

1 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;**  
2 **TABLE OF CONTENTS.**

3 (a) **SHORT TITLE.**—This Act may be cited as the  
4 “Working Families Tax Relief Act of 2004”.

5 (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
6 wise expressly provided, whenever in this Act an amend-  
7 ment or repeal is expressed in terms of an amendment  
8 to, or repeal of, a section or other provision, the reference  
9 shall be considered to be made to a section or other provi-  
10 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; amendment of 1986 Code; table of contents.

**TITLE I—EXTENSION OF FAMILY TAX PROVISIONS**

- Sec. 101. Repeal of scheduled reductions in child tax credit, marriage penalty relief, and 10-percent rate bracket.
- Sec. 102. Acceleration of increase in refundability of the child tax credit.
- Sec. 103. 1-year extension of minimum tax relief to individuals.
- Sec. 104. Earned income includes combat pay.
- Sec. 105. Application of EGTRRA sunset to this title.

**TITLE II—UNIFORM DEFINITION OF CHILD**

- Sec. 201. Uniform definition of child, etc.
- Sec. 202. Modifications of definition of head of household.
- Sec. 203. Modifications of dependent care credit.
- Sec. 204. Modifications of child tax credit.
- Sec. 205. Modifications of earned income credit.
- Sec. 206. Modifications of deduction for personal exemption for dependents.
- Sec. 207. Technical and conforming amendments.
- Sec. 208. Effective date.

**TITLE III—EXTENSIONS OF CERTAIN EXPIRING PROVISIONS**

- Sec. 301. Research credit.
- Sec. 302. Parity in the application of certain limits to mental health benefits.
- Sec. 303. Work opportunity credit and welfare-to-work credit.
- Sec. 304. Qualified zone academy bonds.
- Sec. 305. Cover over of tax on distilled spirits.
- Sec. 306. Deduction for corporate donations of scientific property and computer technology.

- Sec. 307. Deduction for certain expenses of school teachers.
- Sec. 308. Expensing of environmental remediation costs.
- Sec. 309. Certain New York Liberty Zone benefits.
- Sec. 310. Tax incentives for investment in the District of Columbia.
- Sec. 311. Disclosure of tax information to facilitate combined employment tax reporting.
- Sec. 312. Allowance of nonrefundable personal credits against regular and minimum tax liability.
- Sec. 313. Credit for electricity produced from certain renewable resources.
- Sec. 314. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
- Sec. 315. Indian employment tax credit.
- Sec. 316. Accelerated depreciation for business property on Indian reservation.
- Sec. 317. Disclosure of return information relating to student loans.
- Sec. 318. Elimination of phaseout of credit for qualified electric vehicles for 2004 and 2005.
- Sec. 319. Elimination of phaseout for deduction for clean-fuel vehicle property for 2004 and 2005.
- Sec. 320. Disclosures relating to terrorist activities.
- Sec. 321. Joint review of strategic plans and budget for the Internal Revenue Service.
- Sec. 322. Availability of medical savings accounts.

TITLE IV—TAX TECHNICAL CORRECTIONS

- Sec. 401. Amendments related to Medicare Prescription Drug, Improvement, and Modernization Act of 2003.
- Sec. 402. Amendments related to Jobs and Growth Tax Relief Reconciliation Act of 2003.
- Sec. 403. Amendments related to Job Creation and Worker Assistance Act of 2002.
- Sec. 404. Amendments related to Economic Growth and Tax Relief Reconciliation Act of 2001.
- Sec. 405. Amendments related to Community Renewal Tax Relief Act of 2000.
- Sec. 406. Amendments related to Taxpayer Relief Act of 1997.
- Sec. 407. Amendments related to Small Business Job Protection Act of 1996.
- Sec. 408. Clerical amendments.

1 **TITLE I—EXTENSION OF FAMILY**  
 2 **TAX PROVISIONS**

3 **SEC. 101. REPEAL OF SCHEDULED REDUCTIONS IN CHILD**  
 4 **TAX CREDIT, MARRIAGE PENALTY RELIEF,**  
 5 **AND 10-PERCENT RATE BRACKET.**

6 (a) CHILD TAX CREDIT.—Subsection (a) of section  
 7 24 (relating to child tax credit) is amended to read as fol-  
 8 lows:

1       “(a) ALLOWANCE OF CREDIT.—There shall be al-  
2       lowed as a credit against the tax imposed by this chapter  
3       for the taxable year with respect to each qualifying child  
4       of the taxpayer an amount equal to \$1,000.”.

5       (b) MARRIAGE PENALTY RELIEF IN STANDARD DE-  
6       DUCTION.—

7           (1) IN GENERAL.—Paragraph (2) of section  
8       63(c) (relating to basic standard deduction) is  
9       amended to read as follows:

10           “(2) BASIC STANDARD DEDUCTION.—For pur-  
11       poses of paragraph (1), the basic standard deduction  
12       is—

13           “(A) 200 percent of the dollar amount in  
14       effect under subparagraph (C) for the taxable  
15       year in the case of—

16                   “(i) a joint return, or

17                   “(ii) a surviving spouse (as defined in  
18       section 2(a)),

19           “(B) \$4,400 in the case of a head of  
20       household (as defined in section 2(b)), or

21           “(C) \$3,000 in any other case.”.

22       (2) CONFORMING AMENDMENTS.—

23           (A) Section 63(c)(4) is amended by strik-  
24       ing “(2)(D)” each place it occurs and inserting  
25       “(2)(C)”.

1 (B) Section 63(c) is amended by striking  
2 paragraph (7).

3 (c) MARRIAGE PENALTY RELIEF IN 15-PERCENT IN-  
4 COME TAX BRACKET.—Paragraph (8) of section 1(f) is  
5 amended to read as follows:

6 “(8) ELIMINATION OF MARRIAGE PENALTY IN  
7 15-PERCENT BRACKET.—With respect to taxable  
8 years beginning after December 31, 2003, in pre-  
9 scribing the tables under paragraph (1)—

10 “(A) the maximum taxable income in the  
11 15-percent rate bracket in the table contained  
12 in subsection (a) (and the minimum taxable in-  
13 come in the next higher taxable income bracket  
14 in such table) shall be 200 percent of the max-  
15 imum taxable income in the 15-percent rate  
16 bracket in the table contained in subsection (c)  
17 (after any other adjustment under this sub-  
18 section), and

19 “(B) the comparable taxable income  
20 amounts in the table contained in subsection  
21 (d) shall be  $\frac{1}{2}$  of the amounts determined  
22 under subparagraph (A).”.

23 (d) 10-PERCENT RATE BRACKET.—

24 (1) IN GENERAL.—Clause (i) of section  
25 1(i)(1)(B) is amended by striking “(\$12,000 in the

1 case of taxable years beginning after December 31,  
2 2004, and before January 1, 2008)”.  
3

4 (2) INFLATION ADJUSTMENT.—Subparagraph  
5 (C) of section 1(i)(1) is amended to read as follows:

6 “(C) INFLATION ADJUSTMENT.—In pre-  
7 scribing the tables under subsection (f) which  
8 apply with respect to taxable years beginning in  
9 calendar years after 2003—

10 “(i) the cost-of-living adjustment shall  
11 be determined under subsection (f)(3) by  
12 substituting ‘2002’ for ‘1992’ in subpara-  
13 graph (B) thereof, and

14 “(ii) the adjustments under clause (i)  
15 shall not apply to the amount referred to  
16 in subparagraph (B)(iii).

17 If any amount after adjustment under the pre-  
18 ceding sentence is not a multiple of \$50, such  
19 amount shall be rounded to the next lowest  
20 multiple of \$50.”.

21 (e) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
December 31, 2003.

1 **SEC. 102. ACCELERATION OF INCREASE IN REFUNDABILITY**  
2 **OF THE CHILD TAX CREDIT.**

3 (a) ACCELERATION OF REFUNDABILITY.—Section  
4 24(d)(1)(B)(i) (relating to portion of credit refundable) is  
5 amended by striking “(10 percent in the case of taxable  
6 years beginning before January 1, 2005)”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2003.

10 **SEC. 103. EXTENSION OF MINIMUM TAX RELIEF TO INDI-**  
11 **VIDUALS.**

12 (a) IN GENERAL.—Subparagraphs (A) and (B) of  
13 section 55(d)(1) of the Internal Revenue Code of 1986 (re-  
14 lating to exemption amount for taxpayers other than cor-  
15 porations) are each amended by striking “2003 and 2004”  
16 and inserting “2003, 2004, and 2005”.

17 (b) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 2004.

20 **SEC. 104. EARNED INCOME INCLUDES COMBAT PAY.**

21 (a) CHILD TAX CREDIT.—Section 24(d)(1) (relating  
22 to portion of credit refundable) is amended by adding at  
23 the end the following new sentence: “For purposes of sub-  
24 paragraph (B), any amount excluded from gross income  
25 by reason of section 112 shall be treated as earned income

1 which is taken into account in computing taxable income  
2 for the taxable year.”.

3 (b) EARNED INCOME CREDIT.—Subparagraph (B) of  
4 section 32(c)(2) (relating to earned income) is amended—

5 (1) by striking “and” at the end of clause (iv),

6 (2) by striking the period at the end of clause

7 (v) and inserting “, and”, and

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

9 “(vi) in the case of any taxable year  
10 ending—

11 “(I) after the date of the enact-  
12 ment of this clause, and

13 “(II) before January 1, 2006,  
14 a taxpayer may elect to treat amounts ex-  
15 cluded from gross income by reason of sec-  
16 tion 112 as earned income.”.

17 (c) EFFECTIVE DATE.—

18 (1) CHILD TAX CREDIT.—The amendment  
19 made by subsection (a) shall apply to taxable years  
20 beginning after December 31, 2003.

21 (2) EARNED INCOME CREDIT.—The amend-  
22 ments made by subsection (b) shall apply to taxable  
23 years ending after the date of the enactment of this  
24 Act.

1 **SEC. 105. APPLICATION OF EGTRRA SUNSET TO THIS TITLE.**

2 Each amendment made by this title shall be subject  
3 to title IX of the Economic Growth and Tax Relief Rec-  
4 onciliation Act of 2001 to the same extent and in the same  
5 manner as the provision of such Act to which such amend-  
6 ment relates.

7 **TITLE II—UNIFORM DEFINITION**  
8 **OF CHILD**

9 **SEC. 201. UNIFORM DEFINITION OF CHILD, ETC.**

10 Section 152 is amended to read as follows:

11 **“SEC. 152. DEPENDENT DEFINED.**

12 “(a) IN GENERAL.—For purposes of this subtitle, the  
13 term ‘dependent’ means—

14 “(1) a qualifying child, or

15 “(2) a qualifying relative.

