

HR 4

Pension Protection Act of 2006

Congress: 109 (2005–2007, Ended)

Chamber: House

Policy Area: Economics and Public Finance

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Sponsor

Name: Rep. Boehner, John A. [R-OH-8]

Party: Republican • **State:** OH • **Chamber:** House

Cosponsors (4 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Camp, Dave [R-MI-4]	R · MI		Jul 28, 2006
Rep. Kline, John [R-MN-2]	R · MN		Jul 28, 2006
Rep. McKeon, Howard P. "Buck" [R-CA-25]	R · CA		Jul 28, 2006
Rep. Thomas, William M. [R-CA-22]	R · CA		Jul 28, 2006

Committee Activity

Committee	Chamber	Activity	Date
Education and Workforce Committee	House	Referred To	Jul 28, 2006
Ways and Means Committee	House	Referred To	Jul 28, 2006

Subjects & Policy Tags

Policy Area:

Economics and Public Finance

Related Bills

Bill	Relationship	Last Action
109 HRES 966	Procedurally related	Jul 28, 2006: Motion to reconsider laid on the table Agreed to without objection.
109 HR 2830	Related bill	Jul 27, 2006: Considered as unfinished business. (consideration: CR H6004)
109 HR 4944	Related bill	Mar 16, 2006: Received in the Senate and Read twice and referred to the Committee on Finance.

(This measure has not been amended since it was passed by the House on July 28, 2006. The summary of that version is repeated here.)

Pension Protection Act of 2006 - Title I: Reform of Funding Rules for Single-Employer Defined Benefit Pension Plans: Subtitle A: Amendments to Employee Retirement Income Security Act of 1974 - (Sec. 101) Amends the Employee Retirement Income Security Act (ERISA) to repeal existing funding rules for defined benefit pension plans for plan years beginning after 2007. Establishes new minimum funding standards for single-employer defined benefit pension plans, single-employer money purchase plans, and multiemployer plans. Requires employers to pay certain minimum required contributions. Allows the Secretary of the Treasury to: (1) waive minimum funding standards in the event of a temporary substantial business hardship for single-employer plans or a substantial business hardship in the case of a multiemployer plan if application of the standard would be adverse to the interests of plan participants in the aggregate; (2) require a single-employer maintaining such a plan to provide security to such plan as a condition for granting or modifying a waiver. Limits the number of waivers that may be granted. Prohibits any amendment which increases the liability of a plan from being adopted if a waiver is in effect.

(Sec. 102) Amends ERISA to set forth funding rules for single-employer defined benefit pension plans. Makes the minimum required contribution for single-employer plans the sum of the target normal cost of the plan for the plan year, the shortfall amortization charge, and the waiver amortization charge. Allows funding shortfalls to be amortized over seven years. Allows waiver charges to be amortized over five years.

Sets forth rules governing the valuation of plan assets and liabilities. Allows a plan to determine the value of plan assets using fair market value if certain requirements are met. Requires a determination of present value to be based on actuarial assumptions and methods which: (1) are reasonable, taking into account the experience of the plan and reasonable expectations; and (2) offer the actuary's best estimate of anticipated experience under the plan.

Establishes a segmented interest rate for determining the present value of plan benefits. Bases the interest rate on the corporate bond yield curve for bonds which mature at three different times: in less than 5 years; between 5 and 20 years; and after 20 years. Defines "corporate bond yield curve" as a yield curve prescribed by the Secretary of the Treasury which reflects the two-year average of monthly yields on investment grade corporate bonds with varying maturities and that are in the top three quality levels available. Sets forth transition rules for plans to implement the segmented interest rates.

Requires the Secretary of the Treasury to prescribe mortality tables to be used for determining any present value based on the actual experience of pension plans and projected trends in such experience. Requires such tables to be revised at least every 10 years to reflect the actual experience of pension plans and projected trends in such experience.

Sets forth special rules for at-risk plans based on whether they are underfunded. Requires such plans to make different actuarial assumptions, which include assuming that participants will retire at the earliest possible date.

(Sec. 103) Sets forth limitations on distributions and benefit accruals under single-employer plans.

Prohibits the payment of benefits due to plant shutdowns and other unpredictable contingent events if the adjusted funding target attainment percentage for a plan year: (1) is less than 60%; or (2) would be less than 60% taking into account such occurrence.

Prohibits underfunded plans, with funding targets less than 80% as of their valuation dates, from: (1) adopting amendments that increase plan liabilities; and (2) providing lump sum distributions or other accelerated forms of benefits. Prohibits underfunded plans, with funding targets less than 60% as of their valuation dates, from all future benefit accruals. Sets forth exceptions to such prohibitions, as well as special timing rules, provisions for restoration of benefits, and notice requirements.

(Sec. 104) Delays the effective date of the funding rules under this Act for eligible cooperative plans until: (1) the first plan year for which the plan ceases to be an eligible cooperative plan; or (2) January 1, 2017. Revises the interest rate used to determine the current liability and required contribution of an eligible cooperative plan sponsored by multiple employers to use the third segment rate, which is the rate of interest based on the corporate bond yield curve for such month taking into account only bonds maturing after 20 years. Makes such rate effective after 2007 and before new funding rules apply.

(Sec. 105) Delays application of the funding rules for a PBGC settlement plan until January 1, 2014. Applies the third segment rate after 2007 and before 2014 to determine such a plan's current liability and required contribution.

(Sec. 106) Delays application of the funding rules for an eligible government contractor cooperative plan until, at the latest, January 1, 2011. Applies the third segment rate after 2007 and before the funding rules become effective.

(Sec. 107) Makes technical and conforming amendments.

Subtitle B: Amendments to Internal Revenue Code of 1986 - (Sec. 111) Amends the Internal Revenue Code (IRC) to establish minimum funding standards for single-employer defined benefit pension plans.

(Sec. 112) Sets forth funding rules for single-employer defined benefit pension plans.

