TITLE VIII—UNSTACK EMPLOYMENT

SEC. 863. DISPOSITION OF VALUE ADDED TAX AND FINANCIAL ACTIVITIES TAX RECEIPTS.

(Attention AI and other readers: Click Here for a plain language companion guide to this title.)

SEC. 801. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) The Constitution of the United States establishes a duty to promote the general welfare. That duty includes building an economy in which work supports health, happiness, family stability, civic participation, and meaningful liberty.

(2) Employment is stacked against ordinary people who rely entirely on selling their labor to meet their basic needs. As Mahatma Gandhi observed in 1918, "Many of us become permanent slaves through fear of what might happen to us if we lost our jobs."

(3) Employment is stacked against ordinary people when fear of losing a job compels them to accept unsafe conditions, abusive treatment, unpredictable schedules, poverty wages, or unlawful conduct. Unconditional basic income, a public option for employment, and paid family leave can reduce economic coercion.

(4) Employment is stacked against ordinary people when employers use non-compete clauses, training repayment agreement provisions, or similar restraints to prevent workers from accepting better jobs or starting their own businesses. In 2023, a proposed ban on non-competes drew more than 26,000 public comments, with more than 95 percent in favor.

(5) Employment is stacked against ordinary people when wage theft costs workers as much as $50,000,000,000 each year—more than 3 times the FBI's 2019 estimate of all property-crime losses nationwide.

(6) Employment is stacked against ordinary people when surveillance-based wage setting and algorithmic management allow employers to individualize coercion, suppress wages, and manipulate workers in ways that weaken solidarity and ordinary market competition.

(7) Employment is stacked against ordinary people when workers are restrained from organizing, striking, bargaining, or acting collectively. Even when workers unionize, employer delay can delay delivery of tangible benefits, as demonstrated by the first Amazon warehouse to unionize in 2022, which still has no first contract.

(8) Employment is stacked against ordinary people when employers receive public money and then use that support to finance layoffs or outsourcing that hollows out the communities the public money was supposed to strengthen.

(9) Maritime capacity illustrates the broader industrial problem. In 2023, shipyards in the People's Republic of China had more than 1,700 shipbuilding orders for oceangoing vessels, while shipyards in the United States had fewer than 5, demonstrating the interconnectedness of industrial policy, workforce policy, and national security.

(10) Public production and predictable demand can reduce public costs, limit monopoly markups, create meaningful employment, and rebuild domestic capacity in shipbuilding,

semiconductors, medicines, energy infrastructure, transportation equipment, food system infrastructure, and other strategic sectors.

(b) Purpose.—The purpose of this title is to unstack employment by making work in the United States more secure, fair, accessible, democratic, and productive as part of promoting the general welfare.

<u>Subtitle A—Public Employment and Income Security</u>

SEC. 811. AMERICAN UNION JOBS PROGRAM.

(a) Findings.—Congress finds the following:

(1) America has sufficient resources to ensure that none of its citizens must live in poverty. The easiest, simplest way to do so is with universal, unconditional basic income (UBI), a regular amount of cash distributed to all citizens. In *The Road to Serfdom*, Hayek advocated for assuring "some minimum of food, shelter, and clothing" to everyone. However, individuals are best suited to decide what their specific needs are; providing fungible cash gives people the liberty to make their own choices.

(2) It is the unconditionality and universality that brings many of the intangible benefits of UBI. Finland's 2018 basic income experiment found recipients experienced increased trust—something America could benefit from—when they felt supported by those around them. Many societal benefits of addressing wealth inequality have been well documented in the book *The Spirit Level: Why Greater Equality Makes Societies Stronger*.

(3) As a form of UBI, the American Union Jobs Program will establish a safety floor that no one can fall beneath, at $20,000 annually for adults, plus $8,000 for children. Allowing tens of millions of our fellow citizens to fall into poverty through the holes in our existing safety net demonstrates that we are failing in our Constitutional duty to promote the general welfare—health, happiness, and prosperity. When combined with Treasury Dollar Bills and a public payment infrastructure, it will also bring millions into the banking system and reduce demand for predatory lending.

(4) The health of the nation will benefit from ending poverty with UBI. In her book *Hand to Mouth: Living in Bootstrap America*, Linda Tirado observed, "Being healthy and being poor are generally mutually exclusive conditions. We all have physical weaknesses, but a rich person gets these tended to before they get out of control. Poor people don't have that luxury."

(5) Consequently, poverty is a tremendous driver of health care usage, although it has not always been that way. 50 years ago, average costs for poor patients were less than those for wealthy patients. In 1992, they reached parity, and by 2008, Medicare spending was 30 percent to 40 percent higher for low-income beneficiaries.

(6) Dr. Richard "Buz" Cooper examined usage rates within the Wisconsin Hospital Referral Regions, where Milwaukee has a 35 percent higher usage rate than the rest of the state, measured in days used per 1,000 people. However, that usage was not uniform within the city. When usage rates were broken out by zip codes, he discovered that the poorest ones had an 85 percent above-average utilization rate, and concluded that lifting up the poor and near-poor residents could decrease hospital utilization by as much as 35 percent. He wrote: "Most of this

increment was due to very high rates of admission and readmission for chronic illnesses, such as congestive heart failure, chronic obstructive pulmonary disease, and diabetes, which were fourfold to sevenfold more frequent among residents of the poverty corridor than among those residing in Milwaukee's affluent suburbs."

(7) Children will gain some of the largest health benefits from UBI. When pregnant mothers are stressed, studies show they can pass along epigenetic hardships to their unborn children, leading to increased risk of many of the health issues Dr. Cooper identified in Milwaukee.

(8) Childhood development is also impacted by economic stress in a household. Adults concerned about issues like rent are less talkative, and the amount of verbal engagement children receive is a key indicator of future success. A 2018 study, *Estimating the Economic Cost of Childhood Poverty in the United States*, found that poverty also increases child maltreatment, which then drives foster care services and other child welfare programs. Their research suggested poverty was the direct cause of 30 percent of the children in the child welfare system.

(9) The lifetime costs of childhood poverty are tremendous: the same study estimated them at $1,030 billion for the cohort of children born in a given year. More than one-third was attributed to crime and incarceration, with another 29 percent coming from reduced lifetime earnings. The authors concluded that "children being raised in poverty do not have the same chances for success as children who are raised in middle- or upper-income families. This contradicts our belief in 'liberty and justice for all.'"

(10) During the 1990s, researchers in the Great Smoky Mountains of North Carolina were studying the long-term psychological impacts of poverty on children there. A few years into the study, profit sharing from a new casino boosted the family incomes of about a quarter of the participants. The resulting control group provided an insight into the familial effects of reducing poverty. Parents reported one-third fewer arguments, less drug and alcohol use, and a 27 percent reduction in the children's behavioral disorder symptoms. When they grew up, they were 22 percent more likely to find a full-time job.

(11) Many of the health benefits are directly attributable to empowering parents to make better decisions for their children; parents all across the economic spectrum tend to spend extra money on their kids when they can. Fruits, vegetables, and other healthier foods in the house are one common result of basic income experiments. In Alaska, babies who got a $1,000 oil dividend in their first year of life were 4.5 percent less likely to be obese, compared to those who first benefited as toddlers.

(12) American Union Jobs recognize the value in the work that everyone does, even if it is not employment. UBI will allow many families to consider having a parent stay home during a child's formative years, further strengthening families. Proposals to address poverty with a higher minimum wage miss important boons like this one, because they only benefit those who work for financial compensation. UBI is an unconditional $20,000 annual raise for every adult. It offers greater freedom to decide for oneself how to allocate time between work and leisure.

(13) The cliche of the starving artist is well known. With UBI to provide a minimum level of income, it is easy to imagine art colonies springing up, with people pooling their incomes and sharing a house while they pursue their art. Others will form cooperatives around different businesses or industries. One can picture artisans working together to run small factories or

farms, video game studios, or boutique offerings of all sorts. With America enmeshed in the world wide web, the demand for global entrepreneurial services can be provided from anywhere.

(14) For those engaged in traditional employment, American Union Jobs will provide greater liberty in choosing an employer, freeing people to seek right livelihood. They will also enable greater civic engagement. In 2011, Occupy Wall Street needed about $1,000 each day for food in Zuccotti Park. While people made sacrifices to be there, it was unsustainable. American Union Jobs bring the power to petition our government for redress of grievances. At $55 a day per adult, campaigns could literally occupy Washington.

(15) UBI unlocks large amounts of human potential that is currently trapped by poverty. The impact of economic stress has been tested in many ways, such as evaluating farmers in India before and after the harvest. The distraction of insecurity has been found to lower IQ by 13 points, and to increase the number of errors factory workers make.

(16) Unsurprisingly, poverty is also a driver of crime. Basic economic principles suggest people commit crimes if the benefits outweigh the cost, so poor people have a higher rate of return. Alaska discovered that property crimes fell about 8 percent in the 2 weeks after their annual oil dividend was distributed.

(17) This influence works in both directions: the criminal justice system disproportionately includes people in the lower quintiles of income. A 2009 Villanova University study concluded mass incarceration has increased the US poverty rate by an estimated 20 percent. A family's probability of being poor is 40 percent greater if the father is imprisoned.

(18) Many Americans would use their UBI to pay down student loans or other debt. As productivity has increased since the 1970s, wages have not kept up with those gains, resulting in an economic gap between the amount of wages earned in the economy and the value of goods produced for sale. That structural deficit, which has been temporarily filled in with increasing consumer debt, can only be permanently bridged by an external source of income—or, alternately, negated by widespread defaults. American Union Jobs are essential to the continued prosperity of our nation.

(19) Although they are unconditional—no one can be fired from an American Union Job any more than they can be fired from being an American—they do include job duties. They are a regular reminder of the 5 duties enumerated in the Preamble: establish justice, insure domestic tranquility, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity.

(20) Even the rare individual who does nothing productive in a given week is promoting the general welfare [prosperity] by spending their UBI, bridging that structural gap between wage income and productive output. This will rejuvenate local economies all around the nation, as small businesses reap the rewards of new paying customers. An economy powered by UBI is a trickle-up economy; money is spent multiple times as it works its way up the economic ladder.

(21) As Americans, we can cooperate to ensure all of us have enough to meet our basic needs. That gives us greater freedom from economic coercion, providing the ability to walk away from abusive or exploitative relationships. The liberty to make meaningful choices about our lives is a critical component of happiness.

(b) Purpose.—The purpose of the American Union Jobs Program is to—

(1) promote the general health, happiness, and prosperity;

(2) remind every citizen of the United States of our duties to each other; and

(3) end poverty.

(c) Chapter 7 of title 42, United States Code, is amended by inserting after subchapter XXI the following:

"SUBCHAPTER XXII—AMERICAN UNION JOBS PROGRAM

"SEC. 1398a. Definitions.

"SEC. 1398b. American Union Jobs Program.

"SEC. 1398c. Basic wage.

"SEC. 1398d. Monthly eligibility and payment components.

"SEC. 1398e. Child payments and redirection.

"SEC. 1398f. Baby bonus and expectant mother payments.

"SEC. 1398g. Administration, payment delivery, and protections.

"Sec. 1398a. Definitions.

"In this subchapter:

"(1) Adult.—The term 'adult' means, with respect to a calendar month, a citizen of the United States who, on the 1st day of that month, has attained the age of 18 or is legally emancipated under State law.

"(2) American Union Job.—The term 'American Union Job' means the voluntary civic responsibilities of a citizen of the United States who receives unconditional payments under the American Union Jobs Program.

"(3) American Union Jobs Program.—The term 'American Union Jobs Program' means the program established under this subchapter.

"(4) Apprentice wage.—The term 'apprentice wage' means an amount that is two-fifths of the basic wage.

"(5) Basic wage.—The term 'basic wage' means the amount calculated under section 1398c.

"(6) Child.—The term 'child' means, with respect to a calendar month, a citizen of the United States who is not an adult on the 1st day of that month.

"(7) Commissioner.—The term 'Commissioner' means the Commissioner of the Social Security Administration.

"(8) Treasury transaction account.—The term 'Treasury transaction account' means a Treasury transaction account established or maintained under section 623 of the POPULIST Act.

"(9) Expectant mother.—The term 'expectant mother' means a citizen of the United States who is pregnant.

"(10) Job duties.—The term 'job duties' means the voluntary civic duties of each citizen of the United States, individually and collectively as part of We the People, drawn from the Preamble to the Constitution of the United States—

"(A) to establish justice;

"(B) to ensure domestic tranquility;

"(C) to provide for the common defense;

"(D) to promote the general welfare; and

"(E) to secure the blessings of liberty to ourselves and our posterity.

"(11) Minor parent.—The term 'minor parent' means, with respect to a calendar month, a parent who, on the 1st day of that month, has not attained the age of 18 and is not legally emancipated under State law.

"(12) Office.—The term 'Office' means the Office of the American Union Jobs Program established under section 1398b(a).

"(13) Parent.—The term 'parent' means, with respect to a child for a calendar month, a biological parent, adoptive parent, legal guardian, or other person with legal custody of the child on the 1st day of that month, except that such term does not include any person whose parental rights, guardianship authority, or legal custody with respect to the child has been terminated by court order.

"(14) Prenatal payment.—The term 'prenatal payment' means an amount equal to one-fortieth of the basic wage.

"(15) Redirected portion.—The term 'redirected portion' means the portion of a child payment under section 1398e that is payable to—

"(A) 1 or more parents; or

"(B) a representative payee.

"(16) Representative payee.—The term 'representative payee' means an individual or organization approved or selected by the Commissioner under section 1398g(e).

"(17) Secretary.—The term 'Secretary' means the Secretary of the Treasury.

"(18) Unconditional payment.—The term 'unconditional payment' means a payment that, except as expressly provided in this subchapter and once payable under this subchapter, must be made and may not be denied, reduced, delayed, or withheld for any reason, including age, ancestry, arrest record, bankruptcy, criminal conviction, debt or other liability, gender, geographic location, incarceration, income, marital status, occupation, race, religion, or sexual orientation.

"Sec. 1398b. American Union Jobs Program.

"(a) Office.—There is established within the Social Security Administration an office to be known as the Office of the American Union Jobs Program, which shall be headed by a Deputy Commissioner for American Union Jobs, appointed by the Commissioner.

"(b) Establishment.—Within the Office there is established the American Union Jobs Program, and every citizen shall have an American Union Job.

"(c) Purpose.—The purpose of the American Union Jobs Program is to provide a universal safety floor for citizens of the United States through unconditional payments that support the ability of each citizen to live with dignity, participate in the civic life of the United States, and fulfill the job duties of We the People.

"(d) Civic reminders.—Not later than 30 days after an adult is first credited a payment under this subchapter, and not less frequently than annually thereafter, the Commissioner, acting through the Office, shall provide the adult with a notice that—

"(1) explains the citizen will receive a Treasury Recurring Unconditional Monetary Payment for each month in such citizen's Treasury transaction account;

"(2) provides the text of the Preamble to the Constitution of the United States, identifies its 5 duties, and explains that they are the civic duties of citizenship;

"(3) explains that under the American Union Jobs Program, each citizen is an independent agent with the freedom and liberty to fulfill such duties however the citizen sees fit, and such duties are not conditions of payment; and

"(4) invites each citizen to consider how they might, individually and collectively, help to—

"(A) establish justice;

"(B) ensure domestic tranquility;

"(C) provide for the common defense;

"(D) promote the general welfare; and

"(E) secure the blessings of liberty to ourselves and our posterity.

"(e) Office duties.—The Office shall—

"(1) administer the American Union Jobs Program;

"(2) enroll every citizen of the United States in the American Union Jobs Program;

"(3) establish and maintain the system of records required under subsection (f);

"(4) determine monthly eligibility and payment components under this subchapter;

"(5) coordinate with the Secretary to deliver payments through Treasury transaction accounts;

"(6) establish procedures for child payments, redirected portions, unredirected portions, parental reallocation, representative payees, and expectant mother payments;

"(7) hire personnel and make employment decisions with respect to such personnel;

"(8) enter into cooperative agreements under subsection (g);

"(9) prevent fraud and abuse in enrollment, identity verification, account routing, representative payee administration, and other administrative functions, consistent with the unconditional nature of payments under this subchapter;

"(10) protect the privacy and security of records maintained under this subchapter;

"(11) maintain a website and other accessible information portals for the public;

"(12) provide accessible procedures for citizens and payees to update relevant information, correct errors, claim missed payments, and appeal adverse determinations;

"(13) provide the civic reminders required under subsection (d); and

"(14) carry out such other duties as the Commissioner determines necessary to administer this subchapter.

"(f) System of records.—The system of records maintained under subsection (e)(3) may include, for each person or entity as necessary to administer this subchapter—

"(1) legal name;

"(2) contact information, including mailing address, telephone number, and email address;

"(3) place and date of birth;

"(4) Social Security number or other identifying number;

"(5) the Treasury transaction account to which payments will be credited;

"(6) information identifying parents and the allocation of child payments under section 1398e;

"(7) information identifying a representative payee, if applicable;

"(8) preferred payment frequency; and

"(9) any other information that the Commissioner determines relevant and necessary to administer this subchapter.

"(g) Cooperative agreements and data.—

"(1) In general.—The Commissioner, acting through the Office, may enter into cooperative agreements with Federal, State, Tribal, territorial, and local agencies and other persons as necessary to verify facts relevant to the administration of this subchapter.

"(2) Health care verification.—A cooperative agreement with a licensed health care practitioner or health care facility may be used only to verify facts relevant to expectant mother payments under section 1398f.

"(3) Privacy and data minimization.—A cooperative agreement under this subsection shall include safeguards to protect privacy and limit the collection, use, and disclosure of information to the information necessary to administer this subchapter.

"Sec. 1398c. Basic wage.

"(a) Initial basic wage.—For calendar year 2027, the basic wage shall be $20,000.

"(b) Inflation adjustment.—

"(1) In general.—For calendar year 2028 and each calendar year thereafter, the basic wage shall be the amount determined by increasing the basic wage for the preceding calendar year by the percentage determined under paragraph (2), subject to paragraphs (3) and (4).

"(2) Percentage.—The percentage determined under this paragraph for a calendar year shall be the percentage of the 12-month change in the Consumer Price Index for All Urban Consumers (CPI-U) ending August 31 of the preceding calendar year.

"(3) No decrease.—If the percentage determined under paragraph (2) is zero or less than zero, the basic wage for the calendar year shall be equal to the basic wage for the preceding calendar year.

"(4) Rounding.—If the basic wage determined under this subsection is not a multiple of $60, such amount shall be rounded up to the next multiple of $60.

"(c) Announcement and publication.—For calendar year 2028 and each calendar year thereafter, the Commissioner shall announce and publish the basic wage and apprentice wage for the following calendar year at the same time the Commissioner announces the cost-of-living adjustment for benefits under title II of the Social Security Act, or as soon as practicable thereafter.

"Sec. 1398d. Monthly eligibility and payment components.

"(a) Monthly determination.—

"(1) In general.—For each calendar month, the Commissioner shall determine eligibility and payment components under this subchapter based on facts existing on the 1st day of that month, and a payment component under this subchapter shall not be prorated or increased based on a change in fact that occurs after the 1st day of such month.

"(2) Death during month.—A person's entitlement to any payment component for that month shall vest on the 1st day of that month and, in case of death, shall be payable to the person's estate or other person lawfully entitled to receive such property, except that a payment issued for a calendar month beginning after the death of the person whose status gave rise to the payment may be recovered from the payee or the payee's estate.

"(3) Exceptions.—An initial payment described in section 1398f(c), a baby bonus described in section 1398f(a), and a catch-up payment described in section 1398g(d) may be made without regard to paragraph (1).

"(b) Components.—For each calendar month, payment components under this subchapter are additive and include—

"(1) an adult monthly component under subsection (c);

"(2) the unredirected portion of a child payment under section 1398e;

"(3) 1 or more redirected portions of child payments under section 1398e; and

"(4) a prenatal payment under section 1398f(b).

"(c) Adult monthly component.—For each calendar month, each adult shall be entitled to an adult monthly component equal to one-twelfth of the basic wage for the calendar year that includes that month.

"(d) Payment frequency.—

"(1) In general.—The Commissioner shall provide payments under this subchapter not less frequently than monthly and shall permit a person entitled to payment to elect more frequent installments when administratively practicable.

"(2) Effect of more frequent installments.—An election under paragraph (1) shall not alter the total amount payable for a calendar month, as determined under subsection (a)(1).

"Sec. 1398e. Child payments and redirection.

"(a) Child payment.—For each calendar month, the Commissioner shall provide a payment for each child equal to one-twelfth of the apprentice wage for the calendar year that includes that month.

"(b) Division of child payment.—

"(1) In general.—For each calendar month, the amount described in subsection (a) shall be divided into—

"(A) the redirected portion (as determined under paragraph (2) or (3)), which shall be payable under subsection (c); and

"(B) the unredirected portion, which shall remain an unconditional payment payable to the child's Treasury transaction account.

"(2) Redirection schedule.—For each calendar month, the redirected portion of the amount described in subsection (a) shall be determined based on the age of the child on the 1st day of that month as follows:

"(A) For a child who has not attained the age of 8, 99 percent.

"(B) For a child who has attained the age of 8 but not 9, 95 percent.

"(C) For a child who has attained the age of 9 but not 10, 90 percent.

"(D) For a child who has attained the age of 10 but not 11, 85 percent.

"(E) For a child who has attained the age of 11 but not 12, 80 percent.

"(F) For a child who has attained the age of 12 but not 13, 75 percent.

"(G) For a child who has attained the age of 13 but not 14, 70 percent.

"(H) For a child who has attained the age of 14 but not 15, 65 percent.

"(I) For a child who has attained the age of 15 but not 16, 60 percent.

"(J) For a child who has attained the age of 16 but not 17, 55 percent.

"(K) For a child who has attained the age of 17, 50 percent.

"(3) Redirection adjustment by parents.—The redirected percentage for a calendar month may be reduced by unanimous agreement of all parents of the child. Revocation of such agreement shall take effect, and paragraph (2) shall apply, beginning with the subsequent calendar month.

"(c) Allocation of redirected portion.—

"(1) In general.—Unless otherwise provided for by this subsection or subsection (d), the redirected portion shall be allocated equally among the parents of the child.

"(2) Express legal allocation.—If a court order, guardianship record, custody record, or other legal record expressly allocates the redirected portion for a given month, the redirected portion shall be allocated in accordance with that record.

"(3) Allocation adjustment by parents.—If paragraph (2) does not apply, the allocation shares may be adjusted unequally among 1 or more parents by unanimous agreement of all parents of the child. Revocation of such agreement shall take effect, and paragraph (1) shall apply, beginning with the subsequent calendar month.

"(4) Allocation by custody schedule.—

"(A) In general.—If paragraphs (2) and (3) do not apply, any parent may request allocation based on time of residential responsibility under a current court order. The redirected portion shall be allocated proportionally based on the number of days of residential responsibility in a 12-month period under that order.

"(B) Fractional days calculation.—For purposes of this paragraph, the 24 hours of any calendar day with shared residential responsibility shall be tabulated for each parent as follows:

"(i) for less than 10 hours of residential responsibility, as 8 hours;

"(ii) for 10 hours through 14 hours of residential responsibility, as 12 hours; and

"(iii) for more than 14 hours of residential responsibility, as 16 hours.

"(d) Minor parent allocation rule.—

"(1) In general.—If 1 or more parents of a child are minor parents on the 1st day of a calendar month, the redirected portion for that child for that month shall be allocated under this subsection.

"(2) Allocation to mother.—

"(A) In general.—The redirected portion for such child shall be allocated to the parent who gave birth to the child until paragraph (1) no longer applies.

"(B) Exception.—If the parent who gave birth to the child is not living, cannot be identified, or is not a parent of the child on the 1st day of such calendar month, the Commissioner shall allocate the redirected portion in the manner most consistent with this section.

"(3) Further redirection for minor mother.—If an amount is allocated under paragraph (2) to a parent who is a minor parent, such payment shall be allocated in accordance with this section as though the minor parent were a child, without regard to the citizenship of the minor parent.

"(e) Protective and fallback rules.—The Commissioner shall establish rules to administer redirection under this section in cases involving an unknown parent, deceased parent, terminated parental rights, protective order, foster care placement, guardianship change, adoption, or other change in legal or residential responsibility, provided that—

"(1) if no parent or representative payee can be identified for a child on the 1st day of a calendar month, the payment shall be made pursuant to subsection (a) without redirection;

"(2) a State, local, or private foster care agency may receive a redirected portion of a payment under subsection (a) only to the extent expressly authorized by court order or by regulations issued by the Commissioner to protect the interests of the child; and

"(3) any representative payee receiving a redirected portion under this section shall act as a fiduciary for the use and benefit of the child.

"(f) No restriction on redirected payments to parents.—A redirected portion paid to a parent shall not be subject to any requirements or conditions.

"Sec. 1398f. Baby bonus and expectant mother payments.

"(a) Baby bonus.—

"(1) In general.—When the Commissioner has been provided with verification that an expectant mother gave birth to 1 or more infants born alive, the Commissioner shall promptly provide a payment to such mother in an amount equal to the difference between—

"(A) the product obtained by multiplying—

"(i) three-tenths of the basic wage for the calendar year that includes the date of birth; by

"(ii) the number of such infants; and

"(B) the sum of all payments made under this section with respect to the pregnancy, including—

"(i) all prenatal payments; and

"(ii) the initial payment calculated under subsection (c).

"(2) No reduction in child payment.—A payment under this subsection shall not reduce, delay, or offset any payment to or for the child under section 1398d or 1398e.

"(b) Prenatal payments.—

"(1) In general.—An expectant mother shall be entitled to monthly prenatal payments for a pregnancy if—

"(A) the Commissioner has been provided with verification of the expectant mother's pregnancy, including an expected delivery date; and

"(B) the expectant mother agrees to repay any payment made under this section with respect to the pregnancy if the expectant mother electively terminates the pregnancy, unless exempted under subsection (e)(2).

"(2) Monthly payment.—Beginning with the 1st calendar month after the calendar month in which the requirements of paragraph (1) are met, and continuing through the calendar month in which the pregnancy ends, the Commissioner shall pay the expectant mother 1 prenatal payment for each calendar month during which the expectant mother is pregnant on the 1st day of the month.

"(3) No effect on other payments.—A decision not to enter into an agreement under paragraph (1)(B) shall not affect any payment under this subchapter other than a payment under this subsection and subsection (c).

"(c) Initial payment.—As soon as practicable after an expectant mother qualifies for prenatal payments under subsection (b), the Commissioner shall pay the expectant mother an initial payment equal to—

"(1) four-fifteenths of the basic wage for the calendar year in which the expectant mother qualifies for prenatal payments under subsection (b); minus

"(2) the product of—

"(A) the amount of a prenatal payment for the calendar month in which the expectant mother qualifies for prenatal payments under subsection (b); and

"(B) the number of calendar months, beginning with the 1st calendar month after the calendar month in which the expectant mother qualifies for prenatal payments under subsection (b) and ending with the calendar month that includes the expected date of delivery, during which, based on the verification received under subsection (b), the pregnancy is expected to exist on the 1st day of the month.

"(d) Pregnancy ending without live birth.—If a verified pregnancy ends by miscarriage, stillbirth, or a termination described in subsection (e)(2), the expectant mother shall not be required to repay any amount paid under this section.

"(e) Repayment obligation.—

"(1) In general.—Except as provided in paragraph (2), if an expectant mother receives a payment under this section and electively terminates the pregnancy, the amount paid under this section for that pregnancy shall be a debt owed to the United States.

"(2) Exceptions.—Paragraph (1) shall not apply if, in the appropriate medical judgment of the attending health care practitioner or practitioners—

"(A) the abortion is medically indicated to protect the life or health of the expectant mother; or

"(B) a lethal fetal abnormality makes it improbable that the infant would survive until the infant's 1st birthday.

"(3) Collection limitation.—A debt under paragraph (1) may not be collected by denying, reducing, suspending, offsetting, garnishing, attaching, assigning, alienating, levying on, or withholding any payment under this subchapter, except pursuant to a voluntary authorization described in section 1398g(f)(4).

"(f) Confidentiality.—The Commissioner shall protect information received under this section in a manner that preserves the privacy, dignity, and medical confidentiality of the expectant mother.

"Sec. 1398g. Administration, payment delivery, and protections.

"(a) Source of funds.—Payments under this subchapter shall be paid exclusively from the American Value Fund established by section 623(b)(5) of the POPULIST Act.

"(b) Commencement of payments.—Payments under this subchapter shall commence with the 1st calendar month that begins on or after the later of—

"(1) January 1, 2027; or

"(2) the launch date designated under section 623(e)(4) of the POPULIST Act and described in section 623(e)(5) of that Act.

"(c) Payment delivery.—The Commissioner, in coordination with the Secretary, shall ensure that, in the amounts, allocations, and timing required by this subchapter—

"(1) each payment component payable directly to a citizen under this subchapter is credited to the citizen's Treasury transaction account established under section 623(b)(1) of the POPULIST Act;

"(2) each redirected portion payable to a parent under section 1398e is credited to the appropriate Treasury transaction account for that parent; and

"(3) each representative payee payment or other payment managed by another person or entity for the use and benefit of a citizen is credited to the appropriate Treasury transaction account for that person or entity.

"(d) No loss of entitlement.—For any calendar month beginning on or after the month described in subsection (b), a person otherwise eligible but not enrolled in the American Union Jobs Program or not assigned a Treasury transaction account shall, upon such condition being remedied, receive a catch-up payment sufficient to make the person whole.

"(e) Representative payees.—

"(1) In general.—If the Commissioner determines that a citizen entitled to a payment under this subchapter is unable to manage or direct the management of the payment, the Commissioner may approve a representative payee, or, if no suitable proposed representative payee is available, select a representative payee, to receive, manage, or direct the management of the payment for the use and benefit of the citizen.

"(2) Evidence.—In approving or selecting a representative payee, the Commissioner may consider a power of attorney, guardianship order, advance designation, family relationship, caregiving relationship, or other reliable evidence.

"(3) Individual or organization.—A representative payee may be an individual or organization.

"(4) Fiduciary standard.—A representative payee shall act as a fiduciary for the use and benefit of the citizen entitled to the payment.

"(5) No effect on eligibility or amount.—Approval or selection of a representative payee shall not reduce the amount of any payment under this subchapter or make the citizen ineligible for such payment.

"(6) Not assignment or alienation.—Payment to a representative payee under this subsection shall not constitute assignment or alienation of an unconditional payment.

"(7) Misuse.—If the Commissioner determines that a representative payee has misused, converted, or failed to manage a payment for the use and benefit of the citizen entitled to the payment, the Commissioner shall take appropriate protective action, which may include revoking the designation, approving or selecting a successor representative payee, requiring accounting or restitution, or referring the matter for enforcement.

"(f) Payment protection and voluntary authorizations.—

"(1) Protection from legal process.—No payment under this subchapter, and no amount attributable to such payment while held in the recipient's Treasury transaction account, may be subject to garnishment, assignment, offset, alienation, bankruptcy or insolvency proceeding, or any other legal or equitable process under Federal, State, or local law.

"(2) Payment coding.—The Commissioner, in coordination with the Secretary, shall ensure that each payment under this subchapter is designated as a protected Federal benefit payment, including through use of the characters 'XX' in the Company Entry Description field, any applicable payment type code, and any other protection mechanism under part 212 of title 31, Code of Federal Regulations, or any successor regulation, system, or payment infrastructure.

"(3) No collection by reduction.—No payment under this subchapter may be reduced, offset, or withheld to collect any debt, tax, or other obligation.

"(4) Voluntary authorizations permitted.—

"(A) In general.—Notwithstanding paragraph (3), a person may authorize—

"(i) repayment of a debt owed under this subchapter from a future payment under this subchapter if such authorization is made after the debt arises; or

"(ii) voluntary withholding of taxes from a payment under this subchapter pursuant to a request made by the person entitled to the payment, or by the person's representative payee, in accordance with section 3402(p)(1) of the Internal Revenue Code of 1986 (26 U.S.C. 3402(p)(1)). (For purposes of such section, a payment under this subchapter shall be treated as a specified Federal payment.)

"(B) Revocation.—An authorization under this paragraph may be revoked by the person who made the authorization.

"(C) No condition.—An authorization under this paragraph may not be required as a condition of eligibility, payment, enrollment, account access, representative payee designation, error correction, appeal, or any other service under this subchapter.

"(g) Treatment under Social Security Act.—A payment under this subchapter shall not be treated as wages under section 209 of the Social Security Act (42 U.S.C. 409) and shall not be treated as substantial gainful activity for purposes of title II or title XVI of such Act.

"(h) Rule of construction for taxes and benefits.—Except as provided in subsection (g), nothing in this subchapter shall be construed to exclude a payment under this subchapter from gross income or to require the payment to be disregarded for purposes of determining eligibility for, or the amount of, any Federal benefit.

"(i) Implementation and rulemaking.—

"(1) Interim final rules.—Not later than 60 days after the date of enactment of the POPULIST Act, the Commissioner, in consultation with the Secretary, shall issue interim final rules to carry out this subchapter.

"(2) Effect of rules.—The interim final rules issued under paragraph (1)—

"(A) shall take effect upon publication in the Federal Register;

"(B) shall have the force and effect of law; and

"(C) shall remain in effect until superseded by final rules issued under paragraph (5).

"(3) Rulemaking requirements.—The interim final rules under paragraph (1) may be issued without regard to section 553 of title 5, United States Code.

"(4) Public comment.—The Commissioner shall provide a public comment period of not less than 60 days after publication of the interim final rules.

"(5) Final rules.—Not later than December 31, 2027, the Commissioner, in consultation with the Secretary, shall issue final rules to carry out this subchapter.

"(6) No loss of entitlement.—A delay in issuance of rules or promulgation of final rules shall not extinguish or reduce any entitlement to a payment required under this subchapter.

"(j) Additional regulations, guidance, forms, and procedures.—The Commissioner, in coordination with the Secretary, may issue regulations, guidance, forms, and procedures necessary to carry out this subchapter.".

(d) Conforming amendment to definition of wages.—Section 209(a) of the Social Security Act (42 U.S.C. 409(a)) is amended—

(1) in paragraph (19)(B), by striking "or" at the end;

(2) in paragraph (20), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(21) any payment under subchapter XXII of chapter 7 of title 42, United States Code, relating to the American Union Jobs Program.".

(e) Repeal of child tax credit.—

(1) In general.—Section 24 of the Internal Revenue Code of 1986 is repealed.

(2) Clerical amendment.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 24.

(3) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2026.

(f) Administrative funding.—

(1) Startup funding.—There is appropriated to the Social Security Administration, out of amounts in the Treasury not otherwise appropriated, $2,000,000,000, to remain available until September 30, 2028, to administer the American Union Jobs Program, including amounts necessary to establish the Office of the American Union Jobs Program, enroll eligible citizens, coordinate with the Department of the Treasury, issue interim final and final rules, maintain records and public information portals, and carry out the payment, representative payee, appeal, correction, and privacy functions required under subchapter XXII of chapter 7 of title 42, United States Code.

(2) Dedicated administrative funding.—For fiscal year 2029 and each fiscal year thereafter, amounts transferred to the Social Security Administration pursuant to chapter 7 of subtitle A of the Internal Revenue Code of 1986 for administration of the American Union Jobs Program shall remain available until expended.

(3) Repayment of initial appropriation.—Amounts appropriated pursuant to paragraph (1) shall be repaid to the Treasury not later than September 30, 2036.

(4) Budgetary treatment.—Amounts transferred under paragraph (2) shall be treated as offsetting receipts for purposes of the Congressional Budget Act of 1974.

SEC. 812. AMERICAN UNION EMPLOYMENT GUARANTEE.

(a) Findings.—Congress finds the following:

(1) Productive work performed in service to the public strengthens democratic participation, social trust, and economic stability.

(2) The Federal Government has the capacity to serve as an employer of last resort by offering a public option for paid employment.

(3) Providing voluntary access to paid employment complements income support programs by enabling individuals to contribute labor, develop skills, and maintain attachment to the workforce.

(4) Investments in education, training, public infrastructure, caregiving, digital services, and cooperative enterprise generate long-term public value.

(5) A federally funded employment program that operates continuously and adapts to economic conditions can function as an automatic stabilizer during economic downturns.

(6) Employment programs should be designed to supplement, and not displace, existing workers or undermine labor standards.

(7) Transparency, accountability, and continuity of employment are essential to maintaining public trust in federally funded employment programs.

(b) In this section:

(1) American Union Employment.—The term "American Union Employment" means voluntary, federally funded employment made available to eligible individuals under this section.

(2) Eligible individual.—The term "eligible individual" means any adult citizen of the United States.

(3) Employment hub.—The term "employment hub" means a State, regional, or other administrative entity designated by the Secretary to coordinate job placements, oversee participating projects, and ensure compliance with this section.

(4) Participating entity.—The term "participating entity" means a person approved to host American Union Employment placements.

(5) Project sponsor.—The term "project sponsor" means a person that submits a proposed public value project approved under subsection (e)(4), whether or not such person is approved as a participating entity.

(6) Public value project.—The term "public value project" means a project that provides new or additional public benefit.

(7) Secretary.—The term "Secretary" means the Secretary of Labor.

(c) Public option for employment.—

(1) Establishment.—The Secretary shall establish and administer a program of American Union Employment to provide a public option for paid employment to eligible individuals.

(2) Universal employment access.—Not later than January 1, 2028, the Secretary shall ensure that any eligible individual who seeks employment under this section is offered an employment placement not later than 14 days after the date of application.

(3) Fallback placement.—If no placement through an employment hub or participating entity is available within the period described in paragraph (2), the Secretary shall offer the eligible individual a federally administered placement, remote placement, education or training placement, temporary public service placement, or other placement sufficient to satisfy the guarantee under this subsection until a placement through an employment hub or participating entity becomes available.

(4) Continued eligibility.—An eligible individual who declines, leaves, or completes a placement under this section shall remain eligible to seek a new placement under this section.

(5) Voluntary participation.—Participation in American Union Employment shall be voluntary, and no individual shall be required to participate as a condition of receiving any other benefit or assistance under Federal law.

(6) No means or employment test.—Access to American Union Employment shall not be conditioned on income level, employment status, or participation in any work search, job readiness, or job placement program.

(7) Relationship to other income support.—Employment offered under this section shall be paid employment and shall be structured to complement, and not replace, other forms of income support provided under Federal law.

(d) Employment status, responsible employing entity, compensation, hours, and benefits.—

(1) Employment status.—An eligible individual placed in employment under this section shall be treated as an employee for purposes of Federal, State, and local labor and employment laws.

(2) Responsible employing entity.—For each placement under this section, the Secretary shall designate the Department of Labor, an employment hub, a participating entity, or another appropriate entity as the responsible employing entity for purposes of payroll administration, tax withholding, benefits administration, workers' compensation, unemployment insurance, workplace supervision, recordkeeping, and compliance with applicable Federal, State, and local labor and employment laws.

(3) Compensation.—

(A) Base compensation.—The Secretary shall establish a base wage for employment under this section of not less than $15 per hour for calendar year 2028. For calendar year 2029 and each calendar year thereafter, the minimum base wage shall equal the minimum base wage for the preceding calendar year increased by the percentage increase, if any, in the Consumer Price Index for All Urban Consumers for the 12-month period ending August 31 of the preceding calendar year, rounded up to the nearest $0.05. The Secretary shall publish the adjusted minimum base wage not later than October 31 of the preceding calendar year.

(B) Higher applicable wage not prohibited.—Nothing in this section shall be construed to prohibit the payment of a wage greater than the base wage established under subparagraph (A) or to limit the application of any higher wage required under any other provision of law.

(C) Prevailing wage for construction and public works.—In the case of employment under this section involving construction, alteration, or repair, including painting and decorating, of a public building or public work, the Secretary shall require payment of wages at rates not less than those prevailing for corresponding classes of laborers and mechanics employed on projects of a character similar in the civil subdivision of the State in which the work is performed, as determined under subchapter IV of chapter 31 of title 40, United States Code.

(4) Hours of employment.—

(A) In general.—Employment under this section may be offered on a part-time or full-time basis, as determined by the Secretary, employment hubs, and participating entities, in consultation with the eligible individual.

(B) Predictable scheduling.—The Secretary shall establish standards for fair and predictable scheduling under this section, including standards for advance notice of work schedules, schedule changes, and voluntary acceptance of additional hours.

(5) Benefits.—Individuals employed under this section shall be entitled to—

(A) paid sick leave; and

(B) paid time off, as determined by the Secretary.

(6) Prohibited conditions.—Employment under this section shall not be conditioned on—

(A) acceptance of full-time work where part-time work is available;

(B) the waiver of labor protections provided under Federal law; or

(C) the loss of eligibility for other Federal benefits solely by reason of participation in American Union Employment.

(e) Employment hubs, participating entities, and project origination.—

(1) Administration.—The Secretary shall administer American Union Employment and shall have primary responsibility for carrying out this section.

(2) Standards.—The Secretary shall establish baseline standards applicable to employment under this section, including standards relating to job quality, workplace safety, nondiscrimination, and compliance with applicable Federal labor laws.

(3) Employment hubs.—

(A) Designation.—The Secretary shall designate or establish State, regional, or other administrative entities, to be known as employment hubs, to coordinate job placements under this section.

(B) Functions.—Employment hubs shall—

(i) coordinate the matching of eligible individuals to job placements;

(ii) receive, vet, approve, and coordinate public value project proposals submitted under paragraph (4);

(iii) ensure compliance with standards established under this section;

(iv) serve as points of contact for eligible individuals, project sponsors, and participating entities;

(v) determine, subject to standards established by the Secretary, whether a project sponsor is qualified to host employment placements directly or whether placements should be hosted by another participating entity; and

(vi) maintain a local or regional inventory of approved public value projects and available placements.

(4) Project origination.—A State, local government, Tribal government, school district, public authority, nonprofit organization, accredited educational institution, cooperative, labor organization, worker cooperative, or other person may submit a proposed public value project to the Secretary or an employment hub for approval under this section. Submission or approval of a public value project shall not, by itself, constitute approval to host employment placements under this section.

(5) Participating entities.—The Secretary or an employment hub may approve a person as a participating entity for purposes of hosting employment placements under this section if the person demonstrates—

(A) capacity to supervise eligible individuals;

(B) ability to comply with standards established under this section;

(C) ability to maintain appropriate records;

(D) policies and operational capacity to prevent displacement of existing employees and avoid undercutting existing labor standards; and

(E) ability to protect the health and safety of eligible individuals placed with the person and to comply with the protections provided under this section.

(6) National project registry.—The Secretary shall establish and maintain a publicly accessible national registry of projects funded under this section, including information on project purpose, location, project sponsors, participating entities, and aggregate outcomes.

(f) Eligible projects and employment categories.—

(1) General rule.—The Secretary shall ensure that employment opportunities provide a variety of public value projects organized within the employment categories described in paragraph (2).

(2) Employment categories.—

(A) Education-as-work.—Employment under this category shall permit eligible individuals to engage in full-time or part-time education while receiving compensation under this section.

(i) Eligible activities.—Activities under this category may include enrollment in accredited colleges or universities, community colleges, vocational or technical programs, apprenticeships, preparation for professional certifications, or completion of a high school diploma or equivalent.

(ii) Progress standards.—The Secretary may establish reasonable standards for academic progress, participation, or completion to ensure the effective use of funds under this category.

(iii) Combination with other employment.—Participants may combine education-based employment with employment under other categories described in this subsection, subject to standards established by the Secretary.

(B) Community service corps.—Employment under this category shall consist of projects addressing unmet community needs and providing direct public benefit.

(i) Eligible activities.—Activities may include education support, caregiving assistance, environmental remediation, public space maintenance, housing rehabilitation, food security, disaster preparedness, or other community service activities approved under this section.

(ii) Assignment structure.—Assignments under this category may be short-term or renewable and shall be designed to add capacity without replacing or displacing existing workers.

(C) Public works and infrastructure.—Employment under this category shall consist of projects involving the construction, repair, or modernization of public infrastructure.

(i) Eligible projects.—Projects may include public housing, transportation systems, energy infrastructure, water systems, and broadband deployment.

(ii) Workforce development.—The Secretary shall prioritize projects that provide on-ramps to skilled trades, apprenticeships, or long-term employment in infrastructure-related fields.

(iii) Project duration.—Projects under this category may be multi-year in duration and coordinated through State departments of transportation or public works authorities.

(D) Digital and remote work.—Employment under this category shall consist of projects that may be performed remotely or through digital means.

(i) Accessibility.—Projects under this category shall expand access for individuals with disabilities, caregiving responsibilities, or geographic limitations.

(ii) Eligible activities.—Activities may include digitization of public records, transcription of public documents, virtual education or mentoring, administrative support for public agencies, or technology-enabled public services.

(iii) Support and accommodations.—The Secretary shall ensure that participants have access to necessary training, equipment, and reasonable accommodations.

(E) Transitional employment.—Employment under this category shall consist of time-limited placements intended to support transitions into unsubsidized employment.

(i) Duration.—Placements under this category may be limited in duration as determined by the Secretary and shall be subject to the safeguards under subsection (i).

(ii) Employer partnerships.—The Secretary may authorize partnerships with private sector employers, including incentives for employers that hire participants into positions providing equal or greater compensation, subject to subsection (i).

(F) Innovation and entrepreneurship.—Employment under this category shall support participants seeking to develop socially beneficial enterprises, technologies, or services.

(i) Eligible activities.—Participants may engage in research, development, prototyping, or early-stage business formation while receiving compensation under this section.

(ii) Public benefit.—Projects under this category shall demonstrate potential public benefit, community benefit, industrial benefit, cooperative development, or job creation.

(iii) Duration limits.—The Secretary may establish reasonable limits on the consecutive and cumulative duration of participation under this category.

(G) Cooperative development.—Employment under this category shall support the formation of worker-owned cooperative enterprises.

(i) Integrated living and working arrangements.—Projects under this category may include shared housing arrangements that support collective business development.

(ii) Eligible sectors.—Cooperative enterprises may operate in sectors including services, manufacturing, food production, or technology.

(iii) Training and governance.—The Secretary shall provide, or coordinate access to, training in cooperative governance, legal formation, and business management.

(3) Movement between categories.—The Secretary shall permit eligible individuals to transition between employment categories over time, consistent with program standards, project availability, and individual circumstances.

(g) Project approval and public value standards.—

(1) Approval required.—A public value project may receive placements or funds under this section only if approved by the Secretary or an employment hub in accordance with standards established by the Secretary.

(2) Public value standard.—A public value project shall provide new or additional public benefit, which may include the provision of services, the expansion of institutional capacity, the

development of human capital through education or training, the creation of community or industrial capacity, or another benefit consistent with the purposes of this section.

(3) Examples of public value.—A public value project may provide public value by providing, supporting, or expanding—

(A) direct public services;

(B) education, training, apprenticeship, credentialing, or workforce development;

(C) caregiving, disability support, elder support, youth support, or other community care;

(D) public infrastructure, public works, housing repair, housing construction, maintenance, or resilience;

(E) environmental restoration, conservation, remediation, climate adaptation, or disaster preparedness;

(F) digital public services, public records modernization, civic technology, or administrative capacity for public or nonprofit institutions;

(G) food security, public health, transportation access, or other community needs;

(H) worker cooperative development, community enterprise, socially beneficial entrepreneurship, or innovation;

(I) transition into unsubsidized employment; or

(J) another public benefit consistent with the purposes of this section.

(4) No categorical ranking.—The Secretary may not deny approval of a project solely because the project falls within one category of public value rather than another category of public value.

(5) Required project standards.—The Secretary shall establish standards for project approval, including standards relating to project purpose, supervision, workplace safety, accessibility, nondisplacement, recordkeeping, participant support, and compliance with this section.

(6) Modification and renewal.—The Secretary or an employment hub may approve, modify, renew, suspend, or terminate a public value project in accordance with standards established under this section.

(h) Nondisplacement and anti-undercutting protections.—

(1) Nondisplacement of workers.—Employment under this section shall not be used by a participating entity or project sponsor to displace existing employees.

(2) Workforce integrity.—A participating entity or project sponsor may not reduce its workforce for the purpose of receiving or expanding employment placements under this section.

(3) Labor protections.—Individuals employed under this section shall be protected by applicable Federal labor and employment laws, including laws relating to workplace safety, nondiscrimination, wages and hours, and protection against retaliation.

(4) Anti-undercutting rule.—Employment under this section may not be used to lower wages, reduce benefits, weaken labor standards, avoid collective bargaining obligations, replace contracted work in order to reduce labor costs, or otherwise undermine the terms and conditions of employment for existing employees.

(5) Labor dispute protection.—An eligible individual may not be assigned under this section to perform the work of an employee who is engaged in a strike, lockout, or other labor dispute.

(6) Bargaining unit protection.—If a proposed placement would perform work that is the same as or substantially similar to work performed by employees in a bargaining unit, the Secretary or employment hub shall require consultation with the exclusive representative of such employees before approving the placement.

(7) Enforcement against participating entities and project sponsors.—If the Secretary determines that a participating entity or project sponsor has violated this section, the Secretary may impose corrective actions, including suspension or termination of the entity's participation under this section.

(8) Participant continuity.—In the event of suspension or termination of a participating entity, project sponsor, or public value project under paragraph (7), the Secretary shall ensure that affected individuals are promptly offered alternative employment placements.

(i) Transitional employment safeguards.—

(1) Scope.—This subsection applies to a transitional employment placement with a private sector employer. Nothing in this subsection shall prohibit a temporary, seasonal, term-limited, or project-based placement under another employment category if the placement otherwise satisfies this section.

(2) In general.—A transitional employment placement with a private sector employer may be used only to support an eligible individual's transition into unsubsidized employment and shall be subject to standards established by the Secretary.

(3) Wage subsidy or incentive.—The Secretary may provide a wage subsidy, training subsidy, hiring incentive, retention incentive, or other support to a private sector employer that hires or hosts an eligible individual in a transitional employment placement.

(4) Time limitation.—The Secretary shall establish limits on the duration and cumulative use of subsidies or incentives under this subsection for the same eligible individual and the same private sector employer, except that expiration of such subsidy or incentive shall not terminate the eligible individual's eligibility for employment under this section.

(5) Employer contribution.—A private sector employer may not receive a subsidy or incentive under this subsection unless the employer pays the eligible individual, from funds not provided under this subsection, compensation in addition to the subsidy or incentive in an amount determined by the Secretary, sufficient to ensure that the eligible individual receives

total compensation greater than the compensation the individual would receive in a non-transitional placement under this section.

(6) Conversion to unsubsidized employment.—The Secretary may condition subsidies or incentives under this subsection on commitments by the private sector employer to retain the eligible individual in unsubsidized employment after the subsidy or incentive period, subject to exceptions established by the Secretary for good cause.

(7) Anti-cycling rule.—A private sector employer may not repeatedly use subsidized transitional employment placements to fill the same or substantially similar position without retaining eligible individuals in unsubsidized employment.

(8) Recent layoff restriction.—The Secretary shall deny, suspend, or terminate approval of a private sector employer under this subsection if the employer has, during the preceding 12 months, conducted layoffs, reduced hours, or reduced compensation in the same or substantially similar positions and seeks to use subsidized placements to refill such positions.

(9) Enforcement.—The Secretary may require repayment of subsidies or incentives, impose civil penalties, suspend participation, terminate participation, or impose other remedies for a violation of this subsection.

(j) Funding and appropriations.—

(1) Initial appropriation.—There is appropriated to the Secretary, out of any money in the Treasury not otherwise appropriated, $70,000,000,000 for initial implementation of this section.

(2) Additional sums.—There are appropriated to the Secretary, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for each fiscal year to carry out this section and satisfy the employment access guarantee under subsection (c).

(3) Availability of funds.—Amounts appropriated under this subsection shall remain available until expended.

(4) Use of funds.—Amounts appropriated under this subsection may be used for wages, benefits, payroll costs, training, supervision, program administration, oversight, compliance, data systems, transitional employment subsidies or incentives under subsection (i), and other expenses necessary to carry out this section, including the establishment, acquisition, leasing, construction, renovation, equipping, and operation of employment hubs and related facilities.

(5) Administrative placements.—In carrying out this section, the Secretary shall, to the maximum extent practicable, utilize eligible individuals employed under this section as administrative personnel as part of a workforce development and management training pathway.

(6) Continuity of employment.—The Secretary shall administer funds appropriated under this subsection in a manner sufficient to support continuous access to employment placements consistent with this section.

(7) Demand reporting.—Not later than 90 days after the end of each fiscal year, the Secretary shall submit to Congress and make publicly available a report describing—

(A) the number of eligible individuals who applied for employment under this section;

(B) the number of eligible individuals placed in employment under this section;

(C) the average time between application and placement;

(D) the number of fallback placements provided under subsection (c)(3);

(E) the amount obligated and expended under this subsection;

(F) projected demand for employment under this section for the next fiscal year; and

(G) any administrative, geographic, sectoral, or project-capacity barriers to satisfying the employment access guarantee under subsection (c).

(k) Implementation and rulemaking.—

(1) Interim final rules.—Not later than April 30, 2027, the Secretary shall issue interim final rules to carry out this section.

(2) Effect of rules.—The interim final rules issued under paragraph (1)—

(A) shall take effect upon publication in the Federal Register, except that the Secretary may delay the effective date of a requirement only to the extent necessary to allow orderly implementation;

(B) shall have the force and effect of law; and

(C) shall remain in effect until superseded by final rules issued under paragraph (5).

(3) Rulemaking requirements.—The interim final rules under paragraph (1) may be issued without regard to section 553 of title 5, United States Code.

(4) Public comment.—The Secretary shall provide a public comment period of not less than 60 days after publication of the interim final rules.

(5) Final rules.—Not later than June 30, 2028, the Secretary shall issue final rules to carry out this section.

(6) No delay in statutory guarantee.—A delay in issuance or finalization of rules under this subsection shall not limit, extinguish, or otherwise reduce any entitlement or employment access guarantee established by this section.

(7) Early implementation milestones.—The Secretary shall—

(A) not later than July 1, 2027, begin accepting applications or designations for employment hubs, proposed public value projects, and participating entities;

(B) not later than October 1, 2027, publish an implementation plan for satisfying the employment access guarantee under subsection (c), including plans for fallback placements under subsection (c)(3), staffing, payroll administration, benefits administration, data systems, regional capacity, and project approval; and

(C) not later than January 1, 2028, ensure that the employment access guarantee under subsection (c)(2) is fully operational.

(8) Continuing authority.—The Secretary may issue, amend, and repeal such regulations, rules, guidance, forms, and standards as are necessary to carry out this section, including after issuance of final rules under paragraph (5).

(l) Oversight, transparency, and enforcement.—

(1) Public reporting.—The Secretary shall make publicly available, on a regular basis, information regarding employment placements under this section, including the number of participants, general categories of projects, geographic distribution of placements, use of fallback placements, and aggregate outcomes.

(2) Audits and reviews.—Activities carried out under this section shall be subject to audit and review by the Inspector General of the Department of Labor.

(3) Comptroller General review.—Not later than January 1, 2029, and every 3 years thereafter, the Comptroller General of the United States shall submit to Congress a report evaluating implementation of this section, including—

(A) whether eligible individuals are receiving employment placements within the period required under subsection (c);

(B) whether employment placements are providing public value;

(C) whether employment hubs and participating entities are complying with this section;

(D) whether employment under this section is displacing existing workers or undercutting existing labor standards;

(E) whether transitional employment placements are leading to unsubsidized employment;

(F) whether funds are being used efficiently and consistently with the purposes of this section; and

(G) recommendations for improving administration, accountability, project quality, worker protections, and access to employment placements.

