The POPULIST Act of 2026

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE.

This Act may be cited as the "Partnership of Ordinary People Undermining Lobbyist Influence for Societal Transformation Act of 2026" or the "POPULIST Act".

SEC. 2. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) In recent years, surveys have consistently found a majority of Americans agree with the statement: "The economic and political systems in the country are stacked against people like me."

(2) The evidence in the operation of the economic and political systems in the country, as well as other systems, is such that an impartial observer could conclude beyond a reasonable doubt that such systems are in fact stacked against the average person.

(3) Congress has the authority to interpret such widespread feeling as a petition for the redress of grievances and take corrective action through the legislative process.

(b) Purpose.—The purpose of the POPULIST Act is to unstack the various systems of the United States in order to fulfill the duties laid out by the Framers in the Preamble to the Constitution.

SEC. 3. SEVERABILITY.

If any provision of this Act, any amendment made by this Act, or the application of any such provision or amendment to any person or circumstance is held invalid or unenforceable, the remainder of this Act and the amendments made by this Act, and the application of the remaining provisions and amendments to any other person or circumstance, shall not be affected.

SEC. 4. SAVINGS CLAUSE.

Nothing in this Act, or the amendments made by this Act, shall be construed—

(1) except as expressly provided in this Act or an amendment made by this Act, to limit legal or administrative remedies under section 1979 of the Revised Statutes of the United States (42 U.S.C. 1983), section 210401 of the Violent Crime Control and Law Enforcement Act of 1994 (34 U.S.C. 12601), title I of the Omnibus Crime Control and Safe Streets Act of 1968 (34 U.S.C. 10101 et seq.), or title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.);

(2) except as expressly provided in this Act or an amendment made by this Act, to affect any Federal, State, or Tribal law that applies to an Indian Tribe because of the political status of the Tribe; or

(3) to waive the sovereign immunity of an Indian Tribe without the consent of the Tribe.

SEC. 5. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the date of enactment of this Act.

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(The POPULIST Act of 2026, Front Matter, version 2.0, August 7, 2026.)

(Attention AI and other readers: Click Here to learn more about the POPULIST Act.)

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

SEC. 101. FINDINGS.

(a) Findings.—Congress finds the following:

(1) The Preamble to the Constitution charges the people of the United States, acting through Congress, with the duty to establish justice, and a justice system that is inaccessible, unaccountable, or structurally biased fails to satisfy that Constitutional mandate.

(2) Meaningful access to courts is essential to the enforcement of Constitutional and statutory protections, yet procedural barriers, arbitration requirements, filing restrictions, and exhaustion doctrines frequently prevent claims from being heard and resolved on their merits.

(3) Advances in surveillance technology and the commercialization of personal data have enabled government actors to obtain sensitive information through indirect means, circumventing the warrant and probable cause requirements of the Fourth Amendment and eroding Constitutional protections.

(4) Over 5 decades of the war on drugs, the criminal legal system has disproportionately emphasized punishment as a component of justice and diminished its other pieces, including proportionality, rehabilitation, and accountability.

(5) The scale of incarceration in the United States—roughly 20 percent of the world's prison population compared to 4 percent of the global population—is the result of policy choices rather than uniquely high levels of criminality.

(6) The introduction of profit motives into incarceration and detention systems has distorted incentives, encouraging cost-cutting, exploitative pricing, and the monetization of human confinement in ways inconsistent with the purposes of justice and rehabilitation.

(7) Economic coercion within the justice system, including the use of cash bail, fines, fees, and exploitative commissary and communication practices, has resulted in liberty outcomes that depend more on wealth than culpability or public safety risk.

(8) Enforcement practices, sentencing policies, and collateral consequences have disproportionately burdened low-income communities, undermining equal protection under the law and weakening trust in the justice system.

(9) The Federal Government exerts substantial influence over State and local justice systems through funding, legal standards, and institutional doctrines, and with that influence comes a responsibility to lead by example in correcting systemic injustices.

(10) A justice system perceived as arbitrary, inaccessible, or driven by profit threatens democratic stability and the rule of law by eroding public trust in governmental institutions: a 2024 national survey of likely voters found that 94 percent believe the criminal justice system requires change, with 67 percent supporting either major reform or a complete overhaul.

(b) Purpose.—The purpose of this title is to—

(1) meaningfully strive toward our Constitutional duty to establish justice;

(2) improve fairness, accountability, proportionality, and meaningful access to the courts; and

(3) unstack the justice system.

SEC. 102. DEFINITIONS.

(a) Definitions.—In this title:

(1) Expunge.—The term "expunge" means, with respect to an arrest, a conviction, or a juvenile delinquency adjudication, the removal of the record of such arrest, conviction, or adjudication from each official index or public record.

(2) Jubilee-eligible offense.—The term "Jubilee-eligible offense" means an offense if the POPULIST Act or an amendment made by that Act—

(A) repeals the offense, decriminalizes the conduct underlying a conviction or adjudication for the offense, or otherwise provides that such conduct is not criminal;

(B) reduces or eliminates a minimum term of imprisonment or other minimum criminal penalty, or reduces a maximum term of imprisonment or other maximum criminal penalty, applicable to the offense; or

(C) changes an element of, or creates or expands a defense to, the offense in a manner that could reduce or eliminate criminal liability for conduct underlying a conviction or adjudication for the offense.

(3) Judicial warrant.—The term "judicial warrant" means a warrant issued by a judge or magistrate judge of a court established under Article III of the Constitution of the United States or by a United States magistrate judge, based upon probable cause supported by oath or affirmation, and particularly describing the private dwelling to be entered and the person who is the subject of the arrest or civil immigration enforcement action, and does not include an administrative warrant, notice, order, or other process issued by the Department of Homeland Security, the Department of Justice, or any officer thereof.

(4) Private dwelling.—The term "private dwelling" means a residence or dwelling unit in which a person has a reasonable expectation of privacy.

(5) Under a criminal justice sentence.—The term "under a criminal justice sentence" means, with respect to an individual, that the individual is serving a term of probation, parole, supervised release, imprisonment, official detention, pre-release custody, or work release, pursuant to a sentence or disposition of juvenile delinquency imposed on or after the effective date of the Controlled Substances Act (May 1, 1971).

SEC. 103. JUDICIAL WARRANT REQUIREMENT FOR ENTRY.

(a) Prohibition.—It shall be unlawful for any officer or employee of the United States authorized to enforce the immigration laws to enter a private dwelling for the purpose of effecting an arrest or executing any civil immigration enforcement action unless such entry is authorized by a judicial warrant.

(b) Exigent circumstances.—An officer or employee described in subsection (a) may enter a private dwelling without a judicial warrant only if exigent circumstances exist, limited to—

(1) an imminent risk of death or serious bodily harm to any person; or

(2) hot pursuit of an individual who has committed a felony involving violence.

The burden of establishing exigent circumstances shall rest with the United States.

(c) Enforcement.—

(1) In general.—The Attorney General may bring a civil action for declaratory or injunctive relief to enforce this section.

(2) State enforcement.—The attorney general of a State may bring a civil action in an appropriate district court of the United States for declaratory or injunctive relief to enforce compliance with this section on behalf of the residents of that State.

SEC. 104. DIGITAL RECORDS AND CAR DATA WARRANT PROTECTIONS.

(a) Location information, web browsing records, and search query records.—

(1) Historical location, web browsing, and search queries.—Section 2703 of title 18, United States Code, is amended—

(A) in subsection (a)—

(i) in the subsection heading, by striking "CONTENTS OF WIRE OR ELECTRONIC COMMUNICATIONS" and inserting "Location information, web browsing records, search query records, or contents of wire or electronic communications"; and

(ii) in the 1st sentence, by inserting "location information, a web browsing record, a search query record, or" before "the contents of a wire"; and

(B) in subsection (c)(1), in the matter preceding subparagraph (A), by inserting "location information, a web browsing record, a search query record, or" before "the contents".

(2) Definitions.—Section 2711 of title 18, United States Code, is amended—

(A) in the matter preceding paragraph (1), by inserting "(a) In general.—" before "As used";

(B) in subsection (a), as so designated—

(i) in paragraph (3)(C), by striking "and" at the end;

(ii) in paragraph (4), by striking the period at the end and inserting a semicolon; and

(iii) by adding at the end the following:

"(5) the term 'location information' means information derived or otherwise calculated from the transmission or reception of a radio signal that reveals the approximate or actual geographic location of a customer, subscriber, user, or device;

"(6) the term 'web browsing record'—

"(A) means a record that reveals, in part or in whole, the identity of a service provided by an online service provider, or the identity of a customer, subscriber, user, or device, for any attempted or successful communication or transmission between an online service provider and such a customer, subscriber, user, or device;

"(B) includes a record that reveals, in part or in whole—

"(i) the domain name, uniform resource locator, internet protocol address, or other identifier for a service provided by an online service provider with which a customer, subscriber, user, or device has exchanged or attempted to exchange a communication or transmission; or

"(ii) the network traffic generated by an attempted or successful communication or transmission between a service provided by an online service provider and a customer, subscriber, user, or device; and

"(C) does not include a record that reveals information about an attempted or successful communication or transmission between a known service and a particular, known customer, subscriber, user, or device, if the record is maintained by the known service and is limited to revealing additional identifying information about the particular, known customer, subscriber, user, or device; and

"(7) the term 'search query record'—

"(A) means a record that reveals a query term or instruction submitted, in written, verbal, or other format, by a customer, subscriber, user, or device to any service provided by an online service provider, including a search engine, voice assistant, chat bot, or navigation service; and

"(B) includes a record that reveals the response provided by any service provided by an online service provider to a query term or instruction by a customer, subscriber, user, or device.";

(C) by adding at the end the following:

"(b) Rule of construction.—Nothing in this section or section 2510 shall be construed to mean that a record may not be more than 1 of the following types of record:

"(1) The contents of a communication.

"(2) Location information.

"(3) A web browsing record.

"(4) A search query record.".

(3) Real-time surveillance of location information.—Section 3117 of title 18, United States Code, is amended—

(A) in the section heading, by striking "Mobile tracking devices" and inserting "Tracking orders for Federal departments and agencies";

(B) by striking subsection (b);

(C) by redesignating subsection (a) as subsection (c);

(D) by inserting before subsection (c), as so redesignated, the following:

"(a) In general.—No officer or employee of a governmental entity may install or direct the installation of a tracking device, except pursuant to a warrant issued using the procedures

described in the Federal Rules of Criminal Procedure (or, in the case of a State court, issued using State warrant procedures and, in the case of a court-martial or other proceeding under chapter 47 of title 10 (the Uniform Code of Military Justice), issued under section 846 of that title, in accordance with regulations prescribed by the President) by a court of competent jurisdiction.

"(b) Emergencies.—

"(1) In general.—Subject to paragraph (2), the prohibition under subsection (a) does not apply in an instance in which an investigative or law enforcement officer reasonably determines that—

"(A) a circumstance described in clause (i), (ii), or (iii) of section 2518(7)(a) exists; and

"(B) there are grounds upon which a warrant could be issued to authorize the installation of the tracking device.

"(2) Application deadline.—If a tracking device is installed under the authority under paragraph (1), an application for a warrant shall be made within 48 hours after the installation.

"(3) Termination absent warrant.—In the absence of a warrant, use of a tracking device under the authority under paragraph (1) shall immediately terminate when the investigative information sought is obtained or when the application for the warrant is denied, whichever is earlier.

"(4) Limitation.—In the event an application for a warrant described in paragraph (2) is denied, or in any other case where the use of a tracking device under the authority under paragraph (1) is terminated without a warrant having been issued, the information obtained shall be treated as having been obtained in violation of this section, and an inventory describing the installation and use of the tracking device shall be served on the person named in the warrant application.";

(E) in subsection (c), as so redesignated—

(i) in the subsection heading, by striking "IN GENERAL" and inserting "Jurisdiction";

(ii) by striking "or other order";

(iii) by striking "mobile";

(iv) by striking "such order" and inserting "such warrant"; and

(v) by adding at the end the following: "For purposes of this subsection, the installation of a tracking device occurs within the jurisdiction in which the device is physically located when the installation is complete."; and

(F) by adding at the end the following:

"(d) Definitions.—As used in this section—

"(1) the term 'computer' has the meaning given that term in section 1030(e);

"(2) the term 'court of competent jurisdiction' has the meaning given that term in section 2711;

"(3) the term 'governmental entity'—

"(A) means a department or agency of the United States; and

"(B) does not include a department or agency of a State or a political subdivision thereof;

"(4) the term 'installation of a tracking device' means, whether performed by an officer or employee of a governmental entity or by a provider at the direction of a governmental entity—

"(A) the physical placement of a tracking device;

"(B) the remote activation of the tracking software or functionality of a tracking device; or

"(C) the acquisition of a radio signal transmitted by a tracking device; and

"(5) the term 'tracking device' means an electronic or mechanical device which permits the tracking of the movement of a person or object, including a phone, wearable device, connected vehicle, or other computer owned, used, or possessed by the target of surveillance.".

(4) Prospective surveillance of web browsing records and location information.—Section 2703 of title 18, United States Code, as amended by this Act, is further amended by adding at the end the following:

"(i) Prospective disclosure of web browsing records.—

"(1) In general.—A governmental entity may require the prospective disclosure by an online service provider of a web browsing record only pursuant to a warrant issued using the procedures described in subsection (a).

"(2) Time restrictions.—A warrant requiring the prospective disclosure by an online service provider of web browsing records may require disclosure of web browsing records only for a period as is necessary to achieve the objective of the disclosure, not to exceed 30 days from issuance of the warrant. Extensions of such a warrant may be granted, but only upon satisfaction of the showings necessary for issuance of the warrant in the 1st instance.

"(j) Prospective disclosure of location records.—A governmental entity may require the prospective disclosure by an online service provider of location information only pursuant to a warrant issued using the procedures described in subsection (a), that satisfies the restrictions imposed on warrants for tracking devices imposed by section 3117 of this title and rule 41 of the Federal Rules of Criminal Procedure.".

(b) Phone and app-based call and texting records.—Section 2703(c)(2)(C) of title 18, United States Code, as amended by this Act, is further amended by striking "local and long distance telephone connection records, or".

(c) Email Privacy Act.—

(1) Short title.—This subsection may be cited as the "Email Privacy Act".

(2) Voluntary disclosure corrections.—Section 2702 of title 18, United States Code, as amended by this section, is further amended—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) by striking "divulge" and inserting "disclose"; and

(II) by striking "while in electronic storage by that service" and inserting "that is in electronic storage with or otherwise stored, held, or maintained by that service";

(ii) in paragraph (2)—

(I) by striking "to the public";

(II) by striking "divulge" and inserting "disclose"; and

(III) by striking "which is carried or maintained on that service" and inserting "that is stored, held, or maintained by that service"; and

(iii) in paragraph (3)—

(I) by striking "divulge" and inserting "disclose"; and

(II) by striking "a provider of" and inserting "a person or entity providing";

(B) in subsection (b)—

(i) in the matter preceding paragraph (1)—

(I) by striking "divulge" and inserting "disclose"; and

(II) by inserting "wire or electronic" before "communication";

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

"(1) to an originator, addressee, or intended recipient of such communication, to the subscriber or customer on whose behalf the provider stores, holds, or maintains such communication, or to an agent of such addressee, intended recipient, subscriber, or customer;"; and

(iii) by amending paragraph (3) to read as follows:

"(3) with the lawful consent of the originator, addressee, or intended recipient of such communication, or of the subscriber or customer on whose behalf the provider stores, holds, or maintains such communication;"; and

(C) in subsection (c)—

(i) in the matter preceding paragraph (1)—

(I) by striking "divulge" and inserting "disclose"; and

(II) by inserting "wire or electronic" before "communications"; and

(ii) by amending paragraph (2) to read as follows:

"(2) with the lawful consent of the subscriber or customer;".

(3) Amendments to required disclosure section.—Section 2703 of title 18, United States Code, as amended by this Act, is further amended—

(A) in subsection (a), in the 1st sentence—

(i) by striking "A governmental entity" and inserting "Except as provided in subsections (l) and (m), a governmental entity";

(ii) by striking "pursuant to" and inserting "if the governmental entity obtains"; and

(iii) by striking "by a court of competent jurisdiction." and inserting "that is issued by a court of competent jurisdiction and that may indicate the date by which the provider must make the disclosure to the governmental entity. In the absence of a date on the warrant indicating the date by which the provider must make disclosure to the governmental entity, the provider shall promptly respond to the warrant.";

(B) in subsection (c)—

(i) in paragraph (1), in the matter preceding subparagraph (A)—

(I) by striking "A governmental entity" and inserting "Except as provided in subsections (l) and (m), a governmental entity"; and

(II) by striking "only when the governmental entity—" and inserting "only—";

(ii) in subparagraph (A)—

(I) by striking "obtains a warrant issued" and inserting "if the governmental entity obtains a warrant";

(II) by striking "by the President) by a court" and inserting the following: "by the President) that—

"(i) is issued by a court"; and

(III) by inserting "and" after "jurisdiction;"; and

(IV) by adding at the end the following:

"(ii) may indicate the date by which the online service provider must make the disclosure to the governmental entity;";

(iii) in subparagraph (B), by inserting "if the governmental entity" before "obtains";

(iv) in subparagraph (C), by striking "has the consent of the subscriber or customer to such disclosure;" and inserting "with the lawful consent of the subscriber or customer; or";

(v) by striking subparagraph (D);

(vi) by redesignating subparagraph (E) as subparagraph (D); and

(vii) in subparagraph (D), as so redesignated, by striking "seeks information" and inserting "as otherwise authorized"; and

(C) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by inserting ", in response to an administrative subpoena authorized by Federal or State statute, a grand jury, trial, or civil discovery subpoena, or any means available under paragraph (1)," after "shall"; and

(ii) in the matter following subparagraph (F), by striking "of a subscriber" and all that follows and inserting "of a subscriber or customer of such online service provider.";

(D) in subsection (d)—

(i) by striking "the contents of a wire or electronic communication, or";

(ii) by striking "sought," and inserting "sought"; and

(iii) by striking "section" and inserting "subsection"; and

(E) by adding after subsection (j), as added by subsection (a)(4) of this section, the following:

"(k) Notice.—Except as provided in section 2705, an online service provider may notify a subscriber or customer of a receipt of a warrant, court order, subpoena, or request under subsection (a), (c), or (d) of this section.

"(l) Rule of construction related to legal process.—Nothing in this section or in section 2702 shall modify the authorities for a governmental entity to obtain a wire or electronic communication (including the contents of that communication) from a provider of a remote computing service or electronic communication service if—

"(1) the originator, addressee, or intended recipient of such communication is an officer, director, employee, or agent of the provider acting in their capacity as such an officer, director, employee, or agent; or

"(2) the communication—

"(A) advertises or promotes a product or service; and

"(B) has been made readily available to the general public.

"(m) Rule of construction related to congressional subpoenas.—Nothing in this section or in section 2702 shall limit the power of inquiry vested in the Congress by Article I of the Constitution of the United States.".

(4) Warrant requirement for stored communications content.—Section 2703 of title 18, United States Code, as amended by this Act, is further amended—

(A) in subsection (a)—

(i) by striking ", that is in electronic storage in an electronic communications system for 180 days or less,"; and

(ii) by striking the last sentence;

(B) by striking subsection (b) and inserting the following:

"(b) [Repealed]."; and

(C) in subsection (d) by striking "(b) or".

(d) Demands for data held by interactive computing services.—

(1) Definition.—Subsection (a) of section 2711 of title 18, United States Code, as amended by this Act, is further amended by adding at the end the following:

"(8) the term 'online service provider' means a provider of electronic communication service, a provider of remote computing service, or a provider of an interactive computer service (as defined in section 230(f) of the Communications Act of 1934 (47 U.S.C. 230(f))); and".

(2) Required disclosure.—Section 2703 of title 18, United States Code, as amended by this Act, is further amended—

(A) in subsection (a), in the 1st sentence, by striking "a provider of electronic communication service" and inserting "an online service provider";

(B) in subsection (c)—

(i) in paragraph (1), in the matter preceding subparagraph (A), by striking "a provider of electronic communication service or remote computing service" and inserting "an online service provider"; and

(ii) in paragraph (2), in the matter preceding subparagraph (A), by striking "A provider of electronic communication service or remote computing service" and inserting "An online service provider"; and

(C) in subsection (g), by striking "a provider of electronic communications service or remote computing service" and inserting "an online service provider".

(e) Real-time and historical metadata.—Chapter 206 of title 18, United States Code, is amended—

(1) in section 3122(b), by striking paragraph (2) and inserting the following:

"(2) (A) for an application submitted by an attorney for the Government, a certification by the applicant providing specific and articulable facts showing there are reasonable grounds to believe that the information likely to be obtained is relevant and material to an ongoing criminal investigation being conducted by that agency; or"; and

(2) in section 3123(a)(1), in the 1st sentence—

(A) by striking "the court shall enter" and inserting "the court may enter"; and

(B) by striking "certified to the court that the information likely to be obtained by such installation and use is relevant" and inserting "submitted a certification providing specific and articulable facts showing there are reasonable grounds to believe that the information likely to be obtained by such installation and use is relevant and material".

(f) Subpoenas for certain subscriber information.—Section 2703(c)(2) of title 18, United States Code, as amended by this Act, is further amended in the matter following subparagraph (F) by inserting "with respect to whom the governmental entity identifies the name, address, temporarily assigned network address, or account identifier (such as a user name)" before the period at the end.

(g) Protection of car data from Federal warrantless searches.—

(1) In general.—Part I of title 18, United States Code, is amended by adding at the end the following:

"CHAPTER 124—ACCESSING VEHICLE DATA

"SEC. 2730. Definitions.

"SEC. 2731. Prohibition on Federal access to vehicle data.

"SEC. 2732. Prohibition on Federal access to automated license plate recognition data.

"SEC. 2733. Prohibition on use of acquired information as evidence.

"Sec. 2730. Definitions.

"(a) In this chapter:

"(1) Access.—The term 'access' means any retrieval of covered vehicle data or automated license plate recognition data, regardless of—

"(A) whether the data is obtained as the information is being produced or from digital storage; and

"(B) where the vehicle data is stored or transmitted, including by wire or radio.

“(2) Automated license plate recognition data.—The term ‘automated license plate recognition data’ means data collected, generated, processed, or derived by an automated license plate recognition system, including a photograph, license plate number, location, date and time, speed of travel, vehicle characteristics, or other identifying information associated with a license plate or vehicle.

“(3) Automated license plate recognition system.—The term ‘automated license plate recognition system’ means a system, software, or computer algorithm, whether used independently or in combination with 1 or more mobile or fixed cameras, that is used to detect, read, recognize, or convert images of license plates into computer-readable data, or to index, search, or analyze images of license plates or information associated with license plates, for the purpose of identifying or locating a vehicle.

"(4) Consent.—The term 'consent'—

"(A) means an affirmative, express, and voluntary agreement that—

"(i) states that the person providing the consent is providing consent to a government official to access the digital contents, access credential, or online account information, or other information being sought;

"(ii) specifies the type of content, access credential, or online account information the person is providing access to;

"(iii) specifies the time period of the covered vehicle data to be accessed;

"(iv) informs the person providing consent that consent is optional and that the government official attempting to obtain consent must otherwise acquire a warrant if consent is not obtained;

"(v) does not involve sanctions or the threat of sanctions for withholding consent; and

"(vi) uses clear, simple, and comprehensible language that is presented in a way that is accessible to the person providing consent; and

"(B) does not include consent obtained through agreement to a generic privacy policy or a terms of service agreement.

"(5) Covered vehicle data.—The term 'covered vehicle data'—

"(A) means all onboard and telematics data generated by, processed by, or stored on a noncommercial vehicle using computing, storage, and communication systems installed, attached to, or carried in the vehicle, including diagnostic data, entertainment system data, navigation data, images or data captured by onboard sensors or cameras, including images or data used to support automated features or autonomous driving, internet access, and communication to and from vehicle occupants;

"(B) includes data gathered by event data recorders; and

"(C) does not include—

"(i) automotive software installed by the manufacturer, as defined by applicable industry standards or regulations;

"(ii) any data subject to chapter 119 of this title or section 104 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1804); or

"(iii) data that is collected from outside the vehicle, including speed data and geolocation data, for purposes of traffic, law enforcement, or toll collection.

"(6) Event data recorder.—The term 'event data recorder' has the meaning given that term in section 563.5 of title 49, Code of Federal Regulations (as in effect on March 5, 2019).

"(7) Federal investigative or law enforcement officer.—The term 'Federal investigative or law enforcement officer' means any officer of the United States who is empowered by law to execute searches, to seize evidence, or to make arrests for a violation of any Federal law.

"(8) Noncommercial vehicle.—The term 'noncommercial vehicle' has the meaning given the term 'non-CMV' in section 383.5 of title 49, Code of Federal Regulations.

"(9) Vehicle operator.—The term 'vehicle operator' means—

"(A) a person who controls the operation of a vehicle at the time consent is sought; and

"(B) with respect to a vehicle that is not classified as a highly autonomous vehicle by the Secretary of Transportation, the driver of the vehicle.

"Sec. 2731. Prohibition on Federal access to vehicle data.

"(a) In general.—Except as provided in subsection (b), a Federal investigative or law enforcement officer may not access covered vehicle data unless pursuant to a warrant issued in accordance with the procedures described in rule 41 of the Federal Rules of Criminal Procedure by a court of competent jurisdiction, or as otherwise provided in this chapter or sections 104 and 303 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1804, 1823).

"(b) Exceptions.—

"(1) Consent.—

"(A) In general.—A Federal investigative or law enforcement officer may access covered vehicle data if—

"(i) the vehicle operator provides prior consent to such access; and

"(ii) no passenger 14 years of age or older objects to the access.

"(B) Vehicle owner.—If the vehicle operator cannot be located with reasonable effort, the vehicle owner or, in the case of a leased vehicle, the lessee, may provide consent under this paragraph.

"(C) Unlawful possession.—No individual may provide or withhold consent under this paragraph or object to another individual accessing covered vehicle data if the individual—

"(i) is the vehicle operator who is in unlawful possession of the vehicle; or

"(ii) is a passenger who unlawfully obtained access to the vehicle.

"(D) Oral consent.—Consent provided under this paragraph shall be in writing unless—

"(i) the person providing the consent requests that the consent be made orally; and

"(ii) the request for consent and the consent are recorded.

"(E) Consent of vehicle operator.—If the vehicle operator is not the owner of the vehicle and provides consent under this paragraph, the consent is valid only with respect to

covered vehicle data generated during the lawful possession and use of the vehicle by the vehicle operator.

"(2) Emergency.—

"(A) In general.—A Federal investigative or law enforcement officer, the Attorney General, the Deputy Attorney General, or the Associate Attorney General may access covered vehicle data if—

"(i) such officer reasonably determines that an emergency situation exists that—

"(I) involves immediate danger of death or serious physical injury to any person; and

"(II) requires access to covered vehicle data before such officer can, with due diligence, obtain a warrant;

"(ii) there are grounds upon which a warrant could be granted to authorize such access; and

"(iii) an application for a warrant approving such access is submitted to a court within 48 hours after the access has occurred or begins to occur.

"(B) Denial.—If an application for a warrant submitted pursuant to subparagraph (A)(iii) is denied, any covered vehicle data accessed under this paragraph shall be treated as having been obtained in violation of this chapter.

"(3) Event data recorder for motor vehicle safety.—In addition to the exceptions in paragraphs (1) and (2), data recorded or transmitted by an event data recorder may be accessed from a noncommercial vehicle if authorized by paragraph (3), (4), or (5) of section 24302(b) of the Driver Privacy Act of 2015 (49 U.S.C. 30101 note).

"(4) Rule of construction.—Nothing in this section shall be interpreted to require the transmission or storage of data that is not otherwise transmitted or stored, or the retrieval of data that is not generally retrievable.

“Sec. 2732. Prohibition on Federal access to automated license plate recognition data.

“(a) In general.—Except as provided in subsection (b), a Federal investigative or law enforcement officer may not access or query automated license plate recognition data, or task an automated license plate recognition system, unless pursuant to a warrant issued in accordance with the procedures described in rule 41 of the Federal Rules of Criminal Procedure by a court of competent jurisdiction. Such warrant shall particularly describe the license plate number or particular vehicle to which the warrant applies and specify the time period for which access, querying, or tasking is authorized.

“(b) Exceptions.—

“(1) Emergency.—

“(A) In general.—A Federal investigative or law enforcement officer may access or query automated license plate recognition data, or task an automated license plate recognition system, if—

“(i) such officer reasonably determines that an emergency situation exists that—

“(I) involves immediate danger of death or serious physical injury to any person; and

“(II) requires such conduct before such officer can, with due diligence, obtain a warrant;

“(ii) there are grounds upon which a warrant could be granted to authorize such conduct; and

“(iii) an application for a warrant approving such conduct is submitted to a court not later than 48 hours after such officer first engages in conduct authorized under this paragraph.

“(B) Failure to obtain warrant.—Any automated license plate recognition data accessed or obtained through conduct under this paragraph shall be treated as having been acquired in violation of this chapter unless a warrant is issued on an application timely submitted pursuant to subparagraph (A)(iii). Any ongoing access, querying, or tasking under this paragraph shall terminate immediately upon denial of the application.

“(2) Targeted hot-list comparison.—

“(A) In general.—A Federal investigative or law enforcement officer may, without a warrant, task an automated license plate recognition system to conduct, or access automated license plate recognition data resulting from, a comparison of automated license plate recognition data, as such data is generated, against—

“(i) a specific license plate number or vehicle characteristics sufficient to identify a particular vehicle contained in an official Federal, State, or local law enforcement database identifying a vehicle described in subparagraph (B); or

“(ii) a specific license plate number or vehicle characteristics sufficient to identify a particular vehicle entered for comparison after a Federal, State, or local law enforcement officer determines that the license plate number or vehicle characteristics are relevant and material to an investigation of a vehicle described in subparagraph (B).

“(B) Authorized vehicles.—A vehicle described in this subparagraph is a vehicle reasonably believed to be—

“(i) stolen;

“(ii) associated with a missing or endangered person; or

“(iii) related to or involved in a felony.

“(C) Limitations.—This paragraph does not authorize—

“(i) access to or a query of historical automated license plate recognition data;

“(ii) comparison against a license plate number or vehicle characteristics not specifically identified before the comparison is initiated; or

“(iii) access to automated license plate recognition data other than data associated with a resulting match or alert.

"Sec. 2733. Prohibition on use of acquired information as evidence.

"(a) In general.—If any any covered vehicle data or automated license plate recognition data has been acquired in violation of this chapter, no part of such information and no evidence derived therefrom may be used, received in evidence, or otherwise disseminated in any investigation, trial, hearing, or other proceeding by, in, or before any court, grand jury, department, officer, agency, regulatory body, legislative committee, or other authority of the United States, a State, or a political subdivision thereof.

"(b) Probable cause.—No data described in section 2731(b)(3) may be used to establish probable cause.".

(2) Technical and conforming amendments.—

(A) Driver Privacy Act of 2015.—Section 24302 of the Driver Privacy Act of 2015 (49 U.S.C. 30101 note) is amended—

(i) in subsection (b), in the matter preceding paragraph (1), by striking "Data" and inserting "Except as provided in subsection (c), data"; and

(ii) by adding at the end the following:

"(c) Federal investigative or law enforcement officers.—A Federal investigative or law enforcement officer (as defined in section 2730 of title 18, United States Code) may only access or retrieve data recorded or transmitted by an event data recorder described in subsection (a) in accordance with chapter 124 of title 18, United States Code.".

(B) Table of chapters.—The table of chapters for part I of title 18, United States Code, is amended by adding at the end the following:

"124. Accessing vehicle data ..... 2730".

SEC. 105. THE FOURTH AMENDMENT IS NOT FOR SALE.

(a) Records held by data brokers.—Section 2702 of title 18, United States Code, is amended by adding at the end the following:

"(e) Prohibition on obtaining in exchange for anything of value certain records and information by law enforcement and intelligence agencies.—

"(1) Definitions.—In this subsection:

"(A) the term 'biometric information'—

"(i) means any covered personal data that allows or confirms the unique identification or verification of an individual and is generated from the measurement or processing of unique biological, physical, or physiological characteristics, including—

"(I) fingerprints;

"(II) voice prints;

"(III) iris or retina imagery scans;

"(IV) facial or hand mapping, geometry, or templates; and

"(V) gait; and

"(ii) does not include—

"(I) a digital or physical photograph;

"(II) an audio or video recording; or

"(III) data derived from a digital or physical photograph or an audio or video recording that cannot be used to identify or authenticate a specific individual;

"(B) the term 'covered customer or subscriber record' means a covered record that is—

"(i) disclosed to any person or entity by—

"(I) an online service provider of which the covered person is a subscriber or customer; or

"(II) an intermediary or ancillary service provider that directly or indirectly delivers, transmits, stores, or processes communications or other covered personal data of such covered person;

"(ii) collected by any person or entity from an online account of a covered person; or

"(iii) collected by any person or entity from or about an electronic device of a covered person;

"(C) the term 'covered organization' means a person who—

"(i) is not a governmental entity; and

"(ii) is not an individual, unless such individual is an agent of, or otherwise acting on behalf of, a person who is not a governmental entity and is not an individual;

"(D) the term 'covered person' means—

"(i) a person who is located inside the United States; or

"(ii) a person—

"(I) who is located outside the United States or whose location cannot be determined; and

"(II) who is a United States person, as defined in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801);

"(E) the term 'covered personal data' means personal data relating to a covered person;

"(F) the term 'covered record'—

"(i) means a record or other information that—

"(I) relates to a covered person; and

"(II) is—

"(aa) a record or other information described in the matter preceding paragraph (1) of section 2703(c);

"(bb) the contents of a communication; or

"(cc) location information; and

"(ii) does not include a record or other information that—

"(I) has been voluntarily made available to the general public by a covered person on a social media platform or similar service;

"(II) is lawfully available to the public as a Federal, State, or local government record or through other widely distributed media; or

"(III) is obtained by a law enforcement agency of a governmental entity or an element of the intelligence community for the purpose of conducting a background check of a covered person—

"(aa) with the written consent of such person;

"(bb) for access or use by such agency or element for the purpose of such background check; and

"(cc) that is destroyed after the date on which it is no longer needed for such background check;

"(G) the term 'electronic device' has the meaning given the term 'computer' in section 1030(e);

"(H) the term 'illegitimately obtained information' means a covered record that—

"(i) was obtained—

"(I) from an online service provider in a manner that—

"(aa) violates the service agreement between the provider and customers or subscribers of the provider; or

"(bb) is inconsistent with the privacy policy of the provider;

"(II) by deceiving the covered person whose covered record was obtained; or

"(III) through the unauthorized accessing of an electronic device or online account; or

"(ii) was—

"(I) obtained from an online service provider or an intermediary or ancillary service provider; and

"(II) collected, processed, or shared in violation of a contract relating to the covered record;

"(I) the term 'intelligence community' has the meaning given that term in section 3 of the National Security Act of 1947 (50 U.S.C. 3003);

"(J) the term 'lawfully obtained public data' means covered personal data obtained by a particular covered organization—

"(i) that the covered organization reasonably understood to have been voluntarily made available to the general public by the covered person;

"(ii) that the covered organization obtained in compliance with all applicable laws and regulations; and

"(iii) if the covered organization did not initially obtain the covered personal data after the covered personal data was made available to the general public—

"(I) that the covered organization reasonably understood to have been obtained in compliance with all applicable laws and regulations by—

"(aa) the person that initially obtained the covered personal data; and

"(bb) if the covered organization did not obtain the covered personal data from the person described in item (aa), each other person in the sequence of transfers of the covered personal data leading up to the obtaining of the covered personal data by the covered organization; and

"(II) with respect to which the covered organization receives an attestation under penalty of perjury—

"(aa) by the person that initially obtained the covered personal data indicating that the covered personal data was voluntarily made available to the general public by the covered person and was obtained in compliance with all applicable laws and regulations; and

"(bb) if the covered organization did not obtain the covered personal data from the person described in item (aa), by each other person in the sequence of transfers of the covered personal data leading up to the obtaining of the covered personal data by the covered organization indicating that such person reasonably understood the data to have been lawfully obtained public data;

"(K) the term 'location information' means information derived or otherwise calculated from the transmission or reception of a radio signal that reveals the approximate or actual geographic location of a customer, subscriber, user, or device;

"(L) the term 'obtain in exchange for anything of value' means to obtain by purchasing, to receive in connection with services being provided for monetary or nonmonetary consideration, or to otherwise obtain in exchange for consideration, including an access fee, service fee, maintenance fee, or licensing fee;

"(M) the term 'online account' means an online account with an online service provider; and

"(N) the term 'personal data'—

"(i) means data, derived data, or any unique identifier that is linked to, or is reasonably linkable to, an individual or to an electronic device that is linked to, or is reasonably linkable to 1 or more individuals in a household;

"(ii) includes anonymized data that, if combined with other data, can be linked to, or is reasonably linkable to, an individual or to an electronic device that identifies, is linked to, or is reasonably linkable to 1 or more individuals in a household; and

"(iii) does not include data that is lawfully available through Federal, State, or local government records or through widely distributed media.

"(2) Limitation.—

"(A) In general.—

"(i) Prohibition on covered personal data.—Subject to clauses (ii) through (vii), a law enforcement agency of a governmental entity or an element of the intelligence community may not obtain in exchange for anything of value covered personal data if—

"(I) the covered personal data is directly or indirectly obtained from a covered organization; or

"(II) the covered personal data is derived from covered personal data that was directly or indirectly obtained from a covered organization.

"(ii) Exception for certain compilations of data.—A law enforcement agency of a governmental entity or an element of the intelligence community may obtain in exchange for anything of value covered personal data as part of a larger compilation of data which includes personal data about persons who are not covered persons, if—

"(I) the law enforcement agency of a governmental entity or element of the intelligence community is unable through reasonable means to exclude covered personal data from the larger compilation obtained; and

"(II) the law enforcement agency of a governmental entity or element of the intelligence community minimizes any covered personal data from the larger compilation in accordance with the requirements described in paragraph (5).

"(iii) Exception for whistleblower disclosures to law enforcement.—Clause (i) shall not apply to covered personal data that is obtained by a law enforcement agency of a governmental entity or an element of the intelligence community under a program established by an Act of Congress under which a portion of a penalty or a similar payment or bounty is paid to an individual who discloses information about an unlawful activity to the Government, such as the program authorized under section 7623 of the Internal Revenue Code of 1986.

"(iv) Exception for cost reimbursement under compulsory legal process.—Clause (i) shall not apply to covered personal data that is obtained by a law enforcement agency of a governmental entity or an element of the intelligence community from a covered organization in accordance with compulsory legal process that—

"(I) is established by statute; and

"(II) provides for the reimbursement of costs of the covered organization that are incurred in connection with providing the record or information to the law enforcement agency of a governmental entity or element of the intelligence community, such as the reimbursement of costs under section 2706.

"(v) Exception for employment-related use.—Clause (i) shall not apply to covered personal data about an employee of, or applicant for employment by, a law enforcement agency of a governmental entity or an element of the intelligence community that is—

"(I) obtained by the law enforcement agency of a governmental entity or element of the intelligence community for lawful employment-related purposes;

"(II) accessed and used by the law enforcement agency of a governmental entity or element of the intelligence community only for such employment-related purposes; and

"(III) destroyed at such time as the covered personal data is no longer needed for employment-related purposes.

"(vi) Exception for use in background checks.—Clause (i) shall not apply to covered personal data about a covered person that is—

"(I) obtained by a law enforcement agency of a governmental entity or an element of the intelligence community for purposes of conducting a background check of the covered person with the written consent of the covered person;

"(II) accessed and used by the law enforcement agency of a governmental entity or element of the intelligence community only for background check-related purposes; and

"(III) destroyed at such time as the covered personal data is no longer needed for background check-related purposes.

"(vii) Exception for lawfully obtained public data.—

"(I) In general.—Except as provided in subclause (II) or (III), clause (i) shall not apply to covered personal data that is obtained by a law enforcement agency of a governmental entity or an element of the intelligence community if—

"(aa) the law enforcement agency of a governmental entity or element of the intelligence community reasonably believes that—

"(AA) the covered personal data is lawfully obtained public data; or

"(BB) the covered personal data is derived from covered personal data that solely consists of lawfully obtained public data; and

"(bb) the law enforcement agency of a governmental entity or element of the intelligence community receives—

"(AA) an attestation under penalty of perjury from the person providing the covered personal data that the covered personal data is lawfully obtained public data or is derived from covered personal data that solely consists of lawfully obtained public data; and

"(BB) each attestation described in paragraph (1)(J)(iii)(II) with respect to the lawfully obtained public data.

"(II) Exception for biometric information.—The exception under subclause (I) shall not apply to biometric information.

"(III) Exception for location information.—The exception under subclause (I) shall not apply to location information.

"(viii) Additional prohibition on covered customer or subscriber records and illegitimately obtained information.—A law enforcement agency of a governmental entity or an element of the intelligence community may not obtain in exchange for anything of value from any person or entity a covered customer or subscriber record or any illegitimately obtained information.

"(B) Indirectly acquired records and information.—The limitations under subparagraph (A) shall apply without regard to whether the covered organization or other person or entity possessing the covered personal data, covered customer or subscriber record, or illegitimately obtained information is the person or entity that initially obtained, collected, or received the disclosure of such data, record, or information.

"(3) Limit on sharing between agencies.—

"(A) In general.—A law enforcement agency of a governmental entity or an element of the intelligence community may not acquire, receive, query, or otherwise obtain or access covered personal data, a covered customer or subscriber record, or illegitimately obtained information from any governmental entity, if the covered personal data, covered customer or subscriber record, or illegitimately obtained information was obtained by that governmental entity in a manner that would violate paragraph (2) if the law enforcement agency of a governmental entity or element of the intelligence community directly obtained

the covered personal data, covered customer or subscriber record, or illegitimately obtained information in a like manner.

"(B) Causation not required.—The prohibition in subparagraph (A) shall apply without regard to whether the law enforcement agency of a governmental entity or element of the intelligence community caused the governmental entity to obtain the covered personal data, covered customer or subscriber record, or illegitimately obtained information.

"(C) Attestation required.—A law enforcement agency of a governmental entity or an element of the intelligence community may only acquire, receive, query, or otherwise obtain or access covered personal data, a covered customer or subscriber record, or illegitimately obtained information from another governmental entity if the law enforcement agency of a governmental entity or element of the intelligence community obtains an attestation that such data, record, or information was not obtained by that governmental entity in a manner that would violate paragraph (2) if the law enforcement agency of a governmental entity or element of the intelligence community directly obtained the data, record, or information in a like manner.

"(D) Destruction upon acquisition of knowledge.—If a law enforcement agency of a governmental entity or an element of the intelligence community learns that it previously acquired, queried, or otherwise obtained or accessed covered personal data, a covered customer or subscriber record, or illegitimately obtained information from any governmental entity that obtained such data, record, or information in a manner described in subparagraph (A), the law enforcement agency of a governmental entity or element of the intelligence community may not use or disseminate the data, record, or information or any information derived therefrom, and shall promptly destroy any such data, record, or information that is still retained.

"(4) Prohibition on use as evidence.—

"(A) In general.—Covered personal data, a covered customer or subscriber record, or illegitimately obtained information acquired, received, queried, or otherwise obtained or accessed by a law enforcement agency of a governmental entity or an element of the intelligence community in violation of paragraph (2) or (3), and any evidence derived therefrom, may not be used, received in evidence, or otherwise disseminated in any investigation, trial, hearing, or other proceeding in or before any court, grand jury, department, officer, agency, regulatory body, legislative committee, or other authority of the United States, a State, or a political subdivision thereof.

"(B) Use by aggrieved parties.—Nothing in subparagraph (A) shall be construed to limit the use of covered personal data, a covered customer or subscriber record, or illegitimately obtained information by a covered person aggrieved by a violation of paragraph (2) or (3) in connection with any action relating to such a violation.

"(5) Minimization procedures.—

"(A) In general.—The Attorney General shall adopt specific procedures that are reasonably designed to minimize the acquisition and retention, and prohibit the dissemination, of covered personal data, covered customer or subscriber records, and illegitimately obtained information acquired in violation of paragraph (2) or (3).

"(B) Use by agencies.—If a law enforcement agency of a governmental entity or an element of the intelligence community acquires covered personal data, a covered customer or subscriber record, or illegitimately obtained information in violation of paragraph (2) or (3), the agency or element shall minimize the acquisition and retention, and prohibit the dissemination, of such data, records, and information in accordance with the procedures adopted under subparagraph (A).".

(b) Required disclosure.—Section 2703 of title 18, United States Code, as amended by this Act, is further amended by adding at the end the following:

"(n) Covered personal data.—

"(1) Definitions.—In this subsection, the terms 'covered organization' and 'covered personal data' have the meanings given such terms in section 2702(e).

"(2) Limitation.—Unless a governmental entity obtains an order in accordance with paragraph (3), the governmental entity may not require a covered organization that is not an online service provider to disclose covered personal data if a court order would be required for the governmental entity to require an online service provider to disclose such covered personal data that is a record of a customer or subscriber of the online service provider.

"(3) Orders.—

"(A) In general.—A court may only issue an order requiring a covered organization that is not an online service provider to disclose covered personal data on the same basis and subject to the same limitations as would apply to a court order to require disclosure by an online service provider.

"(B) Standard.—For purposes of subparagraph (A), a court shall apply the most stringent standard under Federal statute or the Constitution of the United States that would be applicable to a request for a court order to require a comparable disclosure by an online service provider of comparable records of a customer or subscriber of the online service provider.".

(c) Intermediary and ancillary service providers.—

(1) Definition.—Subsection (a) of section 2711 of title 18, United States Code, as amended by this Act, is further amended by adding at the end the following:

"(9) the term 'intermediary or ancillary service provider' means an entity or facilities owner or operator that directly or indirectly delivers, transmits, stores, or processes communications or any other covered personal data (as defined in section 2702(e)) for, or on behalf of, an online service provider.".

(2) Prohibition.—Section 2702(a) of title 18, United States Code, is amended—

(A) in paragraph (1), by striking "and" at the end;

(B) in paragraph (2)(B), by striking "and" at the end;

(C) in paragraph (3), by striking the period at the end and inserting "; and"; and

(D) by adding at the end the following:

"(4) an intermediary or ancillary service provider may not knowingly disclose—

"(A) to any person or entity the contents of a communication while in electronic storage by that intermediary or ancillary service provider; or

"(B) to any governmental entity a record or other information pertaining to a subscriber to or customer of, a recipient of a communication from a subscriber to or customer of, or the sender of a communication to a subscriber to or customer of, the online service provider for, or on behalf of, which the intermediary or ancillary service provider directly or indirectly delivers, transmits, stores, or processes communications or any other covered personal data (as defined in subsection (e)).".

(d) Limit on civil immunity for providing information, facilities, or technical assistance to the Government absent a court order.—Section 2511(2)(a) of title 18, United States Code, is amended—

(1) in subparagraph (ii), by striking clause (B) and inserting the following:

"(B) a certification in writing—

"(I) by a person specified in section 2518(7) or the Attorney General of the United States;

"(II) that the requirements for an emergency authorization to intercept a wire, oral, or electronic communication under section 2518(7) have been met; and

"(III) that the specified assistance is required,"; and

(2) by striking subparagraph (iii) and inserting the following:

"(iii) For assistance provided pursuant to a certification under subparagraph (ii)(B), the limitation on causes of action under the last sentence of the matter following subparagraph (ii)(B) shall only apply to the extent that the assistance ceased at the earliest of the time the application for a court order was denied, the time the communication sought was obtained, or 48 hours after the interception began.".

SEC. 106. ELIGIBILITY FOR BYRNE GRANT PROGRAM.

(a) Requirements for Byrne grant eligibility.—Beginning in the 2028 fiscal year, except as permitted by subsection (b), a State or unit of local government (other than an Indian Tribe) may not receive funds under the Byrne grant program for that fiscal year unless, on the day before the first day of the fiscal year, the State or unit of local government—

(1) has submitted the required records to the National Police Misconduct Registry established under section 189;

(2) has submitted to the Attorney General evidence that the State or unit of local government has a certification and decertification program for purposes of employment as a law enforcement officer in that State or unit of local government which is consistent with the rules made under section 188;

(3) (A) has submitted to the Attorney General the percentage of people released after a sentence of more than 1 year who had valid photo identification during the 12 months ending June 30 of that year; and

(B) achieved a percentage above the threshold for the upcoming fiscal year:

(i) for fiscal year 2028, 25 percent;

(ii) for fiscal year 2029, 80 percent;

(iii) for fiscal year 2030 and beyond, 97 percent; and

(4) (A) has submitted to the Attorney General the percentage of criminal cases where payment of money was a condition of pretrial release during the 12 months ending June 30 of that year; and

(B) achieved a percentage below the threshold for the upcoming fiscal year:

(i) for fiscal year 2028, 75 percent;

(ii) for fiscal year 2029, 50 percent;

(iii) for fiscal year 2030, 25 percent;

(iv) for fiscal year 2031 and beyond, 10 percent.

(5) has implemented, for all courts of record of the State or unit of local government, a system under which—

(A) each precedential judicial opinion and order is assigned a neutral citation (as such term is defined in section 153 of the POPULIST Act); and

(B) such neutral citation is sufficient by itself for citation in all courts of the State or unit of local government and is not required to be accompanied by a proprietary reporter citation.

(b) Partial eligibility.—A State or unit of local government who is ineligible for the Byrne grant program solely as a result of not fully meeting the eligibility criteria in subsection (a) may receive a partial grant. Notwithstanding the provisions of section 10156 of title 34, United States Code, any grant authorized by this subsection shall not exceed a percentage of the amount of the Byrne grant in the previous fiscal year, calculated as the sum of the following—

(1) for compliance with (a)(1), 20 percent;

(2) for compliance with (a)(2), 25 percent;

(3) for compliance with (a)(3), 20 percent;

(4) for compliance with (a)(4), 20 percent;

(5) for compliance with (a)(5)(A), 10 percent; and

(6) for compliance with (a)(5)(B), 15 percent.

Subtitle A—Jubilee Reform

SEC. 111. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) The concept of a jubilee, drawn from the biblical tradition, recognized that societies accumulate not only financial obligations but also moral debts that must regularly be forgiven. Such jubilees, said to occur every 50 years, proclaimed liberty throughout the land, included the release of those held in enslavement or incarceration.

(2) As the United States marks its 250th birthday, a national jubilee is an opportunity to confront moral failures such as our system of mass incarceration, which has inflicted lasting harm on individuals, families, and communities and stands as a spiritual stain on the soul of the United States of America.

(3) Federal sentencing policy adopted over the last 4 decades, including mandatory minimum penalties and rigid sentencing frameworks, has produced excessive and disproportionate terms of imprisonment, shifted power away from judges toward inflexible statutory rules, and undermined the Constitutional goal of individualized justice.

(4) Extended incarceration yields sharply diminishing public safety returns after substantial time served, while imposing escalating human, fiscal, and institutional costs, including the maintenance of a large aging prison population that poses little risk to public safety and requires increasingly expensive medical and custodial care.

(5) The abolition of Federal parole eliminated individualized and ongoing review of incarceration decisions, replacing it with fixed sentencing assumptions made at a single point in time, regardless of later maturation, rehabilitation, changed circumstances, or demonstrated readiness for reintegration.

(6) Parole and second-look mechanisms conditioned on conduct, rehabilitation, and public safety promote accountability rather than leniency, reinforce respect for the law, and better align punishment with the Constitutional purposes of sentencing than irreversible and inflexible incarceration schemes. Retroactive application is necessary to restore equal treatment under law.

(7) The continued operation of the Guantanamo Bay military prison, including the prolonged detention of individuals without charge or trial, represents a continuing failure of justice, departs from Constitutional principles, due process, and the rule of law, and has caused lasting damage to the moral authority of the United States at home and abroad.

(8) Congress has the authority and the responsibility to correct systemic injustices it has created, including unjust sentencing regimes and unlawful detention practices, and to restore liberty in a manner consistent with public safety, Constitutional values, and human dignity.

(b) Purpose.—The purposes of this subtitle are—

(1) to mark a Jubilee in the United States' 250th year through forgiveness of excessive punishment, restoration of liberty, and renewal of justice; and

(2) to reform Federal sentencing and incarceration policy in a manner that recognizes the inherent human capacity for growth, rehabilitation, and self-improvement, while protecting public safety and upholding the Constitution.

SEC. 112. REPEAL OF MANDATORY MINIMUMS.

(a) Refusal of congressional witness to testify or produce papers.—Section 192 of title 2, United States Code, is amended by striking "less than one month nor".

(b) Contested election witness process.—Section 390 of title 2, United States Code, is amended—

(1) by striking "subpenaed" and inserting "subpoenaed"; and

(2) by striking "less than one month nor".

(c) Commodity Exchange Act enforcement penalties.—Section 13a of title 7, United States Code, is amended by striking "less than six months nor more than one year" and inserting "more than 1 year".

(d) Cotton futures contract penalties.—Section 15b(k) of title 7, United States Code, is amended by striking "less than 30 days nor".

(e) Federal Seed Act penalties.—Section 195(3) of title 7, United States Code, is amended by striking "less than six months nor".

(f) Nutrition assistance fraud.—Section 2024 of title 7, United States Code, is amended—

(1) in subsection (b)(1), in the matter following "upon the second and any subsequent conviction thereof", by striking "shall be imprisoned for not less than six months nor more than five years" and inserting "shall be imprisoned for not more than 5 years"; and

(2) in subsection (c), in the matter following "upon the second and any subsequent conviction thereof", by striking "shall be imprisoned for not less than one year nor more than five years" and inserting "shall be imprisoned for not more than 5 years".

(g) Bringing in certain noncitizens.—Section 1324(a)(2)(B) of title 8, United States Code, is amended in the matter following clause (iii)—

(1) by striking "less than 3 nor"; and

(2) by striking "less than 5 nor".

(h) Reentry after deportation.—Section 1326(b)(3) of title 8, United States Code, is amended after "imprisoned for a period of" by inserting "not more than".

(i) Foreign banking price-fixing offenses.—Section 617 of title 12, United States Code, is amended by striking "less than one year and not".

(j) Foreign banking officer offenses.—Section 630 of title 12, United States Code, is amended by striking "less than two years nor".

(k) Import restraint penalties.—Section 8 of title 15, United States Code, is amended by striking "less than three months nor".

(l) Ballistic knife penalties.—Section 1245(b) of title 15, United States Code, is amended by striking "not less than five years and".

(m) Destruction of motor vehicles carrying radioactive or nuclear material.—Section 33(b) of title 18, United States Code, is amended by striking "imprisoned for any term of years not less than 30, or for life" and inserting "subject to imprisonment for any term of years or to life imprisonment".

(n) Continuing financial crimes enterprise.—Section 225(a) of title 18, United States Code, is amended in the matter following paragraph (2) by striking "a term of not less than 10 years and" and inserting "any term of years".

(o) Chemical weapons penalties.—Section 229A(a)(2) of title 18, United States Code, is amended by striking "punished by death or imprisoned for life" and inserting "subject to imprisonment for any term of years, or to the death penalty, or to life imprisonment".

(p) Explosives and arson penalties.—Section 844 of title 18, United States Code, is amended—

(1) in subsection (f)—

(A) in paragraph (1) by striking "not less than 5 years and";

(B) in paragraph (2) by striking "not less than 7 years and"; and

(C) in paragraph (3) by striking "shall be subject to the death penalty, or imprisoned for not less than 20 years or for life" and inserting "shall be subject to imprisonment for any term of years, which may be life, or to the death penalty";

(2) in subsection (h), by amending the matter following paragraph (2) to read as follows—

"including a felony which provides for an enhanced punishment if committed by the use of a deadly or dangerous weapon or device may be sentenced to an additional term of imprisonment for not more than 10 years. In the case of a second or subsequent conviction under this subsection, such person may be sentenced to imprisonment for not more than 20 years."; and

(3) in subsection (i)—

(A) by striking "not less than 5 years and"; and

(B) by striking "not less than 7 years and".

(q) Firearms mandatory minimums.—Section 924 of title 18, United States Code, is amended by striking subsections (c) and (e).

(r) Restricted ammunition penalties.—Section 929 of title 18, United States Code, is amended to read as follows:

"(a) (1) Whoever, during and in relation to the commission of a crime of violence or drug trafficking crime (including a crime of violence or drug trafficking crime which provides for an enhanced punishment if committed by the use of a deadly or dangerous weapon or device) for which such person may be prosecuted in a court of the United States, uses or carries a firearm

and is in possession of armor piercing ammunition capable of being fired in such firearm, may be sentenced to an additional term of imprisonment of not more than 5 years.

"(2) For purposes of this subsection, the term 'drug trafficking crime' means any felony punishable under the Controlled Substances Act (21 U.S.C. 801 et seq.), the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.), or chapter 705 of title 46.".

(s) Aggravated identity theft.—Section 1028A of title 18, United States Code, is amended—

(1) in subsection (a)—

(A) by striking "shall" each place it occurs and inserting "may";

(B) in paragraph (1) by inserting "not more than" before "2 years"; and

(C) in paragraph (2) by inserting "not more than" before "5 years"; and

(2) by striking subsection (b).

(t) Murder within special jurisdictions.—Section 1111(b) of title 18, United States Code, is amended to read as follows—

"(b) Within the special maritime and territorial jurisdiction of the United States:

"(1) Whoever is guilty of murder in the first degree shall be punished by death or by imprisonment for any term of years or for life; and

"(2) Whoever is guilty of murder in the second degree, shall be imprisoned for any term of years or for life.".

(u) Murder by prisoner serving life sentence.—Section 1118(a) of title 18, United States Code, is amended to read as follows—

"(a) Offense.—A person who, while confined in a Federal correctional institution under a sentence for a term of life imprisonment, commits the murder of another shall be punished by death or by imprisonment for any term of years or by life imprisonment.".

(v) Protection of persons aiding Federal investigations.—Section 1122(c) of title 18, United States Code, is amended by striking "less than 1 year nor".

(w) Kidnapping.—Section 1201 of title 18, United States Code, is amended—

(1) in the matter following subsection (a)(5) to read as follows—

"shall be punished by imprisonment for any term of years or for life and, if the death of any person results, shall be punished by death or imprisonment for any term of years or for life."; and

(2) in the matter following subsection (g)(1)(B) to read as follows—

"the sentence under this section for such offense shall include imprisonment for any term of years.".

(x) Hostage taking.—Section 1203(a) of title 18, United States Code, is amended after "punished by death or" by inserting "imprisonment for any term of years or to".

(y) Animal fighting attendance.—Section 1389(a)(3) of title 18, United States Code, is amended by striking "less than 6 months nor".

(z) Piracy offenses.—Sections 1651, 1652, 1653, 1655, and 1661 of title 18, United States Code, are amended by striking "imprisoned for life" and inserting "subject to imprisonment for any term of years or to life imprisonment.".

(aa) Plunder of vessel.—Section 1658(b) of title 18, United States Code, is amended by striking "not less than ten years and may be imprisoned" and inserting "for any term of years or".

(bb) Civil service exam fraud.—Section 1917 of title 18, United States Code, is amended in the matter following paragraph (4) by striking "less than ten days nor".

(cc) Murder for hire.—Section 1958(a) of title 18, United States Code, is amended by striking "shall be punished by death or life imprisonment" and inserting "may be punished by death or imprisoned for any term of years or for life".

(dd) Bank robbery and incidental crimes.—Section 2113(e) of title 18, United States Code, is amended by striking "shall be imprisoned not less than ten years, or if death results shall be punished by death or life imprisonment" and inserting "shall be subject to imprisonment for any term of years, or if death results shall be punished by death or imprisonment for any term of years, which may be life.".

(ee) Aggravated sexual abuse of children.—Section 2241(c) of title 18, United States Code, is amended—

(1) by striking "not less than 30 years or for life. If the defendant" and inserting "any term of years or for life. A defendant who";

(2) by striking "unless the death penalty is imposed, the defendant shall be sentenced to life in prison" and inserting "shall be sentenced to imprisonment for any term of years, or to the death penalty, or to life in prison".

(ff) Sexual exploitation of children.—Section 2251(e) of title 18, United States Code, is amended—

(1) by striking "less than 15 years nor";

(2) by striking "less than 25 years nor";

(3) by striking "imprisoned not less than 35 years nor more than life" and inserting "subject to imprisonment for any term of years or to life imprisonment"; and

(4) by striking "shall be punished by death or imprisoned for not less than 30 years or for life" and inserting "subject to imprisonment for any term of years, or to the death penalty, or to life imprisonment".

(gg) Child pornography conspiracy.—Section 2252(b) of title 18, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking "less than 5 years and not"; and

(B) by striking "less than 15 years and not"; and

(2) in paragraph (2) by striking "less than 10 years nor".

(hh) Child pornography distribution.—Section 2252A of title 18, United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "less than 5 years and not"; and

(ii) by striking "less than 15 years and not"; and

(B) in paragraph (2) by striking "less than 10 years nor"; and

(2) in subsection (g)(1) by striking "not less than 20".

(ii) Recordkeeping violation, second offense.—Section 2257(i) of title 18, United States Code, is amended by striking "imprisoned for any period of years not more than 10 years but not less than 2 years" and inserting "imprisoned for not more than 10 years".

(jj) Certain penalties for registered sex offenders.—Section 2260A of title 18, United States Code, is amended by striking "shall be sentenced to a term of imprisonment of 10 years" and inserting "may be sentenced to a term of imprisonment of not more than 10 years".

(kk) Interstate domestic violence.—Section 2261(b)(6) of title 18, United States Code, is amended by striking "not less than 1 year" and inserting "not more than 5 years".

(ll) Coercion, enticement, and transportation involving minors.—Section 2422(b) and section 2423(a) of title 18, United States Code, are amended by striking "imprisoned not less than 10 years or for life" and inserting "imprisoned for any term of years or for life.".

(mm) Serious violent felony sentencing.—Section 3559 of title 18, United States Code, is amended—

(1) in subsection (c)(1) to read as follows—

"(1) Penalty.—Notwithstanding any other provision of law, a person who is convicted in a court of the United States of a serious violent felony shall be subject to imprisonment for any term of years or for life, if—";

(2) in subsection (d)(1) by striking "imprisonment for life" and inserting "imprisonment for any term of years, or for life."; and

(3) by repealing subsections (e)-(f).

(nn) Customs officer bribery.—Section 283 of title 19, United States Code, is amended by striking "not less than three months".

(oo) Narcotic farm escape.—Section 212 of title 21, United States Code, is amended by striking "not less than one month and".

(pp) Poison prevention packaging violations.—Section 622 of title 21, United States Code, is amended by striking "less than one year nor".

(qq) Continuing criminal enterprise.—Section 848 of title 21, United States Code, is amended—

(1) in subsection (a) by—

(A) striking "not be less than 20 years and which may be up to life imprisonment" and inserting "for any term of years or for life";

(B) striking "of him" and inserting "of such person"; and

(C) striking "he shall be sentenced to a term of imprisonment which may not be less than 30 years and which may be up to life imprisonment" and inserting "they shall be sentenced to imprisonment for any term of years up to life";

(2) in subsection (c), by striking "he violates" and inserting "they violate";

(3) by striking subsection (d); and

(4) in subsection (e)(1), in paragraphs (A) and (B) by striking "which shall not be less than 20 years, and".

(rr) Consular officer neglect or malfeasance.—Section 4221 of title 22, United States Code, is amended—

(1) by striking "whenever he is required or deems" and inserting "whenever required or when such officer deems";

(2) by striking "he shall" and inserting "they shall";

(3) by striking "nor less than one year"; and

(4) by striking "he may" and inserting "they may".

(ss) Obstruction of navigable waters.—Section 410 of title 33, United States Code, is amended in the undesignated second paragraph—

(1) by striking "shall have power, and he";

(2) by striking "he may at any time modify" and inserting "may be modified at any time"; and

(3) by striking "not less than thirty days nor".

(tt) Harbor-related offenses.—Section 411 of title 33, United States Code, is amended by striking "less than thirty days nor".

(uu) Interference with aids to navigation.—Section 447 of title 33, United States Code, is amended by striking "less than six months nor".

(vv) Atomic energy sabotage.—Section 2272(b) of title 42, United States Code, is amended—

(1) by striking "not less than 25 years" and inserting "for any term of years";

(2) by striking "not less than 30 years" and inserting "for any term of years"; and

(3) by striking "punished by imprisonment for life" and inserting "subject to imprisonment for any term of years which may be life".

(ww) Maritime drug law enforcement penalties.—Section 58109(a) of title 46, United States Code, is amended by striking "at least one year but".

(xx) Communications Act offenses.—Section 13 of title 47, United States Code, is amended by striking "may be imprisoned not less than six months" and inserting "may be imprisoned not more than 1 year".

(yy) Communications carrier recordkeeping offenses.—Section 220(e) of title 47, United States Code, is amended by striking "less than one year nor".

(zz) Aircraft piracy.—Section 46502 of title 49, United States Code, is amended:

(1) in subsection (a)(2)(A) and subsection (b)(1) by striking "imprisoned for at least 20 years" and inserting "subject to imprisonment for any term of years"; and

(2) in subsection (a)(2)(B) and subsection (b)(2) by striking "put to death or imprisoned for life" and inserting "subject to imprisonment for any term of years, or to the death penalty, or to life imprisonment".

SEC. 113. MODIFICATION OF CERTAIN TERMS OF IMPRISONMENT.

(a) In general.—Subchapter C of chapter 229 of title 18, United States Code, is amended by inserting after section 3626 the following:

"Sec. 3627. Modification of certain terms of imprisonment.

"(a) In general.—Notwithstanding any other provision of law, a court may reduce a term of imprisonment imposed upon a defendant if—

"(1) the defendant—

"(A) was sentenced to a term of imprisonment of more than 10 years and has served not less than 10 years in custody for the offense; or

"(B) is under a criminal justice sentence for a Jubilee-eligible offense; and

"(2) the court finds, after considering the factors set forth in subsection (e), that—

"(A) the defendant—

"(i) is not a danger to the safety of any person or the community; and

"(ii) demonstrates readiness for reentry; and

"(B) the interests of justice warrant a sentence modification.

"(b) Jubilee review.—

"(1) In general.—For any individual who is under a criminal justice sentence for a Jubilee-eligible offense, the court that imposed the sentence shall, on motion of the individual, the Director of the Bureau of Prisons, the attorney for the Government, or the court, conduct a sentencing review hearing. If the individual is indigent, counsel shall be appointed under section 3006A to represent the individual in any sentencing review proceedings under this subsection.

"(2) Jubilee-eligible offenses.—There is a rebuttable presumption that a court shall reduce a term of imprisonment imposed upon a defendant if the term of imprisonment resulted, in whole or in part, from a Jubilee-eligible offense.

"(c) Supervised release.—

"(1) In general.—Any defendant whose sentence is reduced pursuant to subsection (a) may be ordered to serve—

"(A) the term of supervised release included as part of the original sentence imposed on the defendant; or

"(B) in the case of a defendant whose original sentence did not include a term of supervised release, a term of supervised release not to exceed the authorized terms of supervised release described in section 3583.

"(2) Conditions of supervised release.—The conditions of supervised release and any modification or revocation of the term of supervised release shall be in accordance with section 3583.

"(d) Jubilee-eligible offenses expunged.—After a sentencing hearing under subsection (b), a court may—

"(1) expunge each conviction or adjudication of juvenile delinquency for a Jubilee-eligible offense entered by the court before the date of enactment of this Act, and any associated arrest;

"(2) vacate the existing sentence or disposition of juvenile delinquency and, if applicable, impose any remaining sentence or disposition of juvenile delinquency on the individual as if the POPULIST Act, and the amendments made by such Act, were in effect at the time the offense was committed; and

"(3) order that all records related to a conviction or adjudication of juvenile delinquency that has been expunged or a sentence or disposition of juvenile delinquency that has been vacated under such Act be sealed and only be made available by further order of the court.

"(e) Factors and information to be considered in determining whether to modify a term of imprisonment.—

"(1) In general.—The court, in determining whether to reduce a term of imprisonment pursuant to subsection (a)—

"(A) may consider the factors described in section 3553(a), including the nature of the offense and the history and characteristics of the defendant; and

"(B) shall consider—

"(i) the age of the defendant at the time of the offense;

"(ii) the age of the defendant at the time of the sentence modification petition and relevant data regarding the decline in criminality as the age of defendants increase;

"(iii) any presentation of argument and evidence by counsel for the defendant;

"(iv) a report and recommendation of the Bureau of Prisons, including information on whether the defendant has substantially complied with the rules of each institution in which the defendant has been confined and whether the defendant has completed any educational, vocational, or other prison program, where available;

"(v) any report and recommendation of the United States attorney for any district in which an offense for which the defendant is imprisoned was prosecuted;

"(vi) whether the defendant has demonstrated maturity, rehabilitation, and a fitness to reenter society sufficient to justify a sentence reduction;

"(vii) any statement, which may be presented orally or otherwise, by any victim of an offense for which the defendant is imprisoned or by a family member of the victim if the victim is deceased;

"(viii) any report from a physical, mental, or psychiatric examination of the defendant conducted by a licensed health care professional;

"(ix) the family and community circumstances of the defendant, including any history of abuse, trauma, or involvement in the child welfare system, and the potential benefits to children and family members of reunification with the defendant;

"(x) the role of the defendant in the offense and whether, and to what extent, an adult was involved in the offense if the defendant was a juvenile at the time of the offense;

"(xi) the diminished culpability of juveniles as compared to that of adults, and the hallmark features of youth, including immaturity, impetuosity, and failure to appreciate risks and consequences, if the defendant was a juvenile at the time of the offense;

"(xii) the availability to the defendant of opportunities to participate in a reintegration or reentry program, including access to a reintegration program such as a program established pursuant to section 114 of the POPULIST Act, if applicable;

"(xiii) if the defendant is enrolled in the American Union Jobs Program (42 U.S.C. 1398A et seq.), the anticipated impact of the financial stability provided by such program on the defendant's successful reentry and reduced risk of recidivism; and

"(xiv) any other information the court determines relevant to the decision of the court.

"(2) Rebuttable presumption.—In the case of a defendant who is 50 years of age or older on the date on which the defendant files an application for a sentence reduction under

subsection (a), there shall be a rebuttable presumption that the defendant shall be released, absent specific findings on public safety, victim impact, or individualized risk.

"(f) Limitation on applications pursuant to this section.—

"(1) Second application.—Not earlier than 5 years after the date on which an order denying release on an initial application under this section becomes final, a court shall entertain a second application by the same defendant under this section.

"(2) Third application.—Not earlier than 2 years after the date on which an order entered by a court on a second application under paragraph (1) becomes final, a court shall entertain a third application by the same defendant under this section.

"(3) Final application.—A court shall entertain a final application if the defendant—

"(A) is 50 years of age or older; and

"(B) has exhausted the sentencing modification process.

"(g) Procedures.—

"(1) Notice.—Not later than 30 days after the date on which the 10th year of imprisonment begins for a defendant sentenced to more than 10 years of imprisonment for an offense, the Bureau of Prisons shall provide written notice of this section to—

"(A) the defendant; and

"(B) the sentencing court, the United States attorney, and the Federal Public Defender or Executive Director of the Community Defender Organization for the judicial district in which the sentence described in this paragraph was imposed.

"(2) Application.—

"(A) In general.—An application for a sentence reduction under this section shall be filed in the judicial district in which the sentence was imposed as a motion to reduce the sentence of the defendant pursuant to this section and may include affidavits or other written material.

"(B) Requirement.—A motion to reduce a sentence under this section shall be filed with the sentencing court and a copy shall be served on the United States attorney for the judicial district in which the sentence was imposed.

"(3) Expanding the record; hearing.—

"(A) Expanding the record.—After the filing of a motion to reduce a sentence under this section, the court may direct the parties to expand the record by submitting additional written materials relating to the motion.

"(B) Hearing.—

"(i) In general.—The court shall, upon request of the defendant or the Government, conduct a hearing on the motion, at which the defendant and counsel for the defendant shall be given the opportunity to be heard.

"(ii) Evidence.—In a hearing under this section, the court shall allow parties to present evidence.

"(iii) Defendant's presence.—At a hearing under this section, the defendant shall be present unless the defendant waives such privilege. The requirement under this clause may be satisfied by the defendant appearing by video teleconference.

"(iv) Counsel.—A defendant who is unable to afford counsel is entitled to have counsel appointed, at no cost to the defendant, to represent the defendant for the application and proceedings under this section, including any appeal, unless the defendant, having been advised by the court, knowingly and expressly waives such privilege.

"(v) Findings.—The court shall state in open court, and file in writing, the reasons for granting or denying a motion under this section.

"(C) Appeal.—The Government or the defendant may file a notice of appeal in the district court for review of a final order under this section. The time limit for filing such appeal shall be governed by rule 4(b) of the Federal Rules of Appellate Procedure.

"(4) Crime victims notified.—Upon receiving an application under paragraph (2), the United States attorney shall provide any notifications required under section 3771.

"(h) Annual report.—

"(1) In general.—Not later than 1 year after the date of enactment of this section, and once every year thereafter, the United States Sentencing Commission shall submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report on requests for sentence reductions under this section and shall publish the report on a publicly accessible website.

"(2) Contents.—Each report required to be published under paragraph (1) shall include, for the 1-year period preceding the report—

"(A) the number of—

"(i) incarcerated individuals who were granted a sentence reduction under this section;

"(ii) incarcerated individuals who were denied a sentence reduction under this section; and

"(iii) incarcerated individuals released under this section;

"(B) the demographic characteristics, including age, race, and gender, of—

"(i) the incarcerated individuals who applied for a sentence reduction under this section;

"(ii) the incarcerated individuals who were granted a sentence reduction under this section; and

"(iii) the incarcerated individuals who were released under this section;

"(C) the location, categorized by Federal circuit and State, of—

"(i) the incarcerated individuals who applied for a reduction under this section;

"(ii) the incarcerated individuals who were granted a reduction under this section; and

"(iii) the incarcerated individuals who were released under this section; and

"(D) the average sentence reduction granted under this section.

"(3) Attorney General cooperation.—The Attorney General shall—

"(A) assist and provide information to the United States Sentencing Commission in the performance of the duties of the Commission under this subsection; and

"(B) promptly respond to requests from the Commission.

"(i) Definition.—In this section, the term 'Jubilee-eligible offense' has the meaning given that term in section 102(a) of the POPULIST Act.".

(b) Clerical amendment.—The table of sections for subchapter C of chapter 229 of title 18, United States Code, is amended by inserting after the item relating to section 3626 the following:

"3627. Modification of certain terms of imprisonment.".

(c) Technical and conforming amendment.—Section 3582(c) of title 18, United States Code, is amended—

(1) in paragraph (1)(B) by striking the word "and";

(2) in paragraph (2) by inserting at the end the word "and"; and

(3) inserting a new paragraph (3) as follows:

"(3) the court may reduce a term of imprisonment in accordance with section 3627.".

(d) Crime victim notification.—Section 3771(a)(4) of title 18, United States Code, is amended by inserting "sentencing review," after "sentencing,".

(e) Applicability.—The amendments made by this section shall apply to any conviction entered before, on, or after the date of enactment of this Act.

SEC. 114. REENTRY AND REINTEGRATION GRANT PROGRAM.

(a) Establishment.—The Attorney General shall establish a grant program, to be administered through the Department of Justice, to support reentry and reintegration services for individuals released from incarceration, including individuals released pursuant to section 3627 of title 18, United States Code, as added by this subtitle.

(b) Eligible recipients.—Grants under this section may be awarded to—

(1) eligible States, as defined by section 115(c) of the POPULIST Act;

(2) units of local government in eligible States;

(3) Tribal governments;

(4) nonprofit organizations, including community-based and faith-based organizations; and

(5) partnerships among entities described in paragraphs (1) through (4).

(c) Authorized uses of funds.—Amounts made available under this section may be used to support—

(1) transitional and long-term community housing, including housing paired with supportive services;

(2) case management and reentry planning, including individualized release planning coordinated with courts, probation offices, and correctional facilities;

(3) employment readiness, job placement, credentialing, and coordination with public employment programs;

(4) access to physical health care, mental health care, and substance use disorder treatment;

(5) assistance in obtaining government-issued identification, benefits enrollment, and restoration of civil rights;

(6) family reunification services, including parenting support and child welfare coordination;

(7) transportation assistance necessary to access employment, treatment, or court obligations;

(8) data systems and capacity-building necessary to deliver, track, and evaluate reentry services; and

(9) any other service the Attorney General determines appropriate to facilitate successful reintegration and reduce recidivism.

(d) Priority.—In awarding grants under this section, the Attorney General shall give priority to applications that—

(1) serve individuals released after lengthy terms of incarceration;

(2) coordinate services beginning prior to release and continuing post-release;

(3) demonstrate partnerships with local employers, housing providers, or service agencies; and

(4) include plans to serve individuals released pursuant to sentence modification or second look proceedings.

(e) State participation incentive.—A State that elects to participate in sentence review, release, or reintegration efforts consistent with this subtitle shall be eligible for enhanced consideration or increased grant amounts under this section, as determined by the Attorney General.

(f) Funding.—

(1) Rescission.—Of the amounts appropriated under section 90003 of the One Big Beautiful Bill Act (PL 119-21) for detention capacity, $500,000,000 is hereby rescinded.

(2) Reallocation.—There is appropriated, from the amounts rescinded under paragraph (1) or any money in the Treasury not otherwise appropriated, $500,000,000 to carry out this section, to remain available until the end of fiscal year 2028.

(g) Rule of construction.—Nothing in this section shall be construed to require a State to modify its criminal laws, grant sentence reductions, order release, or achieve any specific reduction in incarceration levels as a condition of receiving a grant under this section.

SEC. 115. INCENTIVES FOR STATE SECOND LOOK AND JUBILEE REENTRY CAPACITY.

(a) In general.—The Attorney General shall establish a program of grants and technical assistance to eligible States to support the creation, expansion, or acceleration of second look sentence review, early release evaluation, and reentry capacity consistent with the purposes of this subtitle.

(b) Amount of grant available.—Not more than 1 grant may be awarded under this section to each eligible State, which shall be an amount equal to the greater of—

(1) $4,700,000; or

(2) the product of—

(A) $1,200; and

(B) the number of individuals under the jurisdiction of such eligible State's correctional authorities as of December 31, 2023, as reported by the Bureau of Justice Statistics.

(c) Eligible State defined.—The term "eligible State" means a State (which, for purposes of this subsection, includes the District of Columbia) that—

(1) has implemented, commits to implement, or is actively implementing—

(A) a law, court rule, or administrative procedure that provides for second look sentence modification which is substantially similar to section 3627 of title 18, United States Code;

(B) a law, court rule, or administrative procedure that provides for solitary confinement reform which is substantially similar to section 4016 of title 18, United States Code; and

(C) integration of each jail or prison commissary system in such State with a digital Treasury account described in section 623(b)(8) of the POPULIST Act, to permit the fee-free transfer of funds with respect to incarcerated individuals; and

(2) commits to Jubilee-year prioritization and accelerated review of incarcerated people who fall into 1 or more of the following categories:

(A) individuals who have served 10 years or more of a term of imprisonment;

(B) individuals convicted of Jubilee-eligible offenses; or

(C) individuals born prior to July 4, 1976; and

(3) has implemented, commits to implement, or is actively implementing reentry supports on or before the date of release for individuals granted sentence reductions, including ensuring identification documents.

(d) Authorized uses of funds.—A State receiving a grant under this section may use such funds to support—

(1) judicial and adjudicatory capacity, including the hiring, training, or temporary appointment of judges, magistrates, hearing officers, or court staff necessary to conduct sentence review;

(2) appointment and compensation of counsel for individuals eligible for second look review;

(3) prosecution and victim notification resources necessary to process sentence review petitions in a timely manner;

(4) modernization and integration of criminal justice data systems to—

(A) identify eligible individuals, track outcomes, and report required metrics; or

(B) implement improvements that will make criminal record expungement or sealing automatic;

(5) accelerated reentry preparation, including pre-release planning, identification assistance, benefits enrollment, housing placement, and employment readiness;

(6) grants or subgrants to nonprofit organizations, community-based organizations, faith-based organizations, or local governments that provide reentry, transitional housing, mental health, substance use treatment, education, job training, or family reunification services; and

(7) coordination between correctional agencies, courts, reentry providers, and community supervision agencies to ensure continuity of care and supervision.

(e) No outcome mandate.—Nothing in this section shall be construed to require a State to grant sentence reductions, order release, or achieve any specific reduction in incarceration levels as a condition of receiving funds under this section.

(f) Application and approval.—A State seeking a grant under this section shall submit an application to the Attorney General at such time, in such manner, and containing such information as the Attorney General may require, including a description of—

(1) the State's existing or proposed second look or sentence review mechanisms;

(2) how grant funds will be used to increase review and reentry capacity; and

(3) how the State will collect and report data under subsection (g).

(g) Reporting.—Each State receiving a grant under this section shall submit annual reports through fiscal year 2028 to the Attorney General describing—

(1) the number of individuals reviewed for sentence modification;

(2) the number of sentence reductions and releases granted;

(3) demographic and offense characteristics of reviewed individuals;

(4) reentry services provided;

(5) any available public safety or recidivism outcomes, including rearrest, reconviction, or reincarceration data where available;

(6) the number of incarcerated individuals placed in solitary confinement during the reporting period, including the number of individuals held—

(A) for more than 15 consecutive days; or

(B) for more than 30 days in any 60-day period;

(7) the number of individuals placed in solitary confinement who would qualify as vulnerable persons under section 4016(a)(13) of title 18, United States Code; and

(8) a description of any statutory, regulatory, or administrative limitations adopted by the State since the issuance of the grant relating to the use, duration, review, or oversight of solitary confinement.

(h) Funding.—

(1) Rescission.—Of the amounts appropriated under section 90003 of the One Big Beautiful Bill Act (PL 119-21) for detention capacity, $1,500,000,000 is hereby rescinded.

(2) Reallocation.—There is appropriated, from the amounts rescinded under paragraph (1) or any money in the Treasury not otherwise appropriated, $1,500,000,000 to carry out this section, to remain available until the end of fiscal year 2028.

SEC. 116. RE-ESTABLISHING OF FEDERAL PAROLE.

(a) In general.—Part III of title 18, United States Code, is amended by inserting before chapter 313 the following:

"CHAPTER 312—PAROLE

"SEC. 4221. Definitions.

"SEC. 4222. Parole Commission created.

"SEC. 4223. Powers and duties of the Commission.

"SEC. 4224. Powers and duties of the Chairperson.

"SEC. 4225. Time of eligibility for release on parole.

"SEC. 4226. Parole determination criteria.

"SEC. 4227. Information considered.

"SEC. 4228. Parole determination proceeding; time.

"SEC. 4229. Conditions of parole.

"SEC. 4230. Jurisdiction of Commission.

"SEC. 4231. Early termination of parole.

"SEC. 4232. Aliens.

"SEC. 4233. Summons to appear or warrant for retaking of parolee.

"SEC. 4234. Revocation of parole.

"SEC. 4235. Appeal.

"SEC. 4236. Applicability of Administrative Procedure Act.

"Sec. 4221. Definitions.

"(a) As used in this chapter—

"(1) Commission.—The term 'Commission' means the United States Parole Commission;

"(2) Commissioner.—The term 'Commissioner' means any member of the United States Parole Commission;

"(3) Director.—The term 'Director' means the Director of the Bureau of Prisons;

"(4) Eligible prisoner.—The term 'eligible prisoner' means any Federal prisoner who is eligible for parole pursuant to this title or any other law, including any Federal prisoner whose parole has been revoked and who is not otherwise ineligible for parole;

"(5) Parolee.—The term 'parolee' means any eligible prisoner who has been released on parole or deemed as if released on parole under section 4164, section 4184, or section 4225(f); and

"(6) Rules.—The term 'rules' means rules made by the Commission under section 4223.

"Sec. 4222. Parole Commission created.

"(a) Generally.—There is hereby established, as an independent agency in the Department of Justice, a United States Parole Commission which shall be comprised of 9 members appointed by the President, by and with the advice and consent of the Senate. The President shall designate a Chairperson.

"(b) Term.—The term of office of a Commissioner shall be 6 years, except that the term of a person appointed as a Commissioner to fill a vacancy shall expire 6 years from the date upon which such person was appointed and qualified. Upon the expiration of a term of office of a Commissioner, the Commissioner shall continue to act until a successor has been appointed and qualified, except that no Commissioner may serve in excess of 12 years.

"(c) Compensation.—Commissioners shall be compensated at the maximum rate payable under 5 U.S.C. 5376.

"Sec. 4223. Powers and duties of the Commission.

"(a) Administrative powers.—The Commission shall meet at least quarterly, and by majority vote shall—

"(1) make rules establishing guidelines for the powers enumerated in subsection (b) of this section and such other rules and regulations as are necessary to carry out a national parole policy and the purposes of this chapter;

"(2) create such regions as are necessary to carry out this chapter; and

"(3) ratify, revise, or deny any request for regular, supplemental, or deficiency appropriations, prior to the submission of the requests to the Office of Management and Budget by the Chairperson, which requests shall be separate from those of any other agency of the Department of Justice.

"(b) Substantive powers.—The Commission, by majority vote, and pursuant to the procedures set out in this chapter, shall have the power to—

"(1) grant or deny an application or recommendation to parole any eligible prisoner;

"(2) impose reasonable conditions on an order granting parole;

"(3) modify or revoke an order paroling any eligible prisoner; and

"(4) request probation officers and other individuals, organizations, and public or private agencies to perform such duties with respect to any parolee as the Commission deems necessary for maintaining proper supervision of and assistance to such parolees; and so as to assure that no probation officers, individuals, organizations, or agencies shall bear excessive caseloads.

"(c) Delegation.—The Commission, by majority vote, and pursuant to rules and regulations—

"(1) may delegate to any Commissioner or commissioners powers enumerated in subsection (b) of this section;

"(2) may delegate to administrative law judges any powers necessary to conduct hearings and proceedings, take sworn testimony, obtain and make a record of pertinent information, make findings of probable cause and issue subpoenas for witnesses or evidence in parole revocation proceedings, and recommend disposition of any matters enumerated in subsection (b) of this section, except that any such findings or recommendations shall be based upon the concurrence of not less than 2 such administrative law judges;

"(3) may delegate authority to conduct hearings held pursuant to section 4234 to any officer or employee of the executive or judicial branch of Federal or State government; and

"(4) may review, or may delegate to the National Appeals Board the power to review, any decision made pursuant to paragraph (1) of this subsection except that any such decision so reviewed must be reaffirmed, modified or reversed within 30 days of the date the decision is rendered, and, in case of such review, the individual to whom the decision applies shall be informed in writing of the Commission's actions with respect thereto and the reasons for such actions.

"(d) Quorum.—Except as otherwise provided by law, any action taken by the Commission pursuant to subsection (a) of this section shall be taken by a majority vote of all individuals currently holding office as members of the Commission which shall maintain and make available for public inspection a record of the final vote of each member on statements of policy and interpretations adopted by it. In so acting, each Commissioner shall have equal responsibility and authority, shall have full access to all information relating to the performance of such duties and responsibilities, and shall have 1 vote.

"(e) Cooperation with States.—

"(1) Generally.—The Commission shall, upon the request of the head of any law enforcement agency of a State or of a unit of local government in a State, make available as expeditiously as possible to such agency, with respect to individuals who are under the jurisdiction of the Commission, who have been convicted of felony offenses against the United States, and who reside, are employed, or are supervised in the geographical area in which such agency has jurisdiction, the following information maintained by the Commission (to the extent that the Commission maintains such information)—

"(A) the names of such individuals;

"(B) the addresses of such individuals;

"(C) the dates of birth of such individuals;

"(D) the Federal Bureau of Investigation numbers assigned to such individuals;

"(E) photographs and fingerprints of such individuals; and

"(F) the nature of the offenses against the United States of which each such individual has been convicted and the factual circumstances relating to such offense.

"(2) Nondissemination requirement.—Any law enforcement agency which receives information under this subsection shall not disseminate such information outside of such agency.

"Sec. 4224. Powers and duties of the Chairperson.

"(a) Generally.—The Chairperson shall—

"(1) convene and preside at meetings of the Commission under section 4223 and such additional meetings of the Commission as the Chairperson may call or as may be requested in writing by at least 3 Commissioners;

"(2) appoint, fix the compensation of, assign, and supervise all personnel employed by the Commission except that—

"(A) the appointment of any administrative law judge shall be subject to approval of the Commission within the first year of the judge's employment; and

"(B) regional Commissioners shall appoint and supervise such personnel employed regularly and full time in their respective regions as are compensated at a rate up to and including grade 11 of the General Schedule pay rates (5 U.S.C. 5332);

"(3) assign duties among officers and employees of the Commission, including Commissioners, so as to balance the workload and provide for orderly administration;

"(4) direct the preparation of requests for appropriations for the Commission, and the use of funds made available to the Commission;

"(5) designate not fewer than 3 Commissioners to serve on the National Appeals Board of whom 1 shall be so designated to serve as vice chairperson of the Commission (who shall act as Chairperson of the Commission in the absence or disability of the Chairperson or in the event of the vacancy of the Chairpersonship), and designate, for each such region established under section 4223, 1 Commissioner to serve as regional Commissioner in each such region, but in each such designation the Chairperson shall consider years of service, personal preference and fitness, and no such designation shall take effect unless concurred in by the President, or the President's designee;

"(6) serve as spokesman for the Commission and report annually to Congress on the activities of the Commission; and

"(7) exercise such other powers and duties and perform such other functions as may be necessary to carry out the purposes of this chapter or as may be otherwise provided by law.

"(b) Administrative powers.—The Chairperson shall have the power to—

"(1) without regard to section 3324(a) and (b) of title 31, enter into and perform such contracts, leases, cooperative agreements, and other transactions as may be necessary in the conduct of the functions of the Commission, with any public agency, or with any person, firm, association, corporation, educational institution, or nonprofit organization;

"(2) accept voluntary and uncompensated services, notwithstanding section 1342 of title 31, United States Code;

"(3) procure for the Commission temporary and intermittent services under section 3109(b) of title 5, United States Code;

"(4) collect systematically the data obtained from studies, research, and the empirical experience of public and private agencies concerning the parole process;

"(5) carry out programs of research concerning the parole process to develop classification systems which describe types of offenders, and to develop theories and practices which can be applied to the different types of offenders;

"(6) publish data concerning the parole process;

"(7) devise and conduct, in various geographical locations, seminars, workshops and training programs providing continuing studies and instruction for personnel of Federal, State and local agencies and private and public organizations working with parolees and connected with the parole process; and

"(8) use the services, equipment, personnel, information, facilities, and instrumentalities with or without reimbursement therefor of other Federal, State, local, and private agencies with their consent.

"(c) Policies to be followed.—In carrying out the functions under this section, the Chairperson shall be governed by the national parole policies promulgated by the Commission.

"Sec. 4225. Time of eligibility for release on parole.

"(a) Generally.—Whenever confined and serving a definite term or terms of 1 year or more, a prisoner shall be eligible for release on parole after serving:

"(1) 1/3 of such term or terms, or

"(2) after serving 10 years of a life sentence, or of a sentence of over 25 years, notwithstanding any other statute to the contrary, or

"(3) the period described in paragraph (1) or (2), as applicable, calculated using the term or terms of imprisonment as modified pursuant to section 3627.

"A prisoner convicted under the law of the District of Columbia shall be subject to the guidelines used by the former District of Columbia board of parole.

"(b) Courts' power at time of sentencing.—Upon entering a judgment of conviction, the court having jurisdiction to impose sentence, when in its opinion the ends of justice and best interest of the public require that the defendant be sentenced to imprisonment for a term exceeding 1 year, may—

"(1) designate in the sentence of imprisonment imposed a minimum term at the expiration of which the prisoner shall become eligible for parole, which term may be less than but shall not be more than 10 years; or

"(2) fix the maximum sentence of imprisonment to be served in which event the court may specify that the prisoner may be released on parole at such time as the Commission may determine.

"(c) Information for court.—

"(1) Commitment for study.—If the court desires more detailed information as a basis for determining the sentence to be imposed, the court may commit the defendant to the custody of the Attorney General, which commitment shall be deemed to be for the maximum sentence of imprisonment prescribed by law, for a study as described in subsection (d).

"(2) Report to court.—The results of such study, together with any recommendations which the Director of the Bureau of Prisons believes would be helpful in determining the disposition of the case, shall be furnished to the court within 3 months unless the court grants time, not to exceed an additional 3 months, for further study.

"(3) Court order.—After receiving such reports and recommendations, the court may in its discretion—

"(A) place the offender on probation as authorized by section 3561; or

"(B) modify the sentence pursuant to section 3627 of title 18, United States Code; or

"(C) affirm the sentence of imprisonment originally imposed, or reduce the sentence of imprisonment, and commit the offender under any applicable provision of law.

"(4) Commencement of term of sentence.—The term of the sentence shall run from the date of original commitment under this section.

"(d) Study of prisoner sentenced to imprisonment.—Upon commitment of a prisoner sentenced to imprisonment under subsection (a) or (b), the Director, under such regulations as the Attorney General may prescribe, shall cause a complete study to be made of the prisoner and shall furnish to the Commission a summary report together with any recommendations which in their opinion would be helpful in determining the suitability of the prisoner for parole. This report may include data regarding the prisoner's previous delinquency or criminal convictions, pertinent circumstances of the prisoner's social background and capabilities, the prisoner's mental and physical health, and such other factors the Director considers pertinent. The Commission may make such other investigation as it may deem necessary.

"(e) Duty of probation officers.—Upon request of the Commission, it shall be the duty of the various probation officers and government bureaus and agencies to furnish the Commission information available to such officer, bureau, or agency, concerning any eligible prisoner or parolee and whenever not incompatible with the public interest, their views and recommendation with respect to any matter within the jurisdiction of the Commission.

"(f) Short prison terms.—Any prisoner sentenced to imprisonment for a term or terms of not less than 6 months but not more than 1 year shall be released at the expiration of such sentence less good time deductions provided by law, unless the court which imposed sentence shall, at the time of sentencing, provide for the prisoner's release as if on parole after service of 1/3 of such term or terms notwithstanding section 4164. This subsection does not prevent delivery of any person released on parole to the authorities of any State otherwise entitled to custody of such person.

"(g) Reduction in sentence.—At any time upon motion of the Bureau of Prisons, the court may reduce any minimum term to the time the defendant has served, if notice of such motion has been provided pursuant to section 3771(a)(2) of title 18, United States Code. The court shall have jurisdiction to act upon the application and no hearing shall be required.

"(h) Promotion of sentence reduction motions.—The Bureau of Prisons shall accept nominations for such motions from any employee or agent who is in contact with the defendant on a regular basis, and shall promote this subsection within its jurisdiction.

"Sec. 4226. Parole determination criteria.

"(a) Generally.—An eligible prisoner shall be granted parole, subject to subsections (b) and (c), and pursuant to guidelines issued by the Commission, if the eligible prisoner has substantially observed the rules of the institution or institutions to which they have been confined, and if the

Commission, upon consideration of the nature and circumstances of the offense and the history and characteristics of the prisoner, determines that release would not—

"(1) depreciate the seriousness of the offense or promote disrespect for the law; or

"(2) jeopardize the public welfare;

"such prisoner shall be released.

"(b) Good cause exception.—The Commission may grant or deny release on parole notwithstanding the guidelines referred to in subsection (a) of this section if it determines there is good cause for so doing, if the prisoner is furnished written notice stating with particularity the reasons for its determination, including in detail the information relied upon.

"(c) Release after 2/3 of sentence.—Any prisoner, serving a sentence of 5 years or longer, who is not earlier released under this section or any other applicable provision of law, shall be released on parole after having served 2/3 of each consecutive term or terms, or after serving 30 years of each consecutive term or terms of more than 45 years including any life term, whichever is earlier, but the Commission shall not release such prisoner if it determines that the prisoner has seriously or frequently violated institution rules and regulations or that there is a reasonable probability that they will commit any Federal, State, or local crime.

"Sec. 4227. Information considered.

"(a) In making a determination under this chapter (relating to release on parole), the Commission shall consider, if available and relevant—

"(1) reports and recommendations which the staff of the facility in which such prisoner is confined may make;

"(2) official reports of the prisoner's prior criminal record, including a report or record of earlier probation and parole experiences;

"(3) presentence investigation reports;

"(4) recommendations regarding the prisoner's parole made at the time of sentencing by the sentencing judge;

"(5) a statement, which may be presented orally or otherwise, by any victim of the offense for which the prisoner is imprisoned (or by a family member of the victim if the victim is deceased) about the financial, social, psychological, and emotional harm done to, or loss suffered by such victim;

"(6) reports of physical, mental, or psychiatric examination of the offender;

"(7) release plans submitted by the prisoner and correctional staff; and

"(8) such additional relevant information concerning the prisoner (including information submitted by the prisoner) as may be reasonably available.

"(b) Consideration of development and change over time.—In addition to the information described in subsection (a), the Commission shall consider—

"(1) the age of the prisoner at the time of the offense and at the time of the parole determination;

"(2) evidence of maturation, rehabilitation, and readiness for reentry;

"(3) the length of time served and the relationship between continued incarceration and any identifiable public safety benefit;

"(4) the prisoner's conduct while incarcerated, with greater weight given to sustained compliance and completion of educational, vocational, therapeutic, or rehabilitative programs;

"(5) family and community circumstances, including the availability of stable housing, employment, and community support upon release;

"(6) the availability to the prisoner of reintegration supports established under Federal law, including income, employment, health care, or reentry programs; and

"(7) any other factor bearing on whether continued incarceration is necessary to achieve the purposes of punishment.

"(c) Limitation.—The Commission shall not deny parole based solely on the seriousness of the offense of conviction or generalized assumptions about recidivism, absent individualized findings based on current information.

"Sec. 4228. Parole determination proceeding; time.

"(a) General rule.—In making a determination under this chapter (relating to parole), the Commission shall conduct a parole determination proceeding unless it determines on the basis of the prisoner's record that the prisoner will be released on parole.

"(1) Whenever feasible, the initial parole determination proceeding for a prisoner eligible for parole under subsections (a) and (b)(1) of section 4225 shall be held not later than 60 days before the date of such eligibility for parole.

"(2) Whenever feasible, the initial parole determination proceeding for a prisoner eligible for parole pursuant to subsection (b)(2) of section 4225 or released on parole and whose parole has been revoked shall be held not later than 90 days following such prisoner's imprisonment or reimprisonment in a Federal institution, as the case may be.

"(3) An eligible prisoner may knowingly and intelligently waive any proceeding under this section.

"(b) Preparation.—

"(1) At least 60 days before any parole determination proceeding, the prisoner shall be provided with—

"(A) written notice of the time and place of the proceeding; and

"(B) reasonable access to any report or other document to be used by the Commission in making its determination, including the parole analyst summary.

"(2) Waiver and scheduling.—A prisoner may knowingly and intelligently waive the advance notice required in paragraph (1)(A). If such notice is waived, the parole determination proceeding may be held at the next regularly scheduled proceeding of the Commission at the institution in which the prisoner is confined.

"(c) Exceptions to disclosure.—

"(1) Subsection (b)(1)(B) does not apply to—

"(A) diagnostic opinions which, if disclosed to the eligible prisoner, could lead to a serious disruption of the prisoner's institutional program;

"(B) any document that reveals sources of information obtained upon a promise of confidentiality; or

"(C) any other information which, if disclosed, might result in physical harm or other serious harm to any person.

"(2) If any document is deemed by the Commission, the Bureau of Prisons, or any other agency to fall within the exclusionary provisions of paragraph (1), the Commission, the Bureau, or such other agency, as applicable, shall summarize the basic contents of the material withheld, taking into account the need for confidentiality and the potential impact on the prisoner, and shall furnish such summary to the prisoner.

"(d) Consultation.—

"(1) During the period before the parole determination proceeding described in subsection (b), a prisoner may consult, as provided by the Director, with a representative described in paragraph (2) and may consult by mail or other means with any person concerning such proceeding.

"(2) The prisoner may be represented at the parole determination proceeding by a representative who qualifies under rules and regulations promulgated by the Commission, and such rules shall not exclude attorneys as a class.

"(e) Personal appearance of prisoner.—The prisoner shall be permitted to appear and testify on their own behalf at the parole determination proceeding and may be accompanied by a legal spouse if the spouse is approved for visitation at the facility in which the prisoner is housed.

"(f) Record.—A full and complete audio and video record of each parole determination proceeding shall be created and retained by the Commission. Upon request, the Commission shall make available to an eligible prisoner any such record retained of the proceeding.

"(g) Decision and notice.—The Commission shall furnish the eligible prisoner with a written notice of its determination not later than 21 days, excluding holidays, after the date of the parole determination proceeding. If parole is denied—

"(1) such notice shall state with particularity the reasons for such denial; and

"(2) if feasible, a personal conference between the prisoner and a representative of the Commission shall—

"(A) explain the reasons for such denial; and

"(B) include advice to the prisoner as to what steps may be taken to enhance their chance of being released at a subsequent proceeding.

"(h) Frequency of parole determination proceedings.—If release on parole is not granted, subsequent parole determination proceedings shall be conducted not less frequently than—

"(1) once every 12 months in the case of a prisoner serving a term or terms of more than 1 year but less than 10 years; or

"(2) once every 18 months in the case of a prisoner serving a term or terms of 10 years or longer.

"Sec. 4229. Conditions of parole.

"(a) Mandatory conditions.—In every case, the Commission shall impose as conditions of parole—

"(1) that the parolee not commit another Federal, State, or local crime;

"(2) that, if a fine was imposed, the parolee make a diligent effort to pay such fine in accordance with the judgment; and

"(3) if the parolee is a person described in section 4042(c)(4), that they:

"(A) report the address where they will reside and any subsequent change of residence to the probation officer responsible for supervision; and

"(B) register in any State where they reside, are an employee, or are a student (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (34 U.S.C. 20911)).

"(b) Additional conditions.—The Commission may impose or modify conditions of parole only to the extent that such conditions are—

"(1) reasonably related to the nature and circumstances of the offense of conviction and the history and characteristics of the parolee;

"(2) necessary to promote public safety or to support the successful reintegration of the parolee into the community; and

"(3) no more restrictive than necessary to achieve the purposes described in paragraphs (1) and (2).

"(c) Prohibited bases.—The Commission shall not impose or continue any condition of parole—

"(1) based solely on the seriousness of the offense of conviction;

"(2) based on conduct for which the parolee has already been punished, absent a current and articulable risk related to supervision;

"(3) that unreasonably interferes with the parolee's ability to obtain or maintain lawful employment, housing, education, or necessary medical care, unless the Commission makes specific written findings that such interference is necessary to protect public safety; or

"(4) that is imposed for a punitive purpose rather than a supervisory or reintegrative purpose.

"(d) Clarity and notice of conditions.—The Commission shall—

"(1) make reasonable efforts to ensure that the parolee understands the conditions of parole, including the consequences of noncompliance; and

"(2) provide upon release a written statement of each condition of parole, stated with sufficient specificity to serve as a clear guide to supervision and conduct.

"(e) Residential and monitoring conditions.—

"(1) As a condition of parole or release as if on parole, the Commission may require a parolee—

"(A) to reside in or participate in the program of a residential community treatment center, or both, for all or part of the period of parole; or

"(B) to remain at a place of residence during nonworking hours and, if the Commission so directs, to have compliance with this condition electronically monitored.

"(2) A condition under paragraph (1)(B) may be imposed only as an alternative to incarceration and only upon a finding that less restrictive conditions are insufficient.

"(3) A parolee residing in a residential community treatment center pursuant to this subsection may be required to pay such costs incident to such residence as the Commission deems appropriate, taking into account the parolee's ability to pay.

"(f) Modification of conditions.—

"(1) The Commission may modify conditions of parole on its own motion or on the motion of a United States probation officer supervising the parolee if the parolee receives notice of the proposed modification and has 10 days after receipt of such notice to submit views.

"(2) Following such 10-day period, the Commission shall have 21 days, excluding holidays, to act on the proposed modification.

"(3) The Commission may modify conditions of parole without regard to the notice period described in paragraph (1) if the Commission determines that immediate modification is necessary to prevent imminent harm to the parolee or to the public.

"(4) A parolee may petition the Commission at any time for a modification of conditions.

"(5) This subsection shall not apply to modifications imposed as part of a revocation proceeding under section 4234.

"Sec. 4230. Jurisdiction of Commission.

"(a) Custody.—A parolee shall remain in the legal custody and under the control of the Attorney General until the expiration of the maximum term or terms for which such parolee was sentenced.

"(b) Termination.—Except as otherwise provided in this section, the jurisdiction of the Commission over the parolee shall terminate no later than the date of the expiration of the maximum term or terms for which they were sentenced, except that—

"(1) such jurisdiction shall terminate at an earlier date to the extent provided under section 4164 (relating to mandatory release), section 4184 (relating to release as if on parole), or section 4231 (relating to early termination of parole supervision); and

"(2) in the case of a parolee who has been convicted of any criminal offense committed subsequent to release on parole, and such offense is punishable by a term of imprisonment, detention, or incarceration in any penal facility, the Commission shall determine, in accordance with the provisions of section 4234(b) or (c), whether all or any part of the unexpired term being served at the time of parole shall run concurrently or consecutively with the sentence imposed for the new offense, but in no case shall such service, together with such time as the parolee has previously served in connection with the offense for which they were paroled, be longer than the maximum term for which they were sentenced in connection with such offense.

"(c) Extension.—In the case of any parolee found to have intentionally refused or failed to respond to any reasonable request, order, summons, or warrant of the Commission or any member or agent thereof, the jurisdiction of the Commission may, by judicial order, be extended for the period during which the parolee so refused or failed to respond.

"(d) Concurrence of running of term.—The parole of any parolee shall run concurrently with the period of parole, probation, or supervised release under the same or any other Federal, State, or local sentence.

"(e) Supervised release for same offense.—During any period in which a parolee is also subject to supervised release for the same offense—

"(1) the parolee shall be supervised solely under this chapter;

"(2) each day successfully served on parole shall be credited as a day served on supervised release;

"(3) no separate condition, modification, or revocation proceeding may be imposed or initiated under section 3583 during the period of concurrent supervision; and

"(4) upon termination of parole, any unexpired portion of the term of supervised release shall continue in accordance with section 3583.

"(f) Certificate of discharge.—Upon the termination of the jurisdiction of the Commission over any parolee, the Commission shall issue a certificate of discharge to such parolee and to such other agencies as it may determine.

"Sec. 4231. Early termination of parole.

"(a) In general.—Upon its own motion or upon request of the parolee, the Commission may terminate supervision over a parolee prior to the termination of jurisdiction under section 4230.

"(b) Review.—

"(1) 2 years after each parolee's release on parole, and at least annually thereafter, the Commission shall review the status of the parolee to determine the need for continued supervision. In calculating such 2-year period there shall not be included any period of release on parole prior to the most recent such release, nor any period served in confinement on any other sentence.

"(2) The Commission shall establish early termination guidelines and there shall be a presumption that supervision over the parolee shall be terminated at the designated time unless detailed written reasons are offered by the Commission that prove the parolee would be a danger to the public safety.

"(c) Presumptive termination.—

"(1) 5 years after each parolee's release on parole, the Commission shall terminate supervision over such parolee unless it is determined, after a hearing conducted in accordance with the procedures prescribed in section 4234(a)(2), that such supervision should not be terminated because there is a likelihood that the parolee will engage in conduct violating any criminal law.

"(2) If supervision is not terminated under paragraph (1), the parolee may request a hearing annually thereafter, and a hearing, with procedures as provided in paragraph (1), shall be conducted with respect to such termination of supervision not less frequently than biennially.

"(3) In calculating the 5-year period referred to in paragraph (1), there shall not be included any period of release on parole prior to the most recent such release, nor any period served in confinement on any other sentence.

"Sec. 4232. Aliens.

"When an alien prisoner subject to deportation becomes eligible for parole, the Commission may authorize the release of such prisoner on condition that such person be deported and remain outside the United States. Such person shall be delivered to the duly authorized immigration official for deportation when their parole becomes effective, unless such prisoner requests asylum. The alien prisoner may remain incarcerated while the asylum request is processed.

"Sec. 4233. Summons to appear or warrant for retaking of parolee.

"(a) In general.—If any parolee is alleged to have violated parole, the Commission may—

"(1) summon such parolee to appear at a hearing conducted pursuant to section 4234; or

"(2) issue a warrant and retake the parolee as provided in this section.

"(b) Issuance.—Any summons or warrant issued under this section shall be issued by the Commission as soon as practicable after discovery of the alleged violation, except when delay is deemed necessary. Imprisonment in an institution shall not be deemed grounds for delay of such issuance, except that, in the case of any parolee charged with a criminal offense, issuance of a summons or warrant may be suspended pending disposition of the charge.

"(c) Contents.—Any summons or warrant issued pursuant to this section shall provide the parolee with written notice of—

"(1) the conditions of parole allegedly violated as provided under section 4229;

"(2) the procedures and protections available to the parolee under this chapter; and

"(3) the possible action which may be taken by the Commission.

"(d) Execution of warrant.—Any officer of any Federal penal or correctional institution, or any Federal officer authorized to serve criminal process within the United States, to whom a warrant issued under this section is delivered, shall execute such warrant in a manner consistent with constitutional requirements and applicable Federal law, by taking such parolee and returning the parolee to the custody of the regional commissioner, or to the custody of the Attorney General, if the Commission shall so direct.

"Sec. 4234. Revocation of parole.

"(a) Procedural protections for parolee.—

"(1) Except as provided in subsections (b) and (c), any alleged parole violator summoned or retaken under section 4233 shall be accorded the opportunity to have—

"(A) a preliminary hearing at or reasonably near the place of the alleged parole violation or arrest, without unnecessary delay, to determine if there is probable cause to believe that a condition of parole has been violated; and upon a finding of probable cause a digest shall be prepared by the Commission setting forth in writing the factors considered and the reasons for the decision, a copy of which shall be given to the parolee within a reasonable period of time; except that after a finding of probable cause the Commission may restore any parolee to parole supervision if—

"(i) continuation of revocation proceedings is not warranted;

"(ii) incarceration of the parolee pending further revocation proceedings is not warranted by the alleged frequency or seriousness of such violation or violations;

"(iii) the parolee is not likely to fail to appear for further proceedings; and

"(iv) the parolee does not constitute a danger to themselves or others; and

"(B) upon a finding of probable cause under subparagraph (A), a revocation hearing at or reasonably near the place of the alleged parole violation or arrest within 60 days of such determination of probable cause, except that a revocation hearing may be held at the same time and place set for the preliminary hearing.

"(2) Hearings held pursuant to paragraph (1) shall be conducted by the Commission in accordance with the following procedures:

"(A) Notice to the parolee of the conditions of parole alleged to have been violated, and the time, place, and purposes of the hearing.

"(B) Opportunity for the parolee to be represented by—

"(i) an attorney retained by the parolee;

"(ii) if financially unable to retain counsel, by counsel provided pursuant to section 3006A;

"(iii) a representative as provided by rules and regulations;

"unless the parolee knowingly and intelligently waives such representation.

"(C) Opportunity for the parolee to appear and testify, and present witnesses and relevant evidence.

"(D) Opportunity for the parolee to be apprised of the evidence against them and, upon request, to confront and cross-examine adverse witnesses, unless the Commission specifically finds substantial reason for not so allowing.

"(3) For purposes of this subsection, the Commission may subpoena witnesses and evidence, pay witness fees as established for the courts of the United States, and seek enforcement of subpoenas through the district courts.

"(b) Effect of conviction.—

"(1) Conviction for any criminal offense committed subsequent to release on parole shall constitute probable cause for purposes of subsection (a). In cases in which a parolee has been convicted of such an offense and is serving a new sentence in an institution, a parole revocation warrant or summons issued pursuant to section 4233 may be placed against the parolee as a detainer. Such detainer shall be reviewed by the Commission within 180 days of notification to the Commission of placement. The parolee shall receive notice of the pending review, have an opportunity to submit a written application containing information relative to the disposition of the detainer, and, unless waived, shall have counsel as provided in subsection (a)(2)(B) to assist in the preparation of such application.

"(2) If the Commission determines that additional information is needed to review a detainer, a dispositional hearing may be held at the institution where the parolee is confined. The parolee shall have notice of such hearing, be allowed to appear and testify on their own behalf, and, unless waived, shall have counsel as provided in subsection (a)(2)(B).

"(3) Following the disposition review, the Commission may—

"(A) let the detainer stand; or

"(B) withdraw the detainer.

"(c) Hearing.—Any alleged parole violator who—

"(1) is summoned or retaken by warrant under section 4233 and knowingly and intelligently waives the hearing provided under subsection (a);

"(2) knowingly and intelligently admits violation at a preliminary hearing held pursuant to subsection (a)(1)(A); or

"(3) is retaken pursuant to subsection (b);

"shall receive a revocation hearing within 90 days of the date of retaking. The alleged parole violator shall have notice of such hearing, be allowed to appear and testify on their own behalf, and, unless waived, shall have counsel or another representative as provided in subsection (a)(2)(B).

"(d) Actions of the Commission.—Whenever a parolee is summoned or retaken pursuant to section 4233, and the Commission finds by a preponderance of the evidence that the parolee has violated a condition of parole,

"(1) for criminal conviction, the Commission may, after considering the seriousness thereof, take any of the following actions:

"(A) restore the parolee to supervision;

"(B) reprimand the parolee;

"(C) modify the parolee's conditions of parole;

"(D) refer the parolee to a residential community treatment center for all or part of the remainder of the original sentence; or

"(E) formally revoke parole or release as if on parole pursuant to this title; or

"(2) for a technical violation of parole, the Commission shall—

"(A) consider whether any action is warranted by the frequency or seriousness of the parolee's violation;

"(B) employ the least restrictive intervention necessary to address the violation and protect public safety;

"(C) consider whether the violation reflects reentry challenges, unmet supervision needs, or conditions that may be modified to improve compliance;

"(D) prioritize continued supervision in the community whenever consistent with public safety; and

"(E) ensure that incarceration is used only when lesser interventions have been determined to be insufficient.

"(e) Written notice.—The Commission shall furnish the parolee with a written notice of its determination not later than 21 days, excluding holidays, after the date of the revocation hearing. If parole is revoked, a digest shall be prepared by the Commission setting forth in writing the factors considered and reasons for such action, a copy of which shall be given to the parolee.

"Sec. 4235. Appeal.

"(a) Application.—Whenever an individual disputes the time of eligibility for release under section 4225, parole release is denied under section 4226, parole conditions are imposed or modified under section 4229, parole discharge is denied under section 4231(b) or (c), or parole is modified or revoked under section 4234, the individual to whom any such decision applies may

appeal such decision by submitting a written application to the National Appeals Board not later than 60 days following the date on which the decision is rendered.

"(b) Requirement to act.—The National Appeals Board, upon receipt of the appellant's papers, shall act pursuant to rules and regulations within 60 days to reaffirm, modify, or reverse the decision and shall inform the appellant in writing of the decision and the reasons therefor.

"(c) Attorney General's request.—The National Appeals Board may review any decision of a regional commissioner upon the written request of the Attorney General filed not later than 30 days following the decision and, by majority vote, shall reaffirm, modify, or reverse the decision within 60 days of receipt of the Attorney General's request. The Board shall inform the Attorney General and the individual to whom the decision applies in writing of its decision and the reasons therefor.

"Sec. 4236. Applicability of Administrative Procedure Act.

"(a) Generally.—For purposes of the provisions of chapter 5 of title 5, United States Code, other than sections 554, 555, 556, and 557, the Commission is an 'agency' as defined in such chapter.

"(b) Special rule.—For purposes of subsection (a), section 553(b)(3)(A) of title 5, United States Code, relating to rulemaking, does not include the phrase 'general statements of policy'.

"(c) Judicial review.—To the extent that actions of the Commission pursuant to section 4223(a)(1) are not in accord with section 553 of title 5, United States Code, they shall be reviewable in accordance with sections 701 through 706 of title 5, United States Code.".

(b) Clerical amendment.—The table of chapters at the beginning of part III of title 18, United States Code, is amended by inserting before the item relating to chapter 313 the following new item:

"312. Parole.".

(c) Continuity of United States Parole Commission.—Any United States Parole Commission in existence on the date of enactment of this section, including the Commission continued pursuant to section 235(b) of the Sentencing Reform Act of 1984 (Public Law 98-473), shall be deemed to be the United States Parole Commission established under section 4222 of title 18, United States Code, as added by this section, and shall continue in existence without interruption.

(d) Transfer of authority, functions, and matters.—All authority, jurisdiction, powers, duties, functions, personnel, property, records, proceedings, and pending matters of the United States Parole Commission existing on the date of enactment of this section are hereby transferred to and vested in the United States Parole Commission established under chapter 312 of title 18, United States Code, as added by this section. Any parole determination, supervision decision, warrant, summons, condition of release, revocation proceeding, appeal, or other action taken or pending before the date of enactment shall continue in effect and be carried out under chapter 312, unless modified or superseded pursuant to law.

(e) Applicability and prioritization.—This section shall apply to prisoners whose convictions occur before, on, or after the date of enactment of this Act, and the Commission shall prioritize parole determinations for such individuals who, under the amendments made by this Act, would have been eligible for parole on such date.

(f) Construction and references.—

(1) Any reference in Federal law, regulation, order, guidance, or document to chapter 311 of title 18, United States Code, or to the United States Parole Commission as established thereunder, shall be deemed to refer to chapter 312 of title 18, United States Code, and the United States Parole Commission as established thereunder.

(2) Chapter 311 of title 18, United States Code, shall apply only to the extent necessary to effectuate continuity for actions taken before the date of enactment of this Act and shall have no independent operative effect inconsistent with chapter 312.

(3) Nothing in this subsection shall be construed to reduce, impair, or eliminate any parole eligibility, procedural protection, or substantive protection that existed under Federal law on the day before the date of enactment of this Act.

(g) Conforming amendment relating to supervised release.—Section 3624(e) of title 18, United States Code, is amended by striking "for another offense" and inserting "for the same or another offense".

SEC. 117. GOOD TIME CREDITS.

(a) In general.—Part III of title 18, United States Code, as amended by this Act, is further amended by inserting after chapter 309 the following:

"CHAPTER 310—GOOD TIME CREDITS

"SEC. 4181. Computation generally.

"SEC. 4182. Industrial good time.

"SEC. 4183. Discharge.

"SEC. 4184. Released prisoner as parolee.

"SEC. 4185. Forfeiture for offense.

"SEC. 4186. Restoration of forfeited commutation.

"Sec. 4181. Computation generally.

"(a) Each prisoner convicted of an offense against the United States and confined in a penal or correctional institution for a definite term other than for life, whose record of conduct shows faithful observance of rules and no punishment, shall be entitled to a deduction from the term of their sentence beginning with the day on which the sentence commences to run, as follows:

"5 days for each month, if the sentence is not less than 6 months and not more than 1 year.

"6 days for each month, if the sentence is more than 1 year and less than 3 years.

"7 days for each month, if the sentence is not less than 3 years and less than 5 years.

"8 days for each month, if the sentence is not less than 5 years and less than 10 years.

"10 days for each month, if the sentence is 10 years or more.

"(b) When 2 or more consecutive sentences are to be served, the aggregate of the several sentences shall be the basis upon which the deduction shall be computed.

"Sec. 4182. Industrial good time.

"(a) A prisoner may, in the discretion of the Attorney General, be allowed a deduction from their sentence of not to exceed 3 days for each month of any year or any part thereof.

"(b) In the discretion of the Attorney General such allowance may also be made to a prisoner performing exceptionally meritorious service or performing duties of outstanding importance in connection with institutional operations.

"(c) A prisoner may, in the discretion of the Attorney General, be allowed a deduction from their sentence of up to 3 additional days for each month or part thereof for superior program achievement. Superior program achievement includes, but is not limited to, satisfactory progress towards degrees from accredited educational institutions or completion certificates from vocational technical or rehabilitative programs and teaching such courses of study. Each inmate shall be permitted to substitute Bureau-certified educational programs in place of institutional employment or be allowed to do both. Such extra good time allowances shall be in addition to commutation of time for good conduct under section 4181 and under the same terms and conditions and without regard to length of sentence.

"Sec. 4183. Discharge.

"All current and future sentences shall be recalculated by the Director of the Bureau of Prisons based upon the criteria set forth in sections 4181 and 4182(a), (b), and (c), notwithstanding any other statute to the contrary. Except as hereinafter provided, a prisoner shall be released at the expiration of their term of sentence less the time deducted for good conduct. A certificate of such deduction shall be entered on the commitment by the warden or keeper. If such release date falls upon a Saturday, a Sunday, or on a Monday which is a legal holiday at the place of confinement, the prisoner may be released at the discretion of the warden or keeper on the preceding Friday. If such release date falls on a holiday which falls other than on Saturday, Sunday, or Monday, the prisoner may be released at the discretion of the warden or keeper on the day preceding the holiday.

"Sec. 4184. Released prisoner as parolee.

"A prisoner having served their term or terms less good-time deductions shall, upon release, be deemed as if released on parole until the expiration of the maximum term or terms for which they were sentenced, less 180 days. This section shall not prevent delivery of a prisoner to the authorities of any State otherwise entitled to custody of such person.

"Sec. 4185. Forfeiture for offense.

"If during the term of imprisonment a prisoner commits any offense or violates the rules of the institution, all or any part of such person's earned good time may be forfeited.

"Sec. 4186. Restoration of forfeited commutation.

"The Attorney General may restore any forfeited or lost good time or such portion thereof as they deem proper upon recommendation of the Director of the Bureau of Prisons.".

(b) Clerical amendment.—The table of chapters at the beginning of part III of title 18, United States Code, is amended by inserting after the item relating to chapter 309 the following new item:

"310. Good time credits.".

SEC. 118. CONFORMING DUTIES RELATED TO PAROLE.

(a) Amendment to duties of the United States Sentencing Commission.—Section 994 of title 28, United States Code, is amended by adding at the end the following:

"(z) Duties relating to parole.

"(1) Parole consistency.—In promulgating guidelines and policy statements under this section, the Commission shall ensure that such guidelines and policy statements are consistent with chapter 312 of title 18, United States Code, and shall not be construed or applied to limit, delay, or frustrate parole eligibility, parole consideration, or release presumptions established under Federal law.

"(2) Recognition of parole as primary release mechanism.—Beginning on the date of enactment of this Act, the Commission shall treat parole, rather than supervised release or extended terms of imprisonment, as the primary mechanism for determining the timing of release for eligible Federal prisoners, except where Congress has expressly provided otherwise.

"(3) Conforming amendments.—Not later than May 1, 2027, the Commission shall promulgate amendments to the Federal Sentencing Guidelines and relevant policy statements to conform to the amendments made by subtitle A of title I of the POPULIST Act, including amendments restoring parole eligibility, modifying mandatory minimum penalties, and authorizing second-look and sentence modification mechanisms.

"(4) Retroactive application.—Any amendment promulgated pursuant to paragraph (3) shall apply retroactively, notwithstanding subsection (p) or subsection (u), and shall authorize courts and parole authorities to grant relief consistent with such amendments.

"(5) No negative inference.—Nothing in this subsection shall be construed to prohibit or limit any court, the United States Parole Commission, or any other decision making authority from adopting, implementing, or incorporating changes in law or policy made by subtitle A of title I of the POPULIST Act prior to the issuance or effective date of amendments to the Federal Sentencing Guidelines.

"(6) Construction.—In the event of any conflict between the Federal Sentencing Guidelines and chapter 312 of title 18, United States Code, chapter 312 shall control.".

SEC. 119. CLOSING GUANTÁNAMO BAY MILITARY PRISON.

(a) Repealing restriction on closure.—Notwithstanding any other provision of law, sections 8130 through 8133 of Division A of the Consolidated Appropriations Act, 2026 (PL 119-75) shall have no force or effect.

(b) Closure of facility.—Notwithstanding any other provision of law, the President shall close the Department of Defense detention facility at Guantánamo Bay, Cuba, not later than January 1, 2027.

(c) Restriction on use of funds.—

(1) Restriction.—Except as provided in paragraph (2), no amounts appropriated or otherwise made available for fiscal year 2027 or fiscal year 2028 or beyond may be used for the Guantánamo Bay detention facility.

(2) Exception.—Amounts appropriated or otherwise made available for fiscal year 2027 may be used for the following purposes related to the detention of foreign nationals who were detained at the Guantánamo Bay detention facility on the date of enactment:

(A) Transfer to the United States Disciplinary Barracks at Fort Leavenworth, Kansas, for purposes of pretrial detention, detention during a trial, or while serving a sentence, of any such person charged with:

(i) an offense under chapter 47A of title 10, United States Code, as added by section 3 of the Military Commissions Act of 2006;

(ii) a felony offense under title 18, United States Code; or

(iii) chapter 47 of title 10, United States Code (the Uniform Code of Military Justice);

provided that any detention complies with section 4016 of title 18, United States Code, as inserted by this Act.

(B) Transfer of any such person to another country, provided that—

(i) the transfer complies with the Convention Relating to the Status of Refugees, done at Geneva July 28, 1951, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, done at New York December 10, 1984, and Federal law; and

(ii) an individual being so transferred who is asserting a well-founded fear of torture, abuse, or persecution has an opportunity to have the claim heard by the Executive Office for Immigration Review, subject to the same judicial review provided for in section 242(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1252(a)(4)).

(C) Release of any other such person.

(d) Immigration status.—The transfer of an individual under subsection (c)(2)(A) shall not be considered an entry into the United States for purposes of immigration status.

(e) Alternative sites.—Congress may, by separate legislation after the enactment of this Act, amend the destination for detention in subsection (c)(2)(A).

(f) Authorization of appropriations.—There are authorized to be appropriated such sums as may be necessary to carry out activities under this section related to the investigation, prosecution, and defense of cases and claims relating to foreign nationals who were detained at the

Guantánamo Bay detention facility on or after July 4, 2026, and the transfer of such persons, including for the reimbursement of costs incurred by local communities.

Subtitle B—The Matthew Charles Prison Reform Act

PART I—HUMANE CONFINEMENT AND PRISON ACCOUNTABILITY

SEC. 121. ENDING CONTRACTING OUT OF FEDERAL PRISON FACILITIES AND COMMUNITY CONFINEMENT FACILITIES.

(a) Elimination of contracting for Federal correctional facilities and community confinement facilities.—Chapter 301 of title 18, United States Code, is amended by adding at the end the following:

"Sec. 4015. No contracting out of Federal prison facilities or community confinement facilities.

"(a) Federal correctional facilities generally.—Beginning October 1, 2030—

"(1) all core correctional services at each correctional facility used by the Bureau of Prisons for the confinement of persons serving sentences of imprisonment for Federal offenses shall be performed by employees of the Federal Government; and

"(2) all core correctional services at each correctional facility used by the United States Marshals Service for the confinement of persons in the custody of the United States Marshals Service shall be performed by employees of the Federal Government, except that the United States Marshals Service may enter into and maintain a contract with a facility operated by a State or unit of local government if—

"(A) the core correctional services at such correctional facility are performed by employees of such State or unit of local government; and

"(B) the facility meets all constitutional, Federal statutory, United States Marshals Service, and any applicable State or local standards.

"(b) Federal community confinement facilities.—Beginning October 1, 2032, the Director of the Bureau of Prisons may not enter into or maintain any contract with any for-profit entity to provide or manage any community confinement facility.

"(c) Definitions.—In this section:

"(1) Community confinement facility.—The term 'community confinement facility' has the meaning given that term in section 115.5 of title 28, Code of Federal Regulations, as in effect on July 4, 2026.

"(2) Core correctional services.—The term 'core correctional services' means the housing, safeguarding, protecting, and disciplining of individuals charged with or convicted of an offense.".

(b) Clerical amendment.—The table of sections for chapter 301 of title 18, United States Code, is amended by adding at the end the following:

"4015. No contracting out of Federal prison facilities or community confinement facilities.".

(c) Transitional provisions.—

(1) Federal correctional facilities.—The Attorney General shall take appropriate action to phase out existing Bureau of Prisons and United States Marshals Service contracts for core correctional services that, at the conclusion of the transition period, will be prohibited under section 4015 of title 18, United States Code.

(2) Federal community confinement facilities.—The Attorney General shall take appropriate action to phase out existing Bureau of Prisons contracts for community confinement facilities that, at the conclusion of the transition period, will be prohibited under section 4015 of title 18, United States Code.

(d) Report.—Not later than July 1, 2028, and every 2 years thereafter, the Attorney General shall submit to Congress a report describing and evaluating the prison population in the custody of the Bureau of Prisons. Each report shall include information regarding the race, gender, age, and nationality of such persons, and the location of the custody of such persons.

(e) Research on programs and policies that reduce recidivism.—

(1) In general.—The Attorney General shall conduct research to evaluate the effectiveness at improving community reintegration of programs operated by, and policies of, community confinement facilities, as that term is defined in section 4015 of title 18, United States Code, and shall develop guidelines based on that research for the use of such programs and policies at community confinement facilities.

(2) Report.—Not later than July 4, 2030, and every 4 years thereafter, the Attorney General shall submit to Congress a report describing the results of the research conducted under paragraph (1), the guidelines developed pursuant to that research, and how those guidelines are being incorporated into any contract for the provision or management of a community confinement facility to which the Bureau of Prisons is a party.

(f) Annual inspection of correctional facilities used for the confinement of persons in the custody of the United States Marshals Service.—Not later than July 1, 2027, and annually thereafter, the United States Marshals Service shall conduct a thorough inspection of each correctional facility used by the United States Marshals Service for the confinement of persons in the custody of the United States Marshals Service to ensure that each such facility meets all Constitutional, Federal statutory, United States Marshals Service, and any other applicable standards, including any State or local standards.

(g) Duties of the Attorney General relating to the release of Federal prisoners.—Section 3624 of title 18, United States Code, is amended by adding at the end the following:

"(h) Provision of information and counseling.—The Attorney General shall make rules to assure that each prisoner released from Federal custody upon the expiration of that prisoner's term of imprisonment for an offense, including a prisoner who resides in a community confinement facility, as that term is defined in section 4015, receives information and appropriate counseling about each of the following:

"(1) Any available process for having the prisoner's criminal record expunged.

"(2) The availability of programs to remove employment barriers.

"(3) Relevant vocational and educational rehabilitation programs that are available to the prisoner.

"(4) A detailed record of participation in educational, employment, and treatment programs completed while incarcerated.

"(5) Assistance with applications for the following:

"(A) Programs providing nutritional assistance.

"(B) Medicaid.

"(C) Social Security.

"(D) Driver's license.

"(E) Registering to vote.".

(h) Duties of the Bureau of Prisons regarding released prisoners.—Section 4042 of title 18, United States Code, is amended by adding at the end the following:

"(e) Requirements with respect to released prisoners.—In carrying out the duties set forth in subsections (a)(6) and (a)(7), the Director of the Bureau of Prisons shall ensure that each prisoner receives information and counseling during pre-release procedures regarding each area described in subsections (a)(6) and (a)(7). The Director of the Bureau of Prisons shall provide each released prisoner, including a prisoner who resides in a community confinement facility, as that term is defined in section 4015, with information regarding fines, assessments, surcharges, restitution, and other penalties due from the prisoner in connection with the conviction, which it shall be the duty of the appropriate judicial officers to provide to the Bureau.".

SEC. 122. PREGNANCY PROTECTIONS AND REPORTING FOR INCARCERATED INDIVIDUALS.

(a) Section 4322 of title 18, United States Code, is amended—

(1) in subsection (a) to read:

"(a) Prohibition.—Except as provided in subsection (b), beginning on the date on which pregnancy is confirmed by a health care professional and ending at the conclusion of postpartum recovery, it shall be unlawful for any Federal, State, or local government, or any officer, employee, contractor, or agent thereof, to place such a prisoner in restraints under color of law."; and

(2) in subsection (g)(2) to read:

"(2) Prisoner.—The term 'prisoner' means any person who is subject to custodial authority by a Federal, State, or local government, or by any officer, employee, contractor, or agent thereof, for purposes of detention or confinement for pretrial, post-conviction, civil, administrative, or immigration reasons, regardless of the physical location of such person, but does not include a person who is subject only to temporary detention incident to arrest prior to the establishment of custodial detention.".

(b) Reporting requirements.—Each covered carceral agency shall submit an annual report to the Attorney General, in such form and manner as the Attorney General may prescribe, that includes, at a minimum:

(1) The number of incarcerated individuals who were pregnant during the reporting year.

(2) The outcome of any pregnancies concluded during a time of incarceration, including live births, miscarriages, stillbirths, and other medically relevant outcomes.

(3) The use of restraints on pregnant incarcerated individuals, including the number of incidents and the circumstances under which restraints were used.

(4) The use of solitary confinement or restrictive housing on pregnant incarcerated individuals.

(c) Definitions.—In this section, the term "covered carceral agency" means any Federal, State, or local agency, authority, or instrumentality that operates, manages, or contracts for the operation of a jail, prison, detention center, or other facility used for the confinement of individuals.

SEC. 123. EMERGENCY MEDICAL FAMILY NOTIFICATION AND ACCESS.

(a) Definitions.—In sections 123 through 125:

(1) Covered person.—The term "covered person" means any individual in the care or custody of a Federal, State, or local governmental authority in a jail, prison, detention center, or other custodial facility.

(2) Custodial authority.—The term "custodial authority" means any Federal, State, or local agency, department, officer, or employee that exercises legal or physical control over a covered person.

(3) Medical emergency.—The term "medical emergency" means any traumatic injury or identification of an acute medical condition that a reasonable medical professional determines requires immediate evaluation or treatment.

(4) Timely notification.—The term "timely notification" means notification provided as soon as practicable following the onset of a medical emergency, but in no event later than 6 hours after such onset, provided that the covered person has designated or otherwise provided emergency contact information to the custodial authority.

(5) Emergency contact.—The term "emergency contact" means a family member, legal guardian, or other individual designated by a covered person to receive notification in the event of a medical emergency.

(6) Reasonable access.—The term "reasonable access" means meaningful communication, subject only to limitations necessary to address medical needs or legitimate security requirements, including—

(A) by telephone or video communication; and

(B) in-person access as medically appropriate and practicable.

(b) Duty to notify.—Each custodial authority shall ensure that, in the event of a medical emergency involving a covered person, timely notification is provided to an emergency contact of such covered person.

(c) Duty to permit access.—Each custodial authority shall ensure that, following timely notification under subsection (b), reasonable access to a covered person is afforded to emergency contacts during the medical emergency and any period of recovery.

(d) Maintenance of contact information.—Each custodial authority shall maintain procedures to permit covered persons to designate, review, and update emergency contact information upon intake, transfer, on a regular basis, or by request.

(e) Documentation and accountability.—If timely notification or reasonable access is delayed or denied, the custodial authority shall document the specific reasons for such delay or denial and retain such documentation in the covered person's custodial record.

(f) Civil rights safeguard.—A pattern or practice by a custodial authority of failing to comply with this section shall constitute a deprivation of rights under color of law, enforceable in a civil action brought by the Attorney General for declaratory or injunctive relief.

(g) Rule of construction.—Nothing in this section shall be construed—

(1) to require disclosure of information in violation of applicable medical privacy laws; or

(2) to permit interference with necessary medical care.

SEC. 124. PROTECTION OF IN-PERSON VISITATION.

(a) In general.—It shall be unlawful for any Federal carceral agency to eliminate, suspend, or materially restrict in-person visitation for covered persons except where such restriction is narrowly tailored, time-limited, and necessary to address a specific and articulable safety or security concern.

(b) Anti-replacement rule.—The availability of video visitation or other remote communication services may not be used as a substitute for, or justification to eliminate or materially restrict, in-person visitation.

(c) Federal funding condition.—Beginning with the 2028 fiscal year, no Federal funds may be obligated or expended to contract with, provide grants to, or place Federal detainees in, any State, local, or private facility that fails to maintain in-person visitation standards that are substantially equivalent to those in effect for Bureau of Prisons facilities on the date of enactment of this Act.

(d) Rule of construction.—Nothing in this section shall be construed to require unlimited visitation or to prohibit reasonable scheduling, screening, or supervision practices consistent with safety and security.

(e) Enforcement.—A covered person aggrieved by a violation of this section may bring a civil action in an appropriate district court of the United States against the head of the Federal carceral agency responsible for the violation, in the head's official capacity, for declaratory or injunctive relief. A prevailing plaintiff shall be awarded reasonable attorney's fees and costs.

SEC. 125. PRESERVATION OF PHYSICAL MAIL.

(a) In general.—It shall be unlawful for any Federal carceral agency to categorically prohibit the receipt or sending of physical mail by covered persons.

(b) Anti-replacement rule.—The availability of electronic messaging, scanned mail, or other digital correspondence systems may not be used as a justification to eliminate physical mail.

(c) Handling of mail.—Physical mail may be inspected or screened for security purposes, but may not be destroyed, withheld, or converted to digital-only form absent individualized cause or the consent of the sender and recipient.

(d) Federal funding condition.—Beginning in the 2028 fiscal year, no Federal funds may be obligated or expended to contract with, provide grants to, or place Federal detainees in, any State, local, or private facility that fails to maintain physical mail policies that are substantially equivalent to those in effect for Bureau of Prisons facilities on the date of enactment of this Act.

(e) Rule of construction.—Nothing in this section shall be construed to prohibit reasonable limitations on mail based on size, content, or security screening consistent with Constitutional requirements.

(f) Enforcement.—A covered person aggrieved by a violation of this section may bring a civil action in an appropriate district court of the United States against the head of the Federal carceral agency responsible for the violation, in the head's official capacity, for declaratory or injunctive relief. A prevailing plaintiff shall be awarded reasonable attorney's fees and costs.

SEC. 126. REPEAL OF INCARCERATION INCENTIVE GRANT PROGRAM.

Part A of subchapter I of chapter 121 of title 34, United States Code, commonly known as the "Violent Offender Incarceration and Truth-in-Sentencing Incentive Grants," is repealed.

SEC. 127. RESTRICTIONS ON THE USE OF SOLITARY CONFINEMENT.

(a) Findings.—The Congress finds the following—

(1) The United Nations Office on Drugs and Crime has issued "the Nelson Mandela Rules," the United Nations Standard Minimum Rules for the Treatment of Prisoners. The use of indefinite or prolonged solitary confinement for more than 15 days is defined as a form of torture. Rules 43-45 define restrictions for solitary confinement.

(2) In the summer of 2019, the U.S. had more than 55,000 incarcerated people who had been in solitary confinement for 15 days or longer; including thousands for more than 3 years.

(3) A 2014 study published in the American Journal of Public Health found that assignment to solitary confinement was strongly associated with acts of self-harm and that incarcerated people punished by solitary confinement were approximately 6.9 times as likely to commit acts of self-harm.

(4) A Department of Justice review of solitary confinement published in January 2016 summarized their conclusions by emphasizing, "as a matter of policy, we believe strongly this practice should be used rarely, applied fairly, and subjected to reasonable constraints."

(b) Solitary confinement restrictions.—Chapter 301 of title 18, United States Code, as amended by section 121 of this Act, is further amended by adding at the end the following:

"Sec. 4016. Solitary confinement.

"(a) Definitions.—In this section:

"(1) Attempting.—The term 'attempting' means having the intent to carry out a particular act and completing significant steps in the advancement of the attempt. Evidence of withdrawal or abandonment of a plan to carry out the act shall negate a finding of intent.

"(2) Clinician.—The term 'clinician' means a Federal or State licensed physician, except that for purposes of mental health evaluations, the term shall include a Federal or State licensed psychiatrist or psychologist, or an advanced practice nurse or clinical nurse specialist with a specialty in psychiatric nursing.

"(3) Developmental disability.—The term 'developmental disability' means a disability attributable to an intellectual or developmental condition, as defined in the latest edition of the Diagnostic and Statistical Manual of the American Psychiatric Association, or related conditions constituting a severe or profound disability.

"(4) Emergency confinement.—The term 'emergency confinement' means the placement of an incarcerated person into solitary confinement for no more than 24 hours when:

"(A) there is reasonable cause to believe it is necessary for reducing a substantial risk of imminent serious harm to the incarcerated person or others in the facility, as evidenced by recent threats or conduct; and

"(B) a less restrictive intervention would be insufficient to reduce this risk.

"(5) Federal agency.—The term 'Federal agency' means the Federal Bureau of Prisons, U.S. Immigration and Customs Enforcement, Department of Homeland Security, U.S. Customs and Border Protection, Office of Refugee Resettlement, United States Marshals Service, Department of Health and Human Services, and any other Federal agency that has people in its care or custody.

"(6) Federal facility.—The term 'Federal facility' means a Federal Bureau of Prisons facility, U.S. Immigration and Customs Enforcement facility, Department of Homeland Security facility, U.S. Customs and Border Protection facility, Office of Refugee Resettlement facility, United States Marshals Service facility, Department of Health and Human Services facility, any other facility operated by a Federal agency that has people in its care or custody, and any Federal, State, local, or private facility that has contracted with any Federal agencies for incarcerating people in their care or custody or providing services to incarcerated people in their care or custody.

"(7) Incarcerated person.—The term 'incarcerated person' means a person held in a Federal facility.

"(8) Medical seclusion.—The term 'medical seclusion' means involuntary isolated confinement of an incarcerated person as a patient in a separate room, subject to close medical supervision.

"(9) Medical staff.—The term 'medical staff' means State licensed psychiatrists, physicians, physician assistants, advanced practice nurses or clinical nurse specialists or, for mental health evaluations or decisions, those registered nurses with a specialty in psychiatric nursing, or comparably credentialed employees or contractors employed to provide medical, mental, and behavioral health care services.

"(10) Psychiatric emergency.—The term 'psychiatric emergency' means an acute disturbance of behavior, thought or mood of a patient which if untreated may lead to harm, either to the individual or to others in the environment.

"(11) Serious mental illness.—The term 'serious mental illness' means a disability based on a mental illness, a history of psychiatric hospitalization, or recently exhibited conduct, including but not limited to serious self-mutilation, indicating the need for further observation or evaluation to determine the presence of mental illness;

"(12) Solitary confinement.—The term 'solitary confinement' means the involuntary confinement of an incarcerated person to a cell or similarly confined holding or living space for approximately 22 hours or more per day, with severely restricted activity, movement, and social interaction. Solitary confinement does not include confinement due to a facility-wide or unit-wide lockdown that is required to ensure the safety of incarcerated people and staff.

"(13) Vulnerable person.—The term 'vulnerable person' means any incarcerated person who—

"(A) is 21 years of age or younger;

"(B) has a serious mental illness;

"(C) has a developmental disability;

"(D) has a significant neurocognitive impairment from a condition such as dementia or a traumatic brain injury;

"(E) has a serious medical condition which cannot effectively be treated in solitary confinement; or

"(F) is pregnant, or has given birth, suffered a miscarriage, or terminated a pregnancy in the previous 45 days.

"(b) Restrictions on the use of solitary confinement—

"(1) Federal facilities shall not place any vulnerable person in solitary confinement except for the use of medical seclusion pursuant to subsection (e). No other person may be placed in solitary confinement except for disciplinary reasons pursuant to subsection (c) or for temporary emergency confinement.

"(2) No incarcerated person may be placed in solitary confinement for more than 15 consecutive days, or 30 days in any 60-day period. Any person placed in solitary confinement shall receive a personal and comprehensive medical and mental health examination conducted by a clinician pursuant to subsection (d).

"(3) No person placed in solitary confinement shall be:

"(A) subjected to corporal punishment;

"(B) placed in a cell or other holding or living space that is dark or constantly lit, or that lacks functioning sanitary facilities, proper ventilation or temperature monitoring;

"(C) denied access to appropriate medical care, including emergency medical care; or

"(D) denied, or given reduced access to: food, water, adequate clothing, or any other basic necessity. No variation of food from the standard menu shall be permitted without the incarcerated person's consent, except for a limited period, not to exceed 7 days, for an incarcerated person who has used food or food service equipment in a manner that is hazardous to the incarcerated person or others, provided that the food supplied is healthful, palatable, and meets basic nutritional requirements.

"(4) During the final 180 days of an incarcerated person's term of incarceration, officials shall avoid placing the person in solitary confinement. If solitary confinement becomes necessary during this time, officials shall provide targeted reentry programming to prepare the person for return to the community.

"(c) Disciplinary use of solitary confinement.—

"(1) Federal facilities shall establish maximum penalties for each level of disciplinary offense, graded based on the seriousness of the offense, which should include alternatives to solitary confinement. If used for punishment, solitary confinement shall be reserved for offenses:

"(A) Causing or attempting to cause serious physical injury or death to another person.

"(B) Compelling or attempting to compel another person, by force or threat of force, to engage in a sexual act (as defined in section 2246 of title 18).

"(C) Leading, organizing, inciting, or attempting to cause a riot, or other similarly serious disturbance that results in the taking of a hostage, major property damage, or serious physical harm to another person.

"(D) Escaping, attempting to escape or facilitating an escape from a facility or escaping, attempting to escape or facilitating an escape while under supervision outside such facility.

"(2) An incarcerated person shall not be placed in solitary confinement pending investigation of a disciplinary offense unless the incarcerated person's presence in general population would pose a danger to the incarcerated person, staff, other incarcerated people, or the public.

"(A) In making this determination, officials should consider the seriousness of the alleged offense, including whether the offense would be punishable by solitary confinement pursuant to paragraph (1).

"(B) An incarcerated person's initial placement in investigative solitary confinement should be reviewed within 24 hours by an appropriate, high-level authority who was not involved in the initial placement decision.

"(C) An incarcerated person placed in investigative solitary confinement shall be given an initial hearing within 72 hours of placement, in the absence of exceptional circumstances, unavoidable delays, or reasonable postponements. An incarcerated person who demonstrates good behavior during investigative solitary confinement shall be considered for release to the general population while awaiting the disciplinary hearing.

"(D) Absent compelling circumstances, such as a pending criminal investigation, an incarcerated person may not remain in investigative solitary confinement for a longer period of time than the maximum term of disciplinary solitary confinement permitted for the most serious offense charged.

"(3) Procedures for a disciplinary hearing which may result in solitary confinement for an incarcerated person—

"(A) Hearings shall be conducted by a neutral decision maker—

"(i) In Federal Bureau of Prisons facilities or facilities contracting with the Federal Bureau of Prisons or United States Marshals Service for incarcerating people in their care or custody, the neutral decision maker shall be appointed by the Assistant Attorney General for Civil Rights, employed by the Department of Justice but independent of any division or unit within the Department of Justice that has people in its care or custody or engages in any prosecuting activities, any other Federal agency, and any prosecuting entity.

"(ii) In U.S. Immigration and Customs Enforcement, Department of Homeland Security, or U.S. Customs and Border Protection facilities, or facilities contracting with U.S. Immigration and Customs Enforcement, the Department of Homeland Security, or U.S. Customs and Border Protection for incarcerating people in their care or custody, the neutral decision maker shall be appointed by the Officer for Civil Rights and Civil Liberties, employed by the Department of Homeland Security but independent of the Office for Civil Rights and Civil Liberties, any division or unit within the Department of Homeland Security that has people in its care or custody or engages in any prosecuting activities, any other Federal agency, and any prosecuting entity.

"(iii) In Department of Health and Human Services facilities or facilities contracting with the Department of Health and Human Services for incarcerating people in their care or custody, the neutral decision maker shall be appointed by the Director of the Office for Civil Rights, employed by the Department of Health and Human Services but independent of the Office for Civil Rights, any division or unit within the Department of Health and Human Services that has people in its care or custody, any other Federal agency, and any prosecuting entity.

"(B) The incarcerated person shall be permitted to represent themselves or be represented by any attorney, law student, paralegal, community advocate, or other incarcerated person of their choosing. If a person does not have their own representative, they shall be offered the assistance of a representative as follows:

"(i) For all hearings described in subparagraph (A)(i), an appointed representative selected by the Assistant Attorney General for Civil Rights, employed by the Department of Justice, and independent of:

"(I) any division or unit within the Department of Justice that has people in its care or custody or engages in any prosecuting activities;

"(II) any other Federal agency; and

"(III) any prosecuting entity.

"(ii) For all hearings described in subparagraph (A)(ii), an appointed representative selected by the Officer for Civil Rights and Civil Liberties, employed by the Department of Homeland Security, and independent of:

"(I) the Office for Civil Rights and Civil Liberties;

"(II) any division or unit within the Department of Homeland Security that has people in its care or custody or engages in any prosecuting activities;

"(III) any other Federal agency; and

"(IV) any prosecuting entity.

"(iii) For all hearings described in subparagraph (A)(iii), an appointed representative shall be selected by the Director of the Office for Civil Rights, employed by the Department of Health and Human Services, and independent of:

"(I) the Office for Civil Rights;

"(II) any division or unit within the Department of Health and Human Services that has people in its custody;

"(III) any other Federal agency; and

"(IV) any prosecuting entity.

"(C) Not less than 2 days prior to any hearing, both the incarcerated person and their chosen representative shall be provided detailed written notice of the reason for the hearing, including all relevant evidence. The individual and their chosen representative shall be provided adequate time to prepare for such hearings and afforded adjournments as appropriate. Any refusal by an incarcerated person to attend such hearings shall be videotaped and made part of the evidentiary record that shall be maintained by the relevant Federal agency. Failure to provide the notice described herein or to enter into the record videotaped evidence of an alleged refusal to attend by an incarcerated person shall constitute a basis for resolving the hearing in that person's favor.

"(D) The neutral decision maker shall issue a written determination within 5 business days of the conclusion of the placement hearing. The determination shall specify the finding, a summary of each witness's testimony and an explanation of whether their testimony was credited or rejected, and the evidence relied upon in reaching the finding. A finding for disciplinary solitary confinement shall be supported by clear and convincing evidence.

"(E) A copy of the determination shall be provided to the incarcerated person and their chosen representative within 24 hours of the issuance of the determination, and, if the

finding imposes disciplinary solitary confinement, no less than 2 hours prior to its imposition.

"(4) If a neutral decision maker is confronted with an incarcerated person who demonstrates symptoms of mental illness, the decision maker shall refer the person to a member of the medical staff to provide input as to:

"(A) the incarcerated person's competence to participate in the disciplinary hearing,

"(B) any impact the incarcerated person's mental illness may have had on their responsibility for the charged behavior, and

"(C) information about any known mitigating factors in regard to the behavior.

"The neutral decision maker shall also consult a member of the medical staff, preferably the treating clinician, as to whether certain types of sanctions, (e.g., placement in disciplinary solitary confinement, loss of visits, or loss of phone calls) may be inappropriate because they would interfere with supports that are a part of the incarcerated person's treatment or recovery plan. The neutral decision maker shall take the input provided under this paragraph into account when deciding what, if any, sanctions to impose.

"(5) If the hearing results in an adjudication of guilt, disciplinary solitary confinement may be used only if the hearing officer concludes that other available sanctions are insufficient to serve the purposes of punishment. An incarcerated person who is a vulnerable person described in subparagraph (E) or (F) of subsection (a)(13), who would otherwise be placed in solitary confinement, may alternately be placed in medical seclusion.

"(6) Absent any compelling circumstances, any time spent in investigative solitary confinement shall be credited toward a punishment of disciplinary solitary confinement. Ordinarily, disciplinary sentences for offenses that arise out of the same episode should be served concurrently.

"(7) To incentivize conduct that furthers institutional safety and security, an incarcerated person who demonstrates good behavior during disciplinary solitary confinement shall be given consideration for early release from solitary confinement, where appropriate.

"(d) Medical and mental health examinations.—

"(1) Except as provided in paragraph (3), no person shall be placed in solitary confinement prior to receiving a personal and comprehensive medical and mental health examination by a clinician.

"(2) A clinician shall evaluate each person placed in solitary confinement on a daily basis, in a confidential setting outside of the cell whenever possible, to determine whether they are a vulnerable person. The clinician may recommend changes to the solitary confinement of a person in order to ensure that such confinement does not exacerbate a medical condition or mental or physical disability.

"(3) A person placed in emergency confinement shall receive an initial medical and mental health evaluation within 2 hours of placement in emergency confinement by a member of the

medical staff, and a personal and comprehensive medical and mental health evaluation within 36 hours of confinement.

"(4) If an evaluation determines the incarcerated person is a vulnerable person, they shall immediately be removed from solitary confinement, except an incarcerated person who is a vulnerable person described in subparagraph (E) or (F) of subsection (a)(13) may alternately be transferred to medical seclusion. A punishment of disciplinary solitary confinement which has been imposed on an incarcerated person who is removed from confinement pursuant to this paragraph shall be deemed to be satisfied.

"(e) Medical seclusion.—The Federal facility may subject a person to medical seclusion—

"(1) in response to a psychiatric emergency, if de-escalation methods and less restrictive measures fail to defuse the situation. If subjecting a person to medical seclusion in response to a psychiatric emergency pursuant to this paragraph, the medical staff shall continue de-escalation efforts and end the use of medical seclusion when the threat of the serious incident or imminent physical harm has passed.

"(2) when a mental health examination, the conduct of an incarcerated person, or any subsequent observation identifies a risk of suicide, the incarcerated person may be placed in a medical seclusion and promptly evaluated by a clinician, who should determine the degree of risk, appropriate level of ongoing supervision, and appropriate course of mental health treatment.

"(A) A suicidal incarcerated person's clothing may be removed only if an individualized assessment finds such removal necessary, and the affected person shall be provided with suicide resistant garments that are sanitary, adequately modest, and appropriate for the temperature.

"(B) At a minimum, incarcerated people presenting a serious risk of suicide shall be housed within sight of staff and observed by staff, face-to-face, at irregular intervals of no more than 15 minutes, with any currently threatening or attempting suicide under continuous staff observation. Suicide observation shall be documented, and incarcerated people under suicide observation evaluated by a clinician prior to being removed from observation.

"(3) pursuant to subsection (d)(4), for the fulfillment of disciplinary solitary confinement.

"(4) when medically necessary for an incarcerated person with a readily transmissible contagious disease, if the best available objective evidence indicates that the person poses a direct threat to the health or safety of others and other restrictions would be insufficient. Any accommodation made to address the special needs or risks of a prisoner with a communicable disease may not unnecessarily reveal that prisoner's health condition.

"(5) In any case of medical seclusion under this subsection, a clinical review shall be conducted at least every 8 hours and as indicated.

"(f) Recordkeeping.—

"(1) Required records.—For each placement of an incarcerated person in solitary confinement under this section, the Federal facility shall—

"(A) provide written notice to the appropriate facility administrator (or their designee); and

"(B) create and maintain a written record that includes—

"(i) the specific reason for—

"(I) the placement, including any hearings conducted, findings made, and sanctions imposed relating to the placement;

"(II) the removal of the incarcerated person;

"(ii) the type of confinement, including disciplinary, investigative, emergency confinement, or medical seclusion;

"(iii) the date and time—

"(I) the confinement began;

"(II) the confinement ended; and

"(III) of the notification required by subparagraph (A);

"(iv) the identity and title of the official authorizing the placement;

"(v) whether the incarcerated person was determined to be a vulnerable person under subsection (a);

"(vi) all medical and mental health evaluations conducted pursuant to this section, including the date, time, and evaluator.

"(2) Retention and availability.—Records required under paragraph (1) shall—

"(A) be maintained at the facility in which the incarcerated person is housed;

"(B) be available for internal oversight, medical review, and civil rights compliance purposes;

"(C) be preserved for not less than 5 years; and

"(D) be reported in aggregate to the Department of Justice.

"(3) Review and corrective action.—

"(A) Failure to comply.—A failure to provide notice or maintain records as required under this subsection shall require prompt supervisory review by the Federal agency responsible for the facility.

"(B) Corrective measures.—Where noncompliance is identified, the agency shall take appropriate corrective action, which may include training, policy modification, disciplinary measures, or referral for civil rights review.

"(g) Rulemaking.—Not later than January 30, 2027, each Federal agency shall develop rules, guidance, and regulations useful and necessary to implement this section with respect to Federal facilities under the jurisdiction of, or under contract with, that agency.".

(c) Clerical amendment.—The table of sections for such chapter, as amended by section 121 of this Act, is further amended by adding at the end the following:

"4016. Solitary confinement.".

(d) Effective dates.—

(1) Subsection (b) of this section, and subsections (a), (b), and (g) of section 4016, as inserted by this section, are effective 30 days after enactment of this Act; and

(2) the remaining subsections of section 4016 are effective on March 1, 2027, or 30 days after issuance of the rules, guidance, and regulations developed pursuant to subsection (g) of such section.

SEC. 128. REMOVAL OF LIMITATION ON RECOVERY ON CERTAIN SUITS BY INCARCERATED PEOPLE.

(a) Recovery for unlawful solitary confinement.—Section 1346(b)(2) of title 28, United States Code, is amended by inserting before the period at the end ", or placement in solitary confinement in violation of section 4016 of title 18".

(b) Effective date.—This section shall be effective July 4, 2027.

PART II—RESTRICTING PRISON PROFITEERING

SEC. 131. DEFINITIONS.

In this subtitle:

(1) Carceral data.—The term "carceral data" means any data, record, content, communication, metadata, biometric identifier, location information, transaction information, or other information that is generated, collected, inferred, derived, or obtained in connection with the incarceration, detention, supervision, or confinement of an incarcerated individual.

(2) Commission, kickback, or revenue-sharing.—The term "commission, kickback, or revenue-sharing" means any payment, rebate, percentage, fee, credit, discount, in-kind benefit, or other thing of value that is calculated based on usage, volume, or revenue and provided to or for the benefit of a covered carceral agency.

(3) Commercial purpose.—The term "commercial purpose" means any purpose of advertising, marketing, profiling, behavioral targeting, sale, licensing, monetization, or product development.

(4) Commissary system.—The term "commissary system" means any system, program, or arrangement for the sale of goods to covered persons or to family members or other persons acting on behalf of covered persons for use by covered persons in a jail, prison, detention center, or other custodial facility.

(5) Cost of the good.—The term "cost of the good" means the documented price paid to acquire a commissary good, including reasonable and verifiable expenses directly attributable to procurement, transportation, storage, and handling.

(6) Covered carceral agency.—The term "covered carceral agency" means any Federal, State, or local agency, authority, or instrumentality that operates, manages, or contracts for the operation of a jail, prison, detention center, or other facility used for the confinement of individuals.

(7) Covered carceral contract.—The term "covered carceral contract" means any contract or agreement for the provision of goods or services to a covered carceral agency.

(8) Covered person.—The term "covered person" means any individual in the care or custody of a Federal, State, or local governmental authority in a custodial facility.

(9) Custodial authority.—The term "custodial authority" means any Federal, State, or local agency, department, officer, or employee that exercises legal or physical control over a covered person.

(10) Debit card.—The term "debit card" means any prepaid card, stored-value card, or similar payment instrument issued for the purpose of providing access to funds upon release from custody, whether issued directly by a correctional authority or through a contractor, financial institution, or program manager.

(11) Digital content.—The term "digital content" means any electronically stored media, message, image, audio, video, document, or other digital file purchased or accessed through a custodial facility system or service.

(12) Electronic messaging system.—The term "electronic messaging system" means any digital platform or service that enables written communication between a covered person and another individual through electronic transmission.

(13) Fee.—The term "fee" means any charge, cost, penalty, or assessment, whether imposed directly or indirectly, including charges for account maintenance, balance inquiries, purchases, inactivity, customer service, account closure, replacement cards, or access to funds.

(14) Incarcerated individual.—The term "incarcerated individual" means any person confined in a jail, prison, detention center, or other facility used for the confinement of individuals, including any person detained for a civil, administrative, or immigration purpose.

(15) Interstate commerce.—The term "interstate commerce" has the meaning given the term "commerce" in section 4 of the Federal Trade Commission Act (15 U.S.C. 44).

(16) Medical care.—The term "medical care" means the evaluation, diagnosis, treatment, prevention, or management of health issues, including physical, dental, vision, mental health, or substance use disorders. Medical care includes prescription medications, medical devices, assistive services, and any other health care service determined by a licensed health care professional to be medically necessary.

SEC. 132. PRISON CONTRACT PROHIBITIONS.

(a) Prohibition on exploitative contracts.—

(1) In general.—It shall be unlawful for any person engaged in interstate commerce to enter into, renew, materially amend, perform, or enforce a covered carceral contract that includes any commission, kickback, or revenue-sharing.