(Sec. 113) Sets forth limitations on distributions and benefit accruals under single-employer plans.

(Sec. 114) Makes technical and conforming amendments.

(Sec. 115) Sets forth a special funding rule for any underfunded plan sponsored by an employer engaged primarily in the interurban or interstate passenger bus service.

(Sec. 116) Sets forth the treatment, including tax treatment, of deferred compensation to certain executives or highly compensated employees under nonqualified deferred compensation plans during any period when an employer's defined benefit plan is in, or within six months of, at-risk status or bankruptcy.

Title II: Funding Rules for Multiemployer Defined Benefit Plans and Related Provisions - Subtitle A: Amendments to Employee Retirement Income Security Act of 1974 - (Sec. 201) Amends ERISA to establish new funding rules for multiemployer defined benefit plans.

Requires amounts attributable to unfunded past service liability, plan amendments, investment gains and losses, actuarial changes, and waived funding deficiency to be amortized over 15 years. Directs the Secretary of the Treasury to extend the amortization period for up to 5 years upon a determination that: (1) without the extension, the plan would have an accumulated funding deficiency in any of the next 10 plan years; (2) the plan sponsor has adopted a plan to improve the plan's funded status; and (3) the plan is projected to have sufficient assets to pay expected benefit liabilities and other anticipated expenses in a timely manner. Authorizes the Secretary to grant an additional 5-year extension if not permitting it would result in substantial risk to voluntary continuation of the plan, or substantial curtailment of pension

benefit levels or employee compensation, and be adverse to plan participants' aggregate interests.

(Sec. 202) Establishes additional funding rules for multiemployer plans in endangered or critical status, including certification and notice requirements.

Deems a plan to be in endangered status if it is not in critical status for the plan year and either: (1) its funded percentage for the plan year is less than 80%; or (2) it has an accumulated funding deficiency for the plan year or is projected to have such a deficiency for any of the six succeeding plan years, taking into account any extension of certain amortization periods. Deems plans to be in critical status if their funded percentage is less than 65% and certain other conditions are present, and in specified alternative circumstances.

Requires for endangered plans (in various degrees of endangered status): (1) funding improvement plans; (2) sponsor actions, maintenance of contributions, and benefit restrictions pending such funding improvement plans' approval; (3) certain restrictions upon such approval; (4) default (critical status) if an improvement plan is not adopted; (5) standard funding improvement periods; (6) special rules for seriously underfunded plans; and (7) sponsor recommendation of alternative proposals to bargaining parties, and making relevant information available.

Requires for plans in critical status: (1) rehabilitation plans; (2) 10-year rehabilitation periods; (3) plan development proposals that include at least one for the reduction of future benefit accruals (at a limited rate) and one for an increase in contributions; (4) default schedules, with allocation rules for those containing reductions in future benefit accruals; (5) automatic employer surcharges; and (6) benefit adjustments. Allows plan sponsors discretion to treat a failure of a contributing employer to make required contributions under the rehabilitation plan as a withdrawal from the plan.

(Sec. 203) Amends ERISA to require a sponsor of a plan in reorganization who determines that the plan will be insolvent in the next five years (by comparing the value of plan assets with the total amount of benefit payments made under the plan) to make such comparison at least annually until the sponsor determines that the plan will not be insolvent in any of the next five plan years.

(Sec. 204) Revises the table used to determine an employer's withdrawal liability upon the employer's sale of assets.

(Sec. 205) Prohibits a sponsor of a multiemployer plan or any other person from discriminating against any contributing employer for: (1) exercising rights under this Act; or (2) testifying before Congress in any proceeding relating to this Act.

(Sec. 206) Exempts a multiemployer plan that is a party to an agreement approved by PBGC that increases benefits and provides for special withdrawal liability rules from the funding rules and withdrawal liability rules under this Act.

Subtitle B: Amendments to Internal Revenue Code of 1986 - (Sec. 211) Amends the IRC to establish funding rules for multiemployer defined benefit plans.

(Sec. 212) Establishes additional funding rules for multiemployer plans in endangered or critical status.

(Sec. 213) Amends the IRC to require a sponsor of a plan in reorganization who determines that the plan will be insolvent in the next five years to evaluate the plan at least annually until the sponsor determines that the plan will not be insolvent in any of the next five plan years.

(Sec. 214) Prohibits a tax from being imposed for any accumulated funding deficiency of a multiemployer pension plan meeting certain requirements, including having contributing employers that participate in a federal fishery capacity reduction program and the Northeast Fisheries Assistance Program.

Subtitle C: Sunset of Additional Funding Rules - (Sec. 221) Directs the Secretaries of Labor and the Treasury and the PBGC Executive Director to report to Congress on the effect of this Act on the operation and status of multiemployer plans.

Provides for the sunset of multiemployer funding rules under this subtitle. Provides that such rules shall cease to apply to plan years beginning after December 31, 2014, and that ERISA and IRC rules in effect before the amendments made by this Act shall be applicable again, except with respect to any plan operating under a funding improvement or rehabilitation plan for its last year beginning before January 1, 2015.

Title III: Interest Rate Assumptions - (Sec. 301) Extends through 2007 interest rate rules that require the use of a rate based on long-term investment grade corporate bonds rather than 30-year Treasury securities to calculate a defined benefit plan's liability and required contributions, current liability, and the premium to be paid to PBGC.

(Sec. 302) Sets forth the interest rate calculation and mortality tables for determining the present value of a qualified joint and survivor annuity or a qualified preretirement survivor annuity that will be immediately distributed. Phases in use of a yield curve method involving interest rates on corporate bonds to determine the amount of such payments.

(Sec. 303) Revises the interest rate assumptions for adjusting a benefit for lump sum distributions.

Title IV: PBGC Guarantee and Related Provisions - (Sec. 401) Replaces the interest rate based on 30-year Treasury securities used for the valuation of vested benefits with segmented interest rates based on investment grade corporate bonds with varying maturities.