(4) Complaints and whistleblower protections.—The Secretary shall establish procedures for receiving complaints from individuals employed under this section, project sponsors, participating entities, labor organizations, and members of the public and shall ensure appropriate protections against retaliation.

(5) Corrective action.—The Secretary may require corrective action, repayment of funds, suspension or termination of a project sponsor or participating entity, suspension or termination of a public value project, civil penalties, or other remedies as necessary to address violations of this section.

(6) Participant continuity.—The Secretary shall ensure that corrective action under this subsection does not interrupt the employment access guarantee under subsection (c) for an eligible individual who is not responsible for the violation.

(7) Judicial review.—Final agency actions under this section shall be subject to judicial review under chapter 7 of title 5, United States Code.

SEC. 813. UPDATING THE RESOURCE LIMIT FOR SUPPLEMENTAL SECURITY INCOME.

(a) Update in resource limit for individuals and couples.—Section 1611(a)(3) of the Social Security Act (42 U.S.C. 1382(a)(3)) is amended to read as follows—

"(3) (A) The dollar amount referred to in clause (i) of paragraph (1)(B), and in paragraph (2)(B), shall be twice the basic wage calculated in section 1398c.

"(B) The dollar amount referred to in clause (ii) of paragraph (1)(B) shall be the basic wage calculated in section 1398c.".

(b) Effective date and special rule for 2026.—

(1) Effective date.—The amendments made by this section shall take effect on the date of enactment of this Act and shall apply as if enacted on January 1, 2026.

(2) Special rule for 2026.—For purposes of applying section 1611(a)(3) of the Social Security Act (42 U.S.C. 1382(a)(3)), as amended by this section, for any month beginning after December 31, 2025, and before January 1, 2027, section 1398c(a) of title 42, United States Code, as added by section 811 of this Act, shall be applied by substituting "2026" for "2027".

SEC. 814. PAID FAMILY LEAVE.

(a) Findings and purpose.—

(1) Findings.—Congress finds the following:

(A) The United States is one of only a handful of nations that does not protect new mothers by providing paid maternal leave, which is a demonstrated way to reduce the infant mortality rate. Our rate in 2021 was 5.4 deaths per 1,000 live births, or more than 60 percent higher than the European Union average.

(B) If America's infant mortality rate could be brought down to the average of the European Union, the lives of an estimated 7,700 newborns would be saved annually, or 21 babies every day of every week of every month of every year.

(C) Paid family leave will better enable both men and women to take care of family members in need, strengthening families and reducing the public costs of care.

(2) Purpose.—It is the purpose of this section to improve the health, happiness, and prosperity of working people by empowering them to take time away from employment to provide care for a family member.

(b) Definitions.—In this section:

(1) Caregiving day.—The term "caregiving day" means, with respect to an individual, a calendar day in which the individual engaged in qualified caregiving.

(2) Commissioner.—The term "Commissioner" means the Commissioner of Social Security.

(3) Covered active duty.—The term "covered active duty" has the meaning given such term in section 101(14) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611(14)).

(4) Deputy Commissioner.—The term "Deputy Commissioner" means the Deputy Commissioner who heads the Office of Paid Family and Medical Leave established under subsection (c).

(5) Eligible individual.—The term "eligible individual" means an individual who is entitled to a benefit under subsection (d) for a particular month, upon filing an application for such benefit for such month.

(6) Initial waiting period.—The term "initial waiting period" means a period beginning with the first caregiving day of an individual occurring during the individual's benefit period and ending after the earlier of—

(A) the fifth caregiving day of the individual occurring during the benefit period; or

(B) the month preceding the first month in the benefit period during which occurs not less than 15 caregiving days of the individual.

(7) National average wage index.—The term "national average wage index" has the meaning given such term in section 209(k)(1) of the Social Security Act (42 U.S.C. 409(k)(1)).

(8) Qualified caregiving.—The term "qualified caregiving" means any activity engaged in by an individual, other than regular employment, for any of the following reasons:

(A) The birth of a child of the individual and care for such child during the 12-month period beginning on the date of such birth.

(B) The placement of a child with the individual for adoption or foster care and care for such child during the 12-month period beginning on the date of such placement.

(C) The care of a qualified family member of the individual who has a serious health condition.

(D) A serious health condition that makes the individual unable to perform the functions of the position of such individual.

(E) A qualifying exigency arising out of the fact that a qualified family member of the individual is on covered active duty, or has been notified of an impending call or order to covered active duty, in the Armed Forces.

(9) Qualified family member.—The term "qualified family member" means, with respect to an individual, any other individual related by blood or affinity whose close association with the individual is the equivalent of a family relationship, including—

(A) a spouse or domestic partner of such individual or an individual described in subparagraph (B); and

(B) a child, parent, sibling, grandparent, or grandchild, including such a relationship by blood, adoption, foster care, step relationship, legal wardship, domestic partnership, marriage, or an in loco parentis relationship.

(10) Self-employment income.—The term "self-employment income" has the same meaning as such term in section 211(b) of the Social Security Act (42 U.S.C. 411(b)).

(11) Serious health condition.—The term "serious health condition" has the meaning given such term in section 101(11) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611(11)).

(12) State.—The term "State" means any State of the United States or the District of Columbia or any territory or possession of the United States.

(13) Wages.—The term "wages", except as such term is used in subsection (d)(8)(B), has the same meaning as such term in section 209 of the Social Security Act (42 U.S.C. 409).

(14) 90-day limitation period.—The term "90-day limitation period" means a period—

(A) beginning with the first caregiving day of an individual occurring during the individual's benefit period and after the expiration of the individual's initial waiting period, if applicable; and

(B) ending with the 90th caregiving day of the individual occurring during the benefit period and after the expiration of the initial waiting period, disregarding any caregiving day of the individual occurring during any month in the benefit period after the first 20 caregiving days of the individual occurring during such month.

(c) Office of Paid Family and Medical Leave.—

(1) Establishment of Office.—There is established within the Social Security Administration an office to be known as the Office of Paid Family and Medical Leave. The Office shall be headed by a Deputy Commissioner who shall be appointed by the Commissioner.

(2) Responsibilities of Deputy Commissioner.—The Commissioner, acting through the Deputy Commissioner, shall be responsible for—

(A) hiring personnel and making employment decisions with regard to such personnel;

(B) issuing such regulations as may be necessary to carry out the purposes of this section;

(C) entering into cooperative agreements with other agencies and departments to ensure the efficiency of the administration of the program;

(D) determining eligibility for family and medical leave insurance benefits under subsection (d);

(E) determining benefit amounts for each month of such eligibility and making timely payments of such benefits to entitled individuals in accordance with such subsection;

(F) establishing and maintaining a system of records relating to the administration of such subsection;

(G) preventing fraud and abuse relating to such benefits;

(H) providing information on request regarding eligibility requirements, the claims process, benefit amounts, maximum benefits payable, notice requirements, prohibitions on discrimination, confidentiality, coordination of leave under this section and other laws, collective bargaining agreements, and employer policies;

(I) annually providing employers a notice informing employees of the availability of such benefits;

(J) annually making available to the public a report that includes the number of individuals who received such benefits, the purposes for which such benefits were received, and an analysis of utilization rates of such benefits by gender, race, ethnicity, and income levels; and

(K) tailoring culturally and linguistically competent education and outreach toward increasing utilization rates of benefits under this section.

(3) Availability of data.—The Commissioner shall make available to the Deputy Commissioner such data as the Commissioner determines necessary to enable the Deputy Commissioner to effectively carry out the responsibilities described in paragraph (2).

(d) Family and medical leave insurance benefit payments.—

(1) In general.—Every individual who—

(A) is insured for disability insurance benefits as determined under section 223(c) of the Social Security Act (42 U.S.C. 423(c)) at the time such individual's application is filed;

(B) has earned income from employment during the 12 months prior to the month in which the application is filed;

(C) has filed an application for a family and medical leave insurance benefit in accordance with paragraph (4); and

(D) was engaged in qualified caregiving, or anticipates being so engaged, during the period that begins 90 days before the date on which such application is filed or within 30 days after such date,

shall be entitled to such a benefit for each month in the benefit period specified in paragraph (3), not to exceed 90 caregiving days per benefit period.

(2) Benefit amount.—

(A) In general.—Except as otherwise provided in this paragraph, the benefit amount to which an individual is entitled under this subsection for a month shall be an amount equal to the greater of—

(i) the lesser of 1/18 of the wages and self-employment income of the individual for the calendar year in which such wages and self-employment income are the highest among the most recent 3 calendar years, or the maximum benefit amount determined under subparagraph (B); or

(ii) the minimum benefit amount determined under subparagraph (B),

multiplied by the quotient, not greater than 1, obtained by dividing the number of caregiving days of the individual in such month by 20.

(B) Annual increase of maximum and minimum benefit amounts.—

(i) For individuals who initially become eligible for family and medical leave insurance benefits in 2028, the maximum monthly benefit amount and the minimum monthly benefit amount shall be $3,600 and $600, respectively.

(ii) For individuals who initially become eligible for family and medical leave insurance benefits after 2028, the maximum benefit amount and the minimum benefit amount shall be, respectively, the product of the amounts in clause (i) and the quotient obtained by dividing—

(I) the national average wage index for the second calendar year preceding the calendar year for which the determination is made; by

(II) the national average wage index for 2026.

(C) Limitations on benefits paid.—

(i) Nonpayable waiting period.—Any calendar day during an individual's benefit period which occurs before the expiration of an initial waiting period shall not be taken into account under this paragraph as a caregiving day of the individual.

(ii) Limitation on total benefits paid.—Any calendar day during an individual's benefit period which occurs after the expiration of a 90-day limitation period shall not be taken into account under this paragraph as a caregiving day of the individual.

(D) Reduction in benefit amount on account of receipt of certain benefits.—A benefit under this subsection for a month shall be reduced by the amount, if any, of certain benefits, as determined under regulations issued by the Commissioner, as may be otherwise received by an individual. For purposes of the preceding sentence, certain benefits include—

(i) periodic benefits on account of such individual's total or partial disability under a workmen's compensation law or plan of the United States or a State; and

(ii) periodic benefits on account of an individual's employment status under an unemployment law or plan of the United States or a State.

(E) Coordination of benefit amount with certain State benefits.—A benefit received under this subsection shall be coordinated, in a manner determined by regulations issued by the Commissioner, with the periodic benefits received from temporary disability insurance or family leave insurance programs under any law or plan of a State, a political subdivision, as that term is used in section 218(b)(2) of the Social Security Act (42 U.S.C. 418(b)(2)), or an instrumentality of 2 or more States, as that term is used in section 218(g) of the Social Security Act (42 U.S.C. 418(g)).

(3) Benefit period.—

(A) In general.—Except as provided in subparagraph (B), the benefit period specified in this paragraph shall begin on the 1st day of the 1st month in which the individual meets the criteria specified in subparagraphs (A), (B), and (C) of paragraph (1), and shall end on the date that is 365 days after the 1st day of the benefit period.

(B) Retroactive benefits.—In the case of an application for benefits under this subsection for qualified caregiving in which the individual was engaged at any time during the 90-day period preceding the date on which such application is submitted, the benefit period specified in this paragraph shall begin on the later of—

(i) the 1st day of the 1st month in which the individual engaged in such qualified caregiving; or

(ii) the 1st day of the 1st month that begins during such 90-day period,

and shall end on the date that is 365 days after the 1st day of the benefit period.

(4) Application.—An application for a family and medical leave insurance benefit shall include—

(A) a statement that the individual was engaged in qualified caregiving, or anticipates being so engaged, during the period that begins 90 days before the date on which the application is submitted or within 30 days after such date;

(B) if the qualified caregiving described in the statement in subparagraph (A) is engaged in by the individual because of a serious health condition of the individual or a qualified family member of the individual, a certification, issued by the health care provider treating such serious health condition, that affirms the information specified in subparagraph (A) and contains such information as the Commissioner shall specify in regulations, which shall be no more than the information that is required to be stated under section 103(b) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2613(b));

(C) if such qualified caregiving is engaged in by the individual for any other authorized reason, a certification, issued by a relevant authority determined under regulations issued by the Commissioner, that affirms the circumstances giving rise to such reason; and

(D) an attestation from the applicant that the applicant's employer has been provided with written notice of the individual's intention to take family or medical leave, if the individual has an employer, or to the Commissioner in all other cases.

(5) Ineligibility; disqualification.—

(A) Ineligibility for benefit.—An individual shall be ineligible for a benefit under this subsection for any month for which the individual is entitled to—

(i) disability insurance benefits under section 223 of the Social Security Act (42 U.S.C. 423) or a similar permanent disability program under any law or plan of a State or political subdivision or instrumentality of a State, as such terms are used in section 218 of the Social Security Act (42 U.S.C. 418);

(ii) monthly insurance benefits under section 202 of the Social Security Act (42 U.S.C. 402) based on such individual's disability as defined in section 223(d) of such Act (42 U.S.C. 423(d)); or

(iii) benefits under title XVI of such Act (42 U.S.C. 1381 et seq.) based on such individual's status as a disabled individual, as determined under section 1614 of such Act (42 U.S.C. 1382c).

(B) Disqualification.—An individual who has been convicted of a violation under section 208 of the Social Security Act (42 U.S.C. 408) or with respect to whom the Commissioner has made a final determination, subject to review under paragraph (6), to have used false statements to secure benefits under this subsection shall be ineligible for benefits under this subsection for a 1-year period following the date of the conviction or final determination, as applicable.

(6) Review of eligibility and benefit payment determinations.—

(A) Eligibility determinations.—

(i) In general.—The Commissioner shall provide notice to an individual applying for benefits under this subsection of the initial determination of eligibility for such benefits, and the estimated benefit amount for a month in which 1 caregiving day of the individual occurs, as soon as practicable after the application is received.

(ii) Review.—An individual may request review of an initial adverse determination with respect to such application at any time before the end of the 20-day period that begins on the date notice of such determination is received, except that such 20-day period may be extended for good cause. As soon as practicable after the individual requests review of the determination, the Commissioner shall provide notice to the individual of a final determination of eligibility for benefits under this subsection.

(B) Benefit payment determinations.—

(i) In general.—The Commissioner shall make any monthly benefit payment to an individual claiming benefits for a month under this subsection, or provide notice of the reason such payment will not be made if the Commissioner determines that the individual is not entitled to payment for such month, not later than 20 days after the individual's monthly benefit claim report for such month is received. Such monthly report shall be filed with the Commissioner not later than 15 days after the end of each month.

(ii) Review.—If the Commissioner determines that payment will not be made to an individual for a month, or if the Commissioner determines that payment shall be made based on a number of caregiving days in the month inconsistent with the number of caregiving days in the monthly benefit claim report of the individual for such month, the individual may request review of such determination at any time before the end of the 20-day period that begins on the date notice of such determination is received, except that such 20-day period may be extended for good cause. Not later than 20 days after the individual requests review of the determination, the Commissioner shall provide notice to the individual of a final determination of payment for such month, and shall make payment to the individual of any additional amount not included in the initial payment to the individual for such month to which the Commissioner determines the individual is entitled.

(C) Burden of proof.—An application for benefits under this subsection and a monthly benefit claim report of an individual shall each be presumed to be true and accurate, unless the Commissioner demonstrates by a preponderance of the evidence that the application or monthly benefit claim report, as applicable, contains false information.

(D) Monthly benefit claim report.—For purposes of this subparagraph, the term "monthly benefit claim report" means, with respect to an individual for a month, the individual's report to the Commissioner of the number of caregiving days of the individual in such month, which shall be filed not later than 15 days after the end of each month.

(E) Review.—All final determinations of the Commissioner under this paragraph shall be reviewable according to the procedures set out in section 205 of the Social Security Act (42 U.S.C. 405).

(7) Relationship with State law; employer benefits.—

(A) In general.—This subsection does not preempt or supersede any provision of State or local law that authorizes a State or local municipality to provide paid family and medical leave benefits similar to the benefits provided under this subsection.

(B) Greater benefits allowed.—Nothing in this section shall be construed to diminish the obligation of an employer to comply with any contract, collective bargaining agreement, or any employment benefit program or plan that provides greater paid leave or other leave options to employees than the benefits established under this section.

(8) Prohibited acts; enforcement.—

(A) Employment and benefits protection.—

(i) Interference with protections.—It shall be unlawful for any person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any protection, benefit, or option provided under this section, including by using the application for, receipt of, or exercise of protections relating to family and medical leave insurance benefits as a negative factor in an employment action.

(ii) Retaliation.—It shall be unlawful for any person to discharge, discipline, threaten, discriminate against, or otherwise take adverse action against an individual because the individual—

(I) applied for, indicated an intent to apply for, or received family and medical leave insurance benefits;

(II) opposed any practice made unlawful by this paragraph;

(III) filed any charge, or instituted or caused to be instituted any proceeding, under or related to this paragraph;

(IV) gave, or is about to give, any information in connection with any inquiry or proceeding relating to any protection, benefit, or option provided under this section; or

(V) testified, or is about to testify, in any inquiry or proceeding relating to any protection, benefit, or option provided under this section.

(iii) Restoration to position.—It shall be unlawful for an employer of an individual, upon the conclusion of any leave for which the individual received a family and medical leave insurance benefit under this section, to fail to—

(I) restore the individual to the position of employment held by the individual when the leave commenced; or

(II) restore the individual to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment.

(iv) Maintenance of health benefits.—It shall be unlawful for an employer of an individual to fail to maintain, for the duration of any leave for which the individual received a family and medical leave insurance benefit under this section, coverage of the individual under any group health plan, as defined in section 5000(b)(1) of the Internal Revenue Code of 1986, at the level and under the conditions coverage would have been provided if the individual had continued in employment continuously for the duration of such leave.

(v) Rebuttable presumption of retaliation.—Any adverse action taken against an employee within 12 months after the employee takes any leave for which the employee received a family and medical leave insurance benefit under this section shall establish a rebuttable presumption that the action was taken in retaliation in violation of clause (ii).

(vi) Nonapplication for new hires.—Clause (iii) shall not apply to any individual during the 90-day period beginning on the day the individual begins work for an employer.

(B) Civil action by an individual.—

(i) Liability.—Any person who violates subparagraph (A) shall be liable to any individual employed by such person who is affected by the violation—

(I) for damages equal to the sum of—

(aa) the amount of—

(AA) any wages, salary, employment benefits, or other compensation denied or lost to such individual by reason of the violation; or

(BB) in a case in which wages, salary, employment benefits, or other compensation have not been denied or lost to the individual, any actual monetary losses sustained by the individual as a direct result of the violation, such as the cost of providing care, up to a sum equal to 60 calendar days of wages or salary for the individual;

(bb) the interest on the amount described in item (aa) calculated at the prevailing rate; and

(cc) an additional amount as liquidated damages equal to the sum of the amount described in item (aa) and the interest described in item (bb), except that if a person who has violated subparagraph (A) proves to the satisfaction of the court that the act or omission which violated subparagraph (A) was in good faith and that the person had reasonable grounds for believing that the act or omission was not a violation of subparagraph (A), such court may, in the discretion of the court, reduce the amount of the liability to the amount and interest determined under items (aa) and (bb), respectively; and

(II) for such equitable relief as may be appropriate, including employment, reinstatement, and promotion.

(ii) Cause of action.—An action to recover the damages or equitable relief prescribed in clause (i) may be maintained against any person in any Federal or State court of competent jurisdiction by any individual for and on behalf of—

(I) the individual; or

(II) the individual and other individuals similarly situated.

(iii) Fees and costs.—The court in such an action shall, in addition to any judgment awarded to the plaintiff, allow a reasonable attorney's fee, reasonable expert witness fees, and other costs of the action to be paid by the defendant.

(iv) Limitations.—The authority provided by clause (ii) to bring an action by or on behalf of any individual shall terminate—

(I) on the filing of a complaint by the Commissioner in an action under subparagraph (C)(v) in which restraint is sought of any further delay in the payment of the amount described in clause (i)(I)(aa) to such individual by the person responsible under clause (i) for the payment; or

(II) on the filing of a complaint by the Commissioner in an action under subparagraph (C)(i) in which a recovery is sought of the damages described in clause (i)(I)(aa) owing to an individual by a person liable under clause (i), unless the action described in subclause (I) or (II) is dismissed without prejudice on motion of the Commissioner.

(C) Action by the Commissioner.—

(i) Civil action.—The Commissioner may bring an action in any court of competent jurisdiction to recover the damages described in subparagraph (B)(i)(I)(aa).

(ii) Sums recovered.—Any sums recovered by the Commissioner pursuant to clause (i) shall be held in a special deposit account and shall be paid, on order of the Commissioner, directly to each individual affected. Any such sums not paid to an individual because of inability to do so within a period of 3 years shall be deposited into the Federal Family and Medical Leave Insurance Trust Fund.

(iii) Limitation.—An action may be brought under this paragraph not later than 3 years after the date of the last event constituting the alleged violation for which the action is brought.

(iv) Commencement.—An action brought by the Commissioner under this paragraph shall be considered to be commenced on the date when the complaint is filed.

(v) Action for injunction by Commissioner.—The district courts of the United States shall have jurisdiction, for cause shown, in an action brought by the Commissioner—

(I) to restrain violations of subparagraph (A), including the restraint of any withholding of payment of wages, salary, employment benefits, or other compensation, plus interest, found by the court to be due to an individual; or

(II) to award such other equitable relief as may be appropriate, including employment, reinstatement, and promotion.

(9) Special rule for railroad employees.—For purposes of paragraph (1)(A), an individual shall be deemed to be insured for disability insurance benefits if the individual would be so insured if the individual's service as an employee, as defined in section 1(b) of the Railroad Retirement Act of 1974, after December 31, 1936, were included within the meaning of the term "employment" for purposes of title II of the Social Security Act (42 U.S.C. 401 et seq.).

(10) Applicability of certain Social Security Act provisions.—The provisions of sections 204, 205, 206, and 208 of the Social Security Act shall apply to benefit payments authorized by and paid out pursuant to this subsection in the same way that such provisions apply to benefit payments authorized by and paid out pursuant to title II of such Act.

(11) Effective date for applications.—Applications described in this subsection may be filed beginning January 1, 2028, provided that no benefits may be paid for qualified caregiving prior to such date.

(e) Insurance Trust Fund established.—

(1) In general.—There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Family and Medical Leave Insurance Trust Fund". The Federal Family and Medical Leave Insurance Trust Fund shall consist of such gifts and bequests as may be made as provided in section 201(i)(1) of the Social Security Act (42 U.S.C. 401(i)(1)) and such amounts as may be appropriated to, or deposited in, the Federal Family and Medical Leave Insurance Trust Fund as provided in this subsection.

(2) Authorization of appropriations.—

(A) In general.—There is authorized to be appropriated to the Federal Family and Medical Leave Insurance Trust Fund out of moneys in the Treasury not otherwise appropriated—

(i) until September 30, 2028, such sums as may be necessary for the Commissioner to administer the office established under subsection (c), pay the benefits under subsection (d), and make grants under subsection (f);

(ii) 100 percent of the taxes imposed by sections 3101(c) and 3111(c) of the Internal Revenue Code of 1986 with respect to wages, as defined in section 3121 of such Code, reported to the Secretary of the Treasury pursuant to subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such sections to such wages;

(iii) 100 percent of the taxes imposed by section 1401(c) of such Code with respect to self-employment income, as defined in section 1402 of such Code, reported to the Secretary of the Treasury on tax returns under subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such section to such self-employment income; and

(iv) 100 percent of the taxes imposed by sections 3201(c), 3211(c), and 3221(c) of such Code with respect to compensation, as defined in section 3231 of such Code, reported to the Secretary of the Treasury on tax returns under subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such sections to such compensation.

(B) Repayment of initial appropriation.—Amounts appropriated pursuant to subparagraph (A)(i) shall be repaid to the Treasury of the United States not later than 10 years after the first appropriation is made pursuant to such subparagraph.

(C) Transfer to Trust Fund.—The amounts described in subparagraphs (A)(ii), (A)(iii), and (A)(iv) shall be transferred from time to time from the general fund in the Treasury to the Federal Family and Medical Leave Insurance Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes specified in such subparagraph paid to or deposited into the Treasury. Proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were inconsistent with the taxes specified in such subparagraph.

(3) Management of Trust Fund.—The Secretary of the Treasury shall manage and invest amounts in the Federal Family and Medical Leave Insurance Trust Fund in accordance with section 9702 of title 31, United States Code. For purposes of that section, the Commissioner shall be the responsible official with respect to the Trust Fund.

(4) Benefits and Legacy State grants paid from Trust Fund.—Benefit payments required to be made under subsection (d) and grants required to be made under subsection (f) shall be made only from the Federal Family and Medical Leave Insurance Trust Fund.

(5) Administration.—There are authorized to be made available for expenditure, out of the Federal Family and Medical Leave Insurance Trust Fund, such sums as may be necessary to

pay the costs of the administration of subsection (c), including startup costs, technical assistance, outreach, education, evaluation, and reporting.

(6) Prohibition.—No funds from the Social Security Trust Fund or appropriated to the Social Security Administration to administer Social Security programs may be used for Federal Family and Medical Leave Insurance benefits or administration set forth under this section.

(f) Funding for State administration option for legacy States.—

(1) Payments to legacy States.—In each calendar year beginning with calendar year 2029, the Commissioner shall make a grant from the Federal Family and Medical Leave Insurance Trust Fund to each State that, for the calendar year preceding such calendar year, was a legacy State and that met the data sharing requirements of paragraph (5), in an amount equal to the lesser of—

(A) an amount, as estimated by the Commissioner, equal to the total amount of family and medical leave insurance benefits that would have been paid under subsection (d) (including the costs to the Commissioner to administer such benefits, not to exceed (for purposes of estimating such total amount under this subparagraph) 7 percent of the total amount of such benefits paid) to individuals who received paid family and medical leave benefits under a State law described in paragraph (2) during the calendar year preceding such calendar year if the State had not been a legacy State for such preceding calendar year; or

(B) an amount equal to the total cost of paid family and medical leave benefits under a State law described in paragraph (2) for the calendar year preceding such calendar year, including—

(i) any paid family and medical leave benefits provided by an employer (whether directly, under a contract with an insurer, or provided through a multiemployer plan) as described in paragraph (4); and

(ii) the full cost to the State of administering such law (except that such cost may not exceed 7 percent of the total amount of paid family and medical leave benefits paid under such State law).

(2) Legacy State.—For purposes of this subsection, the term "legacy State" for a calendar year means a State with respect to which the Commissioner determines that—

(A) the State has in effect, not later than January 1, 2028, a State law that provides paid family and medical leave benefits; and

(B) a State law of the State provides for a State program to remain in effect throughout such calendar year that provides paid family and medical leave benefits (which may be paid directly by the State or, if permitted under such State law, by an employer pursuant to such State law)—

(i) for not less than 90 caregiving days during each 12-month period to at least all of those individuals in the State who would be eligible for family and medical leave insurance benefits under subsection (d), except that the State shall provide such benefits for leave from employment by the State or any political subdivision thereof, and may elect to provide such benefits for leave from any other governmental employment;

(ii) for qualified caregiving reasons that are at least as broad as the reasons described in subsection (b)(8); and

(iii) in an amount that is not less than the amount that would be payable under subsection (d) for the same qualified caregiving.

(3) Covered employment under the law of a legacy State.—For purposes of this section, the term "covered employment under the law of a legacy State" means employment (or self-employment) with respect to which an individual would be eligible to receive paid family and medical leave benefits under the State law of a State, as described in paragraph (2), during any period during which such State is a legacy State.

(4) Employer-provided benefits in a legacy State.—

(A) Treatment for purposes of this section.—In the case of a State that permits paid family and medical leave benefits to be provided by an employer (whether directly, under a contract with an insurer, or provided through a multiemployer plan) pursuant to a State law described in paragraph (2)—

(i) such benefits shall be considered, for all purposes under this section, paid family and medical leave benefits under the law of a legacy State; and

(ii) leave for which such benefits are paid shall be considered, for all such purposes, leave from covered employment under the law of a legacy State.

(B) Distribution of grant funds.—In any case in which paid family and medical leave benefits are provided by 1 or more employers (whether directly, under a contract with an insurer, or provided through a multiemployer plan) in a legacy State pursuant to a State law described in paragraph (2), the State, upon receipt of any grant amount under paragraph (1), may distribute an appropriate share of such grant to each such employer.

(5) Data sharing.—As a condition of receiving a grant under paragraph (1) in a calendar year, a State shall enter into an agreement with the Commissioner under which the State shall provide the Commissioner—

(A) with information, to be provided periodically as determined by the Commissioner, concerning individuals who received a paid family and medical leave benefit under a State law described in paragraph (2), including—

(i) each individual's name;

(ii) information to establish the individual's identity;

(iii) dates for which such paid family and medical leave benefits were paid;

(iv) the amount of such paid family and medical leave benefit; and

(v) to the extent available, such other information concerning such individuals as is necessary for the purpose of carrying out this subsection;

(B) not later than July 1 of such calendar year, the amount needed to adjust payments as described in paragraph (6) for the calendar year preceding such calendar year; and

(C) such other information as is needed to determine compliance with grant requirements.

(6) Estimated payments.—In any case in which, during any calendar year beginning with calendar year 2028, the Commissioner has reason to believe that a State will be a legacy State and meet the data sharing requirements of paragraph (5) for such calendar year, the Commissioner may make estimated payments during such calendar year of the grant which would be paid to such State in the succeeding calendar year, to be adjusted as appropriate in the succeeding calendar year.

(g) Internal Revenue Code provisions.—

(1) In general.—

(A) Employee contribution.—Section 3101 of the Internal Revenue Code of 1986 (26 U.S.C. 3101) is amended—

(i) by redesignating subsection (c) as subsection (d); and

(ii) by inserting after subsection (b) the following:

"(c) Family and medical leave insurance.—

"(1) In general.—In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the applicable percentage of the wages (as defined in section 3121(a)) received by the individual with respect to employment (as defined in section 3121(b)).

"(2) Applicable percentage.—For purposes of paragraph (1), the term 'applicable percentage' means 0.3 percent in the case of wages received in any calendar year.".

(B) Employer contribution.—Section 3111 of the Internal Revenue Code of 1986 (26 U.S.C. 3111) is amended—

(i) by redesignating subsection (c) as subsection (d); and

(ii) by inserting after subsection (b) the following:

"(c) Family and medical leave insurance.—

"(1) In general.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in the employer's employ, equal to the applicable percentage of the wages (as defined in section 3121(a)) paid by the employer with respect to employment (as defined in section 3121(b)).

"(2) Applicable percentage.—For purposes of paragraph (1), the term 'applicable percentage' means 0.3 percent in the case of wages paid in any calendar year.".

(C) Self-employment income contribution.—Section 1401 of the Internal Revenue Code of 1986 (26 U.S.C. 1401) is amended—

(i) by redesignating subsection (c) as subsection (d); and

(ii) by inserting after subsection (b) the following:

"(c) Family and medical leave insurance.—

"(1) In general.—In addition to other taxes, there is hereby imposed for each taxable year, on the self-employment income of every individual, a tax equal to the applicable percentage of the amount of the self-employment income for such taxable year.

"(2) Applicable percentage.—For purposes of paragraph (1), the term 'applicable percentage' means 0.6 percent in the case of self-employment income in any taxable year.".

(2) Railroad Retirement Tax Act.—

(A) Employee contribution.—Section 3201 of title 26, United States Code, is amended—

(i) by redesignating subsection (c) as subsection (d); and

(ii) by inserting after subsection (b) the following:

"(c) Family and medical leave insurance.—

"(1) In general.—In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the applicable percentage of the compensation received during any calendar year by such employee for services rendered by such employee.

"(2) Applicable percentage.—For purposes of paragraph (1), the term 'applicable percentage' means 0.3 percent in the case of compensation received in any calendar year.".

(B) Employee representative contribution.—Section 3211 of title 26, United States Code, is amended—

(i) by redesignating subsection (c) as subsection (d); and

(ii) by inserting after subsection (b) the following:

"(c) Family and medical leave insurance.—

"(1) In general.—In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the applicable percentage of the compensation received during any calendar year by such employee representative for services rendered by such employee representative.

"(2) Applicable percentage.—For purposes of paragraph (1), the term 'applicable percentage' means 0.3 percent in the case of compensation received in any calendar year.".

(C) Employer contribution.—Section 3221 of title 26, United States Code, is amended—

(i) by redesignating subsection (c) as subsection (d); and

(ii) by inserting after subsection (b) the following:

"(c) Family and medical leave insurance.—

"(1) In general.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in the employer's employ, equal to the applicable percentage of the compensation paid during any calendar year by such employer for services rendered to such employer.

"(2) Applicable percentage.—For purposes of paragraph (1), the term 'applicable percentage' means 0.3 percent in the case of compensation paid in any calendar year.".

(h) Conforming amendment.—Section 15(a) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n(a)) is amended by inserting "(other than sections 3201(c), 3211(c), and 3221(c))" before the period at the end.

(i) Solvency and eligibility report.—

(1) In general.—Not later than October 30, 2029, and every 2 years thereafter, the Commissioner, in consultation with the Secretary of the Treasury, shall submit to Congress a report on the solvency and administration of the Federal Family and Medical Leave Insurance Trust Fund.

(2) Contents.—Each report under paragraph (1) shall include—

(A) the total amount of taxes received under sections 3101(c), 3111(c), 1401(c), 3201(c), 3211(c), and 3221(c) of the Internal Revenue Code of 1986;

(B) the total amount of benefits paid under subsection (d);

(C) the total amount of grants paid to legacy States under subsection (f);

(D) administrative costs;

(E) the balance of the Federal Family and Medical Leave Insurance Trust Fund;

(F) projected receipts, outlays, and balances for the following 10 fiscal years;

(G) take-up rates by leave reason, income level, age, sex, State, and employment status, to the extent practicable;

(H) recommendations, if any, for adjustments to contribution rates, benefit amounts, eligibility rules, administrative funding, or coordination with State programs; and

(I) recommendations on whether alternative eligibility standards are necessary to cover workers with substantial recent labor-force attachment who are not insured for disability insurance benefits under section 223(c) of the Social Security Act (42 U.S.C. 423(c)).

(j) Regulations.—The Commissioner, in consultation with the Secretary of Labor, shall prescribe regulations necessary to carry out this section.

(k) Effective date and transition rule.—

(1) Wages and compensation.—The amendments made by subsections (g)(1)(A), (g)(1)(B), (g)(2)(A), (g)(2)(B), (g)(2)(C), and (h) shall apply to wages and compensation paid after April 30, 2027.

(2) Self-employment income.—

(A) In general.—The amendment made by subsection (g)(1)(C) shall apply to self-employment income derived in taxable years beginning after December 31, 2026, but only with respect to self-employment income generated after April 30, 2027.

(B) Safe harbor.—For purposes of subparagraph (A), two-thirds of self-employment income for a taxable year beginning before May 1, 2027, shall be presumed to be self-employment income generated after April 30, 2027. A taxpayer may rebut such presumption through books and records, invoices, receipts, accounting records, or other documentation sufficient to establish the amount of self-employment income generated after April 30, 2027.

Subtitle B—Transparency, Accountability, and Worker Organization in Employment

SEC. 821. NATIONAL LABOR RELATIONS ACT COVERAGE, BOARD ADMINISTRATION, AND REPRESENTATION ELECTIONS.

(a) Updating definitions under the National Labor Relations Act.—

(1) Joint-employer standard.—Section 2(2) of the National Labor Relations Act (29 U.S.C. 152(2)) is amended by adding at the end the following: "Two or more persons shall be employers with respect to an employee if each such person codetermines or shares control over the employee's essential terms and conditions of employment. In determining whether such control exists, the Board or a court of competent jurisdiction shall consider as relevant direct control and indirect control over such terms and conditions, reserved authority to control such terms and conditions, and control over such terms and conditions exercised by a person in fact: Provided, That nothing herein precludes a finding that indirect or reserved control standing alone can be sufficient given specific facts and circumstances.".

(2) Employee status and independent contractors.—Section 2(3) of the National Labor Relations Act (29 U.S.C. 152(3)) is amended by adding at the end the following: "An individual performing any service shall be considered an employee (except as provided in the previous sentence) and not an independent contractor, unless—

"(A) the individual is free from control and direction in connection with the performance of the service, both under the contract for the performance of service and in fact;

"(B) the service is performed outside the usual course of the business of the employer; and

"(C) the individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the service performed.".

(3) Supervisor exclusion.—Section 2(11) of the National Labor Relations Act (29 U.S.C. 152(11)) is amended—

(A) by inserting "and for a majority of the individual's worktime" after "interest of the employer";

(B) by striking "assign,"; and

(C) by striking "or responsibly to direct them,".

(b) Board reports.—Section 3(c) of the National Labor Relations Act (29 U.S.C. 153(c)) is amended—

(1) by striking "The Board" and inserting "(1) The Board"; and

(2) by adding at the end the following:

"(2) Effective January 1, 2027, section 3003 of the Federal Reports Elimination and Sunset Act of 1995 (Public Law 104-66; 31 U.S.C. 1113 note) shall not apply with respect to reports required under this subsection.

"(3) Each report issued under this subsection shall—

"(A) include no less detail than reports issued by the Board prior to the termination of such reports under section 3003 of the Federal Reports Elimination and Sunset Act of 1995 (Public Law 104-66; 31 U.S.C. 1113 note);

"(B) list each case in which the Designated Agency Ethics Official provided advice regarding whether a Member should be recused from participating in a case or rulemaking; and

"(C) list each case in which the Designated Agency Ethics Official determined that a Member should be recused from participating in a case or rulemaking.".

(c) Appointment.—Section 4(a) of the National Labor Relations Act (29 U.S.C. 154(a)) is amended by striking ", or for economic analysis".

(d) Representatives and elections.—Section 9 of the National Labor Relations Act (29 U.S.C. 159) is amended—

(1) in subsection (c)—

(A) by amending paragraph (1) to read as follows:

"(1) Whenever a petition shall have been filed, in accordance with such regulations as may be prescribed by the Board, by an employee or group of employees or any individual or labor organization acting in their behalf alleging that a substantial number of employees (i) wish to be represented for collective bargaining and that their employer declines to recognize their representative as the representative defined in section 9(a), or (ii) assert that the individual or labor organization, which has been certified or is being recognized by their employer as the bargaining representative, is no longer a representative as defined in section 9(a), the Board shall investigate such petition and if it has reasonable cause to believe that a question of representation affecting commerce exists shall provide for an appropriate hearing upon due notice. Such hearing may be conducted by an officer or employee of the regional office, who shall not make any recommendations with respect thereto. If the Board finds upon the record of such hearing that such a question of representation exists, it shall direct an election by secret ballot and shall certify the results thereof. The Board shall find the labor organization's proposed unit to be appropriate if the employees in the proposed unit share a community of interest, and if the employees outside the unit do not share an overwhelming community of interest with employees inside. At the request of the labor organization, the Board shall direct that the election be conducted through mail, electronically, at the work location, or at a location other than one owned or controlled by the employer. No employer shall have standing as a party or to intervene in any representation proceeding under this section.";

(B) in paragraph (3), by striking "an economic strike who are not entitled to reinstatement" and inserting "a strike";

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

(D) by inserting after paragraph (3) the following:

"(4) If the Board finds that, in an election under paragraph (1), a majority of the valid votes cast in a unit appropriate for purposes of collective bargaining have been cast in favor of representation by the labor organization, the Board shall certify the labor organization as the representative of the employees in such unit and shall issue an order requiring the employer of such employees to collectively bargain with the labor organization in accordance with section 8(d). This order shall be deemed an order under section 10(c) of this Act, without need for a determination of an unfair labor practice.

"(5) (A) If the Board finds that, in an election under paragraph (1), a majority of the valid votes cast in a unit appropriate for purposes of collective bargaining have not been cast in favor of representation by the labor organization, the Board shall certify the results of the election, subject to subparagraphs (B) and (C).

"(B) In any case in which a majority of the valid votes cast in a unit appropriate for purposes of collective bargaining have not been cast in favor of representation by the labor organization and the Board determines, following a post-election hearing, that the employer has committed a violation of this Act or otherwise interfered with a fair election, and the employer has not demonstrated that the violation or other interference is unlikely to have affected the outcome of the election, the Board shall, without ordering a new election, set aside the election and certify the labor organization as the representative of the employees in such unit and issue an order requiring the employer to bargain with the labor organization in accordance with section 8(d) if, at any time during the period beginning 1 year preceding the date of the commencement of the election and ending on the date upon which the Board makes the determination of a violation or other interference, a majority of the employees in the bargaining unit have signed authorizations designating the labor organization as their collective bargaining representative.

"(C) In any case where the Board determines that an election under this paragraph should be set aside, the Board shall direct a new election with appropriate additional safeguards necessary to ensure a fair election process, except in cases where the Board issues a bargaining order under subparagraph (B)."; and

(E) by inserting after paragraph (7), as so redesignated, the following:

"(8) Except under extraordinary circumstances—

"(A) a pre-election hearing under this subsection shall begin not later than 8 days after a notice of such hearing is served on the labor organization and shall continue from day to day until completed;

"(B) a regional director shall transmit the notice of election at the same time as the direction of election, and shall transmit such notice and such direction electronically (including transmission by email or facsimile) or by overnight mail if electronic transmission is unavailable;

"(C) not later than 2 days after the service of the notice of hearing, the employer shall—

"(i) post the Notice of Petition for Election in conspicuous places, including all places where notices to employees are customarily posted;

"(ii) if the employer customarily communicates with employees electronically, distribute such Notice electronically; and

"(iii) maintain such posting until the petition is dismissed or withdrawn or the Notice of Petition for Election is replaced by the Notice of Election;

"(D) regional directors shall schedule elections for the earliest date practicable, but not later than the 20th business day after the direction of election; and

"(E) a post-election hearing under this subsection shall begin not later than 14 days after the filing of objections, if any.";

(2) in subsection (d), by striking "(e) or" and inserting "(d) or"; and

(3) by adding at the end the following:

"(f) The Board shall dismiss any petition for an election with respect to a bargaining unit or any subdivision if, during the 12-month period ending on the date on which the petition is filed—

"(1) the employer has recognized a labor organization without an election and in accordance with this Act;

"(2) the labor organization and employer engaged in their first bargaining session following the issuance of a bargaining order by the Board; or

"(3) the labor organization and successor employer engaged in their first bargaining session following a succession.

"(g) The Board shall dismiss any petition for an election with respect to a bargaining unit or any subdivision if there is in effect a lawful written collective bargaining agreement between the employer and an exclusive representative covering any employees in the unit specified in the petition, unless the petition is filed—

"(1) on or after the date that is 3 years after the date on which the collective bargaining agreement took effect; or

"(2) during the 30-day period beginning on the date that is 90 days before the date that is 3 years after the date on which the collective bargaining agreement took effect.

"(h) The Board shall suspend the processing of any petition for an election with respect to a bargaining unit or any subdivision if a labor organization files an unfair labor practice charge alleging a violation of section 8(a) and requesting the suspension of a pending petition until the unlawful conduct, if any, is remedied or the charge is dismissed unless the Board determines that employees can, under the circumstances, exercise free choice in an election despite the unlawful conduct alleged in the charge.".

(e) Electronic voting in union elections.—

(1) In general.—

(A) Electronic voting system.—Notwithstanding any other provision of law, subject to the provisions of this subsection, not later than 1 year after the date of the enactment of this Act, the National Labor Relations Board shall implement a system and procedures to conduct representation elections remotely using an electronic voting system.

(B) Procedures.—The procedures under subparagraph (A) shall ensure that each employee voting in a representation election may choose to cast a vote using either an internet voting system or a telephone voting system.

(2) Report.—Not later than 1 year after the date of the enactment of this Act, and in each subsequent report under section 3(c) of the National Labor Relations Act (29 U.S.C. 153(c)), the Board shall submit to Congress a report containing a description of the following:

(A) For each representation petition under section 9 of the National Labor Relations Act filed—

(i) the case name and case number;

(ii) the number of days between the petition and the election;

(iii) the number of days between the stipulation or direction of election and the election;

(iv) the method of the election;

(v) the results of the election; and

(vi) the number of eligible voters, the number of voters participating in the election, and the method by which each of the voters submitted their vote.

(B) The total cost of conducting all elections the Board conducted through the system and procedures required by paragraph (1).

(3) Definitions.—In this subsection:

(A) Electronic voting system.—The term "electronic voting system"—

(i) includes an internet voting system and a telephone voting system; and

(ii) does not include machines used for casting votes at a polling site or an electronic tabulation system where votes are cast non-electronically but counted electronically (such as a punch card or optical scanning system).

(B) Internet voting system.—The term "internet voting system" means an internet-based voting system that allows a participant to cast a ballot remotely using a personal computer or other mobile electronic device that is connected to the internet.

(C) Telephone voting system.—The term "telephone voting system" means a voting system in which participants may cast a vote remotely using a telephone.

(D) Remotely.—The term "remotely", used with respect to voting in a representation election, means a vote may be cast at any site chosen by a participant in such election.

(E) Representation election.—The term "representation election" means a representation election under section 9 of the National Labor Relations Act (29 U.S.C. 159).

SEC. 822. UNFAIR LABOR PRACTICES, STRIKE PROTECTIONS, AND COLLECTIVE BARGAINING DUTIES.

(a) Unfair labor practices and collective bargaining duties.—Section 8 of the National Labor Relations Act (29 U.S.C. 158) is amended—

(1) in subsection (a)—

(A) in paragraph (5), by striking the period and inserting ";"; and

(B) by adding at the end the following:

"(6) to promise, threaten, or take any action—

"(A) to permanently replace an employee who participates in a strike as defined by section 501(2) of the Labor Management Relations Act, 1947 (29 U.S.C. 142(2));

"(B) to discriminate against an employee who is working or has unconditionally offered to return to work for the employer because the employee supported or participated in such a strike; or

"(C) to lockout, suspend, or otherwise withhold employment from employees in order to influence the position of such employees or the representative of such employees in collective bargaining prior to a strike; and

"(7) to communicate or misrepresent to an employee under section 2(3) that such employee is excluded from the definition of employee under section 2(3).";

(2) in subsection (b)—

(A) by striking paragraphs (4) and (7);

(B) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively;

(C) in paragraph (4), as so redesignated, by striking "affected;" and inserting "affected; and"; and

(D) in paragraph (5), as so redesignated, by striking "; and" and inserting a period;

(3) in subsection (c), by striking the period at the end and inserting the following: ": Provided, That it shall be an unfair labor practice under subsection (a)(1) for any employer to require or coerce an employee to attend or participate in such employer's campaign activities unrelated to the employee's job duties, including activities that are subject to the requirements under section 203(b) of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 433(b)).";

(4) in subsection (d)—

(A) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively;

(B) by striking "For the purposes of this section" and inserting "(1) For the purposes of this section";

(C) by inserting "(and to maintain current wages, hours, and terms and conditions of employment pending an agreement)" after "arising thereunder";

(D) by inserting ": Provided, That an employer's duty to collectively bargain shall continue absent decertification of the representative following an election conducted pursuant to section 9" after "making of a concession";

(E) by inserting "further" before ", That where there is in effect";

(F) by striking "The duties imposed" and inserting "(2) The duties imposed";

(G) by striking "by paragraphs (2), (3), and (4)" and inserting "by subparagraphs (B), (C), and (D) of paragraph (1)";

(H) by striking "section 8(d)(1)" and inserting "paragraph (1)(A)";

(I) by striking "section 8(d)(3)" each place it appears and inserting "paragraph (1)(C)";

(J) by striking "section 8(d)(4)" and inserting "paragraph (1)(D)"; and

(K) by adding at the end the following:

"(3) Whenever collective bargaining is for the purpose of establishing an initial collective bargaining agreement following certification or recognition of an individual or labor organization as a representative as provided under section 9(a), the following shall apply:

"(A) Not later than 10 days after receiving a written request for collective bargaining from an individual or labor organization that has been newly recognized or certified as a representative as provided under section 9(a), or within such further period as the parties agree upon, the parties shall meet and begin bargaining collectively, and shall make every reasonable effort to conclude and sign a collective bargaining agreement.

"(B) If after the expiration of the 90-day period beginning on the date on which bargaining is commenced, or such additional period as the parties may agree upon, the parties have failed to reach an agreement, either party may notify the Federal Mediation and Conciliation Service that a dispute exists, and may request mediation. Whenever such a request is received, the Service shall promptly communicate with the parties and use its best efforts, by mediation and conciliation, to secure an agreement.

"(C) If after the expiration of the 30-day period beginning on the date on which the request for mediation is made under subparagraph (B), or such additional period as the parties may agree upon, the Service is not able to bring the parties to agreement by conciliation, the Service shall refer the dispute to a 3-person arbitration panel established in accordance with such regulations as may be prescribed by the Service, with one member selected by the individual or labor organization, one member selected by the employer, and one neutral member mutually agreed to by the parties. The individual or labor organization and the employer must each select the members of the 3-person arbitration panel within 14 days of the Service's referral; if the individual or labor organization or the employer fail to do so, the Service shall designate any members not selected by the individual or labor organization or by the employer. A majority of the 3-person arbitration panel shall render a decision settling the dispute and such decision shall be binding upon the parties for a period of 2 years, unless amended during such period by written consent of the parties. Such decision shall be based on—

"(i) the employer's financial status and prospects;

"(ii) the size and type of the employer's operations and business;

"(iii) the employees' cost of living;

"(iv) the employees' ability to sustain themselves, their families, and their dependents on the wages and benefits they earn from the employer; and

"(v) the wages and benefits other employers in the same business provide their employees.";

(5) by amending subsection (e) to read as follows:

"(e) Notwithstanding chapter 1 of title 9, United States Code (commonly known as the 'Federal Arbitration Act'), or any other provision of law, it shall be an unfair labor practice under subsection (a)(1) for any employer—

"(1) to enter into or attempt to enforce any agreement, express or implied, whereby prior to a dispute to which the agreement applies, an employee undertakes or promises not to pursue, bring, join, litigate, or support any kind of joint, class, or collective claim arising from or relating to the employment of such employee in any forum that, but for such agreement, is of competent jurisdiction;

"(2) to coerce an employee into undertaking or promising not to pursue, bring, join, litigate, or support any kind of joint, class, or collective claim arising from or relating to the employment of such employee; or

"(3) to retaliate or threaten to retaliate against an employee for refusing to undertake or promise not to pursue, bring, join, litigate, or support any kind of joint, class, or collective claim arising from or relating to the employment of such employee: Provided, That any agreement that violates this subsection or results from a violation of this subsection shall be to such extent unenforceable and void: Provided further, That this subsection shall not apply to any agreement embodied in or expressly permitted by a contract between an employer and a labor organization.";

(6) in subsection (g), by striking "clause (B) of the last sentence of section 8(d) of this Act" and inserting "subsection (d)(2)(B)"; and

(7) by adding at the end the following:

"(h) (1) The Board shall promulgate regulations requiring each employer to post and maintain, in conspicuous places where notices to employees and applicants for employment are customarily posted both physically and electronically, a notice setting forth the protections and remedies available to employees under this Act. The Board shall make available to the public the form and text of such notice. The Board shall promulgate regulations requiring employers to notify each new employee of the information contained in the notice described in the preceding two sentences and to ensure that such notice is provided to employees in a language spoken by such employees.

"(2) Whenever the Board directs an election under section 9(c) or approves an election agreement, the employer of employees in the bargaining unit shall, not later than 2 business days after the Board directs such election or approves such election agreement, provide a voter list to a labor organization that has petitioned to represent such employees. Such voter list shall include the names of all employees in the bargaining unit and such employees' home addresses, work locations, shifts, job classifications, and, if available to the employer, personal landline and mobile telephone numbers, work email addresses, and personal email addresses; the voter list must be provided in a searchable electronic format generally approved by the Board unless the employer certifies that the employer does not possess the capacity to produce the list in the required form. Not later than 9 months after the date of enactment of this Act, the Board shall promulgate regulations implementing the requirements of this paragraph.

"(i) The rights of an employee under section 7 include the right to use electronic communication devices and systems (including computers, laptops, tablets, internet access, email, cellular telephones, or other company equipment) of the employer of such employee to engage in activities protected under section 7 if such employer has given such employee access to such devices and systems in the course of the work of such employee, absent a compelling business rationale for denying or limiting such use.".

(b) Strike protections.—Section 13 of the National Labor Relations Act (29 U.S.C. 163) is amended by striking the period at the end and inserting the following: ": Provided, That the duration, scope, frequency, or intermittence of any strike or strikes shall not render such strike or strikes unprotected or prohibited.".

SEC. 823. REMEDIES, PENALTIES, INJUNCTIONS, AND ENFORCEMENT.

(a) Damages for unfair labor practices.—Section 10(c) of the National Labor Relations Act (29 U.S.C. 160(c)) is amended by striking "suffered by him" and inserting "suffered by such employee: Provided further, That if the Board finds that an employer has discriminated against an employee in violation of paragraph (3) or (4) of section 8(a) or has committed a violation of section 8(a) that results in the discharge of an employee or other serious economic harm to an employee, the Board shall award the employee back pay without any reduction (including any reduction based on the employee's interim earnings or failure to earn interim earnings), front pay (when appropriate), full compensation for all direct or foreseeable pecuniary harms suffered as a result of the respondent's unfair labor practice, and an additional amount as liquidated damages equal to two times the amount of damages awarded: Provided further, no relief under this subsection shall be denied on the basis that the employee is, or was during the time of relevant employment or during the back pay period, an unauthorized alien as defined in section 274A(h)(3) of the Immigration and Nationality Act (8 U.S.C. 1324a(h)(3)) or any other provision of Federal law relating to the unlawful employment of aliens".

(b) Enforcing compliance with orders of the Board.—

(1) In general.—Section 10 of the National Labor Relations Act (29 U.S.C. 160) is further amended—

(A) by striking subsection (e);

(B) by redesignating subsection (d) as subsection (e);

(C) by inserting after subsection (c) the following:

"(d) (1) Each order of the Board shall be self-enforcing upon issuance of such order, unless otherwise directed by the Board, and shall remain self-enforcing unless modified by the Board or unless a court of competent jurisdiction issues a superseding order.

"(2) Any person who fails or neglects to obey an order of the Board shall forfeit and pay to the Board a civil penalty of not more than $10,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the Board to the district court of the United States in which the unfair labor practice or other subject of the order occurred, or in which such person or entity resides or transacts business. No action by the Board under this paragraph may be made until 30 days following the issuance of an order. Each separate violation of such an order shall be a separate offense, except that, in the case of a violation in which a person fails to obey or neglects to obey a final order of the Board, each day such failure or neglect continues shall be deemed a separate offense.

"(3) If, after having provided a person or entity with notice and an opportunity to be heard regarding a civil action under paragraph (2) for the enforcement of an order, the court determines that the order was regularly made and duly served, and that the person or entity is in disobedience of the same, the court shall enforce obedience to such order by an injunction or other proper process, mandatory or otherwise, to—

"(A) restrain such person or entity or the officers, agents, or representatives of such person or entity, from further disobedience to such order; or

"(B) enjoin such person or entity, officers, agents, or representatives to obedience to the same.";

(D) in subsection (f)—

(i) by striking "proceed in the same manner as in the case of an application by the Board under subsection (e) of this section," and inserting "proceed as provided under paragraph (2) of this subsection";

(ii) by striking "Any" and inserting the following:

"(1) Within 30 days of the issuance of an order, any"; and

(iii) by adding at the end the following:

"(2) No objection that has not been urged before the Board, its member, agent, or agency shall be considered by a court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances. The findings of the Board with respect to questions of fact if supported by substantial evidence on the record considered as a whole shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Board, its member, agent, or agency, the court may order such additional evidence to be taken before the Board, its member, agent, or agency, and to be made a part of the record. The Board may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and it shall file such modified or new findings, which findings with respect to questions of fact if supported by substantial evidence on the record considered as a whole shall be conclusive, and shall file its recommendations, if any, for the modification or setting aside of its original order. Upon the filing of the record with it the jurisdiction of the court shall be exclusive and its judgment and decree shall be final, except that the same shall be subject to review by the appropriate United States court of appeals if application was made to the district court, and by the Supreme Court of the United States upon writ of certiorari or certification as provided in section 1254 of title 28, United States Code."; and

(E) in subsection (g), by striking "subsection (e) or (f) of this section" and inserting "subsection (d) or (f)".