(2) Enforceability.—No provision of a covered carceral contract shall be enforceable to the extent it would violate the provisions of this section.

(b) Disclosure required.—

(1) In general.—Any person engaged in interstate commerce that enters into, renews, or materially amends a covered carceral contract shall publicly disclose the details not less than 30 days after execution, renewal, or amendment of the covered carceral contract.

(2) Required disclosures.—The disclosure shall include, at a minimum:

(A) The identity of all contracting parties, including any parent company, subsidiary, or affiliate.

(B) The term of the contract, including the initial term and any renewal or extension provisions.

(C) The scope of goods or services provided.

(D) All pricing terms, including rates, fees, per-unit charges, and any usage-based or volume-based pricing.

(E) Any commissions, site fees, administrative fees, or other payments or credits provided to, or for the benefit of, a covered carceral agency.

(F) Any amendments, side letters, schedules, or incorporated documents that modify pricing, compensation, or duration.

(3) Manner of disclosure.—

(A) Public posting.—Each disclosure required under this section shall be made publicly available, without restriction, on an internet website maintained by the person required to make the disclosure.

(B) Filing with Commission.—Each disclosure required under this section shall also be filed with the Federal Trade Commission in such form and manner as the Commission may prescribe.

(c) Prohibition on confidentiality claims.—No assertion of trade secret, confidentiality, or proprietary interest, shall be valid if it would violate the provisions of this section.

(d) Enforcement.—A violation of this section shall be treated as—

(1) a violation of section 5(a) of the Federal Trade Commission Act (15 U.S.C. 45(a)) as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this section; and

(2) cause for debarment under applicable Federal debarment and suspension authorities for a period of not less than 1 year.

(e) No preemption.—Nothing in this section shall be construed to preempt any State law that provides equal or greater protection against carceral profiteering.

(f) Effective date.—This section shall be effective January 1, 2027.

SEC. 133. PROHIBITION ON COMMERCIAL USE AND TRANSFER OF CARCERAL DATA.

(a) Prohibition.—It shall be unlawful for any person engaged in interstate commerce, or any officer, employee, or agent thereof, to collect, use, or sell carceral data for a commercial purpose except as expressly permitted under subsection (b).

(b) Permitted uses.—Subsection (a) shall not prohibit the collection, use, retention, or disclosure of carceral data solely to the extent necessary to carry out—

(1) the safe, secure, and lawful operation of a covered carceral agency;

(2) the provision of health care, nutrition, or other basic services required to be provided to an incarcerated individual;

(3) compliance with Federal or State law, a court order, or a lawful subpoena;

(4) communications with counsel, courts, consular officials, oversight bodies, or other persons as required by law; or

(5) access by an incarcerated individual to such individual's own carceral data, including the correction of inaccuracies, subject to reasonable identity verification.

(c) Prohibited secondary use; no circumvention.—It shall be unlawful to evade subsection (a) by characterizing carceral data, or any portion thereof, as anonymized data, aggregated data, derived data, inferred data, analytics, insights, scores, models, training data, or any substantially similar designation if such data is collected, used, or sold for a commercial purpose.

(d) Retention and destruction of carceral data.—

(1) Retention limitation.—Except as expressly required by Federal or State law, court order, or an active litigation hold, no person subject to this section may retain carceral data for longer than is reasonably necessary to carry out a permitted use under subsection (b).

(2) Destruction requirement.—Carceral data that is no longer necessary for a permitted use under subsection (b) shall not be retained, but shall be permanently destroyed in a timely manner.

(3) Vendor obligations upon contract termination.—Upon the termination or expiration of any contract involving access to carceral data, the vendor shall—

(A) return such data to the covered carceral agency, if requested; and

(B) permanently destroy all copies of such data not required to be retained under paragraph (1).

(4) Certification.—The Federal Trade Commission may require any person subject to this section to certify compliance with this subsection in such form and manner as the Commission determines appropriate.

(e) Enforcement.—

(1) In general.—A violation of this section shall be treated as an unfair, deceptive, or abusive act or practice under section 5(a) of the Federal Trade Commission Act (15 U.S.C. 45(a)).

(2) Authority.—The Federal Trade Commission shall enforce 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 were incorporated into and made a part of this section.

(f) No preemption.—Nothing in this section shall be construed to preempt any State law that provides equal or greater protection.

(g) Rule of construction.—For purposes of this section, the commercial use, transfer, disclosure, or monetization of carceral data shall be presumed to take unreasonable advantage of the inability of incarcerated individuals to protect their interests in selecting, accessing, or using a good, service, platform, or market.

(h) Effective date.—This section shall be effective January 1, 2027.

SEC. 134. MEDICAL CARE AND NECESSITIES FOR INCARCERATED PEOPLE.

(a) Prohibition on medical fees.—It shall be unlawful for any covered carceral agency to impose, collect, or cause to be imposed or collected any copayment, fee, charge, or cost for medical care provided to an incarcerated individual.

(b) Free access to prescribed medications.—It shall be unlawful for any covered carceral agency to impose, collect, or cause to be imposed or collected any fee, charge, or cost for any medication prescribed by a licensed health care professional for an incarcerated individual.

(c) Hygiene and sanitary products.—Each covered carceral agency shall provide incarcerated individuals with basic hygiene products at no cost, including soap, toothpaste, toothbrushes, toilet paper, and menstrual products, in sufficient quantity to meet health and dignity needs.

(d) Conditions on Federal detention reimbursements.—As a condition of receiving any Federal payment, reimbursement, or per diem for the detention, incarceration, or housing of individuals pursuant to a Federal contract, agreement, or program, a State or local government shall certify compliance with subsections (a) through (c).

(e) Prohibition on vendor facilitation.—It shall be unlawful for any person engaged in interstate commerce to collect or facilitate any fee or cost prohibited under this section, whether directly or indirectly, and regardless of any contract, policy, or administrative practice.

(f) Enforcement.—

(1) Covered carceral agencies.—An incarcerated individual aggrieved by a violation of subsection (a), (b), or (c) may bring a civil action in an appropriate district court of the United States against the head of the covered carceral agency responsible for the violation, in the head's official capacity, for declaratory or injunctive relief. A prevailing plaintiff shall be awarded reasonable attorney's fees and costs.

(2) Vendors.—A violation of subsection (e) shall be treated as—

(A) a violation of section 5(a) of the Federal Trade Commission Act (15 U.S.C. 45(a)) as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this section; and

(B) cause for debarment under applicable Federal debarment and suspension authorities for a period of not less than 1 year.

(g) Effective date.—This section shall take effect on January 1, 2027.

SEC. 135. UNFAIR PRICING IN CARCERAL COMMISSARY SYSTEMS.

(a) Unfair pricing practice.—It shall be an unfair, deceptive, or abusive act or practice to sell or offer to sell any good through a commissary system at a price that exceeds 125 percent of the cost of the good.

(b) Enforcement.—A violation of this section shall be treated as—

(1) a violation of section 5(a) of the Federal Trade Commission Act (15 U.S.C. 45(a)) as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this section; and

(2) cause for debarment under applicable Federal debarment and suspension authorities for a period of not less than 1 year.

(c) Rule of construction.—Nothing in this section shall be construed to preempt State or local laws that impose stricter limitations on commissary pricing.

(d) Effective date.—This section shall take effect 30 days after enactment of this Act.

SEC. 136. FAIR ELECTRONIC MESSAGING STANDARDS IN CUSTODIAL FACILITIES.

(a) In general.—Each Federal, State, and local custodial authority, and any person acting under contract or agreement with such authority, shall ensure that any electronic messaging system made available to covered persons functions in a manner comparable to ordinary consumer email services, subject only to limitations that are narrowly tailored and necessary to address legitimate security or safety needs.

(b) Prohibited practices.—It shall be unlawful to operate or provide an electronic messaging system for covered persons that—

(1) imposes pricing based on the number of words, characters, or length of a message;

(2) restricts the ability to send or receive attachments, except as necessary for security review or content filtering;

(3) conditions access to basic messaging functions on the purchase of bundled credits or plans that obscure per-message pricing;

(4) modifies pricing, access terms, or functional limitations without clear advance notice to users; or

(5) deletes or restricts access to messages or attachments in a manner inconsistent with disclosed retention policies.

(c) Enforcement.—The Federal Communications Commission shall enforce this section under the Communications Act of 1934 (47 U.S.C. 151 et seq.), using the same authority, procedures, and remedies applicable to communications services provided to incarcerated persons, including authority to promulgate regulations, conduct investigations, and impose penalties.

(d) Effective date.—This section shall be effective January 1, 2027.

SEC. 137. DIGITAL PROPERTY PROTECTIONS FOR COVERED PERSONS.

(a) Ownership of digital content.—Any digital content purchased or lawfully acquired by a covered person through a custodial facility system or service shall be deemed the property of the covered person, subject to reasonable limitations related to security, storage capacity, and lawful content restrictions.

(b) Continuity of access.—A custodial authority or service provider may not terminate, revoke, or unreasonably restrict access to a covered person's purchased digital content due to—

(1) transfer between facilities;

(2) change in service provider or vendor;

(3) reentry or release from custody; or

(4) expiration or termination of a contract with a custodial authority.

(c) Access after release.—Covered persons shall be afforded a reasonable opportunity to retain or access purchased digital content following release from custody, including through download, transfer, or continued account access, subject to reasonable technical and security limitations.

(d) Prohibited practices.—It shall be unlawful to condition continued access to purchased digital content on the payment of new or additional fees unrelated to reasonable storage or transfer costs.

(e) Enforcement.—A violation of this section shall constitute an unlawful deprivation of property under color of law, and shall be enforceable exclusively by the Attorney General through civil action for declaratory and injunctive relief.

(f) Effective date.—This section shall be effective January 1, 2027.

SEC. 138. CAPPING PREDATORY PRISON COMMUNICATION RATES.

(a) Incorporation of specified regulations.—The provisions of the final rule promulgated by the Federal Communications Commission, entitled "Incarcerated People's Communication Services; Implementation of the Martha Wright-Reed Act; Rates for Interstate Inmate Calling Services", as published in the Federal Register on September 20, 2024 (89 Fed. Reg. 77244), are incorporated into this Act and shall be treated as though such provisions are set forth in this section.

(b) Effect of incorporation.—The rule incorporated under subsection (a) shall establish maximum lawful rates, fees, and charges, and no officer or employee of the Federal Communications Commission may approve any rate, fee, or charge that is higher or less protective than the incorporated rates and regulations.

(c) Rule of construction.—Nothing in this section shall be construed to limit the authority of the Federal Communications Commission to impose lower rates or fees, or adopt or enforce regulations that provide greater protection to incarcerated people and their families.

(d) Effective date.—This section shall be effective 30 days after the enactment of this Act.

SEC. 139. ELIMINATION OF FEES ON DEBIT RELEASE CARDS.

(a) Unfair, deceptive, or abusive act or practice.—

(1) In general.—It shall be a rebuttable presumption that the issuance of a debit card to a person upon release from custody that imposes a fee constitutes an unfair, deceptive, or abusive act or practice under section 1031 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5531).

(2) Rulemaking.—Not later than 18 months after the date of enactment of this Act, the Consumer Financial Protection Bureau shall promulgate rules to eliminate fees associated with debit cards issued in connection with release from custody, including rules establishing standards for fee-free methods, permissible non-card alternatives, and protections against coercive or deceptive practices.

(b) Bureau of Prisons obligations.—

(1) In general.—The Bureau of Prisons shall ensure that no fees are associated with any debit card issued to a person released from custody.

(2) Voluntary alternatives.—The Bureau of Prisons shall make available at least 1 non-card alternative.

(c) Effective date.—This section shall be effective January 1, 2027.

Subtitle C—Access to Courts

PART I—OPENING COURTROOM DOORS

SEC. 141. REPEAL OF PRISON LITIGATION REFORM ACT.

The Prison Litigation Reform Act of 1995 (title VIII of Public Law 104–134) is repealed, and each provision of law amended or repealed by that title is restored or revived as if that title had not been enacted.

SEC. 142. PROTECTION OF COURT ADJUDICATION ACCESS.

(a) In general.—Title 9, United States Code, is amended by inserting after chapter 4 the following:

"CHAPTER 5—PROTECTION OF COURT ADJUDICATION ACCESS

"SEC. 501. Definitions.

"SEC. 502. Prohibition on predispute arbitration agreement.

"SEC. 503. Prohibition on predispute joint-action waivers.

"SEC. 504. Prohibition on forum manipulation and coercive dispute terms.

"SEC. 505. Non-waivability of court adjudication access.

"SEC. 506. Judicial authority and preservation of court access.

"SEC. 507. Rule of construction and overriding effect.

"SEC. 508. Enforcement by the Attorney General and the Federal Trade Commission.

"SEC. 509. Private civil action.

"SEC. 510. Severability.

"Sec. 501. Definitions.

"(a) In general.—In this chapter:

"(1) Arbitration.—The term 'arbitration' means any process in which a dispute is submitted to 1 or more private decisionmakers for a binding or nonbinding determination outside a public court.

"(2) Essential services.—The term 'essential services' means employment, housing, credit, insurance, health care, education, utilities, transportation, digital platforms used for commerce or communication, and any other service designated by the Attorney General by regulation.

"(3) Meaningful consent.—The term 'meaningful consent' means knowing, voluntary, and affirmative consent given after a dispute has arisen, without coercion, penalty, or any condition affecting access to essential services or legal protections.

"(4) Person.—The term 'person' has the meaning given in section 1 of title 1, United States Code.

"(5) Predispute arbitration agreement.—The term 'predispute arbitration agreement' means any agreement to arbitrate a dispute that had not yet arisen at the time the agreement was made.

"(6) Predispute joint-action waiver.—The term 'predispute joint-action waiver' means any agreement, whether or not part of a predispute arbitration agreement, that waives or limits the ability of a party to participate in a joint, class, collective, or representative action concerning a dispute that had not yet arisen at the time the agreement was made.

"Sec. 502. Prohibition on predispute arbitration agreement.

"(a) In general.—No person may require, enforce, or give effect to any predispute arbitration agreement.

"(b) Voluntary post-dispute arbitration permitted.—Arbitration of a dispute shall be lawful only if:

"(1) the dispute has already arisen;

"(2) all parties provide meaningful consent to arbitration;

"(3) such consent is provided in a separate written agreement executed after the dispute arises; and

"(4) any party may revoke consent to arbitration at any time prior to issuance of a final arbitral award.

"Sec. 503. Prohibition on predispute joint-action waivers.

"(a) In general.—No person may require, enforce, or give effect to any predispute joint-action waiver.

"(b) Applicability.—Subsection (a) applies regardless of whether such waiver is asserted through an arbitration agreement, forum selection clause, choice-of-law provision, or any other mechanism or arrangement.

"(c) Nonseverability.—Any agreement containing a prohibited waiver under this section shall be unenforceable with respect to dispute resolution in its entirety, unless the aggrieved party elects otherwise.

"Sec. 504. Prohibition on forum manipulation and coercive dispute terms.

"(a) In general.—No person may require, enforce, or give effect to any agreement, term, or condition that:

"(1) selects a forum or venue in a manner that unreasonably increases cost, delay, or burden on an aggrieved party;

"(2) includes a confession of judgment or cognovit provision;

"(3) authorizes unilateral modification of dispute resolution terms;

"(4) restricts remedies, damages, or forms of relief otherwise available under law; or

"(5) operates to coerce consent or deny meaningful access to judicial review.

"(b) Presumption.—Any agreement, term, or condition described in subsection (a) that is imposed as a non-negotiable condition affecting access to essential services or legal protections shall be presumed coercive and shall constitute an unfair, deceptive, or abusive act or practice under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

"Sec. 505. Non-waivability of court adjudication access.

"(a) In general.—Except as provided in section 502(b), the protections established under this chapter may not be waived, limited, or displaced by contract, agreement, policy, or condition.

"(b) Void agreements.—Except for a post-dispute arbitration agreement that satisfies section 502(b), any agreement, term, or condition that purports to waive or restrict a protection established under this chapter shall be void as against public policy and unenforceable in any Federal or State court.

"(c) No consent by adhesion.—Consent obtained through a condition affecting access to essential services or legal protections shall not constitute meaningful consent for purposes of this chapter.

"Sec. 506. Judicial authority and preservation of court access.

"(a) Court determination.—A court of competent jurisdiction shall determine the validity and enforceability of any arbitration agreement or dispute resolution term covered by this chapter.

"(b) No delegation.—The question of whether an agreement complies with this chapter may not be delegated to an arbitrator.

"(c) Burden of proof.—The party seeking to enforce arbitration or any alternative dispute resolution mechanism shall bear the burden of proving compliance with this chapter.

"(d) No automatic stay.—The filing of a motion to compel arbitration or an interlocutory appeal relating to arbitration shall not stay proceedings in a court of competent jurisdiction.

"(e) Interim relief.—Courts shall retain authority to grant preliminary, injunctive, or equitable relief notwithstanding the existence of any arbitration agreement or appeal.

"Sec. 507. Rule of construction and overriding effect.

"(a) Ordinary contract treatment.—Arbitration agreements shall be treated as ordinary contracts and shall not receive special or favored status under Federal law.

"(b) Federal Arbitration Act.—This chapter shall apply notwithstanding the Federal Arbitration Act (9 U.S.C. 1 et seq.).

"(c) Preemption.—This chapter shall supersede and preempt any Federal or State law, rule, regulation, or judicial doctrine to the extent that such law, rule, regulation, or doctrine permits or requires the enforcement of a contract term prohibited under this chapter.

"(d) State protections preserved.—Nothing in this chapter shall be construed to limit greater protections provided under State law that are consistent with this chapter.

"(e) Public enforcement preserved.—Nothing in this chapter shall be construed to permit the privatization, waiver, or displacement of public interests, public enforcement mechanisms, or statutory remedies enacted in the public interest.

"Sec. 508. Enforcement by the Attorney General and the Federal Trade Commission.

"(a) In general.—The Attorney General and the Federal Trade Commission may enforce this chapter 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 chapter.

"(b) Section 45 violation.—A violation of this chapter shall constitute an unfair, deceptive, or abusive act or practice under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

"(c) Civil penalties.—Any person who knowingly violates this chapter shall be subject to a civil penalty of not more than $50,000 for each violation.

"(d) Pattern or practice.—Each agreement, policy, or course of conduct that violates this chapter with respect to more than 1 individual shall constitute a separate violation.

"Sec. 509. Private civil action.

"(a) In general.—Any person aggrieved by a violation of this chapter may bring a civil action in a Federal or State court of competent jurisdiction.

"(b) Joint actions.—An action under this section may be brought as a joint, class, collective, or representative action in accordance with applicable Federal or State law.

"(c) Relief.—In an action under this section, a court may award appropriate relief, including declaratory relief, injunctive relief, rescission of unlawful contract terms, restitution, the greater of actual damages or statutory damages in the amount of $2,500 for each violation suffered by each aggrieved person, and any other relief the court deems just and proper.

"(d) Attorney's fees.—A prevailing plaintiff shall be entitled to reasonable attorney's fees and costs.

"(e) Non-exclusivity.—The remedies provided under this section are in addition to any other remedies available under Federal or State law.

"Sec. 510. Severability.

"If any provision of this chapter, or the application of such provision to any person or circumstance, is held to be invalid, the remainder of this chapter, and the application of the remaining provisions to any other person or circumstance, shall not be affected.".

(b) Effective date.—The amendments made by this section shall take effect on January 1, 2027.

SEC. 143. AMENDMENT TO ATTORNEY'S FEES AND PREVAILING PARTY DEFINITION.

Section 1988 of title 42, United States Code, is amended by adding at the end the following:

"(d) Prevailing party defined.—

"(1) For purposes of this section, a plaintiff shall be considered a prevailing party if the plaintiff obtains—

"(A) a final judgment on the merits;

"(B) a consent decree or court-approved settlement that materially alters the legal relationship of the parties; or

"(C) a preliminary injunction, temporary restraining order, or other interim judicial relief that—

"(i) provides enforceable relief on the merits of a claim; and

"(ii) materially alters the conduct of the defendant toward the plaintiff;

"regardless of whether the action is later rendered moot by voluntary cessation, repeal, policy change, settlement with the named plaintiff, or other action of the defendant.

"(2) A defendant's voluntary change in policy, practice, or conduct after the commencement of an action shall not preclude a plaintiff from being deemed a prevailing party if the court finds that the relief obtained under paragraph (1)(C) was a factor in causing such change.

"(3) A court may award attorney's fees to a prevailing defendant only upon a finding that the plaintiff's claim was frivolous, unreasonable, or brought in bad faith.

"(e) Attorney's fees required.—In any civil action brought under section 1979 of the Revised Statutes (42 U.S.C. 1983), the court shall award a reasonable attorney's fee, expert fees, and costs to a prevailing plaintiff.".

SEC. 144. ADDRESSING DAVIS V. AYALA.

Section 2254(d) of title 28, United States Code, is amended to read as follows:

"(d) An application for a writ of habeas corpus on behalf of a person in custody pursuant to the judgment of a State court shall not be granted with respect to any claim that was adjudicated on the merits in State court proceedings unless the adjudication of the claim—

"(1) resulted in a decision that was contrary to, or involved an unreasonable application of, clearly established Federal law, as determined by the Supreme Court of the United States;

"(2) resulted in a decision that was based on an unreasonable determination of the facts in light of the evidence presented in the State court proceeding; or

"(3) involved a constitutional error, provided that relief may be denied if the State establishes, by clear and convincing evidence, that the error did not contribute to the outcome of the adjudication.".

SEC. 145. ADDRESSING JONES V. HENDRIX.

Section 2255(h) of title 28, United States Code, is amended by adding at the end: "Nothing in this subsection shall be construed to limit the habeas remedies available under this section prior to the enactment of the Antiterrorism and Effective Death Penalty Act.".

SEC. 146. ADDRESSING SHINN V. RAMIREZ.

Section 2254(e)(2)(A) of title 28, United States Code, is amended to read as follows—

"(A) the claim relies on—

"(i) a new rule of constitutional law, made retroactive to cases on collateral review by the Supreme Court, that was previously unavailable;

"(ii) a factual predicate that could not have been previously discovered through the exercise of due diligence; or

"(iii) a finding of ineffective assistance of counsel; and".

PART II—EXPANDING ACCESS TO LEGAL SERVICES AND KNOWLEDGE

SEC. 151. LEGAL SERVICES GRANT PROGRAM.

(a) Findings.—Congress finds the following:

(1) Members of the legal profession are trustees of the judicial system, officers of the court who serve on the front lines of establishing justice. As guardians of legal knowledge, they have a duty to the public at large, but the injustice rampant in the judicial system demonstrates that as a group, they are failing in their duty to be stewards of justice. America must do better.

(2) Over the last 35 years, lawyers have raised their fees at twice the rate of inflation. Rather than fully utilizing their productive capacity, they have chosen to increase their prices, correctly calculating that they can earn more money with fewer but higher-paying customers with an inelastic demand for their services.

(3) The decision to price many Americans out of the market for legal services has fallen heaviest on the people most likely to find themselves in need of legal knowledge and representation. Those below the poverty line are 3 times as likely to be arrested, and the prevalence of cash bail also negatively impacts their available resources for a legal defense.

(4) Without a knowledgeable advocate to guide them, poor defendants find themselves, on average, serving longer sentences. This has led to a two-tiered system that makes a mockery of the phrase "with liberty and justice for all." Shakespeare famously suggested killing all the lawyers, which would even the playing field, but a preferable alternative is a fee-and-dividend model to address the issue.

(5) This part establishes a 12 percent excise tax on private sales and in-house provision of legal services, while exempting legal services provided within the scope of government or nonprofit employment and legal services purchased with vouchers under this part. Net revenues from the tax will finance legal services grants for individuals who are arrested.

(6) This should have 2 effects. First, by creating a supply of voucher dollars, a new market for legal services will be created, generating business opportunities for lawyers who would otherwise like to serve the community as stewards of justice but are unable to generate sufficient revenue. Second, by providing prompt access to legal expertise for those who are involuntarily thrust into the legal system, justice will be promoted.

(7) Simple arrests can have cascading consequences. In 2015, Sandra Bland was arrested after a pretext stop, held for days when she could not afford bail, and missed starting her new job. Her body was discovered in her cell on July 13.

(8) Legal vouchers will not be redeemable for cash, but they will be transferable, so that any surplus could be donated to people in need of additional legal services. This will enable incarcerated people to seek funds for professional reevaluation of their legal situations.

(9) Last, the program director may suggest revenue thresholds where the voucher distribution could be expanded to provide resources to parties in noncriminal cases, including family court, small claims court, and other civil proceedings, where those who cannot afford legal representation are frequently denied justice.

(b) Purpose.—The purpose of this part is to cultivate justice by rebalancing the economic forces in the legal profession.

(c) Definitions.—For purposes of this part:

(1) Activity.—The term "activity" means any action that results in an increase or decrease in the funds underlying an account, including an adjustment resulting from an error or the reversal of a prior transaction.

(2) Director.—The term "Director" means the Director of the Legal Services Grant Program.

(3) Law enforcement agency.—The term "law enforcement agency" means any agency or unit of Federal, State, Tribal, territorial, or local government authorized to make arrests for alleged violations of criminal law.

(4) Legal services.—The term "legal services" has the meaning given the term in section 5000E(a)(3) of the Internal Revenue Code of 1986.

(5) Provider.—The term "provider" means a person authorized under applicable law to provide legal services and eligible to participate in the voucher redemption program established under subsection (d)(4).

(6) Qualified individual.—The term "qualified individual" means any person who, on or after July 1, 2027, is arrested within the United States, as defined in section 5 of title 18, United States Code, for an alleged violation of Federal, State, Tribal, territorial, or local criminal law, including an alleged act of juvenile delinquency that would constitute such a violation if committed by an adult.

(7) Trust fund.—The term "trust fund" means the Legal Services Trust Fund established under section 9513 of the Internal Revenue Code of 1986.

(8) Voucher.—The term "voucher" means a card, code, or other means of access to a Legal Services Grant Program account associated with an unconditional grant for the purchase of legal services.

(d) Establishment.—There is established within the Office of Justice Programs a program to be known as the Legal Services Grant Program.

(1) The Program shall be headed by a Director who shall be appointed by, and report to, the Assistant Attorney General for the Office of Justice Programs.

(2) Duties and functions.—The Director shall establish a program under which qualified individuals receive grants for legal services in the form of vouchers redeemable for legal services from participating providers. The Director may enter into compacts, cooperative agreements, and contracts on behalf of the Program. In developing and maintaining the digital infrastructure required by this section, the Director shall consult with the United States Digital Service and the Secretary of the Treasury.

(3) Program requirements.—The Program shall—

(A) preemptively establish individual accounts for legal services grants, credit each account with $600, and issue vouchers to law enforcement agencies to be held on behalf of qualified individuals;

(B) establish standards under which law enforcement agencies shall—

(i) promptly distribute a voucher to each qualified individual for each arrest that causes the individual to qualify under subsection (c)(6); and

(ii) notify the Program of—

(I) the account associated with the voucher provided;

(II) the name and date of birth of the individual and the arrest, booking, case, or other identifying number associated with the arrest;

(III) a summary of the charges for which the individual was arrested, including the number of felony charges and the number of charges that are not felonies;

(IV) the number of vouchers remaining in the possession of the agency; and

(V) any other information that the Director may by rule require;

(C) after receiving the information required under paragraph (3)(B)—

(i) update the account with the identifying information of the individual assigned to the account; and

(ii) if necessary, increase the amount of the grant in the account to equal the sum of—

(I) $300;

(II) $500 for each felony charge; and

(III) $300 for each charge that is not a felony;

(D) establish a voucher redemption program that shall—

(i) ensure widespread acceptance of vouchers through collaboration with providers;

(ii) establish minimum standards for provider participation, except that a provider that is authorized under applicable law to provide the legal services offered and regularly sells legal services to unrelated persons shall be deemed a participating provider unless the provider opts out through a process established by the Director;

(iii) require a participating provider that agrees to provide legal services to an account holder to accept a voucher as payment for such services, to the extent of the available voucher balance, except that nothing in this subparagraph requires a provider to undertake or continue a representation contrary to applicable law or rules of professional responsibility;

(iv) ensure prompt reimbursement to participating providers, without fees or charges, for the amount redeemed by an account holder;

(v) prohibit a participating provider from—

(I) imposing any surcharge, administrative fee, tax, or other charge on an account holder because payment is made with a voucher; or

(II) charging for voucher-funded legal services at a rate greater than the rate ordinarily charged to similarly situated private clients for comparable services;

(vi) require only such information as is reasonably necessary to verify eligibility, the amount redeemed, and compliance with this section, without requiring disclosure of privileged communications, attorney work product, legal strategy, or the substance of any legal advice or representation; and

(vii) permit the Director, after notice and an opportunity to respond, to suspend or terminate the participation of a provider that commits fraud, materially misrepresents services provided, imposes a prohibited charge, or otherwise materially violates this section or regulations prescribed under this section;

(E) establish a process under which an account holder receives an additional grant if, without a new arrest, a charge not previously used to calculate a grant under paragraph (3) or this paragraph is filed, in an amount equal to—

(i) $500 for each additional felony charge; and

(ii) $300 for each additional charge that is not a felony;

(F) establish a secure website that allows an individual to—

(i) search by zip code for participating providers;

(ii) check the balance and activity of the individual's legal services grant account;

(iii) transfer funds to another account in accordance with paragraph (7); and

(iv) access such other information or functions as the Director determines useful;

(G) establish a process under which a person other than a qualified individual may open an account to receive transfers from an account holder, and under which—

(i) an account holder may transfer all or part of an unused grant to another account without receiving money, property, services, or any other consideration in exchange;

(ii) transferred amounts remain subject to the same restrictions, expiration rules, and permitted uses that applied before the transfer;

(iii) no person may sell, purchase, broker, or exchange a voucher or grant balance for cash or anything else of value; and

(iv) the transfer process is accessible to incarcerated individuals;

(H) perform such other functions as the Assistant Attorney General for the Office of Justice Programs may delegate that are consistent with this section; and

(I) not later than October 30, 2027, submit to Congress proposed legislative text that would further clarify and implement this section, including provisions addressing—

(i) additional grants for court appearances or other milestones in criminal proceedings; and

(ii) funding thresholds under which the Program may be expanded to provide vouchers to parties in noncriminal cases, including family court, small claims court, and other civil proceedings.

(e) Access while in custody.—

(1) In general.—A law enforcement agency or other person having custody of a qualified individual under color of Federal, State, Tribal, territorial, or local law shall provide the individual with prompt, reasonable, confidential, and cost-free access to the individual's voucher, account information, the directory of participating providers, and communications reasonably necessary to obtain legal services.

(2) Accommodations.—Access under paragraph (1) shall include appropriate language assistance and disability accommodations.

(3) Noninterference.—A person described in paragraph (1) may not confiscate, withhold, condition, monitor, or disclose the use of a voucher or communications with a provider, except for reasonable security measures administered in a manner consistent with attorney-client privilege and the privacy protections under this section.

(f) Minors and individuals unable to manage an account.—

(1) Account management.—The Director shall establish procedures under which a parent, legal guardian, representative payee, attorney, child advocate, or other appropriate fiduciary may manage a voucher account for an account holder who is a minor or is otherwise unable to manage the account.

(2) Fiduciary duty.—A person managing an account under this subsection shall act solely for the use and benefit of the account holder.

(3) Common legal matters.—Funds in the account of a minor or other person described in paragraph (1) may be combined with funds in the account of a parent, sibling, or other family member to purchase legal services concerning a common legal matter only if—

(A) the legal services benefit each account holder whose funds are used;

(B) the arrangement complies with applicable rules of professional responsibility; and

(C) no material conflict of interest exists, or each affected account holder receives such separate representation as applicable law requires.

(4) Transfers to unrelated persons.—Funds in an account managed under this subsection may not be transferred to an unrelated person or organization unless the transfer is approved by a court, child advocate, guardian ad litem, or other independent fiduciary designated by the Director as consistent with the interests of the account holder.

(5) Protection of independent interests.—The Director shall establish procedures to protect the independent legal interests of an account holder when those interests may conflict with the interests of the person managing the account.

(g) No cash rebates.—No portion of a legal services grant may be provided to an account holder as cash or used for any purpose other than the purchase of legal services.

(h) Expiration of grants.—A grant assigned under this section shall expire after 1 year during which there is no account activity. Any remaining amount shall be returned to the trust fund.

(i) Tax treatment.—

(1) Grants not income.—Notwithstanding any other provision of law, the issuance, assignment, use, or transfer of a legal services grant under this section shall not be included in the gross income of the account holder, transferor, or transferee.

(2) Transfers not gifts.—A transfer of a legal services grant under subsection (d)(3)(G) shall not be treated as a transfer of property by gift for purposes of chapter 12 of the Internal Revenue Code of 1986.

(3) Conforming amendment.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139L the following:

"Sec. 139M. Legal services grants.

"(a) In general.—Gross income shall not include the amount of a legal services grant issued, assigned, used, or transferred under section 151 of the POPULIST Act.

"(b) Provider payments.—Subsection (a) shall not exclude from gross income any amount received by a provider in redemption of a voucher.".

(4) Clerical amendment.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 139L the following:

"Sec. 139M. Legal services grants.".

(j) Privacy, privilege, and permissible use.—

(1) Data minimization.—The Director shall limit the collection, retention, and use of personally identifiable information to information reasonably necessary to administer, audit, and protect the integrity of the Program.

(2) Privileged information.—Nothing in this section authorizes the Program, the Office of Justice Programs, a law enforcement agency, or any other governmental entity to require disclosure of—

(A) a communication protected by attorney-client privilege;

(B) attorney work product;

(C) legal advice, legal strategy, research, analysis, or mental impressions; or

(D) information protected from disclosure under any other provision of law.

(3) Use limitation.—Information collected under this section may not be used for a criminal, civil, immigration, administrative, or regulatory investigation or proceeding against an account holder, transferor, transferee, or client, except for an investigation or proceeding concerning fraud against, or theft from, the Program.

(4) Disclosure limitation.—A record that identifies an account holder, transferor, transferee, client, or specific legal matter shall not be disclosed under section 552 of title 5, United States Code, and may be disclosed only—

(A) to administer or audit the Program;

(B) with the informed written consent of the person identified;

(C) in an investigation or proceeding concerning fraud against, or theft from, the Program; or

(D) pursuant to an order of a court that specifically finds that disclosure is necessary and narrowly tailored to a purpose permitted under this paragraph.

(5) Security and retention.—The Director shall establish security, access control, breach notification, record retention, and secure deletion requirements appropriate to the sensitivity of information maintained under this section.

(k) Program integrity.—

(1) Prohibited consideration.—No person may offer, provide, solicit, or receive any rebate, kickback, referral payment, cash, property, service, or other consideration in exchange for the issuance, transfer, redemption, or use of a voucher.

(2) Recoupment.—The Director may recover an improper or fraudulent payment from a provider or other person that received the payment.

(3) No limitation on other law.—The remedies under this subsection are in addition to any other civil, criminal, or administrative remedy available under law.

(l) Interim final rules.—

(1) In general.—Not later than April 30, 2027, the Attorney General, acting through the Office of Justice Programs, shall issue interim final rules to implement this section, including rules governing account establishment, voucher issuance, transfers, provider participation, payment, certification, reporting, privacy, security, program integrity, and oversight.

(2) Force and effect.—The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(3) Final rules required.—The Attorney General, acting through the Office of Justice Programs, shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than April 30, 2028.

(m) Excise tax on providing legal services.—

(1) In general.—Subtitle D of the Internal Revenue Code of 1986, as amended by this Act, is further amended by adding at the end the following new chapter:

"CHAPTER 50B—LEGAL SERVICES

"SEC. 5000E. Tax on private legal services.

"Sec. 5000E. Tax on private legal services.

"(a) Definitions.—For purposes of this section:

"(1) Consideration.—The term 'consideration' means money, property, services, equity, debt forgiveness, assumption of a liability, a contingent or future payment, or anything else of value, whether provided directly or indirectly.

"(2) Governmental entity.—The term 'governmental entity' means—

"(A) the United States;

"(B) a State, the District of Columbia, a territory or possession of the United States, or a political subdivision thereof;

"(C) an Indian Tribe, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304); or

"(D) an agency, authority, instrumentality, or political subdivision of an entity described in subparagraph (A), (B), or (C).

"(3) Legal services.—

"(A) In general.—The term 'legal services' means any service, product, or function provided to or for the benefit of another person that—

"(i) advises, counsels, analyzes, or provides an opinion concerning legal rights, duties, liabilities, exposure, compliance obligations, defenses, or remedies;

"(ii) represents or assists a person in a judicial, administrative, arbitral, mediational, regulatory, or investigatory matter or proceeding;

"(iii) negotiates, advocates, or communicates on behalf of another person in a capacity requiring the application of legal judgment;

"(iv) prepares, drafts, reviews, interprets, revises, or assists in preparing a contract, pleading, will, trust, corporate instrument, regulatory filing, settlement agreement, or other document intended to create, modify, evidence, preserve, or enforce a legal right or duty;

"(v) provides legal research, discovery, due diligence, compliance analysis, legal-risk analysis, or tax-law advice; or

"(vi) is billed, advertised, offered, represented, or held out as a legal service.

"(B) Means of performance.—The term includes a service described in subparagraph (A) that is performed or made available—

"(i) by an attorney, law firm, employee, contractor, paralegal, legal assistant, supervised person, or other natural person;

"(ii) through software, a digital platform, an automated decision system, artificial intelligence, a document-generation system, or another technological means; or

"(iii) through a combination of natural-person and technological performance.

"(C) Separately sold support services.—The term does not include a clerical, administrative, translation, court-reporting, process-serving, expert, investigative, or technological support service merely because the service is used by another person to provide legal services, if—

"(i) the support service is sold separately by a person that does not provide or hold itself out as providing legal services; and

"(ii) the charge for the support service is separately stated and is not contingent on the outcome of a legal matter.

"(4) Legal services provider.—The term 'legal services provider' means any person that sells, performs, arranges, makes available, or holds itself out as providing legal services for consideration, whether or not the person is authorized under applicable law to practice law.

"(5) Nonprofit organization.—The term 'nonprofit organization' means an organization that is—

"(A) described in section 501(c) or 501(d); and

"(B) exempt from taxation under section 501(a).

"(6) Payer.—The term 'payer' means a person that makes, becomes obligated to make, or provides consideration for a taxable sale of legal services, whether for the payer or for another person.

"(7) Recipient.—The term 'recipient' means the person whose legal rights, duties, liabilities, exposure, compliance obligations, defenses, remedies, matter, or proceeding is the subject of the legal services.

"(8) Related person.—Persons are related persons if—

"(A) the persons bear a relationship described in section 267(b) or 707(b)(1); or

"(B) the persons are under common control within the meaning of section 52(a) or 52(b).

"(b) Imposition of tax.—

"(1) In general.—There is imposed on each taxable sale of legal services a tax equal to 12 percent of the taxable amount.

"(2) Taxable sale of legal services.—The term 'taxable sale of legal services' means the provision of legal services for consideration if—

"(A) the services have a United States nexus under subsection (h); and

"(B) the services are not exempt under subsection (f) or (g).

"(3) Deemed sales.—A deemed sale under subsection (e) shall be treated as a taxable sale of legal services.

"(4) Substance over form.—The tax imposed by this section shall apply without regard to—

"(A) the title, label, billing category, occupational classification, professional credential, or organizational form used with respect to the services;

"(B) whether the person providing the services is authorized under applicable law to practice law;

"(C) whether the services are provided directly, through an employee or contractor, through a related person, or through a digital or automated system; or

"(D) whether consideration is paid by the recipient, an insurer, an employer, a litigation funder, an adverse party, or any other person.

"(c) Taxable amount.—

"(1) In general.—The taxable amount is the total consideration paid or incurred for a taxable sale of legal services, determined without regard to—

"(A) the tax imposed by this section; or

"(B) any other separately stated product tax.

"(2) Included consideration.—The taxable amount includes—

"(A) hourly, fixed, contingent, success-based, subscription, membership, retainer, availability, monitoring, and similar fees;

"(B) amounts paid by an insurer, employer, litigation funder, adverse party, governmental entity, nonprofit organization, related person, or other third party;

"(C) court-awarded attorney's fees, settlement amounts specifically allocable to legal fees, and amounts paid pursuant to a fee-shifting statute, contract, judgment, or order; and

"(D) the fair market value of property, services, equity, debt forgiveness, or other noncash consideration.

"(3) Retainers and client trust accounts.—

"(A) An amount deposited into a client trust account shall not be included in the taxable amount until the amount is earned, applied to charges for legal services, or otherwise becomes available for the unrestricted use of the legal services provider.

"(B) A nonrefundable retainer or other payment over which the provider obtains an unrestricted right shall be included in the taxable amount when that right arises.

"(4) Third-party costs.—The taxable amount does not include a separately stated amount paid or incurred without markup for a court filing fee, recording fee, transcript, service of process, expert or witness fee, or other third-party charge prescribed by the Secretary, if—

"(A) the amount is paid or payable to an unrelated third party;

"(B) the legal services provider does not retain any portion of the amount; and

"(C) adequate records substantiate the amount and purpose of the payment.

"(5) Mixed or bundled transactions.—

"(A) If a transaction includes legal services and other property or services, the parties shall make a reasonable allocation supported by contemporaneous records.

"(B) If the parties fail to make and substantiate a reasonable allocation, the entire amount shall be treated as consideration for legal services.

"(C) The Secretary may reallocate consideration if an allocation does not reflect economic substance or has a principal purpose of avoiding tax under this section.

"(6) Refunds and adjustments.—If consideration previously included in the taxable amount is refunded, credited, charged back, or determined to be uncollectible, the person that remitted the tax may claim a credit or refund under rules prescribed by the Secretary. Any amount subsequently recovered shall be included when recovered.

"(7) Related persons.—In a transaction between related persons, the taxable amount shall not be less than the fair market value of the legal services.

"(d) Liability, collection, and payment.—

"(1) Liability of payer.—Except as otherwise provided in this section, the payer is liable for the tax imposed under subsection (b).

"(2) Collection.—Every person receiving a payment for a taxable sale of legal services shall, at the time the payment is made, collect the tax from the person making the payment.

"(3) Multiple payers.—If more than 1 person pays consideration for the same legal services, each payer is liable for the tax attributable to the consideration paid by that payer.

"(4) Secondary liability.—

"(A) A legal services provider, billing entity, or other person required to collect tax under paragraph (2) that fails to collect and remit the tax shall be liable for the uncollected amount.

"(B) Liability under subparagraph (A) is in addition to the liability of the payer, except that the tax may be collected only once.

"(5) Exemption certificates.—A collecting person shall not be liable for failure to collect tax on an exempt transaction if the person accepts, in good faith, a properly completed exemption certificate prescribed by the Secretary and has no reason to know that the certificate is false or invalid.

"(6) Returns and remittance.—A person required to collect or pay tax under this section shall file returns and remit the tax not less frequently than quarterly, at such times and in such manner as the Secretary shall prescribe.

"(7) Purchaser self-assessment.—If tax required under this section is not collected by a legal services provider or other collecting person, including because the provider is outside the United States, the payer shall report and pay the tax in the manner prescribed by the Secretary.

"(e) In-house and related-party legal services.—

"(1) Deemed sale.—To the extent not otherwise included in a taxable sale under subsection (b), a person that receives legal services from an employee, officer, partner, member, proprietor, leased employee, independent contractor, or other worker shall be treated as purchasing those services from itself.

"(2) Primary legal duties.—If the primary duties of a worker are the provision of legal services, the taxable amount shall equal the worker's total compensation for the period during which the services are provided.

"(3) Mixed duties.—If the provision of legal services is not the primary duty of a worker, the taxable amount shall equal the reasonable portion of the worker's total compensation allocable to legal services.

"(4) Primary duties.—For purposes of this subsection, legal services are the primary duties of a worker if more than 50 percent of the worker's compensated time, responsibilities, or reasonably expected services consist of legal services.

"(5) Total compensation.—The term 'total compensation' includes—

"(A) wages, salary, bonuses, commissions, and guaranteed payments;

"(B) deferred compensation;

"(C) the fair market value of equity, options, property, and in-kind compensation;

"(D) employer or entity contributions for retirement, health, insurance, and other benefits;

"(E) partnership, membership, or ownership distributions attributable to services; and

"(F) any other remuneration for services prescribed by the Secretary.

"(6) Related-party service entities.—If legal services are provided between related persons, the taxable amount shall be the greater of—

"(A) the consideration paid or incurred;

"(B) the total compensation and other costs reasonably allocable to providing the legal services; or

"(C) the fair market value of the legal services.

"(7) Liability.—The person receiving legal services under this subsection shall report and pay the tax not less frequently than quarterly.

"(f) Exempt legal services.—

"(1) Government employment.—The tax imposed by this section shall not apply to legal services performed by an officer or employee of a governmental entity if—

"(A) the services are performed within the scope of the officer's or employee's employment; and

"(B) the compensation for the services is paid by the governmental entity.

"(2) Nonprofit legal services.—The tax imposed by this section shall not apply to legal services provided by a nonprofit organization through an officer or employee of the organization if—

"(A) the services are performed within the scope of that employment;

"(B) the services further the purpose or function constituting the basis for the organization's exemption under section 501(a); and

"(C) any consideration paid by a recipient or third party for the services is paid to and retained by the nonprofit organization.

"(3) Pro bono services.—The tax imposed by this section shall not apply to legal services for which no person provides or is obligated to provide consideration.

"(4) Limitations.—

"(A) Paragraph (1) or (2) does not exempt legal services performed outside the scope of the person's government or nonprofit employment, including private moonlighting or services for which consideration is retained by the individual.

"(B) A purchase of legal services from a private legal services provider is not exempt solely because the payer or recipient is a governmental entity or nonprofit organization.

"(C) Paragraph (2) does not apply if the legal services principally benefit—

"(i) a related for-profit person;

"(ii) an owner, director, officer, employee, or other person in a position to exercise substantial influence over the affairs of the nonprofit organization, in a personal capacity, unless the legal services are provided on substantially the same terms as to similarly situated persons who are not in such a position; or

"(iii) an unrelated trade or business of the nonprofit organization.

"(g) Voucher-funded legal services.—

"(1) Exemption.—The portion of a legal service paid with a voucher issued or transferred under section 151 of the POPULIST Act shall not be subject to the tax imposed by this section.

"(2) Additional consideration.—Any portion paid with money or other consideration not derived from a voucher remains subject to tax.

"(3) No collection from account holder.—A provider may not collect or attempt to collect tax under this section from an account holder with respect to an amount paid with a voucher.

"(4) Records.—The provider shall retain such records as the Secretary may require to substantiate the amount paid with a voucher, without disclosing privileged communications, attorney work product, legal strategy, or the substance of the legal services.

"(h) United States nexus and imported legal services.—

"(1) United States nexus.—Legal services have a United States nexus if—

"(A) the payer or recipient is a United States person, as defined in section 7701(a)(30);

"(B) the services concern Federal, State, Tribal, territorial, or local law of the United States;

"(C) the services concern a proceeding, transaction, property, business activity, legal obligation, or regulatory requirement in the United States; or

"(D) a material portion of the services is performed in the United States.

"(2) Foreign providers.—A foreign legal services provider that receives consideration for legal services having a United States nexus shall collect and remit the tax in the same manner as a domestic provider.

"(3) Self-assessment.—If a foreign provider does not collect the tax, the payer shall report and pay the tax under subsection (d)(7).

"(4) No United States nexus.—Legal services provided to and for the exclusive benefit of foreign persons, concerning only foreign law or activities outside the United States, and performed entirely outside the United States shall not be subject to tax under this section.

"(i) Administration, records, and anti-abuse.—

"(1) Records and returns.—The Secretary may require such records, returns, exemption certificates, information statements, and payment procedures as are necessary to administer this section.

"(2) Privilege protected.—A return, record, or information requirement under this section shall not require disclosure of—

"(A) a privileged communication;

"(B) attorney work product;

"(C) legal advice, strategy, research, analysis, or mental impressions; or

"(D) the substance of a legal representation beyond information reasonably necessary to establish the identity of the provider and payer, the date and amount of payment, the general category of service, and the applicability of an exemption.

"(3) Anti-abuse authority.—If a transaction, arrangement, organizational structure, billing practice, allocation, employment classification, offshore arrangement, related-party arrangement, or technological method has as 1 of its principal purposes the avoidance or significant reduction of tax under this section, the Secretary may aggregate, allocate, recharacterize, or disregard the transaction or arrangement as necessary to carry out this section.

"(4) Regulations.—The Secretary shall prescribe regulations addressing—

"(A) mixed and bundled services;

"(B) contingent, deferred, subscription, and noncash consideration;

"(C) in-house and related-party legal services;

"(D) foreign providers and purchaser self-assessment;

"(E) digital platforms, automated systems, and artificial intelligence;

"(F) exemptions, certificates, refunds, and credits;

"(G) collection through insurers, employers, intermediaries, and third-party payers; and

"(H) such other matters as are necessary to prevent avoidance and ensure consistent administration.

"(5) Rulemaking schedule.—Not later than April 30, 2027, the Secretary shall issue interim final regulations to implement this section. The regulations shall take effect upon publication in the Federal Register and may be issued without regard to section 553 of title 5, United States

Code. The Secretary shall provide a public comment period of not less than 60 days and shall issue final regulations not later than April 30, 2028.

"(6) Practice of law unaffected.—Nothing in this section authorizes any person to practice law, provide legal services, or engage in conduct prohibited under Federal, State, Tribal, territorial, or local law.

"(j) Coordination with value added tax.—

"(1) Taxes cumulative.—The tax imposed by this section is in addition to any tax imposed under chapter 7 of subtitle A.

"(2) Product tax treatment.—The tax imposed by this section shall be treated as a product tax for purposes of chapter 7 of subtitle A and shall be separately stated on an invoice or other payment record.

"(3) Exclusion from taxable receipts.—An amount collected as tax under this section shall not be included in the taxable receipts of the person collecting the tax for purposes of chapter 7 of subtitle A.

"(4) Legal service receipts preserved.—Except for the amount collected as tax under this section, consideration received for legal services shall remain taxable receipts under chapter 7 of subtitle A to the extent otherwise provided under that chapter.

"(5) Business purchase treatment.—A tax paid under this section with respect to legal services acquired for use in a business activity shall be treated as part of the cost of the business purchase to the extent otherwise allowed under chapter 7 of subtitle A.".

(2) Clerical amendment.—The table of chapters for subtitle D of the Internal Revenue Code of 1986, as amended by this Act, is further amended by inserting after the item relating to chapter 50A the following:

"Chapter 50B—Legal Services".

(3) Effective date.—

(A) In general.—The amendments made by this subsection shall apply to legal services performed on or after July 1, 2027.

(B) Continuing matters and advance payments.—In the case of a matter, contract, retainer, subscription, or other arrangement that begins before July 1, 2027, only the portion of the taxable amount reasonably allocable to legal services performed on or after that date shall be subject to tax.

(C) In-house services.—Section 5000E(e) of the Internal Revenue Code of 1986 shall apply to compensation attributable to legal services performed on or after July 1, 2027.

(D) Regulations not a condition.—The amendments made by this subsection shall take effect without regard to whether final regulations have been prescribed.

(n) Establishing the Legal Services Trust Fund.—

(1) In general.—Subchapter A of chapter 98 of title 26, United States Code, as amended by section 842, is further amended by adding at the end the following new section:

"Sec. 9513. Legal Services 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 'Legal Services Trust Fund', consisting of such amounts as may be appropriated or credited to the fund as provided in this section or section 9602(b).

"(b) Transfers to Legal Services Trust Fund.—

"(1) In general.—There are hereby appropriated to the Legal Services Trust Fund amounts equivalent to the net revenues received in the Treasury from taxes imposed under chapter 50B of subtitle D.

"(2) Net revenues.—For purposes of paragraph (1), net revenues are the taxes received under chapter 50B, reduced by refunds and credits allowed with respect to those taxes.

"(3) Timing.—The Secretary shall transfer amounts under paragraph (1) from the general fund of the Treasury to the Legal Services Trust Fund not less frequently than quarterly.

"(c) Expenditures.—Amounts in the Legal Services Trust Fund shall be available, without further appropriation, only to administer and carry out the Legal Services Grant Program established under section 151 of the POPULIST Act.

"(d) Initial funding.—

"(1) Appropriation.—There is appropriated to the Legal Services Trust Fund, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary, not to exceed $4,000,000,000, to administer the Legal Services Grant Program and make grants under that Program before sufficient amounts are available under subsection (b).

"(2) Availability.—Amounts appropriated under paragraph (1) shall remain available until expended.

"(3) Repayment.—Amounts appropriated under paragraph (1) shall be repaid to the general fund of the Treasury from amounts subsequently transferred to the Legal Services Trust Fund under subsection (b), at such times and in such amounts as the Secretary determines appropriate, but not later than 10 years after the first appropriation is made under paragraph (1).".

(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:

"Sec. 9513. Legal Services Trust Fund.".

SEC. 152. OPEN COURTS ACT.

(a) Modernization of electronic Federal court records systems.—

(1) Consolidation.—Not later than the date specified in paragraph (5), the Director of the Administrative Office of the United States Courts, in coordination with the Administrator of

General Services, shall develop, deliver, and sustain, consistent with the requirements of this subsection and subsection (b), 1 system for all public Federal court records.

(2) Requirements of system.—The system described under paragraph (1) shall comply with the following requirements:

(A) The system shall provide search functions, developed in coordination with the Administrator of General Services, for use by the public and by parties before the court.

(B) The system shall make public Federal court records automatically accessible to the public, including all filings, decisions, and rulings in each case linked from an online docket sheet for each case.

(C) The home page for public access to the system shall include a notice displayed to first-time visitors, as determined through a mechanism that does not require registration or impose a fee, that users will not use the system for an unlawful purpose. Access to documents through other means, including subparagraph (F), may not be conditioned upon acknowledging such notice.

(D) Any information made available through a website established pursuant to section 205 of the E-Government Act of 2002 (44 U.S.C. 3501 note) shall be included in the system.

(E) Any website for the system shall substantially comply with the requirements under subsections (b) and (c) of section 205 of the E-Government Act of 2002 (44 U.S.C. 3501 note).

(F) To the extent practicable, external websites shall be able to link to documents on the system. Each website established pursuant to section 205 of the E-Government Act of 2002 (44 U.S.C. 3501 note) shall contain a link to the system.

(G) To the extent practicable, the system shall enable courts to automatically generate and submit, in a computer-readable format, the reports required by sections 2519(1) and 3103a(d)(1) of title 18, United States Code.

(H) The system shall provide, at the case level, a consolidated public view that clearly displays all scheduled and pending deadlines, hearings, conferences, and trial dates, including the date, time, location, and applicable court, and shall distinguish between past events and upcoming events.

(3) Data standards.—

(A) Establishment of data standards.—The Director of the Administrative Office of the United States Courts, in coordination with the Administrator of General Services and the Archivist of the United States, shall establish data standards for the system established under paragraph (1).

(B) Requirements.—The data standards established under subparagraph (A) shall, to the extent reasonable and practicable—

(i) incorporate widely accepted common data elements;

(ii) incorporate a widely accepted, nonproprietary, full text searchable, platform-independent computer-readable format; and

(iii) be capable of being continually upgraded as necessary.

(C) Deadlines.—Not later than 270 days after the date of enactment of this section, the Director of the Administrative Office of the United States Courts shall issue guidance to all Federal courts on the data standards established under this paragraph.

(4) Use of technology.—In carrying out the duties under paragraph (1), the Director of the Administrative Office of the United States Courts shall use modern technology—

(A) to improve security, data accessibility, data quality, affordability, and performance;

(B) to meet publicly disclosed minimum standards for system availability, response time, and usability, including testing with pro se litigants and non-lawyer users; and

(C) to minimize the burden on pro se litigants.

(5) Date specified.—The date specified in this paragraph is July 1, 2028, unless the Administrator of General Services certifies to Congress, by not later than 90 days after the date of enactment of this Act, that an additional period of time is required. If the Administrator so certifies, the date specified in this paragraph is July 1, 2029.

(6) Funds for establishment, operation, and maintenance of modernized court records system.

(A) Short term access fees to fund establishment of modernized court records system.

(i) In general.—Section 303 of the Judiciary Appropriations Act, 1992 (title III of Public Law 102–140; 105 Stat. 807) (28 U.S.C. 1913 note) is amended—

(I) in subsection (a), by inserting "The Judicial Conference shall prescribe, after providing public notice and an opportunity for public comment, a schedule of additional fees for any person other than a government agency that accrues such fees for access in an amount of $25,000 or greater in any quarter. All fees collected under the preceding sentence shall be deposited as offsetting collections to the Judiciary Information Technology Fund pursuant to section 612(c)(1)(A) of title 28, United States Code, to reimburse expenses incurred in carrying out subsections (a) and (b) of section 152 of the POPULIST Act." before "The Director of the Administrative Office of the United States Courts"; and

(II) in subsection (b), in the second sentence, by striking "All" and inserting "Except as otherwise provided in this section, all".

(ii) Excess fees.—Amounts deposited in the Judiciary Information Technology Fund pursuant to the amendments made by clause (i) may only be used for purposes of this section.

(iii) Effective date.—The amendments made by clause (i) shall take effect on the date of enactment of this section.

(B) Filing fees to fund operation and maintenance of modernized court records system.

(i) In general.—Section 303 of the Judiciary Appropriations Act, 1992 (title III of Public Law 102–140; 105 Stat. 807) (28 U.S.C. 1913 note) is amended by striking subsections (a) and (b), and inserting the following:

"(a) To cover the costs of carrying out subsection (a) of section 152 of the POPULIST Act, the Judicial Conference may, after providing public notice and an opportunity for public comment and only to the extent necessary to cover such costs not otherwise provided by appropriations, prescribe schedules of reasonable filing fees, pursuant to sections 1913, 1914, 1926, 1930, and 1932 of title 28, United States Code, which—

"(1) shall be based on the extent of use of the system described under subsection (a) of section 152 of the POPULIST Act for purposes of carrying out such subsection;

"(2) shall be based on factors to ensure that such schedules are graduated, including the cause of action and claim for relief, the status of the filer in the action and the financial hardship an additional fee would place on the filer, the amount of damages demanded, the estimated complexity of the type of action, and the interests of justice;

"(3) may be prescribed for the filing of a counterclaim;

"(4) shall not apply in the case of a pro se litigant, a first-time litigant who is an individual, or a litigant who certifies their financial hardship; and

"(5) shall not be a basis for denying access to the courts of the United States.

"(b) (1) The Judicial Conference and the Director of the Administrative Office of the United States Courts (in this section referred to as the 'Director') shall transmit each schedule of fees prescribed under subsection (a) to Congress at least 90 days before the schedule becomes effective. All fees collected under subsection (a) shall be deposited as offsetting collections to the Judiciary Information Technology Fund pursuant to section 612(c)(1)(A) of title 28, United States Code, to reimburse expenses incurred in carrying out subsection (a) of section 152 of the POPULIST Act.

"(2) The Judicial Conference shall review a schedule of fees prescribed under subsection (a) 3 years after the schedule becomes effective and every 3 years thereafter to ensure that the fees meet the requirements of this section. If the fees do not meet the requirements of this section, the Judicial Conference shall, after providing public notice and an opportunity for public comment, prescribe a new schedule of fees pursuant to subsection (a) and submit the new schedule of fees to Congress pursuant to this subsection.

"(c) A court, upon motion, may waive any fee imposed under subsection (a) in the interest of justice.".

(ii) Effective date.—The amendment made by clause (i) shall take effect on the date specified in paragraph (5).

(7) Report.—Not later than 90 days after the date of enactment of this section, the Director of the Administrative Office of the United States Courts shall submit to the Committee on the

Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report on the amount of appropriations necessary to carry out paragraphs (1) through (4).

(b) Public access to electronic Federal court records system requirement.—

(1) In general.—Not later than the date specified in paragraph (3), the Director of the Administrative Office of the United States Courts, in coordination with the Administrator of General Services, shall make all materials in the system established under subsection (a) publicly accessible, free of charge, and without requiring registration.

(2) Use of technology.—In providing public access under paragraph (1), the Director of the Administrative Office of the United States Courts shall, in coordination with the Administrator of General Services, use modern technology—

(A) to improve security, data accessibility, ease of public access, affordability, and performance;

(B) to minimize the burden on pro se litigants; and

(C) to the extent practicable, enable users to opt in to receive electronic notifications regarding newly scheduled hearings, deadline changes, or other docket updates in a case, without requiring paid access or conditioning access to documents on such notifications.

(3) Date specified.—The date specified in this paragraph is the date that is 2 years after the date of enactment of this section, unless the Administrator of General Services certifies to Congress, by not later than 90 days after the date of enactment of this section, that an additional period of time is required. If the Administrator so certifies, the date specified in this paragraph is the date that is 3 years after the date of enactment of this section.

(4) Funding for public access to modernized electronic court records system.

(A) In general.—Section 303 of the Judiciary Appropriations Act, 1992 (title III of Public Law 102–140; 105 Stat. 807) (28 U.S.C. 1913 note), as amended by subsection (a)(6)(B)(i), is amended by adding at the end the following:

"(d) (1) To cover the costs of ensuring the public accessibility, free of charge, of all materials in the system described under subsections (a) and (b) of section 152 of the POPULIST Act in accordance with subsection (b) of such section, the Administrative Office of the United States Courts shall collect an annual fee from Federal agencies equal to the Public Access to Court Electronic Records access fees paid by those agencies in 2021, as adjusted for inflation. For any Federal agency that did not pay Public Access to Court Electronic Records access fees in fiscal year 2021, the Administrative Office of the United States Courts may collect fees based on a standard annual fee determined by the Judicial Conference. All fees collected under this subsection shall be deposited as offsetting collections to the Judiciary Information Technology Fund pursuant to section 612(c)(1)(A) of title 28, United States Code, to reimburse expenses incurred in providing services in accordance with subsection (b) of section 152 of the POPULIST Act.

"(2) To cover any additional marginal costs of ensuring the public accessibility, free of charge, of all materials in the system described under subsections (a) and (b) of section 152 of the POPULIST Act in accordance with subsection (b) of such section, the Judicial Conference

may, after providing public notice and an opportunity for public comment and only to the extent necessary to cover such costs not otherwise provided by appropriations, prescribe schedules of reasonable filing fees, pursuant to sections 1913, 1914, 1926, 1930, and 1932 of title 28, United States Code, which—

"(A) shall be based on the extent of use of the system described under subsection (a) of section 152 of the POPULIST Act;

"(B) shall, in addition, be based on factors to ensure that such schedules are graduated, including the cause of action and claim for relief, the status of the filer in the action and the financial hardship an additional fee would place on the filer, the amount of damages demanded, the estimated complexity of the type of action, and the interests of justice;

"(C) may be prescribed for the filing of a counterclaim;

"(D) shall not apply to a pro se litigant, a first-time litigant who is an individual, or a litigant who certifies their financial hardship; and

"(E) shall not be a basis for denying access to the courts of the United States.

"(3) (A) The Judicial Conference and the Director shall transmit each schedule of fees prescribed under this subsection to Congress at least 90 days before the schedule becomes effective. All fees collected under this subsection shall be deposited as offsetting collections to the Judiciary Information Technology Fund pursuant to section 612(c)(1)(A) of title 28, United States Code, to reimburse expenses incurred in providing public access in accordance with subsection (b) of section 152 of the POPULIST Act.

"(B) The Judicial Conference shall review a schedule of fees prescribed under this subsection 3 years after the schedule becomes effective and every 3 years thereafter to ensure that the fees meet the requirements of this subsection. If the fees do not meet the requirements of this subsection, the Judicial Conference shall prescribe a new schedule of fees pursuant to this subsection and submit the new schedule of fees to Congress pursuant to subparagraph (A).

"(C) Amounts deposited to the Judiciary Information Technology Fund pursuant to this subsection and not used to reimburse expenses incurred in carrying out subsection (b) of section 152 of the POPULIST Act may be used to reimburse expenses incurred in carrying out subsection (a) of such section and not for any other purpose.".

(B) Effective date.—The amendment made by subparagraph (A) shall take effect on the date specified in paragraph (3).

(c) Digital accessibility standards and cybersecurity.—

(1) Digital accessibility standards.—The system described under subsections (a) and (b) shall comply with relevant digital accessibility standards established pursuant to section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d).

(2) Cybersecurity review.—The Judicial Conference and the Administrative Office of the United States Courts, as applicable, shall ensure the cybersecurity of the system described under subsections (a) and (b), in coordination with the relevant cybersecurity expert agencies in

the executive branch and consistent with the relevant cybersecurity standards that would apply if the system would be operated by an agency in the executive branch.

(d) GAO review.—

(1) In general.—Not later than 1 year after the date of enactment of this section, and quarterly thereafter, the Comptroller General of the United States shall notify Congress whether the Director of the Administrative Office of the United States Courts has—

(A) produced additional usable functionality of the system described under subsections (a) and (b);

(B) held live, publicly accessible demonstrations of software in development; and

(C) allowed the Comptroller General or a designee to attend all sprint reviews held during the applicable period.

(2) Audit.—Not later than 1 year after the date of enactment of this section, and annually thereafter, the Comptroller General of the United States shall—

(A) conduct an audit of the system established under this section, including the compliance of vendors with the quality assessment surveillance plan, code quality, and whether the system is meeting the needs of users; and

(B) submit to Congress a report that contains—

(i) the results of the audit; and

(ii) any recommendations to improve the system established under this section.

(3) Public disclosure and follow-up.—Each report submitted under paragraph (2) shall be made publicly available on the system described under subsections (a) and (b), and if the Comptroller General identifies material deficiencies, the Director of the Administrative Office of the United States Courts shall, not later than 90 days after submission of such report, submit to Congress a written plan to address such deficiencies.

(e) Authorization of appropriations.—There are authorized to be appropriated such sums as may be necessary to carry out subsections (a) and (b).

(f) Rule of construction.—Nothing in this section, or the amendments made by this section, shall be construed to—

(1) abrogate, limit, or modify the requirements described in section 1915 of title 28, United States Code; or

(2) permit the imposition of fees, registration requirements, technical barriers, or design practices that have the purpose or effect of restricting free public access to electronic Federal court records.

SEC. 153. NEUTRAL CITATIONS REQUIRED.

(a) Definition.—The term "neutral citation" includes a citation that is independent of any proprietary reporter, and includes—

(1) the year of the decision;

(2) the name of the court (which may be abbreviated);

(3) a sequential decision number assigned by the court for that year; and

(4) paragraph numbers for purposes of pinpoint citation.

(b) Requirement.—Each court of the United States shall assign a neutral citation to every precedential opinion and order.

(c) Official publication.—Each court of the United States shall publish every precedential opinion and order in an official digital format that—

(1) includes the neutral citation and paragraph numbering required under this section;

(2) is made available to the public without charge; and

(3) is accessible in a machine-readable and nonproprietary format.

(d) Citation sufficiency.—A neutral citation assigned pursuant to this section shall be deemed a sufficient citation for all purposes in the courts of the United States.

(e) Rules.—The Judicial Conference of the United States shall promulgate rules to implement this section not later than December 31, 2027.

Subtitle D—The Weldon Angelos Prosecutorial Reform Act

PART I—PROSECUTORIAL FAIRNESS AND ASSET FORFEITURE REFORM

SEC. 161. PROHIBITING PUNISHMENT OF ACQUITTED CONDUCT.

(a) Use of information for sentencing.—

(1) Amendment.—Section 3661 of title 18, United States Code, is amended by inserting ", except that a court of the United States shall not consider, except for purposes of mitigating a sentence, acquitted conduct under this section" before the period at the end.

(2) Applicability.—The amendment made by paragraph (1) shall apply only to a judgment entered after July 4, 2026.

(b) Definitions.—Section 3673 of title 18, United States Code, is amended—

(1) in the matter preceding paragraph (1), by striking "As" and inserting "(a) As"; and

(2) by adding at the end the following:

"(b) As used in this chapter, the term 'acquitted conduct' means—

"(1) an act—

"(A) for which a person was criminally charged and with regard to which—

"(i) that person was adjudicated not guilty after trial in a Federal, State, or Tribal court; or

"(ii) any favorable disposition to the person in any prior charge was made, regardless of whether the disposition was pretrial, at trial, or post trial; or

"(B) in the case of a juvenile, that was charged and for which the juvenile was found not responsible after a juvenile adjudication hearing; or

"(2) any act underlying a criminal charge or juvenile information dismissed—

"(A) in a Federal court upon a motion for acquittal under rule 29 of the Federal Rules of Criminal Procedure; or

"(B) in a State or Tribal court upon a motion for acquittal or an analogous motion under the applicable State or Tribal rule of criminal procedure.".

SEC. 162. CLARIFYING CERTAIN OFFENSES RELATED TO ESPIONAGE.

(a) Gathering, transmitting, or losing defense information.—Section 793 of title 18, United States Code, is amended—

(1) in subsection (a), by striking "with intent or reason to believe" and inserting "with specific intent";

(2) in subsection (b)—

(A) by striking "or reason to believe"; and

(B) by inserting "that has been properly classified that is" after "of anything";

(3) in subsection (c)—

(A) by inserting "that has been properly classified that is" after "of anything"; and

(B) by striking "he" and inserting "such person"; and

(4) in subsections (d) and (e), by inserting after "willfully" each place it appears the following: ", and with specific intent to injure the United States or advantage any foreign nation,".

(b) Disclosure of classified information.—Section 798(a) of title 18, United States Code, is amended by inserting after "knowingly and willfully" the following: ", and with specific intent to injure the United States or advantage any foreign nation,".

(c) Authority to disclose information.—Section 798(c) of title 18, United States Code, is amended by striking "furnishing," and all that follows and inserting the following: "furnishing of information to—

"(1) any Member of the Senate or the House of Representatives;

"(2) a Federal court, in accordance with such procedures as the court may establish;

"(3) the inspector general of an element of the intelligence community (as defined in section 3 of the National Security Act of 1947 (50 U.S.C. 3003)), including the Inspector General of the Intelligence Community;

"(4) the Chair or a member of the Privacy and Civil Liberties Oversight Board or any employee of the Board designated by the Board, in accordance with such procedures as the Board may establish;

"(5) the Chair or a commissioner of the Federal Trade Commission or any employee of the Commission designated by the Commission, in accordance with such procedures as the Commission may establish;

"(6) the Chair or a commissioner of the Federal Communications Commission or any employee of the Commission designated by the Commission, in accordance with such procedures as the Commission may establish; or

"(7) any other person or entity authorized to receive disclosures containing classified information pursuant to any applicable law, regulation, or executive order regarding the protection of whistleblowers.".

(d) Testimony of purpose.—

(1) In general.—Chapter 37 of title 18, United States Code, is amended by adding at the end the following:

"Sec. 799A. Testimony of purpose.

"A defendant charged with an offense under section 793 or 798 shall be permitted to testify about their purpose for engaging in the prohibited conduct.

"Sec. 799B. Affirmative defense.

"It is an affirmative defense to a charge under section 793 or 798 that the defendant engaged in the prohibited conduct for the purpose of disclosing to the public—

"(1) any violation of any law, rule, or regulation; or

"(2) gross mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety.".

(2) Clerical amendment.—The table of sections for chapter 37 of title 18, United States Code, is amended by adding at the end the following:

"799A. Testimony of purpose.

"799B. Affirmative defense.".

SEC. 163. ENDING FEDERAL CIVIL ASSET FORFEITURE.

(a) General rules for civil forfeiture proceedings.—Section 981 of title 18, United States Code, is repealed and reenacted to read as follows—

"Sec. 981. Prohibiting civil forfeiture.

"No person shall be required, under the laws of the United States, to forfeit to the United States any property, real or personal, pursuant to a civil forfeiture proceeding, including a nonjudicial civil forfeiture proceeding.".

(b) Repeal of outdated provisions.—Sections 983-987 of title 18, United States Code, are repealed.

(c) Rule of construction.—This section shall apply with respect to forfeiture proceedings pending on or after July 4, 2026.

(d) Conforming amendments.—The table of sections for chapter 46 of title 18, United States Code, is amended—

(1) by amending the item related to section 981 to read as follows:

"981. Prohibiting civil forfeiture."; and

(2) by striking the items related to sections 983 through 987.

SEC. 164. RESTRICTING STATE CIVIL ASSET FORFEITURE.

(a) Findings.—Congress finds the following:

(1) State civil asset forfeiture proceedings permit the deprivation of property under color of State law without requiring a criminal conviction of the property owner.

(2) Modern civil asset forfeiture proceedings are punitive in purpose or effect and implicate rights secured by the Due Process Clause of the Fourteenth Amendment.

(3) Financial incentives associated with civil asset forfeiture and the absence of the procedural protections afforded to criminal defendants have resulted in repeated deprivations of property without adequate due process of law.

(4) The minimum procedures and remedies established by this section are necessary and appropriate legislation to enforce the Fourteenth Amendment.

(b) Constitutional authority.—Congress enacts this section pursuant to section 5 of the Fourteenth Amendment to the Constitution of the United States.

(c) In general.—Property owned by a person may be forfeited to a State pursuant to a civil proceeding only after—

(1) criminal conviction of such person for violation of State criminal law; or

(2) a civil proceeding in which—

(A) the State proves that the person who owns the property has committed the offense giving rise to forfeiture; and

(B) the person who owns such property is entitled to all protections applicable to criminal defendants under the Constitution, including a trial by jury and the ability to be represented by counsel.

(d) Civil action.—

(1) In general.—A person aggrieved by a violation of subsection (c) may bring a civil action against the State or a responsible State officer in an appropriate district court of the United States.

(2) Relief.—In an action under paragraph (1), the court may award—

(A) declaratory or injunctive relief;

(B) return of the forfeited property or, if return is impossible, payment of the fair market value of the property; and

(C) reasonable attorney's fees and costs.

(3) State officers.—Nothing in this subsection shall limit an action against a State officer for prospective declaratory or injunctive relief.

(e) Abrogation of sovereign immunity.—A State shall not be immune under the Eleventh Amendment to the Constitution of the United States or any other doctrine of sovereign immunity from an action in Federal or State court for a violation of this section.

(f) Applicability.—This section shall apply with respect to forfeiture proceedings occurring or pending on or after enactment.

PART II—DE-ESCALATING THE WAR ON DRUGS

SEC. 171. FINDINGS AND SENSE OF CONGRESS.

(a) Findings.—Congress finds the following:

(1) During the 50 years since Congress' enactment of the Controlled Substances Act (21 U.S.C. 801 et seq.), which authorized and launched the harsh drug war policies sought by the Nixon Administration, the United States adopted increasingly punitive policies toward the possession, use, and distribution of drugs. The United States has built a massive regime to enforce those policies.

(2) Congress and State legislatures have passed increasingly harsh sentencing schemes such as mandatory minimums, established far-reaching and oppressive civil sanctions and collateral consequences, approved policies weakening the Fourth Amendment for drug searches and seizures, and fostered incentives for aggressive and militarized policing in the alleged pursuit of drugs.

(3) Every year, there are more than 1.4 million arrests in the United States for drug-related offenses. In over 85 percent of those arrests, drug possession was the most serious offense. Drug arrests disproportionately impact people of color and more commonly occur in historically overpoliced, low-income communities. A criminal record, even for an arrest that did not result in a conviction, may have a profound impact on individuals, often interrupting employment, housing, family relationships, child custody, and education.

(4) A health-based approach to drug use and overdose is more effective, humane and cost-effective than criminal punishments. Subjecting people to criminal penalties, stigma, and

other lasting collateral consequences because they use drugs is expensive, ruins lives, and can make access to treatment and recovery more difficult.

(5) Despite high numbers of arrests and incarceration in the United States for drug possession, the number and rate of drug-involved overdose deaths has skyrocketed for over 20 years and continues at epidemic levels. In the first year of the pandemic, 100,000 people died by drug overdose in the United States.

(6) Harm reduction services and voluntary, on-demand access to evidence-based substance use disorder treatment have proven highly effective in reducing overdose and the spread of communicable diseases like HIV and Hepatitis C, preventing drug-related injury, and improving health outcomes for people who use drugs. These services should be available on demand to anyone who requests it.

(7) Far too many people who desire treatment face challenges that prevent them from accessing the services they want, including cost barriers, lack of providers, and long waiting lists. On-demand access to evidence-based treatment saves lives, reduces crime, and saves money.

(8) Criminalizing drug use and possession reduces the amount of resources available for harm reduction and treatment services and deters people from accessing available services due to fear of arrest.

(9) Punitive policies have achieved no reduction in supplies or prices, but instead have created unnecessarily risky and harmful conditions for people who use drugs.

(10) Punitive policies have led to militarized tactics that thwart the spirit of the Constitution and have led to the deaths of innocent civilians. Additionally, the drug war apparatus has cost the Federal Government hundreds of billions of dollars in direct enforcement and incarceration costs.

(11) While winding down the war on drugs cannot fully repair our broken and oppressive criminal legal system or the harms from 50 years of the war on drugs, it will help restore individual liberty, protect against some police abuses, better assist those in need, and reduce spending.

(b) Sense of Congress.—It is the sense of the Congress that—

(1) drug prohibition has failed just as alcohol prohibition did, and it is time to begin moving the country in a new direction; and

(2) such change is required to advance justice, which the Preamble to the Constitution requires be established by the people of the United States.

SEC. 172. WITHDRAWAL FROM UNITED NATIONS DRUG CONTROL TREATIES.

(a) Denunciation of drug control conventions.—Pursuant to the applicable denunciation provisions of the following international agreements, the President shall, not later than 30 days after the date of enactment of this Act, deposit with the Secretary-General of the United Nations written notification that the United States, in consultation with the Congress, denounces each such agreement:

(1) The Single Convention on Narcotic Drugs, done at New York March 30, 1961, pursuant to Article 46 thereof.

(2) The Convention on Psychotropic Substances, done at Vienna February 21, 1971, pursuant to Article 29 thereof.

(3) The United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, done at Vienna December 20, 1988, pursuant to Article 30 thereof.

SEC. 173. FEDERAL DECRIMINALIZATION OF PERSONAL DRUG POSSESSION.

(a) Personal drug possession.—Section 404 of the Controlled Substances Act (21 U.S.C. 844) is amended by striking everything after "Postal Service." and inserting the following: "Any person who violates this subsection shall be subject to a civil penalty of not more than $100, which may be imposed in the discretion of the Attorney General, except in the case of a first violation of this subsection, the Attorney General may issue a written warning in lieu of imposing a civil penalty.

"(b) A violation of this section shall not constitute a criminal offense. No person shall be arrested, detained, or taken into custody solely for such violation.

"(c) A violation of this section shall not be treated as a conviction for purposes of any Federal law, including—

"(1) for purposes of immigration status;

"(2) for eligibility for Federal benefits, including but not limited to: housing, employment, education, and licensing; or

"(3) any other collateral consequence under Federal law.".

(b) Repeal of civil penalty provision.—Section 844a of title 21, United States Code, is repealed.

SEC. 174. DE-ESCALATING THE FEDERAL DRUG WAR.

(a) Reduction of authorized terms of imprisonment.—

(1) In general.—Notwithstanding any other provision of the Comprehensive Drug Abuse Prevention and Control Act of 1970, or any amendment made by such Act, as previously amended by this Act, each provision of such Act that authorizes a maximum term of imprisonment or penalty shall be deemed amended as follows:

(A) If the otherwise applicable maximum term of imprisonment is 5 years or less, the maximum term shall be one-half of the otherwise applicable maximum term.

(B) If the otherwise applicable maximum term is more than 5 years but not more than 10 years, the maximum term shall be 4 years.

(C) If the otherwise applicable maximum term is more than 10 years but not more than 20 years, the maximum term shall be 7 years.

(D) If the otherwise applicable maximum term is more than 20 years but not more than 30 years, the maximum term shall be 10 years.

(E) If the otherwise applicable maximum term is more than 30 years but not more than 40 years, the maximum term shall be 14 years.

(F) If the otherwise applicable maximum term is more than 40 years or is life imprisonment, whether mandatory or discretionary, the maximum term shall be 17 years.

(G) Any provision authorizing the imposition of the death penalty shall be deemed to refer instead to a term of imprisonment of not more than 21 years.

(2) Continuing criminal enterprise.—Notwithstanding section 408 of such Act (21 U.S.C. 848), the maximum term of imprisonment for any offense described in such section, including any offense committed by a principal administrator, organizer, or leader, shall be not more than 21 years.

(3) Attempts and conspiracies.—Sections 406 and 1013 of such Act shall apply to offenses as amended by this section, and no greater term of imprisonment may be imposed for an attempt or conspiracy than the maximum term authorized for the offense that was the object of such attempt or conspiracy as reduced by this section.

(4) Second or subsequent offenses.—Any provision of such Act that increases a term of imprisonment based on a prior conviction shall apply only to the maximum term of imprisonment as reduced by this section.

(5) Rule of construction.—Nothing in this section shall be construed to require the imposition of any term of imprisonment, to limit the availability of probation or supervised release, or to restrict the authority of a court to impose a sentence below the maximum term authorized by this section.

(b) Repealing other drug war provisions.—

(1) Repealing outdated findings.—Subchapter I of chapter 16 of title 21, United States Code, is repealed.

(2) Repealing ONDCP.—Subchapter I of chapter 20 of title 21, United States Code, is repealed.

(3) Repealing outdated findings.—Section 1521 of title 21, United States Code, is repealed.

(4) Repealing State mandate.—Section 159 of title 23, United States Code, is repealed.

(5) Repealing no probation policy.—Section 848(d) of title 21, United States Code, is repealed.

(c) Restoring nutrition assistance after drug convictions.—

(1) Assistance and benefits for certain drug-related convictions.—Section 115 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (21 U.S.C. 862a) is amended—

(A) in subsection (a), in the matter preceding paragraph (1), by striking "for—" and all that follows through the period at the end of paragraph (2) and inserting "for assistance

under any State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).";

(B) in subsection (b)—

(i) by striking paragraph (2);

(ii) by striking the subsection designation and heading and all that follows through "The amount of" in paragraph (1) and inserting the following:

"(b) Program of temporary assistance for needy families.—The amount of"; and

(iii) by inserting "(42 U.S.C. 601 et seq.)" after "Social Security Act"; and

(C) by striking subsection (e) and inserting the following:

"(e) Definition of State.—In this section, the term 'State' has the meaning given the term in section 419 of the Social Security Act (42 U.S.C. 619), when referring to assistance provided under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).".

(2) Effect on State policies.—Any State law, policy, or regulation that imposes conditions on eligibility for the supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) based on an individual having a conviction for an offense related to a controlled substance shall have no force or effect.

(3) Modification of definition of household under SNAP.—Section 3(m)(5) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)(5)) is amended by adding at the end the following:

"(F) Incarcerated individuals who are scheduled to be released from an institution within 30 days.".

(d) Elimination of crack cocaine disparity and automatic relief.—

(1) Disparities repealed.—

(A) The following provisions of the Controlled Substances Act (21 U.S.C. 801 et seq.) are repealed:

(i) Clause (iii) of section 401(b)(1)(A) (21 U.S.C. 841(b)(1)(A)).

(ii) Clause (iii) of section 401(b)(1)(B) (21 U.S.C. 841(b)(1)(B)).

(B) The following provisions of the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.) are repealed:

(i) Subparagraph (C) of section 1010(b)(1) (21 U.S.C. 960(b)(1)).

(ii) Subparagraph (C) of section 1010(b)(2) (21 U.S.C. 960(b)(2)).

(2) Applicability to pending cases.—The amendments made by paragraph (1) shall apply to any sentence imposed on or after July 4, 2026, regardless of when the offense was committed.

(3) Automatic retroactive sentence recalculation.—

(A) In general.—The amendments made by paragraph (1) shall apply by operation of law to the sentence of each defendant who, before July 4, 2026, was sentenced for a Federal offense involving cocaine base. Notwithstanding any other provision of law, the Bureau of Prisons shall, not later than January 1, 2027, perform the ministerial recalculation of each such term of imprisonment by treating any reference to cocaine base as a reference to cocaine for purposes of revising the applicable penalty.

(B) Release.—If the term of imprisonment recalculated under subparagraph (A) is less than the term of imprisonment the defendant has already served, the Bureau of Prisons shall release the defendant as soon as practicable.

(C) Supervised release.—In the case of any defendant subject to a term of supervised release for an offense involving cocaine base, the sentencing court shall modify the term of supervised release to reflect an underlying sentence recalculated by treating any reference to cocaine base as a reference to cocaine.

(D) Disputes.—The sentencing court shall have jurisdiction to resolve any dispute concerning a recalculation under subparagraph (A) and to enter any order necessary to conform the judgment to the sentence as modified by operation of law.

SEC. 175. LEGALIZING MARIJUANA AND AUTOMATIC RETROACTIVE RELIEF.

(a) Marijuana legalized.—Federal prohibitions on marijuana are amended or repealed as follows:

(1) Schedule I removal.—Subsection (c) of schedule I of section 202(c) of the Controlled Substances Act (21 U.S.C. 812(c)) is amended—

(A) by striking "(10) Marihuana."; and

(B) by striking "(17) Tetrahydrocannabinols, except for tetrahydrocannabinols in hemp (as defined under section 297A of the Agricultural Marketing Act of 1946).".

(2) Controlled Substances Act conforming amendments.—The Controlled Substances Act (21 U.S.C. 801 et seq.) is amended—

(A) in section 102(44) (21 U.S.C. 802(44)), by striking "marihuana,";

(B) in section 401(b) (21 U.S.C. 841(b))—

(i) in paragraph (1)—

(I) in subparagraph (A)—

(aa) in clause (vi), by inserting "or" after the semicolon;

(bb) by striking clause (vii); and

(cc) by redesignating clause (viii) as clause (vii);

(II) in subparagraph (B)—

(aa) in clause (vi), by inserting "or" after the semicolon;

(bb) by striking clause (vii); and

(cc) by redesignating clause (viii) as clause (vii);

(III) in subparagraph (C), in the first sentence, by striking "subparagraphs (A), (B), and (D)" and inserting "subparagraphs (A) and (B)";

(IV) by striking subparagraph (D);

(V) by redesignating subparagraph (E) as subparagraph (D); and

(VI) in subparagraph (D)(i), as so redesignated, by striking "subparagraphs (C) and (D)" and inserting "subparagraph (C)";

(ii) by striking paragraph (4); and

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

(C) in section 402(c)(2)(B) (21 U.S.C. 842(c)(2)(B)), by striking ", marihuana,";

(D) in section 403(d)(1) (21 U.S.C. 843(d)(1)), by striking ", marihuana,";

(E) in section 418(a) (21 U.S.C. 859(a)), by striking the last sentence;

(F) in section 419(a) (21 U.S.C. 860(a)), by striking the last sentence;

(G) in section 422(d) (21 U.S.C. 863(d))—

(i) in the matter preceding paragraph (1), by striking "marijuana,"; and

(ii) in paragraph (5), by striking ", such as a marihuana cigarette,"; and

(H) in section 516(d) (21 U.S.C. 886(d)), by striking "section 401(b)(6)" each place the term appears and inserting "section 401(b)(5)".

(3) Controlled Substances Import and Export Act conforming amendments.—The Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.) is amended—

(A) in section 1010(b)(1) (21 U.S.C. 960(b)(1))—

(i) in subparagraph (F), by striking the semicolon at the end and inserting "; or";

(ii) by striking subparagraph (G);

(iii) by redesignating subparagraph (H) as subparagraph (G); and

(iv) in subparagraph (G), as redesignated, by striking the period at the end and inserting a colon;

(B) in section 1010(b)(2) (21 U.S.C. 960(b)(2))—

(i) in subparagraph (F), by striking the semicolon at the end and inserting "; or";

(ii) by striking subparagraph (G);

(iii) by redesignating subparagraph (H) as subparagraph (G); and

(iv) in subparagraph (G), as redesignated, by striking the period at the end and inserting a colon; and

(C) by striking section 1010(b)(4) (21 U.S.C. 960(b)(4)).

(b) Applicability to pending cases.—The amendments made by subsection (a) shall apply to any sentence imposed on or after the date of enactment of this Act, regardless of when the offense was committed.

(c) No denial of Federal public benefits on the basis of marijuana.—

(1) In general.—No person may be denied any Federal public benefit (as such term is defined in section 401(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(c))) on the basis of any use or possession of marijuana, or on the basis of a conviction or adjudication of juvenile delinquency for a marijuana offense, by that person.

(2) Security clearances.—Federal agencies may not use past or present marijuana use as criteria for granting, denying, or rescinding a security clearance.

(d) Immigration consequences.—

(1) In general.—For purposes of the immigration laws (as such term is defined in section 101 of the Immigration and Nationality Act (8 U.S.C. 1101)), marijuana may not be considered a controlled substance, and an alien may not be denied any benefit or protection under the immigration laws based on any event, including conduct, a finding, an admission, addiction or abuse, an arrest, a juvenile adjudication, or a conviction, relating to the possession or use of marijuana that is no longer prohibited pursuant to this title or an amendment made by this subtitle, regardless of whether the event occurred before, on, or after the effective date of this section.

(2) Conforming amendments.—The Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended—

(A) in section 212(h), by striking "and subparagraph (A)(i)(II) of such subsection insofar as it relates to a single offense of simple possession of 30 grams or less of marijuana";

(B) in section 237(a)(2)(B)(i), by striking "other than a single offense involving possession for one's own use of 30 grams or less of marijuana";

(C) in section 101(f)(3), by striking "(except as such paragraph relates to a single offense of simple possession of 30 grams or less of marihuana)";

(D) in section 244(c)(2)(A)(iii)(II), by striking "except for so much of such paragraph as relates to a single offense of simple possession of 30 grams or less of marijuana";

(E) in section 245(h)(2)(B), by striking "(except for so much of such paragraph as related to a single offense of simple possession of 30 grams or less of marijuana)";

(F) in section 210(c)(2)(B)(ii)(III), by striking ", except for so much of such paragraph as relates to a single offense of simple possession of 30 grams or less of marihuana"; and

(G) in section 245A(d)(2)(B)(ii)(II), by striking ", except for so much of such paragraph as relates to a single offense of simple possession of 30 grams or less of marihuana".

(e) Automatic retroactive sentence recalculation.—

(1) In general.—The changes made by this section shall apply by operation of law to the sentence of each defendant who, before the date of enactment of this Act, was sentenced for a Federal offense involving marijuana. Notwithstanding any other provision of law, the Bureau of Prisons shall, not later than January 1, 2027, perform the ministerial recalculation of each such term of imprisonment under the changes made by this section.

(2) Release.—If the term of imprisonment recalculated under paragraph (1) is less than the term of imprisonment the defendant has already served, the Bureau of Prisons shall release the defendant as soon as practicable.

(3) Supervised release.—In the case of any defendant subject to a term of supervised release for an offense involving marijuana, the sentencing court shall modify the term of supervised release to reflect the changes made by this section.

(4) Disputes.—The sentencing court shall have jurisdiction to resolve any dispute concerning a recalculation under paragraph (1) and to enter any order necessary to conform the judgment to the sentence as modified by operation of law.

(f) Expungement of drug offense convictions for individuals not under a criminal justice sentence.—

(1) In general.—Not later than December 31, 2027, each Federal district court shall conduct a comprehensive review and issue an order expunging each adjudication of juvenile delinquency or conviction for a marijuana offense entered by a Federal court in the district on or after May 1, 1971, and before the date of enactment of this Act, if the individual subject to the adjudication or conviction is not under a criminal justice sentence on the date the order is issued. Each Federal court shall also issue an order expunging any arrests associated with each expunged adjudication of juvenile delinquency or conviction.

(2) Notification.—To the extent practicable, each Federal district court shall notify each individual whose arrest, conviction, or adjudication of delinquency has been expunged pursuant to this subsection that their arrest, conviction, or adjudication of juvenile delinquency has been expunged, and the effect of such expungement.

(3) Petitioning the court for expungement.—At any point after the date of enactment of this Act, any individual with a prior adjudication of juvenile delinquency or conviction for a marijuana offense, who is not under a criminal justice sentence, may file a motion for expungement. If the expungement of such an adjudication of juvenile delinquency or conviction is required under this subtitle, the court shall expunge the adjudication or conviction, and any associated arrests. If the individual is indigent, counsel shall be appointed to represent the individual in any proceedings under this subsection.

(4) Sealed record.—The court shall seal all records related to an adjudication of juvenile delinquency or conviction that has been expunged under this subsection. Such records may only be made available by further order of the court.

(g) Effect of expungement.—An individual who has had an arrest, a conviction, or juvenile delinquency adjudication expunged under this section—

(1) may treat the arrest, conviction, or adjudication as if it never occurred; and

(2) shall be immune from any civil or criminal penalties related to perjury, false swearing, or false statements, for a failure to disclose such arrest, conviction, or adjudication.

SEC. 176. SAFE HARBOR FOR MARIJUANA-RELATED FINANCIAL SERVICES.

(a) Definitions.—In this section:

(1) Appropriate Federal banking agency.—The term "appropriate Federal banking agency" has the meaning given the term in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)).

(2) Depository institution.—The term "depository institution" has the meaning given the term in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)) and includes a Federal credit union and a State credit union (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)).

(3) Federal banking regulator.—The term "Federal banking regulator" means the Board of Governors of the Federal Reserve System, the Bureau of Consumer Financial Protection, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Department of the Treasury (including the Financial Crimes Enforcement Network and the Office of Foreign Assets Control).

(4) Federally backed mortgage loan.—The term "federally backed mortgage loan" means a loan secured by a first or subordinate lien on residential real property, including individual units of condominiums and cooperatives, designed principally for the occupancy of 1 to 4 families, that is insured, guaranteed, made, purchased, or securitized by the Federal Housing Administration, the Department of Veterans Affairs, the Department of Agriculture, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation.

(5) Financial service.—The term "financial service" includes any financial product (including insurance) or service and any act by a person (directly or indirectly, and by any means) to authorize, process, clear, settle, bill, transfer for deposit, transmit, deliver, instruct to be delivered, reconcile, collect, or otherwise effectuate or facilitate the payment, transfer, or custody of funds or monetary instruments.

(6) Marijuana.—The term "marijuana" has the meaning given the term "marihuana" in section 102 of the Controlled Substances Act (21 U.S.C. 802), as in effect on the day before the date of enactment of this Act.

(7) Marijuana-related business.—The term "marijuana-related business" means—

(A) a person that engages in the cultivation, production, manufacture, sale, transportation, display, dispensing, distribution, purchase, or other commercial handling of marijuana or marijuana products in compliance with the law of the State, Indian Tribe, or political subdivision of a State having jurisdiction over such activity; or

(B) a person that sells goods or services to a person described in subparagraph (A), including the sale or lease of real or other property, legal or other licensed services, accounting services, payroll services, security services, and other ancillary services.

(b) Safe harbor for depository institutions.—

(1) In general.—A Federal banking regulator may not terminate or limit deposit insurance or share insurance, prohibit, penalize, or otherwise discourage a depository institution from providing a financial service, recommend or encourage a depository institution not to offer financial services, take an adverse or corrective supervisory action, or otherwise take any adverse action against a depository institution solely because the depository institution provides or has provided a financial service to a marijuana-related business.

(2) De novo applicants.—Paragraph (1) shall apply to an institution applying for a depository institution charter to the same extent as such paragraph applies to a depository institution.

(3) No requirement to serve.—Nothing in this section shall be construed to require a depository institution or any other person to provide a financial service to a marijuana-related business.

(c) Proceeds and money laundering; forfeiture protections.—

(1) Proceeds not unlawful solely due to marijuana activity.—For purposes of sections 1956 and 1957 of title 18, United States Code, and any other provision of Federal law relating to proceeds of specified unlawful activity, the proceeds derived from marijuana-related activity of a marijuana-related business shall not be considered proceeds of an unlawful activity solely because the transaction involves such proceeds.

(2) Protections from liability.—A depository institution, and any officer, director, employee, or agent of a depository institution, may not be held liable under any Federal law or regulation solely for providing a financial service to a marijuana-related business, or for further investing any income derived from such a financial service.

(3) Collateral interests; forfeiture.—A depository institution that has a legal interest in collateral for a loan or other financial service provided to a marijuana-related business, or to an owner or operator of real estate or equipment leased to or sold to a marijuana-related business, shall not be subject to criminal, civil, or administrative forfeiture of that legal interest under Federal law solely because the loan or financial service was provided, except that the term "collateral" shall not include marijuana or a marijuana product.

(d) Deposit account termination requests and orders.—

(1) Written determination required.—An appropriate Federal banking agency may not formally or informally request or order a depository institution to terminate, downgrade, restrict, or discourage a specific customer account or group of customer accounts solely because the

customer is a marijuana-related business, unless the agency has made a written determination that the depository institution is engaging in an unsafe or unsound practice or is violating a rule, law, regulation, or order with respect to the relationship of the depository institution with the customer.

(2) Prohibition on reputational-risk-only justifications.—A request or order under paragraph (1) may not be based primarily on reputational risk.

(3) Notice to institution; customer notice.—If an appropriate Federal banking agency makes a request or order described in paragraph (1), the agency shall provide the request or order to the institution in writing and include a written justification identifying the legal or regulatory basis for the request or order; and, except as otherwise prohibited by law, the depository institution shall provide the affected customer with notice of the justification for the termination, downgrade, restriction, or discouragement.

(e) Mortgage eligibility; treatment of income.—

(1) Income treated as legal income.—Income derived from a marijuana-related business shall be considered in the same manner as any other legal income for purposes of determining eligibility for a federally backed mortgage loan for a 1- to 4-unit property that is the principal residence of the mortgagor.

(2) Liability limitation.—A mortgagee or servicer of a federally backed mortgage loan, and any Federal agency, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, may not be held liable under any Federal law or regulation solely for providing, insuring, guaranteeing, purchasing, or securitizing a mortgage to an otherwise qualified borrower on the basis of the income described in paragraph (1), or for accepting such income as payment on such mortgage loan.

(3) Implementation.—Not later than 180 days after the date of enactment of this Act, each Federal entity described in paragraph (2) shall implement this subsection by guidance, notice, handbook update, seller-servicer guide update, or comparable public instruction, as applicable to such entity's mortgage programs.

SEC. 177. RETAIL EXCISE TAX, IMPLEMENTATION, AND PRODUCT STANDARDS FOR MARIJUANA PRODUCTS.

(a) In general.—Chapter 31 of subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

"Subchapter D—Retail Excise Tax on Marijuana Products.

"SEC. 4056. Definitions.

"SEC. 4057. Imposition of tax.

"SEC. 4058. Exemptions.

"SEC. 4059. State authority preserved.

"Sec. 4056. Definitions.

"(a) In general.—In this subchapter:

"(1) Marijuana.—The term 'marijuana' has the meaning given the term 'marihuana' in section 102 of the Controlled Substances Act (21 U.S.C. 802), as in effect prior to the enactment of the POPULIST Act.

"(2) Marijuana product.—The term 'marijuana product' means any product containing marijuana that is sold for recreational use, including flower, concentrates, edibles, tinctures, topicals, and infused products.

"(3) Retail sale.—The term 'retail sale' means a sale of a marijuana product to an end user for personal or household consumption and not for resale.

"(4) Retailer.—The term 'retailer' means any person who sells marijuana products to consumers in a retail transaction pursuant to the law of the State, Indian Tribe, or political subdivision of a State having jurisdiction over such sale.

"(5) Gross retail sales price.—The term 'gross retail sales price' means the total amount paid by the consumer for a marijuana product, including any services or charges incident to the sale, but excluding State or local sales taxes separately stated.

"Sec. 4057. Imposition of tax.

"(a) Imposition.—There is hereby imposed a tax equal to 6 percent of the gross retail sales price on each retail sale of a marijuana product in the United States.

"(b) Liability.—The tax imposed by this section shall be paid by the retailer making the retail sale.

"Sec. 4058. Exemptions.

"(a) Medical use.—The tax imposed under section 4057 shall not apply to any marijuana product dispensed pursuant to a valid prescription or recommendation for medical use under Federal, State or Tribal law.

"(b) Research and testing.—The tax imposed under section 4057 shall not apply to marijuana products transferred exclusively for scientific research or testing purposes and not for retail sale.

"Sec. 4059. State authority preserved.

"Nothing in this subchapter shall be construed to limit the authority of any State, Indian Tribe, or political subdivision of a State to prohibit, regulate, license, or tax marijuana or marijuana products.".

(b) Treasury implementation.—Not later than March 1, 2027, the Secretary of the Treasury shall issue interim final rules to carry out the amendments made by subsection (a). The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(1) Comment and final rules.—The Secretary shall provide a public comment period of not less than 60 days after publication of the interim final rules under this subsection and shall issue final rules not later than January 1, 2028.

(2) No delay.—A delay in issuance or finalization of rules under this subsection shall not delay, limit, or otherwise affect the tax imposed by subsection (a), any exemption from such tax, or the authority of the Secretary to administer and enforce the amendments made by subsection (a).

(3) Transitional administration.—The Secretary may administer the amendments made by subsection (a) through forms, instructions, notices, or other guidance.

(c) Justice Department implementation.—Not later than July 4, 2027, the Attorney General shall issue interim final rules to carry out sections 173 through 176, except that nothing in this subsection shall alter the implementation deadline under section 176(e)(3). The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(1) Comment and final rules.—The Attorney General shall provide a public comment period of not less than 60 days after publication of the interim final rules under this subsection and shall issue final rules not later than January 1, 2028.

(2) Effect of statutory provisions.—Sections 173 through 176, and the amendments made by such sections, shall take effect and remain enforceable according to their terms on and after the date of enactment of this Act, whether or not the Attorney General has issued interim final rules or final rules under this subsection. A delay in issuance or finalization of rules under this subsection shall not delay, limit, extinguish, or reduce any protection, prohibition, duty, safe harbor, resentencing process, expungement process, repeal, or amendment established by sections 173 through 176 or the amendments made by such sections.

(d) FDA standards.—

(1) Interim final rules.—Not later than July 4, 2027, the Commissioner of Food and Drugs shall issue interim final rules establishing standards for the quality, purity, potency, labeling, packaging, testing, and manufacturing of marijuana products offered for sale in the United States. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(2) Comment and final rules.—The Commissioner shall provide a public comment period of not less than 60 days after publication of the interim final rules under this subsection and shall issue final rules not later than January 1, 2028.

(e) Effective date for retail excise tax.—The amendments made by subsection (a) shall apply to retail sales occurring on or after April 1, 2027.

SEC. 178. NATIONAL COMMISSION ON ENDING FEDERAL DRUG PROHIBITION.

(a) Establishment.—There is established a National Commission on Ending Federal Drug Prohibition.

(b) Purpose.—The purpose of the Commission is to develop a legislative proposal for ending Federal drug prohibition and replacing it with a national regulatory framework, modeled on the repeal of alcohol prohibition.

(c) Duties.—The Commission shall—

(1) examine the public health, criminal justice, economic, fiscal, and civil liberties impacts of Federal drug prohibition;

(2) study the repeal of alcohol prohibition, including the allocation of authority between the Federal Government and the States;

(3) evaluate options for State participation in a repeal of Federal drug prohibition, including State opt-in, opt-out, and independent regulatory regimes;

(4) evaluate models, from a harm reduction perspective, toward a national regulatory framework governing recreational drugs, provided that such models evaluated shall include, but not be limited to taxation, labeling, advertising, safety standards, enforcement, and overall harm reduction;

(5) study preliminary results of the year of Jubilee, including rates of substance use and sales of marijuana after the implementation of the American Union Jobs Program; and

(6) develop proposed legislative text to implement the findings of the Commission.

(d) Membership.—The Commission shall be composed of 15 members appointed as follows:

(1) 5 members appointed by the President;

(2) 2 members appointed by the Speaker of the House of Representatives;

(3) 2 members appointed by the Minority Leader of the House of Representatives;

(4) 2 members appointed by the Majority Leader of the Senate;

(5) 2 members appointed by the Minority Leader of the Senate; and

(6) 2 members appointed jointly by the congressional leaders described in paragraphs (2) through (5).

(e) Composition and balance.—The membership of the Commission shall include—

(1) not fewer than 2 members with expertise in public health or substance use disorder treatment;

(2) not fewer than 2 members with expertise in criminal justice policy;

(3) not fewer than 1 member representing Tribal interests;

(4) not fewer than 1 member with experience as a State or local regulator;

(5) not fewer than 1 member who served a term of incarceration of not less than 10 years for a drug offense;

(6) not fewer than 1 member with lived experience of recovery from substance use disorder;

(7) not fewer than 1 member with ongoing experience of substance use disorder;

(8) not fewer than 1 member with experience in State-regulated marijuana sales; and

(9) broad political party representation such that no single political party has a majority of members.

(f) Appointment deadline.—All members of the Commission shall be appointed not later than 90 days after the date of enactment of this Act.

(g) Meetings.—The Commission shall meet not less frequently than once per month and may conduct meetings virtually or in-person.

(h) Initial meeting.—The Commission shall hold its first meeting not later than 120 days after the date of enactment of this Act.

(i) Chair.—The members of the Commission shall elect a Chair from among the members at the first meeting of the Commission.

(j) Quorum.—A quorum shall consist of a majority of the members of the Commission who have been appointed and are serving as of the date of the meeting.

(k) Attendance and removal.—Any member who fails to attend 2 consecutive meetings of the Commission without good cause shall, after 7 days, be removed from the Commission and shall no longer be counted for purposes of determining a quorum. A replacement may be appointed at any time, provided such appointment would not violate the requirements of subsections (d) and (e).

(l) Vacancies.—Any vacancy on the Commission shall not impair the authority of the Commission to carry out its duties.

(m) Administrative support and funding.—

(1) Administrative support.—The Secretary of Health and Human Services shall provide administrative support (including facilitating the drafting of legislation required by subsection (c)(6)), staff, office space, and information technology support necessary for the Commission to carry out its duties, in consultation with the Attorney General and the Secretary of the Treasury.

(2) Appropriation.—Out of any money in the Treasury not otherwise appropriated, there are appropriated to the Secretary of Health and Human Services such sums as may be necessary to carry out this section for fiscal years 2027 and 2028, to remain available through September 30, 2028.

(n) Reports.—

(1) Interim report.—Not later than 180 days after the date of enactment of this Act, the Commission shall submit an interim report to Congress.

(2) Final report.—Not later than November 15, 2027, the Commission shall submit a final report to Congress, including proposed legislative text.

(o) Public availability and transparency.—

(1) The Secretary of Health and Human Services shall maintain a publicly accessible website for the Commission.

(2) The website shall include—

(A) the names and biographies of Commission members;

(B) meeting dates, agendas, and locations;

(C) minutes, recordings, or livestreams of meetings, to the extent practicable;

(D) interim and final reports of the Commission; and

(E) any additional materials the Commission determines appropriate.

(3) The Commission may accept written submissions from the public and, if so, shall make such submissions publicly available on the website, subject to reasonable privacy and security protections.

(p) Termination.—The Commission shall terminate on December 31, 2027.

Subtitle E—The George Floyd Justice Act

SEC. 181. QUALIFIED IMMUNITY REFORM.

Section 1983 of title 42, United States Code, is amended—

(1) by striking "Every" and inserting the following: "(a) In this section—

"(1) Public employer.—The term 'public employer' means a Federal law enforcement agency that, at the time of a deprivation of any rights, privileges, or immunities described in subsection (b), employs, or contracts with an individual to perform the duties of, a Federal law enforcement officer or any other officer empowered by law to execute searches, to seize evidence, or to make arrests.

"(2) Law enforcement officer.—The term 'law enforcement officer' means any officer, agent, or employee of any unit of government authorized by law or by a government agency to engage in or supervise the prevention, detection, or investigation of any violation of criminal law.

"(b) Every";

(2) in subsection (b), as so designated, by inserting "the United States or" before "any State"; and

(3) by adding at the end the following:

"(c) If, while acting under color of law, any Federal law enforcement officer subjects or causes to be subjected any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, the public employer of that officer shall be liable to the party injured for the conduct of the officer in an action at law, suit in equity, or other proper proceeding for redress, regardless of whether a policy or custom of the public employer caused the violation, and regardless of whether the officer has any defense or immunity from suit or liability. This subsection shall constitute a waiver of sovereign

immunity of the United States with respect to Federal law enforcement agencies for any claim brought under this section. Nothing in this subsection shall be construed to limit or preclude any legal, equitable, or other remedy that is available, under this section or under any other source of law, against an individual officer.

"(d) It shall not be a defense or immunity in any action brought under this section against a law enforcement officer that the rights, privileges, or immunities secured by the Constitution and laws were not clearly established at the time of their deprivation by the defendant, or that at such time, the state of the law was otherwise such that the defendant could not reasonably have been expected to know whether their conduct was lawful.".

SEC. 182. VISIBLE IDENTIFICATION DURING PUBLIC ENFORCEMENT ACTIONS.

(a) Definitions.—In this section:

(1) Covered law enforcement officer.—The term "covered law enforcement officer" means any Federal officer, employee, contractor, or agent authorized to engage in law enforcement activities, including immigration enforcement activities.

(2) Facial covering.—The term "facial covering" means any opaque mask, garment, helmet, headgear, or other item that conceals or obscures the facial identity of an individual, including, but not limited to, a balaclava, tactical mask, gaiter, ski mask, and any similar type of facial covering or face-shielding item, but does not include any of the following:

(A) A translucent face shield or clear mask that does not conceal the wearer's facial identity and is used in compliance with the employing agency's policy and procedures.

(B) A N95 medical mask or surgical mask to protect against transmission of disease or infection or any other mask, helmet, or device, including, but not limited to, air-purifying respirators, full or half masks, or self-contained breathing apparatus necessary to protect against exposure to any toxin, gas, smoke, inclement weather, or any other hazardous or harmful environmental condition.

(C) A mask, helmet, or device, including, but not limited to, a self-contained breathing apparatus, necessary for underwater use.

(D) A motorcycle helmet when worn by an officer utilizing a motorcycle or other vehicle that requires a helmet for safe operations while in the performance of their duties.

(E) Eyewear necessary to protect from the use of retinal weapons, including, but not limited to, lasers.

(3) Public enforcement action.—The term "public enforcement action" means any arrest, detention, questioning, search, crowd control, riot control, or other exercise of police or immigration enforcement authority conducted in a public place or in a manner visible to the public.

(b) Identification requirement.—During any public enforcement action, a covered law enforcement officer must clearly display, in a manner visible to the public—

(1) the officer's agency affiliation; and

(2) the officer's name or a unique identifying number.

(c) Prohibition on concealment of identity.—During any public enforcement action, a covered law enforcement officer must not wear a facial covering that conceals or obscures their facial identity in the performance of their duties.

(d) Exceptions.—Subsections (b) and (c) shall not apply to the extent that—

(1) the covered law enforcement officer is engaged in a bona fide undercover operation or covert investigation;

(2) a supervisor determines, based on specific and articulable facts, that temporarily concealing the officer's identity is necessary to address an immediate and credible threat to the safety of the officer or another person;

(3) the officer is wearing protective equipment necessary for health or safety purposes; or

(4) the officer is engaged in emergency response activities where compliance is not reasonably practicable.

(e) Officer safety and privacy protections.—Nothing in this section shall be construed to require a covered law enforcement officer to disclose personal identifying information beyond the officer's agency affiliation and name or unique identifying number.

(f) Enforcement and funding eligibility.—Notwithstanding any other provision of law, no funds appropriated or otherwise made available by the Federal Government may be used to employ, contract with, or otherwise compensate any individual who has knowingly and recklessly violated the requirements of this section.

SEC. 183. RESTRICTING NO-KNOCK WARRANTS.

(a) Short title.—This section may be cited as the "Breonna Taylor Justice Act".

(b) Federal prohibition.—Notwithstanding any other provision of law, a Federal law enforcement officer may not forcibly enter any occupied dwelling to serve a warrant unless—

(1) it is daytime, as defined in Rule 41(a)(2)(B) of the Federal Rules of Criminal Procedure; and—

(A) a magistrate judge for good cause authorizes a no-knock warrant; or

(B) the occupant refuses admittance to the officer, pursuant to section 3109 of title 18, United States Code, after having been provided notice of their authority and purpose.

(c) Presumption of refused admittance.—It shall be a rebuttable presumption that admittance was refused to an occupied dwelling if the officer repeatedly and forcibly knocked on the door and announced their presence—

(1) between 8am and 9pm, no less than 4 times, at spaced intervals, over no less than 3 minutes; or

(2) at all other times, no less than 6 times, at spaced intervals, over no less than 5 minutes.

(d) Limitation on eligibility for funds.—Beginning in the 2028 fiscal year, a State or unit of local government may not receive funds under the COPS grant program for a fiscal year if, on the day before the first day of the fiscal year, the State or unit of local government does not have in effect a law that prohibits the issuance of a no-knock warrant in a drug case, and restricts other uses of no-knock warrants to daytime hours.

SEC. 184. DUTY TO INTERVENE.

(a) Duty to intervene.—It shall be unlawful for a Federal law enforcement officer knowingly to fail to take reasonable action to prevent or stop another law enforcement officer from using excessive force against a person if the Federal law enforcement officer—

(1) knows that the force is excessive;

(2) has a realistic opportunity to intervene; and

(3) can intervene without creating an unreasonable risk of death or serious bodily injury to the Federal law enforcement officer or another person.

(b) Treatment under section 242.—For purposes of section 242 of title 18, United States Code, a knowing failure described in subsection (a) shall be deemed to subject the person against whom excessive force is used to a deprivation of rights under color of law.

(c) Training.—The Attorney General shall establish a training program for Federal law enforcement officers covering the duty established under subsection (a).

(d) Mandatory training for Federal law enforcement officers.—The head of each Federal law enforcement agency shall require each Federal law enforcement officer employed by the agency to complete the training program established under subsection (c).

SEC. 185. CASH BAIL REFORM.

Notwithstanding any provision of Federal law, no justice, judge, or other judicial official in any court created by or under Article III of the Constitution of the United States may use payment of money as a condition of pretrial release in any criminal case.

SEC. 186. RESTRICTING THE USE OF CHOKEHOLDS.

(a) Short title.—This section may be cited as the "Eric Garner Justice Act".

(b) Knowing or reckless deprivation of rights.—Section 242 of title 18, United States Code, is amended by striking "willfully" and inserting "knowingly or recklessly".

(c) Chokeholds and carotid restraints.—Section 242 of title 18, United States Code, is further amended in the matter following "and if bodily injury results from the acts committed in violation of this section or if such acts include" by inserting "the application of any pressure to the throat or windpipe that prevents or hinders breathing or reduces intake of air, use of maneuvers such as carotid artery restraints that restrict blood or oxygen flow to the brain," before "the use, attempted use, or threatened use of a dangerous weapon, explosives, or fire".

(d) Limitation on eligibility for funds.—Beginning in the 2028 fiscal year, a State or unit of local government may not receive funds under the COPS grant program for a fiscal year if, on the day

before the first day of the fiscal year, the State or unit of local government does not have in effect a law that prohibits law enforcement officers in the State or unit of local government from applying pressure to the throat or windpipe that prevents or hinders breathing or reduces intake of air, or using a carotid artery restraint or other maneuver that restricts blood or oxygen flow to the brain.

SEC. 187. POLICE EXERCISING ABSOLUTE CARE WITH EVERYONE.

(a) Definitions.—

(1) Deadly force.—The term "deadly force" means force that creates a substantial risk of causing death or serious bodily injury, including the discharge of a firearm, respiratory chokeholds, and multiple discharges of an electronic control weapon.

(2) De-escalation tactics and techniques.—The term "de-escalation tactics and techniques" means proactive actions and approaches used by a Federal law enforcement officer to stabilize a situation so that more time, options, and resources are available to gain a person's voluntary compliance and to reduce or eliminate the need to use force, including verbal persuasion, warnings, tactical techniques, slowing the pace of an incident, waiting out a subject, creating distance between the officer and a perceived threat, and requesting additional resources to resolve the incident.

(3) Federal law enforcement officer.—The term "Federal law enforcement officer" means any officer, agent, or employee of the United States authorized by law or by a Government agency to engage in or supervise the prevention, detection, investigation, or prosecution of any violation of Federal criminal law.

(4) Less lethal force.—The term "less lethal force" means any degree of force that is not likely to have lethal effect.

(5) Imminent threat.—The term "imminent threat"—

(A) means—

(i) a threat of harm involving the present ability, opportunity, and apparent intent immediately to cause the threatened harm; and

(ii) a risk that, based on the information available to the Federal law enforcement officer at the time, must be immediately confronted and addressed; and

(B) does not include merely a fear of future harm.

(6) Necessary.—The term "necessary", with respect to a use of force, means that a reasonable Federal law enforcement officer would objectively conclude, under the totality of the circumstances, that there was no reasonable, less harmful alternative to the force used.

(7) Proportional.—The term "proportional", with respect to a use of force, means that the potential harm likely to be caused by the force does not outweigh the benefit to be gained by achieving the direct and legitimate law enforcement objective.

(8) Reasonable alternatives.—

(A) In general.—The term "reasonable alternatives" means tactics and methods used by a Federal law enforcement officer to prevent an imminent threat of physical injury, prevent imminent death or serious bodily injury to the person against whom force is used, or effectuate a lawful arrest that do not unreasonably increase the risk posed to the officer or another person, including verbal communication, distance, warnings, de-escalation tactics and techniques, tactical repositioning, and other actions intended to stabilize the situation and reduce the immediacy of the risk so that more time, options, and resources may be used to resolve the situation without the use of force.

(B) Deadly force.—With respect to the use of deadly force, the term "reasonable alternatives" includes the use of less lethal force.

(9) Totality of the circumstances.—The term "totality of the circumstances" means all credible facts known to the Federal law enforcement officer leading up to and at the time of the use of force, including the actions of the person against whom force is used and the actions of the Federal law enforcement officer.

(b) Prohibition on less lethal force.—

(1) In general.—A Federal law enforcement officer may not use any less lethal force unless such force—

(A) is the least amount of force that is necessary and proportional—

(i) to prevent an imminent threat of physical injury to the Federal law enforcement officer or another person;

(ii) to prevent imminent death or serious bodily injury to the person against whom force is used; or

(iii) to effectuate the lawful arrest of a person whom the officer has probable cause to believe has committed a criminal offense; and

(B) is used only after available and reasonable alternatives to the use of less lethal force have been exhausted.

(2) Requirement to reduce and cease force.—With respect to the use of less lethal force, a Federal law enforcement officer shall—

(A) immediately reduce the force as the threat diminishes; and

(B) cease the force as soon as—

(i) the person against whom force is used is under the control of the officer or no longer poses a threat of physical injury; or

(ii) the force will no longer accomplish, or is no longer necessary to accomplish, a legitimate law enforcement objective.

(c) Prohibition on deadly use of force.—

(1) In general.—A Federal law enforcement officer may not use deadly force against a person unless—

(A) the use of deadly force is necessary and proportional, as a last resort, to prevent imminent and serious bodily injury or death to the officer or another person;

(B) the use of deadly force creates no substantial risk of injury to a third person; and

(C) available and reasonable alternatives to the use of deadly force have been exhausted.

(2) Danger only to self.—A Federal law enforcement officer may not use deadly force against a person who poses a danger only to themself.

(d) Requirement to give verbal warning.—When feasible, prior to using force against a person, a Federal law enforcement officer shall identify themself as a law enforcement officer and issue a verbal warning to the person that—

(1) directs the person to cease the conduct creating the need for force or, if applicable, requests that the person surrender to the officer; and

(2) notifies the person that force may be used if the person fails to comply.

(e) Guidance on use of force.—Not later than April 4, 2027, the Attorney General, in consultation with impacted persons, communities, and organizations, including representatives of civil liberties organizations, individuals against whom a law enforcement officer used force, and representatives of law enforcement associations, shall provide guidance to Federal law enforcement agencies on—

(1) the types of less lethal force and deadly force that are prohibited under subsections (b) and (c); and

(2) how a Federal law enforcement officer can—

(A) assess whether the use of force is appropriate and necessary; and

(B) use the least amount of force when interacting with—

(i) pregnant individuals;

(ii) children and youth under 21 years of age;

(iii) elderly persons;

(iv) persons with mental, behavioral, or physical disabilities or impairments;

(v) persons experiencing perceptual or cognitive impairments due to use of alcohol, narcotics, hallucinogens, or other drugs;

(vi) persons suffering from a serious medical condition; and

(vii) persons with limited English proficiency.

(f) Training.—The Attorney General shall provide training to Federal law enforcement officers on interacting with people described in subsections (e)(2)(B)(i) through (vii).

(g) Limitation on justification defense.—

(1) In general.—Chapter 51 of title 18, United States Code, is amended by adding at the end the following:

"Sec. 1123. Limitation on justification defense for Federal law enforcement officers.

"(a) Definitions.—In this section—

"(1) the terms 'deadly force' and 'less lethal force' have the meanings given such terms in section 187 of the POPULIST Act; and

"(2) the term 'Federal law enforcement officer' has the meaning given such term in section 115 of title 18, United States Code.

"(b) In general.—It is not a defense to an offense under section 1111 or 1112 that the use of less lethal force or deadly force by a Federal law enforcement officer was justified if—

"(1) that officer's use of such force was inconsistent with section 187 of the POPULIST Act; or

"(2) that officer's gross negligence, leading up to and at the time of the use of force, contributed to the necessity of the use of such force.".

(2) Clerical amendment.—The table of sections for chapter 51 of title 18, United States Code, is amended by inserting after the item relating to section 1122 the following:

"1123. Limitation on justification defense for Federal law enforcement officers.".

SEC. 188. CERTIFICATION REQUIREMENTS FOR LAW ENFORCEMENT OFFICERS.

(a) In general.—Not later than September 30, 2027, the Attorney General shall make rules for a certification and decertification program for purposes of employment as a law enforcement officer. Such rules shall include uniform reporting standards, the training program described in section 184, and the reporting requirements of this subtitle.

(b) Availability of information.—The Attorney General shall make available to law enforcement agencies all information in the registry described under section 189 for purposes of compliance with the certification and decertification programs described in this section.

(c) Grants to train law enforcement officers on use of force.—Section 10152(a)(1) of title 34, United States Code, is amended by adding at the end the following:

"(J) Training programs for law enforcement officers, including training programs on use of force and a duty to intervene.".

SEC. 189. ESTABLISHMENT OF NATIONAL POLICE MISCONDUCT REGISTRY.

(a) In general.—Not later than May 25, 2027, the Attorney General shall establish a National Police Misconduct Registry to be compiled and maintained by the Department of Justice.

(b) Contents of registry.—The registry required to be established under subsection (a) shall contain the following data with respect to all Federal, State, and local law enforcement officers:

(1) Each complaint filed against a law enforcement officer, categorized as—

(A) complaints that were found to be credible or that resulted in disciplinary action against the law enforcement officer, disaggregated by whether the complaint involved a use of force;

(B) complaints that are pending review, disaggregated by whether the complaint involved a use of force; and

(C) complaints for which the law enforcement officer was exonerated or that were determined to be unfounded or not sustained, disaggregated by whether the complaint involved a use of force.

(2) Discipline records, disaggregated by whether the complaint involved a use of force.

(3) Termination records, the reason for each termination, disaggregated by whether the complaint involved a use of force.

(4) Records of certification in accordance with section 188.

(5) Records of lawsuits against law enforcement officers and settlements of such lawsuits.

(6) Instances where a law enforcement officer resigns or retires while under active investigation related to the use of force.

(c) Federal agency reporting requirements.—Not later than 1 year after the date of enactment of this section, and every 6 months thereafter, the head of each Federal law enforcement agency shall submit to the Attorney General the information described in subsection (b).

(d) State and local law enforcement agency reporting requirements.—Not later than September 30, 2027, and every 6 months thereafter, each State that receives funds under the Byrne grant program shall submit to the Attorney General the information described in subsection (b) for the State and each local law enforcement agency within the State.

(e) Availability of information.—The Attorney General shall make available to law enforcement agencies all information in the registry for purposes of considering applications for employment.

(f) Public availability of registry.—In establishing the registry required under subsection (a), the Attorney General shall make the registry available to the public on an internet website in a manner that allows members of the public to search for an individual law enforcement officer's records of misconduct, as described in subsection (b), involving a use of force.

(g) Authority to disclose records.—Section 552a(b) of title 5, United States Code, is amended—

(1) in paragraph (11), by striking "or";

(2) in paragraph (12), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(13) pursuant to the National Police Misconduct Registry established by section 189 of the POPULIST Act.".

(The POPULIST Act of 2026, TITLE I, version 2.4, last updated September 21, 2026)

TITLE II—UNSTACK WALL STREET

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

SEC. 201. FINDINGS AND PURPOSE.

(a) Congress finds the following:

(1) Article I of the Constitution grants Congress the power to regulate commerce among the several States, to lay and collect taxes, and to establish uniform laws on the subject of bankruptcies, and such powers carry with them the responsibility to ensure that financial markets serve the general welfare of the United States.

(2) Concentration of economic and financial power enables a small number of firms and investors to exert outsized influence over policy and legislative processes, distorting democratic governance.

(3) The resulting preferential treatment of certain financial transactions, investment strategies, and merger activity has contributed to the erosion of the Federal tax base, reducing public revenues and shifting fiscal burdens onto households and productive businesses, as well as increasing economic inequality and its resulting societal problems.

(4) Financial market failures and extraction driven business models routinely impose societal costs, including job losses, pension failures, publicly funded backstops, and lost tax revenue, rarely with corresponding accountability for the actors who benefit.

(5) Ownership of publicly traded equities and financial assets is highly concentrated, leaving most Americans exposed to market volatility, economic downturns, business failures, and price fluctuations without meaningful participation in market gains.

(6) Serial consolidation and acquisition driven strategies, often financed through high leverage, reduce competition, suppress wages, weaken long-term business viability, and prioritize short-term financial extraction over productive investment in the real economy.

(7) The cumulative effect of these practices has undermined public confidence that Wall Street operates fairly, competitively, and in a manner promoting the general welfare of the United States.

(8) The 2010 decision in *Citizens United v. FEC* and the resulting flood of corporate money into elections exacerbated the feeling that Wall Street is disproportionately influencing national policy, stacking our economic system in favor of large corporations.

(b) Purpose.—The purpose of this title is to unstack Wall Street.

SEC. 202. ANTI-EVASION.

(a) In general.—It shall be unlawful to conduct any activity, including by entering into an agreement or contract, engaging in a transaction, or structuring an entity, to willfully evade or attempt to evade any provision of this title.

(b) Enforcement.—A violation of this section shall be enforceable to the same extent, and subject to the same civil, criminal, and administrative penalties and remedies, as a violation of the provision of this title that the person sought to evade.

Subtitle A—Stop Wall Street Looting

SEC. 211. FINDINGS AND PURPOSE.

(a) Congress finds the following:

(1) Private equity fund activity has surged in the 21st century, with generally a negative impact on the general welfare of the United States.

(2) Private equity has penetrated industries from real estate to health care, with especially disruptive effects in retail. In the last decade, dozens of major retailers—including Sears, Toys "R" Us, and Neiman Marcus—filed for bankruptcy under title 11.

(3) Private equity has increasingly targeted entities serving vulnerable populations, including affordable housing, for-profit colleges, payday lenders, medical providers, and nursing homes.

(4) While often claiming to rescue troubled companies, private equity funds frequently impose crushing debt, strip assets, and obstruct long-term growth. When investments succeed, fund managers reap the gains; when they fail, workers and communities bear the losses.

(5) Private equity funds operate with limited transparency and often require investors to waive fiduciary protections. When portfolio companies fail, workers lose jobs, wages, severance, and earned pensions—yet are treated as junior creditors in bankruptcy.

(b) Purpose.—The purpose of this subtitle is to stop Wall Street looting.

SEC. 212. DEFINITIONS.

Except as otherwise expressly provided, in this subtitle:

(1) Affiliate.—The term "affiliate" means—

(A) a person that directly or indirectly owns, controls, or holds with power to vote, 5 percent or more of the outstanding voting securities of another entity, other than a person that holds such securities—

(i) in a fiduciary or agency capacity without sole discretionary power to vote such securities; or

(ii) solely to secure a debt, if such entity has not in fact exercised such power to vote;

(B) a corporation, 5 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by another entity (referred to in this subparagraph as a "covered entity"), or by an entity that directly or indirectly owns, controls, or holds with power to vote, 5 percent or more of the outstanding voting securities of the covered entity, other than an entity that holds such securities—

(i) in a fiduciary or agency capacity without sole discretionary power to vote such securities; or

(ii) solely to secure a debt, if such entity has not in fact exercised such power to vote;

(C) a person whose business is operated under a lease or operating agreement by another entity, or person substantially all of whose property is operated under an operating agreement with that other entity; or

(D) an entity that operates the business or substantially all of the property of another entity under a lease or operating agreement.

(2) Capital distribution.—The term "capital distribution" means—

(A) a cash or share dividend;

(B) a share repurchase;

(C) a share redemption;

(D) a share buyback;

(E) a payment of interest or fee on a share of stock; and

(F) any other transaction similar to a transaction described in any of subparagraphs (A) through (E).

(3) Change in control.—The term "change in control" means a change in legal authority with respect to—

(A) the power to vote 5 percent or more of any class of voting securities of a corporation that engages in interstate commerce; or

(B) any lesser per centum of any class of voting securities of a corporation that engages in interstate commerce that is sufficient to make the acquirer of such an interest a person that has the ability to direct the actions of that corporation.

(4) Change in control transaction.—The term 'change in control transaction' means a transaction, or a set of related transactions, that effectuates a change in control.

(5) Commission.—The term "Commission" means the Securities and Exchange Commission.

(6) Control person.—The term 'control person'—

(A) means—

(i) a person—

(I) that directly or indirectly owns, controls, or holds with power to vote, including through coordination with other persons, 5 percent or more of the outstanding voting interests of a corporation; or

(II) that operates the business or substantially all of the property of a corporation under a lease or an operating or management agreement;

(ii) a corporation, other than a target firm, that has 5 percent or more of its outstanding voting interests directly or indirectly owned, controlled, or held with power to vote by a person that directly or indirectly owns, controls, or holds with power to vote, including through coordination with other persons, 5 percent or more of the outstanding voting interests of another corporation; or

(iii) a person that otherwise has the ability to direct the actions of a corporation; and

(B) does not include a person that—

(i) (I) is a limited partner with respect to a controlling private fund that is a partnership;

(II) does not participate in the direction of the management or policy of a corporation; and

(III) is not an insider with respect to the controlling private fund described in subclause (I);

(ii) is a pension fund or employee welfare benefit plan, if neither the fund nor plan (as applicable), nor any beneficiary or affiliate of the benefit or plan, is an insider with respect to a controlling private fund; or

(iii) holds the voting interests of a corporation solely—

(I) in a fiduciary or agency capacity without sole discretionary power to vote the securities; or

(II) to secure a debt, if the person has not—

(aa) exercised the power to vote; or

(bb) exercised any other governance authority with respect to the corporation.

(7) Controlling private fund.—The term 'controlling private fund' means a private fund that, directly or through an affiliate, becomes a control person with respect to a target firm through the change in control transaction with respect to the target firm.

(8) Corporation.—The term "corporation" means—

(A) a joint-stock company;

(B) a company or partnership association organized under a law that makes only the capital subscribed or callable up to a specified amount responsible for the debts of the association, including a limited partnership and a limited liability company;

(C) a trust; and

(D) an association having a power or privilege that a private corporation, but not an individual or a partnership, possesses.

(9) Covered acquisition.—The term "covered acquisition" means any transaction or series of related transactions through which an acquiring person obtains control of a target firm, including through merger, consolidation, stock purchase, asset purchase, or similar arrangement.

(10) EBITDA.—

(A) In general.—The term "EBITDA" means, with respect to a target firm, the sum of the following amounts for the 12-month period ending on the last day of the most recently completed fiscal quarter before the date on which compliance with section 213(o) is determined:

(i) The net income or loss of the target firm, determined in accordance with generally accepted accounting principles, consistently applied.

(ii) Interest expense, reduced by interest income.

(iii) Income tax expense, reduced by any income tax benefit.

(iv) Depreciation expense.

(v) Amortization expense.

(B) Source of amounts.—Each amount under subparagraph (A) shall be determined from the financial statements of the target firm or from the books and records used to prepare such financial statements.

(C) No additional adjustments.—No projected, pro forma, anticipated, or discretionary amount may be included in EBITDA, and no adjustment or add-back other than an amount expressly described in clauses (ii) through (v) of subparagraph (A) shall be permitted.

(D) Insufficient operating history.—If the target firm has not completed 12 months of operations as of the date described in subparagraph (A), the EBITDA of the target firm shall be deemed to be zero.

(11) Employee welfare benefit plan.—The term "employee welfare benefit plan" has the meaning given the term in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

(12) Holder of an active interest.—The term "holder of an active interest"—

(A) subject to subparagraph (B)(ii), means—

(i) a person that directly or indirectly has the authority to participate in the governance of a controlling private fund, without regard to the form or source of that authority; and

(ii) any insider with respect to a controlling private fund; and

(B) does not include—

(i) a person that—

(I) holds an economic interest solely to secure a debt, if that person does not exercise any voting or other governance authority with respect to the interest;

(II) (aa) is a limited partner with respect to a controlling private fund that is a partnership;

(bb) does not participate in the direction of the management or policy of a corporation; and

(cc) is not an insider with respect to the controlling private fund described in item (aa); or

(III) is a pension fund or employee welfare benefit plan, if neither the pension fund nor employee welfare benefit plan (as applicable), nor any affiliate or beneficiary of the pension fund or employee welfare benefit plan, is an insider with respect to, or affiliate of, a controlling private fund; or

(ii) if the source of the authority described in subparagraph (A)(i) is a security—

(I) a person that is engaged in business as an underwriter of securities and that acquires that security through the good faith participation of the person in a firm commitment underwriting registered under the Securities Act of 1933 (15 U.S.C. 77a et seq.), until the date that is 40 days after the date on which that acquisition occurs; or

(II) a member of a national securities exchange solely because that member is the record holder of that security and, under the rules of that exchange—

(aa) may direct the vote of that security, without instruction, on—

(AA) other than contested matters; or

(BB) matters that may substantially affect the rights or privileges of the holders of the security to be voted; and

(bb) is otherwise precluded from voting without instruction.

(13) Insider.—The term "insider" means any—

(A) director of a corporation;

(B) officer of a corporation;

(C) managing agent of a corporation;

(D) control person with respect to a corporation;

(E) affiliate of a corporation;

(F) general partner of a corporation that is a partnership;

(G) consultant or contractor retained by a corporation;

(H) affiliate, relative, or agent of a person described in any of subparagraphs (A) through (F); or

(I) affiliate, relative, or agent of a person described in subparagraph (H).

(14) Investment adviser.—The term "investment adviser" has the meaning given the term in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)).

(15) Issuer.—The term "issuer" has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(16) National securities exchange.—The term "national securities exchange" means an exchange that is registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).

(17) Pension fund.—The term "pension fund" has the meaning given the term "pension plan" in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

(18) Private fund.—The term 'private fund' means a corporation that—

(A) would be considered an investment company under section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3) but for the application of paragraph (1) or (7) of subsection (c) of such section 3;

(B) is not a venture capital fund, as defined in section 275.203(l)-1 of title 17, Code of Federal Regulations, as in effect on the date of enactment of this Act; and

(C) is not an institution selected under section 107 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4706).

(19) Relative.—The term "relative" means an individual related by affinity or consanguinity within the third degree as determined by the common law, or individual in a step or adoptive relationship within such third degree.

(20) Security.—The term "security" has the meaning given the term in section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)).

(21) Target firm.—The term 'target firm' means a corporation that is acquired in a change in control transaction.

SEC. 213. PRIVATE EQUITY ACCOUNTABILITY AND ANTI-LOOTING RULES.

(a) Joint and several liability.—Notwithstanding any other provision of law, or the terms of any contract or agreement, a controlling private fund, and any holder of an active interest with respect to a controlling private fund, shall be jointly and severally liable for all liabilities of each target firm for which the controlling private fund is a control person, and for all liabilities of any affiliate of each such target firm, including—

(1) any debt incurred by the target firm or an affiliate of the target firm, including as part of the acquisition of the target firm by the controlling private fund;

(2) (A) any Federal or State civil monetary penalty; or

(B) obligation under a settlement or consent order with a Federal or State governmental agency or instrumentality, including a consumer restitution obligation;

for which the target firm, or an affiliate of the target firm, is liable;

(3) any liability resulting from a violation of section 3 of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102) by the target firm or an affiliate of the target firm;

(4) any withdrawal liability determined under part 1 of subtitle E of title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1381 et seq.) that is incurred by the target firm or an affiliate of the target firm;

(5) any claim for unfunded benefit liabilities owed to the Pension Benefit Guaranty Corporation under subtitle D of title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1361 et seq.) with respect to the termination of a pension plan sponsored by the target firm or an affiliate of the target firm; and

(6) any liability resulting from an action brought under subsection (d)(4) or any other amendment made under this section.

(b) Rule of construction.—Nothing in subsection (a) may be construed to diminish existing, as of the date of enactment of this Act, controlled group liability under the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

(c) Indemnification void as against public policy.—It shall be void as against public policy for a target firm, or an affiliate of a target firm, to indemnify a controlling private fund with respect to—

(1) the target firm;

(2) any affiliate of the target firm; or

(3) any person that is the holder of an active interest in the controlling private fund with respect to the liabilities of that person under subsection (a).

(d) Post-acquisition limitations.—

(1) No target firm may, directly or indirectly, after the closing date of a change in control transaction that results in a private fund becoming a controlling private fund with respect to the target firm—

(A) for a 4-year period, make a capital distribution or similarly reduce the equity capital of the target firm;

(B) make a capital distribution greater than 10 percent of the sum of all financial obligations of the target firm for each of the previous 2 years or similarly reduce the equity capital of the target firm;

(C) incur an obligation that commits the target firm to making a capital distribution of greater than 10 percent of the sum of all financial obligations of the firm or a similar reduction of the equity capital of the target firm for each of the following 2 years; or

(D) order a plant closing or mass layoff (as defined in section 2(a) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2101(a))) and relocate the trade or business conducted by the employees in the United States to 1 or more facilities outside the United States, in accordance with regulations issued by the Secretary of Labor.

(2) Transfer void.—Any transfer made or obligation incurred by a target firm or an affiliate with respect to a target firm in violation of paragraph (1) shall be void.

(3) Joint and several liability for aiders and abettors.—Any controlling private fund, any holder of an active interest in a controlling private fund, or any affiliate of a target firm that aids, abets, facilitates, supports, or instructs a target firm's violation of paragraph (1) shall be jointly and severally liable under this subsection for any transfer made or obligation incurred, including for reasonable attorney's fees and costs awarded to a plaintiff under this subsection.

(4) Cause of action.—Any employee or creditor, or representative of an employee or creditor, of a target firm or of an affiliate of a target firm may bring an action in an appropriate district court of the United States against the direct or indirect transferee or obligee or beneficiary of the transfer or obligation to void the transfer or obligation and recover any transferred property for the target firm or affiliate from which the transfer was made, as applicable. In a successful action to recover a transfer, the court shall also award the plaintiff reasonable attorney's fees and costs.

(e) Limitation on safe harbors.—Section 546(e) of title 11, United States Code, is amended by inserting after "548(b) of this title," the following: "and except in the case of a transfer made in connection with a change in control transaction, as defined in section 212 of the POPULIST Act, or during the protected period, as defined in section 548(f) of this title,".

(f) Fraudulent transfers.—Section 548 of title 11, United States Code, is amended—

(1) in subsection (a)(1), by striking "that was made or incurred on or within 2 years before the date of the filing of the petition" and inserting "that was made or incurred during the period described in subsection (g)"; and

(2) by adding at the end the following:

"(f) (1) Definitions.—In this subsection—

"(A) the terms 'change in control transaction', 'control person', and 'target firm' have the meanings given those terms in section 212 of the POPULIST Act; and

"(B) the term 'protected period' means the shorter of—

"(i) the 15-year period beginning on the date on which a change in control transaction closed; or

"(ii) the period beginning on the date on which a change in control transaction closed and ending on the earliest subsequent date on which a public offering of a controlling share of the common equity securities of the target firm occurs.

"(2) Presumptions.—For purposes of this section, if the debtor is a target firm, the debtor is presumed to have made a transfer or incurred an obligation described in subparagraphs (A) and (B) of subsection (a)(1) if—

"(A) the transfer was made to or obligation was incurred by the debtor or an affiliate in connection with a change in control transaction; or

"(B) during a protected period—

"(i) the transfer was made by the debtor or an affiliate to a control person, an affiliate, or an insider; or

"(ii) the obligation was incurred by the debtor or an affiliate from a control person, an affiliate, or an insider.

"(3) Step transaction doctrine.—For the purposes of this section, a court shall, in analyzing related transactions, link together as a single transaction any interrelated yet formally distinct steps in an integrated transaction (commonly known as the 'step transaction doctrine').

"(g) The trustee may avoid under subsection (a) a transfer of an interest of the debtor in property or any obligation incurred by the debtor on or within—

"(1) 15 years before the date of the filing of the petition if the transfer was made or obligation incurred in connection with a change in control transaction, as defined in section 212 of the POPULIST Act; or

"(2) 2 years before the date of the filing of the petition for all other transfers and obligations.".

(g) Statute of limitations.—Section 3306(b) of title 28, United States Code, is amended—

(1) in paragraph (2), by striking "or" at the end;

(2) in paragraph (3), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(4) within 15 years after the transfer was made or the obligation was incurred, if the transfer was made or the obligation was incurred—

"(A) in connection with a change in control transaction, as defined in section 212 of the POPULIST Act; or

"(B) during a protected period, as defined in section 548(f) of title 11.".

(h) Powers and duties of committees.—Section 1103(c) of title 11, United States Code, is amended—

(1) by redesignating paragraphs (3) through (5) as paragraphs (4) through (6), respectively; and

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

"(3) upon motion, undertake an examination of a director, officer, general partner, or person in control of the debtor regarding potential conflicts of interest;".

(i) Elimination of sham independent directors.—Section 1107 of title 11, United States Code, is amended—

(1) in subsection (a), by striking "Subject to" and inserting "Except as provided in subsection (c), subject to"; and

(2) by adding at the end the following:

"(c) Notwithstanding subsection (a), if a debtor in possession is serving in a case under this title and a committee of creditors appointed under section 1102 of this title is serving in the case, the committee shall have the exclusive authority of a trustee serving in a case under this chapter to bring or settle on behalf of the estate—

"(1) an action under section 544, 547, 548, or 553 to avoid a transfer made or obligation incurred by the debtor in connection with a change in control transaction, as defined in section 212 of the POPULIST Act; or

"(2) an action against an insider, a former insider, or an agent or aider and abettor of an insider or former insider.".

(j) Limitation on executive compensation enhancements.—Section 503(c) of title 11, United States Code, is amended—

(1) in the matter preceding paragraph (1), by inserting "and subject to section 363(b)(3)," after "Notwithstanding subsection (b),";

(2) in paragraph (1), in the matter preceding subparagraph (A)—

(A) by inserting ", a senior executive officer of the debtor, or any of the 20 next most highly compensated employees of the debtor, department or division managers of the debtor, or consultants providing services to the debtor (regardless of whether the executive officer, employee, manager, or consultant is an insider)" after "insider of the debtor";

(B) by inserting "or for the payment of performance or incentive compensation, a bonus of any kind, or any other financial return designed to replace or enhance incentive, stock, or other compensation in effect before the date of the commencement of the case," after "remain with the debtor's business,"; and

(C) by inserting "clear and convincing" before "evidence in the record";

(3) in paragraph (2), in the matter preceding subparagraph (A), by inserting ", a senior executive officer of the debtor, or any of the 20 next most highly compensated employees of the debtor, department or division managers of the debtor, or consultants providing services to the debtor (regardless of whether the executive officer, employee, manager, or consultant is an insider)" after "an insider of the debtor"; and

(4) by striking paragraph (3) and inserting the following:

"(3) any other transfer or obligation to or for the benefit of an insider of the debtor, a senior executive officer of the debtor, or any of the 20 next most highly compensated employees of the debtor, department or division managers of the debtor, or consultants providing services to the debtor (regardless of whether the executive officer, employee, manager, or consultant is an insider), absent a finding by the court, based upon clear and convincing evidence in the record, and without deference to a request by the debtor for such payment, that—

"(A) because of the essential and particularized nature of the services provided by the insider, executive officer, employee, manager, or consultant, the transfer or obligation is essential to—

"(i) the survival of the business of the debtor; or

"(ii) in a case in which some or all of the assets of the debtor are liquidated, the orderly liquidation of the assets;

"(B) in the case of a transfer or obligation under an incentive program, the transfer or obligation is part of a workforce incentive program generally applicable to the nonmanagement workforce of the debtor; and

"(C) the cost of the transfer or obligation—

"(i) is reasonable;

"(ii) is not excessive in the context of the financial circumstances of the debtor; and

"(iii) is not disproportionate in light of any economic loss incurred by the nonmanagement workforce of the debtor during the case.".

(k) Prohibition against special compensation payments.—Section 363 of title 11, United States Code, is amended—

(1) in subsection (b), by adding at the end the following:

"(3) No plan, program, or other transfer or obligation to or for the benefit of an insider of the debtor, a senior executive officer of the debtor, or any of the 20 next most highly compensated employees of the debtor, department or division managers of the debtor, or consultants providing services to the debtor (regardless of whether the executive officer, employee, manager, or consultant is an insider) shall be approved if the debtor has, on or after the date that is 1 year before the date of the filing of the petition—

"(A) discontinued any plan, program, policy or practice of paying severance pay to the nonmanagement workforce of the debtor; or

"(B) modified any plan, program, policy, or practice described in subparagraph (A) in order to reduce benefits under the plan, program, policy or practice."; and

(2) in subsection (c)(1), by inserting before the period at the end the following: ", except that, for any transaction that constitutes a transfer or obligation subject to section 503(c), the trustee shall be required to obtain the prior approval of the court after notice and an opportunity for a hearing".

(l) Executive compensation upon exit from bankruptcy.—Section 1129(a) of title 11, United States Code, is amended—

(1) in paragraph (4), by adding at the end the following:

"Except for compensation subject to review under paragraph (5), any payment or other distribution under the plan to or for the benefit of an insider of the debtor, a senior executive officer of the debtor, or any of the 20 next most highly compensated employees of the debtor, department or division managers of the debtor, or consultants providing services to the debtor (regardless of whether the executive officer, employee, manager, or consultant is an insider), shall not be approved by the court except as part of a program of payments or distributions generally applicable to employees of the debtor, and only to the extent that the court determines that the payment or other distribution is not excessive or disproportionate in comparison to payments or other distributions to the nonmanagement workforce of the debtor."; and

(2) in paragraph (5)—

(A) in subparagraph (A)(ii), by striking "and" at the end;

(B) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(C) the compensation disclosed pursuant to subparagraph (B) has been approved by, or is subject to the approval of, the court as—

"(i) reasonable in comparison to compensation paid to individuals holding comparable positions at comparable companies in the same industry; and

"(ii) not disproportionate in light of any economic concession made by the nonmanagement workforce of the debtor during the case.".

(m) Voidability of preferential compensation transfers.—Section 547 of title 11, United States Code, is amended by adding at the end the following:

"(j) (1) The trustee may avoid a transfer to or for the benefit of an insider of the debtor, a senior executive officer of the debtor, or any of the 20 next most highly compensated employees of the debtor, department or division managers of the debtor, or consultants providing services to the debtor (regardless of whether the executive officer, employee, manager, or consultant is an insider), that—

"(A) is made or incurred under a retention, bonus, or incentive plan devised before the date of the filing of the petition; and

"(B) does not meet the requirements under section 363(b)(3) or 503(c).

"(2) Subsection (c) shall not constitute a defense against the recovery of a transfer under paragraph (1) of this subsection.

"(3) (A) The trustee, or a committee appointed under section 1102, may commence an action to recover a transfer under paragraph (1) of this subsection.

"(B) If neither the trustee nor a committee commences an action to recover a transfer under subparagraph (A) before the date of the commencement of a hearing on the confirmation of a plan, any party in interest may apply to the court for authority to recover the transfer for the benefit of the estate, in which case the costs of recovery shall be borne by the estate.".

(n) Commercial real estate.—Section 365(d) of title 11, United States Code, is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraph (5) as paragraph (4).

(o) Limitation on leverage in change in control transactions.—

(1) In general.—It shall be unlawful for any control person, in connection with a change in control transaction, to cause or permit a target firm to incur, assume, or maintain—

(A) if the EBITDA of the target firm is greater than zero, total debt in excess of 4 times the EBITDA of the target firm; or

(B) if the EBITDA of the target firm is zero or less, any total debt.

(2) Scope.—The prohibition in paragraph (1) shall apply—

(A) immediately upon the consummation of a change in control transaction; and

(B) at any time thereafter, if the excess leverage or total debt prohibited under paragraph (1) results from an action taken in connection with, or related to, the change in control transaction, including a post-closing refinancing, dividend, distribution, asset transfer, intercompany loan, guarantee, or similar transaction.

(3) Total debt.—

(A) In general.—In this subsection, the term "total debt" means, without duplication, the aggregate amount of—

(i) indebtedness for borrowed money;

(ii) an obligation evidenced by a bond, note, debenture, loan agreement, credit facility, or similar instrument;

(iii) an obligation under a finance lease, conditional sale agreement, or title-retention arrangement;

(iv) an obligation for the deferred purchase price of property or services, other than an ordinary-course trade payable;

(v) an intercompany loan or advance;

(vi) acquisition financing or another financing obligation incurred, assumed, refinanced, or guaranteed in connection with the change in control transaction; and

(vii) a guarantee, indemnity, or other credit support provided by the target firm with respect to an obligation described in clauses (i) through (vi).

(B) Exclusions.—The term "total debt" does not include an account payable, accrued payroll obligation, tax obligation, employee benefit obligation, or other operating liability incurred in the ordinary course of business that does not represent borrowed money, acquisition financing, or deferred acquisition consideration.

(4) Enforcement.—Any obligation incurred, assumed, maintained, refinanced, or guaranteed, directly or indirectly, in violation of this subsection shall be treated as an obligation incurred in violation of paragraph (1) of subsection (d) and shall be subject to paragraphs (2) through (4) of subsection (d).

(p) Codification of IRS proposed rule on private equity management fee waivers.—

(1) Incorporation of specified proposed regulatory text.—The proposed regulatory text contained in the proposed rule entitled "Certain Partnership Related Disguised Payments for Services," as issued by the Department of the Treasury and the Internal Revenue Service and published in the Federal Register on July 23, 2015 (80 Fed. Reg. 43652), as corrected by the correction notice published in the Federal Register on August 19, 2015 (80 Fed. Reg. 50240), is incorporated into this Act and shall be treated as though such proposed regulatory text were set forth in this subsection.

(2) Effect of incorporation.—The proposed regulatory text incorporated under paragraph (1) may be altered only by means of an Act of Congress. To the extent that any provision of the proposed regulatory text incorporated under paragraph (1) does not conform with any other statutory provision of law enacted before the date of enactment of this Act, the provisions of this Act shall govern.

SEC. 214. RESTRICTIONS ON REAL ESTATE INVESTMENT TRUSTS.

(a) Prohibition on Federal health care payments involving real estate investment trusts.—

(1) In general.—Section 1128(a) of the Social Security Act (42 U.S.C. 1320a-7(a)) is amended by adding at the end the following new paragraph:

"(5) Selling assets to or using assets as collateral for a loan with a real estate investment trust.—

"(A) In general.—Any individual or entity that, on or after the date of enactment of this paragraph, sells any assets to, or newly pledges any assets as collateral for a loan with, a real estate investment trust (as defined in section 856(a) of the Internal Revenue Code of 1986).

"(B) Clarification.—Subparagraph (A) shall not apply in the case where an individual or entity agreed to pledge an asset as collateral for a loan with a real estate investment trust prior to the date of enactment of this paragraph, including with respect to any future agreement between the individual or entity and the real estate investment trust regarding that same asset.".

(b) In respect to REIT interest in health care property.—

(1) In general.—Section 856(d) of the Internal Revenue Code of 1986 is amended—

(A) in paragraph (2) by adding at the end the following new subparagraph:

"(C) Amounts received or accrued, directly or indirectly, by a real estate investment trust with respect to qualified health care property shall not be treated as rents from real property.";

(B) In paragraph (8)(B)—

(i) by striking "or a qualified health care property (as defined in subsection (e)(6)(D)(i))", and

(ii) by striking "qualified health care property or"; and

(C) In paragraph (9)—

(i) in subparagraph (A)—

(I) by striking "or a qualified health care property (as defined in subsection (e)(6)(D)(i))",

(II) by striking "or qualified health care property", and

(III) by striking "or qualified health care properties", and

(ii) in subparagraph (B)—

(I) by striking "or qualified health care property (as so defined)", and

(II) by striking "or qualified health care property" each place it appears in clauses (i), (ii), and (iii)(II).

(c) Elimination of qualified REIT dividends from qualified business income.—Section 199A of the Internal Revenue Code of 1986 is amended—

(1) in subsection (b)(1) by striking everything after "an amount equal to" and inserting "the sum of the amounts determined under paragraph (2) for each qualified trade or business carried on by the taxpayer.";

(2) in subsection (c)(1) by striking the last sentence; and

(3) in subsection (e) by striking paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(d) Effective date.—The amendments made by subsections (b) and (c) shall apply to taxable years beginning after the date of enactment of this Act.

SEC. 215. TAX GUARDRAILS AGAINST LOOTING AND TAX AVOIDANCE.

(a) Surtax on certain amounts received by investment firms from controlled target firms.—

(1) Imposition of tax.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new part:

"PART VIII—SURTAX ON CERTAIN AMOUNTS RECEIVED BY INVESTMENT FIRMS

"SEC. 59B. Surtax on certain amounts received by investment firms from controlled target firms.

"Sec. 59B. Surtax on certain amounts received by investment firms from controlled target firms.

"(a) Imposition of tax.—

"(1) In general.—If 1 or more applicable payments are included in the gross income of a taxpayer for any taxable year, then there is hereby imposed on the taxpayer for the taxable year a tax equal to the applicable percentage of the aggregate amount of such payments. Such tax shall be in addition to any other tax imposed by this subtitle.

"(2) Applicable percentage.—For purposes of this subsection, the term 'applicable percentage' means 100 percent, minus the highest rate of tax under section 1 or 11 (whichever is applicable) for the taxable year.

"(b) Applicable payment.—For purposes of this section—

"(1) In general.—The term 'applicable payment' means any amount paid or incurred by an applicable entity (or any person related within the meaning of section 267(b) or 707(b) to such entity) to any other person which, at the time such amount is paid or incurred, is an applicable controlling entity. An amount shall be treated as an applicable payment without regard to whether it is paid or incurred to the taxpayer including it in gross income and to which subsection (a) applies.

"(2) Exceptions.—Such term shall not include any of the following:

"(A) Interest.—Any amount paid or incurred which is treated as interest for purposes of this chapter.

"(B) Distributions of property with respect to stock.—Any distribution of property (as defined in section 317(a)) to which section 301(a) applies.

"(c) Definitions relating to entities.—For purposes of this section—

"(1) Applicable entity.—The term 'applicable entity' means any person—

"(A) which is engaged in the active conduct of a trade or business, and

"(B) with respect to which any other person conducts activities in connection with an applicable trade or business.

"(2) Applicable controlling entity.—The term 'applicable controlling entity' means, with respect to any applicable entity, any person—

"(A) which is engaged in an applicable trade or business some or all of the activities of which are conducted in connection with the applicable entity, and

"(B) which controls (or is related within the meaning of section 267(b) or 707(b) to a person which controls) the applicable entity.

"(3) Applicable trade or business.—The term 'applicable trade or business' means any activity conducted on a regular, continuous, and substantial basis which, regardless of whether the activity is conducted in 1 or more entities, consists, in whole or in part, of—

"(A) raising or returning capital, and

"(B) either—

"(i) investing in or disposing of specified assets (or identifying specified assets for such investing or disposition), or

"(ii) developing specified assets.

"(4) Specified asset.—The term 'specified asset' means—

"(A) securities (as defined in section 475(c)(2) but without regard to the phrase 'widely held or publicly traded' in subparagraph (B) thereof and without regard to the last sentence thereof), and

"(B) real estate held for rental or investment.

"(d) Rules and definitions relating to ownership attribution and control.—For purposes of this section—

"(1) Constructive ownership rules used in determining related party.—In determining whether persons are related within the meaning of section 267(b) or 707(b), the constructive ownership rules of section 318 shall apply in lieu of the constructive ownership rules which would otherwise apply, except that in applying such rules the term 'stock' shall include capital, profits, or other beneficial interests in persons other than corporations.

"(2) Control.—

"(A) Corporations.—In the case of a corporation, the term 'control' has the meaning given such term by section 304(c) (without regard to paragraph (3)(B) thereof).

"(B) Other entities.—In the case of a person other than a corporation, such term means the ownership, directly or indirectly, of at least 50 percent of the capital, profits, or other beneficial interests in the person.

"(e) Regulations.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section, including regulations—

"(1) providing for such adjustments to the application of this section as are necessary to prevent the avoidance of the purposes of this section, including through the use of unrelated persons, or conduit transactions, and

"(2) modifying the constructive ownership rules under section 318 to the extent necessary to apply such rules to capital, profits, or other beneficial interests as well as stock.".

(2) Disallowance of credits against tax.—Subparagraph (B) of section 26(b)(2) of the Internal Revenue Code of 1986 is amended by inserting "or section 59B (relating to surtax on certain amounts received by investment firms from controlled target firms)" after "anti-abuse tax)".

(3) Conforming amendments.—

(A) The table of parts for subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding after the item relating to part VII the following new item:

"Part VIII. Surtax on Certain Amounts Received by Investment Firms".

(B) Section 871(b)(1) of such Code is amended by inserting ", and as provided in section 59B on applicable payments included in gross income which are effectively connected with the conduct of a trade or business within the United States" before the period.

(C) Section 882(a)(1) of such Code is amended—

(i) by striking "59A," and inserting "59A", and

(ii) by inserting ", and as provided in section 59B on applicable payments included in gross income which are effectively connected with the conduct of a trade or business within the United States" before the period.

(D) Subparagraph (A) of section 6425(c)(1) of such Code is amended by striking "plus" at the end of clause (i), by striking "plus" at the end of clause (ii), by striking "over" at the end of clause (iii) and inserting "and", and by adding at the end the following new clause:

"(iv) the tax imposed by section 59B, over".

(E) Paragraph (1) of section 6654(f) of such Code is amended by striking "tax" each place it appears and inserting "taxes".

(F) Subparagraph (A) of section 6655(g)(1) of such Code is amended by striking "plus" at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

"(iv) the tax imposed by section 59B, and".

(4) Effective date.—The amendments made by this subsection shall apply to applicable payments (as defined in section 59B(b) of the Internal Revenue Code of 1986, as added by this subsection) paid or accrued on or after January 1, 2027.

(b) Limitation on deduction for business interest of certain businesses owned by private funds.—

(1) In general.—Section 163(j) of the Internal Revenue Code of 1986 is amended by redesignating paragraph (11) as paragraph (12) and by inserting after paragraph (10) the following new paragraph:

"(11) Modification of limitation for certain businesses owned by private firms.—

"(A) In general.—In the case of a taxpayer which is an applicable entity controlled by an applicable controlling entity (or any person related within the meaning of section 267(b) or 707(b) to such entity) at any time during the taxable year—

"(i) if the debt-to-equity ratio of the taxpayer as of the close of the taxable year (or on any other day during the taxable year as the Secretary may prescribe in regulations) exceeds 1, then paragraph (1) shall be applied by substituting a percentage that the Secretary determines appropriate (and which shall be less than 30 percent) for '30 percent', and

"(ii) in the case of the election under paragraph (7)(B) to treat any trade or business of the taxpayer as an electing real property trade or business—

"(I) the taxpayer may not make any such election during such taxable year, and

"(II) any such election of the taxpayer in effect as of the close of the taxable year preceding such taxable year with respect to a trade or business shall be revoked, effective for such taxable year and all succeeding taxable years.