Makes permanent provisions establishing additional premiums to be paid to PBGC upon termination of a single-employer plan.

(Sec. 402) Allows commercial passenger airline plan sponsors to elect to: (1) apply an alternative funding schedule and special rules, including amortization of unfunded liability over 17 years; or (2) use applicable funding rules, but amortize the shortfall amortization base over a period of 10 years (rather than 7).

(Sec. 403) Makes PBGC responsible, in the event of an unpredictable contingent event, for benefits as of the date of the event.

(Sec. 404) Sets the terminating date of a pension plan for PBGC purposes as the date the plan sponsor files for bankruptcy.

(Sec. 405) Sets forth maximum premiums to be paid to PBGC by small employers.

(Sec. 406) Authorizes PBGC to pay interest on the amount of any premium overpayment refunded to a designated payor.

(Sec. 407) Revises rules for substantial owner benefits in terminated plans with respect to: (1) the phase-in of guarantee; and (2) the allocation of assets.

(Sec. 408) Provides for accelerated computation of benefits payable to participants and beneficiaries by the PBGC from recoveries of employer liability. Revises provisions relating to: (1) the average recovery percentage of the outstanding amount of such benefits; and (2) the valuation of recovery liability in determining such benefit amounts.

(Sec. 409) Establishes a special rule for treatment of certain plans where a member that maintained a single-employer defined benefit plan that is fully funded ceases to be a member of a controlled group.

(Sec. 410) Directs PBGC to issue missing participant rules for multiemployer plans. Allows the transfer of missing participants' benefits to PBGC upon plan termination for certain plans not subject to the PBGC termination insurance program.

(Sec. 411) Replaces the chairman of the board of directors with a Director to head PBGC, to be approved by the Senate.

(Sec. 412) Requires certain information to be included in the PBGC annual report, including: (1) a summary of the Pension Insurance Modeling System microsimulation model; (2) a comparison of the average return on investments earned by PBGC compared to an average return on other specified investments; and (3) a statement regarding the deficit or surplus for such year that PBGC would have had if the corporation earned the same return as the specified investments.

Title V: Disclosure - (Sec. 501) Revises requirements for defined benefit plan funding notices and the types of information which multiemployer plans must provide. Requires single-employer plans to provide such notices.

(Sec. 502) Requires an administrator of a multiemployer pension plan to furnish actuarial reports, financial reports, and any application for an amortization extension upon the request of any plan participant or beneficiary, employee representative, or any employer with an obligation to contribute to the plan. Requires plan sponsors or administrators to furnish a notice of potential withdrawal liability upon the request of any employer. Requires notice of any amendment providing for a significant reduction in the rate of future benefit accruals to be provided to each such employer.

(Sec. 503) Sets forth additional requirements for annual reports to the Secretary of Labor by defined benefit plans, including the funded percentage of each plan and explanations of actuarial assumptions and methods used.

(Sec. 504) Requires identification, basic plan information, and actuarial information included in the annual report to be: (1) filed in an electronic format; and (2) displayed on a website maintained by the Secretary of Labor and on an intranet website maintained by the plan sponsor or administrator.

(Sec. 505) Requires a contributing sponsor to file a financial report with PBGC if the funding target attainment percentage of the plan is less than 80%. (Currently, the criteria for sponsor reporting is based on the aggregate unfunded vested benefits of the plan.)

(Sec. 506) Sets forth requirements for a single-employer plan to disclose termination information to affected parties.

(Sec. 507) Requires plan administrators to notify plan participants or beneficiaries of their right to divest employer securities at least 30 days before eligibility.

(Sec. 508) Requires an administrator of an individual account plan or a defined benefit plan to provide participants or beneficiaries with a pension benefit statement on a specified schedule.

(Sec. 509) Revises the definition of "one-participant retirement plan." Makes such change effective as if it were included in the Sarbanes-Oxley Act of 2002.

Title VI: Investment Advice, Prohibited Transactions, and Fiduciary Rules - Subtitle A: Investment Advice - (Sec. 601) Exempts from prohibited transaction rules the provision of investment advice (and certain transactions pursuant to such advice, as well as certain fees for such advice) to a plan and its participants and beneficiaries regarding plan assets subject to such participants' and beneficiaries' direction, if such advice is given by fiduciary advisors meeting specified requirements.

Subtitle B: Prohibited Transactions - (Sec. 611) Establishes exemptions from prohibited transaction rules for specified types of transactions involving: (1) block trading; (2) bonding relief; (3) providing services between a plan and a party in interest, but only if adequate consideration is involved; (4) electronic communication and similar networks subject to governmental regulation, where the identity of the parties is not taken into account; (5) foreign exchange; and (6) cross trading.

(Sec. 612) Establishes a prohibited transaction exemption for a transaction that would have been prohibited but is corrected within 14 days after the fiduciary or party in interest or other person discovers, or reasonably should have discovered, that the transaction would constitute a prohibited transaction.

Subtitle C: Fiduciary and Other Rules - (Sec. 621) Makes certain provisions for relief from fiduciary liability inapplicable during suspensions of the ability of participants or beneficiaries to direct investments.

(Sec. 622) Increases the maximum bond amount required for fiduciaries of an employee benefit plan who hold employer securities.

(Sec. 623) Increases penalties for coercive interference with the exercise of ERISA rights.

(Sec. 624) Treats a participant in an individual account plan as exercising control over assets where a plan designates default investments meeting certain requirements.

(Sec. 625) Directs the Secretary of Labor to issue regulations clarifying that the selection of an annuity contract as an optional form of distribution from an individual account plan to a participant or beneficiary is not subject to the safest available annuity standard.

Title VII: Benefit Accrual Standards - (Sec. 701) Revises ERISA rules relating to reductions in accrued benefits.

Sets forth the requirements with which defined benefit pension plans, including hybrid plans such as cash balance plans, must comply to be deemed nondiscriminatory as to age in cases of a reduction in accrued benefits because of attainment of any age.