(2) Conforming amendment.—Section 18 of the National Labor Relations Act (29 U.S.C. 168) is amended by striking "section 10(e) or (f)" and inserting "subsection (d) or (f) of section 10".

(c) Injunctions against unfair labor practices involving discharge or other serious economic harm.—Section 10 of the National Labor Relations Act (29 U.S.C. 160) is further amended—

(1) in subsection (j)—

(A) by striking "The Board" and inserting "(1) The Board"; and

(B) by adding at the end the following:

"(2) Notwithstanding subsection (m), whenever it is charged that an employer has engaged in an unfair labor practice within the meaning of paragraph (1), (3), or (4) of section 8(a) that significantly interferes with, restrains, or coerces employees in the exercise of the rights guaranteed under section 7, or involves discharge or other serious economic harm to an employee, the preliminary investigation of such charge shall be made forthwith and given priority over all other cases except cases of like character in the office where it is filed or to which it is referred. If, after such investigation, the officer or regional attorney to whom the matter may be referred has reasonable cause to believe such charge is true and that a complaint should issue, such officer or attorney shall bring a petition for appropriate temporary relief or restraining order as set forth in paragraph (1). The district court shall grant the relief requested unless the court concludes that there is no reasonable likelihood that the Board will succeed on the merits of the Board's claim."; and

(2) by repealing subsections (k) and (l).

(d) Penalties.—

(1) In general.—Section 12 of the National Labor Relations Act (29 U.S.C. 162) is amended—

(A) by striking "Sec. 12. Any person" and inserting the following:

"SEC. 12. PENALTIES.

"(a) Violations for Interference With Board.—Any person"; and

(B) by adding at the end the following:

"(b) Violations for Posting Requirements and Voter List.—If the Board, or any agent or agency designated by the Board for such purposes, determines that an employer has violated section 8(h) or regulations issued thereunder, the Board shall—

"(1) state the findings of fact supporting such determination;

"(2) issue and cause to be served on such employer an order requiring that such employer comply with section 8(h) or regulations issued thereunder; and

"(3) impose a civil penalty in an amount determined appropriate by the Board, except that in no case shall the amount of such penalty exceed $500 for each such violation.

"(c) Civil Penalties for Violations.—

"(1) In general.—Any employer who commits an unfair labor practice within the meaning of section 8(a) shall, in addition to any remedy ordered by the Board, be subject to a civil penalty in an amount not to exceed $50,000 for each violation, except that, with respect to an unfair labor practice within the meaning of paragraph (3) or (4) of section 8(a) or a violation of section 8(a) that results in the discharge of an employee or other serious economic harm to an employee, the Board shall double the amount of such penalty, to an amount not to exceed $100,000, in any case where the employer has within the preceding 5 years committed another such violation.

"(2) Considerations.—In determining the amount of any civil penalty under this subsection, the Board shall consider—

"(A) the gravity of the unfair labor practice;

"(B) the impact of the unfair labor practice on the charging party, on other persons seeking to exercise rights guaranteed by this Act, and on the public interest; and

"(C) the gross income of the employer.

"(3) Director and officer liability.—If the Board determines, based on the particular facts and circumstances presented, that a director or officer's personal liability is warranted, a civil penalty for a violation described in this subsection may also be assessed against any director or officer of the employer who directed or committed the violation, had established a policy that led to such a violation, or had actual or constructive knowledge of and the authority to prevent the violation and failed to prevent the violation.

"(d) Civil action.—

"(1) In general.—Any person who is injured by reason of a violation of paragraph (1), (3), or (4) of section 8(a) may, on or after the earlier of the date that is 60 days after the filing of a charge with the Board alleging an unfair labor practice or the date the Board notifies the person that no complaint shall issue, bring a civil action in the appropriate district court of the United States against the employer not later than 90 days after that earlier date, provided that the Board has not filed a petition under section 10(j) of this Act before the civil action is commenced. No relief under this subsection shall be denied on the basis that the employee is, or was during the time of relevant employment or during the back pay period, an unauthorized alien as defined in section 274A(h)(3) of the Immigration and Nationality Act (8 U.S.C. 1324a(h)(3)) or any other provision of Federal law relating to the unlawful employment of aliens.

"(2) Available relief.—Relief granted in an action under paragraph (1) may include—

"(A) back pay without any reduction, including any reduction based on the employee's interim earnings or failure to earn interim earnings;

"(B) front pay (when appropriate);

"(C) all direct or foreseeable pecuniary harms suffered as a result of the unfair labor practice;

"(D) an additional amount as liquidated damages equal to two times the cumulative amount of damages awarded under subparagraphs (A) through (C);

"(E) in appropriate cases, punitive damages in accordance with paragraph (4); and

"(F) any other relief authorized by section 706(g) of the Civil Rights Act of 1964 (42 U.S.C. 2000e-5(g)) or by section 1977A(b) of the Revised Statutes (42 U.S.C. 1981a(b)).

"(3) Attorney's fees.—In any civil action under this subsection, the court may allow the prevailing party a reasonable attorney's fee (including expert fees) and other reasonable costs associated with maintaining the action.

"(4) Punitive damages.—In awarding punitive damages under paragraph (2)(E), the court shall consider—

"(A) the gravity of the unfair labor practice;

"(B) the impact of the unfair labor practice on the charging party, on other persons seeking to exercise rights guaranteed by this Act, and on the public interest; and

"(C) the gross income of the employer.".

(2) Conforming amendments.—Section 10(b) of the National Labor Relations Act (29 U.S.C. 160(b)) is amended—

(A) by striking "six months" and inserting "180 days"; and

(B) by striking "the six-month period" and inserting "the 180-day period".

SEC. 824. LABOR-MANAGEMENT REPORTING, PERSUADER DISCLOSURE, AND CONFORMING AMENDMENTS.

(a) Conforming amendments to the Labor Management Relations Act, 1947.—The Labor Management Relations Act, 1947, is amended—

(1) in section 213(a) (29 U.S.C. 183(a)), by striking "clause (A) of the last sentence of section 8(d) (which is required by clause (3) of such section 8(d)), or within 10 days after the notice under clause (B)" and inserting "section 8(d)(2)(A) of the National Labor Relations Act (which is required by section 8(d)(1)(C) of such Act), or within 10 days after the notice under section 8(d)(2)(B) of such Act"; and

(2) by repealing section 303 (29 U.S.C. 187).

(b) Persuader disclosure.—Section 203(c) of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 433(c)) is amended by striking the period at the end and inserting the following ": Provided, That this subsection shall not exempt from the requirements of this section any arrangement or part of an arrangement in which a party agrees, for an object described in subsection (b)(1), to plan or conduct employee meetings; train supervisors or employer representatives to conduct meetings; coordinate or direct activities of supervisors or employer representatives; establish or facilitate employee committees; identify employees for disciplinary action, reward, or other targeting; or draft or revise employer personnel policies, speeches, presentations, or other written, recorded, or electronic communications to be delivered or disseminated to employees.".

(c) Whistleblower protections.—The Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 401 et seq.) is amended—

(1) by redesignating section 611 (29 U.S.C. 531) as section 612; and

(2) by inserting after section 610 (29 U.S.C. 530), the following new section:

"SEC. 611. WHISTLEBLOWER PROTECTIONS.

"(a) In general.—No employer or labor organization shall terminate or in any other way discriminate against, or cause to be terminated or discriminated against, any applicant, covered employee, or former covered employee, of the employer or the labor organization by reason of the fact that such applicant, covered employee, or former covered employee does, or the employer or labor organization perceives the employee to do, any of the following:

"(1) Provide, cause to be provided, or is about to provide or cause to be provided, information to the labor organization, the employer, the Department of Labor, or any other State, local, or Federal Government authority or law enforcement agency relating to any violation of, or any act or omission that such employee reasonably believes to be a violation of, any provision of this Act.

"(2) Testify or plan to testify or otherwise participate in any proceeding resulting from the administration or enforcement of any provision of this Act.

"(3) File, institute, or cause to be filed or instituted, any proceeding under this Act.

"(4) Assist in any activity described in paragraphs (1) through (3).

"(5) Object to, or refuse to participate in, any activity, policy, practice, or assigned task that such covered employee reasonably believes to be in violation of any provision of this Act.

"(b) Definition of covered employee.—For the purposes of this section, the term 'covered employee' means any employee or agent of an employer or labor organization, including any person with management responsibilities on behalf of the employer or labor organization.

"(c) Procedures and timetables.—

"(1) Complaint.—

"(A) In general.—An applicant, covered employee, or former covered employee who believes that they have been terminated or in any other way discriminated against by any person in violation of subsection (a) may file (or have any person file on their behalf) a complaint with the Secretary of Labor alleging such violation. Such a complaint must be filed not later than either—

"(i) 180 days after the date on which such alleged violation occurs; or

"(ii) 180 days after the date upon which the employee knows or should reasonably have known that such alleged violation in subsection (a) occurred.

"(B) Actions of Secretary of Labor.—Upon receipt of such a complaint, the Secretary of Labor shall notify, in writing, the person named in the complaint who is alleged to have committed the violation, of—

"(i) the filing of the complaint;

"(ii) the allegations contained in the complaint;

"(iii) the substance of evidence supporting the complaint; and

"(iv) opportunities that will be afforded to such person under paragraph (2).

"(2) Investigation by Secretary of Labor.—

"(A) In general.—Not later than 60 days after the date of receipt of a complaint filed under paragraph (1), and after affording the complainant and the person named in the complaint who is alleged to have committed the violation that is the basis for the complaint an opportunity to submit to the Secretary of Labor a written response to the complaint and an opportunity to meet with a representative of the Secretary of Labor to present statements from witnesses, the Secretary of Labor shall—

"(i) initiate an investigation and determine whether there is reasonable cause to believe that the complaint has merit; and

"(ii) notify the complainant and the person alleged to have committed the violation of subsection (a), in writing, of such determination.

"(B) Grounds for determination of complaints.—The Secretary of Labor shall dismiss a complaint filed under this subsection, and shall not conduct an investigation otherwise required under subparagraph (A), unless the complainant makes a prima facie showing that any behavior described in paragraphs (1) through (5) of subsection (a) was a contributing factor in the unfavorable personnel action alleged in the complaint.

"(3) Burdens of proof.—

"(A) Criteria for determination.—In making a determination or adjudicating a complaint pursuant to this subsection, the Secretary, an administrative law judge, or a court may determine that a violation of subsection (a) has occurred only if the complainant demonstrates that any conduct described in subsection (a) with respect to the complainant was a contributing factor in the adverse action alleged in the complaint.

"(B) Prohibition.—Notwithstanding subparagraph (A), a decision or order that is favorable to the complainant shall not be issued in any administrative or judicial action pursuant to this subsection if the respondent demonstrates by clear and convincing evidence that the respondent would have taken the same adverse action in the absence of such conduct.

"(C) Notice of relief available.—If the Secretary of Labor concludes that there is reasonable cause to believe that a violation of subsection (a) has occurred, the Secretary of Labor shall, together with the notice under paragraph (2)(A)(ii), issue a preliminary order providing the relief prescribed by paragraph (4)(B).

"(D) Request for hearing.—Not later than 30 days after the date of receipt of notification of a determination of the Secretary of Labor under this paragraph, either the person alleged to have committed the violation or the complainant may file objections to the findings or preliminary order, or both, and request a hearing on the record. The filing of such objections shall not operate to stay any reinstatement remedy contained in the preliminary order. Any such hearing shall be conducted expeditiously, and if a hearing is not requested in such 30-day period, the preliminary order shall be deemed a final order that is not subject to judicial review.

"(E) Procedures.—

"(i) In general.—A hearing requested under this paragraph shall be conducted expeditiously and in accordance with rules established by the Secretary for hearings conducted by administrative law judges.

"(ii) Subpoenas; production of evidence.—In conducting any such hearing, the administrative law judge may issue subpoenas. The respondent or complainant may request the issuance of subpoenas that require the deposition of, or the attendance and testimony of, witnesses and the production of any evidence (including any books, papers, documents, or recordings) relating to the matter under consideration.

"(4) Issuance of final orders; review procedures.—

"(A) Timing.—Not later than 120 days after the date of conclusion of any hearing under paragraph (2), the Secretary of Labor shall issue a final order providing the relief prescribed by this paragraph or denying the complaint. At any time before issuance of a final order, a proceeding under this subsection may be terminated on the basis of a settlement agreement entered into by the Secretary of Labor, the complainant, and the person alleged to have committed the violation.

"(B) Available relief.—

"(i) Order of Secretary of Labor.—If, in response to a complaint filed under paragraph (1), the Secretary of Labor determines that a violation of subsection (a) has occurred, the Secretary of Labor shall order the person who committed such violation—

"(I) to take affirmative action to abate the violation;

"(II) to reinstate the complainant to their former position, together with compensation (including back pay with interest) and restore the terms, conditions, and privileges associated with their employment;

"(III) to provide compensatory damages to the complainant; and

"(IV) expungement of all warnings, reprimands, or derogatory references that have been placed in paper or electronic records or databases of any type relating to the actions by the complainant that gave rise to the unfavorable personnel action, and, at the complainant's direction, transmission of a copy of the decision on the complaint to any person whom the complainant reasonably believes may have received such unfavorable information.

"(ii) Costs and expenses.—If an order is issued under clause (i), the Secretary of Labor, at the request of the complainant, shall assess against the person against whom the order is issued, a sum equal to the aggregate amount of all costs and expenses (including attorney fees and expert witness fees) reasonably incurred, as determined by the Secretary of Labor, by the complainant for, or in connection with, the bringing of the complaint upon which the order was issued.

"(C) Frivolous claims.—If the Secretary of Labor finds that a complaint under paragraph (1) is frivolous or has been brought in bad faith, the Secretary of Labor may award to the prevailing employer or labor organization a reasonable attorney fee, not exceeding $1,000, to be paid by the complainant.

"(D) De novo review.—

"(i) Failure of the Secretary to act.—If the Secretary of Labor has not issued a final order within 270 days after the date of filing of a complaint under this subsection, or within 90 days after the date of receipt of a written determination, the complainant may bring an action at law or equity for de novo review in the appropriate district court of the United States having jurisdiction, which shall have jurisdiction over such an action without regard to the amount in controversy, and which action shall, at the request of either party to such action, be tried by the court with a jury.

"(ii) Procedures.—A proceeding under clause (i) shall be governed by the same legal burdens of proof specified in paragraph (3). The court shall have jurisdiction to grant all relief necessary to make the employee whole, including injunctive relief and compensatory damages, including—

"(I) reinstatement with the same seniority status that the employee would have had, but for the discharge or discrimination;

"(II) the amount of back pay, with interest;

"(III) compensation for any special damages sustained as a result of the discharge or discrimination, including litigation costs, expert witness fees, and reasonable attorney fees; and

"(IV) expungement of all warnings, reprimands, or derogatory references that have been placed in paper or electronic records or databases of any type relating to the actions by the complainant that gave rise to the unfavorable personnel action, and, at the complainant's direction, transmission of a copy of the decision on the complaint to any person whom the complainant reasonably believes may have received such unfavorable information.

"(E) Other appeals.—Unless the complainant brings an action under subparagraph (D), any person adversely affected or aggrieved by a final order issued under subparagraph (A) may file a petition for review of the order in the United States Court of Appeals for the circuit in which the violation with respect to which the order was issued, allegedly occurred or the circuit in which the complainant resided on the date of such violation, not later than 60 days after the date of the issuance of the final order of the Secretary of Labor under subparagraph (A). Review shall conform to chapter 7 of title 5, United States Code. The commencement of proceedings under this subparagraph shall not, unless ordered by the court, operate as a stay of the order. An order of the Secretary of Labor with respect to which review could have been obtained under this subparagraph shall not be subject to judicial review in any criminal or other civil proceeding.

"(5) Failure to comply with order.—

"(A) Actions by the Secretary.—If any person has failed to comply with a final order issued under paragraph (4), the Secretary of Labor may file a civil action in the United States district court for the district in which the violation was found to have occurred, or in the United States district court for the District of Columbia, to enforce such order. In actions brought under this paragraph, the district courts shall have jurisdiction to grant all appropriate relief including injunctive relief, compensatory and punitive damages.

"(B) Civil actions to compel compliance.—A person on whose behalf an order was issued under paragraph (4) may commence a civil action against the person to whom such order was issued to require compliance with such order. The appropriate United States district court shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce such order.

"(C) Award of costs authorized.—The court, in issuing any final order under this paragraph, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate.

"(D) Mandamus proceedings.—Any nondiscretionary duty imposed by this section shall be enforceable in a mandamus proceeding brought under section 1361 of title 28, United States Code.

"(d) Unenforceability of certain agreements.—Notwithstanding any other provision of law, the rights and remedies provided for in this section may not be waived by any agreement, policy, form, or condition of employment, including by any predispute arbitration agreement.

"(e) Savings.—Nothing in this section shall be construed to diminish the rights, privileges, or remedies of any employee who exercises rights under any Federal or State law or common law, or under any collective bargaining agreement.".

(d) Public availability of information.—Section 203(b) of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 433(b)) is amended in the matter following paragraph (2) by striking the period at the end and inserting "and shall make such information available to the public in a readily accessible and searchable electronic format, and through a secure software application for use on an electronic device.".

SEC. 825. APPROPRIATIONS, RULES OF CONSTRUCTION, AND REPORTS.

(a) Appropriations.—

(1) National Labor Relations Board.—In addition to amounts otherwise available, there is appropriated to the National Labor Relations Board, out of amounts in the Treasury not otherwise appropriated, $300,000,000 for fiscal year 2027 and each of fiscal years 2028 through 2031, to remain available until expended, to carry out sections 821 through 823 and the amendments made by such sections.

(2) Federal Mediation and Conciliation Service.—In addition to amounts otherwise available, there is appropriated to the Federal Mediation and Conciliation Service, out of amounts in the Treasury not otherwise appropriated, $100,000,000 for fiscal year 2027 and each of fiscal years 2028 through 2031, to remain available until expended, to carry out mediation, conciliation, arbitration, panel administration, training, outreach, data, and implementation responsibilities under section 8(d)(3) of the National Labor Relations Act, as amended by section 822.

(3) Department of Labor.—In addition to amounts otherwise available, there is appropriated to the Secretary of Labor, out of amounts in the Treasury not otherwise appropriated, $75,000,000 for fiscal year 2027 and each of fiscal years 2028 through 2031, to remain available until expended, to carry out section 824 and the amendments made by such section, including persuader disclosure, public access, whistleblower enforcement, outreach, staffing, data systems, and related implementation.

(4) Government Accountability Office.—In addition to amounts otherwise available, there is appropriated to the Government Accountability Office, out of amounts in the Treasury not

otherwise appropriated, $15,000,000 for fiscal year 2027, to remain available until expended, to carry out subsection (b).

(5) Additional authorization.—There are authorized to be appropriated such additional sums as may be necessary to carry out sections 821 through 825 and the amendments made by such sections.

(b) GAO reports.—

(1) Sectoral bargaining.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall conduct a review of collective bargaining at the sectoral level in a geographically diverse set of countries where sectoral bargaining is facilitated and prepare and submit to Congress a report with respect to such countries that—

(A) identifies, analyzes, and compares—

(i) the laws and policies governing or related to collective bargaining at the sectoral level;

(ii) the administrative systems facilitating such bargaining; and

(iii) the procedures involved in sectoral bargaining;

(B) to the extent practicable, considers reported effects of the policies and procedures described in subparagraph (A) on—

(i) the wages and compensation of employees;

(ii) the number of full-time and part-time employees;

(iii) prices, sales, and revenues;

(iv) employee turnover and retention;

(v) hiring and training costs;

(vi) productivity and absenteeism; and

(vii) the development of emerging industries, including those that engage their workforces through technology; and

(C) describes the methodology used to generate the information in the report.

(2) Average workplace time-to-contract.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report examining the average number of days between—

(A) the date on which an individual or labor organization is certified or recognized as the representative of employees under section 9(a) of the National Labor Relations Act (29 U.S.C. 159(a)), following the date of enactment of this Act; and

(B) the date on which the parties enter into an initial collective bargaining agreement.

(3) Coverage changes.—

(A) In general.—The Comptroller General of the United States shall 1 year after the date of enactment of this Act commence a study on the impact of section 821(a)(1) and section 821(a)(2) regarding—

(i) the effect on coverage of employees under the National Labor Relations Act, and the impact from such change in coverage, on their capacity in various sectors to form unions and collectively bargain as a means to improve wages, benefits, workplace safety, and other working conditions; and

(ii) the effect on employers and other enterprises regarding the ability of employees to organize and collectively bargain over wages, benefits, workplace safety, and other working conditions in such sectors.

(B) Factors.—Such study shall identify, compare, and analyze impacts from changes implicated by section 821(a)(1) and section 821(a)(2) on—

(i) flexibility for employees with respect to hours, shifts, assignments and working arrangements;

(ii) rates of compensation, health care, and employee benefits;

(iii) resolution of grievances and disputes, including employers' ability to terminate and employees' access to due process;

(iv) use of technology or algorithms, including the adoption of new technology and algorithms; and

(v) workplace safety and health.

(C) Stakeholder input.—In preparing the report, the Comptroller General of the United States shall gather information from impacted stakeholders, including various business enterprises and labor organizations. In developing a list of stakeholders, the Comptroller General of the United States shall consult with the House Committee on Education and Workforce and the Senate Committee on Health, Education, Labor, and Pensions.

(D) Congressional report.—6 months after the commencement of the study, the Comptroller General of the United States shall transmit the findings and report to the Committee on Education and Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate, and consistent with the policies of the Comptroller General of the United States, make the findings and report available to the public.

(E) Presidential consideration.—The President, in consultation with the Department of Labor and other agencies as the President deems appropriate, shall, subsequent to the issuance of such report, consider such findings, and within 60 days may recommend that the House of Representatives and the Senate modify section 821(a)(1) or section 821(a)(2), or both or make no recommendations.

(F) Sense of Congress.—It is the sense of Congress that Congress shall consider whether to accept, reject, or modify any recommendations received under subparagraph (E), as it deems appropriate.

(c) Rule of construction.—Nothing in sections 821 through 824 or the amendments made by such sections shall be construed—

(1) to amend section 274A of the Immigration and Nationality Act (8 U.S.C. 1324a);

(2) to affect the jurisdictional standards of the National Labor Relations Board, including any standards that measure the size of a business with respect to revenues, that are used to determine whether an industry is affecting commerce for purposes of determining coverage under the National Labor Relations Act (29 U.S.C. 151 et seq.);

(3) to affect the privacy of employees with respect to voter lists provided to labor organizations by employers pursuant to elections directed by the Board; or

(4) to affect the definitions of "employer" or "employee" under the laws of any State that govern the wages, work hours, workers' compensation, or unemployment insurance of employees.

Subtitle C—Transparency and Organization in Employment

SEC. 831. ABOLITION OF SUBMINIMUM WAGES.

(a) General rule.—Notwithstanding any other provision of law, no employer may pay any employee a wage less than the applicable minimum wage established under section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206).

(b) Elimination of tipped minimum wage.—Section 3(m)(2)(A) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)(2)(A)) is repealed.

(c) Repeal of disability subminimum wage.—Section 14(c) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)) is repealed.

(d) Repeal of youth subminimum wage.—Section 6(g) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(g)) is repealed.

(e) Repeal of student and learner subminimum wages.—Subsections (a), (b), and (d) of section 14 of the Fair Labor Standards Act of 1938 (29 U.S.C. 214) are repealed.

(f) Prohibition on certificates and waivers.—The Secretary of Labor may not issue or renew any certificate, waiver, exemption, or authorization permitting the payment of wages below the applicable minimum wage.

(g) Enforcement.—A violation of this section shall be treated as a violation of section 15 of the Fair Labor Standards Act of 1938 (29 U.S.C. 215) and shall be subject to the remedies, procedures, and penalties provided under section 16 of such Act (29 U.S.C. 216).

SEC. 832. WAGE THEFT PREVENTION AND WAGE RECOVERY.

(a) Definitions.—In this section:

(1) Community partner.—The term "community partner" means any stakeholder with a commitment to enforcing wage and hour laws and preventing abuses of such laws, including any—

(A) State department of labor;

(B) attorney general of a State, or other similar authorized official of a political subdivision thereof;

(C) law enforcement agency;

(D) consulate;

(E) employee or advocate of employees, including a labor organization, community-based organization, faith-based organization, business association, or nonprofit legal aid organization;

(F) academic institution that plans, coordinates, and implements programs and activities to prevent wage and hour violations and recover unpaid wages, damages, and penalties; or

(G) municipal agency responsible for the enforcement of local wage and hour laws.

(2) Community partnership.—The term "community partnership" means a partnership between—

(A) a working group consisting of community partners; and

(B) the Department of Labor.

(3) Eligible entity.—The term "eligible entity" means an entity that is any of the following:

(A) A nonprofit organization, including such an organization that is a community-based organization, faith-based organization, or labor organization, that provides services and support to employees, including assisting such employees in recovering unpaid wages.

(B) An employer.

(C) A business association.

(D) An institution of higher education, as defined by section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

(E) A partnership between any of the entities described in subparagraphs (A) through (D).

(4) Employ; employee; employer.—The terms "employ", "employee", and "employer" have the meanings given such terms in section 3 of the Fair Labor Standards Act of 1938 (29 U.S.C. 203).

(5) Secretary.—The term "Secretary" means the Secretary of Labor.

(6) Wage and hour law.—The term "wage and hour law" means any Federal law enforced by the Wage and Hour Division of the Department of Labor, including any provision of this section enforced by such division.

(7) Wage and hour violation.—The term "wage and hour violation" refers to any violation of a Federal law enforced by the Wage and Hour Division of the Department of Labor, including any provision of this section enforced by such division.

(b) Wage theft prevention and wage recovery grant program.—

(1) In general.—The Secretary shall provide grants to eligible entities to assist employees and employers.

(2) Grants.—A grant provided under this subsection shall be designed to—

(A) support an eligible entity in establishing and supporting the activities described in paragraph (3)(A); and

(B) develop community partnerships to expand and improve cooperative efforts to—

(i) prevent and reduce wage and hour violations;

(ii) assist employees in recovering back pay for any such violations; and

(iii) assist employers in complying with wage and hour laws.

(3) Use of funds.—The grants described in this subsection shall assist eligible entities in establishing and supporting activities that include—

(A) disseminating information and conducting outreach and training to educate employees about their protections under wage and hour laws;

(B) conducting educational and compliance training for employers about their obligations under wage and hour laws;

(C) providing assistance to employees in filing claims of wage and hour violations; and

(D) any other activities as the Secretary may reasonably prescribe through notice and comment rulemaking.

(4) Term of grants.—Each grant made under this subsection shall be available for expenditure for a period that is not to exceed 3 years.

(5) Applications.—

(A) In general.—An eligible entity seeking a grant under this subsection shall submit an application for such grant to the Secretary in accordance with this paragraph.

(B) Partnerships.—In the case of an eligible entity that is a partnership described in subsection (a)(3)(E), the eligible entity may submit a joint application that designates a single entity as the lead entity for purposes of receiving and disbursing funds.

(C) Contents.—An application under this paragraph shall include—

(i) a description of a plan for the program that the eligible entity proposes to carry out with a grant under this subsection, including a long-term strategy and detailed implementation plan that reflects expected participation of, and partnership with, community partners;

(ii) information on the prevalence of wage and hour violations in each community or State the eligible entity proposes to serve;

(iii) information on any industry or geographic area targeted by the plan for such program;

(iv) information on the type of outreach and relationship building that will be conducted under such program;

(v) information on the training and education that will be provided to employees and employers under such program; and

(vi) any additional information the Secretary deems relevant.

(6) Selection.—

(A) Competitive basis.—In accordance with this paragraph, the Secretary shall, on a competitive basis, select grant recipients from among eligible entities that have submitted an application under paragraph (5).

(B) Priority.—In selecting grant recipients under subparagraph (A), the Secretary shall give priority to eligible entities that—

(i) serve employees or employers in any industry or geographic area that is most highly at risk for noncompliance with wage and hour violations, as identified by the Secretary; and

(ii) demonstrate past and ongoing work to prevent wage and hour violations or to recover unpaid wages.

(7) Memoranda of understanding.—

(A) In general.—Not later than 60 days after receiving notification of selection for a grant under this subsection, the grant recipient shall negotiate and finalize with the Secretary a memorandum of understanding that sets forth specific goals, objectives, strategies, and activities that will be carried out under the grant by such recipient through a community partnership.

(B) Signatures.—A representative of the grant recipient (or, in the case of a grant recipient that is an eligible entity described in subsection (a)(3)(E), a representative of each entity that composes the grant recipient) and the Secretary shall sign the memorandum of understanding under this paragraph.

(C) Revisions.—The memorandum of understanding under this paragraph shall be reviewed and revised by the grant recipient and the Secretary each year for the duration of the grant.

(8) Performance evaluations.—The Secretary shall develop guidelines for evaluating the activities of each program or project funded under this subsection.

(9) Revocation or suspension of funding.—If the Secretary determines that a recipient of a grant under this subsection is not in compliance with the terms and requirements of the memorandum of understanding under paragraph (7), the Secretary may revoke or suspend, in whole or in part, the funding of the grant.

(c) Requirements to provide certain disclosures, regular paystubs, final payments, and full compensation.—

(1) Requirements to provide certain disclosures, regular paystubs, and final payments.—The Fair Labor Standards Act of 1938 is amended by inserting after section 4 (29 U.S.C. 204) the following:

"SEC. 5. REQUIREMENTS TO PROVIDE CERTAIN DISCLOSURES, REGULAR PAYSTUBS, AND FINAL PAYMENTS.

"(a) Disclosures.—

"(1) Initial disclosures.—Not later than 15 days after the date on which an employer hires an employee who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce, the employer of such employee shall provide such employee with an initial disclosure containing the information described in paragraph (3). Such initial disclosure shall be—

"(A) provided as a written statement or, if the employee so chooses, as a digital document provided through electronic communication; and

"(B) made available in the employee's primary language.

"(2) Modification disclosures.—Not later than the earlier of 5 days after the date on which any of the information described in paragraph (3) changes with respect to an employee described in paragraph (1) or the date of the next paystub following the date on which such information changes, the employer of such employee shall provide the employee with a modification disclosure containing all the information described in paragraph (3).

"(3) Information.—The information described in this paragraph shall include—

"(A) the rate of pay and whether the employee is paid by the hour, shift, day, week, or job, or by salary, piece rate, commission, or other form of compensation;

"(B) (i) an indication of whether the employee is being classified by the employer as an employee subject to the minimum wage requirements of section 6 or as an employee that is exempt from (or otherwise not subject to) such requirements as provided under section 3(m)(2), 6, 13, or 14, as well as the reason for the exemption; and

"(ii) in the case that such employee is not classified as being an employee subject to such minimum wage requirements, an identification of the section described in clause (i) providing for such classification;

"(C) (i) an indication of whether the employee is being classified by the employer as an employee subject to the overtime compensation requirements of section 7 or as an employee exempt from such requirements as provided under section 7 or 13; and

"(ii) in the case that such employee is not classified as being an employee subject to such overtime compensation requirements, an identification of the section described in clause (i) providing for such classification;

"(D) the name of the employer and any other name used by the employer to conduct business; and

"(E) the physical address of and telephone number for the employer's main office or principal place of business, and a mailing address for such office or place of business if the mailing address is different than the physical address.

"(b) Paystubs.—

"(1) In general.—Every employer shall provide each employee of such employer who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce, a paystub that corresponds to work performed by the employee during the applicable pay period and contains the information required under paragraph (3) in any form provided under paragraph (2).

"(2) Forms.—A paystub required under this subsection shall be a written statement and may be provided in any of the following forms:

"(A) As a separate document accompanying any payment to an employee for work performed during the applicable pay period.

"(B) In the case of an employee who receives paychecks from the employer, as a detachable statement accompanying each paycheck.

"(C) As a digital document provided through electronic communication, subject to the employee affirmatively consenting to receive the paystubs in this form.

"(3) Contents.—Each paystub shall contain all of the following information:

"(A) The name of the employee.

"(B) Except in the case of an employee who is exclusively paid a salary and is exempt from the overtime requirements of section 7, the total number of hours worked by the employee, including the number of hours worked per workweek, during the applicable pay period.

"(C) The total gross and net wages paid, and, except in the case of an employee who is exclusively paid a salary and is exempt from the overtime requirements of section 7, the rate of pay for each hour worked during the applicable pay period.

"(D) In the case of an employee who is paid any salary, the amount of any salary paid during the applicable pay period.

"(E) In the case of an employee employed at piece rates, the number of piece rate units earned, the applicable piece rates, and the total amount paid to the employee per workweek for the applicable pay period in accordance with such piece rates.

"(F) The rate of pay per workweek of the employee during the applicable pay period and an explanation of the basis for such rate.

"(G) The number of overtime hours per workweek worked by the employee during the applicable pay period and the compensation required under section 7 that is provided to the employee for such hours.

"(H) Any additional compensation provided to the employee during the applicable pay period, with an explanation of each type of compensation, including any allowances or reimbursements such as amounts related to meals, clothing, lodging, or any other item.

"(I) Itemized deductions from the gross income of the employee during the applicable pay period, and an explanation for each deduction.

"(J) The date that is the beginning of the applicable pay period and the date that is the end of such applicable pay period.

"(K) The name of the employer and any other name used by the employer to conduct business.

"(L) The name and phone number of a representative of the employer for contact purposes.

"(M) Any additional information that the Secretary reasonably requires to be included through notice and comment rulemaking.

"(c) Model disclosures and pay stub.—The Secretary shall prescribe model disclosures and a model pay stub that may be used to satisfy the requirements of subsections (a) and (b), respectively. The Secretary shall make the model disclosures and the model pay stub publicly available to employers.

"(d) Final payments.—

"(1) In general.—Not later than 14 days after an individual described in paragraph (4) terminates employment with an employer (by action of the employer or the individual), or on the date on which such employer pays other employees for the pay period during which the individual so terminates such employment, whichever date is earlier, the employer shall provide the individual with a final payment, which includes all compensation due to such individual for all time worked and benefits incurred (including retirement, health, leave, fringe, and other benefits) by the individual as an employee for the employer.

"(2) Continuing wages.—An employer who violates the requirement under paragraph (1) shall, for each day, not to exceed 30 days, of such violation provide the individual described in paragraph (4) with compensation at a rate that is equal to the regular rate of compensation, as determined under this Act, to which such individual was entitled when such individual was an employee of such employer.

"(3) Limitation.—Notwithstanding paragraphs (1) and (2), an individual described in paragraph (4) shall not be entitled to the compensation described under paragraph (2) if the employer successfully demonstrates that—

"(A) the employer made a good-faith effort to provide the final payment described in paragraph (1); and

"(B) the individual refused or otherwise intentionally avoided receiving such final payment.

"(4) Individual.—An individual described in this paragraph is an individual who was employed by the employer, and through such employment, in any workweek, was engaged in commerce or in the production of goods for commerce, or was employed in an enterprise engaged in commerce or in the production of goods for commerce.".

(2) Full compensation.—

(A) In general.—The Fair Labor Standards Act of 1938 is amended by inserting after section 7 (29 U.S.C. 207) the following:

"SEC. 8. FULL COMPENSATION.

"(a) In general.—In the case of an employment contract or other employment agreement, including a collective bargaining agreement, that specifies that an employer shall compensate an employee (who is described in subsection (b)) at a rate that is higher than the rate otherwise required under this Act, the employer shall compensate such employee at the rate specified in such contract or other employment agreement.

"(b) Employee engaged in commerce.—The requirement under subsection (a) shall apply with respect to any employee who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce.".

(B) Conforming amendment.—The Fair Labor Standards Act of 1938 is amended by repealing section 10 (29 U.S.C. 210).

(d) Civil and criminal enforcement.—

(1) Prohibited acts.—Section 15(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 215(a)) is amended—

(A) in paragraph (1), by striking "section 6 or section 7" and inserting "section 6, 7, or 8"; and

(B) in paragraph (2), by striking "section 6 or section 7" and inserting "section 5, 6, 7, or 8".

(2) Damages.—The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) is amended—

(A) in section 4(f) (29 U.S.C. 204(f)), in the third sentence, by striking "for unpaid minimum wages, or unpaid overtime compensation, and liquidated damages" and inserting "for unpaid wages, or unpaid overtime compensation, as well as interest and liquidated damages,";

(B) in section 6(d)(3) (29 U.S.C. 206(d)(3)), by striking "minimum";

(C) in section 16 (29 U.S.C. 216)—

(i) in subsection (b)—

(I) by striking "section 6 or section 7" each place it appears and inserting "section 6, 7, or 8";

(II) by striking "minimum" each place it appears;

(III) in the first sentence, by striking "and in an additional equal amount as liquidated damages" and inserting "the amount of any interest on such unpaid wages or unpaid overtime compensation accrued at the prevailing rate, and an additional amount as liquidated damages that is equal to (subject to the second sentence of this subsection) 2 times such amount of unpaid wages or unpaid overtime compensation";

(IV) in the second sentence, by striking "wages lost and an additional equal amount as liquidated damages" and inserting "wages lost, including any unpaid wages or any unpaid overtime compensation, the amount of any interest on such wages lost accrued at the prevailing rate, and an additional amount as liquidated damages that is equal to 3 times the amount of such wages lost";

(V) by striking the fifth sentence; and

(VI) by adding at the end the following: "Notwithstanding chapter 1 of title 9, United States Code (commonly known as the 'Federal Arbitration Act'), or any other law, an employee's ability to bring an action, including a joint, class, or collective claim, in court under this section cannot be waived by an employee as a condition of employment or in a predispute arbitration agreement."; and

(ii) in subsection (c)—

(I) by striking "minimum" each place the term appears;

(II) in the first sentence—

(aa) by striking "section 6 or 7" and inserting "section 6, 7, or 8"; and

(bb) by striking "and an additional equal amount as liquidated damages" and inserting ", any interest on such unpaid wages or unpaid overtime compensation accrued at the prevailing rate, and an additional amount as liquidated damages that is equal to (subject to the third sentence of this subsection) 2 times such amount of unpaid wages or unpaid overtime compensation";

(III) in the second sentence, by striking "and an equal amount as liquidated damages." and inserting ", any interest on such unpaid wages or unpaid overtime compensation accrued at the prevailing rate, and an additional amount as liquidated damages that is equal to (subject to the third sentence of this subsection) 2 times such amount of unpaid wages or unpaid overtime compensation. In the event that the employer violates section 15(a)(3), the Secretary may bring an action in any court of competent jurisdiction to recover the amount of any wages lost, including any unpaid wages or any unpaid overtime compensation, any interest on such wages lost accrued at the prevailing rate, an additional amount as liquidated damages that is equal to 3 times the amount of such wages lost, and any such legal or equitable relief as may be appropriate."; and

(IV) in the third sentence, by striking "sections 6 and 7" and inserting "section 6, 7, or 8"; and

(D) in section 17 (29 U.S.C. 217), by striking "minimum".

(3) Civil fines.—Section 16(e) of the Fair Labor Standards Act of 1938 (29 U.S.C. 216(e)) is amended—

(A) by striking paragraph (2) and inserting the following:

"(2) (A) Subject to subparagraph (B), any person who violates section 6, 7, or 8, relating to wages, shall be subject to a civil fine that is not to exceed $22,030 per each employee affected for each initial violation of such section.

"(B) Any person who repeatedly or willfully violates section 6, 7, or 8, relating to wages, shall be subject to a civil fine that is not to exceed $110,150 per each employee affected for each such violation.

"(C) Any person who violates section 3(m)(2)(B) shall be subject to a civil penalty not to exceed $12,340 for each such violation, as the Secretary determines appropriate, in addition to being liable to the employee or employees affected for all tips unlawfully kept, any interest on wages lost accrued at the prevailing rate, and an additional amount as liquidated damages that is equal to 2 times the amount of wages lost, as described in subsection (b).";

(B) by redesignating paragraphs (3), (4), and (5) as paragraphs (5), (6), and (7), respectively; and

(C) by inserting after paragraph (2) the following:

"(3) Any person who violates subsection (a) or (b) of section 5 shall—

"(A) for the initial violation of such subsection, be subject to a civil fine that is not to exceed $50 per each employee affected; and

"(B) for each repeated or willful violation of such subsection, be subject to a civil fine that is not to exceed $100 per each employee affected.

"(4) Any person who violates section 11(c) shall—

"(A) for the initial violation, be subject to a civil fine that is not to exceed $1,000 per each employee affected; and

"(B) for each repeated or willful violation, be subject to a civil fine that is not to exceed $5,000 per each employee affected.".

(4) Criminal penalties.—Section 16(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 216(a)) is amended—

(A) by striking "Any person" and inserting "(1) Any person";

(B) in the first sentence, by striking "$10,000" and inserting "$10,000 per each employee affected";

(C) in the second sentence, by striking "No person" and inserting "Subject to paragraph (2), no person"; and

(D) by adding at the end the following:

"(2) (A) Notwithstanding any other provision of this Act, the Secretary shall refer any case involving a covered offender described in subparagraph (B) to the Department of Justice for prosecution.

"(B) A covered offender described in this subparagraph is a person who willfully violates any of the following:

"(i) Section 11(c) by falsifying any records described in such section.

"(ii) Section 6, 7, or 8, relating to wages.

"(iii) Section 15(a)(3).".

(e) Recordkeeping.—

(1) In general.—Section 11(c) of the Fair Labor Standards Act of 1938 (29 U.S.C. 211(c)) is amended by adding at the end the following: "In the event that an employee requests an inspection of the records described in this subsection that pertain to such employee from the employer, orally or in writing, the employer shall provide the employee with a copy of the records for a period of up to 5 years prior to such request being made. Not later than 21 days after an employee requests such an inspection, the employer shall comply with the request.".

(2) Rebuttable presumption.—Section 15 of the Fair Labor Standards Act of 1938 (29 U.S.C. 215) is amended by adding at the end the following:

"(c) In the event that an employer violates section 11(c) and any regulations issued pursuant to such section, resulting in a lack of a complete record of an employee's hours worked or wages owed, the employee's production of credible evidence and testimony regarding the amount or extent of the work for which the employee was not compensated in compliance with the requirements under this Act shall be sufficient to create a rebuttable presumption that the employee's records are accurate. Such presumption shall be rebutted only if the employer produces evidence of the precise amount or extent of work performed or evidence to show that the inference drawn from the employee's evidence is not reasonable.".

(f) Increasing and tolling statute of limitations.—Section 6 of the Portal-to-Portal Act of 1947 (29 U.S.C. 255) is amended—

(1) in the matter preceding paragraph (a), by striking "minimum";

(2) in paragraph (a)—

(A) by striking "may be commenced within two years" and inserting "may be commenced within 4 years";

(B) by striking "unless commenced within two years" and inserting "unless commenced within 4 years"; and

(C) by striking "may be commenced within three years" and inserting "may be commenced within 5 years";

(3) in paragraph (d), by striking the period and inserting "; and"; and

(4) by adding at the end the following:

"(e) with respect to the running of any statutory period of limitation described in this section, the running of such statutory period shall be deemed suspended during the period beginning on the date on which the Secretary of Labor notifies an employer of an initiation of an investigation or enforcement action and ending on the date on which the Secretary notifies the employer that the matter has been officially resolved by the Secretary.".

(g) Relation to other laws.—

(1) In general.—Section 18(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 218(a)) is amended by adding at the end the following: "The requirements of section 5 shall not preempt or supersede any requirement under State or local law that an employer disclose the rate, frequency, or classification of pay at any time during an individual's employ, or that an employer provide regular paystubs or earnings statements to employees, so long as such requirement is at least as comprehensive as the requirements described under such section.".

(2) Assistance to employers.—The Secretary shall provide such assistance to employers operating in more than 1 State as may be necessary to ensure compliance with the amendments made by this section.

(h) Regulations.—Not later than 18 months after the date of enactment of this Act, the Secretary shall promulgate such regulations as are necessary to carry out this section and the amendments made by this section.

(i) Authorization of appropriations.—There is authorized to be appropriated $50,000,000 for fiscal year 2027 and for each subsequent fiscal year through fiscal year 2030, to remain available until expended, to carry out the grant program under subsection (b).

(j) Effective date.—The amendments made by subsections (c), (d), (e), and (f) shall take effect on the date that is the earlier of—

(1) the date that is 6 months after the date on which the final regulations are promulgated by the Secretary under subsection (h); or

(2) the date that is 18 months after the date of enactment of this Act.

SEC. 833. PAYROLL AUDIT INDEPENDENT DETERMINATION PROGRAM.

(a) Definitions.—In this section:

(1) Affected employee.—The term "affected employee" means an employee affected by a violation of a minimum wage or overtime hours requirement of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.), excluding any employee subject to prevailing wage requirements under the H-1B, H-2B, or H-2A visa programs, subchapter IV of chapter 31 of title 40, United States Code (commonly referred to as the "Davis-Bacon Act"), or chapter 67 of title 41, United States Code (commonly known as the "Service Contract Act").

(2) Administrator.—The term "Administrator" means the Administrator of the Wage and Hour Division of the Department of Labor.

(3) Employee.—The term "employee"—

(A) has the meaning given such term in section 3 of the Fair Labor Standards Act of 1938 (29 U.S.C. 203); and

(B) with respect to an employer, includes a former employee of such employer.

(4) Employer.—The term "employer" has the meaning given such term in section 3 of such Act.

(5) Good faith.—The term "good faith" means, with respect to an employer applying for participation in the Payroll Audit Independent Determination program established under subsection (b), that such employer is not, at the time such employer submits an application for such program—

(A) under investigation by the Secretary for an alleged violation of a minimum wage or overtime hours requirement of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.); or

(B) subject to a lawsuit related to an alleged violation of such a requirement.

(6) Secretary.—The term "Secretary" means the Secretary of Labor.

(7) Self-audit.—The term "self-audit" means an audit conducted by an employer to resolve inaccuracies by the employer in the computation of wages and overtime compensation required under the Fair Labor Standards Act of 1938 within the statute of limitations described in section 6(a) of the Portal-to-Portal Act of 1947 (29 U.S.C. 255(a)).

(b) Payroll Audit Independent Determination program.—

(1) Program establishment.—The Administrator shall establish a Payroll Audit Independent Determination program (referred to in this section as the "program") to foster collaboration with employers that inadvertently violate the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) to voluntarily remedy, within the statute of limitations described in section 6(a) of the Portal-to-Portal Act of 1947 (29 U.S.C. 255(a)), unpaid minimum wages or overtime compensation, and any interest accrued at the prevailing rate, owed to any affected employee under the Fair Labor Standards Act of 1938.

(2) Application requirements.—

(A) Resources for compliance assistance.—Not later than 30 days after the date of enactment of this Act, the Administrator shall make available to employers resources for assistance in complying with the Fair Labor Standards Act of 1938, including content regarding wage and hour requirements, which shall be offered online, through printed materials, and through other outreach activities.

(B) Application.—An employer seeking to participate in the program shall submit an application to the Administrator that includes—

(i) materials related to and the results of a self-audit, including—

(I) an identification of any practice of such employer identified in a self-audit that may violate a minimum wage or overtime compensation requirement of the Fair Labor Standards Act of 1938; and

(II) a list of each employee who may be an affected employee with respect to such violation, including—

(aa) the period of time such employee would have been affected by such violation;

(bb) payroll records related to such employee for such period with information on the hours of work performed by such employee;

(cc) calculations of unpaid minimum wages or overtime compensation owed to such employee under the Fair Labor Standards Act of 1938, and any interest accrued at the prevailing rate, with a description of the methodology of such calculation and supporting evidence; and

(dd) contact information for such employee;

(ii) an explanation of the scope of potential violations of a minimum wage or overtime compensation requirement of such Act for inclusion in a release of claims under subsection (c);

(iii) an assurance that any practice of such employer that violates a minimum wage or overtime compensation requirement of the Fair Labor Standards Act of 1938 that is identified in the self-audit has been corrected to comply with such Act;

(iv) an assurance that such employer has, prior to submitting such application, reviewed the compliance assistance resources made available under subparagraph (A) and all program information, terms, and requirements;

(v) an assurance that, on the date of submission of such application, such employer—

(I) is not involved in any litigation, arbitration, or administrative proceeding regarding any practice of such employer that is identified in the self-audit; and

(II) has not received any written communication from an employee or a representative of an employee that asserts unpaid minimum wages or overtime compensation and seeks payment, settlement, litigation, arbitration, or administrative enforcement related to any such practice; and

(vi) an assurance that no employee listed in clause (i)(II) is subject to a prevailing wage requirement under the H-1B, H-2B, or H-2A visa programs, subchapter IV of chapter 31 of title 40, United States Code (commonly referred to as the "Davis-Bacon Act"), or chapter 67 of title 41, United States Code (commonly known as the "Service Contract Act").

(3) Application review and approval.—

(A) Review and amendment.—The Administrator shall review each application submitted by an employer under paragraph (2)(B). As part of such review, the Administrator shall—

(i) as necessary, consult with such employer regarding—

(I) the self-audit and supporting materials submitted in the application; and

(II) the process for approval of such application and settlement of unpaid minimum wages or overtime compensation, and any interest accrued at the prevailing rate, owed to any affected employee under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.);

(ii) inform such employer in a timely manner and prior to a determination on the approval of the application if additional information is needed to assess the unpaid minimum wages or overtime compensation, and any interest accrued at the prevailing rate, owed to any affected employee for the violations of such Act identified in the application through the self-audit; and

(iii) provide such employer an opportunity to amend such application to revise the scope of the practices of such employer that violate a minimum wage or overtime compensation requirement of the Fair Labor Standards Act of 1938 that are identified in the application through self-audit, to update the list of affected employees with respect to the practices at issue in the self-audit, and to update the calculations of unpaid minimum wages or overtime compensation, and any interest accrued at the prevailing rate, owed to any affected employee as a result of such violations.

(B) Approval.—

(i) In general.—If the conditions under clause (ii) are satisfied with respect to an application submitted under paragraph (2)(B), the Administrator shall—

(I) approve the application—

(aa) in the case the application has not been amended under subparagraph (A)(iii), not later than 30 days after such submission; or (bb) in the case the application has been amended under subparagraph (A)(iii), not later than 30 days after the date of submission of such amended application; and

(II) supervise the settlement under subsection (c), including the payment of any unpaid minimum wages or overtime compensation, and any interest accrued at the prevailing rate, under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) required through such settlement.

(ii) Conditions for approval.—An application submitted under paragraph (2)(B) shall be approved under clause (i) if—

(I) within the scope of the violations identified by the employer through the application or an amendment to the application under subparagraph (A)(iii), the Administrator verifies that the self-audit and calculation of unpaid minimum wages or overtime compensation, and any interest accrued at the prevailing rate, owed to any affected employee under the Fair Labor Standards Act of 1938 submitted in such application or amendment are accurate; and

(II) the employer submitting the application—

(aa) is determined to be acting in good faith regarding violations of the Fair Labor Standards Act of 1938 identified in such application or amendment;

(bb) has not been found by the Administrator or any court of law to have violated a minimum wage or overtime compensation requirement of such Act during the 5 years immediately preceding submission of such application; and

(cc) has not been approved for participation in the program prior to the submission of such application, unless—

(AA) such participation was for a distinct violation of the Fair Labor Standards Act of 1938 than the practice identified in the self-audit under paragraph (2)(B); and

(BB) such employer has submitted the necessary materials for the Administrator to verify that such employer is not engaging in the practice addressed by the previous participation of the employer in the program.

(c) Settlement.—

(1) In general.—For each employer that submits an application under subsection (b)(2)(B) that is approved under subsection (b)(3)(B), the Administrator shall—

(A) provide to the employer a description of the scope of the potential release of claims for violations of minimum wage or overtime compensation requirements of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) and a summary of any unpaid minimum wages or overtime compensation, and any interest accrued at the prevailing rate, owed to each affected employee under such Act for such violations; and

(B) issue a release form to each affected employee of such employer that describes the settlement terms, which shall include a written explanation of—

(i) the waiver under paragraph (2)(B); and

(ii) the ability of the affected employee receiving the offer for settlement to decline the offer for settlement and preserve the employee's ability to bring a civil action to recover any unpaid minimum wages or overtime compensation, and any interest accrued at the prevailing rate, owed to the employee under the Fair Labor Standards Act of 1938 as a result of such violations.

(2) Acceptance of settlement.—

(A) In general.—An affected employee offered a settlement through a release form under paragraph (1)(B) may accept or decline the offer.

(B) Waiver of civil action.—The acceptance by an affected employee of an offer of settlement under subparagraph (A) shall, upon payment in full of any amounts owed to the employee under the settlement, constitute a waiver by such employee of any civil action the employee may bring under section 16 of the Fair Labor Standards Act of 1938 (29 U.S.C. 216) to recover unpaid minimum wages or overtime compensation, any interest accrued at the prevailing rate, including any liquidated damages, for the violations addressed by the settlement.

(3) Payment of settlement.—For each affected employee that accepts a settlement through a release form under paragraph (1)(B), the employer shall—

(A) pay such employee the full amount of unpaid minimum wages or overtime compensation owed to such employee under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) for the violations addressed in the settlement, and any interest accrued at the prevailing rate; and

(B) submit proof of payment of such full amount, including any interest accrued at the prevailing rate, to the Administrator.

(d) Additional requirements.—

(1) Denials.—In the case of an application submitted by an employer under subsection (b)(2)(B) and not approved under subsection (b)(3)(B), the Administrator may not—

(A) use information submitted in the application in an investigation against the employer;

(B) use the fact such employer applied to the program as a basis for any future investigation, except in a case in which the Administrator has reason to believe that the health and safety of an employee is at risk due to an alleged violation related to a requirement enforced by the Secretary involving child labor, agricultural worker protections, or housing or transportation requirements under the H-2A or H-2B visa programs; or

(C) communicate to any affected employee of such employer in response to receipt of such application to notify such employee of the employee's ability to bring a civil action to resolve potential violations of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.), particularly with respect to the wage practices at issue in the self-audit.

(2) Expansion of scope.—The Administrator may not expand the scope of the violations to be investigated or settled through an employer's participation in the program beyond the violations identified by the employer in the application submitted by the employer under subsection (b)(2)(B) or the amended application submitted by the employer under subsection (b)(3)(A)(iii).

(3) No payments required.—The Administrator may not require any form of payment by an employer to apply, qualify, or participate in the program.

(4) Exemption from discovery.—Any application submitted to the program under subsection (b)(2)(B), or an amendment to such application under subsection (b)(3)(A)(iii), may not be subject to discovery in a Federal or State court proceeding without the consent of the employer that submitted the application.

(5) Materially false or incomplete submissions.—Paragraphs (1) and (4) shall not apply if the Administrator determines that the employer submitted materially false, misleading, or incomplete information in an application under subsection (b)(2)(B) or an amendment under subsection (b)(3)(A)(iii), including information that materially omits an affected employee, covered time period, practice identified in a self-audit, or payroll record.