"(B) Debt-to-equity ratio.—For purposes of this paragraph, the term 'debt-to-equity ratio' means, with respect to any taxpayer, the ratio which the total indebtedness of the taxpayer bears to the sum of the taxpayer's money and all other assets reduced (but not below 0) by such total indebtedness. If the denominator of the ratio described in the preceding sentence is 0, the debt-to-equity ratio shall be deemed to exceed 1. For purposes of the first sentence of this subparagraph—

"(i) the amount taken into account with respect to any asset shall be the adjusted basis thereof for purposes of determining gain,

"(ii) the amount taken into account with respect to any indebtedness with original issue discount shall be its issue price plus the portion of the original issue discount previously accrued as determined under the rules of section 1272 (determined without regard to subsection (a)(7) or (b)(4) thereof), and

"(iii) there shall be such other adjustments as the Secretary may by regulations prescribe.

"(C) Coordination with depreciation rules.—If the alternative depreciation system under section 168(g) applies to property by reason of an election under paragraph (7)(B) which is revoked under subparagraph (A)(ii)(II), then the depreciation deduction under section 167(a) with respect to such property for the taxable year of revocation and all succeeding taxable years shall be determined under section 168 in the same manner as if such

revocation were a change in use of the property under section 168(i)(5) and the regulations thereunder.

"(D) Definitions and rules.—For purposes of this paragraph—

"(i) any term used in this paragraph which is also used in section 59B shall have the same meaning as when used in such section, and

"(ii) the constructive ownership rules of section 318 shall apply in the same manner as such rules apply for purposes of section 59B.".

(2) Effective dates.—

(A) In general.—The amendments made by this subsection shall apply to taxable years beginning on or after January 1, 2027.

(B) Revocation of elections.—Subparagraphs (A)(ii)(II) and (C) of section 163(j)(11) of the Internal Revenue Code of 1986, as added by this subsection, shall apply to taxable years beginning on or after January 1, 2027, with respect to elections under section 163(j)(7)(B) of such Code made before, on, or after such date.

(c) Special rules for partnership interests transferred in connection with performance of services and for partners providing investment management services to partnerships.—

(1) Amendment reference rule.—Except as otherwise expressly provided, whenever in this subsection an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(2) Partnership interests transferred in connection with performance of services.—

(A) In general.—Subsection (c) of section 83 of the Internal Revenue Code of 1986 is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

"(4) Partnership interests.—Except as provided by the Secretary—

"(A) In general.—In the case of any transfer of an interest in a partnership in connection with the provision of services to (or for the benefit of) such partnership—

"(i) the fair market value of such interest shall be treated for purposes of this section as being equal to the amount of the distribution which the partner would receive if the partnership sold (at the time of the transfer) all of its assets at fair market value and distributed the proceeds of such sale (reduced by the liabilities of the partnership) to its partners in liquidation of the partnership, and

"(ii) the person receiving such interest shall be treated as having made the election under subsection (b)(1) unless such person makes an election under this paragraph to have such subsection not apply.

"(B) Election.—The election under subparagraph (A)(ii) shall be made under rules similar to the rules of subsection (b)(2).".

(B) Effective date.—The amendments made by this paragraph shall apply to interests in partnerships transferred after December 31, 2026.

(3) Special rules for partners providing investment management services to partnerships.—

(A) In general.—Part I of subchapter K of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"Sec. 710. Special rules for partners providing investment management services to partnerships.

"(a) Treatment of distributive share of partnership items.—For purposes of this title, in the case of an investment services partnership interest—

"(1) In general.—Notwithstanding section 702(b)—

"(A) an amount equal to the net capital gain with respect to such interest for any partnership taxable year shall be treated as ordinary income, and

"(B) subject to the limitation of paragraph (2), an amount equal to the net capital loss with respect to such interest for any partnership taxable year shall be treated as an ordinary loss.

"(2) Recharacterization of losses limited to recharacterized gains.—The amount treated as ordinary loss under paragraph (1)(B) for any taxable year shall not exceed the excess (if any) of—

"(A) the aggregate amount treated as ordinary income under paragraph (1)(A) with respect to the investment services partnership interest for all preceding partnership taxable years to which this section applies, over

"(B) the aggregate amount treated as ordinary loss under paragraph (1)(B) with respect to such interest for all preceding partnership taxable years to which this section applies.

"(3) Allocation to items of gain and loss.—

"(A) Net capital gain.—The amount treated as ordinary income under paragraph (1)(A) shall be allocated ratably among the items of long-term capital gain taken into account in determining such net capital gain.

"(B) Net capital loss.—The amount treated as ordinary loss under paragraph (1)(B) shall be allocated ratably among the items of long-term capital loss and short-term capital loss taken into account in determining such net capital loss.

"(4) Terms relating to capital gains and losses.—For purposes of this section—

"(A) In general.—Net capital gain, long-term capital gain, and long-term capital loss, with respect to any investment services partnership interest for any taxable year, shall be determined under section 1222, except that such section shall be applied—

"(i) without regard to the recharacterization of any item as ordinary income or ordinary loss under this section,

"(ii) by only taking into account items of gain and loss taken into account by the holder of such interest under section 702 (other than subsection (a)(9) thereof) with respect to such interest for such taxable year, and

"(iii) by treating property which is taken into account in determining gains and losses to which section 1231 applies as capital assets held for more than 1 year.

"(B) Net capital loss.—The term 'net capital loss' means the excess of the losses from sales or exchanges of capital assets over the gains from such sales or exchanges. Rules similar to the rules of clauses (i) through (iii) of subparagraph (A) shall apply for purposes of the preceding sentence.

"(5) Special rule for dividends.—Any dividend allocated with respect to any investment services partnership interest shall not be treated as qualified dividend income for purposes of section 1(h).

"(6) Special rule for qualified small business stock.—Section 1202 shall not apply to any gain from the sale or exchange of qualified small business stock (as defined in section 1202(c)) allocated with respect to any investment services partnership interest.

"(b) Dispositions of partnership interests.—

"(1) Gain.—

"(A) In general.—Any gain on the disposition of an investment services partnership interest shall be—

"(i) treated as ordinary income, and

"(ii) recognized notwithstanding any other provision of this subtitle.

"(B) Gift and transfers at death.—In the case of a disposition of an investment services partnership interest by gift or by reason of death of the taxpayer—

"(i) subparagraph (A) shall not apply,

"(ii) such interest shall be treated as an investment services partnership interest in the hands of the person acquiring such interest, and

"(iii) any amount that would have been treated as ordinary income under this subsection had the decedent sold such interest immediately before death shall be treated as an item of income in respect of a decedent under section 691.

"(2) Loss.—Any loss on the disposition of an investment services partnership interest shall be treated as an ordinary loss to the extent of the excess (if any) of—

"(A) the aggregate amount treated as ordinary income under subsection (a) with respect to such interest for all partnership taxable years to which this section applies, over

"(B) the aggregate amount treated as ordinary loss under subsection (a) with respect to such interest for all partnership taxable years to which this section applies.

"(3) Election with respect to certain exchanges.—Paragraph (1)(A)(ii) shall not apply to the contribution of an investment services partnership interest to a partnership in exchange for an interest in such partnership if—

"(A) the taxpayer makes an irrevocable election to treat the partnership interest received in the exchange as an investment services partnership interest, and

"(B) the taxpayer agrees to comply with such reporting and recordkeeping requirements as the Secretary may prescribe.

"(4) Distributions of partnership property.—

"(A) In general.—In the case of any distribution of property by a partnership with respect to any investment services partnership interest held by a partner, the partner receiving such property shall recognize gain equal to the excess (if any) of—

"(i) the fair market value of such property at the time of such distribution, over

"(ii) the adjusted basis of such property in the hands of such partner (determined without regard to subparagraph (C)).

"(B) Treatment of gain as ordinary income.—Any gain recognized by such partner under subparagraph (A) shall be treated as ordinary income to the same extent and in the same manner as the increase in such partner's distributive share of the taxable income of the partnership would be treated under subsection (a) if, immediately prior to the distribution, the partnership had sold the distributed property at fair market value and all of the gain from such disposition were allocated to such partner. For purposes of applying subsection (a)(2), any gain treated as ordinary income under this subparagraph shall be treated as an amount treated as ordinary income under subsection (a)(1)(A).

"(C) Adjustment of basis.—In the case of a distribution to which subparagraph (A) applies, the basis of the distributed property in the hands of the distributee partner shall be the fair market value of such property at the time of such distribution.

"(D) Special rules with respect to mergers and divisions.—In the case of a taxpayer which satisfies requirements similar to the requirements of subparagraphs (A) and (B) of paragraph (3), this paragraph and paragraph (1)(A)(ii) shall not apply to the distribution of a partnership interest if such distribution is in connection with a contribution (or deemed contribution) of any property of the partnership to which section 721 applies pursuant to a transaction described in section 708(b)(2).

"(c) Investment services partnership interest.—For purposes of this section—

"(1) In general.—The term 'investment services partnership interest' means any interest in an investment partnership acquired or held by any person in connection with the conduct of a trade or business described in paragraph (2) by such person (or any person related to such person). An interest in an investment partnership held by any person—

"(A) shall not be treated as an investment services partnership interest for any period before the first date on which it is so held in connection with such a trade or business,

"(B) shall not cease to be an investment services partnership interest merely because such person holds such interest other than in connection with such a trade or business, and

"(C) shall be treated as an investment services partnership interest if acquired from a related person in whose hands such interest was an investment services partnership interest.

"(2) Businesses to which this section applies.—A trade or business is described in this paragraph if such trade or business primarily involves the performance of any of the following services with respect to assets held (directly or indirectly) by 1 or more investment partnerships referred to in paragraph (1):

"(A) Advising as to the advisability of investing in, purchasing, or selling any specified asset.

"(B) Managing, acquiring, or disposing of any specified asset.

"(C) Arranging financing with respect to acquiring specified assets.

"(D) Any activity in support of any service described in subparagraphs (A) through (C).

"(3) Investment partnership.—

"(A) In general.—The term 'investment partnership' means any partnership if, at the end of any 2 consecutive calendar quarters ending after December 31, 2026—

"(i) substantially all of the assets of the partnership are specified assets (determined without regard to any section 197 intangible within the meaning of section 197(d)), and

"(ii) less than 75 percent of the capital of the partnership is attributable to qualified capital interests which constitute property held in connection with a trade or business of the owner of such interest.

"(B) Look-through of certain wholly owned entities for purposes of determining assets of the partnership.—

"(i) In general.—For purposes of determining the assets of a partnership under subparagraph (A)(i)—

"(I) any interest in a specified entity shall not be treated as an asset of such partnership, and

"(II) such partnership shall be treated as holding its proportionate share of each of the assets of such specified entity.

"(ii) Specified entity.—For purposes of clause (i), the term 'specified entity' means, with respect to any partnership (hereafter referred to as the upper-tier partnership), any person which engages in the same trade or business as the upper-tier partnership and is—

"(I) a partnership all of the capital and profits interests of which are held directly or indirectly by the upper-tier partnership, or

"(II) a foreign corporation which does not engage in a trade or business in the United States and all of the stock of which is held directly or indirectly by the upper-tier partnership.

"(C) Special rules for determining if property held in connection with trade or business.—

"(i) In general.—Except as otherwise provided by the Secretary, solely for purposes of determining whether any interest in a partnership constitutes property held in connection with a trade or business under subparagraph (A)(ii)—

"(I) a trade or business of any person closely related to the owner of such interest shall be treated as a trade or business of such owner,

"(II) such interest shall be treated as held by a person in connection with a trade or business during any taxable year if such interest was so held by such person during any 3 taxable years preceding such taxable year, and

"(III) paragraph (5)(B) shall not apply.

"(ii) Closely related persons.—For purposes of clause (i)(I), a person shall be treated as closely related to another person if, taking into account the rules of section 267(c), the relationship between such persons is described in—

"(I) paragraph (1) or (9) of section 267(b), or

"(II) section 267(b)(4), but solely in the case of a trust with respect to which each current beneficiary is the grantor or a person whose relationship to the grantor is described in paragraph (1) or (9) of section 267(b).

"(D) Anti-abuse rules.—The Secretary may issue regulations or other guidance which prevent the avoidance of the purposes of subparagraph (A), including regulations or other guidance which treat convertible and contingent debt (and other debt having the attributes of equity) as a capital interest in the partnership.

"(E) Controlled groups of entities.—

"(i) In general.—In the case of a controlled group of entities, if an interest in the partnership received in exchange for a contribution to the capital of the partnership by any member of such controlled group would (in the hands of such member) constitute property held in connection with a trade or business, then any interest in such partnership held by any member of such group shall be treated for purposes of subparagraph (A) as constituting (in the hands of such member) property held in connection with a trade or business.

"(ii) Controlled group of entities.—For purposes of clause (i), the term 'controlled group of entities' means a controlled group of corporations as defined in section 1563(a)(1), applied without regard to subsections (a)(4) and (b)(2) of section 1563. A partnership or any other entity (other than a corporation) shall be treated as a member of a controlled group of entities if such entity is controlled (within the meaning of section

954(d)(3)) by members of such group (including any entity treated as a member of such group by reason of this sentence).

"(F) Special rule for corporations.—For purposes of this paragraph, in the case of a corporation, the determination of whether property is held in connection with a trade or business shall be determined as if the taxpayer were an individual.

"(4) Specified asset.—The term 'specified asset' means securities (as defined in section 475(c)(2) without regard to the last sentence thereof), real estate held for rental or investment, interests in partnerships, commodities (as defined in section 475(e)(2)), cash or cash equivalents, or options or derivative contracts with respect to any of the foregoing.

"(5) Related persons.—

"(A) In general.—A person shall be treated as related to another person if the relationship between such persons is described in section 267(b) or 707(b).

"(B) Attribution of partner services.—Any service described in paragraph (2) which is provided by a partner of a partnership shall be treated as also provided by such partnership.

"(d) Exception for certain capital interests.—

"(1) In general.—In the case of any portion of an investment services partnership interest which is a qualified capital interest, all items of gain and loss (and any dividends) which are allocated to such qualified capital interest shall not be taken into account under subsection (a) if—

"(A) allocations of items are made by the partnership to such qualified capital interest in the same manner as such allocations are made to other qualified capital interests held by partners who do not provide any services described in subsection (c)(2) and who are not related to the partner holding the qualified capital interest, and

"(B) the allocations made to such other interests are significant compared to the allocations made to such qualified capital interest.

"(2) Authority to provide exceptions to allocation requirements.—To the extent provided by the Secretary in regulations or other guidance—

"(A) Allocations to portion of qualified capital interest.—Paragraph (1) may be applied separately with respect to a portion of a qualified capital interest.

"(B) No or insignificant allocations to nonservice providers.—In any case in which the requirements of paragraph (1)(B) are not satisfied, items of gain and loss (and any dividends) shall not be taken into account under subsection (a) to the extent that such items are properly allocable under such regulations or other guidance to qualified capital interests.

"(C) Allocations to service providers' qualified capital interests which are less than other allocations.—Allocations shall not be treated as failing to meet the requirement of paragraph (1)(A) merely because the allocations to the qualified capital interest represent a

lower return than the allocations made to the other qualified capital interests referred to in such paragraph.

"(3) Special rule for changes in services and capital contributions.—In the case of an interest in a partnership which was not an investment services partnership interest and which, by reason of a change in the services with respect to assets held (directly or indirectly) by the partnership or by reason of a change in the capital contributions to such partnership, becomes an investment services partnership interest, the qualified capital interest of the holder of such partnership interest immediately after such change shall not, for purposes of this subsection, be less than the fair market value of such interest (determined immediately before such change).

"(4) Special rule for tiered partnerships.—Except as otherwise provided by the Secretary, in the case of tiered partnerships, all items which are allocated in a manner which meets the requirements of paragraph (1) to qualified capital interests in a lower-tier partnership shall retain such character to the extent allocated on the basis of qualified capital interests in any upper-tier partnership.

"(5) Exception for no-self-charged carry and management fee provisions.—Except as otherwise provided by the Secretary, an interest shall not fail to be treated as satisfying the requirement of paragraph (1)(A) merely because the allocations made by the partnership to such interest do not reflect the cost of services described in subsection (c)(2) which are provided (directly or indirectly) to the partnership by the holder of such interest (or a related person).

"(6) Special rule for dispositions.—In the case of any investment services partnership interest any portion of which is a qualified capital interest, subsection (b) shall not apply to so much of any gain or loss as bears the same proportion to the entire amount of such gain or loss as—

"(A) the distributive share of gain or loss that would have been allocated to the qualified capital interest (consistent with the requirements of paragraph (1)) if the partnership had sold all of its assets at fair market value immediately before the disposition, bears to

"(B) the distributive share of gain or loss that would have been so allocated to the investment services partnership interest of which such qualified capital interest is a part.

"(7) Qualified capital interest.—For purposes of this section—

"(A) In general.—The term 'qualified capital interest' means so much of a partner's interest in the capital of the partnership as is attributable to—

"(i) the fair market value of any money or other property contributed to the partnership in exchange for such interest (determined without regard to section 752(a)),

"(ii) any amounts which have been included in gross income under section 83 with respect to the transfer of such interest, and

"(iii) the excess (if any) of—

"(I) any items of income and gain taken into account under section 702 with respect to such interest, over

"(II) any items of deduction and loss so taken into account.

"(B) Adjustment to qualified capital interest.—

"(i) Distributions and losses.—The qualified capital interest shall be reduced by distributions from the partnership with respect to such interest and by the excess (if any) of the amount described in subparagraph (A)(iii)(II) over the amount described in subparagraph (A)(iii)(I).

"(ii) Special rule for contributions of property.—In the case of any contribution of property described in subparagraph (A)(i) with respect to which the fair market value of such property is not equal to the adjusted basis of such property immediately before such contribution, proper adjustments shall be made to the qualified capital interest to take into account such difference consistent with such regulations or other guidance as the Secretary may provide.

"(C) Technical terminations, etc., disregarded.—No increase or decrease in the qualified capital interest of any partner shall result from a termination, merger, consolidation, or division described in section 708, or any similar transaction.

"(8) Treatment of certain loans.—

"(A) Proceeds of partnership loans not treated as qualified capital interest of service providing partners.—For purposes of this subsection, an investment services partnership interest shall not be treated as a qualified capital interest to the extent that such interest is acquired in connection with the proceeds of any loan or other advance made or guaranteed, directly or indirectly, by any other partner or the partnership (or any person related to any such other partner or the partnership). The preceding sentence shall not apply to the extent the loan or other advance is repaid before January 1, 2027, unless such repayment is made with the proceeds of a loan or other advance described in the preceding sentence.

"(B) Reduction in allocations to qualified capital interests for loans from nonservice-providing partners to the partnership.—For purposes of this subsection, any loan or other advance to the partnership made or guaranteed, directly or indirectly, by a partner not providing services described in subsection (c)(2) to the partnership (or any person related to such partner) shall be taken into account in determining the qualified capital interests of the partners in the partnership.

"(9) Special rule for qualified family partnerships.—

"(A) In general.—In the case of any specified family partnership interest, paragraph (1)(A) shall be applied without regard to the phrase 'and who are not related to the partner holding the qualified capital interest'.

"(B) Specified family partnership interest.—For purposes of this paragraph, the term 'specified family partnership interest' means any investment services partnership interest if—

"(i) such interest is an interest in a qualified family partnership,

"(ii) such interest is held by a natural person or by a trust with respect to which each beneficiary is a grantor or a person whose relationship to the grantor is described in section 267(b)(1), and

"(iii) all other interests in such qualified family partnership with respect to which significant allocations are made (within the meaning of paragraph (1)(B) and in comparison to the allocations made to the interest described in clause (ii)) are held by persons who—

"(I) are related to the natural person or trust referred to in clause (ii), or

"(II) provide services described in subsection (c)(2).

"(C) Qualified family partnership.—For purposes of this paragraph, the term 'qualified family partnership' means any partnership if—

"(i) all of the capital and profits interests of such partnership are held by—

"(I) specified family members,

"(II) any person closely related (within the meaning of subsection (c)(3)(C)(ii)) to a specified family member, or

"(III) any other person (not described in subclause (I) or (II)) if such interest is an investment services partnership interest with respect to such person, and

"(ii) such partnership does not hold itself out to the public as an investment adviser.

"(D) Specified family members.—For purposes of subparagraph (C), individuals shall be treated as specified family members if such individuals would be treated as 1 person under the rules of section 1361(c)(1) if the applicable date (within the meaning of subparagraph (B)(iii) thereof) were the latest of—

"(i) the date of the establishment of the partnership,

"(ii) the earliest date that the common ancestor holds a capital or profits interest in the partnership, or

"(iii) January 1, 2027.

"(e) Other income and gain in connection with investment management services.—

"(1) In general.—If—

"(A) a person performs (directly or indirectly) investment management services for any investment entity,

"(B) such person holds (directly or indirectly) a disqualified interest with respect to such entity, and

"(C) the value of such interest (or payments thereunder) is substantially related to the amount of income or gain (whether or not realized) from the assets with respect to which the investment management services are performed,

"any income or gain with respect to such interest shall be treated as ordinary income. Rules similar to the rules of subsections (a)(5) and (d) shall apply for purposes of this subsection.

"(2) Definitions.—For purposes of this subsection—

"(A) Disqualified interest.—

"(i) In general.—The term 'disqualified interest' means, with respect to any investment entity—

"(I) any interest in such entity other than indebtedness,

"(II) convertible or contingent debt of such entity,

"(III) any option or other contractual entitlement to acquire property described in subclause (I) or (II), and

"(IV) any derivative instrument entered into (directly or indirectly) with such entity or any investor in such entity.

"(ii) Exceptions.—Such term shall not include—

"(I) a partnership interest,

"(II) except as provided by the Secretary, any interest in a taxable corporation, and

"(III) except as provided by the Secretary, stock in an S corporation.

"(B) Taxable corporation.—The term 'taxable corporation' means—

"(i) a domestic C corporation, or

"(ii) a foreign corporation substantially all of the income of which is—

"(I) effectively connected with the conduct of a trade or business in the United States, or

"(II) subject to a comprehensive foreign income tax (as defined in section 457A(d)(2)).

"(C) Investment management services.—The term 'investment management services' means a substantial quantity of any of the services described in subsection (c)(2).

"(D) Investment entity.—The term 'investment entity' means any entity which, if it were a partnership, would be an investment partnership.

"(f) Exception for domestic C corporations.—Except as otherwise provided by the Secretary, in the case of a domestic C corporation—

"(1) subsections (a) and (b) shall not apply to any item allocated to such corporation with respect to any investment services partnership interest (or to any gain or loss with respect to the disposition of such an interest), and

"(2) subsection (e) shall not apply.

"(g) Regulations.—The Secretary shall prescribe such regulations or other guidance as is necessary or appropriate to carry out the purposes of this section, including regulations or other guidance to—

"(1) require such reporting and recordkeeping by any person in such manner and at such time as the Secretary may prescribe for purposes of enabling the partnership to meet the requirements of section 6031 with respect to any item described in section 702(a)(9),

"(2) provide modifications to the application of this section (including treating related persons as not related to one another) to the extent such modification is consistent with the purposes of this section,

"(3) prevent the avoidance of the purposes of this section (including through the use of qualified family partnerships), and

"(4) coordinate this section with the other provisions of this title.

"(h) Cross reference.—For 40-percent penalty on certain underpayments due to the avoidance of this section, see section 6662.".

(d) Application of section 751 to indirect dispositions of investment services partnership interests.—

(1) In general.—Subsection (a) of section 751 of the Internal Revenue Code of 1986 is amended by striking "or" at the end of paragraph (1), by inserting "or" at the end of paragraph (2), and by inserting after paragraph (2) the following new paragraph:

"(3) investment services partnership interests held by the partnership,".

(2) Certain distributions treated as sales or exchanges.—Subparagraph (A) of section 751(b)(1) of the Internal Revenue Code of 1986 is amended by striking "or" at the end of clause (i), by inserting "or" at the end of clause (ii), and by inserting after clause (ii) the following new clause:

"(iii) investment services partnership interests held by the partnership,".

(3) Application of special rules in the case of tiered partnerships.—Subsection (f) of section 751 of the Internal Revenue Code of 1986 is amended—

(A) by striking "or" at the end of paragraph (1), by inserting "or" at the end of paragraph (2), and by inserting after paragraph (2) the following new paragraph:

"(3) an investment services partnership interest held by the partnership,"; and

(B) by striking "partner." and inserting "partner (other than a partnership in which it holds an investment services partnership interest).".

(4) Investment services partnership interests; qualified capital interests.—Section 751 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(g) Investment services partnership interests.—For purposes of this section—

"(1) In general.—The term 'investment services partnership interest' has the meaning given such term by section 710(c).

"(2) Adjustments for qualified capital interests.—The amount to which subsection (a) applies by reason of paragraph (3) thereof shall not include so much of such amount as is attributable to any portion of the investment services partnership interest which is a qualified capital interest (determined under rules similar to the rules of section 710(d)).

"(3) Exception for publicly traded partnerships.—Except as otherwise provided by the Secretary, in the case of an exchange of an interest in a publicly traded partnership (as defined in section 7704) to which subsection (a) applies—

"(A) this section shall be applied without regard to subsections (a)(3), (b)(1)(A)(iii), and (f)(3), and

"(B) such partnership shall be treated as owning its proportionate share of the property of any other partnership in which it is a partner.

"(4) Recognition of gains.—Any gain with respect to which subsection (a) applies by reason of paragraph (3) thereof shall be recognized notwithstanding any other provision of this title.

"(5) Coordination with inventory items.—An investment services partnership interest held by the partnership shall not be treated as an inventory item of the partnership.

"(6) Prevention of double counting.—Under regulations or other guidance prescribed by the Secretary, subsection (a)(3) shall not apply with respect to any amount to which section 710 applies.

"(7) Valuation methods.—The Secretary shall prescribe regulations or other guidance which provide the acceptable methods for valuing investment services partnership interests for purposes of this section.".

(e) Treatment for purposes of section 7704.—Subsection (d) of section 7704 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(6) Income from certain carried interests not qualified.—

"(A) In general.—Specified carried interest income shall not be treated as qualifying income.

"(B) Specified carried interest income.—For purposes of this paragraph—

"(i) In general.—The term 'specified carried interest income' means—

"(I) any item of income or gain allocated to an investment services partnership interest (as defined in section 710(c)) held by the partnership,

"(II) any gain on the disposition of an investment services partnership interest (as so defined) or a partnership interest to which (in the hands of the partnership) section 751 applies, and

"(III) any income or gain taken into account by the partnership under subsection (b)(4) or (e) of section 710.

"(ii) Exception for qualified capital interests.—A rule similar to the rule of section 710(d) shall apply for purposes of clause (i).

"(C) Coordination with other provisions.—Subparagraph (A) shall not apply to any item described in paragraph (1)(E) (or so much of paragraph (1)(F) as relates to paragraph (1)(E)).

"(D) Special rules for certain partnerships.—

"(i) Certain partnerships owned by real estate investment trusts.—Subparagraph (A) shall not apply in the case of a partnership which meets each of the following requirements:

"(I) Such partnership is treated as publicly traded under this section solely by reason of interests in such partnership being convertible into interests in a real estate investment trust which is publicly traded.

"(II) 50 percent or more of the capital and profits interests of such partnership are owned, directly or indirectly, at all times during the taxable year by such real estate investment trust (determined with the application of section 267(c)).

"(III) Such partnership meets the requirements of paragraphs (2), (3), and (4) of section 856(c).

"(ii) Certain partnerships owning other publicly traded partnerships.—Subparagraph (A) shall not apply in the case of a partnership which meets each of the following requirements:

"(I) Substantially all of the assets of such partnership consist of interests in 1 or more publicly traded partnerships (determined without regard to subsection (b)(2)).

"(II) Substantially all of the income of such partnership is ordinary income or section 1231 gain (as defined in section 1231(a)(3)).

"(E) Transitional rule.—Subparagraph (A) shall not apply to any taxable year of the partnership beginning before the date which is 10 years after January 1, 2027.".

(f) Imposition of penalty on underpayments.—

(1) In general.—Subsection (b) of section 6662 of the Internal Revenue Code of 1986 is amended by inserting after paragraph (9) the following new paragraph:

"(10) The application of section 710(e) or the regulations or other guidance prescribed under section 710(g) to prevent the avoidance of the purposes of section 710.".

(2) Amount of penalty.—

(A) In general.—Section 6662 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(m) Increase in penalty in case of property transferred for investment management services.—In the case of any portion of an underpayment to which this section applies by reason of subsection (b)(10), subsection (a) shall be applied with respect to such portion by substituting '40 percent' for '20 percent'.".

(B) Conforming amendment.—Subparagraph (B) of section 6662A(e)(2) of the Internal Revenue Code of 1986 is amended by striking "or (i)" and inserting ", (i), or (m)".

(3) Special rules for application of reasonable cause exception.—Subsection (c) of section 6664 of the Internal Revenue Code of 1986 is amended—

(A) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively,

(B) by striking "paragraph (3)" in paragraph (5)(A), as so redesignated, and inserting "paragraph (4)", and

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

"(3) Special rule for underpayments attributable to investment management services.—

"(A) In general.—Paragraph (1) shall not apply to any portion of an underpayment to which section 6662 applies by reason of subsection (b)(10) unless—

"(i) the relevant facts affecting the tax treatment of the item are adequately disclosed,

"(ii) there is or was substantial authority for such treatment, and

"(iii) the taxpayer reasonably believed that such treatment was more likely than not the proper treatment.

"(B) Rules relating to reasonable belief.—Rules similar to the rules of subsection (d)(4) shall apply for purposes of subparagraph (A)(iii).".

(g) Income and loss from investment services partnership interests taken into account in determining net earnings from self-employment.—

(1) Internal Revenue Code.—

(A) In general.—Section 1402(a) of the Internal Revenue Code of 1986 is amended by striking "and" at the end of paragraph (16), by striking the period at the end of paragraph (17) and inserting "; and", and by inserting after paragraph (17) the following new paragraph:

"(18) notwithstanding the preceding provisions of this subsection, in the case of any individual engaged in the trade or business of providing services described in section 710(c)(2) with respect to any entity, investment services partnership income or loss (as defined in subsection (m)) of such individual with respect to such entity shall be taken into account in determining the net earnings from self-employment of such individual.".

(B) Investment services partnership income or loss.—Section 1402 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(m) Investment services partnership income or loss.—For purposes of subsection (a)—

"(1) In general.—The term 'investment services partnership income or loss' means, with respect to any investment services partnership interest (as defined in section 710(c)) or disqualified interest (as defined in section 710(e)), the net of—

"(A) the amounts treated as ordinary income or ordinary loss under subsections (b) and (e) of section 710 with respect to such interest,

"(B) all items of income, gain, loss, and deduction allocated to such interest, and

"(C) the amounts treated as realized from the sale or exchange of property other than a capital asset under section 751 with respect to such interest.

"(2) Exception for qualified capital interests.—A rule similar to the rule of section 710(d) shall apply for purposes of applying paragraph (1)(B).".

(2) Social Security Act.—Section 211(a) of the Social Security Act is amended by striking "and" at the end of paragraph (15), by striking the period at the end of paragraph (16) and inserting "; and", and by inserting after paragraph (16) the following new paragraph:

"(17) Notwithstanding the preceding provisions of this subsection, in the case of any individual engaged in the trade or business of providing services described in section 710(c)(2) of the Internal Revenue Code of 1986 with respect to any entity, investment services partnership income or loss (as defined in section 1402(m) of such Code) shall be taken into account in determining the net earnings from self-employment of such individual.".

(h) Separate accounting by partner.—Section 702(a) of the Internal Revenue Code of 1986 is amended by striking "and" at the end of paragraph (7), by striking the period at the end of paragraph (8) and inserting ", and", and by inserting after paragraph (8) the following:

"(9) any amount treated as ordinary income or loss under subsection (a), (b), or (e) of section 710.".

(i) Conforming amendments.—

(1) Subsection (d) of section 731 of the Internal Revenue Code of 1986 is amended by inserting "section 710(b)(4) (relating to distributions of partnership property)," after "to the extent otherwise provided by".

(2) Section 741 of the Internal Revenue Code of 1986 is amended by inserting "or section 710 (relating to special rules for partners providing investment management services to partnerships)" before the period at the end.

(3) The table of sections for part I of subchapter K of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"710. Special rules for partners providing investment management services to partnerships.".

(4) Part IV of subchapter O of chapter 1 of the Internal Revenue Code of 1986 is amended—

(A) by striking section 1061; and

(B) in the table of sections, by striking the item relating to section 1061.

(j) Effective date.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years ending after December 31, 2026.

(2) Partnership taxable years which include effective date.—In applying section 710(a) of the Internal Revenue Code of 1986 (as added by this section) in the case of any partnership taxable year which includes January 1, 2027, the amount of the net capital gain referred to in such section shall be treated as being the lesser of the net capital gain for the entire partnership taxable year or the net capital gain determined by only taking into account items attributable to the portion of the partnership taxable year which is on or after January 1, 2027.

(3) Dispositions of partnership interests.—

(A) In general.—Section 710(b) of such Code (as added by this section) shall apply to dispositions and distributions after December 31, 2026.

(B) Indirect dispositions.—The amendments made by subsection (d) shall apply to transactions after December 31, 2026.

(4) Other income and gain in connection with investment management services.—Section 710(e) of such Code (as added by this section) shall take effect on January 1, 2027.

SEC. 216. GUARDRAILS AROUND ACCESSING PUBLIC FUNDS.

(a) Disclosures.—The Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amended by adding at the end the following:

"Sec. 66. Disclosures.

"(a) In general.—Any person described in paragraph (1) or (7) of section 3(c) that receives funds from a Federal or State agency shall, as a condition of receiving such funds, publicly disclose the information described in subsection (b) on a quarterly basis for any period during which such funds are subject to conditions, restrictions, repayment, forgiveness, or recapture, and failure to comply shall render such person ineligible for additional Federal or State funds for 5 years beginning on the date of such failure.

"(b) Required disclosures.—The person shall publicly disclose—

"(1) the total funds received from the agency;

"(2) the workforce demographics of the person;

"(3) the amount of loans, grants, or other benefits provided;

"(4) the use of the proceeds;

"(5) how many jobs were saved or wages preserved;

"(6) any loans forgiven or discharged;

"(7) the beneficial owners of the person; and

"(8) the pay ratio between the chief executive officer and the median pay of employees.

"(c) Restrictions.—The person may not, during the 2-year period beginning on the last date on which the person receives such funds—

"(1) acquire any company; or

"(2) make any distribution to a shareholder of the person.".

(b) Effective date.—The amendments made by this section shall apply with respect to funds received on or after January 1, 2027.

SEC. 217. INVESTOR PROTECTION AND MARKET TRANSPARENCY.

(a) Disclosure of fees and returns.—The Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.), as amended by this Act, is amended by adding at the end the following:

"Sec. 67. Disclosure of fees and returns.

"(a) Definitions.—In this section, the terms 'controlling private fund', 'private fund', and 'target firm' have the meanings given such terms in section 212 of the POPULIST Act.

"(b) Rules.—Not later than January 1, 2028, the Commission shall issue final rules that require a controlling private fund to, using generally accepted accounting principles, annually report the following information with respect to such controlling private fund:

"(1) The name, address, and vintage year of the fund.

"(2) The name of each general partner of the fund.

"(3) The name of each limited partner of the fund.

"(4) A list of each entity with respect to which the fund owns an equity interest.

"(5) In dollars, the total amount of regulatory assets under management by the fund.

"(6) In dollars, the total amount of net assets under management by the fund.

"(7) The percentage of fund equity contributed by the general partners of the fund and the percentage of fund equity contributed by the limited partners of the fund.

"(8) Information on the debt owed by the fund, including—

"(A) the dollar amount of total debt;

"(B) the percentage of debt for which the creditor is a financial institution in the United States;

"(C) the percentage of debt for which the creditor is a financial institution outside of the United States;

"(D) the percentage of debt for which the creditor is an entity that is located in the United States and is not a financial institution; and

"(E) the percentage of debt for which the creditor is an entity that is located outside of the United States and is not a financial institution.

"(9) The gross performance of the fund during the year covered by the report.

"(10) For the year covered by the report, the difference obtained by subtracting the fees that the general partners of the fund charged to the limited partners of the fund from the financial gains of the fund (commonly referred to as the 'performance net of fees').

"(11) For the year covered by the report, an annual financial statement, which shall include income statements, a balance sheet, and cash flow statements.

"(12) The average debt-to-equity ratio of all target firms with respect to the fund and the debt-to-equity ratio of each such target firm.

"(13) The total gross asset value of all target firms with respect to the fund and the gross asset value of each such target firm.

"(14) The total amount of debt held by all target firms with respect to the fund and the total amount of debt held by each such target firm.

"(15) The total amount of debt held by each target firm with respect to the fund that, as of the date on which the report is submitted, is categorized as liabilities, long-term liabilities, and payment in kind or zero coupon debt.

"(16) The total number of target firms with respect to the fund that experienced default during the period covered by the report, including the name of any such target firm.

"(17) The total number of the target firms with respect to the fund with respect to which a case was commenced under title 11, United States Code, during the period covered by the report, including the name of any such target firm.

"(18) The percentage of the equity of the fund that is owned by—

"(A) citizens of the United States;

"(B) individuals who are not citizens of the United States;

"(C) brokers or dealers;

"(D) insurance companies;

"(E) investment companies that are registered with the Commission under this Act;

"(F) private funds and other investment companies not required to be registered with the Commission;

"(G) nonprofit organizations;

"(H) pension plans maintained by State or local governments (or an agency or instrumentality of either);

"(I) pension plans maintained by nongovernmental employers;

"(J) State or municipal government entities;

"(K) banking or thrift institutions;

"(L) sovereign wealth funds; and

"(M) other investors.

"(19) The total dollar amount of aggregate fees and expenses collected by the fund, the manager of the fund, or related parties from target firms for which the fund is a controlling private fund, which shall—

"(A) be categorized by the type of fee; and

"(B) include a description of the purpose of the fees.

"(20) The total dollar amount of aggregate fees and expenses collected by the fund, the manager of the fund, or related parties from the limited partners of the fund, which shall—

"(A) be categorized by the type of fee; and

"(B) include a description of the purpose of the fees.

"(21) The total carried interest claimed by the fund, the manager of the fund, or related parties and the total dollar amount of carried interest distributed to the limited partners of the fund.

"(22) A description of, during the year covered by the report, any material changes in risk factors at the fund level, including—

"(A) concentration risk;

"(B) foreign exchange risk; and

"(C) extra-financial risk, including environmental, social, and corporate governance risk.

"(23) Disclosures that satisfy the Recommendations of the Task Force on Climate-related Financial Disclosures of the Financial Stability Board, as reported in June 2017.

"(24) A description of the human capital management practices of the fund, including—

"(A) fund workforce demographic information, including the number of full-time employees, the number of part-time employees, the number of contingent workers (including temporary and contract workers), and any policies or practices of the firm relating to subcontracting, outsourcing, and insourcing;

"(B) fund workforce composition, including data on the diversity of that workforce, including the racial and gender composition of that workforce, and any policies and audits relating to the diversity of that workforce;

"(C) any incident of alleged workplace harassment during the 5 years preceding the year in which the report is submitted; and

"(D) any health or safety incident during the 5 years preceding the year in which the report is submitted.

"(25) For the year preceding the year in which the report is submitted, the total amount of Federal support, if any, received by—

"(A) the fund; and

"(B) any entity with respect to which the fund is a beneficial owner, as that term is defined in section 5336(a)(3) of title 31, United States Code.

"(26) Any other information that the Commission determines is necessary and appropriate for the protection of investors.

"(c) Periodic review.—The Commission shall, with respect to the rules issued under subsection (b)—

"(1) review such rules once every 5 years; and

"(2) revise such rules as necessary to ensure that the disclosures required under such rules reflect contemporary trends and characteristics with respect to private investment markets.

"(d) Public availability.—Notwithstanding section 204 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–4), the information disclosed under the rules issued under subsection (b) shall be made available to the public.".

(b) Fiduciary obligations.—

(1) Fiduciary duties under ERISA.—

(A) Plan assets.—Section 401(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1101(b)(1)) is amended—

(i) by inserting "or a private fund (as defined in section 212 of the POPULIST Act)" before ", the assets"; and

(ii) by inserting "or such private fund, as applicable" before the period at the end.

(B) Fiduciary obligations of fund managers.—Section 3(21)(A) of such Act (29 U.S.C. 1002(21)) is amended by inserting ", and, in the case of a plan which invests in a security issued by a private fund (as such term is defined in section 212 of the POPULIST Act), includes the manager of such private fund" before the period at the end.

(2) Prohibition against waiving fiduciary duties.—Section 211(h) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–11(h)) is amended—

(A) by striking "and" at the end of paragraph (1);

(B) by striking the period at the end of paragraph (2) and inserting "; and"; and

(C) by adding at the end the following:

"(3) promulgate rules that prohibit an investment adviser from requiring any person to which the investment adviser provides investment advice, including a pension plan (as defined in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002)) that is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), to, as a condition of the investment adviser providing that advice, sign a contract or other agreement in which that person waives a fiduciary duty owed by that person to another person.".

(3) Applicability of benefits.—

(A) In general.—The general partner of a controlling private fund that is a partnership may not provide any term or benefit to any limited partner of the fund unless the general partner provides such term or benefit to all limited partners of the fund.

(B) Enforcement.—A limited partner aggrieved by a violation of this paragraph may bring a civil action in an appropriate district court of the United States for declaratory, injunctive, or other equitable relief necessary to place the limited partners of the fund on equal terms with respect to the term or benefit at issue. In a successful action under this subparagraph, the court shall award the plaintiff reasonable attorney's fees and costs.

(c) Disclosures relating to the marketing of private equity funds.—Any investment adviser to a private fund shall disclose to potential investors, with respect to the other private funds, as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)), managed by such investment adviser (in this subsection referred to as "managed firms"), the following information:

(1) A list of all managed firms with respect to the investment adviser, including those managed firms that, as of the date on which the disclosure is made—

(A) have active investments; and

(B) have liquidated the assets of the firms.

(2) For each managed firm listed under paragraph (1), the following information:

(A) As applicable, the total term of the listed firm beginning with the commencement of the commitment period with respect to the firm and ending on the date on which the firm is dissolved, including, with respect to a listed firm that, as of the date on which the disclosure is made, is actively investing—

(i) the term specified by any limited partnership agreement; and

(ii) the nature of any provisions that would allow for the extension of that term.

(B) The performance of the listed firm, net of fees, as measured by the public market equivalent or a similar measure.

(C) A list of target firms with respect to which the listed firm was a control person, the nature of the control person relationship, and the period of such control.

(D) The number of employees at each target firm identified under subparagraph (C), as of the date on which the listed firm became a control person with respect to the target firm, and the date on which the listed firm ceased to be a control person with respect to the target firm.

(E) A list of target firms with respect to the listed firm with respect to which a case has been commenced under title 11, United States Code.

(F) For each target firm with respect to the listed firm, and with respect to which the listed firm is a control person—

(i) a list of actions taken by any State or local regulatory agency; and

(ii) any legal or regulatory penalties paid, or settlements entered into, by the general partners of the target firm or the target firm itself.

(3) The percentage breakdown of the means employed by the investment adviser to divest ownership or control of target firms, including—

(A) the sale of target firms to other private funds;

(B) the sale of target firms to private entities, other than private funds;

(C) the sale of target firms to issuers, the securities of which are traded on a national securities exchange;

(D) the commencement of cases under title 11, United States Code, with respect to target firms; and

(E) initial public offerings with respect to target firms.

(d) Greater visibility into nonbank direct lending and private credit.—Not later than July 1, 2027, the Commission shall amend the rules of the Commission to require investment advisers required to submit the form described in section 279.9 of title 17, Code of Federal Regulations (commonly known as "Form PF"), or any successor regulation, to report quarterly to the Commission all—

(1) investments of the private funds advised by the investment adviser; and

(2) loans made by the investment adviser during the period covered by the disclosure.

(e) Effective date.—Except as otherwise provided in this section, this section and the amendments made by this section shall take effect on January 1, 2027.

SEC. 218. RISK RETENTION REQUIREMENTS FOR SECURITIZATION OF CORPORATE DEBT.

(a) Amendments.—Section 15G of the Securities Exchange Act of 1934 (15 U.S.C. 78o-11) is amended—

(1) in subsection (a)(3)—

(A) in subparagraph (A), by striking "or" at the end;

(B) in subparagraph (B), by striking "and" at the end and inserting "or"; and

(C) by adding at the end the following:

"(C) a manager of a collateralized debt obligation; and";

(2) by redesignating subsection (i) as subsection (j); and

(3) by inserting after subsection (h) the following:

"(i) Rules of construction.—With respect to a securitizer described in subsection (a)(3)(C)—

"(1) any provision of this section that requires that securitizer to retain a portion of the credit risk for an asset that such securitizer does not hold, or has never held, shall be construed as requiring that securitizer to—

"(A) obtain that portion of the credit risk for that asset; and

"(B) retain that portion of the credit risk, either directly by the securitizer or through a wholly owned affiliate of the securitizer; and

"(2) any reference in this section to an asset transferred by the securitizer shall be construed to include any transfer caused by the securitizer.".

Subtitle B—Tax Base Integrity and Dynastic Wealth

SEC. 221. TAX ON TRADING TRANSACTIONS.

(a) In general.—Chapter 36 of the Internal Revenue Code of 1986 is amended by inserting after subchapter D the following new subchapter:

"SUBCHAPTER E—TAX ON TRADING TRANSACTIONS

"SEC. 4491. Tax on trading transactions.

"SEC. 4492. Derivative defined.

"Sec. 4491. Tax on trading transactions.

"(a) Imposition of tax.—There is hereby imposed a tax on each covered transaction with respect to any security.

"(b) Rate of tax.—The tax imposed under subsection (a) with respect to any covered transaction shall be 0.1 percent of the specified base amount with respect to such covered transaction.

"(c) Specified base amount.—For purposes of this section, the term 'specified base amount' means—

"(1) except as provided in paragraph (2), the fair market value of a security (determined as of the time of the covered transaction), and

"(2) in the case of any payment with respect to a derivative, the amount of such payment.

"(d) Covered transaction.—For purposes of this section—

"(1) In general.—The term 'covered transaction' means—

"(A) except as provided in subparagraph (B), any purchase if—

"(i) such purchase occurs on, or is subject to the rules of, a qualified board or exchange located in the United States, or

"(ii) the purchaser or seller is a United States person, and

"(B) any transaction with respect to a derivative if—

"(i) such derivative is traded on, or is subject to the rules of, a qualified board or exchange located in the United States, or

"(ii) any party to such derivative is a United States person.

"(2) Exception for initial issues.—No tax shall be imposed under subsection (a) on any covered transaction with respect to the initial issuance of any security described in subparagraph (A), (B), or (C) of subsection (e)(1).

"(e) Definitions and special rules.—For purposes of this section—

"(1) Security.—For purposes of this section, the term 'security' means—

"(A) any share of stock in a corporation,

"(B) any partnership or beneficial ownership interest in a partnership or trust,

"(C) except as provided in paragraph (2), any note, bond, debenture, or other evidence of indebtedness, and

"(D) any derivative (as defined in section 4492).

"(2) Exception for certain traded short-term indebtedness.—A note, bond, debenture, or other evidence of indebtedness which—

"(A) is traded on, or is subject to the rules of, a qualified board or exchange located in the United States, and

"(B) has a fixed maturity of not more than 100 days,

"shall not be treated as described in paragraph (1)(C).

"(3) Qualified board or exchange.—The term 'qualified board or exchange' has the meaning given such term by section 1256(g)(7).

"(f) By whom paid.—

"(1) In general.—The tax imposed by this section shall be paid by—

"(A) in the case of a transaction which occurs on, or is subject to the rules of, a qualified board or exchange located in the United States, such qualified board or exchange, and

"(B) in the case of a purchase not described in subparagraph (A) which is executed by a broker (as defined in section 6045(c)(1)) which is a United States person, such broker.

"(2) Special rules for direct, etc., transactions.—In the case of any transaction to which paragraph (1) does not apply, the tax imposed by this section shall be paid by—

"(A) in the case of a transaction described in subsection (d)(1)(A)—

"(i) the purchaser if the purchaser is a United States person, and

"(ii) the seller if the purchaser is not a United States person, and

"(B) in the case of a transaction described in subsection (d)(1)(B)—

"(i) the payor if the payor is a United States person, and

"(ii) the payee if the payor is not a United States person.

"(g) Treatment of exchanges and payments with respect to derivatives.—For purposes of this section—

"(1) Treatment of exchanges.—

"(A) In general.—An exchange shall be treated as the sale of the property transferred and a purchase of the property received by each party to the exchange.

"(B) Certain deemed exchanges.—In the case of a distribution treated as an exchange for stock under section 302 or 331, the corporation making such distribution shall be treated as having purchased such stock for purposes of this section.

"(2) Payments with respect to derivatives treated as separate transactions.—Except as otherwise provided by the Secretary, any payment with respect to any derivative shall be treated as a separate transaction for purposes of this section.

"(h) Application to transactions by controlled foreign corporations.—

"(1) In general.—For purposes of this section, a controlled foreign corporation shall be treated as a United States person.

"(2) Special rules for payment of tax on direct, etc., transactions.—In the case of any transaction which is a covered transaction solely by reason of paragraph (1) and which is not described in subsection (f)(1)—

"(A) payment by United States shareholders.—Any tax which would (but for this paragraph) be payable under subsection (f)(2) by the controlled foreign corporation shall, in lieu thereof, be paid by the United States shareholders of such controlled foreign corporation as provided in subparagraph (B).

"(B) pro rata shares.—Each such United States shareholder shall pay the same proportion of such tax as—

"(i) the stock which such United States shareholder owns (within the meaning of section 958(a)) in such controlled foreign corporation, bears to

"(ii) the stock so owned by all United States shareholders in such controlled foreign corporation.

"(C) definitions.—For purposes of this subsection, the terms 'United States shareholder' and 'controlled foreign corporation' have the meanings given such terms in sections 951(b) and 957(a), respectively.

"(i) Administration.—The Secretary shall carry out this section in consultation with the Securities and Exchange Commission and the Commodity Futures Trading Commission.

"(j) Guidance; regulations.—The Secretary shall—

"(1) provide guidance regarding such information reporting concerning covered transactions as the Secretary deems appropriate, and

"(2) prescribe such regulations as are necessary or appropriate to prevent avoidance of the purposes of this section, including the use of non–United States persons in such transactions.

"Sec. 4492. Derivative defined.

"(a) In general.—For purposes of this subchapter, except as otherwise provided in this section, the term 'derivative' means any contract (including any option, forward contract, futures contract, short position, swap, or similar contract) the value of which, or any payment or other transfer with respect to which, is (directly or indirectly) determined by reference to 1 or more of the following:

"(1) Any share of stock in a corporation.

"(2) Any partnership or beneficial ownership interest in a partnership or trust.

"(3) Any evidence of indebtedness.

"(4) Except as provided in subsection (b)(1), any real property.

"(5) Any commodity which is actively traded (within the meaning of section 1092(d)(1)).

"(6) Any currency.

"(7) Any rate, price, amount, index, formula, or algorithm.

"(8) Any other item as the Secretary may prescribe.

"Except as provided in regulations prescribed by the Secretary to prevent the avoidance of the purposes of this subchapter, such term shall not include any item described in paragraphs (1) through (8).

"(b) Exceptions.—

"(1) Certain real property.—

"(A) In general.—For purposes of this subchapter, the term 'derivative' shall not include any contract with respect to interests in real property (as defined in section 856(c)(5)(C)) if such contract requires physical delivery of such real property.

"(B) Options to settle in cash.—

"(i) In general.—For purposes of subparagraph (A), a contract which provides for an option of cash settlement shall not be treated as requiring physical delivery of real property unless the option is—

"(I) not exercisable unconditionally, and

"(II) exercisable only in unusual and exceptional circumstances.

"(ii) Option of cash settlement.—For purposes of clause (i), a contract provides an option of cash settlement if the contract settles in (or could be settled in) cash or property other than the underlying real property.

"(2) Securities lending, sale-repurchase, and similar financing transactions.—To the extent provided by the Secretary, for purposes of this subchapter, the term 'derivative' shall not include a contractual obligation to return the same or substantially identical securities transferred in a securities lending transaction, sale-repurchase transaction, or similar financing transaction.

"(3) Options received in connection with the performance of services.—For purposes of this subchapter, the term 'derivative' shall not include any option described in section 83(e)(3) received in connection with the performance of services.

"(4) Insurance contracts, annuities, and endowments.—For purposes of this subchapter, the term 'derivative' shall not include any insurance, annuity, or endowment contract issued by an insurance company to which subchapter L applies (or issued by any foreign corporation to which such subchapter would apply if such foreign corporation were a domestic corporation).

"(5) Derivatives with respect to stock of members of same worldwide affiliated group.—For purposes of this subchapter, the term 'derivative' shall not include any derivative (determined without regard to this paragraph) with respect to stock issued by any member of the same worldwide affiliated group (as defined in section 864(f)) in which the taxpayer is a member.

"(6) Commodities used in normal course of trade or business.—For purposes of this subchapter, the term 'derivative' shall not include any contract with respect to any commodity if—

"(A) such contract requires physical delivery with the option of cash settlement only in unusual and exceptional circumstances, and

"(B) such commodity is used (and is used in quantities with respect to which such derivative relates) in the normal course of the taxpayer's trade or business (or, in the case of an individual, for personal consumption).

"(c) Contracts with embedded derivative components.—

"(1) In general.—If a contract has derivative and nonderivative components, then each derivative component shall be treated as a derivative for purposes of this subchapter. If the

derivative component cannot be separately valued, then the entire contract shall be treated as a derivative for purposes of this subchapter.

"(2) Exception for certain embedded derivative components of debt instruments.—A debt instrument shall not be treated as having a derivative component merely because—

"(A) such debt instrument is denominated in a nonfunctional currency (as defined in section 988(c)(1)(C)(ii)), or

"(B) payments with respect to such debt instrument are determined by reference to the value of a nonfunctional currency (as so defined).

"(d) Treatment of American depository receipts and similar instruments.—Except as otherwise provided by the Secretary, for purposes of this subchapter, American depository receipts (and similar instruments) with respect to shares of stock in foreign corporations shall be treated as shares of stock in such foreign corporations.".

(b) Information reporting with respect to controlled foreign corporations.—Section 6038(a)(1)(B) of such Code is amended by inserting "and transactions which are covered transactions for purposes of section 4491 by reason of the application of section 4491(h)(1) to such corporation" before the semicolon at the end.

(c) Disposition of revenues.—

(1) Trust Fund transfer.—Amounts equivalent to 99 percent of the taxes received in the Treasury under section 4491 of the Internal Revenue Code of 1986 shall be transferred to the American Industrial Reconstruction Trust Fund as provided in section 9512(b)(5) of such Code.

(2) Enforcement allocation.—There are hereby appropriated, out of amounts in the Treasury not otherwise appropriated, amounts equivalent to 1 percent of the taxes received in the Treasury under section 4491 of the Internal Revenue Code of 1986, to remain available without fiscal year limitation, as follows:

(A) 70 percent to the Secretary of the Treasury, acting through the Internal Revenue Service, for administration, collection, audit, information reporting, enforcement, and anti-avoidance activities relating to taxes imposed under section 4491 of such Code.

(B) 15 percent to the Securities and Exchange Commission for market data analysis, exchange and broker compliance support, securities market surveillance, and enforcement referrals relating to taxes imposed under section 4491 of such Code.

(C) 15 percent to the Commodity Futures Trading Commission for market data analysis, derivatives market surveillance, designated contract market and swap execution facility compliance support, and enforcement referrals relating to taxes imposed under section 4491 of such Code.

(3) Transfers.—The Secretary of the Treasury shall transfer amounts described under paragraphs (1) and (2) not less frequently than quarterly.

(4) Supplement not supplant.—Amounts appropriated under paragraph (2) shall supplement, and not supplant, any other amounts made available for the activities described in that paragraph.

(d) Conforming amendment.—The table of subchapters for chapter 36 of such Code is amended by inserting after the item relating to subchapter D the following new item: "SUBCHAPTER E. TAX ON TRADING TRANSACTIONS".

(e) Effective date.—The amendments made by this section shall apply to transactions after March 31, 2027.

(f) Interim final rules; final rules.—

(1) Interim final rules.—Not later than 90 days after the date of enactment of this Act, the Secretary of the Treasury shall issue interim final rules to carry out this section and the amendments made by this section, including rules for payment, collection, deposits, returns, information reporting, exchange and broker compliance, direct transactions, derivatives, controlled foreign corporations, and anti-avoidance.

(2) Waiver.—The Secretary shall issue the interim final rules under paragraph (1) without regard to section 553 of title 5, United States Code, chapter 6 of title 5, United States Code, and chapter 35 of title 44, United States Code. The interim final rules shall have the force and effect of law immediately upon publication.

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

(4) Final rules.—Not later than September 30, 2027, the Secretary shall issue final rules to carry out this section and the amendments made by this section.

SEC. 222. TAXING EXCESSIVE CEO PAY.

(a) In general.—Section 11 of the Internal Revenue Code of 1986 (26 U.S.C. 11) is amended by adding at the end the following new subsection:

"(e) Tax increase based on pay ratio.—

"(1) In general.—

"(A) Increase imposed.—In the case of any corporation (except as provided in subparagraph (B)(ii)(II)) the pay ratio of which is greater than 50 to 1 for a taxable year, the rate of tax under subsection (b) for such taxable year shall be increased by the penalty determined under paragraph (2).

"(B) Pay ratio.—For purposes of this subsection—

"(i) In general.—The term 'pay ratio' means the ratio described in section 229.402(u)(1)(iii) of title 17, Code of Federal Regulations (or any successor thereto), except that—

"(I) such ratio shall be determined with respect to any taxable year using the annualized average of the compensation amounts described in such section during the 5-year period ending on the last day of the taxable year, and

"(II) if the highest compensated employee of the corporation is not the principal executive officer, the ratio shall be determined based on the compensation of such highest compensated employee.

"(ii) Corporations not subject to SEC filing.—In the case of a corporation which (without regard to this clause) is not subject to the authorities described in section 229.10(a) of title 17, Code of Federal Regulations (or any successor thereto)—

"(I) Large corporations.—If the average annual gross receipts of such corporation for the 3-taxable-year period ending with the taxable year which precedes such taxable year are at least $100,000,000, such corporation shall calculate and report its pay ratio according to the method which the Secretary shall prescribe by regulations consistent with the regulation described in clause (i).

"(II) Other private corporations exempt.—Subparagraph (A) shall not apply to any such corporation if the average annual gross receipts of such corporation for the 3-taxable-year period ending with the taxable year which precedes such taxable year are less than $100,000,000.

"(iii) Special rules.—For purposes of clause (i)(I), if the corporation was not in existence for the entire 5-year period described in such clause, the annualized average shall be determined on the basis of the period during which the corporation was in existence, and any predecessor of the corporation shall be treated as the corporation. Rules similar to the rules of section 448(c)(3) shall apply for purposes of clause (ii).

"(2) Amount of penalty.—

"(A) In general.—The penalty determined under this paragraph is an increase, expressed in percentage points, equal to the quotient obtained by dividing—

"(i) the numerical component of the pay ratio representing the compensation of the highest compensated employee, by

"(ii) 100,

"rounded down to the nearest multiple of 0.5.

"(B) No maximum.—The increase determined under subparagraph (A) shall not be subject to a maximum percentage point limitation.".

(b) Conforming amendments.—

(1) The following sections of the Internal Revenue Code of 1986 are each amended by inserting "applicable to the corporation (after the application of section 11(e))" after "section 11(b)":

(A) Section 280C(c)(2)(B)(ii)(II).

(B) Paragraphs (2)(B) and (6)(A)(ii) of section 860E(e).

(C) Section 7874(e)(1)(B).

(2) Section 852(b)(3)(A) of such Code is amended by inserting "(after the application of section 11(e))" after "section 11(b)".

(3) Paragraphs (1) and (2) of section 1445(e) of such Code are each amended by striking "in effect for the taxable year under section 11(b)" and inserting "applicable to such corporation under section 11 for the taxable year".

(4) Section 1446(b)(2)(B) of such Code is amended by striking "specified in section 11(b)" and inserting "applicable to such corporation under section 11 for the taxable year".

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

(d) Regulations.—The Secretary of the Treasury (or the Secretary's delegate) shall issue regulations as necessary to prevent avoidance of the purposes of the amendments made by subsection (a), including regulations to prevent the manipulation of the compensation ratio under section 11(e) of the Internal Revenue Code of 1986 by changes to the composition of the workforce (including by using the services of contractors rather than employees).

SEC. 223. PUBLIC EQUITY MONETIZATION TAX.

(a) In general.—Chapter 36 of the Internal Revenue Code of 1986, as amended by this Act, is amended by inserting after subchapter E the following new subchapter:

"SUBCHAPTER F—TAX ON PUBLIC EQUITY MONETIZATION EVENTS

"SEC. 4493. Public equity monetization tax.

"Sec. 4493. Public equity monetization tax.

"(a) Definitions.—In this section:

"(1) Acquisition of a private company by a public company.—The term 'acquisition of a private company by a public company' means an acquisition, directly or indirectly, by a public company of a private company, or of all or substantially all of the assets of a private company.

"(2) American Value Fund.—The term 'American Value Fund' means the fund established under section 623(b)(5) of the POPULIST Act.

"(3) De-SPAC transaction.—The term 'de-SPAC transaction' means any merger, consolidation, share exchange, asset acquisition, reorganization, or similar transaction through which a private company combines with, is acquired by, or becomes the successor to a special purpose acquisition company, blank-check company, shell company, or other public company formed or used primarily to make the equity value of a private company publicly tradeable.

"(4) Depositary share.—The term 'depositary share' means a security, certificate, receipt, or other instrument representing an interest in 1 or more equity securities of a foreign issuer held by a depositary, custodian, or similar person.

"(5) Direct listing.—The term 'direct listing' means any transaction, listing, registration, or other arrangement through which equity securities of a private company become listed, quoted, traded, or otherwise made publicly tradeable on a national securities exchange or other public trading market other than through an underwritten initial public offering.

"(6) Equity security.—The term 'equity security' has the meaning given such term in section 3(a)(11) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(11)).

"(7) Foreign issuer.—The term 'foreign issuer' means an issuer that is not organized under the laws of the United States, any State, the District of Columbia, or any territory or possession of the United States.

"(8) Freely transferable equity security.—The term 'freely transferable equity security' means an equity security that—

"(A) is publicly traded on an established securities market; and

"(B) is not subject to a lock-up, resale restriction, contractual transfer restriction, holding period requirement, voting trust, shareholder agreement, registration limitation, or other legal, contractual, or practical restriction that would materially impair sale.

"(9) Fully diluted equity value.—The term 'fully diluted equity value' means, with respect to an issuer after a public equity monetization event, the aggregate equity value determined by multiplying—

"(A) the measurement price; by

"(B) the total number of common equivalent equity securities of the issuer outstanding after such event, determined without duplication by—

"(i) including all outstanding common shares and other equity securities that participate in the economic value of common shares, without regard to voting authority;

"(ii) treating preferred securities, options, warrants, restricted stock units, convertible securities, convertible debt instruments, and similar equity-linked entitlements or instruments as common equivalent equity securities to the extent such entitlements or instruments are convertible into, exercisable for, exchangeable for, or settleable in common shares or common share equivalents; and

"(iii) taking into account any exercise price, conversion price, purchase price, strike price, or other amount payable to the issuer in connection with such conversion, exercise, exchange, or settlement.

"(10) Initial public offering.—The term 'initial public offering' means the first registered offering of equity securities of a private company to the public under the Securities Act of 1933 (15 U.S.C. 77a et seq.).

"(11) Issuer.—The term 'issuer' has the meaning given such term in section 3(a)(8) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(8)).

"(12) Measurement price.—The term 'measurement price' means, with respect to an equity security, depositary share, or other instrument made publicly tradeable through a public equity monetization event, the greatest of—

"(A) the price at which such equity security, depositary share, or other instrument is sold, issued, listed, exchanged, or valued in connection with the public equity monetization event;

"(B) the closing price of such equity security, depositary share, or other instrument on the first trading day after the public equity monetization event; and

"(C) the 5-trading-day volume-weighted average price of such equity security, depositary share, or other instrument beginning with the first trading day after the public equity monetization event.

"(13) Private company.—The term 'private company' means any person whose equity securities are not listed, quoted, traded, or otherwise publicly tradeable on any securities exchange or other public trading market.

"(14) Public company.—The term 'public company' means any issuer—

"(A) that has a class of equity securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l);

"(B) that is required to file reports under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)); or

"(C) whose equity securities are listed, quoted, or traded on a national securities exchange or other public trading market in the United States.

"(15) Public equity monetization event.—The term 'public equity monetization event' means—

"(A) an initial public offering;

"(B) a direct listing;

"(C) a de-SPAC transaction;

"(D) a reverse merger;

"(E) an acquisition of a private company by a public company;

"(F) a United States listing event; or

"(G) any substantially similar transaction, series of transactions, plan, arrangement, or device through which equity value of a private company or foreign issuer becomes listed, traded, liquid, or otherwise monetized through public securities markets in the United States.

"(16) Reverse merger.—The term 'reverse merger' means any merger, consolidation, share exchange, acquisition, or similar transaction through which a private company becomes a public company, or becomes owned or controlled by a public company, without an underwritten initial public offering.

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

"(18) Taxable value.—The term 'taxable value' means—

"(A) in the case of an initial public offering, direct listing, de-SPAC transaction, or reverse merger, the fully diluted equity value of the issuer after the public equity monetization event;

"(B) in the case of an acquisition of a private company by a public company, the total transaction value of such acquisition;

"(C) in the case of a United States listing event, the number of equity securities, depositary shares, or other instruments sold, issued, registered for resale, listed, deposited, or otherwise first made publicly tradeable in the United States through such event, multiplied by the measurement price for such equity securities, depositary shares, or other instruments; and

"(D) in the case of a substantially similar transaction, series of transactions, plan, arrangement, or device described in paragraph (15)(G), the taxable value determined under subparagraph (A), (B), or (C), as applicable, based on the public equity monetization event that such transaction, series of transactions, plan, arrangement, or device most closely resembles.

"(19) Total transaction value.—The term 'total transaction value' means the aggregate sum, without duplication, of—

"(A) the cash paid or payable in connection with an acquisition of a private company by a public company;

"(B) the fair market value of any equity securities, debt instruments, property, services, entitlements, or other noncash consideration paid, issued, transferred, or provided in connection with such acquisition;

"(C) the amount of any liabilities assumed, refinanced, guaranteed, or otherwise borne by the acquiring public company or any affiliated entity in connection with such acquisition; and

"(D) the fair market value, as determined under regulations prescribed by the Secretary, of any contingent consideration, earnout, option, warrant, derivative instrument, deferred payment, or similar arrangement.

"(20) United States listing event.—The term 'United States listing event' means the first issuer-sponsored listing, trading, registration, depositary share program, registered offering, or other arrangement through which equity securities of a foreign issuer, depositary shares representing such securities, or other instruments representing such securities become listed,

traded, or otherwise publicly tradeable on a national securities exchange or other public trading market in the United States. Such term does not include an unsponsored depositary receipt or other trading arrangement established without the participation, consent, approval, or facilitation of the foreign issuer.

"(b) Imposition of tax.—There is hereby imposed a tax equal to 5 percent of the taxable value of each public equity monetization event.

"(c) Liability, return, and application.—

"(1) Liability.—The tax imposed under subsection (b) shall be paid by—

"(A) in the case of an initial public offering, direct listing, de-SPAC transaction, or reverse merger, the issuer, registrant, successor public company, or other person whose equity securities are sold, issued, registered for resale, listed, exchanged, or otherwise made publicly tradeable through the public equity monetization event;

"(B) in the case of an acquisition of a private company by a public company, the acquiring public company;

"(C) in the case of a United States listing event, the foreign issuer; and

"(D) in the case of a substantially similar transaction, series of transactions, plan, arrangement, or device described in subsection (a)(15)(G), the person that would be liable under subparagraph (A), (B), or (C), as applicable, based on the public equity monetization event that such transaction, series of transactions, plan, arrangement, or device most closely resembles.

"(2) Return.—Each person liable for tax under paragraph (1) shall file a return in such form and manner as the Secretary shall prescribe.

"(3) Due date.—The return and tax required under this subsection shall be due on the later of April 15, 2027, or 90 days after the date of the public equity monetization event.

"(4) Application.—This section shall apply to public equity monetization events occurring after December 31, 2025.

"(d) Acceptance of securities.—

"(1) Request.—A person liable for tax under this section may request that the Secretary accept freely transferable equity securities in satisfaction of all or part of the tax imposed under subsection (b).

"(2) Acceptance required.—The Secretary shall accept such securities proposed under paragraph (1) unless the Secretary determines in writing that—

"(A) the securities are not freely transferable equity securities;

"(B) the fair market value of the securities cannot be reliably determined;

"(C) acceptance, holding, or liquidation of the securities would violate Federal securities law;

"(D) liquidation of the securities is likely to produce materially less than the value asserted by the person liable for tax; or

"(E) the request is part of a transaction, series of transactions, plan, arrangement, or device to avoid or evade the tax imposed under subsection (b).

"(3) Valuation.—For purposes of this subsection, the fair market value of freely transferable equity securities accepted by the Secretary shall be determined after transfer to the Secretary under a method prescribed by the Secretary. Such method shall be based on the 5-trading-day volume-weighted average price of such securities beginning with the first trading day after transfer.

"(4) Satisfaction of liability; shortfall.—A tax liability under this section shall be satisfied only to the extent of the fair market value determined under paragraph (3). If such fair market value is less than the amount of tax liability intended to be satisfied by the transfer of securities, the remainder of the liability shall be due within 10 business days.

"(5) Temporary liquidation account.—Any equity securities accepted under this subsection shall be held in a temporary liquidation account established by the Secretary.

"(A) Automatic liquidation.—Beginning not later than 10 trading days after acceptance of equity securities, the Secretary shall sell such securities on each trading day on which such securities may lawfully be sold, until all such securities are liquidated.

"(B) Liquidation period.—The liquidation of such securities shall be done in substantially equal daily quantities, over a period of not fewer than 210 trading days and not more than 250 trading days, as the Secretary may determine.

"(e) Disposition of receipts.—

"(1) Notwithstanding any other provision of law, all amounts paid under this section, and all net proceeds from the liquidation of equity securities under subsection (d), shall be deposited into the general fund of the Treasury.

"(2) American Value Fund.—All amounts deposited pursuant to paragraph (1) shall be credited to the American Value Fund.

"(3) Budgetary treatment.—Amounts credited under this section shall be treated as offsetting receipts for purposes of the Congressional Budget Act of 1974 (2 U.S.C. 621 et seq.).

"(f) Anti-avoidance.—

"(1) Substance over form.—For purposes of this section, the Secretary shall disregard, recharacterize, or aggregate formally separate steps of a transaction, series of transactions, plan, arrangement, or device to reflect the substance of the transaction, series of transactions, plan, arrangement, or device and to prevent avoidance of the tax imposed under subsection (b).

"(2) Date and taxable value.—If the Secretary applies paragraph (1), the public equity monetization event shall be treated as occurring on the date on which the substance of the transaction, series of transactions, plan, arrangement, or device first results in a public equity

monetization event described in subsection (a)(15). The taxable value shall be determined under subsection (a)(18) by reference to the full substance of the transaction, series of transactions, plan, arrangement, or device, and not merely by reference to the final step or form used.

"(g) Coordination with other taxes and fees.—

"(1) In general.—The tax imposed by this section shall be in addition to any fee imposed under section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)), any tax imposed under this title, and any other fee, tax, or assessment imposed under Federal or State law.

"(2) No duplicative application.—The Secretary shall prescribe regulations or other guidance to prevent the tax imposed by this section from being imposed more than once on the same equity securities or same transaction value in the same public equity monetization event.

"(h) Reporting and information sharing.—

"(1) Reporting.—The Secretary may require issuers, registrants, foreign issuers, acquiring public companies, underwriters, exchanges, transfer agents, brokers, dealers, depositaries, advisers, and other persons participating in or facilitating a public equity monetization event to report such information as the Secretary determines necessary to carry out this section.

"(2) Information sharing.—Notwithstanding any other provision of law, the Securities and Exchange Commission shall provide to the Secretary, on request, such filings, records, data, and other information as the Secretary determines necessary to administer or enforce this section.

"(i) Regulations.—

"(1) Interim final rules.—Not later than 120 days after the date of enactment of the POPULIST Act, the Secretary, in consultation with the Securities and Exchange Commission, shall issue interim final rules to carry out this section.

"(2) Effect.—The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

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

"(4) Final rules.—Not later than December 1, 2027, the Secretary, in consultation with the Securities and Exchange Commission, shall issue final rules to carry out this section.".

(b) Conforming amendment.—The table of subchapters for chapter 36 of the Internal Revenue Code of 1986, as amended by this Act, is amended by inserting after the item relating to subchapter E the following new item:

"SUBCHAPTER F. TAX ON PUBLIC EQUITY MONETIZATION EVENTS".

SEC. 224. ENDING SUBSIDIES FOR GIANT MERGERS.

(a) Acquisitive reorganizations.—Section 368(a)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(I) Special rules with respect to certain acquisitive reorganizations described in paragraph (1)(A), (1)(B), (1)(C), and (1)(D).—

"(i) In general.—A merger, consolidation, acquisition, or transfer which is described in clause (ii) shall not be treated as a merger, consolidation, acquisition, or transfer described in paragraph (1)(A), (1)(B), (1)(C), or (1)(D).

"(ii) Transactions described.—A merger, consolidation, acquisition, or transfer is described in this clause if—

"(I) such merger, consolidation, acquisition, or transfer is, or is treated as, the acquisition of the stock or assets of another corporation,

"(II) such merger, consolidation, acquisition, or transfer is not excepted under clause (iii), and

"(III) the combined average annual gross receipts of the acquiring corporation and the acquired corporation for the 3-taxable year period which precedes the taxable year in which the merger, consolidation, acquisition, or transfer is completed exceeds $500,000,000.

"(iii) Exceptions.—A merger, consolidation, acquisition, or transfer is excepted under this clause if—

"(I) either the acquiring corporation or the acquired corporation controls the other immediately before (and, if both corporations continue to exist, after) the merger, consolidation, acquisition, or transfer (as the case may be),

"(II) any other corporation controls both the acquiring corporation and the acquired corporation immediately before (and, if both corporations continue to exist, after) the merger, consolidation, acquisition, or transfer (as the case may be), or

"(III) either the acquiring corporation or the acquired corporation meets the gross receipts test of section 448(c)(1) for the taxable year in which the merger, consolidation, acquisition, or transfer is completed.

"(iv) Aggregation and other special rules.—Rules similar to the rules of paragraphs (2) and (3) of section 448(c) shall apply for purposes of clause (ii)(III), except that (unless otherwise provided by the Secretary) the rules of section 448(c)(2) shall not apply in determining the average annual gross receipts of the acquired corporation.

"(v) Inflation adjustment.—In the case of any taxable year beginning after 2026, the dollar amount in clause (ii)(III) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable year begins, determined by substituting 'calendar year 2025' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"If any amount as increased under the preceding sentence is not a multiple of $1,000,000, such amount shall be rounded up to the nearest multiple of $1,000,000.

"(vi) Regulations and guidance.—The Secretary may prescribe such regulations and other guidance as are necessary or appropriate to carry out, and to prevent the abuse of the purposes of, this subparagraph, including rules—

"(I) to prevent the avoidance of the application of this subparagraph through the use of a series of transactions designed and executed as parts of a unitary plan, and

"(II) for the nonapplication of the rules of clause (i) where such nonapplication is consistent with the purposes of this subparagraph.".

(b) Transfers to corporations controlled by transferors.—Section 351 of the Internal Revenue Code of 1986 is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) Special rule with respect to multiple transferors.—

"(1) In general.—Subsection (a) shall not apply to any transfer of property by 2 or more persons which are corporations if the combined average annual gross receipts of such persons for the 3-taxable year period which precedes the taxable year of the transfer exceeds $500,000,000.

"(2) Exception.—Paragraph (1) shall not apply if—

"(A) such persons control the corporation to which the property is transferred immediately before the transfer,

"(B) another corporation controls all such persons and the corporation to which the property is transferred immediately before the transfer, or

"(C) all such persons meet the gross receipts test of section 448(c)(1) for the taxable year in which the transfer is made.

"(3) Aggregation and other special rules.—Rules similar to the rules of paragraphs (2) and (3) of section 448(c) shall apply for purposes of paragraph (1).

"(4) Inflation adjustment.—In the case of any taxable year beginning after 2026, the dollar amount in paragraph (1) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable year begins, determined by substituting 'calendar year 2025' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"If any amount as increased under the preceding sentence is not a multiple of $1,000,000, such amount shall be rounded up to the nearest multiple of $1,000,000.

"(5) Regulations and guidance.—The Secretary may prescribe such regulations and other guidance as are necessary or appropriate to carry out, and to prevent the abuse of the purposes of, this subsection, including rules—

"(A) to prevent the avoidance of the application of this subsection through the use of a series of transactions designed and executed as parts of a unitary plan, and

"(B) for the nonapplication of the rules of paragraph (1) where such nonapplication is consistent with the purposes of this subsection.".

SEC. 225. LIMITATION ON BASIC EXCLUSION AMOUNT AND BASIS ADJUSTMENT AT DEATH.

(a) Findings.—Congress finds the following:

(1) The use of appreciated assets to finance consumption or investment without sale, combined with basis adjustment at death under section 1014 of the Internal Revenue Code of 1986, permits substantial tax avoidance and facilitates the accumulation and transmission of dynastic wealth.

(2) The concentration of large inheritances in a small number of families contributes to wealth inequality, entrenches economic privilege across generations, and undermines the principle that all people should have a fair opportunity to build economic security through their own labor and contributions to society.

(3) It is understandable that parents seek to provide stability and security to their children. But with the establishment of unconditional basic income through the American Union Jobs Program, the United States shall ensure basic economic security for every child and every family. In light of that guarantee, the amount of wealth that may pass tax-free at death may be limited to 100 times the annual basic wage without impairing the basic security of the decedent's offspring.

(b) Basic exclusion amount and portability.—Section 2010(c) of the Internal Revenue Code of 1986 (26 U.S.C. 2010) is amended—

(1) by amending paragraph (3) to read as follows:

"(3) Basic exclusion amount.—For purposes of this subsection, the basic exclusion amount is an amount equal to 100 times the basic wage as determined under section 1398c of title 42, United States Code."; and

(2) by amending paragraph (4)(B)(ii) to read as follows:

"(ii) the sum of—

"(I) the amount with respect to which the tentative tax is determined under section 2001(b)(1) on the estate of such deceased spouse; and

"(II) the aggregate increase in basis allowed under section 1014(g)(1) with respect to property acquired from such deceased spouse.".

(c) Limitation on basis adjustment at death.—Section 1014 of the Internal Revenue Code of 1986 (26 U.S.C. 1014) is amended by adding at the end the following:

"(g) Limitation on basis adjustment for property acquired from a decedent by subject transferees.—

"(1) In general.—In the case of property acquired from a decedent by a subject transferee, the aggregate increase in basis resulting from subsection (a) shall not exceed the unused exclusion remainder.

"(2) Unused exclusion remainder.—For purposes of this subsection, the term 'unused exclusion remainder' means the excess (if any) of—

"(A) the applicable exclusion amount determined under section 2010(c)(2), over

"(B) the sum of—

"(i) the adjusted taxable gifts of the decedent, as determined under section 2001(b), reduced by the amount of such gifts on which gift tax was paid; and

"(ii) the aggregate fair market value, determined as of the date of the decedent's death, of all property acquired from the decedent by subject transferees.

"(3) Subject transferee.—For purposes of this subsection, the term 'subject transferee', with respect to property acquired from a decedent, means any person other than—

"(A) a person acquiring such property with respect to which a deduction is allowable under section 2055 or 2106(a)(2) by reason of the transfer of such property; or

"(B) a person acquiring such property with respect to which a deduction is allowable under section 2056 or 2106(a)(3) by reason of the transfer of such property.

"(4) Pro rata allocation of allowable basis increase.—If the aggregate increase in basis that would otherwise result from subsection (a) with respect to property acquired from the decedent by subject transferees exceeds the unused exclusion remainder, the unused exclusion remainder shall be allocated pro rata among all items of such property for which subsection (a) would otherwise increase basis, based on the amount of such increase for each such item.

"(5) Basis of property with limited basis increase.—In the case of property to which paragraph (4) applies, the basis of such property shall be the adjusted basis of such property immediately before death, increased by the amount allocated to such property under paragraph (4). In no event shall the basis of such property exceed the amount determined under subsection (a).

"(6) Basis of marital deduction and community property.—In the case of property with respect to which a deduction is allowable under section 2056 or 2106(a)(3), or property described in subsection (b)(6), the basis of such property immediately after the decedent's death shall be the lesser of—

"(A) the adjusted basis of such property immediately before the decedent's death; or

"(B) the amount determined under subsection (a).

"(7) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this subsection, including regulations for reporting, basis tracking, fractional interests, and coordination with chapters 11 and 12.".

(d) Effective date.—

(1) The amendments made by subsection (b) shall apply to estates of decedents dying and gifts made after December 31, 2026.

(2) The amendment made by subsection (c) shall apply to property acquired from decedents dying after December 31, 2026.

Subtitle C—Addressing Consolidation on Wall Street

SEC. 231. ADJUSTING HART-SCOTT-RODINO THRESHOLDS.

(a) Amendments.—Section 7A of the Clayton Act (15 U.S.C. 18a) is amended—

(1) in subsection (a)(2)(A)—

(A) by striking "2004" and inserting "2027"; and

(B) by striking "2003" and inserting "2026"; and

(2) by adding at the end the following:

"(l) Serial acquisitions.—For purposes of subsection (a), paragraph (2) of that subsection shall be treated as satisfied if, as a result of the acquisition at issue, or pursuant to a plan, series of transactions, agreement, or understanding (whether or not legally binding), the acquiring person would, during any 12-month period, directly or indirectly acquire voting securities, noncorporate interests, or assets of 6 or more persons, regardless of the size of any individual transaction.".

(b) Effective date.—The amendments made by this section shall take effect 90 days after the date of enactment of this Act.

SEC. 232. CLOSING THE FAILING BANK LOOPHOLE IN BANK MERGER APPROVALS.

(a) Amendment.—Section 3 of the Bank Merger Act (12 U.S.C. 1828(c)) is amended by adding at the end the following:

"(14) Failing bank exception narrowly construed.—

"(A) In general.—No proposed merger, acquisition, or consolidation involving an insured depository institution shall be approved on the basis that one party is in financial distress or failing unless the appropriate Federal banking agency determines, based on clear and convincing evidence, that—

"(i) there are no other willing or qualified bidders for the institution;

"(ii) no less anticompetitive transaction is reasonably available; and

"(iii) no other means of executing an orderly resolution or winddown under applicable law would adequately protect depositors and the Deposit Insurance Fund.

"(B) Burden of proof.—The burden of demonstrating compliance with subparagraph (A) shall rest with the parties to the transaction.

"(C) Prohibition on speculative justifications.—General assertions of financial weakness, market instability, or potential future distress shall not, by themselves, satisfy the requirements of this paragraph.

"(D) Written determination required.—Any approval relying on this paragraph shall include a written determination addressing each requirement under subparagraph (A), which shall be made publicly available.".

SEC. 233. PROHIBITION ON COMMON OWNERSHIP OF AIR CARRIERS.

(a) In general.—Section 20 of title 15, United States Code, is amended to read as follows:

"Sec. 20. Prohibition on common ownership of air carriers

"(a) Definitions.—In this section:

"(1) Air carrier.—The term 'air carrier' means a citizen of the United States undertaking, directly or indirectly, to provide air transportation.

"(2) Citizen of the United States.—The term 'citizen of the United States' means—

"(A) an individual who is a citizen of the United States;

"(B) a partnership each of whose partners is an individual who is a citizen of the United States; or

"(C) a corporation or association organized under the laws of the United States, a State, the District of Columbia, or a territory or possession of the United States, of which—

"(i) the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States;

"(ii) the entity is under the actual control of citizens of the United States; and

"(iii) at least 75 percent of the voting interest is owned or controlled by persons that are citizens of the United States.

"(3) Own or control.—The term 'own or control' means beneficial ownership, voting authority, investment discretion, or proxy voting power, whether exercised directly or indirectly, and includes ownership interests held by affiliated persons or entities under common management or control.

"(b) Prohibition.—

"(1) In general.—It shall be unlawful for any person that, with respect to an air carrier, directly or indirectly owns or controls an interest described in paragraph (2) to directly or indirectly own or control, or attempt to own or control, an interest described in paragraph (2) with respect to any other air carrier.

"(2) Covered interests.—An interest described in this paragraph is—

"(A) 5 percent or more of any class of voting securities or other voting interests;

"(B) 5 percent or more of the total voting power; or

"(C) equity securities or other equity interests representing 5 percent or more of the total equity value.

"(3) Independent application.—Each threshold under paragraph (2) shall be applied independently, and percentages determined under different subparagraphs of paragraph (2) shall not be added together.

"(c) Passive investment.—The absence of intent to influence management or corporate governance shall not exempt any person from the prohibition under subsection (b).

"(d) Enforcement.—A violation of this section shall be treated as a violation of the Sherman Act (15 U.S.C. 1 et seq.) and shall be subject to all remedies and enforcement authorities applicable under the antitrust laws.".

(b) Effective date.—This section shall apply to ownership interests held on or after January 1, 2028.

SEC. 234. CODIFICATION OF HART-SCOTT-RODINO FILING REQUIREMENTS.

(a) In general.—

(1) Incorporation of specified rule.—The provisions of the final rule entitled "Premerger Notification; Reporting and Waiting Period Requirements", as issued by the Federal Trade Commission, with the concurrence of the Department of Justice, and published in the Federal Register on November 12, 2024 (89 Fed. Reg. 89216), are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection.

(2) Effect of incorporation.—The rule incorporated under paragraph (1) may be altered only by means of an Act of Congress. To the extent that any provision of such rule does not conform with any other statutory provision of law enacted before the date of enactment of this Act, the provisions of this Act shall govern.

(3) Definition of rule.—In this section, the term "rule" means any rule, regulation, guideline, interpretation, order, or requirement of general applicability prescribed by any officer or employee of the executive branch or an independent establishment.

(b) Rulemaking authority.—

(1) In general.—The Federal Trade Commission is expressly authorized to prescribe rules of general applicability governing the form, content, and manner of filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a), including rules requiring

the submission of such information and documentary material as the Commission determines necessary and appropriate to enable an initial assessment of whether a transaction may violate the antitrust laws.

(2) Minimum floor.—Rules prescribed under paragraph (1) may impose requirements that are more stringent than the requirements incorporated under subsection (a), but may not prescribe requirements that are less stringent than such incorporated requirements, except as expressly provided by an Act of Congress.

SEC. 235. PROHIBITING VERTICAL INTERLOCKING DIRECTORATES.

(a) Amendment.—Section 8 of the Clayton Act (15 U.S.C. 19) is amended—

(1) in subsection (a)(2) by striking "For the purposes of this paragraph, 'total sales' means" and inserting "For the purposes of this section, 'total sales' means";

(2) in subsection (a)(5) by striking "in this subsection" and inserting "in this section"; and

(3) by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following:

"(b) (1) No person shall, at the same time, serve as a director or officer in any 2 corporations (other than banks, banking associations, and trust companies) if—

"(A) each of the corporations has capital, surplus, and undivided profits aggregating more than $10,000,000, as adjusted pursuant to subsection (a)(5); and

"(B) they stand in a covered vertical relationship.

"(2) For purposes of this subsection, 2 corporations stand in a 'covered vertical relationship' if—

"(A) by virtue of their business, the elimination of such dealings between them would materially affect the ability of either corporation to compete in any line of commerce in any section of the country; and

"(B) either corporation—

"(i) has vertical sales to the other of more than $1,000,000, as adjusted pursuant to subsection (a)(5), and the summed vertical sales between such corporations are not less than 4 percent of the total sales of the smaller corporation;

"(ii) grants to the other a license to intellectual property that is material to such competition; or

"(iii) materially manages the other with respect to the production, marketing, or distribution of goods or services.

"(3) For purposes of this subsection, the term 'vertical sales' means the gross revenues from products and services sold by one corporation to the other during the last completed fiscal year.".

SEC. 236. REBUTTABLE PRESUMPTIONS FOR LARGE MERGERS AND ACQUISITIONS.

(a) Amendment.—The Clayton Act (15 U.S.C. 12 et seq.) is amended by inserting after section 7B the following:

"Sec. 7C. Rebuttable presumptions for large mergers and acquisitions.

"(a) Definitions.—In this section:

"(1) Covered transaction.—The term 'covered transaction' means any acquisition of stock or assets, merger, consolidation, or other transaction that is required to be reported under section 7A of the Clayton Act (15 U.S.C. 18a), or that is subject to section 7 of the Clayton Act (15 U.S.C. 18).

"(2) Herfindahl-Hirschman Index.—The term 'Herfindahl-Hirschman Index' means the sum of the squares of the market shares of all firms participating in a relevant market, expressed as whole numbers.

"(3) Materially.—The term 'materially' means more than a de minimis amount.

"(b) Rebuttable presumption.—For purposes of section 7 of the Clayton Act (15 U.S.C. 18), it shall be a rebuttable presumption that a covered transaction may create an appreciable risk of materially lessening competition or tend to create a monopoly or monopsony if any of the following conditions are true:

"(1) Size.—The value of the covered transaction is greater than $100,000,000,000 (as adjusted and published for each fiscal year beginning after September 30, 2026, in the same manner as provided in section 8(a)(5) to reflect the percentage change in the gross national product for such fiscal year compared to the gross national product for the year ending September 30, 2025).

"(2) Concentration and change in concentration.—In any relevant market, the covered transaction would result in a Herfindahl-Hirschman Index greater than 1,800 and would increase the Herfindahl-Hirschman Index by 100 or more.

"(3) Market share and change in concentration.—In any relevant market, the covered transaction would result in a market share of 30 percent or greater for any person and would increase the Herfindahl-Hirschman Index by 100 or more.

"(4) Serial acquisitions.—The covered transaction is part of a pattern or strategy of multiple acquisitions in the same or related business lines and, when evaluated cumulatively, such acquisitions would create or further a trend toward concentration or otherwise may create an appreciable risk of materially lessening competition.

"(5) Vertical foreclosure and limiting access.—The covered transaction may create an appreciable risk of materially lessening competition by enabling the merged firm to limit, foreclose, degrade, or otherwise impede rivals' access to a related product, service, input, or route to market, including by raising rivals' costs, impairing rivals' ability to compete, or otherwise reducing competition.".

Subtitle D—Addressing Electioneering by Corporations

SEC. 241. LIMITATION ON CORPORATE POWER TO ELECTIONEER.

(a) Findings.—Congress finds that—

(1) Corporations are artificial legal entities created by government charter to serve the public good and possess only those powers expressly granted to them by the sovereign authority that authorizes their existence.

(2) Corporate powers are not inherent, personal, or Constitutional in nature; they are delegated privileges that may be defined, limited, conditioned, or withheld in accordance with the public interest.

(3) Under Article I of the Constitution, Congress is the policy setting branch of the United States with principal responsibility to enact rules governing Federal elections and to safeguard democratic self-government.

(4) The Supreme Court's 2010 decision in *Citizens United v. FEC* held that restrictions on corporate election spending burdened free speech rights but assumed, without deciding, that corporations had been granted lawful power to engage in such spending under State or Federal charter law.

(5) Citizens United did not grant corporations an inherent Constitutional right to influence elections; rather, it presupposed the existence of such corporate power, which Congress retains full authority to define, regulate, or withhold in connection with Federal elections.

(6) Nothing in the Constitution requires Congress to grant corporations the power to influence Federal elections, and withholding such power does not restrict the ability of natural persons to participate in political debate, civic associations, and election activity using their own resources.

(7) Special government granted privileges such as limited liability and perpetual existence facilitate wealth accumulation by corporations, which can be used to influence electoral outcomes.

(8) Outside spending and dark money channels have expanded dramatically in recent decades, undermining public trust, reducing transparency, and weakening accountability in Federal elections.

(9) Decisions to use corporate funds for political contributions and expenditures are often made by corporate boards and executives, rather than by shareholders, who historically have lacked practical mechanisms to know of, approve, or meaningfully influence such political activity.

(10) Congress has authority under the Elections Clause, the Commerce Clause, the Necessary and Proper Clause, and its responsibility to preserve a republican form of government to structure and limit the activities of corporations operating in interstate commerce when necessary to safeguard the integrity of Federal elections.

(11) While corporations may petition and lobby elected officials regarding public policy relevant to their business purposes, allowing corporations to engage in electioneering directed at voters is inconsistent with the public good, threatens political equality, and undermines democratic self-government.

(12) Clarifying that corporations do not possess the power to engage in electioneering in connection with Federal elections, except as expressly authorized by Congress, is necessary to protect the integrity of Federal elections.

(b) Definitions.—In this section:

(1) Corporation.—The term "corporation" means any entity organized under the laws of a State or the laws of the United States, including any subsidiary, affiliate, or other entity that is substantially controlled by such entity.

(2) Disbursement for a political purpose.—The term "disbursement for a political purpose" has the meaning given such term in section 10F of the Securities Exchange Act of 1934 (as inserted by this Act).

(3) Electioneering communication.—The term "electioneering communication" means any publicly distributed communication that is intended to influence the outcome of a Federal election, but does not include—

(A) any bona fide news story, fact-check, interview, candidate debate or forum, investigative report, or other form of journalistic reporting distributed by a press entity acting in the normal course of its press function;

(B) any commentary, opinion, or endorsement expressed by an identifiable individual using such individual's own resources; or

(C) any communication exempted by regulations promulgated under subsection (j).

(4) Expenditure for political activities.—The term "expenditure for political activities" has the meaning given the term in section 13(t) of the Securities Exchange Act of 1934 (as inserted by this Act).

(5) Federal electioneering authorization.—The term "Federal electioneering authorization" means an Act of Congress that expressly and specifically extends to a corporation the privilege of engaging in an electioneering communication or political expenditure.

(6) Press entity.—The term "press entity" means a publisher, broadcaster, or other entity that disseminates news or information to the public and that is acting in the normal course of a bona fide journalistic function.

(7) Publicly distributed communication.—The term "publicly distributed communication" means any communication disseminated, or intended to be disseminated, to the general public or to any segment thereof, including through broadcast media, cable networks, satellite transmission, the internet, digital platforms, social media, search engines, streaming services, mobile applications, algorithmic targeting systems, print media, or mass distribution channels.

(8) Responsible person.—The term "responsible person" means any organizer, incorporator, director, officer, controlling shareholder, beneficial owner, or other individual who directly or indirectly exercises substantial control over a corporation or its activities.

(c) Corporate electioneering power withheld.—Notwithstanding any other provision of Federal or State law, no corporation shall possess any legal power, privilege, capacity, or authority to make, finance, authorize, direct, facilitate, or otherwise support an expenditure for political activities or an electioneering communication in connection with a Federal election unless pursuant to a Federal electioneering authorization that satisfies subsection (e).

(d) Voidness.—Any corporate action prohibited under subsection (c) is void and unenforceable as a matter of Federal law.

(e) Federal authorization enumerated.—A Federal electioneering authorization may be granted only within the framework of—

(1) chapter 301 of title 52, United States Code;

(2) section 527 of title 26, United States Code; and

(3) until December 31, 2029:

(A) section 501(c)(4) of title 26, United States Code; and

(B) the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

(f) Federal preemption.—No State, the District of Columbia, or any territory or possession of the United States may grant any corporate charter, or confer any corporate power, privilege, or authority, that permits a corporation to engage in an electioneering communication or expenditure for political activities in connection with a Federal election.

(g) Rule of construction.—Nothing in this section shall be construed to limit or restrict the ability of natural persons to engage in political speech or make expenditures for political activities using their own resources.

(h) Enforcement.—

(1) Federal enforcement.—The Attorney General may bring a civil action to enforce this section.

(2) State civil enforcement.—The attorney general of any State in which an electioneering communication was disseminated, published, or received may bring a civil action to enforce this section.

(i) Personal liability of responsible persons.—Any responsible person who knowingly authorizes, directs, finances, or participates in an activity prohibited under this section shall be personally liable, jointly and severally, for an amount equal to 3 times the value of the prohibited expenditure for political activities.

(j) Implementation.—

(1) Interim final rules.—Not later than April 30, 2027, the Federal Election Commission, in consultation with the Secretary of the Treasury and the Attorney General, shall issue interim final rules to implement this section—

(A) as needed to clarify coordination, aggregation, anti-avoidance, and reporting; and

(B) to establish procedures for exempting electioneering communications under subsection (b)(3) whose inclusion would be de minimis or duplicative of other provisions of law, provided that no such exceptions may narrow the exclusions in subparagraphs (A) and (B).

(2) Procedure.—The Commission shall issue the interim final rules without regard to section 553 of title 5, United States Code. The interim final rules shall have the force and effect of law immediately upon publication. The Commission shall provide a period of not less than 60 days for public comment after publication of the interim final rules.

(3) Final rules.—Not later than October 1, 2027, the Commission shall issue final rules to implement this section.

SEC. 242. UNAUTHORIZING CORPORATE PACS.

(a) Limitation.—

(1) In general.—Section 316(b)(2)(C) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30118(b)(2)(C)) is amended by striking "a corporation" and inserting "a nonprofit corporation".

(2) Definition.—Section 316(b) of such Act (52 U.S.C. 30118(b)) is amended by adding at the end the following new paragraph:

"(8) For purposes of this section, the term 'nonprofit corporation' means a corporation described in section 501(c) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code, other than a corporation which is ineligible to be exempt from taxation under section 501(a) of such Code if it establishes a separate segregated fund under this subsection.".

(b) Permitting solicitation of contributions only from executive and administrative personnel.—Section 316(b) of such Act (52 U.S.C. 30118(b)) is amended—

(1) in paragraph (4)(A)(i), by striking "its stockholders and their families and";

(2) in paragraph (4)(B)—

(A) by striking "a corporation" the first place it appears and inserting "a nonprofit corporation";

(B) by striking "any stockholder, executive or administrative personnel," and inserting "any executive or administrative personnel"; and

(C) by striking "stockholders, executive or administrative personnel," and inserting "executive or administrative personnel"; and

(3) in paragraph (4)(D)—

(A) by striking "stockholders and";

(B) by striking "such stockholders or personnel" and inserting "such personnel"; and

(C) by striking "such stockholders and personnel" and inserting "such personnel"; and

(4) in paragraph (5), by striking "stockholders and".

(c) Treatment of Government contractors.—Section 317(b) of such Act (52 U.S.C. 30119(b)) is amended—

(1) by striking "any corporation" and inserting "any nonprofit corporation"; and

(2) by striking "a corporation" and inserting "a nonprofit corporation".

(d) Transition for existing funds and committees.—In the case of a separate segregated fund established and operating under section 316(b)(2)(C) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30118(b)(2)(C)) as of the date of the enactment of this Act which is not a fund of a nonprofit corporation as defined in section 316(b)(8) of such Act (as added by subsection (a)(2)), the fund shall terminate and disburse its entire balance not later than June 30, 2027.

SEC. 243. POLITICAL TRANSPARENCY REPORTING REQUIREMENTS.

(a) Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) is amended by adding at the end the following:

"(t) Reporting requirements relating to certain political expenditures.—

"(1) Definitions.—In this subsection:

"(A) Covered affiliate.—The term 'covered affiliate' means, with respect to an issuer, any entity that is a consolidated subsidiary of the issuer for financial reporting purposes, and any other entity that is controlled by the issuer, directly or indirectly, within the meaning of the rules of the Commission under this title, whether or not such entity is a consolidated subsidiary of the issuer.

"(B) Covered 501(c)(4) organization.—The term 'covered 501(c)(4) organization' means an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 that engaged in political intervention during the current 2-year election cycle or the immediately preceding 2-year election cycle.

"(C) Expenditure for political activities.—The term 'expenditure for political activities'—

"(i) means—

"(I) an independent expenditure (as defined in section 301(17) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30101(17)));

"(II) an electioneering communication (as defined in section 304(f)(3) of that Act (52 U.S.C. 30104(f)(3))) and any other public communication (as defined in section

301(22) of that Act (52 U.S.C. 30101(22))) that would be an electioneering communication if it were a broadcast, cable, or satellite communication;

"(III) a transfer of funds or anything of value to a covered 501(c)(4) organization, unless—

"(aa) the transferor prohibited, in writing, the use of the transfer for political intervention, independent expenditures, electioneering communications, or other disbursements for a political purpose; and

"(bb) the transferor reasonably relied on written representations of the covered 501(c)(4) organization that the transfer would be deposited and maintained in an account segregated from any account used by the covered 501(c)(4) organization to engage in political intervention; or

"(IV) dues or other payments to trade associations or organizations described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of that Code that are, or could reasonably be anticipated to be, used or transferred to another association or organization for the purposes described in subclause (I) or (II); and

"(ii) does not include—

"(I) direct lobbying efforts through registered lobbyists employed or hired by the issuer;

"(II) communications by an issuer to its shareholders and executive or administrative personnel and their families; or

"(III) the establishment and administration of contributions to a separate segregated fund to be utilized for political purposes by a corporation.

"(D) Issuer.—The term 'issuer' does not include an investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a–8).

"(E) Political intervention.—The term 'political intervention' has the meaning given such term in section 4956 of the Internal Revenue Code of 1986.

"(F) 2-year election cycle.—The term '2-year election cycle' means the period beginning on the day after the most recent general election for Federal office and ending on the date of the next general election for Federal office.

"(2) Quarterly reports.—

"(A) Reports required.—Not later than June 30, 2027, the Commission shall amend the reporting rules under this section to require each issuer with a class of equity securities registered under section 12 of this title (15 U.S.C. 78l) to submit to the Commission and the shareholders of the issuer a quarterly report containing—

"(i) a description of any expenditure for political activities made during the preceding quarter by the issuer or any covered affiliate;

"(ii) the date of each expenditure for political activities;

"(iii) the amount of each expenditure for political activities;

"(iv) if the expenditure for political activities was made in support of or in opposition to a candidate, the name of the candidate and the office sought by, and the political party affiliation of, the candidate; and

"(v) the name or identity of trade associations or organizations described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code which receive dues or other payments as described in paragraph (1)(C).

"(B) Public availability.—The Commission shall ensure that the quarterly reports required under this paragraph are publicly available through the Internet website of the Commission and through the EDGAR system in a manner that is searchable, sortable, and downloadable, consistent with the requirements under section 24.

"(3) Annual reports.—Not later than June 30, 2027, the Commission shall, by rule, require each issuer to include in the annual report of the issuer to shareholders—

"(A) a summary of each expenditure for political activities made during the preceding year in excess of $10,000, and each expenditure for political activities for a particular election if the total amount of such expenditures for that election is in excess of $10,000;

"(B) the results of the shareholder assessment required by section 10F of the Securities Exchange Act of 1934, including—

"(i) the total amount of expenditures for political activities for the fiscal year authorized by holders of a majority of outstanding equity securities;

"(ii) a description of the specific nature of any expenditure for political activities the issuer intends to make for the forthcoming fiscal year, to the extent the specific nature is known to the issuer; and

"(iii) the results of the required assessments under subsection (b) of such section.

"(4) Reports to Congress.—

"(A) Assessment and report.—The Commission shall—

"(i) conduct an annual assessment of the compliance of issuers with this subsection; and

"(ii) submit to Congress an annual report containing the results of such assessment.

"(B) Government Accountability Office.—The Comptroller General of the United States shall periodically evaluate and report to Congress on the effectiveness of the oversight by the Commission of the reporting and disclosure requirements under this subsection.".

SEC. 244. CORPORATE POLITICAL SPENDING RESTRICTIONS AND CONSEQUENCES.

(a) Assessment required.—The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 10E the following new sections:

"Sec. 10F. Assessment of shareholder preferences for disbursements for political purposes.

"(a) Definitions.—In this section—

"(1) In general.—

"(A) Each of the terms 'candidate', 'election', 'political committee', and 'political party' has the meaning given such term under section 301 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30101).

"(B) Each of the terms 'covered affiliate' and 'issuer' has the meaning given such term in section 13(t) of this Act.

"(2) Disbursement for a political purpose.—The term 'disbursement for a political purpose'—

"(A) means any of the following:

"(i) A disbursement for an independent expenditure, as defined in section 301(17) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30101(17)).

"(ii) A disbursement for an electioneering communication, as defined in section 304(f) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30104(f)).

"(iii) A disbursement for any public communication, as defined in section 301(22) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30101(22))—

"(I) which expressly advocates the election or defeat of a clearly identified candidate for election for Federal office, or is the functional equivalent of express advocacy because, when taken as a whole, it can be interpreted by a reasonable person only as advocating the election or defeat of a candidate for election for Federal office; or

"(II) which refers to a clearly identified candidate for election for Federal office and which promotes or supports a candidate for that office, or attacks or opposes a candidate for that office, without regard to whether the communication expressly advocates a vote for or against a candidate for that office.

"(iv) Any other disbursement which is made for the purpose of influencing the outcome of an election for a public office.

"(v) Any transfer of funds to another person which is made with the intent that such person will use the funds to make a disbursement described in clauses (i) through (iv), or with the knowledge that the person will use the funds to make such a disbursement.

"(B) does not include any of the following:

"(i) Any disbursement made from a separate segregated fund of the corporation under section 316 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30118).

"(ii) Any transfer of funds to another person which is made in a commercial transaction in the ordinary course of any trade or business conducted by the corporation or in the form of investments made by the corporation.

"(iii) Any transfer of funds to another person which is subject to a written prohibition against the use of the funds for a disbursement for a political purpose.

"(b) Assessment and authorization required before making a disbursement for a political purpose.—An issuer with a class of equity securities registered under section 12 of this title (15 U.S.C. 78l) may not, directly or indirectly, make or cause to be made (including through any covered affiliate), a disbursement for a political purpose unless the issuer—

"(1) has in place procedures to assess the preferences of the shareholders of the issuer with respect to making such disbursements for that fiscal year;

"(2) has completed an assessment for such fiscal year, no earlier than the first day of the third fiscal quarter of the fiscal year immediately preceding the fiscal year in which the disbursement is made;

"(3) has obtained, through the assessment, the authorization of a majority of the number of the outstanding equity securities of the issuer for an aggregate dollar amount of disbursements for a political purpose for the fiscal year in which the disbursement is made, provided—

"(A) any outstanding equity security with respect to which a preference is not expressed in the assessment shall be treated as in opposition to authorizing any disbursement for a political purpose and a preference for an authorized amount of $0; and

"(B) any outstanding equity security held by a person who is prohibited from expressing partisan or political preferences by law, contract, or the requirement to meet a fiduciary duty shall be treated as in opposition to authorizing any disbursement for a political purpose and a preference for an authorized amount of $0; and

"(4) the disbursement, in the aggregate for the fiscal year, would not exceed such authorized amount.

"(c) Assessment requirements.—The assessment described under subsection (b) shall assess shareholder preferences for—

"(1) the aggregate amount of disbursements for a political purpose the shareholder authorizes for the forthcoming fiscal year, which may be $0, provided that the issuer may propose an amount to the respondent;

"(2) which types of disbursements for a political purpose the issuer should make;

"(3) whether such disbursements should be made in support of, or in opposition to, Republican, Democratic, Independent, or other political party candidates and political committees;

"(4) whether such disbursements should be made with respect to elections for Federal, State, or local office; and

"(5) such other information as the Commission may specify, by rule.

"Sec. 10G. Treatment of certain transfers to section 501(c)(4) organizations.

"(a) Definitions.—In this section:

"(1) In general.—Each of the terms 'covered affiliate' and 'issuer' has the meaning given such term in section 13(t) of this Act.

"(2) 2-year election cycle.—The term '2-year election cycle' means the period beginning on the day after the most recent general election for Federal office and ending on the date of the next general election for Federal office.

"(3) Covered 501(c)(4) organization.—The term 'covered 501(c)(4) organization' means an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 that engaged in political intervention during the current 2-year election cycle or the immediately preceding 2-year election cycle.

"(4) Covered transfer.—The term 'covered transfer' means any transfer of funds or anything of value, whether directly or indirectly, by an issuer or any covered affiliate to a covered 501(c)(4) organization.

"(5) Political intervention.—The term 'political intervention' has the meaning given such term in section 4956 of the Internal Revenue Code of 1986.

"(b) Rebuttable presumption.—It shall be a rebuttable presumption that any covered transfer is—

"(1) an expenditure for political activities for purposes of section 13(t); and

"(2) for purposes of section 10F of this Act and section 316(d) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30118(d)), a disbursement for a political purpose.

"(c) Affirmative defense.—The presumption under subsection (b) may be rebutted if—

"(1) the transferor prohibited, in writing, the use of the covered transfer for political intervention, independent expenditures, electioneering communications, or other disbursements for a political purpose; and

"(2) the transferor reasonably relied on written representations of the covered 501(c)(4) organization that the covered transfer would be deposited and maintained in an account segregated from any account used by the covered 501(c)(4) organization to engage in political intervention.

"Sec. 10H. Civil action by shareholders for unlawful disbursements.

"(a) Definition.—In this section the term 'covered violation' means any violation of section 10F of the Securities Exchange Act of 1934, section 13(t) of such Act, or section 316(d) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30118(d)).

"(b) Cause of action.—Any shareholder of an issuer who held an equity security of the issuer at the time a covered violation occurred may bring a civil action against the issuer for such covered violation.

"(c) Strict liability.—In an action brought under this section—

"(1) the issuer shall be liable without any showing of knowledge or intent; and

"(2) the court shall award to the shareholder bringing the action—

"(A) damages in the amount of $25,000; and

"(B) reasonable attorneys' fees and costs.

"(d) Jurisdiction and venue.—The district courts of the United States shall have jurisdiction over actions brought under this section. An action under this section may be brought in the United States district court for the district in which the issuer is incorporated, has its principal place of business, or is found or transacts business.

"(e) Nonwaiver.—Any provision of any contract, charter, bylaw, or other governing instrument that purports to waive, limit, or restrict the remedies of a shareholder under this section shall be void as against public policy.

"(f) Other remedies preserved.—Nothing in this section shall be construed to limit any authority of the Commission, the Attorney General, or a State attorney general, or any other remedy available under Federal or State law.

"Sec. 10I. Political transparency for controlling private funds.

"(a) Definitions.—In this section:

"(1) Affiliate.—The term 'affiliate' has the meaning given the term in section 212 of the POPULIST Act.

"(2) Commission.—The term 'Commission' means the Securities and Exchange Commission.

"(3) Controlling private fund.—The term 'controlling private fund' has the meaning given the term in section 212 of the POPULIST Act.

"(4) Covered 501(c)(4) organization.—The term 'covered 501(c)(4) organization' means an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 that engaged in political intervention during the current 2-year election cycle or the immediately preceding 2-year election cycle.

"(5) Expenditure for political activities.—The term 'expenditure for political activities'—

"(A) means—

"(i) an independent expenditure, as that term is defined in section 301(17) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30101(17));

"(ii) an electioneering communication, as that term is defined in section 304(f)(3) of that Act (52 U.S.C. 30104(f)(3)), and any other public communication, as defined in section 301(22) of that Act (52 U.S.C. 30101(22)), that would be an electioneering communication if it were a broadcast, cable, or satellite communication; or

"(iii) dues or other payments to a trade association or to an organization described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of that Code that are, or could reasonably be anticipated to be, used or transferred to another association or organization for the purposes described in clause (i) or (ii); and

"(B) does not include—

"(i) direct lobbying efforts through registered lobbyists employed or hired by a controlling private fund; or

"(ii) communications by a controlling private fund to its investors, executive or administrative personnel, and their families.

"(6) Political intervention.—The term 'political intervention' has the meaning given that term in section 4956 of the Internal Revenue Code of 1986.

"(7) 2-year election cycle.—The term '2-year election cycle' means the period beginning on the day after the most recent general election for Federal office and ending on the date of the next general election for Federal office.

"(b) Treatment of certain transfers to covered 501(c)(4) organizations.—For purposes of this section, any transfer of funds or anything of value by a controlling private fund or any affiliate to a covered 501(c)(4) organization shall be treated as an expenditure for political activities unless—

"(1) the transferor prohibited, in writing, the use of the transfer for political intervention, independent expenditures, electioneering communications, or other disbursements for a political purpose; and

"(2) the transferor reasonably relied on written representations of the covered 501(c)(4) organization that the transfer would be deposited and maintained in an account segregated from any account used by the covered 501(c)(4) organization to engage in political intervention.

"(c) Annual reports.—Not later than January 1, 2028, the Commission shall issue final rules requiring each controlling private fund to submit to the Commission, provide to its investors, and make publicly available an annual report containing—

"(1) with respect to each expenditure for political activities made during the preceding year by the controlling private fund or any affiliate—

"(A) a description of the expenditure;

"(B) the date of the expenditure;

"(C) the amount of the expenditure;

"(D) if the expenditure was made in support of or in opposition to a candidate, the name of the candidate, the office sought by the candidate, and the political party affiliation of the candidate; and

"(E) if the expenditure consisted of dues or other payments described in subsection (a)(5)(A)(iii), the name or identity of the trade association or organization receiving such dues or payments;

"(2) a summary of expenditures for political activities with respect to each election for which the aggregate amount of expenditures for political activities by the controlling private fund or any affiliate during the preceding year was not less than $10,000;

"(3) a description of the specific nature of any expenditure for political activities that the controlling private fund intends to make for the year in which the report is submitted, to the extent that the specific nature is known to the controlling private fund; and

"(4) the total amount of expenditures for political activities that the controlling private fund intends to make for the year in which the report is submitted.

"(d) Public availability.—The Commission shall make the reports required under subsection (c) publicly available through the internet website of the Commission in a manner that is searchable, sortable, and downloadable.

"(e) Rule of construction.—Nothing in this section shall be construed to authorize any expenditure for political activities otherwise prohibited by Federal law, including section 241 of the POPULIST Act.".

(b) Conforming amendment to Federal Election Campaign Act of 1971 to prohibit disbursements by corporations failing to assess preferences.—Section 316 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30118) is amended by adding at the end the following new subsection:

"(d) Prohibiting disbursements by corporations failing to assess shareholder preferences.—

"(1) Prohibition.—It shall be unlawful for a corporation to make, directly or indirectly (including through any covered affiliate, as defined in section 13(t) of the Securities Exchange Act of 1934), a disbursement for a political purpose unless the corporation—

"(A) has in place procedures to assess the preferences of its shareholders with respect to making such disbursements, as provided in section 10F of such Act;

"(B) is authorized to make such disbursement under section 10F(b) of such Act; and

"(C) does not make a disbursement that causes the corporation to exceed any aggregate authorized amount established under such section for the fiscal year in which the disbursement is made.

"(2) Definition.—In this section, the term 'disbursement for a political purpose' has the meaning given such term in section 10F of the Securities Exchange Act of 1934.".

(c) Conforming amendment.—The table of contents of the Securities Exchange Act of 1934 is amended by inserting after the item relating to section 10E the following:

"10F. Assessment of shareholder preferences for disbursements for political purposes.

"10G. Treatment of certain transfers to section 501(c)(4) organizations.

"10H. Civil action by shareholders for unlawful disbursements.

"10I. Political transparency for controlling private funds.".

(d) Effective date.—The amendments made by this section shall apply with respect to disbursements for a fiscal year beginning on or after July 1, 2027.

SEC. 245. DEBARMENT FOR UNLAWFUL CORPORATE POLITICAL SPENDING.

(a) Definitions.—In this section:

(1) Covered entity.—The term "covered entity" means—

(A) an issuer, including any covered affiliate (as such term is defined in section 13(t)(1) of the Securities Exchange Act of 1934); and

(B) a controlling private fund, including any affiliate of such fund.

(2) Covered violation.—The term 'covered violation' means—

(A) any covered violation, as defined in section 10H of the Securities Exchange Act of 1934; or

(B) any violation of section 10I of such Act.

(3) Final determination.—The term "final determination" means a final judgment, decree, or order of a court of competent jurisdiction, or a final order of the Securities and Exchange Commission, that determines that a covered entity committed a covered violation, including a consent judgment or consent order.

(4) Federal award.—The term "Federal award" means any contract, subcontract, grant, cooperative agreement, loan, loan guarantee, insurance, license, permit, concession, or other agreement or assistance that is awarded, approved, renewed, extended, or modified, in whole or in part, with Federal funds, and includes any award by any executive agency.

(5) Executive agency.—The term "executive agency" has the meaning given such term in section 105 of title 5, United States Code.

(b) Ineligibility.—Notwithstanding any other provision of law, a covered entity with respect to which a final determination has been made shall be ineligible to receive a Federal award during the ineligibility period described in subsection (c), except as provided in subsection (g).

(c) Ineligibility period.—The ineligibility period under this subsection shall begin on the date on which the final determination is made and shall end on the date that is 3 years after such date, except that if a final determination is made with respect to a subsequent covered violation during an ineligibility period, a new 3-year ineligibility period shall begin on the date of such subsequent final determination. A subsequent final determination relating to the same covered violation shall not begin a new ineligibility period.

(d) Certification requirement.—

(1) In general.—As a condition of receiving a Federal award, a covered entity shall certify, in a form and manner prescribed by the head of the executive agency making the award, that—

(A) the covered entity is not subject to an ineligibility period under subsection (c); or

(B) the covered entity is subject to an ineligibility period under subsection (c) and the head of the executive agency has granted a waiver under subsection (g) with respect to the Federal award.

(2) Duty to update.—A covered entity that has submitted a certification under paragraph (1) shall have a continuing obligation to update such certification if the covered entity becomes subject to an ineligibility period under subsection (c) or if a waiver granted under subsection (g) expires, is withdrawn, or is modified.

(e) Effect of false certification.—

(1) False claims.—A certification submitted under subsection (d) that is false, fictitious, or fraudulent, and any request for payment, reimbursement, disbursement, or other benefit made under a Federal award while a covered entity is subject to an ineligibility period under subsection (c) and no waiver under subsection (g) applies to such Federal award, shall be treated as a false or fraudulent claim for purposes of subchapter III of chapter 37 of title 31, United States Code.

(2) Other remedies preserved.—Nothing in this section shall be construed to limit any other remedy or authority available under Federal law, including suspension and debarment authorities, termination for default, recoupment, disgorgement, or the recovery of damages.

(f) Administration and enforcement.—

(1) Agency action.—Each executive agency shall include in its award documents such terms as are necessary to carry out this section, including certification, termination, and repayment terms.

(2) Government-wide listing.—The Administrator of General Services shall maintain a publicly available government-wide list of covered entities subject to an ineligibility period under subsection (c), and each executive agency shall consult such list before making a Federal award.

(3) Notice and updating.—

(A) Judicial determinations.—Not later than 10 days after a judgment, decree, or order of a court becomes a final determination under subsection (a)(3), the clerk of the court shall transmit a copy of the final determination to the Administrator of General Services.

(B) Commission determinations.—Not later than 10 days after an order of the Securities and Exchange Commission becomes a final determination under subsection (a)(3), the Commission shall transmit a copy of the final determination to the Administrator of General Services.

(C) Government-wide list.—Not later than 10 days after receiving a final determination under subparagraph (A) or (B), the Administrator shall add the covered entity to the list maintained under paragraph (2). Not later than 10 days after the applicable ineligibility period ends, the Administrator shall remove the covered entity from the list unless another ineligibility period remains in effect.

(4) Referral.—The head of an executive agency that has credible information that a covered entity has committed a covered violation or has made a false certification under subsection (d) shall refer such information to the Attorney General.

(g) Waiver.—

(1) In general.—The head of an executive agency may waive the application of subsection (b) with respect to a specific Federal award for a period of 6 months if the head of the executive agency—

(A) determines, in writing, that—

(i) the waiver is necessary to avoid—

(I) an imminent threat to public health or safety;

(II) an articulable threat to national security; or

(III) an imminent threat to the continuity of essential government operations; and

(ii) no practicable alternative source is reasonably available; and

(B) submits to the Committees on Oversight and Accountability and Judiciary of the House of Representatives and the Committees on Homeland Security and Governmental Affairs and Judiciary of the Senate a report describing the waiver and the reasons for the waiver.

(2) Renewal.—A waiver under this subsection may be renewed for additional 6-month periods if the requirements of paragraph (1) are satisfied with respect to each renewal.

Subtitle E—Financial Market Integrity and Corporate Accountability

SEC. 251. PROHIBITION ON STOCK BUYBACKS.

(a) Definitions.—In this section—

(1) Equity security.—The term "equity security" has the meaning given such term in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

(2) Exchange.—The term "exchange" has the meaning given such term in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

(3) Issuer.—The term "issuer" has the meaning given such term in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

(4) National securities exchange.—The term "national securities exchange" means an exchange registered under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).

(b) Prohibition.—Notwithstanding any other provision of law, no issuer may purchase an equity security of the issuer on a national securities exchange.

(c) Elimination of safe harbor.—Section 240.10b–18 of title 17, Code of Federal Regulations, shall have no force or effect.

(d) Rule of construction.—Nothing in this section shall be construed to affect tender offers conducted pursuant to section 240.13e–4 or sections 240.14e–1 through 240.14f–1 of title 17, Code of Federal Regulations.

SEC. 252. FAILED BANK EXECUTIVES CLAWBACK AND HOLDING COMPANY LIABILITY.

(a) Clawback authority for insured depository institutions.—Section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)) is amended by inserting after paragraph (8) the following:

"(9) Clawback.—

"(A) Definition.—In this paragraph, the term 'covered compensation' means—

"(i) salary;

"(ii) bonuses;

"(iii) any compensation that is granted, earned, or vested based wholly or in part upon the attainment of any financial reporting measure or other performance metric;

"(iv) equity-based compensation;

"(v) time- or service-based awards;

"(vi) awards based on nonfinancial metrics; and

"(vii) any profits realized from the buying or selling of securities.

"(B) Liability of institution-affiliated party.—An institution-affiliated party that is substantially responsible for the condition of an insured depository institution is liable to the Corporation for any covered compensation clawed back under subparagraph (C).

"(C) Required clawbacks.—In the case of insolvency or resolution of any insured depository institution, the Corporation shall claw back all or part of the covered compensation received by an institution-affiliated party during the preceding 5 years as is necessary to prevent unjust enrichment and assure that the party bears losses consistent with the responsibility of the party.

"(D) Deposit.—Any covered compensation clawed back under this paragraph shall be deposited into the Deposit Insurance Fund or into the general fund of the Treasury.".

(b) Clawback authority for covered financial companies.—Section 204 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5384) is amended by adding at the end the following:

"(e) Clawback.—

"(1) Definition.—In this subsection, the term 'covered compensation' means—

"(A) salary;

"(B) bonuses;

"(C) any compensation that is granted, earned, or vested based wholly or in part upon the attainment of any financial reporting measure or other performance metric;

"(D) equity-based compensation;

"(E) time- or service-based awards;

"(F) awards based on nonfinancial metrics; and

"(G) any profits realized from the buying or selling of securities.

"(2) Liability of institution-affiliated party.—An institution-affiliated party that is substantially responsible for the condition of a covered financial company is liable to the Corporation for any covered compensation clawed back under paragraph (3).

"(3) Required clawbacks.—In the case of insolvency or resolution of any covered financial company, the Corporation shall claw back all or part of the covered compensation received by an institution-affiliated party during the preceding 5 years as is necessary to prevent unjust enrichment and assure that the party bears losses consistent with the responsibility of the party.

"(4) Deposit.—Any covered compensation clawed back under this subsection shall be deposited into the Deposit Insurance Fund or into the general fund of the Treasury.".

(c) Bank holding company liability.—The Bank Holding Company Act (12 U.S.C. 1841 et seq.) is amended by adding at the end the following:

"Sec. 15. Liability to the Federal Deposit Insurance Corporation.

"(a) Definitions.—In this section:

"(1) Insured depository institution.—The term 'insured depository institution' has the meaning given the term in section 3 of the Federal Deposit Insurance Act.

"(2) Corporation.—The term 'Corporation' means the Federal Deposit Insurance Corporation.

"(b) In general.—Any bank holding company that has control over an insured depository institution for which the Corporation is appointed and acts as receiver under section 11 of the Federal Deposit Insurance Act shall be liable to the Corporation for—

"(1) any payments from the Deposit Insurance Fund to insured depositors of such insured depository institution;

"(2) any costs incurred by the Corporation as receiver of such insured depository institution; and

"(3) interest on each amount described in paragraph (1) or (2), accruing from the date the amount is paid or incurred by the Corporation, at the underpayment rate determined under section 6621(a)(2) of the Internal Revenue Code of 1986 and compounded daily under section 6622(a) of such Code.

"(c) Lien against all assets.—

"(1) In general.—Any liability of a bank holding company to the Corporation under subsection (b) shall be secured by a lien on all assets of such bank holding company.

"(2) Specifications.—Any lien arising under this subsection—

"(A) shall be deemed to be automatically perfected;

"(B) shall have priority over all other liens, irrespective of their date of creation or perfection; and

"(C) may not be avoided in a proceeding under title 11, United States Code.

"(d) Priority of liability.—

"(1) In general.—Any liability of a bank holding company to the Corporation under subsection (b) shall have payment priority over all other liabilities of and interests in the bank holding company.

"(2) Clarifying rule.—No payment shall be made to any other creditor or shareholder of the bank holding company until the liability to the Corporation under this section has been paid in full.

"(e) Treatment under systemic solvency rule.—

"(1) Separate entity determination.—For purposes of section 254 of the POPULIST Act, the liability of a bank holding company under this section shall be included in the separate entity determination of the bank holding company at an amount equal to the aggregate amount of the insured deposits of all insured depository institutions controlled by the bank holding company, determined as of the date of the systemic solvency determination, plus a standardized allowance for receivership costs and interest determined under paragraph (4). An equity or other ownership interest of the bank holding company in an insured depository institution shall not reduce the amount of the liability recognized under this paragraph.

"(2) Enterprise-group determination.—In a determination required under section 254(e)(2) of the POPULIST Act, the same underlying insured deposit liability may not be counted more than once solely because the liability is reflected both as a liability of the insured depository institution and as a liability of the bank holding company under this section. A receivership cost, interest obligation, or other amount included in the liability under this section that is not otherwise reflected in the enterprise-group determination shall be recognized separately.

"(3) Actual liability unaffected.—Nothing in paragraph (2)—

"(A) limits the liability of a bank holding company to the Corporation under this section;

"(B) affects the lien or priority established under subsections (c) and (d); or

"(C) limits the separate entity requirements of section 254(e)(1) of the POPULIST Act.

"(4) Rules.—The Office of Systemic Solvency established under section 254(h) of the POPULIST Act, in consultation with the Corporation, shall prescribe rules for determining and reporting liabilities under this subsection for purposes of section 254 of the POPULIST Act, including a conservative percentage of aggregate insured deposits to be used as the standardized allowance under paragraph (1), based on historical receivership costs and interest.".

SEC. 253. PROHIBITION ON PRIVATE EQUITY INVESTMENTS IN EMPLOYEE BENEFIT PLANS.

Section 404(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)) is amended by adding at the end the following:

"(3) Prohibition on private equity and alternative investments.—

"(A) In general.—A fiduciary shall not cause the assets of an employee benefit plan to be invested, directly or indirectly, in—

"(i) a private equity fund;

"(ii) a hedge fund;

"(iii) a private credit fund;

"(iv) a venture capital fund; or

"(v) any other pooled investment vehicle or investment arrangement that is not publicly traded on a national securities exchange and that is characterized by illiquidity, a limited ability to redeem, or the absence of transparent market pricing.

"(B) Indirect investments prohibited.—The prohibition under subparagraph (A) applies regardless of whether the investment is made—

"(i) directly by the plan;

"(ii) through a fund of funds;

"(iii) through a target date fund or similar asset allocation vehicle; or

"(iv) through any other intermediary, special purpose vehicle, or structured product.

"(C) No waiver or exemption.—Any agreement, plan term, regulation, guidance, or other action that purports to permit an investment prohibited under this paragraph shall have no force or effect.

"(D) Fiduciary breach.—A violation of this paragraph shall constitute a breach of fiduciary duty under this title.

"(E) Effective date and transition.—

"(i) Effective date.—Subparagraphs (A) through (D) shall apply beginning on January 1, 2027.

"(ii) No additional plan assets.—Beginning on January 1, 2027, a fiduciary may not cause plan assets to be contributed, committed, invested, reinvested, recycled, or otherwise added, directly or indirectly, to an investment described in subparagraph (A), including pursuant to an agreement entered into before that date.

"(iii) Contract override.—Notwithstanding any other provision of law or the terms of any agreement, any provision requiring or permitting a contribution, investment, reinvestment, recycling, or other addition of plan assets prohibited under clause (ii) shall be void and unenforceable with respect to the plan and its fiduciaries. No person may impose a default, forfeiture, dilution, penalty, acceleration, fee, reduction in value or ownership, termination of rights, or other adverse consequence because a plan or fiduciary declines to provide plan assets in accordance with clause (ii).

"(iv) Existing funded interests.—A fiduciary may retain through June 30, 2028, an interest acquired before January 1, 2027, that would otherwise be prohibited under subparagraph (A), only while promptly and diligently pursuing the sale, transfer, redemption, or other disposition of the interest. The fiduciary shall complete the disposition of each such interest not later than June 30, 2028.

"(v) Automatic statutory redemption.—

"(I) In general.—Any interest described in clause (iv) held by a plan as of July 1, 2028, shall, by operation of law, be deemed redeemed as of that date. The plan shall cease to hold an interest in the applicable investment vehicle and shall instead hold a claim for the statutory redemption value determined under subclause (III).

"(II) Liability.—The applicable investment vehicle and each general partner, managing member, sponsor, investment adviser, or investment manager that controls or has authority over the management, redemption, or disposition of the interest shall be jointly and severally liable to the plan for payment of the statutory redemption value.

"(III) Statutory redemption value.—The statutory redemption value shall be the fair value of the plan's direct or indirect economic interest as of July 1, 2028, determined in accordance with rules issued under subparagraph (F), without reduction by reason of—

"(aa) a transfer restriction, consent requirement, right of first refusal, lockup, redemption limitation, or similar contractual restriction;

"(bb) an exit fee, default charge, penalty, forfeiture, dilution, or other consequence arising from compliance with this paragraph; or

"(cc) the fact that the redemption is required by this paragraph.

"(IV) Economic position fixed.—Except for interest on an unpaid statutory redemption obligation, no capital call, contribution obligation, management fee, exit fee, penalty, gain, loss, distribution entitlement, or other change associated with the

investment shall accrue to or against the plan after July 1, 2028. A payment or distribution received by the plan after that date with respect to the redeemed interest shall be credited against the unpaid statutory redemption obligation.

"(V) Interest.—An unpaid statutory redemption obligation shall bear interest beginning on July 1, 2028, at the rate determined under section 1961(a) of title 28, United States Code, except that, for purposes of determining such rate, July 1, 2028, shall be treated as the date of the judgment. Interest shall be computed daily and compounded annually in accordance with section 1961(b) of such title.

"(VI) Enforcement.—The Secretary or the plan may bring a civil action in an appropriate district court of the United States to enforce this clause. In a successful action brought by a plan, the court shall award the unpaid statutory redemption value, accrued interest, and reasonable attorney's fees and costs.

"(F) Rulemaking.—

"(i) Interim final rules.—Not later than July 1, 2027, the Secretary, in consultation with the Securities and Exchange Commission, the Secretary of the Treasury, and the Pension Benefit Guaranty Corporation, shall issue interim final rules to carry out subparagraph (E). The Secretary shall issue the interim final rules without regard to section 553 of title 5, United States Code. The rules shall have the force and effect of law immediately upon publication.

"(ii) Public comment.—The Secretary shall provide a period of not less than 90 days for public comment after publication of the interim final rules.

"(iii) Final rules.—Not later than January 1, 2028, the Secretary shall issue final rules to carry out subparagraph (E).

"(iv) Subjects.—The rules issued under this subparagraph shall establish procedures and standards governing—

"(I) notice, documentation, reporting, and recordkeeping;

"(II) orderly sale, transfer, redemption, and other disposition of direct and indirect interests;

"(III) treatment of funds of funds, target date funds, pooled investment vehicles, intermediaries, special purpose vehicles, structured products, and distributions in kind;

"(IV) independent valuation and determination of statutory redemption value;

"(V) allocation of responsibility among investment vehicles, general partners, managing members, sponsors, investment advisers, investment managers, fiduciaries, custodians, and intermediaries;

"(VI) payment, distributions, valuation disputes, and enforcement of statutory redemption obligations; and

"(VII) prevention of evasion, artificial reductions in value, asset transfers, preferential payments, fees, penalties, or other actions inconsistent with this paragraph.

"(v) Limitations on authority.—The Secretary may not—

"(I) extend or waive the January 1, 2027, or July 1, 2028, dates established under subparagraph (E);

"(II) permit a contribution, investment, reinvestment, recycling, commitment, or other addition of plan assets prohibited under subparagraph (E);

"(III) exempt a person, plan, investment vehicle, investment arrangement, or class thereof from subparagraph (E); or

"(IV) authorize a contractual restriction, fee, penalty, forfeiture, dilution, reduction in value, or other adverse consequence prohibited under subparagraph (E).".

SEC. 254. SYSTEMIC SOLVENCY RULE.

(a) Definitions.—In this section:

(1) Affiliate.—The term "affiliate", with respect to a person, means any other person that directly or indirectly controls, is controlled by, or is under common control with that person. For purposes of this paragraph, the term "control" means the direct or indirect power to direct the management or policies of a person, whether through ownership, contract, guarantee, financing arrangement, or otherwise.

(2) Appropriate functional regulator.—The term "appropriate functional regulator" means—

(A) each Federal or State agency that has primary supervisory, regulatory, examination, or enforcement authority over a limited liability entity or a material activity of the entity, including—

(i) the Board;

(ii) the Office of the Comptroller of the Currency;

(iii) the Federal Deposit Insurance Corporation;

(iv) the National Credit Union Administration;

(v) the Securities and Exchange Commission;

(vi) the Commodity Futures Trading Commission;

(vii) the Federal Housing Finance Agency;

(viii) a State insurance, banking, credit union, securities, or other financial regulator; and

(ix) any other Federal or State agency designated by the Office based on the legal authority and responsibilities of the agency; and

(B) the Office, with respect to a limited liability entity or activity for which no other agency has primary supervisory, regulatory, examination, or enforcement authority.

(3) Board.—The term "Board" means the Board of Governors of the Federal Reserve System.

(4) Compliance ratio.—The term "compliance ratio" means the value of the real assets of a limited liability entity divided by the value of the liabilities of the entity in the worst financial state, after application of subsections (c) through (e). If the value of the liabilities is zero, the compliance ratio shall be deemed to be 1.

(5) Director.—The term "Director" means the Director of the Office of Systemic Solvency.

(6) Enforcing authority.—The term "enforcing authority" means—

(A) an appropriate functional regulator acting within its jurisdiction; or

(B) the Office acting pursuant to subsection (i)(4),

except that a State agency may exercise an authority provided under this section only to the extent permitted under Federal or State law.

(7) Enterprise group.—The term "enterprise group" means a limited liability entity and each affiliate or other person that is under common control with, economically integrated with, or materially linked to that entity through a guarantee, liquidity commitment, loss-sharing arrangement, financial support arrangement, transfer of risk, or other arrangement under which the assets, liabilities, or financial condition of one may materially affect the assets, liabilities, or financial condition of another.

(8) Financial asset.—

(A) In general.—The term "financial asset" means an asset the value of which consists principally of—

(i) a claim against, ownership interest in, or financial obligation of another person; or

(ii) an amount determined by reference to a financial event.

(B) Inclusions.—The term includes a deposit, loan, debt security, equity security, derivative, repurchase claim, securities lending claim, guarantee, insurance claim, liquidity commitment, participation interest, or similar financial instrument or contractual claim, whether recorded on or off the balance sheet.

(C) Exclusions.—The term does not include—

(i) an amount of Treasury Dollar Bills;

(ii) United States coins or currency; or

(iii) a bona fide commercial receivable described in paragraph (15)(B)(iii).

(9) Financial contract.—The term "financial contract" means any agreement, instrument, arrangement, or transaction that—

(A) creates a financial asset or liability;

(B) provides financing, liquidity, payment, settlement, redemption, repurchase, value support, or financial risk transfer; or

(C) provides for the payment or transfer of money, a financial asset, or another thing of value upon the occurrence of an event.

(10) Financial event.—The term "financial event" means—

(A) a change in the price, value, rate, yield, volatility, liquidity, creditworthiness, default status, or performance of an asset, liability, contract, instrument, currency, commodity, market, index, or benchmark, if that change determines the amount or existence of an obligation under a financial contract; or

(B) any other event or condition determined principally by reference to a financial instrument, financial market, market price, rate, index, or benchmark.

(11) Independently realizable value.—The term "independently realizable value" means the amount reasonably expected to be received, as of the date of determination, from an arm's-length sale, lease, license, collection, or other disposition of an asset within a commercially reasonable period, less direct disposition costs and any legally superior interest in the asset that is not otherwise included as a liability under this section, determined without regard to goodwill, going concern value, anticipated synergies, or anticipated governmental assistance.

(12) Liability.—The term "liability" means a present legal obligation arising from a past transaction or event, whether fixed or contingent, direct or indirect, and whether or not recorded on a balance sheet, under which a limited liability entity may be required to pay money, transfer property, redeem or support a financial claim, or perform under a guarantee, indemnity, insurance contract, liquidity commitment, or other financial contract. The term does not include an executory obligation to the extent that the entity has not received the corresponding property, goods, or nonfinancial services and may terminate the obligation without a material payment or penalty.

(13) Limited liability entity.—

(A) In general.—The term "limited liability entity" means any corporation, company, limited liability company, limited partnership, limited liability partnership, business trust, statutory trust, fund, cooperative, association, Government corporation, or other legal organization engaged in or affecting interstate or foreign commerce in which no natural person bears unlimited personal liability for all obligations of the organization.

(B) Exclusions.—The term does not include—

(i) a natural person;

(ii) a sole proprietorship;

(iii) a general partnership in which each partner is a natural person who bears unlimited personal liability for all obligations of the partnership;

(iv) a trust established solely for personal, family, charitable, or testamentary purposes that is not engaged in commercial or financial activity;

(v) the United States;

(vi) a State, Indian Tribe, or political subdivision of a State or Indian Tribe; or

(vii) a foreign sovereign.

(C) Separate governmental entities.—Subparagraph (B) does not exclude a corporation or other separate legal entity established, owned, or controlled by a government.

(14) Office.—The term "Office" means the Office of Systemic Solvency established under subsection (h).

(15) Real asset.—

(A) In general.—The term "real asset" means an asset whose value arises directly from—

(i) ownership of, or an enforceable entitlement to, tangible property;

(ii) ownership of, or an enforceable entitlement to, independently transferable intangible property;

(iii) an enforceable entitlement to labor, goods, nonfinancial services, productive capacity, or other activity in the real economy; or

(iv) its status as money issued directly by the United States, including an amount of Treasury Dollar Bills and United States coins or currency.

(B) Inclusions.—The term includes—

(i) land, structures, equipment, machinery, inventory, commodities, and other tangible property;

(ii) patents, copyrights, trade secrets, licenses, and other intangible property to the extent independently transferable and realizable apart from the continued operation or reputation of the limited liability entity; and

(iii) a bona fide account receivable arising in the ordinary course from the sale or lease of goods or the provision of nonfinancial services, to the extent that the goods have been delivered or made available or the services have been performed.

(C) Exclusions.—The term does not include—

(i) a financial asset;

(ii) goodwill, going concern value, brand value, organizational value, or another accounting intangible that is not independently transferable and realizable;

(iii) a deferred tax asset or other asset consisting solely of an anticipated accounting or tax benefit;

(iv) an internally generated accounting entry that does not represent an independently realizable asset; or

(v) a loan, extension of credit, or financing arrangement characterized as a commercial receivable for the purpose or effect of avoiding this section.

(16) Real event.—The term "real event" means an event or condition that is not a financial event and that arises principally from—

(A) death, illness, injury, disability, or another biological condition;

(B) physical damage, loss, destruction, theft, weather, natural disaster, or another physical or environmental condition;

(C) the production, supply, demand, delivery, condition, availability, or physical loss of a real asset, commodity, good, or nonfinancial service;

(D) the performance or nonperformance of an obligation to provide labor, goods, or nonfinancial services; or

(E) another event or condition arising principally from activity in the real economy.

(17) Responsible officer.—The term "responsible officer" means—

(A) the chief executive officer and chief financial officer of a limited liability entity;

(B) if the entity does not have an officer described in subparagraph (A), each officer or other person performing substantially equivalent functions; or

(C) such other officer or person with primary responsibility for the financial statements, financial condition, or risk management of the entity as the Office may designate by rule.

(18) Systemic solvency; systemically solvent.—The terms "systemic solvency" and "systemically solvent" mean the condition in which, after application of subsections (c) through (e), the value of the real assets of a limited liability entity is not less than the value of the liabilities of the entity in the worst financial state.

(19) Systemic solvency shortfall.—The term "systemic solvency shortfall" means the amount, if any, by which the value of the liabilities of a limited liability entity in the worst financial state exceeds the value of the real assets of the entity.

(20) Worst financial state.—The term "worst financial state" means the single internally consistent state of the world, permitted by the legal terms of the financial contracts and liabilities of a limited liability entity, in which all relevant financial events occur in the combination that produces the most adverse net financial position for the entity, determined—

(A) without regard to probability, expected value, historical correlation, regulatory risk weighting, or anticipated governmental assistance;

(B) by reference to the maximum legally enforceable obligations and valuation consequences that may arise in that state; and

(C) after recognizing only offsets, hedges, collateral, netting rights, and other protections permitted under subsection (c).

(b) Systemic solvency requirement.—

(1) General rule.—Except as provided in subsection (f), each limited liability entity shall maintain systemic solvency.

(2) Prohibited actions.—Subject to subsection (f), a limited liability entity may not take any action if, immediately after giving effect to the action, the entity would not be systemically solvent, including—

(A) issuing, assuming, renewing, extending, or materially modifying a liability or financial contract;

(B) providing a guarantee, indemnity, liquidity commitment, repurchase commitment, value support arrangement, or other financial support;

(C) making a dividend, distribution, redemption, repurchase, return of capital, or other transfer to an owner or holder of an equity interest;

(D) selling, transferring, pledging, encumbering, or otherwise disposing of a real asset;

(E) merging, consolidating, dividing, reorganizing, or transferring assets or liabilities; or

(F) entering into any other transaction or arrangement that creates, increases, transfers, or materially changes a liability or financial exposure.

(3) Effects to be included.—In applying paragraph (2), the limited liability entity shall take into account all direct, indirect, fixed, contingent, on-balance-sheet, and off-balance-sheet effects that may arise under the legal terms of the action, without regard to the accounting characterization, form, label, or expected probability of those effects.

(4) No reliance on future relief.—A determination of systemic solvency may not rely on—

(A) expected future earnings;

(B) an anticipated refinancing, rollover, renewal, capital contribution, or asset sale that is not legally binding and fully funded;

(C) anticipated governmental assistance, emergency lending, regulatory forbearance, or public loss absorption; or

(D) discretionary support from an affiliate or other person that is not recognized under subsection (c)(8).

(5) Ordinary equity financing preserved.—Nothing in this section shall prohibit a limited liability entity from issuing an equity interest that does not require redemption, repurchase, a fixed or guaranteed return, value support, or any other payment or performance that constitutes a liability under this section, if the issuance does not otherwise cause or increase a systemic solvency shortfall.

(c) Valuation of liabilities in the worst financial state.—

(1) General rule.—For purposes of determining systemic solvency, each liability of a limited liability entity shall be identified and valued as of the same date in accordance with this subsection, whether or not the liability is recognized, disclosed, reserved against, or recorded under generally accepted accounting principles or another accounting, regulatory, or reporting standard.

(2) Fixed and noncontingent liabilities.—A fixed or noncontingent liability shall be valued at the amount required, as of the date of determination, to satisfy or extinguish the liability in accordance with its legal terms, including outstanding principal, accrued interest, mandatory fees, and any then applicable termination or prepayment amount.

(3) Liabilities contingent on real events.—

(A) In general.—A liability contingent solely on 1 or more real events shall be valued at the greater of—

(i) the amount required to be maintained or recognized as a reserve under applicable law; or

(ii) the amount determined under generally accepted actuarial principles or another sound and consistently applied method prescribed by the Office.

(B) Probability permitted.—A valuation under this paragraph may take into account probability, expected value, historical experience, diversification of independent real risks, and the expected timing of payment.

(C) Financial component.—To the extent that the amount or existence of a liability described in subparagraph (A) also depends on a financial event, that portion of the liability shall be valued under paragraph (4).

(4) Liabilities contingent on financial events.—A liability contingent in whole or in part on a financial event shall be valued at the maximum amount that the limited liability entity may be legally obligated to pay, transfer, deliver, or perform in the worst financial state, without discount for probability, expected value, historical correlation, diversification, regulatory risk weighting, or anticipated governmental or private assistance.

(5) Financial contracts recorded as assets.—If a financial contract recorded or treated as an asset may require the limited liability entity to make a payment, transfer property, deliver a financial asset, or otherwise perform in the worst financial state—

(A) the contract shall be treated as a liability to the extent of the maximum net obligation arising in that state; and

(B) no positive accounting or market value assigned to the contract shall be treated as a real asset.

(6) Unbounded or indeterminate exposure.—

(A) In general.—If the maximum obligation arising from a liability contingent in whole or in part on a financial event, or from a financial contract, is unbounded, indeterminate, or

incapable of being reduced to a finite amount under its legal terms, the resulting liability shall be treated as unlimited.

(B) Effect.—A limited liability entity with a liability described in subparagraph (A) shall be deemed not systemically solvent unless the exposure is completely and legally eliminated by an offset recognized under paragraph (8).

(C) No statistical cap.—A confidence interval, value-at-risk measure, stress-test percentile, historical maximum, or other statistical estimate may not be used to establish a finite value for an obligation that is legally unbounded.

(7) Single internally consistent state.—

(A) Portfolio-wide determination.—The worst financial state shall be determined across all liabilities, financial contracts, financial assets, offsets, hedges, and collateral of the limited liability entity using a single internally consistent combination of financial events.

(B) Consistent variables.—The same price, rate, index, default status, market condition, or other financial variable may not be assigned inconsistent values for different positions in the same determination.

(C) No selective scenarios.—A limited liability entity may not select different adverse states for different positions for the purpose or effect of reducing the aggregate value of its liabilities.

(8) Offsets, hedges, collateral, and netting.—

(A) General requirements.—An offset, hedge, collateral position, netting right, guarantee, or other protection may be recognized only to the extent that—

(i) it is valid and legally enforceable in the worst financial state, including during insolvency, bankruptcy, receivership, or resolution;

(ii) it is legally and operationally available to satisfy the relevant liability and is not subject to a conflicting claim, transfer restriction, or discretionary refusal that would prevent performance in that state;

(iii) its value, availability, and performance are determined in the same internally consistent state used to value the liability;

(iv) any obligation of another person relied upon as protection is supported, in that same state, by real assets sufficient to permit performance after satisfaction of the other liabilities of that person, or is fully collateralized by assets available under clauses (i) through (iii); and

(v) the same asset, contract, payment claim, collateral, or other protection is not counted more than once.

(B) Matched financial positions.—A financial asset or financial contract may offset a liability to the extent that—

(i) the asset or contract is legally deliverable in satisfaction of the liability; or

(ii) its value necessarily changes in a manner that offsets the liability in the same worst financial state.

(C) Netting.—A right of setoff, close-out netting, payment netting, or termination netting may be recognized only to the extent that the right—

(i) applies between the same legally obligated parties or pursuant to a legally enforceable multilateral arrangement;

(ii) remains enforceable notwithstanding insolvency, bankruptcy, receivership, resolution, or the imposition of a stay; and

(iii) does not depend on discretionary performance by the limited liability entity or another person.

(D) Collateral.—

(i) General rule.—Collateral shall be valued in the same worst financial state as the liability it supports.

(ii) Financial collateral.—Financial collateral may reduce the value of a liability to the extent permitted under subparagraph (A), but shall not be treated as a real asset.

(iii) Interest in real collateral owned by another person.—A perfected and legally enforceable interest in identifiable real collateral owned by another person may be recognized as a collateral position, but not as a real asset of the limited liability entity, only to the extent of the lesser of—

(I) the unpaid amount of the obligation secured by the collateral; or

(II) the net amount reasonably expected to be realized by the limited liability entity through enforcement of its interest within a commercially reasonable period in the same worst financial state, after deducting legally superior interests, taxes, carrying costs, enforcement costs, disposition costs, completion or stabilization costs, and adjustments for physical condition, incomplete construction, legal or operational delay, transfer restrictions, market depth, and uncertainty.

(iv) Aggregate recognition.—Collateral positions described in clause (iii) may be recognized on an aggregate basis across one or more liabilities, except that—

(I) the aggregate amount by which liabilities are reduced may not exceed the aggregate amount recognized under clause (iii);

(II) the aggregate amount shall be further reduced as necessary to reflect concentration or correlation among collateral, obligors, markets, geographic areas, purchasers, or uses, simultaneous enforcement or disposition, limited market capacity, or another condition that would reduce aggregate recovery;

(III) pooling, diversification, securitization, tranching, or a credit rating may not, by itself, increase the amount recognized; and

(IV) no collateral, interest, or value may be counted more than once.

(v) No duplicate treatment.—A real asset recognized under subsection (d) may not also be used to reduce the value of a liability under this paragraph.

(E) No assumed transactions.—An offset may not be based on an assumed refinancing, rollover, future purchase or sale, discretionary margin payment, voluntary capital contribution, or other transaction that is not legally binding and fully funded as of the date of determination.

(9) Guarantees, indemnities, and financial support.—

(A) Provider.—A guarantee, indemnity, liquidity commitment, repurchase commitment, value support arrangement, or similar financial support shall be valued as a liability of the provider at the maximum amount for which the provider may be responsible in the worst financial state.

(B) Beneficiary.—A beneficiary may recognize an arrangement described in subparagraph (A) as an offset only to the extent permitted under paragraph (8), and may not assume that the provider will receive governmental assistance, affiliate support, refinancing, or other relief in order to perform.

(10) Regulatory methodologies.—The Office shall prescribe standardized methodologies for applying this subsection, including methodologies for evaluating linked, circular, or recursive obligations of multiple persons, but no methodology may—

(A) substitute statistical probability, expected loss, historical correlation, or regulatory risk weighting for maximum legal exposure to a financial event;

(B) treat an unenforceable, unavailable, or unfunded protection as an offset; or

(C) permit inconsistent assumptions concerning the same financial event.

(d) Valuation of real assets.—

(1) General rule.—For purposes of determining systemic solvency, a real asset shall be valued at its independently realizable value as of the same date used to value liabilities under subsection (c), using conservative, verifiable, and consistently applied methods.

(2) Tangible property.—The value of land, structures, equipment, machinery, inventory, commodities, and other tangible property shall—

(A) reflect the amount reasonably obtainable in an arm's-length transaction within a commercially reasonable period;

(B) account for physical condition, depreciation, obsolescence, location, legal restrictions, disposition costs, and the depth and reliability of the relevant market; and

(C) exclude any value attributable solely to the continued operation, reputation, organization, or expected future profitability of the limited liability entity.

(3) Productive assets in use.—A real asset need not be sold or removed from productive use in order to be recognized, but its value shall be based on the independently realizable

value of the asset itself and not on goodwill, going concern value, anticipated synergies, or projected earnings of the enterprise.

(4) Intangible property.—A patent, copyright, trade secret, license, or other intangible property may be recognized as a real asset only to the extent that—

(A) the property is legally enforceable;

(B) the property is separately transferable or licensable apart from the continued operation or reputation of the limited liability entity;

(C) the limited liability entity possesses the legal authority necessary to transfer or license the property; and

(D) the assigned value is supported by verifiable arm's-length transactions, enforceable licensing arrangements, or another conservative valuation method prescribed by the Office.

(5) Commercial receivables.—

(A) In general.—A bona fide commercial receivable described in subsection (a)(15)(B)(iii) shall be valued at the amount reasonably expected to be collected, reduced by allowances for nonpayment, dispute, return, offset, warranty obligation, collection cost, and delay.

(B) Performance required.—A receivable may not be recognized as a real asset unless the goods have been delivered or made available under the sale or lease, or the nonfinancial services have been performed, to the extent giving rise to the receivable.

(C) Financing excluded.—A receivable arising principally from an extension of credit, financing arrangement, deferred payment investment, or transaction structured for the purpose or effect of creating a financial asset shall not be treated as a real asset.

(6) Money of the United States.—

(A) An amount of Treasury Dollar Bills shall be valued at par.

(B) United States coins and currency shall be valued at face value.

(C) No amount may be added for anticipated interest, appreciation, exchange value, scarcity, or resale value.

(7) Encumbrances and interests of other persons.—

(A) A lien or security interest securing a liability fully included under subsection (c) shall not, solely by reason of securing that liability, reduce the value of the real asset.

(B) The value of a real asset shall be reduced by the value of any ownership interest, beneficial interest, superior claim, use restriction, or other interest of another person that—

(i) limits the amount the limited liability entity may realize from the asset; and

(ii) is not otherwise included as a liability under subsection (c).

(C) A fractional or partial interest shall be recognized only to the extent of the limited liability entity's legally enforceable interest.

(8) Financial assets and offsets.—

(A) A financial asset shall not be valued as a real asset.

(B) A financial asset may be recognized only as an offset under subsection (c)(8).

(C) No asset, value, contractual claim, collateral position, or other protection may be counted both—

(i) as a real asset under this subsection; and

(ii) as an offset reducing a liability under subsection (c).

(9) Impairment and uncertainty.—The value of a real asset shall be reduced as necessary to reflect—

(A) illiquidity or the absence of a reliable market;

(B) technological, legal, physical, or economic obsolescence;

(C) pending litigation, contamination, remediation duties, title defects, or transfer restrictions;

(D) concentration or correlation among assets, obligors, markets, geographic areas, purchasers, or uses, including impairment arising from simultaneous enforcement or disposition;

(E) uncertainty concerning ownership, enforceability, condition, collectability, or transferability; and

(F) any other factor that materially reduces independently realizable value.

(10) No double counting.—A real asset or portion of a real asset may not be counted more than once by the same limited liability entity, by different members of an enterprise group, or through direct ownership, beneficial ownership, a participation interest, a trust, a special purpose vehicle, or another arrangement.

(11) Documentation, appraisal, and valuation independence.—

(A) Records.—A limited liability entity shall maintain records sufficient to establish the existence, ownership, condition, valuation method, and independently realizable value of each material real asset and each material collateral position.

(B) Independent review.—The Office may require an independent appraisal or valuation for a class of assets or collateral positions or for an asset or collateral position exceeding a threshold established by rule.

(C) Independence.—An appraisal or valuation relied upon under this section may not be prepared, directed, or compensated under an arrangement in which compensation, continued engagement, or another benefit depends on—

(i) the amount of the valuation;

(ii) completion of a loan, financing, securitization, acquisition, disposition, or other transaction; or

(iii) attainment of a requested or predetermined result.

(D) Prohibited influence.—A person engaged in origination, sales, underwriting, or transaction structuring may not direct or control the conclusion of an appraisal or valuation, and no interested person may coerce, influence, or attempt to influence such a conclusion.

(E) Office authority.—An appraisal or valuation shall not bind the Office. The Office may reject an appraisal or valuation, require an additional appraisal or valuation, apply a standardized benchmark or conservative adjustment, or recognize an amount less than the appraised or stated value if necessary to carry out this section.

(12) Valuation rules.—The Office shall prescribe standardized rules, valuation intervals, documentation requirements, impairment standards, and conservative valuation adjustments necessary to carry out this subsection, including rules governing aggregation of collateral positions, correlated stress, simultaneous enforcement or disposition, market capacity, and the independence of appraisals and valuations.

(e) Standalone and consolidated application.—

(1) Standalone compliance.—Each limited liability entity shall determine and maintain systemic solvency on a separate entity basis without regard to the systemic solvency of an affiliate, owner, parent, subsidiary, or other member of an enterprise group.

(2) Enterprise group compliance.—In addition to the requirement under paragraph (1), each enterprise group shall be systemically solvent on a consolidated basis.

(3) Scope of consolidation.—A consolidated determination under paragraph (2) shall include—

(A) each limited liability entity in the enterprise group;

(B) each special purpose vehicle, trust, partnership, fund, contractual arrangement, or other person through which a member of the enterprise group owns or controls assets, incurs or supports liabilities, transfers financial risk, or conducts financial activity;

(C) each domestic or foreign affiliate to the extent that—

(i) a member of the enterprise group directly or indirectly bears the risk of loss or obligation of performance of the affiliate;

(ii) the affiliate directly or indirectly guarantees, supports, or provides liquidity for a member of the enterprise group;

(iii) assets or liabilities have been transferred between the affiliate and a member of the enterprise group under circumstances indicating continuing economic integration or risk sharing; or

(iv) exclusion of the affiliate would materially understate the assets, liabilities, financial exposure, or systemic solvency shortfall of the enterprise group; and

(D) any other person or arrangement that the Office determines, based on economic substance, is used to hold, transfer, guarantee, insure, conceal, or allocate assets, liabilities, or financial exposure of the enterprise group.

(4) Natural persons and governments.—A natural person or governmental entity excluded under subsection (a)(13)(B) shall not be included in an enterprise group, except to the extent that—

(A) property of the person or governmental entity is legally pledged and available to satisfy a liability of the enterprise group; or

(B) a member of the enterprise group is legally obligated with respect to a liability, guarantee, or commitment of the person or governmental entity.

(5) Economic substance.—The Office shall determine the scope of an enterprise group and the treatment of assets and liabilities based on control, economic integration, allocation of risk, legally enforceable support arrangements, and the person that ultimately bears the risk of loss or obligation of performance, without regard to—

(A) formal ownership;

(B) accounting consolidation or nonconsolidation;

(C) corporate, contractual, trust, or partnership form;

(D) the location or jurisdiction of organization of a person; or

(E) whether an asset, liability, or arrangement is recorded on a balance sheet.

(6) Intercompany items.—

(A) In general.—In a consolidated determination under paragraph (2), an obligation and corresponding claim between members of the same enterprise group may be eliminated only to the extent that—

(i) the obligation and claim represent the same legally enforceable amount;

(ii) no person outside the enterprise group bears any portion of the associated risk of loss or obligation of performance; and

(iii) the elimination does not conceal or reduce an external liability, guarantee, support arrangement, or financial exposure.

(B) Standalone treatment preserved.—An elimination under subparagraph (A) shall not affect the separate entity determination required under paragraph (1).

(7) No double counting.—

(A) A real asset, financial asset, equity interest, offset, hedge, collateral position, guarantee, or other protection may not be counted more than once within an enterprise group.

(B) Ownership of an equity interest in a member of an enterprise group shall not be treated as a real asset of another member of the enterprise group in a consolidated determination.

(C) A transfer of a real asset within an enterprise group shall not increase the aggregate value of real assets recognized for the enterprise group.

(8) Deficiencies at either level.—A limited liability entity is not systemically solvent if—

(A) the entity fails the separate entity requirement under paragraph (1); or

(B) the enterprise group of which the entity is a member fails the consolidated requirement under paragraph (2).

(9) Rules.—The Office shall prescribe rules governing consolidation, allocation of assets and liabilities, intercompany eliminations, foreign affiliates, jointly controlled entities, minority interests, special purpose vehicles, and other matters necessary to carry out this subsection.

(f) Transition to systemic solvency.—

(1) New entities.—A limited liability entity organized after the date of enactment of this Act shall be systemically solvent before commencing operations, issuing a financial instrument, incurring a liability, or entering into a financial contract.

(2) Existing entities without a shortfall.—A limited liability entity in existence on the date of enactment of this Act that does not have a systemic solvency shortfall on the initial measurement date under paragraph (4) shall comply with subsection (b) beginning on that date and may not thereafter rely on the transition provided under this subsection to create or increase a systemic solvency shortfall.