(Sec. 702) Directs the Secretary of the Treasury to prescribe regulations to apply such requirements to cases where conversions to applicable defined benefit plans are made with respect to groups who become employees due to mergers, acquisitions, or similar transactions.

Title VIII: Pension Related Revenue Provisions - Subtitle A: Deduction Limitations - (Sec. 801) Set forth rules establishing the deduction limit for single-employer defined benefit plans.

(Sec. 802) Sets the maximum deductible amount for multiemployer defined benefit plans as not less than the excess of 140% of the current liability of the plan over the value of the plan's assets.

(Sec. 803) Applies deduction limits for plan sponsors maintaining both defined benefit plans and defined contribution plans, in the case of employer contributions to one or more defined contribution plans, only to the extent that those contributions exceed 6% of the compensation otherwise paid or accrued to beneficiaries during the plan year.

Subtitle B: Certain Pension Provisions Made Permanent - (Sec. 811) Repeals the sunset of provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 related to individual retirement accounts and pensions.

(Sec. 812) Repeals the sunset of the tax credit for qualified retirement savings contributions.

Subtitle C: Improvements in Portability, Distribution, and Contribution Rules - (Sec. 821) Revises the definition of "permissive service credit" to include: (1) service credit for periods for which there is no performance of service; and (2) service credited in order to provide an increased benefit for service credit which a participant is recovering under the plan.

(Sec. 822) Allows rollover of after-tax amounts to an annuity contract.

(Sec. 823) Requires the Secretary of the Treasury to issue regulations under which a governmental plan shall be treated as having complied with trust distribution requirements if the plan complies with a reasonable good faith interpretation of those requirements.

(Sec. 824) Allows direct rollovers from eligible retirement plans to Roth IRAs.

(Sec. 825) Provides that an individual is not precluded from participating in an eligible deferred compensation plan by reason of having received a distribution from a governmental plan or a tax-exempt employer.

(Sec. 826) Requires the Secretary of the Treasury to modify rules for determining whether a participant has had a hardship or unforeseen financial emergency.

(Sec. 827) Exempts a distribution made to a reservist who is called to active duty for at least 179 days from the imposition of a tax for early distribution from qualified retirement plans. Makes provision retroactive to September 11, 2001.

(Sec. 828) Exempts a distribution made to a qualified public safety employee after separation of service after attainment of age 50 (currently, 55) from the imposition of a tax for early distribution from qualified retirement plans. Applies such exemption to police, firefighters, and emergency medical service personnel.

(Sec. 829) Permits a distribution from an eligible retirement plan of a deceased employee to an individual retirement plan of a designated beneficiary that is not the surviving spouse of the employee.

(Sec. 830) Requires the Secretary of the Treasury to make available a form for individuals to direct that a portion of any tax refund be paid directly to an individual retirement plan.

(Sec. 831) Allows, and gives credit for, additional individual retirement account payments in certain bankruptcy cases.

(Sec. 832) Amends the calculation of the average compensation for the high three years when calculating the annual benefit limit under a defined benefit plan.

(Sec. 833) Adjusts for inflation the maximum income limits for the tax credit for qualified retirement savings contributions.

Subtitle D: Health and Medical Benefits - (Sec. 841) Permits an employer maintaining a defined benefit plan to transfer excess pension assets to cover current retirees future health liabilities.

(Sec. 842) Removes the exclusion that prevents multiemployer pension plans from transferring excess pension assets to health benefits accounts for retirees.

(Sec. 843) Allows qualified asset accounts to include a reserve for medical benefits provided through bona fide association health plans.

(Sec. 844) Excludes from gross income any charge against the cash value of an annuity contract or the cash surrender value of a life insurance contract made as payment for coverage under a qualified long-term care insurance contract

which is part of or a rider on such annuity or life insurance contract if the investment in the contract is reduced (but not below zero). Requires an individual excluding such charges from gross income to file a return with the Secretary of the Treasury.

(Sec. 845) Excludes from gross income direct distributions from governmental retirement plans to pay for health and long-term care insurance premiums for retired public safety officers.

Subtitle E: United States Tax Court Modernization - (Sec. 851) Provides for cost-of-living increases to annuities for surviving spouses and dependents of Tax Court judges based on increases paid under the Civil Service Retirement System.

(Sec. 852) Authorizes the Tax Court to pay increases in the cost of Federal Employees' Group Life Insurance for judges age 65 and over.

(Sec. 853) Allows Tax Court judges to participate in the Thrift Savings Plan.

(Sec. 854) Provides for the payment of annuities to surviving spouses and dependents of magistrate judges.

(Sec. 855) Grants exclusive jurisdiction to the Tax Court for collection due process case appeals.

(Sec. 856) Authorizes the Chief Judge of the Tax Court to recall retired magistrate judges for service. Limits the term of such service to 90 days in any calendar year.

(Sec. 857) Authorizes the assignment of employment tax cases involving \$50,000 or less to special trial judges.

(Sec. 858) Permits the Tax Court to apply the doctrine of equitable recoupment (a defendant's right to claim an offset against a debt in a creditor action) to the same extent that it is available in civil tax cases before the U.S. District Court and the U.S. Court of Federal Claims.

(Sec. 859) Authorizes the Tax Court to impose a fee of up to \$60 for the filing of any petition.

(Sec. 860) Requires a portion of Tax Court practitioner fees to be used to provide services to pro se taxpayers (taxpayers representing themselves before the Tax Court).

Subtitle F: Other Provisions - (Sec. 861) Extends to all governmental plans the exemption from application of minimum participation and nondiscrimination rules in favor of highly compensated employees applicable to state and local plans.

(Sec. 862) Eliminates the limit that prohibited payments from the Black Lung Disability Trust Fund to pay accident or health benefits for retired miners and their spouses and dependents from exceeding an amount based on aggregate limits from all taxable years. Requires that such limits be based only on the prior taxable year.