16 “(b) EXCEPTIONS.—For purposes of this section—

17 “(1) DEPENDENTS INELIGIBLE.—If an indi-  
18 vidual is a dependent of a taxpayer for any taxable  
19 year of such taxpayer beginning in a calendar year,  
20 such individual shall be treated as having no depend-  
21 ents for any taxable year of such individual begin-  
22 ning in such calendar year.

23 “(2) MARRIED DEPENDENTS.—An individual  
24 shall not be treated as a dependent of a taxpayer  
25 under subsection (a) if such individual has made a  
26 joint return with the individual’s spouse under sec-

1       tion 6013 for the taxable year beginning in the cal-  
2       endar year in which the taxable year of the taxpayer  
3       begins.

4               “(3) CITIZENS OR NATIONALS OF OTHER COUN-  
5       TRIES.—

6               “(A) IN GENERAL.—The term ‘dependent’  
7       does not include an individual who is not a cit-  
8       izen or national of the United States unless  
9       such individual is a resident of the United  
10      States or a country contiguous to the United  
11      States.

12              “(B) EXCEPTION FOR ADOPTED CHILD.—  
13      Subparagraph (A) shall not exclude any child of  
14      a taxpayer (within the meaning of subsection  
15      (f)(1)(B)) from the definition of ‘dependent’  
16      if—

17              “(i) for the taxable year of the tax-  
18      payer, the child has the same principal  
19      place of abode as the taxpayer and is a  
20      member of the taxpayer’s household, and

21              “(ii) the taxpayer is a citizen or na-  
22      tional of the United States.

23              “(c) QUALIFYING CHILD.—For purposes of this  
24      section—

1           “(1) IN GENERAL.—The term ‘qualifying child’  
2 means, with respect to any taxpayer for any taxable  
3 year, an individual—

4                   “(A) who bears a relationship to the tax-  
5 payer described in paragraph (2),

6                   “(B) who has the same principal place of  
7 abode as the taxpayer for more than one-half of  
8 such taxable year,

9                   “(C) who meets the age requirements of  
10 paragraph (3), and

11                   “(D) who has not provided over one-half of  
12 such individual’s own support for the calendar  
13 year in which the taxable year of the taxpayer  
14 begins.

15           “(2) RELATIONSHIP.—For purposes of para-  
16 graph (1)(A), an individual bears a relationship to  
17 the taxpayer described in this paragraph if such in-  
18 dividual is—

19                   “(A) a child of the taxpayer or a descend-  
20 ant of such a child, or

21                   “(B) a brother, sister, stepbrother, or step-  
22 sister of the taxpayer or a descendant of any  
23 such relative.

24           “(3) AGE REQUIREMENTS.—

1           “(A) IN GENERAL.—For purposes of para-  
2 graph (1)(C), an individual meets the require-  
3 ments of this paragraph if such individual—

4                   “(i) has not attained the age of 19 as  
5 of the close of the calendar year in which  
6 the taxable year of the taxpayer begins, or

7                   “(ii) is a student who has not attained  
8 the age of 24 as of the close of such cal-  
9 endar year.

10           “(B) SPECIAL RULE FOR DISABLED.—In  
11 the case of an individual who is permanently  
12 and totally disabled (as defined in section  
13 22(e)(3)) at any time during such calendar  
14 year, the requirements of subparagraph (A)  
15 shall be treated as met with respect to such in-  
16 dividual.

17           “(4) SPECIAL RULE RELATING TO 2 OR MORE  
18 CLAIMING QUALIFYING CHILD.—

19           “(A) IN GENERAL.—Except as provided in  
20 subparagraph (B), if (but for this paragraph)  
21 an individual may be and is claimed as a quali-  
22 fying child by 2 or more taxpayers for a taxable  
23 year beginning in the same calendar year, such  
24 individual shall be treated as the qualifying  
25 child of the taxpayer who is—

1 “(i) a parent of the individual, or

2 “(ii) if clause (i) does not apply, the  
3 taxpayer with the highest adjusted gross  
4 income for such taxable year.

5 “(B) MORE THAN 1 PARENT CLAIMING  
6 QUALIFYING CHILD.—If the parents claiming  
7 any qualifying child do not file a joint return  
8 together, such child shall be treated as the  
9 qualifying child of—

10 “(i) the parent with whom the child  
11 resided for the longest period of time dur-  
12 ing the taxable year, or

13 “(ii) if the child resides with both par-  
14 ents for the same amount of time during  
15 such taxable year, the parent with the  
16 highest adjusted gross income.

17 “(d) QUALIFYING RELATIVE.—For purposes of this  
18 section—

19 “(1) IN GENERAL.—The term ‘qualifying rel-  
20 ative’ means, with respect to any taxpayer for any  
21 taxable year, an individual—

22 “(A) who bears a relationship to the tax-  
23 payer described in paragraph (2),

24 “(B) whose gross income for the calendar  
25 year in which such taxable year begins is less

1 than the exemption amount (as defined in sec-  
2 tion 151(d)),

3 “(C) with respect to whom the taxpayer  
4 provides over one-half of the individual’s sup-  
5 port for the calendar year in which such taxable  
6 year begins, and

7 “(D) who is not a qualifying child of such  
8 taxpayer or of any other taxpayer for any tax-  
9 able year beginning in the calendar year in  
10 which such taxable year begins.

11 “(2) RELATIONSHIP.—For purposes of para-  
12 graph (1)(A), an individual bears a relationship to  
13 the taxpayer described in this paragraph if the indi-  
14 vidual is any of the following with respect to the tax-  
15 payer:

16 “(A) A child or a descendant of a child.

17 “(B) A brother, sister, stepbrother, or  
18 stepsister.

19 “(C) The father or mother, or an ancestor  
20 of either.

21 “(D) A stepfather or stepmother.

22 “(E) A son or daughter of a brother or sis-  
23 ter of the taxpayer.

24 “(F) A brother or sister of the father or  
25 mother of the taxpayer.

1           “(G) A son-in-law, daughter-in-law, father-  
2           in-law, mother-in-law, brother-in-law, or sister-  
3           in-law.

4           “(H) An individual (other than an indi-  
5           vidual who at any time during the taxable year  
6           was the spouse, determined without regard to  
7           section 7703, of the taxpayer) who, for the tax-  
8           able year of the taxpayer, has the same prin-  
9           cipal place of abode as the taxpayer and is a  
10          member of the taxpayer’s household.

11          “(3) SPECIAL RULE RELATING TO MULTIPLE  
12          SUPPORT AGREEMENTS.—For purposes of paragraph  
13          (1)(C), over one-half of the support of an individual  
14          for a calendar year shall be treated as received from  
15          the taxpayer if—

16                 “(A) no one person contributed over one-  
17                 half of such support,

18                 “(B) over one-half of such support was re-  
19                 ceived from 2 or more persons each of whom,  
20                 but for the fact that any such person alone did  
21                 not contribute over one-half of such support,  
22                 would have been entitled to claim such indi-  
23                 vidual as a dependent for a taxable year begin-  
24                 ning in such calendar year,

1           “(C) the taxpayer contributed over 10 per-  
2 cent of such support, and

3           “(D) each person described in subpara-  
4 graph (B) (other than the taxpayer) who con-  
5 tributed over 10 percent of such support files a  
6 written declaration (in such manner and form  
7 as the Secretary may by regulations prescribe)  
8 that such person will not claim such individual  
9 as a dependent for any taxable year beginning  
10 in such calendar year.

11           “(4) SPECIAL RULE RELATING TO INCOME OF  
12 HANDICAPPED DEPENDENTS.—

13           “(A) IN GENERAL.—For purposes of para-  
14 graph (1)(B), the gross income of an individual  
15 who is permanently and totally disabled (as de-  
16 fined in section 22(e)(3)) at any time during  
17 the taxable year shall not include income attrib-  
18 utable to services performed by the individual  
19 at a sheltered workshop if—

20           “(i) the availability of medical care at  
21 such workshop is the principal reason for  
22 the individual’s presence there, and

23           “(ii) the income arises solely from ac-  
24 tivities at such workshop which are inci-  
25 dent to such medical care.

1           “(B) SHELTERED WORKSHOP DEFINED.—  
2           For purposes of subparagraph (A), the term  
3           ‘sheltered workshop’ means a school—

4                   “(i) which provides special instruction  
5                   or training designed to alleviate the dis-  
6                   ability of the individual, and

7                   “(ii) which is operated by an organi-  
8                   zation described in section 501(c)(3) and  
9                   exempt from tax under section 501(a), or  
10                  by a State, a possession of the United  
11                  States, any political subdivision of any of  
12                  the foregoing, the United States, or the  
13                  District of Columbia.

14           “(5) SPECIAL RULES FOR SUPPORT.—For pur-  
15           poses of this subsection—

16                   “(A) payments to a spouse which are in-  
17                   cludible in the gross income of such spouse  
18                   under section 71 or 682 shall not be treated as  
19                   a payment by the payor spouse for the support  
20                   of any dependent, and

21                   “(B) in the case of the remarriage of a  
22                   parent, support of a child received from the  
23                   parent’s spouse shall be treated as received  
24                   from the parent.

25           “(e) SPECIAL RULE FOR DIVORCED PARENTS.—

1           “(1) IN GENERAL.—Notwithstanding subsection  
2 (c)(1)(B), (c)(4), or (d)(1)(C), if—

3           “(A) a child receives over one-half of the  
4 child’s support during the calendar year from  
5 the child’s parents—

6           “(i) who are divorced or legally sepa-  
7 rated under a decree of divorce or separate  
8 maintenance,

9           “(ii) who are separated under a writ-  
10 ten separation agreement, or

11           “(iii) who live apart at all times dur-  
12 ing the last 6 months of the calendar year,  
13 and

14           “(B) such child is in the custody of 1 or  
15 both of the child’s parents for more than one-  
16 half of the calendar year,

17 such child shall be treated as being the qualifying  
18 child or qualifying relative of the noncustodial par-  
19 ent for a calendar year if the requirements described  
20 in paragraph (2) are met.