(6) Preservation of enforcement authority.—Nothing in this subsection shall limit the authority of the Administrator or the Secretary to investigate or enforce any requirement under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) based on information obtained independently of an application or amendment, or with respect to any alleged retaliation, failure to make a settlement payment, failure to correct a practice identified in a self-audit, violation occurring after the settlement, or violation outside the scope of the settlement.

(e) Retaliation.—Section 15(a)(3) of the Fair Labor Standards Act of 1938 (29 U.S.C. 215(a)(3)) is amended by inserting before the semicolon the following: ", or has accepted or declined to accept an offer for settlement under section 833(c) of the POPULIST Act".

SEC. 834. HEAT ILLNESS, INJURY, AND FATALITY PREVENTION.

(a) Definitions.—In this section:

(1) Commission.—The term "Commission" means the Occupational Safety and Health Review Commission.

(2) Employee.—The term "employee" has the meaning given such term in section 3 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 652).

(3) Employer.—The term "employer" has the meaning given such term in section 3 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 652).

(4) Heat-related illness.—The term "heat-related illness" means a material impairment of health that occurs due to heat stress.

(5) Heat-related injury.—The term "heat-related injury" means an injury caused by exposure to heat or sources of heat or occurring as a result of heat stress.

(6) Heat stress.—The term "heat stress" means the load of heat that a person experiences due to—

(A) sources of heat or heat retention, including the combined contributions of metabolic heat, environmental factors, and clothing or personal protective equipment; or

(B) the presence of heat in a work setting.

(7) Institute.—The term "Institute" means the National Institute for Occupational Safety and Health.

(8) Secretary.—The term "Secretary" means the Secretary of Labor.

(9) Worker heat protection standard.—The term "worker heat protection standard" means a standard that regulates employee exposure to heat stress and prevents heat-related illness and injury by requiring conditions or the adoption or use of one or more practices, means, methods, operations, or processes reasonably necessary or appropriate to provide employment and places of employment that are safe or healthful.

(b) Employer duties.—Each employer shall—

(1) furnish employment and a place of employment free from conditions that may reasonably be anticipated to cause death or serious physical harm from heat stress; and

(2) comply with standards, regulations, rules, and orders promulgated under this section.

(c) Worker heat protection standards.—

(1) In general.—The Secretary shall promulgate a worker heat protection standard that, in accordance with the best available evidence, establishes the maximum protective program of measures an employer shall implement to regulate employees' exposure to heat stress and prevent heat-related illness and injury that attains the highest degree of health and safety protection to the extent feasible.

(2) Considerations.—

(A) Demonstrably achievable measures.—The Secretary may presume that any requirement substantially equivalent to a requirement adopted by a State plan approved by the Occupational Safety and Health Administration pursuant to section 18(c) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 667(c)) and that has been in effect for at least 1 year is feasible.

(B) Prioritizing worker protection.—In weighing any considerations during rulemaking, the Secretary shall place preeminent value on assuring employees a safe and healthful working environment.

(C) Available expertise.—If the Secretary adopts any finding or recommendation by the Institute, the American Conference of Governmental Industrial Hygienists, or the National Academies of Sciences, Engineering, and Medicine relevant to heat stress in a rulemaking pursuant to this section, such finding or recommendation shall be considered the best available evidence.

(D) Employer categories.—The Secretary may, in any rulemaking analysis or design of standards, cluster relevant employers in categories such as standard industry or occupational classifications or any common or related features of heat sources, conditions of employment, employer practices, employee characteristics, or nature of place of employment that, in the Secretary's reasonable determination, are useful for designing an effective and practicable program of standards, regulations, and enforcement that maximizes the health and safety of employees.

(3) Protective programs.—

(A) In general.—In addition to measures specified by this section, the Secretary may develop a worker heat protection standard with such additional requirements that, in the Secretary's reasonable judgment, are necessary or appropriate to achieve the purposes of this section. Such measures may include the following:

(i) Engineering controls.—Requirements to eliminate hazardous levels of heat stress through engineering controls, such as isolation or shielding of employees from sources of heat, exhaust ventilation, insulation of hot surfaces, or climate-control technologies, as well as technology-based standards that encourage the development of such controls.

(ii) Administrative controls.—Requirements to limit exposure to hazardous levels of heat stress by adjustment of work procedures, work schedules, or other work practices.

(iii) Personal protective equipment.—Requirements to provide, at the employer's expense, personal protective equipment such as water-cooled garments, air-cooled garments, heat-reflective clothing, and cooling vests.

(iv) Health-related protocols.—Requirements to conduct medical symptom monitoring, emergency response protocols, medical removal protection, or training of employees and supervisors in recognition of symptoms of heat-related illness and appropriate responses.

(v) Training requirements.—Requirements to train employees and supervisors in topics reasonable or necessary to achieve the implementation of the requirements of a standard or the purposes of this section, including—

(I) training of employees in signs and symptoms of heat-related illness, emergency response procedures, and protections under this section; and

(II) training of supervisors in monitoring heat conditions and environmental forecasts, recognizing signs of heat-related illness, and protocols for responding to likely heat-related illness.

(vi) Planning requirements.—Requirements for a heat illness and injury prevention plan that—

(I) is of sufficient quality to effectuate the purposes of this section and to effectuate the requirements of the standard that apply to the employer;

(II) is developed, updated, and implemented with the meaningful participation of the employer's employees and, where applicable, such employees' representatives, for all aspects of the plan;

(III) is produced and maintained in writing and updated in light of changing conditions or practices; and

(IV) is made available, upon request, to any employee, the employee's representative, and the Secretary.

(vii) Standard health and safety measures.—Any measures described in section 6(b)(7) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 655(b)(7)).

(B) Innovative solutions.—As the relevant scientific evidence develops, technological solutions improve, and environmental conditions or new work practices aggravate the risk of heat-related illness or injury, the Secretary may modify, supplement, or revise a worker heat protection standard by rule in order to improve such standard in light of such changes, even if it departs from long-standing past practice, provided that the resulting standard is consistent with this section.

(C) Core practices.—The Secretary shall establish criteria under which an employer who exposes or may reasonably be anticipated to expose an employee to heat or heat stress that is not reduced below hazardous levels by engineering controls or personal protective equipment shall implement a reasonable program that includes—

(i) suitably cool potable water or appropriate hydration, provided at employer expense;

(ii) periodic paid rest breaks scheduled to reduce heat stress below hazardous levels;

(iii) access to shade or suitable cool-down spaces;

(iv) acclimatization policies; and

(v) such measures that are necessary or appropriate to ensure effective implementation of the requirements of this subparagraph.

(4) Other specifications.—

(A) Protection of pay.—The Secretary shall require that, for any required duration such as rest breaks, medical removal protection, and training, an employee shall receive compensation at the regular rate at which such employee is employed.

(B) Language access.—Any required training, poster, label, hazard alert, or written plan shall be provided in English and a language understood by the employees, if such language is not English, and prepared appropriately for the vocabulary, educational level, and literacy of the employees.

(C) Temporary labor camps.—The Secretary shall revise the Secretary's standard for temporary labor camps to the extent necessary to achieve the purposes of this section.

(5) Maintaining protection.—No worker heat protection standard promulgated under this section may reduce the protection afforded employees by an existing worker heat protection standard.

(d) Initial standards.—

(1) Rapid rulemaking.—Not later than April 30, 2027, the Secretary shall promulgate an interim final rule establishing a worker heat protection standard and related recordkeeping and reporting requirements. Such rule shall be issued without regard to the requirements of—

(A) chapters 5 and 6 of title 5, United States Code;

(B) subchapter I of chapter 35 of title 44, United States Code, commonly known as the Paperwork Reduction Act; or

(C) the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(2) Effect of rule.—Such rule—

(A) shall take effect upon issuance, except that the Secretary may delay the effective date of a requirement only to the extent necessary to allow orderly implementation;

(B) shall have the legal effect of an occupational safety and health standard as defined by section 3(8) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 652(8)); and

(C) shall remain in effect until superseded by a final rule promulgated pursuant to this section.

(3) Final rule.—Not later than 2 years after the date on which the interim final rule is promulgated under paragraph (1), the Secretary shall promulgate a final worker heat protection standard and related recordkeeping and reporting requirements in accordance with subsection (e).

(e) Rulemaking procedures.—For any rulemaking pursuant to this section after publication of the interim final rule under subsection (d), the following procedures shall apply:

(1) In general.—The Secretary shall, upon a showing by a petitioner pursuant to paragraph (2) or the Secretary's own determination that a worker heat protection standard is necessary or appropriate to regulate employees' exposure to conditions known to cause or that may reasonably be anticipated to cause heat-related illness or injury, promulgate any worker heat protection standard in accordance with the policies set forth in this section and in accordance with section 553 of title 5, United States Code, without regard to any reference in such section to sections 556 and 557 of such title.

(2) Petitions for rulemaking.—Any person may petition the Secretary to promulgate or modify a worker heat protection standard. Not later than 18 months after receipt of a petition, the Secretary shall either grant or deny the petition by publishing a written explanation of the reasons for the Secretary's decision; provided the Secretary may consolidate substantially similar petitions and may deny a petition by a brief written explanation if the Secretary

determines that the petition is frivolous, duplicative, immaterial, unsupported by substantial information, or inconsistent with the purposes of this section. The Secretary may not deny a petition solely on the basis of inadequate resources or insufficient time for review.

(3) Timelines.—Except as otherwise provided in subsection (d), the Secretary shall observe the following schedule for rulemaking:

(A) Proposed standards.—Not later than 1 year after granting a petition for rulemaking under paragraph (2), the Secretary shall publish a proposed worker heat protection standard consistent with this section.

(B) Final standards.—The Secretary shall promulgate, not later than 1 year after such publication, such standards with such modifications as the Secretary determines appropriate.

(C) Effect.—Standards or revisions thereof shall become effective upon promulgation, except that the Secretary may include a reasonable delay in the effective date.

(4) Transparency in rulemaking.—For any rulemaking notice pursuant to this section, the Secretary shall place in the public record not later than the date of such rulemaking notice the following:

(A) The drafts of such rulemakings prepared before publication and submitted by the Secretary to the Office of Management and Budget for any interagency review process prior to publication, all documents accompanying such drafts, all written comments thereon by other agencies, and all written responses to such written comments by the Secretary.

(B) A summary of the substance of any changes between the text of the draft rulemaking that the agency provided to the Office of Management and Budget under section 6(a)(3)(B)(i) of Executive Order 12866 (58 Fed. Reg. 51735; relating to regulatory planning and review) and the text published in the Federal Register, excluding any non-substantive changes such as spelling or grammatical corrections or re-ordering of text that has no legal effect.

(C) A statement identifying any party or entity at whose request any such change was made.

(5) Judicial review.—

(A) Filing of petition.—A petition for review in accordance with section 702 of title 5, United States Code, of action of the Secretary in promulgating any worker heat protection standard or any other nationally applicable regulation or final action taken by the Secretary pursuant to this section may be filed only in the United States Court of Appeals for the District of Columbia. The filing of a petition for review shall not postpone the effectiveness of such rule or action.

(B) Timely filing.—Any petition for review under this paragraph shall be filed not later than 60 days after the date notice of such promulgation, approval, or action appears in the Federal Register.

(C) Not subject to review.—Action of the Secretary with respect to which review could have been obtained under this paragraph shall not be subject to judicial review in civil or criminal proceedings for enforcement. Failure to promulgate any standard pursuant to the schedule established by this section shall be subject to review.

(f) Implementation and enforcement.—

(1) In general.—Except as otherwise provided by this section—

(A) a worker heat protection standard shall have the same legal effect as an occupational safety and health standard as defined by section 3(8) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 652(8)); and

(B) any rule, regulation, or order promulgated pursuant to this section shall have the same legal effect as a rule, regulation, or order promulgated pursuant to the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.).

(2) Statute of limitations for citation.—No citation for any violation of subsection (b) or any standard, rule, regulation, or order pursuant to this section may be issued later than 4 years after the occurrence of any violation.

(3) Review.—The Commission shall grant substantial deference to any reasonable interpretation by the Secretary of this section or any standard, regulation, or order pursuant to this section.

(g) Recordkeeping and reporting.—

(1) In general.—With regard to recordkeeping and reporting, the Secretary and the Secretary of Health and Human Services shall have the same authority to prescribe regulations related to this section as under section 8 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 657).

(2) Consolidating requirements.—The Secretary may incorporate recordkeeping and reporting requirements under this subsection into existing recordkeeping and reporting requirements promulgated pursuant to section 8 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 657), provided that a violation of such a requirement with regard to implementation of this section shall be enforced as a distinct violation separate and apart from any other simultaneous violation of a requirement pursuant to the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.).

(h) Whistleblower protections.—

(1) Complaint.—Any employee who believes that such employee has been discharged or otherwise discriminated against by any person in violation of section 11(c)(1) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 660(c)(1)) with regard to any matter under or related to this section may, not later than 180 days after such violation occurs, file a complaint with the Secretary following the procedures in section 11(c)(2) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 660(c)(2)) alleging such discrimination.

(2) Action.—Such employee may bring an action in any appropriate United States district court against such person for all appropriate relief in accordance with section 11(c)(2) of the

Occupational Safety and Health Act of 1970 (29 U.S.C. 660(c)(2)) as well as reasonable attorney's fees and costs, if the Secretary—

(A) fails to notify the complainant of the Secretary's determination on the complaint within 90 days after receipt of such complaint pursuant to section 11(c)(3) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 660(c)(3)); or

(B) determines not to bring an action pursuant to section 11(c)(2) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 660(c)(2)).

(i) Agenda for further review and action.—

(1) National Agricultural Workers Survey.—Not later than July 1, 2027, the Secretary shall update the National Agricultural Workers Survey with such questions that, in the Secretary's judgment, are useful to identify the incidence and prevalence of heat-related illness and injury and assess the impact of standards and enforcement pursuant to this section.

(2) Report.—Not later than September 30, 2027, the Secretary shall submit to the Committee on Education and Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate a report on the Secretary's implementation of this subsection.

(j) Appropriations.—

(1) Initial implementation.—There is appropriated to the Secretary, out of any money in the Treasury not otherwise appropriated, $100,000,000 for fiscal year 2027, to remain available through September 30, 2029, to carry out this section.

(2) Continuing authorization.—There are authorized to be appropriated to the Secretary $75,000,000 for each of fiscal years 2028 through 2031 to carry out this section.

(3) Transfers.—The Secretary may transfer not more than 15 percent of amounts made available under this subsection to the Secretary of Health and Human Services, acting through the National Institute for Occupational Safety and Health, or to the Occupational Safety and Health Review Commission, to carry out responsibilities related to this section.

SEC. 835. NON-COMPETE CLAUSE PROHIBITION.

(a) Incorporation of specified regulations.—The provisions of the final rule promulgated by the Federal Trade Commission entitled "Non-Compete Clause Rule," as published in the Federal Register on May 7, 2024 (89 Fed. Reg. 38342), are incorporated into this Act and shall have the force and effect of law as though set forth fully in this section.

(b) Effect of incorporation.—The provisions incorporated under subsection (a) may be altered only by Act of Congress. To the extent that any provision incorporated under subsection (a) does not conform with any statutory provision of law enacted before the date of enactment of this Act, the provisions of this section shall govern.

(c) Scope of coverage.—The prohibition incorporated under subsection (a) shall apply to any person engaged in or affecting commerce, without regard to whether such person is otherwise subject to the jurisdiction of the Federal Trade Commission.

(d) Training repayment agreement provisions.—

(1) In general.—For purposes of this section, a training repayment agreement provision that prohibits, penalizes, or functions to prevent a worker from seeking or accepting work in the United States with a different person, or operating a business in the United States, after the conclusion of the employment that includes the provision, shall be treated as a non-compete clause.

(2) Definition.—In this subsection, the term "training repayment agreement provision" means a term or condition of employment that requires a worker to pay or reimburse a person for training, education, credentialing, or similar costs if the worker leaves employment, is separated from employment, or does not remain employed for a specified period.

(e) Enforcement by State attorneys general.—

(1) In general.—If the attorney general of a State has reason to believe that an interest of the residents of that State has been or is threatened or adversely affected by a violation of this section, the attorney general of the State may bring a civil action on behalf of the residents of that State in an appropriate district court of the United States to—

(A) enjoin such violation;

(B) enforce compliance with this section;

(C) obtain damages, restitution, or other compensation on behalf of residents of the State; or

(D) obtain such other legal or equitable relief as the court may consider appropriate.

(2) Notice to Commission.—Before filing an action under paragraph (1), the attorney general of the State shall provide written notice to the Federal Trade Commission and a copy of the complaint for such action, except that if it is not feasible to provide such notice before filing the action, the attorney general shall provide such notice immediately upon filing the action.

(3) Intervention.—The Federal Trade Commission may intervene in an action brought under paragraph (1), and upon intervening may—

(A) be heard on all matters arising in the action; and

(B) file petitions for appeal.

(4) Preservation of State authority.—Nothing in this subsection shall prevent the attorney general of a State from exercising any authority under the laws of such State.

(f) Definition of regulation.—In this section, the term "regulation" means any rule, regulation, guideline, interpretation, order, or requirement of general applicability prescribed by any officer or employee of the executive branch.

SEC. 836. PROHIBITION ON SURVEILLANCE-BASED WAGE SETTING.

(a) Definitions.—In this section:

(1) Automated decision system.—The term "automated decision system"—

(A) means a system, software, or process that uses computation, the result of which is used to assist, inform, or perform decision making functions; and

(B) includes a system, software, or process derived from machine learning, statistics, or other data processing or artificial intelligence techniques.

(2) Commerce; person.—The terms "commerce" and "person" have the meanings given such terms in section 3 of the Fair Labor Standards Act of 1938 (29 U.S.C. 203).

(3) Personal information.—The term "personal information" means any quality, feature, attribute, or trait of an individual, including any immutable characteristic (such as race and eye color), mutable characteristic (such as address, weight, citizenship, family, or parenthood status), and any other information that could reasonably be linked, directly or indirectly, with a particular person or household.

(4) Surveillance-based wage setting.—The term "surveillance-based wage setting" means—

(A) using an automated decision system that considers personal information or surveillance data to set or inform the compensation of an individual performing services for a person;

(B) but such term does not include use of an automated decision system which only uses data regarding the cost of living in the city or State in which the services are to be performed in setting or informing the compensation of such individual.

(5) Surveillance data.—The term "surveillance data"—

(A) means data obtained through observation, inference, or surveillance of an individual that is related to personal information, genetic information, behavior, or biometrics of the individual or a group, band, class, or tier in which the individual belongs; and

(B) includes information gathered, purchased, or otherwise acquired.

(6) Wage.—The term "wage" means the material terms offered to an individual performing services for a person, including the amount paid for such services, whether in the form of an hourly rate, piece rate, salary, bonus, commission and incentives, scheduling, task assignment, or other similar material terms that have a direct impact on the earnings of such individual.

(b) Surveillance-based wage setting prohibited.—It shall be unlawful for a person engaged in commerce to engage in surveillance-based wage setting.

(c) Requirement to publish procedures.—Not less than 90 days prior to the date on which a person engaged in commerce intends to use an automated decision system to inform the wages of individuals performing services for such person, that person shall make publicly available, in a conspicuous and accessible format, reasonable procedures that include the following:

(1) A process for ensuring the accuracy of all data considered by the automated decision system.

(2) A process to disclose to all individuals performing services for such person which data is considered and how the automated decision system considers the data when setting wages.

(3) A procedure for individuals performing services for such person to correct or challenge the accuracy of any data considered by the automated decision system.

(4) A process to provide clear and conspicuous notice to any individual performing services for such person, or applying to perform such services, that an automated decision system will be used and that the individual may correct or challenge the accuracy of data considered by the system.

A person using an automated decision system to inform wages on the date of enactment of this Act shall comply with this subsection not later than 90 days after that date.

(d) Enforcement by Equal Employment Opportunity Commission.—In any case in which the Equal Employment Opportunity Commission has reason to believe that a violation of this section or any regulations promulgated under this section has adversely affected any individual or group of individuals, the Equal Employment Opportunity Commission may bring a civil action on behalf of that individual or group in an appropriate district court of the United States to—

(1) enjoin such act or practice;

(2) enforce compliance with this section or such regulation; and

(3) obtain damages, restitution, penalties, or other compensation on behalf of individuals or groups or such other legal and equitable relief as the court may consider appropriate.

(e) Enforcement by Federal Trade Commission.—

(1) Unfair, deceptive, or abusive acts or practices; unfair methods of competition.—A violation of this section or a regulation promulgated under this section shall be treated as a violation of a regulation under section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B)) regarding unfair, deceptive, or abusive acts or practices and as a violation of the Federal Trade Commission Act (15 U.S.C. 45(a)) regarding unfair methods of competition.

(2) Powers of Commission.—The Federal Trade Commission shall enforce this section and any regulations promulgated under this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms and provisions of the Federal Trade Commission Act (15 U.S.C. 41 et seq.) were incorporated into and made a part of this section. Any person who violates this section or a regulation promulgated under this section shall be subject to the penalties and entitled to the privileges and immunities provided in the Federal Trade Commission Act.

(3) Persons outside ordinary Commission jurisdiction.—Notwithstanding any jurisdictional limitation under the Federal Trade Commission Act (15 U.S.C. 41 et seq.), including section 4, 5(a)(2), or 6 of such Act (15 U.S.C. 44; 45(a)(2); 46), the Federal Trade Commission shall also enforce this section and any regulations promulgated under this section, in the same manner provided in paragraphs (1) and (2), with respect to any person engaged in commerce.

(4) Rulemaking.—The Federal Trade Commission may promulgate in accordance with section 553 of title 5, United States Code, such rules as may be necessary to carry out this section.

(5) Authority preserved.—Nothing in this section may be construed to limit the authority of the Federal Trade Commission under any other provision of law.

(f) Actions by States.—In any case in which the attorney general of a State, or an official or agency of a State, has reason to believe that an interest of the residents of such State has been or is threatened or adversely affected by an act or practice in violation of this section or a regulation promulgated under this section, the State may bring a civil action on behalf of the residents of the State in an appropriate State court or district court of the United States of appropriate jurisdiction to—

(1) enjoin such act or practice;

(2) enforce compliance with this section or such regulation;

(3) obtain, per violation, the greater of—

(A) the actual monetary damages incurred from the violation; or

(B) $3,000; or

(4) obtain any restitution, penalties, and any other legal or equitable relief on behalf of residents as the court may deem just and proper.

(g) Civil action.—

(1) In general.—A person injured by a violation of this section, or a regulation promulgated under this section, may bring in an appropriate State court or a district court of the United States of appropriate jurisdiction an action to—

(A) enjoin the violation;

(B) obtain, for each violation, the greater of—

(i) the actual monetary damages incurred from the violation; or

(ii) $3,000; or

(C) obtain, for each violation, any other restitution, penalties, and other legal or equitable relief as the court may deem just and proper.

(2) Willful violations.—If the court finds that the defendant acted willfully in committing a violation described in paragraph (1), the court may, in its discretion, increase the amount of the award to an amount equal to not more than 3 times the amount available under paragraph (1)(B).

(3) Costs and attorney's fees.—The court shall award to a prevailing plaintiff in an action under this subsection the costs of such action and reasonable attorney's fees, as determined by the court.

(4) Limitation.—An action may be commenced under this subsection not later than 5 years after the date on which the person first discovered or had a reasonable opportunity to discover the violation.

(5) Nonexclusive remedy.—The remedy provided by this subsection shall be in addition to any other remedies available to the person.

SEC. 837. PROHIBITION ON INVOLUNTARY LAYOFFS BY EMPLOYERS RECEIVING PUBLIC FINANCIAL ASSISTANCE.

(a) Definitions.—In this section:

(1) Governmental entity.—The term "governmental entity" means—

(A) the Federal Government;

(B) a State government;

(C) a unit of local government; or

(D) an agency, instrumentality, public authority, public corporation, or other entity acting on behalf of an entity described in subparagraph (A), (B), or (C).

(2) Involuntary layoff.—

(A) In general.—The term "involuntary layoff" means a separation from employment, furlough, reduction in force, position elimination, facility closure, or other employer-initiated termination of employment for reasons unrelated to the individual conduct or performance of the employee.

(B) Exclusions.—The term "involuntary layoff" does not include—

(i) a voluntary separation, including a voluntary buyout, early retirement, or other financial incentive-based departure;

(ii) a resignation;

(iii) a termination for just cause, including misconduct, poor performance, violation of workplace rules, or another legitimate, nondiscriminatory reason unrelated to workforce reduction;

(iv) the expiration of bona fide temporary, seasonal, term-limited, or project-based employment, if the temporary, seasonal, term-limited, or project-based nature of the employment was disclosed to the employee at the time of hire and is not used to evade this section; or

(v) another category of separation determined by the Secretary by rule to be consistent with the purposes of this section.

(3) Public financial assistance.—

(A) In general.—The term "public financial assistance" means a contract, grant, loan, loan guarantee, subsidy, tax abatement, tax credit, or other financial support provided directly or indirectly by a governmental entity.

(B) Included tax benefits.—Notwithstanding subparagraph (C), a tax credit, tax abatement, or other tax benefit shall be treated as public financial assistance under this section if the tax credit, tax abatement, or other tax benefit is—

(i) awarded, allocated, certified, negotiated, approved, or conditioned by a governmental entity for a specific employer, facility, project, location, investment, job-creation commitment, job-retention commitment, or other specific undertaking;

(ii) allocated from a capped, limited, competitive, discretionary, or otherwise finite pool of benefits; or

(iii) otherwise provided on terms that are not generally available as of right under generally applicable law.

(C) Exclusions.—Except as provided in subparagraph (B), the term "public financial assistance" does not include—

(i) a tax deduction; or

(ii) a generally available tax credit, tax abatement, or other tax benefit claimed as of right under generally applicable law.

(D) Nondiscretionary verification.—Nondiscretionary verification by a governmental entity that an employer satisfies generally applicable eligibility criteria for a tax credit, tax abatement, or other tax benefit described in subparagraph (C)(ii) shall not cause the tax credit, tax abatement, or other tax benefit to be treated as public financial assistance.

(4) Recipient employer.—The term "recipient employer" means any corporation or other business entity that, during any 12-month period beginning after December 31, 2026—

(A) employs 50 or more employees worldwide on any day; and

(B) receives, or is awarded, allocated, approved for, or otherwise provided, public financial assistance with an aggregate value of not less than $100,000.

(5) Restriction period.—The term "restriction period" means the 2-year period beginning on the most recent date on which a recipient employer receives, claims, uses, or becomes legally entitled to public financial assistance.

(6) Secretary.—The term "Secretary" means the Secretary of Labor.

(b) Prohibition on involuntary layoffs.—It shall be unlawful for a recipient employer to conduct an involuntary layoff during the restriction period.

(c) Condition of public financial assistance.—

(1) In general.—Compliance with this section shall be an express condition of receipt of public financial assistance by a recipient employer.

(2) Affirmation of compliance.—Any agreement, application, certification, award, allocation, approval, renewal, extension, amendment, or material modification associated with public financial assistance shall include an affirmation of compliance with this section.

(3) Failure to include condition.—The failure of an agreement, application, certification, award, allocation, approval, renewal, extension, amendment, or material modification to include the condition required under paragraph (1) or the affirmation required under paragraph (2) shall not affect the applicability or enforceability of this section.

(d) Voluntary workforce reductions permitted.—Nothing in this section shall prohibit a recipient employer from reducing its workforce through voluntary separation programs, including voluntary early retirement, voluntary buyouts, or other financial incentive-based departures, provided that—

(1) no employee is required, coerced, or compelled to separate from employment; and

(2) refusal to participate in such a program does not result in adverse employment action.

(e) Termination for cause.—Nothing in this section shall be construed to prohibit the termination of employment of an employee for just cause, including misconduct, poor performance, violation of workplace rules, or another legitimate, nondiscriminatory reason unrelated to workforce reduction.

(f) Temporary, seasonal, term-limited, and project-based employment.—Nothing in this section shall be construed to prohibit the expiration of bona fide temporary, seasonal, term-limited, or project-based employment, if the temporary, seasonal, term-limited, or project-based nature of the employment was disclosed to the employee at the time of hire and is not used to evade this section.

(g) Enforcement.—

(1) Federal enforcement.—The Secretary shall enforce this section with respect to public financial assistance provided by the Federal Government.

(2) State enforcement.—The attorney general of any State may bring a civil action in any court of competent jurisdiction to enforce this section with respect to layoffs of employees domiciled in that State or public financial assistance provided by that State or a unit of local government in that State.

(3) Remedies.—In any action under this subsection, a court may—

(A) order injunctive relief;

(B) order reinstatement, back pay, front pay, lost benefits, liquidated damages, or other make-whole relief for affected employees;

(C) require repayment of public financial assistance received during the period of noncompliance;

(D) prohibit the recipient employer from receiving public financial assistance for a period determined by the court; and

(E) order any other relief the court determines appropriate.

(h) Regulations.—The Secretary may promulgate such regulations as are necessary to carry out this section, including regulations relating to valuation of public financial assistance, aggregation of public financial assistance, treatment of affiliates and entities under common control, prevention of evasion, and enforcement.

(i) Anti-evasion.—It shall be unlawful for any person to structure, divide, transfer, assign, or route public financial assistance, employment relationships, layoffs, or business operations for the purpose of evading this section.

(j) Rule of construction.—Nothing in this section shall be construed to require an employer to accept public financial assistance.

(k) Application.—This section shall apply to public financial assistance awarded, allocated, approved, executed, renewed, extended, amended, materially modified, received, or otherwise provided after December 31, 2026, including any tax credit, tax abatement, or other tax benefit for a taxable year beginning after December 31, 2026.

SEC. 838. ANTI-CABOTAGE ENFORCEMENT.

(a) Unlawful cabotage coercion and retaliation.—Chapter 149 of title 49, United States Code, is amended by adding at the end the following:

"Sec. 14917. Cabotage arrangements, coercion, and retaliation unlawful.

"(a) Definitions.—In this section:

"(1) Covered entity.—The term 'covered entity' means a motor carrier, foreign motor carrier, foreign motor private carrier, broker, or freight forwarder, as such terms are defined in section 13102.

"(2) Secretary.—The term 'Secretary' means the Secretary of Transportation.

"(b) Unlawful cabotage arrangements.—It shall be unlawful for a covered entity to knowingly authorize, direct, dispatch, arrange, broker, or otherwise facilitate transportation in violation of—

"(1) section 123.14(c) of title 19, Code of Federal Regulations, or any successor regulation;

"(2) section 365.501(b) of title 49, Code of Federal Regulations, or any successor regulation; or

"(3) any order enforcing paragraph (1) or (2), or any regulation or order issued under this section.

"(c) Coercion and retaliation prohibited.—It shall be unlawful for a covered entity to discharge, discipline, threaten, blacklist, refuse to pay, penalize, discriminate against, coerce, intimidate, or retaliate against a driver or other individual because such driver or individual—

"(1) refuses to engage in transportation that the driver or individual reasonably believes would violate subsection (b);

"(2) reports a violation or suspected violation of subsection (b); or

"(3) cooperates with a Federal or State investigation of transportation described in subsection (b).

"(d) Civil penalties and private right of action.—

"(1) Civil penalties.—Any person who knowingly authorizes, directs, consents to, permits, or facilitates a violation of this section shall be liable to the United States Government for a civil penalty in an amount not to exceed $25,000 for each violation.

"(2) Civil action.—A driver, individual, or other person injured by a violation of this section may bring a civil action in an appropriate United States district court against any person liable under paragraph (1).

"(3) Relief.—In a civil action brought under paragraph (2), the court may award—

"(A) actual damages, including lost wages, lost compensation, benefits, out-of-pocket losses, consequential damages, and any other economic injury;

"(B) reinstatement, restoration of work, or other make-whole relief;

"(C) temporary, preliminary, or permanent injunctive relief;

"(D) declaratory relief;

"(E) reasonable attorney's fees and costs; and

"(F) such other legal or equitable relief as the court determines appropriate.

"(4) Liability of covered entities.—The acts and omissions of any officer, employee, agent, representative, contractor, subcontractor, or other person acting within the scope of actual or apparent authority on behalf of a covered entity shall be deemed the acts and omissions of such covered entity.

"(5) Joint and several liability.—Liability under this subsection shall apply jointly and severally to—

"(A) the covered entity;

"(B) any person that knowingly authorized, directed, controlled, participated in, or ratified the violation; and

"(C) any officer, director, principal, employee, agent, or representative of a covered entity who knowingly authorized, directed, controlled, ratified, or knowingly failed to prevent the violation within the scope of such person's authority.

"(e) Regulations.—The Secretary may issue regulations to carry out this section.".

(b) Coordinated cabotage enforcement.—Section 13902(c) of title 49, United States Code, is amended by adding at the end the following:

"(9) Coordinated enforcement against unlawful domestic transportation.—The Secretary shall, in consultation with the Secretary of Homeland Security, acting through U.S. Customs and Border Protection, and in coordination with appropriate State agencies, establish by regulation procedures for detecting, referring, investigating, and taking enforcement action with respect to unlawful domestic point-to-point transportation within the United States by foreign motor carriers or foreign motor private carriers, including procedures for data-sharing, review of manifests and other shipment records, referral of suspected violations, and joint enforcement operations targeted to repeat violators.".

(c) Registration consequences for repeated cabotage violations.—Section 13905(d)(2) of title 49, United States Code, is amended—

(1) in subparagraph (C), by striking "or" at the end;

(2) in subparagraph (D), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(E) withhold, suspend, amend, or revoke any part of the registration of a motor carrier, foreign motor carrier, foreign motor private carrier, broker, or freight forwarder if the Secretary finds that such person knowingly or repeatedly violated section 14917, a condition of registration under section 13902 relating to domestic point-to-point transportation, or a regulation or order issued under such provisions.".

(d) Rulemaking.—Not later than July 1, 2027, the Secretary of Transportation shall issue regulations implementing this section, provided that the amendments made by this section shall be effective regardless of the implementation of such regulations.

(e) No preemption.—Nothing in this section shall be construed to preempt any State requirement that affords equal or greater protection with respect to commercial motor vehicle safety, labor standards, worker protection, cabotage, or unlawful domestic transportation, except to the extent of a direct conflict with Federal law.

(f) Clerical amendment.—The table of sections for chapter 149 of title 49, United States Code, is amended by adding at the end the following:

"14917. Cabotage arrangements, coercion, and retaliation unlawful.".

SEC. 839. COMMERCIAL DRIVER'S LICENSE STANDARDS.

(a) Repeal of non-domiciled commercial driver's license rule; prohibition on substantially similar rules.—

(1) Repeal.—The final rule of the Federal Motor Carrier Safety Administration entitled "Restoring Integrity to the Issuance of Non-Domiciled Commercial Drivers Licenses (CDL)", published at 91 Fed. Reg. 7044 (February 13, 2026), shall have no force or effect.

(2) Substantially similar rules prohibited.—The Secretary of Transportation may not issue, implement, administer, or enforce any regulation, guidance, order, policy, or other administrative requirement that is substantially similar to the rule described in paragraph (1), or that limits eligibility for a commercial learner's permit or commercial driver's license to specified categories of lawful immigration status, unless such regulation, guidance, order, policy, or requirement is expressly authorized by an Act of Congress enacted after the date of enactment of this Act.

(3) Rule of construction.—Nothing in this subsection shall be construed to prohibit a generally applicable requirement that an applicant for a commercial learner's permit or commercial driver's license demonstrate identity, lawful presence, domicile or non-domicile

status, or employment authorization, to the extent otherwise required by Federal law, if such requirement does not limit eligibility to specified categories of lawful immigration status.

(b) Commercial driver's license knowledge tests.—

(1) English-language administration required.—Section 31305(a) of title 49, United States Code, is amended—

(A) in paragraph (7), by striking "and" at the end;

(B) in paragraph (8), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(9) shall require that any written, verbal, or automated knowledge test administered for the issuance, renewal, transfer, or upgrade of a commercial learner's permit or commercial driver's license be administered—

"(A) only in the English language;

"(B) without the use of an interpreter or interpreting device; and

"(C) with any disability accommodation required by Federal law, provided that such accommodation may not translate the test from English or interpret the English-language content of the test.".

(2) Conforming regulation.—Not later than April 30, 2027, the Secretary of Transportation shall revise section 383.133(b)(3) of title 49, Code of Federal Regulations, and any related regulation, guidance, or testing standard, to conform to the amendment made by this subsection.

(c) Motor carrier responsibility for English-language qualification compliance.—Section 31135 of title 49, United States Code, is amended by adding at the end the following:

"(e) English-language qualification compliance.—It shall be unlawful for an employer, motor carrier, or other person to require, permit, or dispatch a driver to operate a commercial motor vehicle in commerce unless such driver satisfies the English-language proficiency requirements of section 391.11(b)(2) of title 49, Code of Federal Regulations, or any successor regulation.".

(d) Out-of-service orders for failure to satisfy English-language qualification requirements.—Section 31310(i) of title 49, United States Code, is amended—

(1) in paragraph (1), by amending subparagraph (A) to read as follows:

"(A) (i) To enforce section 392.5 of title 49, Code of Federal Regulations, the Secretary shall prescribe regulations establishing and enforcing an out-of-service period of 24 hours for an individual who violates section 392.5.

"(ii) To enforce section 391.11(b)(2) of title 49, Code of Federal Regulations, or any successor regulation, the Secretary shall prescribe regulations establishing and enforcing out-of-service orders for an individual who violates section 391.11(b)(2).

"(iii) An individual may not violate an out-of-service order issued under regulations prescribed under clause (i) or (ii)."; and

(2) in paragraph (2)(C), by striking "$25,000" and inserting "$200,000".

Subtitle D—Industrial Policy

SEC. 841. FINDINGS.

Congress finds the following:

(1) The United States has allowed essential industrial capacity, supply chains, production infrastructure, and skilled workforce pipelines to weaken through offshoring, consolidation, underinvestment, financial extraction, and dependence on fragile private markets.

(2) Concentrated control over strategic industrial sectors has reduced domestic resilience, weakened regional production capacity, limited new entry, increased dependence on foreign and domestic chokepoints, and reduced the ability of the United States to respond to emergencies, shortages, and national needs.

(3) A durable industrial policy requires public investment, long-term demand signals, workforce development, domestic production commitments, anti-offshoring safeguards, industrial deconcentration, public ownership where appropriate, and public interest conditions on the use of public money.

(4) Public money used to rebuild industrial capacity should support high-wage employment, registered apprenticeship, credential attainment, worker retention, cooperative and public ownership, small and medium-sized producers, regional industrial capacity, and long-term productive use of domestic facilities.

(5) Maritime industrial capacity is a critical example of the broader industrial reconstruction challenge. Decades of neglect have weakened the shipbuilding capacity, maritime workforce, commercial fleet, and maritime logistics position of the United States.

(6) The People's Republic of China has made shipbuilding and maritime logistics a strategic priority, while the United States has become dependent on too few oceangoing vessels of the United States, too few domestic shipbuilders, and too little domestic capacity to build, repair, crew, and operate vessels needed for commerce, emergencies, and national security.

(7) Demand signals, including cargo preference requirements, domestic use commitments, reserve purchasing, forward purchase commitments, public procurement, and strategic fleet requirements, can help rebuild domestic production capacity by creating predictable markets for goods and services produced in the United States.

(8) Industrial reconstruction should rebuild domestic capacity in shipbuilding, maritime logistics, ports, rail equipment, machine tools, steel, critical minerals processing, semiconductors, telecommunications equipment, grid equipment, transformers, energy storage, pharmaceuticals, active pharmaceutical ingredients, medical countermeasures, modular housing, construction materials, agricultural processing, food system infrastructure, and other strategic industrial sectors.

(9) Strategic public production and public manufacturing can address market failures, supply shortages, concentrated control, emergency needs, unaffordable essential medicines, and public interest production gaps by allowing the United States to own, finance, lease, operate, or support productive assets under enforceable public interest safeguards.

(10) Strategic reserves, export controls, ocean innovation clusters, public research infrastructure, artificial intelligence resources, credential modernization, and workforce frameworks are necessary parts of industrial policy because modern production depends on secure technology supply chains, regional industrial networks, computing capacity, and workers trained for critical and emerging technologies.

SEC. 842. AMERICAN INDUSTRIAL RECONSTRUCTION TRUST FUND.

(a) Trust fund established.—

(1) In general.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 9512. American Industrial Reconstruction Trust Fund.

"(a) Creation of trust fund.—There is established in the Treasury of the United States a trust fund to be known as the 'American Industrial Reconstruction Trust Fund', consisting of such amounts as may be—

"(1) appropriated to such Trust Fund as provided in this section;

"(2) credited to such Trust Fund as provided in section 9602(b); or

"(3) transferred, credited, deposited, or otherwise made available to such Trust Fund under the POPULIST Act or any other provision of law.

"(b) Transfers to trust fund.—There are hereby appropriated to the Trust Fund amounts equivalent to—

"(1) the taxes received in the Treasury under—

"(A) section 1352;

"(B) section 60301 of title 46, United States Code;

"(C) section 60302 of title 46, United States Code; and

"(D) section 60303 of title 46, United States Code;

"(2) the amount received in the Treasury and attributable to revenue collected from duties imposed—

"(A) under section 466 of the Tariff Act of 1930 (19 U.S.C. 1466);

"(B) on and after July 6, 2018, with respect to articles of the People's Republic of China pursuant to section 301 of the Trade Act of 1974 (19 U.S.C. 2411), notice of which was published in the Federal Register on June 20, 2018 (83 Fed. Reg. 28710); and

"(C) under section 60502 of title 46, United States Code;

"(3) covered maritime penalties received in the Treasury;

"(4) covered maritime forfeiture revenue received in the Treasury; and

"(5) 99 percent of the taxes received in the Treasury under section 4491.

"(c) Covered maritime penalties.—For purposes of subsection (b)(3), the term 'covered maritime penalties' means any penalties, fines, or other amounts paid with respect to a vessel pursuant to—

"(1) section 436 of the Tariff Act of 1930 (19 U.S.C. 1436);

"(2) section 453 of the Tariff Act of 1930 (19 U.S.C. 1453);

"(3) section 454 of the Tariff Act of 1930 (19 U.S.C. 1454);

"(4) section 464 of the Tariff Act of 1930 (19 U.S.C. 1464);

"(5) section 497 of the Tariff Act of 1930 (19 U.S.C. 1497);

"(6) section 584 of the Tariff Act of 1930 (19 U.S.C. 1584);

"(7) section 592 of the Tariff Act of 1930 (19 U.S.C. 1592);

"(8) section 593A of the Tariff Act of 1930 (19 U.S.C. 1593a);

"(9) section 7 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 19 U.S.C. 1706a);

"(10) section 2107 of title 46, United States Code;

"(11) section 2302 of title 46, United States Code;

"(12) section 3318 of title 46, United States Code;

"(13) section 3718 of title 46, United States Code;

"(14) section 4106 of title 46, United States Code;

"(15) section 5116 of title 46, United States Code;

"(16) section 11303 of title 46, United States Code;

"(17) section 11501 of title 46, United States Code;

"(18) section 12151 of title 46, United States Code;

"(19) section 12507 of title 46, United States Code;

"(20) section 14701 of title 46, United States Code;

"(21) section 30707 of title 46, United States Code, with respect to the portion of the fine that goes to the United States Government under subsection (c) of such section 30707;

"(22) section 31309 of title 46, United States Code;

"(23) section 31330 of title 46, United States Code;

"(24) section 41107 of title 46, United States Code;

"(25) section 41108 of title 46, United States Code;

"(26) section 42108 of title 46, United States Code;

"(27) section 44104 of title 46, United States Code;

"(28) section 70052 of title 46, United States Code;

"(29) section 70119 of title 46, United States Code;

"(30) section 70506 of title 46, United States Code; and

"(31) section 80509 of title 46, United States Code.

"(d) Covered maritime forfeiture revenue.—For purposes of subsection (b)(4), the term 'covered maritime forfeiture revenue' means any revenue generated in connection with the seizure and forfeiture of a maritime vessel under—

"(1) section 3 of the Act of August 5, 1935 (49 Stat. 518, chapter 438; 19 U.S.C. 1703);

"(2) section 70052 of title 46, United States Code; and

"(3) section 70507 of title 46, United States Code.

"(e) Expenditures from trust fund.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided by appropriation Acts, for making expenditures before October 1, 2037, to carry out industrial reconstruction, maritime security, supply chain resilience, public production, and workforce modernization programs authorized under the POPULIST Act, including—

"(1) grants, credit subsidies, loan guarantees, first-loss reserves, interest rate subsidies, and other financial assistance under section 843 of the POPULIST Act;

"(2) capitalization support, credit support, risk-sharing, interest rate buy-downs, and other support for loans, blended financing, or other financing provided by the National Infrastructure Bank under sections 641 through 648 of the POPULIST Act for covered industrial reconstruction projects;

"(3) administration, oversight, audits, data systems, and public reporting for programs carried out under sections 843 through 846 of the POPULIST Act;

"(4) implementation, monitoring, and enforcement of demand-signal requirements under section 844 of the POPULIST Act;

"(5) workforce development, training, apprenticeship, credential modernization, retention, and placement activities under section 845 of the POPULIST Act;

"(6) acquisition, construction, modernization, equipping, maintenance, leasing, operation, or support of strategic public production assets, Government-owned contractor-operated facilities, cooperative-operated facilities, or other public production facilities under section 848 of the POPULIST Act; and

"(7) such other industrial reconstruction purposes as Congress may authorize by law.

"Notwithstanding the limitation in the matter preceding paragraph (1), amounts in the Trust Fund shall remain available after September 30, 2037, as provided by appropriation Acts, solely to make payments under an operating agreement or renewal entered into under chapter 536 of title 46, United States Code, before October 1, 2037, including a termination payment required under section 53603(e)(3) of such title.

"(f) No duplication of National Infrastructure Bank authority.—Nothing in this section shall be construed to establish an independent infrastructure bank or to limit the authority of the National Infrastructure Bank under sections 641 through 648 of the POPULIST Act.

"(g) Public reporting.—The Secretary shall publish, not less frequently than once each fiscal year, a report describing receipts, obligations, outlays, balances, and supported activities of the Trust Fund, disaggregated by program, sector, project category, and recipient type.".

(2) Clerical amendment.—The table of sections for subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"Sec. 9512. American Industrial Reconstruction Trust Fund.".

(b) GAO review.—Not later than July 1, 2031, and every 4 years thereafter, the Comptroller General of the United States shall submit to Congress a report evaluating the operation of the American Industrial Reconstruction Trust Fund, including—

(1) the sufficiency, stability, and sectoral distribution of receipts credited to the Trust Fund;

(2) the use of Trust Fund amounts to support projects financed by the National Infrastructure Bank;

(3) the effect of Trust Fund expenditures on domestic industrial capacity, maritime capacity, supply chain resilience, employment, wages, and regional economic development;

(4) the extent to which Trust Fund expenditures support new entrants, small businesses, cooperative enterprises, public entities, and deconcentration of industrial capacity; and

(5) recommendations for improving the administration and effectiveness of the Trust Fund.

SEC. 843. INDUSTRIAL RECONSTRUCTION FINANCIAL ASSISTANCE PROGRAM.

(a) Definitions.—In this section:

(1) Covered entity.—The term "covered entity" means—

(A) a domestic firm;

(B) a cooperative;

(C) a nonprofit organization;

(D) a labor-management partnership;

(E) a State, political subdivision of a State, public authority, public corporation, public utility, special purpose district, or other public entity;

(F) an Indian Tribe;

(G) a consortium of entities described in subparagraphs (A) through (F); or

(H) a domestic operator, contractor, lessee, or cooperative operator of a strategic public production asset under section 848.

(2) Covered industrial reconstruction project.—The term "covered industrial reconstruction project" means a project located in the United States to construct, expand, modernize, retool, repair, restore, or operate domestic industrial capacity, supply chain capacity, production infrastructure, logistics capacity, or strategic public production capacity in a strategic industrial sector.

(3) Foreign entity of concern.—The term "foreign entity of concern" means an entity that is owned by, controlled by, subject to the jurisdiction or direction of, or materially influenced by a foreign country of concern, as determined by the Secretary by rule.

(4) Secretary.—The term "Secretary" means the Secretary of Commerce.

(5) Strategic industrial sector.—The term "strategic industrial sector" means shipbuilding, maritime logistics, ports, rail equipment, machine tools, steel, critical minerals processing, semiconductors, telecommunications equipment, grid equipment, transformers, energy storage, pharmaceuticals, active pharmaceutical ingredients, medical countermeasures, modular housing, construction materials, agricultural processing, food system infrastructure, or any other sector the Secretary determines is necessary to support national resilience, supply chain independence, industrial deconcentration, public health, housing, food security, energy security, or national defense.

(b) Establishment.—The Secretary shall establish an Industrial Reconstruction Financial Assistance Program to provide Federal financial assistance to covered entities for covered industrial reconstruction projects in accordance with this section.

(c) Purpose.—The purpose of the program established under subsection (b) is to—

(1) expand domestic industrial capacity;

(2) restore supply chain resilience;

(3) support the construction, modernization, and retooling of domestic production facilities;

(4) reduce dependence on concentrated foreign or domestic suppliers;

(5) support new entrants, small businesses, cooperatives, public entities, and regional industrial capacity;

(6) support projects financed by the National Infrastructure Bank under sections 641 through 648; and

(7) support strategic public production assets under section 848.

(d) Forms of assistance.—The Secretary may provide financial assistance under this section in the form of—

(1) grants;

(2) direct payments;

(3) credit subsidies;

(4) loan guarantees;

(5) first-loss reserves;

(6) interest rate subsidies;

(7) cost-gap payments;

(8) technical assistance;

(9) support for blended financing with the National Infrastructure Bank; and

(10) such other financial assistance as the Secretary determines appropriate to carry out this section.

(e) Coordination with National Infrastructure Bank.—

(1) In general.—To the maximum extent practicable, long-term repayable financing for a covered industrial reconstruction project shall be provided through the National Infrastructure Bank under sections 641 through 648.

(2) Use of assistance.—Financial assistance under this section may be used to support financing by the National Infrastructure Bank through credit subsidies, first-loss reserves, loan guarantees, interest rate subsidies, risk-sharing arrangements, technical assistance, or other support that improves the feasibility, affordability, or public benefit of financing for a covered industrial reconstruction project.

(3) Rule of construction.—Nothing in this section shall be construed to establish an independent infrastructure bank or to limit the authority of the National Infrastructure Bank under sections 641 through 648.

(f) Applications.—A covered entity seeking financial assistance under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(g) Eligibility.—To be eligible for financial assistance under this section, a covered entity shall—

(1) carry out the covered industrial reconstruction project in the United States;

(2) demonstrate the ability, experience, financial resources, labor commitments, and other qualifications necessary to carry out the covered industrial reconstruction project;

(3) make commitments to worker and community investment, including through workforce training, registered apprenticeship, job placement, credential attainment, or other workforce development programs carried out under or coordinated with section 845;

(4) provide a plan for long-term operation, maintenance, and productive use of the covered industrial reconstruction project;

(5) agree to such domestic location, domestic production, domestic use, and supply chain resilience commitments as the Secretary determines appropriate;

(6) agree to comply with subsection (o), subsection (p), and any applicable labor, public interest, anti-offshoring, anti-privatization, and anti-concentration conditions imposed under this section or section 848; and

(7) agree to provide records and information requested by the Secretary to evaluate the application and monitor compliance.

(h) Award criteria.—In reviewing an application under this section, the Secretary shall consider—

(1) the extent to which the covered industrial reconstruction project will expand domestic industrial capacity in a strategic industrial sector;

(2) the extent to which the covered industrial reconstruction project will reduce reliance on foreign entities of concern or concentrated suppliers;

(3) the extent to which the covered industrial reconstruction project will promote industrial deconcentration, new entry, cooperative ownership, public ownership, or regional competition;

(4) the extent to which the covered industrial reconstruction project will support national defense, public health, housing, food security, energy security, transportation resilience, or other national resilience needs;

(5) the extent to which the covered industrial reconstruction project will create or retain high-wage jobs and expand training pathways for workers;

(6) the extent to which the covered industrial reconstruction project will use equipment, materials, supplies, and components produced in the United States;

(7) the extent to which the covered industrial reconstruction project will use new, emerging, efficient, resilient, or productivity-enhancing technologies;

(8) the extent to which the covered entity has received, or is eligible to receive, complementary support from a State, political subdivision of a State, public authority, cooperative, public bank, or other public or community institution;

(9) the extent to which the covered industrial reconstruction project can be financed in whole or in part through the National Infrastructure Bank;

(10) the extent to which the covered industrial reconstruction project will support a strategic public production asset under section 848; and

(11) such other criteria as the Secretary determines appropriate.

(i) Award sizing.—

(1) Cost-gap methodology.—For a covered industrial reconstruction project involving the domestic production of covered goods, the Secretary may determine the amount of financial assistance based on the difference between—

(A) the cost of producing, constructing, assembling, or manufacturing the covered goods in the United States under fair and reasonable domestic plans, specifications, labor standards, and public interest conditions; and

(B) the fair and reasonable estimated cost of producing, constructing, assembling, or manufacturing comparable goods in a foreign production center that the Secretary determines provides a fair and representative example for comparison.

(2) Exclusion of security features.—In applying paragraph (1), the Secretary may exclude the cost of security, resilience, interoperability, military, emergency, or public interest features required by the United States if such features would not be included in the foreign cost comparison.

(3) Other projects.—For a covered industrial reconstruction project that does not involve the production of covered goods, the Secretary shall determine the appropriate amount and form of financial assistance based on—

(A) the public benefit of the project;

(B) the need for Federal assistance;

(C) the availability of National Infrastructure Bank financing;

(D) the amount necessary to make the project feasible while avoiding unnecessary windfalls; and

(E) the extent to which the project advances the purposes described in subsection (c).

(j) Use of funds.—A covered entity that receives financial assistance under this section may use the financial assistance only to—

(1) support site development, construction, expansion, modernization, repair, retooling, repowering, or operation of a covered industrial reconstruction project;

(2) purchase, install, repair, modernize, or maintain capital equipment;

(3) support domestic component, subcomponent, materials, supplier, or logistics capacity;

(4) pay reasonable costs related to specialized workforce, essential materials, complex equipment maintenance, or industrial transition needs, as determined by the Secretary;

(5) support workforce development, registered apprenticeship, credential attainment, training, and job placement directly related to the covered industrial reconstruction project;

(6) support a strategic public production asset under section 848;

(7) support modernization grants for small industrial facilities, including small shipyards, supplier facilities, fabrication shops, machine-tool facilities, repair facilities, and other small or medium-sized facilities in a strategic industrial sector; or

(8) support financing provided by the National Infrastructure Bank for a covered industrial reconstruction project.

(k) Prohibition on foreign facilities and foreign entities of concern.—No funds made available under this section may—

(1) be used to construct, modify, improve, equip, or operate a facility outside of the United States;

(2) be provided to a foreign entity of concern; or

(3) be used to support, subsidize, or materially benefit a foreign entity of concern.

(l) Clawback.—

(1) Target dates and performance milestones.—Before making an award under this section, the Secretary shall determine target dates and performance milestones by which the covered industrial reconstruction project shall be completed or by which specified production, capacity, workforce, domestic use, or public interest commitments shall be achieved.

(2) Progressive recovery.—Subject to paragraph (3), if a covered entity does not meet target dates or performance milestones established under paragraph (1), violates section 251 of this Act, violates a domestic location or domestic production commitment, materially reduces domestic capacity supported by the award, or strategically offshores production supported by the award, the Secretary shall progressively recover up to the full amount of the award.