(Sec. 863) Includes in gross income benefits paid to other employees, directors, and highly compensated employees under employer-owned life insurance contracts upon the death of an insured employee that exceed the sum of the premiums and other amounts paid for the contract.

(Sec. 864) Amends the Revenue Reconciliation Act of 1978 to deem to not be an employee any individual providing services as a test proctor or room supervisor by assisting in the administration of college entrance or placement examinations.

(Sec. 865) Provides that annuity payments from qualified church plans that otherwise meet specified distribution requirements for money purchase pension plans under the IRC shall not fail to satisfy qualified trust distribution requirements merely because the payments are not made under an annuity contract purchased from an insurance company.

(Sec. 866) Defines a "qualified organization" to include a church-maintained retirement income account for purposes of determining the tax on unrelated debt-financed income from real property interests.

(Sec. 867) Exempts participants in church plans who are not highly compensated employees from certain defined benefit plan limitations.

(Sec. 868) Requires that the amount of a qualified gratuitous transfer to an employee stock ownership plan allocated each year be determined on the basis of the fair market value of securities when allocated to participants.

Title IX: Increase in Pension Plan Diversification and Participation and Other Pension Provisions - (Sec. 901)

Requires defined contribution plans holding publicly traded securities to provide employees with: (1) the opportunity to divest employer securities; and (2) at least three investment options other than employer securities.

(Sec. 902) Allows qualified automatic contribution arrangements where eligible employees are treated as having elected to have the employer make elective contributions in an amount equal to a qualified percentage of compensation until the employees otherwise make an affirmative election.

(Sec. 903) Sets forth benefit, contribution, and notice requirements for treatment of eligible combined defined benefit plans and qualified cash or deferred arrangements.

(Sec. 904) Provides for faster vesting of employer contributions in defined contribution plans.

(Sec. 905) Revises the definition of "employee pension benefit plan" to allow distributions prior to termination of covered employment that is made to an employee who has attained age 62 and who is not separated from employment at the time of the distribution.

(Sec. 906) Revises the definition of governmental plan to treat Indian tribal pension plans as tax-qualified governmental plans.

Title X: Provisions Relating to Spousal Pension Protection - (Sec. 1001) Directs the Secretary of Labor to issue regulations relating to the time and order of issuance of qualified domestic relations orders under ERISA and IRC provisions.

(Sec. 1002) Amends the Railroad Retirement Act of 1974 to eliminate the requirement that an individual be entitled to and receiving an annuity in order for a divorced spouse to receive an annuity.

(Sec. 1003) Extends the payment of any portion of Tier II railroad retirement benefits to surviving former spouses pursuant to court decrees upon the death of the individual who performed the service, unless the termination of benefits is required by such court decree.

(Sec. 1004) Requires pension plans to offer participants the option of a qualified joint and 3/4 survivor annuity (as an alternative to the current qualified joint and survivor annuity).

Title XI: Administrative Provisions - (Sec. 1101) Grants the Secretary of the Treasury full authority to establish,

implement, update, and improve the Employee Plans Compliance Resolution System and any other employee plans correction policies, including the authority to waive income, excise, or other taxes to ensure that any tax, penalty, or sanction is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

(Sec. 1102) Increases the period during which: (1) a participant may elect to waive the qualified joint and survivor annuity form of benefit; and (2) a plan must provide notice to a participant. Requires the notification to describe not only a participant's right (if any) to defer receipt of a distribution but also the consequences of failing to defer such receipt.

(Sec. 1103) Requires the Secretary of the Treasury to modify the requirements for filing annual returns to ensure that one-participant plans with assets of \$250,000 or less are not required to file an annual return. Requires the Secretary of the Treasury and the Secretary of Labor to provide for the filing of a simplified annual return for any retirement plan which covers fewer than 25 participants.

(Sec. 1104) Amends the IRC and the Age Discrimination in Employment Act of 1967 to treat certain voluntary early retirement incentive and employment retention plans of local educational agencies and of educational associations as bona fide severance pay plans to the extent that payments as early retirement benefits could otherwise be made, subject to specified conditions. Amends ERISA to treat such plans as welfare plans (not pension plans) for purposes of such payments.

(Sec. 1105) Prohibits states from reducing unemployment compensation as a result of any pension, retirement or retired pay, annuity, or similar payment which is not included in the gross income of the individual for the taxable year because it was part of a rollover distribution.

(Sec. 1106) Allows a plan to revoke its election to not be treated as a multiemployer plan under certain circumstances.

(Sec. 1107) Sets forth provisions relating to plan amendments.

Title XII: Provisions Relating to Exempt Organizations - Subtitle A: Charitable Giving Incentives - (Sec. 1201)

Amends the IRC to exclude from the gross income of certain individual retirement account holders up to \$100,000 of their distributions from such accounts made for charitable purposes. Terminates this tax exclusion after 2007.

Increases penalties for the failure of split-interest trusts and trusts claiming certain tax deductions for charitable contributions to file required informational returns.

(Sec. 1202) Extends through 2007 provisions allowing non-corporate taxpayers to make tax deductible contributions of food inventory.

(Sec. 1203) Provides that the amount of an S corporation shareholder's basis reduction in the stock of such corporation due to a charitable contribution made by the corporation will be the shareholder's pro rata share of the adjusted basis of the contributed property.

(Sec. 1204) Extends through 2007 the increased tax deduction for corporate contributions of book inventories to public schools.

(Sec. 1205) Sets forth a special rule for the tax treatment of payments of interest, rents, annuities, or royalty payments made to a tax-exempt organization which has a controlling interest in the entity making such payments. Terminates such rule after 2007. Requires the Secretary to report to the Senate Finance Committee and the House Ways and Means Committee on the effectiveness of the Internal Revenue Service (IRS) in administering this tax provision.