21           “(2) REQUIREMENTS.—For purposes of para-  
22 graph (1), the requirements described in this para-  
23 graph are met if—

24           “(A) a decree of divorce or separate main-  
25 tenance or written separation agreement be-

1           tween the parents applicable to the taxable year  
2           beginning in such calendar year provides that—

3                   “(i) the noncustodial parent shall be  
4                   entitled to any deduction allowable under  
5                   section 151 for such child, or

6                   “(ii) the custodial parent will sign a  
7                   written declaration (in such manner and  
8                   form as the Secretary may prescribe) that  
9                   such parent will not claim such child as a  
10                  dependent for such taxable year, or

11                  “(B) in the case of such an agreement exe-  
12                  cuted before January 1, 1985, the noncustodial  
13                  parent provides at least \$600 for the support of  
14                  such child during such calendar year.

15           For purposes of subparagraph (B), amounts ex-  
16           pended for the support of a child or children shall  
17           be treated as received from the noncustodial parent  
18           to the extent that such parent provided amounts for  
19           such support.

20                  “(3) CUSTODIAL PARENT AND NONCUSTODIAL  
21                  PARENT.—For purposes of this subsection—

22                   “(A) CUSTODIAL PARENT.—The term ‘cus-  
23                   todial parent’ means the parent with whom a  
24                   child shared the same principal place of abode  
25                   for the greater portion of the calendar year.

1           “(B) NONCUSTODIAL PARENT.—The term  
2           ‘noncustodial parent’ means the parent who is  
3           not the custodial parent.

4           “(4) EXCEPTION FOR MULTIPLE-SUPPORT  
5           AGREEMENTS.—This subsection shall not apply in  
6           any case where over one-half of the support of the  
7           child is treated as having been received from a tax-  
8           payer under the provision of subsection (d)(3).

9           “(f) OTHER DEFINITIONS AND RULES.—For pur-  
10          poses of this section—

11           “(1) CHILD DEFINED.—

12           “(A) IN GENERAL.—The term ‘child’  
13           means an individual who is—

14                   “(i) a son, daughter, stepson, or step-  
15                   daughter of the taxpayer, or

16                   “(ii) an eligible foster child of the tax-  
17                   payer.

18           “(B) ADOPTED CHILD.—In determining  
19           whether any of the relationships specified in  
20           subparagraph (A)(i) or paragraph (4) exists, a  
21           legally adopted individual of the taxpayer, or an  
22           individual who is lawfully placed with the tax-  
23           payer for legal adoption by the taxpayer, shall  
24           be treated as a child of such individual by  
25           blood.

1           “(C) ELIGIBLE FOSTER CHILD.—For pur-  
2           poses of subparagraph (A)(ii), the term ‘eligible  
3           foster child’ means an individual who is placed  
4           with the taxpayer by an authorized placement  
5           agency or by judgment, decree, or other order  
6           of any court of competent jurisdiction.

7           “(2) STUDENT DEFINED.—The term ‘student’  
8           means an individual who during each of 5 calendar  
9           months during the calendar year in which the tax-  
10          able year of the taxpayer begins—

11           “(A) is a full-time student at an edu-  
12          cational organization described in section  
13          170(b)(1)(A)(ii), or

14           “(B) is pursuing a full-time course of insti-  
15          tutional on-farm training under the supervision  
16          of an accredited agent of an educational organi-  
17          zation described in section 170(b)(1)(A)(ii) or  
18          of a State or political subdivision of a State.

19           “(3) DETERMINATION OF HOUSEHOLD STA-  
20          TUS.—An individual shall not be treated as a mem-  
21          ber of the taxpayer’s household if at any time during  
22          the taxable year of the taxpayer the relationship be-  
23          tween such individual and the taxpayer is in viola-  
24          tion of local law.

1           “(4) BROTHER AND SISTER.—The terms  
2           ‘brother’ and ‘sister’ include a brother or sister by  
3           the half blood.

4           “(5) SPECIAL SUPPORT TEST IN CASE OF STU-  
5           DENTS.—For purposes of subsections (e)(1)(D) and  
6           (d)(1)(C), in the case of an individual who is—

7                   “(A) a child of the taxpayer, and

8                   “(B) a student,

9           amounts received as scholarships for study at an  
10           educational organization described in section  
11           170(b)(1)(A)(ii) shall not be taken into account.

12           “(6) TREATMENT OF MISSING CHILDREN.—

13                   “(A) IN GENERAL.—Solely for the pur-  
14                   poses referred to in subparagraph (B), a child  
15                   of the taxpayer—

16                           “(i) who is presumed by law enforce-  
17                           ment authorities to have been kidnapped  
18                           by someone who is not a member of the  
19                           family of such child or the taxpayer, and

20                           “(ii) who had, for the taxable year in  
21                           which the kidnapping occurred, the same  
22                           principal place of abode as the taxpayer for  
23                           more than one-half of the portion of such  
24                           year before the date of the kidnapping,

1 shall be treated as meeting the requirement of  
2 subsection (c)(1)(B) with respect to a taxpayer  
3 for all taxable years ending during the period  
4 that the child is kidnapped.

5 “(B) PURPOSES.—Subparagraph (A) shall  
6 apply solely for purposes of determining—

7 “(i) the deduction under section  
8 151(c),

9 “(ii) the credit under section 24 (re-  
10 lating to child tax credit),

11 “(iii) whether an individual is a sur-  
12 viving spouse or a head of a household (as  
13 such terms are defined in section 2), and

14 “(iv) the earned income credit under  
15 section 32.

16 “(C) COMPARABLE TREATMENT OF CER-  
17 TAIN QUALIFYING RELATIVES.—For purposes  
18 of this section, a child of the taxpayer—

19 “(i) who is presumed by law enforce-  
20 ment authorities to have been kidnapped  
21 by someone who is not a member of the  
22 family of such child or the taxpayer, and

23 “(ii) who was (without regard to this  
24 paragraph) a qualifying relative of the tax-

1           payer for the portion of the taxable year  
2           before the date of the kidnapping,  
3           shall be treated as a qualifying relative of the  
4           taxpayer for all taxable years ending during the  
5           period that the child is kidnapped.

6           “(D) TERMINATION OF TREATMENT.—  
7           Subparagraphs (A) and (C) shall cease to apply  
8           as of the first taxable year of the taxpayer be-  
9           ginning after the calendar year in which there  
10          is a determination that the child is dead (or, if  
11          earlier, in which the child would have attained  
12          age 18).

13          “(7) CROSS REFERENCES.—

**“For provision treating child as dependent of both  
          parents for purposes of certain provisions, see sec-  
          tions 105(b), 132(h)(2)(B), and 213(d)(5).”**

14   **SEC. 202. MODIFICATIONS OF DEFINITION OF HEAD OF**  
15                           **HOUSEHOLD.**

16          (a) HEAD OF HOUSEHOLD.—Clause (i) of section  
17   2(b)(1)(A) is amended to read as follows:

18                           “(i) a qualifying child of the indi-  
19                           vidual (as defined in section 152(c), deter-  
20                           mined without regard to section 152(e)),  
21                           but not if such child—

22   “(I) is married at the close of the  
23   taxpayer’s taxable year, and

1                                   “(II) is not a dependent of such  
2                                   individual by reason of section  
3                                   152(b)(2) or 152(b)(3), or both, or”.

4       (b) CONFORMING AMENDMENTS.—

5                   (1) Section 2(b)(2) is amended by striking sub-  
6       paragraph (A) and by redesignating subparagraphs  
7       (B), (C), and (D) as subparagraphs (A), (B), and  
8       (C), respectively.

9                   (2) Clauses (i) and (ii) of section 2(b)(3)(B) are  
10       amended to read as follows:

11                                   “(i) subparagraph (H) of section  
12                                   152(d)(2), or

13                                   “(ii) paragraph (3) of section  
14                                   152(d).”.

15       **SEC. 203. MODIFICATIONS OF DEPENDENT CARE CREDIT.**

16       (a) IN GENERAL.—Section 21(a)(1) is amended by  
17       striking “In the case of an individual who maintains a  
18       household which includes as a member one or more quali-  
19       fying individuals (as defined in subsection (b)(1))” and in-  
20       serting “In the case of an individual for which there are  
21       1 or more qualifying individuals (as defined in subsection  
22       (b)(1)) with respect to such individual”.

23       (b) QUALIFYING INDIVIDUAL.—Paragraph (1) of sec-  
24       tion 21(b) is amended to read as follows:

1           “(1) QUALIFYING INDIVIDUAL.—The term  
2           ‘qualifying individual’ means—

3                   “(A) a dependent of the taxpayer (as de-  
4                   fined in section 152(a)(1)) who has not attained  
5                   age 13,

6                   “(B) a dependent of the taxpayer who is  
7                   physically or mentally incapable of caring for  
8                   himself or herself and who has the same prin-  
9                   cipal place of abode as the taxpayer for more  
10                  than one-half of such taxable year, or

11                  “(C) the spouse of the taxpayer, if the  
12                  spouse is physically or mentally incapable of  
13                  caring for himself or herself and who has the  
14                  same principal place of abode as the taxpayer  
15                  for more than one-half of such taxable year.”.

16           (c) CONFORMING AMENDMENT.—Paragraph (1) of  
17 section 21(e) is amended to read as follows:

18                  “(1) PLACE OF ABODE.—An individual shall  
19                  not be treated as having the same principal place of  
20                  abode of the taxpayer if at any time during the tax-  
21                  able year of the taxpayer the relationship between  
22                  the individual and the taxpayer is in violation of  
23                  local law.”.

1 **SEC. 204. MODIFICATIONS OF CHILD TAX CREDIT.**

2 (a) IN GENERAL.—Paragraph (1) of section 24(c) is  
3 amended to read as follows:

4 “(1) IN GENERAL.—The term ‘qualifying child’  
5 means a qualifying child of the taxpayer (as defined  
6 in section 152(c)) who has not attained age 17.”.

7 (b) CONFORMING AMENDMENT.—Section 24(c)(2) is  
8 amended by striking “the first sentence of section  
9 152(b)(3)” and inserting “subparagraph (A) of section  
10 152(b)(3)”.

11 **SEC. 205. MODIFICATIONS OF EARNED INCOME CREDIT.**

12 (a) QUALIFYING CHILD.—Paragraph (3) of section  
13 32(c) is amended to read as follows:

14 “(3) QUALIFYING CHILD.—

15 “(A) IN GENERAL.—The term ‘qualifying  
16 child’ means a qualifying child of the taxpayer  
17 (as defined in section 152(c), determined with-  
18 out regard to paragraph (1)(D) thereof and sec-  
19 tion 152(e)).

20 “(B) MARRIED INDIVIDUAL.—The term  
21 ‘qualifying child’ shall not include an individual  
22 who is married as of the close of the taxpayer’s  
23 taxable year unless the taxpayer is entitled to  
24 a deduction under section 151 for such taxable  
25 year with respect to such individual (or would  
26 be so entitled but for section 152(e)).