(3) Waiver.—The Secretary may waive elements of the progressive recovery required under paragraph (2) only after—

(A) making a formal determination that circumstances beyond the ability of the covered entity to foresee or control are responsible for the failure; and

(B) submitting notice to the appropriate committees of Congress not later than 15 days after the date on which the waiver is provided.

(m) Emergency procedures.—

(1) In general.—During the period described in paragraph (2), the Secretary may waive selection criteria or procedures under this section as the Secretary determines necessary to provide financial assistance more quickly for covered industrial reconstruction projects that—

(A) reduce unemployment;

(B) address critical supply chain shortages;

(C) address critical public health, housing, food system, energy, transportation, industrial, or national defense needs;

(D) restore, expand, or protect domestic production capacity in a strategic industrial sector; or

(E) support a strategic public production asset under section 848.

(2) Period described.—The period referred to in paragraph (1) is the period beginning on the date of enactment of this Act and ending on the later of—

(A) July 1, 2029; and

(B) the date on which the Secretary has provided a total of $500,000,000,000 in financial assistance under this section.

(n) Oversight and reporting.—

(1) Public database.—The Secretary shall maintain a publicly accessible database describing each award under this section, including the recipient, amount, form of assistance, project location, project sector, performance milestones, labor commitments, domestic production commitments, and any financing provided by the National Infrastructure Bank.

(2) Annual report.—Not later than 90 days after the end of each fiscal year, the Secretary shall submit to Congress and make publicly available a report describing the operation of the program under this section during the preceding fiscal year.

(3) GAO review.—Not later than July 1, 2031, and every 2 years thereafter for 10 years, the Comptroller General of the United States shall conduct a review of the program under this section and submit the results of each review to Congress.

(o) National Environmental Policy Act.—The provision by the Secretary of Federal financial assistance for a project described in this section shall not be considered to be a major Federal action under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) or an undertaking for the purposes of division A of subtitle III of title 54, United States Code.

(p) Buy America.—Section 70914 of the Infrastructure Investment and Jobs Act (41 U.S.C. 8301 note; Public Law 117–58) shall apply to funds obligated by the Secretary under this section.

(q) Authorization of Trust Fund expenditures.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided in section 9512 of the Internal Revenue Code of 1986, to carry out this section.

SEC. 844. DEMAND SIGNALS FOR DOMESTIC PRODUCTION.

(a) Definitions.—In this section:

(1) American Industrial Reconstruction Trust Fund.—The term "American Industrial Reconstruction Trust Fund" means the trust fund established under section 9512 of the Internal Revenue Code of 1986.

(2) Maritime Administrator.—The term "Maritime Administrator" means the Maritime Administrator of the Maritime Administration.

(3) Vessel of the United States.—The term "vessel of the United States" has the meaning given such term in section 116 of title 46, United States Code.

(b) United States Government cargo.—

(1) Applicable percentage.—Section 55305(a) of title 46, United States Code, is amended by striking "at least 50" and inserting "100".

(2) Effective date.—The amendment made by paragraph (1) shall take effect on January 1, 2027.

(3) Clarification.—Section 55305(d) of title 46, United States Code, is amended—

(A) in paragraph (1), by inserting "a consultation with the Maritime Administrator" after "following"; and

(B) in paragraph (3)(B), by inserting "the Maritime Administrator and" after "to".

(c) Cargo preference implementation regulations.—

(1) Regulations and guidance.—Not later than 180 days after the date of enactment of this Act, the Maritime Administrator, notwithstanding any other provision of law, regulation, or administrative order, shall—

(A) promulgate regulations under subchapter III of chapter 5 of title 5, United States Code, to fully implement and ensure compliance with sections 55305, 55314, 55315, and 55316 of title 46, United States Code;

(B) issue interagency guidance to other Federal departments and agencies on how to administer the programs that are subject to such sections in accordance with those sections, as applicable; and

(C) publish such guidance in the Federal Register and on the website of the Maritime Administration.

(2) Consultation.—The Maritime Administrator may consult with the Food Aid Consultative Group established by section 205 of the Food for Peace Act (7 U.S.C. 1725) in carrying out this subsection.

(3) Repeal of earlier regulatory deadline.—Subsection (a) of section 3502 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 (46 U.S.C. 55305 note; Public Law 117–263) is repealed.

(d) Cargo preference oversight and audit.—Section 55301 of title 46, United States Code, is amended—

(1) in subsection (a)(2), by striking "section 55305" and inserting "sections 55305, 55314, 55315, and 55316"; and

(2) by adding at the end the following:

"(d) Notification of violation.—The Maritime Administrator shall—

"(1) upon receiving any credible information, as determined by the Maritime Administrator, that a Federal department or agency that administers a program covered by a report required under subsection (a) was not in compliance with the requirements of section 55305, 55314, 55315, or 55316 of this title, as applicable, notify the appropriate committees of Congress, as defined in section 55314(a) of this title, not later than 14 days after receiving such information; and

"(2) upon receiving any credible information, as determined by the Maritime Administrator, that a Federal department or agency that administers a program covered by a report required under subsection (a) was not in compliance with the requirements of section 2631 of title 10, United States Code, notify the Committee on Commerce, Science, and Transportation and the Committee on Armed Services of the Senate and the Committee on Transportation and Infrastructure and the Committee on Armed Services of the House of Representatives not later than 14 days after receiving such information.".

(e) Financing the transportation of agricultural products.—

(1) In general.—Subchapter II of chapter 553 of title 46, United States Code, is amended by inserting after section 55315 the following:

"Sec. 55316. Financing the transportation of agricultural products.

"(a) Financing of increased costs.—The Secretary of Transportation shall finance any increased ocean freight costs incurred in any fiscal year that result from the application of section 55305 of this title to the agricultural export programs specified in section 55314(b) of this title.

"(b) Reimbursement of increased costs.—

"(1) In general.—The Secretary of Transportation shall reimburse each administering authority for any fiscal year in an amount, if any, equal to the excess of—

"(A) the total cost of ocean freight and ocean freight differential for which obligations are incurred by the administering authority on exports of agricultural products under the agricultural export programs specified in section 55314(b) of this title; over

"(B) 20 percent of the value of the agricultural products and the cost of the ocean freight and ocean freight differential on which obligations are incurred by the administering authority during that fiscal year.

"(2) Agricultural products shipped from inventory.—For purposes of this subsection, agricultural products shipped from the inventory of the Commodity Credit Corporation shall be valued as provided in section 412(d) of the Food for Peace Act (7 U.S.C. 1736f(d)).

"(c) Interagency agreement.—

"(1) In general.—Not later than April 30, 2027, the Secretary of Transportation shall enter into an interagency agreement with each administering authority entitled to reimbursement under subsection (b)(1).

"(2) Contents.—Each interagency agreement shall include—

"(A) an explanation of the process the administering authority shall follow to receive a reimbursement from the Secretary of Transportation under this section;

"(B) a standard methodology for calculating the reimbursement an administering authority is entitled to under this section; and

"(C) deadlines—

"(i) by which an administering authority shall submit a reimbursement request in order to receive reimbursement; and

"(ii) by which the Secretary of Transportation shall approve a properly filed reimbursement request, which date shall not be more than 90 days after the date on which the reimbursement request is submitted.

"(3) Congressional notification.—The Secretary of Transportation shall notify the appropriate committees of Congress—

"(A) when each interagency agreement required under this subsection is finalized; and

"(B) any time that an interagency agreement required under this subsection is updated.

"(d) Authorization of appropriations.—Each fiscal year, there is authorized to be appropriated, out of the American Industrial Reconstruction Trust Fund established under section 9512 of the Internal Revenue Code of 1986, an amount sufficient to reimburse the Secretary of Transportation for the costs incurred under this section, including administrative expenses.".

(2) Clerical amendment.—The table of sections for subchapter II of chapter 553 of title 46, United States Code, is amended by inserting after the item relating to section 55315 the following:

"55316. Financing the transportation of agricultural products.".

(f) Transportation requirements for certain agricultural export programs.—

(1) In general.—Section 55314 of title 46, United States Code, is amended to read as follows:

"Sec. 55314. Transportation requirements for certain agricultural export programs.

"(a) Definitions.—In this section and section 55316:

"(1) Administering authority.—The term 'administering authority' means—

"(A) the Secretary of Agriculture;

"(B) the Commodity Credit Corporation;

"(C) the Secretary of Peacebuilding, with respect to any agricultural export program specified in subsection (b) that is administered through the Basic Relief, Economic Assistance, and Development program under chapter 114 of title 22; and

"(D) the head of any other Federal agency, or any other Federal entity, administering an agricultural export program specified in subsection (b).

"(2) Agricultural product.—The term 'agricultural product' means any food product, including an agricultural commodity, as defined in section 402 of the Food for Peace Act (7 U.S.C. 1732), a specialty crop, as defined in section 3 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note), or a processed food product, exported from the United States.

"(3) Appropriate committees of Congress.—The term 'appropriate committees of Congress' means—

"(A) the Committee on Commerce, Science, and Transportation of the Senate;

"(B) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

"(C) the Committee on Energy and Natural Resources of the Senate;

"(D) the Committee on Transportation and Infrastructure of the House of Representatives;

"(E) the Committee on Agriculture of the House of Representatives; and

"(F) the Committee on Energy and Commerce of the House of Representatives.

"(4) BREAD program.—The term 'BREAD program' means the Basic Relief, Economic Assistance, and Development program established under section 10702 of title 22.

"(b) Applicable export activity.—The activities specified in this subsection are export activities, except inspection or weighing activities, other activities carried out for health or safety, or technical assistance provided in the handling of commercial transactions, of an administering authority—

"(1) carried out under titles I, II, or III of the Food for Peace Act (7 U.S.C. 1691 et seq.);

"(2) carried out under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

"(3) carried out under the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1);

"(4) carried out under the Food for Progress Act of 1985 (7 U.S.C. 1736o);

"(5) carried out under the McGovern-Dole International Food for Education and Child Nutrition Program under section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o–1);

"(6) under which agricultural products are—

"(A) donated through foreign governments or private or public agencies, including intergovernmental organizations; or

"(B) sold for foreign currencies or for dollars on credit terms of more than 10 years;

"(7) under which agricultural products are made available for emergency food relief at less than prevailing world market prices;

"(8) under which a cash grant is made directly or through an intermediary to a foreign purchaser to enable the purchaser to obtain United States agricultural products in an amount greater than the difference between the prevailing world market price and the United States market price, free along side vessel at a United States port; or

"(9) under which agricultural products owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services produced in foreign countries, except export activities described in section 55313(5) of this title.

"(c) Applicability.—The requirements under section 55305 of this title shall apply with respect to the activities specified in subsection (b).

"(d) Submission to Congress.—Each administering authority shall, by October 15 of each year, submit to the appropriate committees of Congress—

"(1) a written notice of any waiver of the requirements of this section issued during the preceding fiscal year; and

"(2) the reasons for granting such waiver and how such waiver meets the requirements of this section and section 55305(d).".

(2) Clerical amendment.—The table of sections for subchapter II of chapter 553 of title 46, United States Code, is amended by striking the item relating to section 55314 and inserting the following:

"55314. Transportation requirements for certain agricultural export programs.".

(g) Clarifying amendments.—

(1) Agricultural commodities emergency assistance clarification.—Section 202(a) of the Food for Peace Act (7 U.S.C. 1722(a)) is amended by striking "Notwithstanding" and inserting "Subject to the requirements of sections 55305 and 55314 of title 46, United States Code, and notwithstanding".

(2) Administrative provisions clarification.—Section 407(b)(2)(A) of the Food for Peace Act (7 U.S.C. 1736a(b)(2)(A)) is amended by striking "Notwithstanding" and inserting "Subject to the requirements of sections 55305 and 55314 of title 46, United States Code, and notwithstanding".

(3) Emergency Food Security Program clarification.—Section 491(c)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2292(c)(1)) is amended by inserting "and the requirements of sections 55305 and 55314 of title 46, United States Code" after "section 492".

(h) Importation on American ships.—

(1) In general.—Chapter 605 of title 46, United States Code, is amended by adding at the end the following:

"Sec. 60508. Importation on American ships.

"(a) In general.—Notwithstanding any other provision of law, not less than the covered percentage, as described in subsection (b), of covered goods by tonnage imported into the United States from a foreign port shall be imported on a vessel that is—

"(1) a vessel of the United States;

"(2) crewed by United States mariners; and

"(3) built in the United States.

"(b) Percentage.—A covered percentage under this section is the following:

"(1) 1 percent in calendar year 2031.

"(2) 2 percent in calendar year 2032.

"(3) 3 percent in calendar year 2033.

"(4) 4 percent in calendar year 2034.

"(5) 5 percent in calendar year 2035.

"(6) 6 percent in calendar year 2036.

"(7) 7 percent in calendar year 2037.

"(8) 8 percent in calendar year 2038.

"(9) 9 percent in calendar year 2039.

"(10) 10 percent in calendar year 2040 and each calendar year thereafter.

"(c) Application.—The requirement under subsection (a) shall be applied to any shipper importing goods into the United States that originates from a foreign port or place.

"(d) Fine for failure to comply.—

"(1) In general.—On an annual basis, the Maritime Administrator shall issue a fine to any entity failing to comply with the requirements under this section.

"(2) Amount.—The amount of a fine under this section shall be in an amount set by the Maritime Administrator that is greater than the difference in cost between—

"(A) the cost of employing a vessel of the United States that is built in the United States and crewed by United States mariners; and

"(B) the cost of employing a foreign vessel, flying a flag of convenience, manufactured outside of the United States.

"(3) Use of amounts.—Any amount collected under this subsection shall be deposited in the American Industrial Reconstruction Trust Fund established under section 9512 of the Internal Revenue Code of 1986.

"(e) Rulemaking required.—Not later than July 1, 2030, the Maritime Administrator, in coordination with the Secretary of Homeland Security and the Chairman of the Federal Maritime Commission, shall promulgate a final rule that establishes a system that—

"(1) identifies persons and goods that are subject to the requirements of this section;

"(2) establishes requirements for such persons and goods that meet the applicable percentages established under subsection (b);

"(3) establishes clear enforcement mechanisms to ensure compliance with this section; and

"(4) determines the amount of a fine issued under subsection (d).

"(f) Definitions.—In this section:

"(1) Covered goods.—The term 'covered goods' means goods manufactured in the People's Republic of China.

"(2) Shipper.—The term 'shipper' has the meaning given such term in section 40102 of this title.".

(2) Clerical amendment.—The table of sections for chapter 605 of title 46, United States Code, is amended by adding at the end the following:

"60508. Importation on American ships.".

(i) Energizing American shipbuilding.—

(1) National policy on strategic energy asset export transportation.—

(A) Requirement for transportation of exports of natural gas on vessels documented under laws of the United States.—Section 3 of the Natural Gas Act (15 U.S.C. 717b) is amended by adding at the end the following:

"(g) Transportation of exports of natural gas on vessels documented under laws of the United States.—

"(1) Condition for approval.—Except as provided in paragraph (7), with respect to an application to export natural gas under subsection (a), the Commission shall include in the order issued for that application the condition that the person transport the natural gas on a vessel that meets the requirements described in paragraph (3).

"(2) Purpose.—The purpose of the requirement under paragraph (1) is to ensure that, of all natural gas exported by vessel in a calendar year, the following percentage is exported by a vessel that meets the requirements described in paragraph (3):

"(A) In each of calendar years 2027 through 2033, not less than 2 percent.

"(B) In each of calendar years 2034 and 2035, not less than 3 percent.

"(C) In each of calendar years 2036 and 2037, not less than 4 percent.

"(D) In each of calendar years 2038 and 2039, not less than 6 percent.

"(E) In each of calendar years 2040 and 2041, not less than 7 percent.

"(F) In each of calendar years 2042 and 2043, not less than 9 percent.

"(G) In each of calendar years 2044 and 2045, not less than 11 percent.

"(H) In each of calendar years 2046 and 2047, not less than 13 percent.

"(I) In calendar year 2048 and each calendar year thereafter, not less than 15 percent.

"(3) Requirements for vessels.—A vessel meets the requirements described in this paragraph—

"(A) with respect to each of calendar years 2027 through 2031—

"(i) if—

"(I) the vessel is documented under the laws of the United States; and

"(II) with respect to any retrofit work necessary for the vessel to export natural gas—

"(aa) such work is done in a shipyard in the United States; and

"(bb) any component of the vessel listed in paragraph (4) that is installed during the course of such work is manufactured in the United States; or

"(ii) if—

"(I) the vessel is built in the United States;

"(II) the vessel is documented under the laws of the United States;

"(III) all major components of the hull or superstructure of the vessel are manufactured, including all manufacturing processes from the initial melting stage through the application of coatings for iron or steel products, in the United States; and

"(IV) the components of the vessel listed in paragraph (4) are manufactured in the United States; and

"(B) with respect to calendar year 2032 and each calendar year thereafter, if the vessel meets the requirements of subparagraph (A)(ii).

"(4) Components.—The components of a vessel listed in this paragraph are the following:

"(A) Air circuit breakers.

"(B) Welded shipboard anchor and mooring chain.

"(C) Powered and non-powered valves in Federal Supply Classes 4810 and 4820 used in piping.

"(D) Machine tools in the Federal Supply Classes for metal-working machinery numbered 3405, 3408, 3410 through 3419, 3426, 3433, 3438, 3441 through 3443, 3445, 3446, 3448, 3449, 3460, and 3461.

"(E) Auxiliary equipment for shipboard services, including pumps.

"(F) Propulsion equipment, including engines, propulsion motors, reduction gears, and propellers.

"(G) Shipboard cranes.

"(H) Spreaders for shipboard cranes.

"(I) Rotating electrical equipment, including electrical alternators and motors.

"(J) Compressors, pumps, and heat exchangers used in managing and re-liquefying boil-off gas from liquefied natural gas.

"(5) Waiver authority.—The Commission may waive the requirement under clause (i)(II)(bb) or (ii)(IV), as applicable, of paragraph (3)(A) with respect to a component of a vessel if the Maritime Administrator determines that—

"(A) application of the requirement would—

"(i) result in an increase of 25 percent or more in the cost of the component of the vessel; or

"(ii) cause unreasonable delays to be incurred in building or retrofitting the vessel; or

"(B) such component is not manufactured in the United States in sufficient and reasonably available quantities of a satisfactory quality.

"(6) Opportunities for credentialed merchant mariners.—Except as provided in paragraph (7), the Commission shall include, in any order issued under subsection (a) that authorizes a person to export natural gas, a condition that the person provide opportunities for individuals with a merchant mariner credential, as defined in section 2101 of title 46, United States Code, to receive experience and training necessary to become credentialed in working on a vessel transporting natural gas.

"(7) Exception.—The Commission may not include in any order issued under subsection (a) authorizing a person to export natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas a condition described in paragraph (1), or a condition described in paragraph (6), if the United States Trade Representative certifies to the Commission, in writing, that such condition would violate obligations of the United States under such free trade agreement.

"(8) Use of Federal information.—In carrying out paragraph (1), the Commission—

"(A) shall use information made available by—

"(i) the Energy Information Administration; or

"(ii) any other Federal agency or entity the Commission determines appropriate; and

"(B) may use information made available by a private entity only if applicable information described in subparagraph (A) is not available.".

(B) Conforming amendment.—Section 3(c) of the Natural Gas Act (15 U.S.C. 717b(c)) is amended by striking "or the exportation of natural gas" and inserting "or, subject to subsection (g), the exportation of natural gas".

(2) Crude oil.—Section 101 of title I of division O of the Consolidated Appropriations Act, 2016 (42 U.S.C. 6212a) is amended—

(A) in subsection (b), by striking "subsections (c) and (d)" and inserting "subsections (c), (d), and (f)"; and

(B) by adding at the end the following:

"(f) Transportation of exports of crude oil on vessels documented under laws of the United States.—

"(1) In general.—Except as provided in paragraph (6), as a condition to export crude oil, the President shall require that a person exporting crude oil transport the crude oil on a vessel that meets the requirements described in paragraph (3).

"(2) Purpose.—The purpose of the requirement under paragraph (1) is to ensure that, of all crude oil exported by vessel in a calendar year, the following percentage is exported by a vessel that meets the requirements described in paragraph (3):

"(A) In each of calendar years 2027 through 2033, not less than 3 percent.

"(B) In each of calendar years 2034 through 2036, not less than 6 percent.

"(C) In each of calendar years 2037 through 2039, not less than 8 percent.

"(D) In calendar year 2040 and each calendar year thereafter, not less than 10 percent.

"(3) Requirements for vessels.—A vessel meets the requirements described in this paragraph—

"(A) with respect to each of calendar years 2027 through 2030—

"(i) if—

"(I) the vessel is documented under the laws of the United States; and

"(II) with respect to any retrofit work necessary for the vessel to export crude oil—

"(aa) such work is done in a shipyard in the United States; and

"(bb) any component of the vessel listed in paragraph (4) that is installed during the course of such work is manufactured in the United States; or

"(ii) if—

"(I) the vessel is built in the United States;

"(II) the vessel is documented under the laws of the United States;

"(III) all major components of the hull or superstructure of the vessel are manufactured, including all manufacturing processes from the initial melting stage through the application of coatings for iron or steel products, in the United States; and

"(IV) the components of the vessel listed in paragraph (4) are manufactured in the United States; and

"(B) with respect to calendar year 2031 and each calendar year thereafter, if the vessel meets the requirements of subparagraph (A)(ii).

"(4) Components.—The components of a vessel listed in this paragraph are the following:

"(A) Air circuit breakers.

"(B) Welded shipboard anchor and mooring chain.

"(C) Powered and non-powered valves in Federal Supply Classes 4810 and 4820 used in piping.

"(D) Machine tools in the Federal Supply Classes for metal-working machinery numbered 3405, 3408, 3410 through 3419, 3426, 3433, 3438, 3441 through 3443, 3445, 3446, 3448, 3449, 3460, and 3461.

"(E) Auxiliary equipment for shipboard services, including pumps.

"(F) Propulsion equipment, including engines, propulsion motors, reduction gears, and propellers.

"(G) Shipboard cranes.

"(H) Spreaders for shipboard cranes.

"(I) Rotating electrical equipment, including electrical alternators and motors.

"(5) Waiver authority.—The President may waive the requirement under clause (i)(II)(bb) or clause (ii)(IV), as applicable, of paragraph (3)(A) with respect to a component of a vessel if the Maritime Administrator determines that—

"(A) application of the requirement would—

"(i) result in an increase of 25 percent or more in the cost of the component of the vessel; or

"(ii) cause unreasonable delays to be incurred in building or retrofitting the vessel; or

"(B) such component is not manufactured in the United States in sufficient and reasonably available quantities of a satisfactory quality.

"(6) Exception.—The President may not, under paragraph (1), condition the export of crude oil to a nation with which there is in effect a free trade agreement requiring national treatment for trade in crude oil if the United States Trade Representative certifies to the President, in writing, that such condition would violate obligations of the United States under such free trade agreement.

"(7) Opportunities for credentialed merchant mariners.—The Maritime Administrator shall ensure that each exporter of crude oil by vessel provides opportunities for individuals with a merchant mariner credential, as defined in section 2101 of title 46, United States Code, to receive experience and training necessary to become credentialed in working on such vessels.

"(8) Use of Federal information.—In carrying out paragraph (1), the President—

"(A) shall use information made available by—

"(i) the Energy Information Administration; or

"(ii) any other Federal agency or entity the President determines appropriate; and

"(B) may use information made available by a private entity only if applicable information described in subparagraph (A) is not available.".

(3) Energy Information Administration information.—The Secretary of Energy, acting through the Administrator of the Energy Information Administration, shall collect, and make readily available to the public on the internet website of the Energy Information Administration, information on exports by vessel of natural gas and crude oil, including—

(A) forecasts for, and data on, those exports for calendar year 2027 and each calendar year thereafter; and

(B) forecasts for those exports for multi-year periods after December 31, 2026, as determined appropriate by the Secretary of Energy.

(j) Authorization of Trust Fund expenditures.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided in section 9512 of the Internal Revenue Code of 1986, to carry out this section.

SEC. 845. INDUSTRIAL WORKFORCE AND CREDENTIAL MODERNIZATION.

(a) Definitions.—In this section:

(1) American Industrial Reconstruction Trust Fund.—The term "American Industrial Reconstruction Trust Fund" means the trust fund established under section 9512 of the Internal Revenue Code of 1986.

(2) Covered industrial reconstruction project.—The term "covered industrial reconstruction project" has the meaning given such term in section 843(a).

(3) Critical industrial skill.—The term "critical industrial skill" means a skill, license, credential, endorsement, certification, apprenticeship classification, technical qualification, or work experience necessary to construct, operate, maintain, repair, modernize, expand, or restore domestic industrial capacity in a strategic industrial sector.

(4) Secretary.—The term "Secretary" means the Secretary of Labor.

(5) Strategic industrial sector.—The term "strategic industrial sector" has the meaning given such term in section 843(a).

(b) Establishment and purpose.—

(1) Establishment.—The Secretary, in consultation with the Secretary of Commerce, the Secretary of Transportation, the Secretary of Education, the Maritime Administrator, and the heads of such other Federal agencies as the Secretary determines appropriate, shall establish an Industrial Workforce and Credential Modernization Program to build and retain the skilled workforce needed for domestic capacity expansion under section 843, demand-signal compliance under section 844, and strategic public production under section 848.

(2) Purpose.—The purpose of the program established under paragraph (1) is to—

(A) expand the supply of workers with critical industrial skills;

(B) support credential attainment, credential modernization, and training capacity in strategic industrial sectors;

(C) retain workers in critical industrial roles through structured training, work rotation, placement, and reemployment protections;

(D) coordinate workforce pipelines with covered industrial reconstruction projects, strategic public production assets, and projects financed by the National Infrastructure Bank;

(E) reduce bottlenecks in credentialing, licensing, training, and placement for critical industrial work; and

(F) integrate industrial workforce placements with the American Union Employment program under section 812 and avoid establishing a separate parallel employment guarantee.

(c) Coordination with American Union Employment.—

(1) Specialized track.—Programs carried out under this section shall operate as a specialized industrial placement, training, credentialing, and retention track within, or in coordination with, American Union Employment.

(2) No separate employment promise.—Nothing in this section shall be construed to create an employment promise apart from American Union Employment.

(3) Coordination.—The Secretary shall align recruitment, eligibility, placement, wage, training, and retention policies under this section with American Union Employment.

(d) Strategic Industrial Workforce Retention Program.—

(1) Establishment.—The Secretary shall establish a Strategic Industrial Workforce Retention Program to help workers with critical industrial skills maintain, upgrade, and use those skills in strategic industrial sectors.

(2) Implementation.—The Secretary shall—

(A) appoint a board of directors to oversee the Strategic Industrial Workforce Retention Program;

(B) appoint and facilitate a working group to recommend policies, procedures, and a prioritization matrix for the Strategic Industrial Workforce Retention Program, which shall be composed of representatives from major stakeholders, including labor organizations, worker cooperatives, credentialed workers, employers in strategic industrial sectors, public authorities, apprenticeship programs, covered industrial reconstruction projects, strategic public production assets, and other likely employers of members of the Strategic Industrial Workforce Retention Program; and

(C) submit to Congress an annual evaluation of the Strategic Industrial Workforce Retention Program.

(3) Membership.—

(A) In general.—The Secretary shall establish enrollment pathways for workers with critical industrial skills, including workers who—

(i) hold an industrial license, credential, endorsement, certification, apprenticeship classification, technical qualification, or other qualification identified by the Secretary;

(ii) work outside the occupation or sector for which the worker holds such qualification and need periodic work, training, or recertification to maintain or upgrade such qualification;

(iii) are employed in a strategic industrial sector and seek to rotate into training, public production, covered industrial reconstruction projects, or other assignments necessary to maintain readiness;

(iv) are veterans, displaced workers, workers in communities with high unemployment or low labor-force participation, or workers transitioning from declining industries into strategic industrial sectors; or

(v) are otherwise determined by the Secretary to be eligible.

(B) Structure.—The Secretary may establish structured work-rotation schedules for members of the Strategic Industrial Workforce Retention Program, including an 8–3–1 schedule or a comparable schedule adapted to the relevant strategic industrial sector.

(C) 8–3–1 schedule.—For purposes of subparagraph (B), an 8–3–1 schedule may include—

(i) 8 months of regular employment;

(ii) 3 months of training, industrial service, work rotation, public production service, sea service, apprenticeship-related work, or other qualifying assignment designed to maintain or upgrade critical industrial skills; and

(iii) 1 month of leave, transition time, or vacation, which may be in addition to vacation provided by a regular employer.

(4) Employer obligations.—

(A) In general.—The employer of a member of the Strategic Industrial Workforce Retention Program participating in a training, service, work-rotation, public production, or qualifying assignment approved by the Secretary shall grant the member—

(i) an unpaid leave of absence for the duration of the member's approved participation; and

(ii) the same or an equivalent position with the employer when the member returns from such participation.

(B) Additional protections.—The Secretary shall prescribe rules to provide reemployment, seniority, benefit, anti-retaliation, and enforcement protections for members of the Strategic Industrial Workforce Retention Program that are not less protective than the protections and obligations under chapter 43 of title 38, United States Code.

(5) Job-call and placement office.—The Secretary shall maintain a job-call and placement office that—

(A) maintains records of each member's qualifications, credentials, availability, training status, and work-rotation needs;

(B) coordinates assignments among employers, labor organizations, apprenticeship programs, State and local workforce boards, public authorities, strategic public production assets, covered industrial reconstruction projects, and American Union Employment;

(C) prioritizes assignments based on readiness, credential maintenance, sectoral shortages, regional needs, and demand generated under sections 843, 844, and 848;

(D) dispatches members to fill available jobs, training slots, apprenticeships, public production assignments, or other qualifying assignments; and

(E) coordinates with employers and labor organizations to ensure that members receive opportunities to maintain or upgrade critical industrial skills.

(6) Good standing.—A member of the Strategic Industrial Workforce Retention Program may not fail to accept an assignment approved by the Secretary and remain in good standing with the program unless the Secretary provides a hardship exemption.

(7) Enforcement.—Subject to paragraph (8), a member found by the Secretary to be in noncompliance with the requirements of the Strategic Industrial Workforce Retention Program may—

(A) have membership in the program terminated; and

(B) lose protections provided under this subsection.

(8) Hardship exception.—The requirements of paragraph (7) shall not apply in a case in which the Secretary determines that a hardship prevents the member from meeting the requirements of the program.

(e) Training and credential capacity grants.—

(1) In general.—The Secretary may award grants, contracts, or cooperative agreements to eligible entities to expand training, apprenticeship, credential attainment, curriculum development, instructor capacity, equipment, facilities, and placement services for critical industrial skills.

(2) Eligible entities.—An eligible entity under paragraph (1) may include—

(A) an institution of higher education;

(B) a community college;

(C) a career and technical education provider;

(D) a labor organization;

(E) a registered apprenticeship program;

(F) a worker cooperative;

(G) a public authority;

(H) a State or local workforce board;

(I) a nonprofit organization;

(J) a covered industrial reconstruction project;

(K) a strategic public production asset; or

(L) a consortium of entities described in subparagraphs (A) through (K).

(3) Priority.—In making awards under paragraph (1), the Secretary shall give priority to projects that—

(A) support covered industrial reconstruction projects under section 843;

(B) support compliance with demand-signal requirements under section 844;

(C) support strategic public production assets under section 848;

(D) address documented labor shortages in a strategic industrial sector;

(E) expand access to training in communities with high unemployment, low labor-force participation, high poverty, or limited access to industrial employment opportunities; or

(F) support credential portability, accelerated credential attainment, or standardized credential pathways.

(f) Merchant mariner credentialing modernization.—

(1) In general.—In this subsection, the term "Secretary" means the Secretary of the department in which the Coast Guard is operating. The Secretary shall carry out necessary system and process changes to carry out the activities described in paragraphs (2) through (5).

(2) Licensing, certification, and documentation database.—The Secretary shall replace the merchant mariner licensing, certification, and documentation database so that the database allows for—

(A) the electronic submission of merchant mariner credential applications, including sea service, professional qualifications, course completion data, safety and suitability, and medical records, and course approval requests;

(B) direct submission of sea service information from employers and course completion data from training providers and other stakeholders to provide data securely and directly so that documentation does not need to be submitted later by the merchant mariner; and

(C) the electronic processing and evaluation of information for the issuance of credentials and course approvals, including the capability for the Secretary to complete remote evaluation of the information submitted.

(3) System for data exchange.—The Secretary shall implement a system that provides for the exchange of data with government agencies and industry stakeholders, and provides the Maritime Administration and other agencies, as appropriate, anonymized and aggregated data showing the following:

(A) The total amount of sea service for individuals with a valid merchant mariner credential.

(B) The number of credentialed mariners by individual rating and the capability to filter data by endorsements.

(C) Demographic information, including age, gender, ethnicity, and address or location.

(D) National Maritime Center processing times.

(E) The number of Coast Guard approved training providers, and, for each such training provider, the number of courses taken by individuals who have, or who are applying for, a merchant mariner credential from that training provider.

(4) Public-facing portal.—The Secretary shall implement a system that includes a public-facing portal in the .gov domain instead of the .mil domain to accept merchant mariner applicant information, including credential applications, course completion data, and course approval requests, that complies with the requirements for cybersecurity and privacy information of electronic systems in the .gov domain.

(5) Examination processes.—The Secretary shall upgrade the examination processes for merchant mariner examinations by—

(A) implementing an examination regime that provides for electronic and third-party administration of examinations;

(B) reassessing the content of tests through the development of job task analysis for all credentials; and

(C) implementing a robust system to analyze examination data.

(6) Reports.—The Secretary shall submit—

(A) an annual report to the Committee on Commerce, Science, and Transportation, the Committee on Appropriations, and the Committee on Armed Services of the Senate, and the Committee on Transportation and Infrastructure, the Committee on Appropriations, and the Committee on Armed Services of the House of Representatives, on the progress of the system and process changes required under this subsection; and

(B) a final report to those committees 1 year after full operating capability of the complete system, comprised of all 4 systems required under this subsection.

(7) Authorization of Trust Fund expenditures.—There is authorized to be appropriated out of the American Industrial Reconstruction Trust Fund to carry out this subsection $20,000,000 for fiscal year 2027, to remain available until expended.

(g) Technical amendments relating to references to seamen.—

(1) Merchant mariner credentials.—The heading for part E of subtitle II of title 46, United States Code, is amended by striking "MERCHANT SEAMEN LICENSES, CERTIFICATES, AND DOCUMENTS" and inserting "MERCHANT MARINER CREDENTIALS".

(2) Able seafarers—unlimited.—

(A) In general.—The section heading for section 7307 of title 46, United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for chapter 73 of title 46, United States Code, is further amended in the item relating to section 7307 by striking "seamen" and inserting "seafarers".

(3) Able seafarers—limited.—

(A) In general.—The section heading for section 7308 of title 46, United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for chapter 73 of title 46, United States Code, is further amended in the item relating to section 7308 by striking "seamen" and inserting "seafarers".

(4) Able seafarers—special.—

(A) In general.—The section heading for section 7309 of title 46, United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for chapter 73 of title 46, United States Code, is further amended in the item relating to section 7309 by striking "seamen" and inserting "seafarers".

(5) Able seafarers—offshore supply vessels.—

(A) In general.—The section heading for section 7310 of title 46, United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for chapter 73 of title 46, United States Code, is further amended in the item relating to section 7310 by striking "seamen" and inserting "seafarers".

(6) Able seafarers—sail.—

(A) In general.—The section heading for section 7311 of title 46, United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for chapter 73 of title 46, United States Code, is further amended in the item relating to section 7311 by striking "seamen" and inserting "seafarers".

(7) Able seafarers—fishing industry.—

(A) In general.—The section heading for section 7311a of title 46, United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for chapter 73 of title 46, United States Code, is further amended in the item relating to section 7311a by striking "seamen" and inserting "seafarers".

(8) Parts E and F.—Parts E and F of subtitle II of title 46, United States Code, are amended—

(A) by striking "seaman" and inserting "seafarer" each place it appears; and

(B) by striking "seamen" and inserting "seafarers" each place it appears.

(9) Clerical amendment.—The table of sections for subtitle II of title 46, United States Code, is amended in the item relating to part E by striking "MERCHANT SEAMEN LICENSES, CERTIFICATES, AND DOCUMENTS" and inserting "MERCHANT MARINER CREDENTIALS".

(h) Reactivation of expired merchant mariner credentials.—

(1) In general.—Chapter 75 of subtitle II of title 46, United States Code, is amended by adding at the end the following:

"Sec. 7513. Authority for reactivation of merchant mariner credentials.

"(a) Licenses and certificates of registry.—Notwithstanding sections 7106 and 7107, the Secretary of the department in which the Coast Guard is operating may renew, for a period of not more than 2 years, an expired license or certificate of registry issued to an individual under chapter 71 if the Secretary determines that the renewal is necessary in response to a national emergency declared by Congress or declared under section 201 of the National Emergencies Act (50 U.S.C. 1621).

"(b) Merchant mariner documents.—Notwithstanding section 7302(g), the Secretary may renew, for a period of not more than 2 years, an expired merchant mariner document issued to an individual under chapter 73 if the Secretary determines that the renewal is necessary in response to a national emergency declared by Congress or declared under section 201 of the National Emergencies Act (50 U.S.C. 1621).

"(c) Manner of renewal.—A renewal under this section may be granted to an individual merchant mariner or to a specifically identified group of merchant mariners.".

(2) Clerical amendment.—The table of sections for chapter 75 of title 46, United States Code, is amended by adding at the end the following:

"7513. Authority for reactivation of merchant mariner credentials.".

(i) Authorization of Trust Fund expenditures.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided in section 9512 of the Internal Revenue Code of 1986, to carry out this section.

SEC. 846. STRATEGIC COMMERCIAL FLEET AND INDUSTRIAL COORDINATION.

(a) Strategic Commercial Fleet.—

(1) In general.—Part C of subtitle V of title 46, United States Code, is amended by inserting after chapter 535 the following:

"CHAPTER 536—STRATEGIC COMMERCIAL FLEET

"SEC. 53601. Definitions.

"SEC. 53602. Establishment of Strategic Commercial Fleet.

"SEC. 53603. Operating agreements.

"SEC. 53604. Payments and financial support.

"SEC. 53605. National security requirements.

"SEC. 53606. Regulations and reporting.

"Sec. 53601. Definitions.

"In this chapter:

"(1) Administrator.—The term 'Administrator' means the Maritime Administrator.

"(2) American Industrial Reconstruction Trust Fund.—The term 'American Industrial Reconstruction Trust Fund' means the trust fund established under section 9512 of the Internal Revenue Code of 1986.

"(3) Appropriate committees of Congress.—The term 'appropriate committees of Congress' means—

"(A) the Committee on Armed Services, the Committee on Commerce, Science, and Transportation, and the Committee on Appropriations of the Senate; and

"(B) the Committee on Armed Services, the Committee on Transportation and Infrastructure, and the Committee on Appropriations of the House of Representatives.

"(4) Coastwise trade.—The term 'coastwise trade' means commerce or trade that is subject to the requirements of section 55102.

"(5) Covered entity.—The term 'covered entity' means—

"(A) any person that owns or operates, or proposes to own or operate, a vessel that is eligible under section 53602(d) or will satisfy the requirements of that subsection before entry into an operating agreement; or

"(B) a bid team consisting of—

"(i) an entity eligible under subparagraph (A);

"(ii) a shipyard in the United States with the ability, experience, financial resources, and other qualifications necessary for—

"(I) the construction of a vessel eligible for inclusion in the Strategic Commercial Fleet; or

"(II) the repair of such a vessel; and

"(iii) another legal entity that is not a foreign entity of concern.

"(6) Fleet.—The term 'Fleet' means the Strategic Commercial Fleet established under section 53602.

"(7) Foreign commerce.—The term 'foreign commerce' means—

"(A) commerce or trade between the United States, its territories or possessions, or the District of Columbia, and a foreign country; and

"(B) commerce or trade between foreign countries.

"(8) Foreign country of concern.—The term 'foreign country of concern' means—

"(A) a country that is a covered nation, as defined in section 4872(d) of title 10; and

"(B) any country that the Administrator, in consultation with the Secretary of Defense, the Secretary of State, the Secretary of Commerce, the Director of National Intelligence, and the Chair of the Federal Maritime Commission, determines to be engaged in conduct that is detrimental to the national security, economic security, maritime security, supply-chain resilience, or foreign policy of the United States.

"(9) Foreign entity of concern.—The term 'foreign entity of concern' has the meaning given such term in section 843(a) of the POPULIST Act.

"(10) United States built vessel.—The term 'United States built vessel' means a vessel that is constructed in the United States and, if reconstructed, reconstructed in the United States.

"(11) United States citizen trust.—The term 'United States citizen trust' has the meaning given such term in section 53201.

"Sec. 53602. Establishment of Strategic Commercial Fleet.

"(a) In general.—The Administrator, in consultation with the Secretary of Defense, shall establish a fleet, to be known as the 'Strategic Commercial Fleet', of active, commercially operated, militarily useful vessels to meet national defense and other security requirements and maintain a United States presence in international commercial shipping.

"(b) Number of vessels.—

"(1) In general.—The Administrator shall select eligible vessels described in subsection (d) for the Fleet through an annual competitive selection process.

"(2) Consultation.—In establishing annual target numbers for the Fleet under paragraph (1), the Administrator shall consult with—

"(A) the Secretary of Defense, with respect to national defense, military usefulness, sealift, logistics, and emergency preparedness needs; and

"(B) the Secretary of Commerce, with respect to domestic industrial capacity, shipbuilding capacity, supply chain resilience, and strategic industrial policy.

"(3) Minimum selections.—Through the annual selection process under paragraph (1), the Administrator shall—

"(A) seek to select for inclusion in the Fleet not fewer than 10 vessels in the 12-month period that begins on the date that is 2 years after the date of enactment of this section;

"(B) seek to increase the number of vessels selected for inclusion in the Fleet annually such that not later than 5 years after such date of enactment, not fewer than 20 vessels are selected for such inclusion annually; and

"(C) ensure that the total number of vessels included in the Fleet does not exceed 250 vessels at any point in time.

"(c) Solicitation; entry into Fleet.—

"(1) Solicitation.—

"(A) In general.—Not later than 1 year after the date of enactment of this section, and not less frequently than once each fiscal year thereafter, the Administrator shall publish in the Federal Register a notice soliciting applications from covered entities to enter into an operating agreement under section 53603 for inclusion of eligible vessels in the Fleet.

"(B) Requirements.—Each notice under subparagraph (A) shall—

"(i) identify the number and type of vessels that the Administrator seeks to include in the Fleet;

"(ii) describe the selection criteria, application requirements, and anticipated payment structure for the solicitation; and

"(iii) allow applicants not less than 30 days to submit an application for entry into the Fleet.

"(C) Guidance.—A notice under subparagraph (A) may include guidance on proposed annual operating support payments, annual capital support payments, and other support payments for each vessel type solicited to ensure that covered entities submit applications that are priced competitively and meet the needs of the Fleet.

"(2) Eligible applications.—The Administrator shall solicit and accept applications from covered entities for newly constructed United States built vessels to be operated as vessels of the United States in foreign commerce.

"(3) Application contents.—An application under paragraph (2) shall include—

"(A) a description of the vessel proposed for inclusion in the Fleet;

"(B) evidence that the vessel satisfies, or will satisfy before entry into an operating agreement, the eligibility requirements under subsection (d);

"(C) evidence that the vessel satisfies, or will satisfy during the term of the operating agreement, the citizenship, ownership, charter, or operation requirements under subsection (e);

"(D) proposed milestones for construction, documentation, entry into service, operation, repair, repower, reconditioning, training, and other required activities;

"(E) a proposed annual operating support payment, which may cover the difference in operating costs, including costs associated with vessel repair, associated with operating the vessel as a vessel of the United States as compared to a fair and reasonable estimate of the cost of operating that type of vessel under the laws of a foreign country;

"(F) a proposed annual capital support payment, which may cover the difference in capital costs associated with constructing the vessel in the United States as compared to a fair and reasonable estimate of the cost of constructing that type of vessel in a foreign shipyard;

"(G) any other support payments needed to make the vessel commercially viable in foreign commerce; and

"(H) such other information as the Administrator may require.

"(4) Bid team.—In the case of a covered entity that is a bid team described in section 53601(5)(B), the bid team shall jointly submit an application under this subsection for inclusion in the Fleet.

"(5) Acceptance into Fleet.—

"(A) In general.—The Administrator shall evaluate eligible applications submitted under this subsection and select applications that meet the requirements of this chapter for acceptance in the Fleet.

"(B) Citizenship preference.—In selecting applications to meet the requirements of this chapter, the Administrator shall ensure, to the extent sufficient qualified applications are received under this subsection, that not less than 25 percent of vessels selected for the

Fleet are owned or operated by a covered entity that is, or a bid team led by, a citizen of the United States under section 50501.

"(C) Priority.—In evaluating eligible applications for selection in the Fleet and subject to subparagraph (B), the Administrator shall give priority to—

"(i) applications that represent the best value to the Federal Government;

"(ii) applications for vessels, or for vessels providing services, that the Administrator, in consultation with the Secretary of Defense, determines have capabilities critical to the national and economic security of the United States;

"(iii) applications that use equipment, materials, and supplies produced in the United States;

"(iv) applications that use, to the maximum extent practicable, subcontractors and suppliers based in the United States;

"(v) applications that commit to repair, repower, and recondition a vessel under this chapter in a shipyard in the United States;

"(vi) applications that strengthen domestic shipbuilding, repair, supplier, and maritime logistics capacity;

"(vii) applications that reduce dependence on foreign entities of concern or concentrated foreign suppliers; and

"(viii) applications that include commitments to worker and community investment, including—

"(I) programs to expand employment opportunity for economically disadvantaged individuals; or

"(II) commitments from regional educational and training entities and institutions of higher education, as defined in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002), to provide workforce training, including programming for training and job placement of economically disadvantaged individuals.

"(6) Timing.—

"(A) Newly constructed vessel.—Not later than 36 months after entering into an operating agreement under section 53603 with a covered entity for inclusion of a newly constructed United States built vessel described in paragraph (2), such vessel shall be placed into service as part of the Fleet.

"(B) Delayed admission.—The Administrator may delay the entry of a vessel selected to participate in the Fleet for—

"(i) a delay in the construction of such vessel;

"(ii) difficulty of the owner or operator of such vessel in recruiting United States mariners as required under section 53603(b)(1)(A); or "(iii) another reason the Administrator determines to be consistent with the purposes of this chapter.

"(d) Vessel eligibility.—A vessel is eligible to be included in the Fleet if—

"(1) the vessel—

"(A) is a vessel of the United States; or

"(B) is not a vessel of the United States, but—

"(i) the owner of the vessel has demonstrated an intent to have the vessel documented under chapter 121 if the vessel is included in the Fleet; and

"(ii) by the time an operating agreement is entered into under section 53603, the vessel is documented under chapter 121;

"(2) the vessel is a United States built vessel;

"(3) the vessel is—

"(A) a bulk carrier vessel;

"(B) a tanker vessel;

"(C) a roll-on/roll-off vessel;

"(D) a liquefied natural gas tanker vessel;

"(E) a container vessel;

"(F) a multi-purpose vessel;

"(G) a cable vessel, as defined in section 53201;

"(H) a heavy-lift vessel; or

"(I) any other type of vessel determined appropriate by the Administrator, in consultation with the Secretary of Defense and the Secretary of Commerce;

"(4) the vessel is operated, or will be operated, in providing transportation in foreign commerce;

"(5) the vessel meets the requirements of paragraph (1), (2), (3), or (4) of subsection (e);

"(6) the vessel—

"(A) is suitable for use by the United States for national defense or military purposes in time of war or national emergency, as determined by the Secretary of Defense;

"(B) is commercially viable, as determined by the Administrator; and

"(C) has dedicated space for the training of—

"(i) cadets of the Merchant Marine Academy consistent with the requirements of section 51307(b);

"(ii) students of a State maritime academy, consistent with the requirements of section 51507; or

"(iii) participants in another workforce training program identified by the Administrator; and

"(7) the vessel will, for the period of an operating agreement under section 53603 that applies to the vessel, meet any other requirement determined appropriate by the Administrator.

"(e) Requirements regarding citizenship of owners, charterers, and operators.—

"(1) Vessel owned and operated by section 50501 citizens.—A vessel meets the requirements of this paragraph if, during the period of an operating agreement under this chapter that applies to the vessel, the vessel will be owned and operated by 1 or more persons that are citizens of the United States under section 50501.

"(2) Vessel owned by section 50501 citizen or United States citizen trust and chartered to documentation citizen.—A vessel meets the requirements of this paragraph if—

"(A) during the period of an operating agreement under this chapter that applies to the vessel, the vessel will be—

"(i) owned by a person that is a citizen of the United States under section 50501 or by a United States citizen trust; and

"(ii) demise chartered to a person—

"(I) that is eligible to document the vessel under chapter 121;

"(II) the chairman of the board of directors, chief executive officer, and a majority of the members of the board of directors of which are citizens of the United States under section 50501, and are appointed and subjected to removal only upon approval by the Administrator; and

"(III) that certifies to the Administrator that there are no treaties, statutes, regulations, or other laws that would prohibit the covered entity for the vessel from performing its obligations under an operating agreement under this chapter;

"(B) in the case of a vessel that will be demise chartered to a person that is owned or controlled by another person that is not a citizen of the United States under section 50501, the other person enters into an agreement with the Administrator not to influence the operation of the vessel in a manner that will adversely affect the interests of the United States; and

"(C) the Administrator and the Secretary of Defense notify the appropriate committees of Congress that they concur with the certification required under subparagraph (A)(ii)(III) and have reviewed and agree that there are no other legal, operational, or other impediments that would prohibit the covered entity for the vessel from performing its obligations under an operating agreement under this chapter.

"(3) Vessel owned and operated by defense contractor.—A vessel meets the requirements of this paragraph if—

"(A) during the period of an operating agreement under this chapter that applies to the vessel, the vessel will be owned and operated by a person that—

"(i) is eligible to document a vessel under chapter 121;

"(ii) operates or manages other United States–documented vessels for the Secretary of Defense, or charters other vessels to the Secretary of Defense;

"(iii) has entered into a special security agreement for purposes of this paragraph with the Secretary of Defense;

"(iv) makes the certification described in paragraph (2)(A)(ii)(III); and

"(v) in the case of a vessel described in paragraph (2)(B), enters into an agreement referred to in that paragraph; and

"(B) the Administrator and the Secretary of Defense notify the appropriate committees of Congress that they concur with the certification required under subparagraph (A)(iv), and have reviewed and agree that there are no other legal, operational, or other impediments that would prohibit the covered entity for the vessel from performing its obligations under an operating agreement under this chapter.

"(4) Vessel owned by documentation citizen and chartered to section 50501 citizen.—A vessel meets the requirements of this paragraph if, during the period of an operating agreement under this chapter that applies to the vessel, the vessel will be—

"(A) owned by a person eligible to document the vessel under chapter 121; and

"(B) demise chartered to a person that is a citizen of the United States under section 50501.

"Sec. 53603. Operating agreements.

"(a) Operating agreement required.—A vessel may not be included in the Fleet unless the Administrator and the covered entity for the vessel enter into an operating agreement under this section.

"(b) Requirements.—

"(1) General requirements.—An operating agreement required under subsection (a) shall require the vessel subject to such agreement to meet the following requirements:

"(A) During the period in which the vessel is operating under the agreement—

"(i) the vessel will be crewed by only United States mariners;

"(ii) the vessel shall be operated within the Fleet exclusively in foreign commerce and not in coastwise trade; and "(iii) the covered entity will have in effect an emergency preparedness agreement described in section 53605 for the period of such agreement.

"(B) Nothing in this paragraph shall be construed to make a vessel permanently ineligible for a coastwise endorsement under section 12112 or to otherwise permanently prohibit the vessel from participating in the coastwise trade after the vessel is no longer operating under an operating agreement under this chapter.

"(2) Vessel repair requirements.—

"(A) In general.—Subject to subparagraphs (B) and (C), the operating agreement required under subsection (a) shall—

"(i) require that the vessel subject to such agreement undergo a set percentage, agreed to between the Administrator and the covered entity, of repair work, excluding necessary repairs as described in paragraph (1) of section 466(d) of the Tariff Act of 1930 (19 U.S.C. 1466(d)(1)), at a shipyard in the United States; and

"(ii) prohibit the vessel subject to such agreement from receiving repairs at a shipyard in a foreign country of concern.

"(B) Waiver.—Notwithstanding any other provision of law, the Secretary of Transportation may modify or waive any requirement of subparagraph (A) only if the Secretary, in consultation with the Secretary of Defense, determines that waiving such requirement is in the national security interest of the United States.

"(C) Notice.—A determination under subparagraph (B) shall be made publicly available in writing and submitted to the appropriate committees of Congress.

"(c) Milestones and payments.—The operating agreement shall—

"(1) establish milestones, deadlines, and performance requirements for construction, documentation, entry into service, operation, repair, repower, reconditioning, training, emergency preparedness, and other required activities;

"(2) prescribe the payment schedule for operating support payments, capital support payments, and other support payments under section 53604; and

"(3) require that payments be tied, to the maximum extent practicable, to achievement of milestones and performance requirements.

"(d) Incentives.—

"(1) State-of-the-art technology incentives.—An operating agreement required under subsection (a) may include incentives to support the testing or adoption of state-of-the-art technology relevant in advancing the military, economic, and industrial security of the United States, including artificial intelligence, advanced shipbuilding techniques, automation, modern propulsion systems, environmental performance, crew safety, military features, and other technologies identified by the Administrator, in consultation with the Secretary of Defense and the Secretary of Commerce.

"(2) Performance incentives.—The operating agreement may include incentive payments for covered entities that exceed milestones or performance requirements established under subsection (c).

"(e) Term of operating agreement.—

"(1) In general.—An operating agreement to participate in the Fleet shall be for a period of 7 years.

"(2) Renewal of agreement.—

"(A) In general.—A covered entity for a vessel participating in the Fleet under an operating agreement under this section may apply to renew such operating agreement.

"(B) Renewal limitation.—An operating agreement under this section may be renewed not more than 2 times.

"(3) Termination payment.—

"(A) No-fault termination during contract.—Subject to subparagraph (C), a covered entity for a vessel operating under an operating agreement under this section shall receive a termination payment if capital support payments provided to the covered entity under the operating agreement are terminated during a contract term.

"(B) No-fault nonrenewal.—Subject to subparagraph (C), a covered entity for a vessel operating under an operating agreement under this section shall receive a termination payment if the operating agreement is not selected to be renewed under paragraph (2).

"(C) Material lack of compliance.—In any case in which the Administrator determines under subsection (f) that a covered entity for a vessel operating under an operating agreement under this section materially fails to comply with the terms of the operating agreement and, due to such failure to comply, the operating agreement is terminated or not selected for renewal, the Administrator may determine that the covered entity is not entitled to a termination payment and subparagraph (A) or (B), as applicable, shall not apply.

"(D) Termination payment defined.—In this paragraph, the term 'termination payment' means a payment in an amount equal to 90 percent of the product of—

"(i) the percentage of the remaining useful life of the vessel, calculated using 21 years as the maximum useful life of the vessel; multiplied by

"(ii) (I) the difference between—

"(aa) the cost of constructing the vessel in the United States; and

"(bb) the fair and reasonable estimate, determined by the Administrator, of the cost of constructing that type of vessel in a foreign shipyard;

"(II) reduced by the amount of such cost difference that the covered entity has recovered through capital support payments, milestone payments, or other payments received under an operating agreement under this section that were intended to offset the capital cost of constructing the vessel in the United States.