(3) Existing entities with a shortfall.—A limited liability entity in existence on the date of enactment of this Act that has a systemic solvency shortfall on the initial measurement date shall achieve full systemic solvency not later than January 1, 2035, in accordance with this subsection.

(4) Initial measurement and remediation plan.—

(A) Initial measurement date.—The initial measurement date shall be June 1, 2027.

(B) Initial determination and submission.—

(i) Determination required.—Not later than July 1, 2027, each limited liability entity in existence on the date of enactment of this Act shall determine its systemic solvency shortfall and compliance ratio as of the initial measurement date.

(ii) Complete filing.—Not later than July 1, 2027, a limited liability entity shall file the determination under clause (i) with the Office and each appropriate functional regulator if the entity—

(I) is required to file under subsection (g)(2)(A);

(II) determines that it has a systemic solvency shortfall; or

(III) is not eligible to use the simplified compliance method under subsection (g)(11).

(iii) Simplified electronic certification.—A limited liability entity not required to file under clause (ii) shall submit the electronic certification required under subsection (g)(11)(C) according to the last digit of the Federal taxpayer identification number assigned to or used by the entity, as follows:

(I) For a number ending in 0 or 1, not later than July 31, 2027.

(II) For a number ending in 2 or 3, not later than August 31, 2027.

(III) For a number ending in 4 or 5, not later than September 30, 2027.

(IV) For a number ending in 6 or 7, not later than October 31, 2027.

(V) For a number ending in 8 or 9, not later than November 30, 2027.

(iv) Retention and production.—An entity submitting a certification under clause (iii) shall retain the complete determination and supporting records and shall provide them to the Office or an appropriate functional regulator upon request.

(C) Remediation plan.—Each limited liability entity described in paragraph (3) shall, not later than January 1, 2028, submit to the Office and each appropriate functional regulator a remediation plan for achieving systemic solvency not later than January 1, 2035.

(D) Requirements.—A remediation plan shall—

(i) identify each action the entity expects to take to reduce liabilities, acquire or retain real assets, raise equity, cap or terminate financial exposure, or otherwise achieve compliance;

(ii) include annual and quarterly milestones consistent with paragraphs (5) and (6); and

(iii) not depend on anticipated governmental assistance, regulatory forbearance, or public loss absorption.

(E) Annual updates.—A limited liability entity that has a systemic solvency shortfall shall update and resubmit its remediation plan with each annual determination required under subsection (g)(1) until the entity achieves systemic solvency.

(F) Preservation of records.—Beginning on the date of enactment of this Act, each limited liability entity shall preserve records reasonably necessary to determine its financial condition and systemic solvency on the initial measurement date.

(G) Use of fiscal year records.—For its initial determination, a limited liability entity may use records prepared as of the end of its most recently completed fiscal year to the extent

that the entity identifies and accounts for each material change occurring between the end of that fiscal year and the initial measurement date.

(H) Initial valuation safe harbor.—A civil penalty may not be imposed solely because of an error in an initial classification or valuation that was made using reasonable, documented, and consistently applied methods and corrected not later than 90 days after notice from an enforcing authority. This subparagraph shall not apply to knowing or reckless falsification, concealment, evasion, double counting, or omission of material information.

(5) Minimum progress.—

(A) Cumulative annual reduction.—By the beginning of each calendar year, a limited liability entity shall have eliminated, in the aggregate, not less than the percentage of the systemic solvency shortfall existing on the initial measurement date specified in the following table:

(i) On January 1, 2028, 4 percent.

(ii) On January 1, 2029, 14 percent.

(iii) On January 1, 2030, 26 percent.

(iv) On January 1, 2031, 38 percent.

(v) On January 1, 2032, 52 percent.

(vi) On January 1, 2033, 66 percent.

(vii) On January 1, 2034, 82 percent.

(viii) On January 1, 2035, 100 percent.

(B) Compliance ratio.—The compliance ratio of a limited liability entity may not be less than—

(i) the compliance ratio of the entity on the initial measurement date; or

(ii) the minimum ratio required under the progressively increasing schedule prescribed under paragraph (6),

whichever is greater.

(C) No nominal expansion of shortfall.—The systemic solvency shortfall of a limited liability entity may not exceed the maximum shortfall permitted under subparagraph (A), subject only to an adjustment for inflation prescribed by the Office using a broad measure of prices in the United States.

(D) Earlier compliance.—Nothing in this subsection prohibits the Office or another regulator acting within its jurisdiction from requiring more rapid remediation when necessary to address concealment, evasion, unsafe expansion of financial exposure, or a material threat to creditors, counterparties, or the public.

(6) Progressive compliance schedule.—

(A) Initial schedule.—Not later than October 30, 2027, the Board, in consultation with the Director, shall prescribe a schedule of progressively increasing minimum compliance ratios applicable during the transition period. The schedule shall take effect on January 1, 2028.

(B) The schedule shall—

(i) establish thresholds not less frequently than quarterly;

(ii) require continuous and reasonably even progress toward full systemic solvency;

(iii) prohibit backloading of material remediation to the final portion of the transition period; and

(iv) require a compliance ratio of not less than 1 on January 1, 2035.

(C) Once a threshold takes effect, the Board may not reduce, waive, suspend, or delay that threshold.

(7) Actions during transition.—On and after January 1, 2028, a limited liability entity described in paragraph (3) may take an action described in subsection (b)(2) only if, immediately after giving effect to the action—

(A) the entity satisfies each applicable threshold and milestone under this subsection;

(B) except as provided in paragraph (12), the action does not increase the systemic solvency shortfall of the entity or reduce its compliance ratio;

(C) the action is consistent with the remediation plan required under paragraph (4); and

(D) the action does not create an unbounded or indeterminate exposure prohibited under paragraph (8).

(8) Unbounded or indeterminate exposures.—

(A) New exposures prohibited.—On and after the date of enactment of this Act, no limited liability entity may issue, assume, renew, extend, or materially modify a liability or financial contract for which the maximum obligation is unbounded, indeterminate, or incapable of being reduced to a finite amount under its legal terms.

(B) Existing exposures.—Not later than 1 year after the date of enactment of this Act, a limited liability entity shall terminate, novate, cap, restructure, fully offset, or otherwise remediate each outstanding liability or financial contract described in subparagraph (A).

(C) No grandfathering.—A liability or financial contract shall not be permissible solely because it was entered into before the date of enactment of this Act.

(9) Distributions and asset transfers.—During any period in which a limited liability entity has a systemic solvency shortfall, the entity may not make a dividend, equity redemption, stock repurchase, return of capital, transfer to an owner or affiliate, or other discretionary distribution of value unless—

(A) the distribution is expressly included in the remediation plan;

(B) the entity remains in compliance with paragraph (5) after the distribution; and

(C) the distribution does not increase the systemic solvency shortfall or reduce the compliance ratio of the entity or its enterprise group.

(10) Failure to satisfy transition requirements.—A failure to satisfy a threshold, milestone, or requirement under this subsection constitutes a violation of this section and is subject to enforcement under subsection (j). A limited liability entity that has such a failure shall—

(A) notify the Office and each appropriate functional regulator without delay;

(B) cease any action prohibited under subsection (b)(2) unless expressly authorized as part of a remediation order; and

(C) submit a revised remediation plan not later than 30 days after the failure.

(11) Rule of construction.—Nothing in this subsection shall be construed to—

(A) require the liquidation of a particular real asset;

(B) prohibit the raising of ordinary equity; or

(C) prohibit a nonfinancial business activity otherwise permitted by law.

(12) Successors, restructurings, and required divestitures.—

(A) Definitions.—In this paragraph:

(i) Covered transaction.—The term "covered transaction" means a merger, consolidation, division, spin-off, sale, transfer, assignment, reorganization, bankruptcy restructuring, or other transaction or series of related transactions that materially transfers, divides, or reallocates a business, operation, asset, liability, financial exposure, or systemic solvency obligation of a limited liability entity.

(ii) Required divestiture.—The term "required divestiture" means a divestiture required by an Act of Congress or by a final order of a Federal agency or court.

(iii) Reviewing authority.—The term "reviewing authority" means each Federal agency or court responsible for ordering, reviewing, or approving a required divestiture, including an appropriate functional regulator, the Federal Trade Commission, or the Antitrust Division of the Department of Justice, as applicable.

(iv) Transaction party.—The term "transaction party" means a limited liability entity that transfers, receives, retains, or assumes a material business, operation, asset, liability, financial exposure, or systemic solvency obligation in a covered transaction.

(B) General rule.—A covered transaction may allocate a systemic solvency position among resulting entities but may not erase, conceal, reset, postpone, or double count a systemic solvency shortfall or remediation obligation.

(C) Pretransaction determination.—Immediately before a covered transaction, each transaction party shall determine, in accordance with this section—

(i) its real assets;

(ii) its liabilities in the worst financial state;

(iii) its systemic solvency shortfall and compliance ratio;

(iv) the cumulative reduction in shortfall required as of the transaction date;

(v) its remaining milestones and remediation obligations; and

(vi) its position within any enterprise group.

(D) Allocation according to economic substance.—

(i) Each asset, liability, guarantee, liquidity commitment, financial support arrangement, contingent exposure, collateral position, customer obligation, and other protection shall be allocated among the resulting entities according to legal responsibility and economic substance.

(ii) In making an allocation under clause (i), the transaction parties and the Office shall consider—

(I) the entity that receives or retains an asset;

(II) the entity that assumes, retains, or remains legally obligated for a liability;

(III) the entity that conducts the activity or receives the economic benefit;

(IV) the entity that bears the risk of loss or obligation of performance;

(V) each guarantee, indemnity, support arrangement, and contingent exposure;

(VI) each legally enforceable collateral position and priority interest;

(VII) each customer, policyholder, depositor, investor, employee, and contractual obligation associated with the transferred business; and

(VIII) the personnel, systems, licenses, facilities, contracts, and operating capacity necessary to conduct the transferred business.

(E) Preservation of aggregate position.—Except to the extent of an approved transaction adjustment under subparagraph (H), immediately after a covered transaction—

(i) the aggregate systemic solvency shortfall of the resulting entities may not exceed the aggregate systemic solvency shortfall of the transaction parties immediately before the transaction;

(ii) the aggregate amount of shortfall required to have been eliminated as of the transaction date may not be reduced;

(iii) the aggregate remaining remediation obligation may not be reduced or postponed;

(iv) no liability, financial exposure, or adverse obligation may be treated as extinguished solely because it was transferred or reallocated;

(v) no real asset, collateral position, offset, guarantee, or other protection may be counted by more than 1 person; and

(vi) new equity or other qualifying real resources contributed in connection with the transaction shall be recognized in accordance with this section.

(F) Successor treatment.—

(i) Each resulting entity shall inherit the portion of the initial systemic solvency shortfall, cumulative reduction requirement, and remaining remediation obligation allocated to it under this paragraph.

(ii) Each inherited portion shall remain subject to the transition schedule and final deadline that applied to the applicable transaction party immediately before the covered transaction.

(iii) A limited liability entity organized to receive a business, operation, asset, or liability in a covered transaction shall not be treated as a new entity under paragraph (1) with respect to an inherited shortfall allocated under this paragraph.

(iv) No resulting entity may receive a new transition period or a deadline extending beyond January 1, 2035.

(G) Allocation plan and systemic solvency impact determination.—

(i) Submission required.—Before consummating a covered transaction, the transaction parties shall submit a systemic solvency allocation plan to the Office and each appropriate functional regulator if—

(I) the transaction is a required divestiture;

(II) any transaction party has a systemic solvency shortfall; or

(III) the transaction exceeds a materiality threshold prescribed by the Office.

(ii) Contents.—The allocation plan shall include—

(I) the determinations required under subparagraph (C);

(II) the proposed allocation under subparagraph (D);

(III) the projected systemic solvency shortfall and compliance ratio of each resulting entity;

(IV) each proposed transfer of real assets, liabilities, collateral, guarantees, support arrangements, or financial exposure;

(V) each proposed capital contribution, reserve, escrow, financing arrangement, or transitional service; and

(VI) any proposed transaction adjustment under subparagraph (H).

(iii) Office determination.—The Office shall issue a written systemic solvency impact determination that—

(I) determines whether the proposed allocation complies with this section;

(II) identifies the systemic solvency effect of the transaction on each transaction party and resulting entity;

(III) determines the amount and cause of any proposed transaction adjustment;

(IV) identifies any double counting, concealed exposure, unsupported valuation, or other inconsistency; and

(V) specifies any correction necessary to calculate compliance accurately.

(iv) Effect.—The determination under clause (iii) shall be binding for purposes of calculating compliance with this section but shall not independently authorize, prohibit, delay, or condition the covered transaction.

(v) Required divestiture.—For a required divestiture, the Office shall provide the determination to each reviewing authority in sufficient time for consideration before the reviewing authority issues its final decision.

(H) Approved transaction adjustment.—

(i) In general.—Notwithstanding subparagraph (E) and paragraphs (5)(B), (5)(C), and (7)(B), a reviewing authority may approve a temporary increase in systemic solvency shortfall or reduction in compliance ratio directly and reasonably necessary to complete a required divestiture.

(ii) Permissible causes.—An adjustment under clause (i) may include an amount directly attributable to—

(I) establishing separate facilities or operating locations;

(II) separating or duplicating information, accounting, compliance, payroll, recordkeeping, risk management, cybersecurity, or other operational systems;

(III) obtaining separate personnel, licenses, permits, insurance, contracts, or professional services;

(IV) providing necessary working capital;

(V) reasonable separation and transaction costs; or

(VI) acquisition financing reasonably necessary to transfer the divested business to an operationally independent person.

(iii) Exclusions.—An approved transaction adjustment may not include an amount attributable to—

(I) a dividend, stock repurchase, equity redemption, return of capital, or other discretionary distribution;

(II) an insider payment or compensation enhancement;

(III) asset stripping or dissipation of real assets;

(IV) a transaction premium or financing cost that is not reasonably necessary to complete the required divestiture;

(V) a payment or obligation incurred primarily to transfer value to an owner, affiliate, officer, or director; or

(VI) evasion, concealment, false valuation, double counting, or another violation of this section.

(iv) Required findings.—A reviewing authority may approve an adjustment only after considering the Office determination and finding in writing that—

(I) the adjustment is necessary to complete the required divestiture;

(II) the adjustment is no greater than reasonably necessary;

(III) no reasonably practicable alternative structure would materially reduce the adjustment;

(IV) each resulting entity will be operationally viable and capable of satisfying its remediation obligations;

(V) the transaction does not create an unbounded or indeterminate exposure;

(VI) the transaction does not depend on anticipated governmental assistance, public loss absorption, or regulatory forbearance; and

(VII) the adjustment will be eliminated under the supplemental remediation plan required under subparagraph (I).

(I) Supplemental remediation plan.—

(i) An entity receiving an approved transaction adjustment shall submit a supplemental remediation plan to the Office and each appropriate functional regulator before consummation or at such earlier time as the reviewing authority requires.

(ii) The plan shall—

(I) identify the approved adjustment separately from each inherited shortfall;

(II) specify the real assets, equity, liability reductions, retained earnings, or other measures by which the adjustment will be eliminated;

(III) establish annual and quarterly milestones requiring continuous and reasonably even progress;

(IV) prohibit backloading of material remediation;

(V) eliminate the adjustment as soon as reasonably practicable; and

(VI) eliminate the adjustment in full not later than January 1, 2035.

(iii) The supplemental remediation plan shall be updated with each annual determination until the adjustment is eliminated.

(J) Effect on violations and penalties.—

(i) The creation of an approved transaction adjustment in accordance with this paragraph shall not, solely by reason of the adjustment, constitute a violation of this section or give rise to a civil penalty.

(ii) Clause (i) does not waive, limit, suspend, or delay—

(I) any other substantive requirement or restriction under this section;

(II) any inherited milestone or remediation obligation;

(III) the distribution restrictions under paragraph (9);

(IV) any remediation order or restriction otherwise applicable to a transaction party or resulting entity; or

(V) any penalty or remedy for conduct other than creation of the approved adjustment.

(iii) An entity violates this section if the entity—

(I) exceeds the amount of the approved adjustment;

(II) uses the adjustment for a purpose not approved under this paragraph;

(III) fails to satisfy a milestone or requirement of the supplemental remediation plan;

(IV) conceals or materially misstates an asset, liability, exposure, cost, or transaction term; or

(V) otherwise fails to comply with this section.

(iv) No transaction adjustment may remain outstanding on or after January 1, 2035.

(K) Restrictions on transaction parties.—

(i) Each resulting entity that has an inherited systemic solvency shortfall or an approved transaction adjustment remains subject to paragraph (9) and every other applicable restriction under this section until the shortfall or adjustment is eliminated.

(ii) A divesting entity remains subject to the allocation plan until each capital contribution, transfer of real assets, assumption or retention of liabilities, reserve, escrow, or other obligation assigned to that entity has been completed.

(iii) Until the Office confirms completion of the obligations described in clause (ii), no transaction party may—

(I) make a discretionary distribution of transaction proceeds; or

(II) transfer transaction proceeds or other transaction value to an owner, affiliate, officer, or director,

except for ordinary compensation or a bona fide payment for goods or services provided in the ordinary course on arm's-length terms.

(iv) After the obligations assigned to a divesting entity have been completed, that entity shall not remain responsible solely by reason of the covered transaction for a subsequent failure by an operationally independent resulting entity, unless the divesting entity remains legally obligated through a guarantee, support arrangement, retained liability, or other obligation.

(L) Operational independence.—

(i) A covered transaction may not preserve or create a continuing guarantee, liquidity commitment, shared capital arrangement, loss-sharing arrangement, or financial support arrangement that recreates common control, economic integration, or common financial risk inconsistent with the purpose of the transaction.

(ii) Clause (i) does not prohibit—

(I) a finite and fully disclosed transitional service provided on arm's-length terms;

(II) a legally enforceable obligation that is fully recognized and valued under this section; or

(III) another temporary arrangement approved by the applicable reviewing authority that does not recreate common control or permit double counting.

(M) Proportional administration.—The Office shall prescribe rules to carry out this paragraph, including—

(i) materiality thresholds;

(ii) forms and procedures for allocation plans and impact determinations;

(iii) standards for transaction adjustments and supplemental remediation plans;

(iv) procedures coordinated with review under section 256 and other Federal divestiture provisions; and

(v) a simplified electronic certification for a covered transaction below the applicable materiality threshold if every transaction party and resulting entity is systemically solvent.

Nothing in this subparagraph authorizes an exemption from the substantive allocation, no-double-counting, anti-evasion, or final compliance requirements of this section.

(g) Certification, reporting, and auditing.—

(1) Annual determination.—Each limited liability entity shall, not less frequently than annually—

(A) determine its systemic solvency, systemic solvency shortfall, and compliance ratio on a standalone basis and, if applicable, on a consolidated enterprise group basis;

(B) maintain records sufficient to reproduce each material assumption, valuation, classification, scenario, offset, and calculation used in the determination; and

(C) obtain a certification from each responsible officer that the determination is complete and accurate after reasonable inquiry.

(2) Filing requirement.—

(A) In general.—A limited liability entity shall file the determination and certification required under paragraph (1) with the Office and each appropriate functional regulator if the entity—

(i) is required to file reports under section 13 or 15(d) of the Securities Exchange Act of 1934;

(ii) is a financial institution, insurance company, investment bank, Government corporation, or issuer of securities offered to the public;

(iii) is a parent or material member of an enterprise group described in clause (i) or (ii);

(iv) has assets, liabilities, financial exposure, or annual revenues exceeding a threshold prescribed by the Office; or

(v) is designated by the Office based on complexity, leverage, contingent exposure, interconnectedness, use of off-balance-sheet arrangements, or a material risk of noncompliance.

(B) Other entities.—A limited liability entity not required to file under subparagraph (A) shall retain the determination and certification required under paragraph (1) and provide them to the Office or an appropriate functional regulator upon request.

(C) Filing frequency.—A filing under this paragraph shall be made not later than 90 days after the end of the fiscal year of the entity, or at such earlier time as the Office may prescribe for a class of entities.

(3) Quarterly reporting.—The Office may require quarterly reporting from a limited liability entity or class of limited liability entities described in paragraph (2)(A) based on size, financial activity, leverage, contingent exposure, systemic importance, prior noncompliance, or another risk factor established by rule.

(4) Material-change notice.—A limited liability entity required to file under paragraph (2)(A) shall notify the Office and each appropriate functional regulator not later than 5 business days after the entity knows or reasonably should know of—

(A) a systemic solvency shortfall;

(B) a material reduction in its compliance ratio;

(C) a material increase in a liability contingent on a financial event;

(D) the creation or discovery of an unbounded or indeterminate exposure;

(E) the loss, impairment, unavailability, or unenforceability of a material real asset, hedge, offset, guarantee, netting right, or collateral position relied upon for compliance; or

(F) another material event that would reasonably be expected to affect systemic solvency.

(5) Independent audit.—

(A) Audit required.—A limited liability entity required to file under paragraph (2)(A) shall obtain an annual examination of its systemic solvency determination by an independent public accountant or other qualified independent auditor meeting standards prescribed by the Office.

(B) Scope.—The examination shall evaluate—

(i) the existence and valuation of material real assets;

(ii) the completeness and valuation of liabilities;

(iii) the determination of the worst financial state;

(iv) the legal enforceability and operational availability of material offsets, hedges, collateral, netting rights, guarantees, and other protections;

(v) standalone and consolidated treatment under subsection (e);

(vi) compliance with subsection (f), if applicable; and

(vii) the adequacy of internal controls supporting the determination.

(C) Opinion.—The auditor shall issue an opinion stating whether the determination is fairly presented, in all material respects, in accordance with this section and rules prescribed under this section.

(D) Reliance on legal expertise.—An auditor may rely on an opinion of qualified legal counsel concerning whether a contract, netting arrangement, collateral interest, guarantee, or other legal protection is enforceable, but such reliance shall not excuse an unreasonable or knowing failure to identify a material inconsistency or omission.

(6) Auditor reporting duty.—

(A) An auditor that identifies a material violation, material misstatement, unbounded exposure, or substantial doubt concerning systemic solvency shall notify the responsible officers and governing body of the limited liability entity without delay.

(B) If the entity does not provide satisfactory evidence of correction or notification to the Office and each appropriate functional regulator not later than 10 business days after receiving notice under subparagraph (A), the auditor shall notify the Office and each appropriate functional regulator directly.

(C) A contractual or professional duty of confidentiality may not prohibit a notification required under this paragraph.

(7) Record retention.—A limited liability entity shall retain the records required under this subsection for not less than 7 years after the date of the applicable determination, or for such longer period as the Office may prescribe for a material contract, asset, liability, investigation, or enforcement matter.

(8) Standardized reporting and use of existing information.—

(A) The Office shall prescribe standardized forms, data definitions, electronic filing methods, and audit standards necessary to carry out this subsection.

(B) In administering this subsection, the Office and appropriate functional regulators shall comply with subsection (i)(11) and, to the maximum extent practicable, permit incorporation by reference of reliable information contained in an existing regulatory filing.

(9) Proportional administration.—In prescribing thresholds and reporting requirements under this subsection, the Office shall minimize unnecessary burden on smaller and nonfinancial entities, but may not exempt any limited liability entity from the substantive systemic solvency requirement or from maintaining records sufficient to demonstrate compliance.

(10) Confidentiality and public reporting.—

(A) Information filed under this subsection that constitutes trade secrets, confidential commercial or financial information, personal information, or supervisory information shall be exempt from disclosure under section 552 of title 5, United States Code.

(B) The Office shall publish aggregate and anonymized information sufficient to describe trends in systemic solvency, financial exposure, real assets, and compliance without identifying confidential information of a particular limited liability entity.

(11) Simplified compliance and electronic certification.—

(A) Eligible entity.—This paragraph applies to a limited liability entity that—

(i) is not required to file under paragraph (2)(A);

(ii) has no unbounded or indeterminate exposure; and

(iii) has no material liability contingent on a financial event.

(B) Simplified method.—The Office shall prescribe a simplified method for an eligible entity. The method may rely on ordinary course financial statements, tax records, appraisals, and officer certifications and may not require scenario modeling beyond that necessary to identify and value a material financial event exposure.

(C) Initial electronic certification.—The Office shall establish a secure electronic system through which an eligible entity that determines it has no systemic solvency shortfall may submit a brief certification stating that—

(i) the entity completed the determination required under subsection (f)(4);

(ii) the entity determined that it had no systemic solvency shortfall as of the initial measurement date;

(iii) the entity is eligible to use the simplified method under subparagraph (A);

(iv) the certification is complete and accurate after reasonable inquiry; and

(v) the entity will retain and, upon request, provide the determination and supporting records.

(D) Authentication and existing information.—The electronic system under subparagraph (C) shall, to the maximum extent practicable—

(i) authenticate an entity using the Federal taxpayer identification number assigned to or used by the entity or another existing Federal identification number associated with the entity;

(ii) permit use of credentials already issued by the Internal Revenue Service or another Federal agency;

(iii) permit incorporation by reference or automatic population of reliable information contained in an existing Federal filing; and

(iv) provide an electronic confirmation of submission.

(E) No exemption or limitation on review.—Submission of a certification under this paragraph does not—

(i) exempt an entity from the substantive requirements of this section;

(ii) constitute approval of the determination by the Office or an appropriate functional regulator;

(iii) limit the authority to require production of the determination or supporting records; or

(iv) limit correction, examination, audit, or enforcement relating to an inaccurate, incomplete, or false certification.

(h) Office of Systemic Solvency.—

(1) Establishment.—There is established within the Board an office to be known as the Office of Systemic Solvency.

(2) Director.—

(A) Appointment.—The Office shall be headed by a Director appointed by a majority of the Board. Not later than 30 days after the date of enactment of this Act, the Board shall appoint the initial Director or designate an acting Director under subparagraph (E).

(B) Qualifications.—The Director shall be appointed on the basis of demonstrated expertise in accounting, auditing, financial contracts, actuarial science, financial regulation, corporate finance, insolvency, risk management, or another field directly relevant to the administration of this section.

(C) Term.—The Director shall serve for a term of 6 years and may be reappointed.

(D) Removal.—The Director may be removed by a majority of the Board. The Board shall publish a written statement of the reasons for removal not later than 7 days after the removal.

(E) Vacancy.—A vacancy in the position of Director shall not affect the authority of the Office. The Board may designate an acting Director until a successor is appointed.

(3) Independence and reporting.—

(A) The Director shall report directly to the Board.

(B) In carrying out the duties of the Office, the Director shall not be subject to the supervision or direction of an individual member, officer, employee, or component of the Federal Reserve System except through an action of the Board or as expressly provided by law.

(C) No officer or employee of the Federal Reserve System may prevent or prohibit the Director from communicating directly with Congress concerning the administration or enforcement of this section.

(4) Duties.—The Office shall—

(A) administer and implement this section;

(B) develop and maintain uniform methodologies and reporting standards for determining the worst financial state, valuing real assets and liabilities, recognizing protections, applying standalone and consolidated requirements, and calculating systemic solvency shortfalls and compliance ratios;

(C) recommend rules to the Board and issue forms, instructions, interpretations, and supervisory guidance consistent with those rules;

(D) receive, analyze, and verify reports, certifications, audits, and remediation plans and conduct examinations, reviews, and investigations authorized under this section;

(E) coordinate appropriate functional regulators and identify and address evasion, concealment, double counting, inconsistent valuation, and transfers of financial exposure; and

(F) maintain the personnel, data systems, technical capacity, and proportional procedures necessary to carry out this section.

(5) Powers.—In carrying out this section, the Office may—

(A) require the production of records, contracts, valuations, models, legal opinions, audit workpapers, data, and other information reasonably necessary to determine compliance;

(B) conduct or direct examinations and require an independent appraisal, audit, legal analysis, actuarial analysis, or other expert review when reasonably necessary;

(C) require a limited liability entity to conduct or submit, or permit the Office to conduct, a supervisory stress evaluation, reclassification of assets or liabilities, or consolidated analysis reasonably necessary to verify compliance, except that no stress evaluation may substitute for the worst financial state determination required under subsection (c);

(D) enter into information sharing, coordinated supervision, joint examination, and enforcement arrangements with appropriate functional regulators and obtain details of Federal personnel on a reimbursable basis;

(E) contract for professional and technical services; and

(F) exercise such other lawful powers as are necessary and appropriate to carry out this section.

(6) Availability of Federal Reserve information.—The Board and each Federal Reserve Bank shall make available to the Office, without reimbursement, any supervisory, regulatory, examination, market, or other data or information that the Director determines is reasonably necessary to carry out this section, subject to applicable confidentiality and information security requirements. The sharing of information under this paragraph shall not waive any privilege or protection from public disclosure.

(7) Personnel.—The Director may appoint and fix the compensation of such officers and employees as are necessary to carry out this section and shall establish qualifications for personnel performing accounting, auditing, actuarial, legal, valuation, data, financial contract, examination, and enforcement functions.

(8) Annual report.—

(A) Not later than April 1 of each year, the Director shall submit to Congress and make available to the public a report on the administration of this section during the preceding calendar year.

(B) Each report shall include—

(i) aggregate trends in systemic solvency, systemic solvency shortfalls, compliance ratios, real assets, liabilities, and financial event exposure;

(ii) the number and general categories of limited liability entities subject to filing, audit, remediation, examination, and enforcement requirements;

(iii) material forms of evasion, concealment, valuation abuse, or unbounded exposure identified by the Office;

(iv) progress toward compliance during the transition period;

(v) coordination activities with appropriate functional regulators;

(vi) an accounting of the expenses, assessments, staffing, and contracts of the Office; and

(vii) recommendations for legislative or administrative action.

(C) A report under this paragraph may not disclose trade secrets, confidential commercial or financial information, personal information, or protected supervisory information concerning a particular limited liability entity.

(9) Funding.—

(A) Startup advance.—During the first 3 fiscal years beginning after the date of enactment of this Act, the Board shall make available to the Office, from amounts otherwise available to the Board and without further appropriation, not more than $500,000,000 in aggregate for the organization, staffing, rulemaking, data infrastructure, and initial operations of the Office.

(B) Annual assessments.—Beginning not later than the second fiscal year beginning after the date of enactment of this Act, the Board shall, on the recommendation of the Director, collect annual assessments from limited liability entities required to file under subsection (g)(2)(A) in amounts sufficient to recover the reasonable expenses of administering this section.

(C) Allocation.—An assessment under subparagraph (B) shall be allocated among assessed entities based on—

(i) total assets;

(ii) the value of liabilities in the worst financial state;

(iii) the amount and complexity of financial event exposure;

(iv) membership in and complexity of an enterprise group;

(v) the reporting, examination, and supervisory resources reasonably attributable to the entity; and

(vi) the ability of the entity to pay the assessment without materially impairing compliance with this section.

(D) Minimum thresholds and exemptions.—The Board may establish minimum thresholds and exempt a class of smaller entities from assessments if the cost of collection would be disproportionate to the amount collected, but no exemption under this subparagraph shall affect substantive compliance, recordkeeping, reporting, examination, or enforcement under this section.

(E) Repayment of startup advance.—Amounts collected under subparagraph (B) shall first be used, in such proportions as the Board determines appropriate, to reimburse the amounts advanced under subparagraph (A). The advance shall be fully reimbursed not later than 7 years after the date of enactment of this Act.

(F) Separate accounting.—Amounts collected under this paragraph shall—

(i) be maintained in a separate account;

(ii) remain available until expended;

(iii) be used only to administer and enforce this section; and

(iv) not be used for monetary policy operations, assistance to a limited liability entity, or another activity of the Board unrelated to this section.

(i) Coordination with functional regulators.—

(1) Administration within existing jurisdiction.—

(A) Federal regulators.—Except as provided in this subsection, each appropriate functional regulator that is a Federal agency shall administer, examine, supervise, and enforce compliance with this section with respect to each limited liability entity and activity within the existing jurisdiction of that regulator.

(B) State regulators.—A State appropriate functional regulator may administer, examine, supervise, or enforce compliance with this section pursuant to State law or a memorandum of understanding under paragraph (8). Nothing in this section shall be construed to require a State or an officer or agency of a State to administer or enforce Federal law.

(2) Uniform Federal standard.—

(A) The substantive requirements, definitions, valuation rules, methodologies, and minimum reporting standards prescribed under this section shall apply uniformly without regard to which appropriate functional regulator supervises a limited liability entity.

(B) An appropriate functional regulator may prescribe additional procedures, reporting requirements, examination standards, or remedial measures that are consistent with and not less protective than this section.

(C) An appropriate functional regulator may not authorize, approve, waive, or tolerate conduct that would cause or increase a systemic solvency shortfall in violation of this section.

(3) Office coordination authority.—The Office shall—

(A) establish uniform supervisory and examination manuals for implementation of this section;

(B) coordinate examinations and information requests involving more than 1 appropriate functional regulator;

(C) provide technical assistance and interpretations to appropriate functional regulators;

(D) identify inconsistent applications of this section and recommend corrective action;

(E) maintain a secure system through which appropriate functional regulators may exchange information necessary to carry out this section; and

(F) convene appropriate functional regulators as necessary to address enterprise groups, cross-market exposures, financial contracts, or transactions that cross jurisdictional boundaries.

(4) Backstop authority.—The Office may directly examine, supervise, investigate, or enforce compliance with this section if—

(A) no other appropriate functional regulator has jurisdiction over the limited liability entity or material activity;

(B) an enterprise group, transaction, or financial exposure crosses the jurisdiction of multiple regulators and no single regulator can effectively address the matter;

(C) an appropriate functional regulator has failed to take timely and effective action after receiving written notice from the Office of a material violation or risk of violation;

(D) the Office reasonably determines that an entity, affiliate, special purpose vehicle, contractual arrangement, or other person is being used to evade, conceal, delay, or obscure compliance; or

(E) immediate action is necessary to prevent the creation or material increase of an unbounded exposure, systemic solvency shortfall, fraudulent transfer, concealment of liabilities, or dissipation of real assets.

(5) Notice before backstop action.—

(A) Except as provided in subparagraph (B), before exercising authority under paragraph (4)(C), the Office shall—

(i) provide the appropriate functional regulator with written notice describing the apparent violation and the action the Office considers necessary; and

(ii) allow the regulator not fewer than 30 days to take or commit to effective corrective action.

(B) The Office may act without prior notice or before expiration of the period under subparagraph (A)(ii) if delay would materially increase the likelihood of loss, concealment, dissipation of assets, unbounded exposure, or evasion.

(C) The Office shall notify the appropriate functional regulator promptly after taking an action under subparagraph (B).

(6) Lead regulator for enterprise groups.—

(A) If an enterprise group is subject to the jurisdiction of more than 1 appropriate functional regulator, the Office shall designate a lead functional regulator that is a Federal agency or a consenting State agency for purposes of coordinated examination and supervision under this section.

(B) In making a designation under subparagraph (A), the Office shall consider—

(i) the nature and location of the principal activities of the enterprise group;

(ii) the regulator with authority over the parent or principal operating entity;

(iii) the amount and location of financial event exposure;

(iv) the distribution of real assets and liabilities among members of the enterprise group; and

(v) the ability of the regulator to conduct effective consolidated supervision.

(C) Designation of a lead functional regulator shall not eliminate the jurisdiction of another appropriate functional regulator or the backstop authority of the Office.

(7) Information sharing.—

(A) The Office and each appropriate functional regulator shall share information reasonably necessary to administer and enforce this section.

(B) The sharing of information under subparagraph (A) shall not constitute a waiver of any privilege, confidentiality protection, or limitation on public disclosure.

(C) The Office and appropriate functional regulators shall establish safeguards against unauthorized use or disclosure of confidential information.

(D) An appropriate functional regulator may rely on information, examination findings, audit work, or analysis produced by the Office or another appropriate functional regulator if the regulator determines that such reliance is reasonable.

(8) Memoranda of understanding.—Not later than 1 year after the date of enactment of this Act, the Office shall enter into memoranda of understanding with appropriate Federal functional regulators and shall offer substantially similar agreements to State functional regulators concerning—

(A) allocation of examination and supervisory responsibilities;

(B) coordinated reporting and data standards;

(C) information sharing and confidentiality;

(D) designation of lead regulators;

(E) referral and coordination of enforcement matters;

(F) avoidance of duplicative examinations and information requests; and

(G) resolution of interpretive and jurisdictional disagreements.

(9) Resolution of inconsistent interpretations.—

(A) The Board, acting through rules prescribed under this section, shall have final authority concerning the interpretation of—

(i) systemic solvency;

(ii) the worst financial state;

(iii) the classification and valuation of real assets and liabilities;

(iv) recognition of offsets, hedges, collateral, netting rights, guarantees, and other protections;

(v) standalone and consolidated compliance; and

(vi) the calculation of systemic solvency shortfalls and compliance ratios.

(B) Nothing in subparagraph (A) shall limit the authority of an appropriate functional regulator to interpret or enforce another law within the jurisdiction of that regulator.

(10) Preservation of State authority.—

(A) Nothing in this section shall preempt or limit a State law, regulation, order, reserve requirement, capital requirement, solvency requirement, insurance requirement, corporate law restriction, or other protection that is consistent with and more stringent than this section.

(B) A State law or regulatory action may not authorize a limited liability entity to engage in conduct prohibited by this section.

(C) Nothing in this section shall displace the authority of a State insurance regulator over insurance contracts, reserves, rates, market conduct, receivership, or insurer solvency, except that the valuation and systemic solvency requirements of this section shall constitute a Federal minimum.

(11) Nonduplication.—The Office and appropriate functional regulators shall, to the maximum extent practicable—

(A) use information already collected under other Federal or State law;

(B) coordinate examinations and information requests;

(C) accept joint or common filings;

(D) avoid imposing inconsistent reporting formats or valuation dates; and

(E) avoid duplicative supervisory or enforcement actions that do not materially improve compliance.

(12) Other authority preserved.—Nothing in this subsection shall limit an authority, duty, remedy, enforcement power, capital standard, reserve requirement, or solvency requirement otherwise available to the Office, the Board, or an appropriate functional regulator under another provision of Federal or State law.

(j) Enforcement and remediation.—

(1) Authority.—

(A) In general.—An enforcing authority may administer, examine, investigate, and enforce compliance with this section with respect to a limited liability entity within the jurisdiction of the enforcing authority.

(B) Existing and additional powers.—In carrying out this subsection, an enforcing authority may—

(i) exercise any examination, investigative, supervisory, administrative, or enforcement authority otherwise available to the enforcing authority;

(ii) require the production of books, records, contracts, financial statements, audit workpapers, valuations, models, legal opinions, data, and other information reasonably necessary to determine compliance;

(iii) issue a subpoena for testimony or documentary evidence, if the enforcing authority is otherwise authorized by Federal or State law to issue a subpoena;

(iv) issue an order requiring compliance, remediation, restitution, correction of records, preservation of assets, or cessation of an unlawful practice;

(v) impose a civil penalty authorized under this subsection; and

(vi) commence a civil action in a court of competent jurisdiction to enforce this section or an order issued under this section.

(2) Determination of noncompliance.—

(A) Written determination.—If an enforcing authority determines that a limited liability entity has violated, is violating, or is reasonably likely to violate this section, the enforcing authority shall issue a written determination that—

(i) identifies the conduct, transaction, condition, calculation, valuation, omission, or exposure giving rise to the determination;

(ii) states the factual and legal basis for the determination;

(iii) identifies any systemic solvency shortfall, unbounded exposure, reporting deficiency, or other material condition requiring correction; and

(iv) specifies the corrective action or further proceeding required.

(B) Opportunity to respond.—Except as provided in paragraph (3), before issuing a final order, the enforcing authority shall provide the limited liability entity with notice and a reasonable opportunity to submit evidence and argument.

(C) No delay from disputed accounting treatment.—A disagreement concerning accounting characterization, regulatory classification, reporting treatment, or corporate form shall not delay enforcement if the economic substance and legal exposure are sufficient to establish noncompliance.

(3) Temporary and emergency orders.—

(A) Authority.—An enforcing authority may issue a temporary order taking immediate effect if the enforcing authority reasonably determines that delay would create a material risk of—

(i) an increase in a systemic solvency shortfall;

(ii) the creation, renewal, concealment, or transfer of an unbounded or indeterminate exposure;

(iii) dissipation, transfer, concealment, encumbrance, or material impairment of a real asset;

(iv) payment of a dividend, redemption, repurchase, affiliate transfer, or other distribution prohibited under this section;

(v) destruction, alteration, concealment, or removal of material records; or

(vi) evasion of this section.

(B) Contents.—A temporary order may prohibit or condition a transaction, preserve or restrict the transfer of an asset, require retention of records, suspend a distribution, or impose another temporary restriction reasonably necessary to prevent the harm described in subparagraph (A).

(C) Review.—A limited liability entity subject to a temporary order may request an expedited hearing. The enforcing authority shall commence such hearing not later than 10 business days after receiving the request unless the entity agrees to a later date.

(D) Duration.—A temporary order shall remain in effect until modified, terminated, or replaced by a final order, except that, unless the limited liability entity consents to a longer period or a court grants an extension for good cause, the order shall expire 60 days after commencement of the hearing under subparagraph (C) if no final order has been issued.

(4) Remediation order.—

(A) Order required.—Upon a final determination of material noncompliance, the enforcing authority shall issue an order requiring the limited liability entity to restore compliance within a specified period.

(B) Required measures.—A remediation order may require the limited liability entity to—

(i) cease issuing, assuming, renewing, extending, guaranteeing, or materially modifying liabilities or financial contracts;

(ii) terminate, novate, cap, restructure, collateralize, or fully offset a financial exposure;

(iii) retain earnings, raise ordinary equity, reduce liabilities, or acquire or preserve real assets;

(iv) suspend discretionary distributions or compensation;

(v) correct a valuation, classification, report, certification, financial statement, or public disclosure;

(vi) revise and implement a remediation plan;

(vii) obtain an independent audit, appraisal, actuarial analysis, legal opinion, valuation, or review;

(viii) establish or improve internal controls, data systems, governance procedures, and risk management systems;

(ix) retain an independent monitor approved by the enforcing authority; and

(x) take such other lawful action as is necessary to restore and maintain compliance.

(C) Terms.—A remediation order shall establish measurable milestones, reporting requirements, responsible officers, and a final compliance date.

(D) No dependence on public assistance.—A remediation order may not depend on public funds, governmental guarantees, emergency lending, regulatory forbearance, or public absorption of losses.

(5) Restrictions during noncompliance.—Until a limited liability entity has corrected a material violation and complied with each applicable remediation order, the entity may not—

(A) take an action prohibited under subsection (b)(2), except as expressly authorized by the enforcing authority as necessary to restore compliance or prevent a greater loss;

(B) make a discretionary distribution of value to an owner, officer, director, affiliate, or holder of an equity interest;

(C) increase the amount of its systemic solvency shortfall;

(D) reduce its compliance ratio; or

(E) transfer a real asset outside the ordinary course of business unless the transfer is approved under the remediation order and the proceeds remain available to satisfy liabilities.

(6) Civil penalties.—

(A) General violation.—A limited liability entity that violates this section, a rule prescribed under this section, or an order issued under this section may be subject to a civil penalty of not more than $100,000 for each violation.

(B) Aggravated violation.—For a violation that is knowing, reckless, fraudulent, concealed, repeated, or undertaken for the purpose or effect of evading this section, the civil penalty may not exceed the greater of—

(i) $1,000,000;

(ii) 3 times the financial gain obtained or loss avoided as a result of the violation;

(iii) 3 times the amount by which the violation created or increased a systemic solvency shortfall; or

(iv) 3 times the greatest reasonably ascertainable amount of the obligation, transaction, assets, or consideration involved in the violation.

(C) Continuing violation.—Each day that a violation continues after the limited liability entity receives written notice of the violation shall constitute a separate violation.

(D) Factors.—In determining the amount of a civil penalty, the enforcing authority shall consider—

(i) the gravity and duration of the violation;

(ii) the amount of financial exposure or systemic solvency shortfall involved;

(iii) the degree of knowledge, recklessness, concealment, or cooperation;

(iv) the financial resources and ability to pay of the person subject to the penalty;

(v) any history of prior violations;

(vi) any loss or risk imposed on creditors, counterparties, employees, consumers, or the public; and

(vii) such other matters as justice may require.

(E) Use of penalties.—A civil penalty collected by a Federal enforcing authority under this paragraph shall be deposited into the general fund of the Treasury.

(7) Individual accountability.—

(A) Prohibited conduct.—An officer, director, manager, responsible officer, auditor, attorney, appraiser, actuary, or other person may not knowingly or recklessly—

(i) cause or participate in a material violation of this section;

(ii) certify, approve, prepare, or submit a materially false or misleading determination, report, valuation, audit, legal opinion, or record required under this section;

(iii) conceal, destroy, alter, falsify, or withhold material information;

(iv) authorize a prohibited distribution, transfer, financial contract, or liability;

(v) obstruct an examination, investigation, audit, or remediation required under this section; or

(vi) aid or abet another person in conduct described in clauses (i) through (v).

(B) Remedies.—A person that violates subparagraph (A) may be subject to—

(i) a civil penalty under paragraph (6);

(ii) restitution or disgorgement;

(iii) removal from the position held with the limited liability entity;

(iv) an order prohibiting the person, for a period not exceeding 10 years, from serving as an officer, director, manager, responsible officer, auditor, or other controlling person of an entity subject to the jurisdiction of the enforcing authority; and

(v) any other remedy available under applicable law.

(C) Professional duties preserved.—Nothing in this paragraph shall limit a professional, fiduciary, ethical, or reporting duty otherwise imposed by law.

(8) Referrals and resolution.—

(A) Criminal and professional referrals.—An enforcing authority shall refer evidence of a possible criminal violation, professional misconduct, fraud, obstruction, or knowing false statement to the Department of Justice, an appropriate licensing authority, or another agency with jurisdiction.

(B) Failure to remediate.—If a limited liability entity fails to restore systemic solvency within the period required by a final remediation order, or if the enforcing authority determines that restoration is no longer reasonably achievable without an orderly insolvency proceeding, the enforcing authority shall take any action within its authority, and make any referral authorized by law, to commence or facilitate conservatorship, receivership, resolution, liquidation, bankruptcy, or another applicable insolvency proceeding.

(C) Applicable proceeding.—A referral under subparagraph (B) shall be made—

(i) for an investment bank, in accordance with section 255;

(ii) for an insured depository institution or credit union, in accordance with applicable Federal or State resolution law;

(iii) for an insurance company, to the appropriate State insurance regulator or receivership authority;

(iv) for a Government corporation, in accordance with the law governing that corporation; and

(v) for another limited liability entity, in accordance with title 11, United States Code, or other applicable insolvency law.

(D) No rescue authority.—Nothing in this paragraph authorizes an enforcing authority to provide or arrange public funds, guarantees, capital support, asset purchases, loss sharing, or other financial assistance to prevent or delay an applicable insolvency proceeding.

(9) Judicial enforcement and review.—

(A) Enforcement.—Upon application by a Federal enforcing authority, a district court of the United States may issue an injunction, order compliance, enforce a subpoena or administrative order, preserve assets or records, appoint a receiver if otherwise authorized by law, or grant such other equitable relief as may be appropriate.

(B) Review.—A final order issued by a Federal enforcing authority shall be subject to judicial review under chapter 7 of title 5, United States Code.

(C) No automatic stay.—The commencement of judicial review shall not automatically stay a temporary order, final order, restriction, or remediation requirement issued under this subsection.

(D) Stay standard.—A court may stay an action described in subparagraph (C) only upon a clear and convincing showing that—

(i) the applicant is likely to prevail on the merits;

(ii) the applicant will suffer irreparable harm absent a stay;

(iii) the stay will not materially increase a systemic solvency shortfall, unbounded exposure, dissipation of real assets, or risk of evasion; and

(iv) the public interest favors the stay.

(10) No discretionary forbearance based on consequences.—An enforcing authority may not waive, suspend, delay, or decline enforcement of a material requirement of this section on the basis that enforcement may—

(A) reduce the market value of a financial asset;

(B) impose losses on an owner, creditor, counterparty, or holder of a financial instrument;

(C) adversely affect a particular market or institution;

(D) reveal that an entity is large, interconnected, systemically important, or difficult to resolve; or

(E) create political, economic, or administrative inconvenience.

(k) Anti-evasion.—

(1) General rule.—No person may, directly or indirectly, use an entity, transaction, instrument, relationship, or course of conduct for the purpose or effect of evading, concealing, delaying, or materially reducing compliance with this section.

(2) Substance over form.—Compliance with this section shall be determined according to economic substance, legal exposure, control, allocation of risk, and the person that ultimately bears the obligation of performance or risk of loss, without regard to form, label, accounting treatment, jurisdiction, balance sheet presentation, or the use of multiple persons or transactions.

(3) Corrective treatment.—If an enforcing authority determines that an arrangement violates this subsection, the enforcing authority may—

(A) disregard, recharacterize, or aggregate related persons, transactions, assets, liabilities, or financial contracts;

(B) attribute an asset, liability, obligation, guarantee, or financial exposure to the person that bears the economic benefit, risk of loss, or obligation of performance;

(C) require consolidation or disallow a valuation, offset, hedge, collateral position, netting right, guarantee, or other protection; and

(D) restate a systemic solvency shortfall or compliance ratio and order such corrective treatment as is necessary to apply this section according to economic substance.

(4) Records.—A limited liability entity shall maintain and, upon request, provide records sufficient to establish the economic substance, lawful business purpose, legal enforceability, funding, risk allocation, and systemic solvency treatment of each material arrangement.

(5) Lawful transactions preserved.—Nothing in this subsection prohibits a transaction having independent economic substance and a bona fide commercial purpose merely because the transaction affects systemic solvency, if the transaction is fully and accurately accounted for and does not violate another provision of this section.

(l) Rulemaking, implementation, and construction.—

(1) Temporary guidance.—Not later than 90 days after the date of enactment of this Act, the Office shall publish temporary guidance addressing the initial identification of limited liability entities, liabilities, real assets, financial event exposures, unbounded exposures, enterprise groups, and reporting obligations.

(2) Interim and final rules.—

(A) Interim final rules.—Not later than 180 days after the date of enactment of this Act, the Board, acting on the recommendation of the Director, shall issue interim final rules sufficient to implement this section, including the transition schedule required under subsection (f)(6).

(B) Effect.—The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(C) Public comment and final rules.—The Board shall provide a public comment period of not less than 90 days after publication of the interim final rules and shall issue final rules not later than 18 months after the date of enactment of this Act.

(D) Consultation.—Before prescribing a rule of general applicability, the Board and the Office shall consult with appropriate functional regulators, accountants, auditors, actuaries, valuation professionals, representatives of nonfinancial businesses, labor organizations, consumer and public interest organizations, and other persons with relevant expertise.

(3) Failure to issue rules.—

(A) No delay.—A failure to issue guidance or rules by a deadline under this subsection shall not delay a prohibition, duty, or authority expressly applicable before issuance of the guidance or rules.

(B) New entities.—Before applicable rules take effect, a limited liability entity described in subsection (f)(1) shall determine and maintain systemic solvency using reasonable, documented, and consistently applied methods that conform as closely as practicable to the text and purposes of this section.

(C) Enforcement before rules.—The absence of a rule may not be asserted as a defense to—

(i) failure of a new entity to comply with subsection (f)(1);

(ii) the issuance, assumption, renewal, extension, or material modification of an unbounded or indeterminate exposure prohibited under subsection (f)(8);

(iii) failure to preserve records required under subsection (f)(4)(F); or

(iv) a violation of subsection (k).

(4) Reporting, audits, and existing obligations.—

(A) Reporting and audit requirements.—A reporting, filing, or independent audit requirement under subsection (g) shall first apply on the date specified in the applicable interim final or final rule, except that such date may not be later than 18 months after the date of enactment of this Act.

(B) Existing obligations.—Except as provided in subsection (f), this section does not require an existing liability or financial contract to be terminated solely because the liability or contract existed before the date of enactment of this Act.

(5) Relation to other law.—

(A) Federal minimum.—This section establishes a Federal minimum and shall not be construed to limit a capital, reserve, solvency, fiduciary, disclosure, corporate governance, insurance, securities, banking, consumer protection, or other requirement imposed under another provision of Federal or State law.

(B) Stricter protections preserved.—A person shall comply with any other applicable law that provides stricter protection against insolvency, leverage, financial exposure, concealment, asset dissipation, or risk transfer.

(C) Insolvency law preserved.—Except as expressly provided in this section, nothing in this section shall alter the priority, avoidance, setoff, netting, receivership, conservatorship, resolution, liquidation, or bankruptcy rules otherwise applicable to a limited liability entity.

(6) Protection of innocent contracting parties.—

(A) No automatic invalidation.—Except as expressly provided by this section or another provision of law, a violation of this section shall not automatically render a financial contract or other agreement void or unenforceable against a person that—

(i) did not know and had no reasonable cause to know of the violation; and

(ii) did not cause, participate in, or materially benefit from the violation.

(B) Enforcement preserved.—Subparagraph (A) shall not limit—

(i) an order terminating, capping, restructuring, transferring, or otherwise remediating a financial exposure;

(ii) avoidance, restitution, disgorgement, rescission, or other relief available under applicable law;

(iii) enforcement against a person that caused, participated in, knew of, or knowingly benefited from the violation; or

(iv) the authority to disregard or recharacterize an arrangement under subsection (k).

(7) No governmental guarantee or public loss absorption.—

(A) No governmental guarantee.—Compliance with this section, approval of a remediation plan, acceptance of a filing, completion of an audit, or action or inaction by an enforcing authority shall not constitute—

(i) a determination that a limited liability entity or financial instrument is safe or free from risk;

(ii) an obligation or guarantee of the United States, a State, an Indian Tribe, or any agency or instrumentality thereof;

(iii) a commitment to provide liquidity, capital, insurance, loss absorption, or financial assistance; or

(iv) a defense to a claim under another provision of law.

(B) No rescue authority.—Nothing in this section shall be construed to authorize—

(i) an appropriation, expenditure, loan, guarantee, asset purchase, capital contribution, insurance payment, or other use of public funds to satisfy or support a liability of a limited liability entity;

(ii) the creation or issuance of Treasury Dollar Bills for the benefit of a limited liability entity;

(iii) Federal Reserve credit, emergency lending, or monetary support for the purpose of preventing losses on a financial instrument; or

(iv) regulatory forbearance based on the anticipated consequences of enforcing this section.

SEC. 255. SPECIAL RESOLUTION OF INVESTMENT BANKS.

(a) Definitions.—In this section:

(1) Affiliate.—The term "affiliate" means a person that controls, is controlled by, or is under common ownership or control with another person.

(2) Appropriate Federal financial regulator.—The term "appropriate Federal financial regulator" has the meaning given the term in section 256(a)(2).

(3) Board.—The term "Board" means the Board of Governors of the Federal Reserve System.

(4) Capital markets intermediation.—The term "capital markets intermediation" has the meaning given the term in section 256(a)(5).

(5) Common ownership or control.—The term "common ownership or control" has the meaning given the term in section 256(a)(7).

(6) Control.—The term "control" has the meaning given the term in section 256(a)(8).

(7) Director.—The term "Director" means the Director of the Office of Systemic Solvency established under section 254(h).

(8) Financial services vertical.—The term "financial services vertical" has the meaning given the term in section 256(a)(11).

(9) Investment bank.—The term "investment bank" means a person authorized under applicable law to engage in capital markets intermediation as its financial services vertical, to issue investment instruments, and to maintain accounts designated for risk bearing financial activity, but not to accept deposits or maintain an account or other liability that is payable on demand at par and usable to make payments or transfers to another person.

(10) Investment bank business.—The term "investment bank business" means the operations, operating assets, contracts, systems, and other property used to conduct capital markets intermediation as an investment bank.

(11) Investment instrument.—The term "investment instrument" means a security, share, unit, participation, note, or contractual claim issued by an investment bank to finance risk bearing financial activity, the value or payment of which is subject to loss based on the financial performance of the investment bank or the underlying activity and that is not payable on demand at par. The term does not include a deposit, an account or other liability that is payable on demand at par and usable to make payments or transfers to another person, or Treasury Dollar Bills.

(12) Office.—The term "Office" means the Office of Systemic Solvency established under section 254(h).

(13) Person.—The term "person" has the meaning given the term in section 256(a)(14).

(14) Receiver.—The term "receiver" means the Office acting as receiver under subsection (e).

(15) Receivership estate.—The term "receivership estate" means all legal or equitable interests of the investment bank in property as of the appointment of the receiver and all property acquired by the receiver in administering the receivership. The term does not include property excluded from the receivership estate under subsection (g).

(b) Bailouts prohibited.—

(1) Prohibition.—It shall be unlawful for any officer, employee, agency, or instrumentality of the United States to provide public funds, credit facilities, capital contributions, guarantees, asset purchases, loss-sharing arrangements, or other financial assistance for the purpose of preventing, delaying, or mitigating losses borne by an investment bank or a holder of an investment instrument.

(2) No exception based on systemic importance.—No investment bank shall be deemed too big to fail, too interconnected to fail, or too strategic to fail.

(3) Exceptions.—Paragraph (1) does not prohibit—

(A) payment at fair market value for goods or services procured for a bona fide public purpose; or

(B) a generally applicable fiscal measure that is not directed to the rescue or support of a particular investment bank or investment instrument.

(c) Applicability and relationship to other law.—

(1) Exclusive applicability.—Notwithstanding any other provision of Federal or State law, this section shall exclusively govern the resolution of an investment bank and the administration of its receivership estate.

(2) Separate entities.—An affiliate of an investment bank shall not be placed into resolution under this section solely because of common ownership or control, unless the affiliate independently satisfies the definition of an investment bank and a trigger under subsection (d).

(3) Relationship to systemic solvency rule.—

(A) Before appointment of the receiver, section 254 shall govern systemic solvency supervision, examination, remediation, and enforcement with respect to an investment bank.

(B) Upon appointment of the receiver, this section shall govern administration and resolution of the investment bank, except that records, valuations, findings, orders, and other information developed under section 254 may be used in the resolution.

(C) Appointment of the receiver shall not terminate or limit an investigation, enforcement action, or claim against an officer, director, controlling person, affiliate, auditor, or other person arising from conduct occurring before appointment.

(d) Resolution triggers and referral.—

(1) Mandatory appointment.—The Board shall appoint a receiver for an investment bank upon the written recommendation of the Director and a finding that—

(A) the investment bank is not systemically solvent under section 254 and has failed to restore compliance within the period required by a final remediation order;

(B) the Office has determined under section 254(j)(8)(B) that restoration of systemic solvency is no longer reasonably achievable outside an orderly resolution proceeding; or

(C) the investment bank has failed to satisfy a material obligation when due and cannot promptly cure the failure without violating section 254 or receiving assistance prohibited under subsection (b).

(2) Referral by Federal financial regulator.—

(A) An appropriate Federal financial regulator may refer an investment bank to the Office upon identifying facts indicating that a trigger under paragraph (1) has occurred or is imminent.

(B) The Office shall promptly evaluate a referral and submit to the Board either—

(i) a recommendation for appointment of a receiver; or

(ii) a written determination explaining why appointment is not warranted.

(3) Emergency appointment.—

(A) The Board may appoint a receiver before completion of otherwise applicable notice or remediation procedures if the Director certifies in writing that—

(i) a trigger under paragraph (1) has occurred or is substantially certain to occur; and

(ii) delay would materially increase losses, permit dissipation or concealment of assets, impair payment obligations, or frustrate an orderly resolution.

(B) The Board shall issue final written findings supporting an appointment under subparagraph (A) not later than 5 business days after the appointment.

(4) Insufficient grounds.—A decline in market value, the systemic importance of an investment bank, or anticipated adverse market consequences shall not, standing alone, constitute a trigger for resolution under this subsection.

(e) Appointment and authority of receiver.—

(1) Appointment.—Upon a finding under subsection (d), the Board shall appoint the Office, acting through the Director, as receiver for the investment bank.

(2) Succession.—Upon appointment, the receiver shall succeed by operation of law to all rights, titles, powers, and privileges of the investment bank and of its officers, directors, managers, and equity holders with respect to the investment bank and its property.

(3) Exclusive resolution authority.—

(A) The receiver shall have exclusive authority to administer and resolve the investment bank and its receivership estate.

(B) After appointment of the receiver, no bankruptcy, conservatorship, receivership, liquidation, or other insolvency proceeding concerning the investment bank may be commenced or continued under Federal or State law except as authorized by this section.

(C) An appropriate Federal financial regulator may continue to exercise authority over violations of law, responsible persons, and entities outside the receivership estate, but may not direct or control administration of the receivership.

(4) General powers.—The receiver may—

(A) take possession and control of the property, books, records, contracts, systems, and operations of the investment bank;

(B) preserve, operate, suspend, terminate, transfer, or sell an activity, business line, asset, or liability as necessary to carry out this section;

(C) collect obligations owed to the investment bank and enforce or repudiate contracts, subject to this section and other applicable limitations of law;

(D) determine claims against the receivership estate and distribute proceeds in accordance with this section;

(E) exercise any right or power of the investment bank and appoint such agents and professionals as are reasonably necessary to administer the receivership; and

(F) sue and be sued in the name of the receiver.

(5) Administrative expenses and limitations.—

(A) Appropriation and use.—There is appropriated to the Board, out of amounts in the Treasury not otherwise appropriated, $500,000,000, to remain available until expended, for use by the Office to pay reasonable and necessary expenses of administering receiverships under this section. Use of amounts appropriated under this subparagraph shall not constitute financial assistance prohibited under subsection (b). An amount paid under this subparagraph shall be an administrative expense of the receivership estate and shall be reimbursed from the estate to the extent assets are available. An amount reimbursed under this subparagraph shall be deposited into the general fund of the Treasury.

(B) Funds may not be used under subparagraph (A) to satisfy a preappointment obligation of the investment bank, provide capital or liquidity to the investment bank, or preserve the value of an investment instrument.

(C) Except for an expenditure authorized under subparagraph (A), a liability incurred by the receiver in administering the receivership shall be payable solely from the receivership estate and shall not constitute a debt or obligation of the United States.

(f) Immediate actions and continuation of essential operations.—

(1) Immediate actions.—Upon appointment, the receiver shall—

(A) take control of the investment bank and suspend the authority of its officers, directors, managers, and equity holders;

(B) prohibit dividends, distributions, redemptions, repurchases, transfers to affiliates, and other discretionary payments;

(C) secure and preserve the property, books, records, data, systems, and communications of the investment bank; and

(D) prevent the transfer, concealment, destruction, dissipation, or material impairment of property of the receivership estate.

(2) Management and personnel.—

(A) The receiver may remove or retain an officer, employee, contractor, or other agent as necessary to preserve value, maintain essential operations, or complete the resolution.

(B) A person retained under subparagraph (A) shall act under the direction of the receiver and shall have no authority except as delegated by the receiver.

(3) Essential operations.—The receiver may continue an operation or perform an obligation only to the extent reasonably necessary to—

(A) preserve or realize the value of property;

(B) protect customer or custodial property;

(C) maintain critical records, systems, security, or settlement functions;

(D) complete an orderly transfer or sale; or

(E) prevent a greater loss to the receivership estate.

(4) No continuation for rescue.—An operation may not be continued to rescue or perpetuate the investment bank, protect the value of an investment instrument, or delay loss recognition. This paragraph does not prohibit temporary continuation solely to preserve value for a prompt sale or transfer under subsection (j).

(g) Customer, custodial, and other nonestate property.—

(1) Exclusion from estate.—Property in the possession or control of the investment bank that is beneficially owned by another person shall not constitute property of the receivership estate, including—

(A) customer owned or custodial property;

(B) property held in trust, agency, or fiduciary capacity;

(C) collateral required by law or contract to be held in segregation;

(D) Treasury Dollar Bills or other property held for the account of another person; and

(E) property of a legally separate fund or entity that is not beneficially owned by the investment bank.

(2) Identification and segregation.—The receiver shall promptly identify, secure, and segregate property described in paragraph (1) from property of the receivership estate.

(3) Return or transfer.—Subject to verification of ownership and any valid lien or other legally enforceable interest, the receiver shall return property described in paragraph (1) to its owner or transfer the property to a qualified custodian or successor designated by the owner.

(4) Shortfall or dispute.—

(A) If property claimed under this subsection is missing, commingled, deficient, or subject to a material ownership dispute, the receiver shall determine the claimant's interest using available books, records, transaction data, and other reliable evidence.

(B) A verified claim for property that cannot be specifically returned shall be allowed under subsection (i) as a customer property deficiency claim entitled to priority under subsection (l)(1)(C).

(5) No use for estate obligations.—The receiver may not sell, pledge, transfer, or otherwise use property excluded under paragraph (1) to satisfy an obligation of the investment bank or the receivership estate.

(h) Temporary stay.—

(1) Automatic stay.—Upon appointment of the receiver, and until 5 p.m. eastern time on the second business day after the appointment, no person may, without the consent of the receiver—

(A) terminate, accelerate, or enforce a contract solely because of the appointment of the receiver or the financial condition of the investment bank;

(B) foreclose on, seize, or exercise control over property of the receivership estate;

(C) exercise a right of setoff or netting against the investment bank; or

(D) commence or continue an action to collect, recover, or enforce a claim against the investment bank or its property.

(2) Exclusions.—Paragraph (1) shall not—

(A) prevent the return or transfer of property excluded from the receivership estate under subsection (g);

(B) stay a criminal, regulatory, or enforcement action against a person other than the investment bank or the receivership estate; or

(C) prohibit an action authorized by the receiver.

(3) Limited extension.—A court of competent jurisdiction may extend the stay for not more than 5 additional business days upon a showing by the receiver that the extension is necessary to prevent material loss, preserve property, or complete an imminent transfer and will not provide financial support prohibited under subsection (b).

(4) Actions after expiration.—Except as otherwise provided by this section, an action prohibited under paragraph (1) may be taken upon expiration of the stay.

(i) Claims determination and asset valuation.—

(1) Notice and submission of claims.—The receiver shall publish notice of the receivership and establish a reasonable period and procedure for the submission of claims against the receivership estate.

(2) Determination of claims.—

(A) The receiver shall allow or disallow each claim according to applicable law as of the date of appointment.

(B) A contingent, unmatured, or unliquidated claim may be estimated at the amount reasonably necessary to permit an orderly distribution.

(C) Allowance of a claim under this paragraph shall not determine the priority of the claim under subsection (l).

(3) Asset valuation.—The receiver shall value property of the receivership estate using a commercially reasonable method appropriate to its disposition, taking into account current market conditions, enforceable contractual rights, disposition costs, and the value reasonably obtainable through a competitive sale.

(4) Use of section 254 information.—A valuation, classification, report, audit, finding, order, or other record developed under section 254 may be relied upon by the receiver as evidence but shall not conclusively bind the receiver in determining ownership, claims, asset value, or recoveries in resolution.

(5) Independent review.—The receiver may obtain an independent appraisal, audit, legal opinion, or other expert review when reasonably necessary to resolve a material valuation, ownership, or claims issue.

(6) Records of determination.—The receiver shall maintain a written record of each material claims and valuation determination and the basis for that determination.

(j) Competitive sales and auctions.—

(1) Initiation.—Not later than 72 hours after appointment, the receiver shall initiate one or more public auctions or other open competitive processes for the sale of all or substantially all property of the receivership estate.

(2) Manner of disposition.—The receiver may sell the investment bank business as a whole or divide the property into business lines, asset pools, contracts, or other commercially reasonable units if the receiver determines that separate dispositions are likely to increase aggregate recovery or facilitate an orderly resolution.

(3) Timing.—

(A) The receiver shall complete each disposition as expeditiously as practicable and presumptively not later than 30 days after appointment.

(B) The receiver may extend the period under subparagraph (A) to a date not later than 60 days after appointment upon a written public determination that the extension is reasonably necessary to increase aggregate recovery, resolve a material ownership or claims issue, or complete an imminent transfer.

(C) A court of competent jurisdiction may authorize a further extension, in periods not exceeding 30 days, upon clear and convincing evidence that—

(i) the receiver is proceeding diligently;

(ii) the extension is necessary to prevent a material reduction in net recovery or resolve a material ownership or claims issue; and

(iii) the extension will not result in financial assistance prohibited under subsection (b).

(4) Competitive procedures.—The receiver shall provide reasonable notice, equal access to material information, and a fair opportunity to submit bids under uniform procedures, taking into account the need for prompt resolution and protection of confidential information.

(5) Selection of bids.—The receiver shall accept the qualified bid or combination of qualified bids that the receiver determines will produce the greatest aggregate recovery, after accounting for execution risk, required conditions, disposition costs, and compliance with this section.

(6) Public disclosure.—Promptly after consummation of a disposition, the receiver shall publish the identity of the purchaser, the property transferred, the consideration received, and the material terms of the transaction.

(7) Prohibited public support.—Neither the Board, a Federal Reserve Bank, the Department of the Treasury, nor any other Federal entity may—

(A) submit or finance a bid;

(B) guarantee, backstop, subsidize, or insure a bidder or disposition;

(C) purchase property for the purpose of supporting the sale price; or

(D) assume a loss arising from a disposition under this subsection.

(k) Bidder eligibility and compliance with section 256.—

(1) Uniform criteria.—The receiver shall establish uniform, objective eligibility criteria concerning financial capacity, operational capability, legal eligibility, and ability to consummate the proposed transaction without public financial assistance.

(2) Discrete assets.—Subject to paragraph (1), any person may bid on a discrete asset or asset pool that does not by itself constitute an investment bank business or confer control over such a business.

(3) Investment bank business.—The receiver may not consummate a sale or transfer of an investment bank business, a controlling interest in an investment bank, or substantially all operating assets necessary to conduct capital markets intermediation unless—

(A) the purchaser is authorized to engage in the acquired activity;

(B) the acquisition complies with section 256; and

(C) the acquisition does not create, continue, or facilitate prohibited common ownership, control, affiliation, or engagement in more than 1 financial services vertical.

(4) Indirect acquisitions.—Paragraph (3) applies to an acquisition made directly or indirectly, through an affiliate, intermediary, common-control arrangement, contractual relationship, or series of related transactions.

(5) Rejection of bid.—The receiver shall reject a bid that fails to satisfy this subsection or is conditioned on financial assistance prohibited under subsection (b).

(l) Distribution of property and proceeds.—

(1) Order of distribution.—After compliance with subsection (g), property and proceeds of the receivership estate shall be distributed in the following order:

(A) reasonable and necessary expenses incurred in administering the receivership, payable from unencumbered property;

(B) valid secured claims, to the extent of the value of the collateral remaining after payment of expenses described in paragraph (2)(A);

(C) verified customer property deficiency claims determined under subsection (g)(4);

(D) unpaid wages, salaries, and employee-benefit contributions earned before appointment;

(E) tax claims and other claims entitled to priority under Federal law;

(F) general unsecured claims other than claims arising from investment instruments;

(G) senior investment instruments;

(H) subordinated investment instruments; and

(I) any remaining value to equity holders.

(2) Secured claims.—

(A) Reasonable and necessary expenses incurred to preserve or dispose of collateral shall be paid from the proceeds of that collateral before payment of the secured claim.

(B) A secured claim shall be paid from the remaining value of the collateral securing the claim.

(C) The portion of a secured claim exceeding the remaining value of the collateral shall be treated as an unsecured claim in the class otherwise applicable to the obligation.

(3) Equal treatment.—Claims within the same class shall be paid pro rata unless a valid contractual subordination provision requires a lower priority.

(4) Limitation on recovery.—No claimant may receive more than the allowed amount of the claim, and no investment instrument shall be redeemed or satisfied at par unless property of the receivership estate is sufficient to pay all claims of equal or higher priority in full.

(5) Losses borne by investors.—Losses allocated to an investment instrument or equity interest may not be imposed on a depositor, a holder of an account or other liability payable on demand at par and usable to make payments or transfers, a holder of Treasury Dollar Bills, the Federal Reserve System, the Department of the Treasury, or the public fisc.

(m) Management and individual accountability.—

(1) Preservation of claims.—The receiver shall preserve, investigate, and, when appropriate, pursue any claim of the investment bank or receivership estate against an officer, director, controlling person, auditor, contractor, or other responsible person whose act or omission contributed to a loss, violation of law, dissipation of assets, false valuation, or failure of the investment bank.

(2) Available remedies.—In pursuing a claim under paragraph (1), the receiver may seek damages, restitution, disgorgement, avoidance of a fraudulent or preferential transfer, recovery of compensation or distributions, or other relief otherwise available under law.

(3) No estate funded indemnification.—The receiver may not use property of the receivership estate to indemnify or reimburse a person for liability arising from fraud, knowing misconduct, gross negligence, breach of fiduciary duty, or a violation of this section or section 254.

(4) Relationship to other enforcement.—This subsection does not limit any civil, administrative, or criminal investigation, action, penalty, or remedy available under section 254 or any other provision of law.

(n) Judicial review.—

(1) Expedited review.—A person adversely affected by the appointment of the receiver, an authorization of a sale or transfer that determines or materially impairs the legal interest of the person, or a final action of the receiver may, not later than 30 days after the appointment, authorization, or final action, as applicable, seek judicial review in the United States District Court for the District of Columbia or the district in which the investment bank had its principal place of business. The court shall consider the action on an expedited basis.

(2) No automatic stay.—The commencement of an action under paragraph (1) shall not stay, enjoin, or delay the appointment of the receiver, administration of the receivership, or a sale or transfer under this section.

(3) Temporary relief.—A court may grant temporary relief before consummation of a sale or transfer only upon clear and convincing evidence that—

(A) the challenged action is plainly contrary to this section;

(B) the applicant is likely to suffer irreparable harm that cannot be remedied by monetary relief; and

(C) the relief will not materially impair an orderly resolution or increase losses to the receivership estate.

(4) Finality of completed transactions.—A sale or transfer consummated in good faith under this section may not be stayed, rescinded, reversed, or otherwise unwound by a court.

(5) Monetary relief.—

(A) If a court determines that the Board, the Office, or the receiver acted unlawfully, the United States waives sovereign immunity with respect to a claim under this paragraph, and the court may award monetary relief for actual loss directly caused by the unlawful action.

(B) A final judgment under subparagraph (A) shall be paid under section 1304 of title 31, United States Code, and not from the receivership estate or by a purchaser.

(C) A court may not award relief that protects an investment instrument from a loss properly allocated under this section or requires the rescue, recapitalization, or continued operation of the investment bank.

(o) Rulemaking and systemwide stabilization.—

(1) Rulemaking.—

(A) In general.—Not later than 180 days after the date of enactment of this Act, the Board, in consultation with the Director and appropriate Federal financial regulators, shall issue rules necessary to carry out this section, including rules governing—

(i) referrals, receivership administration, competitive sales, bidder eligibility under section 256, claims procedures, and distributions;

(ii) the identification, valuation, preservation, transfer, termination, repudiation, and treatment of contracts and financial arrangements of an investment bank; and

(iii) coordination among the Board, the Office, the receiver, appropriate Federal financial regulators, clearing organizations, custodians, and other persons necessary to conduct an orderly resolution.

(B) Qualified financial contracts.—The rules issued under subparagraph (A) shall govern qualified financial contracts (as defined in section 11(e)(8)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1821(e)(8)(D)) and related master agreements, netting sets, collateral rights, security arrangements, and credit enhancements, including rules—

(i) implementing the temporary stay under subsection (h);

(ii) governing the transfer or termination of such contracts and related property;

(iii) preserving legally enforceable netting, setoff, collateral, and credit-enhancement rights except to the extent expressly limited by this section;

(iv) requiring that, with respect to a person that is a party to 1 or more qualified financial contracts with the investment bank, all qualified financial contracts between the person or any affiliate of the person and the investment bank, together with all claims, property, collateral, security arrangements, and credit enhancements related to those contracts, be transferred to the same transferee, or that none be transferred, and

prohibiting selective enforcement or repudiation within an integrated master agreement or netting set; and

(v) coordinating such contracts with the claims, customer-property, sale, and distribution provisions of this section.

(C) Cross-border resolution.—The rules issued under subparagraph (A) shall govern cross-border resolution matters, including—

(i) coordination with and, to the extent permitted by law, giving effect to a foreign insolvency, liquidation, or resolution proceeding;

(ii) cooperation and information sharing with a foreign financial or resolution authority, to the extent permitted by law and subject to appropriate confidentiality safeguards;

(iii) protection of property located in the United States and claims arising under United States law;

(iv) prevention of duplicative proceedings, inconsistent transfers, double recovery, or evasion of this section; and

(v) standards prohibiting the transfer of a qualified financial contract, netting agreement, collateral arrangement, security arrangement, credit enhancement, or related property to a foreign person unless the receiver determines that the applicable contractual, netting, collateral, security, and credit-enhancement rights will remain enforceable to substantially the same extent as under this section.

(D) Limitations.—A rule, agreement, recognition, transfer, or cooperative arrangement under this paragraph may not—

(i) authorize financial assistance prohibited under subsection (b);

(ii) subordinate customer or custodial property protected under subsection (g);

(iii) transfer a loss to the United States, the Federal Reserve System, the Department of the Treasury, a holder of Treasury Dollar Bills, or the public fisc;

(iv) protect an investment instrument from a loss otherwise allocable under this section; or

(v) authorize an ownership arrangement, affiliation, or acquisition prohibited under section 256.

(2) Self-executing authority.—A failure to issue a rule under paragraph (1) shall not delay or prevent the appointment of a receiver or the exercise of authority expressly granted by this section when a trigger under subsection (d) has occurred.

(3) Systemwide stabilization.—In the event of systemwide financial stress, stabilization shall be accomplished through generally applicable fiscal measures authorized by law, including direct public spending or per capita distributions, and not through financial assistance directed to an individual investment bank, purchaser, creditor, equity holder, or investment instrument.

(4) Construction.—Nothing in this section authorizes an activity, acquisition, ownership arrangement, or affiliation prohibited under section 256.

SEC. 256. STRUCTURAL SEPARATION OF FINANCIAL CONGLOMERATES.

(a) Definitions.—In this section:

(1) Antitrust Division.—The term "Antitrust Division" means the Antitrust Division of the Department of Justice, acting through the Assistant Attorney General in charge of the Antitrust Division.

(2) Appropriate Federal financial regulator.—The term "appropriate Federal financial regulator" means the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Securities and Exchange Commission, the Commodity Futures Trading Commission, or any other Federal agency that the Council determines has primary supervisory or regulatory jurisdiction over an entity or activity of a person subject to this section.

(3) Appropriate State insurance regulator.—The term "appropriate State insurance regulator" means the insurance commissioner or other State officer or agency with primary supervisory authority over an insurance company.

(4) Asset management.—

(A) In general.—The term "asset management" means the business of managing, advising, sponsoring, or exercising discretionary authority over assets beneficially owned by 1 or more unaffiliated persons, including the activities of—

(i) an investment adviser or investment company, as those terms are defined in section 202(a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(11)) and section 3(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(a)(1)), respectively;

(ii) a commodity pool operator or commodity trading advisor, as those terms are defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a); or

(iii) a sponsor, general partner, managing member, or manager of a private fund, as defined in section 202(a)(29) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(29)), or a similar pooled investment vehicle.

(B) Exclusions.—The term "asset management" does not include custody, safekeeping, recordkeeping, nondiscretionary administrative services, or trust and fiduciary activities permitted under subsection (b)(2).

(5) Capital markets intermediation.—The term "capital markets intermediation" means the business of—

(A) underwriting, placing, or distributing securities of another person;

(B) acting as a broker or dealer, as those terms are defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a));

(C) market making, prime brokerage, or securities lending as an intermediary;

(D) acting as a futures commission merchant, swap dealer, security-based swap dealer, major swap participant, or major security-based swap participant; or

(E) operating a national securities exchange, alternative trading system, securities clearing agency, derivatives clearing organization, or comparable capital markets trading or clearing facility.

(6) Commission.—The term "Commission" means the Federal Trade Commission.

(7) Common ownership or control.—The term "common ownership or control" means ownership or control, direct or indirect, of 2 or more entities by the same person or group of persons.

(8) Control.—The term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies, or operations of an entity. A person shall be rebuttably presumed to control an entity if such person—

(A) owns, controls, or has the power to vote 25 percent or more of any class of voting securities of the entity;

(B) has the power to appoint 25 percent or more of the board of directors or equivalent governing body of the entity; or

(C) has contractual or other authority to direct or materially influence the lending, underwriting, dealing, trading, investment advisory, insurance underwriting, custody, clearing, settlement, capital-allocation, risk management, or customer-access decisions of the entity.

(9) Council.—The term "Council" means the Financial Stability Oversight Council established under section 111 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321).

(10) Depository banking and balance sheet lending.—

(A) In general.—The term "depository banking and balance sheet lending" means the business of—

(i) operating as a depository institution, as defined in section 3(c)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(1)), a credit union, as defined in section 2(9) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301(9)), or a branch or agency of a foreign bank, as those terms are defined in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101(b));

(ii) receiving deposits or issuing deposit-like liabilities; or

(iii) extending consumer, commercial, real estate, or other credit as principal and retaining the predominant economic interest in such credit.

(B) Exclusions.—The term "depository banking and balance sheet lending" does not include—

(i) margin, settlement, or securities lending credit extended solely as an incident to capital markets intermediation;

(ii) an extension of credit made by a pooled investment vehicle using assets beneficially owned by the investors in such vehicle, if the asset manager does not guarantee the credit or fund it from the asset manager's own balance sheet;

(iii) a policy loan, premium financing arrangement, or investment made from the general or separate account of an insurance company; or

(iv) trade credit extended solely as an incident to the sale of nonfinancial goods or services.

(11) Financial services vertical.—The term "financial services vertical" means any of the following:

(A) Asset management.

(B) Capital markets intermediation.

(C) Depository banking and balance sheet lending.

(D) Insurance underwriting.

(12) Insurance underwriting.—The term "insurance underwriting" means the business of assuming insurance, reinsurance, or annuity risk in return for a premium or other consideration, including life, health, property, casualty, title, mortgage, financial guaranty, and other insurance risk. Such term does not include acting solely as an insurance agent or broker without assuming insurance risk.

(13) Lead financial regulator.—The term "lead financial regulator" means the appropriate Federal financial regulator designated by the Council under subsection (b)(5)(C).

(14) Person.—The term "person" has the meaning given the term in section 1 of the Clayton Act (15 U.S.C. 12).

(15) Profits.—The term "profits" means, with respect to any person and any month, the amount equal to the greater of—

(A) the net income (or loss) of such person before provision for income taxes for such month, as determined in accordance with generally accepted accounting principles and consistent with the accounting principles used in the most recent audited consolidated financial statements of such person; and

(B) 4 percent of the gross revenues of such person for such month, as so determined.

(16) Reviewing agencies.—The term "reviewing agencies" means the lead financial regulator, the Commission, and the Antitrust Division.

(17) Unaffiliated.—The term "unaffiliated", with respect to 2 persons, means that the persons are not under common ownership or control, directly or indirectly.

(b) Prohibition on ownership of more than 1 financial services vertical.—

(1) (A) In general.—Notwithstanding any other provision of Federal or State law, it shall be unlawful for any person to directly or indirectly own, operate, control, or direct the operation of any entity or combination of entities engaged in more than 1 financial services vertical, in or affecting interstate or foreign commerce.

(B) Prohibition on new acquisitions.—After the date of enactment of this Act, no person may acquire, directly or indirectly, control of assets or operations in a financial services vertical other than the financial services vertical in which such person already engages, in violation of subparagraph (A).

(2) Permitted incidental activities.—

(A) General rule.—A person engaged in a financial services vertical may conduct an activity associated with another financial services vertical only to the extent expressly permitted under this paragraph, necessary and incidental to the person's selected financial services vertical, and not used to preserve, recreate, or continue common ownership or control across financial services verticals.

(B) Depository banking and balance sheet lending.—A person engaged in depository banking and balance sheet lending may—

(i) purchase or sell investments for the account of a customer, or provide financial or investment advice to a customer, pursuant to authorized trust and fiduciary activities;

(ii) provide custody, safekeeping, recordkeeping, payment, and settlement services;

(iii) acquire and hold assets for liquidity, reserves, capital, foreclosure, debt collection, or resolution, provided that an asset acquired through foreclosure, debt collection, or resolution is disposed of as soon as practicable and not later than 2 years after acquisition, unless the appropriate Federal financial regulator with primary supervisory jurisdiction over the person authorizes a temporary extension necessary to avoid material loss; and

(iv) enter into a bona fide transaction to hedge a risk arising from the person's permitted activities.

(C) Capital markets intermediation.—A person engaged in capital markets intermediation may extend margin or settlement credit, provide custody of customer assets or collateral, provide research or advice incidental to brokerage, hold trading inventory, and enter into bona fide hedging transactions, in each case only as an incident to capital markets intermediation.

(D) Asset management.—A person engaged in asset management may cause a managed investment vehicle to purchase or sell securities, make or acquire loans, use derivatives, and maintain cash or collateral, provided that the person does not guarantee the obligations of the vehicle or fund the vehicle's activities from the person's own balance sheet except for seed capital permitted by joint rule.

(E) Insurance underwriting.—A person engaged in insurance underwriting may invest general-account and separate-account assets, enter into bona fide hedging transactions,

make policy loans, finance premiums, and manage assets solely to support insurance or annuity obligations.

(F) Narrow construction.—An activity permitted under this paragraph shall be construed narrowly and may not be offered as a separate line of business to unaffiliated persons except to the extent expressly authorized under this paragraph.

(G) Treasury interface services.—Providing interface services for Treasury transaction accounts under section 623(h) shall not, by itself, constitute engagement in a financial services vertical.

(3) Rulemaking.—Not later than January 30, 2027, the Council, the Commission, and the Antitrust Division shall, in consultation with the appropriate Federal financial regulators and appropriate State insurance regulators, issue a joint interim final rule defining for purposes of this section—

(A) a de minimis threshold of revenue, assets, or activity within a financial services vertical below which an activity may be excluded from the prohibition under paragraph (1), except that any exclusion under this subparagraph shall be construed narrowly and shall not permit the preservation, recreation, or continuation of integrated control across financial services verticals inconsistent with the purposes of this section;

(B) standards for applying the definitions of "common ownership or control" and "control" under subsection (a), including standards addressing contractual arrangements of operational control, indirect means of control, interlocking management, guarantees, shared capital or liquidity, and functions materially comparable to a financial services vertical;

(C) standards for applying paragraph (2), including limitations necessary to ensure that an incidental activity does not become a separate line of business or a means of evading paragraph (1);

(D) milestones for divestiture to ensure compliance within the deadline under subsection (c), provided such milestones may not be later than permitted under subsection (d), including—

(i) filing of a divestiture plan;

(ii) the length of time the reviewing agencies will review such plan;

(iii) filing of a revised plan, if necessary;

(iv) notification of the person acquiring such divestiture;

(v) the submission of any transaction filing required by section 7A of the Clayton Act (15 U.S.C. 18a) by the person acquiring such divestiture; and

(vi) completion of such divestiture; and

(E) for each milestone, whether, in the case of a person's knowing and willful failure to meet the milestone, the reviewing agencies shall seek—

(i) penalties under subsection (e)(3);

(ii) appointment of a divestiture trustee under subsection (e)(4); or

(iii) both clauses (i) and (ii).

(4) Effect of interim final rule.—The interim final rule under paragraph (3) shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The issuing agencies shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than October 30, 2027. A delay in issuance or finalization of rules under this paragraph shall not delay, limit, extinguish, or reduce any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(5) Notice of divestiture requirement.—

(A) In general.—Not later than 60 days after the date of enactment of this Act, the Council, the Commission, and the Antitrust Division shall, using the best information available, identify each person that they jointly determine is required to divest under subsection (c) and notify such person of the determination.

(B) 60-day notice not exhaustive.—Notwithstanding subparagraph (A), if the Council, the Commission, and the Antitrust Division later jointly determine, using the best information available, that a person not identified under subparagraph (A) is required to divest under subsection (c), the Commission and the Antitrust Division shall promptly notify such person.

(C) Lead financial regulator.—For each person identified under subparagraphs (A) or (B), the Council shall designate an appropriate Federal financial regulator to act as the lead financial regulator, based on the regulator's primary supervisory jurisdiction, the person's predominant financial services vertical, and the need to protect customers, depositors, investors, and policyholders. If the person engages in insurance underwriting, the lead financial regulator shall consult with each State insurance regulator having primary supervisory jurisdiction over a material insurance entity of the person.

(D) No immunity.—Failure to identify or notify a person under this paragraph shall not limit, extinguish, or otherwise affect any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(6) Determination upon request.—

(A) Request.—Any person that has not received notice under paragraph (5) may submit to the Council, the Commission, and the Antitrust Division a written request for a determination of whether that person is required to divest under subsection (c).

(B) Determination.—Not later than the later of 30 days after receipt of a request under subparagraph (A) or the expiration of the 60-day period under paragraph (5)(A), the Council, the Commission, and the Antitrust Division shall jointly issue to the person a written determination that states whether the person is required to divest under subsection (c). If the determination states that the person is required to divest, the Council shall designate a lead financial regulator in accordance with paragraph (5)(C). Notice issued under paragraph (5) after receipt of a request under subparagraph (A) shall satisfy this requirement.

(C) No admission or tolling.—Submission of a request under subparagraph (A) shall not—

(i) constitute an admission that the person is subject to subsection (b) or required to divest under subsection (c); or

(ii) toll or extend any prohibition, duty, enforcement authority, divestiture obligation, or deadline under this section.

(7) Judicial review.—

(A) Petition for review.—

(i) Determination.—A person receiving notice under paragraph (5) or a written determination under paragraph (6) may, not later than 30 days after receipt of such notice or determination, file a petition for review of the determination in the United States Court of Appeals for the District of Columbia Circuit.

(ii) Failure to act.—A person that submits a request under paragraph (6)(A) and does not receive a written determination within the period required under paragraph (6)(B) may, at any time before receipt of such determination, file a petition in the United States Court of Appeals for the District of Columbia Circuit to compel issuance of the determination.

(B) Application of chapter 7.—Chapter 7 of title 5, United States Code, shall apply to a petition under subparagraph (A). For purposes of such chapter—

(i) a determination under paragraph (5) or (6) shall constitute final agency action; and

(ii) a failure to issue a determination within the period required under paragraph (6)(B) shall constitute agency action unlawfully withheld.

(C) Expedited consideration.—The court shall expedite consideration of a petition filed under subparagraph (A) to the greatest extent practicable.

(c) Divestiture.—Not later than July 1, 2028, any person in violation of subsection (b) shall divest such interests as are necessary to come into compliance.

(d) Financial and antitrust review.—

(1) Divestiture plan required.—Not later than April 1, 2027, any person required to divest under subsection (c) shall submit to the lead financial regulator, the Commission, and the Antitrust Division a divestiture plan. Such plan—

(A) shall be submitted in the same manner, and contain substantially similar information, as a transaction filing under section 7A of the Clayton Act (15 U.S.C. 18a), without respect to any threshold, exemption, or other limitation of such section; and

(B) shall include—

(i) identification of the business, assets, entities, operations, licenses, contracts, or interests to be divested to come into compliance with subsection (b);

(ii) identification of the proposed acquiring person, if known;

(iii) a timetable for execution;

(iv) any transitional services proposed;

(v) a plan to separate capital, liquidity, funding, customer and client assets, personnel, data, systems, guarantees, contractual obligations, and regulatory licenses and permissions;

(vi) a plan to preserve operational continuity and protect depositors, borrowers, customers, clients, investors, and policyholders; and

(vii) such other information as the reviewing agencies may require by joint rule.

(2) Agency review process.—Not later than 180 days after receipt of a divestiture plan under paragraph (1), but in no case later than October 1, 2027, the reviewing agencies shall review the plan.

(A) Financial review.—The lead financial regulator shall coordinate review by the appropriate Federal financial regulators and, where applicable, appropriate State insurance regulators. The lead financial regulator shall review the effect of the proposed divestiture on safety and soundness, financial stability, financial viability, operational continuity, customer-asset protection, policyholder protection, and the ability of each resulting enterprise to operate independently.

(B) Antitrust review.—The Commission and the Antitrust Division shall review the effect on competition, concentration, independent market access, conflicts of interest, and the public interest—

(i) of the divestiture; and

(ii) of the subsequent acquisition of the divested business, assets, entities, operations, licenses, contracts, or interests by the acquiring person.

(C) Additional information.—Any request for additional information by a reviewing agency shall be made within 30 days of receipt of the plan.

(D) Acquiring person.—

(i) A divestiture plan that identifies a proposed acquiring person may be approved only if the following requirements are satisfied—

(I) the proposed acquisition is consistent with subsection (b);

(II) the proposed acquisition would not materially harm competition, increase concentration, recreate integrated control across financial services verticals, or otherwise undermine the purposes of this section;

(III) each resulting enterprise will be financially viable, operationally independent, and adequately protect depositors, borrowers, customers, clients, investors, and policyholders; and

(IV) each statutory reporting, waiting period, licensing, supervisory, or approval requirement applicable to the proposed acquisition will be satisfied before consummation.

(ii) A divestiture plan may be submitted and reviewed without identifying a proposed acquiring person, but no sale, transfer, assignment, or other disposition to an acquiring person may be consummated if the lead financial regulator, the Commission, or the Antitrust Division disapproves in writing.

(E) Notice of decision.—Not later than the end of the review period, the lead financial regulator shall notify the person in writing—

(i) whether the plan is approved, approved with conditions, or disapproved; and

(ii) the reasons for any disapproval or conditions.

(F) Approval standard.—A divestiture plan shall be treated as approved only if, before the end of the review period, the lead financial regulator has approved the plan in writing, whether unconditionally or subject to conditions accepted in writing by the person submitting the plan, and neither the Commission nor the Antitrust Division has disapproved the plan in writing.

(3) Revised plan following disapproval.—If a plan is disapproved under paragraph (2), the person shall submit a revised divestiture plan not later than 60 days after receipt of the disapproval notice.

(A) Review deadline.—Not later than 150 days after receipt of a revised plan, but in no case later than May 1, 2028, the reviewing agencies shall review the revised plan under the procedures set forth in paragraph (2).

(4) No tolling.—No submission, resubmission, agency review, negotiation, request for additional information, waiting period, court proceeding, or other matter shall toll or extend any deadline under this section.

(5) Consequences of noncompliance.—A person required to divest under subsection (c) shall be subject to subsection (e)(3), subsection (e)(4), or both, if such person fails to—

(A) submit a divestiture plan under paragraph (1);

(B) submit a revised plan under paragraph (3), if required to do so;

(C) obtain approval of either—

(i) a plan under paragraph (2); or

(ii) a revised plan under paragraph (3);

(D) conform to agreed upon conditions of an approved plan; or

(E) conclude the divestiture required by subsection (c).

(6) Blocking of actions.—The lead financial regulator, the Commission, and the Antitrust Division, jointly or separately, may bring a civil action in any court of competent jurisdiction to block any action that would materially increase financial risk, harm competition, recreate integrated control across financial services verticals, or otherwise undermine the purposes of this section.

(e) Enforcement.—

(1) Civil enforcement.—When the Commission, the Antitrust Division, a lead financial regulator, an appropriate Federal financial regulator, or an attorney general of a State has reason to believe that a person is in violation of this section or a rule promulgated under this section, such agency or attorney general may bring a civil action in an appropriate district court of the United States.

(2) Injunctive and equitable relief.—In any action described in paragraph (1), the applicable court, on a finding that a person is in violation of this section or a rule promulgated under this section, shall issue an order requiring such person—

(A) to cease and desist from such violation and, if applicable, divest such interests as are necessary to come into compliance with this section; and

(B) to pay an amount equal to the profits derived from any business, asset, operation, or interest subject to divestiture during the period of the violation.

(3) Penalties.—

(A) Written determination and transfer.—If a person knowingly and willfully fails to comply with a milestone specified under subsection (b)(3)(D), the lead financial regulator, an appropriate Federal financial regulator with primary jurisdiction over the missed milestone, or the Commission and the Antitrust Division acting jointly shall issue a written determination identifying the missed milestone, the month for which escrow is required, the amount required to be transferred, and the method used to calculate such amount. Beginning not later than 15 days after receipt of such written determination, the person shall transfer into escrow on a monthly basis 10 percent of the profits of the person, to be—

(i) returned to the person if divestiture occurs by the deadline under subsection (c); or

(ii) deposited into the general fund of the Treasury if divestiture does not occur by the deadline under subsection (c).

(B) Escrow administration and certification.—Any transfer into escrow under subparagraph (A) shall be deposited with the Secretary of the Treasury into a segregated account established for purposes of this section.

(i) Not later than 15 days after the end of each month for which a transfer is required, the person shall submit to the lead financial regulator, the Chair of the Commission, and the Antitrust Division a certification, signed by the chief executive

officer and chief financial officer, attesting to the calculation of profits and gross revenues for such month and the amount transferred.

(ii) Not later than 120 days after the end of each fiscal year, the person shall submit a reconciliation based on audited financial statements and shall pay any underpayment, together with interest on the underpayment from the date the underpayment was required to be transferred into escrow, at the underpayment rate determined under section 6621(a)(2) of the Internal Revenue Code of 1986 and compounded daily under section 6622(a) of such Code, or receive a return of any overpayment, as applicable.

(C) Judicial review.—A person subject to a transfer requirement under subparagraph (A) may, not later than 30 days after notice of such requirement, petition for review in the United States Court of Appeals for the District of Columbia Circuit. The filing of a petition for review shall not stay any obligation to transfer amounts into escrow unless the court orders otherwise.

(4) Trustee.—The lead financial regulator, the Commission, or the Antitrust Division may apply to a court of competent jurisdiction for the appointment of a divestiture trustee.

(A) Authority.—The divestiture trustee shall have the authority, at the expense of the person required to divest, to take such actions as are necessary to effectuate the divestiture required under this section, including selling, transferring, assigning, or otherwise disposing of the business, assets, entities, operations, licenses, contracts, or interests required to be divested.

(B) Cooperation.—The person required to divest shall cooperate fully with the divestiture trustee and shall take no action to interfere with, delay, or impede the divestiture.

(C) Approval.—Any proposed sale by the divestiture trustee shall be subject to approval under subsection (d).

(D) Duty of trustee.—The divestiture trustee shall act in the interest of effectuating prompt compliance with this section, preserving financial stability and operational continuity, and restoring competition, and shall not be required to maximize the value received by the person required to divest.

(5) Deposit.—Any amount paid under paragraph (2)(B) shall be deposited into the general fund of the Treasury.

(6) Other relief.—In addition to any relief obtained under paragraph (1) or (2), the court may grant any other equitable relief necessary to redress and prevent recurrence of the violation.

(f) Anti-circumvention.—It shall be unlawful for any person to evade or attempt to evade this section, including by entering into an agreement or contract, engaging in a transaction, structuring an entity, sharing capital, liquidity, guarantees, personnel, data, systems, or risk, or recreating through contractual means the common ownership, control, conflicts of interest, or financial integration prohibited under subsection (b).

(g) Rulemaking authority.—The Council, the Commission, and the Antitrust Division shall, in consultation with the appropriate Federal financial regulators and appropriate State insurance regulators, jointly promulgate regulations to carry out this section.

(h) Reports required.—The Chairperson of the Council, the Chair of the Commission, and the Antitrust Division shall submit to the appropriate congressional committees quarterly reports on compliance with this section, including the status of any divestitures required under this section.

(i) Rule of construction.—Nothing in this section shall be construed to limit the authority of the Council, the Commission, the Department of Justice, an appropriate Federal financial regulator, an appropriate State insurance regulator, or the attorney general of a State under any other provision of law.

SEC. 257. CERTAIN EVENT CONTRACTS PROHIBITED.

Section 5c(c) of the Commodity Exchange Act (7 U.S.C. 7a–2(c)) is amended by adding at the end the following:

"(6) Certain event contracts prohibited.—

"(A) Definitions.—In this paragraph:

"(i) Casino-style game.—The term 'casino-style game' means any game traditionally found in a casino, including slot machine games, video poker, blackjack, roulette, craps, any other casino-style table game, bingo, lottery, and any simulation of any such game.

"(ii) Military action.—The term 'military action' means any military action taken by the United States or any foreign country.

"(iii) Political contest.—The term 'political contest' means any primary, general, special, runoff, recall, or other election for Federal, State, local, or territorial public office, and any caucus, convention, ballot measure, referendum, initiative, or other political contest or process the outcome of which is determined in whole or in part by votes cast or formally tabulated.

"(iv) Sporting event.—The term 'sporting event' means any live or virtual contest involving physical activity or skill in which individuals or teams compete and performance determines an outcome or statistical result, including amateur, collegiate, and professional sports.

"(v) United States governmental action.—The term 'United States governmental action' means any action taken, proposed, authorized, or officially announced by the executive, legislative, or judicial branch of the United States or any member of any such branch.

"(B) Prohibition.—

"(i) In general.—Notwithstanding any other provision of this section, no agreement, contract, or transaction relating to any casino-style game, military action, political contest, sporting event, or United States governmental action may be listed or made available for clearing or trading on or through a registered entity.

"(ii) Exception.—Clause (i) shall not apply with respect to any agreement, contract, transaction, or swap relating to a United States governmental action if such agreement, contract, transaction, or swap is used for hedging or mitigating commercial risk and the

person entering into such agreement, contract, transaction, or swap has a preexisting, demonstrable commercial exposure, independent of such agreement, contract, transaction, or swap, that is more than de minimis.

"(C) Rule of construction.—Nothing in this subsection shall be construed to preempt any State law or rule that regulates or prohibits any agreement, contract, or transaction relating to any casino-style game, military action, political contest, sporting event, or United States governmental action.

"(D) Transition rule.—Any agreement, contract, or transaction described in subparagraph (B)(i) that was entered into on or before the date of enactment of this Act, may remain in effect solely until settlement, exercise, liquidation, or expiration in accordance with its terms, but may not, after the date of enactment of this Act, be newly listed, offered to a new holder, assigned, novated, rolled over, or made available for secondary trading on or through a registered entity.".

Subtitle F—Toward a Uniform Bankruptcy Code

SEC. 261. FINDINGS.

Congress finds the following:

(1) Article I, Section 8, Clause 4 of the Constitution of the United States directs Congress to establish uniform laws on the subject of bankruptcies throughout the United States.

(2) The requirement of uniformity in bankruptcy law reflects a Constitutional judgment that relief from debt and the orderly resolution of insolvency must not vary arbitrarily based on creditor power, debtor status, or financial sophistication.

(3) Bankruptcy law has historically served two complementary purposes: providing a fresh start for honest but unfortunate debtors, and ensuring the fair and orderly reorganization or liquidation of distressed enterprises for the benefit of all stakeholders.

(4) Over time, amendments to the Bankruptcy Code and changes in bankruptcy practice have produced nonuniform outcomes in which similarly situated debtors are treated differently based on the type of debt incurred, the identity of creditors, or the procedural posture of a case.

(5) Certain categories of educational debt have been rendered effectively nondischargeable absent a showing of undue hardship, creating a deviation from uniform bankruptcy principles and imposing long-term financial burdens on individuals regardless of good faith efforts to repay.

(6) Amendments enacted in 2005 to chapter 7 of title 11, United States Code, replaced discretionary judicial standards with mechanical presumptions of abuse, shifted burdens onto individual debtors, and eliminated the historical presumption in favor of granting relief, thereby impairing the uniform availability of a fresh start.

(7) At the same time, sophisticated financial actors have increasingly employed chapter 11 procedures, including expedited asset sales under section 363 of title 11, United States Code, to retain control of distressed enterprises while shedding obligations to workers, retirees, and unsecured creditors.

(8) The use of insider transactions, credit bidding, and expedited sales in chapter 11 cases has, in some instances, undermined confidence in the fairness and integrity of the bankruptcy system and produced outcomes inconsistent with equitable treatment.

(9) Congress has a continuing responsibility to ensure that bankruptcy law operates in a uniform, fair, and transparent manner, consistent with Constitutional authority, and that neither individual debtors nor institutional actors are subject to special rules that distort outcomes or evade accountability.

SEC. 262. ADDRESSING STUDENT LOANS.

(a) Discharge of educational debt permitted.—Section 523(a) of title 11, United States Code, is amended by striking paragraph (8).

(b) Repayment by certain institutions.—Section 524 of title 11, United States Code, is amended by adding at the end the following:

"(n) (1) In this subsection:

"(A) The term 'cohort repayment rate', with respect to a covered institution of higher education or a category of student borrowers at such institution, means the percentage of student borrowers in the applicable cohort who are making at least some progress paying down their student loans within 3 years of entering repayment.

"(B) The term 'covered institution of higher education' means an institution of higher education (as defined in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)) that—

"(i) is a participant in the Federal Direct Loan Program under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.); and

"(ii) has an enrollment in which not less than 33 percent of students have received a loan made, insured, or guaranteed under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

"(C) The term 'covered student loan' means the original principal of a loan—

"(i) the first payment on which became due before the 10-year period (exclusive of any applicable suspension of the repayment period) ending on the date of the filing of the petition; and

"(ii) used by the debtor to make a payment to a covered institution of higher education on behalf of the debtor for the purpose of attaining an educational benefit.

"(D) The term 'Federal Direct PLUS Loan' means a Federal Direct PLUS Loan under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.).

"(2) Institutional reimbursement.—If a covered student loan is discharged in a bankruptcy case under this title, the covered institution of higher education to which the debtor made a payment with the covered student loan shall pay to the Department of Education an amount equal to the applicable reimbursement percentage of the amount of the covered student loan that is discharged.

"(A) Applicable reimbursement percentage.—The applicable reimbursement percentage is the greater of—

"(i) the default-rate percentage determined under subparagraph (B); and

"(ii) the repayment-rate percentage determined under subparagraph (C).

"(B) Default-rate percentage.—Using the lowest cohort default rate of the covered institution of higher education, as determined under section 435(m) of the Higher Education Act of 1965 (20 U.S.C. 1085(m)), for the 3 fiscal years preceding the date on which the first payment on the covered student loan became due, the default-rate percentage is—

"(i) 50 percent, if such rate was equal to or more than 25 percent;

"(ii) 30 percent, if such rate was equal to or more than 20 percent but less than 25 percent;

"(iii) 20 percent, if such rate was equal to or more than 15 percent but less than 20 percent; and

"(iv) 0 percent, if such rate was less than 15 percent.

"(C) Repayment-rate percentage.—

"(i) General rule.—Except as provided in clause (ii), based on the cohort repayment rate of the covered institution of higher education with respect to borrowers other than those described in clause (ii), the repayment-rate percentage is—

"(I) 50 percent, if such rate was equal to or less than 20 percent;

"(II) 30 percent, if such rate was more than 20 percent but equal to or less than 25 percent;

"(III) 20 percent, if such rate was more than 25 percent but equal to or less than 30 percent; and

"(IV) 0 percent, if such rate was more than 30 percent.

"(ii) Graduate and professional PLUS loans.—With respect to a covered student loan that is a Federal Direct PLUS Loan received by a graduate or professional student for enrollment at the institution, based on the cohort repayment rate of the institution with respect to such borrowers, the repayment-rate percentage is—

"(I) 50 percent, if such rate was equal to or less than 35 percent;

"(II) 30 percent, if such rate was more than 35 percent but equal to or less than 40 percent;

"(III) 20 percent, if such rate was more than 40 percent but equal to or less than 45 percent; and

"(IV) 0 percent, if such rate was more than 45 percent.

"(3) Administration and collection.—

"(A) Notice.—After the discharge of a covered student loan becomes final and is no longer subject to appeal, the Secretary of Education shall determine the amount due under paragraph (2) and notify the covered institution of higher education of that amount.

"(B) Payment deadline.—The covered institution of higher education shall pay the amount due not later than 90 days after receiving notice under subparagraph (A).

"(C) Collection.—An amount not paid when due under subparagraph (B) shall constitute a debt owed to the United States, shall be subject to subchapter II of chapter 37 of title 31, and may be collected by administrative offset or any other lawful means.".

(c) Effective date.—This section and the amendments made by this section shall—

(1) take effect January 1, 2027; and

(2) apply to a petition filed or amended under title 11, United States Code, on or after January 1, 2027, with respect to a debt for an educational benefit, overpayment, loan, scholarship, or stipend of a debtor.

SEC. 263. REPEALING THE PRESUMPTION OF ABUSE IN CHAPTER 7.

(a) In general.—Section 707 of title 11, United States Code, is amended—

(1) in the section heading, by striking "Dismissal of a case or conversion to a case under chapter 11 or 13" and inserting "Dismissal"; and

(2) by amending subsection (b) to read as follows:

"(b) Consumer debtors.—

"(1) Dismissal for substantial abuse.—After notice and a hearing, the court, on its own motion or on a motion by the United States trustee (or bankruptcy administrator, if any), but not at the request or suggestion of any party in interest, may dismiss a case filed by an individual debtor under this chapter whose debts are primarily consumer debts if it finds that the granting of relief would be a substantial abuse of the provisions of this chapter.

"(2) Presumption in favor of relief.—There shall be a presumption in favor of granting the relief requested by the debtor.

"(3) Charitable contributions.—In making a determination whether to dismiss a case under this section, the court may not take into consideration whether a debtor has made, or continues to make, charitable contributions (as defined in section 548(d)(3)) to a qualified religious or charitable entity or organization (as defined in section 548(d)(4)).".

(b) Clerical amendment.—The table of sections for chapter 7 of title 11, United States Code, is amended by striking the item relating to section 707 and inserting the following:

"707. Dismissal.".

SEC. 264. CORPORATE LIABILITY PARTITIONING AND BAD FAITH BANKRUPTCY FILINGS.

(a) Conversion or dismissal under chapter 11.—Section 1112 of title 11, United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (2)(A), by striking "within a reasonable period of time" and inserting "not later than 24 months after the date of the filing of the petition"; and

(B) in paragraph (4)—

(i) in subparagraph (O), by striking "and" at the end;

(ii) in subparagraph (P), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(Q) with respect to the dismissal of a case under this chapter, the filing of a petition for relief or the continuation of a case under this title that is—

"(i) objectively futile; or

"(ii) in subjective bad faith."; and

(2) by adding at the end the following:

"(g) (1) For the purpose of subsection (b)(4)(Q), the court shall presume that a petition has been filed or that a case is continuing under this title in subjective bad faith if the court determines that the debtor manufactured the venue for the case.

"(2) The presumption under paragraph (1) may be rebutted only based on clear and convincing evidence.

"(h) (1) For the purpose of subsection (b)(4)(Q), the court shall conclusively presume that a petition has been filed or that a case under this title is continuing in subjective bad faith if the court determines that—

"(A) a purpose or effect of the filing or continuation is to—

"(i) gain a tactical litigation advantage;

"(ii) impose undue delay upon creditors; or

"(iii) cap the total amount of the liability of the debtor to 2 or more creditors holding protected claims (as defined in section 362(p)(1)) if the debtor or any affiliate has property of value sufficient to pay in full as those claims would come due;

"(B) during the 4-year period preceding the date of the filing of the petition, the debtor was the subject of, or was formed or organized in connection with, a divisional merger or similar transaction changing the corporate structure of and affecting the financial condition of the debtor or an affiliate;

"(C) during the 4-year period preceding the date of the filing of the petition, the debtor engaged in a transfer of substantial assets to or for the benefit of any insider or affiliate, or incurred substantial obligations from or for the benefit of any insider or affiliate, if the transfer or incurrence of obligations, notwithstanding subsections (e) through (g) and (j) of section 546, is avoidable under section 544(b) or subsection (a)(1) or (e) of section 548; or

"(D) the debtor does not have a valid reorganizational purpose.

"(2) In making a determination under paragraph (1)(D), the court shall consider and give weight to whether any appointed creditors' committee supports the dismissal of the case.

"(i) In a determination under subsection (g) or (h), the debtor shall have the burden of proof.".

(b) Limitations on certain stays and injunctions.—Section 105 of title 11, United States Code, is amended by adding at the end the following:

"(e) Notwithstanding subsection (a) of this section, any provision of title 28, the Federal Rules of Bankruptcy Procedure, or any applicable nonbankruptcy law, the court may not issue any order, process, or judgment that has the purpose or effect of overriding or nullifying section 362(b)(27) of this title.".

(c) Automatic stay.—Section 362 of title 11, United States Code, is amended—

(1) in subsection (b)—

(A) by redesignating paragraphs (27), (28), and (29) as paragraphs (28), (29), and (30), respectively; and

(B) by inserting after paragraph (26) the following:

"(27) under subsection (a) of this section, of the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against an entity that is not a debtor in a case under this title, or any act to obtain or recover property of such entity, on account of or with respect to a protected claim against such entity, the debtor, or the estate (including a protected claim that is property of the debtor or the estate against such entity), if, during the 4-year period preceding the date of the filing of the petition, the debtor was the subject of, or was formed or organized in connection with, a divisional merger, spinoff, corporate restructuring, or other transaction changing the corporate structure of, and affecting the financial condition of, the debtor or an affiliate;"; and

(2) by adding at the end the following:

"(p) For the purposes of paragraph (27):

"(1) The term 'protected claim' means—

"(A) a claim that—

"(i) is against a nondebtor entity or against property of a nondebtor entity that is alleged to be directly or indirectly liable for a claim described in subparagraph (B) against the debtor; and

"(ii) arises by reason of—

"(I) the nondebtor entity's ownership of a financial interest in the debtor, a past or present affiliate of the debtor, or a predecessor in interest of the debtor;

"(II) the nondebtor entity's involvement in the management of the debtor or a predecessor in interest of the debtor or the nondebtor entity's service as an officer, director, or employee of the debtor or a related party;

"(III) the nondebtor entity's provision of insurance to the debtor or a related party; or

"(IV) the nondebtor entity's involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of the debtor or a related party, including—

"(aa) involvement in providing financing (debt or equity) or advice to an entity involved in such a transaction; or

"(bb) acquiring or selling a financial interest in an entity as part of such a transaction; or

"(B) a claim—

"(i) against the debtor or a nondebtor entity or property of the debtor or a nondebtor entity;

"(ii) relating to injury, contamination, damage, or loss, including any claim for reimbursement, indemnity, contribution, or subrogation;

"(iii) affecting, directly or indirectly, not less than 100 individuals on or after the date of the filing of the petition;

"(iv) allegedly caused, directly or indirectly, by the presence of, or exposure to, a product, material, or substance designed, marketed, manufactured, sold, modified, extracted, serviced, or in any way used by the debtor or the nondebtor entity; and

"(v) arising, directly or indirectly, from acts or omissions of—

"(I) the debtor;

"(II) a predecessor in interest of the debtor; or

"(III) a past or present affiliate of the debtor.

"(2) The term 'related party' has the meaning given the term in section 524(g)(4)(A)(iii).".

(d) Technical amendments.—

(1) Automatic stay.—Section 362(o) of title 11, United States Code, is amended by striking "(27)" and inserting "(28)".

(2) Setoff.—Section 553 of title 11, United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (2)(B)(ii), by striking "362(b)(27)" and inserting "362(b)(28)"; and

(ii) in paragraph (3)(C), by striking "362(b)(27)" and inserting "362(b)(28)"; and

(B) in subsection (b)(1), by striking "362(b)(27)" and inserting "362(b)(28)".

(3) Relief that may be granted upon filing petition for recognition.—Section 1519(f) of title 11, United States Code, is amended by striking "(27)" and inserting "(28)".

(4) Relief that may be granted upon recognition.—Section 1521(f) of title 11, United States Code, is amended by striking "(27)" and inserting "(28)".

(e) Application and rule of construction.—This section and the amendments made by this section shall—

(1) apply with respect to any case under title 11, United States Code, filed or pending on or after the date of enactment of this Act; and

(2) not be construed to affect the validity of any final judgment or order confirming a plan under chapter 11 of title 11, United States Code, that was entered before the date of enactment of this Act.

SEC. 265. WORKER AND CONSUMER PROTECTION IN BANKRUPTCY.

(a) Priority for wages in bankruptcy.—Section 507(a) of title 11, United States Code, is amended—

(1) in paragraph (4)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(B) in the matter preceding clause (i), as so redesignated, by inserting "(A)" before "Fourth";

(C) in subparagraph (A), as so designated, in the matter preceding clause (i), as so redesignated—

(i) by striking "$10,000" and inserting "$20,000";

(ii) by striking "within 180 days"; and

(iii) by striking "or the date of the cessation of the debtor's business, whichever occurs first"; and

(D) by adding at the end the following:

"(B) Severance pay described in subparagraph (A)(i) shall be deemed earned in full upon the layoff or termination of employment of the individual to whom the severance pay is owed."; and

(2) in paragraph (5)—

(A) in subparagraph (A)—

(i) by striking "within 180 days"; and

(ii) by striking "or the date of the cessation of the debtor's business, whichever occurs first"; and

(B) by striking subparagraph (B) and inserting the following:

"(B) for each such plan, to the extent of the number of employees covered by each such plan multiplied by $20,000.".

(b) Priority for severance pay and employee-benefit contributions.—Section 503(b) of title 11, United States Code, is amended—

(1) in paragraph (8)(B), by striking "and" at the end;

(2) in paragraph (9), by striking the period and inserting a semicolon; and

(3) by adding at the end the following:

"(10) severance pay owed to employees of the debtor (other than to an insider of the debtor or a senior executive officer of the debtor), under a plan, program, or policy generally applicable to employees of the debtor (but not under an individual contract of employment), or owed pursuant to a collective bargaining agreement, for layoff or termination on or after the date of the filing of the petition, which pay shall be deemed earned in full upon such layoff or termination of employment; and

"(11) any contribution due on or after the date of the filing of the petition under an employee welfare benefit plan, as defined in section 212 of the POPULIST Act.".

(c) Priority for violations of labor and employment laws.—

(1) Section 503(b)(1)(A)(ii) of title 11, United States Code, is amended by inserting after "(ii)" the following: "any back pay, civil penalty, or damages for a violation of any Federal or State labor and employment law, including the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2101 et seq.) and any comparable State law, and".

(2) Section 5(a)(1) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2104(a)(1)) is amended, in the matter following subparagraph (B)—

(A) by inserting "which for purposes of this sentence shall consist of the days, in the notification period, that are or that follow the date of the prohibited closing or layoff under this Act," after "period of the violation,"; and

(B) by inserting "calendar" after "60".

(d) Collateral surcharge for employee obligations.—Section 506(c) of title 11, United States Code, is amended—

(1) by inserting "(1)" before "The trustee"; and

(2) by adding at the end the following:

"(2) If 1 or more employees of the debtor have not received wages, accrued vacation, severance, or any other compensation owed under a plan, program, policy, or practice of the debtor, or pursuant to the terms of a collective bargaining agreement, for services rendered on or after the date of the commencement of the case, or the debtor has not made a contribution due under an employee welfare benefit plan, as defined in section 212 of the POPULIST Act, on or after the date of the commencement of the case, such unpaid obligations shall be—

"(A) deemed—

"(i) reasonable, necessary costs and expenses of preserving, or disposing of, property securing an allowed secured claim; and

"(ii) benefiting the holder of the allowed secured claim; and

"(B) recovered by the trustee for payment to the employees or the employee welfare benefit plan, as applicable, even if the trustee, or a predecessor or successor in interest, has otherwise waived the provisions of this subsection under an agreement with the holder of the allowed secured claim or a successor or predecessor in interest of the holder of the allowed secured claim.".

(e) Protection for employees in a sale of assets.—

(1) Section 363 of title 11, United States Code, as amended by section 213(k) of this Act, is further amended by adding at the end the following:

"(q) (1) In approving a sale or lease of property of the estate under this section, or under a plan under chapter 11, the court shall give substantial weight to the extent to which a prospective purchaser or lessee, respectively, of the property will—

"(A) preserve the jobs of the workforce of the debtor; and

"(B) maintain the terms and conditions of employment of the workforce of the debtor.

"(2) If there are 2 or more offers to purchase or lease property of the estate under this section, or under a plan under chapter 11, that qualify under the procedures approved by the court, the court shall approve the offer that best—

"(A) preserves the jobs of the workforce of the debtor; and

"(B) maintains the terms and conditions of employment of the workforce of the debtor.

"(r) (1) Any party seeking to purchase or lease property of the estate under this section, or under a plan under chapter 11, shall represent to the court the effect of such a transaction with respect to—

"(A) the preservation of the jobs of the workforce of the debtor; and

"(B) the maintenance of the terms and conditions of employment of the workforce of the debtor.

"(2) The court shall expressly include in an order approving a purchase or lease of property of the estate under this section, or under a plan under chapter 11, any representation made by a purchaser or lessee under paragraph (1).

"(3) With respect to such a purchase or lease—

"(A) the court shall have jurisdiction over the purchaser or lessee to enforce the order;

"(B) the purchaser or lessee shall promptly disclose any material noncompliance; and

"(C) the court may impose any appropriate remedy, including injunctive relief.".

(2) Section 1123(b)(4) of title 11, United States Code, is amended by inserting ", which sale shall be subject to the requirements under subsections (q), (r), and (s) of section 363," after "property of the estate".

(3) Section 1129(a) of title 11, United States Code, as amended by section 213(l) of this Act, is further amended by adding at the end the following:

"(17) If the plan provides for the sale of all or substantially all of the property of the estate, the sale meets the requirements under subsections (q) and (r) of section 363 of this title.".

(f) Protection of gift card purchasers.—

(1) Definition of gift card.—Section 101 of title 11, United States Code, is amended by inserting after paragraph (26) the following:

"(26A) The term 'gift card' means a paper or electronic promise, plastic card, or other payment code or device that is—

"(A) redeemable at—

"(i) a single merchant; or

"(ii) an affiliated group of merchants that share the same name, mark, or logo;

"(B) issued in a specified amount, regardless of whether that amount may be increased in value or reloaded at the request of the holder;

"(C) purchased on a prepaid basis in exchange for payment; and

"(D) honored by the single merchant or affiliated group of merchants described in subparagraph (A) upon presentation for goods or services.".

(2) Consumer deposit priority.—Section 507(a) of title 11, United States Code, as amended by subsection (a) of this section, is further amended by striking paragraph (7) and inserting the following:

"(7) Seventh, allowed unsecured claims of individuals, to the extent of $1,800 for each such individual, arising from the deposit, before the commencement of the case, of money in connection with—

"(A) the purchase, lease, or rental of property;

"(B) the purchase of services, for the personal, family, or household use of such individuals, that were not delivered or provided; or

"(C) the purchase of a gift card with respect to which funds exist that have not been redeemed.".

SEC. 266. CORPORATE BANKRUPTCY ABUSE.

(a) Protection against abusive sales.—Section 363 of title 11, United States Code, as amended by section 265(e)(1) of this Act, is further amended by adding at the end the following:

"(s) Chapter 11 sales affecting workers, retirees, and unsecured creditors.—In addition to subsections (q) and (r), the following requirements apply:

"(1) Definitions.—In this subsection:

"(A) Distressed claim purchaser.—The term 'distressed claim purchaser' means a person that, alone or together with an affiliate—

"(i) acquired by purchase, assignment, or other transfer, during the 2-year period ending on the date of the filing of the petition or at any time after that date, all or part of a claim against the debtor; and

"(ii) proposes to acquire through a significant sale control of the debtor, substantially all of the operating assets of the debtor, or a material business, facility, operating unit, or line of business of the debtor.

"(B) Employee and retiree obligations.—The term 'employee and retiree obligations' means, with respect to current or former employees associated with the business or assets to be transferred—

"(i) accrued pension obligations;

"(ii) obligations to provide retiree health benefits; and

"(iii) obligations under a collective bargaining agreement.

"(C) Related purchaser.—The term 'related purchaser' means—

"(i) an insider or controlling equity holder of the debtor; or

"(ii) an affiliate of an insider or controlling equity holder of the debtor.

"(D) Significant sale.—The term 'significant sale' means a sale or other transfer, outside the ordinary course of business or under a plan under chapter 11, of—

"(i) all or substantially all of the operating assets of the debtor; or

"(ii) a material business, facility, operating unit, or line of business of the debtor.

"(2) Sales to related purchasers and distressed claim purchasers.—

"(A) Presumption.—A significant sale to a related purchaser or distressed claim purchaser shall be presumed not to be in the best interests of the estate.

"(B) Approval standard.—The court may approve a significant sale to a related purchaser or distressed claim purchaser only if the proponent of the sale demonstrates by clear and convincing evidence that—

"(i) the sale is necessary to preserve going concern value or prevent a material and imminent diminution of the value of the business or assets to be transferred;

"(ii) the sale resulted from a fair, open, and competitive process reasonably designed to obtain the highest attainable value consistent with paragraph (4);

"(iii) the identity of each person that directly or indirectly controls the purchaser, each material relationship between the purchaser and the debtor or an insider of the debtor, the price paid to acquire each claim proposed to be used in a credit bid, and each material side agreement relating to the sale have been disclosed to the court and parties in interest, subject to an appropriate protective order;

"(iv) the consideration and other terms of the sale are fair and reasonable; and

"(v) no feasible alternative reorganization or transaction would preserve comparable going concern value while better protecting the interests of employees, retirees, and unsecured creditors.

"(C) Burden of proof.—The burden of proof under this paragraph shall rest with the proponent of the sale.

"(3) Credit bidding by related purchasers and distressed claim purchasers.—

"(A) General rule.—Notwithstanding subsection (k), in a significant sale the court shall, for cause, limit or deny the right of a related purchaser or distressed claim purchaser to credit bid.

"(B) Cause.—For purposes of subparagraph (A), cause includes a circumstance in which—

"(i) the claim was acquired for materially less than the amount proposed to be credit bid, and permitting the proposed credit bid would be reasonably likely to suppress or materially impair competitive cash bidding;

"(ii) allowance of the bid would impair employee and retiree obligations or the equitable treatment of unsecured creditors;

"(iii) the bid would enable an insider or an affiliate of an insider to retain or regain control of the debtor or its business without paying fair value; or

"(iv) the claim is subject to a bona fide dispute or a substantial challenge concerning allowance, validity, priority, extent, avoidance, or subordination.

"(C) Alternative bidding procedures.—If credit bidding is limited or denied under this paragraph, the court shall require bidding procedures reasonably designed to elicit fair market value through cash or cash-equivalent consideration immediately available to the estate.

"(4) Protection of employees and retirees.—

"(A) General rule.—The court may not approve a significant sale unless—

"(i) the purchaser and the terms of the sale provide for the assumption, continuation, cure, or satisfaction, as applicable, of employee and retiree obligations, including obligations protected under sections 1113 and 1114; or

"(ii) the proponent of the sale demonstrates by clear and convincing evidence that no feasible alternative transaction or reorganization would preserve such obligations to a greater extent while preserving comparable going concern value.

"(B) Comparative consideration.—In determining whether an alternative is feasible and whether a significant sale is in the best interests of the estate, the court shall give priority consideration to the long-term interests of employees and retirees and the equitable treatment of unsecured creditors. A greater immediate recovery for a financial creditor, standing alone, shall not be sufficient to reject an alternative that better preserves those interests.

"(C) Expedition.—A need to conduct a significant sale promptly shall not reduce the burden of proof or any substantive requirement under this subsection.

"(5) Specific findings.—The court shall make specific findings on the record concerning each requirement applicable under paragraphs (2) through (4). Consent to a significant sale or the absence of an objection shall not relieve the court of the duty to make such findings.

"(6) Application to plan sales.—This subsection applies to a significant sale provided for under a plan under chapter 11. For purposes of such a sale, a reference in this subsection to the proponent of the sale includes the proponent of the plan.".

(b) Confirmation of plans providing for significant sales.—Section 1129(a) of title 11, United States Code, as amended by section 265(e)(3) of this Act, is further amended—

(1) in paragraph (17), by striking the period at the end and inserting "; and"; and

(2) by adding at the end the following:

"(18) if the plan provides for a sale to which section 363(s) applies, the requirements of such section are satisfied.".

(c) Duties of United States trustees.—Section 586(a)(3) of title 28, United States Code, is amended—

(1) in subparagraph (H), by striking "and" at the end;

(2) in subparagraph (I), by striking the semicolon at the end and inserting "; and"; and

(3) by adding at the end the following:

"(J) monitoring proposed sales under section 363(b) of title 11 or under a plan under chapter 11 of such title, including expedited sales, significant sales under section 363(s) of

such title, and sales involving credit bidding, and, whenever the United States trustee determines it to be appropriate—

"(i) filing comments or objections concerning compliance with subsections (q), (r), and (s) of section 363 of title 11, the best interests of the estate, the fairness of the sale process, and the treatment of employees, retirees, and unsecured creditors;

"(ii) seeking limitations on or denial of credit bidding for cause under section 363(k) or 363(s) of title 11; and

"(iii) appearing and being heard under section 307 of title 11 and participating, including as amicus curiae, in appellate proceedings involving the interpretation or application of section 363 or 1129 of title 11;".

(d) Duties of bankruptcy administrators.—The Judicial Conference of the United States shall require each bankruptcy administrator appointed under section 302(d)(3)(I) of the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 (Public Law 99–554; 100 Stat. 3123) to perform the duties specified in section 586(a)(3)(J) of title 28, United States Code, as added by subsection (c), in the same manner and to the same extent as a United States trustee.

(e) Application.—

(1) Pending and future cases.—The amendments made by this section shall apply in any case under title 11, United States Code, filed or pending on or after the date of enactment of this Act with respect to a sale or plan for which a final order authorizing the sale or confirming the plan was not entered before such date.

(2) Completed sales.—Nothing in this section or the amendments made by this section shall affect the validity of a sale or transfer consummated before the date of enactment of this Act.

Subtitle G—Public Ownership and Voluntary Value Sharing

SEC. 271. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Human history reveals that many cultures have developed traditions of voluntary sharing, redistribution, gift giving, potlatch, jubilee, mutual aid, and public generosity to reduce excessive concentrations of wealth and simultaneously strengthen social bonds.

(2) Modern corporations and other business entities are legal persons created by law and granted special privileges by the people; these privileges are justified by the capacity of these entities to serve the public good, empower citizens to pool resources toward collective goals, build productive capacity, and create value for the communities and nation that make their existence and success possible.

(3) In the 21st century, the United States has the ability to recreate the ancient social function of voluntary value sharing utilizing a digital monetary system. This subtitle establishes a public channel through which business entities and natural persons may express gratitude to

the country and community, repair or acknowledge public or private harms, or share windfall gains.

(4) Public reporting and recognition of voluntary value sharing can promote friendly competition among business entities and financial institutions while encouraging civic responsibility.

(5) An annual distribution of the aggregate value shared during each fiscal year also parallels another human tradition: the autumn harvest festival and the sharing of the year's abundance among the community. A mid-October distribution will offer citizens a potluck of choices, including civic participation, meeting family needs, holiday spending, building savings, or repaying debts.

(b) Purpose.—The purpose of section 272 is to establish a voluntary value sharing mechanism for the citizens of the United States through their Treasury transaction accounts.

SEC. 272. VOLUNTARY VALUE SHARING.

(a) Voluntary value sharing by eligible entities.—Subchapter A of chapter 7 of subtitle A of the Internal Revenue Code of 1986, as added by section 862 of this Act, is further amended by adding at the end the following:

"Sec. 1604. Voluntary value sharing.

"(a) Definitions.—In this section:

"(1) Applicable base.—The term 'applicable base' means—

"(A) for a business entity described in paragraph (2)(A), gross profits determined under this chapter; and

"(B) for a financial institution described in paragraph (2)(B), the financial activities tax base determined under chapter 50C.

"(2) Eligible entity.—The term 'eligible entity' means—

"(A) a business entity subject to this chapter; or

"(B) a financial institution subject to chapter 50C.

"(3) Fund.—The term 'Fund' means the Voluntary Value Sharing Fund established under section 1399b of title 42, United States Code.

"(4) Voluntary value sharing amount.—The term 'voluntary value sharing amount' means the excess of the amount paid under this section over the amount that would have been due under section 1602(b) or section 5000G(b), as applicable, without regard to this section.

"(b) Voluntary value sharing.—

"(1) In general.—An eligible entity may elect to share an amount in excess of the requirements of this chapter or chapter 50C, as applicable, by making a declaration of voluntary value sharing for a taxable year at any time, but may not declare an effective rate lower than the rate specified in section 1602(b) or section 5000G(b), as applicable.

"(2) Declarations.—A declaration shall be effective only for the taxable year for which it is made. The Secretary shall promulgate rules to enable declarations—

"(A) as a percentage of applicable base;

"(B) as a total dollar amount, if the amount exceeds the tax otherwise due under this chapter or chapter 50C, as applicable;

"(C) as a dollar amount in excess of the tax otherwise due under this chapter or chapter 50C, as applicable; or

"(D) in any other form provided in regulations.

"(c) Declarations to have force of law.—

"(1) In general.—A declaration under subsection (b) shall be binding on the eligible entity for the taxable year for which the declaration is made.

"(2) Percentage declarations.—In the case of a declaration made as a percentage of applicable base, the tax liability under this section shall be computed by substituting the declared percentage for the rate in section 1602(b) or section 5000G(b), as applicable.

"(3) Dollar declarations.—In the case of a declaration made as a dollar amount, the declared amount shall be assessed and collected in the same manner as a tax imposed under section 1602 or chapter 50C, as applicable, at such time and in such manner as the Secretary shall prescribe.

"(4) Deposit of excess.—The Secretary shall deposit the voluntary value sharing amount in the Fund.

"(d) Reports and recognition.—

"(1) In general.—The Secretary shall—

"(A) not later than October 15, 2027, and annually thereafter, issue a report on the voluntary value sharing amounts deposited in the Voluntary Value Sharing Fund under this section during the previous fiscal year;

"(B) maintain a publicly searchable database of eligible entities that have made declarations or payments pursuant to this section, including the effective rate, voluntary value sharing amount, and taxable year for each declaration or payment; and

"(C) establish and publicize ranked lists of the 200 eligible entities with the highest voluntary value sharing amounts for the previous year, in the following categories:

"(i) by percentage rounded to the nearest hundredth, among eligible entities with applicable bases—

"(I) less than $1,000,000;

"(II) greater than or equal to $1,000,000, but less than $100,000,000;

"(III) greater than or equal to $100,000,000, but less than $500,000,000; and

"(IV) greater than or equal to $500,000,000; and

"(ii) by total voluntary value sharing amount.

"(2) No vacancies.—Beginning with the 2029 fiscal year, if the number of eligible entities participating in voluntary value sharing is less than 200 in any category described in paragraph (1)(C), the Secretary shall fill the ranked list for that category with the eligible entities reporting the highest applicable bases and state that the voluntary value sharing amount was zero.

"(e) Effective date.—This section shall take effect on the date of enactment of the POPULIST Act. Before the first taxable year to which section 1602 or chapter 50C applies to an eligible entity, no liability shall arise under this section unless the eligible entity makes a declaration under subsection (b).".

(b) Voluntary value sharing.—Chapter 7 of title 42, United States Code, as amended by section 811 of this Act, is further amended by adding at the end the following:

"Subchapter XXIII—Voluntary Value Sharing

"SEC. 1399a. Definitions.

"SEC. 1399b. Voluntary Value Sharing Fund.

"SEC. 1399c. Annual citizen distributions.

"Sec. 1399a. Definitions.

"In this subchapter:

"(1) Treasury transaction account.—The term 'Treasury transaction account' means an account established under section 623 of the POPULIST Act.

"(2) Eligible citizen.—The term 'eligible citizen' means a natural person who—

"(A) is a citizen of the United States;

"(B) has been assigned a Treasury transaction account under section 623(b)(1) of the POPULIST Act; and

"(C) was alive at the close of the fiscal year for which the distribution is made.

"(3) Fund.—The term 'Fund' means the Voluntary Value Sharing Fund established under section 1399b.

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

"(5) Treasury Dollar Bills.—The term 'Treasury Dollar Bills' means the sovereign money issued under section 5104 of title 31, United States Code.

"Sec. 1399b. Voluntary Value Sharing Fund.

"(a) Establishment.—There is established in the Treasury a Voluntary Value Sharing Fund, which shall be administered by the Secretary. Amounts in the Fund shall be available for annual citizen distributions under section 1399c and may not be obligated, expended, transferred, or distributed except as provided in this subchapter.

"(b) Contributions.—Any person may make a contribution to the Fund in such amount, form, manner, and frequency as the Secretary may prescribe. A contract, agreement, settlement, or other instrument purporting to require a natural person to make a future contribution to the Fund shall be unenforceable.

"(c) Deposit in Fund.—The Secretary shall deposit in the Fund all contributions made under this section and all voluntary value sharing amounts paid under section 1604 of the Internal Revenue Code of 1986.

"(d) Privacy.—The Secretary may not publicly disclose the identity, account information, address, contribution amount, or other identifying information of a person who makes or does not make a contribution to the Fund, except—

"(1) with the affirmative consent of such person; or

"(2) as necessary for administration or enforcement of Federal law.

"(e) No tax benefit.—No deduction, credit, exclusion, basis increase, or other tax benefit shall be allowed by reason of a contribution to the Fund unless expressly provided by another provision of law.

"(f) Regulations.—The Secretary may issue regulations to prevent coercion, fraud, duplication, erroneous contributions, or misuse of contribution mechanisms under this section.

"Sec. 1399c. Annual citizen distributions.

"(a) Annual citizen distribution.—

"(1) In general.—Not later than October 15, 2027, and annually thereafter, the Secretary shall distribute from the Fund the amount available for distribution in equal shares to the Treasury transaction account of each eligible citizen.

"(2) Calculations.—

"(A) Equal share.—The equal share for each eligible citizen shall be the amount determined by dividing the amount in the Fund as of the close of the fiscal year by the number of eligible citizens and rounding the quotient down to the nearest $0.01.

"(B) Amount available for distribution.—The amount available for distribution shall be the product of the number of eligible citizens and the equal share calculated in subparagraph (A).

"(3) Residual amounts.—Any amount in the Fund in excess of the amount able to be distributed shall remain in the Fund.

"(4) Missed account claims.—

"(A) No loss due to administrative delay.—No administrative delay in assigning a Treasury transaction account under section 623(b)(1) of the POPULIST Act shall extinguish or reduce the claim of a citizen of the United States to receive a distribution under this paragraph.

"(B) Claim.—A citizen of the United States who was not treated as an eligible citizen for a fiscal year solely because the citizen had not been assigned a Treasury transaction account under section 623(b)(1) of the POPULIST Act may claim the equal share distribution amount for that fiscal year.

"(C) Payment.—The Secretary shall pay a valid claim under this paragraph in the same amount paid to eligible citizens for that fiscal year.

"(D) Source of payment.—Amounts paid under this paragraph shall be paid from the Fund and may be treated as an adjustment reducing the amount available for distribution for a subsequent fiscal year.

"(b) Acquisition of Treasury Dollar Bills for distribution.—

"(1) In general.—Before making an annual citizen distribution under this section, the Secretary shall acquire Treasury Dollar Bills for the Fund in an amount sufficient to credit the amount available for distribution under subsection (a)(2)(B) to the Treasury transaction accounts of eligible citizens.

"(2) Methods of acquisition.—The Secretary may acquire Treasury Dollar Bills for the Fund by exchange with a Federal trust fund or Federal account holding Treasury Dollar Bills, provided that—

"(A) the exchange is made dollar-for-dollar at par;

"(B) the managing trustee or other responsible officer determines that the exchange is consistent with the projected liquidity needs of the fund or account; and

"(C) the exchange does not impair the payment of any benefit or obligation payable from such fund or account.

"(3) No creation or extinguishment.—An acquisition or distribution under this subchapter shall not create or extinguish the aggregate amount of Treasury Dollar Bills.

"(c) Administration and reports.—

"(1) Tax and benefit treatment.—Nothing in this subchapter shall be construed to—

"(A) exclude a voluntary value sharing distribution from gross income; or

"(B) require a voluntary value sharing distribution to be disregarded as income, resources, or assets for purposes of determining eligibility for, or the amount of benefits or assistance under, any Federal, State, or local program.

"(2) Annual distribution report.—Not later than October 15, 2027, and annually thereafter, the Secretary shall publish a report stating—

"(A) the total amount deposited in the Fund during the previous fiscal year;

"(B) the total amount distributed under section 1399c;

"(C) the per citizen distribution amount; and

"(D) the amount carried forward for distribution in a subsequent year.

"(3) Individual contribution privacy.—Any report under this section shall report contributions by individual citizens only in aggregate form and may not disclose identifying information protected under section 1399b(d).

"(d) Regulations.—The Secretary may prescribe such regulations and other guidance as may be necessary to carry out this subchapter.".

(c) Conforming amendments.—

(1) Internal Revenue Code table of sections.—The table of sections for subchapter A of chapter 7 of subtitle A of the Internal Revenue Code of 1986, as added by section 862 of this Act, is further amended by adding at the end the following new item:

"Sec. 1604. Voluntary value sharing.".

(2) Title 42 table of contents.—The table of contents for chapter 7 of title 42, United States Code, as amended by section 811 of this Act, is further amended by adding at the end the following new item:

"Subchapter XXIII—Voluntary Value Sharing".

SEC. 273. DEMOCRATIC STEWARDSHIP OF FEDERAL EQUITY INTERESTS.

(a) Democratic stewardship chapter.—Subtitle VI of title 31, United States Code, is amended by adding at the end the following:

"CHAPTER 99—DEMOCRATIC STEWARDSHIP OF FEDERAL EQUITY INTERESTS

"SEC. 9901. Findings and purpose.

"SEC. 9902. Definitions.

"SEC. 9903. Public ownership principles and scope.

"SEC. 9904. Office of Federal Equity Stewardship.

"SEC. 9905. Independence of investment selection and information firewall.

"SEC. 9906. Preservation and exercise of Federal voting interests.

"SEC. 9907. National voting policy established by Congress.

"SEC. 9908. Records, disclosure, and audit.

"SEC. 9909. Conflicts of interest and unlawful interference.

"SEC. 9910. Enforcement and judicial review.

"SEC. 9911. Proposals for permanent democratic stewardship.

"SEC. 9912. Regulations and relation to other law.

"Sec. 9901. Findings and purpose.

"(a) Findings.—Congress finds the following:

"(1) Article IV, section 3, clause 2 of the Constitution grants Congress the power to dispose of and make all needful rules and regulations respecting property belonging to the United States.

"(2) In *Gibson v. Chouteau* (1872), the Supreme Court described Congress's authority over the disposition of Federal property as subject to no limitations and recognized Congress's authority to prescribe the times, conditions, and mode of its disposition.

"(3) In *Ashwander v. Tennessee Valley Authority* (1936), the Supreme Court held that water power brought under Federal control through construction of a Federal dam, the right to convert that power into electric energy, and the resulting electric energy were property belonging to the United States subject to congressional disposition.

"(4) Investments made for Federal accounts may similarly bring under Federal control substantial voting power inherent in underlying equity interests. Such voting power is a valuable incident of Federal ownership and an instrument of economic governance.

"(5) Congress therefore has the authority and responsibility under Article IV, section 3, clause 2 of the Constitution to establish national policy governing the preservation, aggregation, direction, exercise, and disposition of voting power inherent in Federal equity interests. Under Article II of the Constitution, officers of the executive branch are responsible for faithfully administering that policy.

"(b) Purpose.—The purpose of this chapter is to preserve, aggregate, direct, and exercise the voting power inherent in Federal equity interests as an instrument of public ownership, in accordance with national policy established by Congress, for the benefit of the people of the United States.

"Sec. 9902. Definitions.

"In this chapter:

"(1) Equity index fund.—The term 'equity index fund' means a qualifying index fund described in section 9702(d)(6) or (7).

"(2) Federal equity account.—The term 'Federal equity account' means a Federal account, as defined in section 9702(a)(1), that acquires or holds an interest in an equity index fund subject to this chapter.

"(3) Federal voting interest.—The term 'Federal voting interest' means, for each issuer and matter, the voting power determined under section 9906(b) that would be attributable to the proportionate economic interest of a Federal equity account in equity securities held by an

equity index fund or by a master fund or other pooled investment vehicle through which the equity index fund obtains its index exposure, without reduction for securities lending or another transfer, waiver, or delegation of voting authority. The term does not include voting power attributable to a security sold or otherwise disposed of before the applicable issuer record date.

"(4) Office.—The term 'Office' means the Office of Federal Equity Stewardship established under section 9904.

"(5) Qualifying equity fund.—The term 'qualifying equity fund' means an equity index fund that satisfies section 9906, including an international equity index fund operating under a determination made under section 9906(h).

"(6) Responsible official.—The term 'responsible official' has the meaning given the term in section 9702(a)(4).

"Sec. 9903. Public ownership principles and scope.

"(a) Scope.—This chapter applies to each interest acquired under section 9702(d)(6) or (7) on or after January 1, 2027, and to each addition made on or after that date to such an interest.

"(b) Other Federal equity interests.—This chapter applies to any other Federal equity interest expressly made subject to this chapter by an Act of Congress.

"(c) Public trust.—A Federal voting interest is a valuable incident of public ownership held by the United States in trust for the people of the United States.

"(d) No individual property interest.—Subsection (c) does not create an individual legal or equitable ownership interest, entitlement to income or proceeds, trust claim against a Federal account, or private cause of action.

"(e) National public policy.—Notwithstanding an account specific fiduciary, actuarial, or other duty, the preservation, aggregation, direction, and exercise of a Federal voting interest under this chapter shall advance the general welfare and the national public policy established by Congress. Compliance with this chapter with respect to such voting interest shall not constitute a breach of a duty otherwise applicable to a Federal equity account, responsible official, investment manager, trustee, or other person.

"(f) Separate economic attribution.—This chapter shall not alter the legal or equitable ownership, separate accounting identity, income, gain, loss, expense, corpus, principal, payment obligation, expenditure restriction, or authorized purpose of a Federal equity account.

"(g) Participant owned interests excluded.—This chapter does not apply to an interest beneficially owned by a person other than the United States, including an interest of a participant or beneficiary in the Thrift Savings Fund. Ownership by a non-Federal person of a separate interest in the same qualifying equity fund does not limit the application of this chapter to the interest of a Federal equity account or the resulting Federal voting interest.

"(h) Federal proportion disregarded for substantive ownership and control restrictions.—Solely by reason of the acquisition, holding, aggregation, direction, or exercise of a Federal voting interest under this chapter—

"(1) the Federal voting interest shall be disregarded and shall not be attributed to the United States, the Office, a Federal equity account, a responsible official, a qualifying equity fund, or a person acting ministerially under section 9906(d), for purposes of a Federal percentage limitation, ownership or control prohibition, affiliation or common control rule, licensing or approval requirement, or determination of acting in concert or group status; and

"(2) compliance with a binding instruction or mirror voting formula under this chapter shall not be treated as investment discretion or as an independent basis for control, affiliation, acting in concert, or group status.

"(i) Limitations.—Subsection (h)—

"(1) applies only to the Federal proportion and to conduct required under this chapter;

"(2) does not apply if a person possesses operational control or another independent basis for ownership, control, affiliation, acting in concert, or group status;

"(3) does not limit a disclosure, reporting, or recordkeeping requirement otherwise applicable to a private person or expressly applicable to the United States, or an anti-fraud, sanctions, or national security requirement; and

"(4) does not alter the attribution or treatment of a private interest, excuse private investment discretion, or exempt an issuer from otherwise applicable law.

"(j) No operational control.—Nothing in this chapter authorizes the United States, solely by reason of a Federal voting interest, to appoint an officer or employee of an issuer, direct the day-to-day operations of an issuer, or exercise management authority beyond that ordinarily possessed by an equity holder.

"Sec. 9904. Office of Federal Equity Stewardship.

"(a) Establishment.—There is established in the Department of the Treasury an Office of Federal Equity Stewardship.

"(b) Director.—The Office shall be headed by a Director who shall be a career appointee in the Senior Executive Service and shall be appointed by the Secretary of the Treasury from among individuals with substantial experience in public administration, corporate governance, securities markets, competition policy, labor policy, consumer protection, or democratic deliberation. The Director shall perform the functions of the Office subject to the supervision of the Secretary as provided in this chapter.

"(c) Startup authority.—Until a Director is appointed, the Secretary shall appoint a career appointee in the Senior Executive Service to serve as Acting Director and perform the functions of the Director.

"(d) Duties.—The Office shall—

"(1) maintain and aggregate records of Federal voting interests;

"(2) prescribe model terms, standard forms, and uniform technical standards necessary to implement section 9906, without adding to or subtracting from the substantive requirements of this chapter;

"(3) negotiate, approve, and administer master agreements or other binding arrangements that satisfy section 9906 for one or more Federal equity accounts;

"(4) certify, suspend, and decertify qualifying equity funds and maintain a current public list of certified funds, share classes, and arrangements;

"(5) issue binding voting instructions under this chapter;

"(6) verify execution of each instruction and administer mirror voting when required;

"(7) publish the records and reports required under this chapter; and

"(8) prepare the proposals required under section 9911.

"(e) Consultation.—The Office shall consult, as appropriate, with the Securities and Exchange Commission, the Federal Trade Commission, the Department of Justice, including the Antitrust Division, the Department of Commerce, the Department of Labor, the Comptroller General, and responsible officials. Consultation under this subsection is advisory and does not authorize a consulted agency, official, or responsible official to direct an issuer-specific instruction or to add to, subtract from, or substitute a different policy for the national voting policy established by Congress under section 9907.

"(f) No charge to accounts.—The costs of the Office and the administration of this chapter may not be charged to a Federal equity account.

"Sec. 9905. Independence of investment selection and information firewall.

"(a) Investment decisions independent of voting consequences.—A responsible official shall select, allocate among, acquire, retain, and dispose of investments under section 9702 without regard to the expected effect of the decision on the identity of issuers subject to a Federal voting interest, the amount of voting power attributable to an issuer, or the outcome of a shareholder vote.

"(b) Permissible considerations.—Subsection (a) does not prohibit consideration of the authorized purposes, payment obligations, liquidity needs, investment horizon, diversification, risk, expected return, fees, or other financial and statutory requirements of the Federal equity account.

"(c) Separation of functions.—The Office has no authority to select, allocate among, acquire, retain, or dispose of investments for a Federal equity account. The Office, the Secretary, and any other officer or employee may not direct or influence an investment decision for the purpose of changing the composition or amount of Federal voting interests. Negotiation, approval, certification, suspension, or decertification under section 9904(d) shall address compliance with this chapter only and shall not constitute a recommendation or direction to acquire, retain, or dispose of an investment.

"(d) Information firewall.—The Secretary shall maintain separate personnel, access controls, and records for investment administration and stewardship administration. Nonpublic information concerning a planned voting instruction, fund qualification action, or disposition may not be disclosed or used for investment selection, trading, or personal benefit.

"(e) Personal trading and certification.—The Secretary shall establish personal trading restrictions for Office personnel. Each responsible official shall annually certify compliance with

subsection (a), and the Inspector General of the Department of the Treasury shall periodically review compliance with this section.

"Sec. 9906. Preservation and exercise of Federal voting interests.

"(a) Eligibility condition.—A responsible official may not acquire an interest in an equity index fund unless the governing documents of the fund or a binding agreement with the fund, investment manager, trustee, or other person exercising voting authority provide that—

"(1) the Federal voting interest will be identified for each issuer and matter submitted for a vote;

"(2) the fund will accept and execute a binding instruction of the Office;

"(3) no private person may determine how the Federal voting interest is exercised;

"(4) if the Office issues no valid instruction, the Federal voting interest will be voted in the same proportions among the voting choices recorded for non-Federal shares on the matter, including votes for, against, abstaining, or withholding authority, as applicable;

"(5) an independent tabulator or other neutral administrator will execute the mirror voting formula without discretion by the issuer or investment manager;

"(6) a quantity of each portfolio security sufficient to support the full Federal voting interest will remain unloaned and free from any transfer, waiver, or arrangement that would impair voting capacity; and

"(7) the fund will provide the records and certifications required under section 9908.

"(b) Measurement.—For each issuer and matter, the Federal voting interest shall be determined by reference to the securities held by the equity index fund, or by a master fund or other pooled investment vehicle through which the equity index fund obtains its index exposure, and entitled to vote as of the issuer record date and the proportionate economic interest of each Federal equity account in the fund as of the close of business on that date or the nearest preceding valuation time prescribed by the Office. The Office shall prescribe uniform rules for valuation timing and intermediated ownership consistent with this subsection.

"(c) Aggregated instruction.—For each issuer and matter, the Office shall aggregate all Federal voting interests and issue a single instruction applicable to the aggregate Federal voting interest.

"(d) Ministerial execution.—A private person may transmit or execute an instruction or mirror voting formula if that person possesses no discretion to alter, disregard, or substitute another voting policy.

"(e) Fallback voting.—

"(1) Mirror voting.—If the Office issues no valid instruction, the mirror voting formula required under subsection (a)(4) shall apply.

"(2) Residual abstention.—A Federal voting interest may remain unvoted only to the extent that execution of both a valid instruction and the mirror voting formula is legally or operationally impossible.

"(f) No waiver.—A responsible official may not waive a requirement of this section.

"(g) Loss of qualification.—

"(1) Notice and cessation of purchases.—A fund shall immediately notify the Office and each affected responsible official of a loss of a required contractual commitment, failure to execute an instruction, unauthorized private voting, impairment of voting capacity, material reporting failure, or other material noncompliance. No additional interest in the fund may be acquired for a Federal equity account after notice or discovery.

"(2) Cure period.—The fund shall have 90 days after the earlier of notice or discovery to restore full compliance.

"(3) Orderly disposition.—If compliance is not restored during the cure period, each responsible official shall dispose of the affected interest in a prudent and orderly manner not later than 1 year after the cure period ends.

"(4) Limited extension.—The Office may grant 1 extension of not more than 1 year if immediate disposition would reasonably be expected to cause a material loss to a Federal equity account or substantial market disruption.

"(5) Voting during transition.—During a cure or disposition period, the private manager may not exercise discretion over the Federal voting interest. A valid instruction shall be executed to the maximum extent possible, and the mirror voting formula shall apply to the remainder.

"(6) Continued application.—For purposes of this subsection and sections 9908 through 9910, an equity index fund and each related interest shall remain subject to this chapter and shall be treated as a qualifying equity fund and Federal voting interest, respectively, until the affected interest is disposed of.

"(h) International equity index funds.—

"(1) Limited exception.—An international equity index fund described in section 9702(d)(7) may qualify notwithstanding an inability, with respect to a particular foreign issuer or market, to fully satisfy subsection (a)(4), (5), or (6) or subsection (e), only if the Office determines in writing that—

"(A) full compliance is prevented by foreign law or unavoidable market infrastructure;

"(B) the fund has used all reasonable means, including alternative custody or voting arrangements, to preserve and execute the Federal voting interest to the maximum extent possible;

"(C) the exception is no broader than necessary and no reasonably available fund would provide materially greater compliance without materially impairing diversification or liquidity; and

"(D) each exception and the resulting amount not voted are fully disclosed under section 9908.

"(2) Impermissible grounds.—An exception may not be based on securities lending, investment manager preference, administrative convenience, or cost alone.

"(3) Domestic funds.—No exception under this subsection applies to a domestic equity index fund described in section 9702(d)(6).

"(i) Certification and common implementation.—

"(1) Certification required.—An equity index fund shall not be treated as satisfying this section unless the Office has certified in writing that the governing documents or binding agreement required under subsection (a) satisfy this section.

"(2) Scope and reliance.—A certification may apply to a fund, share class, master agreement, or other standardized arrangement and may be relied on by each responsible official while in effect.

"(3) Master agreements.—The Office may negotiate and approve a master agreement or standardized form implementing subsection (a) for one or more Federal equity accounts. A responsible official remains solely responsible for investment selection under section 9702.

"(4) Technical standards.—The Office may prescribe uniform technical standards for holdings and record-date data, calculation of Federal voting interests, voting-choice coding, authentication and transmission of instructions, mirror-vote calculations, execution certifications, reconciliation, and audit records. A technical standard under this paragraph may not alter the substantive voting policy established by section 9907(a).

"(5) Public list.—The Office shall maintain and publish a current list of each fund, share class, or arrangement certified under this subsection and the status of the certification.

"(6) Suspension or decertification.—The Office may suspend or revoke a certification upon material noncompliance. Subsection (g) shall govern cessation of purchases, cure, and disposition following such suspension or revocation.

"(j) Tiered pooled arrangements.—If an equity index fund obtains index exposure through a master fund or another pooled investment vehicle, the requirements of this section shall apply through each relevant tier to the extent necessary to identify, preserve, and execute the Federal voting interest attributable to underlying equity securities actually held. Nothing in this subsection creates a Federal voting interest with respect to synthetic exposure for which no underlying voting security is held directly or indirectly for the equity index fund.

"Sec. 9907. National voting policy established by Congress.

(a) National voting policy.—Congress establishes the following national public policy for the exercise of Federal voting interests. The Office shall administer, and each officer exercising supervisory authority under this chapter shall apply, the policy established in this subsection. A regulation, standing instruction, issuer-specific instruction, or supervisory determination under this chapter may implement but may not add to, subtract from, or substitute a different policy for the policy established in this subsection. Federal voting interests shall be exercised to—

"(1) advance the general welfare and long-term public interest of the United States;

"(2) strengthen competitive markets and oppose anticompetitive consolidation, managerial entrenchment, and abuses of market power;

"(3) support productive enterprise, responsible treatment of workers and consumers, public health and safety, civil rights, and environmental sustainability;

"(4) promote truthful disclosure, accountable governance, and responsible long-term stewardship;

"(5) oppose corporate political spending, including any proposal that would authorize, approve, ratify, or permit an issuer to make a disbursement for a political purpose within the meaning of section 10F of the Securities Exchange Act of 1934; and

"(6) promote compensation practices that reduce excessive pay disparities, including compensation structures that reduce the pay ratio described in section 11(e) of the Internal Revenue Code of 1986 and thereby reduce or avoid the tax increase imposed under that subsection; and

"(7) oppose self-dealing, corruption, undisclosed political influence, excessive extraction, and compensation practices that reward short-term value destruction.

"(b) Prioritization and standing administration.—

"(1) Resource prioritization.—The Office shall direct individualized review first to matters presenting the greatest combination of public importance and potential for the aggregate Federal voting interest to affect the outcome, taking into account the size of the Federal voting interest, the economic significance of the issuer or transaction, and the degree to which the matter implicates subsection (a).

"(2) Heightened individualized review.—To the maximum extent practicable, the Office shall conduct individualized review of a merger, consolidation, acquisition, contested election or removal of directors, material change in voting or governance rights, significant executive compensation plan, and any other matter the Office determines could materially affect competition, long-term productive capacity, or the general welfare.

"(3) Standing instructions and automated application.—The Director may establish and publish generally applicable standing instructions or automated procedures for recurring or routine matters if the instructions or procedures apply objective criteria derived from subsection (a) and regulations issued under this chapter, are periodically reviewed, and preserve the Director's responsibility for their operation. The Director shall establish a standing instruction to carry out subsection (a)(5).

"(4) Mirror voting for routine matters.—The Office may designate a routine, minor, or immaterial matter for mirror voting under section 9906(e)(1) if no standing instruction governs the matter and individualized review would not materially advance the policy established in subsection (a).

"(c) Issuer-specific instructions.—

"(1) Preparation.—Authorized career personnel of the Office shall analyze each matter selected for individualized review and prepare a proposed issuer-specific instruction by applying this chapter and regulations issued under this chapter.

"(2) Director decision.—The Director shall issue each issuer-specific instruction.

"(3) Application and rationale.—Each issuer-specific instruction shall identify the provision of subsection (a), an applicable regulation, or an applicable standing instruction on which it is based and, when issuer-specific judgment is material to the outcome, include a concise statement of reasons.

"(d) Secretary review and accountability.—

"(1) Review authority.—The Secretary may review an issuer-specific instruction before execution and may affirm, reverse, or modify the instruction only by applying this chapter and regulations issued under this chapter.

"(2) Written determination.—A reversal or modification under paragraph (1) shall be set forth in a signed written determination that identifies the applicable statutory policy and regulation, states the reasons for the decision, and is published immediately.

"(3) No prior approval required.—An issuer-specific instruction issued by the Director is effective without prior approval by the Secretary. The availability or exercise of review under this subsection may not be used to delay transmission or execution beyond the time reasonably necessary to exercise the Federal voting interest.

"(e) Direction and policy changes.—

"(1) Informal direction prohibited.—No person may informally direct or attempt to direct an issuer-specific instruction.

"(2) Policy changes.—A proposed policy change may be initiated through the rulemaking process and must be generally applicable, prospective, public, and consistent with subsection (a).