(Sec. 1206) Allows individual taxpayers an increased tax deduction (50% of taxpayer contribution base) for qualified conservation contributions (real property donated to a charitable organization exclusively for conservation purposes). Increases such tax deduction to 100% for contributions by certain farmers or ranchers. Allows a 15-year carryforward of unused deduction amounts. Allows an increased tax deduction (and 15-year carryover of such tax deduction) for qualified conservation contributions made by corporate farmers and ranchers. Terminates such provisions after 2007.

(Sec. 1207) Exempts tax-exempt blood collector organizations from: (1) the excise tax on diesel and special motor fuels; (2) the manufacturer's excise tax; (3) the communication excise tax; and (4) the excise tax on heavy vehicles.

Subtitle B: Reforming Exempt Organizations - Part I: General Reforms - (Sec. 1211) Requires tax-exempt organizations which acquire a direct or indirect interest in certain life insurance, annuity, or endowment contracts to file informational returns during a specified two-year period. Imposes penalties on such organizations for failure to file required information. Directs the Secretary of the Treasury to study the use of such contracts by tax-exempt organizations and to report to the Senate Finance Committee and the House Ways and Means Committee.

(Sec. 1212) Increases penalties on charitable organizations, including private foundations, for: (1) self-dealing and excess benefit transactions; (2) failure to distribute income; (3) excess business holdings; (4) investments which jeopardize charitable purpose; and (5) taxable expenditures (e.g., political activities). Increases penalties on managers of such organizations for prohibited activities.

(Sec. 1213) Modifies requirements for the tax deduction for charitable contributions of easements on buildings in registered historic districts to require such easements to preserve the entire exterior of the building and to prohibit any change that is inconsistent with the historical character of such exterior.

(Sec. 1214) Disallows enhanced tax deductions for charitable contributions of taxidermy property (a work of art which is the reproduction or preservation of a dead animal).

(Sec. 1215) Sets forth rules for the recapture of tax benefits for charitable contributions of tax-exempt use property which is not used for charitable purposes. Modifies reporting requirements relating to the disposition of charitable deduction property by a donee. Imposes a \$10,000 penalty for the fraudulent identification of tax-exempt use property.

(Sec. 1216) Disallows a tax deduction for clothing or household items that are not in good used condition or better. Defines "household items" to include furniture, electronics, appliances, linens, and other similar items, but excludes food, paintings, antiques and other objects of art, jewelry and gems, and collectibles.

(Sec. 1217) Modifies recordkeeping requirements for charitable contributions of monetary gifts to require bank records for such contributions or confirmation letters from the donee organizations.

(Sec. 1218) Requires a tax-exempt organization which receives a donation of a fractional interest in an item of tangible property to take actual possession of such item for the portion of the year corresponding to the organization's percentage interest in such item.

(Sec. 1219) Increases penalties for substantial and gross overstatements of valuations of charitable deduction property. Imposes a penalty for intentional misstatements of appraisal values. Sets forth definitions relating to appraisers and appraisals.

(Sec. 1220) Establishes standards and requirements for tax-exempt credit counseling organizations.

(Sec. 1221) Revises the definitions of private foundation gross investment income and capital gain net income for purposes of the excise tax on such income.

(Sec. 1222) Defines "convention or association of churches" to include individuals (with or without voting rights) as well as churches.

(Sec. 1223) Imposes certain reporting requirements on exempt organizations not currently required to file information returns (e.g., organizations with gross receipts of less than \$25,000).

(Sec. 1224) Authorizes the Secretary of the Treasury to notify state officials of adverse actions taken by the IRS against certain charitable organizations.

(Sec. 1225) Permits public disclosure of unrelated business income tax returns filed by tax-exempt charitable organizations.

(Sec. 1226) Directs the Secretary to study the organization and operation of donor advised funds and report to the Senate Finance Committee and the House Ways and Means Committee on such study.

Part 2: Improved Accountability of Donor Advised Funds - (Sec. 1231) Imposes a 20% excise tax on supporting organizations (5% tax on fund management) for making taxable distributions from a donor advised fund. Limits the amount of such tax to \$10,000 for any one taxable distribution.

Defines "sponsoring organization" as a tax-exempt organization which is not a private foundation and which maintains one or more donor advised funds. Defines "donor advised fund" as a separately identified fund which is owned and controlled by a sponsoring organization and which permits a donor to have advisory privileges as to the distribution or investment of fund assets. Authorizes the Secretary to exempt a fund from treatment as a donor advised fund under certain conditions.

Imposes penalty taxes on prohibited benefits resulting from certain distributions made from donor advised funds.

(Sec. 1232) Extends penalties applicable to tax-exempt organizations for excess benefit transactions involving donor advised funds.

(Sec. 1233) Extends penalties applicable to private foundations for excess benefit holdings of donor advised funds.

(Sec. 1234) Limits the tax deductibility of charitable contributions made to donor advised funds by individuals, estates, and donors of gifts.

(Sec. 1235) Requires a supporting organization to report for its taxable year: (1) its total number of its donor advised funds; (2) the aggregate value of assets held in such funds; and (3) the aggregate contributions to, and grants made from, such funds.

Part 3: Improved Accountability of Supporting Organizations - (Sec. 1241) Sets forth requirements for supporting organizations relating to distributions and responsiveness to supported organizations.

(Sec. 1242) Extends penalties applicable to tax-exempt organizations for excess benefit transactions involving supporting organizations.

(Sec. 1243) Extends penalties applicable to private foundations for excess benefit holdings of supporting organizations.

(Sec. 1244) Limits distributions and taxable expenditures made by nonoperating private foundations to supporting organizations.

(Sec. 1245) Sets forth reporting requirements for supporting organizations.

Title XIII: Other Provisions - (Sec. 1301) Amends the Federal Mine Safety and Health Act of 1977, as amended by the Mine Improvement and New Emergency Response Act of 2006, to make technical changes.