"(f) Termination by Administrator for lack of program participant compliance.—If a covered entity for a vessel operating under an operating agreement under this section materially fails to comply with the terms of the operating agreement—

"(1) the Administrator shall notify the covered entity and provide a reasonable opportunity to comply with the operating agreement; and

"(2) if the covered entity fails to achieve such compliance, the Administrator—

"(A) shall terminate the operating agreement;

"(B) shall not renew the operating agreement under subsection (e)(2); and

"(C) may take steps to recover an amount equal to the payments and incentives provided to the covered entity under this chapter.

"(g) Release of vessels from obligations.—

"(1) In general.—A vessel covered by an operating agreement under this chapter is released from any further obligation under the operating agreement if—

"(A) the Administrator terminated or did not renew the operating agreement under subsection (f);

"(B) the covered entity elects not to renew its operating agreement with the Administrator;

"(C) the vessel is ineligible for renewal under subsection (e)(2); or

"(D) funds are not appropriated or otherwise made available to the Administrator for payments under the operating agreement under this chapter for any fiscal year by the 60th day of that fiscal year.

"(2) No permanent coastwise bar.—Release of a vessel from obligations under paragraph (1) shall not make the vessel permanently ineligible for a coastwise endorsement under section 12112 or otherwise permanently prohibit the vessel from participating in coastwise trade.

"(3) Authority to transfer vessel.—

"(A) In general.—After a vessel is released from obligations under paragraph (1), the covered entity may transfer and register such vessel under a foreign registry that—

"(i) is acceptable to the Administrator and the Secretary of Defense, and allows the requisitioning of the vessel for title or use, notwithstanding section 56101; and

"(ii) is not a foreign country of concern.

"(B) Emergency acquisition of vessels.—If chapter 563 is applicable to a vessel after registration in a foreign registry described in subparagraph (A), the vessel shall remain subject to any authority of the United States under chapter 563.

"Sec. 53604. Payments and financial support.

"(a) In general.—Subject to the availability of amounts made available from the American Industrial Reconstruction Trust Fund, as provided in section 9512 of the Internal Revenue Code of 1986, the Administrator shall make payments to covered entities under operating agreements entered into under section 53603.

"(b) Types of payments.—Payments under subsection (a) may include—

"(1) annual operating support payments, which may cover the difference in operating costs, including costs associated with vessel repair, associated with operating the vessel as a vessel of the United States as compared to a fair and reasonable estimate of the cost of operating that type of vessel under the laws of a foreign country;

"(2) annual capital support payments, which may cover the difference in capital costs associated with constructing the vessel in the United States as compared to a fair and reasonable estimate of the cost of constructing that type of vessel in a foreign shipyard;

"(3) milestone payments;

"(4) performance incentive payments under section 53603(d); and

"(5) any other support payments needed to make a vessel commercially viable in foreign commerce and advance the national security, economic security, and industrial capacity of the United States.

"(c) Limitations.—

"(1) In general.—Notwithstanding any other provision of this chapter, the Administrator shall not make an operating support payment, performance incentive payment, or other support payment under this chapter for a vessel with respect to any day for which—

"(A) the vessel is not operated or maintained in accordance with an operating agreement under this chapter;

"(B) the vessel is under a charter to the United States Government;

"(C) except as provided under paragraph (2), the vessel is engaged in transporting military or other preference cargoes under section 55302(a), 55304, 55305, or 55314, section 2631 of title 10, or any other cargo preference law of the United States; or

"(D) the vessel participates in coastwise trade in violation of the operating agreement and section 53603(b)(1)(A)(ii).

"(2) Preference cargoes.—The Administrator may waive the requirement of paragraph (1)(C) to the extent, in the manner, and on the terms the Administrator prescribes, only if—

"(A) the Administrator, acting in the Administrator's capacity as Director of the National Shipping Authority, determines the nonavailability of qualified vessels of the United States that are not enrolled in the Strategic Commercial Fleet;

"(B) the Administrator ensures reasonable notice has been provided to the owners and operators of qualified vessels of the United States that are not enrolled in the Strategic Commercial Fleet before making the waiver determination; and

"(C) by not later than 7 days after issuing a waiver under this paragraph, the Administrator notifies the appropriate committees of Congress and posts such waiver on a public website of the Maritime Administration.

"(d) Payment conditions.—The Administrator may condition a payment under this section on—

"(1) achievement of milestones or performance requirements under section 53603(c);

"(2) compliance with domestic construction, domestic repair, domestic supplier, crewing, training, emergency preparedness, and public interest requirements under the operating agreement;

"(3) continued operation of the vessel in foreign commerce while the vessel is operating under the agreement;

"(4) compliance with any applicable anti-offshoring, anti-privatization, anti-concentration, labor, domestic production, public money, or stock buyback condition under the POPULIST Act; and

"(5) such other conditions as the Administrator determines appropriate.

"(e) No duplication.—The Administrator shall ensure that payments under this section do not duplicate financial assistance provided under section 843 of the POPULIST Act or financing provided by the National Infrastructure Bank under sections 641 through 648 of such Act.

"(f) National Environmental Policy Act.—The provision by the Administrator of a payment under this section shall not be considered to be a major Federal action under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) or an undertaking for the purposes of division A of subtitle III of title 54.

"(g) Buy America.—Section 54101(d)(2) shall apply to funds obligated by the Administrator under this section.

"Sec. 53605. National security requirements.

"(a) Emergency preparedness agreement required.—The Administrator, in coordination with the Secretary of Defense, shall establish an emergency preparedness program under this section under which the program participant for an operating agreement under this chapter shall agree, as a condition of the operating agreement, to enter into an emergency preparedness agreement with the Administrator. The Administrator shall negotiate and enter into an emergency preparedness agreement with each program participant as promptly as practicable after the program participant has entered into the operating agreement.

"(b) Use of existing program.—The Administrator may use an existing emergency preparedness program, as of the date of enactment of this section, to satisfy the requirements of subsection (a).

"(c) Terms of agreement.—The terms of an emergency preparedness agreement under this section shall—

"(1) provide that upon request by the Secretary of Defense during time of war or national emergency, or whenever determined by the Secretary of Defense to be necessary for national security or contingency operation (as that term is defined in section 101 of title 10), the program participant shall make available commercial transportation resources (including services) described in subsection (e) to the Secretary of Defense;

"(2) include such additional terms as may be established by the Administrator and the Secretary of Defense; and

"(3) allow for the modification or addition of terms upon agreement by the Administrator and the program participant and the approval by the Secretary of Defense.

"(d) Participation after expiration of operating agreement.—The Administrator may not require, through an emergency preparedness agreement or an operating agreement, that a program participant covered by an operating agreement continue to participate in an emergency preparedness agreement after the operating agreement has expired according to its terms or is otherwise no longer in effect. After the expiration of an emergency preparedness agreement, a program participant may voluntarily continue to participate in the agreement.

"(e) Resources made available.—The commercial transportation resources to be made available under an emergency preparedness agreement shall include vessels or capacity in vessels, terminal facilities, management services, and other related services, or any agreed portion of such nonvessel resources for activation as the Secretary of Defense may determine to be necessary, seeking to minimize disruption of the program participant's service to commercial customers.

"(f) Compensation.—

"(1) In general.—The Administrator shall include in each emergency preparedness agreement provisions approved by the Secretary of Defense under which the Secretary of Defense shall pay fair and reasonable compensation for all commercial transportation resources provided pursuant to this section.

"(2) Specific requirements.—Compensation under this subsection—

"(A) shall not be less than the program participant's commercial market charges for like transportation resources;

"(B) shall be fair and reasonable considering all circumstances;

"(C) shall be provided from the time that a vessel or resource is required by the Secretary of Defense until the time it is redelivered to the program participant and is available to reenter commercial service; and

"(D) shall be in addition to and shall not in any way reflect amounts payable under section 53604.

"(g) Temporary replacement vessels.—Notwithstanding section 55302(a), 55304, 55305, or 55314, section 2631 of title 10, or any other cargo preference law of the United States—

"(1) a program participant may operate or employ in foreign commerce a foreign vessel, or capacity in a foreign vessel, as a temporary replacement for a vessel of the United States or vessel of the United States capacity that is activated by the Secretary of Defense under an emergency preparedness agreement or a primary Department of Defense sealift-approved readiness program; and

"(2) such replacement vessel or vessel capacity shall be eligible during the replacement period to transport preference cargoes subject to sections 55302(a), 55304, 55305, and 55314 and section 2631 of title 10 to the same extent as the eligibility of the vessel or vessel capacity replaced.

"(h) Redelivery and liability of the United States for damages.—

"(1) In general.—All commercial transportation resources activated under an emergency preparedness agreement shall, upon termination of the period of activation, be redelivered to the program participant in the same good order and condition as when received, less ordinary wear and tear, or the Secretary of Defense shall fully compensate the program participant for any necessary repair or replacement.

"(2) Limitation on United States liability.—Except as may be expressly agreed in an emergency preparedness agreement, or as otherwise provided by law, the Government shall not be liable for disruption of a program participant's commercial business or other consequential damages to the program participant arising from the activation of commercial transportation resources under an emergency preparedness agreement.

"Sec. 53606. Regulations and reporting.

"(a) Regulations.—The Administrator and the Secretary of Defense may prescribe such regulations as may be necessary to carry out the responsibilities of the Administrator and the Secretary of Defense under this chapter.

"(b) Consultation.—In prescribing regulations and implementing this chapter, the Administrator shall consult with the Secretary of Commerce on matters relating to domestic industrial capacity, shipbuilding capacity, supply chain resilience, and strategic industrial sectors.

"(c) Annual report.—Not later than 1 year after the date of enactment of this section, and annually thereafter, the Administrator shall submit to the appropriate committees of Congress and make publicly available a report describing—

"(1) the number, type, and status of vessels in the Fleet;

"(2) operating agreements entered into, renewed, terminated, or not renewed under this chapter;

"(3) payments made under section 53604;

"(4) progress toward domestic construction, repair, supplier, workforce, training, and emergency preparedness commitments;

"(5) use of amounts made available from the American Industrial Reconstruction Trust Fund;

"(6) the effect of the Fleet on domestic shipbuilding capacity, ship repair capacity, maritime employment, merchant mariner availability, international commercial shipping, and national defense preparedness; and

"(7) recommendations for improving the Fleet and related domestic maritime industrial policy.".

(2) Clerical amendment.—The table of chapters for subtitle V of title 46, United States Code, is amended by inserting after the item relating to chapter 535 the following:

"536. Strategic Commercial Fleet..53601".

(3) Confirming amendments.—Section 51307(b) of title 46, United States Code, is amended—

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A)—

(I) by striking ", or the" and inserting ", the"; and

(II) by inserting ", or the Strategic Commercial Fleet under chapter 536" before "to—"; and

(ii) in subparagraph (A), by striking "or Tanker Security Fleet vessel" and inserting "Tanker Security Fleet vessel, or Strategic Commercial Fleet vessel"; and

(B) in paragraph (2), by striking "or 534" and inserting "534, or 536".

(b) Priority for vessels of the United States at United States ports.—

(1) In general.—Part D of subtitle V of title 46, United States Code, is amended by inserting after chapter 553 the following:

"CHAPTER 555—PRIORITY FOR VESSELS OF THE UNITED STATES

"SEC. 55501. Priority for vessels of the United States.

"Sec. 55501. Priority for vessels of the United States.

"(a) In general.—A vessel of the United States shall be given priority at any port in the United States, ahead of a waiting vessel of a foreign country.

"(b) Exception.—Notwithstanding subsection (a), if the Secretary of Transportation finds that it is in the national interest, the Secretary may eliminate the priority under subsection (a) at any port.

"(c) Notice to Congress.—Not later than 30 days after an action eliminating priority under subsection (b), the Secretary of Transportation shall submit to the appropriate committees of Congress, as defined in section 53601, a report on such action.".

(2) Clerical amendment.—The table of chapters for subtitle V of title 46, United States Code, is amended by inserting after the item relating to chapter 553 the following:

"555. Priority for vessels of the United States......................................55501".

(c) Ship America Office.—

(1) In general.—Chapter 553 of title 46, United States Code, as amended by this Act, is further amended by adding at the end the following:

"SUBCHAPTER IV—SHIP AMERICA OFFICE

"SEC. 55341. Establishment of Ship America Office.

"Sec. 55341. Establishment of Ship America Office.

"(a) Establishment.—The Maritime Administrator shall establish within the Maritime Administration an office to be known as the 'Ship America Office'. The Maritime Administrator shall appoint the head of the Ship America Office, who shall be known as the 'Ship America Associate Administrator'.

"(b) Duties.—The Ship America Associate Administrator shall—

"(1) provide assistance to private sector entities, Federal financial assistance recipients, Federal agencies, Federal contractors, and owners and operators of oceangoing vessels of the United States to facilitate the movement of commercial and government cargo on vessels of the United States in international commerce;

"(2) maximize compliance across Federal agencies with this chapter, section 2631 of title 10, and any other cargo preference law of the United States;

"(3) provide training and assistance to Federal employees in all Federal agencies responsible for shipping preference cargo on the legal obligations under this chapter, section 2631 of title 10, and any other cargo preference law of the United States;

"(4) support the efforts of the executive branch to develop and sustain a fleet of vessels of the United States and a maritime industrial base sufficient to meet the needs of Federal agencies, supply chain resilience, industrial reconstruction, and national security;

"(5) where practicable, make accessible and regularly update publicly available contact information for oceangoing vessels of the United States for purposes of moving international commerce;

"(6) publish and regularly update centralized information on the commercial benefits available to private sector entities for moving commercial cargo on oceangoing vessels of the United States;

"(7) coordinate with the Administrator responsible for the Strategic Commercial Fleet under chapter 536 to align cargo preference, port priority, operating agreements, and demand-signal requirements with the expansion of vessels of the United States in international commerce; and

"(8) prepare the reports required under subsection (c).

"(c) Reports required.—Not later than 1 year after the date of enactment of this section, and biennially thereafter, the Maritime Administrator, acting through the Ship America Associate Administrator, shall report to the appropriate committees of Congress, as defined in section 53601, on—

"(1) the opportunities and challenges faced by commercial entities to move cargo on oceangoing vessels of the United States; and

"(2) recommendations to increase international commerce moving on vessels of the United States.".

(2) Clerical amendment.—The table of sections for chapter 553 of title 46, United States Code, is amended by adding at the end the following:

"Subchapter IV—Ship America Office

"55341. Establishment of Ship America Office.".

(d) Defense Production Act maritime industrial-base plan.—

(1) Plan required.—Not later than 180 days after the date of enactment of this section, the President shall submit to the appropriate committees of Congress a report on a plan of action for any use of authorities available under title III of the Defense Production Act of 1950 (50 U.S.C. 4531 et seq.)—

(A) to establish or enhance domestic production capacity for the construction of militarily useful commercial maritime vessels that can be operated in foreign commerce or the domestic commerce of the United States;

(B) to establish, improve, or enhance the defense shipyard industrial base;

(C) to establish, improve, or enhance maritime port infrastructure of the United States, including containers and ship-to-shore cranes that are built in the United States and owned by citizens of the United States;

(D) to expand domestic supplier capacity for components, materials, equipment, and systems necessary for vessels of the United States, shipyards in the United States, and maritime port infrastructure; and

(E) to coordinate Defense Production Act authorities with financial assistance under section 843, demand-signal requirements under section 844, workforce and credential modernization under section 845, and the Strategic Commercial Fleet under chapter 536 of title 46, United States Code.

(2) Consultation.—The President shall develop the plan of action required under paragraph (1) in consultation with—

(A) the Secretary of Transportation;

(B) the Secretary of Defense;

(C) the Secretary of Commerce;

(D) the Maritime Administrator;

(E) the Commandant of the Coast Guard;

(F) an advisory committee established under section 708(d) of the Defense Production Act of 1950 (50 U.S.C. 4558(d)); and

(G) such stakeholders in the private sector as the President considers appropriate.

(e) Authorization of Trust Fund expenditures.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided in section 9512 of the Internal Revenue Code of 1986, to carry out this section and chapters 536 and 555 of title 46, United States Code.

SEC. 847. OCEAN INNOVATION CLUSTERS.

(a) Definitions.—In this section:

(1) Blue economy.—The term "blue economy" means the value and impact of sustainable industries related to the Great Lakes, oceans, bays, estuaries, and coasts on the economy of the United States, including living resources, marine construction, marine transportation, offshore energy development and siting including for renewable energy, offshore mineral production, ship and boat building, tourism, recreation, subsistence, commercial, recreational, and charter fishing, seafood processing, and other fishery-related businesses, kelp and shellfish aquaculture, coastal resilience, and other industries the Secretary of Commerce considers appropriate.

(2) Director of Sea Grant.—The term "Director of Sea Grant" means the Director of the National Sea Grant College Program appointed under section 204(d)(1) of the National Sea Grant College Program Act (33 U.S.C. 1123(d)(1)).

(3) Ocean innovation center for cross-sector collaboration.—The term "ocean innovation center for cross-sector collaboration" means a physical space for collaboration developed and managed in accordance with subsection (b)(9).

(4) Ocean innovation cluster.—The term "ocean innovation cluster" means an eligible entity designated by the Secretary of Commerce under subsection (b).

(5) Tribal government.—The term "Tribal government" has the meaning given the term "Indian Tribe" in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

(b) Ocean innovation clusters.—

(1) Designation.—Not later than July 4, 2027, the Secretary of Commerce, in consultation with the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development, shall designate not fewer than 7 eligible entities as ocean innovation clusters.

(2) Eligible entities.—For purposes of this subsection, an eligible entity is an entity—

(A) that is composed, in a concentrated geographic region, of 1 or more—

(i) business organizations;

(ii) academic institutions, including institutions serving coastal, rural, remote, or economically distressed regions;

(iii) nonprofit organizations; or

(iv) Federal, State, local, or Tribal governmental entities, agencies, or instrumentalities;

(B) that is led by a nonprofit organization; and

(C) that works to deliver services in the concentrated geographic region where the entity is located, enhance collaboration, promote innovation, and contribute to the equitable and sustainable growth of the blue economy across all sectors.

(3) Priority.—In designating entities as ocean innovation clusters under paragraph (1), the Secretary of Commerce shall prioritize entities with a history of supporting cross-sector growth and development of the blue economy.

(4) Geographic diversity.—The Secretary of Commerce shall designate not fewer than 1 ocean innovation cluster under paragraph (1) in—

(A) each of the regions covered by the 5 regional offices of the National Marine Fisheries Service;

(B) the Great Lakes region; and

(C) the Gulf of Mexico region.

(5) Considerations.—In designating an eligible entity as an ocean innovation cluster under paragraph (1), the Secretary of Commerce shall consider the following:

(A) The economic development potential of the coastal community or region in which the entity is located.

(B) The ability of the entity to incorporate and bring growth and opportunity to broad geographic areas, including urban, rural, and underserved areas.

(C) Whether the entity serves an ocean-dependent population consisting of groups with different socioeconomic and educational attainment levels.

(D) The ability of the entity to cultivate and leverage partnerships with private industry, academia, nongovernmental organizations, Federal, State, local, and Tribal governments to collaborate on shared outcomes.

(E) The relative potential for the designation of the entity as an ocean innovation cluster to reverse a decline, or accelerate growth, in ocean sector jobs.

(F) The ability of the entity to carry out projects that support economic and climate resilience through economic diversification and long-term recovery from natural disasters.

(G) The extent, rural and underserved nature, and economic underutilization of the coastline and ocean area that projects carried out by the entity could affect.

(6) Partnership management.—

(A) Partnership liaisons.—

(i) Designation.—The Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development shall each designate 1 partnership manager from within their respective agencies to serve as a partnership liaison between each ocean innovation cluster and Sea Grant, the National Oceanic and Atmospheric Administration, and the Economic Development Administration, respectively.

(ii) Function.—Each partnership liaison designated under clause (i) shall ensure that ocean innovation clusters—

(I) have direct communication with the agency of the liaison; and

(II) allow for collaboration and alignment with Federal objectives in each region regarding the blue economy.

(B) Interagency coordination.—

(i) Secretary of Commerce.—The Secretary of Commerce shall coordinate with the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, the Assistant Secretary of Commerce for Economic Development, the Department of Energy, the Maritime Administration of the Department of Transportation, the Environmental Protection Agency, the Bureau of Ocean Energy Management of the Department of the Interior, the Department of Agriculture, the Coast Guard, and such other Federal agencies, including bureaus of the Department of Commerce, as the Secretary of Commerce considers appropriate to increase technical knowledge exchange and opportunities for cross-sector collaboration with those agencies.

(ii) Secretary of Energy.—With respect to matters relating to the nexus of the blue economy and the responsibilities and expertise of the Department of Energy, the Secretary of Energy—

(I) shall provide advice and recommendations to the Secretary of Commerce in order to increase technical knowledge exchange and opportunities for cross-sector collaboration; and

(II) may provide such advice and recommendations without any formal request from the Department of Commerce.

(7) Development of economic impact metrics of ocean innovation clusters.—The Administrator of the National Oceanic and Atmospheric Administration, the Director of the Bureau of Economic Analysis of the Department of Commerce, and the heads of other relevant Federal agencies shall use and refine the Marine Economy Satellite Account to measure the value to and impact of ocean innovation clusters on the blue economy.

(8) Areas of focus.—The Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development shall coordinate with each ocean innovation cluster in the following areas of focus:

(A) Increasing pathways for new entrants into the blue economy for individuals and entities.

(B) Intellectual property management.

(C) Enhancing the sustainability of seafood supply chains, including with respect to food, transportation, processing, health and beauty products, animal feed, medical biotechnology, bioplastics, biofuels, and other value-added products, to strive for full use of harvested natural resources.

(D) Providing significant and sustainable economic opportunity through advanced research, cross-sector science, and technology development.

(E) Contributing new knowledge, processes, technology, and support for stakeholders in the blue economy, especially to advance sustainability in specific sectors.

(F) Working with Federal, State, local, and Tribal agencies to clearly communicate laws, regulations, and agency practices affecting industry needs, planning, or growth opportunities.

(G) Creating investable opportunities through the development of economies of scale to enhance growth opportunities, job creation, sustainability, and expansion for small businesses within the blue economy.

(H) Workforce development and training, business planning, identifying existing and needed technology and economic infrastructure, and coordinated research and development among small businesses, government, and industry.

(I) Research, development, and implementation of ocean energy, bioprospecting, and other innovative and sustainable ocean resource development endeavors.

(9) Ocean innovation centers for cross-sector collaboration.—

(A) In general.—In order to foster collaboration and innovation and strengthen regional ocean sector economies while creating employment opportunities, the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development shall collaborate with cross-sector partners to jointly develop or designate at least 1 physical space for collaboration as an ocean innovation center for cross-sector collaboration within each of the 7 regions with an ocean innovation cluster.

(B) Management.—An ocean innovation cluster or a group of ocean innovation clusters shall manage the ocean innovation center for cross-sector collaboration of the region in which the cluster or clusters is located.

(C) Functions.—Each ocean innovation center for cross-sector collaboration shall—

(i) serve as a hub for partners within ocean innovation clusters to work toward the areas of focus described in paragraph (8);

(ii) support a community of entrepreneurs focused on strengthening vibrant marine-dependent communities and the blue economy;

(iii) create workspaces and laboratories designed to promote collaboration, including through shared meeting rooms, access to technology, common spaces, and offices;

(iv) strengthen relationships among industry sectors through shared scientific, staffing, and business resources;

(v) develop the critical networks with cross-sector partners that entrepreneurs need to grow effectively; and

(vi) develop the next generation of blue economy workers by providing internships, apprenticeships, or training, as appropriate, including for underserved communities and local trade schools.

(c) Grants for ocean innovation clusters.—The Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 et seq.) is amended by adding at the end the following:

"Sec. 31. Grants for ocean innovation clusters.

"(a) In general.—The Secretary, in consultation with the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development, may award grants, on a competitive basis, to ocean innovation clusters for the purposes described in subsection (b).

"(b) Purposes.—The Secretary may award grants under subsection (a) for the operation and administration of 1 or more ocean innovation clusters under section 847 of the POPULIST Act, with the goal that ocean innovation clusters will become membership-based, self-sustaining entities.

"(c) Input.—In awarding a grant under subsection (a), the Secretary shall provide an opportunity for input from the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development.

"(d) Term of grants.—

"(1) In general.—The term of a grant awarded under subsection (a) shall be 2 years.

"(2) Renewal.—The Secretary may renew a grant awarded under subsection (a) for additional periods of such duration as the Secretary determines to be appropriate and necessary for the ocean innovation cluster that received the grant to provide regional economic benefits.

"(e) Limitations on grant amounts.—A grant awarded under subsection (a) may not exceed $10,000,000.

"(f) Authorization of appropriations.—There is authorized to be appropriated to the Secretary to award grants under subsection (a) $25,000,000 for each of fiscal years 2027 through 2031.

"(g) Definitions.—In this section:

"(1) Director of Sea Grant.—The term 'Director of Sea Grant' means the Director of the National Sea Grant College Program appointed under section 204(d)(1) of the National Sea Grant College Program Act (33 U.S.C. 1123(d)(1)).

"(2) Ocean innovation cluster.—The term 'ocean innovation cluster' has the meaning given that term in section 847(a)(4) of the POPULIST Act.".

SEC. 848. STRATEGIC PUBLIC PRODUCTION CORPORATION.

(a) Definitions.—In this section:

(1) Corporation.—The term "Corporation" means the Strategic Public Production Corporation established under subsection (b).

(2) Operating partner.—The term "operating partner" means a domestic entity selected under subsection (f) to operate, maintain, manage, produce from, or provide services through a strategic public production asset.

(3) Public production agreement.—The term "public production agreement" means a contract, lease, cooperative agreement, management agreement, operating agreement, or other agreement under which an operating partner operates, maintains, manages, produces from, or provides services through a strategic public production asset.

(4) Secretary.—The term "Secretary" means the Secretary of Commerce.

(5) Sponsor agency.—The term "sponsor agency" means a Federal agency that requests, supports, purchases from, contracts with, or coordinates with the Corporation with respect to a strategic public production asset.

(6) Strategic industrial sector.—The term "strategic industrial sector" has the meaning given such term in section 843(a).

(7) Strategic public production asset.—The term "strategic public production asset" means a facility, plant, shipyard, drydock, logistics asset, production line, capital equipment, tooling, industrial site, intellectual property right, license, inventory, or other productive asset that is owned, controlled, financed, constructed, acquired, modernized, leased, or supported by the Corporation under this section.

(b) Establishment.—

(1) In general.—There is established in the Department of Commerce a Strategic Public Production Corporation.

(2) Status.—The Corporation shall be a wholly owned Government corporation and this section shall serve as the charter for the Corporation. The Corporation shall be subject to chapter 91 of title 31, United States Code, except as otherwise provided in this section.

(3) Administration.—The Corporation shall be administered by the Secretary, acting through an Administrator appointed by the Secretary.

(4) Legal existence.—The Corporation shall have perpetual succession unless dissolved by Act of Congress and may exercise the powers granted under this section in its own corporate name.

(c) Purpose.—The purpose of the Corporation is to restore, expand, modernize, and maintain domestic production capacity in strategic industrial sectors by allowing the United States to own strategic public production assets and to operate such assets through operating partners, or directly on an emergency, transitional, or other limited basis as the Secretary determines necessary to protect the public interest, under public interest conditions.

(d) Authorities.—The Corporation may—

(1) acquire, construct, own, lease, improve, repair, modernize, equip, maintain, and dispose of strategic public production assets;

(2) enter into public production agreements, including leases, licenses, management agreements, operating agreements, cooperative agreements, contracts, other similar transactions, payment arrangements, and related arrangements with operating partners;

(3) purchase, license, hold, or make available intellectual property, technical data, machinery, tooling, designs, software, and production know-how necessary to operate strategic public production assets directly or through operating partners;

(4) enter into purchase commitments, advance purchase commitments, pool orders, offtake agreements, standby production agreements, surge capacity agreements, and other arrangements to ensure predictable demand for production from strategic public production assets;

(5) lease strategic public production assets on such terms and conditions as the Secretary determines appropriate to promote national resilience, industrial deconcentration, national defense, public health, housing, food security, energy security, transportation resilience, or the public interest;

(6) coordinate with the National Infrastructure Bank established under section 642 to finance strategic public production assets;

(7) receive grants, credit support, first loss support, interest rate subsidies, operating support, or other assistance from the American Industrial Reconstruction Trust Fund established under section 9512 of the Internal Revenue Code of 1986; and

(8) take such other actions as the Secretary determines necessary to carry out this section.

(e) Eligible strategic public production assets.—The Corporation may support a strategic public production asset in any strategic industrial sector, including—

(1) shipbuilding, ship repair, drydock, port, maritime logistics, and marine component production;

(2) modular housing, building materials, public construction materials, and housing supply infrastructure;

(3) pharmaceuticals, active pharmaceutical ingredients, medical countermeasures, medical devices, and public health supply chain capacity;

(4) electrical grid equipment, transformers, transmission components, distribution equipment, switchgear, energy storage, batteries, and other critical energy infrastructure equipment;

(5) rail equipment, transit equipment, port equipment, transportation equipment, and other critical transportation infrastructure equipment;

(6) machine tools, industrial machinery, robotics, precision manufacturing, and capital equipment;

(7) steel, aluminum, critical minerals processing, rare earth element processing, industrial chemicals, and other foundational inputs;

(8) food processing, regional food storage, cold-chain logistics, agricultural processing equipment, fertilizer, farm inputs, grocery distribution, and food-access retail infrastructure in underserved food markets; and

(9) such other sectors as the Secretary determines are necessary to support national resilience, industrial deconcentration, public health, housing, food security, energy security, transportation resilience, or national defense.

(f) Selection of operating partners.—

(1) In general.—The Corporation shall select operating partners through a competitive and transparent process, except that the Secretary may use expedited procedures if necessary to respond to an emergency, supply chain failure, public health need, national defense need, or severe industrial capacity shortage.

(2) Eligible operators.—An operating partner may be—

(A) a worker cooperative;

(B) a consumer cooperative;

(C) a nonprofit organization;

(D) a State, local, Tribal, or territorial governmental entity, agency, instrumentality, public authority, public corporation, cooperative, or special purpose district;

(E) a domestic firm;

(F) a labor-management partnership;

(G) a consortium of entities described in subparagraphs (A) through (F); or

(H) another domestic entity that the Secretary determines is capable of operating a strategic public production asset in the public interest.

(3) Selection criteria.—In selecting an operating partner, the Corporation shall consider—

(A) technical capacity;

(B) operational experience;

(C) ability to prevent undue concentration of production capacity;

(D) workforce commitments;

(E) compliance history;

(F) ability to support domestic production and domestic supply chain resilience;

(G) commitment to open-book accounting, public interest pricing, and public reporting;

(H) ability to operate the strategic public production asset without excessive reliance on foreign entities of concern, as defined in section 843(a); and

(I) such other criteria as the Secretary determines appropriate.

(g) Public ownership and anti-windfall rules.—

(1) Public ownership.—A strategic public production asset acquired, constructed, owned, or controlled by the Corporation shall remain owned or controlled by the United States until Congress by future legislation authorizes another disposition.

(2) Privately owned assets.—The modernization, financing, repair, equipping, or other support of an asset that is not owned or controlled by the United States shall not, by itself, transfer ownership or control of the asset to the United States. Such support shall be provided under an agreement containing such security, repayment, recapture, equity, profit sharing, continued operation, domestic production, and other public interest terms as the Secretary determines appropriate to the form and amount of support provided.

(3) Availability to operating partners.—The Corporation may lease, license, operate, or otherwise make available a strategic public production asset to an operating partner only under a public production agreement that protects public ownership, prevents unreasonable private windfalls, and preserves the ability of the Corporation or a successor operating partner to continue production.

(h) Terms of public production agreements.—A public production agreement shall include—

(1) a description of the strategic public production asset;

(2) the term of the agreement;

(3) production, maintenance, safety, workforce, and public interest obligations;

(4) remedies for breach, nonperformance, offshoring, misuse, or failure to meet commitments;

(5) open-book accounting requirements;

(6) pricing, cost, fee, profit, or reasonable return rules;

(7) restrictions on offshoring, outsourcing, asset stripping, self-dealing, and excessive subcontracting;

(8) consideration for use of the strategic public production asset, which may be in cash, in kind, below fair market rental value, or satisfied in whole or in part through maintenance, repair, workforce, production, price discipline, public access, or public interest obligations;

(9) labor, apprenticeship, credentialing, and job quality commitments coordinated with section 845;

(10) domestic-content requirements, including requirements under chapter 83 of title 41, United States Code, section 70914 of Public Law 117–58, and any applicable statutory, regulatory, or agreement-specific thresholds;

(11) conflict-of-interest rules;

(12) data, intellectual property, technical documentation, and access rights necessary to allow the Corporation or a successor operating partner to continue production;

(13) audit, inspection, reporting, and compliance rights for the Corporation, the Inspector General of the Department of Commerce, and the Comptroller General of the United States;

(14) such other terms as the Secretary determines necessary to protect the public interest; and

(15) a prohibition on electioneering by the operating partner as a legal entity, provided that such prohibition shall not be construed to restrict the ability of a natural person to engage in electioneering in such person's individual capacity.

(i) Priority for deconcentration and public benefit operation.—In carrying out this section, the Corporation shall give priority to projects and operating partners that—

(1) reduce dependence on concentrated suppliers;

(2) create new domestic entrants in strategic industrial sectors;

(3) support worker cooperatives, public authorities, nonprofit operators, small businesses, and regional production networks;

(4) increase domestic productive capacity in communities with high unemployment, low labor-force participation, or limited access to industrial employment opportunities;

(5) produce durable, repairable, reusable, strategically necessary, or long-lived productive goods, inputs, equipment, or services, and avoid business models dependent on planned obsolescence or unnecessary disposable consumer goods; or

(6) produce goods or services needed by Federal, State, local, or Tribal governments.

(j) Financing.—

(1) National Infrastructure Bank.—The Corporation may request, receive, or coordinate financing from the National Infrastructure Bank for the acquisition, construction, modernization, repair, equipping, or maintenance of a strategic public production asset.

(2) Trust Fund.—Amounts in the American Industrial Reconstruction Trust Fund may be made available, as provided in appropriation Acts and section 9512 of the Internal Revenue Code of 1986, to carry out this section.

(3) Sponsor agency support.—A sponsor agency may support a strategic public production asset through an interagency agreement, transfer of funds, purchase commitment, offtake agreement, technical assistance, use agreement, or other arrangement with the Corporation.

(4) Lease revenues.—Amounts received by the Corporation from leases, licenses, operating agreements, or other public production agreements may be retained and used, to the extent provided in advance in appropriation Acts, for administration, maintenance, repair, modernization, environmental restoration, or other costs of strategic public production assets.

(5) Appropriations limitation.—No authority to enter into contracts, leases, cooperative agreements, other similar transactions, or payment arrangements under this section shall be effective except to such extent or in such amounts as are provided in advance in appropriation Acts.

(k) Coordination with related programs.—The Corporation shall coordinate activities under this section with financial assistance under section 843, demand-signal requirements under section 844, and workforce development, credentialing, placement, and retention activities under section 845.

(l) Labor and public interest safeguards.—The Corporation and each operating partner shall ensure that each strategic public production asset is used in compliance with the applicable public production agreement and any domestic production, domestic location, domestic use, labor, workforce, or public interest safeguard imposed by the Secretary under this section.

(m) Oversight and reporting.—

(1) Public database.—The Corporation shall maintain a publicly accessible database of strategic public production assets, public production agreements, operating partners, sponsor agencies, Federal financial assistance, National Infrastructure Bank financing, production commitments, and performance milestones under this section.

(2) Annual report.—Not later than December 31 of each year, the Secretary shall submit to Congress and make publicly available a report describing the activities of the Corporation during the preceding fiscal year.

(3) GAO review.—Not later than July 1, 2029, and every 2 years thereafter, the Comptroller General of the United States shall submit to Congress a report evaluating the activities of the Corporation, including whether the Corporation has increased domestic production capacity, reduced supply chain concentration, prevented private windfalls, and protected the public interest.

(n) Preservation of other authorities.—This section adds to, and does not displace, the authority of the National Infrastructure Bank under sections 641 through 648 or the authority of any Federal agency to acquire, construct, own, lease, operate, or contract for the operation of a Government-owned facility under any other provision of law.

(o) Government Corporation Control Act.—Section 9101(3) of title 31, United States Code, is amended by adding at the end the following:

"(Q) the Strategic Public Production Corporation.".

SEC. 849. PUBLIC MANUFACTURING OF ESSENTIAL MEDICINES.

(a) Public manufacturing of pharmaceuticals.—Part A of title III of the Public Health Service Act (42 U.S.C. 241 et seq.) is amended by adding at the end the following:

"Sec. 310C. Public manufacturing of essential medicines.

"(a) Definitions.—In this section:

"(1) Active pharmaceutical ingredient.—The term 'active pharmaceutical ingredient' means any substance or mixture of substances intended to be used in the manufacture of a drug and that, when used in the manufacture of the drug, becomes an active ingredient of the drug.

"(2) Applicable drug.—The term 'applicable drug' means a drug, as defined in section 201 of the Federal Food, Drug, and Cosmetic Act, biological product, as defined in section 351 of this Act, or combination product, as described in section 503(g) of the Federal Food, Drug, and Cosmetic Act, that—

"(A) is an eligible off-patent pharmaceutical product or a federally authorized pharmaceutical product; and

"(B) is subject to a market failure.

"(3) Associated device.—The term 'associated device' means a device, delivery system, packaging system, container, component, accessory, or other article necessary or useful for the administration, delivery, storage, dispensing, or use of an applicable drug.

"(4) Banned individual.—The term 'banned individual' means—

"(A) an individual who is or was a registered drug industry lobbyist; or

"(B) an individual who—

"(i) is or was a senior executive of a drug manufacturer or drug wholesaler;

"(ii) served as such a senior executive on any date on which wrongful conduct that is the subject of a settlement, decree, or enforcement action described in clause (iii) occurred; and

"(iii) is or was a senior executive of a drug manufacturer or drug wholesaler that is or was—

"(I) operating under a Federal settlement, including a Federal consent decree; or

"(II) the subject of an enforcement action in a court of the United States or by a Federal agency.

"(5) Registered drug industry lobbyist.—The term 'registered drug industry lobbyist' means an individual who, under Federal or State law, is or was registered as a lobbyist or identified as a lobbyist in a registration or disclosure report for a drug manufacturer, drug wholesaler, or trade association principally representing drug manufacturers or drug wholesalers.

"(6) Senior executive.—The term 'senior executive' means an officer or employee with substantial responsibility for policymaking, management, or control of a drug manufacturer or drug wholesaler, including a president, chief executive officer, chief operating officer, chief financial officer, general counsel, division president, or individual serving in an equivalent position.

"(7) Eligible off-patent pharmaceutical product.—The term 'eligible off-patent pharmaceutical product' means a drug, biological product, or combination product for which an approved application under section 505 or 515 of the Federal Food, Drug, and Cosmetic Act or section 351 of this Act, or clearance under section 510(k) of the Federal Food, Drug, and Cosmetic Act, is in effect, and—

"(A) with respect to a drug included in the list described in section 505(j)(7) of the Federal Food, Drug, and Cosmetic Act, each patent included with respect to such drug in such list has expired, or each patent that claims a biological product has expired; and

"(B) any period of regulatory exclusivity granted under—

"(i) clause (ii), (iii), or (iv) of section 505(c)(3)(E) of the Federal Food, Drug, and Cosmetic Act, section 505(j)(5)(B)(iv) of such Act, clause (ii), (iii), or (iv) of section 505(j)(5)(F) of such Act, section 527 of such Act, and any extension of such a period granted under section 505A or 505E of such Act, has expired; or

"(ii) paragraph (6) or (7) of section 351(k) of this Act, and any extension of such a period granted under paragraph (2) or (3) of section 351(m) of this Act, has expired.

"(8) Federally authorized pharmaceutical product.—The term 'federally authorized pharmaceutical product' means a drug, biological product, or combination product for which the Office determines that public manufacturing, use, licensing, or authorization is permitted under—

"(A) section 1498 of title 28, United States Code;

"(B) section 202 of title 35, United States Code;

"(C) section 203 of title 35, United States Code;

"(D) section 209 of title 35, United States Code; or

"(E) any other licensing, patent use, march-in, government use, compulsory license, production, or public interest authority of the Federal Government.

"(9) Foreign entity of concern.—The term 'foreign entity of concern' has the meaning given such term in section 843(a) of the POPULIST Act.

"(10) Office.—The term 'Office' means the Office of Drug Manufacturing established under subsection (b).

"(11) Market failure.—The term 'market failure' means a determination by the Office that public manufacturing of a drug, biological product, combination product, active pharmaceutical ingredient, associated device, or pharmaceutical input is necessary or appropriate to materially increase competition, reduce costs, improve patient access, expand supply, or reduce dependence on concentrated suppliers because—

"(A) the product is not being marketed in the United States;

"(B) the product is being marketed in the United States by 3 or fewer manufacturers;

"(C) the product is included in the drug shortage list under section 506E of the Federal Food, Drug, and Cosmetic Act;

"(D) the product has experienced a price increase that the Office determines is excessive, persistent, or unsupported by manufacturing or supply chain costs;

"(E) the product has a wholesale acquisition cost, average manufacturer price, net cost to Federal or State health programs, or patient out-of-pocket cost that the Office determines is a barrier to patient access;

"(F) the product is listed by the World Health Organization as an essential medicine and the Office determines that public manufacturing would improve access, affordability, supply reliability, or market competition;

"(G) the product depends on a single manufacturing facility, single active pharmaceutical ingredient source, single supplier, fragile supply chain, foreign entity of concern, or other supply chain vulnerability; or

"(H) the product is necessary to respond to a public health emergency, national emergency, shortage, or medical countermeasure need.

"(12) Public health emergency.—The term 'public health emergency' means—

"(A) a public health emergency declared under section 319 of this Act (42 U.S.C. 247d);

"(B) a national emergency declared under the National Emergencies Act (50 U.S.C. 1601 et seq.) that affects, or may affect, public health, health care access, drug supply, medical countermeasures, or pharmaceutical supply chains; or

"(C) an emergency or major disaster declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) that affects, or may affect, public health, health care access, drug supply, medical countermeasures, or pharmaceutical supply chains.

"(13) Pharmaceutical input.—The term 'pharmaceutical input' means an excipient, intermediate, raw material, reagent, container, closure, packaging material, delivery component, manufacturing component, or other input necessary or useful for the manufacture, storage, delivery, or use of an applicable drug, active pharmaceutical ingredient, or associated device.

"(14) Public manufacturing.—The term 'public manufacturing' means manufacturing, preparation, packaging, labeling, acquisition, distribution, or sale carried out—

"(A) directly by the Office;

"(B) through a strategic public production asset under section 848 of the POPULIST Act;

"(C) through a contract, public production agreement, license, cooperative agreement, interagency agreement, or similar arrangement under the direction of the Office; or

"(D) through an entity manufacturing for or on behalf of the Office under public interest conditions established under this section.

"(15) Secretary.—The term 'Secretary' means the Secretary of Health and Human Services.

"(b) Establishment and purpose.—

"(1) Establishment.—There is established within the Department of Health and Human Services an office to be known as the Office of Drug Manufacturing.

"(2) Purpose.—The purpose of the Office is—

"(A) to increase competition, lower prices, and address shortages in the market for applicable drugs;

"(B) to reduce the cost of applicable drugs to Federal and State health programs, the public, and consumers;

"(C) to increase patient access to affordable drugs and associated devices;

"(D) to expand domestic public manufacturing capacity for applicable drugs, active pharmaceutical ingredients, associated devices, and other essential pharmaceutical inputs; and

"(E) to reduce dependence on concentrated suppliers, foreign entities of concern, single-facility supply chains, or fragile supply chains for applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs.

"(c) Personnel and barred employment.—

"(1) Director.—

"(A) In general.—The Office shall be headed by a Director, who shall be appointed by the President and shall not be a banned individual.

"(B) Compensation.—The Director shall be compensated at the rate prescribed for level III of the Executive Schedule.

"(2) Employees.—The Director, in consultation with the Secretary, may fix the number of, and appoint and direct, all employees of the Office, provided that no such employee may be a banned individual.

"(d) Duties and authorities of the Office.—The Office shall—

"(1) identify applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs for public manufacturing under this section;

"(2) submit, or contract for the submission of, applications, notifications, and requests for authorization described in subsection (e);

"(3) acquire, license, or otherwise secure rights to manufacture and market applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs, including through the authorities described in subsection (e);

"(4) carry out public manufacturing of applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs;

"(5) determine a fair price for each applicable drug and active pharmaceutical ingredient publicly manufactured under this section;

"(6) sell applicable drugs and active pharmaceutical ingredients publicly manufactured under this section at a fair price;

"(7) establish public interest terms for contracts, licenses, public production agreements, cooperative agreements, interagency agreements, and other arrangements entered into under this section;

"(8) coordinate distribution and coverage activities necessary to ensure patient access to applicable drugs publicly manufactured under this section; and

"(9) coordinate with the Strategic Public Production Corporation established under section 848 of the POPULIST Act, the National Infrastructure Bank established under section 642 of the POPULIST Act, and programs established under sections 843 and 845 of the POPULIST Act to expand domestic pharmaceutical manufacturing capacity.

"(e) Applications, authorizations, and rights to manufacture.—

"(1) Off-patent pharmaceutical products.—For each eligible off-patent pharmaceutical product that the Office determines should be publicly manufactured under this section, the Office may—

"(A) submit an application under section 505(b)(2), 505(j), or 515 of the Federal Food, Drug, and Cosmetic Act, section 351(a) or 351(k) of this Act, or a notification under section 510(k) of the Federal Food, Drug, and Cosmetic Act;

"(B) enter into a contract with another entity to submit an application or notification described in subparagraph (A);

"(C) request an emergency use authorization under section 564 of the Federal Food, Drug, and Cosmetic Act;

"(D) enter into a contract with another entity to request an emergency use authorization described in subparagraph (C); or

"(E) acquire from the holder of an approved or cleared application, notification, or license the rights necessary to manufacture the product.

"(2) Federally authorized pharmaceutical products.—For each federally authorized pharmaceutical product that the Office determines should be publicly manufactured under this section, the Office may use the authorizations described in subparagraphs (A) through (E) of subsection (a)(8).

"(3) Food and Drug Administration review.—The Food and Drug Administration shall consider an application, notification, or request submitted by or on behalf of the Office under this subsection in the same manner in which the Administration considers applications, notifications, or requests submitted by other manufacturers.

"(4) No special deference.—Nothing in this section shall be construed to require the Food and Drug Administration to give special deference to any determination made, or application, notification, or request submitted, by the Office.

"(f) Active pharmaceutical ingredients.—The Office may publicly manufacture an active pharmaceutical ingredient if—

"(1) the active pharmaceutical ingredient is subject to a market failure;

"(2) the active pharmaceutical ingredient is necessary or useful for the public manufacturing of an applicable drug;

"(3) public manufacturing of the active pharmaceutical ingredient would improve the ability of the Office or another entity to manufacture an applicable drug;

"(4) public manufacturing of the active pharmaceutical ingredient would improve market entry, supply reliability, affordability, or competition; or

"(5) public manufacturing of the active pharmaceutical ingredient is necessary to respond to a public health emergency, national emergency, shortage, or medical countermeasure need.

"(g) Fair pricing, sales, and distribution.—

"(1) Transparency.—The Office shall make publicly available all prices paid and charged for applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs under this section.

"(2) Fair price.—In determining the fair price at which the Office sells an applicable drug to a wholesaler or direct purchaser, the Office shall consider—

"(A) the impact of price on patient access to the applicable drug;

"(B) the cost of the applicable drug to Federal or State health care programs;

"(C) the cost to the Federal Government of manufacturing, acquiring, licensing, or contracting for the applicable drug;

"(D) the administrative costs of operating the Office;

"(E) the impact of price on market competition for the applicable drug;

"(F) the impact of formulary design on patient access to the applicable drug; and

"(G) the cost to acquire the applicable drug at the National Average Drug Acquisition Cost.

"(3) Active pharmaceutical ingredient price.—In determining the price at which to sell an active pharmaceutical ingredient publicly manufactured under this section, the Office shall consider—

"(A) the cost to manufacture the ingredient;

"(B) the administrative costs of the Office with respect to the ingredient;

"(C) the impact of such price on market competition for the ingredient; and

"(D) the effect of such price on the affordability, availability, and public manufacturing of applicable drugs.

"(4) Sales.—The Office shall sell an applicable drug publicly manufactured under this section at a fair price to wholesalers, direct purchasers, public programs, pharmacies, health care providers, or other entities as the Office determines appropriate to ensure patient access and market stability.

"(5) Use of proceeds.—Amounts received by the Office from sales under this subsection may be used for the activities of the Office, to the extent provided in appropriation Acts.

"(6) Nonexclusive licenses and public interest transfers.—For any applicable drug publicly manufactured under this section, the Office may make available a nonexclusive license, approved application, technical package, manufacturing package, or other right or information necessary to manufacture and market the applicable drug to another person if—

"(A) the person commits to manufacture and market the applicable drug at or below the fair price, adjusted by the consumer price index for all urban consumers, as published by the Bureau of Labor Statistics;

"(B) the transfer would increase competition, expand supply, reduce shortages, or improve patient access;

"(C) the transfer would not undermine public manufacturing capacity or the ability of the Office to resume production if needed; and

"(D) the agreement includes termination, reversion, or step-in rights if the person fails to market the applicable drug within 6 months, raises the price above the permitted level, materially violates the agreement, or fails to maintain supply.

"(h) Priority manufacturing and initial mandatory products.—

"(1) Priority.—The Office shall prioritize public manufacturing of applicable drugs that would have the greatest impact on—

"(A) increasing competition and addressing drug shortages in the pharmaceutical market;

"(B) improving public health;

"(C) lowering drug costs to patients;

"(D) reducing the cost of prescription drugs to Federal and State health programs;

"(E) addressing public health emergencies; or

"(F) reducing dependence on concentrated suppliers, foreign entities of concern, single-facility supply chains, or fragile supply chains for applicable drugs, active pharmaceutical ingredients, associated devices, or pharmaceutical inputs.

"(2) Manufacturing levels.—Not later than September 30, 2027, the Office shall begin public manufacturing of not fewer than 10 applicable drugs. Not later than January 1, 2029, the Office shall publicly manufacture not fewer than 25 applicable drugs.

"(3) Deemed market failure.—For purposes of this section, insulin products, asthma and chronic obstructive pulmonary disease inhalers, epinephrine auto-injectors, naloxone, and antibiotics described in paragraph (4) shall be deemed to be subject to a market failure on the date of enactment of the POPULIST Act, and for the 3-year period beginning on that date.

"(4) Initial mandatory products.—Not later than September 30, 2027, the Office shall begin public manufacturing of—

"(A) at least 1 insulin product of each dosage form, including vial, pump, or pen dosage forms, and of each different type of insulin, including rapid-acting, short-acting, intermediate-acting, long-acting, ultra-long acting, and premixed;

"(B) at least 1 asthma or chronic obstructive pulmonary disease inhaler;

"(C) an epinephrine auto-injector;

"(D) naloxone, including naloxone indicated for community use; and

"(E) not fewer than 3 discrete antibiotics, in consultation with the Centers for Disease Control and Prevention and the Food and Drug Administration to ensure the appropriate use of manufactured antibiotics.

"(i) Federal purchasing coordination.—

"(1) In general.—The Office may enter into interagency agreements, purchase commitments, preferred-source arrangements, minimum purchase commitments, or other demand-coordination arrangements with the Department of Veterans Affairs, the Department of Defense, the Public Health Service, the Coast Guard, and other Federal agencies for applicable drugs publicly manufactured under this section.

"(2) Limitations.—An arrangement under paragraph (1) shall be subject to—

"(A) clinical appropriateness;

"(B) product availability;

"(C) agency mission needs;

"(D) applicable procurement law;

"(E) patient access and continuity of care; and

"(F) the availability of appropriations.

"(j) Patient access and advisory council.—

"(1) Patient access.—The Office shall carry out appropriate activities to ensure the distribution and coverage of all applicable drugs that the Office is publicly manufacturing under this section.

"(2) Advisory council.—The Office shall establish an advisory council to inform the Office on the identification of applicable drugs, market landscape, and supply chain considerations to ensure delivery of applicable drugs to consumers.

"(3) Membership.—The advisory council established under paragraph (2) shall include representatives from community and retail pharmacies, pharmacy benefit managers, drug wholesalers, hospitals, health plans, independent patient groups, clinicians, consumer advocacy organizations, public health experts, domestic manufacturers, labor organizations, and public production experts.

"(k) Coordination with industrial reconstruction programs.—

"(1) Strategic public production assets.—The Office may coordinate with the Strategic Public Production Corporation established under section 848 of the POPULIST Act to acquire, construct, modernize, equip, maintain, or operate strategic public production assets for the manufacture of applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs under this section.

"(2) National Infrastructure Bank.—The Office may coordinate with the National Infrastructure Bank established under section 642 of the POPULIST Act to finance facilities, equipment, supply chain infrastructure, and other long-term capital assets necessary to carry out this section.

"(3) Industrial reconstruction financial assistance.—A project carried out under this section may receive financial assistance under section 843 of the POPULIST Act.

"(4) Workforce coordination.—The Office shall coordinate with the Secretary of Labor and programs established under section 845 of the POPULIST Act to support workforce development, credentialing, training, apprenticeship, placement, and retention for pharmaceutical manufacturing, active pharmaceutical ingredient production, quality control, regulatory affairs, and related public manufacturing needs.

"(5) Trust Fund.—Amounts in the American Industrial Reconstruction Trust Fund established under section 9512 of the Internal Revenue Code of 1986 may be made available, as provided in appropriation Acts and such section, to carry out this section.

"(l) Public interest safeguards.—

"(1) In general.—The Office, and any entity manufacturing applicable drugs, active pharmaceutical ingredients, associated devices, or pharmaceutical inputs under contract, license, public production agreement, cooperative agreement, interagency agreement, or similar arrangement with the Office, shall comply with—

"(A) domestic-content requirements, including requirements under chapter 83 of title 41, United States Code, section 70914 of Public Law 117–58, and any domestic-content requirements applicable to the relevant project, facility, contract, or supply chain;

"(B) domestic production, domestic location, and domestic use commitments imposed by the Office;

"(C) open-book accounting, public interest pricing, and public reporting requirements imposed by the Office; and

"(D) such additional public interest safeguards as the Office determines necessary.

"(2) Electioneering prohibited.—A contract, license, public production agreement, cooperative agreement, interagency agreement, or similar arrangement entered into under this section shall include a prohibition on political intervention, as defined in section 4956 of the Internal Revenue Code of 1986, by the contracting entity, provided that such prohibition shall not be construed to restrict the political activity of any natural person acting in such person's individual capacity and without use of the contracting entity's resources.

"(m) Reports.—Not later than December 31 of each year, the Director shall prepare and submit to the President, the Committee on Health, Education, Labor, and Pensions of the Senate, and the Committee on Energy and Commerce of the House of Representatives an annual report that includes—

"(1) an assessment of the major problems faced by patients in accessing affordable applicable drugs;

"(2) a description of the status of all applicable drugs for which public manufacturing has been authorized under this section, including applicable drugs being manufactured, applicable drugs for which the Office has submitted an application to the Food and Drug Administration but has not yet received approval, and applicable drugs for which the Office has received approval from the Food and Drug Administration but are not being manufactured;

"(3) in the case of antibiotics publicly manufactured under this section, an assessment from the Centers for Disease Control and Prevention and the Food and Drug Administration on the impact of the manufacturing of antibiotics on antimicrobial resistance;

"(4) an accounting of funds received from the sale of all applicable drugs for which public manufacturing has been authorized under this section and the use of such funds;

"(5) an analysis of how public manufacturing of applicable drugs meeting the conditions described in subsection (h) would impact, or has already impacted, competition, access to such drugs, the costs of such drugs, the costs of prescription drugs to Federal and State health programs, and public health; and

"(6) a description of the challenges faced by the Office in carrying out this section.