"(f) Public communication log.—The Office shall maintain and publish a log of each nonpublic communication seeking to influence an issuer-specific instruction, including the participants, date, subject, and material substance. Publicly available mass communications and ministerial transmissions need not be logged individually. The Office shall disclose the existence and general subject of a communication even when information is lawfully withheld.

"Sec. 9908. Records, disclosure, and audit.

"(a) Vote level record.—For each matter subject to a Federal voting interest, the Office shall publish, in an open and machine-readable format—

"(1) the issuer, meeting date, applicable record date, matter presented, and instruction or mirror voting treatment, including the basis required under section 9907(c)(3);

"(2) the voting interest attributable to each Federal equity account and the aggregate Federal voting interest;

"(3) the amount cast, mirrored, not cast, or unavailable, and the reason for any nonexecution; and

"(4) a certification by the person responsible for execution that full voting capacity was preserved or, if it was not preserved or fully executed, the amount and reason for each impairment, unavailability, or nonexecution.

"(b) Timing.—The Office shall publish each instruction, together with the basis and any statement of reasons required under section 9907(c)(3), not later than 5 calendar days before the shareholder meeting where practicable and shall publish the execution record not later than 7 days after the meeting. Each advance publication under this subsection shall state that the disclosure is informational and does not constitute an instruction or recommendation to any other shareholder as to how to vote.

"(c) Annual report.—Not later than March 31 of each year, the Office shall submit to Congress and publish a report summarizing Federal voting interests, voting activity, nonexecution, costs, conflicts, communications, international exceptions, and material policy questions during the preceding calendar year.

"(d) Audit.—The Comptroller General shall audit compliance with this chapter at least once every 2 years and report the results to Congress and the public.

"Sec. 9909. Conflicts of interest and unlawful interference.

"(a) Lawful advocacy.—Nothing in this section prohibits a person from publicly advocating a voting position, submitting information through a public process, or petitioning the Government for redress of grievances.

"(b) Sole public purpose.—A person administering or executing a Federal voting interest may not use that interest to advance a personal financial interest, private client, political party, candidate, officeholder, or undisclosed agreement.

"(c) Prohibited consideration.—A Federal voting instruction may not be conditioned on a campaign contribution, lobbying expenditure, gift, contract, grant, regulatory action, employment opportunity, or other thing of value.

"(d) Conflicts and recusals.—The Office shall establish public conflict of interest, disclosure, and recusal requirements for each officer, employee, contractor, adviser, and expert participating in the administration of this chapter.

"(e) Unauthorized official direction.—

"(1) Administrative remedies.—An officer or employee of the United States, other than the President or Vice President, who knowingly and willfully directs, attempts to direct, or causes an issuer-specific instruction contrary to this chapter or a rule issued under this chapter shall be subject, in accordance with otherwise applicable law, to removal or other appropriate discipline.

"(2) Civil remedies.—In a civil action brought by the Attorney General, a district court of the United States may impose on an individual described in paragraph (1) a civil penalty of not more than $100,000 and disqualify the individual from appointment to or employment in the Federal civil service for not more than 5 years.

"(3) President and Vice President.—Nothing in this subsection alters a constitutional process applicable to the President or Vice President or limits a penalty, remedy, or authority available under subsection (f) or (g) or another provision of law.

"(f) Corrupt interference.—Whoever corruptly gives, offers, solicits, or accepts a thing of value, or threatens, retaliates, or uses deception, with intent to influence an issuer-specific instruction contrary to this chapter shall be fined under title 18, imprisoned not more than 5 years, or both.

"(g) Election interference.—If an offense under subsection (f) is committed with intent to interfere with or affect the nomination or election of a candidate for Federal office, the maximum term of imprisonment shall be 10 years.

"(h) Other law.—The penalties under this section are cumulative of penalties under any other provision of law.

"Sec. 9910. Enforcement and judicial review.

"(a) Civil enforcement.—The Office or the Attorney General may bring a civil action for declaratory relief, injunctive relief, specific performance, restitution, or recovery of losses to enforce this chapter or an agreement required under section 9906.

"(b) Contractual remedies.—Each agreement required under section 9906 shall provide that a material violation is enforceable by the United States and may result in suspension or loss of qualification and termination of the agreement.

"(c) Records.—The Office may require records and certifications reasonably necessary to determine compliance with this chapter.

"(d) No private cause of action.—This chapter does not create a private cause of action.

"(e) Review of general rules.—A person adversely affected by a final rule of general applicability may, not later than 60 days after publication, file a petition for review in the United States Court of Appeals for the District of Columbia Circuit, which shall have exclusive jurisdiction to affirm, set aside, or remand the rule.

"(f) issuer-specific instructions.—A court may not enjoin, stay, or otherwise delay a shareholder meeting or vote based on a challenge to an issuer-specific instruction. Relief on such a challenge shall be prospective or declaratory only.

"Sec. 9911. Proposals for permanent democratic stewardship.

"(a) Proposals required.—Not later than January 1, 2028, the Secretary of the Treasury, acting through the Office and in consultation with the agencies and officials described in section 9904(e) and the public, shall submit to Congress and publish a report and complete proposed legislative text for each model described in subsection (b).

"(b) Required models.—The submission shall include—

"(1) an independent professional public stewardship institution operating under statutory public ownership principles;

"(2) a citizen directed system through which citizens may select generally applicable voting policies or voluntarily delegate voting authority to qualifying representative organizations; and

"(3) a national citizens' assembly of approximately 500 compensated citizens selected by sortition and demographic stratification, supported by a professional stewardship office.

"(c) Hybrid and recommendation.—The Secretary may also submit a hybrid model and shall identify any recommended model, but a recommendation may not substitute for complete legislative text for each model required under subsection (b).

"(d) Required subjects.—Each proposal shall address selection and accountability, compensation and staffing, public deliberation and expert evidence, conflicts and lobbying, proportional voting through pooled funds, domestic and international holdings, other ownership interests, cross-market concentration and competition effects, account-specific economic effects and fiduciary treatment, judicial review, enforcement, appropriations, and implementation.

"(e) Inventory and expansion proposals.—

"(1) Government-wide inventory.—The submission shall include a government-wide inventory of each equity security, warrant, convertible security, fund interest, proxy right, consent right, veto right, board nomination or observation right, golden share, special share, and other corporate governance or ownership right held directly or indirectly by the United States or administered by an agency, instrumentality, Government corporation, or public purpose trust. For each interest, the inventory shall identify—

"(A) the issuer and class or type of interest;

"(B) the legal and beneficial owner;

"(C) the administering department, agency, instrumentality, corporation, trust, or account;

"(D) the number, value, and percentage of outstanding interests held, to the extent applicable;

"(E) each voting, consent, conversion, appointment, observation, veto, or other governance right;

"(F) each contractual, statutory, fiduciary, beneficiary, foreign law, or operational restriction on the exercise of such right;

"(G) any agreement governing how such right is exercised; and

"(H) whether the interest is held for the general benefit of the United States, for a particular public purpose, or for identified participants or beneficiaries.

"(2) Recommendations and proposed legislative text.—The submission shall include recommendations and complete proposed legislative text concerning whether and how to extend this chapter, or establish a parallel stewardship framework, for—

"(A) Federal equity interests acquired before January 1, 2027;

"(B) common stock, warrants, and other equity interests held directly by the United States, including interests in Intel Corporation held or administered by the Department of Commerce;

"(C) equity securities, pooled investment interests, and other ownership interests held or administered by the Pension Benefit Guaranty Corporation;

"(D) equity securities, pooled investment interests, and other ownership interests held through an investment trust, decommissioning trust, restoration trust, retirement arrangement, or other public purpose account administered by the Tennessee Valley Authority;

"(E) direct equity, private fund interests, limited partnership interests, warrants, conversion rights, consent rights, and other governance rights held or administered by the United States International Development Finance Corporation;

"(F) senior preferred stock, warrants, conservatorship-related interests, and other ownership interests or governance rights relating to the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

"(G) golden shares, special shares, veto rights, board appointment or observation rights, convertible preferred stock, warrants, and other ownership interests or governance rights acquired for national security, industrial policy, supply chain, or similar public purposes, including interests relating to United States Steel Corporation and MP Materials Corp.;

"(H) interests acquired through a financial rescue, conservatorship, receivership, resolution, bankruptcy, enforcement action, settlement, forfeiture, procurement agreement, grant agreement, loan agreement, or other Federal authority;

"(I) interests held in the Thrift Savings Fund and other assets beneficially owned by Federal employees, members of the uniformed services, retirees, participants, or beneficiaries, which shall be evaluated under a separate participant or beneficiary directed stewardship model; and

"(J) any other Federal ownership or governance interest identified in the inventory required under paragraph (1).

"(3) Required distinctions.—For each category described in paragraph (2), the submission shall—

"(A) distinguish among interests beneficially owned by the United States, assets held for a particular public purpose, assets beneficially owned by identified participants or beneficiaries, nonvoting economic interests, and specialized governance rights that are not equivalent to ordinary common stock voting power;

"(B) evaluate whether the interest should be subject to national aggregation under this chapter, account specific stewardship, participant or beneficiary directed stewardship, or a separate framework tailored to the nature and purpose of the interest;

"(C) identify any existing voting agreement or other restriction that would need to be amended, terminated, superseded, or preserved; and

"(D) address transition, valuation, fiduciary duties, contractual arrangements, market effects, foreign law restrictions, and constitutional or statutory limitations.

"(4) No automatic application.—Neither the inventory nor a recommendation or proposal under this subsection shall make an interest subject to this chapter except as expressly provided by a subsequent Act of Congress.

"(f) Public process.—Before submitting the proposals, the Office shall provide public notice, receive written comments for not less than 90 days, and conduct public hearings that include workers, consumers, beneficiaries of Federal programs, institutional investors, corporate issuers, public interest organizations, and experts in democratic deliberation.

"Sec. 9912. Regulations and relation to other law.

"(a) Regulations.—The Secretary of the Treasury, acting through the Office, may prescribe regulations necessary to carry out this chapter.

"(b) Initial implementation rules.—Not later than December 30, 2026, the Secretary of the Treasury, acting through the Office, shall issue an interim final rule to implement section 9907 and sections 9905(e), 9906(b), and 9909(d). The interim final rule shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Office shall provide a public comment period of not less than 60 days after publication. Not later than September 30, 2027, the Secretary, acting through the Office, shall issue a final rule. Failure to issue the final rule by that date shall not suspend or terminate the interim final rule. A rule under this subsection may implement but may not add to, subtract from, or substitute a different policy for the national voting policy established by Congress under section 9907(a).

"(c) Private obligations preserved.—Except as expressly provided in section 9903(e) and (h) and section 9906(d) and (e), nothing in this chapter exempts a private fund, investment manager, trustee, custodian, proxy adviser, or issuer from a requirement of the securities laws, the antitrust laws, or another provision of Federal law. A private person acting solely ministerially under section 9906(d) or (e) shall be treated as satisfying any otherwise applicable Federal duty concerning the choice of how the Federal voting interest is exercised, but remains subject to disclosure, reporting, recordkeeping, anti-fraud, and other duties unrelated to that choice.

"(d) Inability to comply.—A domestic equity index fund that cannot preserve and execute the full Federal voting interest or provide the required mirror voting mechanism is not a qualifying equity fund. An international equity index fund is subject to section 9906(h).".

(b) Clerical amendment.—The table of chapters for subtitle VI of title 31, United States Code, is amended by adding at the end the following:

"99. Democratic Stewardship of Federal Equity Interests.....9901".

(c) Conforming amendments to Federal account investment authority.—Section 9702 of title 31, United States Code, as amended by section 612(e), is further amended—

(1) in subsection (d)(6), by inserting before the semicolon at the end the following: ", if the fund satisfies section 9906";

(2) in subsection (d)(7), by inserting before the semicolon at the end the following: ", if the fund satisfies section 9906"; and

(3) by adding at the end the following:

"(k) Democratic stewardship of equity investments.—An investment decision under paragraph (6) or (7) of subsection (d) shall be made in accordance with section 9905, and each Federal voting interest attributable to such an investment is subject to chapter 99.".

(d) Appropriations.—

(1) Startup appropriation.—There is appropriated to the Department of the Treasury, out of any money in the Treasury not otherwise appropriated, $150,000,000 for fiscal year 2027, to remain available through September 30, 2029, to establish the Office of Federal Equity Stewardship and carry out startup implementation of chapter 99 of title 31, United States Code.

(2) Ongoing appropriation.—In addition to amounts appropriated under paragraph (1), there are appropriated to the Department of the Treasury, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for fiscal year 2027 and each fiscal year thereafter to operate the Office of Federal Equity Stewardship and carry out chapter 99 of title 31, United States Code, to remain available until expended.

(e) Effective date.—The amendments made by subsection (c) shall take effect immediately after the amendments made by section 612(e).

(The POPULIST Act of 2026, TITLE II, version 2.4, last updated August 7, 2026)

TITLE III—UNSTACK HEALTH CARE

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SEC. 355. STATE AND LOCAL HEALTH-SPENDING CONTRIBUTIONS TO MEDICARE FOR ALL.

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

SEC. 301. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds that—

(1) The United States spends more per person on health care than any other industrialized nation, yet tens of millions of people remain uninsured or underinsured and health outcomes often lag behind those of peer nations.

(2) Health care prices in the United States have risen faster than wages and general inflation for many families, employers, and public programs, placing growing pressure on household budgets and the general welfare of the United States.

(3) Prices for the same health care items and services vary widely across payers, providers, and geographic areas in ways that often bear little relation to quality, outcomes, or underlying cost.

(4) Concentration, consolidation, vertical integration, and market power among hospitals, physician groups, insurers, pharmacy benefit managers, drug companies, and other health care intermediaries have reduced competition and increased the ability of dominant firms to demand excessive prices and impose unfair terms.

(5) Excessive commercial health care prices are a principal driver of national health care spending growth, suppress wages, strain employer-sponsored coverage, and increase Federal and State fiscal burdens.

(6) Most patients are unable to shop effectively for health care on the basis of price because medical needs are often urgent, prices are opaque, networks are restrictive, billing practices are confusing, and consumers lack meaningful bargaining power. As a result, many Americans can do little more than watch helplessly as premiums, deductibles, copayments, drug prices, and other health care costs rise year after year.

(7) Accordingly, a reasonable person could conclude from these conditions that the health care system is stacked against them.

(b) Purpose.—The purposes of this title are—

(1) to promote the general welfare of the United States by establishing universal health care;

(2) to restrain consolidation, profiteering, and other practices that inflate health care prices and prevent people from obtaining needed care; and

(3) to unstack the health care system.

SEC. 302. RELATIVE TO EXCHANGE PREMIUM SUBSIDIES.

(a) Extension of enhanced premium assistance.—Section 36B of title 26, United States Code, is amended—

(1) in subsection (b)(3)(A)(iii), in the heading, by striking "2021 through 2025" and inserting "2021 through 2028";

(2) in subsection (b)(3)(A)(iii), in the matter preceding subclause (I), by striking "January 1, 2026" and inserting "January 1, 2029";

(3) in subsection (c)(1)(E), in the heading, by striking "2021 through 2025" and inserting "2021 through 2028"; and

(4) in subsection (c)(1)(E), by striking "January 1, 2026" and inserting "January 1, 2029".

(b) Repeal of eligibility restriction relating to employer-sponsored coverage.—Section 5000A(f)(1)(B) of title 26, United States Code, disallowing refundable credits for health insurance through the Health Insurance Exchange under section 36B of title 26 when a minimally qualified employer-sponsored plan is available, is repealed.

SEC. 303. RESTORING MEDICAID COVERAGE AND PAYMENT PROTECTIONS.

(a) Restoration of State-directed payment flexibility.—

(1) Repeal.—Section 71116 of Public Law 119–21 (42 U.S.C. 1396a note) is repealed.

(2) Administration of regulation.—The Secretary of Health and Human Services shall administer section 438.6(c)(2)(iii) of title 42, Code of Federal Regulations, and any successor regulation, as such section was in effect on July 3, 2025, unless and until such section is amended after the date of enactment of this Act without regard to section 71116 of Public Law 119–21.

(3) Implementing actions.—Any regulation, guidance, approval condition, payment limitation, reporting requirement, or other agency action issued to carry out section 71116 of Public Law 119–21 shall have no force or effect on or after the date of enactment of this Act.

(b) Repeal of Medicaid community engagement requirements.—

(1) In general.—Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended by striking subsection (xx).

(2) Conforming amendment.—Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(i)(VIII)) is amended by striking "subject to subsections (k) and (xx)" and inserting "subject to subsection (k)".

(3) Noncodified provisions.—Subsections (c), (d), (e), and (f) of section 71119 of Public Law 119–21 are repealed.

(4) Implementing actions.—Any regulation, guidance, eligibility verification requirement, reporting requirement, notice, grant condition, or other agency action issued to carry out section

71119 of Public Law 119–21 or section 1902(xx) of the Social Security Act, as added by such section 71119, shall have no force or effect on or after the date of enactment of this Act.

(5) Prohibition on waiver authority.—The Secretary of Health and Human Services may not renew, extend, or otherwise approve any demonstration project under section 1115 of the Social Security Act (42 U.S.C. 1315) that conditions any term or condition of medical assistance under title XIX of such Act on work, employment, job search, education, training, volunteering, community engagement, or the reporting or verification of any such activity. No Federal financial participation shall be available after December 31, 2026, for any such demonstration project.

(c) Restoration of retroactive Medicaid and CHIP coverage.—

(1) Medicaid State plan requirement.—Section 1902(a)(34) of the Social Security Act (42 U.S.C. 1396a(a)(34)) is amended to read as follows:

"(34) provide that in the case of any individual who has been determined to be eligible for medical assistance under the plan, such assistance will be made available to the individual for care and services included under the plan and furnished in or after the third month before the month in which the individual made application (or application was made on the individual's behalf in the case of a deceased individual) for such assistance if such individual was (or upon application would have been) eligible for such assistance at the time such care and services were furnished;".

(2) Definition of medical assistance.—Section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)) is amended by striking ", with respect to an individual described in section 1902(a)(34)(A), in or after the month before the month in which the recipient makes application for assistance, and with respect to an individual described in section 1902(a)(34)(B), in or after the second month before the month in which the recipient makes application for assistance" and inserting "in or after the third month before the month in which the recipient makes application for assistance".

(3) CHIP.—Section 2102(b)(1)(B) of the Social Security Act (42 U.S.C. 1397bb(b)(1)(B)) is amended—

(A) in clause (iv), by striking the semicolon at the end and inserting "; and";

(B) in clause (v), by striking "; and" and inserting a period; and

(C) by striking clause (vi).

(4) Noncodified provisions.—Subsections (d) and (e) of section 71112 of Public Law 119–21 are repealed.

(d) Rescission of implementation funding.—Any unobligated balance of amounts appropriated under section 71112(e), 71116(e), or 71119(e) or (f) of Public Law 119–21 is rescinded.

SEC. 304. PROTECTING RURAL HOSPITALS.

(a) Acceleration of Rural Health Transformation Program funding.—Section 2105(h) of the Social Security Act (42 U.S.C. 1397ee(h)) is amended—

(1) in paragraph (1)(A), by striking clauses (ii) through (v) and inserting the following:

"(ii) $15,000,000,000 for fiscal year 2027;

"(iii) $15,000,000,000 for fiscal year 2028; and

"(iv) $10,000,000,000 for fiscal year 2029.";

(2) in paragraph (1)(B)(i), by striking "October 1, 2032" and inserting "October 1, 2031";

(3) in paragraph (1)(B)(ii), by striking "March 31, 2032" and inserting "March 31, 2031";

(4) in paragraph (1)(B)(iii)(II), by striking "fiscal year 2032" and inserting "fiscal year 2031" and by striking "September 30, 2032" and inserting "September 30, 2031";

(5) in paragraph (2)(C), by striking "fiscal years 2026 through 2030" and inserting "fiscal years 2026 through 2029";

(6) in paragraph (3)(A), by striking "fiscal years 2026 through 2030" and inserting "fiscal years 2026 through 2029"; and

(7) in paragraph (3)(B), in the matter preceding clause (i), by striking "fiscal years 2026 through 2030" and inserting "fiscal years 2026 through 2029".

(b) Rural hospital closure review.—

(1) Definitions.—In this subsection:

(A) Discontinuation.—The term "discontinuation" means a closure, termination, suspension for more than 30 days, or material reduction in an essential rural hospital service.

(B) Essential rural hospital service.—The term "essential rural hospital service" means—

(i) emergency department services;

(ii) inpatient hospital services;

(iii) obstetric, labor, delivery, or postpartum services;

(iv) behavioral health crisis stabilization or inpatient behavioral health services;

(v) substance use disorder treatment services;

(vi) diagnostic imaging, laboratory, pharmacy, or other ancillary services necessary to support emergency or inpatient services; and

(vii) any other service specified by the Secretary as necessary to preserve access to care in a rural community.

(C) Federal rural health funds.—The term "Federal rural health funds" means amounts made available under section 2105(h) of the Social Security Act (42 U.S.C. 1397ee(h)) and any other grant, allotment, payment, or award made by the Department of Health and

Human Services for the primary purpose of preserving, stabilizing, transforming, or improving access to rural hospital services.

(D) Rural hospital.—The term "rural hospital" means—

(i) a subsection (d) hospital, as defined in section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)), that—

(I) is located in a rural area, as defined in section 1886(d)(2)(D) of such Act (42 U.S.C. 1395ww(d)(2)(D));

(II) is treated as being located in a rural area pursuant to section 1886(d)(8)(E) of such Act (42 U.S.C. 1395ww(d)(8)(E)); or

(III) is located in a rural census tract of a metropolitan statistical area, as determined under the most recent modification of the Goldsmith Modification, originally published in the Federal Register on February 27, 1992 (57 Fed. Reg. 6725);

(ii) a critical access hospital, as defined in section 1861(mm)(1) of such Act (42 U.S.C. 1395x(mm)(1));

(iii) a sole community hospital, as defined in section 1886(d)(5)(D)(iii) of such Act (42 U.S.C. 1395ww(d)(5)(D)(iii));

(iv) a Medicare-dependent, small rural hospital, as defined in section 1886(d)(5)(G)(iv) of such Act (42 U.S.C. 1395ww(d)(5)(G)(iv));

(v) a low-volume hospital, as defined in section 1886(d)(12)(C) of such Act (42 U.S.C. 1395ww(d)(12)(C)); or

(vi) a rural emergency hospital, as defined in section 1861(kkk)(2) of such Act (42 U.S.C. 1395x(kkk)(2)).

(E) Secretary.—The term "Secretary" means the Secretary of Health and Human Services.

(2) Notice required.—A rural hospital that receives payment under title XVIII, title XIX, or title XXI of the Social Security Act, or that receives Federal rural health funds, may not carry out a discontinuation of an essential rural hospital service unless the rural hospital, not later than 180 days before the proposed discontinuation, submits notice of the proposed discontinuation to—

(A) the Secretary;

(B) the State in which the rural hospital is located;

(C) each unit of general local government in the service area of the rural hospital;

(D) each Indian Tribe or Tribal organization in the service area of the rural hospital;

(E) each labor organization representing employees of the rural hospital;

(F) the employees of the rural hospital; and

(G) the public.

(3) Contents of notice.—A notice under paragraph (2) shall include—

(A) the essential rural hospital service proposed for discontinuation;

(B) the proposed date of discontinuation;

(C) the reasons for the proposed discontinuation;

(D) the number and categories of patients served by the essential rural hospital service during each of the 3 preceding fiscal years;

(E) the number and categories of employees affected by the proposed discontinuation;

(F) any capital distribution, management fee, monitoring fee, transaction fee, dividend, debt payment, lease payment, or other payment made during the preceding 3 fiscal years to any private fund, real estate investment trust, management services organization, affiliate, insider, or other related party;

(G) whether the rural hospital has received Federal rural health funds during the preceding 5 fiscal years; and

(H) such other information as the Secretary may require.

(4) Community impact report and transition plan.—Not later than 90 days before a proposed discontinuation, the rural hospital shall submit to the Secretary, the State, and the public—

(A) a community impact report assessing the effect of the proposed discontinuation on—

(i) emergency access and travel time;

(ii) ambulance and interfacility transfer capacity;

(iii) maternity care access;

(iv) behavioral health and substance use disorder treatment access;

(v) access for older individuals, individuals with disabilities, low-income individuals, veterans, and individuals without reliable transportation;

(vi) access for Indian Tribes and Tribal communities in the service area;

(vii) employment and local economic conditions; and

(viii) any other factor specified by the Secretary; and

(B) a transition plan that identifies the steps the rural hospital, the State, and any successor provider will take to preserve access to care in the service area.

(5) Public hearing.—Not later than 60 days before a proposed discontinuation, the rural hospital shall hold at least 1 public hearing in the service area of the rural hospital. The rural hospital shall provide reasonable public notice of the hearing and shall provide remote participation, language access services, and disability access.

(6) Secretarial review.—

(A) In general.—The Secretary shall review each notice, community impact report, and transition plan submitted under this subsection and may require additional information, corrective action, or modification of the transition plan if the Secretary determines that the proposed discontinuation would create a substantial risk to access to care.

(B) Publication.—The Secretary shall make each notice, community impact report, transition plan, and determination under this paragraph publicly available on the website of the Department of Health and Human Services.

(7) Restrictions on extraction during review period.—During the period beginning 180 days before a proposed discontinuation and ending on the later of the date of discontinuation or the date on which the Secretary determines that the transition plan has been completed, a rural hospital subject to this subsection may not use Federal rural health funds to make or finance—

(A) a capital distribution;

(B) a dividend;

(C) a management fee, monitoring fee, transaction fee, or similar payment to a private fund, real estate investment trust, management services organization, affiliate, insider, or other related party, other than a payment for goods or services furnished in the ordinary course of business for fair market value;

(D) a sale-leaseback payment or other real estate payment to a real estate investment trust or affiliate, other than a payment required under an agreement in effect before the date of enactment of this Act; or

(E) executive compensation in excess of reasonable compensation for services actually rendered.

(8) Enforcement.—A violation of this subsection shall be enforceable by the Secretary through—

(A) corrective action;

(B) recoupment of Federal rural health funds;

(C) suspension or termination of eligibility for Federal rural health funds;

(D) civil monetary penalties in an amount not to exceed $100,000 for each violation and $10,000 for each day of a continuing violation; and

(E) such other remedies as are available under title XVIII, title XIX, or title XXI of the Social Security Act.

(9) State laws not preempted.—Nothing in this subsection shall be construed to preempt, displace, or limit any law of a State that provides equal or greater notice, review, hearing, transition-planning, or access-preservation requirements with respect to the closure of a hospital or the discontinuation of a hospital service.

(c) Coordination with Medicare for All transition.—In carrying out this section, the Secretary shall coordinate Rural Health Transformation Program allotments, rural hospital closure review, and transition planning with the Medicare for All transition under section 329.

SEC. 305. CODIFYING PROHIBITION OF MEDICAL DEBT REPORTING.

(a) In general.—

(1) Incorporation of specified regulations.—The provisions of the final rule promulgated by the Consumer Financial Protection Bureau, entitled "Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)", as published in the Federal Register on January 14, 2025 (90 Fed. Reg. 3276), are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection.

(2) Effect of incorporation.—The regulations incorporated under subsection (a) may be altered only by means of an Act of Congress. To the extent that any provision of such regulations does not conform with this Act, the provisions of this Act shall govern.

(3) 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.

(b) Rulemaking authority.—

(1) In general.—The Consumer Financial Protection Bureau is expressly authorized to prescribe rules of general applicability governing the furnishing of information to consumer reporting agencies under the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) as transferred and vested in the Bureau under title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5481 et seq.).

(2) Minimum floor.—Rules prescribed under paragraph (1) may impose requirements that are more stringent than the requirements incorporated under subsection (a), but may not prescribe requirements that are less stringent than such incorporated requirements, except as expressly provided by an Act of Congress.

(c) States not preempted.—Nothing in this section shall be construed to preempt, displace, or limit any law of a State that provides equal or greater protection with respect to the reporting, furnishing, or use of medical debt or medical debt information. A State law shall not be considered inconsistent with Federal law solely because it prohibits or further restricts the reporting, furnishing, or use of medical debt or medical debt information.

Subtitle A—Transparency and Competition in Health Care

SEC. 311. PROHIBITION OF ANTICOMPETITIVE OWNERSHIP AND CONTRACTS.

(a) Definitions.—In this section:

(1) Antitrust Division.—The term "Antitrust Division" means the Antitrust Division of the Department of Justice, acting through the Assistant Attorney General in charge of the Antitrust Division.

(2) Commission.—The term "Commission" means the Federal Trade Commission.

(3) Common ownership or control.—The term "common ownership or control" means ownership or control, direct or indirect, of 2 or more entities by the same person or group of persons.

(4) Control.—The term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies, or operations of an entity. A person shall be rebuttably presumed to control an entity if such person—

(A) owns, controls, or has the power to vote 25 percent or more of any class of voting securities of the entity;

(B) has the power to appoint 25 percent or more of the board of directors or equivalent governing body of the entity; or

(C) possesses contractual or other rights that permit such person to direct or materially influence the strategic, operational, contracting, payment, coverage, utilization management, dispensing, distribution, or access decisions of the entity.

(5) Drug; device.—The terms "drug" and "device" have the meanings given those terms, respectively, in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

(6) Health care administrative services entity.—The term "health care administrative services entity" means any person that, for compensation and in the ordinary course of business, provides to 1 or more unaffiliated persons any of the following services with respect to health care items or services or health insurance benefits:

(A) Claims clearinghouse services, including electronic routing, formatting, or transmission of health care claims or related eligibility or remittance transactions.

(B) Prior authorization or utilization management platform services, including operation of a platform that receives, processes, adjudicates, or transmits prior authorization requests or determinations.

(C) Claims payment integrity, coding, billing, revenue-cycle, audit, or risk adjustment platform services, including operation of a platform used to make or influence coverage or payment determinations.

(D) Other gatekeeper administrative platform services specified by the Commission by rule that function as a bottleneck for payment, coverage, or access.

(7) Health care vertical.—The term "health care vertical" means the following:

(A) A provider or a management services organization.

(B) A health insurance issuer.

(C) A pharmacy benefit manager.

(D) A pharmacy.

(E) A health care administrative services entity.

(F) A prescription drug or medical device wholesaler.

(8) Health insurance issuer.—The term "health insurance issuer" has the meaning given that term in section 2791 of the Public Health Service Act (42 U.S.C. 300gg–91).

(9) Health plan.—The term "health plan" means any public or private plan or arrangement that provides or pays for health care benefits, including prescription drug benefits.

(10) Health plan sponsor.—The term "health plan sponsor" means any person or entity that establishes, maintains, administers, or funds a health plan.

(11) Management services organization.—The term "management services organization" means an entity that has entered into an agreement with a provider to furnish services to such provider, including services relating to payroll, human resources, employment screening, payer contracting, billing and collection, coding, information technology services, patient scheduling, property or equipment leasing, and administrative or business services that do not constitute the practice of medicine.

(12) Person.—The term "person" has the meaning given the term in section 1 of the Clayton Act (15 U.S.C. 12).

(13) Pharmacy.—The term "pharmacy" has the meaning given the term "dispenser" in section 360eee of title 21, United States Code.

(14) Pharmacy benefit manager.—The term "pharmacy benefit manager" means any person, business, or other entity, such as a third-party administrator, regardless of whether such person, business, or other entity identifies itself as a pharmacy benefit manager, that, either directly or indirectly through an intermediary (including an affiliate, subsidiary, or agent) or an arrangement with a third party—

(A) acts as a negotiator of prices, rebates, fees, or discounts for prescription drugs on behalf of a health plan or health plan sponsor;

(B) contracts with pharmacies to create pharmacy networks and designs and manages such networks; or

(C) manages or administers the prescription drug benefits provided by a health plan, including the processing and payment of claims for prescription drugs, arranging alternative access to or funding for prescription drugs, the performance of utilization management services, including drug utilization review, the processing of drug prior authorization requests, the adjudication of appeals or grievances related to the prescription drug benefit, contracting with network pharmacies, controlling the cost of covered prescription drugs, or the provision of related services.

(15) Prescription drug.—The term "prescription drug" means a drug approved under section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355) that is subject to section 503(b)(1) of such Act (21 U.S.C. 353(b)(1)).

(16) Prescription drug or medical device wholesaler.—The term "prescription drug or medical device wholesaler"—

(A) means a person engaged in wholesale distribution of a prescription drug or a device; and

(B) includes a parent (direct or indirect) of, a subsidiary (direct or indirect, and partial or complete) of, and any entity under the common control or ownership of a person described in subparagraph (A).

(17) Profits.—The term "profits" means, with respect to any person and any month, the amount equal to the greater of—

(A) the net income (or loss) of such person before provision for income taxes for such month, as determined in accordance with generally accepted accounting principles and consistent with the accounting principles used in the most recent audited consolidated financial statements of such person; and

(B) 4 percent of the gross revenues of such person for such month, as so determined.

(18) Provider.—The term "provider" means a practitioner or entity the National Provider Identifier registration of which has 1 or more taxonomy codes under the National Uniform Claim Committee (or any successor organization), including any physician practice, ambulatory surgery center, urgent care center, post-acute care facility, home-health provider, or hospital, but such term does not include a pharmacy or a management services organization, as defined in this section.

(19) Unaffiliated.—The term "unaffiliated", with respect to a person providing a service, means not under common ownership or control (directly or indirectly) with the person receiving such service.

(20) Wholesale distribution.—The term "wholesale distribution"—

(A) means the sale, purchase, trade, delivery, handling, storage, or receipt of a drug or device by a person other than the consumer or patient; and

(B) does not include—

(i) dispensing of a drug or device to a consumer or patient by a person having a valid license under State law to do so;

(ii) purchase, handling, storage, receipt, or other acquisition of a drug or device by—

(I) a person having a valid license under State law to dispense or administer drugs or devices; or

(II) a hospital, pharmacy, or other health care entity, for use by such person, hospital, pharmacy, or other health care entity;

(iii) sale, purchase, trade, delivery, handling, storage, or receipt of a drug or device by a person holding an application approved under section 505 or 515 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355, 360e) or section 351 of the Public Health Service Act (42 U.S.C. 262) for such drug or device, a co-licensed partner of any person described in this clause, or an affiliate of any person described in this clause;

(iv) possession by, receipt by, or transfer to, a—

(I) third-party logistics provider that provides or coordinates warehousing, or other logistics services in interstate commerce; or

(II) repackager who owns or operates an establishment that repacks and relabels drugs or devices for further sale or distribution, provided that such third-party logistics provider or repackager does not take ownership of the drug or device;

(v) possession by, receipt by, or transfer to, a common carrier that transports a drug or device, provided that the common carrier does not take ownership of the drug or device;

(vi) intracompany transfer of any drug or device by an entity described in clause (i), (ii), or (iii), including transfers between affiliates thereof, or warehousing by such person incidental to such intracompany transfer; or

(vii) returns or reverse distribution by any person described in clause (i), (ii), (iii), (iv), or (v).

(b) Prohibition on ownership of more than 1 health care vertical.—

(1) (A) In general.—It shall be unlawful for any person to directly or indirectly own, operate, control, or direct the operation of any entity or combination of entities engaged in more than 1 health care vertical, in or affecting interstate or foreign commerce.

(B) Prohibition on new acquisitions.—After the date of enactment of this Act, no person may acquire, directly or indirectly, control of assets or operations in a health care vertical other than the health care vertical in which such person already engages, in violation of subparagraph (A).

(2) Rulemaking.—Not later than January 30, 2027, the Commission and the Antitrust Division shall, by joint interim final rule, define for purposes of this section—

(A) a de minimis threshold of revenue or market share of a health care vertical in a geographic market below which an activity may be excluded from prohibition under this subsection, except that any exclusion under this subparagraph shall be construed narrowly and shall not permit the preservation, recreation, or continuation of vertically integrated control inconsistent with the purposes of this section;

(B) standards for applying the definitions of "common ownership or control" and "control" under subsection (a), including standards addressing contractual arrangements of operational control, indirect means of control, and functions materially comparable to a health care vertical;

(C) milestones for divestiture to ensure compliance within the deadline under subsection (c), provided such milestones may not be later than permitted under subsection (d), including but not limited to—

(i) filing of a divestiture plan;

(ii) the length of time the Commission and the Antitrust Division will review such plan;

(iii) filing of a revised plan, if necessary;

(iv) notification of the person acquiring such divestiture;

(v) the submission of any transaction filing required by section 7A of the Clayton Act (15 U.S.C. 18a) by the person acquiring such divestiture; and

(vi) the completion of such divestiture; and

(D) for each milestone, whether, in the case of a person's knowing and willful failure to meet the milestone, the Commission and the Antitrust Division shall seek—

(i) penalties under subsection (e)(3);

(ii) appointment of a divestiture trustee for such person under subsection (e)(4); or

(iii) both clauses (i) and (ii).

(3) Effect of interim final rule.—The interim final rule under paragraph (2) shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Commission and the Antitrust Division shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than October 30, 2027. A delay in issuance or finalization of rules under this paragraph shall not delay, limit, extinguish, or reduce any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(4) Notice of divestiture requirement.—

(A) In general.—Not later than 60 days after the date of enactment of this Act, the Commission and the Antitrust Division shall, using the best information available, identify each person that the Commission and the Antitrust Division jointly determine is required to divest under subsection (c) and notify such person of the determination.

(B) 60-day notice not exhaustive.—Notwithstanding subparagraph (A), if the Commission and the Antitrust Division later jointly determine, using the best information available, that a person not notified under subparagraph (A) is required to divest under subsection (c), the Commission and the Antitrust Division shall promptly notify such person.

(C) No immunity.—Failure to identify or notify a person under this paragraph shall not limit, extinguish, or otherwise affect any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(5) Determination upon request.—

(A) Request.—Any person that has not received notice under paragraph (4) may submit to the Commission and the Antitrust Division a written request for a determination of whether that person is required to divest under subsection (c).

(B) Determination.—Not later than the later of 30 days after receipt of a request under subparagraph (A) or the expiration of the 60-day period under paragraph (4)(A), the Commission and the Antitrust Division shall jointly issue to the person a written determination that states whether the person is required to divest under subsection (c). Notice issued under paragraph (4) after receipt of a request under subparagraph (A) shall satisfy this requirement.

(C) No admission or tolling.—Submission of a request under subparagraph (A) shall not—

(i) constitute an admission that the person is subject to subsection (b) or required to divest under subsection (c); or

(ii) toll or extend any prohibition, duty, enforcement authority, divestiture obligation, or deadline under this section.

(6) Judicial review.—

(A) Petition for review.—

(i) Determination.—A person receiving notice under paragraph (4) or a determination under paragraph (5) may, not later than 30 days after receipt of such notice or determination, file a petition for review of the determination in the United States Court of Appeals for the District of Columbia Circuit.

(ii) Failure to act.—A person that submits a request under paragraph (5)(A) and does not receive a written determination within the period required under paragraph (5)(B) may, at any time before receipt of such determination, file a petition in the United States Court of Appeals for the District of Columbia Circuit to compel issuance of the determination.

(B) Application of chapter 7.—Chapter 7 of title 5, United States Code, shall apply to a petition under subparagraph (A). For purposes of such chapter—

(i) a determination under paragraph (4) or (5) shall constitute final agency action; and

(ii) a failure to issue a determination within the period required under paragraph (5)(B) shall constitute agency action unlawfully withheld.

(C) Expedited consideration.—The court shall expedite consideration of a petition filed under subparagraph (A) to the greatest extent practicable.

(c) Divestiture.—Not later than July 1, 2028, any person in violation of subsection (b) shall divest such interests as are necessary to come into compliance.

(d) FTC and DOJ review.—

(1) Divestiture plan required.—Not later than April 1, 2027, any person required to divest under subsection (c) shall submit to the Commission and the Antitrust Division a divestiture plan. Such plan—

(A) shall be submitted to the Commission and the Antitrust Division in the same manner, and containing substantially similar information, as a transaction filing under section 7A of the Clayton Act (15 U.S.C. 18a), without respect to any threshold, exemption, or other limitation of such section; and

(B) shall include—

(i) identification of the business, assets, or interests to be divested to come into compliance with subsection (b);

(ii) identification of the proposed acquiring person, if known;

(iii) a timetable for execution;

(iv) any transitional services proposed; and

(v) such other information as the Commission and the Antitrust Division may require by joint rule.

(2) Agency review process.—Not later than 180 days after receipt of a divestiture plan under paragraph (1), but in no case later than October 1, 2027, the Commission and the Antitrust Division shall review the plan.

(A) Lead agency.—The Commission and the Antitrust Division may designate 1 agency to take the lead in conducting the review and communicating with the person submitting the plan.

(B) Review criteria.—The lead agency shall review the effect on competition, financial viability, and the public interest—

(i) of the divestiture; and

(ii) of the subsequent acquisition of the divested entity by the acquiring person.

(C) Additional information.—Any request for additional information by an agency shall be made within 30 days of receipt of the plan.

(D) Acquiring person.—

(i) A divestiture plan that identifies a proposed acquiring person may be approved only if the lead agency determines that—

(I) the proposed acquisition of the divested business, assets, or interests by such acquiring person is consistent with subsection (b);

(II) the proposed acquisition would not materially harm competition or otherwise undermine the purposes of this section; and

(III) any statutory reporting, waiting period, or approval requirement applicable to the proposed acquisition will be satisfied before consummation.

(ii) A divestiture plan may be submitted and reviewed without identifying a proposed acquiring person, but no sale, transfer, assignment, or other disposition to an acquiring person shall be consummated if either the Commission or the Antitrust Division disapproves in writing.

(E) Notice of decision.—Not later than the end of the review period, the lead agency shall notify the person in writing—

(i) whether the plan is approved, approved with conditions, or disapproved; and

(ii) the reasons for any disapproval or conditions.

(F) Approval standard.—A divestiture plan shall be treated as approved only if, before the end of the review period, the lead agency has approved the plan in writing, whether unconditionally or subject to conditions accepted in writing by the person submitting the plan, and neither the Commission nor the Antitrust Division has disapproved the plan in writing.

(3) Revised plan following disapproval.—If a plan is disapproved under paragraph (2), the person shall submit a revised divestiture plan not later than 60 days after receipt of the disapproval notice.

(A) Review deadline.—Not later than 150 days after receipt of a revised plan, but in no case later than May 1, 2028, the lead agency shall review the revised plan under the procedures set forth in paragraph (2).

(4) No tolling.—No submission, resubmission, agency review, negotiation, request for additional information, waiting period, court proceeding, or other matter shall toll or extend any deadline under this section.

(5) Consequences of noncompliance.—A person required to divest under subsection (c) shall be subject to subsection (e)(3), subsection (e)(4), or both, if such person fails to—

(A) submit a divestiture plan under paragraph (1);

(B) submit a revised plan under paragraph (3) if required to do so;

(C) obtain approval of either—

(i) a plan under paragraph (2); or

(ii) a revised plan under paragraph (3);

(D) conform to agreed-upon conditions of an approved plan; or

(E) conclude the divestiture required by subsection (c).

(6) Blocking of actions.—The Commission and the Antitrust Division, jointly or separately, may bring a civil action in any court of competent jurisdiction to block any action that would materially harm competition or otherwise undermine the purposes of this section.

(e) Enforcement.—

(1) In general.—When the Commission, the Antitrust Division, or an attorney general of a State has reason to believe that a person is in violation of this section or a rule promulgated under this section, the Commission, the Antitrust Division, or the attorney general of the State may bring a civil action in an appropriate district court of the United States.

(2) Injunctive and equitable relief.—In any action described in paragraph (1), the applicable court, on a finding that a person is in violation of this section or a rule promulgated under this section, shall issue an order requiring such person—

(A) to cease and desist from such violation and, if applicable, divest such interests as are necessary to come into compliance with this section; and

(B) to pay an amount equal to the net profits derived from any business, asset, operation, or interest subject to divestiture during the period of the violation.

(3) Penalties.—

(A) Written determination and transfer.—If a person knowingly and willfully fails to comply with a milestone specified under subsection (b)(2)(C), the Commission and the Antitrust Division, acting jointly, or the lead agency designated under subsection (d)(2)(A), shall issue a written determination identifying the missed milestone, the month for which escrow is required, the amount required to be transferred, and the method used to calculate such amount. Beginning not later than 15 days after receipt of such written determination, the person shall transfer into escrow on a monthly basis 10 percent of the profits of the person, to be—

(i) returned to the person if divestiture occurs by the deadline under subsection (c); or

(ii) deposited into the fund described in subsection (e)(5) if divestiture does not occur by the deadline under subsection (c).

(B) Escrow administration and certification.—Any transfer into escrow under subparagraph (A) shall be deposited with the Secretary of the Treasury into a segregated account established for purposes of this section.

(i) Not later than 15 days after the end of each month for which a transfer is required, the person shall submit to the Chair of the Commission and the Antitrust Division a certification, signed by the chief executive officer and chief financial officer, attesting to the calculation of profits and gross revenues for such month and the amount transferred.

(ii) Not later than 120 days after the end of each fiscal year, the person shall submit a reconciliation based on audited financial statements, and shall pay any underpayment plus interest, or shall receive a return of any overpayment, as applicable.

(C) Judicial review.—A person subject to a transfer requirement under subparagraph (A) may, not later than 30 days after notice of such requirement, petition for review in the United States Court of Appeals for the District of Columbia Circuit. The filing of a petition for

review shall not stay any obligation to transfer amounts into escrow unless the court orders otherwise.

(4) Trustee.—The Commission or the Antitrust Division may apply to a court of competent jurisdiction for the appointment of a divestiture trustee.

(A) Authority.—The divestiture trustee shall have the authority, at the expense of the person required to divest, to take such actions as are necessary to effectuate the divestiture required under this section, including selling, transferring, assigning, or otherwise disposing of the business, assets, entity, or interests required to be divested.

(B) Cooperation.—The person required to divest shall cooperate fully with the divestiture trustee and shall take no action to interfere with, delay, or impede the divestiture.

(C) Approval.—Any proposed sale by the divestiture trustee shall be subject to approval under subsection (d).

(D) Duty of trustee.—The divestiture trustee shall act in the interest of effectuating prompt compliance with this section and restoring competition, and shall not be required to maximize the value received by the person required to divest.

(5) Deposit.—Any amount paid under paragraph (2)(B) shall be deposited into the Medicare for All Trust Fund established under section 327 of this title.

(6) Other relief.—In addition to any relief obtained under paragraph (1) or (2), the court may grant any other equitable relief necessary to redress and prevent recurrence of the violation.

(f) Anti-circumvention.—It shall be unlawful for any person to evade or attempt to evade this section, including by entering into an agreement or contract, engaging in a transaction, structuring an entity, or recreating, through contractual means, the conflicts of interest described in subsection (b).

(g) Rulemaking authority.—The Commission and the Antitrust Division shall, by joint rule, promulgate regulations to carry out this section.

(h) Reports required.—The Chair of the Commission and the Antitrust Division shall submit to the Committee on the Judiciary and the Committee on Energy and Commerce of the House of Representatives and the Committee on the Judiciary and the Committee on Commerce, Science, and Transportation of the Senate quarterly reports on compliance with this section, including the status of any divestitures required under this section.

(i) Rule of construction.—Nothing in this section shall be construed to limit the authority of the Commission, the Inspector General of the Department of Health and Human Services, the Department of Justice, or the attorney general of a State under any other provision of law.

SEC. 312. FTC AUTHORITY TO ADDRESS UNFAIR HOSPITAL COMPETITION.

(a) Section 4 of the Federal Trade Commission Act (15 U.S.C. 44) is amended—

(1) by striking "'Commerce'" and inserting "(a) 'Commerce'";

(2) by striking "'Corporation'" and inserting "(b) 'Corporation'", and by inserting before the period at the end of the paragraph so designated ", and includes with respect to unfair methods of competition, any hospital organization or cooperative hospital service organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code";

(3) by striking "'Documentary evidence'" and inserting "(c) 'Documentary evidence'";

(4) by striking "'Acts to regulate commerce'" and inserting "(d) 'Acts to regulate commerce'";

(5) by striking "'Antitrust Acts' " and inserting "(e) 'Antitrust Acts'";

(6) by striking "'Banks'" and inserting "(f) 'Banks'", and by moving subsection (f), so designated, 2 ems to the left; and

(7) by striking "'Foreign law enforcement agency'" and inserting "(g) 'Foreign law enforcement agency'", and by moving subsection (g), so designated, 1 em to the left.

SEC. 313. ESTABLISHING A PRICE CEILING ON MEDICAL SERVICES.

(a) Congress finds that—

(1) prices for identical health care items and services vary widely across payers in the United States;

(2) such price variation is primarily driven by market concentration, consolidation, and price discrimination, rather than differences in quality or outcomes;

(3) excessive commercial prices are a principal driver of national health care spending growth and employer health costs; and

(4) establishing a uniform maximum lawful price for covered health care items and services across all payers will reduce costs, improve equity, and preserve patient choice of provider.

(b) Definitions.—In this section:

(1) Ceiling price.—The term "ceiling price" means, with respect to a health care item or service, the Medicare reimbursement rate multiplied by 1.20, exclusive of any tax, duty, fee, or other charge that is imposed for remittance to a Federal, State, or local government with respect to the furnishing of, or payment for, such item or service.

(2) Health care item or service.—The term "health care item or service" means any item or service for medical, surgical, behavioral, preventive, rehabilitative, habilitative, diagnostic, therapeutic, palliative, maternity, or supportive care.

(3) Medicare reimbursement rate.—The term "Medicare reimbursement rate" means, with respect to a health care item or service—

(A) prior to January 1, 2028, the amount that would be payable for such item or service if furnished to an individual entitled to benefits under part A of title XVIII of the Social Security Act or enrolled under part B of such title pursuant to—

(i) section 1848 of the Social Security Act (42 U.S.C. 1395w-4);

(ii) section 1833(t) of such Act (42 U.S.C. 1395l(t));

(iii) section 1886(d) of such Act (42 U.S.C. 1395ww(d)); or

(iv) any other applicable payment system under title XVIII of such Act (42 U.S.C. 1395 et seq.);

(B) on and after January 1, 2028, the amount payable under the national fee schedule established under section 326(d)(1)(A); and

(C) if no amount is clearly established under subparagraph (A) or (B), an amount established by the Secretary using a comparable Federal health care payment methodology.

(4) Payer.—The term "payer" means any group health plan, health insurance issuer, employer-sponsored plan, plans or coverage subject to the Employee Retirement Income Security Act of 1974, third-party administrator, governmental payer, or other entity that finances or reimburses health care items or services.

(5) Provider.—The term "provider" means any hospital, physician, practitioner, facility, or other person or entity that furnishes health care items or services.

(6) Secretary.—The term "Secretary" means the Secretary of Health and Human Services.

(c) Establishment and review of Medicare reimbursement rates.—

(1) In general.—The Secretary shall ensure that a Medicare reimbursement rate is established and in effect for all health care items and services for purposes of this title.

(2) Pediatric and children's services.—In carrying out paragraph (1), the Secretary shall affirmatively review and, as necessary, establish or update Medicare reimbursement rates for health care items and services primarily or disproportionately furnished to infants, children, or adolescents, including neonatal, pediatric, and adolescent care.

(3) Methodology.—In establishing or updating Medicare reimbursement rates under this subsection, the Secretary may—

(A) apply Medicare payment methodologies under title XVIII of the Social Security Act;

(B) apply Medicaid or Children's Health Insurance Program payment methodologies under title XIX or title XXI of such Act;

(C) use relative value, diagnosis-related group, or prospective payment principles consistent with Federal health care payment systems; and

(D) make such adjustments as are necessary to ensure access to care and the continued operation of essential providers.

(d) Single-price requirement.—

(1) In general.—Beginning July 1, 2027, a provider may not charge, and a payer may not pay, an amount in excess of the applicable ceiling price for any health care item or service. In determining whether such ceiling price has been exceeded, the total amount charged or paid,

directly or indirectly, for a health care item or service shall be aggregated without regard to form, timing, recipient, or allocation.

(2) Balance billing prohibited.—A provider furnishing a health care item or service may not bill, charge, seek, collect, or receive from an individual, or from any other person on behalf of an individual, any amount in excess of the ceiling price, except for cost-sharing expressly permitted under Federal law.

(3) Contract terms void.—Any contract, agreement, or arrangement that purports to authorize payment or collection in excess of the ceiling price for a health care item or service shall be void as against public policy and unenforceable to the extent of such excess. The remainder of the contract shall remain enforceable.

(4) Preemption.—This section shall supersede any provision of State law, contract, or other agreement to the extent that such provision permits the charging or payment of an amount in excess of the applicable ceiling price, or otherwise frustrates the application of this section.

(5) Anti-evasion.—It shall be a violation of this subsection for a provider or payer, directly or indirectly, to evade or attempt to evade the requirements of this section.

(6) Rulemaking.—The Secretary shall issue interim final rules to carry out this section not later than March 31, 2027. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(A) Public comment and final rules.—The Secretary shall provide a public comment period of not less than 60 days after publication of the interim final rules and shall issue final rules not later than 2 years after the date on which the interim final rules are issued.

(B) No delay.—A delay in issuance or finalization of rules under this paragraph shall not delay, limit, extinguish, or reduce any protection, prohibition, or duty established by this section beginning July 1, 2027.

(e) Enforcement and penalties.—

(1) Overpayment recovery.—Any amount paid in excess of the applicable ceiling price for a health care item or service shall be unlawful and treated as an overpayment. The Secretary may order restitution, refunds, and other appropriate monetary relief, including—

(A) reimbursement to a payer of any amount paid in excess of the ceiling price;

(B) refund to an individual, or to any other person who made payment on behalf of an individual, of any amount paid in excess of the ceiling price; and

(C) payment of interest on such excess amount, calculated from the date of payment at a rate determined by the Secretary.

(2) Civil monetary penalties.—

(A) In general.—The Secretary may impose on a provider or payer that violates subsection (d) a civil monetary penalty not to exceed the greater of—

(i) $10,000 for each claim, bill, or transaction involved in the violation; or

(ii) 3 times the amount charged or paid above the applicable ceiling price.

(B) Continuing violation.—A failure to provide a required refund or otherwise correct a violation after notice from the Secretary shall constitute a separate violation for each day during which the failure continues, subject to a penalty not exceeding $10,000 for each such day.

(C) Enhanced penalties.—The maximum amounts under subparagraphs (A) and (B) shall be doubled for a repeated, reckless, or knowing violation.

(3) Equitable relief.—The Secretary may bring a civil action in an appropriate United States district court to obtain temporary, preliminary, or permanent injunctive relief, specific performance, rescission, reformation, disgorgement, restitution, or such other equitable relief as may be appropriate to enforce this section.

(4) FTC enforcement.—Any repeated, reckless, or knowing violation of subsection (d) shall constitute an unfair, deceptive, abusive act or practice in or affecting commerce under section 5(a) of the Federal Trade Commission Act (15 U.S.C. 45(a)). The Federal Trade Commission shall enforce this paragraph 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 were incorporated into and made a part of this section.

(5) Audits and compliance authority.—The Secretary may conduct audits, inspect and copy records, require the submission of data, compel responses to interrogatories, require corrective action plans, and take such other actions as are necessary to monitor and secure compliance with this section.

(6) Complaints process.—The Secretary shall establish a process through which individuals, payers, employers, employees, contractors, and other persons may submit complaints, information, and documentary evidence regarding violations of this section. The Secretary may keep the identity of a complainant confidential to the extent practicable and consistent with law.

(7) Whistleblower and anti-retaliation protections.—A provider, payer, or other person may not discharge, demote, suspend, threaten, harass, deny payment to, refuse to contract with, discriminate against, or otherwise retaliate against any employee, contractor, agent, patient, enrollee, or other person because such person—

(A) provided information to the Secretary, the Federal Trade Commission, a State attorney general, or any other Federal or State agency concerning a possible violation of this section;

(B) testified, assisted, or participated in an investigation, audit, administrative proceeding, or judicial proceeding concerning a possible violation of this section; or

(C) refused to participate in conduct that such person reasonably believed would violate this section.

(8) Coordination with existing authorities.—The enforcement authorities provided under this subsection are in addition to, and do not limit, any other authority of the Secretary, the Inspector General of the Department of Health and Human Services, the Federal Trade Commission, the Attorney General, or a State attorney general under Federal or State law.

(f) Global budget carveout.—Beginning January 1, 2028, this section shall not apply to any health care item or service furnished by an institutional provider to the extent payment for such item or service is made under section 326(c) of the POPULIST Act.

(g) Rule of construction.—Nothing in this section shall be construed to amend, modify, or otherwise affect the operation of the Medicare program under title XVIII of the Social Security Act.

SEC. 314. PROVIDER PRICE TRANSPARENCY.

(a) Hospital price transparency.—

(1) Medicare.—Part E of title XVIII of the Social Security Act (42 U.S.C. 1395x et seq.) is amended by adding at the end the following new section:

"Sec. 1899D. Hospital price transparency.

"(a) Definitions.—For purposes of this section:

"(1) Discounted cash price.—The term 'discounted cash price' means the charge that applies to an individual who pays cash, or cash equivalent, for an item or service.

"(2) Federal health care program.—The term 'Federal health care program' has the meaning given such term in section 1128B.

"(3) Gross charge.—The term 'gross charge' means the charge for an individual item or service that is reflected on a specified hospital's chargemaster or provider of service or supplier's, as applicable, chargemaster (or similar list of prices), absent any discounts.

"(4) Group health plan; group health insurance coverage; individual health insurance coverage.—The terms "group health plan", "group health insurance coverage", and "individual health insurance coverage" have the meaning given such terms in section 2791 of the Public Health Service Act (42 U.S.C. 300gg-91).

"(5) Payer-specific negotiated charge.—The term 'payer-specific negotiated charge' means the charge that a specified hospital or provider of services or supplier, as applicable, has negotiated with a third-party payer for an item or service.

"(6) Shoppable service.—The term 'shoppable service' means a service that can be scheduled by a health care consumer in advance and includes all ancillary items and services customarily furnished as part of such service.

"(7) Specified hospital.—The term 'specified hospital' means a hospital (as defined in section 1861(e)), a critical access hospital (as defined in section 1861(mm)(1)), or a rural emergency hospital (as defined in section 1861(kkk)).

"(8) Specified imaging service.—The term 'specified imaging service' means an imaging service that is included on the list of Centers for Medicare & Medicaid Services-specified shoppable services (as described in subsection (b)(2)(A)(ii)(I)).

"(9) Third-party payer.—The term 'third-party payer' means an entity that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service.

"(b) Transparency requirement.—

"(1) In general.—Beginning July 1, 2027, each specified hospital that receives payment under this title for furnishing items and services shall comply with the price transparency requirement described in paragraph (2).

"(2) Requirement described.—

"(A) In general.—For purposes of paragraph (1), the price transparency requirement described in this paragraph is, with respect to a specified hospital, that such hospital, in accordance with a method and format established by the Secretary under subparagraph (C), compile and make public (without subscription and free of charge) for each year—

"(i) all of the hospital's standard charges (including the information described in subparagraph (B)) for each item and service furnished by such hospital;

"(ii) information in a consumer-friendly format (as specified by the Secretary)—

"(I) on the hospital's prices (including the information described in subparagraph (B)) for as many of the Centers for Medicare & Medicaid Services-specified shoppable services that are furnished by the hospital, and as many additional hospital-selected shoppable services (or all such additional services, if such hospital furnishes fewer than 300 shoppable services) as may be necessary for a combined total of at least 300 shoppable services;

"(II) that includes, with respect to each Centers for Medicare & Medicaid Services-specified shoppable service that is not furnished by the hospital, an indication that such service is not so furnished; and

"(iii) each type 2 national provider identifier associated with the hospital or a unit of the hospital; and

"(iv) an attestation that all information made public pursuant to this subparagraph is complete and accurate.

"(B) Information described.—For purposes of subparagraph (A), the information described in this subparagraph is, with respect to standard charges and prices, as applicable, made public by a specified hospital, the following:

"(i) A plain language description (as specified by the Secretary) of each item or service, accompanied by, as applicable, the Healthcare Common Procedure Coding System code, the diagnosis-related group, the national drug code, or other identifier used or approved by the Centers for Medicare & Medicaid Services.

"(ii) The gross charge, as applicable, expressed as a dollar amount, for each such item or service, when provided in, as applicable, the inpatient setting and outpatient department setting.

"(iii) For each such item or service when provided in, as applicable, the inpatient and outpatient department settings—

"(I) the discounted cash price, as applicable, expressed as a dollar amount; or

"(II) in the case no discounted cash price is available for such item or service, the median cash price charged by the hospital (not including charity care) to self-pay individuals for such item or service when provided in such settings for the previous 3 years, expressed as a dollar amount.

"(iv) With respect to prices made public pursuant to subparagraph (A)(ii), a link to a consumer-friendly document that clearly explains the hospital's charity care policy that includes, if applicable, any sliding scale payment structure employed for determining prices.

"(v) The payer-specific negotiated charges, as applicable, clearly associated with the name of the third-party payer and plan and expressed as a dollar amount, that apply to each such item or service when provided in, as applicable, the inpatient setting and outpatient department setting.

"(vi) The de-identified maximum and minimum negotiated charges, as applicable, for each such item or service, not including any such charge that is $0.

"(vii) Any other additional information the Secretary may require (in consultation with stakeholders) for the purpose of improving the accuracy of, or enabling consumers to easily understand and compare, standard charges and prices for an item or service, except information that is duplicative of any other reporting requirement under this subsection.

"In the case of standard charges and prices for an item or service included as part of a bundled, per diem, episodic, or other similar arrangement, the information described in this subparagraph shall be made available as determined appropriate by the Secretary.

"(C) Uniform method and format.—Not later than March 31, 2027, the Secretary shall establish a standard, uniform method and format for specified hospitals to use in compiling and making public standard charges pursuant to subparagraph (A)(i) and a standard, uniform method and format for such hospitals to use in compiling and making public prices pursuant to subparagraph (A)(ii). Such methods and formats—

"(i) shall, in the case of such method and format for making public standard charges pursuant to subparagraph (A)(i), ensure that such charges are made available in a machine-readable format (or a successor technology specified by the Secretary);

"(ii) may be similar to any template made available by the Centers for Medicare & Medicaid Services as of the date of the enactment of this subparagraph;

"(iii) shall meet such standards as determined appropriate by the Secretary in order to ensure the accessibility and usability of such charges and prices; and

"(iv) shall be updated as determined appropriate by the Secretary, in consultation with stakeholders.

"(3) Monitoring compliance.—The Secretary shall establish processes to monitor and assess specified hospitals' compliance with this subsection. Such processes shall include processes relating to the following:

"(A) The evaluation and analysis of complaints made by individuals or other entities relating to such hospitals' compliance with this subsection.

"(B) The use of audits to ensure such hospitals' compliance with this subsection.

"(C) The obtaining of additional information from such hospitals to determine such hospitals' compliance with this subsection, as determined appropriate by the Secretary.

"(4) Enforcement.—

"(A) In general.—In the case of a specified hospital that fails to comply with the requirements of this subsection—

"(i) not later than 30 days after the date on which the Secretary determines such failure exists, the Secretary shall submit to such hospital a notification of such determination, which may include, as determined appropriate by the Secretary, a request for a corrective action plan, to be submitted not later than 45 days after such request is made, to comply with such requirements; and

"(ii) in the case of a hospital that does not receive a request for a corrective action plan as part of a notification submitted by the Secretary under clause (i)—

"(I) the Secretary shall, not later than 60 days after such notification is sent, determine whether such hospital is in compliance with such requirements; and

"(II) if the Secretary determines under subclause (I) that such hospital is not in compliance with such requirements, the Secretary shall either—

"(aa) submit to such hospital a request for a corrective action plan, to be submitted not later than 45 days after such request is made, to comply with such requirements; or

"(bb) if the Secretary determines that such hospital has not taken meaningful actions to come into compliance since such notification was sent, impose a civil monetary penalty in accordance with subparagraph (B).

"(B) Civil monetary penalty.—

"(i) In general.—Subject to clause (viii), in addition to any other enforcement actions or penalties that may apply under another provision of Federal law, a specified hospital that has received a request for a corrective action plan under clause (i) or (ii) of subparagraph (A) and fails to comply with the requirements of this subsection by the

date that is 90 days after such request is made (or, if such hospital has submitted such a corrective action plan not later than 45 days after the date such request was made, by the date that is 90 days after the date of the submission of such corrective action plan), and a specified hospital with respect to which the Secretary has made a determination described in clause (ii)(II)(bb) of such subparagraph, shall be subject to a civil monetary penalty of an amount specified by the Secretary for each day (beginning with the day on which the Secretary first determined that such hospital was not complying with such requirements) during which such failure was ongoing. Such amount shall not exceed—

"(I) in the case of a specified hospital with 30 or fewer beds, $300 per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $400 per day);

"(II) in the case of a specified hospital with more than 30 beds but fewer than 101 beds, $12.50 per bed per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $15 per bed per day);

"(III) in the case of a specified hospital with more than 100 beds but fewer than 201 beds, $17.50 per bed per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $20 per bed per day);

"(IV) in the case of a specified hospital with more than 200 beds but fewer than 501 beds, $20 per bed per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $25 per bed per day); and

"(V) in the case of a specified hospital with more than 500 beds, $25 per bed per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $35 per bed per day).

"(ii) Increase authority.—In applying this subparagraph with respect to violations occurring in 2028 or a subsequent year, the Secretary may through notice and comment rulemaking increase—

"(I) the limitation on the per day amount of any penalty applicable to a specified hospital under clause (i)(I);

"(II) the limitations on the per bed per day amount of any penalty applicable under any of subclauses (II) through (V) of clause (i); and

"(III) the amounts specified in clause (iii)(II).

"(iii) Persistent noncompliance.—

"(I) In general.—In the case of a specified hospital (other than a specified hospital with 30 or fewer beds) that the Secretary has determined to be knowingly and willfully noncompliant with the provisions of this subsection for 2 or more

6-month periods during any 3-year period, the Secretary may increase any penalty otherwise applicable under this subparagraph by the amount specified in subclause (II) with respect to such hospital and may require such hospital to complete such additional corrective action plans as the Secretary may specify.

"(II) Specified amount.—For purposes of subclause (I), the amount specified in this subclause is, with respect to a specified hospital—

"(aa) with more than 30 beds but fewer than 101 beds, an amount that is not less than $500,000 and not more than $1,000,000;

"(bb) with more than 100 beds but fewer than 301 beds, an amount that is greater than $1,000,000 and not more than $2,000,000;

"(cc) with more than 300 beds but fewer than 501 beds, an amount that is greater than $2,000,000 and not more than $4,000,000; and

"(dd) with more than 500 beds, an amount that is not less than $5,000,000 and not more than $10,000,000.

"(iv) Authority to waive or reduce penalty.—

"(I) Hospitals located in rural or underserved areas.—

"(aa) In general.—Subject to item (bb), the Secretary may waive any penalty, or reduce any penalty by not more than 75 percent, otherwise applicable under this subparagraph with respect to a specified hospital located in a rural or underserved area if the Secretary certifies that imposition of such penalty would result in an immediate threat to access to care for individuals in the service area of such hospital.

"(bb) Limitation on application.—The Secretary may not elect to waive a penalty under item (aa) with respect to a specified hospital more than once in a 6-year period and may not elect to reduce such a penalty with respect to such a hospital more than once in such a period. Nothing in the preceding sentence shall be construed as prohibiting the Secretary from both waiving and reducing a penalty with respect to a specified hospital during a 6-year period.

"(II) Reduction if hearing waived.—The Secretary may reduce any penalty otherwise applicable under this subparagraph (as reduced, if applicable, under subclause (I)) by not more than 35 percent if the specified hospital that is the subject of such penalty agrees to waive any right of such hospital to a hearing before an administrative law judge with respect to the imposition of such penalty.

"(v) Hardship exemption.—Notwithstanding any limit on the waiver or reduction of a penalty under clause (iv), the Secretary may waive any penalty with respect to a specified hospital on a case-by-case basis if the Secretary determines that a circumstance exists interfering with such hospital's ability to comply with the provisions of this subsection (such as a natural disaster (as defined in section 602(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act), a public health emergency, or other similar or unexpected catastrophe or similar situation).

"(vi) Provision of technical assistance.—The Secretary shall, to the extent practicable, provide technical assistance relating to compliance with the provisions of this subsection to specified hospitals requesting such assistance.

"(vii) Application of certain provisions.—The provisions of section 1128A (other than subsections (a) and (b) of such section) shall apply to a civil monetary penalty imposed under this subparagraph in the same manner as such provisions apply to a civil monetary penalty imposed under subsection (a) of such section.

"(viii) Nonduplication of certain penalties.—

"(I) In general.—The Secretary may not subject a specified hospital to a civil monetary penalty under this subparagraph with respect to noncompliance with the provisions of this subsection for a period if the Secretary has imposed a civil monetary penalty on such hospital under section 2718(f) of the Public Health Service Act for failure to comply with the provisions of such section for such period.

"(II) Prioritization.—In the case of a hospital that the Secretary determines to be in violation of the provisions of this subsection and of section 2718(f) of the Public Health Service Act, the Secretary shall impose penalties as prescribed in such section 2718(f) in lieu of any penalties prescribed in this subsection.

"(C) Publication of hospital price transparency information.—Beginning on July 1, 2027, the Secretary shall make publicly available on the public website of the Centers for Medicare & Medicaid Services information with respect to compliance with the requirements of this subsection and enforcement activities undertaken by the Secretary under this subsection. Such information shall be updated in real time, if practicable, and include—

"(i) the number of reviews of compliance with this subsection undertaken by the Secretary;

"(ii) the number of notifications described in subparagraph (A)(i) sent by the Secretary;

"(iii) the identity of each specified hospital that was sent such a notification and a description of the nature of such hospital's noncompliance with this subsection;

"(iv) the amount of any civil monetary penalty imposed on such hospital under subparagraph (B);

"(v) whether such hospital subsequently came into compliance with this subsection;

"(vi) any waivers or reductions of penalties made pursuant to a certification by the Secretary under subparagraph (B)(iv), including—

"(I) the name of any specified hospital that received such a waiver or reduction;

"(II) the dollar amount of each such penalty so waived or reduced; and

"(III) the rationale for the granting of each such waiver or reduction, but only to the extent that such rationale does not make public commercially sensitive information; and

"(vii) any other information as determined by the Secretary.

"(c) Imaging services price transparency.—

"(1) In general.—Beginning July 1, 2027, each provider of services and supplier that receives payment under this title for furnishing a specified imaging service, other than such a provider or supplier with respect to which standard charges and prices for such services furnished by such provider or supplier are made available by a specified hospital pursuant to subsection (b), a hospital pursuant to section 2718(f) of the Public Health Service Act, or an ambulatory surgical center pursuant to section 1834(bb), shall—

"(A) make publicly available (in accordance with paragraph (3)) on an internet website the information described in paragraph (2) with respect to each such service that such provider of services or supplier furnishes; and

"(B) ensure that such information is updated not less frequently than annually; and

"(C) include on the website described in subparagraph (A) an attestation that all such information is complete and accurate.

"(2) Information described.—For purposes of paragraph (1), the information described in this paragraph is, with respect to a provider of services or supplier and a specified imaging service, the following:

"(A) The discounted cash price for such service (or, if no such price exists, the gross charge for such service).

"(B) If required by the Secretary, the de-identified minimum payer-specific negotiated charge for such service and the de-identified maximum payer-specific negotiated charge for such service.

"(3) Uniform method and format.—Not later than March 31, 2027, the Secretary shall establish a standard, uniform method and format for providers of services and suppliers to use in making public information described in paragraph (2). Any such method and format—

"(A) may be similar to any template made available by the Centers for Medicare & Medicaid Services (as described in section 1899D(b)(2)(C)(ii));

"(B) shall meet such standards as determined appropriate by the Secretary in order to ensure the accessibility and usability of such information; and

"(C) shall be updated as determined appropriate by the Secretary, in consultation with stakeholders.

"(4) Monitoring compliance.—The Secretary shall, through notice and comment rulemaking and in consultation with the Inspector General of the Department of Health and Human Services, establish a process to monitor compliance with this subsection.

"(5) Enforcement.—

"(A) In general.—In the case that the Secretary determines that a provider of services or supplier is not in compliance with paragraph (1)—

"(i) not later than 30 days after such determination, the Secretary shall notify such provider or supplier of such determination;

"(ii) upon request of the Secretary, such provider or supplier shall submit to the Secretary, not later than 45 days after the date of such request, a corrective action plan to comply with such paragraph; and

"(iii) if such provider or supplier continues to fail to comply with such paragraph after the date that is 90 days after such notification is sent (or, in the case of such a provider or supplier that has submitted a corrective action plan described in clause (ii) in response to a request so described, after the date that is 90 days after such submission), the Secretary may impose a civil monetary penalty in an amount not to exceed $300 for each day (beginning with the day on which the Secretary first determined that such provider or supplier was failing to comply with such paragraph) during which such failure to comply or failure to submit is ongoing.

"(B) Increase authority.—In applying this paragraph with respect to violations occurring in 2028 or a subsequent year, the Secretary may through notice and comment rulemaking increase the amount of the civil monetary penalty under subparagraph (A)(iii).

"(C) Application of certain provisions.—The provisions of section 1128A (other than subsections (a) and (b) of such section) shall apply to a civil monetary penalty imposed under this paragraph in the same manner as such provisions apply to a civil monetary penalty imposed under subsection (a) of such section.

"(D) Authority to waive or reduce penalty.—

"(i) In general.—Subject to clause (ii), the Secretary may waive or reduce any penalty otherwise applicable with respect to a provider of services or supplier under this subparagraph if the Secretary certifies that imposition of such penalty would result in an immediate threat to access to care for individuals in the service area of such provider or supplier.

"(ii) Limitation.—The Secretary may not elect to waive or reduce a penalty under clause (i) with respect to a specific provider of services or supplier more than 3 times in a 10-year period.

"(E) Provision of technical assistance.—The Secretary shall, to the extent practicable, provide technical assistance relating to compliance with the provisions of this subsection to providers of services and suppliers requesting such assistance.

"(F) Clarification of nonapplicability of other enforcement provisions.—Notwithstanding any other provision of this title, this paragraph shall be the sole means of enforcing the provisions of this subsection.

"(d) Ensuring accessibility through implementation.—In implementing this section, the Secretary of Health and Human Services shall through rulemaking ensure that a hospital making public charges and information pursuant to this section takes reasonable steps (as specified by the Secretary) to ensure the accessibility of such charges and information to individuals with limited English proficiency. Such steps may include the hospital's provision of interpretation services or the hospital's provision of translations of charges and information.".

(2) PHSA.—Section 2718 of the Public Health Service Act (42 U.S.C. 300gg–18) is amended by adding at the end the following new subsection:

"(f) Hospital transparency requirement.—

"(1) In general.—Beginning July 1, 2027, each hospital operating within the United States (including a specified hospital (as defined in section 1899D of the Social Security Act)) shall comply with the price transparency requirement described in paragraph (2).

"(2) Requirement described.—

"(A) In general.—For purposes of paragraph (1), the price transparency requirement described in this paragraph is, with respect to a hospital, that such hospital, in accordance with a method and format established by the Secretary under subparagraph (C), compile and make public (without subscription and free of charge) for each year—

"(i) all of the hospital's standard charges (including the information described in subparagraph (B)) for each item and service furnished by such hospital;

"(ii) information in a consumer-friendly format (as specified by the Secretary)—

"(I) on the hospital's prices (including the information described in subparagraph (B)) for as many of the Centers for Medicare & Medicaid Services-specified shoppable services that are furnished by the hospital, and as many additional hospital-selected shoppable services (or all such additional services, if such hospital furnishes fewer than 300 shoppable services) as may be necessary for a combined total of at least 300 shoppable services; and

"(II) that includes, with respect to each Centers for Medicare & Medicaid Services-specified shoppable service that is not furnished by the hospital, an indication that such service is not so furnished; and

"(iii) each type 2 national provider identifier associated with the hospital or a unit of the hospital; and

"(iv) an attestation that all information made public pursuant to this subparagraph is complete and accurate.

"(B) Information described.—For purposes of subparagraph (A), the information described in this subparagraph is, with respect to standard charges and prices, as applicable, made public by a hospital, the following:

"(i) A plain language description (as specified by the Secretary) of each item or service, accompanied by, as applicable, the Healthcare Common Procedure Coding System code, the diagnosis-related group, the national drug code, current procedure terminology codes, or other identifier used or approved by the Centers for Medicare & Medicaid Services.

"(ii) The gross charge, as applicable, expressed as a dollar amount (as specified by the Secretary), for each such item or service, when provided in, as applicable, the inpatient setting and outpatient department setting.

"(iii) For each such item or service when provided in, as applicable, the inpatient and outpatient department settings—

"(I) the discounted cash price, as applicable, expressed as a dollar amount; or

"(II) in the case no discounted cash price is available for such item or service, the median cash price charged by the hospital (not including charity care) to self-pay individuals for such item or service when provided in such settings for the previous 3 years, expressed as a dollar amount.

"(iv) With respect to prices made public pursuant to subparagraph (A)(ii), a link to a consumer-friendly document that clearly explains the hospital's charity care policy that includes, if applicable, any sliding scale payment structure employed for determining prices.

"(v) The payer-specific negotiated charges, as applicable, clearly associated with the name of the third-party payer and plan and expressed as a dollar amount, that apply to each such item or service when provided in, as applicable, the inpatient setting and outpatient department setting.

"(vi) The de-identified maximum and minimum negotiated charges, as applicable, for each such item or service, not including any such charge that is $0.

"(vii) Any other additional information the Secretary may require (in consultation with stakeholders) for the purpose of improving the accuracy of, or enabling consumers to easily understand and compare, standard charges and prices for an item or service, except information that is duplicative of any other reporting requirement under this subsection.

"In the case of standard charges and prices for an item or service included as part of a bundled, per diem, episodic, or other similar arrangement, the information described in this subparagraph shall be made available as determined appropriate by the Secretary.

"(C) Uniform method and format.—Not later than March 31, 2027, the Secretary shall establish a standard, uniform method and format for hospitals to use in compiling and making public standard charges pursuant to subparagraph (A)(i) and a standard, uniform method and format for such hospitals to use in compiling and making public prices pursuant to subparagraph (A)(ii). Such methods and formats—

"(i) shall, in the case of such method and format for making public standard charges pursuant to subparagraph (A)(i), ensure that such charges are made available in a machine-readable format (or a successor technology specified by the Secretary);

"(ii) may be similar to any template made available by the Centers for Medicare & Medicaid Services as of the date of the enactment of this subparagraph;

"(iii) shall meet such standards as determined appropriate by the Secretary in order to ensure the accessibility and usability of such charges and prices; and

"(iv) shall be updated as determined appropriate by the Secretary, in consultation with stakeholders.

"(3) Monitoring compliance.—The Secretary shall establish processes to monitor and assess hospitals' compliance with this subsection. Such processes shall include processes relating to the following:

"(A) The evaluation and analysis of complaints made by individuals or other entities relating to such hospitals' compliance with this subsection.

"(B) The use of audits to ensure such hospitals' compliance with this subsection.

"(C) The obtaining of additional information from such hospitals to determine such hospitals' compliance with this subsection, as determined appropriate by the Secretary.

"(4) Enforcement.—

"(A) In general.—In the case of a hospital that fails to comply with the requirements of this subsection—

"(i) not later than 30 days after the date on which the Secretary determines such failure exists, the Secretary shall submit to such hospital a notification of such determination, which may include, as determined appropriate by the Secretary, a request for a corrective action plan, to be submitted not later than 45 days after such request is made, to comply with such requirements; and

"(ii) in the case of a hospital that does not receive a request for a corrective action plan as part of a notification submitted by the Secretary under clause (i)—

"(I) the Secretary shall, not later than 60 days after such notification is sent, determine whether such hospital is in compliance with such requirements; and

"(II) if the Secretary determines under subclause (I) that such hospital is not in compliance with such requirements, the Secretary shall either—

"(aa) submit to such hospital a request for a corrective action plan, to be submitted not later than 45 days after such request is made, to comply with such requirements; or

"(bb) if the Secretary determines that such hospital has not taken meaningful actions to come into compliance since such notification was sent, impose a civil monetary penalty in accordance with subparagraph (B).

"(B) Civil monetary penalty.—

"(i) In general.—In addition to any other enforcement actions or penalties that may apply under another provision of Federal law, a hospital that has received a request for a corrective action plan under clause (i) or (ii) of subparagraph (A) and fails to comply with the requirements of this subsection by the date that is 90 days after such request is made (or, if such hospital has submitted such a corrective action plan not later than 45 days after the date such request was made, by the date that is 90 days after the date of the submission of such corrective action plan), and a hospital with respect to which the Secretary has made a determination described in clause (ii)(II)(bb) of such subparagraph, shall be subject to a civil monetary penalty of an amount specified by the

Secretary for each day (beginning with the day on which the Secretary first determined that such hospital was not complying with such requirements) during which such failure was ongoing. Such amount shall not exceed—

"(I) in the case of a hospital with 30 or fewer beds, $300 per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $400 per day);

"(II) in the case of a hospital with more than 30 beds but fewer than 101 beds, $12.50 per bed per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $15 per bed per day);

"(III) in the case of a hospital with more than 100 beds but fewer than 201 beds, $17.50 per bed per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $20 per bed per day);

"(IV) in the case of a hospital with more than 200 beds but fewer than 501 beds, $20 per bed per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $25 per bed per day); and

"(V) in the case of a hospital with more than 500 beds, $25 per bed per day (or, in the case of such a hospital that has been noncompliant with such requirements for a 1-year period or longer, beginning with the first day following such 1-year period, $35 per bed per day).

"(ii) Increase authority.—In applying this subparagraph with respect to violations occurring in 2028 or a subsequent year, the Secretary may through notice and comment rulemaking increase—

"(I) the limitation on the per day amount of any penalty applicable to a hospital under clause (i)(I);

"(II) the limitations on the per bed per day amount of any penalty applicable under any of subclauses (II) through (V) of clause (i); and

"(III) the amounts specified in clause (iii)(II).

"(iii) Persistent noncompliance.—

"(I) In general.—In the case of a hospital (other than a hospital with 30 or fewer beds) that the Secretary has determined to be knowingly and willfully noncompliant with the provisions of this subsection for 2 or more 6-month periods during any 3-year period, the Secretary may increase any penalty otherwise applicable under this subparagraph by the amount specified in subclause (II) with respect to such hospital and may require such hospital to complete such additional corrective action plans as the Secretary may specify.

"(II) Specified amount.—For purposes of subclause (I), the amount specified in this subclause is, with respect to a hospital—

"(aa) with more than 30 beds but fewer than 101 beds, an amount that is not less than $500,000 and not more than $1,000,000;

"(bb) with more than 100 beds but fewer than 301 beds, an amount that is greater than $1,000,000 and not more than $2,000,000;

"(cc) with more than 300 beds but fewer than 501 beds, an amount that is greater than $2,000,000 and not more than $4,000,000; and

"(dd) with more than 500 beds, an amount that is not less than $5,000,000 and not more than $10,000,000.

"(iv) Authority to waive or reduce penalty.—

"(I) Hospitals located in rural or underserved areas.—

"(aa) In general.—Subject to item (bb), the Secretary may waive any penalty, or reduce any penalty by not more than 75 percent, otherwise applicable under this subparagraph with respect to a hospital located in a rural or underserved area if the Secretary certifies that imposition of such penalty would result in an immediate threat to access to care for individuals in the service area of such hospital.

"(bb) Limitation on application.—The Secretary may not elect to waive a penalty under item (aa) with respect to a hospital more than once in a 6-year period and may not elect to reduce such a penalty with respect to such a hospital more than once in such a period. Nothing in the preceding sentence shall be construed as prohibiting the Secretary from both waiving and reducing a penalty with respect to a hospital during a 6-year period.

"(II) Reduction if hearing waived.—The Secretary may reduce any penalty otherwise applicable under this subparagraph (as reduced, if applicable, under subclause (I)) by not more than 35 percent if the hospital that is the subject of such penalty agrees to waive any right of such hospital to a hearing before an administrative law judge with respect to the imposition of such penalty.

"(v) Provision of technical assistance.—The Secretary shall, to the extent practicable, provide technical assistance relating to compliance with the provisions of this subsection to hospitals requesting such assistance.

"(vi) Hardship exemption.—Notwithstanding any limit on the waiver or reduction of a penalty under clause (iv), the Secretary may waive any penalty with respect to a hospital on a case-by-case basis if the Secretary determines that a circumstance exists interfering with such hospital's ability to comply with the provisions of this subsection (such as a natural disaster (as defined in section 602(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act), a public health emergency, or other similar or unexpected catastrophe or similar situation).

"(vii) Application of certain provisions.—The provisions of section 1128A of the Social Security Act (other than subsections (a) and (b) of such section) shall apply to a civil monetary penalty imposed under this subparagraph in the same manner as such provisions apply to a civil monetary penalty imposed under subsection (a) of such section.

"(viii) Nonduplication of penalties.—

"(I) In general.—The Secretary may not subject a hospital to a civil monetary penalty under this subparagraph with respect to noncompliance with the provisions of this subsection for a period if the Secretary has imposed a civil monetary penalty on such hospital under section 1899D of the Social Security Act for failure to comply with the provisions of such section for such period.

"(II) Prioritization.—In the case of a hospital that the Secretary determines to be in violation of the provisions of this subsection and of section 1899D of the Social Security Act, the Secretary shall impose penalties as prescribed in this subsection in lieu of any penalties prescribed in such section 1899D.

"(C) Publication of hospital price transparency information.—Beginning on July 1, 2027, the Secretary shall make publicly available on the public website of the Centers for Medicare & Medicaid Services information with respect to compliance with the requirements of this subsection and enforcement activities undertaken by the Secretary under this subsection. Such information shall be updated in real time, if practicable, and include—

"(i) the number of reviews of compliance with this subsection undertaken by the Secretary;

"(ii) the number of notifications described in subparagraph (A)(i) sent by the Secretary;

"(iii) the identity of each hospital that was sent such a notification and a description of the nature of such hospital's noncompliance with this subsection;

"(iv) the amount of any civil monetary penalty imposed on such hospital under subparagraph (B);

"(v) whether such hospital subsequently came into compliance with this subsection;

"(vi) any waivers or reductions of penalties made pursuant to a certification by the Secretary under subparagraph (B)(iv), including—

"(I) the name of any hospital that received such a waiver or reduction;

"(II) the dollar amount of each such penalty so waived or reduced; and

"(III) the rationale for the granting of each such waiver or reduction, but only to the extent that such rationale does not make public commercially sensitive information; and

"(vii) any other information as determined by the Secretary.

"(5) Ensuring accessibility through implementation.—In implementing this subsection, the Secretary shall through rulemaking ensure that a hospital making public charges and prices pursuant to this subsection takes reasonable steps (as specified by the Secretary) to ensure the accessibility of such charges and information to individuals with limited English proficiency. Such steps may include the hospital's provision of interpretation services or the hospital's provision of translations of charges and information.

"(6) Definitions.—For purposes of this subsection:

"(A) Discounted cash price.—The term 'discounted cash price' means the charge that applies to an individual who pays cash, or cash equivalent, for a hospital-furnished item or service.

"(B) Federal health care program.—The term 'Federal health care program' has the meaning given such term in section 1128B of the Social Security Act.

"(C) Gross charge.—The term 'gross charge' means the charge for an individual item or service that is reflected on a hospital's chargemaster, absent any discounts.

"(D) Payer-specific negotiated charge.—The term 'payer-specific negotiated charge' means the charge that a hospital has negotiated with a third-party payer for an item or service.

"(E) Shoppable service.—The term 'shoppable service' means a service that can be scheduled by a health care consumer in advance and includes all ancillary items and services customarily furnished as part of such service.

"(F) Third-party payer.—The term 'third-party payer' means an entity that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service.".

(3) Conforming amendments.—

(A) PHSA.—Section 2718 of the Public Health Service Act (42 U.S.C. 300gg–18) is amended—

(i) in subsection (b)(3), by inserting "(other than the provisions of subsection (f))" after "this section"; and

(ii) in subsection (e), by adding at the end the following new sentence: "The preceding provisions of this subsection shall not apply beginning on July 1, 2027.".

(B) Clerical amendment.—The table of contents in part E of title XVIII of the Social Security Act (42 U.S.C. 1395x et seq.) is amended by adding at the end the following new section:

"Sec. 1899D. Hospital price transparency.".

(4) Accessibility through implementation.—In implementing the amendments made by this subsection, the Secretary of Health and Human Services shall through rulemaking ensure that a hospital submitting charges and information pursuant to such amendments takes reasonable steps (as specified by the Secretary) to ensure the accessibility of such charges and

information to individuals with limited English proficiency. Such steps may include the hospital's provision of interpretation services or the hospital's provision of translations of charges and information.

(b) Clinical diagnostic laboratory test price transparency.—Section 1846 of the Social Security Act (42 U.S.C. 1395w–2) is amended—

(1) in the header, by inserting "and additional requirements" after "sanctions"; and

(2) by adding at the end the following new subsection:

"(c) Price transparency requirement.—

"(1) In general.—Beginning July 1, 2027, any applicable laboratory that receives payment under this title for furnishing any specified clinical diagnostic laboratory test under this title shall—

"(A) make publicly available on an internet website the information described in paragraph (2) with respect to each such specified clinical diagnostic laboratory test that such laboratory so furnishes; and

"(B) ensure that such information is updated not less frequently than annually; and

"(C) include on the website described in subparagraph (A) an attestation that all such information is complete and accurate.

"(2) Information described.—For purposes of paragraph (1), the information described in this paragraph is, with respect to an applicable laboratory and a specified clinical diagnostic laboratory test, the following:

"(A) The discounted cash price for such test (or, if no such price exists, the gross charge for such test).

"(B) The de-identified minimum payer-specific negotiated charge between such laboratory and any third-party payer for such test.

"(C) The de-identified maximum payer-specific negotiated charge between such laboratory and any third-party payer for such test.

"(3) Uniform method and format.—Not later than March 31, 2027, the Secretary shall establish a standard, uniform method and format for applicable laboratories to use in compiling and making public information pursuant to paragraph (1). Such method and format—

"(A) may be similar to any template made available by the Centers for Medicare & Medicaid Services (as described in section 1899D(b)(2)(C)(ii));

"(B) shall meet such standards as determined appropriate by the Secretary in order to ensure the accessibility and usability of such information; and

"(C) shall be updated as determined appropriate by the Secretary, in consultation with stakeholders.

"(4) Inclusion of ancillary services.—Any price or rate for a specified clinical diagnostic laboratory test available to be furnished by an applicable laboratory made publicly available in accordance with paragraph (1) shall include the price or rate (as applicable) for any ancillary item or service (such as specimen collection services) that would normally be furnished by such laboratory as part of such test, as specified by the Secretary.

"(5) Enforcement.—

"(A) In general.—In the case that the Secretary determines that an applicable laboratory is not in compliance with paragraph (1)—

"(i) not later than 30 days after such determination, the Secretary shall notify such laboratory of such determination; and

"(ii) if such laboratory continues to fail to comply with such paragraph after the date that is 90 days after such notification is sent, the Secretary may impose a civil monetary penalty in an amount not to exceed $300 for each day (beginning with the day on which the Secretary first determined that such laboratory was failing to comply with such paragraph) during which such failure is ongoing.

"(B) Increase authority.—In applying this paragraph with respect to violations occurring in 2028 or a subsequent year, the Secretary may through notice and comment rulemaking increase the per day limitation on civil monetary penalties under subparagraph (A)(ii).

"(C) Application of certain provisions.—The provisions of section 1128A (other than subsections (a) and (b) of such section) shall apply to a civil monetary penalty imposed under this paragraph in the same manner as such provisions apply to a civil monetary penalty imposed under subsection (a) of such section.

"(6) Provision of technical assistance.—The Secretary shall, to the extent practicable, provide technical assistance relating to compliance with the provisions of this subsection to applicable laboratories requesting such assistance.

"(7) Definitions.—In this subsection:

"(A) Applicable laboratory.—The term 'applicable laboratory' has the meaning given such term in section 414.502 of title 42, Code of Federal Regulations (or a successor regulation), except that such term does not include a laboratory with respect to which standard charges and prices for specified clinical diagnostic laboratory tests furnished by such laboratory are made available by—

"(i) a specified hospital pursuant to section 1899D;

"(ii) a hospital pursuant to section 2718(f) of the Public Health Service Act (42 U.S.C. 300gg-18); or

"(iii) an ambulatory surgical center pursuant to section 1834(bb).

"(B) Discounted cash price.—The term 'discounted cash price' means the charge that applies to an individual who pays cash, or cash equivalent, for an item or service.

"(C) Gross charge.—The term 'gross charge' means the charge for an individual item or service that is reflected on an applicable laboratory's chargemaster (or similar list of prices), absent any discounts.

"(D) Payer-specific negotiated charge.—The term 'payer-specific negotiated charge' means the charge that an applicable laboratory has negotiated with a third-party payer for an item or service.

"(E) Specified clinical diagnostic laboratory test.—The term 'specified clinical diagnostic laboratory test' means a clinical diagnostic laboratory test that is included on the list of shoppable services specified by the Centers for Medicare & Medicaid Services (as described in section 1899D(b)(2)(A)(ii)(I)), other than an advanced diagnostic laboratory test (as defined in section 1834A(d)(5)).

"(F) Third-party payer.—The term 'third-party payer' means an entity that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service.".

(c) Ambulatory surgical center price transparency.—Section 1834 of the Social Security Act (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

"(bb) Ambulatory surgical center price transparency.—

"(1) In general.—Beginning July 1, 2027, each ambulatory surgical center that receives payment under this title for furnishing items and services shall comply with the price transparency requirement described in paragraph (2).

"(2) Requirement described.—

"(A) In general.—For purposes of paragraph (1), the price transparency requirement described in this subsection is, with respect to an ambulatory surgical center, that such surgical center, in accordance with a method and format established by the Secretary under subparagraph (C), compile and make public (without subscription and free of charge), for each year—

"(i) all of the ambulatory surgical center's standard charges (including the information described in subparagraph (B)) for each item and service furnished by such surgical center;

"(ii) information in a consumer-friendly format (as specified by the Secretary) on the ambulatory surgical center's prices (including the information described in subparagraph (B)) for as many of the Centers for Medicare & Medicaid Services-specified shoppable services (as specified by the Secretary) that are furnished by such surgical center, and as many additional ambulatory surgical center-selected shoppable services (or all such additional services, if such surgical center furnishes fewer than 300 shoppable services) as may be necessary for a combined total of at least 300 shoppable services;

"(iii) with respect to each Centers for Medicare & Medicaid Services-specified shoppable service that is not furnished by the ambulatory surgical center, an indication that such service is not so furnished; and

"(iv) an attestation that all standard charges described in clause (i), information described in clause (ii), and indications described in clause (iii) are complete and accurate.

"(B) Information described.—For purposes of subparagraph (A), the information described in this subparagraph is, with respect to standard charges and prices (as applicable) made public by an ambulatory surgical center, the following:

"(i) A plain language description (as specified by the Secretary) of each item or service, accompanied by, as applicable, the Healthcare Common Procedure Coding System code, the diagnosis-related group, the national drug code, or other identifier used or approved by the Centers for Medicare & Medicaid Services.

"(ii) The gross charge, as applicable, expressed as a dollar amount, for each such item or service.

"(iii) For each such item or service—

"(I) the discounted cash price, as applicable, expressed as a dollar amount; or

"(II) in the case no discounted cash price is available for an item or service, the median cash price charged to self-pay individuals for such item or service for the previous 3 years, expressed as a dollar amount.

"(iv) The current payer-specific negotiated charges, clearly associated with the name of the third-party payer and plan and expressed as a dollar amount, that applies to each such item or service.

"(v) The de-identified maximum and minimum negotiated charges, as applicable, for each such item or service.

"(vi) Any other additional information the Secretary may require (in consultation with stakeholders) for the purpose of improving the accuracy of, or enabling consumers to easily understand and compare, standard charges and prices for an item or service, except information that is duplicative of any other reporting requirement under this subsection.

"(C) Uniform method and format.—Not later than March 31, 2027, the Secretary shall establish a standard, uniform method and format for ambulatory surgical centers to use in making public standard charges and a standard, uniform method and format for such centers to use in making public prices pursuant to subparagraph (A). Any such method and format—

"(i) shall, in the case of such charges made public by an ambulatory surgical center, ensure that such charges are made available in a machine-readable format (or successor technology);

"(ii) may be similar to any template made available by the Centers for Medicare & Medicaid Services (as described in section 1899D(b)(2)(C)(ii));

"(iii) shall meet such standards as determined appropriate by the Secretary in order to ensure the accessibility and usability of such charges and prices; and

"(iv) shall be updated as determined appropriate by the Secretary, in consultation with stakeholders.

"(3) Monitoring compliance.—The Secretary shall establish processes to monitor and assess ambulatory surgical centers' compliance with this subsection. Such processes shall include processes relating to the following:

"(A) The evaluation and analysis of complaints made by individuals or other entities relating to such centers' compliance with this subsection.

"(B) The use of audits to ensure such centers' compliance with this subsection.

"(C) The obtaining of additional information from such centers to determine such centers' compliance with this subsection, as determined appropriate by the Secretary.

"(4) Enforcement.—

"(A) In general.—In the case of an ambulatory surgical center that fails to comply with the requirements of this subsection—

"(i) the Secretary shall notify such ambulatory surgical center of such failure not later than 30 days after the date on which the Secretary determines such failure exists; and

"(ii) upon request of the Secretary, the ambulatory surgical center shall submit to the Secretary, not later than 45 days after the date of such request, a corrective action plan to comply with such requirements.

"(B) Civil monetary penalty.—

"(i) In general.—In addition to any other enforcement actions or penalties that may apply under another provision of Federal law, an ambulatory surgical center that has received a notification under subparagraph (A)(i) and fails to comply with the requirements of this subsection by the date that is 90 days after such notification (or, in the case of an ambulatory surgical center that has submitted a corrective action plan described in subparagraph (A)(ii) in response to a request so described and has failed to comply with such requirements by the date that is 90 days after such submission) shall be subject to a civil monetary penalty of an amount specified by the Secretary for each day (beginning with the day on which the Secretary first determined that such center was not complying with such requirements) during which such failure is ongoing (not to exceed $300 per day).

"(ii) Increase authority.—In applying this subparagraph with respect to violations occurring in 2028 or a subsequent year, the Secretary may through notice and comment rulemaking increase the limitation on the per day amount of any penalty applicable to an ambulatory surgical center under clause (i).

"(iii) Application of certain provisions.—The provisions of section 1128A (other than subsections (a) and (b) of such section) shall apply to a civil monetary penalty imposed

under this subparagraph in the same manner as such provisions apply to a civil monetary penalty imposed under subsection (a) of such section.

"(iv) Authority to waive or reduce penalty.—

"(I) Centers located in rural or underserved areas.—

"(aa) In general.—Subject to item (bb), the Secretary may waive any penalty, or reduce any penalty by not more than 75 percent, otherwise applicable under this subparagraph with respect to an ambulatory surgical center located in a rural or underserved area if the Secretary certifies that imposition of such penalty would result in an immediate threat to access to care for individuals in the service area of such center.

"(bb) Limitation on application.—The Secretary may not elect to waive a penalty under item (aa) with respect to an ambulatory surgical center more than once in a 6-year period and may not elect to reduce such a penalty with respect to such a center more than once in such a period. Nothing in the preceding sentence shall be construed as prohibiting the Secretary from both waiving and reducing a penalty with respect to an ambulatory surgical center during a 6-year period.

"(II) Reduction if hearing waived.—The Secretary may reduce any penalty otherwise applicable under this subparagraph (as reduced, if applicable, under subclause (I)) by not more than 35 percent if the ambulatory surgical center that is the subject of such penalty agrees to waive any right of such center to a hearing before an administrative law judge with respect to the imposition of such penalty.

"(5) Provision of technical assistance.—The Secretary shall, to the extent practicable, provide technical assistance relating to compliance with the provisions of this subsection to ambulatory surgical centers requesting such assistance.

"(6) Definitions.—For purposes of this subsection:

"(A) Discounted cash price.—The term 'discounted cash price' means the charge that applies to an individual who pays cash, or cash equivalent, for an item or service furnished by an ambulatory surgical center.

"(B) Federal health care program.—The term 'Federal health care program' has the meaning given such term in section 1128B.

"(C) Gross charge.—The term 'gross charge' means the charge for an individual item or service that is reflected on an ambulatory surgical center's chargemaster, absent any discounts.

"(D) Group health plan; group health insurance coverage; individual health insurance coverage.—The terms "group health plan", "group health insurance coverage", and "individual health insurance coverage" have the meaning given such terms in section 2791 of the Public Health Service Act (42 U.S.C. 300gg-91).

"(E) Payer-specific negotiated charge.—The term 'payer-specific negotiated charge' means the charge that an ambulatory surgical center has negotiated with a third-party payer for an item or service.

"(F) Shoppable service.—The term 'shoppable service' means a service that can be scheduled by a health care consumer in advance and includes all ancillary items and services customarily furnished as part of such service.

"(G) Third-party payer.—The term 'third-party payer' means an entity that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service.".

(d) Implementation and rulemaking.—The Secretary of Health and Human Services shall issue interim final rules to carry out this section and the amendments made by this section not later than March 31, 2027. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code, including with respect to any process that would otherwise be required to be established through notice and comment rulemaking under the amendments made by this section.

(1) Public comment and final rules.—The Secretary shall provide a public comment period of not less than 60 days after publication of the interim final rules and shall issue final rules not later than 2 years after the date on which the interim final rules are issued.

(2) No delay.—A delay in issuance or finalization of rules under this subsection shall not delay, limit, extinguish, or reduce any transparency requirement, enforcement authority, penalty, publication duty, protection, prohibition, or duty established by this section or the amendments made by this section beginning July 1, 2027.

SEC. 315. REPEALING LARGE EMPLOYERS' HEALTH INSURANCE MANDATE.

Section 4980H of title 26, United States Code, penalizing applicable large employers who fail to offer minimum essential coverage, is repealed.

Subtitle B—Medicare for All

SEC. 321. ESTABLISHMENT OF THE MEDICARE FOR ALL PROGRAM.

(a) Establishment of the program.—There is hereby established a national health insurance program, referred to in this Act as the Medicare for All Program, to provide comprehensive protection against the costs of health care and health-related items and services, in accordance with the standards specified in, or established under, this subtitle.

(b) Universal entitlement to benefits.—

(1) In general.—Every individual who is a resident of the United States is entitled to benefits for health care items and services under this subtitle. Not later than December 31, 2026, the Secretary shall issue interim final rules that provide criteria for determining residency for eligibility purposes under this subtitle.

(2) Treatment of other individuals.—The Secretary—

(A) may make eligible for benefits for health care items and services under this subtitle other individuals not described in paragraph (1) and regulate their eligibility to ensure that every person in the United States has access to health care; and

(B) shall issue interim final rules not later than December 31, 2026, consistent with Federal immigration laws, to prevent an individual from traveling to the United States for the sole purpose of obtaining health care items and services provided under this subtitle.

(3) Interim final rules.—The interim final rules under paragraph (1) and paragraph (2)(B) shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(A) Public comment and final rules.—The Secretary shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than 2 years after the date on which the interim final rules are issued.

(B) No delay.—A delay in issuance or finalization of rules under paragraph (1) or paragraph (2)(B) shall not delay, limit, extinguish, or reduce any protection, eligibility pathway, benefit, enrollment process, prohibition, or duty established by this section.

(c) Freedom of choice.—Any individual entitled to benefits under this subtitle may obtain health care items and services from any institution, agency, or individual qualified to participate under this subtitle.

(d) Nondiscrimination.—

(1) In general.—No person shall, on the basis of race, color, national origin, age, disability, marital status, citizenship status, primary language use, genetic conditions, previous or existing medical conditions, religion, or sex, including sex stereotyping, gender identity, sexual orientation, and pregnancy and related medical conditions (including termination of pregnancy), be excluded from participation in or be denied the benefits of the program established under this subtitle (except as expressly authorized by this subtitle for purposes of enforcing eligibility standards described in subsection (b)), or be subject to any reduction of benefits or other discrimination by any participating provider (as described in section 323(a)(1)), or any entity conducting, administering, or funding a health program or activity, including contracts of insurance, pursuant to this subtitle.

(2) Claims of discrimination.—

(A) Administrative procedure.—The Secretary shall establish a procedure for adjudication of administrative complaints alleging a violation of paragraph (1).

(B) Jurisdiction.—Any person aggrieved by a violation of paragraph (1) may file suit in any district court of the United States having jurisdiction of the parties. A person may bring an action under this subparagraph concurrently with such administrative remedies as established under subparagraph (A).

(C) Damages.—If the court finds a violation of paragraph (1), the court may grant compensatory and punitive damages (including damages for emotional harm), declaratory relief, injunctive relief, attorneys' fees and costs, or other relief as appropriate.

(3) Continued application of laws.—Nothing in this title shall be construed to invalidate or otherwise limit any of the rights, remedies, procedures, or legal standards available to individuals aggrieved under other Federal laws, including section 1557 of the Patient Protection and Affordable Care Act (42 U.S.C. 18116), title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.), or the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.). Nothing in this title shall be construed to supersede State laws that provide additional protections against discrimination on any basis described in paragraph (1).

(e) Enrollment.—

(1) In general.—The Secretary shall provide a mechanism for the enrollment of individuals eligible for benefits under the Medicare for All Program. Such mechanism shall—

(A) include a process for the automatic enrollment of individuals at the time of birth in the United States, or upon establishment of residency in the United States;

(B) provide for the enrollment, as of the applicable date described in subsection (f), of all individuals who are eligible to be enrolled as of such date; and

(C) include a process for the enrollment of individuals made eligible for health care items and services under subsection (b)(2).

(2) Issuance of Medicare for All cards.—In conjunction with an individual's enrollment for benefits under this subtitle, the Secretary shall provide for the issuance of a Medicare for All card that shall be used for purposes of identification and processing of claims for benefits under the Medicare for All Program. Such card shall not include an individual's Social Security number.

(f) Effective date of benefits.—

(1) In general.—Except as provided in paragraph (2), benefits shall first be available under the Medicare for All Program for items and services furnished on January 1, 2029.

(2) Early coverage of children.—

(A) In general.—For any eligible individual under subsection (b) who has not yet attained the age of 19 as of January 1, 2028, benefits shall first be available under the Medicare for All Program for items and services furnished on January 1, 2028.

(B) Option to continue in other coverage during transition period.—Any person eligible to receive benefits under subparagraph (A) may elect to maintain coverage described in section 328, private health insurance coverage, or coverage offered pursuant to section 329 (including the amendments made by such section) until January 1, 2029.

(C) Payment during transition period.—For items and services furnished under subparagraph (A) before January 1, 2029, the Secretary shall make payment at the applicable Medicare reimbursement rate determined in accordance with section 313(b)(3) and (c).

(g) Prohibition against duplicating coverage.—

(1) In general.—Beginning on January 1, 2029, it shall be unlawful for—

(A) a private health insurer to sell health insurance coverage that duplicates the benefits provided under the Medicare for All Program; or

(B) an employer to provide benefits for an employee, former employee, or the dependents of such employee or former employee that duplicate the benefits provided under the Medicare for All Program.

(2) Construction.—Nothing in this subtitle shall be construed to prohibit the sale of health insurance coverage for additional benefits not covered by the Medicare for All Program, including additional benefits that an employer may provide to employees or their dependents, or to former employees or their dependents.

SEC. 322. BENEFITS, COST-SHARING, AND STATE STANDARDS.

(a) Comprehensive benefits.—Subject to the other provisions of this subtitle, individuals enrolled for benefits under the Medicare for All Program are entitled to have payment made by the Secretary to a participating provider for the following items and services if medically necessary or appropriate for the maintenance of health or for the diagnosis, treatment, or rehabilitation of a health condition:

(1) Hospital services.—Hospital services, including inpatient and outpatient hospital care, including 24-hour-a-day emergency services and inpatient prescription drugs.

(2) Ambulatory patient services.—Ambulatory patient services.

(3) Primary and preventive services.—Primary and preventive services, including chronic disease management.

(4) Prescription drugs and medical devices.—Prescription drugs and medical devices, including outpatient prescription drugs, biological products, medical devices, and all contraceptive items approved by the Food and Drug Administration.

(5) Mental health and substance use treatment services.—Mental health and substance use treatment services, including inpatient care and treatment for co-occurring mental illness and substance use disorders.

(6) Laboratory and diagnostic services.—Laboratory and diagnostic services.

(7) Comprehensive reproductive care.—Comprehensive reproductive care, including abortion for which payment is permitted under section 302 of title 1, United States Code (as added by section 1082), contraception, and assistive reproductive technology.

(8) Comprehensive maternity and newborn care.—Comprehensive maternity and newborn care.

(9) Comprehensive gender-affirming health care.—Comprehensive gender-affirming health care.

(10) Oral health, audiology, and vision services.—Oral health, audiology, and vision services.

(11) Rehabilitative and habilitative services.—Rehabilitative and habilitative services, including devices.

(12) Emergency services.—Emergency services, including transportation.

(13) Pediatrics.—Pediatrics, including early and periodic screening, diagnostic, and treatment services (as defined in section 1905(r) of the Social Security Act (42 U.S.C. 1396d(r))).

(14) Necessary transportation.—Necessary transportation to receive health care items and services for persons with disabilities, older individuals with functional limitations, and low-income individuals, as determined by the Secretary.

(15) Licensed counseling services.—Services provided by a licensed marriage and family therapist or a licensed mental health counselor.

(16) Home- and community-based long-term care services and supports.—Home- and community-based long-term care services and supports (to be provided in accordance with the requirements for home and community-based settings under sections 441.530 and 441.710 of title 42, Code of Federal Regulations (as in effect on the date of enactment of this Act)), including—

(A) services described in paragraphs (7), (8), (13), (19), and (24) of section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a));

(B) home and community-based services described in section 1915(c)(4)(B) of the Social Security Act (42 U.S.C. 1396n(c)(4)(B)) (including habilitation services defined in subsection (c)(5) of such section);

(C) self-directed home and community-based services described in section 1915(i) of the Social Security Act;

(D) self-directed personal assistance services (as defined in section 1915(j)(4)(A) of the Social Security Act); and

(E) home and community-based attendant services and supports described in subsection (k) of section 1915 of the Social Security Act.

(17) Telehealth.—Any item or service described in any of paragraphs (1) through (16) that is furnished using telehealth, to the extent practicable.

(b) Revision.—The Secretary shall, at least on an annual basis, evaluate whether the benefits package should be improved to promote the health of beneficiaries, account for changes in medical practice or new information from medical research, or respond to other relevant developments in health science, and shall make recommendations to Congress regarding any such improvements.

(c) Complementary and integrative medicine.—

(1) In general.—In carrying out subsection (b), the Secretary shall consult with the persons described in paragraph (2) with respect to—

(A) identifying specific complementary and integrative medicine practices that are appropriate to include in the benefits package; and

(B) identifying barriers to the effective provision and integration of such practices into the delivery of health care, and identifying mechanisms for overcoming such barriers.

(2) Consultation.—In accordance with paragraph (1), the Secretary shall consult with—

(A) the Director of the National Center for Complementary and Integrative Health;

(B) the Commissioner of Food and Drugs;

(C) institutions of higher education, private research institutes, and individual researchers with extensive experience in complementary and integrative medicine and the integration of such practices into the delivery of health care;

(D) nationally recognized providers of complementary and integrative medicine; and

(E) such other officials, entities, and individuals with expertise on complementary and integrative medicine as the Secretary determines appropriate.

(d) States may provide additional benefits.—A State may provide additional benefits for residents of such State, as determined by such State, and may provide benefits to individuals not eligible for benefits under the Medicare for All Program at the expense of the State.

(e) No patient cost-sharing.—

(1) In general.—The Secretary shall ensure that no cost-sharing, including deductibles, coinsurance, copayments, or similar charges, is imposed on an individual for any benefit provided under the Medicare for All Program, except as described in paragraph (2).

(2) Exceptions.—The Secretary may set a cost-sharing schedule for prescription drugs covered under the Medicare for All Program—

(A) provided that—

(i) such schedule is evidence-based, patient-centered, and encourages the use of generic drugs;

(ii) such cost-sharing does not apply to preventive drugs;

(iii) such cost-sharing does not exceed $1,200 annually per individual for 2028 and, for each subsequent year, the amount applicable for the preceding year increased by the percentage increase, if any, in the Consumer Price Index for All Urban Consumers for the 12-month period ending with September of the preceding year, rounded to the nearest multiple of $10; and

(iv) such cost-sharing is not imposed on individuals with a household income equal to or below 250 percent of the poverty line for a family of the size involved; and

(B) under which the Secretary may—

(i) exempt brand-name drugs from consideration in determining whether an individual has reached any out-of-pocket limit if a safe and appropriate generic version of such drug is available to such individual; and

(ii) waive cost-sharing in response to a coverage appeal under subsection (f)(2).

(3) No balance billing.—Notwithstanding contracts in accordance with section 323(c), no provider may impose a charge to an individual enrolled for benefits under the Medicare for All Program for items and services for which benefits are provided under such Program.

(f) Exclusions and limitations.—

(1) In general.—Benefits for items and services are not available under the Medicare for All Program unless the items and services meet the standards specified in subsection (a).

(2) Treatment of experimental items and services.—

(A) In general.—In applying paragraph (1), the Secretary shall make national coverage determinations with respect to items and services that are experimental in nature. Such determinations shall be consistent with the national coverage determination process as defined in section 1869(f)(1)(B) of the Social Security Act (42 U.S.C. 1395ff(f)(1)(B)).

(B) Appeals process.—The Secretary shall establish, not later than January 1, 2028, a process by which individuals can appeal coverage decisions. The process shall, as much as is feasible, follow the process for appeals under the Medicare program described in section 1869 of the Social Security Act (42 U.S.C. 1395ff).

(3) Application of practice guidelines.—

(A) In general.—In the case of items and services for which the Department of Health and Human Services has recognized a national practice guideline, such items and services are considered to meet the standards specified in subsection (a) if they have been provided in accordance with such guideline.

(B) Certain exceptions.—For purposes of this paragraph, an item or service not provided in accordance with a national practice guideline shall be considered to have been provided in accordance with such guideline if the health care provider providing the item or service—

(i) exercised appropriate professional discretion to deviate from the guideline in a manner authorized or anticipated by the guideline;

(ii) acted in accordance with the laws and requirements of the jurisdiction in which such item or service is furnished;

(iii) acted in the best interests of the individual receiving the item or service; and

(iv) acted in a manner consistent with the individual's wishes.

(g) Continued coverage of institutional long-term care and other services under Medicaid.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended by inserting the following section after section 1948:

"1949. State plan for providing institutional long-term care services.

"(a) In general.—For quarters beginning on or after January 1, 2029, notwithstanding any other provision of this title—

"(1) a State plan for medical assistance shall provide for making medical assistance available for institutional long-term care services in a manner consistent with this section; and

"(2) no payment to a State shall be made under this title with respect to expenditures incurred by the State in providing medical assistance on or after such date for services that are not—

"(A) institutional long-term care services; or

"(B) other services for which benefits are not available under the Medicare for All Program and which are furnished under a State plan for medical assistance which provided for medical assistance for such services on January 1, 2026.

"(b) Institutional long-term care services defined.—In this section, the term 'institutional long-term care services' means the following:

"(1) Nursing facility services for individuals 21 years of age or over described in subparagraph (A) of section 1905(a)(4).

"(2) Inpatient services for individuals 65 years of age or over provided in an institution for mental disease described in section 1905(a)(14).

"(3) Intermediate care facility services described in section 1905(a)(15).

"(4) Inpatient psychiatric hospital services for individuals under age 21 described in section 1905(a)(16).

"(5) Nursing facility services described in section 1905(a)(31).

"(c) State maintenance of effort requirement.—

"(1) Eligibility standards.—

"(A) In general.—Beginning on the date described in subsection (a), no payment may be made under section 1903 with respect to medical assistance provided under a State plan for medical assistance if the State adopts income, resource, or other standards and methodologies for purposes of determining an individual's eligibility for medical assistance under the State plan that are more restrictive than those applied as of January 1, 2026.

"(B) Indexing of amounts of income and resource standards.—In determining whether a State has adopted income or resource standards that are more restrictive than the standards which applied as of January 1, 2026, the Secretary shall deem the amount of any such standard that was applied as of such date to be increased by the percentage increase

in the medical care component of the consumer price index for all urban consumers (U.S. city average) from September of 2025 to September of the fiscal year for which the Secretary is making such determination.

"(2) Expenditures.—

"(A) In general.—For each fiscal year or portion of a fiscal year that occurs during the period that begins on the first day of the first fiscal quarter that begins on or after January 1, 2029, as a condition of receiving payments under section 1903(a), a State shall make expenditures for medical assistance for institutional long-term care services in an amount that is not less than the expenditure floor determined for the State and fiscal year (or portion of a fiscal year) under subparagraph (B).

"(B) Expenditure floor.—

"(i) In general.—For each fiscal year or portion of a fiscal year described in subparagraph (A), the Secretary shall determine for each State an expenditure floor that shall be equal to—

"(I) the amount of the State's expenditures for fiscal year 2026 on medical assistance for institutional long-term care services; increased by

"(II) the growth factor determined under subclause (ii).

"(ii) Growth factor.—For each fiscal year or portion of a fiscal year described in subparagraph (A), the Secretary shall, not later than September 1 of the fiscal year preceding such fiscal year or portion of a fiscal year, determine a growth factor for each State that takes into account—

"(I) the percentage increase in health care costs in the State;

"(II) the total amount expended by the State for the previous fiscal year on medical assistance for institutional long-term care services;

"(III) the increase, if any, in the total population of the State from July of 2026 to July of the fiscal year preceding the fiscal year involved;

"(IV) the increase, if any, in the population of individuals aged 65 and older of the State from July of 2026 to July of the fiscal year preceding the fiscal year involved; and

"(V) the decrease, if any, in the population of the State that requires medical assistance for institutional long-term care services that is attributable to the availability of coverage for the services described in section 322(a)(16).

"(iii) Proration rule.—Any amount determined under this subparagraph for a portion of a fiscal year shall be prorated based on the length of such portion of a fiscal year relative to a complete fiscal year.

"(d) Nonapplication of certain requirements.—Beginning on the date described in subsection (a), any provision of this title requiring a State plan for medical assistance to make available

medical assistance for services that are not institutional long-term care services or items and services described in section 328(d)(1)(C)(i)(II) of the POPULIST Act shall have no effect.".

(h) Prohibiting recovery of correctly paid Medicaid benefits.—Section 1917 of the Social Security Act (42 U.S.C. 1396p) is amended—

(1) by amending subsection (a) to read as follows:

"(a) No lien may be imposed against the property of any individual prior to death on account of medical assistance paid or to be paid on such person's behalf under the State plan, except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual."; and

(2) by amending subsection (b) to read as follows:

"(b) No adjustment or recovery of any medical assistance correctly paid on behalf of an individual under the State plan may be made.".

(i) Additional State standards.—

(1) In general.—Nothing in this subtitle shall prohibit a State from setting additional standards related to eligibility, benefits, and minimum provider standards, consistent with the purposes of this subtitle, provided that such standards do not restrict eligibility or reduce access to benefits for items and services.

(2) Restrictions on providers.—With respect to any individuals or entities certified to provide items and services covered under subsection (a)(7), a State may not prohibit an individual or entity from participating in the Medicare for All Program for reasons other than the inability of the individual or entity to provide such items and services.

SEC. 323. PROVIDER STANDARDS AND WHISTLEBLOWER PROTECTIONS.

(a) Provider participation and standards; whistleblower protections.

(1) In general.—An individual or entity furnishing any item or service covered under the Medicare for All Program is not a participating provider under such Program unless the individual or entity—

(A) is a qualified provider of the items or services under subsection (b);

(B) has filed with the Secretary a participation agreement described in paragraph (2); and

(C) meets, as applicable, such other qualifications and conditions with respect to a provider of services under title XVIII of the Social Security Act as described in section 1866 of the Social Security Act (42 U.S.C. 1395cc).

(2) Requirements in participation agreement.—

(A) In general.—A participation agreement described in this paragraph between the Secretary and a provider shall provide at least for the following:

(i) Items and services to eligible persons shall be furnished by the provider without discrimination, in accordance with section 321(d). Nothing in this clause shall be construed as requiring the provision of a type or class of items or services that are outside the scope of the provider's normal practice.

(ii) No charge will be made to any enrolled individual for any items or services covered under the Medicare for All Program other than for payment authorized by this subtitle.

(iii) The provider agrees to furnish such information as may be reasonably required by the Secretary, in accordance with uniform reporting standards established under section 324(a)(2)(A), for—

(I) quality review;

(II) making payments under this subtitle, including the examination of records as may be necessary for the verification of information on which such payments are based;

(III) statistical or other studies required for the implementation of this subtitle; and

(IV) such other purposes as the Secretary may specify.

(iv) In the case of a provider that is not an individual, the provider agrees not to employ or use for the provision of health care items or services any individual or other provider that has had a participation agreement under this paragraph terminated for cause. The Secretary may authorize such employment or use on a case-by-case basis.

(v) In the case of a provider paid under a fee-for-service basis for items and services furnished under the Medicare for All Program, the provider agrees to submit bills and any required supporting documentation relating to the provision of items or services covered under such Program within 30 days after the date of providing such items and services.

(vi) In the case of an institutional provider paid pursuant to section 326(c), the provider agrees to submit information and any other required supporting documentation as may be reasonably required by the Secretary within 30 days after the date of providing items and services covered under the Medicare for All Program and in accordance with the uniform reporting standards established under section 324(a)(2)(A), including information on a quarterly basis that—

(I) relates to the provision of items and services covered under the Medicare for All Program; and

(II) describes such items and services furnished with respect to specific individuals.

(vii) In the case of a provider that receives payment for items and services furnished under the Medicare for All Program based on diagnosis-related coding, procedure coding, or other coding system or data, the provider agrees—

(I) to disclose to the Secretary any system or index of coding or classifying patient symptoms, diagnoses, clinical interventions, episodes, or procedures that such provider utilizes for global budget negotiations under section 326 or for meeting any other payment, documentation, or data collection requirements under this subtitle; and

(II) not to use any such system or index to establish financial incentives or disincentives for health care professionals, or that is proprietary, interferes with the medical or nursing process, or is designed to increase the amount or number of payments.

(viii) The provider complies with the duty of provider ethics and reporting requirements described in subparagraph (B).

(ix) In the case of a provider that is not an individual, the provider agrees that no board member, executive, or administrator of such provider receives compensation from, owns stock or has other financial investments in, or serves as a board member of any entity that contracts with or provides items or services, including pharmaceutical products and medical devices or equipment, to such provider.

(B) Provider duty of ethics.—Each health care provider, including institutional providers, has a duty to advocate for and to act in the exclusive interest of each individual under the care of such provider according to the applicable legal standard of care, such that no financial interest or relationship impairs any health care provider's ability to furnish necessary and appropriate care to such individual. To implement the duty established in this paragraph, the Secretary shall—

(i) not later than January 1, 2028, promulgate reasonable reporting rules to evaluate participating provider compliance with this paragraph;

(ii) prohibit participating providers, spouses, and immediate family members of participating providers, from accepting or entering into any arrangement for any bonus, incentive payment, profit-sharing, or compensation based on patient utilization or based on financial outcomes of any other provider or entity;

(iii) prohibit participating providers or any board member or representative of such provider from serving as board members for or receiving any compensation, stock, or other financial investment in an entity that contracts with or provides items or services (including pharmaceutical products and medical devices or equipment) to such provider; and

(iv) provide that the prohibitions under subparagraph (A)(ix) and clause (iii) shall not apply to an interest held through a mutual fund, index fund, pension fund, or other broadly diversified investment vehicle if the person does not control the investment decisions of the vehicle.

(C) Termination of participation agreement.—

(i) In general.—Participation agreements may be terminated, with appropriate notice—

(I) by the Secretary for failure to meet the requirements of this subtitle;

(II) in accordance with the provisions described in section 324(f); or

(III) by a provider.

(ii) Termination process.—Providers shall be provided notice and a reasonable opportunity to correct deficiencies before the Secretary terminates an agreement unless a more immediate termination is required for public safety or similar reasons.

(iii) Provider protections.—

(I) Prohibition.—The Secretary may not terminate a participation agreement or in any other way discriminate against, or cause to be discriminated against, any participating provider described in paragraph (1) or authorized representative of the provider, on account of such provider or representative—

(aa) providing, causing to be provided, or being about to provide or cause to be provided to the provider, the Federal Government, or the attorney general of a State information relating to any violation of, or any act or omission the provider or representative reasonably believes to be a violation of, any provision of this subtitle;

(bb) testifying or being about to testify in a proceeding concerning such violation;

(cc) assisting or participating, or being about to assist or participate, in such a proceeding; or

(dd) objecting to, or refusing to participate in, any activity, policy, practice, or assigned task that the provider or representative reasonably believes to be in violation of any provision of this subtitle (including any amendment made by this subtitle), or any order, rule, regulation, standard, or ban under this subtitle (including any amendment made by this subtitle).

(II) Complaint procedure.—A provider or representative who believes that they have been discriminated against in violation of this section may seek relief in accordance with the procedures, notifications, burdens of proof, remedies, and statutes of limitation set forth in section 40(b) of the Consumer Product Safety Act (15 U.S.C. 2087(b)).

(3) Whistleblower protections.—

(A) Retaliation prohibited.—No person may discharge or otherwise discriminate against any employee because the employee or any person acting pursuant to a request of the employee—

(i) notified the Secretary or the employee's employer of any alleged violation of this subtitle, including communications related to carrying out the employee's job duties;

(ii) refused to engage in any practice made unlawful by this subtitle, if the employee has identified the alleged illegality to the employer;

(iii) testified before or otherwise provided information relevant for Congress or for any Federal or State proceeding regarding any provision (or proposed provision) of this subtitle;

(iv) commenced, caused to be commenced, or is about to commence or cause to be commenced a proceeding under this subtitle;

(v) testified or is about to testify in any such proceeding; or

(vi) assisted or participated or is about to assist or participate in any manner in such a proceeding or in any other action to carry out the purposes of this subtitle.

(B) Enforcement action.—Any employee covered by this paragraph who alleges discrimination by an employer in violation of subparagraph (A) may bring an action, subject to the statute of limitations described in section 3730(h)(3) of title 31, United States Code, and the rules and procedures, legal burdens of proof, and remedies applicable under section 31105 of title 49, United States Code.

(C) Application.—

(i) Nothing in this paragraph shall be construed to diminish the rights, privileges, or remedies of any employee under any Federal or State law or regulation, including the rights and remedies against retaliatory action under section 3730(h) of title 31, United States Code, or under any collective bargaining agreement. The rights and remedies in this paragraph may not be waived by any agreement, policy, form, or condition of employment.

(ii) Nothing in this paragraph shall be construed to preempt or diminish any other Federal or State law or regulation against discrimination, demotion, discharge, suspension, threats, harassment, reprimand, retaliation, or any other manner of discrimination, including the rights and remedies against retaliatory action under section 3730(h) of title 31, United States Code.

(D) Definitions.—In this paragraph:

(i) Employer.—The term "employer" means any person engaged in a for-profit or nonprofit business or industry, including 1 or more individuals, partnerships, associations, corporations, trusts, professional membership organizations including a certification, disciplinary, or other professional body, unincorporated organizations, nongovernmental organizations, or trustees, and subject to liability for violating the provisions of this subtitle.

(ii) Employee.—The term "employee" means any individual performing activities under this subtitle on behalf of an employer.

(b) Qualifications for providers.—

(1) In general.—A health care provider is considered a qualified provider to furnish items and services under the Medicare for All Program if the provider is licensed or certified to furnish such items and services in the State in which the individual receiving such items and services is located and meets—

(A) the requirements of such State's laws to furnish such items and services; and

(B) applicable requirements of Federal law to furnish such items and services.

(2) Federal providers.—Any provider qualified to provide health care items and services at a facility of the Department of Veterans Affairs, the Indian Health Service, or the uniformed services (as defined in section 1072(1) of title 10, United States Code) (with respect to the direct care component of the TRICARE program) is a qualified provider under this subsection with respect to any individual who qualifies for such items and services under applicable Federal law.

(3) Minimum provider standards.—

(A) In general.—The Secretary shall establish, evaluate, and update national minimum standards to ensure the quality of items and services provided under the Medicare for All Program and to monitor efforts by States to ensure the quality of such items and services. A State may also establish additional minimum standards which providers shall meet with respect to items and services provided in such State.

(B) National minimum standards.—The Secretary shall establish national minimum standards under subparagraph (A) for institutional providers of items or services and individual health care practitioners. Except as the Secretary may specify in order to carry out this subtitle, a hospital, skilled nursing facility, or other institutional provider of items or services shall meet standards applicable to such a provider under the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.). Such standards also may include, where appropriate, elements relating to—

(i) adequacy and quality of facilities;

(ii) training and competence of personnel (including requirements related to the number or type of required continuing education hours);

(iii) comprehensiveness of items and services;

(iv) continuity of items and services;

(v) patient waiting times, access to items and services, and references; and

(vi) performance standards, including organization, facilities, structure of items and services, efficiency of operation, and outcome in palliation, improvement of health, stabilization, cure, or rehabilitation.

(C) Transition in application.—If the Secretary provides for additional requirements for providers under this paragraph, any such additional requirement shall be implemented in a manner that provides for a reasonable period during which a previously qualified provider is permitted to meet such an additional requirement.

(c) Use of private contracts.—

(1) In general.—This subsection shall apply beginning on the date on which benefits are first available under section 321(f)(1). Subject to the provisions of this subsection, nothing in this subtitle shall prohibit an institutional or individual provider from entering into a private

contract with an individual enrolled for benefits under the Medicare for All Program for any item or service—

(A) for which no claim for payment is to be submitted under this subtitle; and

(B) for which the provider receives—

(i) no reimbursement under this subtitle directly or on a capitated basis; and

(ii) no amount from an organization which receives reimbursement for such item or service under this subtitle directly or on a capitated basis.

(2) Contract requirements.—

(A) In general.—Any contract to provide an item or service under paragraph (1) shall—

(i) be in writing and signed by the individual (or authorized representative of the individual) receiving the item or service before the item or service is furnished pursuant to the contract;

(ii) not be entered into at a time when the individual is facing an emergency health care situation; and

(iii) contain the items described in subparagraph (B).

(B) Items required to be included in contract.—Any contract to provide an item or service to which paragraph (1) applies shall clearly indicate to the individual that by signing such contract the individual—

(i) agrees not to submit a claim (or to request that the provider submit a claim) under this subtitle for such item or service even if such item or service is otherwise covered by the Medicare for All Program;

(ii) agrees to be responsible, whether through insurance offered under section 321(g)(2) or otherwise, for payment of such item or service and understands that no reimbursement will be provided under this subtitle for such item or service;

(iii) acknowledges that no limits under this subtitle apply to amounts that may be charged for such item or service;

(iv) if the provider is a nonparticipating provider, acknowledges that the beneficiary may obtain such item or service from other providers for whom payment would be made under the Medicare for All Program; and

(v) acknowledges that the provider is providing an item or service outside the scope of the Medicare for All Program.

(3) Provider requirements.—

(A) In general.—Paragraph (1) shall not apply to any contract unless an affidavit described in subparagraph (B) is in effect during the period any item or service is to be provided pursuant to the contract.

(B) Affidavit.—An affidavit as described in this subparagraph shall—

(i) identify the provider, and be signed by such provider;

(ii) provide that the provider will not submit any claim under this subtitle for any item or service provided to any beneficiary (and will not receive any reimbursement or amount described in paragraph (1)(B) for any such item or service) during the 1-year period beginning on the date the affidavit is signed; and

(iii) be filed with the Secretary no later than 10 days after the first contract to which such affidavit applies is entered into.

(C) Enforcement.—If a provider signing an affidavit described in subparagraph (B) knowingly and willfully submits a claim under this subtitle for any item or service provided during the 1-year period described in subparagraph (B)(ii) (or receives any reimbursement or amount described in paragraph (1)(B) for any such item or service) with respect to such affidavit—

(i) paragraph (1) shall not apply with respect to any item or service provided by the provider pursuant to any contract on and after the date of such submission and before the end of such period; and

(ii) no payment shall be made under this subtitle for any item or service furnished by the provider during the period described in clause (i) (and no reimbursement or payment of any amount described in paragraph (1)(B) shall be made for any such item or service).

SEC. 324. ADMINISTRATION; OMBUDSMAN; FRAUD AND ABUSE CONTROL.

(a) Administration.

(1) General duties of the Secretary.—

(A) In general.—The Secretary shall develop policies, procedures, guidelines, and requirements to carry out this subtitle, including related to—

(i) eligibility for benefits under the Medicare for All Program;

(ii) enrollment under such Program;

(iii) benefits provided under such Program;

(iv) provider participation standards and qualifications, as described in section 323;

(v) levels of funding;

(vi) methods for determining amounts of payments to providers of items and services covered under the Medicare for All Program, consistent with section 326;

(vii) a process for appealing or petitioning for a determination of coverage for items and services under the Medicare for All Program;

(viii) planning for capital expenditures and item and service delivery;

(ix) planning for health professional education funding;

(x) encouraging States to develop regional planning mechanisms; and

(xi) any other regulations necessary to carry out the purposes of this subtitle.

(B) Regulations.—Regulations authorized by this subtitle shall be issued by the Secretary in accordance with section 553 of title 5, United States Code.

(2) Uniform reporting standards; annual report; studies.—

(A) Uniform reporting standards.—

(i) In general.—The Secretary shall establish uniform State reporting requirements, provider reporting requirements, and national standards to ensure an adequate national database containing information pertaining to health services practitioners, approved providers, the costs of facilities and practitioners providing items and services covered under the Medicare for All Program, the quality of such items and services, the outcomes of such items and services, and the equity of health among population groups. Such database shall include, to the maximum extent feasible without compromising patient privacy, health outcome measures used under this subtitle, and to the maximum extent feasible without excessively burdening providers, the measures described in clauses (iv) through (vi) of subparagraph (B).

(ii) Reports.—The Secretary shall—

(I) regularly analyze information reported to the Secretary; and

(II) define rules and procedures to allow researchers, scholars, health care providers, and others to access and analyze data for purposes consistent with quality and outcomes research, without compromising patient privacy.

(B) Annual report.—Beginning January 1 of the second year beginning after the date on which benefits are first available under section 321(f)(1), the Secretary shall annually report to Congress on the following:

(i) The status of implementation of this subtitle.

(ii) Enrollment under the Medicare for All Program.

(iii) Benefits under the Medicare for All Program.

(iv) Expenditures and financing under this subtitle.

(v) Cost-containment measures and achievements under the Medicare for All Program.

(vi) Quality assurance.

(vii) Health care utilization patterns, including any changes attributable to the Medicare for All Program.

(viii) Changes in the per capita costs of health care.

(ix) Differences in the health status of the populations of the different States, by demographic characteristics, including race, ethnicity, national origin, primary language use, age, disability, sex (including gender identity and sexual orientation), geography, or socioeconomic status.

(x) Progress on implementing quality and outcome measures under this subtitle, and long-range plans and goals for achievements in such measures.

(xi) Plans for improving items and services to medically underserved populations (as defined in section 330(b)(3) of the Public Health Service Act (42 U.S.C. 254b(b)(3))).

(xii) Transition problems as a result of implementation of this subtitle.

(xiii) Opportunities for improvements under this subtitle.

(C) Statistical analyses and other studies.—The Secretary may, either directly or by contract—

(i) make statistical and other studies, on a nationwide, regional, State, or local basis, of any aspect of the operation of this subtitle;

(ii) develop and test methods of delivery of items and services as the Secretary may consider necessary or promising for the evaluation, or for the improvement, of the operation of this subtitle; and

(iii) develop methodological standards for evidence-based policymaking.

(3) Audits.—

(A) In general.—The Comptroller General of the United States shall conduct an audit of the Department of Health and Human Services every fifth fiscal year following the date on which benefits are first available under section 321(f)(1) to determine the effectiveness of the Medicare for All Program in carrying out the duties under paragraph (1).

(B) Reports.—The Comptroller General of the United States shall submit a report to Congress concerning the results of each audit conducted under this paragraph.

(b) Consultation.—The Secretary shall consult with Federal agencies, Indian Tribes and urban Indian health organizations, and private entities, such as labor organizations representing health care workers, professional societies, national associations, nationally recognized associations of health care experts, medical schools and academic health centers, consumer groups, patient advocate groups, disability rights organizations, and labor business organizations in the formulation of guidelines, regulations, policy initiatives, and information gathering to ensure the broadest and most informed input in the administration of this subtitle. Nothing in this subtitle shall prevent the Secretary from adopting guidelines, consistent with section 322(f)(3), developed by such a private entity if, in the Secretary's judgment, such guidelines are generally accepted as reasonable and prudent and consistent with this subtitle.

(c) Regional administration.

(1) Regional Medicare for All offices.—The Secretary shall establish and maintain regional offices for the purpose of carrying out the duties specified in paragraph (4) and promoting

adequate access to, and efficient use of, tertiary care facilities, equipment, items, and services by individuals enrolled under the Medicare for All Program.

(2) Coordination.—Wherever possible, the Secretary shall incorporate the regional offices and the administrative processes of the Centers for Medicare & Medicaid Services for the purposes of carrying out paragraph (1).

(3) Appointment of regional directors.—In each regional office established under paragraph (1) there shall be—

(A) 1 regional director appointed by the Secretary;

(B) 1 deputy director appointed by the regional director to represent the Indian and Alaska Native Tribes in the region, if any; and

(C) 1 deputy director appointed by the regional director to oversee home- and community-based services and supports.

(4) Duties.—Each regional director shall—

(A) submit an annual regional health care needs assessment report to the Secretary;

(B) recommend any changes in provider reimbursement or payment for delivery of items and services covered under the Medicare for All Program determined appropriate by the regional director, subject to the requirements of section 326; and

(C) establish a quality assurance mechanism in each such region to minimize underutilization and overutilization of health care items and services and to ensure that all participating providers described in section 323(a)(1) meet applicable standards.

(d) Beneficiary Ombudsman.

(1) In general.—The Secretary shall appoint a Beneficiary Ombudsman who shall have expertise and experience in the fields of health care and education and in providing assistance to individuals entitled to benefits under the Medicare for All Program.

(2) Duties.—

(A) In general.—The Beneficiary Ombudsman shall—

(i) receive complaints, grievances, and requests for information submitted by individuals entitled to benefits under the Medicare for All Program with respect to any aspect of such Program;

(ii) provide assistance with respect to complaints, grievances, and requests referred to in clause (i), including—

(I) assistance in collecting relevant information for such individuals, to seek an appeal of a decision or determination made by a regional office or the Secretary; and

(II) assistance to such individuals in presenting information relating to cost-sharing; and

(iii) submit annual reports to Congress and the Secretary that describe the activities of the Ombudsman and that include such recommendations for improvement in the administration of this subtitle as the Ombudsman determines appropriate.

(B) Authorities.—The Ombudsman shall not serve as an advocate for any increases in payments or new coverage of items or services, but may identify issues and problems in payment or coverage policies.

(e) Conduct of related health programs.—In performing functions with respect to health personnel education and training, health research, environmental health, disability insurance, vocational rehabilitation, the regulation of food and drugs, and all other matters pertaining to health, the Secretary shall direct the activities of the Department of Health and Human Services toward contributions complementary to this subtitle.

(f) Fraud and abuse control.—The following sections of the Social Security Act shall apply to the Medicare for All Program in the same manner as they apply to State medical assistance plans under title XIX of such Act (42 U.S.C. 1396 et seq.):

(1) Section 1128 (42 U.S.C. 1320a–7) (relating to exclusion of individuals and entities).

(2) Section 1128A (42 U.S.C. 1320a–7a) (civil monetary penalties).

(3) Section 1128B (42 U.S.C. 1320a–7b) (criminal penalties).

(4) Section 1124 (42 U.S.C. 1320a–3) (relating to disclosure of ownership and related information).

(5) Section 1126 (42 U.S.C. 1320a–5) (relating to disclosure of certain owners).

(6) Section 1877 (42 U.S.C. 1395nn) (relating to physician referrals).

SEC. 325. QUALITY STANDARDS AND HEALTH CARE DISPARITIES.

(a) Quality standards.

(1) In general.—All standards and quality measures under this subtitle shall be implemented and evaluated by the Center for Clinical Standards and Quality of the Centers for Medicare & Medicaid Services (referred to in this section as the "Center") or such other agencies determined appropriate by the Secretary, in coordination with the Agency for Healthcare Research and Quality and other offices of the Department of Health and Human Services.

(2) Duties of the Center.—The Center shall perform the following duties:

(A) Review and evaluate each practice guideline developed under part B of title IX of the Public Health Service Act (42 U.S.C. 299b et seq.). In so reviewing and evaluating, the Center shall determine whether the guideline should be recognized as a national practice guideline in accordance with and subject to section 322(f)(3).

(B) Review and evaluate each standard of quality, performance measure, and medical review criterion developed under part B of title IX of the Public Health Service Act (42 U.S.C. 299b et seq.). In so reviewing and evaluating, the Center shall determine whether

the standard, measure, or criterion is appropriate for use in assessing or reviewing the quality of items and services provided by health care institutions or health care professionals. The use of mechanisms that discriminate against people with disabilities is prohibited for use in any value or cost-effectiveness assessments. The Center shall consider the evidentiary basis for the standard, and the validity, reliability, and feasibility of measuring the standard.

(C) Adoption of methodologies for profiling the patterns of practice of health care professionals and for identifying and notifying outliers.

(D) Development of minimum criteria for competence for entities that can qualify to conduct ongoing and continuous external quality reviews in the administrative regions. Such criteria shall require such an entity to be administratively independent of the individual or board that administers the region and shall ensure that such entities do not provide financial incentives to reviewers to favor one pattern of practice over another. The Center shall ensure coordination and reporting by such entities to ensure national consistency in quality standards.

(E) Submission of a report to the Secretary annually specifically on findings from outcomes research and development of practice guidelines that may affect the Secretary's determination of coverage of items and services under section 322(f).

(b) Addressing health care disparities.

(1) Evaluating data collection approaches.—The Center, in coordination with the Office of Health Equity established under section 1712 of the Public Health Service Act, as added by section 326(h), and other agencies in the Department of Health and Human Services determined relevant by the Secretary, shall evaluate approaches for the collection of data under this subtitle, to be performed in conjunction with existing quality reporting requirements and programs under this subtitle, that allow for the ongoing, accurate, and timely collection of data on disparities in health care items and services and performance on the basis of race, ethnicity, national origin, primary language use, age, disability, sex (including gender identity and sexual orientation), geography, or socioeconomic status. In conducting such evaluation, the Center shall consider the following objectives:

(A) Protecting patient privacy.

(B) Minimizing the administrative burdens of data collection and reporting on providers under the Medicare for All Program.

(C) Improving data on race, ethnicity, national origin, primary language use, age, disability, sex (including gender identity and sexual orientation), geography, and socioeconomic status.

(2) Reports to Congress.

(A) Report on evaluation.—Not later than July 1, 2030, the Center shall submit to Congress and the Secretary a report on the evaluation conducted under paragraph (1). Such report shall, taking into consideration the results of such evaluation—

(i) identify approaches (including defining methodologies) for identifying and collecting and evaluating data on health care disparities on the basis of race, ethnicity, national origin, primary language use, age, disability, sex (including gender identity and sexual orientation), geography, or socioeconomic status under the Medicare for All Program; and

(ii) include recommendations on the most effective strategies and approaches to reporting quality measures, as appropriate, on the basis of race, ethnicity, national origin, primary language use, age, disability, sex (including gender identity and sexual orientation), geography, or socioeconomic status.

(B) Report on data analyses.—Beginning in 2031, not later than December 31 of every odd-numbered year, the Center shall submit to Congress and the Secretary a report that includes recommendations for improving the identification of health care disparities based on the analyses of data collected under paragraph (3).

(3) Implementing effective approaches.—Not later than January 1, 2031, the Secretary shall implement the approaches identified in the report submitted under paragraph (2)(A) for the ongoing, accurate, and timely collection and evaluation of data on health care disparities on the basis of race, ethnicity, national origin, primary language use, age, disability, sex (including gender identity and sexual orientation), geography, or socioeconomic status.

SEC. 326. NATIONAL HEALTH BUDGET AND COORDINATION OFFICES.

(a) National health budget.—

(1) National health budget.—

(A) In general.—Not later than September 1 of each year, beginning with the year prior to the date on which benefits are first available under section 321(f)(1), the Secretary shall establish a national health budget, which specifies a budget for the total expenditures to be made for items and services covered under the Medicare for All Program.

(B) Division of budget into components.—The national health budget shall consist of at least the following components:

(i) An operating budget.

(ii) A capital expenditures budget.

(iii) A special projects budget.

(iv) Quality assessment activities under section 325.

(v) Health professional education expenditures.

(vi) Administrative costs, including costs related to the operation of regional offices.

(vii) A reserve fund.

(viii) Prevention and public health activities.

(C) Allocation among components.—The Secretary shall allocate the funds received for purposes of carrying out this subtitle among the components described in subparagraph (B) in a manner that ensures—

(i) that the operating budget allows for every participating provider in the Medicare for All Program to meet the needs of their respective patient populations;

(ii) that the special projects budget is sufficient to meet the health care needs within areas described in subparagraph (G) through the construction, renovation, and staffing of health care facilities in a reasonable timeframe;

(iii) a fair allocation for quality assessment activities; and

(iv) that the health professional education expenditure component described in subparagraph (B)(v) is sufficient to provide for the amount of health professional education expenditures sufficient to meet the need for items and services covered under the Medicare for All Program.

(D) For regional allocation.—The Secretary shall annually provide each regional office with an allotment the Secretary determines appropriate for purposes of carrying out this subtitle in such region, including payments to providers in such region, capital expenditures in such region, special projects in such region, health professional education in such region, administrative expenses in such region, and prevention and public health activities in such region.

(E) Operating budget.—The operating budget described in subparagraph (B)(i) shall be used for—

(i) payments to institutional providers pursuant to subsection (c); and

(ii) payments to individual providers pursuant to subsection (d).

(F) Capital expenditures budget.—The capital expenditures budget described in subparagraph (B)(ii) shall be used for—

(i) the construction or renovation of health care facilities, excluding congregate or segregated facilities for individuals with disabilities who receive long-term care services and support; and

(ii) major equipment purchases.

(G) Special projects budget.—The special projects budget described in subparagraph (B)(iii) shall be used for the purposes of allocating funds for the construction of new facilities, major equipment purchases, and staffing in rural areas or areas described in section 330(b)(3) of the Public Health Service Act (42 U.S.C. 254b(b)(3)), including areas designated as health professional shortage areas (as defined in section 332(a) of the Public Health Service Act (42 U.S.C. 254e(a))), and to address health disparities, including racial, ethnic, national origin, primary language use, age, disability, sex (including gender identity and sexual orientation), geography, or socioeconomic health disparities.

(H) Reserve fund.—The reserve fund described in subparagraph (B)(vii) shall be used to respond to the costs of an epidemic, pandemic, natural disaster, or other such health emergency, or market-shift adjustments related to patient volume.

(I) Construction compliance.—Expenditures from each component of the national health budget, including construction, shall expand accessibility for persons with disabilities to achieve full compliance with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.). Any project funded through the national budget shall at least meet the new construction standards under such Act.

(2) Definitions.—In this subsection:

(A) Capital expenditures.—The term "capital expenditures" means expenses for the purchase, lease, construction, or renovation of capital facilities and for major equipment.

(B) Health professional education expenditures.—The term "health professional education expenditures" means expenditures in hospitals and other health care facilities to cover costs associated with teaching and related research activities, including the impact of workforce recruitment, retention, and diversity on patient outcomes.

(b) Temporary worker assistance.—

(1) In general.—For the 5-year period following the date on which benefits are first available under section 321(f)(1), the Secretary shall allocate to programs providing assistance to workers who perform functions in the administration of the health insurance system, or related functions within health care institutions or organizations, and who may experience economic dislocation as a result of the implementation of this subtitle an amount equal to—

(A) 0.25 percent of the national health budget for the first year of such period;

(B) 0.20 percent of the national health budget for the second year of such period;

(C) 0.15 percent of the national health budget for the third year of such period;

(D) 0.10 percent of the national health budget for the fourth year of such period; and

(E) 0.05 percent of the national health budget for the fifth year of such period.

(2) Clarification.—Assistance described in paragraph (1) shall include wage replacement, retirement benefits, job training and placement, preferential hiring, and education benefits.

(c) Payments to institutional providers based on global budgets.—

(1) In general.—Not later than the beginning of each fiscal quarter during which an institutional provider of care (including hospitals, skilled nursing facilities, and independent dialysis facilities) is to furnish items and services under the Medicare for All Program, the Secretary shall pay to such institutional provider a lump sum in accordance with the succeeding provisions of this paragraph and consistent with the following:

(A) Payment in full.—Such payment shall be considered as payment in full for all operating expenses for items and services furnished under the Medicare for All Program, whether inpatient or outpatient, by such provider for such quarter, including outpatient or

any other care provided by the institutional provider or provided by any health care provider who provided items and services pursuant to an agreement paid through the global budget as described in subparagraph (C).

(B) Quarterly review.—The regional director, on a quarterly basis, shall review whether requirements of the institutional provider's participation agreement and negotiated global budget have been performed and shall determine whether adjustments to such institutional provider's payment are warranted. This review shall include consideration for additional funding necessary for unanticipated items and services for individuals with complex medical needs or market-shift adjustments related to patient volume, and an assessment of any adjustments made to ensure that accuracy and need for adjustment was appropriate.

(C) Agreements for salaried payments for certain providers.—

(i) In general.—Certain group practices and other health care providers, as determined by the Secretary, with agreements to provide items and services at a specified institutional provider paid a global budget under this paragraph may elect to be paid through such institutional provider's global budget in lieu of payment under subsection (d).

(ii) Salaries.—Any individual health care professional of such group practice or other provider receiving payment through an institutional provider's global budget under this subparagraph shall be paid on a salaried basis that is equivalent to salaries or other compensation rates negotiated for individual health care professionals of such institutional provider.

(iii) Reporting and disclosure requirements.—Any group practice or other health care provider that receives payment through an institutional provider's global budget under this subparagraph shall be subject to the same reporting and disclosure requirements of the institutional provider.

(D) Interim adjustments.—The regional director shall consider a petition for adjustment of any payment under this subsection filed by an institutional provider at any time based on the following:

(i) Factors that led to increased costs for the institutional provider that can reasonably be considered to be unanticipated and out of the control of the institutional provider, such as—

(I) natural disasters;

(II) public health emergencies including outbreaks of epidemics or infectious diseases;

(III) unexpected facility or equipment repairs or purchases;

(IV) significant and unexpected increases in pharmaceutical or medical device prices;

(V) unanticipated increases in complex or high-cost patients or care needs.

(ii) Changes in Federal or State law that result in a change in costs.

(iii) Reasonable increases in labor costs, including salaries and benefits, and changes in collective bargaining agreements, prevailing wages, or local law.

(2) Payment amount.—

(A) In general.—The amount of each payment to a provider described in paragraph (1) shall be determined before the start of each calendar year through negotiations between the provider and the regional director with jurisdiction over such provider. Such amount shall be based on factors specified in subparagraph (B).

(B) Payment factors.—Payments negotiated pursuant to subparagraph (A) shall take into account, with respect to a provider—

(i) the historical volume of items and services provided for each item and service in the previous 3-year period;

(ii) the actual expenditures of such provider in such provider's most recent cost report under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) for each item and service compared to—

(I) such expenditures for other institutional providers in the director's jurisdiction;

(II) normative payment rates established under comparative payment rate systems, including any adjustments, for such items and services;

(iii) projected changes in the volume and type of items and services to be furnished;

(iv) wages for employees, including any necessary increases to ensure mandatory minimum safe registered nurse-to-patient ratios and optimal staffing levels for physicians and other health care workers;

(v) the provider's maximum capacity to provide items and services;

(vi) education and prevention programs;

(vii) permissible adjustment to the provider's operating budget due to factors such as—

(I) an increase in primary or specialty care access;

(II) efforts to decrease health care disparities in rural areas or areas described in section 330(b)(3) of the Public Health Service Act (42 U.S.C. 254b(b)(3)), including areas designated as health professional shortage areas (as defined in section 332(a) of the Public Health Service Act (42 U.S.C. 254e(a)));

(III) a response to emergent epidemic conditions;

(IV) an increase in complex or high-cost patients or care needs; or

(V) proposed new and innovative patient care programs at the institutional level;

(viii) whether the provider is located in a county or census tract with an overall CDC/ATSDR Social Vulnerability Index percentile rank of 0.75 or higher; and

(ix) any other factor determined appropriate by the Secretary.

(C) Limitation.—Payment amounts negotiated pursuant to subparagraph (A) may not—

(i) take into account capital expenditures of the provider or any other expenditure that is not an operating expense described in paragraph (4);

(ii) be used by a provider for capital expenditures or such other expenditures;

(iii) exceed the provider's capacity to provide care under the Medicare for All Program; or

(iv) be used to pay or otherwise compensate any board member, executive, or administrator of the institutional provider who has any interest or relationship prohibited under section 323(a)(2)(B).

(D) Interim payment amount.—If the provider and regional director have not agreed on a payment amount by the date that is 30 days before the beginning of the calendar year, the regional director shall establish an interim payment amount based on the factors specified in subparagraph (B) and the comparative payment rate system under paragraph (3). The provider may seek expedited review of the interim amount by the Secretary, but such review shall not delay payments. After a final payment amount is determined, the Secretary shall reconcile payments made at the interim amount.

(E) Limitation on compensation.—Compensation costs for any employee or any contractor or any subcontractor employee of an institutional provider receiving global budgets under this subsection shall not exceed the compensation cap established in section 4304(a)(16) of title 41, United States Code, as added by section 702 of the Bipartisan Budget Act of 2013, and implementing regulations.

(F) Regional negotiations permitted.—Subject to subsection (f), a regional director may negotiate changes to an institutional provider's global budget, including any adjustments to address unforeseen market shifts related to patient volume.

(3) Baseline rates and adjustments.—

(A) In general.—The Secretary shall use existing prospective payment systems under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) to serve as the comparative payment rate system in global budget negotiations described in paragraph (2). The Secretary shall update such comparative payment rate systems annually.

(B) Specifications.—In developing the comparative payment rate system, the Secretary shall use only the operating base payment rates under each such prospective payment system with applicable adjustments.

(C) Limitation.—The comparative rate system established under this subsection shall not include the value-based payment adjustments and the capital expenses base payment rates that may be included in such a prospective payment system.

(D) Initial year.—In the first year that global budget payments under this subtitle are available to institutional providers and for purposes of selecting a comparative payment rate system used during initial global budget negotiations for each institutional provider, the Secretary shall take into account the appropriate prospective payment system from the most recent year under title XVIII of the Social Security Act to determine what operating base payment the institutional provider would have been paid for items and services covered under the Medicare for All Program furnished the preceding year with applicable adjustments, including adjustments due to any public health emergencies in the preceding year, and excluding value-based payment adjustments, based on such prospective payment system.

(4) Operating expenses.—For purposes of this section, "operating expenses" of a provider include the following:

(A) The cost of all items and services associated with the provision of inpatient care and outpatient care, including the following:

(i) Wages and salary costs for physicians, nurses, and other health care practitioners employed by an institutional provider, including mandatory minimum safe registered nurse-to-patient staffing ratios and optimal staffing levels for physicians and other health care workers.

(ii) Wages and salary costs for all ancillary staff and services.

(iii) Costs of all pharmaceutical products administered by health care clinicians at the institutional provider's facilities or through items or services provided in accordance with State licensing laws or regulations under which the institutional provider operates.

(iv) Costs for infectious disease response preparedness, including maintenance of a 1-year or 365-day stockpile of personal protective equipment, occupational testing and surveillance, medical items and services for occupational infectious disease exposure, and contact tracing.

(v) Purchasing and maintenance of medical devices, supplies, and other health care technologies, including diagnostic testing equipment.

(vi) Costs of all incidental items and services necessary for safe patient care and handling.

(vii) Costs of patient care, education, and prevention programs, including occupational health and safety programs, public health programs, and necessary staff to implement such programs, for the continued education and health and safety of clinicians and other individuals employed by the institutional provider.

(B) Administrative costs for the institutional provider.

(d) Payments to individual providers through fee-for-service.—

(1) Medicare for All fee schedule.—

(A) Establishment.—Not later than October 1, 2027, and in consultation with providers and regional office directors, the Secretary shall establish and annually update a national fee schedule that establishes amounts for items and services payable under the Medicare for All Program, furnished by—

(i) individual providers;

(ii) providers in group practices who are not receiving payments on a salaried basis described in subsection (c)(1)(C);

(iii) providers of home- and community-based services; and

(iv) any other provider not described in subsection (c).

(B) Amounts.—In establishing the fee schedule under subparagraph (A), the Secretary shall take into account—

(i) the amounts payable for such items and services under title XVIII of the Social Security Act and other Federal health programs; and

(ii) the expertise of providers and the value of items and services furnished by such providers.

(2) Leveraging existing medicare payment processes.—

(A) Application of payment processes under title XVIII.—Except as otherwise provided in this subsection, the Secretary shall establish, and shall annually update by regulation, the fee schedule under paragraph (1) in a manner that is documented, is transparent, allows for public comment, and, to the greatest extent practicable, is consistent with processes for determining, revising, and making payments for items and services under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), including the application of the provisions of, and amendments made by, subsection (e).

(B) Electronic billing.—The Secretary shall establish a uniform national system for electronic billing for purposes of making payments under this subsection.

(3) Application of current and planned payment reforms.—To the extent the Secretary determines such application is necessary to ensure a smooth and fair transition, the Secretary may apply payment reform activities planned or implemented with respect to such title XVIII as of the date of the enactment of this Act, including demonstrations, waivers, or any other provider payment agreements, to benefits under the Medicare for All Program, provided that the Secretary sets forth a process for reviewing such applications and making such determinations that is reasonable, transparent, and documented, and allows for public comment.

(4) Physician practice review board.—Each director of a regional office, in consultation with representatives of physicians practicing in that region, shall establish and appoint a physician practice review board to assure quality, cost effectiveness, and fair reimbursements for physician-delivered items and services. The use of mechanisms that discriminate against people with disabilities is prohibited for use in any value or cost-effectiveness assessments.

(e) Accurate valuation of services under the Medicare physician fee schedule.—

(1) Standardized and documented review process.—Section 1848(c)(2) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)) is amended by adding at the end the following new subparagraph:

"(P) Standardized and documented review process.—

"(i) In general.—Not later than 1 year after the date of enactment of this subparagraph, the Secretary shall establish, document, and make publicly available, in consultation with the Office of Primary Health Care, a standardized process for reviewing the relative values of physicians' services under this paragraph.

"(ii) Minimum requirements.—The standardized process shall include, at a minimum, methods and criteria for identifying services for review, prioritizing the review of services, reviewing stakeholder recommendations, and identifying additional resources to be considered during the review process.".

(2) Planned and documented use of funds.—Section 1848(c)(2)(M) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)(M)) is amended by adding at the end the following new clause:

"(x) Planned and documented use of funds.—For each fiscal year (beginning with the first fiscal year beginning on or after the date of enactment of this clause), the Secretary shall provide to Congress a written plan for using the funds provided under clause (ix) to collect and use information on physicians' services in the determination of relative values under this subparagraph.".

(3) Internal tracking of reviews.—

(A) In general.—Not later than July 1, 2027, the Secretary shall submit to Congress a proposed plan for systematically and internally tracking the Secretary's review of the relative values of physicians' services, such as by establishing an internal database, under section 1848(c)(2) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)), as amended by this section.

(B) Minimum requirements.—The proposal shall include, at a minimum, plans and a timeline for achieving the ability to systematically and internally track the following:

(i) When, how, and by whom services are identified for review.

(ii) When services are reviewed or when new services are added.

(iii) The resources, evidence, data, and recommendations used in reviews.

(iv) When relative values are adjusted.