1           “(C) PLACE OF ABODE.—For purposes of  
2           subparagraph (A), the requirements of section  
3           152(c)(1)(B) shall be met only if the principal  
4           place of abode is in the United States.

5           “(D) IDENTIFICATION REQUIREMENTS.—

6           “(i) IN GENERAL.—A qualifying child  
7           shall not be taken into account under sub-  
8           section (b) unless the taxpayer includes the  
9           name, age, and TIN of the qualifying child  
10          on the return of tax for the taxable year.

11          “(ii) OTHER METHODS.—The Sec-  
12          retary may prescribe other methods for  
13          providing the information described in  
14          clause (i).”

15          (b) CONFORMING AMENDMENTS.—

16          (1) Section 32(c)(1) is amended by striking  
17          subparagraph (C) and by redesignating subpara-  
18          graphs (D), (E), (F), and (G) as subparagraphs (C),  
19          (D), (E), and (F), respectively.

20          (2) Section 32(c)(4) is amended by striking  
21          “(3)(E)” and inserting “(3)(C)”.

22          (3) Section 32(m) is amended by striking “sub-  
23          sections (c)(1)(F)” and inserting “subsections  
24          (c)(1)(E)”.

1 **SEC. 206. MODIFICATIONS OF DEDUCTION FOR PERSONAL**  
2 **EXEMPTION FOR DEPENDENTS.**

3 Subsection (c) of section 151 is amended to read as  
4 follows:

5 “(c) **ADDITIONAL EXEMPTION FOR DEPENDENTS.**—  
6 An exemption of the exemption amount for each individual  
7 who is a dependent (as defined in section 152) of the tax-  
8 payer for the taxable year.”.

9 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

10 (1) Section 2(a)(1)(B)(i) is amended by insert-  
11 ing “, determined without regard to subsections  
12 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section  
13 152”.

14 (2) Section 21(e)(5) is amended—

15 (A) by striking “paragraph (2) or (4) of”  
16 in subparagraph (A), and

17 (B) by striking “within the meaning of sec-  
18 tion 152(e)(1)” and inserting “as defined in  
19 section 152(e)(3)(A)”.

20 (3) Section 21(e)(6)(B) is amended by striking  
21 “section 151(c)(3)” and inserting “section  
22 152(f)(1)”.

23 (4) Section 25B(c)(2)(B) is amended by strik-  
24 ing “151(c)(4)” and inserting “152(f)(2)”.

25 (5)(A) Subparagraphs (A) and (B) of section  
26 51(i)(1) are each amended by striking “paragraphs

1 (1) through (8) of section 152(a)” both places it ap-  
2 pears and inserting “subparagraphs (A) through (G)  
3 of section 152(d)(2)”.

4 (B) Section 51(i)(1)(C) is amended by striking  
5 “152(a)(9)” and inserting “152(d)(2)(H)”.

6 (6) Section 72(t)(2)(D)(i)(III) is amended by  
7 inserting “, determined without regard to sub-  
8 sections (b)(1), (b)(2), and (d)(1)(B) thereof” after  
9 “section 152”.

10 (7) Section 72(t)(7)(A)(iii) is amended by strik-  
11 ing “151(c)(3)” and inserting “152(f)(1)”.

12 (8) Section 42(i)(3)(D)(ii)(I) is amended by in-  
13 sserting “, determined without regard to subsections  
14 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section  
15 152”.

16 (9) Subsections (b) and (c)(1) of section 105  
17 are amended by inserting “, determined without re-  
18 gard to subsections (b)(1), (b)(2), and (d)(1)(B)  
19 thereof” after “section 152”.

20 (10) Section 120(d)(4) is amended by inserting  
21 “(determined without regard to subsections (b)(1),  
22 (b)(2), and (d)(1)(B) thereof)” after “section 152”.

23 (11) Section 125(e)(1)(D) is amended by in-  
24 sserting “, determined without regard to subsections

1 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section  
2 152”.

3 (12) Section 129(c)(2) is amended by striking  
4 “151(e)(3)” and inserting “152(f)(1)”.

5 (13) The first sentence of section 132(h)(2)(B)  
6 is amended by striking “151(e)(3)” and inserting  
7 “152(f)(1)”.

8 (14) Section 153 is amended by striking para-  
9 graph (1) and by redesignating paragraphs (2), (3),  
10 and (4) as paragraphs (1), (2), and (3), respectively.

11 (15) Section 170(g)(1) is amended by inserting  
12 “(determined without regard to subsections (b)(1),  
13 (b)(2), and (d)(1)(B) thereof)” after “section 152”.

14 (16) Section 170(g)(3) is amended by striking  
15 “paragraphs (1) through (8) of section 152(a)” and  
16 inserting “subparagraphs (A) through (G) of section  
17 152(d)(2)”.

18 (17) Section 213(a) is amended by inserting “,  
19 determined without regard to subsections (b)(1),  
20 (b)(2), and (d)(1)(B) thereof” after “section 152”.

21 (18) The second sentence of section 213(d)(11)  
22 is amended by striking “paragraphs (1) through (8)  
23 of section 152(a)” and inserting “subparagraphs (A)  
24 through (G) of section 152(d)(2)”.

1           (19) Section 220(d)(2)(A) is amended by in-  
2           serting “, determined without regard to subsections  
3           (b)(1), (b)(2), and (d)(1)(B) thereof” after “section  
4           152”.

5           (20) Section 221(d)(4) is amended by inserting  
6           “(determined without regard to subsections (b)(1),  
7           (b)(2), and (d)(1)(B) thereof)” after “section 152”.

8           (21) Section 529(e)(2)(B) is amended by strik-  
9           ing “paragraphs (1) through (8) of section 152(a)”  
10          and inserting “subparagraphs (A) through (G) of  
11          section 152(d)(2)”.

12          (22) Section 2032A(c)(7)(D) is amended by  
13          striking “section 151(c)(4)” and inserting “section  
14          152(f)(2)”.

15          (23) Section 2057(d)(2)(B) is amended by in-  
16          serting “, determined without regard to subsections  
17          (b)(1), (b)(2), and (d)(1)(B) thereof” after “section  
18          152”.

19          (24) Section 7701(a)(17) is amended by strik-  
20          ing “152(b)(4), 682,” and inserting “682”.

21          (25) Section 7702B(f)(2)(C)(iii) is amended by  
22          striking “paragraphs (1) through (8) of section  
23          152(a)” and inserting “subparagraphs (A) through  
24          (G) of section 152(d)(2)”.

25          (26) Section 7703(b)(1) is amended—

1 (A) by striking “151(c)(3)” and inserting  
2 “152(f)(1)”, and  
3 (B) by striking “paragraph (2) or (4) of”.

4 **SEC. 208. EFFECTIVE DATE.**

5 The amendments made by this title shall apply to tax-  
6 able years beginning after December 31, 2004.

7 **TITLE III—EXTENSIONS OF**  
8 **CERTAIN EXPIRING PROVISIONS**

9 **SEC. 301. RESEARCH CREDIT.**

10 (a) EXTENSION.—

11 (1) IN GENERAL.—Section 41(h)(1)(B) (relat-  
12 ing to termination) is amended by striking “June  
13 30, 2004” and inserting “December 31, 2005”.

14 (2) CONFORMING AMENDMENT.—Section  
15 45C(b)(1)(D) is amended by striking “June 30,  
16 2004” and inserting “December 31, 2005”.

17 (b) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to amounts paid or incurred after  
19 June 30, 2004.

20 **SEC. 302. PARITY IN THE APPLICATION OF CERTAIN LIMITS**  
21 **TO MENTAL HEALTH BENEFITS.**

22 (a) IN GENERAL.—Section 9812(f) is amended—

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

1           (2) by striking paragraph (2) and inserting the  
2 following new paragraphs:

3           “(2) on or after January 1, 2004, and before  
4 the date of the enactment of the Working Families  
5 Tax Relief Act of 2004, and

6           “(3) after December 31, 2005.”.

7           (b) ERISA.—Section 712(f) of the Employee Retire-  
8 ment Income Security Act of 1974 (29 U.S.C. 1185a(f))  
9 is amended by striking “on or after December 31, 2004”  
10 and inserting “after December 31, 2005”.

11          (c) PHSA.—Section 2705(f) of the Public Health  
12 Service Act (42 U.S.C. 300gg-5(f)) is amended by striking  
13 “on or after December 31, 2004” and inserting “after De-  
14 cember 31, 2005”.

15          (d) EFFECTIVE DATES.—The amendments made by  
16 this section shall take effect on the date of the enactment  
17 of this Act.

18 **SEC. 303. WORK OPPORTUNITY CREDIT AND WELFARE-TO-**  
19 **WORK CREDIT.**

20          (a) EXTENSION OF CREDIT.—

21           (1) IN GENERAL.—Section 51(c)(4) is amended  
22 by striking “December 31, 2003” and inserting  
23 “December 31, 2005”.

24           (2) LONG-TERM FAMILY ASSISTANCE RECIPI-  
25 ENTS.—Section 51A(f) is amended by striking “De-



1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to contributions made in taxable  
3 years beginning after December 31, 2003.

4 **SEC. 307. DEDUCTION FOR CERTAIN EXPENSES OF SCHOOL**  
5 **TEACHERS.**

6 (a) IN GENERAL.—Subparagraph (D) of section  
7 62(a)(2) is amended by striking “or 2003” and inserting  
8 “, 2003, 2004, or 2005”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 subsection (a) shall apply to expenses paid or incurred in  
11 taxable years beginning after December 31, 2003.

12 **SEC. 308. EXPENSING OF ENVIRONMENTAL REMEDIATION**  
13 **COSTS.**

14 (a) EXTENSION OF TERMINATION DATE.—Sub-  
15 section (h) of section 198 is amended by striking “Decem-  
16 ber 31, 2003” and inserting “December 31, 2005”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 subsection (a) shall apply to expenditures paid or incurred  
19 after December 31, 2003.

20 **SEC. 309. CERTAIN NEW YORK LIBERTY ZONE BENEFITS.**

21 (a) EXTENSION OF TAX-EXEMPT BOND FINANC-  
22 ING.—Subparagraph (D) of section 1400L(d)(2) is  
23 amended by striking “2005” and inserting “2010”.

1 (b) EXTENSION OF ADVANCE REFUNDINGS.—Sec-  
2 tion 1400L(e)(1) is amended by striking “2005” and in-  
3 serting “2006”.