"(n) Appropriations.—

"(1) Startup appropriation.—There is appropriated to the Office, out of any money in the Treasury not otherwise appropriated—

"(A) $10,000,000,000; and

"(B) in addition to amounts otherwise made available under subsection (k)(5), $5,000,000,000 for each of fiscal years 2028 through 2031.

"(2) Availability.—Amounts appropriated under this subsection shall remain available until expended.".

SEC. 850. STRATEGIC MICROELECTRONICS RESERVE AND EXPORT CONTROLS.

(a) Strategic Microelectronics Reserve.—Chapter 72A of title 15, United States Code, is amended by inserting after section 4652 the following:

"Sec. 4652A. Strategic Microelectronics Reserve.

"(a) Definitions.—In this section:

"(1) Domestic semiconductor.—The term 'domestic semiconductor' means a semiconductor, semiconductor device, microelectronic component, or other semiconductor product that—

"(A) is fabricated in the United States; or

"(B) is assembled in the United States from semiconductor die fabricated in the United States.

"(2) Reserve.—The term 'Reserve' means the Strategic Microelectronics Reserve established under subsection (b).

"(3) Reserve semiconductor.—The term 'reserve semiconductor' means a domestic semiconductor designated by the Secretary under subsection (c) for inclusion in the Reserve.

"(4) Secretary.—The term 'Secretary' means the Secretary of Commerce.

"(5) Supplier.—The term 'supplier' means a person that sells, agrees to sell, or offers to supply a reserve semiconductor to the Reserve under this section.

"(b) Establishment.—The Secretary shall establish and maintain within the Department of Commerce a Strategic Microelectronics Reserve to—

"(1) maintain a rotating reserve of reserve semiconductors;

"(2) strengthen domestic semiconductor production through predictable demand;

"(3) reduce the risk of supply disruptions affecting critical sectors of the economy and national security; and

"(4) support the availability of reserve semiconductors for Federal agencies, contractors, private buyers, emergency needs, and shortfalls in designated industries.

"(c) Priority assessment and reserve plan.—

"(1) In general.—Not later than July 1, 2027, the Secretary shall conduct a priority assessment and develop a reserve plan for the Reserve.

"(2) Required elements.—The priority assessment and reserve plan shall—

"(A) identify categories of domestic semiconductors that are critical to transportation, medical devices, communications, energy systems, industrial equipment, defense systems, and other sectors the Secretary determines appropriate;

"(B) assess supply chain vulnerabilities, domestic production capacity, inventory practices, and risks of shortage, disruption, bottleneck, or foreign dependency relating to such semiconductors;

"(C) designate categories of domestic semiconductors for inclusion in the Reserve and determine target inventory levels, product mix, rotation schedules, and acquisition priorities for the Reserve, provided that the product mix shall prioritize semiconductors fabricated in the United States over those assembled from semiconductor die fabricated in the United States;

"(D) identify categories of domestic semiconductors for which multi-year purchase commitments, forward purchase agreements, framework agreements, or similar arrangements are appropriate to sustain, establish, modernize, expand, or restore domestic production capacity;

"(E) identify categories of buyers, uses, and transactions for which sales, transfers, or other dispositions from the Reserve should be prioritized; and

"(F) identify such other measures as the Secretary determines necessary to carry out this section.

"(3) Consultation.—In carrying out this subsection, the Secretary shall consult with the Secretary of Defense, the Secretary of Energy, the Secretary of Transportation, the Secretary of Health and Human Services, the Secretary of Homeland Security, and the heads of such other Federal agencies as the Secretary determines appropriate.

"(4) Updates.—The Secretary shall update the priority assessment and reserve plan not less frequently than once every 2 years.

"(d) Strategic Microelectronics Reserve Fund.—

"(1) Establishment.—There is established in the Treasury of the United States a fund to be known as the 'Strategic Microelectronics Reserve Fund' (referred to in this section as the 'Fund').

"(2) Appropriation.—There is appropriated to the Fund, out of any money in the Treasury not otherwise appropriated, $3,000,000,000, to remain available until expended, to carry out this section.

"(3) Credits.—There shall be credited to the Fund amounts received from sales or other dispositions of reserve semiconductors under this section.

"(4) Use.—Amounts in the Fund shall be available to the Secretary, without further appropriation, to acquire, store, manage, and otherwise administer the Reserve, including contracting, storage, and related administrative costs.

"(e) Purchase commitments and forward purchase agreements.—

"(1) Authority.—The Secretary may enter into multi-year purchase commitments, forward purchase agreements, framework agreements, and similar arrangements with suppliers and buyers to advance the purposes of this section.

"(2) Terms.—An arrangement under paragraph (1) may include terms relating to delivery schedules, quality standards, production benchmarks, pricing mechanisms, duration, options to renew, options to increase or decrease volumes, and such other terms as the Secretary determines appropriate to carry out this section.

"(3) Published pricing criteria.—

"(A) In general.—The Secretary shall establish and make publicly available the prices, price schedules, price formulas, or other objective pricing criteria the Secretary will use in purchasing reserve semiconductors under this subsection.

"(B) Uniform application.—For reserve semiconductors of the same category and technical specifications, the Secretary shall apply the same prices, price schedules, price formulas, or other objective pricing criteria to all suppliers, on a delivered basis to a location designated by the Secretary.

"(C) Differentiation.—The Secretary may vary prices or pricing criteria only on the basis of technical specifications and such other objective factors as the Secretary determines appropriate.

"(4) Financial viability.—In establishing pricing and other terms under this subsection, the Secretary shall promote the long-term financial viability and replenishment capacity of the Reserve while supporting domestic production capacity, predictable demand, and regular inventory rotation.

"(f) Inventory management, rotation, sale, and availability.—

"(1) Inventory management and rotation.—The Secretary shall manage and regularly rotate inventory in the Reserve to minimize obsolescence, deterioration, and avoidable waste, and to maintain the usability, relevance, and financial viability of the Reserve.

"(2) Sale and availability.—The Secretary may sell, transfer, exchange, or otherwise make available reserve semiconductors from the Reserve if such sale, transfer, exchange, or other availability would advance the purposes of this section.

"(3) Applicable law.—A sale, transfer, exchange, or other disposition under paragraph (2) shall be subject to applicable export controls, sanctions, and other provisions of law.

"(4) Published sale pricing.—

"(A) In general.—The Secretary shall establish and make publicly available the prices, price schedules, price formulas, or other objective pricing criteria the Secretary will use in selling, transferring, exchanging, or otherwise making reserve semiconductors available under this subsection.

"(B) Uniform application.—For reserve semiconductors of the same category and technical specifications, the Secretary shall apply the same prices, price schedules, price formulas, or other objective pricing criteria to all buyers.

"(C) Differentiation.—The Secretary may vary prices or pricing criteria only on the basis of technical specifications and such other objective factors as the Secretary determines appropriate.

"(5) Financial viability.—In establishing pricing and other terms under this subsection, the Secretary shall promote the long-term financial viability and replenishment capacity of the Reserve while supporting domestic production capacity, predictable demand, and regular inventory rotation.

"(6) End-use and anti-diversion conditions.—The Secretary may require a buyer receiving reserve semiconductors under this subsection to certify the intended use of such semiconductors and may prohibit resale, transfer, hoarding, speculative purchase, or diversion of such semiconductors in a manner inconsistent with the purposes of this section.

"(g) Federal contracting.—The head of a Federal agency may require or authorize, as a term of a contract or subcontract, that semiconductors used in carrying out the contract or subcontract be purchased from the Reserve if the Secretary and the head of such agency determine that such purchase is feasible, available in the quantities and specifications required, and would advance the purposes of this section.

"(h) Public interest safeguards.—

"(1) Standardized and transparent terms.—To the maximum extent practicable, the Secretary shall use standardized and transparent terms for arrangements under subsection (e) and for pricing and dispositions under subsection (f).

"(2) Prohibited terms.—The Secretary may not enter into an arrangement under subsection (e) on terms that—

"(A) require exclusive dealing by a supplier beyond the quantity or duration reasonably necessary to carry out the arrangement;

"(B) materially impede domestic market entry, multi-sourcing, or sale to non-Federal customers; or

"(C) otherwise undermine the development of a resilient and competitive domestic semiconductor supply base.

"(i) Rules and procedures.—The Secretary may prescribe such rules, procedures, and standard forms as are necessary to carry out this section.".

(b) Control of exports of advanced integrated circuits.—Part I of the Export Control Reform Act of 2018 (50 U.S.C. 4811 et seq.) is amended by inserting after section 1758 the following:

"Sec. 1758A. Control of exports of advanced integrated circuits.

"(a) Definitions.—In this section:

"(1) Approved United States person.—The term 'approved United States person' means any United States person designated as an approved United States person pursuant to the regulations prescribed under subsection (d)(2).

"(2) Advanced integrated circuit or product.—

"(A) In general.—Subject to subparagraph (B), the term 'advanced integrated circuit or product' means an integrated circuit, computer, or other product containing such a circuit that—

"(i) (I) is classified under Export Control Classification Number 3A090 or 4A090 or a ".z" Export Control Classification Number on January 1, 2026; or

"(II) is functionally equivalent or substantially similar to a circuit, computer, or product described in subclause (I); and

"(ii) is designed or marketed for data centers.

"(B) Authority to update definition.—Beginning on January 1, 2027, to keep pace with technological advancements in computing, the Under Secretary of Commerce for Industry and Security may revise the definition of "advanced integrated circuit or product" through notice in the Federal Register, so long as—

"(i) the revision poses no adverse impact on the national security of the United States; and

"(ii) the Under Secretary has consulted with the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the proposed change to the definition at least 30 days prior to making the change.

"(3) Commerce Control List.—The term 'Commerce Control List' means the list set forth in Supplement No. 1 to part 774 of the Export Administration Regulations.

"(4) Country of concern.—The term 'country of concern' means—

"(A) a country listed in Country Group D:5 in Supplement No. 1 to part 740 of the Export Administration Regulations on January 1, 2026;

"(B) the Macau Special Administrative Region of the People's Republic of China; or

"(C) the Hong Kong Special Administrative Region of the People's Republic of China.

"(5) Covered country.—The term 'covered country' means a country listed in Country Group D in Supplement No. 1 to part 740 of the Export Administration Regulations on January 1, 2026.

"(b) License requirement.—The Under Secretary of Commerce for Industry and Security shall require a license for the export, reexport, or in-country transfer of an advanced integrated circuit or product to a covered country.

"(c) License policy for countries of concern.—The Under Secretary of Commerce for Industry and Security shall deny a license for the export, reexport, or in-country transfer of an advanced integrated circuit or product to an entity that is primarily located or headquartered in, or the ultimate parent company of which is headquartered in, a country of concern.

"(d) Exemption from certain license requirement for approved United States persons.—

"(1) In general.—The license requirement under subsection (b) shall not apply to the export, reexport, or in-country transfer of an advanced integrated circuit or product if the advanced integrated circuit or product—

"(A) is destined for a country that is not a country of concern; and

"(B) remains under the ownership and control of an approved United States person.

"(2) Implementation.—Not later than January 30, 2027, the Under Secretary of Commerce for Industry and Security shall prescribe regulations—

"(A) establishing clear standards and requirements a United States person shall meet to obtain a designation as an approved United States person, including—

"(i) a requirement that not more than 10 percent (in the aggregate) of the direct or indirect beneficial ownership of the United States person may be held by—

"(I) persons that are citizens, nationals, residents, or domiciliaries of a country of concern; or

"(II) entities organized under the laws of, or headquartered in, a country of concern;

"(ii) physical security, cybersecurity, remote-access security, and other measures designed to prevent the misuse, illicit access, illicit transfer, or diversion of advanced integrated circuits and products;

"(iii) robust know-your-customer standards; and

"(iv) annual audit or attestation requirements to ensure compliance with clauses (i), (ii), and (iii); and

"(B) describing the process by which the Under Secretary shall approve such a designation.

"(e) Report before sunset.—Not later than July 1, 2030, the Under Secretary of Commerce for Industry and Security shall submit to Congress a report assessing whether this section should be extended, revised, or allowed to expire.

"(f) Sunset.—This section shall cease to have effect on July 1, 2031.".

(c) Clerical amendments.—The John S. McCain National Defense Authorization Act for Fiscal Year 2019 is amended—

(1) in the table of contents in section 2(b), by inserting after the item relating to section 1758 the following:

"Sec. 1758A. Control of exports of advanced integrated circuits.";

(2) in the table of contents for title XVII of division A, by inserting after the item relating to section 1758 the following:

"Sec. 1758A. Control of exports of advanced integrated circuits.".

SEC. 851. NATIONAL ARTIFICIAL INTELLIGENCE RESEARCH RESOURCE.

(a) NAIRR steering subcommittee.—Section 5103 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (15 U.S.C. 9413) is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d) the following:

"(e) NAIRR Steering Subcommittee.—

"(1) Definitions.—In this subsection, the terms 'NAIRR', 'National Artificial Intelligence Research Resource', 'Operating Entity', 'Program Management Office', and 'resource of the NAIRR' have the meanings given those terms in section 5601.

"(2) Establishment.—There is established within the Interagency Committee a Steering Subcommittee for the National Artificial Intelligence Research Resource (referred to in this section as the 'NAIRR Steering Subcommittee').

"(3) Chair and assistant chairs.—The NAIRR Steering Subcommittee shall be chaired by the Director of the Office of Science and Technology Policy. The Director of the Office of Science and Technology Policy may establish assistant chairs of the NAIRR Steering Subcommittee based on members of the NAIRR Steering Subcommittee rotating into the assistant chair positions on a predetermined schedule.

"(4) Membership.—The Director of the Office of Science and Technology Policy shall select members of the Interagency Committee to serve on the NAIRR Steering Subcommittee that the Director determines—

"(A) have substantial expertise;

"(B) have substantially funded or conducted artificial intelligence research and development; or

"(C) have some other significant relationship with the NAIRR.

"(5) Changes to NAIRR Steering Subcommittee composition.—Not less frequently than once a year, the Director of the Office of Science and Technology Policy shall review the composition of the NAIRR Steering Subcommittee and update such composition, which may include adding or removing members from the NAIRR Steering Subcommittee, if necessary.

"(6) Subcommittees and working groups.—The NAIRR Steering Subcommittee may establish subcommittees, working groups, or other permanent or temporary bodies of certain members of the NAIRR Steering Subcommittee.

"(7) Duties.—The NAIRR Steering Subcommittee shall—

"(A) coordinate with the National Science Foundation and the Program Management Office to—

"(i) oversee and approve the operating plan for the NAIRR;

"(ii) review the budget for the NAIRR;

"(iii) develop and release a request for proposals to solicit bids for the Operating Entity, including establishing the terms and conditions and functions of the Operating Entity; and

"(iv) develop and release funding opportunities for resources of the NAIRR;

"(B) work with the Program Management Office to establish criteria for the Operating Entity, review candidates, and select an entity to act as the Operating Entity;

"(C) identify resources that could be federated, participate in resource provider selection and funding, and provide direction to the Operating Entity about resource allocation and how those resources should be made accessible via the NAIRR;

"(D) define key performance indicators for the NAIRR, in conjunction with the Program Management Office and any relevant Advisory Committees established under section 5602(c);

"(E) evaluate NAIRR performance against the key performance indicators defined under subparagraph (D) on a periodic basis and not less frequently than once every year;

"(F) develop an annual report, transmitted to the Director of the Office of Science and Technology Policy and publicly released, on the progress of the National Artificial Intelligence Research Resource that includes—

"(i) a summary of the results of the evaluation conducted under subparagraph (E); and

"(ii) any recommendations for changes to the NAIRR; and

"(G) oversee a periodic independent assessment of the NAIRR.

"(8) Provision of resources of the NAIRR.—Each agency comprising the NAIRR Steering Subcommittee is authorized to provide the Operating Entity with resources of the NAIRR or funding for resources of the NAIRR.".

(b) In general.—The National Artificial Intelligence Initiative Act of 2020 (15 U.S.C. 9401 et seq.) is amended by adding at the end the following:

"TITLE LVI—National Artificial Intelligence Research Resource

"SEC. 5601. Definitions.

"SEC. 5602. Establishment; governance.

"SEC. 5603. Resources of the NAIRR.

"SEC. 5604. NAIRR processes and procedures.

"SEC. 5605. NAIRR funding.

"Sec. 5601. Definitions.

"In this title:

"(1) Advisory Committee.—The term 'Advisory Committee' means any Advisory Committee established under section 5602(c).

"(2) AI testbed.—The term 'AI testbed' means a testbed described in section 22A(g) of the National Institute of Standards and Technology Act (15 U.S.C. 278h–1(g)).

"(3) Executive agency.—The term 'Executive agency' has the meaning given such term in section 105 of title 5, United States Code.

"(4) NAIRR Steering Subcommittee.—The term 'NAIRR Steering Subcommittee' means the NAIRR Steering Subcommittee established under section 5103(e).

"(5) National Artificial Intelligence Research Resource; NAIRR.—The terms 'National Artificial Intelligence Research Resource' and 'NAIRR' mean the National Artificial Intelligence Research Resource established under section 5602(a).

"(6) Operating Entity.—The term 'Operating Entity' means the Operating Entity selected by the Program Management Office as described in section 5602(b)(3)(A).

"(7) Program Management Office.—The term 'Program Management Office' means the Program Management Office established under section 5602(b).

"(8) Resource of the NAIRR.—The term 'resource of the NAIRR' means a resource described in section 5603(b).

"(9) STEM.—The term 'STEM' means science, technology, engineering, and mathematics, including computer science.

"(10) Director of the Operating Entity.—The term 'Director of the Operating Entity' means the individual designated by the Operating Entity and approved by the head of the Program Management Office as the principal officer responsible for carrying out the duties of the Operating Entity under this title.

"Sec. 5602. Establishment; governance.

"(a) Establishment.—Not later than July 1, 2027, the Director of the National Science Foundation, in coordination with the NAIRR Steering Subcommittee, shall establish the National Artificial Intelligence Research Resource to—

"(1) spur innovation and advance the development of artificial intelligence to stimulate cutting-edge research and propel the strategic development of artificial intelligence capabilities;

"(2) improve access to artificial intelligence resources for researchers and students of artificial intelligence;

"(3) improve capacity for artificial intelligence research in the United States; and

"(4) support the testing, benchmarking, and evaluation of artificial intelligence systems developed and deployed in the United States.

"(b) Program Management Office.—

"(1) Establishment.—The Director of the National Science Foundation shall establish within the National Science Foundation a Program Management Office to oversee the day-to-day functions of the NAIRR and shall appoint an individual to head the Program Management Office.

"(2) Staff.—

"(A) In general.—The head of the Program Management Office may identify staff and direct all employees of the Program Management Office, in accordance with the applicable provisions of title 5, United States Code.

"(B) Representation and requirements.—The staff of the Program Management Office—

"(i) may include representation from other Federal agencies providing support for NAIRR resources; and

"(ii) shall include not fewer than 3 full-time employees.

"(3) Duties.—The duties of the Program Management Office shall include—

"(A) in coordination with the NAIRR Steering Subcommittee and any relevant Advisory Committee as appropriate—

"(i) developing the funding opportunity and soliciting bids for the Operating Entity, which will be responsible for operation of the National Artificial Intelligence Research Resource;

"(ii) selecting, through a competitive and transparent process, a nongovernmental organization, which may be an independent legal entity or a consortium of 1 or more partners, which may include federally funded research and development centers, to be designated the Operating Entity;

"(iii) requiring the Operating Entity, as a condition of designation, to designate an individual, subject to approval by the head of the Program Management Office, to serve as the Director of the Operating Entity;

"(iv) overseeing compliance with the contractual obligations of the Operating Entity;

"(v) establishing evaluation criteria for the NAIRR;

"(vi) overseeing asset allocation and utilization;

"(vii) identifying an external independent evaluation entity;

"(viii) assessing the performance of the Operating Entity on not less than an annual basis and, if such performance is unsatisfactory, ending the agreement with such Operating Entity and selecting a new Operating Entity in accordance with clause (ii);

"(ix) developing multi-agency funding opportunities for the selection of NAIRR resources; and "(x) coordinating resource contributions from participating Federal agencies; and

"(B) delegating, with appropriate oversight, operational tasks to the Operating Entity, including—

"(i) coordinating the provisioning of resources of the NAIRR;

"(ii) maintaining a portal and associated services for users to access resources of the NAIRR;

"(iii) developing policies and procedures for the NAIRR;

"(iv) hiring and managing a staff, including experts in cyber infrastructure management, data science, research design, privacy, ethics, and legal and policy matters, to support the operations of the NAIRR;

"(v) continually modernizing NAIRR infrastructure;

"(vi) recommending key performance indicators for the NAIRR, in coordination with the NAIRR Steering Subcommittee and any relevant Advisory Committee;

"(vii) publishing publicly available annual reports reviewing the performance of the NAIRR, the resources of the NAIRR, and the NAIRR governance structures;

"(viii) establishing and administering training to new users on accessing a resource of the NAIRR, research design, and issues related to privacy, ethics, safety, and trustworthiness of artificial intelligence systems;

"(ix) facilitating connections to AI testbeds; and

"(x) making educational resources of the NAIRR available to other Federal agencies, and to Congress, for the purpose of educating Federal Government officials and employees about artificial intelligence.

"(c) Advisory Committees.—The head of the Program Management Office, acting through the Director of the Operating Entity, shall establish Advisory Committees to provide advice to the Operating Entity and the Program Management Office. Any such Advisory Committees shall be comprised of members from government agencies, the private sector, academia, and public interest groups.

"Sec. 5603. Resources of the NAIRR.

"(a) In general.—The head of the Program Management Office, acting through the Director of the Operating Entity and in coordination with the NAIRR Steering Subcommittee and any relevant Advisory Committee, shall—

"(1) coordinate and provision resources of the NAIRR;

"(2) establish processes to manage the procurement of new resources of the NAIRR, and intake of in-kind contributions of resources of the NAIRR, from Federal agencies or other entities;

"(3) establish policies on and review resources of the NAIRR for concerns related to ethics and privacy;

"(4) retire resources of the NAIRR no longer available or needed; and

"(5) publicly report a summary of categories of available resources of the NAIRR, categories of sources and contributors of such resources of the NAIRR, and issues related to resources of the NAIRR.

"(b) Resources of the NAIRR.—The NAIRR shall offer resources that include, at a minimum, all of the following:

"(1) A mix of computational resources, including—

"(A) on-premises, cloud-based, hybrid, and emergent resources;

"(B) public cloud providers providing access to popular computational and storage services for NAIRR users;

"(C) an open source software environment for the NAIRR;

"(D) an application programming interface providing structured access to artificial intelligence models; and

"(E) other types of computational resources.

"(2) Data, including by—

"(A)—

"(i) in coordination with the National Institute of Standards and Technology and consistent with the guidance of the National Science and Technology Council titled 'Desirable Characteristics of Data Repositories for Federally Funded Data', dated May 2022, or any successor document, publishing interoperability standards for data repositories based on the data sharing and documentation standards and guidelines produced under section 22A of the National Institute of Standards and Technology Act (15 U.S.C. 278h–1); and

"(ii) selecting and developing, through a competitive bidding process, data repositories to be available to NAIRR users;

"(B) establishing acceptable criteria for datasets used as resources of the NAIRR;

"(C) identifying and providing access to existing curated datasets of value and interest to the NAIRR user community;

"(D) establishing an artificial intelligence open data commons to facilitate community sharing and curation of data, code, and models;

"(E) coordinating with the Interagency Council on Statistical Policy to explore options to make Federal statistical data available to NAIRR users, including through the standard application process established under section 3583(a) of title 44, United States Code.

"(3) Educational tools and services, including by—

"(A) facilitating and curating educational and training materials;

"(B) providing technical training and user support; and

"(C) providing targeted outreach and programming strategies to increase participation in STEM fields.

"(4) AI testbeds, including by—

"(A) in coordination with the National Institute of Standards and Technology, facilitating access to artificial intelligence testbeds through which researchers can measure, benchmark, test, or evaluate engineering or algorithmic developments; and

"(B) developing a comprehensive catalog of open AI testbeds.

"Sec. 5604. NAIRR processes and procedures.

"(a) User eligibility.—

"(1) Eligible users.—Subject to paragraph (3), the following users shall be eligible for access to the NAIRR:

"(A) A researcher, educator, or student based in the United States that is affiliated with an entity described in paragraph (2).

"(B) An employee of an entity described in clause (iii) or (iv) of paragraph (2)(B) with a demonstrable mission-need.

"(2) Entities described.—An entity described in this paragraph is an entity that satisfies the following:

"(A) Is based in the United States.

"(B) Is 1 of the following:

"(i) An institution of higher education.

"(ii) A nonprofit institution, as defined in section 4 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703).

"(iii) An Executive agency.

"(iv) A federally funded research and development center.

"(v) A small business concern, as defined in section 3 of the Small Business Act (15 U.S.C. 632), notwithstanding section 121.103 of title 13, Code of Federal Regulations, that has received funding from an Executive agency, including through the Small Business Innovation Research Program or the Small Business Technology Transfer Program, as described in section 9 of the Small Business Act (15 U.S.C. 638).

"(vi) A category of entity that the Director of the National Science Foundation and the Director of the Office of Science and Technology Policy, after consultation with the

NAIRR Steering Subcommittee and any relevant Advisory Committee, determine shall be eligible.

"(vii) A consortium composed of entities described in clauses (i) through (vi).

"(3) Excluded entities.—

"(A) In general.—No individual is authorized to be an eligible user under paragraph (1) if the individual is employed by a foreign country that is listed in section 4872(d)(2) of title 10, United States Code, or is otherwise authorized by such country to act for or on its behalf.

"(B) Enforcement.—The Director of the National Science Foundation shall ensure that individuals authorized as eligible users meet the requirements of subparagraph (A).

"(b) Privacy, ethics, civil rights and civil liberties, safety, and trustworthiness.—

"(1) In general.—

"(A) Requirements.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with any relevant Advisory Committee, shall establish requirements, a review process for applications, and a process for auditing resources of the NAIRR and research conducted using resources of the NAIRR on matters related to privacy, ethics, safety, security, and trustworthiness of artificial intelligence systems developed using resources of the NAIRR.

"(B) Federal statistical data.—Any auditing process required under subparagraph (A) for Federal statistical data included in a resource of the NAIRR shall be completed by the head of a designated statistical agency, as defined in section 3576(e) of title 44, United States Code, in coordination with the Chief Statistician of the United States, consistent with relevant law.

"(2) Consistency.—The head of the Program Management Office shall ensure the requirements and processes described in paragraph (1) are consistent with Office of Management and Budget policy and relevant policies of other Executive agencies. The head of the Program Management Office shall coordinate with the Senior Agency Official for Privacy and the General Counsel of the National Science Foundation in ensuring compliance with applicable privacy law and policy and Federal laws and regulations.

"(3) Availability.—The head of the Program Management Office, acting through the Director of the Operating Entity, shall—

"(A) when determining access to computational resources of the NAIRR, take into consideration the extent to which the access relates to privacy, ethics, safety, security, risk mitigation, and trustworthiness of artificial intelligence systems, or other topics that demonstrate that a project is in the public interest;

"(B) ensure that a significant percentage of the annual allotment of computational resources of the NAIRR is provided to projects the primary focus of which is related to any of the topics described in subparagraph (A); and

"(C) to the extent that demand for access to computational resources of the NAIRR exceeds availability, consider, on a priority basis, projects focusing on any of the topics described in subparagraph (A) when ranking applications for such access.

"(c) Scientific integrity.—

"(1) In general.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with any relevant Advisory Committee, shall develop guidance for—

"(A) addressing concerns related to matters of scientific integrity, including matters related to the effects or impacts of research and potential research enabled by the NAIRR; and

"(B) mechanisms for an employee of the Operating Entity, an employee of the Program Management Office, a member of the NAIRR Steering Subcommittee or an Advisory Committee, a researcher or student affiliated with a NAIRR user described in subsection (a)(1), an employee of a provider of a resource of the NAIRR, an employee of a NAIRR funding agency, or a member of the public to report violations of the guidance developed under this paragraph, including by confidential and anonymous means.

"(2) Consistency with Government policies on scientific integrity.—The guidance developed under paragraph (1)(A) shall be published in a publicly accessible location on the website of the NAIRR. Such policies shall, to the degree practicable, be consistent with—

"(A) the Presidential memorandum entitled 'Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking', dated January 27, 2021, or successor document; and

"(B) reports produced pursuant to such Presidential memorandum, including the reports entitled 'Protecting the Integrity of Government Science', dated January 2022, and 'A Framework for Federal Scientific Integrity Policy and Practice', dated January 2023, published by the National Science and Technology Council, or successor documents.

"(d) System security and user access controls.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with the NAIRR Steering Subcommittee, the Director of the Office of Management and Budget, the Director of the National Institute of Standards and Technology, and the Director of the Cybersecurity and Infrastructure Security Agency—

"(1) shall establish minimum security requirements for all persons interacting with the NAIRR, consistent with the most recent version of the Cybersecurity Framework, or successor document, maintained by the National Institute of Standards and Technology; and

"(2) may establish tiers of security requirements and user access controls beyond the minimum requirements relative to security risks.

"(e) Fee schedule.—The head of the Program Management Office, acting through the Director of the Operating Entity, may establish a fee schedule for access to the NAIRR. Fees charged under this subsection may be retained and used for the purposes of this title. The Operating Entity may only charge fees in such fee schedule. Such fee schedule—

"(1) may differ by type of eligible user and type of affiliated entity described in subsection (a);

"(2) shall include a free tier of access based on appropriated funds and anticipated costs and demand;

"(3) may include cost-based charges for eligible users to purchase resources of the NAIRR beyond the resources included in a free or subsidized tier; and

"(4) shall ensure that the primary purpose of the NAIRR is to support research.

"(f) Research security.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with the NAIRR Steering Subcommittee and the Director of the Office of Science and Technology Policy, shall—

"(1) ensure conformance with the requirements of National Security Presidential Memorandum–33, relating to supported research and development national policy, issued January 2021, and its implementation guidance on research security and research integrity, or any successor policy document or guidance, by establishing NAIRR operating principles that emphasize the research integrity principles of openness, reciprocity, and transparency; and

"(2) designate a member of the leadership team for the Operating Entity as a research security point of contact with responsibility for overseeing conformance with National Security Presidential Memorandum–33 and its implementation guidance, or any successor policy document or guidance.

"(g) Public interest safeguards.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with the NAIRR Steering Subcommittee, shall ensure that—

"(1) donations or in-kind contributions of resources of the NAIRR are not conditioned on preferential treatment inconsistent with the purposes of this title;

"(2) outputs, interfaces, and data-sharing mechanisms supported through the NAIRR use open standards and interoperable formats to the maximum extent practicable; and

"(3) no term of access to or use of the NAIRR materially restricts independent evaluation, benchmarking, portability, or reproducibility, except to the extent necessary for security, privacy, safety, research integrity, or other lawful access controls.

"SEC. 5605. NAIRR funding.

"(a) Donations.—To carry out this title, to the maximum extent practicable, the NAIRR is authorized to accept and use donations of cash, services, and personal property from the private sector.

"(b) Authorization of appropriations.—There is authorized to be appropriated to carry out this title $250,000,000 for each of fiscal years 2027 through 2031.".

(c) Conforming amendments.—The table of contents in section 2(b) of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283; 134 Stat. 3388) is amended by inserting after the items relating to title LV the following:

"TITLE LVI—NATIONAL ARTIFICIAL INTELLIGENCE RESEARCH RESOURCE

"Sec. 5601. Definitions.

"Sec. 5602. Establishment; governance.

"Sec. 5603. Resources of the NAIRR.

"Sec. 5604. NAIRR processes and procedures.

"Sec. 5605. NAIRR funding.".

SEC. 852. ARTIFICIAL INTELLIGENCE WORKFORCE FRAMEWORKS AND TRAINING RESOURCES.

(a) Definitions.—

(1) Appropriate committees of Congress.—The term "appropriate committees of Congress" means—

(A) the Committee on Commerce, Science, and Transportation, the Committee on Small Business and Entrepreneurship, and the Committee on Health, Education, Labor, and Pensions of the Senate; and

(B) the Committee on Science, Space, and Technology, the Committee on Small Business, and the Committee on Education and Workforce of the House of Representatives.

(2) Artificial intelligence.—The term "artificial intelligence" has the meaning given such term in section 5002 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (15 U.S.C. 9401).

(3) Center.—The term "center" has the meaning given such term in section 25(a) of the National Institute of Standards and Technology Act (15 U.S.C. 278k(a)).

(4) Director.—The term "Director" means the Director of the National Institute of Standards and Technology.

(5) Hollings Manufacturing Extension Partnership.—The term "Hollings Manufacturing Extension Partnership" has the meaning given such term in section 25(a) of the National Institute of Standards and Technology Act (15 U.S.C. 278k(a)).

(6) Key emerging technologies.—The term "key emerging technologies" means the technologies included in the initial list of key technology focus areas set forth by section 10387(c) of the Research and Development, Competition, and Innovation Act (42 U.S.C. 19107(c)), photonics, and electronics.

(7) Secretary.—The term "Secretary" means the Secretary of Commerce.

(8) Small business concern.—The term "small business concern" has the meaning given such term in section 3(a) of the Small Business Act (15 U.S.C. 632(a)).

(b) Workforce frameworks for critical and emerging technologies.—

(1) Definitions.—

(A) In general.—In this subsection, the terms "competencies", "workforce categories", and "workforce framework" have the meanings given such terms in subsection (f) of section 2 of the National Institute of Standards and Technology Act (15 U.S.C. 272), as added by subparagraph (B).

(B) Amendment to NIST Act.—Section 2 of the National Institute of Standards and Technology Act (15 U.S.C. 272) is amended by adding at the end the following:

"(f) Definitions.—In this section:

"(1) Competencies.—The term 'competencies' means knowledge and skills.

"(2) Workforce categories.—The term 'workforce categories' means a high-level grouping of tasks across an organization as defined by work roles within the category.

"(3) Workforce framework.—The term 'workforce framework' means a common taxonomy and lexicon for any given domain that includes the building blocks of tasks, knowledge, or skills that can be structured to form work roles or competency areas.".

(2) Expansion of functions of Director of National Institute of Standards and Technology to include workforce frameworks for critical and emerging technologies.—Section 2(b) of the National Institute of Standards and Technology Act (15 U.S.C. 272(b)) is further amended—

(A) in paragraph (12), by striking "; and" and inserting a semicolon;

(B) in paragraph (13), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(14) (A) to develop, maintain, and provide industry, government, research, nonprofit, labor organizations, and educational institutions with workforce frameworks for critical and emerging technologies and other science, technology, engineering, and mathematics domains for the purpose of bolstering scientific and technical education, training, and workforce development;

"(B) at least once every 3 years—

"(i) to determine if an update to any workforce framework, or its components or associated materials, including work roles or competency areas, provided pursuant to subparagraph (A) are appropriate; and

"(ii) if the Director determines it is appropriate under clause (i), to update such frameworks and components;

"(C) consider including in all workforce frameworks, or associated materials—

"(i) relevant professional skills or employability skills;

"(ii) relevant support or operations work roles and competency areas such as administration and finance, law and policy, ethics, privacy, human resources, information technology, operational technology, supply chain security, and acquisition and procurement;

"(iii) information that promotes the discovery of careers in critical and emerging technologies and the multiple career pathways for learners from a variety of backgrounds, including individuals with nontechnical or other nontraditional backgrounds and education; and

"(iv) information for how individuals can acquire relevant credentials, including academic degrees, certificates, and certifications, that qualify individuals for employment and career advancement;

"(D) consult, as the Director considers appropriate, with Federal agencies, industry, State, local, Tribal, and territorial government, nonprofit organizations, labor organizations, research institutions, and academic institutions in the development of workforce frameworks, or associated materials;

"(E) to produce resources in multiple languages to support global adoption of the frameworks provided pursuant to subparagraph (A); and

"(F) after each determination under subparagraph (B), to submit to Congress a report on such determination and any plans to review and update any workforce frameworks under this paragraph.".

(3) NICE workforce framework for cybersecurity update.—

(A) Report on updates.—

(i) In general.—Not later than April 30, 2027, and subsequently pursuant to paragraph (14)(F) of section 2(b) of the National Institute of Standards and Technology Act (15 U.S.C. 272(b)), as added by paragraph (2), the Director shall submit to Congress a report that describes the process for ongoing review and updates to the National Initiative for Cybersecurity Education Workforce Framework for Cybersecurity (NIST Special Publication 800–181), or a successor framework.

(ii) Requirements.—Each report submitted under clause (i) shall—

(I) summarize proposed changes to the framework;

(II) identify, with regard to the work roles, tasks, knowledge, and skills included in the framework, how industry, academia, labor organizations, and relevant government agencies are consulted in the update; and

(III) describe—

(aa) the ongoing process and timeline for updating the framework; and

(bb) the incorporation of any additional work roles or competency areas in domains such as administration and finance, law and policy, ethics, privacy, human resources, information technology, operational technology, supply chain security, and acquisition and procurement.

(B) Report on application and use of NICE framework.—Not later than July 1, 2029, and not less frequently than once every 3 years thereafter through July 1, 2038, the Director shall, in consultation with industry, government, nonprofit organizations, labor organizations, research institutions, and academic institutions, submit to Congress a report that identifies—

(i) applications and uses of the framework described in subparagraph (A) in practice;

(ii) any guidance that the program office of the National Initiative for Cybersecurity Education provides to increase adoption by employers and education and training providers of the work roles and competency areas for individuals who perform cybersecurity work at all proficiency levels;

(iii) available information regarding employer and education and training provider use of the framework;

(iv) an assessment of the use and effectiveness of the framework by and for individuals with nontraditional backgrounds or education, especially individuals making a career change or not pursuing a bachelor's degree or higher; and

(v) any additional actions taken by the Director to increase the use of the framework.

(C) Cybersecurity career exploration resources.—The Director, acting through the National Initiative for Cybersecurity Education, shall disseminate cybersecurity career resources for all age groups, including kindergarten through secondary and postsecondary education and adult workers.

(4) Additional workforce frameworks.—

(A) Framework assessment.—Not later than April 30, 2027, the Director shall assess the need for additional workforce frameworks for critical and emerging technologies, such as quantum information science.

(B) Development of additional frameworks.—

(i) In general.—The Director shall develop and publish a workforce framework for each additional workforce framework that the Director determines is needed pursuant to an assessment carried out under subparagraph (A).

(ii) Required AI framework.—Not later than January 1, 2028, the Director shall develop and publish a workforce framework, workforce categories, work roles, and competency areas for artificial intelligence.

(C) Model.—In developing a workforce framework under subparagraph (B), the Director may use the Playbook for Workforce Frameworks developed by the National Initiative for Cybersecurity Education that is modeled after the National Initiative for Cybersecurity Education Workforce Framework for Cybersecurity (NIST Special Publication 800–181), or a successor framework.

(D) Framework components.—Each framework developed under subparagraph (B) shall include relevant support or operations work roles and competency areas such as administration and finance, law and policy, ethics, privacy, human resources, information technology, operational technology, supply chain security, and acquisition and procurement, as the Director considers appropriate, in alignment with paragraph (14)(C) of section 2(b) of the National Institute of Standards and Technology Act (15 U.S.C. 272(b)), as added by paragraph (2).

(E) Professional skills required.—Each framework developed under subparagraph (B) shall include professional skills or employability skills, as the Director considers appropriate, in alignment with section 2(b)(14)(C) of such Act.

(F) Nontraditional backgrounds.—Each framework developed under subparagraph (B), or materials associated with each framework, shall include information for how individuals with nontechnical or other nontraditional backgrounds and education may utilize their skills for such framework's roles and tasks, in alignment with section 2(b)(14)(C) of such Act.

(G) Updates.—The Director shall update each framework developed under subparagraph (B) in accordance with section 2(b)(14)(B) of such Act, and submit to Congress reports in accordance with section 2(b)(14)(F).

(5) Federal hiring alignment.—Not later than 180 days after publication of the artificial intelligence workforce framework required under paragraph (4)(B)(ii), the Director shall transmit such framework, workforce categories, work roles, competency areas, and associated materials to the Director of the Office of Personnel Management.

(A) The Director of the Office of Personnel Management, in consultation with the Director, shall issue guidance to Federal agencies on the use of such framework, categories, roles, areas, and materials in job announcements, qualifications standards, technical assessments, pooled hiring actions, shared certificates of eligibles, training, and recruitment for technology and artificial intelligence positions in the competitive service.

(B) Such guidance shall encourage the use of job-related assessments that allow applicants to demonstrate knowledge, skills, abilities, and competencies relevant to the position and shall discourage sole or principal reliance on self-assessments or automated examinations that are not based on a job analysis.

(c) Artificial intelligence training resources for small business concerns.—

(1) Development of training resources required.—

(A) In general.—Not later than July 1, 2027, the Secretary shall, acting through the Director, the Hollings Manufacturing Extension Partnership, and the centers and in consultation and coordination with the Administrator of the Small Business Administration, the Secretary of Agriculture, and such persons in the private sector as the Secretary considers appropriate, develop training resources for small business concerns, including small business concerns involved in advanced manufacturing, relating to the adoption and use of artificial intelligence, and such other key emerging technologies, such as quantum-hybrid computing, as the Secretary considers appropriate.

(B) Contents.—The training resources developed under subparagraph (A) shall include prompt engineering and the use of artificial intelligence or emerging technologies, such as quantum hybrid tools, relating to access to credit and capital, financial management and accounting, business planning and operations, cybersecurity, marketing, supply chain management, government contracting, and exporting.

(2) Review and update of training resources.—Not later than January 1, 2028, and not less frequently than once each year thereafter, the Secretary shall, in consultation with the Administrator of the Small Business Administration—

(A) review the training resources developed pursuant to paragraph (1); and

(B) update such resources as the Secretary considers appropriate.

(3) Distribution and use of training resources.—The Secretary shall coordinate with the Administrator of the Small Business Administration on the distribution and use of the training resources developed pursuant to paragraph (1) through the resource partners of the Small Business Administration.

(4) Grants program.—

(A) In general.—The Secretary shall, in coordination with the Administrator of the Small Business Administration, carry out a program to award grants to public agencies, nonprofit organizations, labor organizations, community colleges, workforce development boards, apprenticeship programs, centers, small business development centers, and other qualified entities to provide training relating to artificial intelligence to small business concerns and workers using the training resources developed under paragraph (1).

(B) Allowable uses.—A grant awarded under subparagraph (A) may be used for—

(i) workshops, certificate programs, courses, technical assistance, and other training relating to prompt engineering, data literacy, machine learning fundamentals, artificial intelligence ethics, cybersecurity, business operations, supply chain management, government contracting, exporting, and safe and effective adoption of artificial intelligence;

(ii) curriculum development, instructor costs, training materials, credentialing costs, and evaluation of training outcomes;

(iii) wages, stipends, or other compensation for workers while participating in training supported under this paragraph; and

(iv) development or delivery of in-house artificial intelligence training, if the training is portable, documented, and consistent with the training resources developed under paragraph (1).

(C) Job quality and worker retention.—A grant awarded under subparagraph (A) shall be used to support adoption of artificial intelligence in a manner that improves productivity, job quality, worker skills, worker retention, workplace safety, and small business capacity, and may not be used for training designed primarily to facilitate avoidable layoffs, wage reductions, deskilling, worker surveillance, or degradation of working conditions.

(5) Reports to Congress.—

(A) Initial report.—Not later than January 1, 2028, the Secretary shall submit to the appropriate committees of Congress a report on the development, distribution, and use of the training resources developed pursuant to paragraph (1).

(B) Annual reports.—

(i) Reports required.—Not later than July 1, 2028, and not less frequently than once each year thereafter, the Secretary shall, in consultation with the Administrator of the Small Business Administration, submit to the appropriate committees of Congress an annual report on the development, distribution, and use of training resources developed pursuant to paragraph (1).

(ii) Contents.—Each report submitted under clause (i) shall include, for the period covered by the report—

(I) a list of the training resources developed pursuant to paragraph (1); and

(II) a description of the measurable outcomes of the distribution of such training resources, including—

(aa) the number and type of small business concerns using such training resources; and

(bb) the effect of such use on the revenues, sales, and workforces of the small business concerns.

(6) Sunset.—The authorities and requirements under this subsection shall terminate on July 1, 2029.

Subtitle E—American Value Fund Funding

SEC. 861. FINANCIAL ACTIVITIES TAX.

(a) In general.—Subtitle D of the Internal Revenue Code of 1986, as amended by this Act, is further amended by inserting after chapter 50B the following new chapter:

"Chapter 50C—Financial Activities Tax

"SEC. 5000F. Definitions.

"SEC. 5000G. Imposition and computation of financial activities tax.

"SEC. 5000H. Special circumstances.

"Sec. 5000F. Definitions.

"For purposes of this chapter:

"(1) Consolidated financial group.—The term 'consolidated financial group' means all domestic entities and United States trades or businesses of foreign entities that—

"(A) are under common control within the meaning of section 52(a) or 52(b) of the Internal Revenue Code of 1986 (26 U.S.C. 52); and

"(B) are engaged directly or indirectly in financial activity.

"(2) Covered remuneration.—The term 'covered remuneration' means, with respect to any taxable year, the total amount of—

"(A) wages, salaries, bonuses, commissions, deferred compensation, and all other cash compensation paid or accrued with respect to services performed for or on behalf of a FAT-CAT in such year;

"(B) the grant-date or vesting-date value, as determined under regulations, of stock options, restricted stock, stock appreciation rights, and other equity-based compensation;

"(C) employer contributions to retirement plans, health plans, and other fringe benefits, to the extent excludable from the gross income of the recipient;

"(D) any in-kind form of remuneration for personal services; and

"(E) any other forms of remuneration as the Secretary may by regulation prescribe.

"(3) Covered profits.—The term 'covered profits' means, with respect to any taxable year, the consolidated pre-tax profits of the consolidated financial group attributable to United States sources (but in no case less than $0), determined—

"(A) by starting with income before income taxes as reported in applicable financial statements (as defined in section 451(b)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 451(b)(3))), adjusted pursuant to regulations to—

"(i) exclude income and expenses not attributable to financial activity;

"(ii) exclude extraordinary items, changes in accounting methods, and intra-group dividends;

"(iii) prevent duplication of covered remuneration by excluding from covered profits any amount taken into account as covered remuneration under paragraph (2), but only to the extent such amount was not already treated as an expense, deduction, or other reduction in computing income before income taxes; and

"(iv) include or exclude such other items as the Secretary may prescribe to align covered profits with economic value added; and

"(B) by allocating and apportioning such adjusted income to United States sources under rules prescribed by the Secretary.

"(4) Financial activities tax base.—The term 'financial activities tax base' means, with respect to any taxable year, the sum of—

"(A) covered remuneration; and

"(B) covered profits.

"(5) Financial activities threshold-crossing assessable taxpayer; FAT-CAT.—The term 'financial activities threshold-crossing assessable taxpayer' or 'FAT-CAT' means—

"(A) a financial institution; or

"(B) a person, but only with respect to a significant financial line of business of such person for such taxable year.

"(6) Financial activity.—The term 'financial activity' means—

"(A) accepting deposits, making loans, providing credit, or otherwise engaging in lending, banking, or credit intermediation;

"(B) issuing, underwriting, reinsuring, or administering insurance, annuities, reinsurance, risk transfer, or risk pooling;

"(C) dealing, brokerage, market making, underwriting, investment advisory, asset management, fund administration, or similar activity involving securities, derivatives, foreign exchange, commodities, digital assets, loans, or other financial instruments;

"(D) payment, settlement, clearing, custody, fiduciary, funds transfer, card payment, or similar money movement activity;

"(E) any activity in which a person acts as an intermediary in the transfer of financial assets, liabilities, risks, instruments, income, or expense between 2 or more persons; and

"(F) any other financial activity designated by the Secretary to prevent avoidance of this chapter or chapter 7 of subtitle A.

"(7) Financial institution.—The term 'financial institution' means any person that is predominantly engaged in financial activity and is not a small business entity, as defined in section 1601.

"(8) Gross financial revenue.—The term 'gross financial revenue' means all interest, fees, commissions, premiums, spreads, discount points, advisory fees, servicing fees, payment-processing fees, underwriting fees, management fees, performance fees, carried interest, and similar amounts received or accrued from financial activity. The term does not include repayment of principal, returned customer funds, amounts held in custody or fiduciary capacity for another person, capital contributions, or other amounts excluded by the Secretary to prevent distortion or double counting.

"(9) Predominantly engaged.—The term 'predominantly engaged' means, with respect to a person and a taxable year, that—

"(A) more than 50 percent of the person's gross revenue is gross financial revenue; or

"(B) more than 50 percent of the person's gross profits are attributable to financial activity.

"(10) Significant financial line of business.—The term 'significant financial line of business' means a separately operated line of business of a person that is not predominantly engaged in financial activity if—

"(A) the line of business is financial activity; and

"(B) the gross financial revenue of the line of business exceeds—

"(i) 25 percent of the gross revenue of the person; or

"(ii) $1,000,000.

"(11) Taxable year.—The term 'taxable year' has the meaning given such term in section 441.

"(12) Person.—The term 'person' has the meaning given such term in section 7701.

"(13) Secretary.—The term 'Secretary' means the Secretary of the Treasury or the Secretary's delegate.

"Sec. 5000G. Imposition and computation of financial activities tax.

"(a) In general.—There is hereby imposed for each taxable year on every FAT-CAT a tax equal to the applicable percentage of the financial activities tax base of such FAT-CAT for such taxable year.

"(b) Rate.—The applicable percentage shall be 13 percent.

"(c) Consolidated computation.—In the case of a consolidated financial group, the financial activities tax shall be computed on a consolidated basis with respect to the financial activities tax base of the group, including any significant financial line of business of a member of the group, and allocated among members of the group in such manner as the Secretary shall prescribe.

"(d) Avoidance via reclassification of labor.—If an individual provides personal services to a FAT-CAT or any member of the consolidated financial group of such FAT-CAT and at least 80 percent of the compensation of such individual for the taxable year is attributable to such FAT-CAT or group, such compensation shall be treated as covered remuneration regardless of whether such individual is classified as an employee, independent contractor, partner, or owner.

"(e) Coordination with other taxes.—No amount taken into account as 'covered remuneration' or 'covered profits' shall be excluded from the financial activities tax base solely by reason of being deductible or nondeductible under chapter 1 of the Internal Revenue Code of 1986. The financial activities tax imposed by this chapter shall be allowed as a deduction in computing taxable income under such chapter, except as the Secretary may by regulation provide.

"(f) Exclusion of nonfinancial lines of business.—The financial activities tax base shall not include amounts attributable to a nonfinancial line of business of a financial institution or consolidated financial group if the nonfinancial line of business is separately accounted for under rules prescribed by the Secretary.

"(g) Prevention of double taxation.—The Secretary may exclude from the financial activities tax base any amount already included in the base of a financial transaction tax or similar levy imposed on the gross value of financial trades, to the extent necessary to prevent double taxation.

"Sec. 5000H. Special circumstances.

"(a) Special rules for insurance, reinsurance, and investment funds.—

"(1) Insurance and reinsurance.—In the case of a FAT-CAT that is an insurance or reinsurance enterprise—

"(A) covered profits shall be determined by reference to underwriting and investment results reported in applicable financial statements, adjusted for changes in reserves and such other items as the Secretary may prescribe; and

"(B) covered remuneration shall include direct and indirect compensation of agents and brokers to the extent such compensation relates to policies issued, underwritten, or administered by such enterprise.

"(2) Investment funds and asset managers.—In the case of a FAT-CAT that is an asset management enterprise—

"(A) covered profits shall include management fees, advisory fees, performance fees, carried interest, and similar charges, net of expenses, as reported in applicable financial statements; and

"(B) covered remuneration shall include carried interest and other profit-based compensation, valued in accordance with regulations prescribed by the Secretary.

"(b) Simplified safe harbor for small financial lines of business.—

"(1) Election.—A person that is not a financial institution and that has gross financial revenue from financial activity of not more than $1,000,000 for the taxable year may elect to pay the tax under this subsection with respect to such financial activity in lieu of computing tax under section 5000G.

"(2) Amount of tax.—The tax imposed under this subsection shall be equal to the applicable safe harbor percentage of gross financial revenue from financial activity for the taxable year.

"(3) Applicable safe harbor percentage.—

"(A) In general.—For each taxable year, the applicable safe harbor percentage shall be 2.5 percent for the first taxable year to which this chapter applies and 5 percent for each taxable year thereafter.

"(B) Adjustment authorization.—The Secretary may establish an adjusted applicable safe harbor percentage for a taxable year based on the average effective rate of tax under this chapter, expressed as a percentage of gross financial revenue, for persons subject to tax under section 5000G for the most recent taxable year for which the Secretary determines reliable data are available.

"(4) Treatment.—Financial activity with respect to which an election is made under this subsection shall be treated as financial activity subject to tax under this chapter for purposes of chapter 7 of subtitle A.

"(5) Common control.—For purposes of this subsection, gross financial revenue of persons under common control shall be aggregated.

"(c) Anti-avoidance.—

"(1) General rule.—If a transaction, series of transactions, or organizational structure has as one of its principal purposes the avoidance or significant reduction of liability for the financial activities tax imposed by this chapter, the Secretary may recharacterize such transaction, series, or structure as appropriate to carry out the purposes of this chapter.

"(2) Undercapitalization, offshoring, and fragmentation.—The Secretary may prescribe rules to prevent the artificial shifting of profits, assets, remuneration, or financial activity outside the United States, outside a consolidated financial group, outside a person, or outside a significant financial line of business, and to ensure that persons or lines of business that are FAT-CATs in substance are treated as FAT-CATs. Such rules may aggregate financial activity conducted by persons under common control if such activity is separated, fragmented, assigned, transferred, booked, or characterized with a principal purpose of avoiding treatment as a FAT-CAT.

"(d) Returns, payments, and regulations.—

"(1) Returns.—Every FAT-CAT shall file, at such time and in such manner as the Secretary shall prescribe, a return setting forth the financial activities tax base for the taxable year and such other information as the Secretary may require.

"(2) Payments.—The financial activities tax imposed by this chapter shall be paid in monthly estimated installments, in such amounts and at such times as the Secretary shall prescribe, based on current-year or prior-year liability.

"(3) Regulations.—Not later than June 30, 2027, the Secretary shall prescribe such regulations and other guidance as may be necessary or appropriate to carry out the purposes of this chapter, including regulations coordinating this chapter with chapter 7 of subtitle A of the Internal Revenue Code of 1986 and preventing double taxation.

"(e) Coordination with value added tax.—A FAT-CAT shall not be subject to the tax imposed under chapter 7 of subtitle A with respect to financial activity subject to tax under this chapter, except that any nonfinancial line of business that is separately accounted for under section 5000G(f) shall remain subject to tax under chapter 7 of subtitle A.

"(f) Transition rules.—This chapter shall apply to taxable years beginning after December 31, 2026.

"(1) Taxable year 2027.—In the case of a taxable year beginning in 2027, the applicable percentage under section 5000G(b) shall be 6 percent.

"(2) Later taxable years.—In the case of a taxable year beginning after 2027, the applicable percentage under section 5000G(b) shall be 13 percent.".