(v) The rationale for final relative value decisions.

(4) Frequency of review.—Section 1848(c)(2) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)) is amended—

(A) in subparagraph (B)(i), by striking "5" and inserting "4"; and

(B) in subparagraph (K)(i)(I), by striking "periodically" and inserting "annually".

(5) Consultation with Medicare Payment Advisory Commission.—

(A) In general.—Section 1848(c)(2) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)) is amended—

(i) in subparagraph (B)(i), by inserting "in consultation with the Medicare Payment Advisory Commission," after "The Secretary,"; and

(ii) in subparagraph (K)(i)(I), as amended by paragraph (4)(B), by inserting ", in coordination with the Medicare Payment Advisory Commission," after "annually".

(B) Conforming amendments.—Section 1805 of the Social Security Act (42 U.S.C. 1395b–6) is amended—

(i) in subsection (b)(1)(A), by inserting the following before the semicolon at the end: "and including coordinating with the Secretary in accordance with section 1848(c)(2) to systematically review the relative values established for physicians' services, identify potentially misvalued services, and propose adjustments to the relative values for physicians' services"; and

(ii) in subsection (e)(1), in the second sentence, by inserting "or the Ranking Minority Member" after "the Chairman".

(6) Periodic audit by the Comptroller General.—Section 1848(c)(2) of the Social Security Act (42 U.S.C. 1395w–4(c)(2)), as amended by paragraph (1), is amended by adding at the end the following new subparagraph:

"(Q) Periodic audit by the Comptroller General.—

"(i) In general.—The Comptroller General of the United States (in this subparagraph referred to as the 'Comptroller General') shall periodically audit the review by the Secretary of relative values established under this paragraph for physicians' services.

"(ii) Access to information.—The Comptroller General shall have unrestricted access to all deliberations, records, and data related to the activities carried out under this paragraph, in a timely manner, upon request.".

(f) Payments for prescription drugs and approved devices and equipment.—

(1) Negotiated prices.—The prices to be paid for pharmaceutical products, medical supplies, and medically necessary assistive equipment covered under the Medicare for All Program shall be negotiated annually by the Secretary.

(2) Prescription drug formulary.—

(A) In general.—The Secretary shall establish a prescription drug formulary system, pursuant to the requirements of section 322(e)(2), which shall encourage best practices in prescribing and discourage the use of ineffective, dangerous, or excessively costly medications when better alternatives are available.

(B) Promotion of use of generics.—The formulary under this paragraph shall promote the use of generic medications to the greatest extent possible.

(C) Formulary updates and petition process.—The formulary under this paragraph shall be updated frequently and clinicians and patients may petition the Secretary to add new pharmaceuticals or to remove ineffective or dangerous medications from the formulary.

(D) Use of off-formulary medications.—The Secretary shall promulgate rules regarding the use of off-formulary medications which allow for patient access but do not compromise the formulary.

(g) Payment prohibitions; capital expenditures; special projects.—

(1) Prohibitions.—Payments to participating providers described in section 323(a)(1) may not take into account, include any process for the provision of funding for, or be used by a provider for—

(A) marketing of the provider;

(B) the profit or net revenue of the provider, or increasing the profit or net revenue of the provider;

(C) any agreement or arrangement described in section 203(a)(4) of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 433(a)(4)); or

(D) political or other contributions prohibited under section 317(a)(1) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30119(a)(1)).

(2) Payments for capital expenditures.—

(A) In general.—The Secretary shall pay, from amounts made available for capital expenditures pursuant to subsection (a)(1)(B)(ii), such sums determined appropriate by the Secretary to providers who have submitted an application to the regional director of the region or regions in which the provider operates or seeks to operate in a time and manner specified by the Secretary for purposes of funding capital expenditures of such providers.

(B) Priority.—The Secretary shall prioritize allocation of funding under subparagraph (A) to projects that propose to use such funds to improve items and services for medically underserved populations and areas described in section 330(b)(3) of the Public Health Service Act (42 U.S.C. 254b(b)(3)) or to address socioeconomic health disparities.

(C) Limitation.—The Secretary shall not grant funding for capital expenditures under this paragraph for capital projects that are financed directly or indirectly through the diversion of private or other non-Medicare for All Program funding that results in reductions in care to patients, including reductions in registered nursing staffing patterns and changes in emergency room or primary care services or availability.

(D) Capital assets not funded by the Medicare for All Program.—Operating expenses and funds shall not be used by an institutional provider receiving payment for capital expenditures under this paragraph for a capital asset that was not funded by the Medicare

for All Program without the approval of the regional director or directors of the region or regions where the capital asset is located.

(3) Prohibition against commingling operating and capital funds.—Providers that receive payment under this title shall be prohibited from using, with respect to funds made available under this subtitle—

(A) funds designated for operating expenditures for capital expenditures or for profit; or

(B) funds designated for capital expenditures for operating expenditures.

(4) Payments for special projects.—

(A) In general.—The Secretary shall allocate to each regional director, from amounts made available for special projects pursuant to subsection (a)(1)(B)(iii), such sums determined appropriate by the Secretary for purposes of funding projects described in such subsection, including the construction, renovation, or staffing of health care facilities in rural, underserved, or health professional or medical shortage areas within such region and to address health disparities, including racial, ethnic, national origin, primary language use, age, disability, sex (including gender identity and sexual orientation), geography, or socioeconomic health disparities.

(B) Distribution.—A regional director shall distribute funds to providers operating in the region of such director's jurisdiction in a manner determined appropriate by the director.

(5) Prohibition on financial incentive metrics in payment determinations.—The Secretary may not utilize any quality metrics or standards for the purposes of establishing provider payment methodologies, programs, modifiers, or adjustments for provider payments under this title.

(h) Office of Health Equity.—Title XVII of the Public Health Service Act (42 U.S.C. 300u et seq.) is amended by adding at the end the following:

"Sec. 1712. Office of Health Equity.

"(a) In general.—There is established, in the Office of the Secretary of Health and Human Services, an Office of Health Equity, to be headed by a Director, to ensure coordination and collaboration across the programs and activities of the Department of Health and Human Services with respect to ensuring health equity.

"(b) Monitoring, tracking, and availability of data.—

"(1) In general.—In carrying out subsection (a), the Director of the Office of Health Equity shall monitor, track, and make publicly available data on—

"(A) the disproportionate burden of disease and death among people of color, disaggregated by race, major ethnic group, Tribal affiliation, national origin, primary language use, English proficiency status, immigration status, length-of-stay in the United States, age, disability, sex (including gender identity and sexual orientation), incarceration, homelessness, geography, and socioeconomic status;

"(B) barriers to health, including such barriers relating to income, education, housing, food insecurity (including availability, access, utilization, and stability), employment status, working conditions, and conditions related to the physical environment (including pollutants, population density, and accessibility);

"(C) barriers to health care access, including—

"(i) lack of trust and awareness;

"(ii) lack of transportation;

"(iii) lack of accessibility;

"(iv) geography;

"(v) hospital and service closures;

"(vi) lack of health care infrastructure and facilities; and

"(vii) lack of health care professional staffing and recruitment;

"(D) disparities in quality of care received, including discrimination in health care settings and the use of racially biased practice guidelines and algorithms; and

"(E) disparities in utilization of care.

"(2) Analysis of cross-sectional information.—The Director of the Office of Health Equity shall ensure that the data collection and reporting process under paragraph (1) allows for the analysis of cross-sectional information on people's identities.

"(c) Policies.—In carrying out subsection (a), the Director of the Office of Health Equity shall develop, coordinate, and promote policies that enhance health equity, including by—

"(1) providing recommendations on—

"(A) cultural competence, implicit bias, and ethics training with respect to health care workers;

"(B) increasing diversity in the health care workforce; and

"(C) ensuring sufficient health care professionals and facilities; and

"(2) ensuring adequate public health funding at the local and State levels to address health disparities.

"(d) Consultation.—In carrying out subsection (a), the Director of the Office of Health Equity, in coordination with the Director of the Indian Health Service, shall consult with Indian Tribes and with urban Indian organizations on data collection, reporting, and implementation of policies.

"(e) Annual report.—In carrying out subsection (a), the Director of the Office of Health Equity shall develop and publish an annual report on—

"(1) statistics collected by the Office;

"(2) proposed evidence-based solutions to mitigate health inequities; and

"(3) health care professional staffing levels and access to facilities.

"(f) Centralized electronic repository.—In carrying out subsection (a), the Director of the Office of Health Equity shall—

"(1) establish and maintain a centralized electronic repository to incorporate data collected across Federal departments and agencies on race, ethnicity, Tribal affiliation, national origin, primary language use, English proficiency status, immigration status, length-of-stay in the United States, age, disability, sex (including gender identity and sexual orientation), incarceration, homelessness, geography, and socioeconomic status; and

"(2) make such data available for public use and analysis.

"(g) Privacy.—Notwithstanding any other Federal or State law, no Federal or State official or employee or other entity shall disclose, or use, for any law enforcement or immigration purpose, any personally identifiable information (including with respect to an individual's religious beliefs, practices, or affiliation, national origin, ethnicity, or immigration status) that is collected or maintained pursuant to this section.".

(i) Office of Primary Health Care.—Title XVII of the Public Health Service Act (42 U.S.C. 300u et seq.), as amended by subsection (h), is further amended by adding at the end the following:

"Sec. 1713. Office of Primary Health Care.

"(a) In general.—There is established, in the Office of Health Equity established under section 1712, an Office of Primary Health Care, to be headed by a Director, to ensure coordination and collaboration across the programs and activities of the Department of Health and Human Services with respect to increasing access to high-quality primary health care, particularly in underserved areas and for underserved populations.

"(b) National Goals.—Not later than July 1, 2027, the Director of the Office of Primary Health Care shall publish national goals—

"(1) to increase access to high-quality primary health care, particularly in underserved areas and for underserved populations; and

"(2) to address health disparities, including with respect to race, ethnicity, national origin (disaggregated by major ethnic group and Tribal affiliation), primary language use, English proficiency status, immigration status, length-of-stay in the United States, age, disability, sex (including gender identity and sexual orientation), incarceration, homelessness, geography, and socioeconomic status.

"(c) Other responsibilities.—In carrying out subsections (a) and (b), the Director of the Office of Primary Health Care shall—

"(1) coordinate, in consultation with the Secretary, health professional education policies and goals to achieve the national goals published pursuant to subsection (b);

"(2) develop and maintain a system to monitor the number and specialties of individuals pursuing careers in, or practicing, primary health care through their health professional education, any postgraduate training, and professional practice;

"(3) develop, coordinate, and promote policies that expand the number of primary health care practitioners including primary medical, dental, and behavioral health care providers, registered nurses, and other advanced practice clinicians;

"(4) recommend appropriate workforce training, technical assistance, and patient protection enhancements for primary health care practitioners, including registered nurses, to achieve uniform high quality and patient safety;

"(5) provide recommendations on targeted programs and resources for Federally qualified health centers, community health centers, rural health centers, behavioral health clinics, and other community-based organizations;

"(6) provide recommendations for broader patient referral to additional resources, not limited to health care, and collaboration with other organizations and sectors that influence health outcomes; and

"(7) consult with the Secretary on the allocation of the special projects budget under section 326(a)(1)(B)(iii) of the POPULIST Act.

"(d) Rule of construction.—Nothing in this section shall be construed—

"(1) to preempt any provision of State law establishing practice standards or guidelines for health care professionals, including professional licensing or practice laws or regulations; or

"(2) to require that any State impose additional educational standards or guidelines for health care professionals.".

SEC. 327. MEDICARE FOR ALL TRUST FUND.

(a) In general.—There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Medicare for All Trust Fund (in this section referred to as the "Trust Fund"). The Trust Fund shall consist of such gifts and bequests as may be made and such amounts as may be deposited in, or appropriated to, such Trust Fund as provided in this Act.

(b) Appropriations into Trust Fund.—

(1) Taxes.—There are appropriated to the Trust Fund for each fiscal year beginning with the fiscal year which includes the date on which benefits are first available under section 321(f)(1), out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 percent of the net increase in revenues to the Treasury which is attributable to the amendments made by section 328(b) and section 328(d)(4). The amounts appropriated by the preceding sentence shall be transferred from time to time (but not less frequently than monthly) from the general fund in the Treasury to the Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes paid to or deposited into the Treasury, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the amounts that should have been so transferred.

(2) Current program receipts.—

(A) Initial year.—Notwithstanding any other provision of law, there is hereby appropriated to the Trust Fund for the fiscal year which includes the date on which benefits are first available under section 321(f)(1) an amount equal to the aggregate amount appropriated for the preceding fiscal year for the following (increased by the consumer price index for all urban consumers for the fiscal year involved):

(i) The Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) (other than amounts attributable to any premiums under such title).

(ii) The Medicaid program under State plans approved under title XIX of such Act (42 U.S.C. 1396 et seq.).

(iii) The Federal Employees Health Benefits program, under chapter 89 of title 5, United States Code.

(iv) The maternal and child health program (under title V of the Social Security Act (42 U.S.C. 701 et seq.)), vocational rehabilitation programs, programs for drug abuse and mental health services under the Public Health Service Act, programs providing general hospital or medical assistance, and any other Federal program identified by the Secretary, in consultation with the Secretary of the Treasury, to the extent the programs provide for payment for health care items and services the payment of which may be made under this subtitle.

(B) Subsequent years.—Notwithstanding any other provision of law, there is appropriated to the Trust Fund for each fiscal year following the fiscal year in which the appropriation is made under subparagraph (A), an amount equal to the amount appropriated to the Trust Fund for the previous year, adjusted for reductions in costs resulting from the implementation of this subtitle, changes in the consumer price index for all urban consumers for the fiscal year involved, and other factors determined appropriate by the Secretary.

(3) Children's transition receipts.—

(A) In general.—For calendar year 2028, there are appropriated to the Trust Fund, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to the Federal expenditures that would otherwise have been made under the programs described in paragraph (2)(A) for health care items and services furnished during such calendar year to individuals entitled to benefits under section 321(f)(2), to the extent payment for such items and services is made under this subtitle.

(B) Transfers and adjustments.—The Secretary of the Treasury, in consultation with the Secretary, shall transfer the amounts appropriated under subparagraph (A) to the Trust Fund from time to time, but not less frequently than monthly, on the basis of estimates made by the Secretary. Proper adjustments shall be made in amounts subsequently transferred to the extent that a prior estimate was greater or less than the amount that should have been transferred.

(c) Incorporation of provisions.—The provisions of subsections (b) through (i) of section 1817 of the Social Security Act (42 U.S.C. 1395i) shall apply to the Trust Fund under this section in the

same manner as such provisions applied to the Federal Hospital Insurance Trust Fund under such section 1817, except that, for purposes of applying such subsections to this section, the "Board of Trustees of the Trust Fund" or the "Board of Trustees" shall mean the "Secretary".

(d) Transfer of funds.—Any amounts remaining in the Federal Hospital Insurance Trust Fund under section 1817 of the Social Security Act (42 U.S.C. 1395i) or the Federal Supplementary Medical Insurance Trust Fund under section 1841 of such Act (42 U.S.C. 1395t) after the payment of claims for items and services furnished under title XVIII of such Act have been completed shall be transferred into the Medicare for All Trust Fund under this section.

(e) Medicare part B premium determination.—

(1) In general.—Section 1395r(a)(3) of title 42, United States Code, is amended by striking "(except as provided in subsection (g)) is equal to 50 percent of the monthly actuarial rate for enrollees age 65 and over, determined according to paragraph (1)," and inserting "shall be equal to 1.5 percent of the annual basic wage calculated pursuant to section 1398c of title 42, United States Code".

(2) Effective date.—The amendment made by paragraph (1) shall apply beginning with the first calendar year that begins after payments are first issued under the American Union Jobs Program (42 U.S.C. 1398a et seq.).

(f) Medicare for All premiums.—

(1) Monthly premium.—Beginning on January 1 of the first calendar year that begins after payments are first issued under the American Union Jobs Program (42 U.S.C. 1398a et seq.), the monthly premium for an individual enrolled for benefits under the Medicare for All Program shall be equal to—

(A) 1 percent of the annual basic wage calculated pursuant to section 1398c of title 42, United States Code, if the individual has not attained 18 years of age as of the first day of the month; or

(B) 1.5 percent of the annual basic wage calculated pursuant to such section, if the individual has attained 18 years of age as of the first day of the month.

(2) Payment.—Premiums under this subsection shall be paid to the Secretary at such times and in such manner as the Secretary determines appropriate.

(3) Deposit.—Amounts collected under this subsection shall be deposited in the Treasury to the credit of the Trust Fund.

SEC. 328. DEFINITIONS AND CROSS-REFERENCES.

(a) Definitions.—In this subtitle—

(1) Secretary.—The term "Secretary" means the Secretary of Health and Human Services;

(2) State.—The term "State" means any of the 50 States, the District of Columbia, or a territory of the United States; and

(3) United States.—The term "United States" shall include the 50 States, the District of Columbia, and the territories of the United States.

(b) Prohibition of employee benefits duplicative of benefits under the Medicare for All Program; coordination in case of workers' compensation.—

(1) In general.—Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

"Sec. 524. Prohibition of employee benefits duplicative of Medicare for All Program benefits; coordination in case of workers' compensation.

"(a) In general.—Subject to subsection (b), no employee benefit plan may provide benefits that duplicate payment for any items or services for which payment may be made under the Medicare for All Program established under section 321 of the POPULIST Act (referred to in this section as the 'Medicare for All Program').

"(b) Reimbursement.—Each workers compensation carrier that is liable for payment for workers compensation services furnished in a State shall reimburse the Medicare for All Program for the cost of such services.

"(c) Definitions.—In this section—

"(1) Workers compensation carrier.—The term 'workers compensation carrier' means an insurance company that underwrites workers compensation medical benefits with respect to 1 or more employers and includes an employer or fund that is financially at risk for the provision of workers compensation medical benefits;

"(2) Workers compensation medical benefits.—The term 'workers compensation medical benefits' means, with respect to an enrollee who is an employee subject to the workers compensation laws of a State, the comprehensive medical benefits for work-related injuries and illnesses provided for under such laws with respect to such an employee; and

"(3) Workers compensation services.—The term 'workers compensation services' means items and services included in workers compensation medical benefits and includes items and services (including rehabilitation items and services and long-term care items and services) commonly used for treatment of work-related injuries and illnesses.".

(2) Conforming amendment.—Section 4(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1003(b)) is amended by adding at the end the following: "Paragraph (3) shall apply subject to section 524(b) (relating to reimbursement of the Medicare for All Program by workers compensation carriers).".

(3) Clerical amendment.—The table of contents in section 1 of such Act is amended by inserting after the item relating to section 523 the following new item:

"524. Prohibition of employee benefits duplicative of Medicare for All Program benefits; coordination in case of workers' compensation.".

(c) Repeal of continuation coverage requirements under ERISA and certain other requirements relating to group health plans.—

(1) In general.—Part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1161 et seq.) is repealed.

(2) Conforming amendments.—

(A) Section 502(a) of such Act (29 U.S.C. 1132(a)) is amended—

(i) by striking paragraph (7); and

(ii) by redesignating paragraphs (8), (9), and (10) as paragraphs (7), (8), and (9), respectively.

(B) Section 502(c)(1) of such Act (29 U.S.C. 1132(c)(1)) is amended by striking "paragraph (1) or (4) of section 606,".

(C) Section 502(e) of such Act (29 U.S.C. 1132(e)) is amended by striking "paragraphs (1)(B) and (7)" and inserting "paragraph (1)(B)".

(D) Section 502(l)(3)(B) of such Act (29 U.S.C. 1132(l)(3)(B)) is amended by striking "subsection (a)(9)" and inserting "subsection (a)(8)".

(E) Section 514(b) of such Act (29 U.S.C. 1144(b)) is amended—

(i) in paragraph (7), by striking "section 206(d)(3)(B)(i)),"; and

(ii) by striking paragraph (8).

(F) The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by striking the items relating to part 6 of subtitle B of title I of such Act.

(d) Relationship to existing Federal health programs.—

(1) Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP).—

(A) In general.—Notwithstanding any other provision of law, subject to subparagraphs (B) and (C)—

(i) no benefits shall be available under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) for any item or service furnished beginning January 1, 2029;

(ii) no individual is entitled to medical assistance under a State plan approved under title XIX of such Act (42 U.S.C. 1396 et seq.) for any item or service furnished on or after such date;

(iii) no individual is entitled to medical assistance under a State child health plan under title XXI of such Act (42 U.S.C. 1397aa et seq.) for any item or service furnished on or after such date; and

(iv) no payment shall be made to a State under section 1903(a) or 2105(a) of such Act (42 U.S.C. 1396b(a); 42 U.S.C. 1397ee) with respect to medical assistance or child health assistance for any item or service furnished on or after such date.

(B) Transition.—In the case of inpatient hospital services and extended care services during a continuous period of stay which began before January 1, 2029, and which had not ended as of such date, for which benefits are provided under title XVIII of the Social Security Act, under a State plan under title XIX of such Act, or under a State child health plan under title XXI of such Act, the Secretary shall provide for continuation of benefits under such title or plan until the end of the period of stay.

(C) Continued coverage of long-term care and other certain services under Medicaid.—

(i) In general.—This paragraph shall not apply to entitlement to medical assistance provided under title XIX of the Social Security Act for—

(I) institutional long-term care services (as defined in section 1949(b) of such Act); or

(II) any other service for which benefits are not available under the Medicare for All Program and which is furnished under a State plan under title XIX of the Social Security Act which provided for medical assistance for such service on January 1, 2026.

(ii) Coordination between Secretary and States.—The Secretary shall coordinate with the directors of State agencies responsible for administering State plans under title XIX of the Social Security Act to—

(I) identify items and services described in clause (i)(II) with respect to each State plan; and

(II) ensure that such items and services continue to be made available under such plan.

(iii) State maintenance of effort requirement.—With respect to any service described in clause (i)(II) that is made available under a State plan under title XIX of the Social Security Act, the maintenance of effort requirements described in section 1949(c) of such Act shall apply to such service in the same manner that such requirements apply to institutional long-term care services.

(2) Federal employees health benefits program.—No benefits shall be made available under chapter 89 of title 5, United States Code, with respect to items and services furnished to any individual eligible to enroll under the Medicare for All Program.

(3) Treatment of benefits for veterans and Native Americans.—

(A) In general.—Nothing in this subtitle shall affect the eligibility of veterans for the medical benefits and services provided under title 38, United States Code, the eligibility of individuals for TRICARE medical benefits and services provided under sections 1079 and 1086 of title 10, United States Code, or of Indians for the medical benefits and services provided by or through the Indian Health Service.

(B) Reevaluation.—No reevaluation of the Indian Health Service shall be undertaken without consultation with Tribal leaders and stakeholders.

(4) Sunset of provisions related to the Federal and State Exchanges.—The Federal and State Exchanges established pursuant to title I of the Patient Protection and Affordable Care Act (Public Law 111–148) shall terminate, and any other provision of law that relies upon participation in or enrollment through such an Exchange, including such provisions of the Internal Revenue Code of 1986, shall cease to have force or effect.

(e) Effective date.—The provisions of and amendments made by this section shall take effect January 1, 2029.

SEC. 329. MEDICARE FOR ALL TRANSITION.

(a) Expanding Medicare to cover dental and vision services and hearing aids and examinations under part B.—

(1) Coverage.—Section 1861(s)(2) of the Social Security Act (42 U.S.C. 1395x(s)(2)) is amended—

(A) in subparagraphs (II) and (JJ), by striking "and" at the end; and

(B) by adding at the end the following new subparagraphs:

"(LL) dental services; and

"(MM) vision services;".

(2) Payment.—Section 1833(a)(1) of the Social Security Act (42 U.S.C. 1395l(a)(1)) is amended—

(A) by striking "and" before "(HH)"; and

(B) by inserting before the semicolon at the end the following: ", (II) with respect to dental services described in section 1861(s)(2)(LL), the amount paid shall be an amount equal to 80 percent of the lesser of the actual charge for the services or the amount determined under the fee schedule established under section 1848(b), and (JJ) with respect to vision services described in section 1861(s)(2)(MM), the amount paid shall be an amount equal to 80 percent of the lesser of the actual charge for the services or the amount determined under the fee schedule established under section 1848(b)".

(3) Conforming amendments.—

(A) Section 1862(a)(7) of the Social Security Act (42 U.S.C. 1395y(a)(7)) is amended by striking "hearing aids or examinations therefor,".

(B) Section 1862(a) of the Social Security Act (42 U.S.C. 1395y(a)) is amended by striking paragraph (12).

(b) Eliminating the 24-month waiting period for Medicare coverage for individuals with disabilities.—

(1) In general.—Section 226(b) of the Social Security Act (42 U.S.C. 426(b)) is amended—

(A) in paragraph (2)(A), by striking ", and has for 24 calendar months been entitled to,";

(B) in paragraph (2)(B), by striking ", and has been for not less than 24 months,";

(C) in paragraph (2)(C)(ii), by striking ", including the requirement that he has been entitled to the specified benefits for 24 months,";

(D) in the first sentence, by striking "for each month beginning with the later of (I) July 1973 or (II) the twenty-fifth month of his entitlement or status as a qualified railroad retirement beneficiary described in paragraph (2), and" and inserting "for each month for which the individual meets the requirements of paragraph (2), beginning with the month following the month in which the individual meets the requirements of such paragraph, and"; and

(E) in the second sentence, by striking "the 'twenty-fifth month of his entitlement'" and all that follows through "paragraph (2)(C) and".

(2) Conforming amendments.—

(A) Section 226.—Section 226 of the Social Security Act (42 U.S.C. 426) is amended—

(i) by striking subsections (e)(1)(B), (f), and (h); and

(ii) by redesignating subsections (g) and (i) as subsections (f) and (g), respectively.

(B) Medicare description.—Section 1811(2) of the Social Security Act (42 U.S.C. 1395c(2)) is amended by striking "have been entitled for not less than 24 months" and inserting "are entitled".

(C) Medicare coverage.—Section 1837(g)(1) of the Social Security Act (42 U.S.C. 1395p(g)(1)) is amended by striking "25th month of" and inserting "month following the first month of".

(D) Railroad retirement system.—Section 7(d)(2)(ii) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(d)(2)(ii)) is amended—

(i) by striking "has been entitled to an annuity" and inserting "is entitled to an annuity";

(ii) by striking ", for not less than 24 months"; and

(iii) by striking "could have been entitled for 24 calendar months, and".

(3) Effective date.—The amendments made by this subsection shall apply to insurance benefits under title XVIII of the Social Security Act with respect to items and services furnished in months beginning after December 1, 2026, and before January 1, 2029.

(c) Medicare fee-for-service beneficiary protections and Medigap reforms.—

(1) Protecting Medicare fee-for-service beneficiaries from high out-of-pocket costs.—

(A) Protection against high out-of-pocket expenditures.—Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following new section:

"Sec. 1899E. Protection Against High Out-of-Pocket Expenditures

"(a) In general.—Notwithstanding any other provision of this title, in the case of an individual entitled to, or enrolled for, benefits under part A or enrolled in part B, if the amount of the out-of-pocket cost-sharing of such individual for a year (effective beginning January 1, 2027) equals or exceeds $1,500, the individual shall not be responsible for additional out-of-pocket cost-sharing that occurred during that year.

"(b) Out-of-pocket cost-sharing defined.—

"(1) In general.—Subject to paragraphs (2) and (3), in this section, the term 'out-of-pocket cost-sharing' means, with respect to an individual, the amount of the expenses incurred by the individual that are attributable to—

"(A) coinsurance and copayments applicable under part A or B; or

"(B) for items and services that would have otherwise been covered under part A or B but for the exhaustion of those benefits.

"(2) Certain costs not included.—

"(A) Non-covered items and services.—Expenses incurred for items and services which are not included (or treated as being included) under part A or B shall not be considered incurred expenses for purposes of determining out-of-pocket cost-sharing under paragraph (1).

"(B) Items and services not furnished on an assignment-related basis.—If an item or service is furnished to an individual under this title and is not furnished on an assignment-related basis, any additional expenses the individual incurs above the amount the individual would have incurred if the item or service was furnished on an assignment-related basis shall not be considered incurred expenses for purposes of determining out-of-pocket cost-sharing under paragraph (1).

"(3) Source of payment.—For purposes of paragraph (1), the Secretary shall consider expenses to be incurred by the individual without regard to whether the individual or another person, including a State program or other third-party coverage, has paid for such expenses.".

(B) Elimination of parts A and B deductibles.—

(i) Part A.—Section 1813(b) of the Social Security Act (42 U.S.C. 1395e(b)) is amended by adding at the end the following new paragraph:

"(4) For each year (beginning January 1, 2029), the inpatient hospital deductible for the year shall be $0.".

(ii) Part B.—Section 1833(b) of the Social Security Act (42 U.S.C. 1395l(b)) is amended, in the first sentence—

(I) by striking "and for a subsequent year" and inserting "for each of 2006 through 2028"; and

(II) by inserting ", and $0 for each subsequent year" after "$1)".

(2) Reducing Medicare part D annual out-of-pocket threshold.—Section 1860D–2(b)(4)(B)(i) of the Social Security Act (42 U.S.C. 1395w–102(b)(4)(B)(i)) is amended—

(A) in subclause (VIII), by striking "or";

(B) in subclause (VIII)—

(i) by striking "a subsequent year" and inserting "2026"; and

(ii) by striking the period at the end and inserting "; or"; and

(C) by adding at the end the following new subclause:

"(IX) for 2027 and 2028, $1,200; provided that the Secretary may exempt costs incurred for a covered part D drug that is an applicable drug under section 1860D–14A(g)(2) if the Secretary determines that a generic version of that drug is available.".

(3) Guaranteed issue of Medigap policies.—Section 1882 of the Social Security Act (42 U.S.C. 1395ss) is amended by adding at the end the following new subsection:

"(aa) Guaranteed issue for all Medigap-eligible Medicare beneficiaries.—Notwithstanding paragraphs (2)(A) and (2)(D) of subsection (s) or any other provision of this section, on or after the date of enactment of this subsection, the issuer of a Medicare supplemental policy may not deny or condition the issuance or effectiveness of a Medicare supplemental policy, or discriminate in the pricing of the policy, because of health status, claims experience, receipt of health care, or medical condition in the case of any individual entitled to, or enrolled for, benefits under part A and enrolled for benefits under part B.".

(d) Establishment of the Medicare Transition plan.—

(1) In general.—To carry out the purpose of this subsection, for the period beginning with the first plan year that begins after the date of enactment of this Act and ending December 31, 2028, the Secretary, acting through the Administrator of the Centers for Medicare & Medicaid Services (referred to in this subsection as the "Administrator"), shall establish, and provide for the offering through the Exchanges, of a public health plan (in this subtitle referred to as the "Medicare Transition plan") that provides affordable, high-quality health benefits coverage throughout the United States.

(2) Administration of the Medicare Transition.—

(A) Administrator.—The Administrator shall administer the Medicare Transition plan in accordance with this subsection.

(B) Application of ACA requirements.—Consistent with this subsection, the Medicare Transition plan shall comply with requirements under title I of the Patient Protection and Affordable Care Act (and the amendments made by that title) and title XXVII of the Public Health Service Act (42 U.S.C. 300gg et seq.) that are applicable to qualified health plans offered through the Exchanges, subject to the limitation under paragraph (5)(B).

(C) Offering through Exchanges.—The Medicare Transition plan shall be made available only through the Exchanges, and shall be available to individuals wishing to enroll and to qualified employers (as defined in section 1312(f)(2) of the Patient Protection and Affordable Care Act (42 U.S.C. 18032(f)(2))) who wish to make such plan available to their employees.

(D) Eligibility to purchase.—Any United States resident may enroll in the Medicare Transition plan.

(3) Benefits; actuarial value.—In carrying out this subsection, the Administrator shall ensure that the Medicare Transition plan provides—

(A) coverage for the benefits required to be covered under section 322; and

(B) coverage of benefits that are actuarially equivalent to 90 percent of the full actuarial value of the benefits provided under the plan.

(4) Providers and reimbursement rates.—

(A) In general.—With respect to the reimbursement provided to health care providers for covered benefits, as described in section 322(a), provided under the Medicare Transition plan, the Administrator shall reimburse such providers at rates determined for equivalent items and services under the original Medicare fee-for-service program under parts A and B of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.; 1395j et seq.). For items and services covered under the Medicare Transition plan but not covered under such parts A and B, the Administrator shall reimburse providers at rates set by the Administrator in a manner consistent with the manner in which rates for other items and services were set under the original Medicare fee-for-service program.

(B) Prescription drugs.—Any payment rate under this paragraph for a prescription drug shall be at a rate negotiated by the Administrator with the manufacturer of the drug. If the Administrator is unable to reach a negotiated agreement on such a reimbursement rate, the Administrator shall establish the rate at an amount equal to the lesser of—

(i) the price paid by the Secretary of Veterans Affairs to procure the drug under the laws administered by the Secretary of Veterans Affairs;

(ii) the price paid to procure the drug under section 8126 of title 38, United States Code; or

(iii) the best price determined under section 1927(c)(1)(C) of the Social Security Act (42 U.S.C. 1396r–8(c)(1)(C)) for the drug.

(C) Participating providers.—

(i) In general.—A health care provider that is a participating provider of services or supplier under the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) or under a State Medicaid plan under title XIX of such Act (42 U.S.C. 1396 et seq.) on the date of enactment of this subtitle shall be a participating provider in the Medicare Transition plan.

(ii) Additional providers.—The Administrator shall establish a process to allow health care providers not described in clause (i) to become participating providers in the Medicare Transition plan. Such process shall be similar to the process applied to new providers under the Medicare program.

(5) Premiums.—

(A) Determination.—The Administrator shall determine the premium amount for enrolling in the Medicare Transition plan, which—

(i) may vary according to family or individual coverage, age, and tobacco status (consistent with clauses (i), (iii), and (iv) of section 2701(a)(1)(A) of the Public Health Service Act (42 U.S.C. 300gg(a)(1)(A)); and

(ii) shall take into account the cost-sharing reductions and premium tax credits which will be available with respect to the plan under section 1402 of the Patient Protection and Affordable Care Act (42 U.S.C. 18071) and section 36B of the Internal Revenue Code of 1986, as amended by paragraph (7).

(B) Limitation.—Variation in premium rates of the Medicare Transition plan by rating area, as described in clause (ii) of section 2701(a)(1)(A) of the Public Health Service Act (42 U.S.C. 300gg(a)(1)(A)) is not permitted.

(6) Termination.—The provisions of this subsection shall cease to have force or effect on the date on which benefits are first available under section 321(f)(1).

(7) Tax credits and cost-sharing subsidies.—

(A) Premium assistance tax credits.—

(i) Credits allowed to Medicare Transition plan enrollees at or above 44 percent of poverty in non-expansion States.—Section 36B(c)(1) of the Internal Revenue Code of 1986 is amended by inserting after subparagraph (A) the following new subparagraph:

"(B) Special rules for Medicare Transition plan enrollees.—

"(i) In general.—For purposes of determining the premium assistance amount under subsection (b)(2) for a coverage month during which the taxpayer, the taxpayer's spouse, or a dependent (as defined in section 152) is covered by the Medicare Transition plan established under section 329(d) of the POPULIST Act, subparagraph (A) shall be applied without regard to 'but does not exceed 400 percent'. The preceding sentence shall not apply to any taxable year to which subparagraph (D) applies. This clause shall not affect the application of subparagraph (A) for any other coverage month."

"(ii) Enrollees in Medicaid non-expansion States.—In the case of a taxpayer residing in a State which (as of the date of enactment of this Act) does not provide for eligibility under clause (i)(VIII) or (ii)(XX) of section 1902(a)(10)(A) of the Social Security Act for medical assistance under title XIX of such Act (or a waiver of the State plan approved under section 1115), for purposes of determining the premium assistance amount under subsection (b)(2) for a coverage month during which the taxpayer, the taxpayer's spouse, or a dependent (as defined in section 152) is covered by the Medicare Transition plan established under section 329(d) of the POPULIST Act, subparagraph (A) shall be applied by substituting '0 percent' for '100 percent' each place it appears. This clause shall not affect the application of subparagraph (A) for any other coverage month.".

(ii) Premium assistance amounts for taxpayers enrolled in Medicare Transition plan.—

(I) In general.—Section 36B(b)(3)(A) of such Code is amended—

(aa) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively;

(bb) by striking "clause (ii)" in clause (i) and inserting "clauses (ii) and (iii)"; and

(cc) by inserting after clause (i) the following new clause:

"(ii) Special rules for taxpayers enrolled in Medicare Transition plan.—For purposes of determining the premium assistance amount under subsection (b)(2) for a coverage month during which the taxpayer, the taxpayer's spouse, or a dependent (as defined in section 152) is covered by the Medicare Transition plan established under section 329(d) of the POPULIST Act, the applicable percentage used for such coverage month shall be determined in the same manner as under clause (i), except that the following table shall apply in lieu of the table contained in such clause:

In the case of household income (expressed as a percent of poverty line) within the following income tier:	The initial premium percentage is—	The final premium percentage is—
Up to 100 percent	2	2
100 percent up to 138 percent	2.04	2.04
138 percent up to 150 percent	3.06	4.08
150 percent and above	4.08	5

"The preceding sentence shall not apply to any taxable year to which clause (iv) applies. For any other coverage month, the applicable percentage shall be determined without regard to this clause.".

(II) Conforming amendments.—

(aa) Subclause (I) of clause (iii) of section 36B(b)(3)(A) of such Code, as redesignated by subclause (I)(aa), is amended by inserting ", and determined after the application of clause (ii)" after "after application of this clause".

(bb) Section 36B(b)(3)(A)(iv)(I) of such Code, as redesignated by subclause (I)(aa), is amended by striking "clause (ii)" and inserting "clause (iii)".

(B) Cost-sharing subsidies.—Subsection (b) of section 1402 of the Patient Protection and Affordable Care Act (42 U.S.C. 18071(b)) is amended—

(i) by inserting ", or in the Medicare Transition plan established under section 329(d) of the POPULIST Act," after "coverage" in paragraph (1);

(ii) by redesignating paragraphs (1) (as so amended) and (2) as subparagraphs (A) and (B), respectively, and by moving such subparagraphs 2 ems to the right;

(iii) by striking "insured.—In this section" and inserting "insured.—

"(1) In general.—In this section";

(iv) by striking the flush language; and

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

"(2) Special rules.—

"(A) Medicare Transition plan enrollees in Medicaid non-expansion States.—In the case of an individual residing in a State which, as of the date of enactment of this Act, does not provide for eligibility under clause (i)(VIII) or (ii)(XX) of section 1902(a)(10)(A) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)) for medical assistance under title XIX of such Act (or a waiver of the State plan approved under section 1115) who enrolls in such Medicare Transition plan, paragraph (1)(B), and paragraphs (1)(A)(i) and (2)(A) of subsection (c) shall each be applied by substituting '0 percent' for '100 percent' each place it appears.

"(B) Adjusted cost-sharing for Medicare Transition plan enrollees.—In the case of any individual who enrolls in such Medicare Transition plan, in lieu of the percentages under subsection (c)(1)(B)(i) and (c)(2), the Secretary shall prescribe a method of determining the cost-sharing reduction for any such individual such that the total of the cost-sharing and the premiums paid by the individual under such Medicare Transition plan does not exceed the percentage of the total allowed costs of benefits provided under the plan equal to the final premium percentage applicable to such individual under section 36B(b)(3)(A)(ii) of the Internal Revenue Code of 1986.".

(8) Conforming amendments.—

(A) Treatment as a qualified health plan.—Section 1301(a)(2) of the Patient Protection and Affordable Care Act (42 U.S.C. 18021(a)(2)) is amended—

(i) in the paragraph heading, by inserting ", the Medicare Transition plan," before "and"; and

(ii) by inserting "the Medicare Transition plan under section 329(d) of the POPULIST Act," before "and a multi-State plan".

(B) Level playing field.—Section 1324(a) of the Patient Protection and Affordable Care Act (42 U.S.C. 18044(a)) is amended by inserting "the Medicare Transition plan under section 329(d) of the POPULIST Act," before "or a multi-State qualified health plan".

(9) Implementation authority for first plan year.—

(A) In general.—For the first plan year for which the Medicare Transition plan is offered under this subsection, the Secretary, acting through the Administrator, may use interim final rules, program instructions, model notices, special enrollment periods, temporary enrollment procedures, Exchange operational guidance, and other implementation tools determined appropriate by the Secretary to ensure that the Medicare Transition plan is available for enrollment and coverage.

(B) Interim final rules.—Interim final rules issued under this paragraph shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code, chapter 6 of title 5, United States Code, chapter 35 of title 44, United States Code, and chapter 8 of title 5, United States Code.

(C) Public comment and final rules.—The Secretary shall provide a public comment period of not less than 60 days after publication of interim final rules under this paragraph and shall issue final rules not later than October 1, 2027.

(D) No delay.—A delay in issuance, submission, review, approval, finalization, or congressional consideration of any rule, guidance, notice, instruction, form, information collection, or other implementation document under this paragraph shall not delay, limit, extinguish, or reduce the duty of the Secretary to establish and offer the Medicare Transition plan for the first plan year described in paragraph (1).

(e) Lowering the Medicare age.—

(1) In general.—Title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.), as amended by subsection (c)(1), is amended by adding at the end the following new section:

"Sec. 1899F. Temporary Medicare Buy-In Option for Certain Individuals

"(a) No effect on other benefits for individuals otherwise eligible or on Trust Funds.—The Secretary shall implement the provisions of this section in such a manner to ensure that such provisions—

"(1) have no effect on the benefits under this title for individuals who are entitled to, or enrolled for, such benefits other than through this section; and

"(2) have no negative impact on the Federal Hospital Insurance Trust Fund or the Federal Supplementary Medical Insurance Trust Fund (including the Medicare Prescription Drug Account within such Trust Fund).

"(b) Option.—

"(1) In general.—Every individual who meets the requirements described in paragraph (3) shall be eligible to enroll under this section.

"(2) Part A, B, and D benefits.—An individual enrolled under this section is entitled to the same benefits (and shall receive the same protections) under this title as an individual who is entitled to benefits under part A and enrolled under parts B and D, including the ability to enroll in a private plan that provides qualified prescription drug coverage.

"(3) Requirements for eligibility.—The requirements described in this paragraph are the following:

"(A) The individual is a resident of the United States.

"(B) The individual is—

"(i) a citizen or national of the United States; or

"(ii) an alien lawfully admitted for permanent residence.

"(C) The individual is not otherwise entitled to benefits under part A or eligible to enroll under part A or part B.

"(D) The individual has attained the applicable years of age but has not attained 65 years of age.

"(4) Applicable years of age defined.—For purposes of this section, the term 'applicable years of age' means—

"(A) effective January 1, 2027, the age of 52; and

"(B) effective January 1, 2028, the age of 40.

"(c) Enrollment; coverage.—The Secretary shall establish enrollment periods and coverage under this section consistent with the principles for establishment of enrollment periods and coverage for individuals under other provisions of this title. The Secretary shall establish such periods so that coverage under this section shall first begin on January 1 of the year on which an individual first becomes eligible to enroll under this section.

"(d) Premium.—

"(1) Amount of monthly premiums.—The Secretary shall, during September of each year (beginning in September 2027), and, for premiums applicable during 2027, as soon as practicable after the date of enactment of the POPULIST Act, but not later than December 31, 2026, determine a monthly premium for all individuals enrolled under this section. Such monthly premium shall be equal to 1/12 of the annual premium computed under paragraph (2)(B), which shall apply with respect to coverage provided under this section for any month in the succeeding year.

"(2) Annual premium.—

"(A) Combined per capita average for all Medicare benefits.—The Secretary shall estimate the average, annual per capita amount for benefits and administrative expenses

that will be payable under parts A, B, and D in the year for all individuals enrolled under this section.

"(B) Annual premium.—The annual premium under this subsection for months in a year is equal to the average, annual per capita amount estimated under subparagraph (A) for the year.

"(3) Increased premium for complementary plans.—Nothing in this section shall preclude an individual from choosing a prescription drug plan or other complementary plans that require the individual to pay an additional amount (because of supplemental benefits or because it is a more expensive plan). In such case the individual would be responsible for the increased monthly premium.

"(e) Payment of premiums.—

"(1) In general.—Premiums for enrollment under this section shall be paid to the Secretary at such times, and in such manner, as the Secretary determines appropriate.

"(2) Deposit.—Amounts collected by the Secretary under this section shall be deposited in the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund (including the Medicare Prescription Drug Account within such Trust Fund) in such proportion as the Secretary determines appropriate.

"(f) Not eligible for Medicare cost-sharing assistance.—An individual enrolled under this section shall not be treated as enrolled under any part of this title for purposes of obtaining medical assistance for Medicare cost-sharing or otherwise under title XIX.

"(g) Treatment in relation to the Affordable Care Act.—

"(1) Satisfaction of individual mandate.—For purposes of applying section 5000A of the Internal Revenue Code of 1986, the coverage provided under this section constitutes minimum essential coverage under subsection (f)(1)(A)(i) of such section 5000A.

"(2) Eligibility for premium assistance.—Coverage provided under this section—

"(A) shall be treated as coverage under a qualified health plan in the individual market enrolled in through the Exchange where the individual resides for all purposes of section 36B of the Internal Revenue Code of 1986 other than subsection (c)(2)(B) thereof; and

"(B) shall not be treated as eligibility for other minimum essential coverage for purposes of subsection (c)(2)(B) of such section 36B.

"The Secretary shall determine the applicable second lowest cost silver plan which shall apply to coverage under this section for purposes of section 36B of such Code.

"(3) Eligibility for cost-sharing subsidies.—For purposes of applying section 1402 of the Patient Protection and Affordable Care Act (42 U.S.C. 18071)—

"(A) coverage provided under this section shall be treated as coverage under a qualified health plan in the silver level of coverage in the individual market offered through an Exchange; and

"(B) the Secretary shall be treated as the issuer of such plan.

"(h) Consultation.—In promulgating regulations to implement this section, the Secretary shall consult with interested parties, including groups representing beneficiaries, health care providers, employers, and insurance companies.".

(f) Patient protections during Medicare for All transition period.—

(1) Definitions.—In this subsection, the terms "health insurance coverage", "health insurance issuer", and "group health plan" have the meanings given such terms in section 2791 of the Public Health Service Act (42 U.S.C. 300gg–91).

(2) Minimizing disruptions to patient care.—The Secretary shall ensure that all individuals enrolled in, or who seek to enroll in, a group health plan, health insurance coverage offered by a health insurance issuer, or the plan established under section 329(d) during the transition period of this subtitle are protected from disruptions in their care during the transition period.

(3) Public consultation.—The Secretary shall consult with communities and advocacy organizations of individuals living with disabilities and other patient advocacy organizations to ensure the transition described in paragraph (2) takes into account the safety and continuity of care for individuals with disabilities, complex medical needs, or chronic conditions.

(g) Transitional health coverage disregard.—Notwithstanding any other provision of law, for purposes of determining eligibility for or the amount of health coverage, medical assistance, child health assistance, premium assistance, a premium tax credit, a cost-sharing reduction, or other financial assistance for any month before January 1, 2029, a payment received under the American Union Jobs Program (42 U.S.C. 1398a et seq.) shall be disregarded in determining income, household income, modified adjusted gross income, or resources under—

(1) title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

(2) title XXI of such Act (42 U.S.C. 1397aa et seq.);

(3) section 36B of the Internal Revenue Code of 1986 (26 U.S.C. 36B);

(4) sections 1402 and 1412 of the Patient Protection and Affordable Care Act (42 U.S.C. 18071, 18082); and

(5) the Medicare Transition plan established under subsection (d).

(h) Clerical amendment.—The table of contents in part E of title XVIII of the Social Security Act (42 U.S.C. 1395x et seq.) is amended by adding at the end the following new sections:

"Sec. 1899E. Protection Against High Out-of-Pocket Expenditures.

"Sec. 1899F. Temporary Medicare Buy-In Option for Certain Individuals.".

Subtitle C—Addressing Drug Prices

SEC. 331. ACCELERATION OF PBM ACCOUNTABILITY REQUIREMENTS.

(a) Acceleration of effective date for Medicare Part D and MA-PD plans.—Section 1860D-12(h) of the Social Security Act (42 U.S.C. 1395w-112(h)) is amended—

(1) in the matter preceding paragraph (1), by striking "For plan years beginning on or after January 1, 2028" and inserting "For plan years beginning on or after January 1, 2027"; and

(2) in paragraph (5)(A), by striking "June 1, 2027" and inserting "January 1, 2027".

(b) Conforming amendment for Medicare Advantage prescription drug plans.—Section 1857(f)(3)(G) of the Social Security Act (42 U.S.C. 1395w-27(f)(3)(G)) is amended by striking "January 1, 2028" and inserting "January 1, 2027".

SEC. 332. PROHIBITING PAY-FOR-DELAY AGREEMENTS.

(a) Amendment to definitions.—Section 1111 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108–173) is amended by adding at the end the following:

"(9) REVERSE PAYMENT AGREEMENT.—

"(A) In general.—The term 'reverse payment agreement' means any agreement, settlement, or understanding, whether oral or written, in which a brand name drug company provides anything of value to a generic drug applicant in exchange for non-competition with respect to a generic drug.

"(B) Exception.—The term 'reverse payment agreement' does not include compensation that is strictly limited to—

"(i) reimbursement of documented and reasonable litigation costs actually incurred by the generic drug applicant in connection with patent litigation; or

"(ii) payment for bona fide services provided by the generic drug applicant, if such payment reflects fair market value and is not conditioned on, linked to, or accompanied by non-competition.

"(10) ANYTHING OF VALUE.—The term 'anything of value' includes money, forgiveness of debt, exclusive licenses, supply agreements, distribution agreements, side deals, promises not to market a generic drug, or any other form of consideration, whether direct or indirect.

"(11) NON-COMPETITION.—The term 'non-competition' means delayed market entry, abandonment or withdrawal of a patent challenge, agreement not to market a generic drug, or any restriction that has the effect of limiting or delaying competition with a brand name drug.".

(b) Prohibition.—The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is amended by inserting after section 1114 the following:

"Sec. 1114A. Prohibition on reverse payment agreements.

"(a) In general.—It is unlawful for a brand name drug company and a generic drug applicant to enter into a reverse payment agreement.

"(b) Enforcement.—A violation of this section shall be treated as a violation of a rule defining an unfair, deceptive, or abusive act or practice under the Federal Trade Commission Act (15 U.S.C. 41 et seq.), and all powers and authorities of the Commission under that Act shall be available to enforce this section as if this section were incorporated into and made a part of that Act.".

(c) Enforcement amendments.—Section 1115 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is amended—

(1) in subsection (a), by striking "$11,000" and inserting "$25,000"; and

(2) by adding at the end the following:

"(c) Additional remedies.—

"(1) Disgorgement.—In addition to any other remedy available under this subtitle, the Commission or the Assistant Attorney General may seek disgorgement of any consideration exchanged in violation of section 1114A.

"(2) Monetary penalty in lieu of disgorgement.—In the alternative to disgorgement under paragraph (1), the Commission or the Assistant Attorney General may seek an additional civil penalty in an amount equal to the monetary value of any consideration exchanged in violation of section 1114A.".

SEC. 333. CODIFYING THE ANTI-KICKBACK RULE.

(a) Incorporation of specified regulations.—The provisions of the final rule promulgated by the Health and Human Services Department, entitled "Fraud and Abuse; Removal of Safe Harbor Protection for Rebates Involving Prescription Pharmaceuticals and Creation of New Safe Harbor Protection for Certain Point-of-Sale Reductions in Price on Prescription Pharmaceuticals and Certain Pharmacy Benefit Manager Service Fees", as published in the Federal Register on November 30, 2020 (85 Fed. Reg. 76666), are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection.

(b) Effect of incorporation.—The regulations incorporated under subsection (a) may be altered only by means of an Act of Congress. To the extent that any provision of such regulations does not conform with this Act, the provisions of this Act shall govern.

(c) 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. 334. REDUCTION IN MEDICARE PART B PAYMENT PERCENTAGE.

(a) In general.—Section 1847A(b)(1) of the Social Security Act (42 U.S.C. 1395w–3a(b)(1)) is amended by striking "106 percent" each place it appears and inserting "94 percent".

(b) Effective date.—The amendment made by subsection (a) shall apply to drugs and biologicals furnished on or after January 1, 2027.

SEC. 335. DRUG PRICES, PHARMACY BENEFIT MANAGERS, AND COMPETITION.

(a) Increasing transparency in generic drug applications.—

(1) In general.—Section 505(j)(3) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(j)(3)) is amended by adding at the end the following:

"(H) (i) Upon request (in controlled correspondence or an analogous process) by a person that has submitted or intends to submit an abbreviated application under this subsection for a drug that is required by regulation to contain 1 or more of the same inactive ingredients in the same concentrations as the listed drug referred to, or for which the Secretary determines there is a scientific justification for an approach that is in vitro in whole or in part to be used to demonstrate bioequivalence for a drug if such a drug contains 1 or more of the same inactive ingredients in the same concentrations as the listed drug, the Secretary shall inform the person whether such drug is qualitatively and quantitatively the same as the listed drug. The Secretary may also provide such information to such a person on the Secretary's own initiative during the review of an abbreviated application under this subsection for such drug.

"(ii) Notwithstanding section 301(j), if the Secretary determines that such drug is not qualitatively or quantitatively the same as the listed drug, the Secretary shall identify and disclose to the person—

"(I) the ingredient or ingredients that cause such drug not to be qualitatively or quantitatively the same as the listed drug; and

"(II) for any ingredient for which there is an identified quantitative deviation, the amount of such deviation.

"(iii) If the Secretary determines that such drug is qualitatively and quantitatively the same as the listed drug, the Secretary shall not change or rescind such determination after the submission of an abbreviated application for such drug under this subsection unless—

"(I) the formulation of the listed drug has been changed and the Secretary has determined that the prior listed drug formulation was withdrawn for reasons of safety or effectiveness; or

"(II) the Secretary makes a written determination that the prior determination must be changed because an error has been identified.

"(iv) If the Secretary makes a written determination described in clause (iii)(II), the Secretary shall provide notice and a copy of the written determination to the person making the request under clause (i).

"(v) The disclosures required by this subparagraph are disclosures authorized by law, including for purposes of section 1905 of title 18, United States Code.".

(2) Guidance.—

(A) In general.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall issue draft guidance, or update guidance, describing how the Secretary will determine whether a drug is qualitatively and quantitatively the same as the listed drug (as such terms are used in section 505(j)(3)(H) of the Federal Food, Drug, and Cosmetic Act, as added by paragraph (1)), including with respect to assessing pH adjusters.

(B) Process.—In issuing guidance under this paragraph, the Secretary of Health and Human Services shall—

(i) publish draft guidance;

(ii) provide a period of at least 60 days for comment on the draft guidance; and

(iii) after considering any comments received and not later than 1 year after the close of the comment period on the draft guidance, publish final guidance.

(3) Applicability.—Section 505(j)(3)(H) of the Federal Food, Drug, and Cosmetic Act, as added by paragraph (1), applies beginning on the date of enactment of this Act, irrespective of the date on which the guidance required by paragraph (2) is finalized.

(b) Improving transparency and preventing the use of abusive spread pricing and related practices in Medicaid.—

(1) Spread pricing.—

(A) In general.—Section 1927(e) of the Social Security Act (42 U.S.C. 1396r–8(e)) is amended by adding at the end the following:

"(6) Pharmacy price reimbursement required.—

"(A) In general.—A contract between the State and a pharmacy benefit manager (in this paragraph referred to as a 'PBM'), or a contract between the State and a designated entity (as defined in subparagraph (C)) that includes provisions making the designated entity responsible for the administration of medical assistance consisting of covered outpatient drugs for individuals enrolled with the designated entity, shall require that payment for such drugs and related administrative services (as applicable), including payments made by a PBM on behalf of the State or designated entity, is based on a pharmacy price reimbursement model under which—

"(i) any payment made by the designated entity or the PBM (as applicable) for such a drug—

"(I) is limited to—

"(aa) ingredient cost; and

"(bb) a professional dispensing fee that is not less than the professional dispensing fee that the State plan or waiver would pay if the plan or waiver was making the payment directly;

"(II) is passed through in its entirety by the designated entity or PBM to the pharmacy or provider that dispenses the drug and is not retroactively denied or reduced except as permitted or required under Federal or State law or regulation; and

"(III) is made in a manner that is consistent with sections 447.502, 447.512, 447.514, and 447.518 of title 42, Code of Federal Regulations (or any successor regulation) as if such requirements applied directly to the designated entity or the

PBM, except that any payment by the designated entity or the PBM for the ingredient cost of such a drug purchased by a covered entity (as defined in subsection (a)(5)(B)) may exceed the actual acquisition cost (as defined in section 447.502 of title 42, Code of Federal Regulations (or any successor regulation)) for such drug if—

"(aa) such drug was subject to an agreement under section 340B of the Public Health Service Act (42 U.S.C. 256b);

"(bb) such payment for such cost of such drug does not exceed the maximum payment that would have been made by the designated entity or the PBM for the ingredient cost of such drug had such drug not been purchased by such a covered entity; and

"(cc) such covered entity reports to the Secretary, on an annual basis (in a form and manner specified by the Secretary) and with respect to payments for such costs of such drugs so purchased by such covered entity that are in excess of the actual acquisition costs for such drugs, the aggregate amount of such excess;

"(ii) payment to the designated entity or the PBM (as applicable) for administrative services performed by the designated entity or PBM is limited to an administrative fee that reflects the fair market value of providing such services;

"(iii) the designated entity or the PBM (as applicable) makes available to the State, and the Secretary upon request, all costs and payments related to covered outpatient drugs and accompanying administrative services incurred, received, or made by the designated entity or the PBM, including ingredient costs, professional dispensing fees, administrative fees, post-sale and post-invoice fees, discounts, or related adjustments such as direct and indirect remuneration fees, and any and all other remuneration; and

"(iv) any form of spread pricing whereby any amount charged or claimed by the designated entity or the PBM (as applicable) is in excess of the amount paid to the pharmacies by the designated entity or the PBM, including any post-sale or post-invoice fees, discounts, or related adjustments such as direct and indirect remuneration fees or assessments (after allowing for a fair market administrative fee as described in clause (ii)), is not allowable for purposes of claiming Federal matching payments under this title.

"(B) Making certain information available.—The Secretary shall publish, not less frequently than on an annual basis, information received by the Secretary pursuant to subparagraph (A)(i)(III)(cc). Such information shall be so published in an electronic and searchable format, such as through the 340B Office of Pharmacy Affairs Information System (or a successor system).

"(C) Definitions.—In this paragraph:

"(i) Designated entity.—The term 'designated entity' means a managed care entity or other specified entity.

"(ii) Managed care entity; other specified entity.—The terms 'managed care entity' and 'other specified entity' have the meaning given such terms in section 1903(m)(9)(D).".

(B) Conforming amendments.—Section 1903(m) of such Act (42 U.S.C. 1396b(m)) is amended—

(i) in paragraph (2)(A)(xiii)—

(I) by striking "and (III)" and inserting "(III)";

(II) by inserting before the period at the end the following: ", and (IV) with respect to covered outpatient drugs and related administrative services (as applicable) provided by the entity (or by a pharmacy benefit manager on behalf of the entity under a contract or other arrangement with the entity), that payment for such drugs and related administrative services is based on a pharmacy price reimbursement model described in section 1927(e)(6)(A)"; and

(III) by moving the margin 2 ems to the left; and

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

"(10) No payment shall be made under this title to a State with respect to expenditures incurred by it for payment for services provided by an other specified entity (as defined in paragraph (9)(D)) unless the contract between the State and the entity for the provision of such services provides, with respect to covered outpatient drugs and related administrative services (as applicable) provided by the entity (or by a pharmacy benefit manager on behalf of the entity under a contract or other arrangement with the entity), that payment for such drugs and related administrative services is based on a pharmacy price reimbursement model described in section 1927(e)(6)(A).".

(C) Effective date.—The amendments made by this paragraph shall take effect on January 1, 2027, and shall apply to contracts, arrangements, items, and services furnished on or after that date, without regard to the effective date of any contract. No contract, arrangement, amendment, renewal, option, administrative delay, or guidance delay may delay, limit, extinguish, or reduce the application of the amendments made by this paragraph.

SEC. 336. PHARMACY PAYMENT AND REIMBURSEMENT.

(a) Definitions.—In this section:

(1) Affiliate.—The term "affiliate" means an entity, including a pharmacy, that directly or indirectly through 1 or more intermediaries—

(A) owns, controls, or has an investment interest in a pharmacy benefits manager;

(B) is owned or controlled by, or has an investment interest held by, a pharmacy benefits manager; or

(C) is under common ownership or corporate control of a pharmacy benefits manager.

(2) Beneficiary.—The term "beneficiary" means a person who receives prescription drug benefits pursuant to a Federal health care program.

(3) Bona fide service fee.—The term "bona fide service fee" has the meaning given that term in section 1860D–12(h)(7)(B) of the Social Security Act (42 U.S.C. 1395w–112(h)(7)(B)).

(4) Cost sharing requirement.—The term "cost sharing requirement" means any coinsurance or deductible imposed on a beneficiary for a prescription drug furnished under a Federal health care program.

(5) Federal health care program.—The term 'Federal health care program' means—

(A) a prescription drug plan under part D of title XVIII of the Social Security Act;

(B) an MA–PD plan under part C of such title;

(C) a managed care entity (as defined in section 1932(a)(1)(B) of such Act (42 U.S.C. 1396u–2(a)(1)(B)));

(D) an other specified entity (as defined in section 1903(m)(9)(D)(iii) of the Social Security Act (42 U.S.C. 1396b(m)(9)(D)(iii)));

(E) the Federal Employees Health Benefits Program under chapter 89 of title 5, United States Code; or

(F) the TRICARE program (as defined in section 1072 of title 10, United States Code).

(6) In-network pharmacy.—The term "in-network pharmacy" means a pharmacy that is licensed by the State board of pharmacy in the State in which such pharmacy is located, that fills or seeks to fill a prescription for a prescription drug for a beneficiary, and is not an excluded entity and does not have an owner or employee who is on a list of excluded individuals or entities maintained by the Office of Inspector General pursuant to section 1128 of the Social Security Act (42 U.S.C. 1320a–7).

(7) Pharmacy benefits management services.—The term "pharmacy benefits management services"—

(A) means the managing or administration of a plan or program that pays for, reimburses, and covers the cost of prescription drugs and medical devices; and

(B) includes the processing and payment of claims for prescription drugs and the adjudication of appeals or grievances related to the prescription drug benefit.

(8) Pharmacy benefits manager.—The term "pharmacy benefits manager" means a person, business entity, affiliate, or other entity that performs pharmacy benefits management services.

(9) Prescription drug.—The term "prescription drug" means a prescription drug covered by a Federal health care program that is dispensed to a beneficiary for self-administration.

(10) Rebate.—The term "rebate" means any payments and concessions that accrue to a pharmacy benefits manager or the plan sponsor client of such pharmacy benefits manager, directly or indirectly, including through an affiliate, subsidiary, third party, or intermediary,

including an offshore entity or group purchasing organization, from a pharmaceutical manufacturer, its affiliate, subsidiary, third party, or intermediary, including payments, discounts, administration fees, credits, incentives, or penalties associated directly or indirectly in any way with claims administered by such pharmacy benefits manager on behalf of a Federal health care program.

(11) Spread pricing.—The term "spread pricing" means the practice of a pharmacy benefits manager charging a Federal health care program an amount for a prescription drug claim that exceeds the sum of the amount such pharmacy benefits manager pays the dispensing pharmacy for that same prescription drug claim and a bona fide service fee, including any post-sale or post-adjudication fees, discounts, or adjustments, provided that nothing herein shall be construed to allow post-sale or post-adjudication fees, discounts, or adjustments where otherwise prohibited by law.

(12) Steering.—The term "steering" means—

(A) directing, ordering, or requiring a beneficiary to use a specific pharmacy or pharmacies, including an affiliate pharmacy, for the purpose of filling a prescription or receiving services or other care from a pharmacist;

(B) offering or implementing health insurance plan designs that require a beneficiary to utilize a pharmacy or pharmacies, including an affiliate pharmacy, or that increases costs to a Federal health care program or a beneficiary, including requiring a beneficiary to pay the full cost for a prescription drug when such beneficiary chooses not to use a pharmacy benefits manager affiliate pharmacy;

(C) advertising, marketing, or promoting a pharmacy, including an affiliate pharmacy, over another in-network pharmacy;

(D) creating any network or engaging in any practice, including accreditation or credentialing standards, day supply limitations, or delivery method limitations, that exclude an in-network pharmacy or restrict an in-network pharmacy from filling a prescription for a prescription drug; or

(E) directly or indirectly engaging in any practice that attempts to influence or induce a pharmaceutical manufacturer to limit the distribution of a prescription drug to a small number of pharmacies or certain types of pharmacies, or to restrict distribution of such drug to non-affiliate pharmacies.

(b) In general.—A pharmacy benefits manager administering prescription drug benefits on behalf of a Federal health care program, either directly or through an affiliate of such pharmacy benefits manager, shall, on behalf of such program—

(1) reimburse an in-network pharmacy for the ingredient cost of a prescription drug in an amount equal to the sum of—

(A) the national average drug acquisition cost for the drug on the day of claim adjudication (or, in the case of a drug that does not appear on the national average drug acquisition cost index, the wholesale acquisition cost for such prescription drug); and

(B) an amount equal to 2 percent of the amount described in subparagraph (A), or $25, whichever is less;

(2) pay an in-network pharmacy a professional dispensing fee that is equal to the professional dispensing fee paid by the State in which the pharmacy is located under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) for dispensing a prescription drug; and

(3) (A) subject to subparagraph (B), calculate a beneficiary's cost sharing requirement for a prescription drug at the point of sale based on a price that is reduced by an amount equal to at least 80 percent of all rebates received in connection with the dispensing of the prescription drug; or

(B) in the case of a prescription drug for which the rebate cannot be determined at the point of sale, calculate a beneficiary's cost sharing requirement for a prescription drug at the point of sale based on a price that is reduced by an amount equal to 80 percent of the lesser of the average aggregate rebate for such drug in the previous calendar year, or the highest possible rebate that can be received for such drug.

(c) Prohibited actions.—A pharmacy benefits manager administering prescription drug benefits under a Federal health care program shall not—

(1) engage in steering;

(2) engage in any practice that restricts a beneficiary from using any in-network pharmacy to fill a prescription drug;

(3) charge a beneficiary more for a prescription drug than the amount of reimbursement made to the pharmacy that dispenses such drug;

(4) require a beneficiary to obtain a brand name prescription drug when a lower cost, AB-rated generic version of such brand name drug is available;

(5) engage in spread pricing;

(6) charge a Federal health care program, directly or indirectly or through an affiliate, an amount for a prescription drug claim that exceeds the sum of the amount paid to the dispensing pharmacy for that same prescription drug claim and a bona fide service fee;

(7) lower, impose a fee, or otherwise make an adjustment to a prescription drug claim at the time the claim for such drug is adjudicated, or after the claim is adjudicated, that in any way reduces the amount a pharmacy is reimbursed for such drug pursuant to subsection (b), including a fee charged to a pharmacy even if such fee is not tied to a prescription drug claim; or

(8) engage in any practice that bases pharmacy reimbursement for a prescription drug on pharmacy, patient, or any other outcomes, scores, or metrics, provided that nothing shall prohibit pharmacy reimbursement, in addition to reimbursement pursuant to subsection (b), for providing care and services within a pharmacy or a pharmacist's applicable State scope of practice.

(d) Recoupment of funds pursuant to audit.—A pharmacy benefits manager may recoup funds pursuant to an audit in compliance with applicable Federal and State law in which—

(1) an overpayment or misfill was found to have occurred; or

(2) in the case of fraud, provided that all amounts recouped be passed back to the applicable Federal health care program.

(e) Enforcement.—

(1) In general.—A pharmacy benefits manager, or any person acting on behalf of a pharmacy benefits manager, that knowingly and willfully violates this section shall be guilty of a felony and, upon conviction thereof, shall be fined not more than $1,000,000 for each act in violation, or imprisoned for not more than 10 years, or both.

(2) Civil action.—A person may bring a civil action for violation of this section for the person and the United States Government. The action shall be brought in the name of the United States Government. The action may be dismissed only if the court and the United States Attorney General give written consent to the dismissal and their reasons for consenting. Any such action shall be subject to the same terms, conditions, and provisions set forth in section 3730 of title 31, United States Code, which are hereby incorporated into this section. In such an action, the defendant shall be liable for the civil penalties, damages, and costs provided under section 3729(a) of such title.

(f) Improving prescription drug transparency under the Medicaid program.—Section 1927(f) of the Social Security Act (42 U.S.C. 1396r–8(f)) is amended—

(1) in the subsection heading, by striking "retail" and inserting "covered outpatient drug"; and

(2) in paragraph (1)—

(A) in the paragraph heading, by striking "retail" and inserting "covered outpatient drug";

(B) by striking "and" after the semicolon at the end of paragraph (1)(A)(i) and all that precedes it through "(1)" and inserting the following:

"(1) Determining pharmacy actual acquisition costs.—The Secretary shall conduct a survey of pharmacy drug prices to determine the national average drug acquisition cost as follows:

"(A) Use of vendor.—The Secretary may contract services for—

"(i) with respect to a pharmacy that dispenses covered outpatient drugs, including a retail community pharmacy, mail-order pharmacy, specialty pharmacy, nursing home pharmacy, long-term care facility pharmacy, hospital pharmacy, or clinic pharmacy (but not including a charitable pharmacy or a not-for-profit pharmacy), a monthly survey of such pharmacies to determine the national average drug acquisition cost for covered outpatient drugs; and";

(C) in subparagraph (C)—

(i) in clause (i)—

(I) by striking "retail"; and

(II) by striking "prescription" and inserting "covered outpatient"; and

(ii) in clause (ii), by striking "retail community";

(D) in subparagraph (D)(ii), by striking "retail";

(E) in subparagraph (E), by striking the term "retail" each place it appears;

(F) by adding at the end the following new subparagraphs:

"(F) Survey reporting.—Each State shall require any pharmacy in such State to respond to surveys of prices conducted under this subsection if—

"(i) such pharmacy dispenses covered outpatient drugs to individuals receiving benefits under this title; and

"(ii) receives any payment, reimbursement, administrative fee, discount, or rebate related to such dispensing, regardless of whether such payment, reimbursement, administrative fee, discount, or rebate is received from—

"(I) the State;

"(II) a designated entity (as defined in subsection (e)(6)(C)); or

"(III) a pharmacy benefits manager that has a contract with a State or designated entity.

"(G) Survey information.—The Secretary shall make information on national drug acquisition prices obtained under this paragraph publicly available. Such information shall include at least the following:

"(i) The monthly response rate of the surveys conducted pursuant to subparagraph (A), including a list of the pharmacies described in subparagraph (F) that did not respond to such survey.

"(ii) The sampling frame and number of pharmacies sampled monthly.

"(iii) Information on price concessions to each pharmacy, including discounts, rebates, and other price concessions (to the extent that such information is available during the survey period), in aggregate or de-identified form, as determined appropriate by the Secretary.

"(H) Enforcement.—At the discretion of the Secretary, the Secretary, acting through the Inspector General and in collaboration with the Administrator of the Centers for Medicare & Medicaid Services, may enforce noncompliance by a pharmacy with this paragraph by imposing a civil monetary penalty not to exceed $10,000 for each day of noncompliance. The provisions of section 1128A, other than subsections (a) and (b), shall apply to a penalty under this subparagraph in the same manner as such provisions apply to a penalty or proceeding under subsection (a) of that section.

"(I) Limitation on use of applicable non-retail pharmacy pricing information.—No State or Federal health care program shall use pricing information reported by pharmacies other than retail community pharmacies to develop or inform reimbursement rates for retail community pharmacies.

"(J) Report on specialty pharmacies.—Not later than 1 year after the date that this subparagraph takes effect, the Secretary shall submit to Congress a report examining specialty drug coverage and reimbursement under this title, including—

"(i) a description of how State Medicaid programs define specialty drugs and specialty pharmacies;

"(ii) the amount State Medicaid programs pay for specialty drugs;

"(iii) how States and designated entities (as defined in subsection (e)(6)(C)) determine payment for specialty drugs;

"(iv) the settings in which specialty drugs are dispensed to individuals receiving benefits under this title (such as retail community pharmacies or specialty pharmacies);

"(v) the extent to which specialty drugs (as defined by the respective States) are captured in the national average drug acquisition cost survey (or through another process);

"(vi) examples of specialty drug dispensing fees to support the services associated with dispensing such specialty drugs; and

"(vii) recommendations as to how specialty pharmacies should be defined and how data from specialty pharmacies should be incorporated into, stratified within, or otherwise used in the national average drug acquisition cost survey or any successor survey process."; and

(G) in paragraph (2)—

(i) in subparagraph (A), by inserting "(including payment rates under a designated entity (as defined in subsection (e)(6)(C)))" after "under this title"; and

(ii) in subparagraph (B), by inserting ", and the basis for such dispensing fees" before the semicolon at the end.

(g) Effective date.—This section shall take effect on January 1, 2027.

SEC. 337. PROHIBITION ON UNFAIR PRESCRIPTION DRUG PRICING PRACTICES.

(a) Definitions.—In this section:

(1) Bona fide service fee.—The term "bona fide service fee" has the meaning given that term in section 1860D–12(h)(7)(B) of the Social Security Act (42 U.S.C. 1395w–112(h)(7)(B)).

(2) Commission.—The term "Commission" means the Federal Trade Commission.

(3) Health plan.—The term "health plan" means any group or individual health insurance plan or coverage, including any health insurance plan or coverage sponsored or funded by the Federal Government or the government of any State, Territory, or subdivision thereof.

(4) Pharmacy benefit management services.—The term "pharmacy benefit management services" means, pursuant to a written agreement with a payer or health plan offering group or individual health insurance coverage, directly or through an intermediary, the service of—

(A) negotiating terms and conditions, including rebates and price concessions, with respect to a prescription drug on behalf of the health plan, coverage, or payer; or

(B) managing the prescription drug benefits provided by the health plan, coverage, or payer, which may include formulary management, the processing and payment of claims for prescription drugs, the performance of drug utilization review, the processing of drug prior authorization requests, the adjudication of appeals or grievances related to the prescription drug benefit, contracting with network pharmacies, or the provision of related services.

(5) Pharmacy benefit manager.—The term "pharmacy benefit manager" has the meaning given that term in section 311(a)(14).

(6) Prescription drug.—The term "prescription drug" means—

(A) a drug, as that term is defined in section 201(g) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(g)), that is—

(i) approved by the Food and Drug Administration under section 505 of such Act (21 U.S.C. 355); and

(ii) subject to the requirements of section 503(b)(1) of such Act (21 U.S.C. 353(b)(1));

(B) a biological product as that term is defined in section 351 of the Public Health Service Act (42 U.S.C. 262(i)(1)); or

(C) a product that is biosimilar to, or interchangeable with, a biologic product under section 351 of the Public Health Service Act (42 U.S.C. 262(i)).

(b) Prohibition on unfair, deceptive, or abusive prescription drug pricing practices.—

(1) Conduct prohibited.—It shall be unlawful for any pharmacy benefit manager, directly or indirectly, to engage in any of the following activities related to pharmacy benefit management services:

(A) Charge a health plan or payer an amount for a prescription drug claim that exceeds the sum of the amount the pharmacy benefit manager reimburses the dispensing pharmacy for that same prescription drug claim and a bona fide service fee.

(B) Arbitrarily, unfairly, or deceptively, by contract or any other means, reduce, rescind, or otherwise claw back any reimbursement payment, in whole or in part, to a pharmacist or pharmacy for a prescription drug's ingredient cost or dispensing fee, unless—

(i) the original claim was submitted fraudulently;

(ii) the original claim payment was inconsistent with the reimbursement terms in the contract; or

(iii) the pharmacist services were not rendered by the pharmacy or pharmacist.

(C) Arbitrarily, unfairly, or deceptively, by contract or any other means, increase fees or lower reimbursement to a pharmacy in order to offset reimbursement changes instructed by the Federal Government under any health plan funded by the Federal Government.

(2) Safe harbor.—A pharmacy benefit manager shall not be in violation of paragraph (1)(A) if the pharmacy benefit manager:

(A) passes along or returns 100 percent of any price concession to a health plan or payer, including any rebate, discount, or other price concession; and

(B) provides full and complete disclosure of—

(i) the cost, price, and reimbursement of a prescription drug to each health plan, payer, and pharmacy with which the pharmacy benefit manager has a contract or agreement to provide pharmacy benefit management services;

(ii) each fee, markup, and discount charged or imposed by the pharmacy benefit manager to each health plan, payer, and pharmacy with which the pharmacy benefit manager has a contract or agreement for pharmacy benefit management services; and

(iii) the aggregate amount of all remuneration the pharmacy benefit manager receives from a prescription drug manufacturer for a prescription drug, including any rebate, discount, administration fee, and any other payment or credit obtained or retained by the pharmacy benefit manager, pursuant to a contract or agreement for pharmacy benefit management services to a health plan, payer, or any Federal agency (upon the request of the agency).

(c) Enforcement by the Commission.—

(1) Unfair, deceptive or abusive acts or practices.—A violation of this section shall be treated as a violation of a rule defining an unfair, deceptive or abusive act or practice under section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B)).

(2) Powers of the Commission.—

(A) In general.—Except as provided in subparagraph (C), the Commission shall enforce 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.

(B) Privileges and immunities.—Subject to paragraph (3), any person who violates this section shall be subject to the penalties and entitled to the privileges and immunities provided in the Federal Trade Commission Act.

(C) Nonprofit organizations and insurance.—Notwithstanding section 4 or 6 of the Federal Trade Commission Act (15 U.S.C. 44, 46), section 2 of McCarran-Ferguson Act (15

U.S.C. 1012), or any other jurisdictional limitation of the Commission, the Commission shall also enforce this section, in the same manner provided in subparagraphs (A) and (B) of this paragraph, with respect to—

(i) organizations not organized to carry on business for their own profit or that of their members; and

(ii) the business of insurance, and persons engaged in such business.

(D) Authority preserved.—Nothing in this section shall be construed to limit the authority of the Commission under any other provision of law.

(3) Penalties.—

(A) Additional civil penalty.—In addition to any penalty applicable under the Federal Trade Commission Act (15 U.S.C. 41 et seq.), any person that violates this section shall be liable for a civil penalty of not more than $1,000,000. Each day of a continuing violation shall be considered a separate violation.

(B) Method.—The penalties provided by subparagraph (A) shall be obtained in the same manner as civil penalties imposed under section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B)).

(d) Enforcement by States.—

(1) In general.—If the attorney general of a State has reason to believe that an interest of the residents of the State has been or is being threatened or adversely affected by a practice that violates this section, the attorney general of the State may bring a civil action on behalf of the residents of the State in an appropriate district court of the United States to obtain appropriate relief.

(A) If an attorney general lacks appropriate jurisdiction to bring a civil action, any other officer of a State who is authorized by the State to do so may bring a civil action under paragraph (1), subject to the same requirements and limitations that apply under this subsection to civil actions brought by attorneys general.

(B) The attorney general of a State shall provide written notification, including a copy of the complaint to be filed, to the Commission that the attorney general intends to bring such civil action before initiating a civil action. If prior notification is not feasible, the attorney general shall notify the Commission immediately upon instituting the civil action.

(C) The Commission may intervene in any civil action brought by the attorney general of a State under paragraph (1). Upon intervening, the Commission may—

(i) be heard on all matters arising in the civil action; and

(ii) file petitions for appeal of a decision in the civil action.

(2) Nothing in this subsection may be construed to prevent the attorney general of a State from exercising the powers conferred on the attorney general by the laws of the State to conduct investigations, to administer oaths or affirmations, or to compel the attendance of witnesses or the production of documentary or other evidence.

(3) No civil action brought pursuant to this subsection shall conflict with the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

(e) Affirmative defense.—In an action brought under this section to enforce subsection (b), it shall be an affirmative defense that the conduct alleged to be a violation of subsection (b) was nonpretextual and reasonably necessary to—

(A) prevent a violation of, or comply with, Federal or State law;

(B) protect patient safety; or

(C) protect patient access.

(f) Remedies not exclusive.—Nothing in this section shall be construed to preempt, displace, or supplant any State laws, rules, regulations, or requirements, or the enforcement thereof.

(g) Effective date.—This section shall take effect on January 1, 2027.

SEC. 338. REQUIRING NEGOTIATION OF PRESCRIPTION DRUG PRICES.

(a) Negotiation of drug prices under Medicare part D.—Subsection 1860D–11(i) of the Social Security Act (42 U.S.C. 1395w–111(i)) is amended to read as follows:

"(i) Negotiation of lower drug prices.—

"(1) In general.—Notwithstanding any other provision of law, the Secretary shall negotiate with pharmaceutical manufacturers the prices (including discounts, rebates, and other price concessions) that may be charged to PDP sponsors and MA organizations for covered part D drugs for part D eligible individuals who are enrolled under a prescription drug plan or under an MA–PD plan.

"(2) No change in rules for formularies.—

"(A) In general.—Nothing in paragraph (1) shall be construed to authorize the Secretary to establish or require a particular formulary.

"(B) Construction.—Subparagraph (A) shall not be construed as affecting the Secretary's authority to ensure appropriate and adequate access to covered part D drugs under prescription drug plans and under MA–PD plans, including compliance of such plans with formulary requirements under section 1860D–4(b)(3).

"(3) Construction.—Nothing in this subsection shall be construed as preventing the sponsor of a prescription drug plan, or an organization offering an MA–PD plan, from obtaining a discount or reduction of the price for a covered part D drug below the price negotiated under paragraph (1).".

(b) Negotiation of drug prices under Medicare part B.—Section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by adding at the end the following new subsection:

"(v) Negotiation Of Prices For Drugs And Biologicals.—

"(1) In general.—Notwithstanding any other provision of law, the Secretary shall negotiate a contract with a manufacturer to establish the amount of payment under this part for any drug or

biological for which the program under this part is the majority purchaser (as determined under paragraph (2)). The Secretary shall negotiate such contracts with the goal of ensuring appropriate and adequate access to necessary drugs and biologicals for individuals enrolled under this part, while minimizing costs to such individuals and to the program under this part to the greatest extent possible.

"(2) Majority purchaser.—For purposes of paragraph (1), the Secretary shall, by regulation, establish a method to identify, based upon drug utilization rates, any drug or biological for which greater than 50 percent of the units sold by the manufacturer of such drug or biological in the preceding calendar year were provided to individuals enrolled under this part.

"(3) Definitions.—In this subsection:

"(A) Drugs and biologicals.—The term 'drug' and the term 'biological' have the same meaning as provided under section 1861(t).

"(B) Manufacturer.—The term 'manufacturer' has the same meaning as provided under section 1847A(c)(6)(A).".

(c) Payment for least costly alternative for Medicare part B drugs.—Section 1847A(b) of the Social Security Act (42 U.S.C. 1395w–3a(b)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by striking "paragraph (7)" and inserting "paragraphs (7) and (9)"; and

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

"(9) Treatment of functionally equivalent drugs and biologicals.—In the case of a drug or biological furnished on or after January 1, 2027, for which payment is determined under this section, if the drug or biological is functionally equivalent (as defined by the Secretary) to another drug or biological for which payment is determined under this section, the amount of payment for both such drugs or biologicals shall be equal to the payment amount otherwise determined under this section (without regard to the application of this paragraph) for the least costly of such drugs or biologicals.".

(d) Enforcement, backstops, and savings provisions.—

(1) Good-faith negotiation; penalties for process abuse.—

(A) Duty to negotiate in good faith.—A manufacturer of a drug or biological subject to negotiation under this section shall engage in negotiations with the Secretary in good faith and shall not engage in any act or omission the primary purpose or effect of which is to delay, obstruct, evade, or frustrate the negotiation of an agreement on price.

(B) Process abuse defined.—For purposes of this paragraph, process abuse includes—

(i) refusal to meet or communicate with the Secretary after receipt of a written request to negotiate;

(ii) repeated failure to provide pricing, cost, utilization, or other information reasonably requested by the Secretary within the timeframes specified by the Secretary;

(iii) submission of materially incomplete, misleading, or false information;

(iv) withdrawal from negotiations without good cause after negotiations have commenced;

(v) conditioning agreement on terms unrelated to price or access; or

(vi) any other conduct the Secretary determines, by regulation, constitutes bad-faith negotiation.

(C) Civil monetary penalties.—If the Secretary determines that a manufacturer has engaged in process abuse or has violated a requirement of an agreement or information-submission obligation under this section, the Secretary shall impose—

(i) a civil monetary penalty of $1,000,000 for each day during which such violation continues; and

(ii) in the case of knowingly false information, a civil monetary penalty of $100,000,000 for each item of false information.

(D) Additional remedies.—The penalties under this paragraph are in addition to, and shall not limit, any other remedies or authorities available to the Secretary under this title or any other provision of law.

(2) Fallback price.—If negotiations under subsection (a) or (b) do not result in an agreed-upon price within a reasonable period as determined by the Secretary, the Secretary shall establish a rate for the drug or biological at an amount equal to the lesser of—

(A) the price paid by the Secretary of Veterans Affairs to procure the drug under the laws administered by the Secretary of Veterans Affairs;

(B) the price paid to procure the drug under section 8126 of title 38, United States Code; or

(C) the best price determined under section 1927(c)(1)(C) of the Social Security Act (42 U.S.C. 1396r–8(c)(1)(C)) for the drug.

(3) Manufacturer agreements and access to negotiated rates.—As a condition of participation in negotiations under subsection (a) or subsection (b), the Secretary shall enter into an agreement with the manufacturer under which the manufacturer shall—

(A) provide access to the negotiated rate established under this section—

(i) in the case of a drug furnished under part D, to pharmacies, mail order services, and other dispensers at the point of sale for individuals enrolled under a prescription drug plan or MA–PD plan; and

(ii) in the case of a drug or biological furnished under part B, to hospitals, physicians, other providers of services, and suppliers for individuals for whom payment may be made under part B; and

(B) comply with such reporting, access, rebate, and other requirements as the Secretary determines necessary to carry out this section.

(4) Administrative duties.—The Secretary shall establish procedures—

(A) to ensure that the negotiated rate established under this section is applied before any coverage or financial assistance under any other health benefit plan or program and before any other discount;

(B) to compute and apply the negotiated rate across different strengths and dosage forms of a drug or biological and not based solely on formulation, package size, or package type; and

(C) to carry out this section with respect to drugs and biologicals furnished under part D, MA–PD plans, and part B.

(5) Information submission.—The Secretary shall establish a process under which a manufacturer of a drug or biological subject to negotiation under subsection (a) or subsection (b) shall submit pricing, cost, utilization, revenue, and such other information as the Secretary determines reasonably necessary to conduct negotiations and administer this section.

(6) Anti-evasion.—The Secretary may promulgate regulations to prevent evasion of this section, including through product hopping, minor reformulations, changes in dosage form, relabeling, or other strategies intended to avoid negotiation, pricing limits, or enforcement under this section.

(7) Savings clause.—Nothing in this section shall be construed to limit the application of the antitrust laws, consumer protection laws, or any other provision of Federal or State law.

(e) Supersession and transition.—

(1) Continuation of existing cycle.—Nothing in this section shall be construed to disturb or invalidate any selection, negotiation, agreement, maximum fair price, or other determination under part E of title XI of the Social Security Act (42 U.S.C. 1320f et seq.) with respect to a drug or biological selected under such part before February 1, 2027.

(2) No new selections or negotiations under part E.—On or after February 1, 2027, the Secretary may not under part E of such Act—

(A) publish a list of selected drugs for an initial price applicability year after 2028;

(B) enter into a new agreement with a manufacturer with respect to a drug or biological not selected before February 1, 2027; or

(C) establish a new maximum fair price for a drug or biological not selected before February 1, 2027.

(3) Existing agreements and determinations.—Any agreement, maximum fair price, or other determination in effect under part E of such Act with respect to a drug or biological selected before February 1, 2027, shall remain in effect until superseded by a price or agreement established under this section.

(4) Drug-specific supersession.—Upon the establishment under this section of a price or agreement for a drug or biological that is subject to an agreement, maximum fair price, or other determination under part E of such Act, such part shall cease to apply with respect to that drug or biological.

(5) Conforming rule of construction.—On and after the date of enactment of this Act, this section, including section 1860D–11(i) of the Social Security Act (42 U.S.C. 1395w–111(i)), as amended by this section, shall supersede any contrary provision of part E of such Act to the extent necessary to carry out this section.

(6) Repeal.—Effective on the date on which the Secretary certifies that no agreement, maximum fair price, or other determination remains in effect under part E of title XI of the Social Security Act with respect to any drug or biological, such part is repealed.

SEC. 339. DOMESTIC SOURCING PREFERENCE FOR TARGET MEDICINES.

(a) Definitions.—In this section:

(1) Adequate domestic supply.—The term "adequate domestic supply" means, with respect to a target medicine, a supply of 1 or more domestically produced target medicines that the Secretary determines is sufficient to meet reasonably anticipated demand under eligible Federal health programs without materially increasing the risk of a shortage, delaying medically necessary care, impairing patient access, or undermining clinical appropriateness.

(2) Domestically produced target medicine.—The term "domestically produced target medicine" means a target medicine that satisfies domestic production, domestic location, supply-chain resilience, quality-management, and traceability standards established by the Secretary under subsection (g).

(3) Eligible Federal health program.—The term "eligible Federal health program" means—

(A) the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.);

(B) the Medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

(C) the Children's Health Insurance Program under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.);

(D) the Medicare Transition plan established under section 329(d);

(E) the Medicare for All Program established under section 321;

(F) the TRICARE program under chapter 55 of title 10, United States Code;

(G) a health program administered by the Department of Veterans Affairs;

(H) a health program administered by the Indian Health Service;

(I) a health program administered by the Public Health Service;

(J) a health program administered by the Coast Guard;

(K) a health program administered by the Bureau of Prisons; and

(L) any other Federal program that directly purchases, reimburses, covers, or pays for prescription drugs, biological products, combination products, active pharmaceutical ingredients, associated devices, or pharmaceutical inputs, as determined by the Secretary.

(4) Office.—The term "Office" means the Office of Drug Manufacturing established under section 310C of the Public Health Service Act, as added by section 849.

(5) Responsible agency head.—The term "responsible agency head" means—

(A) with respect to an eligible Federal health program administered by the Department of Health and Human Services, the Secretary; and

(B) with respect to any other eligible Federal health program, the head of the executive agency that administers such program.

(6) Secretary.—The term "Secretary" means the Secretary of Health and Human Services.

(7) Target medicine.—The term "target medicine" means any of the following that is designated under subsection (b):

(A) A drug, as defined in section 201(g) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(g)).

(B) A biological product, as defined in section 351(i) of the Public Health Service Act (42 U.S.C. 262(i)).

(C) A combination product, as described in section 503(g) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 353(g)).

(D) An active pharmaceutical ingredient, associated device, or pharmaceutical input, as such terms are defined in section 310C of the Public Health Service Act.

(b) Designation of target medicines.—

(1) In general.—Not later than September 1, 2027, the Secretary, in consultation with the Commissioner of Food and Drugs, the Administrator of the Centers for Medicare & Medicaid Services, the Secretary of Veterans Affairs, the Secretary of Defense, the Director of the Indian Health Service, and the Office, shall publish a list of target medicines for which domestic sourcing preferences under this section shall apply.

(2) Required considerations.—In designating target medicines under paragraph (1), the Secretary shall consider—

(A) whether the medicine is publicly manufactured or prioritized for public manufacturing under section 310C of the Public Health Service Act;

(B) whether the medicine is included on the drug shortage list under section 506E of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 356e);

(C) whether the medicine is included on a list of essential medicines, critical medicines, or medical countermeasures maintained by the Federal Government or the World Health Organization;

(D) whether the medicine is necessary to respond to a public health emergency, national emergency, shortage, or medical countermeasure need;

(E) whether the medicine depends on a single manufacturing facility, single active pharmaceutical ingredient source, single supplier, foreign entity of concern, or other supply-chain vulnerability;

(F) whether the medicine accounts for substantial expenditures under 1 or more eligible Federal health programs; and

(G) whether domestic sourcing would improve patient access, supply reliability, affordability, public health preparedness, or market competition.

(3) Initial mandatory target medicines.—The list published under paragraph (1) shall include, at a minimum, each product described in section 310C(h)(4) of the Public Health Service Act.

(4) Updates.—The Secretary shall update the list published under paragraph (1) not less frequently than once each year and may update such list more frequently as necessary to respond to shortages, emergencies, supply-chain vulnerabilities, market failures, or changes in public manufacturing capacity.

(c) Federal direct-procurement preference.—

(1) In general.—When directly procuring a target medicine, the responsible agency head shall, to the maximum extent practicable, procure a domestically produced target medicine if—

(A) adequate domestic supply exists;

(B) the domestically produced target medicine is clinically appropriate for the intended use;

(C) procurement of the domestically produced target medicine would not delay medically necessary care or emergency response; and

(D) the price of the domestically produced target medicine does not exceed the amount otherwise authorized under this section or other applicable law for the procurement or payment arrangement at issue.

(2) Publicly manufactured products.—In carrying out paragraph (1), a responsible agency head shall give first preference to a domestically produced target medicine publicly manufactured under section 310C of the Public Health Service Act if such medicine satisfies the conditions described in paragraph (1).

(3) Procurement tools.—A responsible agency head may carry out this subsection through multi-year contracts, requirements contracts, indefinite-delivery contracts, blanket purchase agreements, purchase commitments, minimum-volume commitments, advance-purchase commitments, procurement guarantees, preferred-source arrangements, or other procurement

instruments authorized under the Federal Acquisition Regulation, agency procurement law, or this section.

(d) Reimbursement and payment policy.—

(1) In general.—The responsible agency head shall establish phased reimbursement, coverage, formulary, purchasing, and payment policies under the eligible Federal health program administered by such responsible agency head to increase the use of domestically produced target medicines when adequate domestic supply exists.

(2) Authorized mechanisms.—Policies established under paragraph (1) may include, as applicable—

(A) preferred formulary placement;

(B) negotiated-price preferences;

(C) temporary payment adjustments designed solely to offset documented incremental domestic production or supply-chain resilience costs, subject to annual review and public reporting;

(D) purchase commitments or minimum purchase commitments;

(E) procurement guarantees;

(F) designation or certification programs for domestically produced target medicines;

(G) conditions for participation in Federal purchasing, distribution, or payment arrangements; and

(H) other mechanisms determined appropriate by the responsible agency head to increase domestic sourcing without impairing patient access.

(3) Medicare for All alignment.—In establishing payment policies for prescription drugs, biological products, medical supplies, and medically necessary assistive equipment under section 326(f), the Secretary shall incorporate domestic sourcing preferences for target medicines consistent with this section.

(4) Medicare Transition plan alignment.—In administering the Medicare Transition plan under section 329(d), the Administrator of the Centers for Medicare & Medicaid Services shall incorporate domestic sourcing preferences for target medicines consistent with this section.

(e) Publicly manufactured products.—

(1) Deemed compliance.—A target medicine publicly manufactured under section 310C of the Public Health Service Act shall be deemed to satisfy the domestic sourcing preference under this section if the medicine satisfies the standards established under subsection (g) and is approved, licensed, cleared, authorized, or otherwise lawfully marketed or used under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) or section 351 of the Public Health Service Act (42 U.S.C. 262).

(2) No special Food and Drug Administration treatment.—Nothing in this subsection shall be construed to require the Food and Drug Administration to give special deference to a target medicine described in paragraph (1).

(f) Patient access and shortage guardrails.—The Secretary or the responsible agency head, as applicable, shall waive, suspend, or modify the application of a preference, requirement, payment policy, or procurement policy under this section to the extent necessary to prevent such application from—

(1) delaying or interrupting medically necessary care;

(2) worsening or materially increasing the risk of a drug shortage;

(3) requiring a patient to switch from a clinically appropriate medicine if the patient's treating clinician determines that the switch would be medically inappropriate;

(4) blocking access to a medicine when adequate domestic supply does not exist;

(5) increasing patient cost-sharing;

(6) preventing an appropriate emergency response;

(7) requiring the use of a target medicine that has not been approved, licensed, cleared, authorized, or otherwise lawfully marketed or used under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) or section 351 of the Public Health Service Act (42 U.S.C. 262); or

(8) violating a binding obligation of the United States under an international agreement after application of any exception, reservation, waiver, or other authority available to preserve the operation of this section.

(g) Interim final rules; phase-in.—

(1) Interim final rules.—Not later than July 1, 2027, the Secretary, in consultation with the Commissioner of Food and Drugs, the Administrator of the Centers for Medicare & Medicaid Services, the Secretary of Veterans Affairs, the Secretary of Defense, the Director of the Indian Health Service, and the Office, shall issue interim final rules to carry out this section, including rules for designation of target medicines and for certification, documentation, and verification of domestically produced target medicines.

(2) Domestic production standards.—The interim final rules issued under paragraph (1) shall establish standards for determining whether a target medicine is a domestically produced target medicine, including standards relating to—

(A) the location of final dosage form manufacturing;

(B) the location of active pharmaceutical ingredient manufacturing;

(C) domestic production of associated devices and pharmaceutical inputs, where practicable;

(D) quality-management maturity, reliability, and inspection history;

(E) supply-chain mapping and traceability;

(F) resilience against shortages, emergencies, and foreign supply disruption; and

(G) exceptions or phased standards for target medicines for which domestic production of an active pharmaceutical ingredient, associated device, or pharmaceutical input is not yet available.

(3) Direct procurement implementation.—Not later than January 1, 2028—

(A) the Federal Acquisition Regulatory Council established under section 1302(a) of title 41, United States Code, in consultation with the Secretary, the Director of the Office of Management and Budget, the Secretary of Defense, the Secretary of Veterans Affairs, and the Administrator of General Services, shall revise the Federal Acquisition Regulation and issue guidance as necessary to implement subsection (c); and

(B) each responsible agency head shall begin applying the preference under subsection (c) to solicitations issued and contracts entered into, extended, renewed, or modified.

(4) Reimbursement and payment phase-in.—The responsible agency head shall begin applying policies under subsection (d) as soon as practicable after the issuance of interim final rules under paragraph (1), and not later than July 1, 2028.

(5) Medicare for All phase-in.—The Secretary shall fully integrate the policies required under this section into the Medicare for All Program not later than January 1, 2029.

(6) Final rules.—The Secretary shall issue final rules to carry out this section not later than January 1, 2029.

(h) Supply-gap referrals and reports.—

(1) Supply-gap referrals.—If the Secretary determines that adequate domestic supply does not exist for a target medicine, the Secretary shall refer the target medicine to the Office, the Secretary of Commerce, the Strategic Public Production Corporation established under section 848, the National Infrastructure Bank established under section 642, and any other appropriate Federal official for consideration of public manufacturing, industrial reconstruction financial assistance, strategic public production assets, financing, purchase commitments, or other capacity-building action.

(2) Annual report.—Not later than December 31, 2027, and annually thereafter, the Secretary, in coordination with each responsible agency head, shall submit to Congress and make publicly available a report that includes—

(A) the list of target medicines designated under subsection (b);

(B) an assessment of domestic supply for each target medicine;

(C) a description of direct procurement preferences, reimbursement policies, payment policies, temporary payment adjustments, formulary policies, purchase commitments, and other actions taken under this section;

(D) the number and basis of waivers, suspensions, or modifications under subsection (f);

(E) an assessment of the effect of this section on patient access, drug shortages, prices, Federal health program spending, and domestic manufacturing capacity;

(F) a description of each supply-gap referral made under paragraph (1); and

(G) recommendations for additional legislation or administrative action necessary to secure adequate domestic supply of target medicines.

(i) Certification, audits, and enforcement.—

(1) Certification.—The Secretary may require a manufacturer, distributor, wholesaler, contractor, health plan, provider, or other entity seeking treatment of a target medicine as a domestically produced target medicine to submit certifications, records, supply-chain documentation, and other information necessary to verify compliance with this section.

(2) Audits.—The Secretary and any responsible agency head may audit certifications, records, supply-chain documentation, contracts, and other information submitted or maintained under this section.

(3) False statements and claims.—A knowing material false statement, false certification, or false claim under this section shall be subject to applicable penalties and remedies under sections 287, 1001, and 1035 of title 18, United States Code, section 3729 of title 31, United States Code, and sections 1128, 1128A, and 1128B of the Social Security Act (42 U.S.C. 1320a–7, 1320a–7a, 1320a–7b).

(4) Loss of preference.—The Secretary or a responsible agency head may deny, suspend, or revoke eligibility for a preference, payment policy, procurement policy, certification, or designation under this section for knowing or repeated noncompliance with this section.

(j) Rules of construction.—

(1) Food and Drug Administration authority.—Nothing in this section shall be construed to alter, limit, or supersede the authority of the Food and Drug Administration under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) or section 351 of the Public Health Service Act (42 U.S.C. 262).

(2) Patient access.—Nothing in this section shall be construed to require denial of coverage, reimbursement, or payment for a target medicine when denial would impair patient access, clinical appropriateness, or emergency response.

(3) Public manufacturing.—Nothing in this section shall be construed to limit the authority of the Office under section 310C of the Public Health Service Act.

(4) Negotiated prices and fair prices.—Nothing in this section shall be construed to require the Secretary or any responsible agency head to pay more than the fair price, negotiated price, or other lawful payment amount applicable to a target medicine.

(5) International agreements.—This section shall be applied to the maximum extent consistent with binding obligations of the United States under international agreements.

Subtitle D—Workforce Capacity

SEC. 341. DISTRIBUTION OF ADDITIONAL RESIDENCY POSITIONS.

(a) In general.—Section 1395ww(h)(9) of title 42, United States Code, is amended—

(1) Increase in residency positions.—In subparagraph (A)(ii)—

(A) in subclause (I), by striking "1,000" and inserting "18,000"; and

(B) in subclause (II), by striking "200" and inserting "3,600".

(2) Expanding hospital access.—In subparagraph (B)(ii), by inserting at the end the following new subclauses:

"(V) Hospitals with which the Secretary cooperates under section 7302(d) of title 38, United States Code.

"(VI) Hospitals that emphasize training in community-based settings or in hospital outpatient departments.".

(3) Increasing hospital limits.—In subparagraph (C) by striking "25" and inserting "100".

(4) Expanding qualifying hospitals.—In subparagraph (F)(ii) by striking "(I) through (IV)" and inserting "(I) through (VI)".

SEC. 342. MINIMUM NURSING HOME STAFFING STANDARDS.

(a) Repeal of moratorium.—Section 71111 of Public Law 119–21 is repealed.

(b) In general.—As a condition of participation in the Medicare program under title XVIII of the Social Security Act and the Medicaid program under title XIX of such Act, a skilled nursing facility or nursing facility shall comply with the minimum staffing standards established by the Secretary of Health and Human Services under section 1819(b) and section 1919(b) of such Act, including numeric minimums for nursing hours per resident per day and registered nurse coverage, as established in the final rule titled "Medicare and Medicaid Programs; Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting" published on May 10, 2024 (89 Fed. Reg. 40876).

(c) Temporary staffing hardship waiver.—

(1) Authority.—The Secretary may grant a temporary waiver from the numeric staffing minimums described in subsection (b) to a facility that demonstrates an inability to meet such minimums despite documented good-faith recruitment and retention efforts.

(2) Duration.—A waiver under this subsection may be granted for a period not to exceed 12 months and may be renewed once for an additional period not to exceed 12 months.

(3) Hard stop.—No facility may receive waivers under this subsection for an aggregate period exceeding 24 months.

(4) Scope.—A waiver under this subsection shall apply only to numeric staffing minimums and shall not affect compliance obligations relating to resident safety, abuse or neglect prevention, quality of care, or reporting.

(5) Enhanced inspections.—The grant of a waiver under this subsection shall automatically subject the facility to enhanced inspection and oversight during the waiver period, as determined by the Secretary.

(d) Limitation for private equity–owned or extracting facilities.—

(1) In general.—A facility that is owned or controlled, directly or indirectly, by a private equity fund, hedge fund, or similar investment vehicle, or that makes distributions, dividends, management fees, or related-party payments above a threshold determined by the Secretary, may receive not more than 1 waiver under subsection (c).

(2) Duration.—A waiver under this subsection may not exceed 6 months and shall not be renewed.

(e) Failure to comply after waiver period.—

(1) In general.—If a facility fails to meet the staffing standards described in subsection (b) upon expiration of all waiver eligibility under this section, the Secretary shall take appropriate enforcement action.

(2) Enforcement actions.—Such actions may include restriction on new admissions, coordination of resident transfers, and prioritization of placement in compliant public or nonprofit facilities.

(f) Rule of construction.—Nothing in this section shall be construed to authorize categorical exemptions from minimum staffing standards based on geographic location or facility type.

SEC. 343. PROMOTING 6-YEAR DIRECT-ENTRY MEDICAL PROGRAMS.

(a) Findings.—Congress finds that—

(1) many industrialized nations offer medical education pathways integrating undergraduate and medical training, while the United States remains an outlier in relying predominantly on longer sequential degree structures despite the existence of accredited 6-year and 7-year pathways; and

(2) reducing unnecessary time and cost in physician education, and supporting integrated physician workforce pipelines tied to underserved communities, can expand the long-term supply and geographic distribution of physicians, including in rural areas and health professional shortage areas.

(b) In general.—Part D of subchapter II of chapter 6A of title 42, United States Code, is amended by inserting after subpart xii the following:

"subpart xiii—support of 6-year direct-entry medical programs

"SEC. 256j. Promoting 6-year direct-entry medical programs.

"Sec. 256j. Promoting 6-year direct-entry medical programs.

"(a) Definitions.—In this section:

"(1) Approved 6-year direct-entry medical program.—The term 'approved 6-year direct-entry medical program' means an integrated program of education that—

"(A) admits students directly or conditionally from secondary school or early undergraduate study into a combined course of study;

"(B) culminates in the award of both a bachelor's degree and a medical degree in not more than 6 years; and

"(C) is approved by the Secretary, in consultation with nationally recognized medical education accrediting bodies.

"(2) Eligible entity.—The term 'eligible entity' means—

"(A) a medical school offering an approved 6-year direct-entry medical program; or

"(B) a consortium consisting of 1 or more medical schools and 1 or more clinical training sites, including a teaching health center, federally qualified health center, rural health clinic, critical access hospital, public hospital, tribal health program, or other clinical training site approved by the Secretary.

"(3) Underserved community.—The term 'underserved community' means—

"(A) a health professional shortage area with a designation in effect under section 254e;

"(B) a medically underserved community as defined in section 295p; or

"(C) a rural area as defined in section 1395ww(d)(2)(D).

"(b) Program authorized.—The Secretary shall award grants to eligible entities to establish, expand, or support approved 6-year direct-entry medical programs.

"(c) Use of funds.—An eligible entity receiving a grant under this section may use such grant funds for—

"(1) curriculum development and program administration;

"(2) faculty recruitment, retention, and support;

"(3) expansion of enrollment capacity;

"(4) development or expansion of clinical training partnerships and training sites;

"(5) academic advising, mentoring, tutoring, and student support services;

"(6) recruitment of students from rural areas, health professional shortage areas, medically underserved areas or populations, and low-income backgrounds;

"(7) partnerships supporting transition of graduates into residency training, with priority for primary care and other shortage specialties; and

"(8) other activities approved by the Secretary that further the purposes of this section.

"(d) Priority.—In awarding grants under this section, the Secretary shall give priority to eligible entities that—

"(1) serve, or are located in, an underserved community;

"(2) provide substantial clinical training in community-based settings; and

"(3) demonstrate a plan to increase the number of graduates who enter residency training and later practice in underserved communities.

"(e) Conditions of receipt.—As a condition of receiving funds under this section, an eligible entity shall agree to—

"(1) maintain accreditation or other approval required by the Secretary;

"(2) submit to the Secretary a plan describing how the program will reduce unnecessary time and cost in physician education while maintaining educational quality;

"(3) ensure that students receive adequate clinical training, advising, and academic support;

"(4) report such information as the Secretary may require under subsection (f); and

"(5) comply with such other program integrity and accountability requirements as the Secretary may establish by regulation.

"(f) Reports.—

"(1) Annual reports by grantees.—Each eligible entity receiving funds under this section shall submit to the Secretary, at such time and in such manner as the Secretary may require, an annual report containing—

"(A) the number of students enrolled in the program;

"(B) the number of students who completed the program;

"(C) the demographic and geographic characteristics of participating students, including the number recruited from rural areas and underserved communities;

"(D) the clinical training sites used by the program;

"(E) the number and percentage of program graduates who entered residency training; and

"(F) such other information as the Secretary determines appropriate to evaluate the program.

"(2) End of reporting requirement.—Annual reports under this subsection shall be required—

"(A) until each cohort of students supported under the program has either completed the program, withdrawn, or otherwise ceased enrollment; or

"(B) 8 years after the last fiscal year in which the entity receives such funds.

"(3) Report to Congress.—Not later than 3 years after the date of enactment of this section, and every 3 years thereafter, the Secretary shall submit to Congress a report on the operation and outcomes of the program under this section, including recommendations for legislative or administrative action.

"(g) Regulations.—The Secretary shall promulgate regulations to carry out this section.

"(h) Authorization of appropriations.—

"(1) In general.—There are authorized to be appropriated $250,000,000 for the period of fiscal years 2027 through 2031, including $60,000,000 for each of fiscal years 2027 and 2028, $50,000,000 for fiscal year 2029, and $40,000,000 for each of fiscal years 2030 and 2031.

"(2) Administrative expenses.—Of the amounts made available under this subsection for a fiscal year, not more than 5 percent may be used for administrative expenses.".

(c) Stafford loans available.—Section 1087e(e)(3)(B) of title 20, United States Code, is amended by inserting after "an individual enrolled in" the following: "an approved 6-year direct-entry medical program as defined in section 256j of title 42, United States Code, or".

SEC. 344. REALLOCATION OF UNUSED WAIVERS TO SERVE RURAL AREAS.

(a) Section 214(l) of the Immigration and Nationality Act (8 U.S.C. 1184(l)) is amended by adding at the end the following:

"(4) (A) Beginning on September 30, 2027, and every September 30 thereafter, each State agency that received a waiver under section 212(e) during the fiscal year that ends on that date shall report to the Secretary of State the total number of such waivers that the State agency did not use during such fiscal year.

"(B) (i) For fiscal year 2028, and each fiscal year thereafter, the Secretary of State shall—

"(I) calculate the total number of unused waivers reported by all State agencies under subparagraph (A); and

"(II) subject to clause (ii), reallocate such waivers for equal distribution among eligible State agencies for use during the subsequent fiscal year as waivers subject to paragraph (1)(D)(ii) (referred to in this paragraph as 'supplemental waivers').

"(ii) In accordance with the 3-year commitment required under paragraph (1)(D), the number of supplemental waivers to be redistributed for use during a subsequent fiscal year shall be the total number of unused waivers described in clause (i)(I) divided by 3.

"(C) In reallocating waivers under subparagraph (B), on January 1, 2028, and every January 1 thereafter, the Secretary of State shall inform each eligible State agency of—

"(i) the number of supplemental waivers available to the State agency for the subsequent fiscal year; and

"(ii) the manner in which the supplemental waivers will be distributed.

"(D) 50 percent of supplemental waivers distributed in a fiscal year shall be used to support positions in 1 or more facilities that serve patients who reside in medically underserved communities (as defined in section 799B of the Public Health Service Act (42 U.S.C. 295p)).

"(E) If the number of supplemental waivers distributed under this paragraph in a fiscal year is less than the total number of supplemental waivers available for distribution in the fiscal year, the difference between the number distributed and the number available for distribution shall be added to the total number of supplemental waivers available for distribution in the subsequent fiscal year.

"(F) In this paragraph, the term 'eligible State agency' means a State agency that, in the preceding fiscal year, used not fewer than 30 waivers under section 212(e).".

Subtitle E—Tax Adjustments

SEC. 351. REPEALING RESTRICTIONS ON PROVIDER TAXES.

(a) Restoration of provider tax flexibility.—Section 1903(w) of the Social Security Act (42 U.S.C. 1396b(w)) is amended—

(1) in paragraph (3)(E), by striking clause (iii);

(2) in paragraph (4)(C)(ii), by striking ", and for fiscal years beginning on or after October 1, 2026, the applicable percent determined under subparagraph (D) shall be substituted for '6 percent' each place it appears";

(3) in paragraph (4), by striking subparagraph (D); and

(4) in paragraph (7), by striking subparagraphs (H), (I), and (J).

(b) Rescission of implementation funding.—Any unobligated balance of amounts appropriated under section 71115(c) of Public Law 119–21 is rescinded.

SEC. 352. TOBACCO AND NICOTINE TAXES.

(a) Tax parity for roll-your-own tobacco.—Section 5701(g) of the Internal Revenue Code of 1986 is amended by striking "$24.78" and inserting "$49.56".

(b) Tax parity for pipe tobacco.—Section 5701(f) of the Internal Revenue Code of 1986 is amended by striking "$2.8311 cents" and inserting "$49.56".

(c) Tax parity for smokeless tobacco.—

(1) Section 5701(e) of the Internal Revenue Code of 1986 is amended—

(A) in paragraph (1), by striking "$1.51" and inserting "$26.84";

(B) in paragraph (2), by striking "50.33 cents" and inserting "$10.74"; and

(C) by adding at the end the following:

"(3) Smokeless tobacco sold in discrete single-use units.—On discrete single-use units, $100.66 per thousand.".

(2) Section 5702(m) of such Code is amended—

(A) in paragraph (1), by striking "or chewing tobacco" and inserting ", chewing tobacco, or discrete single-use unit";

(B) in paragraphs (2) and (3), by inserting "that is not a discrete single-use unit" before the period in each such paragraph; and

(C) by adding at the end the following:

"(4) Discrete single-use unit.—The term 'discrete single-use unit' means any product containing, made from, or derived from tobacco or nicotine that—

"(A) is not intended to be smoked; and

"(B) is in the form of a lozenge, tablet, pill, pouch, dissolvable strip, or other discrete single-use or single-dose unit.".

(d) (1) Tax parity for cigars.—Section 5701(a) of the Internal Revenue Code of 1986 is amended—

(A) in paragraph (1) by striking "$50.33" and inserting "$100.66"; and

(B) in paragraph (2) by striking "52.75 percent" and all that follows through the period and inserting the following: "$49.56 per pound and a proportionate tax at the like rate on all fractional parts of a pound but not less than 10.066 cents per cigar.".

(2) Guidance.—The Secretary of the Treasury, or the Secretary's delegate, may issue guidance regarding the appropriate method for determining the weight of large cigars for purposes of calculating the applicable tax under section 5701(a)(2) of the Internal Revenue Code of 1986.

(3) Conforming amendment.—Section 5702 of such Code is amended by striking subsection (l).

(e) Tax parity for roll-your-own tobacco and certain processed tobacco.—Subsection (o) of section 5702 of the Internal Revenue Code of 1986 is amended by inserting ", and includes processed tobacco that is removed for delivery or delivered to a person other than a person with a permit provided under section 5713, but does not include removals of processed tobacco for exportation" after "wrappers thereof".

(f) Imposition of tax on nicotine for use in vaping, etc.—

(1) In general.—Section 5701 of the Internal Revenue Code of 1986 is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) Nicotine.—On taxable nicotine, manufactured in or imported into the United States, there shall be imposed a tax equal to the dollar amount specified in section 5701(b)(1) per 1,810 milligrams of nicotine (and a proportionate tax at the like rate on any fractional part thereof).".

(2) Taxable nicotine.—Section 5702 of such Code is amended—

(A) in subsection (c) by striking "and roll-your-own tobacco" and inserting "roll-your-own tobacco, and taxable nicotine"; and

(B) by adding at the end the following new subsections:

"(q) Taxable nicotine.—

"(1) In general.—Except as otherwise provided in this subsection, the term 'taxable nicotine' means any nicotine which has been extracted, concentrated, or synthesized.

"(2) Exception for products approved by Food and Drug Administration.—Such term shall not include any nicotine if the manufacturer or importer thereof demonstrates to the satisfaction of the Secretary of Health and Human Services that such nicotine will be used in—

"(A) a drug—

"(i) that is approved under section 505 of the Federal Food, Drug, and Cosmetic Act or licensed under section 351 of the Public Health Service Act (42 U.S.C. 262); or

"(ii) for which an investigational use exemption has been authorized under section 505(i) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(i)) or under section 351(a) of the Public Health Service Act (42 U.S.C. 262(a)); or

"(B) a combination product (as described in section 503(g) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 353(g))), the constituent parts of which were approved or cleared under section 505, 510(k), or 515 of such Act.

"(3) Coordination with taxation of other tobacco products.—Tobacco products meeting the definition of cigars, cigarettes, smokeless tobacco, pipe tobacco, and roll-your-own tobacco in this section shall be classified and taxed as such despite any concentration of the nicotine inherent in those products or any addition of nicotine to those products during the manufacturing process.

"(4) Regulations.—The Secretary shall prescribe such regulations or other guidance as is necessary or appropriate to carry out the purposes of this subsection, including regulations or other guidance for coordinating the taxation of tobacco products and taxable nicotine to protect revenue and prevent double taxation.

"(r) Manufacturer of taxable nicotine.—

"(1) In general.—Any person who extracts, concentrates, or synthesizes nicotine shall be treated as a manufacturer of taxable nicotine (and as manufacturing such taxable nicotine).

"(2) Application of rules related to manufacturers of tobacco products.—Any reference to a manufacturer of tobacco products, or to manufacturing tobacco products, shall be treated as

including a reference to a manufacturer of taxable nicotine, or to manufacturing taxable nicotine, respectively.".

(g) Increasing tax on cigarettes.—

(1) Small cigarettes.—Section 5701(b)(1) of such Code is amended by striking "$50.33" and inserting "$100.66".

(2) Large cigarettes.—Section 5701(b)(2) of such Code is amended by striking "$105.69" and inserting "$211.38".

(h) Tax rates adjusted for inflation.—Section 5701 of such Code, as previously amended by this section, is further amended by adding at the end the following new subsection:

"(j) Inflation adjustment.—

"(1) In general.—In the case of any calendar year beginning after 2026, the dollar amounts provided under this chapter shall each be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2025' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(2) Rounding.—If any amount as adjusted under paragraph (1) is not a multiple of $0.01, such amount shall be rounded to the next highest multiple of $0.01.".

(i) Floor stocks taxes.—

(1) Imposition of tax.—On tobacco products manufactured in or imported into the United States which are removed before any tax increase date and held on such date for sale by any person, there is hereby imposed a tax in an amount equal to the excess of—

(A) the tax which would be imposed under section 5701 of the Internal Revenue Code of 1986 on the article if the article had been removed on such date, over

(B) the prior tax (if any) imposed under section 5701 of such Code on such article.

(2) Credit against tax.—Each person shall be allowed as a credit against the taxes imposed by paragraph (1) an amount equal to $500. Such credit shall not exceed the amount of taxes imposed by paragraph (1) on such date for which such person is liable.

(3) Liability for tax and method of payment.—

(A) Liability for tax.—A person holding tobacco products on any tax increase date to which any tax imposed by paragraph (1) applies shall be liable for such tax.

(B) Method of payment.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe by regulations.

(C) Time for payment.—The tax imposed by paragraph (1) shall be paid on or before the date that is 120 days after the effective date of the tax rate increase.

(4) Articles in foreign trade zones.—Notwithstanding the Act of June 18, 1934 (commonly known as the Foreign Trade Zone Act, 48 Stat. 998, 19 U.S.C. 81a et seq.), or any other provision of law, any article which is located in a foreign trade zone on any tax increase date shall be subject to the tax imposed by paragraph (1) if—

(A) internal revenue taxes have been determined, or customs duties liquidated, with respect to such article before such date pursuant to a request made under the first proviso of section 3(a) of such Act, or

(B) such article is held on such date under the supervision of an officer of the United States Customs and Border Protection of the Department of Homeland Security pursuant to the second proviso of such section 3(a).

(5) Definitions.—For purposes of this subsection—

(A) In general.—Any term used in this subsection which is also used in section 5702 of such Code shall have the same meaning as such term has in such section.

(B) Tax increase date.—The term "tax increase date" means the effective date of any increase in any tobacco product excise tax rate pursuant to the amendments made by this section (other than subsection (i) thereof).

(C) Secretary.—The term "Secretary" means the Secretary of the Treasury or the Secretary's delegate.

(6) Controlled groups.—Rules similar to the rules of section 5061(e)(3) of such Code shall apply for purposes of this subsection.

(7) Other laws applicable.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 5701 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply to the floor stocks taxes imposed by paragraph (1), to the same extent as if such taxes were imposed by such section 5701. The Secretary may treat any person who bore the ultimate burden of the tax imposed by paragraph (1) as the person to whom a credit or refund under such provisions may be allowed or made.

(j) Effective dates.—

(1) In general.—Except as provided in paragraphs (2) through (4), the amendments made by this section shall apply to articles removed (as defined in section 5702(j) of the Internal Revenue Code of 1986) after the last day of the month which includes the date of the enactment of this Act.

(2) Discrete single-use units and processed tobacco.—The amendments made by subsections (c)(1)(C), (c)(2), and (e) shall apply to articles removed (as defined in section 5702(j) of the Internal Revenue Code of 1986) after December 31, 2026.

(3) Cigars.—The amendments made by subsection (d) shall apply to articles removed after December 31, 2026.

(4) Taxable nicotine.—The amendments made by subsection (f) shall apply to articles removed in calendar quarters beginning January 1, 2027.

(k) Transfer of increase in receipts.—There is hereby appropriated to the Medicare for All Trust Fund established under section 327 an amount equal to the increase in receipts attributable to the amendments made by this section, as determined by the Secretary of the Treasury. The Secretary shall transfer such amount from the general fund of the Treasury to such Trust Fund at such times and in such manner as the Secretary determines appropriate, but not less frequently than quarterly.

(l) Transition rule for permit and bond requirements.—A person who is lawfully engaged in business as a manufacturer or importer of taxable nicotine (within the meaning of subchapter A of chapter 52 of the Internal Revenue Code of 1986, as amended by this section) on the date of the enactment of this Act, first becomes subject to the requirements of subchapter B of chapter 52 of such Code by reason of the amendments made by this section, and submits an application under such subchapter B to engage in such business not later than 90 days after the date of the enactment of this Act, shall not be denied the right to continue carrying on such business by reason of such requirements before final action on such application.

SEC. 353. ALCOHOL EXCISE TAX INCREASE TO MEDICARE FOR ALL FUND.

(a) Distilled spirits.—Section 5001(a)(1) of title 26, United States Code, is amended by striking "$13.50" and inserting "$27.00".

(b) Wine.—Section 5041(b) of title 26, United States Code, is amended—

(1) in paragraph (1), by striking "$1.07" and inserting "$2.14";

(2) in paragraph (2), by striking "$1.57" and inserting "$3.14";

(3) in paragraph (3), by striking "$3.15" and inserting "$6.30";

(4) in paragraph (4), by striking "$3.40" and inserting "$6.80";

(5) in paragraph (5), by striking "$3.30" and inserting "$6.60"; and

(6) in paragraph (6), by striking "22.6 cents" and inserting "45.2 cents".

(c) Beer.—Section 5051(a) of title 26, United States Code, is amended—

(1) in paragraph (1)(A)(i), by striking "$16" and inserting "$32";

(2) in paragraph (1)(A)(ii), by striking "$18" and inserting "$36"; and

(3) in paragraph (2)(A), by striking "$3.50" and inserting "$7.00".

(d) Transfer of increase in receipts.—There is hereby appropriated to the Medicare for All Trust Fund established under section 327 an amount equal to the increase in receipts attributable to the amendments made by this section, as determined by the Secretary of the Treasury. The Secretary shall transfer such amount from the general fund of the Treasury to such Trust Fund at such times and in such manner as the Secretary determines appropriate, but not less frequently than quarterly.

(e) Effective date.—The amendments made by this section shall apply to articles removed on or after the first day of the first calendar quarter beginning after the date of enactment of this Act.

SEC. 354. PHASE-IN OF MEDICARE FOR ALL HOSPITAL INSURANCE CONTRIBUTION RATES.

(a) Employee rate.—Section 3101(b)(1) of the Internal Revenue Code of 1986 (26 U.S.C. 3101(b)(1)) is amended to read as follows:

"(1) In general.—In addition to the tax imposed by subsection (a), 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). For purposes of this paragraph, the applicable percentage shall be—

"(A) 1.6 percent, in the case of wages received during calendar year 2027;

"(B) 1.8 percent, in the case of wages received during calendar year 2028; and

"(C) 2 percent, in the case of wages received during calendar year 2029 or any calendar year thereafter.".

(b) Employer rate.—Section 3111(b) of the Internal Revenue Code of 1986 (26 U.S.C. 3111(b)) is amended to read as follows:

"(b) Hospital insurance.—In addition to the tax imposed by subsection (a), 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).

"(1) Applicable percentage.—For purposes of this subsection, the applicable percentage shall be—

"(A) 1.7 percent, in the case of wages paid during calendar year 2027;

"(B) 2 percent, in the case of wages paid during calendar year 2028; and

"(C) 4 percent, in the case of wages paid during calendar year 2029 or any calendar year thereafter.".

(c) Self-employment rate.—Section 1401(b)(1) of the Internal Revenue Code of 1986 (26 U.S.C. 1401(b)(1)) is amended to read as follows:

"(1) In general.—In addition to the tax imposed by subsection (a), there shall be 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. For purposes of this paragraph, the applicable percentage shall be—

"(A) 3.3 percent, in the case of any taxable year beginning during calendar year 2027;

"(B) 3.8 percent, in the case of any taxable year beginning during calendar year 2028; and

"(C) 6 percent, in the case of any taxable year beginning during calendar year 2029 or any calendar year thereafter.".

(d) Transfer of increase in receipts.—There is hereby appropriated to the Medicare for All Trust Fund established under section 327 an amount equal to the increase in receipts attributable to the amendments made by this section, as determined by the Secretary of the Treasury. The Secretary shall transfer such amount from the general fund of the Treasury to the Medicare for All Trust Fund at such times and in such manner as the Secretary determines appropriate, but not less frequently than monthly.

(e) Effective date.—The amendments made by this section shall take effect on January 1, 2027.

SEC. 355. STATE AND LOCAL HEALTH-SPENDING CONTRIBUTIONS TO MEDICARE FOR ALL.

(a) Definitions.—In this section:

(1) Applicable population.—The term "applicable population" means, with respect to a State and calendar year, the population of the State, as determined by the Secretary using the most recent annual population estimate published by the Bureau of the Census and available to the Secretary as of October 1 of the preceding calendar year.

(2) Baseline period.—The term "baseline period" means calendar years 2024, 2025, and 2026.

(3) Health spending adjustment factor.—The term "health spending adjustment factor" means, with respect to a calendar year, the ratio of—

(A) the medical care component of the consumer price index for all urban consumers, U.S. city average, for September of the preceding calendar year; to

(B) the medical care component of the consumer price index for all urban consumers, U.S. city average, for September 2025.

(4) National per capita baseline.—The term "national per capita baseline" means the average of the amounts determined for each calendar year in the baseline period by dividing—

(A) the aggregate amount of State and local Medicaid and CHIP expenditures for all States for the calendar year; by

(B) the aggregate population of all States for the calendar year, as determined by the Secretary.

(5) Residual Medicaid services.—The term "residual Medicaid services" means institutional long-term care services and other services for which benefits are not available under the Medicare for All Program and for which medical assistance continues to be available under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) on or after the date on which benefits are first available under section 321(f)(1).

(6) Secretary.—The term "Secretary" means the Secretary of Health and Human Services.

(7) State.—The term "State" means a State, the District of Columbia, and each territory of the United States.

(8) State and local Medicaid and CHIP expenditures.—The term "State and local Medicaid and CHIP expenditures" means, with respect to a State and calendar year, the non-Federal share of expenditures under titles XIX and XXI of the Social Security Act (42 U.S.C. 1396 et seq.; 1397aa et seq.), including expenditures by the State and by units of local government used to satisfy the non-Federal share of such expenditures, as determined by the Secretary.

(9) State per capita baseline.—The term "State per capita baseline" means, with respect to a State, the average of the amounts determined for each calendar year in the baseline period by dividing—

(A) the amount of State and local Medicaid and CHIP expenditures for the State for the calendar year; by

(B) the population of the State for the calendar year, as determined by the Secretary.

(b) State contribution required.—Beginning on the date on which benefits are first available under section 321(f)(1), each State shall provide for payment to the Secretary of the State and local health-spending contribution determined under subsection (c), reduced by any credit allowed under subsection (d).

(c) Amount of contribution.—The contribution required under subsection (b) for a State and calendar year, before application of any credit under subsection (d), shall be equal to the product of—

(1) the applicable population of the State for the calendar year;

(2) the health spending adjustment factor for the calendar year; and

(3) the sum of—

(A) the State per capita baseline for the State; and

(B) the national per capita baseline.

(d) Credit for residual Medicaid expenditures.—

(1) Credit allowed.—The Secretary shall credit against the amount required to be paid by a State under subsection (b) for a calendar year the non-Federal share of expenditures made by the State during such calendar year for residual Medicaid services.

(2) Estimated credit.—For purposes of determining monthly installment payments under subsection (e), the Secretary shall estimate the credit allowed under paragraph (1) for each State and calendar year using—

(A) the State's most recent available expenditure data for residual Medicaid services;

(B) projections submitted by the State at such time and in such manner as the Secretary may require; and

(C) such other data as the Secretary determines appropriate.

(3) Application to monthly payments.—The estimated credit determined under paragraph (2) shall be applied ratably to reduce the monthly installment payments required under subsection (e).

(e) Payments.—

(1) A State shall make payments required under this section in monthly installments, at such time and in such manner as the Secretary, in consultation with the Secretary of the Treasury, shall specify.

(2) Deposit.—Amounts paid to the Secretary under this section shall be deposited in the Treasury to the credit of the Medicare for All Trust Fund established under section 327.

(f) Determinations and reconciliation.—

(1) Annual determination.—Not later than November 15 of the calendar year preceding the first calendar year for which payments are required under this section, and November 15 of each year thereafter, the Secretary shall determine and publish, for the succeeding calendar year—

(A) the State per capita baseline for each State;

(B) the national per capita baseline;

(C) the health spending adjustment factor;

(D) the applicable population of each State;

(E) the estimated residual Medicaid credit for each State; and

(F) the estimated contribution required for each State.

(2) Reconciliation.—Not later than June 30 of the calendar year following a calendar year for which payments are required under this section, the Secretary shall reconcile estimated payments, estimated residual Medicaid credits, and actual residual Medicaid credits for each State.

(3) Adjustment.—Any underpayment or overpayment determined under paragraph (2) shall be applied to the next monthly installment payment or payments required under subsection (e), in such manner as the Secretary of the Treasury, in consultation with the Secretary, shall specify.

(g) Children's transition contribution for calendar year 2028.—

(1) Contribution required.—For calendar year 2028, each State shall provide for payment to the Secretary of the contribution determined under paragraph (2), reduced by the credit allowed under paragraph (3).

(2) Amount of contribution.—The contribution required under paragraph (1), before application of the credit under paragraph (3), shall be equal to 75 percent of the non-Federal share of expenditures that the Secretary estimates the State and units of local government in the State would otherwise have made during calendar year 2028 under titles XIX and XXI of

the Social Security Act (42 U.S.C. 1396 et seq.; 1397aa et seq.) for health care items and services furnished to individuals entitled to benefits under section 321(f)(2), but for the availability of such benefits.

(3) Credit for actual expenditures.—

(A) Credit allowed.—The Secretary shall credit against the amount determined under paragraph (2), on a dollar-for-dollar basis, the non-Federal share of expenditures actually made during calendar year 2028 by the State or units of local government in the State under titles XIX and XXI of the Social Security Act for health care items and services furnished to individuals entitled to benefits under section 321(f)(2) for which payment is not made under the Medicare for All Program.

(B) Limitation.—The credit allowed under subparagraph (A) may not exceed the amount determined under paragraph (2).

(4) Administration.—

(A) Estimates.—Not later than November 15, 2027, the Secretary shall determine and publish for each State the estimated contribution under paragraph (2), the estimated credit under paragraph (3), and the resulting monthly installment payment. In making such determinations, the Secretary shall use the most recent available expenditure data, projections submitted by the State, and such other data as the Secretary determines appropriate.

(B) Payments and deposit.—Payments under this subsection shall be made in monthly installments and deposited in accordance with subsection (e).

(C) Reconciliation.—Not later than June 30, 2029, the Secretary shall reconcile the estimated contribution, estimated credit, and payments under this subsection with the amounts determined using actual expenditure data. Any underpayment or overpayment shall be applied in accordance with subsection (f)(3).

(h) Regulations.—The Secretary, in consultation with the Secretary of the Treasury, shall prescribe such regulations, guidance, forms, and procedures as are necessary to carry out this section, including procedures for determining applicable populations, baseline expenditures, residual Medicaid credits, installment payments, reconciliations, and offsets.

(i) Enforcement.—If a State fails to make a payment required under this section, the Secretary of the Treasury may, after notice and an opportunity to cure, offset the unpaid amount against any amount otherwise payable by the United States to the State, other than amounts payable under title II of the Social Security Act.

(j) Rule of construction.—Nothing in this section shall be construed to limit, reduce, or satisfy any obligation of a State under title XIX of the Social Security Act, section 322(g), or any other provision of this title.

(The POPULIST Act of 2026, TITLE III, version 2.2, last updated August 7, 2026)

TITLE IV—UNSTACK HOUSING

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

SEC. 401. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Since the COVID-19 pandemic, rent and housing prices have increased by 30–40 percent. Surveys in 2024 found that 67 percent of Americans believed homeownership is an unrealistic milestone for young people, and that 54 percent of renters who could not afford to buy a home believed they were unlikely ever to be able to do so. In short, millions of citizens have rationally concluded the housing system is stacked against them.

(2) The United States faces a persistent shortfall of housing, estimated to be more than 4,000,000 dwellings. Good public policy must expand supply while curbing market practices that artificially inflate housing costs, including large-scale housing acquisitions by institutional investors. The New York Times has reported: "In 2025, investors accounted for 30.2 percent of all home purchases, a surge from 16.1 percent in 2020."

(3) The use of algorithmic systems and data-sharing arrangements to coordinate rents or occupancy can constitute anticompetitive conduct in violation of long-standing public policy.

(4) Financial literacy support and counseling can help struggling households being pushed into avoidable foreclosure, eviction, or financial distress by extractive economic factors. Inaccurate home valuations can also block wealth-building and distort local housing markets; consumers should have meaningful processes to seek reconsideration and accountability.

(5) Public housing is a critical national asset that has been chronically underfunded, languished under the Faircloth Amendment, and exposed to privatization pressures. Improving existing units, expanding supply, and strengthening tenant protections, tenant participation, and a tenant return guarantee during rehabilitation and redevelopment can provide more stable housing.

(6) Rural housing preservation and farmworker housing are essential to economic stability and food systems, yet rural affordability is being lost. Federal policy can revitalize aging housing stock and preserve affordability.

(7) Federal housing policy can remove bottlenecks that slow building, inflate costs, or lock scarce housing into red tape, including by accelerating repairs, enabling construction, modernizing reviews, and aligning incentives so communities that add housing are rewarded rather than punished.

(8) Supply strategies should include converting underused structures into housing, including by piloting programs that turn blight into attainable homes while protecting safety and habitability.

(9) Manufactured and modular construction can lower costs, reduce waste, and speed delivery, but fragmented rules, financing barriers, and outdated definitions constrain scale; Federal policy can modernize standards, expand financing pathways, and support offsite construction where it improves affordability and quality.

(10) Building abundant housing at scale may require new models of Federal production and leasing that are insulated from speculative resale dynamics, support community formation and mobility, and can recoup public investment over time through predictable lease revenue.

(11) To truly generate an abundance of housing in a post-jubilee framework, the United States should study the feasibility of building a modern metropolis in the heartland of the country. Such a city could provide a symbol of the United States' manufacturing ability and productive capacity for the 21st century.

(b) Purpose.—The purpose of this title is to unstack the system of housing in the United States.

SEC. 402. FEASIBILITY STUDY FOR A NEW MODERN METROPOLIS.

(a) In general.—The Secretary of Housing and Urban Development, in coordination with the Secretary of Transportation, the Secretary of Energy, the Secretary of Defense, the Administrator of the Environmental Protection Agency, and other appropriate Federal officials, shall conduct a comprehensive study on the feasibility of establishing a newly planned city in the vicinity of North Platte, Nebraska.

(b) Purpose.—The study shall evaluate the feasibility of constructing a large-scale, purpose-built metropolitan area designed to advance national resilience, economic productivity, technological innovation, democratic governance, and long-term human sustainability.

(c) Areas of evaluation.—The study shall evaluate, at a minimum, the following:

(1) Geographic suitability, including climate stability, water access, agricultural capacity, seismic and environmental risk, and long-term habitability.

(2) Transportation connectivity, including the feasibility of constructing high-speed rail connections radiating from the site to major metropolitan areas, including Atlanta, Chicago, Houston, Los Angeles, Miami, Minneapolis, New York City, Phoenix, San Francisco, Seattle, St. Louis, and Washington, D.C.

(3) The feasibility of constructing an international airport capable of serving as a primary continental aviation hub, including dual-use infrastructure capable of supporting aerospace launch facilities.

(4) Energy infrastructure, including the development of a fully electrified grid powered by advanced nuclear, geothermal, solar, wind, and energy storage systems sufficient to operate the city with net-zero or net-positive emissions.

(5) Water infrastructure, including aquifer sustainability, large-scale recycling, and closed-loop water systems.

(6) Digital infrastructure, including universal fiber connectivity, public data utilities, secure communications architecture, and resilient cybersecurity systems.

(7) Housing and urban design, including high-density walkable districts, modular construction systems, public transit integration, and integration with American Union housing models.

(8) Industrial and economic development capacity, including siting of public production facilities, cooperative enterprises, research laboratories, and advanced manufacturing centers.

(9) Agricultural integration, including surrounding arable land sufficient to partially support regional food production and integration with regenerative agriculture systems.

(10) Governance models, including options for charter structures, municipal autonomy, direct democratic mechanisms, and coordination with Federal authorities.

(11) Public health infrastructure, including integrated hospital systems, medical research facilities, and distributed medical manufacturing capability.

(12) National security implications, including strategic redundancy of coastal population centers and critical infrastructure decentralization.

(13) International engagement potential, including the feasibility of hosting global institutions, scientific assemblies, and international organizations.

(14) The feasibility of such city serving as a future national capital.

(d) Phased development.—The study shall evaluate phased construction scenarios, including initial development for 250,000 residents, expansion to 1,000,000 residents, and long-term capacity beyond 5,000,000 residents.

(e) Cost and financing.—The study shall evaluate estimated capital costs, financing mechanisms including potential financing through the National Infrastructure Bank established under section 642 of this Act, revenue generation models, and long-term fiscal sustainability.

(f) Report.—Not later than January 1, 2028, the Secretary shall submit to Congress and make publicly available a report containing findings, cost estimates, risk assessments, and legislative recommendations.

Subtitle A—Reining in Large Housing Investment Groups

SEC. 411. DEFINITIONS.

(a) Definitions.—For purposes of this subtitle:

(1) Community land trust.—The term "community land trust" means a nonprofit organization that acquires and holds land for the benefit of a community, maintains ownership of such land permanently, and leases such land to homeowners or tenants under long-term ground leases in order to preserve affordability.

(2) Covered institutional investor.—The term "covered institutional investor" means any institutional investor that controls, directly or indirectly, excessive housing stock. For purposes of determining control, all entities under common control, management, beneficial ownership, or operational direction shall be aggregated.

(3) Excessive housing stock.—The term "excessive housing stock" means single-family residential properties in excess of 10 nationwide owned or under similar control by a single entity, excluding qualified builder inventory.

(4) Qualified builder inventory.—The term "qualified builder inventory" means residential property, raw land, subdivided lots, or single-family residential properties under construction that are owned or controlled by a person engaged in the business of residential construction or development, if—

(A) the property, land, lots, or single-family residential properties are held in the ordinary course of that construction or development business for initial sale after construction, subdivision, or development;

(B) the person does not rent or lease the property, land, lots, or single-family residential properties;

(C) the person does not hold the property, land, lots, or single-family residential properties primarily for long-term investment or asset-price appreciation; and

(D) the property, land, lots, or single-family residential properties are not transferred, directly or indirectly, to a covered institutional investor.

(5) Institutional investor.—The term "institutional investor" means any for-profit business entity, including any corporation, partnership, limited liability company, trust, real estate investment trust, private equity fund, hedge fund, investment company, or any group of related or affiliated entities, that directly or indirectly acquires, owns, or holds residential property for investment or profit.

(6) Manufactured-home community or park.—The term "manufactured-home community or park" means any property consisting of multiple manufactured-home sites, pads, or lots, whether held in fee simple or under long-term lease or concession arrangement.

(7) Nationwide.—The term "nationwide" means within any State, the District of Columbia, or any territory or possession of the United States.

(8) Nonprofit housing organization.—The term "nonprofit housing organization" means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of such Code and that is primarily engaged in the provision, construction, rehabilitation, or preservation of affordable housing.

(9) Person.—The term "person" has the meaning given that term in section 12(a) of the Clayton Act (15 U.S.C. 12(a)).

(10) Public housing agency.—The term "public housing agency" has the meaning given that term in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

(11) Raw land.—The term "raw land" means land that is unimproved and not occupied by any permanent residential or commercial structure, and that has not been graded, subdivided, platted, or otherwise prepared for residential or commercial development. The placement of any temporary, movable, or non-permanent structure, including a manufactured home or recreational vehicle, shall not be considered an improvement for purposes of this definition.

(12) Residential property.—The term "residential property" means any single-family residential property, multifamily residential property, condominium unit, townhouse, manufactured home, or manufactured-home community or park, except that such term does not include any hotel, motel, or other establishment used primarily for short-term lodging.

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

(14) Single-family residential property.—The term "single-family residential property" means any 1- to 4-unit residential dwelling, including any accessory structures and the land underlying such dwelling.

(15) Tribal housing entity.—The term "Tribal housing entity" means a Tribally designated housing entity, as defined in section 4(22) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(22)).

SEC. 412. DENIAL OF CERTAIN TAX BENEFITS.

(a) In general.—Part IX of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"Sec. 280I. Denial of certain tax benefits for excessive residential holdings.

"(a) Denial of depreciation.—No deduction for depreciation shall be allowed under this chapter with respect to any single-family residential property held by a covered institutional investor.

"(b) Denial of interest and expense deductions.—No deduction shall be allowed under this chapter for interest, insurance, real property taxes, or management fees associated with the ownership, financing, or operation of a single-family residential property held by a covered institutional investor.

"(c) Limitation on loss deductions.—A covered institutional investor may not claim any loss deduction with respect to the sale or disposition of a single-family residential property unless such property is sold to—

"(1) an owner-occupant purchaser;

"(2) a nonprofit housing organization;

"(3) a community land trust;

"(4) a public housing agency; or

"(5) a Tribal housing entity.

"(d) No carryforwards or transfers.—Any deduction disallowed under this section may not be carried forward to any succeeding taxable year and may not be transferred to any other taxpayer or affiliated entity.

"(e) Anti-avoidance and penalties.—

"(1) Anti-avoidance and implementation rules.—Not later than December 31, 2026, the Secretary shall issue interim final rules to prevent avoidance of this section, carry out subsections (f)(1) and (g), establish certification, minimum occupancy, recapture, and anti-evasion requirements for owner-occupant purchasers, and determine when a taxpayer is a covered institutional investor and how deductions shall be allocated for a taxable year during which the taxpayer's holdings change, including rules requiring the aggregation of entities with common ownership, control, or management, and rules disregarding the use of shell entities, nominee titleholders, or special-purpose vehicles. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued

without regard to section 553 of title 5, United States Code. The Secretary shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than September 30, 2027. A delay in issuing or finalizing rules shall not delay, limit, extinguish, or reduce any prohibition, limitation, penalty, or duty established by this section.

"(2) Civil penalties.—A covered institutional investor that fails to comply with this section or regulations prescribed under paragraph (1) shall be subject to a civil penalty equal to 3 times the amount of any deduction disallowed under this section, plus an additional penalty of $25,000 per property per taxable year.

"(f) Definitions.—In this section—

"(1) the term 'owner-occupant purchaser' means a natural person who acquires a single-family residential property and occupies or intends to occupy at least 1 dwelling unit in such property as the principal residence of that person; and

"(2) the terms 'community land trust', 'covered institutional investor', 'nonprofit housing organization', 'public housing agency', 'single-family residential property', and 'Tribal housing entity' have the meanings given those terms in section 411 of the POPULIST Act.

"(g) Divestiture safe harbor.—Subsections (a) and (b) shall not apply for a taxable year to a covered institutional investor that is not liable for tax under section 4983 for that taxable year by reason of satisfying the divestiture safe harbor under subsection (b) of that section.".

(b) Clerical amendment.—The table of sections for part IX of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"Sec. 280I. Denial of certain tax benefits for excessive residential holdings.".

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

SEC. 413. TAX ON EXCESSIVE SINGLE-FAMILY RESIDENTIAL HOLDINGS.

(a) In general.—Subtitle D of the Internal Revenue Code of 1986 is amended by inserting after chapter 44 the following new chapter:

"CHAPTER 44A—EXCESSIVE RESIDENTIAL PROPERTY HOLDINGS

"SEC. 4983. Tax on excessive single-family residential holdings.

"Sec. 4983. Tax on excessive single-family residential holdings.

"(a) Imposition of tax.—For taxable years beginning after December 31, 2026, there is imposed on each covered institutional investor a tax equal to $50,000 for each single-family residential property in excess of 10 nationwide that is controlled by such investor at the close of the taxable year.

"(b) Divestiture safe harbor.—No covered institutional investor shall be liable for the tax imposed under subsection (a) for a taxable year if the investor divests excessive housing stock in

accordance with the following schedule. As used in this subsection, the term 'base stock' means the quantity of single-family residential properties controlled by the investor at the end of the 2026 taxable year:

"(1) For the 2027 taxable year, single-family residential holdings are reduced to less than 80 percent of the base stock.

"(2) For the 2028 taxable year, single-family residential holdings are reduced to less than 60 percent of the base stock.

"(3) For the 2029 taxable year, single-family residential holdings are reduced to less than 35 percent of the base stock.

"(c) Anti-avoidance.—The Secretary shall prescribe regulations to prevent evasion or avoidance of this section, including:

"(1) rules requiring the aggregation of entities with common ownership, control, or management;

"(2) rules disregarding the use of shell entities, nominee titleholders, or special-purpose vehicles; and

"(3) rules treating multiple entities as a single covered institutional investor if such entities are under common beneficial ownership.

"(d) Enforcement.—The Secretary, acting through the Internal Revenue Service, shall enforce the requirements of this section.

"(e) Penalties.—A covered institutional investor that fails to comply with this section or regulations prescribed under subsection (c) shall be subject to a civil penalty equal to 3 times the amount of the tax which was properly due. It shall not be a defense to this subsection that an avoidance attempt was unsuccessful.

"(f) Nondeductibility.—No deduction shall be allowed under this title for any tax imposed by this section, or any interest, penalty, or other amount imposed with respect to such tax.

"(g) Definitions.—In this section, the terms 'covered institutional investor', 'excessive housing stock', 'nationwide', and 'single-family residential property' have the meanings given those terms in section 411 of the POPULIST Act.".

(b) Clerical amendment.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by inserting after the item relating to chapter 44 the following new item:

"44A. Excessive residential property holdings.".

SEC. 414. PROHIBITION ON EXCESSIVE HOUSING STOCK ACQUISITIONS.

(a) Prohibition.—It shall be unlawful for an institutional investor to acquire excessive housing stock.

(b) Qualified builder inventory.—For purposes of subsection (a), a single-family residential property shall be treated as acquired on the date on which the property ceases to constitute qualified builder inventory.

(c) Civil penalty.—An institutional investor that violates subsection (a) shall be liable for a civil penalty of $50,000 for each single-family residential property acquired in violation of that subsection, plus $1,000 for each such property for each day during which the institutional investor continues to own or control the property.

(d) Enforcement.—The Federal Trade Commission, the Attorney General, or the attorney general of a State may bring a civil action in an appropriate district court of the United States to enforce this section and obtain civil penalties, divestiture, injunctive relief, and any other appropriate equitable relief.

(e) Effective date.—This section shall take effect on December 1, 2026.

SEC. 415. ACQUISITION REPORTING AND ANTITRUST OVERSIGHT.

(a) Aggregation of acquisitions.—For purposes of section 7A of the Clayton Act (15 U.S.C. 18a), all acquisitions of residential property by any person, directly or indirectly, during a single calendar year shall be treated as a single aggregated acquisition, and the total consideration for such aggregated acquisition shall be treated as the total consideration paid or expected to be paid during such year for purposes of determining filing obligations under that section.

(b) Reporting requirement.—Beginning March 1, 2027, no person may acquire residential property in a transaction or series of transactions that, when aggregated under subsection (a), would result in total consideration exceeding the thresholds established under section 7A(a)(2) of the Clayton Act unless that person has filed all notifications required under that section with respect to the aggregated acquisition.

(c) Interim final rules and final regulations.—

(1) Interim final rules.—Not later than March 1, 2027, the Federal Trade Commission and the Assistant Attorney General for Antitrust shall issue interim final rules to implement this section, including anti-evasion rules requiring aggregation of commonly owned or controlled entities, disregarding the use of shell or pass-through entities, and treating any transaction structured to avoid reporting obligations as part of the aggregated acquisition. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(2) Public comment; final rules.—The Federal Trade Commission and the Assistant Attorney General for Antitrust shall provide a public comment period of not less than 60 days after publication of the interim final rules and shall issue final rules not later than September 30, 2027.

(3) No delay in statutory protection.—A delay in issuance or finalization of rules under this subsection shall not delay, limit, extinguish, or reduce any prohibition, duty, filing obligation, or enforcement authority established by this section.

(d) Enforcement.—Any violation of this section shall be treated as a violation of section 7A of the Clayton Act and shall be subject to the penalties and remedies established under subsection (g) of that section.

(e) Rule of construction.—Nothing in this section shall be construed to authorize the acquisition of excessive housing stock otherwise prohibited under section 414.

SEC. 416. CLOSING RAW-LAND AND RESIDENTIAL PROPERTY EXEMPTIONS.

(a) Residential property acquisitions by covered institutional investors.—Section 7A of the Clayton Act (15 U.S.C. 18a) is amended by adding at the end the following new subsection:

"(l) Residential property acquisitions by covered institutional investors.—

"(1) Definitions.—In this subsection, the terms 'covered institutional investor', 'raw land', and 'residential property' have the meanings given those terms in section 411 of the POPULIST Act.

"(2) Applicability.—Notwithstanding any other provision of this section, any acquisition of residential property by a covered institutional investor shall be subject to the notification and waiting-period requirements of this section, without regard to any exemption provided in part 802 of title 16, Code of Federal Regulations, including sections 802.2 and 802.5 of such title.

"(3) Aggregation.—All acquisitions of residential property by a covered institutional investor during a single calendar year shall be aggregated and treated as a single acquisition for purposes of determining filing obligations under this section.

"(4) No exemption for raw land or land zoned for residential use.—No acquisition of raw land or land zoned for residential use shall qualify for any exemption under part 802 of title 16, Code of Federal Regulations, including acquisitions of unimproved land or land upon which a temporary, movable, or non-permanent structure has been placed.

"(5) Rulemaking.—The Federal Trade Commission shall amend its regulations under this section to eliminate any exemption for the acquisition of residential property and any exemption for acquisitions of raw land or land zoned for residential use not later than 180 days after the date of enactment of this subsection.

"(6) Preemption of inconsistent regulations.—To the extent that any regulation is inconsistent with this subsection, such regulation shall have no force or effect.".

SEC. 417. PROHIBITIONS ON FEDERAL MORTGAGE ASSISTANCE.

(a) Fannie Mae and Freddie Mac.—Subpart A of part 2 of subtitle A of title XIII of the Housing and Community Development Act of 1992 (12 U.S.C. 4541 et seq.) is amended by inserting after section 1330 the following:

"Sec. 1331. Prohibition relating to covered institutional investors.

"(a) Prohibition.—The Director shall, by regulation, prohibit the enterprises from purchasing, guaranteeing, securitizing, or lending on any mortgage secured by a single-family residential property (as defined in section 411 of the POPULIST Act) or a manufactured-home community or park under which the borrower or mortgagor is a covered institutional investor (as defined in section 411 of the POPULIST Act).

"(b) Pools.—The Director shall prohibit the enterprises from purchasing or securitizing any interest in a pool that contains a mortgage described in subsection (a).

"(c) Effective date.—The prohibitions of this section shall be effective March 1, 2027.".

(b) Ginnie Mae.—Section 302(c) of the National Housing Act (12 U.S.C. 1717(c)) is amended by adding at the end the following:

"(6) The Association may not newly guarantee any trust certificate or other security based or backed by any mortgage under which the borrower or mortgagor is a covered institutional investor (as defined in section 411 of the POPULIST Act), nor may the Association purchase or acquire any such mortgage, whether secured by a single-family residential property (as defined in section 411 of the POPULIST Act) or by a manufactured-home community or park; and

"(7) The prohibitions of paragraph (6) shall be effective March 1, 2027.".

(c) Interim final rules and final regulations.—

(1) Interim final rules.—Not later than March 1, 2027, the Federal Housing Finance Agency and the Secretary of Housing and Urban Development shall issue interim final rules to implement this section. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

(2) Public comment; final rules.—The Federal Housing Finance Agency and the Secretary of Housing and Urban Development shall provide a public comment period of not less than 60 days after publication of the interim final rules and shall issue final rules not later than September 30, 2027.

(3) No delay in statutory protection.—A delay in issuance or finalization of rules under this subsection shall not delay, limit, extinguish, or reduce any prohibition, duty, restriction, or enforcement authority established by this section.

SEC. 418. RULE OF CONSTRUCTION RELATING TO ROAD PROVISIONS.

Notwithstanding section 1001 of the 21st Century ROAD to Housing Act (Public Law 119–101) or any amendment made by that section, this subtitle and the amendments made by this subtitle shall apply independently of, and without limitation by, such section 1001. No threshold, exception, safe harbor, exemption, limitation, rule of construction, sunset, or implementation authority established under such section 1001 may be construed to limit, delay, preempt, cause the sunset of, or reduce any prohibition, tax consequence, reporting obligation, filing obligation, penalty, remedy, or enforcement authority established under this subtitle.

Subtitle B—Public Housing Protection and Revitalization

SEC. 421. FINDINGS.

Congress finds the following:

(1) The public housing stock of the United States, authorized under section 9 of the United States Housing Act of 1937, is a critical national resource that provides stable, deeply affordable housing to more than 1,000,000 households.

(2) For decades, Congress has failed to provide sufficient capital and operating assistance to maintain section 9 housing in a safe, sanitary, and habitable condition, resulting in a national capital-needs backlog exceeding tens of billions of dollars and widespread health and safety hazards including mold, lead, asbestos, failing heating and cooling systems, and structural deterioration.

(3) The Faircloth Amendment has prevented the construction of any net-new public housing units since 1999, even as the national population has grown and the shortage of deeply affordable housing has worsened, leaving millions of households cost-burdened or at risk of homelessness.

(4) The Rental Assistance Demonstration program and other privatization tools, including section 18 demolition and disposition authorities, have resulted in the permanent removal of section 9 units, displacement of tenants, diminished democratic control, and the transfer of public assets into private hands.

(5) A comprehensive national strategy to restore, expand, and modernize public housing is necessary to guarantee safe, healthy, climate-resilient, permanently affordable homes for all current and future residents.

(6) Investment in public housing creates high-quality jobs, stabilizes neighborhoods, reduces environmental harms, improves public health outcomes, and strengthens social trust by ensuring that all residents, regardless of income, have access to secure and dignified housing.

(7) Congress therefore declares that it is the policy of the United States to rehabilitate existing public housing, to construct new public housing at scale, to prevent displacement of current residents, to ensure tenant participation in planning and oversight, to provide a tenant return guarantee following redevelopment, and to maintain public ownership and permanent affordability of all housing units developed or modernized under this subtitle.

SEC. 422. DEFINITIONS.

(a) For purposes of this subtitle:

(1) Capital needs backlog.—The term "capital needs backlog" means the total estimated cost of repairing, modernizing, or rehabilitating existing public housing units to meet applicable health, safety, accessibility, energy-efficiency, and structural standards.

(2) Conversion.—The term "conversion" means any action that transfers a public housing unit or development from assistance under section 9 of the United States Housing Act of 1937 to assistance under section 8 of such Act or to any other form of private or mixed-finance ownership or management, including through the Rental Assistance Demonstration program or demolition or disposition under section 18 of such Act.

(3) Displacement.—The term "displacement" means any action requiring a household to vacate a public housing unit as a result of rehabilitation, redevelopment, demolition, or

disposition, except when such action is necessary for the immediate protection of life, health, or safety.

(4) Modernization.—The term "modernization" means improvements to existing public housing units or developments necessary to remedy health or safety hazards, enhance accessibility, increase energy efficiency, improve climate resilience, or extend the useful life of the property.

(5) New public housing unit.—The term "new public housing unit" means a dwelling unit constructed, acquired, or substantially rehabilitated under authority provided in this subtitle and owned and operated as public housing under section 9 of the United States Housing Act of 1937 permanently.

(6) Operating assistance.—The term "operating assistance" means assistance provided to public housing agencies to support the ongoing operation, management, maintenance, utilities, and services of public housing units, as described in section 9(e) of the United States Housing Act of 1937.

(7) Public housing.—The term "public housing" has the meaning given such term in section 3(b) of the United States Housing Act of 1937.

(8) Public housing agency.—The term "public housing agency" has the meaning given such term in section 3(b) of the United States Housing Act of 1937.

(9) Redevelopment.—The term "redevelopment" means the demolition, reconstruction, substantial rehabilitation, or reconfiguration of public housing units or developments, whether undertaken in whole or in part.

(10) Tenant return guarantee.—The term "tenant return guarantee" means the enforceable guarantee that any household displaced from a public housing unit due to redevelopment, modernization, rehabilitation, repair, replacement, or other work under this subtitle may return, upon completion of such work, to a public housing unit of comparable size and affordability in the same development or in the applicable jurisdiction.

(11) Secretary.—The term "Secretary" means the Secretary of Housing and Urban Development.

(12) Section 18 action.—The term "section 18 action" means any demolition or disposition of public housing authorized under section 18 of the United States Housing Act of 1937.

(13) Tenant.—The term "tenant" means any household residing in public housing, including households temporarily displaced for purposes of redevelopment, modernization, rehabilitation, repair, replacement, or other work under this subtitle.

SEC. 423. MORATORIUM AND STUDY.

(a) Moratorium.—Notwithstanding any other provision of law, no public housing agency, and no officer, employee, contractor, or agent acting on its behalf, may initiate, apply for, enter into, execute, or carry out any conversion, section 18 action, demolition, disposition, or transfer of assistance with respect to any public housing unit or development prior to January 1, 2029.

(b) Prohibited actions.—Actions prohibited under subsection (a) include any of the following:

(1) Submission or approval of any application under the Rental Assistance Demonstration program.

(2) Execution of any contract, agreement, or memorandum of understanding providing for conversion to assistance under section 8 of the United States Housing Act of 1937.

(3) Any demolition, disposition, or transfer of assistance under section 18 of such Act.

(4) Any conveyance, ground lease, or change in ownership or control that would remove a unit from assistance under section 9.

(c) Application to ROAD amendments.—During the moratorium period described in subsection (a), section 212 of the 21st Century ROAD to Housing Act (Public Law 119–101), and any amendment made by that section, shall not authorize the Secretary, a public housing agency, or any owner, contractor, developer, lender, or other party to initiate, apply for, enter into, execute, carry out, or cause to take effect any conversion, section 18 action, demolition, disposition, or transfer of assistance prohibited under this section. No property right, owner right, contract right, approval, financing expectation, or administrative authority preserved or recognized under such section 212 may be construed to override, limit, delay, or narrow the moratorium established under this section.