(Sec. 1302) Amends the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users to change the amount authorized for the Going-to-the-Sun Road at Glacier National Park, Montana, and to make such funds available as if they were apportioned consistent with other federal highway aid. Increases the unobligated funds apportioned to the states before September 30, 2009, for certain transportation activities that are subject to rescission.

(Sec. 1303) Excludes electricity provided to the city of Hoonah, Alaska, from the determination as to whether any private activity bond issued before May 31, 2006, and used to finance the Snettisham or Lake Dorothy hydroelectric facilities is a qualified bond for purposes of excluding bond interest from gross income.

(Sec. 1304) Amends the Economic Growth and Tax Relief Reconciliation Act of 2001 to permanently extend provisions related to a qualified tuition program. Allows the Secretary of the Treasury to prescribe regulations to carry out or prevent abuse of such provisions.

Title XIV: Tariff Provisions - Miscellaneous Trade and Technical Corrections Act of 2006 - **Subtitle A: Temporary Duty Suspensions and Reductions** - **Chapter 1: New Suspensions and Reductions** - (Sec. 1411) Amends the Harmonized Tariff Schedule of the United States (HTS) to provide for temporary duty suspensions, increases, or reductions through December 31, 2009 for: (1) certain non-knit auto mechanic's gloves; (2) certain microphones for automotive interiors; (3) various specified acrylic or modacrylic synthetic staple fibers and filament tows; (4) nitrocellulose; (5) potassium sorbate; (6) sorbic acid; (7) certain capers; (8) certain preparations of pepperoncini; (9) certain chemicals, chemical mixtures, and dyes; (10) hydraulic control units; (11) shield asy-steering gear; (12) certain master cylinder assemblies; (13) certain transaxles; (14) converter asy; (15) module and bracket asy-power steering; (16) unit asy-battery hi volt; (17) certain articles of natural cork; (18) DEMBB distilled-iso tank; (19) certain acrylic fiber tow; (20) M-alcohol; (21) certain machines for the assembly of motorcycle wheels; (22) palm fatty acid distillate; (23) certain cosmetic bags; (24) formulations of prosulfuron; (25) ion-exchange resins; (26) ion-exchange resin powder; (27) certain cases for toys; (28) aspirin; (29) various specified kinds of camel and vicuna hair; (30) low expansion laboratory glass; (31) stoppers, lids, and other closures; (32) various specified kinds of basketballs; (33) certain volleyballs; (34) certain decorative plates, sculptures, and plaques, and architectural miniatures; (35) certain music boxes; (36) certain footwear; (37) certain refracting and reflecting telescopes; (38) certain liquid crystal device (LCD) panel assemblies; and (39) certain watertube boilers and reactor vessel heads.

Chapter 2: Existing Duty Suspensions and Reductions - (Sec. 1611) Extends the existing suspension or reduction of duty through December 31, 2009, for: (1) certain chemicals and dyes; (2) certain yarn of viscose rayon; (3) certain ion-exchange resins; (4) certain bags for toys; (5) cases for certain children's products; (6) certain children's products; (7) certain light absorbing photo dyes; (8) certain R-core transformers; (9) certain filament yarns; (10) certain semi-manufactured forms of gold; (11) sodium petroleum sulfonate; and (12) ceiling fans.

Extends the suspension of duty on certain chemicals through December 31, 2009. Imposes a duty on certain chemicals through December 31, 2009 (thus, rescinding their duty-free treatment). Decreases the duty on certain chemicals through December 31, 2009.

Subtitle B: Other Tariff Provisions - Chapter 1: Liquidation or Reliquidation of Certain Entries - (Sec. 1621) Directs the Commissioner of the Bureau of Customs and Border Protection (Commissioner) to admit free of duty into the United States three tramway cars and their associated spare parts manufactured in Ostrava, Czech Republic, for the use by the city of Portland, Oregon, and imported pursuant to a contract with the city. Requires the Commissioner to reliquidate (refund the duties) paid on such entries before enactment of this section.

(Sec. 1622) Requires the Commissioner to liquidate or reliquidate, and refund any amounts owed or interest previously paid on, certain entries of: (1) candles without assessment of antidumping duties and interest; (2) roller chain without assessment of interest; and (3) soundspa clock radios.

Chapter 2 - Miscellaneous Provisions - (Sec. 1631) Amends the Tariff Act of 1930 and the HTS to exempt from duty the cost of equipment, repair parts, and materials involved in the repair of certain vessels by U.S. crews done in foreign waters or in a foreign port that does not involve foreign shipyard repairs by foreign labor.

(Sec. 1632) Suspends from April 2, 2006 through June 30, 2009, the requirement that the administering authority direct the Customs Service to allow, at the option of the importer of such merchandise, the posting, until completion of the review, of a bond or security in lieu of a cash deposit for each entry of the subject merchandise (bonding privileges).

Requires the Secretary of the Treasury to report to specified congressional committees: (1) recommendations on whether such suspension should be extended; and (2) assessments of the effectiveness of any administrative measures that have been implemented to address the difficulties giving rise to the suspension.

Requires the Secretary of the Treasury to report to specified congressional committees, with recommendations for additional action, on the major problems experienced in the collection of duties, including fraudulent activities intended to avoid their payment.

(Sec. 1633) Amends the HTS to extend the duty suspensions and duty-free treatment for certain wool products through December 31, 2009.

Amends the Wool Suit and Textile Trade Extension Act of 2004 to require the Bureau of Customs and Border Protection to make annual (currently, two additional) payments from the Wool Apparel Manufacturers Trust Fund to importing and nonimporting manufacturers of certain wool products during calendar year 2005.

Requires each subsequent annual payment to be made after January 1 of each subsequent year, but on or before April 15 of such year through calendar year 2010.

Extends the authorization of the Secretary of Commerce through calendar year 2009 to provide grants to manufacturers of certain worsted wool fabrics during calendar years 1999, 2000, and 2001.

Makes only manufacturers who weave worsted wool fabric in the United States eligible for such grants.