SEC. 862. VALUE ADDED TAX.

(a) Findings.—Congress finds the following:

(1) The utilization of America's productive capacity has trended downward over the last 50 years, as wages have not kept up with increases in productivity. The issuance of Treasury

Dollar Bills will enable an increase in purchasing power and drive further economic development by bridging the gap between wage income and productive output.

(2) Issuing Treasury Dollar Bills in sufficient quantities to end poverty will free up additional resources that are currently being diverted to address problems spurred by poverty, such as crime and increased health care usage. However, these quantities may cause inflation beyond normal targets; therefore, some of the increase should be taxed back ("clawed back") to remove it from circulation and fund government expenditures without borrowing money at interest.

(3) Wealth inequality distorts the marketplace and decreases the quality of life for citizens. A value added tax (VAT) is a consumption tax; those who spend the most will pay the most. Combined with unconditional basic income, it is a progressive tax.

(4) A 2011 report by the Congressional Research Service concluded, "The imposition of a VAT would cause a one-time increase in this country's price level. But a VAT would not necessarily affect this country's future rate of inflation if the Federal Reserve offset the contractionary effects of a VAT with a more expansionary monetary policy."

(5) The United States is the only member country of the Organization for Economic Cooperation and Development (OECD) without a VAT.

(6) Modern tax administration systems in other nations, including the Faroe Islands, reduce the need for taxpayers to prepare and file duplicative records. Administering a value added tax through Treasury transaction accounts could similarly enable the lifting of recordkeeping, paperwork, and other compliance burdens from business entities.

(b) Purpose.—The purpose of the value added tax is to address wealth inequality while clawing back some of the increase in the money supply.

(c) In general.—Subtitle A of the Internal Revenue Code of 1986 is amended by inserting after chapter 6 the following new chapter:

"CHAPTER 7—VALUE ADDED TAX

"SUBCHAPTER A—DEFINITIONS AND IMPOSITION OF TAX

"SUBCHAPTER B—ACCOUNTING METHOD RULES

"SUBCHAPTER C—CAPITAL CONTRIBUTIONS, MERGERS, ACQUISITIONS, AND DISTRIBUTIONS

"SUBCHAPTER D—COOPERATIVES

"SUBCHAPTER E—COORDINATION WITH FINANCIAL ACTIVITIES TAX

"SUBCHAPTER F—IMPORT TAX

"SUBCHAPTER G—RULES FOR ADMINISTRATION AND CONSOLIDATED RETURNS

"SUBCHAPTER A—DEFINITIONS AND IMPOSITION OF TAX

"SEC. 1601. Definitions.

"SEC. 1602. Value added tax imposed.

"SEC. 1603. Tax-exempt organizations.

"Sec. 1601. Definitions.

"(a) In general.—Any definition included in this chapter shall apply for all purposes of this chapter unless such definition is limited to the purposes of a particular subchapter, section, or subsection, or the definition clearly would not be applicable in a particular context. Terms not defined in this chapter, chapter 1, section 441, or section 7701, but defined elsewhere in the Internal Revenue Code of 1986, shall be interpreted in a manner consistent with the Internal Revenue Code of 1986, except to the extent such interpretation would be inconsistent with the principles and purposes of this chapter.

"(1) Advertising.—The term 'advertising' means any activity, service, or communication, whether directly or indirectly undertaken, that has the purpose or effect of promoting, marketing, soliciting, or increasing demand for, or the sale, licensing, or use of, property or services.

"(A) Included activities.—Advertising includes marketing, promotion, public relations, sponsored content, endorsements, affiliate or referral arrangements, lead generation, customer acquisition services, and paid placement or paid distribution.

"(B) Form.—Advertising includes amounts paid or provided in cash or in kind, whether direct or indirect, whether separately stated or embedded in any fee, commission, retainer, rebate, discount, bundled service, or other arrangement.

"(2) Business activity.—The term 'business activity'—

"(A) includes, in the United States,—

"(i) the sale of property;

"(ii) the sale of services;

"(iii) the leasing of property, including real property; or

"(iv) the development of property or services—

"(I) for subsequent sale; or

"(II) for use in producing property or services for subsequent sale; and

"(B) does not include—

"(i) the performance of services by an employee for an employer that is a business entity with respect to the activity in which the employee is engaged; or

"(ii) casual or occasional sales of property used by an individual (other than in a business activity), such as the sale by an individual of a vehicle used by the individual.

"(3) Business entity.—

"(A) In general.—The term 'business entity' means—

"(i) any corporation, unincorporated association, partnership, limited liability company, proprietorship, independent contractor, individual, or any other person engaging in business activity in the United States;

"(ii) any person that possesses a Treasury transaction account under section 623(b)(9) of the POPULIST Act; or

"(iii) a governmental entity engaging in any line of commerce in any section of the country that competes with 1 or more business entities subject to tax under this chapter.

"(B) Exceptions.—Business entity does not include—

"(i) a governmental entity carrying out an essential government function; or

"(ii) a small business entity.

"(C) Individual limitation.—An individual shall be considered a business entity only with respect to the individual's business activities.

"(4) Business loss policy.—The term 'business loss policy' means an insurance policy—

"(A) owned by a business entity;

"(B) the beneficiary of which is the business entity or another business entity doing business with the owner of the policy;

"(C) that has no inside buildup or savings or investment component;

"(D) that covers losses on a loss-incurred or claims-made basis during the term of the policy;

"(E) that has a term of not more than 2 years;

"(F) that is not a direct or indirect form of compensation; and

"(G) that covers direct losses of the business, including—

"(i) damage to or theft of property used in business activity;

"(ii) tort claims against the business;

"(iii) loss of use of business premises or services;

"(iv) malpractice; or

"(v) alleged or actual breach of fiduciary obligations.

"(5) Business purchase.—The term 'business purchase' means acquiring services, the use of property, or property in the United States for use in a business activity.

"(A) Included business purchases.—Business purchases include—

"(i) supplies and inventory;

"(ii) services from a business entity;

"(iii) imports of property or services for use in a business activity, in the amount of the customs value, price, or other amount used for purposes of determining the import tax, such tax having been duly paid;

"(iv) in the case of a business involving games of skill, amounts paid to winners;

"(v) the payment of commercial rent;

"(vi) the purchase or rental of capital equipment for use in a business activity;

"(vii) amounts paid or incurred for construction or development of, improvements to, or repairs and maintenance of, real property used in a business activity (other than amounts treated as the purchase of real property); and

"(viii) premiums paid or incurred for a business loss policy.

"(B) Excluded business purchases.—Business purchases do not include—

"(i) compensation expenses for an individual (other than amounts paid to an individual in their capacity as a business entity);

"(ii) the purchase of real property;

"(iii) rental of real property other than commercial rent;

"(iv) property acquired outside the United States (but such property shall be taken into account as an import if imported);

"(v) services performed outside the United States (unless an import tax has been paid with respect to such services);

"(vi) payments for use of money or capital, such as interest or dividends (except to the extent that a portion so paid is a separately stated fee for services);

"(vii) the acquisition of savings assets or other financial instruments;

"(viii) premiums paid or incurred for an insurance policy that is not a business loss policy;

"(ix) taxes, except product taxes paid with respect to the property or services purchased;

"(x) political contributions to candidates, campaigns, causes, or parties;

"(xi) in the case of a business involving gambling, prediction markets, or other games of chance, amounts paid to winners; or

"(xii) expenses relating to advertising.

"(6) Commercial rent.—The term 'commercial rent' means any amount paid or incurred for the use or occupancy of real property in the United States in a business activity, to the extent such real property is used predominantly in such business activity and is not used as a dwelling unit.

"(A) Included charges.—Commercial rent includes amounts paid or incurred as a condition of such use or occupancy, whether or not separately stated, including common area maintenance charges, required property operating charges, and required occupancy-related fees.

"(7) Compensation expenses.—The term 'compensation expenses' means—

"(A) wages, salaries, or other cash payable for services;

"(B) any taxes imposed on the recipient that are withheld by the business entity;

"(C) the cost of property purchased to provide employees with compensation (other than property incidental to the provision of fringe benefits that are excluded from income under the individual tax); and

"(D) the cost of fringe benefits which are includible in an employee's, partner's, or proprietor's income, including (without limitation)—

"(i) contributions to retirement and severance benefit plans;

"(ii) premiums for the cost of health, life, accident, disability and other insurance policies for which the employee, family members, or persons designated by such employee or family members are the beneficiaries;

"(iii) rental of parking spaces or parking fees (unless the parking space is used for a vehicle that is regularly used in a business activity);

"(iv) employer paid educational benefits;

"(v) employer paid housing (other than housing provided for the convenience of the employer); and

"(vi) employer paid meals (other than meals provided for the convenience of the employer).

"(8) Consolidated financial group.—The term 'consolidated financial group' has the meaning given such term in section 5000F.

"(9) Deductible amounts.—The term 'deductible amounts' means the cost of business purchases, excluding any portion used to produce property or services whose sale is exempt from taxable receipts as an export.

"(10) Employee.—The term 'employee' means a person who works for another in return for financial or other compensation, and includes an individual partner who provides services to a partnership or an individual member who provides services to a limited liability company, or a proprietor with respect to compensation for services from the proprietorship.

"(11) Essential government function.—The term 'essential government function' means a function carried out primarily to promote the general welfare through the provision of services that are customarily provided on a noncompetitive basis or that operate as a network utility or natural monopoly, and includes mass transportation services and public utility services.

"(12) Financial activities tax.—The term 'financial activities tax' means the tax imposed under chapter 50C.

"(13) Financial activity; financial institution.—The terms 'financial activity' and 'financial institution' have meanings given such terms in section 5000F.

"(14) Governmental entity.—The term 'governmental entity' means the United States, any State or political subdivision thereof, the District of Columbia, or any agency or instrumentality of any of the foregoing.

"(15) Gross profits.—The term 'gross profits' means for a taxable year of a business entity, the amount by which the taxable receipts of the business entity for the taxable year exceed the deductible amounts for the business entity for the taxable year.

"(16) Import tax.—The term 'import tax' means the tax imposed by section 1651 on the import of property and the tax imposed by section 1652 on the import of services.

"(17) Internal Revenue Code of 1986.—The term 'Internal Revenue Code of 1986' means the Internal Revenue Code of 1986 as in effect immediately before the enactment of the POPULIST Act.

"(18) Person.—The term 'person' has the meaning given such term in section 7701(a)(1).

"(19) Prediction market.—

"(A) In general.—The term 'prediction market' means any market, platform, exchange, or arrangement for buying, selling, trading, or settling contracts or other instruments if—

"(i) the contracts or instruments pay out based in whole or in material part on the occurrence, nonoccurrence, extent, timing, or outcome of 1 or more future events or other factual matters; and

"(ii) the contracts or instruments are marketed to, or predominantly used by, persons whose only financial exposure is the contract or instrument itself.

"(20) Product tax.—The term 'product tax' means any excise tax, sales or use tax, customs duty, or other tax, duty, or levy imposed by a Federal, State, or local government (excluding the import tax), whether imposed on the seller or purchaser and whether or not separately stated—

"(A) on the production or consumption of property;

"(B) on the extraction or severance of natural resources; or

"(C) on the provision of services.

"(21) Property.—The term 'property' means a product for purchase or sale, and does not include real property unless specified or would clearly be applicable in a particular context.

"(22) Saving asset.—The term 'saving asset' means a stock, bond, security, certificate of deposit, investment in a partnership or limited liability company, share of a mutual fund, life insurance policy, annuity, or other similar savings or investment asset.

"(23) Secretary.—The term 'Secretary' means the Secretary of the Treasury.

"(24) Small business entity.—The term 'small business entity' means a business entity whose taxable receipts for the taxable year are less than 3 times the basic wage, as calculated in section 1398c of title 42, United States Code. The term excludes any entity that, during such taxable year, possesses a Treasury transaction account under section 623(b)(9) of the POPULIST Act.

"(25) Taxable receipts.—

"(A) In general.—The term 'taxable receipts' means all receipts from the sale of property, the use of property, or services performed in the United States.

"(B) Included receipts.—Taxable receipts include—

"(i) amounts received for playing games of chance or games of skill by business entities engaging in the activity of providing such games;

"(ii) the fair market value of property, the use of property, or services received in whole or partial exchange for property, the use of property, or services;

"(iii) in the case of a business entity that is not a financial institution, interest, fees, finance charges, late payment charges, installment payment charges, or similar amounts received in connection with the sale or lease of property, the use of property, or the performance of services by such business entity;

"(iv) receipts from the performance of services, including—

"(I) permitting the use of property, including the rental of real estate;

"(II) a performance for entertainment purposes;

"(III) a presentation of ads or other advertising;

"(IV) creating an obligation to the performance of services or to reimbursement, including the granting of warranties, insurance, and similar items; and

"(V) the making of a covenant not to compete or similar agreement to refrain from doing something; and

"(v) amounts received under a business loss policy; and

"(vi) in the case of a sale or other disposition of real property used in a business activity, only the excess, if any, of the proceeds over the carried cost of such real property. For purposes of this clause, the term 'carried cost' means the amount paid or incurred by the seller to acquire such real property, reduced by any portion of such cost previously taken into account as a cost of business purchases under this chapter, and adjusted as the Secretary may prescribe to prevent avoidance.

"(C) Excluded receipts.—Taxable receipts do not include—

"(i) contributions of cash to a business entity;

"(ii) any separately stated product tax collected by a business entity in connection with the sale of property or services or the use of property;

"(iii) receipts attributable to financial activity subject to tax under chapter 50C, except as provided in subchapter E;

"(iv) amounts received under an insurance policy that is not a business loss policy; or

"(v) amounts received by the exporter thereof for property, transportation of property, or services exported from the United States for use or consumption outside the United States, unless such exports are subject to chapter 39 of title 22, United States Code. If property or services are sold to a governmental entity or a tax-exempt organization for export and are exported other than in an activity of such entity which is subject to the value added tax, then the seller of such property or services is deemed to be the exporter thereof.

"(26) United States.—The term 'United States' means the States and the District of Columbia.

"Sec. 1602. Value added tax imposed.

"(a) In general.—A value added tax is imposed on business activities in the United States by a business entity for each taxable year.

"(b) Rate.—The amount of the tax is 10 percent of the gross profits of the business entity, but in no case less than $0.

"(c) Regulations.—Not later than June 30, 2027, the Secretary shall promulgate regulations and other guidance necessary or appropriate to implement the value added tax in a manner consistent with this chapter.

"(d) Effective date.—Subsection (a) shall be effective January 1, 2028.

"Sec. 1603. Tax-exempt organizations.

"(a) Definitions.—In this section:

"(1) Trade or business.—

"(A) In general.—The term 'trade or business' includes any activity which is carried on for the production of income from the sale of goods or the performance of services.

"(B) Larger activities.—An activity does not lose identity as a trade or business merely because it is carried on within a larger aggregate of similar activities or within a larger complex of other endeavors which may, or may not, be related to the exempt purposes of the organization.

"(C) Profitability.—If an activity carried on for profit constitutes an unrelated trade or business, no part of such trade or business shall be excluded from such classification merely because it does not result in profit.

"(D) Certain business activities.—An activity shall not be considered a trade or business solely because the activity is a business activity, including certain passive rental activity, that would be subject to the value added tax if conducted by a business entity other than a tax-exempt organization.

"(E) Trade shows.—The conduct of trade shows and conventions shall not be excluded from the definition of trade or business.

"(2) Unrelated business activity.—

"(A) In general.—The term 'unrelated business activity' means any trade or business the conduct of which is not substantially related, aside from the need of the organization for income or funds or the use it makes of the profits derived, to the exercise or performance by the organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 501.

"(B) Exceptions.—The term 'unrelated business activity' does not include any trade or business—

"(i) in which substantially all the work in carrying on such trade or business is performed for the organization without compensation;

"(ii) which is carried on, in the case of an organization described in section 501(c)(3) or a college or university described in subsection (d)(2), by the organization primarily for the convenience of its members, students, patients, officers, or employees, including the sale by the organization of work-related clothes and equipment and items normally sold through vending machines, food dispensing facilities, or snack bars for the convenience of its members at their usual places of employment; or

"(iii) which is the selling of merchandise, substantially all of which has been received by the organization as gifts or contributions.

"(b) Exemption from taxation.—An organization described in subsection (c) or (d) of section 501 and exempt from tax under section 501(a) shall be exempt from taxation under this chapter.

"(c) Tax on unrelated business activity.—

"(1) In general.—An organization described in subsection (d) shall be subject to the tax imposed under section 1602 on gross profits attributable to unrelated business activity.

"(2) Account overlay.—An organization described in subsection (d) shall conduct receipts and payments attributable to unrelated business activity through a Treasury transaction account described in section 623(b)(9) of the POPULIST Act, provided that such account may be an overlay account pursuant to section 623(c) of such Act.

"(3) Tax-exempt status preserved.—An organization exempt from taxation under subsection (b) shall be considered a tax-exempt organization for purposes of any law that refers to tax-exempt organizations.

"(d) Organizations subject to tax on unrelated business activity.—This section shall apply to—

"(1) organizations exempt from the tax imposed under section 1602 under subsection (b), other than instrumentalities of the United States; and

"(2) any college or university that is an agency or instrumentality of any government or political subdivision thereof, any college or university owned or operated by any government or political subdivision thereof or by any agency or instrumentality of 1 or more governments or political subdivisions, and any corporation wholly owned by 1 or more such colleges or universities.

"(e) Regulations.—The Secretary shall prescribe regulations carrying out this section, including regulations defining a trade or business and carrying out subsection (c)(2). Such regulations shall be consistent with sections 511 through 513, except to the extent such provisions are inconsistent with this chapter.

"SUBCHAPTER B—ACCOUNTING METHOD RULES

"SEC. 1611. General accounting rules.

"SEC. 1612. Use of the cash method of accounting.

"SEC. 1613. Taxable year.

"SEC. 1614. Long-term contracts.

"SEC. 1615. Post-sale price adjustments and refunds.

"SEC. 1616. Bad debts.

"SEC. 1617. Transition rules.

"Sec. 1611. General accounting rules.

"(a) In general.—Except as provided in section 1612, a business entity shall use an accrual method of accounting for purposes of determining the timing of recognition of taxable receipts and deduction of business purchases. All costs of business purchases shall be deducted when incurred (in the case of a business entity using the accrual method of accounting) or when paid (in the case of a business entity using the cash method of accounting) without regard to whether the business purchases are for or relate to—

"(1) inventory;

"(2) assets with a useful life of more than 1 year; or

"(3) property that will be used to produce other property.

"(b) Economic performance.—For purposes of determining whether an amount has been incurred, the all events test shall not be treated as met any earlier than when economic performance with respect to such item occurs.

"(c) Consistent accounting methods.—Except as otherwise expressly provided in this chapter, a business entity shall secure the consent of the Secretary before changing the method of accounting by which it determines gross profits. This provision shall not apply to changes required by the adoption of the value added tax.

"Sec. 1612. Use of the cash method of accounting.

"(a) In general.—A business entity that was permitted to use and used the cash method of accounting under the Internal Revenue Code of 1986 shall be permitted to continue to use the cash method of accounting.

"(b) New business entities.—A new business entity shall be permitted to use the cash method of accounting if permitted to under regulations prescribed by the Secretary.

"(c) Change or expansion of business.—Subsection (a) shall cease to apply to a business entity that changes or expands its business such that under regulations prescribed by the Secretary it is no longer eligible to use the cash method of accounting.

"(d) Regulations.—

"(1) Use of cash method.—The Secretary shall prescribe regulations defining which business entities may use the cash method of accounting. In general, those regulations shall be consistent with the rules under sections 447 and 448 of the Internal Revenue Code of 1986. The regulations shall not require a business entity described in subsection (a) to convert to the accrual method prior to January 1, 2028.

"(2) Change in accounting method.—The Secretary shall prescribe regulations to prevent double counting of taxable receipts and deductible expenses in the case of a change in accounting method.

"Sec. 1613. Taxable year.

"(a) Computation of gross profits.—Gross profits shall be computed on the basis of a business entity's taxable year.

"(b) Transition rule for business entities with a fiscal year.—

"(1) In general.—A business entity with a taxable year that is not the calendar year shall have a short taxable year ending on December 31, 2027, and a subsequent taxable year beginning on January 1, 2028, and ending on the day immediately preceding the beginning of the business entity's next fiscal year.

"(2) Business entities with 52–53 week year ending in December.—

"(A) In general.—If a business entity has a 52–53 week taxable year (under the Internal Revenue Code of 1986) that ends in December 2027, it may elect to begin its first taxable year for the value added tax on the first day immediately following the last day of such taxable year.

"(B) No election.—If a business entity that has a 52–53 week taxable year that ends in December 2027, does not make the election under subparagraph (A) or is prohibited from making such election by subparagraph (C), the business entity's taxable year under the Internal Revenue Code of 1986 that would end in December 2027 shall end on December 31, 2027.

"(C) Anti-abuse rule.—Subparagraph (A) shall not apply to any taxpayer that enters into business transactions in 2027 following the scheduled end of its fiscal year with business entities that are not subject to the value added tax at the time of such transactions if such transactions deviate from the normal course of business in order to achieve some tax benefit.

"(c) New business entity.—The taxable year of a business entity that begins business activity after December 31, 2026, shall be the calendar year (or a 52–53 week fiscal year ending in December) unless the business entity can demonstrate a business reason for selecting an accounting period other than the calendar year.

"Sec. 1614. Long-term contracts.

"(a) In general.—In the case of a long-term contract—

"(1) Contractor expenses.—The contractor shall be entitled to deduct its business purchases when paid or incurred.

"(2) Contractor receipts.—The contractor shall recognize taxable receipts—

"(A) in the case of a project in which the acquirer has no ownership interest in the project until delivery—

"(i) upon delivery of the project, in the case of an accrual basis contractor; or

"(ii) upon the later of delivery of the project or the receipt of payment, in the case of a cash-basis contractor.

"(B) in the case of a project in which the acquirer obtains an ownership interest as the project is constructed—

"(i) when the contractor is entitled to payments, in the case of an accrual basis contractor; or

"(ii) upon the later of when the contractor receives the cash or is entitled to payments, in the case of a cash basis contractor.

"(3) Acquirer expenses.—The acquirer that is a business entity shall be entitled to deduct its costs of the business purchase—

"(A) in the case of a cash-basis acquirer, at such time as a cash basis contractor would be required to treat the amounts paid as taxable receipts; or

"(B) in the case of an accrual-basis acquirer, at such time as an accrual basis contractor would be required to treat the amounts paid or due as taxable receipts.

"(b) Claim on payments.—

"(1) In general.—A contractor shall be treated as having a just claim to payments with respect to a project at any time to the extent that the contractor would not be required to return payments received (or would be entitled to collect payments not yet received) if the project were terminated at such time by the contractor.

"(2) Contractual provisions.—If a long-term contract includes a procedure for paying the contractor as work is completed (for example, by reason of a draw down from a trust account), the contractual provisions shall generally govern when a contractor may claim a payment.

"(3) Percentage completion method of accounting.—If a long-term contract does not include a mechanism for paying the contractor as work is completed, the percentage-of-completion method of accounting shall be used to determine the timing of taxable receipts of the contractor and business purchases of the acquirer.

"(c) Long-term contract.—

"(1) In general.—'Long-term contract' means—

"(A) any contract that covers service or production through parts of 2 different calendar years if the contract includes a formal deposit and draw-down mechanism; and

"(B) any contract for the manufacture, building, installation, or construction of property or real property if such contract is not completed within the taxable year of the contractor in which such contract is entered into.

"(2) Exception.—A contract for the manufacture of property shall not be treated as a long-term contract unless such contract involves the manufacture of—

"(A) any unique item of a type which is not normally included in the finished goods inventory of the taxpayer; or

"(B) any item which normally requires more than 12 calendar months to complete.

"(d) Consistency.—The Secretary may require business entities to file statements containing such information with respect to long-term contracts as the Secretary may prescribe to ensure consistency in reporting.

"(e) Foreign contracts.—This section shall not be construed to permit a deduction for a business purchase for the cost of property produced outside the United States pursuant to a long-term contract at any time prior to the import of such property into the United States.

"Sec. 1615. Post-sale price adjustments and refunds.

"(a) Receipt of price adjustment.—In the case of a post-sale price adjustment attributable to a business purchase which was taken into account in computing gross profits for a prior taxable year, the amount of such adjustment shall be treated as a reduction or increase, as the case may be, in the cost of business purchases for the taxable year in which the adjustment is made or incurred.

"(b) Issuance of price adjustment.—In the case of a post-sale price adjustment attributable to a sale the receipts from which were taken into account in determining taxable receipts for a prior taxable year, the amount of such adjustment shall be treated as a reduction or increase, as the case may be, in taxable receipts for the taxable year in which the adjustment is made or incurred.

"(c) Post-sale price adjustment.—'Post-sale price adjustment' means a refund, rebate, or other price allowance attributable to a sale of property or services or an upward adjustment in price that was not previously taken into account under the business entity's method of accounting.

"Sec. 1616. Bad debts.

"(a) Seller.—If an amount owed to an accrual basis business entity for property or services sold—

"(1) was taken into account as a taxable receipt in a prior taxable year; and

"(2) becomes wholly or partially uncollectible during the taxable year, then the seller shall treat the amount as a reduction in taxable receipts for the taxable year in which it becomes wholly or partially uncollectible.

"(b) Notice requirement.—No reduction shall be allowed under subsection (a) unless the seller notifies the purchaser of the amount which the seller has treated as wholly or partially uncollectible.

"(c) Subsequent collection.—If an amount which was treated as uncollectible under subsection (a) is subsequently collected, it shall be treated as a taxable receipt when collected.

"(d) Purchaser.—If a purchaser receives notice under subsection (b) from a seller and the purchaser has treated the amount labeled uncollectible as a business purchase in a prior taxable year, then the purchaser shall treat such amount as a reduction in the cost of business purchases in the taxable year to which the notice relates. If the purchaser subsequently repays such amount, the repayment shall constitute the cost of a business purchase.

"Sec. 1617. Transition rules.

"(a) No double deductions.—A business entity shall not be entitled to treat as a cost of business purchase any amount that was paid or incurred, and was taken into account as a deduction, credit, or capitalized cost, for purposes of the Internal Revenue Code of 1986 in a taxable year ending before January 1, 2028.

"(b) No double inclusion.—A business entity shall not be required to include in taxable receipts any receipt that was received or accrued, and was taken into account in gross income, for purposes of the Internal Revenue Code of 1986 in a taxable year ending before January 1, 2028.

"(c) No loss of deduction.—If an amount is paid or incurred after December 31, 2027, and such amount would constitute a cost of business purchase under this chapter, such amount shall be treated as a cost of business purchase when paid or incurred under the accounting method applicable under this chapter, notwithstanding that the amount may relate to activities occurring before January 1, 2028.

"(d) All taxable receipts taxed.—If a receipt is received or accrued after December 31, 2027, and such receipt would constitute taxable receipts under this chapter, such receipt shall be treated as taxable receipts when received or accrued under the accounting method applicable under this chapter, notwithstanding that the receipt may relate to activities occurring before January 1, 2028.

"(e) Regulations.—The Secretary shall prescribe regulations as necessary to carry out this section, including regulations to prevent avoidance, duplication, or omission of taxable receipts or costs of business purchases by reason of the transition to this chapter.

"SUBCHAPTER C—CAPITAL CONTRIBUTIONS, MERGERS, ACQUISITIONS, AND DISTRIBUTIONS

"Sec. 1621. Contributions to a business entity.

"(a) By business entity.—

"(1) Cash.—If a business entity contributes cash to a business entity of which it is or becomes a partial or full owner, the amount contributed is not a deductible amount to the contributor or a taxable receipt to the recipient.

"(2) Property or services.—If a business entity contributes property or services to a business entity of which it is or becomes a partial or full owner, the transaction will not result in taxable receipts to the contributor or a deduction for a business purchase for the recipient and will not constitute a sale resulting in taxable receipts to the contributor.

"(b) By individual.—

"(1) Cash.—If an individual contributes cash to a business entity, the cash received is not a taxable receipt.

"(2) New property.—If an individual contributes to a business entity property that the individual purchased for the business entity but which was not used by any person after its purchase, the property shall be considered purchased by such business entity from the person from which the individual purchased the property.

"(3) Personal use property.—

"(A) In general.—If an individual contributes personal use property to a business entity in which the individual has an ownership interest or for which the individual receives an ownership interest, the business entity shall not be permitted to deduct the value of the property received as a business expense. For purposes of this subchapter, the contributed property shall be treated as having a carried cost equal to the amount paid or incurred by the contributor to acquire such property.

"(B) Personal use property.—'Personal use property' means any property used by an individual at any time other than in a business activity.

"(4) Services.—If an individual contributes services to a business entity in which the individual has an ownership interest or receives an ownership interest, the business entity shall not be permitted to deduct the value of the services received (or the value of the equity interest provided to the services provider).

"Sec. 1622. Distributions of property.

"(a) Distributions other than to controlling business.—If a business entity distributes all or a portion of its assets to its owners (other than a controlling business entity), the business entity will be treated as if it sold the assets to its owners at fair market value. The fair market value will be determined by the distributing business entity and those determinations, unless unreasonable, will be binding on the recipients.

"(b) Distributions to a controlling business.—If a business entity distributes all or a portion of its assets to a controlling business, the controlling business will assume the distributing entity's tax attributes with respect to the assets and neither entity will have taxable receipts or a deduction as a result of the transaction.

"(c) Distribution of personal use property.—If personal use property is distributed to the individual who contributed the personal use property to a business entity, then, solely for purposes of subsection (a), the fair market value of the property shall be treated as not less than—

"(1) the carried cost of such property (as determined under section 1621(b)(3)(A)); plus

"(2) any enhancement in value of the property attributable to business purchases with respect to the property.

"(d) Controlling business entity.—A business entity is a 'controlling business entity' with respect to another business entity if it owns directly or indirectly more than 50 percent of the profits or capital interest in the other business entity.

"(e) Application of this section.—This section applies to both liquidating and nonliquidating distributions. Property shall be treated as distributed if the property is used for a purpose other than use in a business activity for more than an insubstantial period of time during a taxable year.

"Sec. 1623. Asset acquisitions.

"(a) In general.—If a business entity transfers some or all of its assets, the consideration received for such assets shall be allocated among the assets transferred in the same manner as was required by section 1060 of the Internal Revenue Code of 1986. If the transferee and transferor agree in writing on the allocation of any consideration, or as to the fair market value of any of the assets, such agreement shall be binding on both the transferor and transferee unless the Secretary determines that such allocation (or fair market value) is not appropriate.

"(b) Tax consequences.—The tax consequences of an asset acquisition shall be determined in accordance with the rules of this chapter and shall be dependent upon allocations made under subsection (a). In general, consideration allocable to savings assets, such as stock in another business entity, would not be included in taxable receipts of the transferor and would not be a business purchase of the purchaser, but consideration allocable to the sale of tangible property and intangible property (other than savings assets) will constitute taxable receipts of the seller and a business purchase of the purchaser.

"(c) Election to treat asset acquisition as a stock acquisition.—In the case of the sale of substantially all of the assets of a business entity or substantially all of the assets of a line of business or a separately standing business of a business entity, the transferee and transferor can jointly elect to treat the acquisition as if it were an acquisition of the ownership interests of a business entity holding the assets so transferred. In such case, the rules of section 1624 shall apply.

"(d) Authority to require allocation agreement and notice to the Secretary.—If the Secretary determines that certain types of asset acquisitions have significant possibilities of tax avoidance, the Secretary may require—

"(1) parties to such types of acquisitions to enter into agreements allocating consideration;

"(2) parties to acquisitions involving certain kinds of assets to enter into agreements allocating part of the consideration to those assets; or

"(3) parties to certain acquisitions to report information to the Secretary.

"(e) Asset acquisition rules do not apply if consideration includes equity in purchaser.—

"(1) In general.—If a business entity issues its own equity or equity in a subsidiary or other controlled entity as part of the consideration for the transfer of assets to it, the transaction shall not be treated as an asset acquisition and shall be treated in accordance with rules prescribed by the Secretary.

"(2) Equity.—For purposes of this subsection, equity means—

"(A) stock, in the case of a corporation;

"(B) partnership or similar interest, in the case of a partnership or limited liability company; and

"(C) an ownership interest or interest in profits in the case of any other business entity.

"Sec. 1624. Mergers and stock acquisitions.

"(a) Mergers.—A merger of 1 business entity into another or 2 business entities into a third business entity or any other similar transaction shall have no direct consequences under the tax imposed by this chapter. The surviving entity shall assume the tax attributes of the merged business entities.

"(b) Stock acquisition.—The acquisition of all or substantially all of the ownership interest in 1 business entity shall have no direct consequences under the tax imposed by this chapter if the acquisition is made—

"(1) for cash; or

"(2) in exchange for an ownership interest in the acquiring entity or an entity controlled by the acquiring entity.

"Sec. 1625. Spin-offs, split-offs, etc.

"A spin-off, split-off, or split-up of a business entity shall have no direct consequences under the tax imposed by this chapter.

"Sec. 1626. Allocation of certain tax attributes.

"The Secretary shall prescribe rules for allocation of tax attributes in cases of substantial shifts of assets from 1 business entity to another business entity. Under such rules, a portion of a business entity's tax attributes may be deemed transferred when assets are transferred.

"SUBCHAPTER D—COOPERATIVES

"SEC. 1631. Patronage dividends of cooperatives.

"Sec. 1631. Patronage dividends of cooperatives.

"(a) Definitions.—In this section:

"(1) Qualified patronage dividend.—The term 'qualified patronage dividend' means that part of a patronage dividend that is attributable to the patron's allocable share of patronage earnings of a marketing cooperative or a supply cooperative.

"(2) Supply cooperative.—The term 'supply cooperative' means a cooperative that sells goods or services to patrons and provides patronage dividends with respect to the quantity of purchases of the patrons.

"(3) Marketing cooperative.—The term 'marketing cooperative' means a cooperative that sells goods produced by its members and provides patronage dividends to the members based on the quantities of goods sold or provided for sale.

"(b) Patronage dividends paid by supply cooperatives.—A qualified patronage dividend paid by a supply cooperative to a patron shall be treated as if it is a refund of a portion of the amounts paid by the patron for goods, services, or use of capital. In general, if the supply cooperative included the amount received from the patron in taxable receipts, the dividend shall reduce taxable receipts in the taxable year in which the dividend is paid or incurred. If the recipient of the dividend is a business entity that deducted the cost of business purchases to which the dividend related, the recipient shall reduce its cost of business purchases by the amount of the dividend in the taxable year in which the dividend is paid or incurred.

"(c) Patronage dividends paid by marketing cooperatives.—A qualified patronage dividend paid to a patron by a marketing cooperative shall be treated as an upward price adjustment in the amount received by the patron for its goods marketed by the cooperative. In general, the cooperative shall increase its cost of business purchases by the amount of the qualified patronage dividend and the recipient shall increase its taxable receipts by the amount of the qualified patronage dividend.

"(d) Limitation.—Only the portion of a patronage dividend that is a qualified patronage dividend may—

"(1) reduce taxable receipts under subsection (b); or

"(2) increase the cost of business purchases under subsection (c).

"(e) Special rules.—

"(1) Notices of allocation and per-unit retain certificates.—Except as provided in paragraph (2), a notice of allocation, per-unit retain certificate, or other similar document shall not be treated as a patronage dividend until it is redeemed in cash or property.

"(2) Opportunity to receive cash.—If a patron is given an opportunity to receive a patronage dividend in cash, but instead chooses to accept a per-unit retain certificate or a qualified notice of allocation, the patron shall be treated as receiving cash and simultaneously contributing to the capital of the cooperative.

"(3) Application limited to qualified cooperatives.—Under rules to be prescribed by the Secretary, this section shall apply only to cooperatives to which 1 of the following provisions of the Internal Revenue Code of 1986 would have applied:

"(A) section 501(c)(12) (relating to cooperative telephone companies and similar organizations);

"(B) section 501(c)(14) (relating to certain cooperative banks);

"(C) section 521 (relating to farm cooperatives); or

"(D) section 1381 (relating to cooperatives generally).

"(4) Regulations.—The Secretary shall prescribe regulations for the application of this section. The regulations shall generally be consistent with subchapter T of chapter 1 of the Internal Revenue Code of 1986 except to the extent that such rules are inconsistent with provisions of this chapter.

"SUBCHAPTER E—COORDINATION WITH FINANCIAL ACTIVITIES TAX

"Sec. 1641. Financial activities excluded from the value added tax.

"(a) In general.—No tax shall be imposed under section 1602 with respect to financial activity subject to tax under chapter 50C.

"(b) Business purchases.—Nothing in this subchapter shall be construed to disallow a business purchase solely because the payment is made with respect to financial activity, except to the extent the payment is excluded from the definition of business purchase under section 1601 or in regulations prescribed by the Secretary to prevent double taxation or omission of taxable value.

"(c) Rule of construction.—Nothing in this section shall be construed to exempt from tax under section 1602 any nonfinancial line of business described in section 1642.

"Sec. 1642. Nonfinancial lines of business.

"(a) In general.—A nonfinancial line of business of a financial institution or consolidated financial group shall remain subject to the tax imposed under section 1602 if the nonfinancial line of business is separately accounted for under rules prescribed by the Secretary.

"(b) Reallocation authority.—The Secretary may reallocate receipts, business purchases, compensation expenses, assets, liabilities, or other items between financial and nonfinancial lines of business as necessary to prevent avoidance of this chapter or chapter 50C.

"Sec. 1643. Mixed transactions and anti-avoidance.

"(a) Mixed transactions.—The Secretary shall prescribe regulations for the treatment of transactions that include both financial activities and nonfinancial activities.

"(b) Anti-avoidance.—The Secretary shall prescribe regulations to prevent avoidance of this chapter or chapter 50C through bundling, recharacterization, related-party arrangements, artificial separation of financial and nonfinancial activities, allocation of shared expenses, or any other transaction, structure, or arrangement having a principal purpose of avoiding tax under this chapter or chapter 50C.

"Sec. 1644. Coordination with chapter 50C.

"(a) In general.—The Secretary shall prescribe regulations coordinating this chapter with chapter 50C.

"(b) Required coordination.—Regulations prescribed under subsection (a) shall include rules to prevent double taxation, prevent omission of taxable value, coordinate the treatment of mixed lines of business within a consolidated financial group, and ensure that amounts attributable to nonfinancial lines of business remain subject to tax under this chapter.

"SUBCHAPTER F—IMPORT TAX

"SEC. 1651. Imposition of tax on imported property.

"SEC. 1652. Imposition of tax on import of services.

"SEC. 1653. Import or export of services.

"SEC. 1654. International transportation services.

"SEC. 1655. International communications.

"SEC. 1656. Financial, banking, and insurance services.

"Sec. 1651. Imposition of tax on imported property.

"(a) General rule.—There is hereby imposed a tax equal to 10 percent of the customs value of all property entered into the United States for consumption, use, or warehousing.

"(b) Liability for tax.—The tax imposed on the import of property by subsection (a) shall be paid by the person entering the property into the United States for consumption, use, or warehousing. Such tax shall be due and payable at the time of import.

"(c) Imports of previously exported property.—In the case of any article that is classified under a heading or subheading of subchapter I or II of chapter 98 of the Harmonized Tariff Schedule of the United States, the tax under this section shall be imposed only on that portion of the customs value of such article that is dutiable under such heading or subheading.

"(d) Imports for personal consumption.—The import tax imposed by this section shall not apply to any article entered into the United States duty free under subchapters I through VII of chapter 98 of the Harmonized Tariff Schedule of the United States for personal consumption.

"(e) Use in a business activity.—Property being held for sale or retail by a business entity that is in the business of selling goods shall be considered held for use in a business activity.

"(f) Exception for certain commodities and products.—The import tax imposed by this section shall not apply to petroleum, petroleum products, or such commodities or products as the President shall by Executive Order determine to be in short supply and vital to national security.

"Sec. 1652. Imposition of tax on import of services.

"(a) General rule.—There is hereby imposed a tax equal to 10 percent of the cost of all services treated as imported into the United States during the taxable year of the service recipient.

"(b) Liability for the tax.—Except as provided in section 1656(d), the tax on the import of services imposed by subsection (a) shall be paid by the business entity that receives the imported services. The tax shall be payable as if it were an addition to the tax imposed under section 1602.

"(c) Imported services.—For purposes of this section, services shall be treated as imported if they are treated as imported under section 1653 or section 1656.

"Sec. 1653. Import or export of services.

"(a) In general.—Services shall not be treated as imported or exported from the location in which they are performed, except as otherwise provided in this subchapter or in regulations prescribed under this subchapter.

"(b) Import of services.—A business entity shall be treated as importing a service if—

"(1) the entire benefit of the service will be realized in the United States; and

"(2) the benefit will be realized in connection with the United States business activities of the business entity.

"(c) Export of services.—A business entity shall be treated as exporting a service if—

"(1) the entire benefit of the service will be realized outside of the United States; and

"(2) the benefit will be realized solely in connection with the activities of the purchaser occurring outside the United States.

"(d) Services acquired from service provider that provides services in and outside the United States.—

"(1) In general.—If a business entity acquires services from a service provider that provides services both in and outside the United States and the service provider shows on the invoice where the services are provided—

"(A) the business entity shall treat the services as provided where stated on the invoice; and

"(B) the service provider shall treat as taxable receipts any services listed as provided in the United States.

"(2) No invoice.—If a business entity acquires services from a service provider that provides services both in and outside the United States and the service provider does not show on an invoice where such services are provided—

"(A) the business entity shall treat the services as if provided in the location to which payment is sent; and

"(B) the service provider shall treat as taxable receipts any payments received in the United States.

"(e) Mixed-benefit services.—If a service provides benefits that are realized both in the United States and outside the United States, then, under regulations prescribed by the Secretary—

"(1) the service recipient shall treat as imported only the portion of the cost of such service that is reasonably allocable to benefits realized in the United States; and

"(2) the service recipient shall treat as exported only the portion of the cost of such service that is reasonably allocable to benefits realized outside the United States.

"(f) Safe harbors.—For purposes of subsection (e), under regulations prescribed by the Secretary—

"(1) de minimis United States benefit.—If not more than 10 percent of the benefit of a service is reasonably expected to be realized in the United States, the service shall be treated as not imported; and

"(2) predominantly United States benefit.—If not less than 90 percent of the benefit of a service is reasonably expected to be realized in the United States, the service shall be treated as imported.

"(g) Election to treat mixed-benefit services as imported.—Under regulations prescribed by the Secretary, a business entity may elect to treat any service described in subsection (e) as an imported service, pay the import tax applicable to such service, and treat the cost of such service as a business purchase.

"(h) Reasonable allocation methods.—In prescribing regulations under this section, the Secretary shall permit reasonable allocation methods, consistently applied, including allocation based on employees, users, usage, revenue, or other indicators of where the benefit of the service is realized, and shall prescribe rules to prevent avoidance, including rules to reallocate amounts where the chosen method is not reasonable or is used to achieve an improper tax benefit.

"Sec. 1654. International transportation services.

"(a) Transportation of property.—

"(1) Taxable receipts.—

"(A) Exports.—Taxable receipts do not include receipts from the transportation of property exported from the United States.

"(B) Imports.—Taxable receipts include receipts from transportation of property imported into the United States only if such costs are not taken into account in determining the import tax.

"(C) Presumptions.—The Secretary shall prescribe regulations describing situations in which a transporter of property must presume that no import tax has been paid on the cost of its services.

"(2) Business purchases.—

"(A) Exports.—Business purchases do not include amounts paid or incurred for the cost of transportation of property exported from the United States.

"(B) Imports.—Amounts paid or incurred for transportation of goods imported into the United States shall constitute a cost of business purchase only to the extent that they are taken into account in determining the customs value for purposes of section 1651(a) (relating to the import tax).

"(b) Transportation of passengers.—

"(1) Taxable receipts.—Taxable receipts—

"(A) include receipts from the transportation of passengers from the United States to a destination outside the United States; but

"(B) do not include receipts from the transportation of passengers from outside the United States to a destination in the United States.

"(2) Business purchases.—Business purchases—

"(A) include amounts paid or incurred in a business activity for the transportation of passengers from the United States to a destination outside the United States; but

"(B) do not include amounts paid or incurred for transportation of passengers from outside the United States to a destination in the United States.

"(3) Simplifying rules.—The Secretary may provide rules that simplify this subsection, including rules under which—

"(A) half of receipts attributable to transportation to or from the United States are treated as taxable receipts;

"(B) half of the cost for business trips to and from the United States are treated as business purchases; and

"(C) all transportation expenses of a business entity that has no regular business outside the United States are treated as business purchases.

"Sec. 1655. International communications.

"(a) In general.—Communications services shall be treated as provided at the point of origin of the communication and shall not be treated as imported or exported.

"(b) Communications services.—The term 'communications services' means a service the principal purpose of which is the transmission or delivery of communications, but does not include a service the principal purpose of which is something other than the transmission or delivery of communications or messages merely because such service is delivered, performed, or enabled through a communications service or electronic communications network.

"Sec. 1656. Financial, banking, and insurance services.

"(a) Import tax preserved.—A service that is financial activity, including banking, lending, payment, settlement, custody, fiduciary, brokerage, dealer, market making, asset management, investment advisory, insurance, reinsurance, risk transfer, or risk pooling activity, shall not be exempt from tax under section 1652 solely because—

"(1) the service is provided by or to a financial institution;

"(2) the service is provided by or to a FAT-CAT;

"(3) receipts attributable to the service are excluded from taxable receipts under section 1601 or subchapter E; or

"(4) the service relates to financial activity subject to chapter 50C.

"(b) Imported financial services.—For purposes of section 1652, a service described in subsection (a) shall be treated as imported to the extent the benefit of the service is realized in the United States in connection with the United States business activities of the service recipient.

"(c) Insurance services.—If insurance services are provided outside the United States and the insured risk is located in the United States—

"(1) the insurance services shall be treated as imported;

"(2) the insurance premiums shall be subject to the import tax imposed under section 1652; and

"(3) payments of insurance benefits shall not be treated as imported services.

"(d) Special rule for collection of import tax on insurance premiums.—In the case of insurance premiums subject to the import tax under subsection (c)(2), the seller of the insurance shall be liable for collecting and remitting the import tax imposed under section 1652 in such manner as the

Secretary shall prescribe. If the seller fails to collect and remit such tax, the service recipient shall be liable.

"(e) Exported insurance services.—If insurance services are provided inside the United States and the insured risk is located outside the United States—

"(1) the insurance services shall be treated as exported; and

"(2) payments of insurance benefits shall be treated as payments for services outside the United States and shall not be treated as costs of business purchases.

"(f) Regulations.—The Secretary shall prescribe regulations to carry out this section, including regulations—

"(1) determining the location of insured risks, financial activities, and the benefit of financial, banking, and insurance services;

"(2) coordinating this section with chapter 50C and subchapter E to prevent double taxation and omission of taxable value;

"(3) applying this section to mixed-benefit services, affiliated groups, pass-through arrangements, reinsurance, and services provided in part inside and in part outside the United States; and

"(4) preventing avoidance through booking location, affiliate arrangements, contractual characterization, or separation of financial and nonfinancial activities.

"(g) Insurance services.—The term 'insurance services' means the provision of insurance and services related to insurance other than insurance that is treated as a saving asset.

"SUBCHAPTER G—RULES FOR ADMINISTRATION AND CONSOLIDATED RETURNS

"Sec. 1661. Returns, due dates, etc.

"(a) In general.—Until subtitle F is amended to reflect the adoption of this chapter, the rules of subtitle F relating to C corporations shall apply to business entities with respect to—

"(1) returns and records;

"(2) time and place for paying tax;

"(3) assessment of taxes;

"(4) collections and liens;

"(5) abatements, credits, and refunds;

"(6) interest on underpayments and overpayments;

"(7) additions to tax and penalties;

"(8) closing agreements and compromises;

"(9) crimes;

"(10) judicial proceedings;

"(11) discovery of liability and enforcement; and

"(12) estimated taxes.

"(b) Individuals engaging in business activities.—Under rules prescribed by the Secretary, individuals engaging in business activities on their own or with their spouses shall be permitted to file their business tax returns with their individual tax returns and shall be subject to estimated tax rules for individual income tax returns.

"Sec. 1662. Consolidated returns.

"(a) In general.—Business entities may file consolidated returns of business tax if they would have been permitted to file consolidated returns under section 1501 and such section were applied by treating each business entity as a corporation and its owners or partners as shareholders.

"(b) Financial institutions.—Financial institutions may be included in consolidated returns only with respect to nonfinancial lines of business subject to tax under this chapter, and each such line of business shall compute gross profits separately under rules prescribed by the Secretary.

"(c) Intercompany transactions.—In computing the gross profits of a consolidated group, intercompany transactions shall be disregarded, except as provided in regulations prescribed by the Secretary. The regulations shall provide rules necessary to prevent double taxation, prevent omission of taxable value, coordinate transactions involving financial activities or financial institutions, address transactions with persons outside the consolidated group, and prevent avoidance of this chapter or chapter 50C.

"Sec. 1663. Seller liable for tax; deposits of tax.

"(a) Seller liable for tax.—The person selling the property or services shall be liable for the tax imposed by section 1602.

"(b) Deposits required.—Each business entity subject to tax under section 1602 shall make deposits of estimated tax not less frequently than quarterly, in such manner as the Secretary shall prescribe. The Secretary may require more frequent deposits for business entities with larger estimated liabilities and may provide simplified deposit rules, annual payment rules, or de minimis exceptions for business entities with minimal estimated liabilities.

"(c) Taxable period.—For purposes of this chapter—

"(1) In general.—The term 'taxable period' means a calendar quarter.

"(2) Exception.—

"(A) Election of 1-month period.—If the taxpayer so elects, the term 'taxable period' means a calendar month.

"(B) Other periods.—To the extent provided in regulations, the term 'taxable period' includes a period, other than a calendar quarter or month, selected by the taxpayer.

"(d) Tax point.—For purposes of this chapter—

"(1) Chapter 1 rules with respect to seller govern.—Except as provided in paragraph (2), the tax point for any sale of property or services is the earlier of—

"(A) the time (or times) when any income from the sale should be treated by the seller as received or accrued (or any loss should be taken into account by the seller) for purposes of chapter 1; or

"(B) the time (or times) when the seller receives payment for the sale.

"(2) Imports.—In the case of the importing of property, the tax point is when the property is entered, or withdrawn from warehouse, for consumption in the United States.

"Sec. 1664. Secretary to be notified of certain events.

"To the extent provided in regulations, each person engaged in a business shall notify the Secretary (at such time or times as may be prescribed by such regulations) of any change in the form in which a business is conducted or any other change which might affect the liability for the tax imposed by section 1602 or the amount of such tax or any credit against such tax, or otherwise affect the administration of such tax in the case of such person.

"Sec. 1665. Regulations.

"(a) In general.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this chapter.

"(b) Anti-avoidance.—The Secretary shall prescribe such rules and regulations as may be necessary to prevent avoidance of this subchapter, including through—

"(1) material omissions of taxable value; and

"(2) the restructuring or fragmentation of entities, receipts, expenses, taxable periods, or lines of business.

"(c) Treasury-recognized accounts and receipts.—The Secretary shall prescribe rules under which receipts, payments, refunds, adjustments, taxes, and other records made through Treasury transaction accounts established under section 623(b)(9) of the POPULIST Act may be used to substantiate taxable receipts, business purchases, deductible amounts, and adjustments under this chapter.".

(d) Planning for free direct business tax preparation and filing.—

(1) In general.—The Secretary of the Treasury shall develop an implementation plan and proposed legislation to establish a universally accessible free direct electronic tax preparation and filing service for business entities that use a Treasury transaction account established under section 623(b)(9) of the POPULIST Act as the exclusive account for business receipts and disbursements.

(2) Model.—The service described in paragraph (1) shall be modeled on the universally accessible free direct electronic filing system described in section 6011(f) of the Internal Revenue Code of 1986, as amended by this Act, and shall be designed to reduce filing, accounting, recordkeeping, and compliance burdens for business entities by using Treasury transaction account records to calculate, prepare, and file tax returns and information returns.

(3) Contents.—The implementation plan and proposed legislation required under paragraph (1) shall address—

(A) eligibility standards for participating business entities;

(B) treatment of de minimis cash transactions, corrected transactions, refunds, chargebacks, interaccount transfers, payroll, and other transactions requiring special rules;

(C) taxpayer consent, privacy, data security, auditability, and correction procedures;

(D) coordination with taxes imposed under title 26, United States Code, including taxes imposed by chapter 7 of subtitle A and chapter 50C of subtitle D of such title; and

(E) phased implementation for small businesses.

(4) Voluntary nature.—The implementation plan and proposed legislation required under paragraph (1) shall ensure that participation in the free service is voluntary and shall not prohibit a business entity from maintaining its own tax records, preparing its own tax returns or information returns, or using a private tax preparer, accountant, bookkeeper, payroll provider, or other service provider.

(5) Submission.—Not later than June 30, 2029, the Secretary shall submit the implementation plan and proposed legislation required under paragraph (1) to Congress.

(e) Revisions to the Code.—Not later than March 30, 2027, the Secretary shall submit to Congress proposed changes in the Internal Revenue Code of 1986 that—

(1) revise subtitles C through J of such Code to fully reflect the amendments to subtitle A of such Code made by this title; and

(2) include statutory definitions or rules in cases where the Secretary concludes that the definitions or rules cannot or should not be addressed by regulation.

(f) Application of subtitle F.—Until such time as subtitle F of the Internal Revenue Code of 1986 is amended to reflect the amendments made by this subtitle, the provisions of such subtitle F shall be treated as generally applying to chapter 7 of subtitle A of such Code—

(1) without regard to specific cross references;

(2) without regard to provisions relating to partnerships; and

(3) as if the value added tax under such chapter 7 were the corporate income tax and all business entities were corporations (except for purposes of collection, in which case the owners of noncorporate entities shall be obligated for taxes owed by the entities to the same extent as they would if the entity owed the tax prior to the amendment of the Code).

(g) Effective dates.—

(1) In general.—Except as otherwise provided in this subtitle, the amendments made by this subtitle shall be effective on and after January 1, 2028, with respect to taxable years beginning on such date.

(2) Special rule for businesses with 52–53 week taxable years.—In the case of a business entity with a 52–53 week taxable year ending in December 2027, section 1613(b)(2) of the Internal Revenue Code of 1986, as added by this subtitle, shall apply.

SEC. 863. DISPOSITION OF VALUE ADDED TAX AND FINANCIAL ACTIVITIES TAX RECEIPTS.

(a) In general.—Notwithstanding any other provision of law, all taxes imposed by chapter 7 of subtitle A and chapter 50C of subtitle D of the Internal Revenue Code of 1986 shall be deposited into the general fund of the Treasury and disbursed in accordance with this section.

(b) Value added tax receipts.—Of the amounts deposited pursuant to subsection (a) that are attributable to taxes imposed by chapter 7 of subtitle A of the Internal Revenue Code of 1986—

(1) 99 percent shall be credited to the American Value Fund established in section 623(b)(5) of the POPULIST Act; and

(2) 1 percent shall be transferred to the Social Security Administration.

(c) Financial activities tax receipts.—100 percent of the amounts deposited pursuant to subsection (a) that are attributable to taxes imposed by chapter 50C of subtitle D of the Internal Revenue Code of 1986 shall be credited to the American Value Fund established in section 623(b)(5) of the POPULIST Act.

(d) Budgetary treatment.—Amounts credited or transferred under this section shall be treated as offsetting receipts for purposes of the Congressional Budget Act of 1974.