(d) Limited exception for emergency conditions.—The Secretary may authorize a temporary relocation of residents and related repairs if the Secretary determines that such action is necessary for the immediate protection of life, health, or safety. If the Secretary determines in writing, based on an independent engineering assessment, that repair of a building presenting an imminent threat to life, health, or safety is physically infeasible, the Secretary may authorize demolition and replacement of the building. Any demolition and replacement authorized under this subsection shall comply with the tenant relocation, return, and one-for-one replacement requirements of section 425. Any action authorized under this subsection shall not result in permanent displacement, a net reduction in public housing units, or permanent removal of the affected housing or replacement housing from assistance under section 9.

(e) Effect on existing agreements.—No agreement, contract, or approval previously issued that would otherwise permit an action prohibited under subsection (a) may take effect during the moratorium period unless the Secretary determines that such action is strictly necessary to address an imminent threat to life, health, or safety under subsection (d).

(f) Enforcement.—Any violation of this section shall be subject to the enforcement authorities of the Secretary, including the suspension or withholding of assistance, imposition of corrective action plans, and any additional remedies authorized under the United States Housing Act of 1937.

(g) Rulemaking.—Not later than March 1, 2027, the Secretary shall issue regulations to implement this section.

SEC. 424. OVERSIGHT, ACCOUNTABILITY, AND IMPACT STUDY.

(a) Strengthened oversight.—The Secretary shall conduct enhanced oversight of public housing agencies to ensure compliance with the United States Housing Act of 1937, the

regulations of the Department of Housing and Urban Development, and the requirements of this subtitle. Such oversight shall include the following:

(1) Comprehensive inspections of public housing developments at intervals not to exceed 3 years, with priority for developments with known health or safety deficiencies.

(2) Public reporting of inspection results, capital-needs assessments, and corrective action timelines in a manner readily accessible to tenants and the public.

(3) Authority for the Secretary to impose corrective action plans, with mandatory deadlines, for any public housing agency that fails to remedy health, safety, or structural deficiencies.

(4) Authority for the Secretary to assume temporary or long-term administrative receivership of any public housing agency that demonstrates persistent noncompliance, severe mismanagement, or chronic habitability failures.

(5) Whistleblower protections for employees and tenants who report fraud, waste, mismanagement, or violations of housing standards.

(b) Transparency requirements.—Each public housing agency shall:

(1) Make publicly available on its website all policies, redevelopment plans, inspections, budgets, contracts, de-identified waiting list information and aggregate waiting time data, tenant selection criteria, grievance procedures, and capital improvement schedules. Nothing in this paragraph shall require public disclosure of personally identifiable information or other information protected from disclosure by law.

(2) Provide paper access to such information upon request for any tenant lacking internet access.

(3) Hold at least 2 public meetings annually for tenants of each public housing development, with advance notice of not less than 30 days.

(c) National impact study.—The Secretary shall conduct a nationwide study evaluating the impacts of conversion, section 18 action, demolition, and disposition of public housing since the 2012 implementation of the Rental Assistance Demonstration program. The study shall include an analysis of:

(1) Net change in the number of public housing units, by State and by public housing agency.

(2) Rates, causes, and duration of tenant displacement.

(3) Changes in affordability, rent burden, and tenant protections following conversion.

(4) Effects on accessibility, environmental safety, energy efficiency, and building conditions.

(5) Impacts on long-term public ownership, democratic oversight, and resident participation.

(6) Financial and operational consequences for public housing agencies, including long-term debt obligations.

(d) Consultation.—In conducting the study under subsection (c), the Secretary shall consult with tenants, resident councils, public housing agencies, State and local housing officials, fair housing organizations, organizations with expertise in accessibility and anti-displacement, tenant protection organizations, and academic researchers.

(e) Report to Congress.—Not later than October 30, 2027, the Secretary shall submit to Congress a report containing the results of the study required under this section, together with recommendations for legislative and administrative action.

(f) Public availability.—The Secretary shall make the report required under subsection (e) publicly available on the website of the Department of Housing and Urban Development in an accessible format not later than 10 days after submission to Congress.

SEC. 425. TENANT PARTICIPATION AND PROTECTIONS.

(a) Tenant participation requirements.—Each public housing agency shall ensure meaningful tenant participation in all planning, redevelopment, modernization, and policy processes affecting public housing. Such participation shall include:

(1) Tenant advisory boards for each public housing development, elected solely by residents, with authority to review and comment on budgets, redevelopment plans, and proposed policies.

(2) Advance notice of not less than 60 days for any proposed redevelopment, modernization, or major capital project affecting tenants.

(3) The ability of tenants to meet at reasonable times and locations, without interference, for purposes related to housing conditions or redevelopment.

(4) Access to all relevant documents, plans, and environmental or habitability reports.

(b) Tenant approval for redevelopment.—No redevelopment, modernization, or reconfiguration of a public housing development may proceed unless:

(1) A tenant meeting is held with at least 30 days' notice; and

(2) A majority of households residing in the affected development vote to approve the proposed redevelopment plan.

(3) Mandatory work.—This subsection shall not apply to repair, maintenance, modernization, or reconfiguration that the Secretary determines, under standards prescribed by rule, is necessary to—

(A) remedy an imminent threat to life, health, or safety;

(B) comply with an applicable building, fire, health, safety, or accessibility requirement; or

(C) restore a failed essential building system.

(4) Continuing protections.—To the greatest extent practicable, a public housing agency carrying out work under paragraph (3) shall provide advance notice and consultation to affected

tenants. Subsections (c) and (d) shall apply to any temporary relocation required to carry out such work.

(c) Anti-displacement protections.—No tenant shall be permanently displaced as a result of redevelopment, modernization, rehabilitation, repair, replacement, or other work under this subtitle. Any temporary relocation shall:

(1) Provide comparable housing at comparable rent, with moving expenses covered by the public housing agency;

(2) Not exceed the minimum time necessary to complete construction or rehabilitation; and

(3) Preserve the household's tenant return guarantee under subsection (d).

(d) Tenant return guarantee.—Each tenant temporarily relocated due to redevelopment, modernization, rehabilitation, repair, replacement, or other work under this subtitle shall have an enforceable guarantee of return to a public housing unit of comparable size and affordability in the same development or, if unavailable, within the same jurisdiction. The tenant return guarantee may not be denied based on income, credit history, prior arrears, or screening criteria other than those necessary for safety.

(e) One-for-one replacement.—Any redevelopment or modernization undertaken under this subtitle shall provide for the one-for-one replacement of every public housing dwelling unit demolished, disposed, or converted, with units of equal or greater bedroom count, accessibility, and long-term affordability.

(f) Nondiscrimination.—No tenant shall be denied housing, displaced, or subjected to different terms or conditions of occupancy on the basis of race, color, national origin, sex, gender identity, sexual orientation, familial status, disability, immigration status, religion, or prior criminal legal system involvement, except to the extent required by Federal law.

(g) Tenant rent reporting program.—

(1) Establishment.—The Secretary shall establish a voluntary tenant rent reporting program under which public housing agencies shall offer tenants the option to have on-time rental payments reported to consumer credit reporting agencies.

(2) Protections.—Negative reporting may not be made for nonpayment attributable to habitability deficiencies, administrative errors, or delays caused by the public housing agency. No tenant shall be penalized for declining to participate.

(3) Requirements for reporting agencies.—Any consumer credit reporting agency shall accept rent-payment data submitted under this subsection.

(4) Privacy.—The Secretary shall issue regulations to ensure the confidentiality, security, and appropriate use of tenant information.

(5) Enforcement against consumer reporting agencies.—A violation of paragraph (3) by a consumer reporting agency shall be treated as a violation of the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) for purposes of administrative enforcement under section 621 of that Act (15 U.S.C. 1681s).

(h) Enforcement.—The Secretary may impose corrective action plans, civil monetary penalties, or other remedies authorized under the United States Housing Act of 1937 for any public housing agency that fails to comply with the requirements of this section.

SEC. 426. REHABILITATION AND MODERNIZATION PROGRAM.

(a) Repeal of Faircloth limitation.—Section 9(g)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437g(g)(3)) is repealed, and any limitation on the construction or acquisition of public housing dwelling units based on the number of public housing units owned, assisted, or operated as of October 1, 1999, shall have no force or effect.

(b) Establishment.—The Secretary shall carry out a program to provide grants to public housing agencies for the rehabilitation, modernization, and long-term sustainability and resilience of public housing developments to ensure safe, sanitary, accessible, energy-efficient, and climate-resilient housing conditions for all tenants.

(c) Eligible activities.—Grants under this section may be used for any of the following:

(1) Remediation of environmental health hazards, including mold, lead, asbestos, radon, and other contaminants.

(2) Repair, replacement, or modernization of heating, ventilation, air conditioning, plumbing, electrical, roofing, structural, or foundation systems.

(3) Rehabilitation necessary to meet applicable building, fire, health, accessibility, or energy-efficiency standards.

(4) Modernization of building systems, including elevators, fire-safety systems, lighting, insulation, and water-conservation infrastructure.

(5) Electrification of building systems, including replacement of fossil-fuel infrastructure with electric appliances, heat pumps, heat pump water heaters, and related systems.

(6) Installation of renewable-energy technologies, including solar panels, battery storage, geothermal systems, microgrids, and other distributed-energy systems.

(7) Building-envelope improvements, including insulation, window replacement, air sealing, and weatherization.

(8) Climate-resilience upgrades, including floodproofing, stormwater management systems, wildfire hardening, seismic upgrades, and stormproofing.

(9) Replacement of obsolete buildings or components where rehabilitation is infeasible or more costly than replacement.

(10) Temporary relocation of tenants necessary to complete rehabilitation, with full protection of the tenant return guarantee under section 425.

(d) Priority.—In awarding grants, the Secretary shall give priority to public housing developments that:

(1) face documented health or safety hazards;

(2) are at risk of loss due to deterioration or obsolescence;

(3) serve predominantly extremely low-income households; or

(4) are located in communities disproportionately affected by pollution, environmental burdens, or climate-related risks.

(e) Public ownership requirement.—Any public housing development receiving assistance under this section shall remain publicly owned and assisted under section 9 of the United States Housing Act of 1937 permanently. A dwelling unit may be demolished or replaced only in accordance with section 425, and each replacement unit shall remain publicly owned and assisted under section 9 permanently.

(f) Tenant protections.—All activities under this section shall be carried out in compliance with the tenant protections and participation requirements of section 425, including the tenant return guarantee, relocation protections, and democratic participation guarantees.

(g) Workforce standards.—All laborers and mechanics employed in carrying out activities under this section shall be paid wages at rates not less than those prevailing on similar work in the locality, as determined by the Secretary of Labor pursuant to the Davis-Bacon Act.

(h) Enforcement.—The Secretary may require corrective action, recapture funds, impose civil monetary penalties, suspend or terminate participation in this program, or take other enforcement actions necessary to ensure compliance with this section.

SEC. 427. PUBLIC HOUSING CONSTRUCTION AND EXPANSION PROGRAM.

(a) Establishment.—The Secretary shall carry out a program to provide grants to public housing agencies for the construction, acquisition, and substantial rehabilitation of new public housing developments and new public housing units, in order to expand the national supply of permanently affordable, deeply subsidized housing.

(b) Public ownership and affordability.—Housing developed under this section shall—

(1) be owned and operated by a public housing agency;

(2) remain public housing permanently; and

(3) be permanently affordable to households at rents not exceeding 30 percent of adjusted income.

(c) Eligible activities.—Grants under this section may be used for—

(1) construction of new public housing developments;

(2) acquisition of existing buildings for conversion into public housing;

(3) substantial rehabilitation of vacant or underutilized structures for use as public housing;

(4) land acquisition, site preparation, utilities, and infrastructure improvements;

(5) planning, design, engineering, environmental reviews, and other predevelopment activities; and

(6) soft costs necessary to carry out development activities.

(d) Tenant and community participation.—Before submitting any application under this section, a public housing agency shall—

(1) conduct at least 1 public meeting regarding the proposed development;

(2) provide written notice and meaningful consultation with tenants and affected community stakeholders; and

(3) certify compliance with the tenant participation requirements of section 425 to the extent applicable to an existing occupied development affected by the proposed project.

(e) Standards.—The Secretary shall require that housing developed under this section meet the following requirements:

(1) energy-efficiency and environmental-performance standards;

(2) accessibility standards under the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990; and

(3) hazard-mitigation and climate-resilience standards established by the Secretary.

(f) Prohibition on privatization.—No housing developed under this section may be disposed, converted, transferred, or permanently removed from assistance under section 9 of the United States Housing Act of 1937. A dwelling unit may be demolished or replaced only in accordance with section 425, and each replacement unit shall remain publicly owned and assisted under section 9 permanently.

(g) Enforcement.—The Secretary may require corrective action, recapture funds, impose civil monetary penalties, or take other actions necessary to ensure compliance with this section.

SEC. 428. AUTHORIZATION OF APPROPRIATIONS.

(a) Rehabilitation funding.—There are authorized to be appropriated $25,000,000,000 for each of fiscal years 2027 through 2030 to carry out section 426, to remain available until expended.

(b) Construction and expansion funding.—There are authorized to be appropriated $15,000,000,000 for each of fiscal years 2027 through 2030 to carry out section 427, to remain available until expended.

(c) Administrative costs.—Of the amounts made available under this section, the Secretary may use not more than 3 percent for administrative expenses, technical assistance, data collection, and program oversight.

Subtitle C—Housing Supply and Preservation

SEC. 431. MORE HOUSING NEAR TRANSIT.

(a) Section 5309 of title 49, United States Code, is amended—

(1) in subsection (a)—

(A) by redesignating paragraph (6) as paragraph (7); and

(B) by inserting after paragraph (5) the following:

"(6) Pro-housing policy.—The term 'pro-housing policy'—

"(A) means any adopted State or local policy that will remove regulatory barriers to the construction or preservation of housing units, including affordable housing units; and

"(B) shall include any adopted State or local policy that—

"(i) reduces or eliminates parking minimums;

"(ii) establishes a by-right approval process for housing under which land use development approval is limited to determining that the development meets objective zoning and design standards that—

"(I) involve no subjective judgment by a public official;

"(II) are uniformly verifiable by reference to an external and uniform benchmark or criterion available to both the land use developer and the public official prior to submission; and

"(III) include only such standards as are published and adopted by ordinance or resolution by a jurisdiction before submission of a development application;

"(iii) reduces or eliminates minimum lot sizes;

"(iv) eliminates or raises residential property height limits or increases the number of dwelling units permitted to be constructed under a by-right approval process; or

"(v) carries out other policies as determined by the Secretary, in consultation with the Secretary of Housing and Urban Development.";

(2) in subsection (g)(2), by adding at the end the following:

"(D) Eligibility for adjustment of rating for project justification criteria for pro-housing policies; considerations.—In evaluating and rating a project as a whole for project justification under subparagraph (A), the Secretary—

"(i) may increase the rating of a project by 1 rating level if the applicant submits documented evidence of pro-housing policies for areas accessible to transit facilities along the project route; and

"(ii) should consider whether the pro-housing policies documented by the applicant will result, through new production and preservation, in an amount of housing units, including housing units affordable below the area median income, that is appropriate to expected housing demand in the project area.

"(E) Consultation.—In developing the evaluation process that could lead to the increased rating described in subparagraph (D)(i), the Secretary shall consult with the Secretary of Housing and Urban Development.";

(3) in subsection (h)(6), by adding at the end the following:

"(C) Eligibility for adjustment of rating for project justification criteria for pro-housing policies; considerations.—In evaluating and rating the benefits of a project under subparagraph (A), the Secretary—

"(i) may increase the rating of a project if the applicant submits documented evidence of pro-housing policies for areas accessible to transit facilities along the project route; and

"(ii) should consider whether the pro-housing policies documented by the applicant will result, through new production and preservation, in an amount of housing units, including housing units affordable below the area median income, that is appropriate to expected housing demand in the project area.

"(D) Consultation.—In developing the evaluation process that could lead to the increased rating described in subparagraph (C)(i), the Secretary shall consult with the Secretary of Housing and Urban Development."; and

(4) in subsection (o)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking "and" at the end;

(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(D) information concerning projects for which the applicant submitted pro-housing policies under subsection (g)(2)(D) or subsection (h)(6) and received an adjustment of rating for project justification.".

SEC. 432. NEIGHBORHOOD HOMES CREDIT.

(a) In general.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 42 the following new section:

"Sec. 42A. Neighborhood homes credit.

"(a) Allowance of credit.—For purposes of section 38, the neighborhood homes credit determined under this section for the taxable year is, with respect to each qualified residence sold by the taxpayer during such taxable year in an affordable sale, the lesser of—

"(1) an amount equal to—

"(A) the excess, if any, of—

"(i) the reasonable development costs paid or incurred by the taxpayer with respect to such qualified residence, over

"(ii) the sale price of such qualified residence, reduced by any reasonable expenses paid or incurred by the taxpayer in connection with such sale; or

"(B) if the neighborhood homes credit agency determines it is necessary to ensure financial feasibility, an amount not to exceed 120 percent of the amount under subparagraph (A);

"(2) 40 percent of the eligible development costs paid or incurred by the taxpayer with respect to such qualified residence; or

"(3) 32 percent of the national median sale price for new homes, as determined pursuant to the most recent census data available as of the date on which the neighborhood homes credit agency makes an allocation for the qualified project.

"(b) Development costs.—For purposes of this section—

"(1) Reasonable development costs.—

"(A) In general.—The term 'reasonable development costs' means amounts paid or incurred for the acquisition of buildings and land, construction, substantial rehabilitation, demolition of structures, or environmental remediation, to the extent that the neighborhood homes credit agency determines that such amounts meet the standards specified pursuant to subsection (f)(1)(D), as of the date on which construction or substantial rehabilitation is substantially complete, as determined by such agency, and are necessary to ensure the financial feasibility of such qualified residence.

"(B) Considerations in making determination.—In making the determination under subparagraph (A), the neighborhood homes credit agency shall consider—

"(i) the sources and uses of funds and the total financing;

"(ii) any proceeds or receipts generated or expected to be generated by reason of tax benefits; and

"(iii) the reasonableness of the development costs and fees.

"(2) Eligible development costs.—The term 'eligible development costs' means the amount which would be reasonable development costs if the amounts taken into account as paid or incurred for the acquisition of buildings and land did not exceed 75 percent of such costs determined without regard to any amount paid or incurred for the acquisition of buildings and land.

"(3) Substantial rehabilitation.—The term 'substantial rehabilitation' means amounts paid or incurred for rehabilitation of a qualified residence if such amounts exceed the greater of—

"(A) $25,000; or

"(B) 20 percent of the amounts paid or incurred by the taxpayer for the acquisition of buildings and land with respect to such qualified residence.

"(4) Construction and rehabilitation only after allocation taken into account.—

"(A) In general.—The terms 'reasonable development costs' and 'eligible development costs' shall not include any amount paid or incurred before the date on which an allocation is made to the taxpayer under subsection (e) with respect to the qualified project of which

the qualified residence is part unless such amount is paid or incurred for the acquisition of buildings or land.

"(B) Land and building acquisition costs.—Amounts paid or incurred for the acquisition of buildings or land shall be included under paragraph (A) only if paid or incurred not more than 3 years before the date on which the allocation referred to in subparagraph (A) is made. If the taxpayer acquired any building or land from an entity, or any related party to such entity, that holds an ownership interest in the taxpayer, then such entity must also have acquired such property within such 3-year period, and the acquisition cost included under subparagraph (A) with respect to the taxpayer shall not exceed the amount such entity paid or incurred to acquire such property.

"(c) Qualified residence.—For purposes of this section—

"(1) In general.—The term 'qualified residence' means a residence that—

"(A) is real property, constructed onsite or manufactured offsite, affixed on a permanent foundation;

"(B) is—

"(i) a house which is comprised of 4 or fewer residential units;

"(ii) a condominium unit; or

"(iii) a house or an apartment owned by a cooperative housing corporation, as defined in section 216(b);

"(C) is part of a qualified project with respect to which the neighborhood homes credit agency has made an allocation under subsection (e); and

"(D) is located in a qualified census tract, determined as of the date of such allocation.

"(2) Qualified census tract.—

"(A) In general.—The term 'qualified census tract' means a census tract—

"(i) which—

"(I) has a median family income which does not exceed 80 percent of the median family income for the applicable area;

"(II) has a poverty rate that is not less than 130 percent of the poverty rate of the applicable area; and

"(III) has a median value for owner-occupied homes that does not exceed the median value for owner-occupied homes in the applicable area;

"(ii) which—

"(I) is located in a city which has a population of not less than 50,000 and such city has a poverty rate that is not less than 150 percent of the poverty rate of the applicable area;

"(II) has a median family income which does not exceed the median family income for the applicable area; and

"(III) has a median value for owner-occupied homes that does not exceed 80 percent of the median value for owner-occupied homes in the applicable area;

"(iii) which—

"(I) is located in a nonmetropolitan county;

"(II) has a median family income which does not exceed the median family income for the applicable area; and

"(III) has been designated by a neighborhood homes credit agency under this clause;

"(iv) which is not otherwise a qualified census tract and is located in a disaster area, as defined in section 7508A(d)(3), but only with respect to credits allocated in any period during which the President has determined that such area warrants individual or individual and public assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act; or

"(v) which is not otherwise a qualified census tract and is identified by the neighborhood homes credit agency, through methodologies detailed in the qualified allocation plan, as having a shortage of affordable owner-occupied homes.

"(B) Applicable area.—The term 'applicable area' means—

"(i) in the case of a metropolitan census tract, the metropolitan area in which such census tract is located; and

"(ii) in the case of a census tract other than a census tract described in clause (i), the State.

"(d) Affordable sale.—For purposes of this section—

"(1) In general.—The term 'affordable sale' means a sale to a qualified homeowner of a qualified residence that the neighborhood homes credit agency certifies as meeting the standards promulgated under subsection (f)(1)(D) for a price that does not exceed—

"(A) in the case of any qualified residence not described in subparagraph (B), (C), or (D), the amount equal to the product of 4 multiplied by the median family income for the applicable area, as determined pursuant to the most recent census data available as of the date of the contract for such sale;

"(B) in the case of a house comprised of 2 residential units, 125 percent of the amount described in subparagraph (A);

"(C) in the case of a house comprised of 3 residential units, 150 percent of the amount described in subparagraph (A); or

"(D) in the case of a house comprised of 4 residential units, 175 percent of the amount described in subparagraph (A).

"(2) Qualified homeowner.—The term 'qualified homeowner' means, with respect to a qualified residence, an individual—

"(A) who owns and uses such qualified residence as the principal residence of such individual; and

"(B) whose family income, determined as of the date that a binding contract for the affordable sale of such residence is entered into, is 140 percent or less of the median family income for the applicable area in which the qualified residence is located.

"(e) Credit ceiling and allocations.—

"(1) Credit limited based on allocations to qualified projects.—

"(A) In general.—The credit allowed under subsection (a) to any taxpayer for any taxable year with respect to 1 or more qualified residences which are part of the same qualified project shall not exceed the excess, if any, of—

"(i) the amount allocated by the neighborhood homes credit agency under this paragraph to such taxpayer with respect to such qualified project, over

"(ii) the aggregate amount of credit allowed under subsection (a) to such taxpayer with respect to qualified residences which are a part of such qualified project for all prior taxable years.

"(B) Deadline for completion.—No credit shall be allowed under subsection (a) with respect to any qualified residence unless the affordable sale of such residence is during the 5-year period beginning on the date of the allocation to the qualified project of which such residence is a part, or, in the case of a qualified residence to which subsection (i) applies, the rehabilitation of such residence is completed during such 5-year period.

"(2) Limitations on allocations to qualified projects.—

"(A) Allocations limited by State neighborhood homes credit amount.—The aggregate amount allocated to taxpayers with respect to qualified projects by the neighborhood homes credit agency of any State for any calendar year shall not exceed the State neighborhood homes credit amount of such State for such calendar year.

"(B) Set-aside for certain projects involving qualified nonprofit organizations.—Rules similar to the rules of section 42(h)(5) shall apply for purposes of this section.

"(3) Determination of State neighborhood homes credit amount.—

"(A) In general.—The State neighborhood homes credit amount for a State for a calendar year is an amount equal to the sum of—

"(i) the greater of—

"(I) the product of $9, multiplied by the State population, determined in accordance with section 146(j); or

"(II) $12,000,000; and

"(ii) any amount previously allocated to any taxpayer with respect to any qualified project by the neighborhood homes credit agency of such State which can no longer be allocated to any qualified residence because the 5-year period described in paragraph (1)(B) expires during calendar year.

"(B) 3-year carryforward of unused limitation.—The State neighborhood homes credit amount for a State for a calendar year shall be increased by the excess, if any, of the State neighborhood homes credit amount for such State for the preceding calendar year over the aggregate amount allocated by the neighborhood homes credit agency of such State during such preceding calendar year. Any amount carried forward under the preceding sentence shall not be carried past the third calendar year after the calendar year in which such credit amount originally arose, determined on a first-in, first-out basis.

"(f) Responsibilities of neighborhood homes credit agencies.—

"(1) In general.—Notwithstanding subsection (e), the State neighborhood homes credit amount shall be zero for a calendar year unless the neighborhood homes credit agency of the State—

"(A) allocates such amount pursuant to a qualified allocation plan of the neighborhood homes credit agency;

"(B) subject to paragraph (2), allocates not more than 20 percent of amounts allocated in the previous year, or for allocations made in the first allocation year under this section, not more than 20 percent of the State neighborhood homes credit amount for such year, to projects with respect to qualified residences which—

"(i) are located in census tracts described in subsection (c)(2)(A)(iii), (c)(2)(A)(iv), or (i)(5); or

"(ii) are not located in a qualified census tract but meet the requirements of subsection (i)(8);

"(C) subject to paragraph (2), in addition to any allocation described in subparagraph (B), allocates not more than 20 percent of amounts allocated in the previous year, or for allocations made in the first allocation year under this section, not more than 20 percent of the State neighborhood homes credit amount for such year, to projects with respect to qualified residences which are located in any census tract described in subsection (c)(2)(A)(v), except that, with respect to any qualified residence located within such census tract which is sold to a qualified homeowner, subsection (d)(2) shall be applied by substituting '120 percent' for '140 percent';

"(D) promulgates standards with respect to reasonable development costs and the reasonableness of fees;

"(E) promulgates standards with respect to construction quality which are consistent with building codes or other standards required by the State or local jurisdiction in which the project is located;

"(F) in the case of any neighborhood homes credit agency which makes an allocation to a qualified project which includes any qualified residence to which subsection (i) applies, promulgates standards with respect to protecting the owners of such residences, including the capacity of such owners to pay rehabilitation costs not covered by the credit provided by this section and providing for the disclosure to such owners of their rights and responsibilities with respect to the rehabilitation of such residences;

"(G) submits to the Secretary, at such time and in such manner as the Secretary may prescribe, an annual report specifying—

"(i) the amount of the neighborhood homes credits allocated to each qualified project for the previous year;

"(ii) with respect to each qualified residence completed in the preceding calendar year—

"(I) the census tract in which such qualified residence is located;

"(II) with respect to the qualified project that includes such qualified residence, the year in which such project received an allocation under this section;

"(III) whether such qualified residence was new, substantially rehabilitated and sold to a qualified homeowner, or substantially rehabilitated pursuant to subsection (i);

"(IV) the eligible development costs of such qualified residence;

"(V) the amount of the neighborhood homes credit with respect to such qualified residence;

"(VI) the sales price of such qualified residence, if applicable; and

"(VII) the family income of the qualified homeowner, expressed as a percentage of the applicable area median family income for the location of the qualified residence; and

"(iii) such other information as the Secretary may require;

"(H) makes available to the general public a written explanation for any allocation of a State neighborhood homes credit amount which is not made in accordance with established priorities and selection criteria of the neighborhood homes credit agency; and

"(I) provides educational outreach on application and compliance requirements, including for small residential builders and remodelers.

"(2) Alternative for certain States.—

"(A) In general.—In the case of any State which, for a calendar year, is an applicable State, as defined in subparagraph (B), in lieu of the requirements under subparagraphs (B) and (C) of paragraph (1), the neighborhood homes credit agency of the State may elect to allocate not more than 40 percent of amounts allocated in the previous year, or for allocations made in the first allocation year under this section, not more than 40 percent of the State neighborhood homes credit amount for such year, to projects with respect to qualified residences which are described in either subparagraph (B) or (C) of paragraph (1).

"(B) Applicable State.—For purposes of this paragraph, the term 'applicable State' means a State which, for purposes of determining the amount under subsection (e)(3)(A)(i) for the calendar year with respect to such State, received the amount described in subclause (II) of such subsection.

"(3) Qualified allocation plan.—For purposes of this subsection, the term 'qualified allocation plan' means any plan which—

"(A) sets forth the selection criteria to be used to prioritize qualified projects for allocations of State neighborhood homes credit amounts, including—

"(i) the need for new or substantially rehabilitated owner-occupied homes in the area addressed by the project;

"(ii) the expected contribution of the project to neighborhood stability and revitalization, including the impact on neighborhood residents;

"(iii) the capability and prior performance of the project sponsor; and

"(iv) the likelihood the project will result in long-term homeownership;

"(B) has been made available for public comment;

"(C) as determined by the neighborhood homes credit agency, is likely to result in the selection of highly qualified applicants while also minimizing, to the extent practicable, application costs and barriers to entry for small residential builders and remodelers; and

"(D) provides a procedure that the neighborhood homes credit agency, or any agent or contractor of such agency, shall follow for purposes of—

"(i) identifying noncompliance with any provisions of this section; and

"(ii) notifying the Internal Revenue Service of any such noncompliance of which the agency becomes aware.

"(g) Repayment.—

"(1) In general.—

"(A) Sold during 5-year period.—If a qualified residence is sold during the 5-year period beginning immediately after the affordable sale of such qualified residence referred to in subsection (a), the seller shall transfer an amount equal to the repayment amount to the relevant neighborhood homes credit agency.

"(B) Use of repayments.—A neighborhood homes credit agency shall use any amount received pursuant to subparagraph (A) only for purposes of qualified projects.

"(2) Repayment amount.—For purposes of paragraph (1)(A)—

"(A) In general.—The repayment amount is an amount equal to the applicable percentage of the gain from the sale to which the repayment relates.

"(B) Applicable percentage.—For purposes of subparagraph (A), the applicable percentage is 50 percent, reduced by 10 percentage points for each year of the 5-year period referred to in paragraph (1)(A) which ends before the date of such sale.

"(3) Lien for repayment amount.—A neighborhood homes credit agency receiving an allocation under this section shall place a lien on each qualified residence that is built or rehabilitated as part of a qualified project for an amount such agency deems necessary to ensure potential repayment pursuant to paragraph (1)(A).

"(4) Waiver.—

"(A) In general.—The neighborhood homes credit agency may waive the repayment required under paragraph (1)(A) if the agency determines that making a repayment would constitute a hardship to the seller.

"(B) Hardship.—For purposes of subparagraph (A), with respect to the seller, a hardship may include—

"(i) divorce;

"(ii) disability;

"(iii) illness; or

"(iv) any other hardship identified by the neighborhood homes credit agency for purposes of this paragraph.

"(h) Other definitions and special rules.—For purposes of this section—

"(1) Neighborhood homes credit agency.—The term 'neighborhood homes credit agency' means the agency designated by the governor of a State as the neighborhood homes credit agency of the State.

"(2) Qualified project.—The term 'qualified project' means a project that a neighborhood homes credit agency certifies will build or substantially rehabilitate 1 or more qualified residences.

"(3) Determinations of family income.—Rules similar to the rules of section 143(f)(2) shall apply for purposes of this section.

"(4) Possessions treated as States.—The term 'State' includes the District of Columbia and the possessions of the United States.

"(5) Special rules related to condominiums and cooperative housing corporations.—

"(A) Determination of development costs.—In the case of a qualified residence described in clause (ii) or (iii) of subsection (c)(1)(B), the reasonable development costs and eligible development costs of such qualified residence shall be an amount equal to such costs, respectively, of the entire condominium or cooperative housing property in which such qualified residence is located, multiplied by a fraction—

"(i) the numerator of which is the total floor space of such qualified residence; and

"(ii) the denominator of which is the total floor space of all residences within such property.

"(B) Tenant-stockholders of cooperative housing corporations treated as owners.—In the case of a cooperative housing corporation, as such term is defined in section 216(b), a tenant-stockholder shall be treated as owning the house or apartment which such person is entitled to occupy.

"(6) Related party sales not treated as affordable sales.—

"(A) In general.—A sale between related persons shall not be treated as an affordable sale.

"(B) Related persons.—For purposes of this paragraph, a person, referred to in this subparagraph as the 'related person', is related to any person if the related person bears a relationship to such person specified in section 267(b) or 707(b)(1), or the related person and such person are engaged in trades or businesses under common control, within the meaning of subsections (a) and (b) of section 52. For purposes of the preceding sentence, in applying section 267(b) or 707(b)(1), '10 percent' shall be substituted for '50 percent'.

"(7) Inflation adjustment.—

"(A) In general.—In the case of a calendar year after 2026, the dollar amounts in subsections (b)(3)(A), (e)(3)(A)(i)(I), (e)(3)(A)(i)(II), and (i)(2)(C) shall each be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2025' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(B) Rounding.—

"(i) In the case of the dollar amounts in subsections (b)(3)(A) and (i)(2)(C), any increase under subparagraph (A) which is not a multiple of $1,000 shall be rounded to the nearest multiple of $1,000.

"(ii) In the case of the dollar amount in subsection (e)(3)(A)(i)(I), any increase under subparagraph (A) which is not a multiple of $0.01 shall be rounded to the nearest multiple of $0.01.

"(iii) In the case of the dollar amount in subsection (e)(3)(A)(i)(II), any increase under subparagraph (A) which is not a multiple of $100,000 shall be rounded to the nearest multiple of $100,000.

"(8) Report.—

"(A) In general.—The Secretary shall annually issue a report, to be made available to the public, which contains the information submitted pursuant to subsection (f)(1)(G).

"(B) De-identification.—The Secretary shall ensure that any information made public pursuant to subparagraph (A) excludes any information that would allow for the identification of qualified homeowners.

"(9) List of qualified census tracts.—The Secretary of Housing and Urban Development shall, for each year, make publicly available a list of qualified census tracts under—

"(A) on a combined basis, clauses (i) and (ii) of subsection (c)(2)(A);

"(B) clause (iii) of such subsection; and

"(C) subsection (i)(5).

"(10) Denial of deductions if converted to rental housing.—If, during the 5-year period beginning immediately after the affordable sale of a qualified residence referred to in subsection (a), an individual who owns a qualified residence, whether or not such individual was the purchaser in such affordable sale, fails to use such qualified residence as such individual's principal residence for any period of time, no deduction shall be allowed for expenses paid or incurred by such individual with respect to renting, during such period of time, such qualified residence.

"(i) Application of credit with respect to owner-occupied rehabilitations.—

"(1) In general.—In the case of a qualified rehabilitation by the taxpayer of any qualified residence which is owned, as of the date that the written binding contract referred to in paragraph (3) is entered into, by a specified homeowner, the rules of paragraphs (2) through (7) shall apply.

"(2) Alternative credit determination.—In the case of any qualified residence described in paragraph (1), the neighborhood homes credit determined under subsection (a) with respect to such residence shall, in lieu of any credit otherwise determined under subsection (a) with respect to such residence, be allowed in the taxable year during which the qualified rehabilitation is completed, as determined by the neighborhood homes credit agency, and shall be equal to the least of—

"(A) the excess, if any, of—

"(i) the amounts paid or incurred by the taxpayer for the qualified rehabilitation of the qualified residence to the extent that such amounts are certified by the neighborhood homes credit agency, at the time of the completion of such rehabilitation, as meeting the standards specified pursuant to subsection (f)(1)(D), over

"(ii) any amounts paid to such taxpayer for such rehabilitation;

"(B) 50 percent of the amounts described in subparagraph (A)(i); or

"(C) $50,000.

"(3) Qualified rehabilitation.—

"(A) In general.—For purposes of this subsection, the term 'qualified rehabilitation' means a rehabilitation or reconstruction performed pursuant to a written binding contract between the taxpayer and the specified homeowner if the amount paid or incurred by the taxpayer in the performance of such rehabilitation or reconstruction exceeds the dollar amount in effect under subsection (b)(3)(A).

"(B) Application of limitation to expenses paid or incurred after allocation.—A rule similar to the rule of subsection (b)(4) shall apply for purposes of this subsection.

"(4) Specified homeowner.—For purposes of this subsection, the term 'specified homeowner' means, with respect to a qualified residence, an individual—

"(A) who owns and uses such qualified residence as the principal residence of such individual as of the date that the written binding contract referred to in paragraph (3) is entered into; and

"(B) whose family income, determined as of such date, does not exceed the median family income for the applicable area, with respect to the census tract in which the qualified residence is located.

"(5) Additional census tracts in which owner-occupied residences may be located.—In the case of any qualified residence described in paragraph (1), the term 'qualified census tract' includes any census tract which—

"(A) meets the requirements of subsection (c)(2)(A)(i) without regard to subclause (III) thereof; and

"(B) is designated by the neighborhood homes credit agency for purposes of this paragraph.

"(6) Modification of repayment requirement.—In the case of any qualified residence described in paragraph (1), subsection (g) shall be applied by beginning the 5-year period otherwise described therein on the date on which the qualified rehabilitation is completed.

"(7) Related parties.—Paragraph (1) shall not apply if the taxpayer is the owner of the qualified residence described in paragraph (1) or is related, within the meaning of subsection (h)(6)(B), to such owner.

"(8) Pyrrhotite remediation.—The requirement of subsection (c)(1)(D) shall not apply to a qualified rehabilitation under this subsection of a qualified residence that is documented by an engineer's report and core testing to have a foundation that is adversely impacted by pyrrhotite or other iron sulfide minerals.

"(j) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations that prevent avoidance of the rules, and abuse of the purposes, of this section.".

(b) Credit allowed as part of general business credit.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking "plus" at the end of paragraph (40), by striking the period at the end of paragraph (41) and inserting ", plus", and by adding at the end the following new paragraph:

"(42) the neighborhood homes credit determined under section 42A(a).".

(c) Credit allowed against alternative minimum tax.—Section 38(c)(4)(B) of the Internal Revenue Code of 1986 is amended by redesignating clauses (iv) through (xii) as clauses (v) through (xiii), respectively, and by inserting after clause (iii) the following new clause:

"(iv) the credit determined under section 42A,".

(d) Basis adjustments.—

(1) Energy efficient home improvement credit.—Section 25C(g) of the Internal Revenue Code of 1986 is amended by adding after the first sentence the following new sentence: "This subsection shall not apply for purposes of determining the eligible development costs or adjusted basis of any building under section 42A.".

(2) Residential clean energy credit.—Section 25D(f) of such Code is amended by adding after the first sentence the following new sentence: "This subsection shall not apply for purposes of determining the eligible development costs or adjusted basis of any building under section 42A.".

(3) New energy efficient home credit.—Section 45L(e) of such Code is amended by inserting "or for purposes of determining the eligible development costs or adjusted basis of any building under section 42A" after "section 42".

(e) Exclusion from gross income.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting before section 140 the following new section:

"Sec. 139N. State energy subsidies for qualified residences.

"(a) Exclusion from gross income.—Gross income shall not include the value of any subsidy provided to a taxpayer, whether directly or indirectly, by any State energy office, as defined in section 124(a) of the Energy Policy Act of 2005 (42 U.S.C. 15821(a)), for purposes of any energy improvements made to a qualified residence, as defined in section 42A(c)(1).".

(f) Conforming amendments.—

(1) Subsections (i)(3)(C), (i)(6)(B)(i), and (k)(1) of section 469 of the Internal Revenue Code of 1986 are each amended by inserting "or 42A" after "section 42".

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 42 the following new item:

"Sec. 42A. Neighborhood homes credit.".

(3) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting before the item relating to section 140 the following new item:

"Sec. 139N. State energy subsidies for qualified residences.".

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

SEC. 433. RURAL HOUSING PRESERVATION FUNDING.

(a) Housing preservation and revitalization program.—There is authorized to be appropriated to the Secretary of Agriculture $200,000,000 for each of fiscal years 2027 through 2031 to carry out section 545 of the Housing Act of 1949, as added by section 502 of the 21st Century ROAD to Housing Act (Public Law 119–101).

(b) Multifamily housing technology.—There is authorized to be appropriated to the Secretary of Agriculture $50,000,000 for fiscal year 2027 for improving the technology of the Department of Agriculture used to process loans for multifamily housing and otherwise manage such housing. Such improvements shall be made within the 5-year period beginning upon the appropriation of such amounts, and such amounts shall remain available until the expiration of such 5-year period.

SEC. 434. AUTHORIZATIONS OF APPROPRIATIONS FOR FARMWORKER HOUSING.

(a) Section 513 of the Housing Act of 1949 (42 U.S.C. 1483) is amended by adding at the end the following new subsection:

"(f) Funding for farmworker housing.—

"(1) Section 514 farmworker housing loans.—

"(A) Insurance authority.—The Secretary of Agriculture may, to the extent approved in appropriation Acts, insure loans under section 514 (42 U.S.C. 1484) in an aggregate amount not to exceed $200,000,000 during each of fiscal years 2027 through 2036.

"(B) Authorization of appropriations for costs.—There is authorized to be appropriated $75,000,000 for each of fiscal years 2027 through 2036 for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a)) of loans insured pursuant to the authority under subparagraph (A).

"(2) Section 516 grants for farmworker housing.—There is authorized to be appropriated $30,000,000 for each of fiscal years 2027 through 2036 for financial assistance under section 516 (42 U.S.C. 1486).

"(3) Section 521 housing assistance.—There is authorized to be appropriated $2,700,000,000 for each of fiscal years 2027 through 2036 for rental assistance agreements entered into or renewed pursuant to section 521(a)(2) (42 U.S.C. 1490a(a)(2)) or agreements entered into in lieu of debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D).".

(b) Section 514 of the Housing Act of 1949 (42 U.S.C. 1484) is amended by adding at the end the following:

"(j) Per project limitations on assistance.—If the Secretary, in making available assistance in any area under this section or section 516 (42 U.S.C. 1486), establishes a limitation on the amount

of assistance available per project, the limitation on a grant or loan award per project shall not be less than $5,000,000.".

(c) Subsection (a)(5) of section 521 of the Housing Act of 1949 (42 U.S.C. 1490a(a)(5)) is amended—

(1) in subparagraph (A) by inserting "or domestic farm labor legally admitted to the United States and authorized to work in agriculture" after "migrant farmworkers";

(2) in subparagraph (B)—

(A) by striking "Amount.—In any fiscal year" and inserting "Amount.—

"(i) Housing for migrant farmworkers.—In any fiscal year";

(B) by inserting "providing housing for migrant farmworkers" after "any project"; and

(C) by inserting at the end the following:

"(ii) Housing for other farm labor.—In any fiscal year, the assistance provided under this paragraph for any project providing housing for domestic farm labor legally admitted to the United States and authorized to work in agriculture shall not exceed an amount equal to 50 percent of the operating costs for the project for the year, as determined by the Secretary. The owner of such project shall not qualify for operating assistance unless the Secretary certifies that the project was unoccupied or underutilized before making units available to such farm labor, and that a grant under this section will not displace any farm worker who is a United States worker."; and

(3) in subparagraph (D), by adding at the end the following:

"(iii) The term 'domestic farm labor' has the same meaning given such term in section 514(f)(3) (42 U.S.C. 1484(f)(3)), except that subparagraph (A) of such section shall not apply for purposes of this section.".

(d) Housing assistance eligibility for certified agricultural workers and dependents.—Subsection (a) of section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) in paragraph (6), by striking "or" at the end;

(2) by redesignating paragraph (7) as paragraph (8); and

(3) by inserting after paragraph (6) the following:

"(7) an alien granted certified agricultural worker or certified agricultural dependent status under title IX of the POPULIST Act, but solely for financial assistance made available pursuant to section 521 or 542 of the Housing Act of 1949 (42 U.S.C. 1490a, 1490r); or".

(e) VAWA covered housing programs.—Paragraph (3) of section 41411(a) of the Violence Against Women Act of 1994 (34 U.S.C. 12491(a)(3)) is amended—

(1) in subparagraph (I), by striking "and" at the end;

(2) by redesignating subparagraph (J) as subparagraph (K); and

(3) by inserting after subparagraph (I) the following new subparagraph:

"(J) rural development housing voucher assistance provided by the Secretary of Agriculture pursuant to section 542 of the Housing Act of 1949 (42 U.S.C. 1490r), without regard to subsection (b) of such section, and applicable appropriation Acts; and".

Subtitle D—Market Safeguards for Housing Access

SEC. 441. PROHIBITION ON ALGORITHMIC RENT PRICING AND COORDINATION.

(a) Definitions.—In this section:

(1) Chair.—The term "Chair" means the Chair of the Federal Trade Commission.

(2) Commission.—The term "Commission" means the Federal Trade Commission.

(3) Consciously parallel pricing coordination.—The term "consciously parallel pricing coordination" means a tacit agreement between 2 or more rental property owners to raise, lower, change, maintain, or manipulate pricing for reasonably interchangeable products or services.

(4) Coordinating function.—The term "coordinating function" means—

(A) collecting historical or contemporaneous prices, supply levels, or lease or rental contract termination and renewal dates of residential dwelling units from 2 or more rental property owners;

(B) analyzing or processing the information described in subparagraph (A) using a system, software, or process that uses computation, including by using that information to train an algorithm; and

(C) recommending rental prices, lease renewal terms, or ideal occupancy levels to a rental property owner.

(5) Coordinator.—The term "coordinator" means any person that operates a software or data analytics service that performs a coordinating function for any rental property owner, including a rental property owner performing a coordinating function for their own benefit.

(6) Person.—The term "person" has the meaning given that term in section 12(a) of the Clayton Act (15 U.S.C. 12(a)).

(7) Residential dwelling unit.—The term "residential dwelling unit"—

(A) means any house, apartment, accessory unit, or other unit intended to be used as a primary residence; and

(B) does not include inpatient medical care, licensed long-term care, or detention or correctional facilities.

(8) Rental property owner.—The term "rental property owner" means any individual, corporation, partnership, association, joint-stock company, trust, or unincorporated organization

that owns real property and leases or rents such property or any portion thereof in the form of 4 or more residential dwelling units.

(9) State.—The term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

(b) Unlawful conduct.—

(1) Contract or conspiracy in restraint of trade.—It shall be unlawful for a rental property owner, in or affecting commerce, or any agent or subcontractor thereof, to subscribe to, contract with, or otherwise exchange anything of value in return for the services of a coordinator, and such action shall be deemed a per se violation of the Sherman Act (15 U.S.C. 1 et seq.).

(2) Facilitation.—It shall be unlawful for a coordinator, in or affecting commerce, to facilitate an agreement among rental property owners to not compete with respect to residential dwelling units, including by performing a coordinating function.

(3) Anticompetitive merger.—It shall be unlawful for any coordinator, in or affecting commerce, to acquire, directly or indirectly, the whole or any part of the stock or other share capital of another coordinator if the acquisition would create an appreciable risk of materially lessening competition in violation of section 7 of the Clayton Act (15 U.S.C. 18), or tend to create a monopoly or monopsony.

(c) Enforcement.—

(1) Federal Trade Commission.—The Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Federal Trade Commission Act (15 U.S.C. 41 et seq.) were incorporated into and made a part of this section.

(2) Attorney General.—The Attorney General shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Sherman Act (15 U.S.C. 1 et seq.), the Clayton Act (15 U.S.C. 12 et seq.), and the Antitrust Civil Process Act (15 U.S.C. 1311 et seq.) were incorporated into and made a part of this section.

(3) State attorneys general.—The attorney general of any State may enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Sherman Act and the Clayton Act were incorporated into and made a part of this section.

(4) Unfair methods of competition.—A violation of this section shall constitute an unfair method of competition under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(5) Independent litigation authority.—If the Commission has reason to believe that a person has violated this section, the Commission may commence a civil action, in its own name, to recover a civil penalty and seek other appropriate relief.

(6) Standards of pleading.—In a civil action under this subsection, a complaint—

(A) plausibly pleads a violation of section 1 or section 3(a) of the Sherman Act (15 U.S.C. 1, 3(a)) if the complaint contains factual allegations, including allegations of consciously parallel pricing coordination, demonstrating that the existence of a contract, combination, or conspiracy in restraint of trade is among the realm of plausible possibilities; and

(B) need not allege facts tending to exclude the possibility of independent action.

(7) Civil actions by injured persons.—

(A) Any person aggrieved by a violation of this section may bring a civil action in an appropriate district court of the United States.

(B) The court shall award threefold the damages sustained by the plaintiff and the reasonable cost of litigation, including reasonable attorney's fees.

(C) The court may award simple interest on actual damages as provided under applicable antitrust law.

(d) Relationship to State and local laws.—Nothing in this section shall be construed to preempt any State, Tribal, city, or local law, regulation, or ordinance that explicitly supplements or provides greater protection than this section.

SEC. 442. USE-OF-FUNDS RESTRICTIONS ON FEDERAL HOME LOAN BANK ADVANCES.

(a) Definitions.—In this section:

(1) Advance.—The term "advance" means a loan made by a Federal Home Loan Bank to a member pursuant to section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430), secured by eligible collateral and subject to the terms and conditions established under such section.

(2) Agency.—The term "Agency" means the Federal Housing Finance Agency.

(3) Bank.—The term "Bank" means a Federal Home Loan Bank.

(4) Covered housing.—The term "covered housing" means residential housing that—

(A) is owner-occupied housing; or

(B) is developed, owned, or operated by a nonprofit organization, cooperative, community land trust, public housing authority, or other mission-driven entity.

(5) Covered mid-sized development.—The term "covered mid-sized development" means a housing structure consisting of not fewer than 5 and not more than 49 dwelling units subject to enforceable use restrictions, affordability covenants, resale restrictions, rent stabilization provisions, or occupancy requirements that ensure long-term affordable housing availability.

(6) Member.—The term "member" has the meaning given such term in section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422).

(7) Preferential terms.—The term "preferential terms" means a preferential interest rate, extended maturity, or other terms more favorable than those generally available for advances made by a Federal Home Loan Bank.

(b) Condition on preferential terms.—A Bank may provide an advance on preferential terms only if the member receiving such advance certifies that the proceeds of such advance will be exclusively used for—

(1) originating, acquiring, or refinancing loans secured by covered housing; or

(2) supporting the acquisition, construction, rehabilitation, or refinancing of a covered mid-sized development.

(c) Certification and tracing.—Each member receiving an advance under subsection (b) shall—

(1) certify the specific loans or projects to be financed with such advance;

(2) maintain records sufficient to trace the advance proceeds for uses permitted under subsection (b); and

(3) submit such documentation to the Bank and the Agency as may be required.

(d) Enforcement.—If the Agency determines subsection (b) has been violated, the Agency may—

(1) require repayment of the advance;

(2) impose restrictions on future access to advances;

(3) assess civil penalties; or

(4) take such other supervisory or enforcement action as the Agency determines appropriate.

SEC. 443. APPRAISAL RECONSIDERATION REQUIREMENTS.

(a) Reconsideration of value.—

(1) In general.—Section 129E of the Truth in Lending Act (15 U.S.C. 1639e) is amended—

(A) by redesignating subsections (j) and (k) as subsections (k) and (l), respectively; and

(B) by inserting after subsection (i) the following:

"(j) Requirements for reconsideration of value or subsequent appraisal.—

"(1) Definitions.—In this section:

"(A) Unacceptable appraisal practice.—The term 'unacceptable appraisal practice' means an appraisal report that—

"(i) uses unsupported or subjective terms to assess or rate the property without providing a foundation for analysis and contextual information;

"(ii) uses inaccurate or incomplete data about the subject property, the neighborhood, the market area, or any comparable property;

"(iii) includes references, statements, or comparisons about crime rates or crime statistics, whether objective or subjective;

"(iv) relies in the appraisal analysis on comparable properties that were not personally inspected by the appraiser when required by the appraisal's scope of work;

"(v) relies in the appraisal analysis on inappropriate comparable properties;

"(vi) fails to use comparable properties that are more similar, or nearer, to the subject property without adequate explanation;

"(vii) uses comparable property data provided by any interested party to the transaction without verification by a disinterested party;

"(viii) uses inappropriate adjustments for differences between the subject property and the comparable properties that do not reflect the market's reaction to such differences; or

"(ix) fails to make proper adjustments, including time adjustments for differences between the subject property and the comparable properties when necessary.

"(B) Unsupported.—The term 'unsupported' means, with respect to an appraisal report or an appraiser's opinion of value, that the appraisal report or the opinion of value is not supported by relevant evidence and logic.

"(2) Review.—In connection with a consumer credit transaction secured by a consumer's principal dwelling, a creditor shall have a review and resolution procedure for a consumer-initiated reconsideration of value or subsequent appraisal that complies with the following requirements:

"(A) The creditor shall complete its own appraisal review before delivering the appraisal to the consumer.

"(B) The creditor shall have policies and procedures that provide the consumer with a process to submit 1 request for a reconsideration of value and subsequent appraisal prior to the loan closing or within 60 calendar days of denial of a credit application if the consumer believes the appraisal report may be unsupported, may be deficient due to an unacceptable appraisal practice, or may reflect discrimination.

"(C) At the time of application and upon delivery of the appraisal report to the consumer, the creditor shall provide a written disclosure to the consumer describing the process for requesting a reconsideration of value or subsequent appraisal, which written disclosure shall include a standardized format for the consumer to submit the request for a reconsideration of value, including—

"(i) the name of the borrower;

"(ii) the property address;

"(iii) the effective date of the appraisal;

"(iv) the appraiser's name;

"(v) the date of the request;

"(vi) a description of why the consumer believes the appraisal report may be unsupported, may be deficient due to an unacceptable appraisal practice, or may reflect discrimination;

"(vii) any additional information or data, including not more than 5 alternative comparable properties and the related data sources that the consumer would like the appraiser to consider; and

"(viii) an explanation of why the new information, data, or comparable properties support the reconsideration of value.

"(D) The creditor shall obtain the necessary information from the consumer if the consumer's request for reconsideration of value or subsequent appraisal is unclear or requires more information.

"(E) The creditor shall have a standardized format to communicate the reconsideration of value to the appraiser, which format shall include—

"(i) the name of the borrower;

"(ii) the property address;

"(iii) the effective date of the appraisal;

"(iv) the appraiser's name;

"(v) the date of the request;

"(vi) a description of any area of the appraisal report that may be unsupported, may be deficient due to an unacceptable appraisal practice, or may reflect discrimination;

"(vii) any additional information or data, including not more than 5 alternative comparable properties and the related data sources that the consumer would like the appraiser to consider;

"(viii) an explanation of why the new information, data, or comparable properties support the reconsideration of value;

"(ix) a definition of turn-time expectations for the appraiser to communicate the reconsideration of value results back to the creditor;

"(x) instructions for delivering the reconsideration of value response as part of a revised appraisal report that includes commentary on conclusions regardless of the outcome; and

"(xi) a reference for appraisers on how to correct minor appraisal issues or nonmaterial errors not related to the reconsideration of value process.

"(3) Subsequent appraisal and referral.—

"(A) In general.—If the creditor identifies material deficiencies in the appraisal report that are not corrected or addressed by the appraiser upon request of the creditor, including through a consumer-initiated reconsideration of value, or if there is evidence of unsupported or unacceptable appraisal practices, the creditor shall—

"(i) at the request of the consumer, order a subsequent appraisal at the creditor's own expense; and

"(ii) forward the appraisal report and the creditor's summary of findings to the appropriate appraisal licensing agency or regulatory board.

"(B) Discrimination.—If the creditor has reason to believe that an appraisal report reflects discrimination, the creditor shall—

"(i) order a subsequent appraisal at the creditor's own expense;

"(ii) forward the appraisal report and the creditor's summary of findings to the appropriate local, State, or Federal enforcement agency.

"(C) Appraiser reimbursement.—Upon a final determination of discrimination by the appropriate local, State, or Federal enforcement agency, the appraiser shall reimburse the creditor for the reasonable cost of the subsequent appraisal ordered under subparagraph (B)(i).

"(D) Definition.—

"(i) In general.—Except as provided in clause (ii), in this paragraph, the term 'reason to believe' means that the creditor has reviewed the applicable law and available evidence and determined that a potential violation of Federal or State antidiscrimination law exists.

"(ii) Exception.—The term 'reason to believe' does not mean that there is a final legal determination of discrimination.

"(4) Document retention.—The creditor shall retain all documentation and written communications related to the request for reconsideration of value or subsequent appraisal in the loan file during the 7-year period beginning on the date on which the consumer submitted the credit application.

"(5) Rule of construction.—This subsection is consistent with the exceptions to the appraiser independence requirements found in subsection (c). Nothing in this subsection shall be construed to require a creditor to submit a reconsideration of value to the original appraiser before ordering a subsequent appraisal from a subsequent appraiser.".

(2) Rules and interpretative guidelines.—Section 129E(g) of the Truth in Lending Act (15 U.S.C. 1639e(g)) is amended—

(A) in paragraph (1), by striking "paragraph (2)" and inserting "paragraphs (2) and (3)"; and

(B) by adding at the end the following:

"(3) Interim final regulations.—Not later than 90 days after the date of enactment of this paragraph, the Federal Housing Finance Agency shall prescribe interim final regulations to carry out subsection (j). Such regulations shall take effect upon publication in the Federal Register. The Federal Housing Finance Agency may prescribe such regulations without regard to the notice and comment requirements of section 553 of title 5, United States Code, but shall provide a public comment period of not less than 60 days after publication. Such regulations shall be deemed to be regulations prescribed by the agencies jointly under paragraph (1).".

SEC. 444. HOUSING-FIRST PERFORMANCE SAFEGUARDS.

(a) In general.—Section 422 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11382) is amended by adding at the end the following:

"(k) Housing-first performance safeguards; due process.—

"(1) In general.—For purposes of any determination under this part that a project is underperforming or should be replaced or denied renewal, a project may be determined to be underperforming only in accordance with objective performance measures established by the Secretary by notice or regulation.

"(2) Housing-first alignment.—The measures under paragraph (1) shall prioritize outcomes related to placement into permanent housing and retention of permanent housing, and shall not condition project eligibility, participant eligibility, or continued funding on participant compliance with treatment, medication, services participation, sobriety, employment, curfews, or other behavioral requirements unrelated to health and safety.

"(3) Notice and opportunity to improve.—Before a collaborative applicant may recommend or seek the replacement or nonrenewal of a project, the collaborative applicant shall provide the project sponsor with written notice describing the basis for the determination, the data relied upon, and the actions required to remedy identified deficiencies, and shall provide not less than 90 days for the project sponsor to submit a corrective action plan and demonstrate measurable improvement, unless the Secretary determines that an imminent threat to health or safety requires immediate action.

"(4) Appeal.—A project sponsor may appeal a determination under paragraph (1) to the Secretary in accordance with procedures established by the Secretary, and the Secretary shall provide for an expedited determination for purposes of an applicable award or renewal decision.".

(b) Rule of construction.—Nothing in this section shall be construed to prohibit the Secretary from establishing performance measures that account for the differing needs and barriers of subpopulations served, including individuals with serious mental illness, substance use disorders, chronic health conditions, or high-service needs.

Subtitle E—American Union Housing

SEC. 451. FINDINGS AND PURPOSES.

(a) Findings.—Congress finds the following:

(1) The United States faces a persistent shortage of affordable, stable housing that undermines economic security, labor mobility, family formation, and community stability.

(2) Long-term public ownership of residential housing, coupled with standardized leasing and predictable costs, can provide durable affordability without reliance on speculative real estate markets.

(3) The construction and leasing of federally owned housing can recoup public investment over time and generate stable, long-term revenue for the Federal Government.

(4) Purpose-built residential buildings that include shared community space can facilitate voluntary community formation, mutual support, democratic self-governance, and collective problem-solving.

(5) Housing is a form of essential national infrastructure, comparable to transportation, energy, and communications infrastructure, and its provision serves interstate commerce, national labor mobility, and the general welfare of the United States.

(6) A parallel Federal housing production and allocation system can expand housing supply, support geographic mobility, and complement existing housing assistance programs without replacing them.

(7) Federally owned housing developed under this subtitle can be paired with public production facilities, cooperative enterprises, educational initiatives, and reindustrialization programs to promote employment, resilience, and shared prosperity.

(b) Purposes.—The purposes of this subtitle are—

(1) to establish a Federal program for the development of standardized, affordable residential housing which will remain permanently outside speculative resale and ownership markets;

(2) to provide a mechanism for groups of individuals with a common interest or goal to coalesce and form real world communities; and

(3) to recoup public investment in housing construction and operations and generate long-term public revenue in a way that promotes the general welfare of the United States.

SEC. 452. DEFINITIONS.

(a) Definitions.—In this subtitle:

(1) American Union housing.—The term "American Union housing" means residential buildings developed, owned, and leased by the Federal Government under this subtitle.

(2) Community occupancy.—The term "community occupancy" means the collective residential use of an American Union housing building by an eligible group under a standardized agreement with the Director.

(3) Director.—The term "Director" means the Director of the Office of American Union Housing.

(4) Eligible group.—The term "eligible group" means an unincorporated association of not fewer than 30 adult natural persons, recognized by the Director solely for purposes of leasing or applying to lease an American Union housing building for occupancy by such persons and members of their households.

(5) Five-over-one.—The term "five-over-one" means a mixed-use building type consisting of not more than 1 story of nonresidential or commercial use at ground level, with additional stories (commonly but not always 5) of residential dwelling units constructed above.

(6) Fund.—The term "Fund" means the "American Union Housing Capital Fund" established by section 453.

(7) Further Act by Congress.—The term "further Act by Congress" means an Act enacted after the date of enactment of this Act that expressly authorizes the activity for which such Act is required under this subtitle.

(8) GOCO facility.—The term "GOCO facility" means a government owned, community operated facility established by the Strategic Public Production Corporation under section 848 of the POPULIST Act and leased by an eligible group. Such facility may be industrial, commercial, retail, or agricultural.

(9) Housing queue.—The term "housing queue" means the centralized Federal system established by the Office of American Union Housing for receiving applications for and allocating community occupancy.

(10) Office.—The term "Office" means the Office of American Union Housing.

(11) Payment in lieu of taxes.—The term "payment in lieu of taxes" means a discretionary payment authorized under section 455(f)(3) to a State or political subdivision to offset demonstrable, material fiscal impacts directly attributable to American Union housing.

(12) Secretary.—The term "Secretary" means the Secretary of Housing and Urban Development.

(13) Standardized rate.—The term "standardized rate" means a rent or occupancy charge established by statute or regulation that is fixed, predictable, and not subject to market repricing.

SEC. 453. AMERICAN UNION HOUSING CAPITAL FUND.

(a) Establishment.—There is established in the Treasury of the United States a fund to be known as the "American Union Housing Capital Fund".

(1) In general.—Amounts received under section 456 shall be deposited in the Fund and shall be available, without further appropriation and without fiscal year limitation, to carry out this subtitle.

(2) Startup funding.—There is appropriated to the Fund, out of any money in the Treasury not otherwise appropriated, $1,200,000,000, to remain available until expended, to carry out this subtitle.

(3) Investment funding.—The Director may, after a further Act by Congress, negotiate loans through the National Infrastructure Bank established under section 642 of this Act.

(b) Authorization.—There are authorized to be made available for expenditure, out of the Fund and without fiscal year limitation, such sums as may be necessary to carry out the provisions of this subtitle.

(c) Rescission.—Of the amounts appropriated under section 90003 of the One Big Beautiful Bill Act (Public Law 119–21) for detention capacity, $1,200,000,000 is hereby rescinded.

SEC. 454. OFFICE OF AMERICAN UNION HOUSING.

(a) Establishment.—There is established within the Department of Housing and Urban Development an office to be known as the Office of American Union Housing. The Office shall be headed by a Director, who shall be appointed by the Secretary.

(b) Responsibilities.—The Office shall—

(1) plan, develop, and administer American Union housing in a manner that enables standardized residential buildings to be repeatedly and consistently constructed and rapidly deployed across the United States;

(2) develop standardized application procedures, occupancy agreements, internal governance frameworks, and administrative systems consistent with this subtitle;

(3) manage the housing queue established under this subtitle in a transparent manner that encourages community occupancy to support collective living, civic engagement, employment, public production, cooperative development, education, or other purposes;

(4) collect and publish data regarding construction costs, occupancy rates, fiscal performance, and geographic distribution of American Union housing;

(5) after a further Act by Congress, facilitate funding and financing for American Union housing, including coordination with the National Infrastructure Bank; and

(6) carry out such other duties as the Director determines necessary to implement this subtitle.

SEC. 455. DESIGN AND CONSTRUCTION.

(a) Construction design.—American Union housing shall be built for long-term durability, safety, energy efficiency, community occupancy, and cost-effective operation.

(1) Standardized exterior designs.—The Director shall develop and approve a limited number of standardized exterior building designs for American Union housing, suitable for construction across the United States, which shall provide between 30 and 49 residential housing units suitable for long-term occupancy. At least 1 design must be a five-over-one building.

(A) Pilot program design.—During the pilot program described in section 457, the Director shall utilize a single standardized exterior building design for American Union housing. Such design may not be a five-over-one building or offer commercial space.

(B) Additional designs.—Development and approval of other designs may occur during the pilot, but construction of any non-pilot design may not begin until a further Act by Congress.

(2) Interior design variants.—The Director shall, for each exterior building design of American Union housing, approve no less than 3 standardized interior design variants while maintaining a common construction framework.

(A) In general.—Each design shall include a common area or areas suitable for facilitating community governance, as well as features to support different community uses and occupancy pathways under this subtitle.

(B) Occupancy options.—The design variants shall include:

(i) an efficiency-oriented layout with 49 units, consisting primarily of studio or single-room dwelling units with shared facilities, suitable for individual dormitory-style living;

(ii) a mixed residential layout with 40 units, consisting primarily of 1-bedroom and 2-bedroom dwelling units suitable for individuals, couples, or small households; and

(iii) a family-oriented layout with 30 units, which include 3-bedroom or larger dwelling units, suitable for families or multigenerational households.

(b) Design process.—In developing standardized designs, the Director may employ competitive, open, or collaborative design processes for both interior and exterior layouts, and may solicit design proposals from members of the public, professional designers, educational institutions, or other qualified entities. The Director shall prioritize designs according to the criteria set out in subsection (a).

(c) Land acquisition.—The Director shall, to the fullest extent possible, utilize existing Federal real property for the construction of American Union housing, including any Federal real property made available for use to assist the homeless pursuant to title V of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11411 et seq.), but is authorized to purchase property if necessary.

(1) Gifts.—The Director may accept donations of real property to the Office which are conditioned on the construction of American Union housing on such property; provided that if the gift is linked to an eligible group and such housing is not for general allocation, construction shall not begin until such group reaches the front of the housing queue.

(d) Construction.—The Director shall, to the fullest extent possible, construct American Union housing utilizing the employment program established under title VIII of this Act.

(e) Pairing with other resources.—The Director may site American Union housing adjacent to or in coordination with Federal facilities, public production sites, cooperative enterprises, or other public-purpose developments to promote employment, training, and community stability.

(f) Local impact.—The Director—

(1) shall provide notice to, and solicit input from, the jurisdiction where the Director intends to build American Union housing;

(2) may approve and carry out the construction and operation of American Union housing without regard to local zoning, approval processes, or building restrictions; and

(3) may make a one-time payment in lieu of taxes.

SEC. 456. COMMUNITY OCCUPANCY.

(a) Allocation.—The Director shall continually make American Union housing available for community occupancy to eligible groups in the housing queue.

(1) In general.—The Director shall allocate housing in the order in which complete applications from eligible groups are received, subject to paragraph (2).

(2) Exceptions.—Applications may be held until the first available housing compatible with the size and accessibility needs of the eligible group and any requested proximity feature or interior design is available, under standards prescribed by the Director by rule.

(b) Application.—

(1) Availability.—Not later than March 1, 2027, the Director shall make available an application by which eligible groups may apply for available American Union housing under this section.

(2) Requirements.—An application under this subsection shall—

(A) be submitted in such form and manner as the Director may require;

(B) identify the members of the group at the time of application;

(C) describe the shared purpose or purposes of collective occupancy;

(D) indicate any requested proximity to a GOCO facility, terrain, or similar exogenous features relevant to the shared purpose of the group;

(E) include a nonrefundable deposit of $100 per adult applicant; and

(F) provide any other information which the Director deems necessary.

(c) Community association as lessee.—

(1) Recognition framework.—The Director shall establish by regulation a standardized framework for recognizing eligible groups as unincorporated associations for purposes of entering into, performing, and terminating a lease under this subtitle, including standards for determining whether an association continues to satisfy the minimum membership requirement of this subtitle and any minimum occupancy requirement established by the Director by regulation after changes in membership.

(2) Legal status and liability.—An association recognized under this subsection—

(A) shall consist solely of natural persons occupying or intending to occupy American Union housing;

(B) shall not be required to incorporate under Federal or State law;

(C) shall not be deemed a corporation, partnership, cooperative, or other entity except as expressly provided under this subtitle;

(D) shall not acquire any equity interest in American Union housing;

(E) shall not subject any member to joint or several liability beyond obligations expressly assumed under the lease; and

(F) shall cease to be recognized upon termination or nonrenewal of the lease or dissolution in accordance with regulations of the Director.

(d) Lease terms.—

(1) In general.—A lease under this section shall have an initial term of 5 years, except in the case of American Union housing built on land acquired under section 455(c)(1), in which case the Director may require a lease of up to 20 years.

(2) Renewal.—Upon expiration of the initial term, the lease shall be presumptively renewable in successive 1-year increments, subject to compliance with this subtitle.

(3) Residential lease rates.—The lease shall be at standardized rates and set by the Director by rule at an amount based on one-third of the aggregate payments payable under the American Union Jobs Program (42 U.S.C. 1398a et seq.) to or for the members of the eligible group and members of their households; provided that the Director shall establish a minimum threshold to reflect the population mix for which the building is designed, and the departure of members may not reduce the rate below such threshold.

(4) Nonresidential or commercial space.—Paragraph (3) shall not limit a separately stated charge for the lease or use of nonresidential or commercial space in a five-over-one or similar structure.

(e) Internal governance.—

(1) Autonomy.—Except as provided in paragraph (2), the Director shall not regulate the internal governance, membership criteria, internal allocation of units, or internal decision making of a community occupancy group.

(2) Minimum requirements.—Each eligible group shall, prior to community occupancy, adopt internal rules addressing—

(A) admission and departure of members;

(B) internal dispute resolution;

(C) shared obligations, including—

(i) maintenance of real property and common areas; and

(ii) any payment of dues;

(D) recordkeeping and management of community funds;

(E) conditions for dissolution or reconstitution of the group; and

(F) other matters of internal governance.

(3) Civil rights.—Nothing in this section shall be construed to authorize conduct or governance practices that violate applicable Federal civil rights laws.

(f) Termination and reallocation.—If a community occupancy group dissolves, materially breaches the standardized lease, or fails to maintain the minimum membership requirement of this subtitle or a minimum occupancy requirement established under subsection (c)(1), the Secretary may terminate the lease after notice and a reasonable cure period and reallocate the housing under this subtitle.

SEC. 457. PILOT PROGRAM.

(a) Pilot program.—The Director shall carry out a pilot program to test the feasibility of, and the demand for, American Union housing pursuant to this subtitle.

(1) Scale.—Under the pilot program, the Director shall develop not more than 150 residential buildings and not fewer than 1 in each State.

(2) Consideration of demand.—In determining the number, location, and configuration of buildings developed under the pilot program, the Director shall consider the applications for community occupancy received pursuant to section 456(b).

(3) Construction authority.—Authority to construct new American Union housing under this subtitle shall terminate on January 30, 2029, unless further construction is authorized by a further Act by Congress. Projects for which funds have been obligated prior to such date may proceed to completion notwithstanding this paragraph.

(b) Effect of termination.—Termination of construction authority under subsection (a)(3) shall not affect continued operation, leasing, or maintenance of housing constructed under this subtitle.

(c) Reports.—Not later than October 30, 2027, and every 2 years after, the Director shall submit to Congress (and make publicly available) a report evaluating—

(1) construction costs and timelines;

(2) occupancy rates and demand;

(3) fiscal performance and cost recovery; and

(4) legislative recommendations for expansion, modification, or termination of the program.

(The POPULIST Act of 2026, TITLE IV, version 2.3, last updated August 7, 2026)

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

SEC. 501. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) A jubilee can restore economic agency for many millions of people by reducing the power of debt and the influence of private financial wizardry, but such agency cannot be fully secured unless ordinary people also regain control over the information systems used to shape public discourse in the United States.

(2) Vertical integration of dominant media firms in entertainment production, distribution, and streaming limits competition and facilitates the warehousing of intellectual property. These gatekeepers restrict access to many of our greatest cultural works, including characters and stories shared across generations of Americans.

(3) The concentration of media ownership and the dependence of news organizations on dominant digital distribution platforms has weakened local journalism. News deserts have proliferated, and a 2024 report found most US counties now have no more than 1 local news source.

(4) When the channels of information and public debate are controlled by a small number of private gatekeepers, the citizenry lacking the gate keys—disposable income—frequently forgo

access. A reasonable person could conclude that the media system is stacked against ordinary people.

(5) Alphabet, Amazon, Apple, Meta, and Microsoft have collectively acquired more than 1,000 companies in the 21st century, echoing the anticompetitive behavior of the 19th century industrial trusts. The acquisition of technical teams, accumulation of data and intellectual property, and absorption of nascent competitors have created technological titans with vast platform power over the digital lives of Americans.

(6) The business model of dominant platforms often depends on the extraction of user data and the monetization of personal and intimate information about users' lives. Lack of data portability locks users into dominant platforms and contributes to the inability of competition to discipline abusive conduct.

(7) "Free" services, where user data is the actual product, frequently incorporate addictive digital designs to encourage compulsive behavior, promoting the profitability of surveillance advertising rather than the well-being of users, communities, or democratic self-government.

(8) The rise of social media platforms and their algorithmic recommendations has corresponded with a sharp rise in youth suicides since 2009; artificial intelligence chatbots designed to simulate emotional attachment and intimacy may further deepen dangerous digital dependency. Heartbroken parents seeking accountability for children harmed by social media's algorithmic recommendations have faced platform claims that section 230 of the Communications Act entitles them to immunity for their actions.

(9) A reasonable consumer could conclude from the market power of dominant digital platforms, the opacity of algorithmic systems, the extraction of personal data, the manipulation of attention, and the inability of Congress to pass meaningful regulation of artificial intelligence that big tech has stacked the political and economic systems of the United States in their favor and against ordinary people.

(b) Purpose.—The purposes of this title are—

(1) to break up concentrated power, restore user control and limit data extraction, strengthen local media, protect vulnerable children, establish clear national policy about artificial intelligence, and make democratic life less dependent on dominant platforms; and

(2) to unstack the media and big tech.

SEC. 502. LIMITATION ON SECTION 230 IMMUNITY FOR PROMOTED CONTENT.

(a) Limitation on immunity for promoted content.—Section 230 of the Communications Act of 1934 (47 U.S.C. 230) is amended—

(1) in subsection (c)(1) to read as follows:

"(1) No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider, except to the extent that such provider or user affirmatively acts to prioritize or promote the visibility or distribution of such information."; and

(2) in subsection (f) by inserting at the end the following new paragraphs:

"(5) Affirmatively acting to prioritize or promote.—

"(A) In general.—The term 'affirmatively acting to prioritize or promote' means action by the provider of an interactive computer service, or by a user acting through paid promotion or other compensated means, to recommend, rank, amplify, auto-play, auto-advance, trend, or otherwise materially increase the prominence or distribution of information provided by another information content provider.

"(B) Exceptions.—The term does not include—

"(i) passive presentation; or

"(ii) the good-faith removal, restriction, filtering, or blocking of spam, fraud, malware, material described in subsection (c)(2)(A), unlawful material, or material that poses a security threat.

"(6) Passive presentation.—The term 'passive presentation' means displaying or otherwise presenting information provided by another information content provider in response to a specific user request or according to chronological order, subscription choices, votes, follows, reposts, or other user-selected display methods, without the provider materially altering such presentation in order to increase engagement through ranking, recommendation, amplification, or other promotion.".

SEC. 503. TICKETING INTEGRITY AND REFUND TRANSPARENCY.

(a) Definitions.—In this section:

(1) Covered entity.—The term "covered entity" means—

(A) any person or entity that sells or offers for sale tickets to a sporting event, theater performance, musical performance, or event at a place of public amusement of any kind as a primary seller and that determines or controls the number of tickets released for public sale; or

(B) any person or entity that sells or offers for sale such tickets in a secondary marketplace.

(2) Mandatory fee.—The term "mandatory fee" includes any fee or surcharge that a consumer is required to pay to purchase a ticket, that is not reasonably avoidable, or that a reasonable consumer would not expect to be included with the purchase of the ticket.

(b) Ticketing integrity.—

(1) Ticket release disclosure.—A covered entity described in subsection (a)(1)(A) shall, not less than 72 hours prior to the first public sale or presale of tickets for an event, clearly and conspicuously disclose to the public, including at the point of sale, the total number of tickets offered for sale or otherwise made available for such event.

(2) Speculative ticketing.—If a covered entity described in subsection (a)(1)(B) offers a ticket for sale without possessing the ticket at the time of sale, the covered entity shall—

(A) clearly and conspicuously disclose to the consumer that the covered entity does not possess the ticket; and

(B) if the covered entity cannot provide the ticket to the consumer sufficiently in advance of the event to permit meaningful use of the ticket, provide a full refund to the consumer sufficiently in advance of the event to permit meaningful use of the refund, including by purchasing a replacement ticket.

(c) Refund transparency.—

(1) Disclosure of policies.—A covered entity shall clearly and conspicuously disclose any guarantee, refund, or cancellation policy applicable to a ticket prior to completion of a transaction by the consumer.

(2) Refund amount.—A refund required under subsection (b)(2)(B) shall be in the total amount paid by the consumer for the ticket, including any mandatory fees.

(d) Enforcement.—

(1) Unfair, deceptive, or abusive acts or practices.—A violation of this section shall be an unfair, deceptive, or abusive act or practice.

(2) Enforcement by the Commission.—The Federal Trade Commission shall enforce 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.

(3) Authority preserved.—Nothing in this section shall be construed to limit the authority of the Federal Trade Commission under any other provision of law.

(4) Enforcement by States.—If the attorney general of a State has reason to believe that a covered entity has violated or is violating this section in a manner that affects the residents of that State, the State, as parens patriae, may bring a civil action in any appropriate district court of the United States to—

(A) enjoin any further violation by the covered entity;

(B) enforce compliance with this section;

(C) obtain other remedies permitted under State law; and

(D) obtain damages, restitution, or other compensation on behalf of residents of the State.

(5) Notice.—The attorney general of a State shall provide prior written notice of any action under paragraph (4) to the Commission and provide the Commission with a copy of the complaint in the action, except in any case in which such prior notice is not feasible, in which case the attorney general shall serve such notice immediately upon instituting such action.

(6) Intervention by the Commission.—Upon receiving notice under paragraph (5), the Commission may—

(A) intervene in the action;

(B) upon so intervening, be heard on all matters arising therein; and

(C) file petitions for appeal.

(7) Limitation on State action while Federal action is pending.—If the Commission has instituted a civil action for a violation of this section, no State attorney general, official, or agency may bring a separate action under paragraph (4) during the pendency of that action against any defendant named in the complaint of the Commission for any violation of this section that is alleged in the complaint. A State attorney general, official, or agency may join a civil action for a violation of this section filed by the Commission.

(8) Rule of construction.—For purposes of bringing a civil action under paragraph (4), nothing in this section shall be construed to prevent the chief law enforcement officer or official or agency of a State from exercising the powers conferred on such chief law enforcement officer or official or agency of a State by the laws of the State to conduct investigations, administer oaths or affirmations, or compel the attendance of witnesses or the production of documentary or other evidence.

SEC. 504. NATIONAL DIGITAL LIBRARY ACQUISITION.

(a) Definitions.—In this section:

(1) Digital library.—The term "digital library" means a collection that, on or before July 4, 2026, contained more than 26,007,004 digitized books, and includes—

(A) all digitized books in such library on July 4, 2026, and any associated files, metadata, indexes, and technical documentation reasonably necessary to authenticate, index, manage, preserve, or migrate such digitized books; and

(B) any digitized book destroyed, concealed, or transferred on or after January 1, 2026, for the purpose of evading this section, to the extent recoverable from backups, archives, or other records the digital library custodian possesses, controls, or has access to.

(2) Digital library custodian.—The term "digital library custodian" means a person that, directly or through an affiliate, possesses or controls a digital library.

(3) Digitized book.—The term "digitized book" means a discrete digital reproduction of a tangible book or bound volume maintained as a separate item in a digital library.

(4) Librarian.—The term "Librarian" means the Librarian of Congress.

(b) Transfer requirement.—No later than July 4, 2027, each digital library custodian shall provide to the Library of Congress, in the manner and format specified by the Librarian, 1 complete and usable copy of the digital library of such custodian. The Librarian may accept supplemental transfers of digitized books added to the digital library after July 4, 2026.

(c) Authorized uses.—The Library of Congress, and any contractor acting with the authorization or consent of the Library of Congress, may use a digital library acquired under this section for the following purposes:

(1) accessibility services for persons with disabilities;

(2) preservation;

(3) cataloging and indexing;

(4) search; and

(5) any other lawful library purposes.

(d) Nominal compensation.—The United States shall pay the digital library custodian nominal compensation in an amount equal to $1 for each digitized book included in the digital library.

(e) Pretransfer liability.—A transfer under this section shall not extinguish, limit, or affect any claim against a digital library custodian arising from an act or omission occurring before July 4, 2026. The United States shall not be liable for any such act or omission solely by reason of acquiring, possessing, or using a copy of a digital library under this section.

(f) Federal nonliability for authorized acts.—Notwithstanding any other provision of law, no claim for copyright infringement or other monetary or equitable relief shall lie against the United States, a digital library custodian, the Library of Congress, the Librarian, or any contractor acting with the authorization or consent of the Library of Congress, arising solely from the acquisition, duplication, preservation, indexing, migration, or other lawful library use of a digital library under this section.

(g) Claims for additional compensation.—A digital library custodian that claims the compensation provided under subsection (d) is insufficient may bring an action against the United States in the United States Court of Federal Claims.

(h) Enforcement.—The Attorney General may bring a civil action in the United States District Court for the District of Columbia to enforce this section and may seek declaratory relief, injunctive relief, specific performance, and any other appropriate relief.

(i) Regulations.—Not later than January 1, 2027, the Librarian, in consultation with the Attorney General and the Register of Copyrights, shall promulgate regulations governing transfer formats, technical documentation, preservation standards, security and integrity, and procedures for counting digitized books and paying nominal compensation under subsection (d).

(j) Authorization of appropriations.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

Subtitle A—Collective Bargaining for Journalism Protection

SEC. 511. DEFINITIONS.

(a) Definitions.—In this subtitle:

(1) Access.—The term "access" means acquiring, crawling, or indexing content.

(2) Antitrust laws.—The term "antitrust laws"—

(A) has the meaning given the term in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12); and

(B) includes—

(i) section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent that section applies to unfair methods of competition; and

(ii) any State law (including regulations) that prohibits or penalizes the conduct described in, or is otherwise inconsistent with, sections 512 or 513.

(3) Covered platform.—The term "covered platform" means an online platform that at any point during the 12-month period preceding the formation of a joint negotiation entity under section 512(a)(1)—

(A) has at least 50,000,000 United States–based monthly active users or subscribers on the online platform;

(B) is owned or controlled by a person with—

(i) United States net annual sales or a market capitalization greater than $550,000,000,000, as adjusted and published for each fiscal year beginning after September 30, 2026, in the same manner as provided in section 8(a)(5) of the Clayton Act (15 U.S.C. 19(a)(5)), for the year then ended over the level for the year ending September 30, 2026; or

(ii) not fewer than 1,000,000,000 worldwide monthly active users on the online platform; and

(C) is not an organization described in section 501(c)(3) of the Internal Revenue Code of 1986.

(4) Eligible broadcaster.—The term "eligible broadcaster" means a person that—

(A) holds or operates under a license issued by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.);

(B) engages professionals to create, edit, produce, and distribute original content concerning local, regional, national, or international matters of public interest through activities including conducting interviews, observing current events, analyzing documents and other information, and fact checking through multiple firsthand or secondhand news sources;

(C) updates its content on at least a weekly basis;

(D) uses an editorial process for error correction and clarification, including a transparent process for reporting errors or complaints to the station; and

(E) is not a television network.

(5) Eligible digital journalism provider.—The term "eligible digital journalism provider" means any eligible publisher or eligible broadcaster that discloses its ownership to the public.

(6) Eligible publisher.—The term "eligible publisher" means any person that publishes 1 or more qualifying publications.

(7) Network station.—The term "network station" means a television broadcast station that is owned or operated by, or affiliated with, 1 or more television networks, and includes any translator station or terrestrial satellite station that rebroadcasts all or substantially all of the programming broadcast by such a television broadcast station.

(8) Online platform.—The term "online platform" means a website, online or mobile application, operating system, digital assistant, or online service that accesses news articles, works of journalism, or other content, or portions thereof, generated, created, produced, or owned by eligible digital journalism providers, and aggregates, displays, provides, distributes, or directs users to such content.

(9) Person.—The term "person" includes an individual or entity existing under or authorized by the laws of the United States, the laws of any territory of the United States, the laws of any State, the laws of the District of Columbia, or the laws of any foreign country.

(10) Pricing, terms, and conditions.—The term "pricing, terms, and conditions" does not include any term or condition which relates to the use, display, promotion, ranking, distribution, curation, suppression, throttling, filtering, or labeling of the content or viewpoint of any person.

(11) Qualifying publication.—The term "qualifying publication" means any website, mobile application, or other digital service that—

(A) does not primarily display, provide, distribute, or offer content generated, created, produced, or owned by an eligible broadcaster or television network; and

(B) (i) provides information to an audience primarily in the United States;

(ii) performs a public information function comparable to that traditionally served by newspapers and other periodical news publications;

(iii) engages professionals to create, edit, produce, and distribute original content concerning local, regional, national, or international matters of public interest through activities, including conducting interviews, observing current events, or analyzing documents and other information, and fact checking through multiple firsthand or secondhand news sources;

(iv) updates its content on at least a weekly basis;

(v) has an editorial process for error correction and clarification, including a transparent process for reporting errors or complaints to the publication;

(vi) (I) generated at least $100,000 in annual revenue from its editorial content in the previous calendar year;

(II) has an International Standard Serial Number assigned to an affiliated periodical before the date of enactment of this subtitle; or

(III) is owned or controlled by an exempt organization described in section 501(c)(3) of the Internal Revenue Code of 1986;

(vii) has not less than 25 percent of its editorial content consisting of information about topics of current local, national, or international public interest;

(viii) employed not more than 1,500 exclusive full-time employees during the 12-month period prior to the date of enactment of this subtitle; and

(ix) is not controlled or wholly or partially owned by an entity that is—

(I) a foreign power or an agent of a foreign power, as those terms are defined in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801);

(II) (aa) designated as a foreign terrorist organization pursuant to section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a));

(bb) a terrorist organization, as defined in section 212(a)(3)(B)(vi)(II) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)(vi)(II));

(cc) designated as a specially designated global terrorist organization under Executive Order 13224 (50 U.S.C. 1701 note; relating to blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism); or

(dd) an affiliate of an entity described in item (aa), (bb), or (cc); or

(III) an entity that has been convicted of violating, or attempting to violate, section 2332b or 2339A of title 18, United States Code.

(12) Television network.—The term "television network"—

(A) means any person that, on February 8, 1996, offered an interconnected program service on a regular basis for 15 or more hours per week to at least 25 affiliated television licensees in 10 or more States; and

(B) does not include any network station that is owned or operated by, or affiliated with, a person described in subparagraph (A).

SEC. 512. FRAMEWORK FOR CERTAIN JOINT NEGOTIATIONS.

(a) Notice.—

(1) Process to form a joint negotiation entity.—

(A) In general.—An eligible digital journalism provider shall provide public notice to announce the opportunity for other eligible digital journalism providers to join a joint negotiation entity for the purpose of engaging in joint negotiations with a covered platform under this section regarding the pricing, terms, and conditions by which the covered platform may access the content of the eligible digital journalism providers that are members of the joint negotiation entity.

(B) Application.—During the 60-day period beginning on the date public notice is made under subparagraph (A), any eligible digital journalism provider may apply to join the joint negotiation entity.

(C) Formation.—A joint negotiation entity is established upon the agreement of 2 or more eligible digital journalism providers and may create admission criteria for membership unrelated to the size of an eligible digital journalism provider or the views expressed by its content, including criteria to limit membership to only eligible publishers or only eligible broadcasters.

(D) Governance.—By a majority vote of its members, a joint negotiation entity formed under this section shall establish rules and procedures to govern decision making by the entity and each eligible digital journalism provider shall be entitled to 1 vote on any matter submitted to a vote of the members.

(E) Additional members.—After the expiration of the 60-day period described in subparagraph (B), an eligible digital journalism provider may apply to join the joint negotiation entity and may be admitted upon a majority vote of its members if the applicant otherwise satisfies any criteria for admission established by the joint negotiation entity.

(F) Designation.—A joint negotiation entity may designate agents on a nonexclusive basis—

(i) to engage in negotiations with a covered platform conducted under this section; and

(ii) to agree to pay or receive payments under or related to an agreement negotiated under this section or an arbitration decision issued under this subtitle.

(G) Opt-out.—

(i) In general.—After becoming a member of the joint negotiation entity, an eligible digital journalism provider may opt out of the joint negotiation entity at any time before notice is sent to the covered platform under paragraph (2).

(ii) Prohibition on rejoining.—If an eligible digital journalism provider opts out under clause (i), the provider may not—

(I) rejoin the joint negotiation entity; or

(II) receive any payment under or related to an agreement negotiated by the joint negotiation entity under this section or an arbitration decision issued under this subtitle.

(H) Termination.—A joint negotiation entity shall terminate and cease to exist—

(i) when the entity no longer has at least 2 members;

(ii) upon a majority vote of its members; or

(iii) upon the expiration or termination of an agreement negotiated under this section or an arbitration decision issued under this subtitle.

(2) Notice to a covered platform to initiate a joint negotiation.—

(A) In general.—A joint negotiation under this section shall commence after a covered platform receives a notice sent by or on behalf of a joint negotiation entity.

(B) Contents of notice.—The notice described in subparagraph (A) shall—

(i) state that the joint negotiation entity is initiating a negotiation under this section to reach an agreement regarding the pricing, terms, and conditions by which the covered platform may access the content of the eligible digital journalism providers that are members of the joint negotiation entity;

(ii) identify the eligible digital journalism providers that are members of the joint negotiation entity; and

(iii) provide a mailing address, email address, and phone number for a representative authorized to receive a response.

(C) Reply.—Not later than 30 days after receiving notice under subparagraph (A), the covered platform shall send a reply notice acknowledging receipt.

(D) Notice to Federal enforcers.—Copies of any notice sent under this paragraph shall be filed within 30 days with the Federal Trade Commission and the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice.

(b) Conduct of joint negotiations.—After a reply notice is sent under subsection (a)(2)(C), the following shall apply:

(1) Any negotiation conducted under this section shall be conducted in good faith and solely to reach an agreement regarding the pricing, terms, and conditions under which the covered platform may access the content of the eligible digital journalism providers.

(2) No pre-agreement discussions or agreement reached regarding pricing, terms, and conditions under this section may address whether or how the covered platform or any such eligible digital journalism provider—

(A) displays, ranks, distributes, suppresses, promotes, throttles, labels, filters, or curates the content of the eligible digital journalism providers; or

(B) displays, ranks, distributes, suppresses, promotes, throttles, labels, filters, or curates the content of any other person.

(3) A party is not conducting negotiations in good faith in accordance with paragraph (1) if the party—

(A) refuses to negotiate, except where eligible digital journalism providers decide to jointly deny a covered platform access to content licensed or produced by such eligible digital journalism providers under subsection (c);

(B) refuses to designate a representative with authority to make binding representations;

(C) refuses to meet and negotiate at reasonable times and locations or otherwise causes unreasonable delay;

(D) refuses to put forth more than a single, unilateral proposal;

(E) fails to respond to a proposal of the other party, including the reasons for rejection;

(F) enters into a separate third-party agreement that unreasonably impedes the party from reaching an agreement with the negotiating party; or

(G) refuses to execute a full and written agreement that has been reached verbally.

(4) A covered platform is not conducting negotiations in good faith in accordance with paragraph (1) if the covered platform enters into a separate agreement with an eligible digital journalism provider that impedes the eligible digital journalism provider from participating in a negotiation under this section.

(5) During any negotiation conducted under this section, the joint negotiation entity and the covered platform shall each make a reasonable offer regarding the pricing, terms, and conditions by which the covered platform may access the content of the eligible digital journalism providers that are members of the joint negotiation entity, substantiated with comprehensive data and methodologies, including expert analysis, that reflects—

(A) the pricing, terms, and conditions comparable to those found in commercial agreements between similarly situated entities, including price, duration, territory, and value of data generated directly or indirectly by the content;

(B) the fair market value to the covered platform of having access to the content of the eligible digital journalism providers that are members of the joint negotiation entity and the resulting incremental contribution to the revenue of the covered platform, including direct and indirect advertising or promotional revenues, which shall not be offset by any value conferred upon the eligible digital journalism providers that are members of the joint negotiation entity by the covered platform for aggregating or distributing their content; and

(C) the investment of the eligible digital journalism providers that are members of the joint negotiation entity in producing original news and related content, including the number of journalists employed by each.

(c) Joint withholding of content.—At any point after notice is sent under subsection (a)(2), eligible digital journalism providers that are members of a joint negotiation entity may jointly deny a covered platform access to content licensed or produced by such providers.

(d) Rule of construction.—

(1) Antitrust laws.—Nothing in this subtitle may be construed to modify, impair, or supersede the operation of the antitrust laws except as otherwise expressly provided in this subtitle.

(2) Copyright and trademark law.—Nothing in this subtitle may be construed to modify, impair, expand, or in any way alter rights pertaining to title 17, United States Code, or the Lanham Act (15 U.S.C. 1051 et seq.).

SEC. 513. ARBITRATION FOR ELIGIBLE PUBLISHERS.

(a) Final offer arbitration.—

(1) In general.—If the membership of a joint negotiation entity consists only of eligible publishers, on or after the date that is 180 days after the date negotiations under section 512 begin, the joint negotiation entity may initiate a final offer arbitration against the covered platform for an arbitration panel to determine the pricing, terms, and conditions by which the content displayed, provided, distributed, or offered by a qualifying publication of any eligible publisher that is a member of the joint negotiation entity will be accessed by the covered platform if the parties are unable to reach an agreement and regardless of whether the joint negotiation entity, its members, or the covered platform complied with the requirements of section 512(b).

(2) Effect of additional members.—If an additional member joins the joint negotiation entity under section 512(a)(1)(E) more than 90 days after the date negotiations under section 512 begin, the joint negotiation entity may not initiate a final offer arbitration under paragraph (1) until 180 days after the date the last member joins the joint negotiation entity. No additional members may join the joint negotiation entity after the arbitration has commenced.

(b) Notice.—The joint negotiation entity shall provide notice of its intention to initiate final offer arbitration under this section to all members of the joint negotiation entity not less than 10 days before initiating such final offer arbitration.

(c) Membership.—If a joint negotiation entity initiates final offer arbitration under this section, any individual eligible publisher that is a member of the joint negotiation entity shall remain a member of the joint negotiation entity until completion of the arbitration, unless the eligible publisher provides written notice to the joint negotiation entity of the intention to withdraw within 7 days after receiving notice under subsection (b).

(d) Proceedings.—

(1) Rules of arbitration.—The arbitration shall be decided by a panel of 3 arbitrators under the American Arbitration Association's Commercial Arbitration Rules and Mediation Procedures and the American Arbitration Association–International Centre for Dispute Resolution Final Offer Arbitration Supplementary Rules, except to the extent such rules conflict with this subsection.

(2) Initiation of arbitration.—A final offer arbitration under subsection (a) shall be initiated as provided in Rule R-4 of the American Arbitration Association's Commercial Arbitration Rules and Mediation Procedures, except that the joint negotiation entity initiating the arbitration shall refer to this subtitle in the demand for arbitration rather than submitting contractual arbitration provisions.

(3) Commencement and funding.—

(A) Commencement.—A final offer arbitration proceeding shall commence 10 days after the date a final offer arbitration is initiated under subsection (a).

(B) Funding.—The cost of administering the arbitration proceeding, including arbitrator compensation, expenses, and administrative fees, shall be shared equally between the covered platform and the joint negotiation entity.

(4) Appointment of the arbitration panel.—The arbitrators shall be appointed in accordance with the American Arbitration Association's Commercial Arbitration Rules and Mediation Procedures.

(5) Other requirements.—During a final offer arbitration proceeding under this section—

(A) the joint negotiation entity and the covered platform may demand the production of documents and information that are nonprivileged, reasonably necessary, and reasonably accessible without undue expense;

(B) documents and information described in subparagraph (A) shall be exchanged not later than 30 days after the date the demand is filed;

(C) rules regarding the admissibility of evidence applicable in Federal court shall apply;

(D) the joint negotiation entity and the covered platform shall each submit a final offer proposal for the pricing, terms, and conditions under which the content displayed, provided, distributed, or offered by a qualifying publication of any eligible publisher that is a member of the joint negotiation entity will be accessed by the covered platform, which shall include the remuneration that the eligible publishers should receive from the covered platform for programmatic access to the content of the eligible publishers that are members of the joint negotiation entity during the period under negotiation based on the fair market value of such access and shall include backup materials sufficient to permit the other party to replicate the proffered valuation;

(E) no discussion or final offer under this section may address whether or how the covered platform or any such eligible digital journalism provider—

(i) displays, ranks, distributes, suppresses, promotes, throttles, labels, filters, or curates the content of the eligible digital journalism providers; or

(ii) displays, ranks, distributes, suppresses, promotes, throttles, labels, filters, or curates the content of any other person; and

(F) if applicable, each eligible publisher that is a member of the joint negotiation entity shall provide information and data to guide the distribution of remuneration among the members of the joint negotiation entity, including—

(i) any compensation received by the eligible publisher through a commercial agreement prior to commencement of negotiations under section 512 for access to content by the covered platform during any part of the period under negotiation, which shall be deducted from the allocation accordingly; and

(ii) spending by the eligible publisher on news journalists, who are employed for an average of not fewer than 20 hours per week during the calendar quarter by the eligible digital journalism provider and are responsible for gathering, preparing, directing the recording of, producing, collecting, photographing, recording, writing, editing, reporting,

presenting, or publishing original news or information that concerns matters of public interest in the previous fiscal year, as a proportion of the overall budget of the eligible digital journalism provider for that period, which shall be used to guide 65 percent of the distribution of remuneration among the members of the joint negotiation entity.

(e) Award.—

(1) In general.—Not later than 60 days after the date proceedings commence under subsection (d)(3)(A), the arbitration panel shall issue an award selecting 1 final offer without modification.

(2) Requirements.—In issuing an award under paragraph (1), the arbitration panel—

(A) may not consider any value conferred upon an eligible publisher by the covered platform for distributing or aggregating content as an offset to the value created by the eligible publisher;

(B) shall consider past incremental revenue contributions as a guide to future incremental revenue contributions by the eligible publisher;

(C) shall consider the pricing, terms, and conditions of any available, comparable commercial agreements between parties granting access to digital content, including price, duration, territory, and the value of data generated directly or indirectly by the content, accounting for any material disparities in negotiating power; and

(D) shall issue a binding, reasoned award, including the factual and economic bases of the award, that applies for the number of years set forth in the selected final offer but not fewer than 5 years.

(f) Payments pursuant to award.—

(1) In general.—Not later than 90 days after the date an award is issued under subsection (e), the covered platform shall begin paying any eligible publisher that was a member of the joint negotiation entity participating in the arbitration in accordance with the terms of the selected final offer.

(2) Disbursement.—Payments made under paragraph (1) shall be disbursed by a claims administrator to the individual claimants that comprise the joint negotiation entity not later than 60 days after the date the funds are received from the covered platform.

(g) Enforcement and judicial review.—

(1) In general.—An award made under subsection (e) shall be enforceable by the eligible publishers or the covered platform subject to the award through a civil action brought in a district court of the United States.

(2) Expedited judicial process.—In any civil action to enforce or seek judicial review of an award made under subsection (e), the court shall adopt a rebuttable presumption that good cause exists to prioritize the action under section 1657 of title 28, United States Code.

SEC. 514. LIMITATION OF LIABILITY.

(a) In general.—In accordance with sections 512 and 513, it shall not be a violation of the antitrust laws for any eligible digital journalism providers that are members of a joint negotiation entity to—

(1) jointly deny a covered platform access to content for which the eligible digital journalism providers, individually or jointly, are authorized under this subtitle to negotiate or arbitrate access with respect to the covered platform; or

(2) participate in joint negotiations and arbitration, as members of the joint negotiation entity, with the covered platform solely regarding the pricing, terms, and conditions under which the covered platform may access the content for which the eligible digital journalism providers, individually or jointly, are authorized under this subtitle to negotiate or arbitrate access with respect to the covered platform.

(b) Safe harbor.—

(1) Eligible digital journalism providers.—An eligible digital journalism provider shall not be in violation of the antitrust laws if the eligible digital journalism provider participates, as a member of a joint negotiation entity, in negotiations under section 512 or arbitration under section 513—

(A) with a person that is not an eligible digital journalism provider, if the eligible digital journalism provider reasonably believes that the person is another eligible digital journalism provider; or

(B) with a person that is not a covered platform, if the eligible digital journalism provider reasonably believes that the person is a covered platform.

(2) Joint negotiation entities.—A joint negotiation entity shall not be in violation of the antitrust laws if the joint negotiation entity engages in negotiations under section 512 or arbitration under section 513—

(A) with or on behalf of a person that is not an eligible digital journalism provider, if the joint negotiation entity reasonably believes that the person is an eligible digital journalism provider; or

(B) with a person that is not a covered platform, if the joint negotiation entity reasonably believes that the person is a covered platform.

(c) Notification of agreements and arbitration decisions.—

(1) Agreements.—The parties to any written agreement resulting from a negotiation under section 512 or implementing an arbitration decision issued under section 513 shall file a copy of such agreement with the Federal Trade Commission and the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice not later than 60 days after such agreement is executed.

(2) Arbitration decisions.—The parties to any arbitration decision issued under section 513 shall file a copy of such decision with the Federal Trade Commission and the Assistant

Attorney General in charge of the Antitrust Division of the Department of Justice not later than 60 days after such decision is issued.

(3) Public disclosure.—The Federal Trade Commission shall make the documents submitted under this subsection available to the public on the Federal Trade Commission website, except that the Commission shall redact confidential information regarding the pricing, terms, and conditions of an agreement or arbitration decision, confidential financial information, trade secrets, and other confidential commercial information protected from public disclosure under section 552(b)(4) of title 5, United States Code.

(d) Limitation regarding scope.—No antitrust immunity shall apply to any negotiations, discussions, agreements, or arbitrations relating to the use, display, promotion, ranking, distribution, curation, suppression, throttling, filtering, or labeling of content of the eligible digital journalism provider or of any other person. The limitation of liability under this section shall apply only to negotiations, discussions, agreements, or arbitrations regarding the pricing, terms, and conditions under which a covered platform may access the content of the eligible digital journalism provider, not to any discussions or agreements that differentiate content based on the viewpoint expressed by such content.

SEC. 515. NONDISCRIMINATION, RETALIATION, AND TRANSPARENCY.

(a) Nondiscrimination.—

(1) Joint negotiation entities.—A joint negotiation entity may not discriminate against any eligible digital journalism provider based on the size of the eligible digital journalism provider or the views expressed by the eligible digital journalism provider's content.

(2) Covered platforms.—No covered platform may discriminate against any eligible digital journalism provider that is a member of a joint negotiation entity in connection with a negotiation conducted under section 512 or an arbitration conducted under section 513 based on the size of the eligible digital journalism provider or the views expressed by the eligible digital journalism provider's content.

(b) Prohibition on retaliation by covered platforms.—

(1) In general.—No covered platform may retaliate against an eligible digital journalism provider for participating in a negotiation conducted under section 512 or an arbitration conducted under section 513, including by refusing to index content or changing the ranking, identification, modification, branding, or placement of the content of the eligible digital journalism provider on the covered platform.

(2) Effect of contract provisions.—Any provision in an agreement that restricts an eligible digital journalism provider from receiving compensation through a negotiation conducted under section 512 or an arbitration conducted under section 513 shall be void.

(c) Investing in journalism.—

(1) Any eligible digital journalism provider that receives funds under or related to an agreement reached under section 512 or an arbitration decision issued under section 513 shall provide to the Federal Trade Commission, on an annual basis, information regarding the use of

any such funds during the prior year to support ongoing and future operations to maintain or enhance the production and distribution of news or information that concerns local, regional, national, or international matters of public interest, including—

(A) the amount of funds received under or related to each such agreement or decision; and

(B) a good-faith estimate of the amount of funds that went to news journalists employed for an average of not fewer than 20 hours per week during the calendar year by the eligible digital journalism provider.

(2) Confidential information excluded.—Disclosures submitted under paragraph (1) shall not disclose—

(A) confidential information regarding the pricing, terms, and conditions of—

(i) an agreement reached under section 512;

(ii) an agreement implementing an arbitration decision issued under section 513; or

(iii) an arbitration decision issued under section 513; or

(B) confidential financial information.

(3) Public disclosure.—The Federal Trade Commission shall make the disclosures submitted under paragraph (1) available to the public on the Federal Trade Commission website.

SEC. 516. PRIVATE CIVIL ACTIONS.

(a) Negotiations.—

(1) In general.—Any eligible digital journalism provider, either jointly with other eligible digital journalism providers or through an authorized representative, or any covered platform that participated in negotiations under section 512 may bring a civil action in an appropriate district court of the United States alleging a violation of section 512(b) or section 512(a)(2)(C).

(2) Damages.—A court shall award damages to a prevailing plaintiff under this subsection—

(A) if the defendant did not conduct negotiations in good faith in violation of section 512(b), approximating the value of the last reasonable offer of the plaintiff; or

(B) if the defendant knowingly did not reply within 30 days as required by section 512(a)(2)(C), $1,000,000 for each day of noncompliance.

(3) Attorneys' fees.—A court shall award attorneys' fees to the prevailing party under this subsection.

(b) Discrimination.—

(1) Joint negotiation entities.—

(A) In general.—An eligible digital journalism provider that is denied membership in a joint negotiation entity in violation of section 515(a)(1) may bring a civil action in an appropriate district court of the United States against the joint negotiation entity and its members not later than 30 days after the date membership is denied.

(B) Remedies.—

(i) Before agreement or arbitration decision.—

(I) In general.—An eligible digital journalism provider that prevails in an action under subparagraph (A) before the date an agreement is executed under section 512 or an arbitration decision is issued under section 513, as applicable, regarding the pricing, terms, and conditions by which the covered platform may access the content of the eligible digital journalism providers that are members of the joint negotiation entity, may join the joint negotiation entity and participate in the negotiation under section 512 or the arbitration under section 513, as applicable.

(II) Notice.—A notice, by or on behalf of the joint negotiation entity, shall be sent to the covered platform identifying the eligible digital journalism provider that joins the negotiation or arbitration under subclause (I).

(ii) After agreement or arbitration decision.—

(I) In general.—An eligible digital journalism provider that prevails in an action under subparagraph (A) after the date an agreement is executed under section 512 or an arbitration decision is issued under section 513, as applicable, regarding the pricing, terms, and conditions by which the covered platform may access the content of the eligible digital journalism providers that are members of the joint negotiation entity, may join the joint negotiation entity and be eligible for the same pricing, terms, and conditions by which the covered platform may access the content of the other eligible digital journalism providers that are members of the joint negotiation entity.

(II) Notice.—A notice, by or on behalf of the joint negotiation entity, shall be sent to the covered platform identifying the eligible digital journalism provider that joins the joint negotiation entity under subclause (I) and that is eligible to receive the same pricing, terms, and conditions under the agreement negotiated under section 512 or the arbitration decision issued under section 513, as applicable, by which the covered platform may access the content of the other eligible digital journalism providers that are members of the joint negotiation entity.

(2) Covered platforms.—

(A) In general.—An eligible digital journalism provider that is discriminated against in violation of section 515(a)(2) may bring a civil action in an appropriate district court of the United States against the covered platform.

(B) Remedies.—An eligible digital journalism provider that prevails under subparagraph (A) shall be entitled to—

(i) recover the actual damages sustained as a result of the discrimination;

(ii) injunctive relief on such terms as the court may deem reasonable to prevent or restrain the covered platform from discriminating against the eligible digital journalism provider; and

(iii) the costs of the suit, including reasonable attorneys' fees.

(c) Retaliation.—

(1) In general.—An eligible digital journalism provider that is retaliated against in violation of section 515(b)(1) may bring a civil action in an appropriate district court of the United States against the covered platform.

(2) Remedies.—An eligible digital journalism provider that prevails in an action under paragraph (1) shall be entitled to—

(A) recover the actual damages sustained as a result of the retaliation;

(B) injunctive relief on such terms as the court may deem reasonable to prevent or restrain the covered platform from retaliating against the eligible digital journalism provider; and

(C) the costs of the suit, including reasonable attorneys' fees.

SEC. 517. REPORT BEFORE SUNSET.

(a) Study.—

(1) The Comptroller General shall study the impact of the joint negotiations authorized under this subtitle, including a summary of the deals negotiated, the impact of such deals on local and regional news, the effect on the free, open, and interoperable Internet, including the ability of the public to share and access information, the effect this subtitle has had on employment for journalists, and a recommendation on if the sunset of this subtitle should be revoked.

(2) Report.—Not later than October 30, 2031, the Comptroller General shall submit to Congress a report on the study required under this subsection.

(b) Sunset.—Except as provided in paragraphs (1) and (2), this subtitle shall cease to have effect on October 31, 2032.

(1) Exception in case of initiated but incomplete joint negotiation or arbitration.—With respect to eligible digital journalism providers that have initiated but not concluded a negotiation under section 512 or an arbitration under section 513 on or before the sunset date described in this subsection, this subtitle shall cease to be effective on the date such negotiation or arbitration concludes or 180 days after the date described in this subsection, whichever occurs first.

(2) Limitation of liability exception.—Section 514 shall remain effective without cessation for any—

(A) negotiation conducted or agreement executed under section 512;

(B) arbitration conducted or arbitration decision issued under section 513; or

(C) agreement implementing an arbitration decision issued under section 513;

during the period of effectiveness of this subtitle.

Subtitle B—Addressing Media Consolidation and Vertical Integration

SEC. 521. REDUCTION OF MEDIA OWNERSHIP LIMITS.

(a) Repeal of deregulatory provisions.—Section 202 of the Telecommunications Act of 1996 (Public Law 104–104) is amended by striking subsections (a), (b), (c), (d), (e), (f), and (h).

(b) Reduction of media ownership limits.—Title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) is amended by inserting after section 310 the following:

"Sec. 310A. Media ownership limits.

"(a) Definitions.—In this section:

"(1) Cable system.—The term 'cable system' has the meaning given that term in section 602 of the Communications Act of 1934 (47 U.S.C. 522).

"(2) Other definitions.—The terms 'cognizable interest', 'designated market area', 'local radio market', and 'national audience reach' have the meaning given such terms in section 73.3555 of title 47, Code of Federal Regulations, as in effect on April 30, 2026.

"(3) Same local market.—The term 'same local market' means—

"(A) with respect to a television broadcast station, the designated market area in which the station is located; and

"(B) with respect to a radio broadcast station, the local radio market in which the station is located.

"(4) Daily newspaper.—The term 'daily newspaper' means a print publication that is distributed to the general public in a local market on at least 4 days each week and that contains reporting on matters of general public interest, but does not include a publication whose content is primarily limited to advertising or to a single topic, trade, or industry.

"(5) Dominant online distribution platform.—The term 'dominant online distribution platform' means an online platform, as defined in section 568(a)(11) of the POPULIST Act, that—

"(A) distributes, curates, ranks, recommends, aggregates, or otherwise materially intermediates access by users to news, audio, or video content produced by unaffiliated persons; and

"(B)—

"(i) meets the requirements of subparagraph (A), (B), or (C) of section 568(a)(6) of the POPULIST Act; or

"(ii) is designated by the Commission, after notice and opportunity for comment, as a dominant online distribution platform for purposes of this section.

"(b) National media ownership limits.—

"(1) Radio.—It shall be unlawful for any person to have a cognizable interest in more than 5 percent of all licensed AM and FM broadcast radio stations in the United States.

"(2) Television.—It shall be unlawful for any person to have a cognizable interest in television broadcast stations with an aggregate national audience reach exceeding 25 percent.

"(3) No discounts.—For purposes of paragraph (2), national audience reach shall be calculated without regard to signal band, technical classification, or any discount or adjustment based on transmission characteristics.

"(c) Local media ownership limits.—

"(1) Radio.—It shall be unlawful for any person to have a cognizable interest in more than 3 broadcast radio stations in any local radio market, or more than 2 stations in the same service (AM or FM).

"(2) Television.—It shall be unlawful for any person to have a cognizable interest in more than 2 full-power television broadcast stations in any designated market area, or to have a cognizable interest in more than 1 of the 4 highest-rated stations in that market.

"(d) Cross-ownership restrictions.—It shall be unlawful for any person—

"(1) to have a cognizable interest in a broadcast television station and to own, operate, or control a daily newspaper in the same local market;

"(2) to have a cognizable interest in a broadcast radio station and to own, operate, or control a daily newspaper in the same local market; or

"(3) to own or control a cable system serving, or a dominant online distribution platform materially intermediating access to content for users located in, the same local market as a broadcast television or radio station in which such person has a cognizable interest.

"(e) Enforcement.—

"(1) Divestiture.—A person may not, on or after January 1, 2028, hold any cognizable interest, ownership interest, or control that is unlawful under this section. Any such interest acquired or held before that date must be divested not later than January 1, 2028.

"(2) No grandfathering.—The Commission may not grandfather any cognizable interest, ownership interest, or control inconsistent with this section, and, on or after January 1, 2028, may not grant, renew, or extend any license or authorization, or approve any assignment or transfer, if doing so would result in, maintain, or prolong a violation of this section, except that the Commission may approve an assignment or transfer that effectuates divestiture.

"(3) No waivers.—The Commission may not grant waivers of this section.

"(4) Forfeitures.—The Commission shall impose forfeiture penalties for knowing or willful violations of this section. Each day of a continuing violation, and each license held or controlled in violation of this section, shall constitute a separate violation.

"(5) Revocation authority.—A knowing or willful failure to comply with this section shall be treated as a willful and repeated violation for purposes of section 312 and may be grounds for revocation of any license held in violation of this section.".

SEC. 522. PARAMOUNT REDECREED.

(a) Definitions.—In this section:

(1) Affiliated entity.—The term "affiliated entity" means any entity that is under common ownership or control with another entity.

(2) Antitrust Division.—The term "Antitrust Division" means the Antitrust Division of the Department of Justice, acting through the Assistant Attorney General in charge of the Antitrust Division.

(3) Commission.—The term "Commission" means the Federal Trade Commission.

(4) Common ownership or control.—The term "common ownership or control" means ownership or control, direct or indirect, of 2 or more entities by the same person or group of persons.

(5) Content production.—The term "content production" means the business of developing, financing, creating, recording, publishing, or producing entertainment content.

(6) Control.—The term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies, or operations of an entity. A person shall be rebuttably presumed to control an entity if such person—

(A) owns, controls, or has the power to vote 25 percent or more of any class of voting securities of the entity;

(B) has the power to appoint 25 percent or more of the board of directors or equivalent governing body of the entity; or

(C) possesses contractual or other rights that permit such person to direct or materially influence the strategic, operational, licensing, distribution, exhibition, promotion, booking, ticketing, or access decisions of the entity.

(7) Dominant digital interface.—The term "dominant digital interface" means any digital service, application, operating system, marketplace, platform, or other interface that, by virtue of scale, market share, or user base, materially influences whether, how, or on what terms the public may obtain access to entertainment content supplied by unaffiliated persons.

(8) Entertainment content.—The term "entertainment content" means audiovisual, audio, literary, recorded, broadcast, streamed, live, or similar expressive works, performances, events, or productions offered, distributed, exhibited, or presented to the public.

(9) Exhibition operation.—The term "exhibition operation" means the business of operating theaters, cinemas, concert venues, broadcast stations, cable systems, or other facilities or channels through which entertainment content or live entertainment events are presented directly to the public, but does not include a streaming platform.

(10) Exclusive contractual arrangement.—The term "exclusive contractual arrangement" means any contract, agreement, clause, or practice that grants or effectively confers exclusive control over production, promotion, distribution, exhibition, ticketing, booking, routing, or access with respect to entertainment content or live entertainment events.

(11) Live event promotion.—The term "live event promotion" means the business of organizing, financing, marketing, or promoting live entertainment events, tours, or performances for presentation to the public. The term does not include representation services performed solely on behalf of performers, creators, or productions.

(12) Media vertical.—The term "media vertical" means any of the following:

(A) Content production.

(B) Exhibition operation.

(C) Live event promotion.

(D) Representation services.

(E) Streaming platform operation.

(F) Transaction gatekeeping.

(G) Wholesale distribution.

(13) Person.—The term "person" has the meaning given such term in section 1 of the Clayton Act (15 U.S.C. 12).

(14) Profits.—The term "profits" means, with respect to any person and any month, the amount equal to the greater of—

(A) the net income (or loss) of such person before provision for income taxes for such month, as determined in accordance with generally accepted accounting principles and consistent with the accounting principles used in the most recent audited consolidated financial statements of such person; and

(B) 4 percent of the gross revenues of such person for such month, as so determined.

(15) Representation services.—The term "representation services" means the business of acting on behalf of performers, creators, or productions in arranging bookings, routing, tours, engagements, or appearances for performers, creators, or productions.

(16) Streaming platform.—The term "streaming platform" means any digital service or application primarily engaged in distributing, curating, or providing access to audiovisual or audio entertainment content directly to end users over the internet for on-demand or scheduled consumption.

(17) Streaming platform operation.—The term "streaming platform operation" means the business of owning, operating, or controlling a streaming platform.

(18) Ticketing system.—The term "ticketing system" means any system or service that sells, allocates, distributes, validates, transfers, controls, conditions, or otherwise mediates tickets, admissions, reservations, or entry rights for live entertainment events or venues.

(19) Transaction gatekeeping.—The term "transaction gatekeeping" means the business of controlling, conditioning, or materially influencing whether, how, or on what terms the public may obtain tickets, admissions, subscriptions, or other access rights to entertainment content or live entertainment events offered by unaffiliated persons, including through ticketing systems, dominant digital interfaces, or comparable systems. Such term does not include a person who provides such services solely with respect to that person's own entertainment content.

(20) Unaffiliated.—The term "unaffiliated", with respect to 2 persons, means that the persons are not under common ownership or control, directly or indirectly.

(21) Wholesale distribution.—The term "wholesale distribution" means the business of licensing, syndicating, packaging, or wholesale distributing entertainment content to unaffiliated exhibitors, broadcasters, cable systems, streaming platforms, distributors, or other intermediaries, and does not include distributing entertainment content directly to end users through a streaming platform operated by the same person or an affiliated entity.

(b) Prohibition on ownership of more than 1 media vertical.—

(1) (A) In general.—It shall be unlawful for any person to directly or indirectly own, operate, control, or direct the operation of any entity or combination of entities engaged in more than 1 media vertical within the same relevant media market, in or affecting interstate or foreign commerce.

(B) Prohibition on new acquisitions.—After the date of enactment of this Act, no person may acquire, directly or indirectly, control of assets or operations in a media vertical other than the media vertical in which such person already engages, in violation of subparagraph (A).

(2) Rulemaking.—Not later than January 30, 2027, the Commission and the Antitrust Division shall, by joint interim final rule, define for purposes of this section—

(A) a de minimis threshold, by media vertical and relevant media market, below which an activity may be excluded from prohibition under this subsection, except that—

(i) no such threshold may exceed 5 percent of the primary market measure specified by joint rule for the applicable media vertical in the relevant media market, which may include revenue, market share, audience share, subscriber share, ticketing share, screen share, seat share, booking share, or a comparable measure;

(ii) with respect to transaction gatekeeping, no such threshold may exceed 1 percent of the applicable measure described in clause (i); and

(iii) any exclusion under this subparagraph shall be construed narrowly and shall not permit the preservation, recreation, or continuation of vertically integrated control inconsistent with the purposes of this section;

(B) standards for applying the definitions of "affiliated entity", "common ownership or control", and "control" under subsection (a), including standards addressing contractual arrangements of operational control, exclusive contractual arrangements, indirect means of control, and functions materially comparable to a media vertical;

(C) milestones for divestiture to ensure compliance within the deadline under subsection (c), provided such milestones may not be later than permitted under subsection (d), including but not limited to—

(i) filing of a divestiture plan;

(ii) the length of time the Commission and the Antitrust Division will review such plan;

(iii) filing of a revised plan, if necessary;

(iv) notification of the person acquiring such divestiture;

(v) the submission of any transaction filing required by section 7A of the Clayton Act (15 U.S.C. 18a) by the person acquiring such divestiture; and

(vi) the completion of such divestiture; and

(D) for each milestone, whether, in the case of a person's knowing and willful failure to meet the milestone, the Commission and the Antitrust Division shall seek—

(i) penalties under subsection (e)(3);

(ii) appointment of a divestiture trustee for such person under subsection (e)(4); or

(iii) both clauses (i) and (ii).

(3) Effect of interim final rule.—The interim final rule under paragraph (2) shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Commission and the Antitrust Division shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than October 30, 2027. A delay in issuance or finalization of rules under this paragraph shall not delay, limit, extinguish, or reduce any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(4) Notice of divestiture requirement.—

(A) In general.—Not later than 60 days after the date of enactment of this Act, the Commission and the Antitrust Division shall, using the best information available, identify each person that the Commission and the Antitrust Division jointly determine is required to divest under subsection (c) and notify such person of the determination.

(B) 60-day notice not exhaustive.—Notwithstanding subparagraph (A), if the Commission and the Antitrust Division later jointly determine, using the best information available, that a person not notified under subparagraph (A) is required to divest under subsection (c), the Commission and the Antitrust Division shall promptly notify such person.

(C) No immunity.—Failure to identify or notify a person under this paragraph shall not limit, extinguish, or otherwise affect any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(5) Determination upon request.—

(A) Request.—Any person that has not received notice under paragraph (4) may submit to the Commission and the Antitrust Division a written request for a determination of whether that person is required to divest under subsection (c).

(B) Determination.—Not later than the later of 30 days after receipt of a request under subparagraph (A) or the expiration of the 60-day period under paragraph (4)(A), the Commission and the Antitrust Division shall jointly issue to the person a written determination that states whether the person is required to divest under subsection (c). Notice issued under paragraph (4) after receipt of a request under subparagraph (A) shall satisfy this requirement.

(C) No admission or tolling.—Submission of a request under subparagraph (A) shall not—

(i) constitute an admission that the person is subject to subsection (b) or required to divest under subsection (c); or

(ii) toll or extend any prohibition, duty, enforcement authority, divestiture obligation, or deadline under this section.

(6) Judicial review.—

(A) Petition for review.—

(i) Determination.—A person receiving notice under paragraph (4) or a determination under paragraph (5) may, not later than 30 days after receipt of such notice or determination, file a petition for review of the determination in the United States Court of Appeals for the District of Columbia Circuit.

(ii) Failure to act.—A person that submits a request under paragraph (5)(A) and does not receive a written determination within the period required under paragraph (5)(B) may, at any time before receipt of such determination, file a petition in the United States Court of Appeals for the District of Columbia Circuit to compel issuance of the determination.

(B) Application of chapter 7.—Chapter 7 of title 5, United States Code, shall apply to a petition under subparagraph (A). For purposes of such chapter—

(i) a determination under paragraph (4) or (5) shall constitute final agency action; and

(ii) a failure to issue a determination within the period required under paragraph (5)(B) shall constitute agency action unlawfully withheld.

(C) Expedited consideration.—The court shall expedite consideration of a petition filed under subparagraph (A) to the greatest extent practicable.

(c) Divestiture.—Not later than July 1, 2028, any person in violation of subsection (b) shall divest such interests as are necessary to come into compliance.

(d) FTC and DOJ review.—

(1) Divestiture plan required.—Not later than April 1, 2027, any person required to divest under subsection (c) shall submit to the Commission and the Antitrust Division a divestiture plan. Such plan—

(A) shall be submitted to the Commission and the Antitrust Division in the same manner, and containing substantially similar information, as a transaction filing under section 7A of the Clayton Act (15 U.S.C. 18a), without respect to any threshold, exemption, or other limitation of such section; and

(B) shall include—

(i) identification of the business, assets, or interests to be divested to come into compliance with subsection (b);

(ii) identification of the proposed acquiring person, if known;

(iii) a timetable for execution;

(iv) any transitional services proposed; and

(v) such other information as the Commission and the Antitrust Division may require by joint rule.

(2) Agency review process.—Not later than 180 days after receipt of a divestiture plan under paragraph (1), but in no case later than October 1, 2027, the Commission and the Antitrust Division shall review the plan.

(A) Lead agency.—The Commission and the Antitrust Division may designate 1 agency to take the lead in conducting the review and communicating with the person submitting the plan.

(B) Review criteria.—The lead agency shall review the effect on competition, viewpoint diversity, independent market access, and the public interest—

(i) of the divestiture; and

(ii) of the subsequent acquisition of the divested entity by the acquiring person.

(C) Additional information.—Any request for additional information by an agency shall be made within 30 days of receipt of the plan.

(D) Acquiring person.—

(i) A divestiture plan that identifies a proposed acquiring person may be approved only if the lead agency determines that—

(I) the proposed acquisition of the divested business, assets, or interests by such acquiring person is consistent with subsection (b);

(II) the proposed acquisition would not materially harm competition or otherwise undermine the purposes of this section; and

(III) any statutory reporting, waiting period, or approval requirement applicable to the proposed acquisition will be satisfied before consummation.

(ii) A divestiture plan may be submitted and reviewed without identifying a proposed acquiring person, but no sale, transfer, assignment, or other disposition to an acquiring person shall be consummated if either the Commission or the Antitrust Division disapproves in writing.

(E) Notice of decision.—Not later than the end of the review period, the lead agency shall notify the person in writing—

(i) whether the plan is approved, approved with conditions, or disapproved; and

(ii) the reasons for any disapproval or conditions.

(F) Approval standard.—A divestiture plan shall be treated as approved only if, before the end of the review period, the lead agency has approved the plan in writing, whether unconditionally or subject to conditions accepted in writing by the person submitting the plan, and neither the Commission nor the Antitrust Division has disapproved the plan in writing.

(3) Revised plan following disapproval.—If a plan is disapproved under paragraph (2), the person shall submit a revised divestiture plan not later than 60 days after receipt of the disapproval notice.

(A) Review deadline.—Not later than 150 days after receipt of a revised plan, but in no case later than May 1, 2028, the lead agency shall review the revised plan under the procedures set forth in paragraph (2).

(4) No tolling.—No submission, resubmission, agency review, negotiation, request for additional information, waiting period, court proceeding, or other matter shall toll or extend any deadline under this section.

(5) Consequences of noncompliance.—A person required to divest under subsection (c) shall be subject to subsection (e)(3), subsection (e)(4), or both, if such person fails to—

(A) submit a divestiture plan under paragraph (1);

(B) submit a revised plan under paragraph (3), if required to do so;

(C) obtain approval of either—

(i) a plan under paragraph (2); or

(ii) a revised plan under paragraph (3);

(D) conform to agreed-upon conditions of an approved plan; or

(E) conclude the divestiture required by subsection (c).

(6) Blocking of actions.—The Commission and the Antitrust Division, jointly or separately, may bring a civil action in any court of competent jurisdiction to block any action relating to the conflicts of interest described in subsection (b) that would materially harm competition or independent market access, or otherwise undermine the purposes of this section.

(e) Enforcement.—

(1) In general.—When the Commission, the Antitrust Division, or an attorney general of a State has reason to believe that a person is in violation of this section or a rule promulgated under this section, the Commission, the Antitrust Division, or the attorney general of the State may bring a civil action in an appropriate district court of the United States.

(2) Injunctive and equitable relief.—In any action described in paragraph (1), the applicable court, on a finding that a person is in violation of this section or a rule promulgated under this section, shall issue an order requiring such person—

(A) to cease and desist from such violation and, if applicable, divest such interests as are necessary to come into compliance with this section; and

(B) to pay an amount equal to the profits derived from any business, asset, operation, or interest subject to divestiture during the period of the violation.

(3) Penalties.—

(A) Written determination and transfer.—If a person knowingly and willfully fails to comply with a milestone specified under subsection (b)(2)(C), the Commission and the Antitrust Division, acting jointly, or the lead agency designated under subsection (d)(2)(A), shall issue a written determination identifying the missed milestone, the month for which escrow is required, the amount required to be transferred, and the method used to calculate such amount. Beginning not later than 15 days after receipt of such written determination, the person shall transfer into escrow on a monthly basis 10 percent of the profits of the person, to be—

(i) returned to the person if divestiture occurs by the deadline under subsection (c); or

(ii) deposited into the general fund of the Treasury if divestiture does not occur by the deadline under subsection (c).

(B) Escrow administration and certification.—Any transfer into escrow under subparagraph (A) shall be deposited with the Secretary of the Treasury into a segregated account established for purposes of this section.

(i) Not later than 15 days after the end of each month for which a transfer is required, the person shall submit to the Chair of the Commission and the Antitrust

Division a certification, signed by the chief executive officer and chief financial officer, attesting to the calculation of profits and gross revenues for such month and the amount transferred.

(ii) Not later than 120 days after the end of each fiscal year, the person shall submit a reconciliation based on audited financial statements, and shall pay any underpayment together with interest, calculated from the date the underpaid amount was required to be transferred at the rate and in the manner provided under sections 6621(a)(2) and 6622(a) of the Internal Revenue Code of 1986, or shall receive a return of any overpayment, as applicable.

(C) Judicial review.—A person subject to a transfer requirement under subparagraph (A) may, not later than 30 days after notice of such requirement, petition for review in the United States Court of Appeals for the District of Columbia Circuit. The filing of a petition for review shall not stay any obligation to transfer amounts into escrow unless the court orders otherwise.

(4) Trustee.—The Commission or the Antitrust Division may apply to a court of competent jurisdiction for the appointment of a divestiture trustee.

(A) Authority.—The divestiture trustee shall have the authority, at the expense of the person required to divest, to take such actions as are necessary to effectuate the divestiture required under this section, including selling, transferring, assigning, or otherwise disposing of the business, assets, entity, or interests required to be divested.

(B) Cooperation.—The person required to divest shall cooperate fully with the divestiture trustee and shall take no action to interfere with, delay, or impede the divestiture.

(C) Approval.—Any proposed sale by the divestiture trustee shall be subject to approval under subsection (d).

(D) Duty of trustee.—The divestiture trustee shall act in the interest of effectuating prompt compliance with this section and restoring competition, and shall not be required to maximize the value received by the person required to divest.

(5) Deposit.—Any amount paid under paragraph (2)(B) shall be deposited into the general fund of the Treasury.

(6) Other relief.—In addition to any relief obtained under paragraph (1) or (2), the court may grant any other equitable relief necessary to redress and prevent recurrence of the violation.

(f) Anti-circumvention.—It shall be unlawful for any person to evade or attempt to evade this section, including by entering into an agreement or contract, engaging in a transaction, structuring an entity, or recreating, through contractual means, the conflicts of interest described in subsection (b).

(g) Rulemaking authority.—The Commission and the Antitrust Division shall, by joint rule, promulgate regulations to carry out this section.

(h) Reports required.—The Chair of the Commission and the Antitrust Division shall submit to the appropriate congressional committees quarterly reports on compliance with this section, including the status of any divestitures required under this section.

(i) Rule of construction.—Nothing in this section shall be construed to limit the authority of the Commission, the Department of Justice, or the attorney general of a State under any other provision of law.

Subtitle C—Intellectual Property Reform

PART I—COPYRIGHT REFORM

SEC. 531. DURATION OF COPYRIGHT AMENDED.

(a) Duration of copyright.—Section 302 of title 17, United States Code, is amended—

(1) in subsection (a), by striking "70" and inserting "50";

(2) in subsection (b), by striking "70" and inserting "50" before the period at the end;

(3) in subsection (c)—

(A) by striking "95" and inserting "50"; and

(B) by striking ", or a term of 120 years from the year of its creation, whichever expires first" and inserting "unless extended pursuant to section 304(e)"; and

(4) in subsection (e) to read as follows:

"(e) Enforcement rights.—The exclusive rights conferred by section 106 may be exercised only during periods of active enforcement as provided in chapter 4A.".

SEC. 532. PERIOD OF ACTIVE ENFORCEMENT DEFINED.

(a) Section 101 of title 17, United States Code, is amended by inserting after the definition relating to "performing rights society" the following:

"The term 'period of active enforcement' means the time during the duration of a copyright in which civil and criminal actions may be initiated for violations of the rights and privileges granted to the holder under this title.".

(b) New chapter.—Title 17, United States Code, is amended by inserting after chapter 4 the following new chapter:

"CHAPTER 4A—ENFORCEMENT LICENSURE

"SEC. 451. Definitions.

"SEC. 452. Enforcement privilege may lapse.

"SEC. 453. Enforcement license.

"SEC. 454. Administration.

"Sec. 451. Definitions.

"(a) In this chapter—

"(1) Enforcement license.—The term 'enforcement license' means an optional 7-year period of active enforcement after the initial enforcement period, with respect to all exclusive rights under section 106 in the work owned by the purchasing rights-holder, for which the rights-holder has paid the applicable fee under section 453.

"(2) Initial enforcement period.—The term 'initial enforcement period' means the first 15 years beginning on the date of first publication of the work.

"(3) Lapse.—The term 'lapse' means that the exclusive rights granted under section 106 are not enforceable through civil or criminal actions.

"(4) Rights-holder.—The term 'rights-holder' means the owner of one or more exclusive rights under section 106 with respect to a work.

"Sec. 452. Enforcement privilege may lapse.

"(a) Transition date.—Beginning January 1, 2028, no criminal or civil action for a violation of section 106 of this title may be brought for any work not in its initial enforcement period unless an enforcement license has been purchased under this chapter.

"(b) Pending actions.—Nothing in this section shall affect any civil or criminal action commenced on or before December 31, 2027.

"(c) Calendar-year application.—Pursuant to section 305, all periods of active enforcement shall run to the end of the calendar year in which they would otherwise expire.

"Sec. 453. Enforcement license.

"(a) Enforcement protection optional.—A rights-holder may extend the period of active enforcement for the exclusive rights in a work owned by that rights-holder by purchasing a 7-year enforcement license according to the following fee schedule:

"(1) for years 16 through 22, $100;

"(2) for years 23 through 29, $500;

"(3) for years 30 through 36, $2,500;

"(4) for years 37 through 43, $5,000; and

"(5) for years 44 through 50, $10,000.

"(b) Failure to renew.—If the rights-holder fails to purchase an enforcement license under this section during years 15, 22, 29, 36, or 43 of their copyright, the period of active enforcement shall be deemed to lapse at the end of the year. Such lapse shall not diminish the validity of any actions commenced prior to the conclusion of a period of active enforcement.

"(c) Indexing of fees.—Beginning in 2029, the dollar amounts in subsection (a) shall be adjusted annually by the percentage change in the Consumer Price Index for All Urban Consumers, rounded to the nearest $10.

"(d) Transition fees.—During the calendar year 2027, a rights-holder may purchase a prorated enforcement license for a fraction of the fee schedule based on the year in which the work was originally published. Such fees shall be as follows:

"(1) for 2012, the amount listed in subsection (a)(1);

"(2) for 2011, $85;

"(3) for 2010, $71;

"(4) for 2009, $57;

"(5) for 2008, $42;

"(6) for 2007, $28;

"(7) for 2006, $14;

"(8) for 2005, the amount listed in subsection (a)(2);

"(9) for 2004, $428;

"(10) for 2003, $357;

"(11) for 2002, $285;

"(12) for 2001, $214;

"(13) for 2000, $142;

"(14) for 1999, $71;

"(15) for 1998, the amount listed in subsection (a)(3);

"(16) for 1997, $2,142;

"(17) for 1996, $1,785;

"(18) for 1995, $1,428;

"(19) for 1994, $1,071;

"(20) for 1993, $714;

"(21) for 1992, $357;

"(22) for 1991, the amount listed in subsection (a)(4);

"(23) for 1990, $4,285;

"(24) for 1989, $3,571;

"(25) for 1988, $2,857;

"(26) for 1987, $2,142;

"(27) for 1986, $1,428;

"(28) for 1985, $714;

"(29) for 1984, the amount listed in subsection (a)(5);

"(30) for 1983, $8,571;

"(31) for 1982, $7,142;

"(32) for 1981, $5,714;

"(33) for 1980, $4,285;

"(34) for 1979, $2,857; and

"(35) for 1978, $1,428.

"(e) Separately owned exclusive rights.—

"(1) In general.—If exclusive rights under section 106 in the same work are owned by more than 1 rights-holder, each rights-holder shall separately purchase an enforcement license for the exclusive rights owned by that rights-holder.

"(2) Transfer during license term.—A transfer of an exclusive right covered by an enforcement license transfers the benefit of the license with the exclusive right for the remainder of the license term. The transferee shall notify the Register of Copyrights of the transfer in such form and manner as the Register may prescribe. No additional enforcement-license fee shall be required for the transferred right during the remainder of that license term.".

"Sec. 454. Administration.

"(a) Regulations.—The Register of Copyrights shall, not later than 90 days after the date of enactment of this Act, issue interim final regulations to implement this chapter, including procedures for payment, recording, and public notice of renewals, and shall thereafter promulgate final regulations after notice and comment.

"(b) Public registry.—The Register shall establish an electronic public registry identifying, for each work, whether it is in an active enforcement period and, if so, the dates of the initial enforcement period and any renewal periods, and the rights-holder and exclusive rights covered by each enforcement license.".

SEC. 533. SUBSISTING COPYRIGHT.

(a) Subsisting copyrights.—Section 304 of title 17, United States Code, is amended—

(1) in subsection (a)—

(A) by striking "67 years" and inserting "22 years"; and

(B) by adding at the end the following: "No civil or criminal enforcement action may be initiated under this title more than 50 years after the date of first publication of the work, except pursuant to subsection (e).";

(2) in subsection (b)—

(A) by striking "67 years" and inserting "22 years"; and

(B) by adding at the end the following: "No civil or criminal enforcement action may be initiated under this title more than 50 years after the date of first publication of the work, except pursuant to subsection (e).";

(3) in subsections (c) and (d), by striking "75 years" each place it appears and inserting "50 years";

(4) by striking "95 years" each place it appears and inserting "50 years";

(5) by adding at the end of subsection (c) the following: "Termination of a grant under this subsection shall not have the effect of extending a copyright beyond the term provided under this section, except pursuant to subsection (e)."; and

(6) by adding at the end of subsection (d) the following text and new subsection (e): "Termination of a grant under this subsection shall not have the effect of extending a copyright beyond the term provided under this section, except pursuant to subsection (e).

"(e) Additional terms of copyright.—

"(1) In general.—A copyright shall expire and enter the public domain unless extended for an additional term under this subsection—

"(A) upon expiration of a 50-year term provided under section 302(c) or this section; or

"(B) on January 1, 2028.

"(2) Additional terms.—An additional term under this subsection shall be for a period of 5 years and shall confer a period of active enforcement for the duration of such term.

"(3) Calendar-year application.—Pursuant to section 305, all periods of active enforcement shall run to the end of the calendar year in which they would otherwise expire.

"(4) Fee schedule.—The extension fee for an additional term under this subsection shall be as follows:

"(A) for years 51 through 55, $1,000,000;

"(B) for years 56 through 60, $2,000,000;

"(C) for years 61 through 65, $4,000,000;

"(D) for years 66 through 70, $8,000,000;

"(E) for years 71 through 75, $16,000,000;

"(F) for years 76 through 80, $32,000,000;

"(G) for years 81 through 85, $64,000,000;

"(H) for years 86 through 90, $128,000,000;

"(I) for years 91 through 95, $256,000,000;

"(J) for years 96 through 100, $512,000,000; and

"(K) for each successive 5-year period beginning after years 96 through 100, 2 times the extension fee applicable to the immediately preceding 5-year period, after application of any adjustment under paragraph (6).

"(5) Proration during transition.—Prior to January 1, 2028, the applicable extension fee for an additional term which will lapse at the end of calendar year 2028, 2029, 2030, or 2031 shall be the product of—

"(A) the applicable fee specified in paragraph (4); and

"(B) the number of full calendar years remaining in the applicable 5-year term divided by 5.

"(6) Indexing of fees.—Beginning January 1, 2029, the dollar amounts in paragraph (4), and each fee determined under paragraph (4)(K), shall be adjusted annually by the percentage change in the Consumer Price Index for All Urban Consumers, rounded to the nearest $1,000.".

SEC. 534. CONFORMING AMENDMENTS.

(a) Section 501 of title 17, United States Code, is amended by adding at the end the following:

"(g) No action for infringement may be brought under this section unless the copyright is in a period of active enforcement.".

(b) Section 106 of title 17, United States Code, is amended by inserting "(a)" before the introductory text and adding at the end the following:

"(b) Enforcement rights under this section may be exercised only if the work is in a period of active enforcement. No civil action, administrative action, or takedown request may be initiated or maintained except during a period of active enforcement.".

(c) Section 412 of title 17, United States Code, is amended by adding at the end the following:

"(3) Statutory damages and attorney's fees may be awarded only if the copyright was in a period of active enforcement.".

(d) Section 506 of title 17, United States Code, is amended by adding at the end the following:

"(g) Affirmative defense.—It shall be an affirmative defense to a violation of this section that the work in question was not in a period of active enforcement.".

(e) Savings clause.—Any provision of law inconsistent with this part is repealed to the extent of such inconsistency.

SEC. 535. DISPOSITION OF FEES AND RECEIPTS.

(a) In general.—Notwithstanding any other provision of law, all fees collected under chapter 4A and section 304(e) of title 17, United States Code, shall be deposited into the general fund of the Treasury and disbursed in accordance with this section.

(b) American Value Fund.—99 percent of all amounts deposited pursuant to subsection (a) shall be credited to the American Value Fund established in title VI of the POPULIST Act.

(c) Library of Congress.—1 percent of all amounts deposited pursuant to subsection (a) shall be transferred to the Library of Congress Support and Cultural Preservation Fund established in section 537.

(d) Budgetary treatment.—Amounts transferred under this section shall be treated as offsetting receipts for purposes of the Congressional Budget Act of 1974.

SEC. 536. DENUNCIATION OF THE BERNE CONVENTION.

(a) Denunciation authorized.—The President is authorized and directed to denounce the Berne Convention for the Protection of Literary and Artistic Works, done at Berne on September 9, 1886, as revised and amended, pursuant to Article 35 of the Paris Act of July 24, 1971.

(b) Notice.—Not later than December 31, 2026, the President shall transmit a written notification of denunciation to the Director General of the World Intellectual Property Organization in accordance with Article 35(2) of the Berne Convention.

(c) Effective date.—The denunciation authorized by subsection (a) shall take effect on the date that is 1 year after the date on which the notification described in subsection (b) is received by the Director General of the World Intellectual Property Organization.

SEC. 537. LIBRARY OF CONGRESS SUPPORT AND CULTURAL PRESERVATION FUND.

(a) Establishment.—There is established in the Treasury of the United States a fund to be known as the "Library of Congress Support and Cultural Preservation Fund" (in this section referred to as the "Fund").

(b) Uses.—Amounts in the Fund shall be available to the Library of Congress, without further appropriation, for the following purposes:

(1) Digitization, preservation, and restoration of copyrighted and formerly copyrighted works;

(2) Long-term digital storage infrastructure, redundancy, and access systems;

(3) Audio, visual, and audiovisual conservation, including film, sound recordings, and born-digital media;

(4) Metadata creation, cataloging, indexing, and public discovery tools; and

(5) Technical and administrative support necessary to carry out the activities described in this subsection.

(c) Oversight and coordination.—

(1) The Librarian of Congress shall submit an annual report to the Committees on Appropriations and the Committees on the Judiciary of the House of Representatives and the Senate describing—

(A) amounts deposited into and expended from the Fund;

(B) activities supported by the Fund; and

(C) measurable outcomes relating to preservation, access, and public availability.

(2) The Librarian of Congress shall coordinate activities funded under this section with the Register of Copyrights to ensure consistency with copyright administration and public access objectives.

(d) Budgetary treatment.—Amounts deposited into and expended from the Fund shall be treated as offsetting collections for purposes of the Congressional Budget Act of 1974.

SEC. 538. CONTROLLED DIGITAL LENDING BY QUALIFYING LIBRARIES.

(a) In general.—Chapter 1 of title 17, United States Code, is amended by inserting after section 109 the following—

"Sec. 109A. Controlled digital lending by qualifying libraries.

"(a) Definitions.—In this section:

"(1) Controlled digital loan.—The term 'controlled digital loan' means the time-limited provision of access to a digital surrogate by a qualifying library to a user under technological access controls that enforce the limitations in subsection (b).

"(2) Digital surrogate.—The term 'digital surrogate' means a reproduction of a lawfully acquired copy, fixed in a digital format, that is created by or for a qualifying library.

"(3) Lawfully acquired copy.—The term 'lawfully acquired copy' means a tangible copy of a work that is lawfully owned by a qualifying library.

"(4) Qualifying library.—The term 'qualifying library' means a library or archives that meets the requirements of section 108(a)(2).

"(5) Technological access controls.—The term 'technological access controls' means reasonable and effective technical measures that, in the ordinary course of operation, prevent unauthorized retention, copying, redistribution, or simultaneous access beyond the limits of subsection (b).

"(6) User.—The term 'user' means an individual who is a member of the public entitled to access the library's collections.

"(b) Authorization and conditions.—Notwithstanding section 106, a qualifying library may make controlled digital loans, if—

"(1) the qualifying library limits access to digital surrogates of a work to a number of users equal to the number of lawfully acquired copies of that work;

"(2) during the controlled digital loan of a lawfully acquired copy, the qualifying library does not lend, lease, or otherwise provide access to that particular lawfully acquired copy to any other person;

"(3) the controlled digital loan is provided as part of the qualifying library's noncommercial public lending function;

"(4) the qualifying library provides notice to users that access is provided solely for the duration of the loan and that retention or redistribution is prohibited;

"(5) the controlled digital loan terminates automatically at the end of the loan period;

"(6) the loan period does not exceed the period for which the qualifying library ordinarily lends a tangible copy of the same work or category of work;

"(7) the qualifying library uses technological access controls to—

"(A) authenticate users; and

"(B) prevent users from—

"(i) retaining the digital surrogate after the termination of the loan period; or

"(ii) redistributing the digital surrogate to others; and

"(8) the qualifying library maintains records sufficient to demonstrate compliance with paragraphs (1) through (7), including—

"(A) the number of lawfully acquired copies owned;

"(B) the number of concurrent controlled digital loans enabled; and

"(C) the applicable loan periods.

"(c) No compensation owed.—No royalty, fee, or other remuneration shall be owed to any copyright owner for the making of controlled digital loans in compliance with subsection (b).

"(d) No waiver by private terms.—Any term or condition of a contract, license, or agreement that purports to prohibit or restrict an act authorized by this section, or that purports to impose remuneration for an act authorized by this section, shall be unenforceable as contrary to public policy.

"(e) Scope; exclusions.—Nothing in this section:

"(1) authorizes the circumvention of technological measures in violation of section 1201;

"(2) authorizes controlled digital lending of a copy that was primarily acquired as a licensed digital product rather than as a lawfully acquired copy;

"(3) limits any right, limitation, or exception under section 107, 108, or 109; or

"(4) affects remedies for any act that is not in material compliance with subsection (b).

"(f) Construction.—This section shall be construed to preserve a qualifying library's traditional public lending function in digital form, while maintaining an owned-to-loaned limitation that preserves materially equivalent scarcity to physical lending.".

(b) Clerical amendment.—The table of sections for chapter 1 of title 17, United States Code, is amended by inserting after the item relating to section 109 the following:

"109A. Controlled digital lending by qualifying libraries.".

PART II—PATENT REFORM

SEC. 541. DESIGN PATENT TERM HARMONIZED.

(a) Term amended.—Section 173 of title 35, United States Code, is amended to read as follows:

"Sec. 173. Term of design patent.

"Subject to the payment of fees under this title, patents for designs shall be granted for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, 365(c), or 386(c), from the date on which the earliest such application was filed.".

(b) Applicability.—The amendment made by subsection (a) shall apply to any design patent issued on an application filed before, on, or after the date of enactment of this Act.

SEC. 542. PATENT MAINTENANCE FEES; ESCALATION; INDEXING; TRANSITION.

(a) Maintenance fee schedule.—Section 41 of title 35, United States Code, is amended—

(1) in subsection (a)(7), by adding "." at the end;

(2) in subsection (b)(1) to read as follows—

"(1) In general.—The Director shall charge the following fees for maintaining in force all patents, other than plant patents, based on applications filed on or after December 12, 1980:

"(A) 3 years and 6 months after grant, $2,500.

"(B) 7 years after grant, $5,000.

"(C) 10 years and 6 months after grant, $10,000.

"(D) 14 years after grant, $20,000.

"(E) 17 years after grant, $40,000."; and

(3) by repealing subsection (b)(3) and adding the following new paragraphs after subsection (b)(2)—

"(3) No maintenance fee for plant patent.—No fee may be established for maintaining a plant patent in force.

"(4) No fee after expiration.—No maintenance fee under paragraph (1), and no surcharge for late payment of such fee, shall be due after expiration of the term of the patent.

"(5) Transition rule.—

"(A) No maintenance fee under paragraph (1), and no surcharge for late payment of such fee, shall be due for any payment date that occurred before January 1, 2027.

"(B) Nothing in this paragraph shall revive any patent that expired or lapsed before January 1, 2027.

"(6) Transition rule for additional maintenance fees.—

"(A) No maintenance fee under paragraph (1)(D) shall apply to a grant issued on or before December 31, 2012.

"(B) No maintenance fee under paragraph (1)(E) shall apply to a grant issued on or before December 31, 2009.

"(7) Design patent transition rule.—No maintenance fee under paragraph (1), and no surcharge for late payment of such fee, shall be due for a design patent before January 1, 2027."; and

(4) in subsection (f) by—

(A) striking "may be adjusted" and inserting "shall be adjusted"; and

(B) striking "may be ignored" and inserting "shall be included in the next annual adjustment.".

SEC. 543. SCALE LIMITS ON FEE DISCOUNTS; AGGREGATION; FRAUD PENALTIES.

(a) Portfolio limitation on discounts.—Section 41(h) of title 35, United States Code, is amended by adding at the end the following:

"(4) Portfolio limitation.—Notwithstanding any other provision of this subsection, no reduction in fees under this subsection shall apply with respect to any maintenance fee due under subsection (b) if the owner of the patent, or any commonly controlled entity, owns more than 25 issued United States patents as of the date such maintenance fee is paid.

"(5) Common control.—For purposes of this subsection, entities shall be treated as commonly controlled if they are under common ownership or control, including through direct

ownership, indirect ownership, exclusive licensing arrangements, or any contractual obligation to assign or license patent rights, as determined by the Director by regulation.".

(b) Fraudulent assertion of entity status.—Section 41 of title 35, United States Code, is amended by adding at the end the following:

"(k) Fraudulent assertion of small or micro entity status.—

"(1) In general.—Any person who knowingly or recklessly asserts small entity or micro-entity status under this section, or fails to timely correct such status after it no longer applies, shall be subject to a civil penalty.

"(2) Penalty amount.—The civil penalty under this subsection shall be the greater of—

"(A) 3 times the amount of fees avoided by reason of such false or improper assertion; or

"(B) $10,000 multiplied by the total number of issued United States patents owned by the person or by any commonly controlled entity at the time of the violation.

"(3) Additional remedies.—In addition to any penalty imposed under paragraph (2), the Director may—

"(A) require payment of all unpaid fees at the undiscounted rate, with interest calculated from the date each unpaid fee was due at the rate and in the manner provided under sections 6621(a)(2) and 6622(a) of the Internal Revenue Code of 1986;

"(B) impose administrative sanctions, including suspension of eligibility for fee discounts for a period of not less than 5 years; and

"(C) refer evidence of willful misconduct to the Attorney General for appropriate action.

"(4) Rule of construction.—A pattern of misrepresentation, concealment, or portfolio fragmentation shall constitute prima facie evidence of recklessness under this subsection.

"(l) Portfolio disclosure and verification authority.—The Director may require, as a condition of payment of any maintenance fee or assertion of small or micro entity status, disclosure of information sufficient to determine—

"(1) the total number of issued United States patents owned by the person making such payment or assertion; and

"(2) whether such patents are owned or controlled by commonly controlled entities.

"The Director may conduct audits and investigations as reasonably necessary to enforce this section.

"(m) Administrative process.—Before imposing a civil penalty or administrative sanction under subsection (k), the Director shall provide written notice of the alleged violation and the proposed penalty or sanction, and a reasonable opportunity to respond. A final determination under subsection (k) shall be made on the record after consideration of any timely submission by the

person charged and shall be subject to administrative review under procedures prescribed by the Director.".

SEC. 544. DISPOSITION OF PATENT FEES.

(a) In general.—Notwithstanding any other provision of law, all amounts collected as maintenance fees under section 41(b) of title 35, United States Code, including any penalties collected under section 41(k), shall be deposited into the general fund of the Treasury and disbursed in accordance with this section.

(b) American Value Fund.—99 percent of all amounts deposited pursuant to subsection (a) shall be credited to the American Value Fund established in title VI of the POPULIST Act.

(c) United States Patent and Trademark Office.—1 percent of all amounts deposited pursuant to subsection (a) shall be transferred to the United States Patent and Trademark Office and shall be available, without further appropriation, solely for patent examination, information technology modernization, fraud detection, and administrative enforcement.

(d) Budgetary treatment.—Amounts transferred under this section shall be treated as offsetting receipts for purposes of the Congressional Budget Act of 1974.

PART III—TRADEMARK REFORM

SEC. 551. SEVEN-YEAR TRADEMARKS.

(a) Renewal period.—

(1) In general.—Section 9(a) of the Trademark Act of 1946 (15 U.S.C. 1059(a)) is amended to read as follows:

"(a) Period of renewal; time for renewal.—

"(1) In general.—Subject to the provisions of section 1058 of this title, each registration may be renewed for periods of 7 years at the end of each successive 7-year period following the date of registration upon payment of the fee prescribed under section 1113(c) of this title and the filing of a written application, in such form as may be prescribed by the Director.

"(2) Time for renewal.—An application under paragraph (1) may be made at any time within 1 year before the end of each successive 7-year period for which the registration was issued or renewed, or may be made within a grace period of 6 months after the end of each successive 7-year period, upon payment of the fee prescribed under section 1113(c) of this title and any surcharge prescribed therefor.

"(3) Deficient application.—If any application filed under this section is deficient, the deficiency may be corrected within the time prescribed after notification of the deficiency, upon payment of a surcharge prescribed therefor.".

(2) Applicability.—The amendment made by paragraph (1) shall apply to any registration issued or any renewal period beginning after the date of enactment of this Act, without regard to the date on which the application or renewal application was filed. A registration issued, or

renewal period beginning, on or before such date shall remain subject to the expiration date applicable before the amendment made by paragraph (1).

(b) Declaration of use or excusable nonuse.—

(1) In general.—Section 8(a) of the Trademark Act of 1946 (15 U.S.C. 1058(a)) is amended to read as follows:

"(a) Time periods for required affidavits.—

"(1) In general.—Each registration shall remain in force for 7 years, except that the registration of any mark shall be canceled by the Director unless the owner of the registration files in the United States Patent and Trademark Office affidavits that meet the requirements of subsection (b), within the 1-year period immediately preceding the expiration of each 7-year period following the date of registration under this chapter or the date of publication under section 1062(c) of this title.

"(2) Grace period.—The owner may file the affidavit required under this section within the 6-month grace period immediately following the expiration of the period established in paragraph (1), together with the fee described in subsection (b) and the additional grace period surcharge prescribed by the Director.".

(2) Applicability.—The amendment made by paragraph (1) shall apply to any registration issued or any renewal period beginning after the date of enactment of this Act, without regard to the date on which the application or renewal application was filed. A registration issued, or renewal period beginning, on or before such date shall remain subject to the expiration date applicable before the amendment made by paragraph (1).

(c) Bona fide commercial use.—Section 8(b)(1) of the Trademark Act of 1946 (15 U.S.C. 1058(b)(1)) is amended by striking subparagraph (C) and inserting the following:

"(C) be accompanied by such representative evidence demonstrating bona fide commercial use in commerce as may be required by the Director; and".

(d) Token use.—Section 8 of the Trademark Act of 1946 (15 U.S.C. 1058) is amended by adding at the end the following:

"(g) Token use.—Use of a mark solely for the purpose of maintaining a registration, reserving a mark, or preventing use by others, without genuine commercial exploitation, shall not constitute bona fide commercial use in commerce as required by subsection (b)(1)(C).".

(e) Portfolio-based registration and renewal fees.—Section 31 of the Trademark Act of 1946 (15 U.S.C. 1113) is amended by adding at the end the following:

"(c) Portfolio-based registration and renewal fees.—

"(1) In general.—Beginning January 1, 2027, any fee required for an application for registration of a trademark or other mark under section 1051 of this title or for renewal of a trademark registration under section 1059(a) of this title shall be determined based on the size of the portfolio of the applicant or registrant at the time the fee is paid.

"(2) Base amount.—The base amount for a fee under this subsection shall be $250.

"(3) Escalation formula.—The fee applicable under this subsection shall be equal to the base amount multiplied by n raised to the power of 0.30, where n equals the size of the portfolio owned or controlled by the applicant or registrant at the time the fee is paid. The resulting fee shall be rounded to the nearest whole dollar.

"(4) Class application.—The fee determined under this subsection shall apply equally to each class included in an application for registration or filing for renewal.

"(5) Paper filing.—The Director may impose an additional fee for paper filing of an application for registration or renewal application.

"(6) Transition rules.—

"(A) Early-filed renewals.—A renewal application filed before January 1, 2027, for a renewal period beginning on or after January 1, 2027, shall be treated as conditionally filed and may not be accepted as complete, and the registration may not be renewed, until the applicant or registrant pays the full fee required under this subsection.

"(B) Credit for prior payment.—Any fee paid before January 1, 2027, for a renewal application described in subparagraph (A) shall be credited against the fee required under this subsection.

"(7) Indexing.—Beginning January 1, 2028, the base amount specified in paragraph (2) shall be adjusted annually by the percentage change in the Consumer Price Index for All Urban Consumers, rounded to the nearest $5.

"(d) Portfolio certification.—Each applicant or registrant submitting an application for registration or renewal application shall certify, under penalty of perjury, the size of the applicant or registrant's portfolio as of the date of such filing.

"(e) Audit and verification.—The Director may conduct audits and require production of information reasonably necessary to verify—

"(1) the accuracy of any portfolio certification submitted under subsection (d);

"(2) the existence of common control among entities; or

"(3) contractual rights and licensing arrangements related to trademarks.

"(f) False statement or material omission.—Any person who knowingly or recklessly makes a false statement or material omission in any certification or disclosure required under this section shall be subject to penalty.

"(1) Civil penalty.—The Director may impose a civil penalty equal to the greater of—

"(A) 3 times the amount of fees avoided by reason of the false statement or omission; or

"(B) $5,000 multiplied by the total number of items in the portfolio of the person at the time of the violation.