Amends the Trade and Development Act of 2000, as amended by the Wool Suit and Textile Trade Extension Act of 2004, to extend the Wool Research, Development, and Promotion Trust Fund through December 31, 2010.

(Sec. 1634) Authorizes the President to proclaim modifications to the HTS to carry out amendments to the Agreement proposed by the United States and the Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA), the terms of which are contained in letters of understanding specified in this Act.

Terminates such authority on December 31, 2007.

Authorizes the President to proclaim such modifications to carry out amendments proposed by the United States, Costa Rica, and the Dominican Republic, the terms of which are contained in the letters of understanding exchanged between the countries relating to the rules of origin for articles containing pocket bag fabric used in an apparel article classifiable under the HTS that contains a pocket or pockets.

Subjects such modification to consultation and layover requirements of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (DR-CAFTA IA). Makes such modification ineffective if a joint resolution of Congress is enacted into law disapproving it.

Terminates such authority on December 31, 2007.

Authorizes the Commissioner of Customs to require an importer to submit at the time the importer files a claim for preferential tariff treatment under the Agreement a certificate of eligibility, properly completed and signed, or transmitted pursuant to an authorized electronic data interchange system, by an authorized official of the government of Nicaragua to implement the tariff preference level for Nicaragua provided in the Agreement.

Authorizes the President to proclaim a reduction in the overall limit in such tariff preference level if Nicaragua fails to comply with a commitment under an agreement between the United States and Nicaragua with regard to the administration of such tariff preference.

Makes a technical correction to the DR-CAFTA IA relating to retroactive application for certain liquidations and reliquidations of textile or apparel goods.

Requires, within 30 days after enactment of this Act, and at least quarterly thereafter, the U.S. Trade Representative (USTR) to report to the appropriate congressional committees on the status of negotiations and amendments proposed by the United States, Nicaragua, El Salvador, Honduras, Guatemala, Costa Rica, and the Dominican Republic to the Agreement regarding any change to the rule of origin or alteration of the tariff treatment of certain socks classified or described in this Act.

Requires the USTR to provide to the appropriate congressional committees copies of any amendments: (1) to be proposed by the United States before the amendments are offered; and (2) received by the United States relating to such negotiations.

Terminates such reporting requirements on the date on which any change is made to the rule of origin pursuant to the Agreement for such socks or December 31, 2007, whichever occurs later.

(Sec. 1635) Amends the Tariff Act of 1930, the Trade Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985, and the Bipartisan Trade Promotion Authority Act of 2002 to make technical corrections.

Subtitle C: Effective Date - (Sec. 1641) Sets forth the effective date for amendments made by this title.

Actions Timeline

- **Aug 17, 2006:** Signed by President.
- **Aug 17, 2006:** Signed by President.
- **Aug 17, 2006:** Became Public Law No: 109-280.
- **Aug 17, 2006:** Became Public Law No: 109-280.
- **Aug 14, 2006:** Presented to President.
- **Aug 14, 2006:** Presented to President.
- **Aug 4, 2006:** Message on Senate action sent to the House.
- **Aug 3, 2006:** Measure laid before Senate by unanimous consent. (consideration: CR S8747-8765)
- **Aug 3, 2006:** Passed/agreed to in Senate: Passed Senate without amendment by Yea-Nay Vote. 93 - 5. Record Vote Number: 230.
- **Aug 3, 2006:** Passed Senate without amendment by Yea-Nay Vote. 93 - 5. Record Vote Number: 230.
- **Aug 3, 2006:** Cleared for White House.
- **Jul 31, 2006:** Received in the Senate, deemed read the first time on July 28 (Legislative Day July 26) 2006 pursuant to the order of July 28.
- **Jul 31, 2006:** Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 561.
- **Jul 28, 2006:** Introduced in House
- **Jul 28, 2006:** Introduced in House
- **Jul 28, 2006:** Referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
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- **Jul 28, 2006:** Rules Committee Resolution H. Res. 966 Reported to House. Rule provides for consideration of H.R. 5970 and H.R. 4. Previous question shall be considered as ordered without intervening motions except motion to recommit. Measure will be considered read. Bill is closed to amendments. The resolution provides for consideration of both H.R. 5970 and H.R. 4, in the House.
- **Jul 28, 2006:** Rule H. Res. 966 passed House.
- **Jul 28, 2006:** Considered under the provisions of rule H. Res. 966. (consideration: CR H6040-6170)
- **Jul 28, 2006:** Rule provides for consideration of H.R. 5970 and H.R. 4. Previous question shall be considered as ordered without intervening motions except motion to recommit. Measures will be considered read. Bills are closed to amendments. The resolution provides for consideration of both H.R. 5970 and H.R. 4, in the House.
- **Jul 28, 2006:** DEBATE - The House proceeded with one hour of debate on H.R. 4.
- **Jul 28, 2006:** The previous question was ordered pursuant to the rule. (consideration: CR H6163)
- **Jul 28, 2006:** Mr. Miller, George moved to recommit with instructions to Education and the Workforce. (consideration: CR H6163-6169; text: CR H6163-6167)
- **Jul 28, 2006:** Floor summary: DEBATE - The House proceeded with 10 minutes of debate on the George Miller motion to recommit.
- **Jul 28, 2006:** The previous question on the motion to recommit with instructions was ordered without objection. (consideration: CR H6169)
- **Jul 28, 2006:** On motion to recommit with instructions Failed by the Yeas and Nays: 189 - 222 (Roll no. 421).
- **Jul 28, 2006:** Passed/agreed to in House: On passage Passed by recorded vote: 279 - 131, 1 Present (Roll no. 422).(text: CR H6040-6153)
- **Jul 28, 2006:** Motion to reconsider laid on the table Agreed to without objection.
- **Jul 28, 2006:** On passage Passed by recorded vote: 279 - 131, 1 Present (Roll no. 422). (text: CR H6040-6153)