4 (c) CLARIFICATION OF BONDS ELIGIBLE FOR AD-  
5 VANCE REFUNDING.—Section 1400L(e)(2)(B) (relating to  
6 bonds described) is amended by striking “, or” and insert-  
7 ing “or the Municipal Assistance Corporation, or”.

8 (d) EFFECTIVE DATE.—The amendment made by  
9 subsection (c) shall take effect as if included in the amend-  
10 ments made by section 301 of the Job Creation and Work-  
11 er Assistance Act of 2002.

12 **SEC. 310. TAX INCENTIVES FOR INVESTMENT IN THE DIS-**  
13 **TRICT OF COLUMBIA.**

14 (a) DESIGNATION OF ZONE.—Subsection (f) of sec-  
15 tion 1400 is amended by striking “December 31, 2003”  
16 both places it appears and inserting “December 31,  
17 2005”.

18 (b) TAX-EXEMPT ECONOMIC DEVELOPMENT  
19 BONDS.—Subsection (b) of section 1400A is amended by  
20 striking “December 31, 2003” and inserting “December  
21 31, 2005”.

22 (c) ZERO PERCENT CAPITAL GAINS RATE.—

23 (1) IN GENERAL.—Subsection (b) of section  
24 1400B is amended by striking “January 1, 2004”

1 each place it appears and inserting “January 1,  
2 2006”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Section 1400B(e)(2) is amended—

5 (i) by striking “December 31, 2008”  
6 and inserting “December 31, 2010”, and

7 (ii) by striking “2008” in the heading  
8 and inserting “2010”.

9 (B) Section 1400B(g)(2) is amended by  
10 striking “December 31, 2008” and inserting  
11 “December 31, 2010”.

12 (C) Section 1400F(d) is amended by strik-  
13 ing “December 31, 2008” and inserting “De-  
14 cember 31, 2010”.

15 (d) FIRST-TIME HOMEBUYER CREDIT.—Subsection  
16 (i) of section 1400C is amended by striking “January 1,  
17 2004” and inserting “January 1, 2006”.

18 (e) EFFECTIVE DATES.—

19 (1) IN GENERAL.—Except as provided in para-  
20 graph (2), the amendments made by this section  
21 shall take effect on January 1, 2004.

22 (2) TAX-EXEMPT ECONOMIC DEVELOPMENT  
23 BONDS.—The amendment made by subsection (b)  
24 shall apply to obligations issued after the date of the  
25 enactment of this Act.

1 **SEC. 311. DISCLOSURE OF TAX INFORMATION TO FACILI-**  
2 **TATE COMBINED EMPLOYMENT TAX REPORT-**  
3 **ING.**

4 (a) IN GENERAL.—Paragraph (5) of section 6103(d)  
5 (relating to disclosure to State tax officials and State and  
6 local law enforcement agencies) is amended to read as fol-  
7 lows:

8 “(5) DISCLOSURE FOR COMBINED EMPLOY-  
9 MENT TAX REPORTING.—

10 “(A) IN GENERAL.—The Secretary may  
11 disclose taxpayer identity information and sig-  
12 natures to any agency, body, or commission of  
13 any State for the purpose of carrying out with  
14 such agency, body, or commission a combined  
15 Federal and State employment tax reporting  
16 program approved by the Secretary. Sub-  
17 sections (a)(2) and (p)(4) and sections 7213  
18 and 7213A shall not apply with respect to dis-  
19 closures or inspections made pursuant to this  
20 paragraph.

21 “(B) TERMINATION.—The Secretary may  
22 not make any disclosure under this paragraph  
23 after December 31, 2005.”.

24 (b) EFFECTIVE DATE.—The amendment made by  
25 this section shall take effect on the date of the enactment  
26 of this Act.

1 **SEC. 312. ALLOWANCE OF NONREFUNDABLE PERSONAL**  
2 **CREDITS AGAINST REGULAR AND MINIMUM**  
3 **TAX LIABILITY.**

4 (a) IN GENERAL.—Paragraph (2) of section 26(a) is  
5 amended—

6 (1) by striking “RULE FOR 2000, 2001, 2002, AND  
7 2003.—” and inserting “RULE FOR TAXABLE YEARS  
8 2000 THROUGH 2005.—”, and

9 (2) by striking “or 2003” and inserting “2003,  
10 2004, or 2005”.

11 (b) CONFORMING PROVISIONS.—

12 (1) Section 904(h) is amended by striking “or  
13 2003” and inserting “2003, 2004, or 2005”.

14 (2) The amendments made by sections 201(b),  
15 202(f), and 618(b) of the Economic Growth and Tax  
16 Relief Reconciliation Act of 2001 shall not apply to  
17 taxable years beginning during 2004 or 2005.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2003.

21 **SEC. 313. CREDIT FOR ELECTRICITY PRODUCED FROM**  
22 **CERTAIN RENEWABLE RESOURCES.**

23 (a) IN GENERAL.—Subparagraphs (A), (B), and (C)  
24 of section 45(c)(3) are each amended by striking “January  
25 1, 2004” and inserting “January 1, 2006”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 subsection (a) shall apply to facilities placed in service  
3 after December 31, 2003.

4 **SEC. 314. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLE-**  
5 **TION FOR OIL AND NATURAL GAS PRODUCED**  
6 **FROM MARGINAL PROPERTIES.**

7 (a) IN GENERAL.—Subparagraph (H) of section  
8 613A(c)(6) is amended by striking “January 1, 2004” and  
9 inserting “January 1, 2006”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 subsection (a) shall apply to taxable years beginning after  
12 December 31, 2003.

13 **SEC. 315. INDIAN EMPLOYMENT TAX CREDIT.**

14 Section 45A(f) (relating to termination) is amended  
15 by striking “December 31, 2004” and inserting “Decem-  
16 ber 31, 2005”.

17 **SEC. 316. ACCELERATED DEPRECIATION FOR BUSINESS**  
18 **PROPERTY ON INDIAN RESERVATION.**

19 Section 168(j)(8) (relating to termination) is amend-  
20 ed by striking “December 31, 2004” and inserting “De-  
21 cember 31, 2005”.

1 **SEC. 317. DISCLOSURE OF RETURN INFORMATION RELAT-**  
2 **ING TO STUDENT LOANS.**

3 Section 6103(l)(13)(D) (relating to termination) is  
4 amended by striking “December 31, 2004” and inserting  
5 “December 31, 2005”.

6 **SEC. 318. ELIMINATION OF PHASEOUT OF CREDIT FOR**  
7 **QUALIFIED ELECTRIC VEHICLES FOR 2004**  
8 **AND 2005.**

9 (a) **IN GENERAL.**—Paragraph (2) of section 30(b) is  
10 amended to read as follows:

11 “(2) **PHASEOUT.**—In the case of any qualified  
12 electric vehicle placed in service after December 31,  
13 2005, the credit otherwise allowable under sub-  
14 section (a) (determined after the application of para-  
15 graph (1)) shall be reduced by 75 percent.”.

16 (b) **EFFECTIVE DATE.**—The amendments made by  
17 this section shall apply to property placed in service after  
18 December 31, 2003.

19 **SEC. 319. ELIMINATION OF PHASEOUT FOR DEDUCTION**  
20 **FOR CLEAN-FUEL VEHICLE PROPERTY FOR**  
21 **2004 AND 2005.**

22 (a) **IN GENERAL.**—Subparagraph (B) of section  
23 179A(b)(1) is amended to read as follows:

24 “(B) **PHASEOUT.**—In the case of any  
25 qualified clean-fuel vehicle property placed in  
26 service after December 31, 2005, the limit oth-



1 section 201 of the Victims of Terrorism Tax Relief  
2 Act of 2001.

3 **SEC. 321. JOINT REVIEW OF STRATEGIC PLANS AND BUDG-**  
4 **ET FOR THE INTERNAL REVENUE SERVICE.**

5 (a) IN GENERAL.—Paragraph (2) of section 8021(f)  
6 (relating to joint reviews) is amended by striking “2004”  
7 and inserting “2005”.

8 (b) REPORT.—Subparagraph (C) of section 8022(3)  
9 (regarding reports) is amended—

10 (1) by striking “2004” and inserting “2005”,  
11 and

12 (2) by striking “with respect to—” and all that  
13 follows and inserting “with respect to the matters  
14 addressed in the joint review referred to in section  
15 8021(f)(2).”.

16 (c) TIME FOR JOINT REVIEW.—The joint review re-  
17 quired by section 8021(f)(2) of the Internal Revenue Code  
18 of 1986 to be made before June 1, 2004, shall be treated  
19 as timely if made before June 1, 2005.

20 **SEC. 322. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.**

21 (a) IN GENERAL.—Paragraphs (2) and (3)(B) of sec-  
22 tion 220(i) (defining cut-off year) are each amended by  
23 striking “2003” each place it appears in the text and  
24 headings and inserting “2005”.

25 (b) CONFORMING AMENDMENTS.—

1           (1) Paragraph (2) of section 220(j) is  
2 amended—

3           (A) in the text by striking “or 2002” each  
4 place it appears and inserting “2002, or 2004”,  
5 and

6           (B) in the heading by striking “OR 2002”  
7 and inserting “2002, OR 2004”.

8           (2) Subparagraph (A) of section 220(j)(4) is  
9 amended by striking “and 2002” and inserting  
10 “2002, and 2004”.

11          (3) Subparagraph (C) of section 220(j)(2) is  
12 amended to read as follows:

13           “(C) NO LIMITATION FOR 2000 OR 2003.—  
14           The numerical limitation shall not apply for  
15           2000 or 2003.”.

16          (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall take effect on January 1, 2004.

18          (d) TIME FOR FILING REPORTS, ETC.—

19           (1) The report required by section 220(j)(4) of  
20 the Internal Revenue Code of 1986 to be made on  
21 August 1, 2004, shall be treated as timely if made  
22 before the close of the 90-day period beginning on  
23 the date of the enactment of this Act.

24           (2) The determination and publication required  
25 by section 220(j)(5) of such Code with respect to

1 calendar year 2004 shall be treated as timely if  
2 made before the close of the 120-day period begin-  
3 ning on the date of the enactment of this Act. If the  
4 determination under the preceding sentence is that  
5 2004 is a cut-off year under section 220(i) of such  
6 Code, the cut-off date under such section 220(i)  
7 shall be the last day of such 120-day period.