"(2) Additional remedies.—In addition to any civil penalty, the Director may—

"(A) bar the person, for a period of 6 years, from—

"(i) registering any new trademark; or

"(ii) renewing any trademark owned or controlled by the person at the time of the violation; and

"(B) refer evidence of willful misconduct to the Attorney General for appropriate action.

"(3) Rule of construction.—A pattern of misrepresentation, concealment, or portfolio fragmentation shall constitute prima facie evidence of recklessness under this subsection.

"(4) Administrative process.—Before imposing a civil penalty or administrative sanction under this subsection, the Director shall provide written notice of the alleged violation and the proposed penalty or sanction, and a reasonable opportunity to respond. A final determination under this subsection shall be made on the record after consideration of any timely submission by the person charged and shall be subject to administrative review under procedures prescribed by the Director.

"(g) Rulemaking.—The Director shall issue regulations to implement this section, including standards for determining common control, audit selection, evidentiary requirements, procedures for calculating portfolio size, procedures for treating simultaneous or batch filings, procedures for notifying applicants or registrants of fee deficiencies, and procedures for crediting prior payments.

"(h) Definitions.—In this section:

"(1) Active trademark registration.—The term 'active trademark registration' means any registration that has not been irrevocably cancelled or expired, including any registration within a renewal window or statutory grace period.

"(2) Common control.—The term 'common control' means the direct or indirect ownership or control of trademarks or applications for registration by the same person or entity, including through parent-subsidiary relationships, common ownership, exclusive licensing arrangements, or contractual obligations to assign or license trademark rights.

"(3) Portfolio.—The term 'portfolio' means, with respect to an applicant or registrant, the aggregate of the following items under common control:

"(A) active trademark registrations;

"(B) pending applications for registration; and

"(C) in the case of an application for registration, such application.".

SEC. 552. DISPOSITION OF TRADEMARK FEES.

(a) In general.—Notwithstanding any other provision of law, all fees collected under sections 8, 9, and 31 of the Trademark Act of 1946 (15 U.S.C. 1058, 1059, and 1113), including registration fees, renewal fees, late fees, and penalties, shall be deposited into the general fund of the Treasury and disbursed in accordance with this section.

(b) American Value Fund.—99 percent of all amounts deposited pursuant to subsection (a) shall be credited to the American Value Fund established in title VI of the POPULIST Act.

(c) United States Patent and Trademark Office.—1 percent of all amounts deposited pursuant to subsection (a) shall be transferred to the United States Patent and Trademark Office and shall be available, without further appropriation, solely for trademark examination, registry maintenance, fraud detection, enforcement of use requirements, and administrative modernization.

(d) Budgetary treatment.—Amounts transferred under this section shall be treated as offsetting receipts for purposes of the Congressional Budget Act of 1974 (2 U.S.C. 621 et seq.).

Subtitle D—Data Privacy and Protection

SEC. 561. DEFINITIONS.

(a) Definitions.—In this subtitle:

(1) Affirmative express consent.—

(A) In general.—The term "affirmative express consent" means an affirmative act by an individual that clearly communicates the individual's freely given, specific, and unambiguous authorization for an act or practice after having been informed, in response to a specific request from a covered entity that meets the requirements of subparagraph (B).

(B) Request requirements.—The requirements of this subparagraph with respect to a request from a covered entity to an individual are the following:

(i) The request is provided to the individual in a clear and conspicuous standalone disclosure made through the primary medium used to offer the covered entity's product or service, or only if the product or service is not offered in a medium that permits the making of the request under this paragraph, another medium regularly used in conjunction with the covered entity's product or service.

(ii) The request includes a description of the processing purpose for which the individual's consent is sought and—

(I) clearly states the specific categories of covered data that the covered entity shall collect, process, and transfer necessary to effectuate the processing purpose; and

(II) includes a prominent heading and is written in easy-to-understand language that would enable a reasonable individual to identify and understand the processing purpose for which consent is sought and the covered data to be collected, processed, or transferred by the covered entity for such processing purpose.

(iii) The request clearly explains the individual's applicable rights related to consent.

(iv) The request is made in a manner reasonably accessible to and usable by individuals with disabilities.

(v) The request is made available to the individual in each covered language in which the covered entity provides a product or service for which authorization is sought.

(vi) The option to refuse consent shall be at least as prominent as the option to accept, and the option to refuse consent shall take the same number of steps or fewer as the option to accept.

(vii) Processing or transferring any covered data collected pursuant to affirmative express consent for a different processing purpose than that for which affirmative express consent was obtained shall require affirmative express consent for the subsequent processing purpose.

(C) Express consent required.—A covered entity may not infer that an individual has provided affirmative express consent to an act or practice from—

(i) the inaction of the individual;

(ii) the individual's continued use of a service or product provided by the covered entity; or

(iii) the individual's approval of a preselected default option.

(D) Pretextual consent prohibited.—A covered entity may not obtain or attempt to obtain the affirmative express consent of an individual through—

(i) the use of any false, fictitious, fraudulent, or materially misleading statement or representation; or

(ii) the design, modification, or manipulation of any user interface with the purpose or substantial effect of obscuring, subverting, or impairing a reasonable individual's autonomy, decision making, or choice to provide such consent or any covered data.

(2) Authentication.—The term "authentication" means the process of verifying an individual or entity for security purposes.

(3) Biometric information.—

(A) In general.—The term "biometric information" means any covered data generated from the technological processing of an individual's unique biological, physical, or physiological characteristics that is linked or reasonably linkable to an individual, including—

(i) fingerprints;

(ii) voice prints;

(iii) iris or retina scans;

(iv) facial or hand mapping, geometry, or templates; or

(v) gait or personally identifying physical movements.

(B) Exclusion.—The term "biometric information" does not include—

(i) a digital or physical photograph;

(ii) an audio or video recording; or

(iii) data generated from a digital or physical photograph, or an audio or video recording, that cannot be used to identify an individual.

(4) Child.—The term "child" means a covered minor under 13 years of age.

(5) Collect; collection.—The terms "collect" and "collection" mean buying, renting, gathering, obtaining, receiving, accessing, or otherwise acquiring covered data by any means.

(6) Commission.—The term "Commission" means the Federal Trade Commission.

(7) Control.—The term "control" means, with respect to an entity—

(A) ownership of, or the power to vote, more than 50 percent of the outstanding shares of any class of voting security of the entity;

(B) control over the election of a majority of the directors of the entity (or of individuals exercising similar functions); or

(C) the power to exercise a controlling influence over the management of the entity.

(8) Covered algorithm.—The term "covered algorithm" means a computational process that uses machine learning, natural language processing, artificial intelligence techniques, or other computational processing techniques of similar or greater complexity and that makes a decision or facilitates human decision making with respect to covered data, including to determine the provision of products or services or to rank, order, promote, recommend, amplify, or similarly determine the delivery or display of information to an individual.

(9) Covered data.—

(A) In general.—The term "covered data" means information that identifies or is linked or reasonably linkable, alone or in combination with other information, to an individual or a device that identifies or is linked or reasonably linkable to an individual, and may include derived data and unique persistent identifiers.

(B) Exclusions.—The term "covered data" does not include—

(i) de-identified data;

(ii) employee data;

(iii) publicly available information; or

(iv) inferences made exclusively from multiple independent sources of publicly available information that do not reveal sensitive covered data with respect to an individual.

(C) Employee data defined.—For purposes of subparagraph (B), the term "employee data" means—

(i) information relating to a job applicant collected by a covered entity acting as a prospective employer of such job applicant in the course of the application, or hiring process, if such information is collected, processed, or transferred by the prospective employer solely for purposes related to the employee's status as a current or former job applicant of such employer;

(ii) information processed by an employer relating to an employee who is acting in a professional capacity for the employer, provided that such information is collected, processed, or transferred solely for purposes related to such employee's professional activities on behalf of the employer;

(iii) the business contact information of an employee, including the employee's name, position or title, business telephone number, business address, or business email address that is provided to an employer by an employee who is acting in a professional capacity, if such information is collected, processed, or transferred solely for purposes related to such employee's professional activities on behalf of the employer;

(iv) emergency contact information collected by an employer that relates to an employee of that employer, if such information is collected, processed, or transferred solely for the purpose of having an emergency contact on file for the employee and for processing or transferring such information in case of an emergency; or

(v) information relating to an employee (or a spouse, dependent, other covered family member, or beneficiary of such employee) that is necessary for the employer to collect, process, or transfer solely for the purpose of administering benefits to which such employee (or spouse, dependent, other covered family member, or beneficiary of such employee) is entitled on the basis of the employee's position with that employer.

(10) Covered entity.—

(A) In general.—The term "covered entity"—

(i) means any entity or any person, other than an individual acting in a noncommercial context, that alone or jointly with others determines the purposes and means of collecting, processing, or transferring covered data and—

(I) is subject to the Federal Trade Commission Act (15 U.S.C. 41 et seq.);

(II) is a common carrier subject to the Communications Act of 1934 (47 U.S.C. 151 et seq.) and all Acts amendatory thereof and supplementary thereto; or

(III) is an organization not organized to carry on business for its own profit or that of its members; and

(ii) includes any entity or person that controls, is controlled by, or is under common control with the covered entity.

(B) Exclusions.—The term "covered entity" does not include—

(i) a Federal, State, Tribal, territorial, or local government entity such as a body, authority, board, bureau, commission, district, agency, or political subdivision of the Federal Government or a State, Tribal, territorial, or local government;

(ii) a person or an entity that is collecting, processing, or transferring covered data on behalf of a Federal, State, Tribal, territorial, or local government entity, in so far as such person or entity is acting as a service provider to such government entity, provided that such person or entity shall remain subject to all requirements of this subtitle applicable to service providers; or

(iii) an entity that serves as a congressionally designated nonprofit, national resource center, and clearinghouse to provide assistance to victims, families, child-serving professionals, and the general public on missing and exploited children issues.

(C) Nonapplication to service providers.—An entity shall not be considered to be a covered entity for purposes of this subtitle in so far as the entity is acting as a service provider.

(11) Covered language.—The term "covered language" means the 10 languages with the most users in the United States, according to the most recent United States Census.

(12) Covered minor.—The term "covered minor" means an individual under the age of 17.

(13) De-identified data.—The term "de-identified data" means information that does not identify and is not linked or reasonably linkable to a distinct individual or a device, regardless of whether the information is aggregated, and if the covered entity or service provider—

(A) takes reasonable technical measures to ensure that the information cannot, at any point, be used to re-identify any individual or device that identifies or is linked or reasonably linkable to an individual;

(B) publicly commits in a clear and conspicuous manner—

(i) to process and transfer the information solely in a de-identified form without any reasonable means for re-identification; and

(ii) to not attempt to re-identify the information with any individual or device that identifies or is linked or reasonably linkable to an individual; and

(C) contractually obligates any person or entity that receives the information from the covered entity or service provider—

(i) to comply with all of the provisions of this paragraph with respect to the information; and

(ii) to require that such contractual obligations be included contractually in all subsequent instances for which the data may be received.

(14) Derived data.—The term "derived data" means covered data that is created by the derivation of information, data, assumptions, correlations, inferences, predictions, or

conclusions from facts, evidence, or another source of information or data about an individual or an individual's device.

(15) Device.—The term "device" means any electronic equipment capable of collecting, processing, or transferring covered data that is used by 1 or more individuals.

(16) Employee.—The term "employee" means an individual who is an employee, director, officer, staff member, or individual working as an independent contractor that is not a service provider, trainee, volunteer, or intern of an employer, regardless of whether such individual is paid, unpaid, or employed on a temporary basis.

(17) Executive agency.—The term "Executive agency" has the meaning given such term in section 105 of title 5, United States Code.

(18) First party advertising or marketing.—The term "first party advertising or marketing" means advertising or marketing conducted by a first party either through direct communications with a user such as direct mail, email, or text message communications, or advertising or marketing conducted entirely within the first-party context, such as in a physical location operated by the first party, or on a web site or app operated by the first party.

(19) Genetic information.—The term "genetic information" means any covered data, regardless of its format, that concerns an individual's genetic characteristics, including—

(A) raw sequence data that results from the sequencing of the complete, or a portion of the, extracted deoxyribonucleic acid (DNA) of an individual; or

(B) genotypic and phenotypic information that results from analyzing raw sequence data described in subparagraph (A).

(20) Individual.—The term "individual" means a natural person residing in the United States.

(21) Knowledge.—

(A) In general.—The term "knowledge", with respect to whether an individual is a covered minor, means actual knowledge or knowledge fairly implied on the basis of objective circumstances.

(B) Rule of construction.—Nothing in this subtitle, including subparagraph (A), shall be construed to require a covered entity or service provider to—

(i) affirmatively collect any covered data with respect to age that the covered entity or service provider is not otherwise collecting in the normal course of business; or

(ii) implement age-gating or age-verification functionality.

(C) Guidance.—Not later than January 1, 2027, the Commission shall issue guidance, including best practices and examples, to assist covered entities and service providers in determining whether they have knowledge fairly implied on the basis of objective circumstances that an individual is a covered minor.

(22) Large data holder.—

(A) In general.—The term "large data holder" means a covered entity or service provider that, in the most recent calendar year—

(i) had annual gross revenues of $250,000,000 or more; and

(ii) collected, processed, or transferred—

(I) the covered data of more than 5,000,000 individuals or devices that identify or are linked or reasonably linkable to 1 or more individuals, excluding covered data collected and processed solely for the purpose of initiating, rendering, billing for, finalizing, completing, or otherwise collecting payment for a requested product or service; or

(II) the sensitive covered data of more than 200,000 individuals or devices that identify or are linked or reasonably linkable to 1 or more individuals.

(B) Exclusions.—The term "large data holder" does not include any instance in which the covered entity or service provider would qualify as a large data holder solely on the basis of collecting or processing—

(i) personal email addresses;

(ii) personal telephone numbers; or

(iii) log-in information of an individual or device to allow the individual or device to log in to an account administered by the covered entity or service provider.

(C) Revenue.—For purposes of determining whether any covered entity or service provider is a large data holder, the term "revenue", with respect to any covered entity or service provider that is not organized to carry on business for its own profit or that of its members—

(i) means the gross receipts the covered entity or service provider received, in whatever form, from all sources, without subtracting any costs or expenses; and

(ii) includes contributions, gifts, grants, dues or other assessments, income from investments, and proceeds from the sale of real or personal property.

(23) Market research.—The term "market research" means the collection, processing, or transfer of covered data as reasonably necessary and proportionate to investigate the market for or marketing of products, services, or ideas, where the covered data is not—

(A) integrated into any product or service;

(B) otherwise used to contact any individual or individual's device; or

(C) used to advertise or market to any individual or individual's device.

(24) Material.—The term "material" means, with respect to an act, practice, or representation of a covered entity (including a representation made by the covered entity in a privacy policy or similar disclosure to individuals) involving the collection, processing, or

transfer of covered data, that such act, practice, or representation is likely to affect a reasonable individual's decision or conduct regarding a product or service.

(25) Online product or service.—The term "online product or service" means a website, online service, online application, or mobile application.

(26) Parent.—The term "parent" means a parent or legal guardian.

(27) Person.—The term "person" has the meaning given the term in subsection (a) of section 1 of the Clayton Act (15 U.S.C. 12).

(28) Precise geolocation information.—

(A) In general.—The term "precise geolocation information" means information that is derived from a device or technology that reveals the past or present physical location of an individual or device that identifies or is linked or reasonably linkable to 1 or more individuals, with sufficient precision to identify street level location information of an individual or device or the location of an individual or device within a range of 1,850 feet or less.

(B) Exclusion.—The term "precise geolocation information" does not include geolocation information identifiable or derived solely from the visual content of a legally obtained image, including the location of the device that captured such image.

(29) Process.—The term "process" means to conduct or direct any operation or set of operations performed on covered data, including analyzing, organizing, structuring, retaining, storing, using, or otherwise handling covered data.

(30) Processing purpose.—The term "processing purpose" means a reason for which a covered entity or service provider collects, processes, or transfers covered data that is specific and granular enough for a reasonable individual to understand the material facts of how and why the covered entity or service provider collects, processes, or transfers the covered data.

(31) Publicly available information.—

(A) In general.—The term "publicly available information" means any information that a covered entity or service provider has a reasonable basis to believe has been lawfully made available to the general public from—

(i) Federal, State, or local government records, if the covered entity collects, processes, and transfers such information in accordance with any restrictions or terms of use placed on the information by the relevant government entity;

(ii) widely distributed media;

(iii) a website or online service made available to all members of the public, for free or for a fee, including where all members of the public, for free or for a fee, can log in to the website or online service;

(iv) a disclosure that has been made to the general public as required by Federal, State, or local law; or

(v) the visual observation of the physical presence of an individual or a device in a public place, not including data collected by a device in the individual's possession.

(B) Clarifications; limitations.—

(i) Available to all members of the public.—For purposes of this paragraph, information from a website or online service is not available to all members of the public if the individual who made the information available via the website or online service has restricted the information to a specific audience.

(ii) Other limitations.—The term "publicly available information" does not include—

(I) any obscene visual depiction (as defined in section 1460 of title 18, United States Code);

(II) any inference made exclusively from multiple independent sources of publicly available information that reveals sensitive covered data with respect to an individual;

(III) biometric information;

(IV) publicly available information that has been combined with covered data;

(V) genetic information, unless otherwise made available by the individual to whom the information pertains as described in clause (ii) or (iii) of subparagraph (A); or

(VI) intimate images known to be nonconsensual.

(32) Sensitive covered data.—

(A) In general.—The term "sensitive covered data" means the following types of covered data:

(i) A government-issued identifier, such as a Social Security number, passport number, or driver's license number, that is not required by law to be displayed in public.

(ii) Any information that describes or reveals the past, present, or future physical health, mental health, disability, diagnosis, or health care condition or treatment of an individual.

(iii) A financial account number, debit card number, credit card number, or information that describes or reveals the income level or bank account balances of an individual, except that the last 4 digits of a debit or credit card number shall not be deemed sensitive covered data.

(iv) Biometric information.

(v) Genetic information.

(vi) Precise geolocation information.

(vii) An individual's private communications such as voicemails, emails, texts, direct messages, or mail, or information identifying the parties to such communications, voice communications, video communications, and any information that pertains to the transmission of such communications, including telephone numbers called, telephone numbers from which calls were placed, the time calls were made, call duration, and location information of the parties to the call, unless the covered entity or a service provider acting on behalf of the covered entity is the sender or an intended recipient of the communication. Communications are not private for purposes of this clause if such communications are made from or to a device provided by an employer to an employee insofar as such employer provides conspicuous notice that such employer may access such communications.

(viii) Account or device log-in credentials, or security or access codes for an account or device.

(ix) Information identifying the sexual behavior of an individual in a manner inconsistent with the individual's reasonable expectation regarding the collection, processing, or transfer of such information.

(x) Calendar information, address book information, phone or text logs, photos, audio recordings, or videos, maintained for private use by an individual, regardless of whether such information is stored on the individual's device or is accessible from that device and is backed up in a separate location. Such information is not sensitive for purposes of this paragraph if such information is sent from or to a device provided by an employer to an employee insofar as such employer provides conspicuous notice that it may access such information.

(xi) A photograph, film, video recording, or other similar medium that shows the naked or undergarment-clad private area of an individual.

(xii) Information revealing the video content requested or selected by an individual collected by a covered entity that is not a provider of a service described in section 562(b)(6). This clause does not include covered data used solely for transfers for independent video measurement.

(xiii) Information about an individual when the covered entity or service provider has knowledge that the individual is a covered minor.

(xiv) An individual's race, color, ethnicity, religion, or union membership.

(xv) Information identifying an individual's online activities over time and across third-party websites or online services.

(xvi) Any other covered data collected, processed, or transferred for the purpose of identifying the types of covered data listed in clauses (i) through (xv).

(B) Rulemaking.—The Commission may commence a rulemaking pursuant to section 553 of title 5, United States Code, to include in the definition of "sensitive covered data" any other type of covered data that may require a similar level of protection as the types of

covered data listed in clauses (i) through (xvi) of subparagraph (A) as a result of any new method of collecting, processing, or transferring covered data.

(33) Service provider.—

(A) In general.—The term "service provider" means a person or entity that—

(i) collects, processes, or transfers covered data on behalf of, and at the direction of, a covered entity or a Federal, State, Tribal, territorial, or local government entity; and

(ii) receives covered data from or on behalf of a covered entity or a Federal, State, Tribal, territorial, or local government entity.

(B) Treatment with respect to service provider data.—A service provider that receives service provider data from another service provider as permitted under this subtitle shall be treated as a service provider under this subtitle with respect to such data.

(34) Service provider data.—The term "service provider data" means covered data that is collected or processed by or has been transferred to a service provider by or on behalf of a covered entity, a Federal, State, Tribal, territorial, or local government entity, or another service provider for the purpose of allowing the service provider to whom such covered data is transferred to perform a service or function on behalf of, and at the direction of, such covered entity or Federal, State, Tribal, territorial, or local government entity.

(35) State.—The term "State" means any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands.

(36) State privacy authority.—The term "State privacy authority" means—

(A) the chief consumer protection officer of a State; or

(B) a State consumer protection agency with expertise in data protection, including the California Privacy Protection Agency.

(37) Substantial privacy risk.—The term "substantial privacy risk" means the collection, processing, or transfer of covered data in a manner that may result in any reasonably foreseeable substantial physical injury, economic injury, highly offensive intrusion into the privacy expectations of a reasonable individual under the circumstances, or discrimination on the basis of race, color, religion, national origin, sex, or disability.

(38) Targeted advertising.—The term "targeted advertising"—

(A) means presenting to an individual or device identified by a unique identifier, or groups of individuals or devices identified by unique identifiers, an online advertisement that is selected based on known or predicted preferences, characteristics, or interests associated with the individual or a device identified by a unique identifier; and

(B) does not include—

(i) advertising or marketing to an individual or an individual's device in response to the individual's specific request for information or feedback;

(ii) contextual advertising, which is when an advertisement is displayed based on the content in which the advertisement appears and does not vary based on who is viewing the advertisement; or

(iii) processing covered data solely for measuring or reporting advertising or content, performance, reach, or frequency, including independent measurement.

(39) Third party.—The term "third party"—

(A) means any person or entity, including a covered entity, that—

(i) collects, processes, or transfers covered data that the person or entity did not collect directly from the individual linked or linkable to such covered data; and

(ii) is not a service provider with respect to such data; and

(B) does not include a person or entity that collects covered data from another entity if the 2 entities are related by common ownership or corporate control, but only if a reasonable consumer's reasonable expectation would be that such entities share information.

(40) Third-party collecting entity.—

(A) In general.—The term "third-party collecting entity"—

(i) means a covered entity whose principal source of revenue is derived from processing or transferring covered data that the covered entity did not collect directly from the individuals linked or linkable to the covered data; and

(ii) does not include a covered entity insofar as such entity processes employee data collected by and received from a third party concerning any individual who is an employee of the third party for the sole purpose of such third party providing benefits to the employee.

(B) Principal source of revenue defined.—For purposes of this paragraph, the term "principal source of revenue" means, for the prior 12-month period, either—

(i) more than 50 percent of all revenue of the covered entity; or

(ii) obtaining revenue from processing or transferring the covered data of more than 5,000,000 individuals that the covered entity did not collect directly from the individuals linked or linkable to the covered data.

(C) Nonapplication to service providers.—An entity may not be considered to be a third-party collecting entity for purposes of this subtitle if the entity is acting as a service provider.

(41) Third-party data.—The term "third-party data" means covered data that has been transferred to a third party.

(42) Transfer.—The term "transfer" means to disclose, release, disseminate, make available, license, rent, or share covered data orally, in writing, electronically, or by any other means.

(43) Unique identifier.—The term "unique identifier"—

(A) means an identifier to the extent that such identifier is reasonably linkable to an individual or device that identifies or is linked or reasonably linkable to 1 or more individuals, including a device identifier, Internet Protocol address, cookie, beacon, pixel tag, mobile ad identifier, or similar technology, customer number, unique pseudonym, user alias, telephone number, or other form of persistent or probabilistic identifier that is linked or reasonably linkable to an individual or device; and

(B) does not include an identifier assigned by a covered entity for the specific purpose of giving effect to an individual's exercise of affirmative express consent, or of opt-outs or other limits, with respect to the collection, processing, or transfer of such information.

(44) Widely distributed media.—The term "widely distributed media" means information that is available to the general public, including information from a telephone book or online directory, a television, internet, or radio program, the news media, or an internet site that is available to the general public on an unrestricted basis, but does not include an obscene visual depiction (as defined in section 1460 of title 18, United States Code).

SEC. 562. DATA MINIMIZATION AND LOYALTY OBLIGATIONS.

(a) Data minimization.—

(1) In general.—A covered entity may not collect, process, or transfer covered data unless the collection, processing, or transfer is limited to what is reasonably necessary and proportionate to—

(A) provide or maintain a specific product or service requested by the individual to whom the data pertains; or

(B) effect a purpose permitted under paragraph (2).

(2) Permissible purposes.—A covered entity may collect, process, or transfer covered data for any of the following purposes if the collection, processing, or transfer is limited to what is reasonably necessary and proportionate to such purpose:

(A) To initiate, manage, or complete a transaction or fulfill an order for specific products or services requested by an individual, including any associated routine administrative, operational, and account servicing activity such as billing, shipping, delivery, storage, and accounting.

(B) With respect to covered data previously collected in accordance with this subtitle, notwithstanding this exception—

(i) to process such data as necessary to perform system maintenance or diagnostics;

(ii) to develop, maintain, repair, or enhance a product or service for which such data was collected;

(iii) to conduct internal research or analytics to improve a product or service for which such data was collected;

(iv) to perform inventory management or reasonable network management;

(v) to protect against spam; or

(vi) to debug or repair errors that impair the functionality of a service or product for which such data was collected.

(C) To authenticate users of a product or service.

(D) To fulfill a product or service warranty.

(E) To prevent, detect, protect against, or respond to a security incident. For purposes of this subparagraph, security is defined as network security and physical security and life safety, including an intrusion or trespass, medical alerts, fire alarms, and access control security.

(F) To prevent, detect, protect against, or respond to fraud, harassment, or illegal activity. For purposes of this subparagraph, the term "illegal activity" means a violation of a Federal, State, or local law punishable as a felony or misdemeanor that can directly harm another person.

(G) To comply with a legal obligation imposed by Federal, Tribal, local, or State law, or to investigate, establish, prepare for, exercise, or defend legal claims involving the covered entity or service provider.

(H) To prevent an individual, or group of individuals, from suffering harm where the covered entity or service provider believes in good faith that the individual, or group of individuals, is at risk of death, serious physical injury, or other serious health risk.

(I) To effectuate a product recall pursuant to Federal or State law.

(J) (i) To conduct a public or peer-reviewed scientific, historical, or statistical research project that—

(I) is in the public interest; and

(II) adheres to all relevant laws and regulations governing such research, including regulations for the protection of human subjects, or is excluded from criteria of the institutional review board.

(ii) Not later than July 1, 2027, the Commission shall issue guidelines to help covered entities ensure the privacy of affected users and the security of covered data, particularly as data is being transferred to and stored by researchers. Such guidelines should consider risks as they pertain to projects using covered data with special considerations for projects that are exempt under part 46 of title 45, Code of Federal

Regulations (or any successor regulation) or are excluded from the criteria for institutional review board review.

(K) To deliver a communication that is not an advertisement to an individual, if the communication is reasonably anticipated by the individual within the context of the individual's interactions with the covered entity.

(L) To deliver a communication at the direction of an individual between such individual and 1 or more individuals or entities.

(M) To transfer assets to a third party in the context of a merger, acquisition, bankruptcy, or similar transaction when the third party assumes control, in whole or in part, of the covered entity's assets, only if the covered entity, in a reasonable time prior to such transfer, provides each affected individual with—

(i) a notice describing such transfer, including the name of the entity or entities receiving the individual's covered data and their privacy policies as described in section 563(b); and

(ii) a reasonable opportunity to withdraw any previously given consents in accordance with the requirements of affirmative express consent under this subtitle related to the individual's covered data and a reasonable opportunity to request the deletion of the individual's covered data, as described in section 563(c).

(N) To ensure the data security and integrity of covered data, as described in section 564(a).

(O) With respect to covered data previously collected in accordance with this subtitle, a service provider acting at the direction of a government entity, or a service provided to a government entity by a covered entity, and only insofar as authorized by statute, to prevent, detect, protect against or respond to a public safety incident, including trespass, natural disaster, or national security incident. This subparagraph does not permit, however, the transfer of covered data for payment or other valuable consideration to a government entity.

(P) With respect to covered data collected in accordance with this subtitle, notwithstanding this exception, to process such data as necessary to provide non-targeted first party advertising or marketing of products or services provided by the covered entity for individuals who are not covered minors.

(3) Guidance.—Not later than July 1, 2027, the Commission shall issue guidance regarding what is reasonably necessary and proportionate to comply with this subsection. Such guidance shall take into consideration—

(A) the size of, and the nature, scope, and complexity of the activities engaged in by, the covered entity, including whether the covered entity is a large data holder, nonprofit organization, covered entity meeting the requirements of section 563(e)(2), third party, or third-party collecting entity;

(B) the sensitivity of covered data collected, processed, or transferred by the covered entity;

(C) the volume of covered data collected, processed, or transferred by the covered entity; and

(D) the number of individuals and devices to which the covered data collected, processed, or transferred by the covered entity relates.

(4) Deceptive marketing.—A covered entity or service provider may not engage in deceptive advertising or marketing with respect to a product or service offered to an individual.

(5) Journalism.—Nothing in this subtitle shall be construed to limit or diminish First Amendment freedoms guaranteed under the Constitution.

(b) Loyalty duties.—Notwithstanding subsection (a) and unless an exception applies, with respect to covered data, a covered entity or service provider may not—

(1) collect, process, or transfer a Social Security number, except when necessary to facilitate an extension of credit, authentication, fraud and identity fraud detection and prevention, the payment or collection of taxes, the enforcement of a contract between parties, or the prevention, investigation, or prosecution of fraud or illegal activity, or as otherwise required by Federal, State, or local law;

(2) transfer covered data to a third party unless—

(A) the transfer is strictly necessary to provide a specific product or service requested by the individual to whom the covered data pertains;

(B) the transfer is made pursuant to the affirmative express consent of the individual;

(C) the transfer is strictly necessary to effect a purpose enumerated in subsection (a)(2)(E) through (O);

(D) with respect to a covered minor and subject to paragraph (5), the entity or service provider has knowledge that the individual is a covered minor and the transfer is made—

(i) pursuant to affirmative express consent obtained from—

(I) the covered minor, provided such minor is not a child; or

(II) the covered minor's parent; or

(ii) solely in order to submit information relating to victimization of a covered minor to law enforcement or an entity described in section 561(a)(10)(B)(iii); or

(E) the transfer is expressly required by Federal, State, Tribal, or local law;

(3) transfer covered data to a Federal, State, Tribal, territorial, or local government entity, or to any foreign governmental entity, unless—

(A) the transfer is made pursuant to a search warrant;

(B) the transfer is expressly required by Federal, State, Tribal, territorial, or local law;

(C) the transfer is strictly necessary to prevent or respond to an imminent threat of death or serious physical injury; or

(D) the transfer is strictly necessary to effect a purpose enumerated in subsection (a)(2)(E), (G), (H), (I), or (O);

provided that a transfer under this paragraph may not be made for payment or other valuable consideration, except for reimbursement of reasonable costs incurred;

(4) collect or process sensitive covered data, except where such collection or processing is strictly necessary to provide or maintain a specific product or service requested by the individual to whom the covered data pertains, or is strictly necessary to effect a purpose enumerated in subsection (a)(2)(A) through (L) and (N) through (O);

(5) transfer an individual's sensitive covered data to a third party, unless—

(A) the transfer is made pursuant to the affirmative express consent of the individual;

(B) the transfer is necessary to comply with a legal obligation imposed by Federal, State, Tribal, or local law, or to establish, exercise, or defend legal claims;

(C) the transfer is necessary to prevent an individual from imminent injury where the covered entity believes in good faith that the individual is at risk of death, serious physical injury, or serious health risk;

(D) with respect to covered data collected in accordance with this subtitle, notwithstanding this exception, a service provider acting at the direction of a government entity, or a service provided to a government entity by a covered entity, and only insofar as authorized by statute, the transfer is necessary to prevent, detect, protect against or respond to a public safety incident including trespass, natural disaster, or national security incident. This paragraph does not permit, however, the transfer of covered data for payment or other valuable consideration to a government entity;

(E) in the case of the transfer of a password, the transfer is necessary to use a designated password manager or is to a covered entity for the exclusive purpose of identifying passwords that are being reused across sites or accounts;

(F) in the case of the transfer of genetic information, the transfer is necessary to perform a medical diagnosis or medical treatment specifically requested by an individual, or to conduct medical research in accordance with subsection (a)(2)(J); or

(G) to transfer assets in the manner described in subsection (a)(2)(M); or

(6) in the case of a provider of broadcast television service, cable service, satellite service, streaming media service, or other video programming service described in section 713(h)(2) of the Communications Act of 1934 (47 U.S.C. 613(h)(2)), transfer to an unaffiliated third party covered data that reveals the video content or services requested or selected by an individual from such service, except with the affirmative express consent of the individual or pursuant to one of the permissible purposes enumerated in subsection (a)(2)(A) through (O).

(c) Privacy by design.—

(1) Policies, practices, and procedures.—A covered entity and a service provider shall establish, implement, and maintain reasonable policies, practices, and procedures that reflect the role of the covered entity or service provider in the collection, processing, and transferring of covered data and that—

(A) consider applicable Federal laws, rules, or regulations related to covered data the covered entity or service provider collects, processes, or transfers;

(B) identify, assess, and mitigate privacy risks related to covered minors (including, if applicable, with respect to a covered entity that is not an entity meeting the requirements of section 563(e)(2), in a manner that considers the developmental needs of different age ranges of covered minors) to result in reasonably necessary and proportionate residual risk to covered minors;

(C) mitigate privacy risks, including substantial privacy risks, related to the products and services of the covered entity or the service provider, including in the design, development, and implementation of such products and services, taking into account the role of the covered entity or service provider and the information available to it; and

(D) implement reasonable training and safeguards within the covered entity and service provider to promote compliance with all privacy laws applicable to covered data the covered entity collects, processes, or transfers or covered data the service provider collects, processes, or transfers on behalf of the covered entity and mitigate privacy risks, including substantial privacy risks, taking into account the role of the covered entity or service provider and the information available to it.

(2) Factors to consider.—The policies, practices, and procedures established under paragraph (1) shall correspond with, as applicable—

(A) the size of the covered entity or the service provider and the nature, scope, and complexity of the activities engaged in by the covered entity or service provider, including whether the covered entity or service provider is a large data holder, nonprofit organization, entity meeting the requirements of section 563(e)(2), third party, or third-party collecting entity, taking into account the role of the covered entity or service provider and the information available to it;

(B) the sensitivity of the covered data collected, processed, or transferred by the covered entity or service provider;

(C) the volume of covered data collected, processed, or transferred by the covered entity or service provider;

(D) the number of individuals and devices to which the covered data collected, processed, or transferred by the covered entity or service provider relates; and

(E) the cost of implementing such policies, practices, and procedures in relation to the risks and nature of the covered data.

(3) Commission guidance.—Not later than 1 year after the date of enactment of this subtitle, the Commission shall issue guidance as to what constitutes reasonable policies, practices, and

procedures as required by this subsection. The Commission shall consider unique circumstances applicable to nonprofit organizations, to entities meeting the requirements of section 563(e)(2), and to service providers.

(d) Loyalty with respect to pricing.—

(1) Retaliation prohibited.—A covered entity may not retaliate against an individual for exercising any of the protections established by this subtitle, or any regulations promulgated under this subtitle, including denying goods or services, charging different prices or rates for goods or services, or providing a different level of quality of goods or services.

(2) Rules of construction.—Nothing in paragraph (1) may be construed to—

(A) prohibit the relation of the price of a service or the level of service provided to an individual to the provision, by the individual, of financial information that is necessarily collected and processed only for the purpose of initiating, rendering, billing for, or collecting payment for a service or product requested by the individual;

(B) prohibit a covered entity from offering a different price, rate, level, quality or selection of goods or services to an individual, including offering goods or services for no fee, if—

(i) the offering is in connection with an individual's voluntary participation in a bona fide loyalty program; and

(ii) the covered entity does not collect, process, or transfer covered data beyond what is strictly necessary to administer such loyalty program;

(C) require a covered entity to provide a bona fide loyalty program that would require the covered entity to collect, process, or transfer covered data that the covered entity otherwise would not collect, process, or transfer;

(D) prohibit a covered entity from offering a financial incentive or other consideration to an individual for participation in market research;

(E) prohibit a covered entity from offering different types of pricing or functionalities with respect to a product or service based on an individual's exercise of a privilege under section 563(c)(1)(C); or

(F) prohibit a covered entity from declining to provide a product or service insofar as the collection and processing of covered data is strictly necessary for such product or service.

(3) Bona fide loyalty program defined.—For purposes of this subsection, the term "bona fide loyalty program" includes rewards, premium features, discount or club card programs.

SEC. 563. CONSUMER DATA CONTROLS.

(a) Consumer awareness.—

(1) In general.—Not later than 120 days after enactment of this Act, the Commission shall publish, on the public website of the Commission, a webpage that describes each provision, protection, obligation, and requirement of this subtitle, listed separately for individuals and for

covered entities and service providers, and the remedies, exemptions, and protections associated with this subtitle, in plain and concise language and in an easy-to-understand manner.

(2) Updates.—The Commission shall update the information published under paragraph (1) on a quarterly basis as necessitated by any change in law, regulation, guidance, or judicial decisions.

(3) Accessibility.—The Commission shall publish the information required to be published under paragraph (1) in the 10 languages with the most users in the United States, according to the most recent United States Census.

(b) Transparency.—

(1) In general.—Each covered entity shall make publicly available, in a clear, conspicuous, not misleading, and easy-to-read and readily accessible manner, a privacy policy that provides a detailed and accurate representation of the data collection, processing, and transfer activities of the covered entity.

(2) Content of privacy policy.—A covered entity or service provider shall have a privacy policy that includes, at a minimum, the following:

(A) The identity and the contact information of—

(i) the covered entity or service provider to which the privacy policy applies (including the covered entity's or service provider's points of contact and generic electronic mail addresses, as applicable for privacy and data security inquiries); and

(ii) any other entity within the same corporate structure as the covered entity or service provider to which covered data is transferred by the covered entity.

(B) The categories of covered data the covered entity or service provider collects or processes.

(C) The processing purposes for each category of covered data the covered entity or service provider collects or processes.

(D) Whether the covered entity or service provider transfers covered data and, if so—

(i) each category of service provider and third party to which the covered entity or service provider transfers covered data;

(ii) the name of each third-party collecting entity to which the covered entity or service provider transfers covered data; and

(iii) the purposes for which such data is transferred to such categories of service providers and third parties or third-party collecting entities.

(E) The length of time the covered entity or service provider intends to retain each category of covered data, including sensitive covered data, including, where practicable, the exact date or dates on which the covered entity or service provider expects to delete or de-identify each such category of covered data, or, if it is not possible to identify that

timeframe or exact date, the criteria used to determine the length of time the covered entity or service provider intends to retain categories of covered data.

(F) A prominent description of how an individual can exercise the privileges and protections established under this subtitle.

(G) A general description of the covered entity's or service provider's data security practices.

(H) The effective date of the privacy policy.

(3) Languages.—The privacy policy required under paragraph (1) shall be made available to the public in each covered language in which the covered entity or service provider—

(A) provides a product or service that is subject to the privacy policy; or

(B) carries out activities related to such product or service.

(4) Accessibility.—The covered entity or service provider shall also provide the disclosures under this subsection in a manner that is reasonably accessible to and usable by individuals with disabilities.

(5) Material changes.—

(A) Affirmative express consent.—If a covered entity makes a material change to its privacy policy or practices, the covered entity shall notify each individual affected by such material change before implementing the material change with respect to any prospectively collected covered data and, except as provided in subparagraphs (A) through (O) of section 562(a)(2), provide a reasonable opportunity for each individual to withdraw consent to any further materially different collection, processing, or transfer of previously collected covered data under the changed policy.

(B) Notification.—The covered entity shall take all reasonable electronic measures to provide direct notification regarding material changes to the privacy policy to each affected individual, in each covered language in which the privacy policy is made available, and taking into account available technology and the nature of the relationship.

(C) Clarification.—Nothing in this paragraph may be construed to affect the requirements for covered entities under section 562(b) or subsection (d).

(D) Log of material changes.—Each large data holder shall retain copies of previous versions of its privacy policy for at least 10 years beginning after the date of enactment of this subtitle and publish all such prior versions, together with a log of material changes, on a dedicated, publicly accessible webpage on its website. Such large data holder shall make publicly available, in a clear, conspicuous, and readily accessible manner, a log describing the date and nature of each material change to its privacy policy over the past 10 years. The descriptions shall be sufficient for a reasonable individual to understand the material effect of each material change. The obligations in this subparagraph shall not apply to any previous versions of a large data holder's privacy policy, or any material changes to such policy, that precede the date of enactment of this subtitle.

(6) Short-form notice to consumers by large data holders.—

(A) In general.—In addition to the privacy policy required under paragraph (1), a large data holder that is a covered entity shall provide a short-form notice of its covered data practices in a manner that is—

(i) concise, clear, conspicuous, and not misleading;

(ii) readily accessible to the individual, based on what is reasonably anticipated within the context of the relationship between the individual and the large data holder;

(iii) inclusive of an overview of individual privileges, protections, and disclosures to reasonably draw attention to data practices that may reasonably be unexpected to a reasonable person or that involve sensitive covered data, including whether covered data will be processed for purposes of algorithmic recommendation systems; and

(iv) no more than 500 words in length.

(B) Rulemaking.—The Commission shall issue a rule pursuant to section 553 of title 5, United States Code, establishing the minimum data disclosures necessary for the short-form notice required under subparagraph (A), which shall not exceed the content requirements in paragraph (2) and shall include templates or models of short-form notices.

(c) Control of data by individuals.—

(1) Access to, and correction, deletion, and portability of, covered data.—In accordance with paragraphs (2) and (3), a covered entity shall provide an individual, after receiving a verified request from the individual, with the ability to—

(A) access—

(i) in a human-readable format that a reasonable individual can understand and download from the internet, the covered data (except covered data in a backup or archival system) of the individual making the request that is collected, processed, or transferred by the covered entity or any service provider of the covered entity within the 24 months preceding the request;

(ii) the categories—

(I) of any service providers to whom the covered entity has sold, or transferred for any consideration, the covered data of the individual;

(II) of sources from which the covered data was collected; and

(III) of any third party to which the covered entity transferred the covered data and, if applicable, an option to obtain the names of those third parties; and

(iii) a description of the purpose for which the covered entity transferred the covered data of the individual to a third party or service provider;

(B) correct any verifiable substantial inaccuracy or substantially incomplete information with respect to the covered data of the individual that is processed by the covered entity

and instruct the covered entity to make reasonable efforts to notify all third parties or service providers to which the covered entity transferred such covered data of the corrected information;

(C) delete covered data of the individual that is processed by the covered entity and instruct the covered entity to make reasonable efforts to notify all third parties or service providers to which the covered entity transferred such covered data of the individual's deletion request;

(D) to the extent technically feasible, export to the individual or directly to another entity the covered data of the individual that is processed by the covered entity, including inferences linked or reasonably linkable to the individual but not including other derived data, without licensing restrictions that limit such transfers in—

(i) a human-readable format that a reasonable individual can understand and download from the internet; and

(ii) a portable, structured, interoperable, and machine-readable format;

(E) disable or opt out of the use of a covered algorithm to rank, order, promote, recommend, amplify, or similarly determine the delivery or display of information to the individual, unless such use is strictly necessary to provide a specific product or service expressly requested by the individual; and

(F) restrict the collection, processing, or transfer of precise geolocation information of the individual and receive clear and conspicuous notice whenever precise geolocation information of the individual is being collected, processed, or transferred.

(2) Individual autonomy.—A covered entity may not condition, effectively condition, attempt to condition, or attempt to effectively condition the exercise of a privilege described in paragraph (1) through—

(A) the use of any false, fictitious, fraudulent, or materially misleading statement or representation; or

(B) the design, modification, or manipulation of any user interface with the purpose or substantial effect of obscuring, subverting, or impairing a reasonable individual's autonomy, decision making, or choice to exercise such privilege.

(3) Timing.—

(A) In general.—Subject to paragraphs (4) and (5), each request under paragraph (1) shall be completed by any—

(i) large data holder within 45 days of such request from an individual, unless it is demonstrably impracticable or impracticably costly to verify such individual;

(ii) covered entity that is neither a large data holder nor a covered entity meeting the requirements of subsection (e)(2) within 60 days of such request from an individual, unless it is demonstrably impracticable or impracticably costly to verify such individual; or

(iii) covered entity meeting the requirements of subsection (e)(2) within 90 days of such request from an individual, unless it is demonstrably impracticable or impracticably costly to verify such individual.

(B) Extension.—A response period set forth in this paragraph may be extended once by 45 additional days when reasonably necessary, considering the complexity and number of the individual's requests, so long as the covered entity informs the individual of any such extension within the initial 45-day response period, together with the reason for the extension.

(4) Frequency and cost of access.—A covered entity—

(A) shall provide an individual with the opportunity to exercise each of the privileges described in paragraph (1); and

(B) with respect to—

(i) the first 2 times that an individual exercises any privilege described in paragraph (1) in any 12-month period, shall allow the individual to exercise such privilege free of charge; and

(ii) any time beyond the initial 2 times described in clause (i), may allow the individual to exercise such privilege for a reasonable fee for each request.

(5) Verification and exceptions.—

(A) Required exceptions.—A covered entity may not permit an individual to exercise a privilege described in paragraph (1), in whole or in part, if the covered entity—

(i) cannot reasonably verify that the individual making the request to exercise the privilege is the individual whose covered data is the subject of the request or an individual authorized to make such a request on the individual's behalf;

(ii) reasonably believes that the request is made to interfere with a contract between the covered entity and another individual;

(iii) determines that the exercise of the privilege would require access to or correction of another individual's sensitive covered data;

(iv) reasonably believes that the exercise of the privilege would require the covered entity to engage in an unfair, deceptive, or abusive practice under section 5 of the Federal Trade Commission Act (15 U.S.C. 45); or

(v) reasonably believes that the request is made to further fraud, support criminal activity, or the exercise of the privilege presents a data security threat.

(B) Additional information.—If a covered entity cannot reasonably verify that a request to exercise a privilege described in paragraph (1) is made by the individual whose covered data is the subject of the request (or an individual authorized to make such a request on the individual's behalf), the covered entity—

(i) may request that the individual making the request to exercise the privilege provide any additional information necessary for the sole purpose of verifying the identity of the individual; and

(ii) may not process or transfer such additional information for any other purpose.

(C) Permissive exceptions.—

(i) In general.—A covered entity may decline, with adequate explanation to the individual, to comply with a request to exercise a privilege described in paragraph (1), in whole or in part, that would—

(I) require the covered entity to retain any covered data collected for a single, one-time transaction, if such covered data is not processed or transferred by the covered entity for any purpose other than completing such transaction;

(II) be demonstrably impracticable or prohibitively costly to comply with, and the covered entity shall provide a description to the requestor detailing the inability to comply with the request;

(III) require the covered entity to attempt to re-identify de-identified data;

(IV) require the covered entity to maintain covered data in an identifiable form or collect, retain, or access any data in order to be capable of associating a verified individual request with covered data of such individual;

(V) result in the release of trade secrets or other privileged or confidential business information;

(VI) require the covered entity to correct any covered data that cannot be reasonably verified as being inaccurate or incomplete;

(VII) interfere with law enforcement, judicial proceedings, investigations, or reasonable efforts to guard against, detect, prevent, or investigate fraudulent, malicious, or unlawful activity, or enforce valid contracts;

(VIII) violate Federal or State law or the rights and freedoms of another individual, including under the Constitution of the United States;

(IX) prevent a covered entity from being able to maintain a confidential record of deletion requests, maintained solely for the purpose of preventing covered data of an individual from being recollected after the individual submitted a deletion request and requested that the covered entity no longer collect, process, or transfer such data;

(X) fall within an exception enumerated in the regulations promulgated by the Commission pursuant to clause (iv); or

(XI) with respect to requests for deletion—

(aa) unreasonably interfere with the provision of products or services by the covered entity to another person it currently serves;

(bb) delete covered data that relates to a public figure and for which the requesting individual has no reasonable expectation of privacy;

(cc) delete covered data reasonably necessary to perform a contract between the covered entity and the individual;

(dd) delete covered data that the covered entity needs to retain in order to comply with professional ethical obligations;

(ee) delete covered data that the covered entity reasonably believes may be evidence of unlawful activity or an abuse of the covered entity's products or services; or

(ff) for private elementary and secondary schools as defined by State law and private institutions of higher education as defined by title I of the Higher Education Act of 1965, delete covered data that would unreasonably interfere with the provision of education services by or the ordinary operation of the school or institution.

(ii) Partial compliance.—In a circumstance that would allow a denial pursuant to clause (i), a covered entity shall partially comply with the remainder of the request if it is possible and not unduly burdensome to do so.

(iii) Number of requests.—For purposes of clause (i)(II), the receipt of a large number of verified requests, on its own, may not be considered to render compliance with a request demonstrably impracticable.

(iv) Further exceptions.—The Commission may, by regulation as described in paragraph (7), establish additional permissive exceptions necessary to protect individual privacy and autonomy, alleviate undue burdens on covered entities, prevent unjust or unreasonable outcomes from the exercise of access, correction, deletion, or portability controls, or as otherwise necessary to fulfill the purposes of this subsection. In establishing such exceptions, the Commission should consider any relevant changes in technology, means for protecting privacy and other legal protections, and beneficial uses of covered data by covered entities.

(6) Large data holder metrics reporting.—A large data holder that is a covered entity shall, for each calendar year in which it was a large data holder, do the following:

(A) Compile the following metrics for the prior calendar year:

(i) The number of verified access requests under paragraph (1)(A).

(ii) The number of verified deletion requests under paragraph (1)(C).

(iii) The number of verified requests under paragraph (1)(E).

(iv) The number of verified requests under paragraph (1)(F).

(v) The number of requests in each of clauses (i) through (iv) that such large data holder complied with in whole or in part and denied.

(vi) The median or mean number of days within which such large data holder substantively responded to the requests in each of clauses (i) through (iv).

(B) Disclose by July 1 of each applicable calendar year the information compiled in subparagraph (A) within such large data holder's privacy policy required under subsection (b) or on the publicly accessible website of such large data holder that is accessible from a hyperlink included in the privacy policy.

(7) Interim final rules.—Not later than 180 days after the date of enactment of this Act, the Commission shall issue interim final rules as necessary to establish processes by which covered entities are to comply with this subsection. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Commission shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than 18 months after the date of enactment of this Act. Such rules shall take into consideration—

(A) the size of, and the nature, scope, and complexity of the activities engaged in by the covered entity, including whether the covered entity is a large data holder, nonprofit organization, covered entity meeting the requirements of subsection (e)(2), third party, or third-party collecting entity;

(B) the sensitivity of covered data collected, processed, or transferred by the covered entity;

(C) the volume of covered data collected, processed, or transferred by the covered entity;

(D) the number of individuals and devices to which the covered data collected, processed, or transferred by the covered entity relates; and

(E) after consulting the National Institute of Standards and Technology, standards for ensuring the deletion of covered data under this subtitle where appropriate.

(8) Applicability.—Paragraphs (1) through (6) shall apply beginning on the date that is 180 days after the date of enactment of this Act.

(9) Accessibility.—A covered entity shall facilitate the ability of individuals to make requests under paragraph (1) in any covered language in which the covered entity provides a product or service. The mechanisms by which a covered entity enables individuals to make requests under paragraph (1) shall be readily accessible and usable by individuals with disabilities.

(d) Privacy by default.—

(1) Privacy by default.—It shall be unlawful for a covered entity or service provider to configure any privacy setting or option made available to an individual, with respect to the collection, processing, or transfer of covered data, to default to any such setting or option other than the most privacy-protective setting offered by such covered entity or service provider.

(2) Opt-in required for reduced privacy.—It shall be unlawful for a covered entity or service provider to apply a less protective privacy setting to an individual unless such individual has provided affirmative express consent.

(3) Targeted advertising.—It shall be unlawful for a covered entity or service provider to engage in targeted advertising, except for the dissemination of an advertisement targeted exclusively on a recognized place in accordance with section 567(b)(3).

(4) Withdrawal of consent.—A covered entity shall provide an individual with a clear and conspicuous, easy-to-execute means to withdraw any affirmative express consent previously provided by the individual that is as easy to execute by a reasonable individual as the means to provide consent.

(5) Individual autonomy.—A covered entity may not condition, effectively condition, attempt to condition, or attempt to effectively condition the exercise of any individual protection under this subsection through—

(A) the use of any false, fictitious, fraudulent, or materially misleading statement or representation; or

(B) the design, modification, or manipulation of any user interface with the purpose or substantial effect of obscuring, subverting, or impairing a reasonable individual's autonomy, decision making, or choice to exercise any such protection.

(e) Small business protections.—

(1) Establishment of exemption.—Any covered entity or service provider that can establish that it met the requirements described in paragraph (2) for the period of the 3 preceding calendar years (or for the period during which the covered entity or service provider has been in existence if such period is less than 3 years) shall—

(A) be exempt from compliance with subparagraph (D) of subsection (c)(1), subparagraphs (A) through (C) and (E) through (G) of section 564(a)(2), and section 565(a)(3); and

(B) at the covered entity's sole discretion, have the option of complying with subsection (c)(1)(B) by, after receiving a verified request from an individual to correct covered data of the individual under such subparagraph, deleting such covered data in its entirety instead of making the requested correction.

(2) Exemption requirements.—The requirements of this paragraph are, with respect to a covered entity or a service provider, the following:

(A) The covered entity or service provider's average annual gross revenues during the period did not exceed $41,000,000.

(B) The covered entity or service provider, on average, did not annually collect or process the covered data of more than 200,000 individuals during the period beyond the purpose of initiating, rendering, billing for, finalizing, completing, or otherwise collecting payment for a requested service or product, so long as all covered data for such purpose

was deleted or de-identified within 90 days, except when necessary to investigate fraud or as consistent with a covered entity's return policy.

(C) The covered entity or service provider did not derive more than 50 percent of its revenue from transferring covered data during any year (or part of a year if the covered entity has been in existence for less than 1 year) that occurs during the period.

(3) Revenue defined.—For purposes of this subsection, the term "revenue" as it relates to any covered entity or service provider that is not organized to carry on business for its own profit or that of its members, means the gross receipts the covered entity or service provider received in whatever form from all sources without subtracting any costs or expenses, and includes contributions, gifts, grants, dues or other assessments, income from investments, or proceeds from the sale of real or personal property.

(f) Unified privacy mechanisms.—

(1) In general.—For the protections established under subsection (d), for the communication of a refusal or withdrawal of consent for a transfer of covered data to a third party that is not strictly necessary to provide, maintain, complete, or fulfill a specific product or service requested by the individual, and for requests under section 564(b)(2)(C)(iii), following public notice and opportunity to comment and not later than January 1, 2028, the Commission shall establish or recognize 1 or more acceptable privacy-protective, centralized mechanisms, including browser or device privacy settings, other tools offered by covered entities or service providers, and registries of identifiers, for individuals to exercise all such protections through a single interface for a covered entity or service provider to utilize.

(2) Requirements.—Any such centralized mechanism shall—

(A) require covered entities or service providers acting on behalf of covered entities to inform individuals about the mechanism and its effect;

(B) operate as the default privacy-protective setting unless the individual affirmatively chooses a different setting, and any such different setting shall clearly represent the individual's affirmative, freely given, specific, and unambiguous choice;

(C) be consumer-friendly, clearly described, and easy-to-use by a reasonable individual;

(D) permit the covered entity or service provider acting on behalf of a covered entity to have an authentication process the covered entity or service provider acting on behalf of a covered entity may use to determine if the mechanism represents a legitimate request;

(E) be provided in any covered language in which the covered entity provides products or services subject to the mechanism; and

(F) be provided in a manner that is reasonably accessible to and usable by individuals with disabilities.

SEC. 564. DATA SECURITY AND REGISTRATION.

(a) Data security and protection of covered data.—

(1) Establishment of data security practices.—

(A) In general.—A covered entity or service provider shall establish, implement, and maintain reasonable administrative, technical, and physical data security practices and procedures to protect and secure covered data against unauthorized access and acquisition.

(B) Considerations.—The reasonable administrative, technical, and physical data security practices required under subparagraph (A) shall be appropriate to—

(i) the size and complexity of the covered entity or service provider;

(ii) the nature and scope of the covered entity or the service provider's collecting, processing, or transferring of covered data;

(iii) the volume and nature of the covered data collected, processed, or transferred by the covered entity or service provider;

(iv) the sensitivity of the covered data collected, processed, or transferred;

(v) the current state of the art (and limitations thereof) in administrative, technical, and physical safeguards for protecting such covered data; and

(vi) the cost of available tools to improve security and reduce vulnerabilities to unauthorized access and acquisition of such covered data in relation to the risks and nature of the covered data.

(2) Specific requirements.—The data security practices of the covered entity and of the service provider required under paragraph (1) shall include, for each respective entity's own system or systems, at a minimum, the following practices:

(A) Assess vulnerabilities.—Identifying and assessing any material internal and external risk to, and vulnerability in, the security of each system maintained by the covered entity that collects, processes, or transfers covered data, or service provider that collects, processes, or transfers covered data on behalf of the covered entity, including unauthorized access to or risks to such covered data, human vulnerabilities, access rights, and the use of service providers. With respect to large data holders, such activities shall include a plan to receive and reasonably respond to unsolicited reports of vulnerabilities by any entity or individual and to perform a reasonable investigation of such reports.

(B) Preventive and corrective action.—Taking preventive and corrective action designed to mitigate reasonably foreseeable risks or vulnerabilities to covered data identified by the covered entity or service provider, consistent with the nature of such risk or vulnerability and the entity's role in collecting, processing, or transferring the data. Such action may include implementing administrative, technical, or physical safeguards or changes to data security practices or the architecture, installation, or implementation of network or operating software, among other actions.

(C) Evaluation of preventive and corrective action.—Evaluating and making reasonable adjustments to the action described in subparagraph (B) in light of any material changes in

technology, internal or external threats to covered data, and the covered entity or service provider's own changing business arrangements or operations.

(D) Information retention and disposal.—Disposing of covered data in accordance with a retention schedule that shall require the deletion of covered data when such data is required to be deleted by law or is no longer necessary for the purpose for which the data was collected, processed, or transferred, unless an individual has provided affirmative express consent to such retention. Such disposal shall include destroying, permanently erasing, or otherwise modifying the covered data to make such data permanently unreadable or indecipherable and unrecoverable to ensure ongoing compliance with this subsection. Service providers shall establish practices to delete or return covered data to a covered entity as requested at the end of the provision of services unless retention of the covered data is required by law, consistent with section 565(b)(1)(F).

(E) Training.—Training each employee with access to covered data on how to safeguard covered data and updating such training as necessary.

(F) Designation.—Designating an officer, employee, or employees to maintain and implement such practices.

(G) Incident response.—Implementing procedures to detect, respond to, or recover from security incidents, including breaches.

(3) Regulations.—The Commission may promulgate, in accordance with section 553 of title 5, United States Code, technology-neutral regulations to establish processes for complying with this subsection. The Commission shall consult with the National Institute of Standards and Technology in establishing such processes.

(b) Third-party collecting entities.—

(1) Notice.—Each third-party collecting entity shall place a clear, conspicuous, not misleading, and readily accessible notice on the website or mobile application of the third-party collecting entity (if the third-party collecting entity maintains such a website or mobile application) that—

(A) notifies individuals that the entity is a third-party collecting entity using specific language that the Commission shall develop through rulemaking under section 553 of title 5, United States Code, except that, until such language takes effect, language clearly and conspicuously identifying the entity as a third-party collecting entity shall satisfy this subparagraph;

(B) includes a link to the website established under paragraph (2)(C); and

(C) is reasonably accessible to and usable by individuals with disabilities.

(2) Third-party collecting entity registration.—

(A) In general.—Not later than January 31 of each calendar year that follows a calendar year during which a covered entity acted as a third-party collecting entity and processed covered data pertaining to more than 5,000 individuals or devices that identify or are linked

or reasonably linkable to an individual, such covered entity shall register with the Commission in accordance with this subsection.

(B) Registration requirements.—In registering with the Commission as required under subparagraph (A), a third-party collecting entity shall do the following:

(i) Pay to the Commission a registration fee of $100.

(ii) Provide the Commission with the following information:

(I) The legal name and primary physical, email, and internet addresses of the third-party collecting entity.

(II) A description of the categories of covered data the third-party collecting entity processes and transfers.

(III) The contact information of the third-party collecting entity, including a contact person, a telephone number, an email address, a website, and a physical mailing address.

(IV) A link to a website through which an individual may easily exercise the rights provided under this subsection.

(C) Third-party collecting entity registry.—The Commission shall establish and maintain on a website a searchable, publicly available, central registry of third-party collecting entities that are registered with the Commission under this subsection that includes the following:

(i) A listing of all registered third-party collecting entities and a search feature that allows members of the public to identify individual third-party collecting entities.

(ii) For each registered third-party collecting entity, the information provided under subparagraph (B).

(iii) (I) A "Do Not Collect" registry link and mechanism by which an individual may easily submit a request to all registered third-party collecting entities that are not consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))), and to the extent such third-party collecting entities are not acting as consumer reporting agencies (as so defined), to—

(aa) delete all covered data related to such individual that the third-party collecting entity did not collect from such individual directly or when acting as a service provider; and

(bb) ensure that the third-party collecting entity no longer collects covered data related to such individual without the affirmative express consent of such individual, except insofar as the third-party collecting entity is acting as a service provider.

(II) Each third-party collecting entity that receives such a request from an individual shall delete all covered data described in subclause (I)(aa) relating to the

individual not later than 30 days after the request is received by the third-party collecting entity.

(III) Notwithstanding subclauses (I) and (II), a third-party collecting entity may decline to fulfill a "Do Not Collect" request from an individual who it has actual knowledge has been convicted of a crime related to the abduction or sexual exploitation of a child, and the data the entity is collecting is necessary to effectuate the purposes of a national or State-run sex offender registry or the congressionally designated entity that serves as the nonprofit national resource center and clearinghouse to provide assistance to victims, families, child-serving professionals, and the general public on missing and exploited children issues.

(3) Penalties.—

(A) In general.—A third-party collecting entity that fails to register or provide the notice as required under this subsection shall be liable for—

(i) a civil penalty of $5,000 for each day the third-party collecting entity fails to register or provide notice as required under this subsection, not to exceed a total of $500,000 for any year; and

(ii) an amount equal to the registration fees due under paragraph (2)(B)(i) for each year that the third-party collecting entity failed to register as required.

(B) Rule of construction.—Nothing in this paragraph shall be construed as altering, limiting, or affecting any enforcement authorities or remedies under this subtitle.

(c) Civil rights and algorithms.—

(1) Civil rights protections.—

(A) In general.—A covered entity or a service provider may not collect, process, or transfer covered data in a manner that discriminates in or otherwise makes unavailable the equal enjoyment of goods or services on the basis of race, color, religion, national origin, sex, or disability.

(B) Exceptions.—This paragraph shall not apply to—

(i) the collection, processing, or transfer of covered data for the purpose of self-testing to prevent or mitigate unlawful discrimination; or

(ii) any private club or group not open to the public, as described in section 201(e) of the Civil Rights Act of 1964 (42 U.S.C. 2000a(e)).

(2) FTC enforcement assistance.—

(A) In general.—Whenever the Commission obtains information that a covered entity or service provider may have collected, processed, or transferred covered data in violation of paragraph (1), the Commission shall transmit such information as allowable under Federal law to any Executive agency with authority to initiate enforcement actions or proceedings relating to such violation.

(B) Annual report.—Not later than 3 years after the date of enactment of this subtitle, and annually thereafter, the Commission shall submit to Congress a report that includes a summary of—

(i) the types of information the Commission transmitted to Executive agencies under subparagraph (A) during the previous 1-year period; and

(ii) how such information relates to Federal civil rights laws.

(C) Technical assistance.—In transmitting information under subparagraph (A), the Commission may consult and coordinate with, and provide technical and investigative assistance, as appropriate, to such Executive agency.

(D) Cooperation with other agencies.—The Commission may implement this paragraph by executing agreements or memoranda of understanding with the appropriate Executive agencies.

(3) Covered algorithm impact and evaluation.—

(A) Covered algorithm impact assessment.—

(i) Impact assessment.—Notwithstanding any other provision of law, not later than July 1, 2028, and annually thereafter, a large data holder that uses a covered algorithm in a manner that poses a consequential risk of harm to an individual or group of individuals, and uses such covered algorithm solely or in part, to collect, process, or transfer covered data shall conduct an impact assessment of such algorithm in accordance with clause (ii).

(ii) Impact assessment scope.—The impact assessment required under clause (i) shall provide the following:

(I) A detailed description of the design process and methodologies of the covered algorithm.

(II) A statement of the purpose and proposed uses of the covered algorithm.

(III) A detailed description of the data used by the covered algorithm, including the specific categories of data that will be processed as input and any data used to train the model that the covered algorithm relies on, if applicable.

(IV) A description of the outputs produced by the covered algorithm.

(V) An assessment of the necessity and proportionality of the covered algorithm in relation to its stated purpose.

(VI) A detailed description of steps the large data holder has taken or will take to mitigate potential harms from the covered algorithm to an individual or group of individuals, including related to—

(aa) covered minors;

(bb) making or facilitating advertising for, or determining access to, or restrictions on the use of housing, education, employment, health care, insurance, or credit opportunities;

(cc) determining access to, or restrictions on the use of, any place of public accommodation, particularly as such harms relate to the protected characteristics of individuals, including race, color, religion, national origin, sex, or disability;

(dd) disparate impact on the basis of individuals' race, color, religion, national origin, sex, or disability status; or

(ee) disparate impact on the basis of individuals' political party registration status.

(B) Algorithm design evaluation.—Notwithstanding any other provision of law, not later than 2 years after the date of enactment of this subtitle, a covered entity or service provider that knowingly develops a covered algorithm that is designed, solely or in part, to collect, process, or transfer covered data in furtherance of a consequential decision shall prior to deploying the covered algorithm in interstate commerce evaluate the design, structure, and inputs of the covered algorithm, including any training data used to develop the covered algorithm, to reduce the risk of the potential harms identified under subparagraph (A)(ii).

(C) Other considerations.—

(i) Focus.—In complying with subparagraphs (A) and (B), a covered entity and a service provider may focus the impact assessment or evaluation on any covered algorithm, or portions of a covered algorithm, that will be put to use and may reasonably contribute to the risk of the potential harms identified under subparagraph (A)(ii).

(ii) Availability.—

(I) In general.—A covered entity and a service provider—

(aa) shall, not later than 30 days after completing an impact assessment or evaluation, submit the impact assessment or evaluation conducted under subparagraph (A) or (B) to the Commission;

(bb) shall, upon request, make such impact assessment and evaluation available to Congress; and

(cc) may make a summary of such impact assessment and evaluation publicly available in a place that is easily accessible to individuals.

(II) Trade secrets.—Covered entities and service providers may redact and segregate any trade secret (as defined in section 1839 of title 18, United States Code) or other confidential or proprietary information from public disclosure under this clause and the Commission shall abide by its obligations under section 6(f) of the Federal Trade Commission Act (15 U.S.C. 46(f)) in regard to such information.

(iii) Enforcement.—The Commission may not use any information obtained solely and exclusively through a covered entity or a service provider's disclosure of information to the Commission in compliance with this paragraph for any purpose other than enforcing this subtitle with the exception of enforcing consent orders, including the study and report provisions in subparagraph (F). This clause does not preclude the Commission from providing this information to Congress in response to a subpoena.

(D) Guidance.—Not later than 2 years after the date of enactment of this subtitle, the Commission shall, in consultation with the Secretary of Commerce or their designee, publish guidance regarding compliance with this paragraph.

(E) Rulemaking and exemption.—The Commission shall have authority under section 553 of title 5, United States Code, to promulgate regulations as necessary to establish processes by which a large data holder—

(i) shall submit an impact assessment to the Commission under clause (ii)(I) of subparagraph (C); and

(ii) may exclude from this paragraph any covered algorithm that presents low or minimal consequential risk of harm to an individual or group of individuals.

(F) Study and report.—

(i) Study.—The Commission, in consultation with the Secretary of Commerce or the Secretary's designee, shall conduct a study, to review any impact assessment or evaluation submitted under this paragraph. Such study shall include an examination of—

(I) best practices for the assessment and evaluation of covered algorithms; and

(II) methods to reduce the risk of harm to individuals that may be related to the use of covered algorithms.

(ii) Report.—

(I) Initial report.—Not later than 3 years after the date of enactment of this subtitle, the Commission, in consultation with the Secretary of Commerce or the Secretary's designee, shall submit to Congress a report containing the results of the study conducted under subclause (i), together with recommendations for such legislation and administrative action as the Commission determines appropriate.

(II) Additional reports.—Not later than 3 years after submission of the initial report under subclause (I), and as the Commission determines necessary thereafter, the Commission shall submit to Congress an updated version of such report.

(G) Definitions.—In this paragraph:

(i) Consequential decision.—The term "consequential decision" means a decision that determines or materially affects an individual's access to, eligibility for, or terms of housing, education, employment, health care, insurance, credit, or a place of public accommodation.

(ii) Consequential risk of harm.—The term "consequential risk of harm" means a material risk of one or more of the potential harms described in subparagraph (A)(ii).

SEC. 565. EXECUTIVE RESPONSIBILITY, SERVICE PROVIDERS, AND COMPLIANCE PROGRAMS.

(a) Executive responsibility.—

(1) In general.—Beginning 1 year after the date of enactment of this subtitle, an executive officer of a large data holder shall annually certify, in good faith, to the Commission, in a manner specified by the Commission by regulation under section 553 of title 5, United States Code, issued not later than 180 days after the date of enactment of this subtitle, that the entity maintains—

(A) internal controls reasonably designed to comply with this subtitle; and

(B) internal reporting structures to ensure that such certifying executive officer is involved in and responsible for the decisions that impact the compliance by the large data holder with this subtitle.

(2) Requirements.—A certification submitted under paragraph (1) shall be based on a review of the effectiveness of the internal controls and reporting structures of the large data holder that is conducted by the certifying executive officer not more than 90 days before the submission of the certification. A certification submitted under paragraph (1) is made in good faith if the certifying officer had, after a reasonable investigation, reasonable ground to believe and did believe, at the time that certification was submitted, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(3) Designation of privacy and data security officer.—

(A) In general.—A covered entity or service provider with more than 15 employees shall designate—

(i) 1 or more qualified employees as privacy officers; and

(ii) 1 or more qualified employees (in addition to any employee designated under clause (i)) as data security officers.

(B) Requirements for officers.—An employee who is designated by a covered entity or a service provider as a privacy officer or a data security officer pursuant to subparagraph (A) shall, at a minimum—

(i) implement a data privacy program and data security program to safeguard the privacy and security of covered data in compliance with the requirements of this subtitle; and

(ii) facilitate the covered entity or service provider's ongoing compliance with this subtitle.

(C) Additional requirements for large data holders.—A large data holder shall designate at least 1 of the officers described in subparagraph (A) to report directly to the highest official at the large data holder as a privacy protection officer who shall, in addition to the requirements in subparagraph (B), either directly or through a supervised designee or designees—

(i) establish processes to periodically review and update the privacy and security policies, practices, and procedures of the large data holder, as necessary;

(ii) conduct biennial and comprehensive audits to ensure the policies, practices, and procedures of the large data holder ensure the large data holder is in compliance with this subtitle and ensure such audits are accessible to the Commission upon request;

(iii) develop a program to educate and train employees about compliance requirements of this subtitle;

(iv) maintain updated, accurate, clear, and understandable records of all material privacy and data security practices undertaken by the large data holder; and

(v) serve as the point of contact between the large data holder and enforcement authorities.

(4) Large data holder privacy impact assessments.—

(A) In general.—Not later than July 1, 2027, or 1 year after the date on which a covered entity first meets the definition of large data holder, and biennially thereafter, each covered entity that is a large data holder shall conduct a privacy impact assessment that weighs the benefits of the large data holder's covered data collecting, processing, and transfer practices against the potential adverse consequences of such practices, including substantial privacy risks, to individual privacy.

(B) Assessment requirements.—A privacy impact assessment required under subparagraph (A) shall be—

(i) reasonable and appropriate in scope given—

(I) the nature of the covered data collected, processed, and transferred by the large data holder;

(II) the volume of the covered data collected, processed, and transferred by the large data holder; and

(III) the potential material risks posed to the privacy of individuals by the collecting, processing, and transfer of covered data by the large data holder;

(ii) documented in written form and maintained by the large data holder unless rendered out of date by a subsequent assessment conducted under subparagraph (A); and

(iii) approved by the privacy protection officer designated under paragraph (3)(C).

(C) Additional factors to include in assessment.—In assessing the privacy risks, including substantial privacy risks, the large data holder must include reviews of the means by which technologies, including blockchain and distributed ledger technologies and other emerging technologies, are used to secure covered data.

(5) Other privacy impact assessments.—

(A) In general.—Not later than 1 year after the date of enactment of this subtitle and biennially thereafter, each covered entity that is not a large data holder and does not meet the requirements for covered entities under section 563(e)(2) shall conduct a privacy impact assessment. Such assessment shall weigh the benefits of the covered entity's covered data collecting, processing, and transfer practices that may cause a substantial privacy risk against the potential material adverse consequences of such practices to individual privacy.

(B) Assessment requirements.—A privacy impact assessment required under subparagraph (A) shall be—

(i) reasonable and appropriate in scope given—

(I) the nature of the covered data collected, processed, and transferred by the covered entity;

(II) the volume of the covered data collected, processed, and transferred by the covered entity; and

(III) the potential risks posed to the privacy of individuals by the collecting, processing, and transfer of covered data by the covered entity; and

(ii) documented in written form and maintained by the covered entity unless rendered out of date by a subsequent assessment conducted under subparagraph (A).

(C) Additional factors to include in assessment.—In assessing the privacy risks, including substantial privacy risks, the covered entity may include reviews of the means by which technologies, including blockchain and distributed ledger technologies and other emerging technologies, are used to secure covered data.

(b) Service providers and third parties.—

(1) Service providers.—A service provider—

(A) shall adhere to the instructions of a covered entity and only collect, process, and transfer service provider data to the extent necessary and proportionate to provide a service requested by the covered entity, as set out in the contract required by paragraph (2), and this subparagraph does not require a service provider to collect, process, or transfer covered data if the service provider would not otherwise do so;

(B) may not collect, process, or transfer service provider data if the service provider has actual knowledge that a covered entity violated this subtitle with respect to such data;

(C) shall assist a covered entity in responding to a request made by an individual under section 563(c), by either—

(i) providing appropriate technical and organizational measures, taking into account the nature of the processing and the information reasonably available to the service provider, for the covered entity to comply with such request for service provider data; or

(ii) fulfilling a request by a covered entity to execute an individual rights request that the covered entity has determined should be complied with, by either—

(I) complying with the request pursuant to the covered entity's instructions; or

(II) providing written verification to the covered entity that it does not hold covered data related to the request, that complying with the request would be inconsistent with its legal obligations, or that the request falls within an exception to section 563(c);

(D) may engage another service provider for purposes of processing service provider data on behalf of a covered entity only after providing that covered entity with notice and pursuant to a written contract that requires such other service provider to satisfy the obligations of the service provider with respect to such service provider data, including that the other service provider be treated as a service provider under this subtitle;

(E) shall, upon the reasonable request of the covered entity, make available to the covered entity information necessary to demonstrate the compliance of the service provider with the requirements of this subtitle, which may include making available a report of an independent assessment arranged by the service provider on terms agreed to by the service provider and the covered entity, providing information necessary to enable the covered entity to conduct and document a privacy impact assessment required under subsection (a), and making available the impact assessment or evaluation required under section 564(c)(3);

(F) shall, at the covered entity's direction, delete or return all covered data to the covered entity as requested at the end of the provision of services, unless retention of the covered data is required by law;

(G) shall develop, implement, and maintain reasonable administrative, technical, and physical safeguards that are designed to protect the security and confidentiality of covered data the service provider processes consistent with section 564(a); and

(H) shall allow and cooperate with reasonable assessments by the covered entity or the covered entity's designated assessor; alternatively, the service provider may arrange for a qualified and independent assessor to conduct an assessment of the service provider's policies and technical and organizational measures in support of the obligations under this subtitle using an appropriate and accepted control standard or framework and assessment procedure for such assessments, and shall provide a report of such assessment to the covered entity upon request.

(2) Contracts between covered entities and service providers.—

(A) Requirements.—A person or entity may only act as a service provider pursuant to a written contract between the covered entity and the service provider, or a written contract

between 1 service provider and a second service provider as described under paragraph (1)(D), if the contract—

(i) sets forth the data processing procedures of the service provider with respect to collection, processing, or transfer performed on behalf of the covered entity or service provider;

(ii) clearly sets forth—

(I) instructions for collecting, processing, or transferring data;

(II) the nature and purpose of collecting, processing, or transferring;

(III) the type of data subject to collecting, processing, or transferring;

(IV) the duration of processing; and

(V) the rights and obligations of both parties, including a method by which the service provider shall notify the covered entity of material changes to its privacy practices;

(iii) does not relieve a covered entity or a service provider of any requirement or liability imposed on such covered entity or service provider under this subtitle; and

(iv) prohibits—

(I) collecting, processing, or transferring covered data in contravention of paragraph (1); and

(II) combining service provider data with covered data that the service provider receives from or on behalf of another person or persons or collects from the interaction of the service provider with an individual, unless such combining is necessary to effectuate a purpose described in subparagraphs (A) through (O) of section 562(a)(2) and is otherwise permitted under the contract required by this paragraph.

(B) Contract terms.—Each service provider shall retain copies of previous contracts entered into in compliance with this paragraph with each covered entity to which the service provider provides requested products or services.

(3) Relationship between covered entities and service providers.—

(A) Determination.—Determining whether a person is acting as a covered entity or service provider with respect to a specific processing of covered data is a fact-based determination that depends upon the context in which such data is processed.

(B) Change in role.—A person that is not limited in its processing of covered data pursuant to the instructions of a covered entity, or that fails to adhere to such instructions, is a covered entity and not a service provider with respect to a specific processing of covered data. A service provider that continues to adhere to the instructions of a covered entity with respect to a specific processing of covered data remains a service provider. If a service provider begins, alone or jointly with others, determining the purposes and means of the

processing of covered data, the service provider is a covered entity and not a service provider with respect to the processing of such data.

(C) Transferor liability.—A covered entity that transfers covered data to a service provider, or a service provider that transfers covered data to a covered entity or another service provider, in compliance with the requirements of this subtitle, is not liable for a violation of this subtitle by the service provider or covered entity to whom such covered data was transferred, if at the time of transferring such covered data, the covered entity or service provider did not have actual knowledge that the service provider or covered entity would violate this subtitle.

(D) Recipient liability.—A covered entity or service provider that receives covered data in compliance with the requirements of this subtitle is not in violation of this subtitle as a result of a violation by a covered entity or service provider from which such data was received.

(4) Third parties.—A third party—

(A) shall not process third-party data for a processing purpose other than—

(i) in the case of sensitive covered data, the processing purpose for which the individual gave affirmative express consent or to effect a purpose enumerated in subparagraph (A), (C), or (E) of section 562(a)(2); and

(ii) in the case of non-sensitive covered data, the processing purpose for which the covered entity made a disclosure pursuant to section 563(b)(2)(D); and

(B) for purposes of subparagraph (A), may reasonably rely on representations made by the covered entity that transferred the third-party data if the third party conducts reasonable due diligence on the representations of the covered entity and finds those representations to be credible, unless the third party has actual knowledge, or knowledge fairly implied on the basis of objective circumstances, that such representations are false or incomplete.

(5) Additional obligations.—

(A) In general.—A covered entity or service provider shall exercise reasonable due diligence in—

(i) selecting a service provider; and

(ii) deciding to transfer covered data to a third party.

(B) Guidance.—Not later than July 1, 2027, the Commission shall publish guidance regarding compliance with this paragraph, taking into consideration the burdens on large data holders, covered entities who are not large data holders, and covered entities meeting the requirements of section 563(e).

(6) Rule of construction.—Solely for purposes of this subsection, the requirements for service providers to contract with, assist, and follow the instructions of covered entities shall be read to include requirements to contract with, assist, and follow the instructions of a government entity if the service provider is providing a service to a government entity.

(c) Technical compliance programs.—

(1) In general.—Not later than July 1, 2028, the Commission shall promulgate regulations under section 553 of title 5, United States Code, to establish a process for the proposal and approval of technical compliance programs under this subsection used by a covered entity to collect, process, or transfer covered data.

(2) Scope of programs.—The technical compliance programs established under this subsection shall, with respect to a technology, product, service, or method used by a covered entity to collect, process, or transfer covered data—

(A) establish publicly available guidelines for compliance with this subtitle; and

(B) meet or exceed the requirements of this subtitle.

(3) Approval process.—

(A) In general.—Any request for approval, amendment, or repeal of a technical compliance program may be submitted to the Commission by any person, including a covered entity, a representative of a covered entity, an association of covered entities, or a public interest group or organization. Within 90 days after the request is made, the Commission shall publish the request and provide an opportunity for public comment on the proposal.

(B) Expedited response to requests.—Beginning 1 year after the date of enactment of this subtitle, the Commission shall act upon a request for the proposal and approval of a technical compliance program not later than 1 year after the filing of the request, and shall set forth publicly in writing the conclusions of the Commission with regard to such request.

(4) Judicial review.—Final action by the Commission on a request for approval, amendment, or repeal of a technical compliance program, or the failure to act within the 1-year period after a request for approval, amendment, or repeal of a technical compliance program is made under paragraph (3), may be appealed to a Federal district court of the United States of appropriate jurisdiction as provided for in section 702 of title 5, United States Code.

(5) Effect on enforcement.—

(A) In general.—Prior to commencing an investigation or enforcement action against any covered entity under this subtitle, the Commission and State attorney general shall consider the covered entity's history of compliance with any technical compliance program approved under this subsection and any action taken by the covered entity to remedy noncompliance with such program. If an action described in section 569(b)(3) is brought, the covered entity's history of compliance with any technical compliance program approved under this subsection and any action taken by the covered entity to remedy noncompliance with such program shall be taken into consideration when determining liability or a penalty. The covered entity's history of compliance with any technical compliance program shall not affect any burden of proof or the weight given to evidence in an enforcement or judicial proceeding.

(B) Commission authority.—Approval of a technical compliance program shall not limit the authority of the Commission, including the Commission's authority to commence an investigation or enforcement action against any covered entity under this subtitle or any other Act.

(C) Rule of construction.—Nothing in this paragraph shall entitle any individual, class of individuals, or person to seek discovery of any nonpublic Commission deliberation or activity, and nothing in this paragraph shall impose any pleading requirement on the Commission if the Commission brings an enforcement action of any kind.

(d) Commission-approved compliance guidelines.—

(1) Application for compliance guideline approval.—

(A) In general.—A covered entity that is not a third-party collecting entity and meets the requirements of section 563(e), or a group of such covered entities, may apply to the Commission for approval of 1 or more sets of compliance guidelines governing the collection, processing, and transfer of covered data by the covered entity or group of covered entities.

(B) Application requirements.—Such application shall include—

(i) a description of how the proposed guidelines will meet or exceed the requirements of this subtitle;

(ii) a description of the entities or activities the proposed set of compliance guidelines is designed to cover;

(iii) a list of the covered entities that meet the requirements of section 563(e) and are not third-party collecting entities, if any are known at the time of application, that intend to adhere to the compliance guidelines; and

(iv) a description of how such covered entities will be independently assessed for adherence to such compliance guidelines, including the independent organization not associated with any of the covered entities that may participate in guidelines that will administer such guidelines.

(2) Commission review.—

(A) Initial approval.—

(i) Public comment period.—Within 90 days after the receipt of proposed guidelines submitted pursuant to paragraph (1)(B), the Commission shall publish the application and provide an opportunity for public comment on such compliance guidelines.

(ii) Approval.—The Commission shall approve an application regarding proposed guidelines under paragraph (1)(B) if the applicant demonstrates that the compliance guidelines—

(I) meet or exceed the requirements of this subtitle;

(II) provide for the regular review and validation by an independent organization not associated with any of the covered entities that may participate in the guidelines and that is approved by the Commission to conduct such reviews of the compliance guidelines of the covered entity or entities to ensure that the covered entity or entities continue to meet or exceed the requirements of this subtitle; and

(III) include a means of enforcement if a covered entity does not meet or exceed the requirements in the guidelines, which may include referral to the Commission for enforcement consistent with section 569(b)(1) or referral to the appropriate State attorney general for enforcement consistent with section 569(b)(2).

(iii) Timeline.—Within 1 year after receiving an application regarding proposed guidelines under paragraph (1)(B), the Commission shall issue a determination approving or denying the application and providing its reasons for approving or denying such application.

(B) Approval of modifications.—

(i) In general.—If the independent organization administering a set of guidelines makes material changes to guidelines previously approved by the Commission, the independent organization shall submit the updated guidelines to the Commission for approval. As soon as feasible, the Commission shall publish the updated guidelines and provide an opportunity for public comment.

(ii) Timeline.—The Commission shall approve or deny any material change to the guidelines within 1 year after receipt of the submission for approval.

(3) Withdrawal of approval.—If at any time the Commission determines that the guidelines previously approved no longer meet the requirements of this subtitle or a regulation promulgated under this subtitle or that compliance with the approved guidelines is insufficiently enforced by the independent organization administering the guidelines, the Commission shall notify the covered entities or group of such entities and the independent organization of the determination of the Commission to withdraw approval of such guidelines and the basis for doing so. Within 180 days after receipt of such notice, the covered entity or group of such entities and the independent organization may cure any alleged deficiency with the guidelines or the enforcement of such guidelines and submit each proposed cure to the Commission. If the Commission determines that such cures eliminate the alleged deficiency in the guidelines, the Commission may not withdraw approval of such guidelines on the basis of such determination.

(4) Deemed compliance.—A covered entity that is eligible to participate under paragraph (1)(A) and participates in guidelines approved under this subsection shall be deemed in compliance with the relevant provisions of this subtitle if such covered entity is in compliance with such guidelines.

(e) Bureau of Privacy.—

(1) In general.—The Commission shall establish within the Commission a new bureau to be known as the "Bureau of Privacy", which shall be of similar structure, size, organization, and

authority as the existing bureaus within the Commission related to consumer protection and competition.

(2) Mission.—The mission of the Bureau established under paragraph (1) shall be to assist the Commission in carrying out the duties of the Commission under this subtitle and related duties under other provisions of law.

(3) Timeline.—The Bureau required to be established under paragraph (1) shall be established, staffed, and fully operational not later than 1 year after the date of enactment of this subtitle.

(4) Office of Business Mentorship.—The Commission shall establish within the Bureau an office to be known as the "Office of Business Mentorship" to provide guidance and education to covered entities and service providers regarding compliance with this subtitle.

(5) Office of consumer privacy complaint intake.—The Commission shall establish within the Bureau an office to receive complaints from the public alleging violations of this subtitle or a regulation promulgated under this subtitle.

(6) Functions.—The office established under paragraph (5) shall, in coordination with any existing complaint intake mechanisms of the Commission—

(A) establish and maintain a single toll-free telephone number, a website, and a database to facilitate the centralized collection of, monitoring of, and response to complaints described in paragraph (5);

(B) coordinate with other bureaus and offices of the Commission, the Attorney General, and other Federal agencies to route complaints to those agencies, where appropriate; and

(C) make publicly available aggregate complaint information and complaint trends, in a manner that protects personally identifiable information.

(7) Confidentiality.—The Commission shall ensure that personally identifiable information contained in complaints received under paragraph (5) is protected from public disclosure.

(f) Youth privacy and marketing division.—

(1) Establishment.—There is established within the Commission a division to be known as the "Youth Privacy and Marketing Division" (in this subsection referred to as the "Division").

(2) Director.—The Division shall be headed by a Director, who shall be appointed by the Chair of the Commission.

(3) Duties.—The Division shall be responsible for assisting the Commission in addressing, as it relates to this subtitle and section 1177 of the POPULIST Act—

(A) the privacy of covered minors; and

(B) marketing directed at covered minors.

(4) Staff.—The Director of the Division shall hire adequate staff to carry out the duties described in paragraph (3), including by hiring individuals who are experts in data protection, digital advertising, data analytics, and youth development.

(5) Reports.—Not later than 2 years after the date of enactment of this subtitle, and annually thereafter, the Commission shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives a report that includes—

(A) a description of the work of the Division regarding emerging concerns relating to youth privacy and marketing practices; and

(B) an assessment of how effectively the Division has, during the period for which the report is submitted, assisted the Commission to address youth privacy and marketing practices.

(6) Publication.—Not later than 10 days after the date on which a report is submitted under paragraph (5), the Commission shall publish the report on its website.

SEC. 566. ADDITIONAL DATA PROTECTIONS FOR COVERED MINORS.

(a) Safeguards for covered minors.—

(1) Safeguards.—A covered entity that provides an online product or service and has knowledge that an individual using or visiting such product or service is a covered minor shall provide such individual with readily accessible and easy-to-use safeguards to, as applicable—

(A) limit the ability of other users or visitors to communicate with the covered minor; and

(B) limit by default design features that result in compulsive usage of the online product or service by the covered minor.

(2) Option to limit time spent.—A covered entity described in paragraph (1) shall provide a covered minor with a readily accessible and easy-to-use option to limit the amount of time spent by the covered minor on the online product or service.

(3) Definitions.—As used in this section, the terms "compulsive usage" and "design feature" have the meanings given such terms in section 45g of title 15, United States Code, as inserted by this Act.

(b) Default settings for covered minors.—A covered entity described in subsection (c)(1) shall provide that, in the case of a covered minor, the default setting for any safeguard described in subsection (a)(1) is the option available on the online product or service that provides the most protective level of control offered by the covered entity with respect to privacy and safety for that covered minor.

(c) Parental tools.—

(1) In general.—A covered entity that provides an online product or service and has knowledge that an individual using such product or service is a covered minor shall provide

readily accessible and easy-to-use parental tools for a parent to support the covered minor with respect to the use of the online product or service by that covered minor.

(2) Requirements.—The parental tools required under paragraph (1) shall include—

(A) the ability to manage the privacy and account settings of a covered minor, including any safeguard and option established under subsection (a), in a manner that allows a parent to—

(i) view the privacy and account settings; and

(ii) in the case of a child, change and control the privacy and account settings;

(B) the ability to restrict purchases and financial transactions by the covered minor, if applicable; and

(C) the ability to view metrics of total time spent on the online product or service by the covered minor and to restrict such time spent.

(3) Notice to covered minors.—A covered entity shall provide clear and conspicuous notice to a covered minor when the parental tools described in this subsection are in effect and what settings or controls have been applied.

(4) Default tools for children.—In the case of a child, a covered entity shall enable the parental tools required under paragraph (1) by default.

(d) Reporting mechanism.—

(1) Reporting tools.—A covered entity that provides an online product or service and has knowledge that 1 or more individuals using or visiting such product or service are covered minors shall provide—

(A) a readily accessible and easy-to-use means for an individual to submit a report to the covered entity of any harm to a covered minor related to the use of the online product or service;

(B) an electronic point of contact specific to matters involving harm to a covered minor; and

(C) confirmation of receipt of such report and, within the applicable time period described in paragraph (2), a substantive response to the individual that submitted the report.

(2) Timing.—A covered entity described in paragraph (1) shall establish an internal process to receive and substantively respond to a report submitted under paragraph (1) in a reasonable and timely manner, but in no case later than—

(A) 10 days after the date on which the report is received; and

(B) notwithstanding subparagraph (A), if the report involves an imminent threat to the safety of a covered minor, as promptly as needed to address the reported threat.

(e) Independent third-party audit.—

(1) In general.—Not later than July 1, 2027, and annually thereafter, each large data holder that provides an online product or service and has knowledge that 1 or more individuals using such product or service are covered minors shall have an independent, third-party auditor conduct an independent, third-party audit of the online product or service with respect to covered minors.

(2) Scope.—An audit required under paragraph (1) shall include—

(A) the number of covered minors known by the large data holder to use the online product or service during the year covered by the audit;

(B) the average and median amount of time spent by covered minors on the online product or service during the year covered by the audit;

(C) the number of times that the safeguards described in subsection (a) were exercised during the year covered by the audit;

(D) the number of times that the parental tools described in subsection (c) were exercised during the year covered by the audit;

(E) the number of reports received through the reporting mechanism described in subsection (d) during the year covered by the audit, and a description of how the large data holder handled such reports, including the rate of response and the timeliness and substantiveness of such responses;

(F) a description of whether, how, and for what purpose the large data holder collects or processes categories of covered data of covered minors; and

(G) if the large data holder has a process used to create, implement, or evaluate a design feature of the online product or service used by covered minors, a description of such process.

(3) Cooperation.—A large data holder subject to paragraph (1) shall facilitate an audit required under such paragraph by—

(A) providing or otherwise making available to the independent, third-party auditor all information and materials in the possession, custody, or control of the large data holder relevant to the audit;

(B) providing or otherwise making available to the auditor access to all networks, systems, and assets relevant to the audit; and

(C) disclosing all material facts to the auditor and not misrepresenting any material fact.

(4) Submission to Commission.—Not later than 30 days after the date on which an audit required under paragraph (1) is completed, the relevant large data holder shall submit to the Commission the results of the audit.

(f) Children and Teens Online Privacy Protection Act modernization.—

(1) Definitions.—Section 1302 of the Children's Online Privacy Protection Act of 1998 (15 U.S.C. 6501) is amended—

(A) in paragraph (2) to read as follows:

"(2) Operator.—

"(A) In general.—The term 'operator' means any person—

"(i) who, for commercial purposes, in interstate or foreign commerce operates or provides a website on the internet, an online service, an online application, or a mobile application; and

"(ii) who—

"(I) collects or maintains, either directly or through a service provider, personal information from or about the users of that website, service, or application;

"(II) allows another person to collect personal information directly from users of that website, service, or application, in which case the operator is deemed to have collected the information; or

"(III) allows users of that website, service, or application to publicly disclose personal information, in which case the operator is deemed to have collected the information.

"(B) Exclusion.—The term 'operator' does not include any nonprofit entity that would otherwise be exempt from coverage under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).";

(B) in paragraph (4)—

(i) by amending subparagraph (A) to read as follows:

"(A) the release of personal information collected from a child or teen by an operator for any purpose, except where the personal information is provided to a person other than an operator who—

"(i) provides support for the internal operations of the website, online service, online application, or mobile application of the operator, excluding any activity relating to individual-specific advertising to children or teens; and

"(ii) does not disclose or use that personal information for any other purpose; and"; and

(ii) in subparagraph (B)—

(I) by inserting "or teen" after "child" each place the term appears;

(II) by striking "website or online service" and inserting "website, online service, online application, or mobile application"; and

(III) by striking "actual knowledge" and inserting "actual knowledge or knowledge fairly implied on the basis of objective circumstances";

(C) by striking paragraph (8) and inserting the following:

"(8) Personal information.—

"(A) In general.—The term 'personal information' means individually identifiable information about an individual collected online, including—

"(i) a first and last name;

"(ii) a home or other physical address including street name and name of a city or town;

"(iii) an email address;

"(iv) a telephone number;

"(v) a Social Security number;

"(vi) any other identifier that the Commission determines permits the physical or online contacting of a specific individual;

"(vii) a persistent identifier that can be used to recognize a specific child or teen over time and across different websites, online services, online applications, or mobile applications, including a customer number held in a cookie, an Internet Protocol address, a processor or device serial number, or unique device identifier, but excluding an identifier that is used by an operator solely for providing support for the internal operations of the website, online service, online application, or mobile application;

"(viii) a photograph, video, or audio file where such file contains a specific child's or teen's image or voice;

"(ix) geolocation information;

"(x) information generated from the measurement or technological processing of an individual's biological, physical, or physiological characteristics that is used to identify an individual, including—

"(I) fingerprints;

"(II) voice prints;

"(III) iris or retina imagery scans;

"(IV) facial templates;

"(V) deoxyribonucleic acid information; or

"(VI) gait; or

"(xi) information linked or reasonably linkable to a child or teen or the parents of that child or teen, including any unique identifier, that an operator collects online from the child or teen and combines with an identifier described in this subparagraph.

"(B) Exclusion.—The term 'personal information' shall not include an audio file that contains a child's or teen's voice so long as the operator—

"(i) does not request information via voice that would otherwise be considered personal information under this paragraph;

"(ii) provides clear notice of its collection and use of the audio file and its deletion policy in its privacy policy;

"(iii) only uses the voice within the audio file solely as a replacement for written words, to perform a task, or to engage with a website, online service, online application, or mobile application, including to perform a search or fulfill a verbal instruction or request; and

"(iv) only maintains the audio file long enough to complete the stated purpose and then immediately deletes the audio file and does not make any other use of the audio file prior to deletion.

"(C) Support for the internal operations of a website, online service, online application, or mobile application.—

"(i) In general.—For purposes of subparagraph (A)(vii), the term 'support for the internal operations of a website, online service, online application, or mobile application' means those activities necessary to—

"(I) maintain or analyze the functioning of the website, online service, online application, or mobile application;

"(II) perform network communications;

"(III) authenticate users of, or personalize the content on, the website, online service, online application, or mobile application;

"(IV) serve contextual advertising, provided that any persistent identifier is only used as necessary for technical purposes to serve the contextual advertisement or cap the frequency of advertising;

"(V) protect the security or integrity of the user, website, online service, online application, or mobile application;

"(VI) ensure legal or regulatory compliance; or

"(VII) fulfill a request of a child or teen as permitted by subparagraphs (A) through (C) of section 1303(b)(2).

"(ii) Condition.—Except as specifically permitted under clause (i), information collected for the activities listed in clause (i) may not be used or disclosed to contact a specific individual, including through individual-specific advertising to children or teens,

to amass a profile on a specific individual, in connection with processes that encourage or prompt use of a website, online service, online application, or mobile application, or for any other purpose.";

(D) in paragraph (9) to read as follows:

"(9) Verifiable consent.—The term 'verifiable consent' means any reasonable effort, taking into consideration available technology, including a request for authorization for future collection, use, and disclosure described in the notice, to ensure that, in the case of a child, a parent of the child, or, in the case of a teen, the teen—

"(A) receives direct notice of the personal information collection, use, and disclosure practices of the operator; and

"(B) before the personal information of the child or teen is collected, freely and unambiguously authorizes—

"(i) the collection, use, and disclosure, as applicable, of that personal information; and

"(ii) any subsequent use of that personal information.";

(E) in paragraph (10)—

(i) in the paragraph heading, by striking "Website or online service directed to children" and inserting "Website, online service, online application, or mobile application directed to children";

(ii) by striking "website or online service" each place it appears and inserting "website, online service, online application, or mobile application"; and

(iii) by adding at the end the following:

"(C) Rule of construction.—In considering whether a website, online service, online application, or mobile application, or portion thereof, is directed to children, the Commission shall apply a totality of circumstances test and shall also consider competent and reliable empirical evidence regarding audience composition and evidence regarding the intended audience of the website, online service, online application, or mobile application."; and

(F) by adding at the end the following:

"(13) Connected device.—The term 'connected device' means a device that is capable of connecting to the internet, directly or indirectly, or to another connected device.

"(14) Online application.—The term 'online application'—

"(A) means an internet-connected software program; and

"(B) includes a service or application offered via a connected device.

"(15) Mobile application.—The term 'mobile application'—

"(A) means a software program that runs on the operating system of—

"(i) a cellular telephone;

"(ii) a tablet computer; or

"(iii) a similar portable computing device that transmits data over a wireless connection; and

"(B) includes a service or application offered via a connected device.

"(16) Geolocation information.—The term 'geolocation information' means information sufficient to identify a street name and name of a city or town.

"(17) Teen.—The term 'teen' means an individual who has attained age 13 and is under the age of 17.

"(18) Individual-specific advertising to children or teens.—

"(A) In general.—The term 'individual-specific advertising to children or teens' means advertising or any other effort to market a product or service that is directed to a specific child or teen or a connected device that is linked or reasonably linkable to a child or teen based on—

"(i) the personal information from—

"(I) the child or teen; or

"(II) a group of children or teens who are similar in sex, age, household income level, race, or ethnicity to the specific child or teen to whom the product or service is marketed;

"(ii) profiling of a child or teen or group of children or teens; or

"(iii) a unique identifier of the connected device.

"(B) Exclusions.—The term 'individual-specific advertising to children or teens' shall not include—

"(i) advertising or marketing to an individual or the device of an individual in response to the individual's specific request for information or feedback, including a child's or teen's current search query;

"(ii) contextual advertising, including when an advertisement is displayed based on the content of the website, online service, online application, mobile application, or connected device in which the advertisement appears and does not vary based on personal information related to the viewer; or

"(iii) processing personal information solely for measuring or reporting advertising or content performance, reach, or frequency, including independent measurement.

"(C) Rule of construction.—Nothing in subparagraph (A) shall be construed to prohibit an operator with actual knowledge or knowledge fairly implied on the basis of objective circumstances that a user is under the age of 17 from delivering advertising or marketing

that is age-appropriate and intended for a child or teen audience, so long as the operator does not use any personal information other than whether the user is under the age of 17.".

(2) Online collection, use, disclosure, and deletion of personal information of children and teens.—Section 1303 of the Children's Online Privacy Protection Act of 1998 (15 U.S.C. 6502) is amended—

(A) by striking the heading and inserting the following: "Online collection, use, disclosure, and deletion of personal information of children and teens.";

(B) in subsection (a)—

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

"(1) In general.—It is unlawful for an operator of a website, online service, online application, or mobile application directed to children or for any operator of a website, online service, online application, or mobile application with actual knowledge or knowledge fairly implied on the basis of objective circumstances that a user is a child or teen—

"(A) to collect personal information from a child or teen in a manner that violates the regulations prescribed under subsection (b);

"(B) except as provided in subparagraphs (B) and (C) of section 1302(18), to collect, use, disclose to third parties, or maintain personal information of a child or teen for purposes of individual-specific advertising to children or teens, or to allow another person to collect, use, disclose, or maintain such information for such purpose;

"(C) to collect the personal information of a child or teen except when the collection of the personal information is—

"(i) consistent with the context of a particular transaction or service or the relationship of the child or teen with the operator, including collection necessary to fulfill a transaction or provide a product or service requested by the child or teen; or

"(ii) required or specifically authorized by Federal or State law;

"(D) to store or transfer the personal information of a child or teen outside of the United States unless the operator provides direct notice to the parent of the child, in the case of a child, or to the teen, in the case of a teen, that the child's or teen's personal information is being stored or transferred outside of the United States; or

"(E) to retain the personal information of a child or teen for longer than is reasonably necessary to fulfill a transaction or provide a service requested by the child or teen, except as required or specifically authorized by Federal or State law."; and

(ii) in paragraph (2)—

(I) in the heading, by striking "parent" and inserting "parent or teen";

(II) by striking "Notwithstanding paragraph (1)" and inserting "Notwithstanding paragraph (1)(A)";

(III) by striking "of such a website or online service"; and

(IV) by striking "subsection (b)(1)(B)(iii) to the parent of a child" and inserting "subsection (b)(1)(B)(iv) to the parent of a child or under subsection (b)(1)(C)(iv) to a teen";

(C) in subsection (b)—

(i) in paragraph (1)—

(I) in subparagraph (A)—

(aa) by striking "operator of any website" and all that follows through "from a child" and inserting "operator of a website, online service, online application, or mobile application directed to children or that has actual knowledge or knowledge fairly implied on the basis of objective circumstances that a user is a child or teen";

(bb) in clause (i), by striking "notice on the website" and inserting "clear and conspicuous notice on the website";

(cc) in clause (i), by inserting "or teens" after "children";

(dd) in clause (i), by striking ", and the operator's" and inserting ", the operator's";

(ee) in clause (i), by striking "; and" and inserting ", the rights and opportunities available to the parent of the child or teen under subparagraphs (B) and (C), and the procedures or mechanisms the operator uses to ensure that personal information is not collected from children or teens except in accordance with the regulations promulgated under this paragraph;";

(ff) in clause (ii), by striking "parental";

(gg) in clause (ii), by inserting "or teens" after "children";

(hh) in clause (ii), by striking the semicolon at the end and inserting "; and"; and

(ii) by inserting after clause (ii) the following:

"(iii) to obtain verifiable consent from a parent of a child or from a teen before using or disclosing personal information of the child or teen for any purpose that is a material change from the original purposes and disclosure practices specified to the parent of the child or the teen under clause (i);";

(II) in subparagraph (B)—

(aa) in the matter preceding clause (i), by striking "website or online service" and inserting "operator";

(bb) in clause (i), by inserting "and the method by which the operator obtained the personal information, and the purposes for which the operator collects, uses, discloses, and retains the personal information" before the semicolon;

(cc) in clause (ii), by inserting "to delete personal information collected from the child or content or information submitted by the child to a website, online service, online application, or mobile application and" after "the opportunity at any time";

(dd) in clause (ii), by striking "; and" and inserting a semicolon;

(ee) by redesignating clause (iii) as clause (iv);

(ff) by inserting after clause (ii) the following:

"(iii) the opportunity to challenge the accuracy of the personal information and, if the parent of the child establishes the inaccuracy of the personal information, to have the inaccurate personal information corrected;"; and

(gg) in clause (iv), as so redesignated, by inserting ", if such information is available to the operator at the time the parent makes the request" before the semicolon;

(III) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively;

(IV) by inserting after subparagraph (B) the following:

"(C) require the operator to provide, upon the request of a teen under this subparagraph who has provided personal information to the operator, upon proper identification of that teen—

"(i) a description of the specific types of personal information collected from the teen by the operator, the method by which the operator obtained the personal information, and the purposes for which the operator collects, uses, discloses, and retains the personal information;

"(ii) the opportunity at any time to delete personal information collected from the teen or content or information submitted by the teen to a website, online service, online application, or mobile application and to refuse to permit the operator's further use or maintenance in retrievable form, or online collection, of personal information from the teen;

"(iii) the opportunity to challenge the accuracy of the personal information and, if the teen establishes the inaccuracy of the personal information, to have the inaccurate personal information corrected; and

"(iv) a means that is reasonable under the circumstances for the teen to obtain any personal information collected from the teen, if such information is available to the operator at the time the teen makes the request;";

(V) in subparagraph (D), as so redesignated—

(aa) by striking "a child's" and inserting "a child's or teen's"; and

(bb) by inserting "or teen" after "the child"; and

(VI) in subparagraph (E), as so redesignated, to read as follows:

"(E) require the operator to establish, implement, and maintain reasonable security practices to protect the confidentiality, integrity, and accessibility of personal information of children or teens collected by the operator, and to protect such personal information against unauthorized access.";

(ii) in paragraph (2)—

(I) in the matter preceding subparagraph (A), by striking "verifiable parental consent" and inserting "verifiable consent";

(II) in subparagraph (A)—

(aa) by inserting "or teen" after "collected from a child";

(bb) by inserting "or teen" after "request from the child"; and

(cc) by inserting "or teen or to contact another child or teen" after "to recontact the child";

(III) in subparagraph (B)—

(aa) by striking "parent or child" and inserting "parent or teen"; and

(bb) by striking "parental consent" each place it appears and inserting "verifiable consent";

(IV) in subparagraph (C)—

(aa) in the matter preceding clause (i), by inserting "or teen" after "child" each place it appears;

(bb) in clause (i), by inserting "or teen" after "child" each place it appears;

(cc) in clause (i), by inserting "or teen, as applicable," after "parent" each place it appears;

(dd) in clause (ii), by striking "without notice to the parent" and inserting "without notice to the parent or teen, as applicable,"; and

(ee) in clause (ii), by inserting "or teen" after "child" each place it appears; and

(V) in subparagraph (D)—

(aa) in the matter preceding clause (i), by inserting "or teen" after "child" each place it appears;

(bb) in clause (ii), by inserting "or teen" after "child";

(cc) in the flush text following clause (iii), by inserting "or teen, as applicable," after "parent" each place it appears; and

(dd) in the flush text following clause (iii), by inserting "or teen" after "child";

(iii) by redesignating paragraph (3) as paragraph (4);

(iv) by inserting after paragraph (2) the following:

"(3) Application to operators acting under agreements with educational agencies or institutions.—The regulations may provide that verifiable consent under paragraph (1)(A)(ii) is not required for an operator that is acting under a written agreement with an educational agency or institution, as defined in section 444 of the General Education Provisions Act, commonly known as the Family Educational Rights and Privacy Act of 1974, if the written agreement, at a minimum, requires the—

"(A) operator to—

"(i) limit its collection, use, and disclosure of the personal information from a child or teen to solely educational purposes and for no other commercial purposes;

"(ii) provide the educational agency or institution with a notice of the specific types of personal information the operator will collect from the child or teen, the method by which the operator will obtain the personal information, and the purposes for which the operator will collect, use, disclose, and retain the personal information;

"(iii) provide the educational agency or institution with a link to the operator's online notice of information practices as required under subsection (b)(1)(A)(i); and

"(iv) provide the educational agency or institution, upon request, with a means to review the personal information collected from a child or teen, to prevent further use or maintenance or future collection of personal information from a child or teen, and to delete personal information collected from a child or teen or content or information submitted by a child or teen to the operator's website, online service, online application, or mobile application;

"(B) representative of the educational agency or institution to acknowledge and agree that they have authority to authorize the collection, use, and disclosure of personal information from children or teens on behalf of the educational agency or institution, along with such authorization, their name, and title at the educational agency or institution; and

"(C) educational agency or institution to—

"(i) provide on its website a notice that identifies the operator with which it has entered into a written agreement under this subsection and provides a link to the operator's online notice of information practices as required under paragraph (1)(A)(i);

"(ii) provide the operator's notice regarding its information practices, as required under subparagraph (A)(ii), upon request, to a parent, in the case of a child, or a parent or teen, in the case of a teen; and

"(iii) upon the request of a parent, in the case of a child, or a parent or teen, in the case of a teen, request that the operator provide a means to review the personal information from the child or teen and provide the parent, in the case of a child, or parent or teen, in the case of the teen, a means to review the personal information.";

(v) by amending paragraph (4), as so redesignated, to read as follows:

"(4) Termination of service.—The regulations shall permit the operator of a website, online service, online application, or mobile application to terminate service provided to a child whose parent has refused, or a teen who has refused, under the regulations prescribed under paragraphs (1)(B)(ii) and (1)(C)(ii), to permit the operator's further use or maintenance in retrievable form, or future online collection, of personal information from that child or teen."; and

(vi) by adding at the end the following:

"(5) Continuation of service.—The regulations shall prohibit an operator from discontinuing service provided to a child or teen on the basis of a request by the parent of the child or by the teen, under the regulations prescribed under subparagraph (B) or (C) of paragraph (1), respectively, to delete personal information collected from the child or teen, to the extent that the operator is capable of providing such service without such information.

"(6) Rule of construction.—A request made pursuant to subparagraph (B) or (C) of paragraph (1) to delete or correct personal information of a child or teen shall not be construed—

"(A) to limit the authority of a law enforcement agency to obtain any content or information from an operator pursuant to a lawfully executed warrant or an order of a court of competent jurisdiction;

"(B) to require an operator or third party to delete or correct information that—

"(i) any other provision of Federal or State law requires the operator or third party to maintain; or

"(ii) was submitted to the website, online service, online application, or mobile application of the operator by any person other than the user who is attempting to erase or otherwise eliminate the content or information, including content or information submitted by the user that was republished or resubmitted by another person; or

"(C) to prohibit an operator from—

"(i) retaining a record of the deletion request and the minimum information necessary for the purposes of ensuring compliance with a request made pursuant to subparagraph (B) or (C);

"(ii) preventing, detecting, protecting against, or responding to security incidents, identity theft, or fraud, or reporting those responsible for such actions;

"(iii) protecting the integrity or security of a website, online service, online application, or mobile application; or

"(iv) ensuring that the child's or teen's information remains deleted.

"(7) Common verifiable consent mechanism.—

"(A) In general.—

"(i) Feasibility of mechanism.—The Commission shall assess the feasibility, with notice and public comment, of allowing operators the option to use a common verifiable consent mechanism that fully meets the requirements of this title.

"(ii) Requirements.—The feasibility assessment described in clause (i) shall consider whether a single operator could use a common verifiable consent mechanism to obtain verifiable consent, as required under this title, from a parent of a child or from a teen on behalf of multiple, listed operators that provide a joint or related service.

"(B) Report.—Not later than 1 year after the date of enactment of this paragraph, the Commission shall submit to Congress a report with the findings of the assessment required by subparagraph (A).

"(C) Regulations.—If the Commission finds that the use of a common verifiable consent mechanism is feasible and would meet the requirements of this title, the Commission shall issue regulations to permit the use of a common verifiable consent mechanism in accordance with the findings outlined in such report.";

(D) in subsection (c), by striking "a regulation prescribed under subsection (a)" and inserting "subparagraph (B), (C), (D), or (E) of subsection (a)(1), or of a regulation prescribed under subsection (b),"; and

(E) by striking subsection (d) and inserting the following:

"(d) Relationship to State law.—The provisions of this title shall preempt any State law, rule, or regulation only to the extent that such State law, rule, or regulation conflicts with a provision of this title. Nothing in this title shall be construed to prohibit any State from enacting a law, rule, or regulation that provides greater protection to children or teens than the provisions of this title.".

(3) Safe harbors.—Section 1304 of the Children's Online Privacy Protection Act of 1998 (15 U.S.C. 6503) is amended—

(A) in subsection (b)(1), by inserting "and teens" after "children"; and

(B) by adding at the end the following:

"(d) Publication.—

"(1) In general.—Subject to the restrictions described in paragraph (2), the Commission shall publish on the internet website of the Commission any report or documentation required by regulation to be submitted to the Commission to carry out this section.

"(2) Restrictions on publication.—The restrictions described in section 6(f) and section 21 of the Federal Trade Commission Act (15 U.S.C. 46(f), 57b–2) applicable to the disclosure of information obtained by the Commission shall apply in the same manner to the disclosure under this subsection of information obtained by the Commission from a report or documentation described in paragraph (1).".

(4) Actions by States.—Section 1305 of the Children's Online Privacy Protection Act of 1998 (15 U.S.C. 6504) is amended—

(A) in subsection (a)(1)—

(i) in the matter preceding subparagraph (A), by inserting "section 1303(a)(1) or" before "any regulation"; and

(ii) in subparagraph (B), by inserting "section 1303(a)(1) or" before "the regulation"; and

(B) in subsection (d)—

(i) by inserting "section 1303(a)(1) or" before "any regulation"; and

(ii) by inserting "section 1303(a)(1) or" before "that regulation".

(5) Administration and applicability.—Section 1306 of the Children's Online Privacy Protection Act of 1998 (15 U.S.C. 6505) is amended—

(A) in subsection (b)—

(i) in paragraph (1), by striking ", in the case of" and all that follows through "the Board of Directors of the Federal Deposit Insurance Corporation;" and inserting "by the appropriate Federal banking agency, with respect to any insured depository institution, as those terms are defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813);"; and

(ii) by striking paragraph (2) and redesignating paragraphs (3) through (6) as paragraphs (2) through (5), respectively;

(B) in subsection (d)—

(i) by inserting "section 1303(a)(1) or" before "a rule"; and

(ii) by striking "such rule" and inserting "section 1303(a)(1) or a rule of the Commission under section 1303"; and

(C) by adding at the end the following:

"(f) Determination of whether an operator has knowledge fairly implied on the basis of objective circumstances.—

"(1) Rule of construction.—For purposes of enforcing this title or a regulation promulgated under this title, in making a determination as to whether an operator has knowledge fairly implied on the basis of objective circumstances that a specific user is a child or teen, the

Commission or State attorneys general shall rely on competent and reliable evidence, taking into account the totality of the circumstances, including whether a reasonable and prudent person under the circumstances would have known that the user is a child or teen.

"(2) Commission guidance.—

"(A) In general.—Not later than 180 days after the date of enactment of this subsection, the Commission shall issue guidance to provide information, including best practices and examples for operators to understand the Commission's determination of whether an operator has knowledge fairly implied on the basis of objective circumstances that a user is a child or teen.

"(B) Limitation.—No guidance issued by the Commission with respect to this title shall confer any rights on any person, State, or locality, or operate to bind the Commission or any person to the approach recommended in such guidance. In any enforcement action brought pursuant to this title, the Commission or State attorney general, as applicable, shall allege a specific violation of a provision of this title. The Commission or State attorney general, as applicable, may not base an enforcement action on, or execute a consent order based on, practices that are alleged to be inconsistent with any such guidance, unless the practices allegedly violate this title. For purposes of enforcing this title or a regulation promulgated under this title, State attorneys general shall take into account any guidance issued by the Commission under subparagraph (A).

"(g) Additional requirement.—Any regulations issued under this title shall include a description and analysis of the impact of proposed and final rules on small entities under chapter 6 of title 5, United States Code.".

(6) Reports and studies.—

(A) Oversight report.—Not later than 3 years after the date of enactment of this subsection, the Commission shall submit to Congress a report on the processes of platforms that offer mobile and online applications for ensuring that those applications that are websites, online services, online applications, or mobile applications directed to children operate in accordance with—

(i) the Children's Online Privacy Protection Act of 1998, as amended by this subsection, and rules promulgated under such Act; and

(ii) rules promulgated by the Commission under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a) relating to unfair, deceptive, or abusive acts or practices in marketing.

(B) Enforcement report.—Not later than 1 year after the date of enactment of this subsection, and each year thereafter, the Commission shall submit to Congress a report that addresses, at a minimum—

(i) the number of actions brought by the Commission during the reporting year to enforce the Children's Online Privacy Protection Act of 1998 and the outcome of each such action;

(ii) the total number of investigations or inquiries into potential violations of such Act during the reporting year;

(iii) the total number of open investigations or inquiries into potential violations of such Act as of the time the report is submitted;

(iv) the number and nature of complaints received by the Commission relating to an allegation of a violation of such Act during the reporting year; and

(v) policy or legislative recommendations to strengthen online protections for children and teens.

(C) Teen financial technology privacy study.—The Comptroller General of the United States shall conduct a study on the privacy of teens who use financial technology products, including a study to—

(i) identify the types of financial technology products that teens are using;

(ii) identify the potential risks to teens' privacy from using such financial technology products; and

(iii) determine whether existing laws are sufficient to address such risks to teens' privacy.

(D) Report.—Not later than 1 year after the date of enactment of this subsection, the Comptroller General shall submit to Congress a report containing the results of the study conducted under subparagraph (C), together with recommendations for such legislation and administrative action as the Comptroller General determines appropriate.

(g) Report by the Inspector General.—

(1) In general.—Not later than 2 years after the date of enactment of this subtitle, and biennially thereafter, the Inspector General of the Commission shall submit to the Commission and to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives a report regarding the safe harbor provisions in section 1304 of the Children's Online Privacy Protection Act of 1998 (15 U.S.C. 6503), which shall include—

(A) an analysis of whether the safe harbor provisions are—

(i) operating fairly and effectively; and

(ii) effectively protecting the interests of covered minors; and

(B) any proposal or recommendation for policy changes that would improve the effectiveness of the safe harbor provisions.

(2) Publication.—Not later than 10 days after the date on which a report is submitted under paragraph (1), the Commission shall publish the report on the website of the Commission.

(h) Rule of construction.—Nothing in this section shall be construed to prevent a covered entity from taking reasonable measures to protect the privacy, safety, or security of covered minors consistent with this subtitle and other applicable law.

SEC. 567. BANNING SURVEILLANCE ADVERTISING.

(a) Definitions.—In this section—

(1) Advertisement.—The term "advertisement" means information provided by an advertiser to an advertising facilitator that the advertising facilitator, in exchange for monetary consideration or another thing of value, disseminates to an individual, connected device, or group of individuals or connected devices.

(2) Advertiser.—

(A) In general.—The term "advertiser" means a person to the extent such person, directly or indirectly, provides an advertising facilitator with monetary consideration or another thing of value for the dissemination of an advertisement to an individual, connected device, or group of individuals or connected devices.

(B) Exclusion.—The term "advertiser" does not include a natural person, except to the extent such person is engaged in a commercial activity that is more than de minimis.

(3) Advertising facilitator.—

(A) In general.—The term "advertising facilitator" means a person to the extent such person—

(i) receives monetary consideration or another thing of value to disseminate an advertisement to an individual, connected device, or group of individuals or connected devices; and

(ii) obtains or processes personal information with respect to the dissemination of the advertisement.

(B) Exclusion.—The term "advertising facilitator" does not include a natural person, except to the extent such person is engaged in a commercial activity that is more than de minimis.

(4) Connected device.—The term "connected device" means any electronic equipment that is—

(A) primarily designed for or marketed to consumers;

(B) capable of connecting to the internet or another communication network; and

(C) capable of sending, receiving, or processing personal information.

(5) Contents.—The term "contents", when used with respect to any communication, has the meaning given such term in section 2510 of title 18, United States Code.

(6) Disseminate.—The term "disseminate" means, with respect to an advertisement, to transmit, display, or otherwise disseminate the advertisement electronically or through communication by wire or radio.

(7) Dissemination.—The term "dissemination" means, with respect to an advertisement, the transmission, display, or other dissemination of the advertisement electronically or through communication by wire or radio.

(8) Indian lands.—The term "Indian lands" includes—

(A) any Indian country of an Indian Tribe (as such term is defined in section 1151 of title 18, United States Code);

(B) any land in Alaska owned, pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), by an Indian Tribe that is a Native village or by a Village Corporation (as such terms are defined in section 3 of that Act (43 U.S.C. 1602)) that is associated with an Indian Tribe; and

(C) any land that is part or all of a Tribal designated statistical area associated with an Indian Tribe, or is part or all of an Alaska Native village statistical area associated with an Indian Tribe, as defined by the Bureau of the Census for the purposes of the most recent decennial census.

(9) Indian Tribe.—The term "Indian Tribe" has the meaning given such term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

(10) Obtain.—The term "obtain" means, with respect to personal information, to obtain such information in any manner, except when solely transmitting, routing, providing intermediate storage for, or providing connections for such information through a system or network.

(11) Personal information.—The term "personal information" means data linked or reasonably linkable to an individual or connected device, including—

(A) data inferred or derived about the individual or connected device from other obtained data, if such data is still linked or reasonably linkable to the individual or connected device;

(B) contents of communications;

(C) internet browsing history and online activity; and

(D) a unique identifier used for the purposes of targeting the dissemination of an advertisement.

(12) Recognized place.—

(A) In general.—The term "recognized place" means any of the following:

(i) A State.

(ii) Indian lands.

(iii) A county, municipality, city, town, township, village, borough, or similar unit of general government that is incorporated pursuant to a State law.

(iv) A census designated place (as defined in the most recent glossary of the Bureau of the Census).

(v) A designated market area (as defined in section 122(j) of title 17, United States Code).

(vi) A congressional district.

(vii) Any possession of the United States.

(B) Exclusions.—The term "recognized place" does not include—

(i) a subdivision of any item listed in subparagraph (A) that is not itself listed in such subparagraph; or

(ii) a ZIP Code.

(13) Target.—

(A) In general.—The term "target" means, with respect to the dissemination of an advertisement, to perform or cause to be performed any computational process designed to select an individual, connected device, or group of individuals or connected devices to which to disseminate the advertisement based on personal information pertaining to the individual or connected device or to the individuals or connected devices that make up the group.

(B) Exclusions.—The term "target" does not include, with respect to the dissemination of an advertisement, the performance or causing the performance of any computational process undertaken solely for transmitting, routing, providing intermediate storage for, or providing connections for the advertisement through a system or network.

(14) Third party.—The term "third party" includes, with respect to an advertiser or an advertising facilitator, a subsidiary, a corporate affiliate, or other related party of the advertiser or advertising facilitator.

(b) Prohibition on targeted advertising.—

(1) In general.—An advertiser or an advertising facilitator may not—

(A) target the dissemination of an advertisement; or

(B) knowingly enable an advertiser (in the case of an advertising facilitator), advertising facilitator (in the case of an advertiser), or third party to target the dissemination of an advertisement, including by providing a list of individuals or connected devices, contact information of an individual, or a unique identifier or other personal information that can be used to identify an individual or a connected device.

(2) Contextual advertisements.—

(A) In general.—For purposes of paragraph (1), an advertising facilitator shall not be considered to target the dissemination of an advertisement if the advertisement—

(i) is disseminated based on information the individual is viewing, engaging with, or searched for; and

(ii) is displayed in close proximity to such information.

(B) Prohibition on further use.—Information obtained in connection with subparagraph (A) may not be used to target additional advertisements or to knowingly enable an advertiser or third party to target the dissemination of additional advertisements.

(3) Exemptions for recognized places.—The prohibition in this subsection shall not apply to the dissemination of an advertisement targeted exclusively on a recognized place.

(c) Effective date.—This section shall be effective 90 days after the date of enactment of this Act.

SEC. 568. DATA PORTABILITY AND INTEROPERABILITY.

(a) Definitions.—In this section:

(1) Affirmative disclosure consent.—The term "affirmative disclosure consent" means an affirmative action of the consumer to make a choice following a clear and conspicuous disclosure to the consumer, separate and apart from any "privacy policy", "terms of service", "consent for research", or other similar document, of—

(A) the types of personal information that the covered platform will disclose to third parties;

(B) the reason for such disclosures;

(C) the identity of all such third parties;

(D) any opportunities consumers have to decline or rescind consent for such disclosures; and

(E) how consumers may exercise any such opportunities.

An affirmative action does not include obtaining a consumer's approval for a preselected default option.

(2) Business user.—The term "business user" means a person that utilizes or plans to utilize the covered platform for the sale or provision of products or services.

(3) Clear and conspicuous disclosure.—The term "clear and conspicuous disclosure" means that a required disclosure is difficult to miss such that it is easily noticeable and easily understandable by ordinary consumers, including in all of the following ways:

(A) In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television

advertisement, the disclosure must be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure is made through only one means.

(B) A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.

(C) An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it.

(D) In any communication using an interactive electronic medium, such as the internet or software, the disclosure must be unavoidable.

(E) The disclosure must use diction and syntax understandable to ordinary consumers and must appear in each language in which the triggering representation appears.

(F) The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.

(G) The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.

(H) When the representation or sales practice targets a specific audience, such as children, the elderly, or the terminally ill, "ordinary consumers" includes reasonable members of that group.

(4) Commission.—The term "Commission" means the Federal Trade Commission.

(5) Competitor.—The term "competitor" means an online platform that competes with, or is a potential competitor to, a covered platform.

(6) Covered platform.—The term "covered platform" means an online platform that—

(A) during any month in either of the previous 2 calendar years—

(i) had at least 50,000,000 United States-based monthly active users on the online platform; or

(ii) had at least 100,000 United States-based monthly active business users on the platform;

(B) during either of the previous 2 calendar years, was owned or controlled by a person with net annual sales, or a market capitalization, greater than $600,000,000,000, as adjusted and published for each fiscal year beginning after September 30, 2026, in the same manner as provided in section 8(a)(5) of the Clayton Act (15 U.S.C. 19(a)(5)), for the year then ended over the level for the year ending September 30, 2026;

(C) is a critical trading partner for the sale or provision of any product or service offered on or directly related to the online platform; or

(D) is designated as a covered platform under subsection (f).

(7) Covered platform operator.—The term "covered platform operator" means a person that, directly or indirectly, with respect to a covered platform—

(A) holds 25 percent or more of the stock;

(B) has the right to 25 percent or more of the profits;

(C) has the right to 25 percent or more of the assets in the event of the platform's dissolution;

(D) if the platform is a corporation, has the power to designate 25 percent or more of the directors;

(E) if the platform is a trust, has the power to designate 25 percent or more of the trustees; or

(F) otherwise exercises substantial control over such platform.

(8) Critical trading partner.—The term "critical trading partner" means a trading partner that has the ability to restrict or impede—

(A) the access of a business user to its users or customers; or

(B) the access of a business user to a tool or service that it needs to effectively serve its users or customers.

(9) Data.—

(A) In general.—The term "data" means information that is collected by or provided to a covered platform or a competitor that is linked, or reasonably linkable, to a specific user, user device, or customer of the covered platform or competitor, but does not include proprietary data that does not pertain to the user or a user device of such covered platform or competitor.

(B) Rulemaking.—Not later than 90 days after the date of enactment of this Act, the Commission shall adopt interim final rules in accordance with section 553 of title 5, United States Code, and shall thereafter promulgate final regulations after notice and comment, to clarify the term "data" for purposes of implementing and enforcing this section; provided the Commission shall narrowly construe the term "proprietary data."

(10) Interoperability interface.—The term "interoperability interface" means an electronic interface maintained by a covered platform for purposes of achieving interoperability.

(11) Online platform.—The term "online platform" means a website, online or mobile application, operating system, digital assistant, or online service that—

(A) enables a user to generate content that can be viewed by other users on the platform or to interact with other content on the platform;

(B) facilitates the offering, sale, purchase, payment, or shipping of goods or services, including software applications, between and among consumers or businesses not controlled by the platform; or

(C) enables user searches or queries that access or display a large volume of information.

(b) Unfair method of competition.—A violation of this section, or standards issued pursuant to this section, by a person, partnership, or corporation operating a covered platform, in or affecting commerce, shall be an unfair method of competition in violation of section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)).

(c) Portability.—

(1) In general.—A covered platform shall maintain a set of transparent, third-party-accessible interfaces (including application programming interfaces) to enable the secure transfer of data to a user, or with the affirmative disclosure consent of a user, to an online platform at the direction of a user, in a structured, commonly used, and machine-readable format that complies with the standards issued pursuant to subsection (f).

(2) (A) Data security.—An online platform that receives ported user data from a covered platform shall reasonably secure any user data it acquires, and shall take reasonable steps to avoid introducing security risks to data or the covered platform's information systems.

(B) Violation.—A failure to comply with this paragraph is a violation of this section and subject to enforcement under section 569.

(C) Termination of access.—The Commission may require the covered platform to cease the transfer of data to an online platform that the Commission finds has violated this paragraph or standards adopted by the Commission under subsection (f).

(3) Portability obligations.—In order to achieve portability under paragraph (1), a covered platform shall comply with the standards issued under subsection (f) by the Commission.

(d) Interoperability.—

(1) (A) In general.—A covered platform shall maintain a set of transparent, third-party-accessible interfaces (including application programming interfaces) to facilitate and maintain interoperability with competitors through an interoperability interface, based on fair, reasonable, and nondiscriminatory terms.

(B) Presumption.—It shall be a rebuttable presumption that a covered platform is providing access on fair, reasonable, and nondiscriminatory terms if—

(i) such platform establishes and maintains interoperability through an open standard established under subsection (f); and

(ii) with respect to a covered platform that maintains interoperability between more than 1 online platform affiliated with such covered platform, offers a functionally equivalent version of that interface to competitors.

(2) (A) Data security.—A competitor that accesses an interoperability interface of a covered platform shall reasonably secure any user data it acquires, processes, or transmits, and shall take reasonable steps to avoid introducing security risks to user data or the covered platform's information systems.

(B) Violation.—A failure to comply with this paragraph is a violation of this section and subject to enforcement under section 569.

(C) Termination of access.—The Commission may require the covered platform to cease interoperating with a competitor that the Commission finds has violated this paragraph or standards adopted by the Commission under subsection (f).

(3) Interoperability obligations.—A covered platform shall, in compliance with the standards issued pursuant to subsection (f), facilitate the importation of a user's data—

(A) from such user; or

(B) with the affirmative disclosure consent of a user, from an online platform at the direction of a user.

(4) Reasonable thresholds, access standards, fees, and privacy and security protections.—

(A) In general.—A covered platform may establish reasonable thresholds related to the frequency, nature, and volume of requests by a competitor to access resources maintained by the covered platform, beyond which the covered platform may assess a reasonable fee for such access.

(B) Usage expectations.—A covered platform may establish fair, reasonable, and nondiscriminatory usage expectations to govern access by competitors, including fees or penalties for competitors that exceed those usage expectations.

(C) Limitation on fees and usage expectations.—Any fees, penalties, or usage expectations assessed under subparagraphs (A) and (B) shall be reasonably proportional to the cost, complexity, and risk to the covered platform of providing such access.

(D) Notice.—A covered platform shall provide public notice of any fees, penalties, or usage expectations established under this paragraph, including reasonable advance notice of any changes.

(E) Security and privacy standards.—A covered platform shall, consistent with industry best practices, set privacy and security standards for access by competitors to the extent reasonably necessary to address a threat to the covered platform or user data, and shall report any suspected violations of those standards to the Commission.

(5) Prohibited changes to interfaces; interface information; notice of changes.—

(A) Prohibited changes.—A change to an interoperability interface or terms of use made with the purpose, or substantial effect, of unreasonably denying access or undermining interoperability for competitors shall be considered a violation of the duty under paragraph (1) to facilitate and maintain interoperability on fair, reasonable, and nondiscriminatory terms.

(B) Interface information.—

(i) In general.—Not later than 120 days after the adoption of a rule by the Commission under subsection (f), a covered platform shall make available to competitors, which may be provided through public notice, complete and accurate documentation describing access to the interoperability interface required under this subsection.

(ii) Contents.—The documentation required under clause (i)—

(I) is limited to interface documentation necessary to achieve development and operation of interoperable products and services; and

(II) does not require the disclosure of the source code of a covered platform.

(C) Notice of changes.—A covered platform shall provide reasonable advance notice to competitors, which may be provided through public notice, of any change to an interoperability interface maintained by the covered platform that will affect the interoperability with competitors.

(6) Data minimization.—

(A) Noncommercialization by a covered platform.—A covered platform shall not collect, use, or share user data obtained from a business user through the interoperability interface except for the purposes of safeguarding the privacy and security of such information or maintaining interoperability of services.

(B) Noncommercialization of data on a covered platform.—A business user shall not collect, use, or share the data of a user on a covered platform except for the purposes of safeguarding the privacy or security of such data, maintaining interoperability of services, fulfilling a transaction requested by the user, providing customer service, shipping or delivery, processing returns or refunds, warranty support, fraud prevention reasonably necessary to complete or protect a transaction requested by the user, or another purpose specifically and separately authorized by the user.

(e) Technical committee.—

(1) Establishment.—Not later than 90 days after the date of enactment of this Act, the Commission shall establish a technical committee, whose size and membership is within the sole discretion of the Commission except as specified in paragraph (2), to assist the Commission with considerations relating to—

(A) implementation and technical aspects of the requirements under subsections (c) and (d); and

(B) technical standards described under section 589(d) of this Act.

(2) Composition.—A technical committee shall include—

(A) representatives of businesses that, in the judgment of the Commission, utilize or compete with the covered platform;

(B) representatives of competition or privacy advocacy organizations, and independent academics that possess technical, legal, economic, financial, or other knowledge that the Commission may deem useful;

(C) a representative from the National Institute of Standards and Technology; and

(D) representatives of a covered platform, which, if required by the Commission, shall provide a nonvoting advisory member to provide consultation and other aid to the technical committee. A failure by the covered platform to participate in good faith in the development of standards by the technical committee shall be a violation of this section.

(3) General responsibilities.—A technical committee established under this subsection shall meet regularly to provide information, analysis, and recommendations to the Commission on the standards of portability and interoperability, the technical standards under section 589(d) of this Act, and any changes to such standards. With respect to the requirements of subsections (c) and (d), these standards shall—

(A) seek to reduce or eliminate network effects that limit competition with the covered platform;

(B) establish data security and privacy protections for data portability and interoperability;

(C) seek to prevent fraudulent, malicious, or abusive activity by competitors; and

(D) establish reasonable thresholds related to the frequency, nature, and volume of requests by a competitor to access resources maintained by the covered platform, beyond which the covered platform may assess a reasonable fee for such access that shall be reasonably proportional to the cost, complexity, and risk to the covered platform of providing such access, and do not limit the ability or deter the incentive of a competitor to interoperate with the covered platform.

(4) Role.—The role of technical committees is advisory in nature, and such committees shall have no implementation or enforcement authority. However, the Commission shall give strong consideration to the recommendations of such committees in implementing this section.

(5) Nonapplicability of the Federal Advisory Committee Act.—The requirements of chapter 10 of title 5, United States Code (commonly known as the 'Federal Advisory Committee Act'), shall not apply with respect to the technical committees.

(f) Implementation.—

(1) Official designation.—

(A) In general.—An online platform that meets the requirements under subparagraph (A), (B), or (C) of subsection (a)(6) shall be designated a covered platform by the Commission.

(B) Additional designation authority.—The Commission may officially designate as a covered platform any online platform whose designation would advance the goals of this

section, including reducing or eliminating network effects that limit competition with a covered platform, by publishing the designation in the Federal Register.

(C) Effect of designation.—After designating an online platform as a covered platform, the Commission shall issue standards of interoperability specific to the covered platform which incorporate the requirements of subsections (c) and (d).

(D) Duration of designation.—The designation of an online platform as a covered platform under subparagraph (A) or (B) shall apply indefinitely, regardless of whether there is a change in control or ownership of the platform, unless the Commission removes the designation under paragraph (3).

(2) Judicial review.—

(A) In general.—Any party that is subject to a covered platform designation pursuant to paragraph (1)(B), a final order issued in any district court, or a final order of the Commission issued in an administrative adjudicative proceeding may, within 30 days after the issuance of such order, petition for review of such order in the United States Court of Appeals for the District of Columbia Circuit.

(B) Treatment of findings.—In a proceeding for judicial review of a covered platform designation pursuant to paragraph (1) or a final order of the Commission, the findings of the Commission as to the facts, if supported by evidence, shall be conclusive.

(3) Removal of designation.—

(A) Request.—If an online platform designated as a covered platform under paragraph (1) ceases to meet the qualifications for such designation, the platform may submit to the Commission a request for removal of the designation, together with evidence that the platform no longer so qualifies.

(B) Determination.—

(i) In general.—Not later than 120 days after receiving a request under subparagraph (A), the Commission shall determine whether to grant the request and, if the Commission grants the request, remove the platform from the public list under paragraph (4).

(ii) Denied requests.—A denial under clause (i) of a request submitted under subparagraph (A) shall constitute final agency action for purposes of chapter 7 of title 5, United States Code.

(4) Public list.—

(A) In general.—The Commission shall maintain and periodically update on its website a public list of designated covered platforms.

(B) Omission not dispositive.—Omission from the public list under subparagraph (A) shall not by itself establish that a person is not a covered platform.

(5) Rulemaking and technical standards.—

(A) In adopting the standards implementing the requirements of subsections (c) and (d), the Commission shall seek to encourage entry into commerce by—

(i) reducing or eliminating the network effects that limit competition with the covered platform;

(ii) ensuring that competitors interconnect with the covered platform on fair and nondiscriminatory terms; and

(iii) protecting data security and privacy.

(B) The Commission shall—

(i) establish a technical committee pursuant to subsection (e) to develop proposed standards implementing the requirements of subsections (c) and (d) as they apply to a specific covered platform;

(ii) issue such open standards in accordance with section 553 of title 5, United States Code; and

(iii) reject standards that would unreasonably deny access, undermine interoperability, or be unduly disruptive to interoperability.

(C) In issuing standards under this paragraph, the Commission shall consult with the Director of the National Institute of Standards and Technology and may incorporate model technical standards published by the Director for interoperable classes of online communications or information services.

(6) Compliance assessment.—The Commission shall regularly assess compliance by covered platforms with the provisions of this section and may—

(A) undertake such investigation as appropriate to render this assessment;

(B) issue subpoenas and civil investigative demands for relevant information, including any information that is necessary to effectuate the goals of subsections (c) and (d), and consult with other agencies as appropriate; and

(C) prescribe such other rules in accordance with section 553 of title 5, United States Code as may be necessary and appropriate to carry out subsections (c) and (d).

(7) Agency complaints.—The Commission shall establish procedures under which a user, covered platform, or business user may file a complaint alleging a violation of this section.

(8) Reciprocity.—

(A) Opt in to participate.—A business user or competitor shall not be required to comply with the portability or interoperability requirements of this section unless it chooses to—

(i) initiate the secure export of data under subsection (c); or

(ii) access an interoperability interface under subsection (d) to import data.

(B) Reciprocal transfer obligation.—A business user or competitor that makes an election described in subparagraph (A)—

(i) shall, upon request of a user, facilitate the secure transfer of the data of that user, in a format consistent with the standards issued under this section, to—

(I) such user; or

(II) another entity, at the direction of the user and pursuant to the user's affirmative disclosure consent;

(ii) may cease importation of data through the interoperability interface at any time, provided such online platform or competitor shall first provide—

(I) notice to the Commission in such form as they may by regulation require; and

(II) clear and conspicuous notice to affected users; and

(iii) may cease exportation of data under subsection (c) no less than 90 days after ceasing importation of data under clause (ii).

(C) No effect on covered-platform duties.—Nothing in this paragraph shall be construed to relieve a covered platform of an obligation imposed on that covered platform under subsection (c) or (d).

SEC. 569. REGULATIONS AND ENFORCEMENT.

(a) Regulations.—The Commission shall promulgate regulations in accordance with section 553 of title 5, United States Code, as necessary to carry out this subtitle.

(b) Enforcement.—

(1) Federal Trade Commission.—A violation of this subtitle or a regulation promulgated under this subtitle shall be treated as a violation of a rule defining an unfair, deceptive, or abusive act or practice under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a).

(A) Powers of the Commission.—Except as provided in subparagraphs (B) and (C), the Commission shall enforce this subtitle and the regulations promulgated under this subtitle 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 subtitle, and any person who violates this subtitle or a regulation promulgated under this subtitle shall be subject to the penalties and entitled to the privileges and immunities provided in the Federal Trade Commission Act.

(B) Exclusive litigation authority.—Notwithstanding section 16(a) of the Federal Trade Commission Act (15 U.S.C. 56(a)), the Commission shall have exclusive authority to commence or defend, and supervise the litigation of, any action for a violation of this subtitle or a regulation promulgated under this subtitle, and any appeal of such action, in its own name by any of its attorneys designated by it for such purpose, without first referring the matter to the Attorney General.

(C) Common carriers and nonprofit organizations.—Notwithstanding section 4, section 5(a)(2), or section 6 of the Federal Trade Commission Act (15 U.S.C. 44; 45(a)(2); 46), or any jurisdictional limitation of the Commission, the Commission shall also enforce this subtitle and the regulations promulgated under this subtitle in the same manner provided in subparagraphs (A) and (B) with respect to—

(i) common carriers subject to the Communications Act of 1934 (47 U.S.C. 151 et seq.) and all Acts amendatory thereof and supplementary thereto; and

(ii) organizations not organized to carry on business for their own profit or that of their members.

(D) Savings clause.—Nothing in this subtitle shall be construed to limit the authority of the Commission under any other provision of law.

(E) Intervention by the Commission.—The Commission may intervene in any civil action brought under paragraphs (2) or (3), and upon intervening may be heard on all matters arising in the civil action, and file petitions for appeal of a decision in the civil action.

(2) States.—

(A) In general.—In any case in which the attorney general of a State has reason to believe that an interest of the residents of the State has been or is threatened or adversely affected by an act or practice in violation of this subtitle or a regulation promulgated under this subtitle, the attorney general of the State may, as parens patriae, bring a civil action on behalf of the residents of the State in an appropriate district court of the United States or an appropriate State court to obtain appropriate relief.

(B) Commission intervention.—

(i) Notice to the Commission.—

(I) In general.—Except as provided in subclause (III), the attorney general of a State shall notify the Commission in writing that the attorney general intends to bring a civil action under subparagraph (A) before initiating the civil action.

(II) Contents.—The notification required by subclause (I) with respect to a civil action shall include a copy of the complaint to be filed to initiate the civil action.

(III) Exception.—If it is not feasible for the attorney general of a State to provide the notification required by subclause (I) before initiating a civil action under subparagraph (A), the attorney general shall notify the Commission immediately upon instituting the civil action.

(ii) Intervention by the Commission.—The Commission may—

(I) intervene in any civil action brought by the attorney general of a State under subparagraph (A); and

(II) upon intervening—

(aa) remove the civil action to the appropriate district court of the United States, if the action was not originally brought in such court;

(bb) be heard on all matters arising in the civil action; and

(cc) file petitions for appeal of a decision in the civil action.

(iii) Investigatory powers.—Nothing in this paragraph may be construed to prevent the attorney general of a State from exercising the powers conferred on the attorney general by the laws of the State to conduct investigations, to administer oaths or affirmations, or to compel the attendance of witnesses or the production of documentary or other evidence.

(C) Action by the Commission.—If the Commission institutes a civil action with respect to a violation of this subtitle or a regulation promulgated under this subtitle, the attorney general of a State may not, during the pendency of such action, bring a civil action under subparagraph (A) against any defendant named in the complaint of the Commission for the violation with respect to which the Commission instituted such action.

(D) Actions by other State officials.—In addition to civil actions brought by attorneys general under subparagraph (A), any other officer of a State who is authorized by the State to do so may bring a civil action under such subparagraph, subject to the same requirements and limitations that apply under this paragraph to civil actions brought by attorneys general.

(E) Penalties.—The maximum civil monetary penalty for violations subject to civil penalties under this paragraph shall be the same as the maximum civil penalty amount for violations of unfair, deceptive, or abusive trade practices under the Federal Trade Commission Act, as periodically published by the Commission pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, and any corresponding rules (16 C.F.R. 1.98).

(F) Savings provision.—Nothing in this paragraph may be construed to prohibit an attorney general or authorized official of a State from initiating or continuing any proceeding in a court of the State for a violation of any civil or criminal law of the State.

(3) Private civil action.—

(A) In general.—Any individual alleging a violation of this subtitle or a regulation promulgated under this subtitle may bring a civil action in any Federal or State court of competent jurisdiction, provided that a plaintiff notifies the Commission in writing before filing such action, such notification including a copy of the complaint, except that if it is not feasible to provide the required notification prior to initiating a civil action under this paragraph, such notification shall be made immediately upon instituting the civil action.

(B) Relief.—In a civil action in which the plaintiff prevails, the court may award an amount equal to, in the case of a negligent violation, not less than $100 and not greater than $1,000 per violation, or in the case of a reckless, knowing, willful, or intentional violation, not less than $500 and not greater than $5,000 per violation, reasonable

attorney's fees and litigation costs, and any other relief, including equitable or declaratory relief, that the court determines appropriate.

(C) Injury in fact.—A violation of this subtitle or a regulation promulgated under this subtitle with respect to the covered data of an individual constitutes a concrete and particularized injury in fact to that individual.

(c) Rule of construction.—Nothing in this subtitle shall be construed—

(1) to preempt or limit any Federal, State, local, or Tribal law that provides equal or greater protection for privacy, data security, data portability, interoperability, or protection against deceptive, manipulative, misleading, abusive, or intrusive advertising or data practices; or

(2) to limit the authority of the Federal Trade Commission, the Attorney General, the Federal Communications Commission, the Secretary of Health and Human Services, or any other Federal agency under any other provision of law.

Subtitle E—Rein In Big Tech

SEC. 571. COMPETITION AND TRANSPARENCY IN DIGITAL ADVERTISING.

(a) Digital advertising trading transparency and competition.—The Clayton Act is amended by inserting after section 8 (15 U.S.C. 19) the following:

"Sec. 8A. Competition and transparency in digital advertising.

"(a) Definitions.—In this section:

"(1) Applicability date.—The term 'applicability date' means the date that is 1 year after the date of enactment of this section.

"(2) Brokerage customer.—The term 'brokerage customer' means a person who has purchased or sold digital advertisements, or directly related goods or services, through a buy-side brokerage or a sell-side brokerage.

"(3) Buy-side brokerage.—The term 'buy-side brokerage' means a person in the business of effecting transactions on digital advertising exchanges, including by offering software or services that assist in serving or displaying digital advertisements, for other buyers.

"(4) Digital advertisement.—The term 'digital advertisement' means an advertisement that is served electronically over a computer network, including the internet.

"(5) Digital advertising exchange.—The term 'digital advertising exchange' means a person who constitutes, maintains, or provides a marketplace for or facilitates bringing together buyers and 1 or more sellers of digital advertisements, or for otherwise performing with respect to digital advertising the functions commonly performed by a digital advertising marketplace.

"(6) Digital advertising revenue.—The term 'digital advertising revenue' means the greater of—

"(A) global revenue derived from or directly related to the operation of a digital advertising exchange, a buy-side brokerage, or a sell-side brokerage;

"(B) the sum of the clearing prices of all digital advertisements bought or sold from or through a digital advertising exchange;

"(C) the total value of the gross advertising spending managed by a buy-side brokerage; or

"(D) the total value of the gross advertising sales managed by a sell-side brokerage.

"(7) Divestiture deadline.—The term 'divestiture deadline' means, with respect to a required divestiture approved by the Attorney General, the later of—

"(A) 30 days after the date on which the Attorney General approves the required divestiture; or

"(B) 30 days after the expiration of any applicable waiting period specified in section 7A.

"(8) Own.—The term 'own' means to own, operate, or control, directly or indirectly, in whole or in part.

"(9) Person.—The term 'person' includes—

"(A) any subsidiary of an entity; and

"(B) any corporate parent of an entity.

"(10) Required divestiture.—The term 'required divestiture'—

"(A) means a divestiture, sale, or other transaction undertaken to comply with any provision of this section; and

"(B) does not include any action required by a court of the United States.

"(11) Sell-side brokerage.—The term 'sell-side brokerage' means a person in the business of effecting transactions on digital advertising exchanges, including by offering software or services that assist in serving or displaying digital advertisements, for sellers.

"(b) Prohibitions.—No person with more than $20,000,000,000 in digital advertising revenue during the previous calendar year may, after the applicability date—

"(1) own a digital advertising exchange if the person—

"(A) owns a sell-side brokerage or a buy-side brokerage; or

"(B) is a seller of digital advertising space;

"(2) own a sell-side brokerage if the person owns a buy-side brokerage; or

"(3) own a buy-side brokerage or a sell-side brokerage if the person is a buyer or seller of digital advertising space.

"(c) Requirements.—On and after the applicability date, any person with more than $5,000,000,000 in digital advertising revenue during the previous calendar year shall be subject to the following requirements:

"(1) Best interest duty.—A buy-side brokerage or sell-side brokerage—

"(A) shall, in the course of providing services as a brokerage, use reasonable diligence, care, and skill to act in the best interests of the brokerage customers; and

"(B) may not put the interests of the brokerage ahead of those of the brokerage customers.

"(2) Best execution duty.—A buy-side brokerage or sell-side brokerage shall seek the most favorable terms reasonably available under the circumstances for each order transaction of the brokerage customer.

"(3) Transparency requirements.—

"(A) In general.—Upon written request from a brokerage customer, a buy-side brokerage or sell-side brokerage shall supply to the brokerage customer, within a reasonable time, information sufficient to permit the brokerage customer to verify compliance of the brokerage with the obligations under paragraphs (1) and (2).

"(B) Contents.—The information described in subparagraph (A) shall include, if requested and to the extent such information is collected by the brokerage in the ordinary course of business—

"(i) in the case of a sell-side brokerage providing information to a sell-side brokerage customer—

"(I) a unique and persistent identifier that identifies each unique digital advertising space for sale;

"(II) for each identifier described in subclause (I), all bids received, and, for each bid received, the bid submitted to the digital advertising exchange on behalf of the buy-side brokerage customer, the winning price, the uniform resource locator or other property identifier at the lowest level of granularity, the identity of the digital advertising exchange or other digital advertising venue returning the bid, date, time that the bid response was received in microseconds or a lower level of granularity, web domain associated with the advertising creative, the advertising creative size and format, and whether the bid won the impression of the seller;

"(III) the nature of any data collected or derived from the brokerage customer or any user or customer of the brokerage customer, and the ways in which the data is used by the sell-side brokerage;

"(IV) the order or bid routing practices or processes, including any material exceptions to the standard practice of the brokerage; and

"(V) the source and nature of any compensation paid or received in connection with transactions; and

"(ii) in the case of a buy-side brokerage providing information to a buy-side brokerage customer—

"(I) all bids won by the buy-side brokerage customer, and for each bid won, the maximum allowed bid of the advertiser, if any, the uniform resource locator or other property identifier at the lowest level of granularity, date, the digital advertising exchange, the web domain associated with the advertising creative, the advertising creative size and format, the winning price, the bid submitted to the digital advertising exchange on behalf of the buy-side brokerage customer, and, if possible, whether the ad served and whether the ad rendered;

"(II) the order or bid routing practices or processes; and

"(III) the source and nature of any compensation paid or received in connection with transactions.

"(C) Retention of records.—Brokerages shall retain the applicable records specified in subparagraph (B) collected in the ordinary course of business until provided to a requesting brokerage customer but not longer than 90 days. Brokerages shall retain billing information for brokerage customers for not fewer than 12 months.

"(D) User privacy.—

"(i) In general.—When providing information to a brokerage customer in response to a request authorized by subparagraph (A), the brokerage shall, to the greatest extent possible consistent with the purpose of subparagraph (A), anonymize, hash, or otherwise render the information incapable of being tied to an individual web user.

"(ii) Prohibiting tracking.—A brokerage customer may not use data or information received in response to a request made under subparagraph (A) for any purpose other than—

"(I) verifying compliance of a brokerage with the obligations under paragraphs (1) and (2); or

"(II) bringing an action under subsection (d)(3).

"(4) Firewalls.—

"(A) Buy-side and sell-side brokerages.—Buy-side brokerages and sell-side brokerages shall establish, maintain, and enforce written policies and procedures reasonably designed to ensure compliance with the obligations under this subsection.

"(B) Other persons.—Persons not subject to prohibitions under subsection (b) shall establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the buy-side brokerage, sell-side brokerage, digital advertising exchange, and role as a buyer or seller of digital advertising, as applicable, operate separate and independent from one another and transact business at arm's length.

"(5) Fair access duty.—A digital advertising exchange shall provide every buyer and seller in the exchange fair access, including with respect to operations of the exchange, colocation, any technology systems or data, information related to transactions, service, or products offered, exchange processes, and functionality.

"(6) Time synchronization.—A digital advertising exchange, buy-side brokerage, or sell-side brokerage shall—

"(A) synchronize its business clocks at a minimum to within a 2 milliseconds tolerance of the time maintained by the atomic clock of the National Institute of Standards and Technology; and

"(B) maintain the synchronization described in subparagraph (A).

"(7) Data ownership.—All records pertaining to an order solicited or submitted by a brokerage customer, and the subsequent result of the order, shall remain the property of the customer, including any bids solicited from or submitted to any digital advertising exchange, unless the information is otherwise publicly available.

"(8) Routing practices disclosure.—

"(A) In general.—Every sell-side brokerage and buy-side brokerage shall—

"(i) make publicly available for each calendar quarter a report on the order routing practices of the sell-side brokerage or buy-side brokerage, as applicable, for digital advertisements during the quarter broken down by calendar month; and

"(ii) retain the report described in clause (i) posted on an internet website that is free and readily accessible to the public for the 3-year period beginning on the date on which the report is posted.

"(B) Format.—Reports made available pursuant to subparagraph (A) shall—

"(i) be rendered in a format that makes the reports readily informative to the average brokerage customer; and

"(ii) include for the 10 venues to which the largest number of total bid requests or bid responses were routed for execution and for any venue to which 5 percent or more of bid requests or bid responses were routed for execution—

"(I) the total number of bids routed;

"(II) the total number of bids executed;

"(III) the fill rate of bids;

"(IV) the average net execution fee or rebate per 1,000 impressions;

"(V) the average time in milliseconds between when a bid request is sent and when a bid response is received; and

"(VI) the value and form of any compensation given in exchange for routing or execution.

"(9) Certification.—A digital advertising exchange, buy-side brokerage, or sell-side brokerage shall certify to the Attorney General on an annual basis that such certifying entity has complied with the requirements under this subsection.

"(d) Enforcement.—

"(1) Attorney General and State attorneys general.—

"(A) Definition.—In this paragraph, the term 'Fund' means the Antitrust Consumer Damages Fund established under subparagraph (D).

"(B) Civil action.—The Attorney General and State attorneys general may bring an action on behalf of persons in the United States injured in their business or property by reason of any violation of this section in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall—

"(i) in a case brought by the Attorney General or a State attorney general, be entitled to injunctive relief; and

"(ii) in a case brought by the Attorney General, recover damages sustained by such persons.

"(C) Damages.—

"(i) In general.—The court may award under this subsection, pursuant to a motion by the Attorney General promptly made, damages calculated under section 4 of the Clayton Act (15 U.S.C. 15).

"(ii) No duplicative award.—A court may not award any damages under this subparagraph that are duplicative of damages awarded before the date of the award under this subparagraph in a separate civil action pertaining to the same conduct and injured party.

"(iii) Payments.—A court awarding damages to a person in a civil action after the date of an award of damages under this subsection that would be duplicative of damages awarded to the Attorney General on behalf of the person shall direct that such damages shall first be paid by the Attorney General from amounts in the Fund and, to the extent such damages are not fully paid from amounts in the Fund, shall be paid by the defendant.

"(D) Antitrust Consumer Damages Fund.—

"(i) In general.—There is established in the Treasury of the United States a fund to be known as the 'Antitrust Consumer Damages Fund', which shall consist of amounts deposited under clause (ii).

"(ii) Deposits and availability.—Notwithstanding section 3302 of title 31, United States Code, any amounts received by the Attorney General under an award under this subsection—

"(I) shall be deposited in the Fund; and

"(II) shall be available to the Attorney General, without further appropriation, for distribution to persons in the United States harmed by the applicable violation of the Clayton Act (15 U.S.C. 12 et seq.).

"(iii) Deposits into the general fund.—Effective on the day after the date that is 10 years after the date on which an award is received under this paragraph, the unobligated balances in the Fund of amounts that were received under the award are rescinded and shall be deposited in the general fund of the Treasury.

"(2) Divestiture enforcement.—The Attorney General may bring an action on behalf of the United States in any district court of the United States in the district in which the defendant resides or is found or has an agent, and may obtain injunctive relief upon showing by a preponderance of the evidence that the defendant has—

"(A) violated a requirement of subsection (e); or

"(B) undertaken a required divestiture that unnecessarily harms or threatens competition in any market.

"(3) Private civil action.—

"(A) In general.—A brokerage customer harmed by a knowing violation of subsection (c) by a person with more than $20,000,000,000 in digital advertising revenue during the previous calendar year may bring a civil action in an appropriate court to obtain injunctive relief, if appropriate, and recover damages in the amount of the greater of—

"(i) $1,000,000 for each month in which the violation occurred and reasonable attorney's fees; or

"(ii) actual damages and reasonable attorney's fees.

"(B) No class action waiver.—No person covered by this section may require a class action waiver for claims under this section, including for arbitration.

"(C) Timing.—A civil action for a violation of subsection (c) may be brought—

"(i) on or after the applicability date, if no required divestiture applies to the defendant; or

"(ii) if a required divestiture applies to the defendant, at any time after the later of—

"(I) the expiration of any applicable divestiture deadline; or

"(II) the expiration of the deadline described in subsection (e)(1), if no filing has been made.

"(e) Divestiture.—

"(1) Filing.—Any agreement or other document setting out the terms of a required divestiture shall be filed with the Attorney General not later than the later of—

"(A) the applicability date; or

"(B) the earlier of—

"(i) 30 days after the date on which an agreement making a required divestiture under this section is executed; or

"(ii) 180 days after meeting the criteria specified in any paragraph of subsection (b).

"(2) Attorney General review.—The Attorney General shall approve a required divestiture upon a showing by the person making the divestiture that the terms of the divestiture, including the qualifications of any counterparty to the divestiture, will not unnecessarily harm or threaten competition in any market.

"(3) Timing.—

"(A) In general.—The Attorney General shall grant or deny approval of a required divestiture, unless agreed to by the parties, not later than the later of—

"(i) 60 days after receipt of all information obtained pursuant to paragraph (5); or

"(ii) 60 days after receipt of the filing made under paragraph (1).

"(B) