 **CREATION ACT OF 2004.**

3 (a) AMENDMENT RELATED TO SECTION 248 OF THE  
4 ACT.—Subsection (a) of section 1355 is amended by add-  
5 ing at the end the following new paragraph:

6 “(8) PUERTO RICO TREATED AS PART OF DO-  
7 MESTIC TRADE.—For purposes of paragraphs (6)  
8 and (7), Puerto Rico shall be treated as a place in  
9 the United States and not as a foreign place.”.

10 (b) AMENDMENTS RELATED TO SECTION 339 OF  
11 THE ACT.—

12 (1)(A) Section 45H is amended by striking sub-  
13 section (d) and by redesignating subsections (e), (f),  
14 and (g) as subsections (d), (e), and (f), respectively.

15 (B) Subsection (d) of section 280C is amended  
16 to read as follows:

17 “(d) CREDIT FOR LOW SULFUR DIESEL FUEL PRO-  
18 Duction.—The deductions otherwise allowed under this  
19 chapter for the taxable year shall be reduced by the  
20 amount of the credit determined for the taxable year  
21 under section 45H(a).”.

22 (C) Subsection (a) of section 1016 is amended  
23 by striking paragraph (31) and by redesignating  
24 paragraphs (32) through (37) as paragraphs (31)  
25 through (36), respectively.

1           (2)(A) Section 45H, as amended by paragraph  
2           (1), is amended by adding at the end the following  
3           new subsection:

4           “(g) ELECTION TO NOT TAKE CREDIT.—No credit  
5           shall be determined under subsection (a) for the taxable  
6           year if the taxpayer elects not to have subsection (a) apply  
7           to such taxable year.”.

8           (B) Subsection (m) of section 6501 is amended  
9           by inserting “45H(g),” after “45C(d)(4),”.

10           (3)(A) Subsections (b)(1)(A), (c)(2), (e)(1), and  
11           (e)(2) of section 45H (as amended by paragraph  
12           (1)) and section 179B(a) are each amended by strik-  
13           ing “qualified capital costs” and inserting “qualified  
14           costs”.

15           (B) The heading of paragraph (2) of section  
16           45H(e) is amended by striking “CAPITAL”.

17           (C) Subsection (a) of section 179B is amended  
18           by inserting “and which are properly chargeable to  
19           capital account” before the period at the end.

20           (c) AMENDMENTS RELATED TO SECTION 710 OF  
21           THE ACT.—

22           (1) Clause (ii) of section 45(c)(3)(A) is amend-  
23           ed by striking “which is segregated from other waste  
24           materials and”.

1           (2) Subparagraph (B) of section 45(d)(2) is  
2           amended by inserting “and” at the end of clause (i),  
3           by striking clause (ii), and by redesignating clause  
4           (iii) as clause (ii).

5           (d) AMENDMENTS RELATED TO SECTION 848 OF  
6 THE ACT.—

7           (1) Paragraph (2) of section 470(c) is amended  
8           to read as follows:

9           “(2) TAX-EXEMPT USE PROPERTY.—

10           “(A) IN GENERAL.—The term ‘tax-exempt  
11           use property’ has the meaning given to such  
12           term by section 168(h), except that such section  
13           shall be applied—

14           “(i) without regard to paragraphs  
15           (1)(C) and (3) thereof, and

16           “(ii) as if section 197 intangible prop-  
17           erty (as defined in section 197), and prop-  
18           erty described in paragraph (1)(B) or (2)  
19           of section 167(f), were tangible property.

20           “(B) EXCEPTION FOR PARTNERSHIPS.—

21           Such term shall not include any property which  
22           would (but for this subparagraph) be tax-ex-  
23           empt use property solely by reason of section  
24           168(h)(6).

1           “(C) CROSS REFERENCE.—For treatment  
2           of partnerships as leases to which section  
3           168(h) applies, see section 7701(e).”.

4           (2) Subparagraph (A) of section 470(d)(1) is  
5           amended by striking “(at any time during the lease  
6           term)” and inserting “(at all times during the lease  
7           term)”.

8           (e) AMENDMENTS RELATED TO SECTION 888 OF  
9           THE ACT.—

10           (1) Subparagraph (A) of section 1092(a)(2) is  
11           amended by striking “and” at the end of clause (ii),  
12           by redesignating clause (iii) as clause (iv), and by in-  
13           serting after clause (ii) the following new clause:

14                   “(iii) if the application of clause (ii)  
15                   does not result in an increase in the basis  
16                   of any offsetting position in the identified  
17                   straddle, the basis of each of the offsetting  
18                   positions in the identified straddle shall be  
19                   increased in a manner which—

20                           “(I) is reasonable, consistent  
21                           with the purposes of this paragraph,  
22                           and consistently applied by the tax-  
23                           payer, and

24                           “(II) results in an aggregate in-  
25                           crease in the basis of such offsetting

1 positions which is equal to the loss de-  
2 scribed in clause (ii), and”.

3 (2)(A) Subparagraph (B) of section 1092(a)(2)  
4 is amended by adding at the end the following flush  
5 sentence:

6 “A straddle shall be treated as clearly identified  
7 for purposes of clause (i) only if such identifica-  
8 tion includes an identification of the positions  
9 in the straddle which are offsetting with respect  
10 other positions in the straddle.”.

11 (B) Subparagraph (A) of section 1092(a)(2) is  
12 amended—

13 (i) by striking “identified positions” in  
14 clause (i) and inserting “positions”,

15 (ii) by striking “identified position” in  
16 clause (ii) and inserting “position”, and

17 (iii) by striking “identified offsetting posi-  
18 tions” in clause (ii) and inserting “offsetting  
19 positions”.

20 (C) Subparagraph (B) of section 1092(a)(3) is  
21 amended by striking “identified offsetting position”  
22 and inserting “offsetting position”.

23 (3) Paragraph (2) of section 1092(a) is amend-  
24 ed by redesignating subparagraph (C) as subpara-

1 graph (D) and inserting after subparagraph (B) the  
2 following new subparagraph:

3 “(C) APPLICATION TO LIABILITIES AND  
4 OBLIGATIONS.—Except as otherwise provided  
5 by the Secretary, rules similar to the rules of  
6 clauses (ii) and (iii) of subparagraph (A) shall  
7 apply for purposes of this paragraph with re-  
8 spect to any position which is, or has been, a  
9 liability or obligation.”.

10 (4) Subparagraph (D) of section 1092(a)(2), as  
11 redesignated by paragraph (3), is amended by in-  
12 serting “the rules for the application of this section  
13 to a position which is or has been a liability or obli-  
14 gation, methods of loss allocation which satisfy the  
15 requirements of subparagraph (A)(iii),” before “and  
16 the ordering rules”.

17 (f) EFFECTIVE DATE.—

18 (1) IN GENERAL.—Except as otherwise pro-  
19 vided in this subsection, the amendments made by  
20 this section shall take effect as if included in the  
21 provisions of the American Jobs Creation Act of  
22 2004 to which they relate.

23 (2) IDENTIFICATION REQUIREMENT OF AMEND-  
24 MENT RELATED TO SECTION 888 OF THE AMERICAN  
25 JOBS CREATION ACT OF 2004.—The amendment

1 made by subsection (d)(2)(A) shall apply to strad-  
2 dles acquired after the date of the enactment of this  
3 Act .

4 **SEC. 8. AMENDMENT RELATED TO THE JOBS AND GROWTH**  
5 **TAX RELIEF RECONCILIATION ACT OF 2003.**

6 (a) AMENDMENT RELATED TO SECTION 302 OF THE  
7 ACT.—Clause (ii) of section 1(h)(11)(B) is amended by  
8 striking “and” at the end of subclause (II), by striking  
9 the period at the end of subclause (III) and inserting “,  
10 and”, and by adding at the end the following new sub-  
11 clause:

12 “(IV) any dividend received from  
13 a corporation which is a DISC or  
14 former DISC (as defined in section  
15 992(a)) to the extent such dividend is  
16 paid out of the corporation’s accumu-  
17 lated DISC income or is a deemed  
18 distribution pursuant to section  
19 995(b)(1).”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to dividends received after Decem-  
22 ber 31, 2007, in taxable years ending after such date.

1 **SEC. 9. AMENDMENTS RELATED TO THE ECONOMIC**  
2 **GROWTH AND TAX RELIEF RECONCILIATION**  
3 **ACT OF 2001.**

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

6 (1) Subclause (II) of section 402(g)(7)(A)(ii) is  
7 amended by striking “for prior taxable years” and  
8 inserting “permitted for prior taxable years by rea-  
9 son of this paragraph”.

10 (2) Subparagraph (A) of section 3121(v)(1) is  
11 amended by inserting “or consisting of designated  
12 Roth contributions (as defined in section 402A(e))”  
13 before the comma at the end.

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

18 **SEC. 10. AMENDMENTS RELATED TO THE TAX RELIEF EX-**  
19 **TENSION ACT OF 1999.**

20 (a) AMENDMENT RELATED TO SECTION 507 OF THE  
21 ACT.—Clause (i) of section 45(e)(7)(A) is amended by  
22 striking “placed in service by the taxpayer” and inserting  
23 “originally placed in service”.

24 (b) AMENDMENT RELATED TO SECTION 542 OF THE  
25 ACT.—Clause (ii) of section 856(d)(9)(D) is amended to  
26 read as follows:



1                   “(ii) LODGING FACILITY.—The term  
2                   ‘lodging facility’ means a—  
3                   “(I) hotel,  
4                   “(II) motel, or  
5                   “(III) other establishment more  
6                   than one-half of the dwelling units in  
7                   which are used on a transient basis.”.

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

12 **SEC. 11. AMENDMENT RELATED TO THE INTERNAL REV-**  
13 **ENUE SERVICE RESTRUCTURING AND RE-**  
14 **FORM ACT OF 1998.**

15           (a) AMENDMENT RELATED TO SECTION 3509 OF  
16 THE ACT.—Paragraph (3) of section 6110(i) is amended  
17 by inserting “and related background file documents”  
18 after “Chief Counsel advice” in the matter preceding sub-  
19 paragraph (A).

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

24 **SEC. 12. CLERICAL CORRECTIONS.**

25           (a) IN GENERAL.—

1           (1) Paragraph (5) of section 21(e) is amended  
2           by striking “section 152(e)(3)(A)” in the flush mat-  
3           ter after subparagraph (B) and inserting “section  
4           152(e)(4)(A)”.

5           (2) Paragraph (3) of section 25C(c) is amended  
6           by striking “section 3280” and inserting “part  
7           3280”.

8           (3) Paragraph (2) of section 26(b) is amended  
9           by redesignating subparagraphs (S) and (T) as sub-  
10          paragraphs (U) and (V), respectively, and by insert-  
11          ing after subparagraph (R) the following new sub-  
12          paragraphs:

13                   “(S)           sections           106(e)(3)(A)(ii),  
14                   223(b)(8)(B)(i)(II), and 408(d)(9)(D)(i)(II)  
15                   (relating to certain failures to maintain high de-  
16                   ductible health plan coverage),

17                   “(T) section 170(o)(3)(B) (relating to re-  
18                   capture of certain deductions for fractional  
19                   gifts),”.

20          (4) Subsection (a) of section 34 is amended—

21                   (A) in paragraph (1), by striking “with re-  
22                   spect to gasoline used during the taxable year  
23                   on a farm for farming purposes”,

24                   (B) in paragraph (2), by striking “with re-  
25                   spect to gasoline used during the taxable year