8 **TITLE IV—TAX TECHNICAL**  
9 **CORRECTIONS**

10 **SEC. 401. AMENDMENTS RELATED TO MEDICARE PRE-**  
11 **SCRIPTION DRUG, IMPROVEMENT, AND MOD-**  
12 **ERNIZATION ACT OF 2003.**

13 (a) AMENDMENTS RELATED TO SECTION 1201 OF  
14 THE ACT.—

15 (1) Paragraph (2) of section 26(b) is amended  
16 by striking “and” at the end of subparagraph (Q),  
17 by striking the period at the end of subparagraph  
18 (R) and inserting “, and”, and by adding at the end  
19 the following new subparagraph:

20 “(S) section 223(f)(4) (relating to addi-  
21 tional tax on health savings account distribu-  
22 tions not used for qualified medical expenses).

23 (2) Paragraph (3) of section 35(g) is amended  
24 to read as follows:

1           “(3) MEDICAL AND HEALTH SAVINGS AC-  
2           COUNTS.—Amounts distributed from an Archer  
3           MSA (as defined in section 220(d)) or from a health  
4           savings account (as defined in section 223(d)) shall  
5           not be taken into account under subsection (a).”.

6           (b) EFFECTIVE DATE.—The amendments made by  
7           subsection (a) shall take effect as if included in section  
8           1201 of the Medicare Prescription Drug, Improvement,  
9           and Modernization Act of 2003.

10 **SEC. 402. AMENDMENTS RELATED TO JOBS AND GROWTH**

11                           **TAX RELIEF RECONCILIATION ACT OF 2003.**

12           (a) AMENDMENTS RELATED TO SECTION 302 OF  
13 THE ACT.—

14                   (1) Clause (i) of section 1(h)(1)(D) is amended  
15           by inserting “(determined without regard to para-  
16           graph (11))” after “net capital gain”.

17                   (2) Subclause (I) of section 1(h)(11)(B)(iii) is  
18           amended—

19                           (A) by striking “section 246(e)(1)” and in-  
20           serting “section 246(c)”,

21                           (B) by striking “120-day period” and in-  
22           serting “121-day period”, and

23                           (C) by striking “90-day period” and insert-  
24           ing “91-day period”.

1           (3) Clause (ii) of section 1(h)(11)(D) is amend-  
2           ed by striking “an individual” and inserting “a tax-  
3           payer to whom this section applies”.

4           (4) Paragraph (4) of section 691(c) is amended  
5           by striking “of any gain”.

6           (5)(A) Subparagraph (B) of section 854(b)(1)  
7           is amended—

8                     (i) by striking clauses (iii) and (iv), and

9                     (ii) by amending clause (i) to read as fol-  
10           lows:

11                             “(i) IN GENERAL.—In any case in  
12                             which—

13                                     “(I) a dividend is received from a  
14                                     regulated investment company (other  
15                                     than a dividend to which subsection  
16                                     (a) applies),

17                                     “(II) such investment company  
18                                     meets the requirements of section  
19                                     852(a) for the taxable year during  
20                                     which it paid such dividend, and

21                                     “(III) the qualified dividend in-  
22                                     come of such investment company for  
23                                     such taxable year is less than 95 per-  
24                                     cent of its gross income,

1           then, in computing qualified dividend in-  
2           come, there shall be taken into account  
3           only that portion of such dividend des-  
4           ignated by the regulated investment com-  
5           pany.”.

6           (B) Subparagraph (C) of section 854(b)(1) is  
7           amended to read as follows:

8           “(C) LIMITATIONS.—

9           “(i) SUBPARAGRAPH (A).—The aggre-  
10          gate amount which may be designated as  
11          dividends under subparagraph (A) shall  
12          not exceed the aggregate dividends received  
13          by the company for the taxable year.

14          “(ii) SUBPARAGRAPH (B).—The aggre-  
15          gate amount which may be designated as  
16          qualified dividend income under subpara-  
17          graph (B) shall not exceed the sum of—

18                  “(I) the qualified dividend in-  
19                  come of the company for the taxable  
20                  year, and

21                  “(II) the amount of any earnings  
22                  and profits which were distributed by  
23                  the company for such taxable year  
24                  and accumulated in a taxable year

1 with respect to which this part did not  
2 apply.”.

3 (C) Paragraph (2) of section 854(b) is amended  
4 by striking “as a dividend for purposes of the max-  
5 imum rate under section 1(h)(11) and” and insert-  
6 ing “as qualified dividend income for purposes of  
7 section 1(h)(11) and as dividends for purposes of”.

8 (D) Paragraph (5) of section 854(b) is amend-  
9 ed to read as follows:

10 “(5) QUALIFIED DIVIDEND INCOME.—For pur-  
11 poses of this subsection, the term ‘qualified dividend  
12 income’ has the meaning given such term by section  
13 1(h)(11)(B).”.

14 (E) Paragraph (2) of section 857(c) is amended  
15 to read as follows:

16 “(2) SECTION (1)(h)(11).—

17 “(A) IN GENERAL.—In any case in  
18 which—

19 “(i) a dividend is received from a real  
20 estate investment trust (other than a cap-  
21 ital gain dividend), and

22 “(ii) such trust meets the require-  
23 ments of section 856(a) for the taxable  
24 year during which it paid such dividend,

1           then, in computing qualified dividend income,  
2           there shall be taken into account only that por-  
3           tion of such dividend designated by the real es-  
4           tate investment trust.

5           “(B) LIMITATION.—The aggregate amount  
6           which may be designated as qualified dividend  
7           income under subparagraph (A) shall not ex-  
8           ceed the sum of—

9                   “(i) the qualified dividend income of  
10                   the trust for the taxable year,

11                   “(ii) the excess of—

12                           “(I) the sum of the real estate  
13                           investment trust taxable income com-  
14                           puted under section 857(b)(2) for the  
15                           preceding taxable year and the income  
16                           subject to tax by reason of the appli-  
17                           cation of the regulations under section  
18                           337(d) for such preceding taxable  
19                           year, over

20                           “(II) the sum of the taxes im-  
21                           posed on the trust for such preceding  
22                           taxable year under section 857(b)(1)  
23                           and by reason of the application of  
24                           such regulations, and

1                   “(iii) the amount of any earnings and  
2                   profits which were distributed by the trust  
3                   for such taxable year and accumulated in  
4                   a taxable year with respect to which this  
5                   part did not apply.

6                   “(C) NOTICE TO SHAREHOLDERS.—The  
7                   amount of any distribution by a real estate in-  
8                   vestment trust which may be taken into account  
9                   as qualified dividend income shall not exceed  
10                  the amount so designated by the trust in a writ-  
11                  ten notice to its shareholders mailed not later  
12                  than 60 days after the close of its taxable year.

13                  “(D) QUALIFIED DIVIDEND INCOME.—For  
14                  purposes of this paragraph, the term ‘qualified  
15                  dividend income’ has the meaning given such  
16                  term by section 1(h)(11)(B).”.

17                  (F) With respect to any taxable year of a regu-  
18                  lated investment company or real estate investment  
19                  trust ending on or before November 30, 2003, the  
20                  period for providing notice of the qualified dividend  
21                  amount to shareholders under sections 854(b)(2)  
22                  and 857(c)(2)(C) of the Internal Revenue Code of  
23                  1986, as amended by this section, shall not expire  
24                  before the date on which the statement under sec-  
25                  tion 6042(e) of such Code is required to be fur-

1 nished with respect to the last calendar year begin-  
2 ning in such taxable year.

3 (6) Paragraph (2) of section 302(f) of the Jobs  
4 and Growth Tax Relief Reconciliation Act of 2003 is  
5 amended to read as follows:

6 “(2) PASS-THRU ENTITIES.—In the case of a  
7 pass-thru entity described in subparagraph (A), (B),  
8 (C), (D), (E), or (F) of section 1(h)(10) of the In-  
9 ternal Revenue Code of 1986, as amended by this  
10 Act, the amendments made by this section shall  
11 apply to taxable years ending after December 31,  
12 2002; except that dividends received by such an enti-  
13 ty on or before such date shall not be treated as  
14 qualified dividend income (as defined in section  
15 1(h)(11)(B) of such Code, as added by this Act).”.

16 (b) EFFECTIVE DATE.—The amendments made by  
17 subsection (a) shall take effect as if included in section  
18 302 of the Jobs and Growth Tax Relief Reconciliation Act  
19 of 2003.

20 **SEC. 403. AMENDMENTS RELATED TO JOB CREATION AND**  
21 **WORKER ASSISTANCE ACT OF 2002.**

22 (a) AMENDMENTS RELATED TO SECTION 101 OF  
23 THE ACT.—

24 (1) Clause (i) of section 168(k)(2)(B) is amend-  
25 ed to read as follows:

1                   “(i) IN GENERAL.—The term ‘quali-  
2                   fied property’ includes any property if such  
3                   property—

4                               “(I) meets the requirements of  
5                               clauses (i), (ii), and (iii) of subpara-  
6                               graph (A),

7                               “(II) has a recovery period of at  
8                               least 10 years or is transportation  
9                               property,

10                              “(III) is subject to section 263A,  
11                              and

12                              “(IV) meets the requirements of  
13                              clause (ii) or (iii) of section  
14                              263A(f)(1)(B) (determined as if such  
15                              clauses also apply to property which  
16                              has a long useful life (within the  
17                              meaning of section 263A(f))).”.

18                   (2)(A) Subparagraph (D) of section 168(k)(2)  
19                   is amended by adding at the end the following new  
20                   clauses:

21                              “(iii) SYNDICATION.—For purposes of  
22                              subparagraph (A)(ii), if—

23                                      “(I) property is originally placed  
24                                      in service after September 10, 2001,  
25                                      by the lessor of such property,

1                   “(II) such property is sold by  
2                   such lessor or any subsequent pur-  
3                   chaser within 3 months after the date  
4                   such property was originally placed in  
5                   service, and

6                   “(III) the user of such property  
7                   after the last sale during such 3-  
8                   month period remains the same as  
9                   when such property was originally  
10                  placed in service,

11                 such property shall be treated as originally  
12                 placed in service not earlier than the date  
13                 of such last sale.

14                 “(iv) LIMITATIONS RELATED TO  
15                 USERS AND RELATED PARTIES.—The term  
16                 ‘qualified property’ shall not include any  
17                 property if—

18                 “(I) the user of such property (as  
19                 of the date on which such property is  
20                 originally placed in service) or a per-  
21                 son which is related (within the mean-  
22                 ing of section 267(b) or 707(b)) to  
23                 such user or to the taxpayer had a  
24                 written binding contract in effect for  
25                 the acquisition of such property at

1 any time on or before September 10,  
2 2001, or

3 “(II) in the case of property  
4 manufactured, constructed, or pro-  
5 duced for such user’s or person’s own  
6 use, the manufacture, construction, or  
7 production of such property began at  
8 any time on or before September 10,  
9 2001.”.

10 (B) Clause (ii) of section 168(k)(2)(D) is  
11 amended by inserting “clause (iii) and” before “sub-  
12 paragraph (A)(ii)”.

13 (b) AMENDMENTS RELATED TO SECTION 102 OF  
14 THE ACT.—

15 (1) Subparagraph (H) of section 172(b)(1) is  
16 amended by striking “a taxpayer which has”.

17 (2) In the case of a net operating loss for a tax-  
18 able year ending during 2001 or 2002—

19 (A) an application under section 6411(a)  
20 of the Internal Revenue Code of 1986 with re-  
21 spect to such loss shall not fail to be treated as  
22 timely filed if filed before November 1, 2002,

23 (B) any election made under section  
24 172(b)(3) of such Code may (notwithstanding

1 such section) be revoked before November 1,  
2 2002, and

3 (C) any election made under section 172(j)  
4 of such Code shall (notwithstanding such sec-  
5 tion) be treated as timely made if made before  
6 November 1, 2002.

7 (3) Section 102(c)(2) of the Job Creation and  
8 Worker Assistance Act of 2002 (Public Law 107–  
9 147) is amended by striking “before January 1,  
10 2003” and inserting “after December 31, 1990”.

11 (4)(A) Subclause (I) of section 56(d)(1)(A)(i) is  
12 amended by striking “attributable to carryovers”.

13 (B) Subclause (I) of section 56(d)(1)(A)(ii) is  
14 amended—

15 (i) by striking “for taxable years” and in-  
16 serting “from taxable years”, and

17 (ii) by striking “carryforwards” and insert-  
18 ing “carryovers”.

19 (c) AMENDMENTS RELATED TO SECTION 301 OF  
20 THE ACT.—

21 (1) Subparagraph (D) of section 1400L(a)(2) is  
22 amended—

23 (A) by striking “subchapter B” and insert-  
24 ing “subchapter A”, and

1 (B) in clause (ii), by striking “subpara-  
2 graph (B)” and inserting “this paragraph”.

3 (2) Subparagraph (D) of section 1400L(b)(2) is  
4 amended by inserting “, and clause (iv) thereof shall  
5 be applied by substituting ‘qualified New York Lib-  
6 erty Zone property’ for ‘qualified property’” before  
7 the period at the end.

8 (3) Subsection (c) of section 1400L is amended  
9 by adding at the end the following new paragraph:

10 “(5) ELECTION OUT.—For purposes of this  
11 subsection, rules similar to the rules of section  
12 168(k)(2)(C)(iii) shall apply.”.

13 (4) Paragraph (2) of section 1400L(f) is  
14 amended by inserting before the period “, deter-  
15 mined without regard to subparagraph (C)(i) there-  
16 of”.

17 (d) AMENDMENT RELATED TO SECTION 405 OF THE  
18 ACT.—The last sentence of section 4006(a)(3)(E)(iii)(IV)  
19 of the Employee Retirement Income Security Act of 1974  
20 (29 U.S.C. 1306(a)(3)(E)(iii)(IV)) is amended—

21 (1) by inserting “or this subparagraph” after  
22 “this clause” both places it appears, and

23 (2) by inserting “(other than sections 4005,  
24 4010, 4011, and 4043)” after “subsections”.

1 (e) AMENDMENT RELATED TO SECTION 411 OF THE  
2 ACT.—Subparagraph (B) of section 411(c)(2) of the Job  
3 Creation and Worker Assistance Act of 2002 is amended  
4 by striking “Paragraph (2)” and inserting “Paragraph  
5 (1)”.

6 (f) EFFECTIVE DATE.—The amendments made by  
7 this section shall take effect as if included in the provisions  
8 of the Job Creation and Worker Assistance Act of 2002  
9 to which they relate.

10 **SEC. 404. AMENDMENTS RELATED TO ECONOMIC GROWTH**  
11 **AND TAX RELIEF RECONCILIATION ACT OF**  
12 **2001.**

13 (a) AMENDMENT RELATED TO SECTION 401 OF THE  
14 ACT.—Clause (i) of section 530(d)(2)(C) is amended by  
15 striking “higher” after “qualified”.

16 (b) AMENDMENTS RELATED TO SECTION 611 OF  
17 THE ACT.—

18 (1) Paragraph (3) of section 45A(c) is amended  
19 by inserting “, except that the base period taken  
20 into account for purposes of such adjustment shall  
21 be the calendar quarter beginning October 1, 1993”  
22 before the period at the end.

23 (2) Subparagraph (A) of section 415(d)(4) is  
24 amended by adding at the end the following new  
25 sentence: “This subparagraph shall also apply for

1 purposes of any provision of this title that provides  
2 for adjustments in accordance with the method con-  
3 tained in this subsection, except to the extent pro-  
4 vided in such provision.”.

5 (c) AMENDMENT RELATED TO SECTION 614 OF THE  
6 ACT.—Clause (ii) of section 4972(c)(6)(A) is amended to  
7 read as follows:

8 “(ii) the amount of contributions de-  
9 scribed in section 401(m)(4)(A), or”.

10 (d) AMENDMENT RELATED TO SECTION 637 OF THE  
11 ACT.—Clause (i) of section 408(p)(6)(A) is amended by  
12 adding at the end the following new sentence: “For pur-  
13 poses of the preceding sentence, amounts described in sec-  
14 tion 6051(a)(3) shall be determined without regard to sec-  
15 tion 3401(a)(3).”.

16 (e) AMENDMENT RELATED TO SECTION 641 OF THE  
17 ACT.—Subparagraph (B) of section 403(a)(4) is amended  
18 to read as follows:

19 “(B) CERTAIN RULES MADE APPLICA-  
20 BLE.—The rules of paragraphs (2) through (7)  
21 and (9) of section 402(c) and section 402(f)  
22 shall apply for purposes of subparagraph (A).”.

23 (f) EFFECTIVE DATE.—The amendments made by  
24 this section shall take effect as if included in the provisions

1 of the Economic Growth and Tax Relief Reconciliation Act  
2 of 2001 to which they relate.

3 **SEC. 405. AMENDMENTS RELATED TO COMMUNITY RE-**  
4 **NEWAL TAX RELIEF ACT OF 2000.**

5 (a) AMENDMENTS RELATED TO SECTION 401 OF  
6 THE ACT.—

7 (1) Subsection (c) of section 1234B is amended  
8 by adding at the end the following new sentence:  
9 “The Secretary may prescribe regulations regarding  
10 the status of contracts the values of which are deter-  
11 mined directly or indirectly by reference to any index  
12 which becomes (or ceases to be) a narrow-based se-  
13 curity index (as defined for purposes of section  
14 1256(g)(6)).”.

15 (2) Paragraph (6) of section 1256(g) is amend-  
16 ed by adding at the end the following new sentence:  
17 “The Secretary may prescribe regulations regarding  
18 the status of options the values of which are deter-  
19 mined directly or indirectly by reference to any index  
20 which becomes (or ceases to be) a narrow-based se-  
21 curity index (as so defined).”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 subsection (a) shall take effect as if included in section  
24 401 of the Community Renewal Tax Relief Act of 2000.

1 **SEC. 406. AMENDMENTS RELATED TO TAXPAYER RELIEF**

2 **ACT OF 1997.**

3 (a) AMENDMENT RELATED TO SECTION 211 OF THE  
4 ACT.—Subparagraph (B) of section 529(c)(5) is amended  
5 to read as follows:

6 “(B) TREATMENT OF DESIGNATION OF  
7 NEW BENEFICIARY.—The taxes imposed by  
8 chapters 12 and 13 shall apply to a transfer by  
9 reason of a change in the designated beneficiary  
10 under the program (or a rollover to the account  
11 of a new beneficiary) unless the new beneficiary  
12 is—

13 “(i) assigned to the same generation  
14 as (or a higher generation than) the old  
15 beneficiary (determined in accordance with  
16 section 2651), and

17 “(ii) a member of the family of the  
18 old beneficiary.”.

19 (b) AMENDMENT RELATED TO SECTION 213 OF THE  
20 ACT.—Clause (iii) of section 530(d)(4)(B) is amended by  
21 striking “account holder” and inserting “designated bene-  
22 ficiary”.

23 (c) AMENDMENT RELATED TO SECTION 226 OF THE  
24 ACT.—Section 1397E is amended by adding at the end  
25 the following new subsection:

1           “(i) S CORPORATIONS.—In the case of a qualified  
2 zone academy bond held by an S corporation which is an  
3 eligible taxpayer—

4           “(1) each shareholder shall take into account  
5 such shareholder’s pro rata share of the credit, and

6           “(2) no basis adjustments to the stock of the  
7 corporation shall be made under section 1367 on ac-  
8 count of this section.”.

9           (d) AMENDMENT RELATED TO SECTION 311 OF THE  
10 ACT.—Subparagraph (B) of section 55(b)(3) is amended  
11 by striking “the amount on which a tax is determined  
12 under” and inserting “an amount equal to the excess de-  
13 scribed in”.

14           (e) AMENDMENTS RELATED TO SECTION 1001 OF  
15 THE ACT.—

16           (1) Paragraph (2) of section 1259(c) is amend-  
17 ed by striking “The term ‘constructive sale’ shall not  
18 include any contract” and inserting “A taxpayer  
19 shall not be treated as having made a constructive  
20 sale solely because the taxpayer enters into a con-  
21 tract”.

22           (2) Subparagraphs (A) and (B)(i) of section  
23 1259(c)(3) are each amended by striking “be treated  
24 as a constructive sale” and inserting “cause a con-  
25 structive sale”.

1           (3) Clause (i) of section 1259(c)(3)(A) is  
2 amended by striking “before the end of” and insert-  
3 ing “on or before”.

4           (4) Clause (ii) of section 1259(c)(3)(B) is  
5 amended by striking “substantially similar”.

6           (5) Subclause (I) of section 1259(c)(3)(B)(ii) is  
7 amended to read as follows:

8                           “(I) which would (but for this  
9                           subparagraph) cause the requirement  
10                          of subparagraph (A)(iii) not to be met  
11                          with respect to the transaction de-  
12                          scribed in clause (i) of this subpara-  
13                          graph,”.

14           (6) Subclause (II) of such section is amended  
15 by inserting “on or” before “before the 30th day”.

16           (7) The heading for subparagraph (B) of sec-  
17 tion 1259(c)(3) is amended by striking “POSITIONS  
18 WHICH ARE REESTABLISHED” and inserting “CERTAIN  
19 CLOSED TRANSACTIONS WHERE RISK OF LOSS  
20 ON APPRECIATED FINANCIAL POSITION DIMIN-  
21 ISHED”.

22           (f) AMENDMENTS RELATED TO SECTION 1015 OF  
23 THE ACT.—

24           (1) Section 246(c)(1)(A) is amended by striking  
25 “90-day period” and inserting “91-day period”.

1 (2) Section 246(c)(2)(B) is amended—

2 (A) by striking “180-day period” and in-  
3 sserting “181-day period”, and

4 (B) by striking “90-day period” and in-  
5 sserting “91-day period”.

6 (g) AMENDMENTS RELATED TO SECTION 1053 OF  
7 THE ACT.—

8 (1) Section 901(k)(1)(A)(i) is amended by  
9 striking “30-day period” and inserting “31-day pe-  
10 riod”.

11 (2) Section 901(k)(3)(B) is amended—

12 (A) by striking “90-day period” and in-  
13 sserting “91-day period”, and

14 (B) by striking “30-day period” and in-  
15 sserting “31-day period”.

16 (h) EFFECTIVE DATE.—The amendments made by  
17 this section shall take effect as if included in the provisions  
18 of the Taxpayer Relief Act of 1997 to which they relate.

19 **SEC. 407. AMENDMENTS RELATED TO SMALL BUSINESS JOB**  
20 **PROTECTION ACT OF 1996.**

21 (a) AMENDMENT RELATED TO SECTION 1307 OF  
22 THE ACT.—Subsection (b) of section 1377 (relating to  
23 post-termination transition period) is amended by adding  
24 at the end the following new paragraph:

1           “(3) SPECIAL RULES FOR AUDIT RELATED  
2 POST-TERMINATION TRANSITION PERIODS.—

3           “(A) NO APPLICATION TO CARRYOVERS.—  
4 Paragraph (1)(B) shall not apply for purposes  
5 of section 1366(d)(3).

6           “(B) LIMITATION ON APPLICATION TO DIS-  
7 TRIBUTIONS.—Paragraph (1)(B) shall apply to  
8 a distribution described in section 1371(e) only  
9 to the extent that the amount of such distribu-  
10 tion does not exceed the aggregate increase (if  
11 any) in the accumulated adjustments account  
12 (within the meaning of section 1368(e)) by rea-  
13 son of the adjustments referred to in such para-  
14 graph.”.

15       (b) AMENDMENTS RELATED TO SECTION 1432 OF  
16 THE ACT.—Paragraph (26) of section 401(a) is amended  
17 by striking subparagraph (C) and by redesignating sub-  
18 paragraphs (D) through (I) as subparagraphs (C) through  
19 (H), respectively.

20       (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall take effect as if included in the provisions  
22 of the Small Business Job Protection Act of 1996 to which  
23 they relate.

24 **SEC. 408. CLERICAL AMENDMENTS.**

25       (a) INTERNAL REVENUE CODE OF 1986.—

1           (1) Subclause (II) of section 1(g)(7)(B)(ii) is  
2 amended by striking “10 percent.” and inserting  
3 “10 percent”.

4           (2) Clause (ii) of section 1(h)(6)(A) is  
5 amended—

6                 (A) in subclause (I), by striking “(5)(B)”  
7 and inserting “(4)(B)”, and

8                 (B) in subclause (II), by striking “(5)(A)”  
9 and inserting “(4)(A)”.

10           (3) Subclause (I) of section 42(d)(2)(D)(iii) is  
11 amended by striking “section 179(b)(7)” and insert-  
12 ing “section 179(d)(7)”.

13           (4) Subsection (f) of section 72 is amended by  
14 striking “Economic Growth and Tax Relief Rec-  
15 onciliation Act of 2001” and inserting “Economic  
16 Growth and Tax Relief Reconciliation Act of 2001”.

17           (5)(A) Section 138 and paragraph (2) of sec-  
18 tion 26(b) are each amended by striking  
19 “Medicare+Choice MSA” each place it appears in  
20 the text and inserting “Medicare Advantage MSA”.

21           (B) The heading for section 138 is amended to  
22 read as follows:

23 **“SEC. 138. MEDICARE ADVANTAGE MSA.”**

24           (C) The heading for subsection (b) of section  
25 138 is amended by striking “MEDICARE+CHOICE

1 MSA” and inserting “MEDICARE ADVANTAGE  
2 MSA”.

3 (D) The heading for paragraph (2) of section  
4 138(c) is amended by striking “MEDICARE+CHOICE  
5 MSA” and inserting “MEDICARE ADVANTAGE MSA”.

6 (E) Clause (i) of section 138(c)(2)(C) is amend-  
7 ed by striking “Medicare+Choice MSAs” and insert-  
8 ing “Medicare Advantage MSAs”.

9 (F) Subsection (f) of section 138 is amended by  
10 striking “Medicare+Choice MSA’s” and inserting  
11 “Medicare Advantage MSAs”.

12 (G) The item relating to section 138 in the  
13 table of sections for part III of subchapter B of  
14 chapter 1 is amended to read as follows:

“Sec. 138. Medicare Advantage MSA.”.

15 (6) Clause (ii) of section 168(k)(2)(D) is  
16 amended—

17 (A) by inserting “is” after “if property”,

18 and

19 (B) by striking “is” in subclause (I).

20 (7) Each of the following provisions is amended  
21 by inserting “Robert T. Stafford” before “Disaster  
22 Relief and Emergency Assistance Act”:

23 (A) Section 165(i)(1).

24 (B) Section 165(k).

25 (C) Section 1033(h)(3).

1 (D) Section 5064(b)(3).

2 (E) Section 5708(a).

3 (8) The heading for subparagraph (F) of sec-  
4 tion 168(k)(2) is amended by striking “MINIUMUM”  
5 and inserting “MINIMUM”.

6 (9) Paragraph (1) of section 246A(b) is amend-  
7 ed by striking “section 243(c)(4)” and inserting  
8 “section 243(d)(4)”.

9 (10) Clause (ii) of section 263(g)(2)(B) is  
10 amended by striking “1278” and inserting “1276”.

11 (11) Clause (ii) of section 403(b)(7)(A) is  
12 amended by striking “section 3121(a)(1)(D)” and  
13 inserting “section 3121(a)(5)(D)”.

14 (12) Paragraph (1) of section 408(a) is amend-  
15 ed by striking “457(e)(16)” and inserting  
16 “457(e)(16),”.

17 (13) Paragraph (2) of section 408(n) is amend-  
18 ed by striking “section 101(6)” and inserting “para-  
19 graph (6) or (7) of section 101”.

20 (14) The table contained in section  
21 411(a)(12)(B) is amended by striking the last line  
22 and inserting the following:

“6 or more ..... 100.”.

23 (15) Paragraph (7) of section 414(q) is amend-  
24 ed by striking “section” and inserting “subsection”.

1           (16) Subparagraph (A) of section 416(i)(1) is  
2           amended in the matter following clause (iii) by strik-  
3           ing “in the case of plan years” and inserting “In the  
4           case of plan years”.

5           (17) Subparagraph (C) of section 415(c)(7) is  
6           amended by striking “subparagraph (D)” and in-  
7           serting “subparagraph (B)”.

8           (18) The item relating to section 1234B in the  
9           table of sections for part IV of subchapter P of  
10          chapter 1 is amended to read as follows:

“Sec. 1234B. Gains or losses from securities futures contracts.”.

11          (19) Subsection (h) of section 1296 is amended  
12          by striking “paragraphs (2) and (3) of section  
13          851(b)” and inserting “section 851(b)(2)”.

14          (20) The table of sections for part II of sub-  
15          chapter A of chapter 11 is amended by inserting  
16          after the item relating to section 2010 the following  
17          new item:

“Sec. 2011. Credit for State death taxes.”.

18          (21) The table of sections for subchapter A of  
19          chapter 13 is amended by inserting after the item  
20          relating to section 2603 the following new item:

“Sec. 2604. Credit for certain State taxes.”.

21          (22) Subsection (c) of section 4973 is amended  
22          by striking “subsection (a)(2)” and inserting “sub-  
23          section (a)(3)”.

1           (23) Paragraph (2) of section 4978(a) is  
2 amended by striking “60 percent” and inserting  
3 “(60 percent”.

4           (24) Paragraph (4) of section 6103(p) is  
5 amended by striking “subsection (l)(16) or (17)”  
6 each place it appears and inserting “subsection  
7 (l)(16) or (18)”.

8 (b) OTHER LAWS.—

9           (1) Subsection (c) of section 156 of the Com-  
10 munity Renewal Tax Relief Act of 2000 (114 Stat.  
11 2763A–623) is amended in the first sentence by in-  
12 serting “than” after “not later”.

13           (2) Paragraph (6) of section 1(a) of Public Law  
14 107–22 shall be applied by substituting “part VIII”  
15 for “part VII” in such paragraph.

16           (3) Subparagraph (A) of section 1(b)(3) of  
17 Public Law 107–22 shall be applied by substituting  
18 “EDUCATIONAL” for “EDUCATION” in the matter  
19 preceding subparagraph (A) in such section.

20           (4) Paragraph (1) of section 204(e) of the Rail-  
21 road Retirement and Survivors’ Improvement Act of  
22 2001 shall be applied by substituting “Section  
23 24(d)(2)(A)(iii)” for “Section 24(d)(3)(A)(iii)” in  
24 such paragraph.

1           (5) Paragraph (2) of section 412(b) of the Eco-  
2           nomic Growth and Tax Relief Reconciliation Act of  
3           2001 shall be applied by substituting “Section  
4           221(f)(1)” for “Section 221(g)(1)” in such para-  
5           graph.

6           (6) Subsection (b) of section 531 of the Eco-  
7           nomic Growth and Tax Relief Reconciliation Act of  
8           2001 shall be applied by substituting “section” for  
9           “subsection” in such subsection.

10          (7) Paragraph (3) of section 619(c) of the Eco-  
11          nomic Growth and Tax Relief Reconciliation Act of  
12          2001 shall be applied by substituting “after the item  
13          relating to section 45D” for “at the end” in such  
14          paragraph.

15          (8) The table contained in section 203(a)(4)(B)  
16          of the Employee Retirement Income Security Act of  
17          1974 (29 U.S.C. 1053(a)(4)(B)) is amended by  
18          striking the last line and inserting the following:

          “6 or more ..... 100.”.

19          (9) Paragraph (3) of section 652(b) of the Eco-  
20          nomic Growth and Tax Relief Reconciliation Act of  
21          2001 shall be applied by inserting “each place it ap-  
22          pears” before “in the next to last sentence” in such  
23          paragraph.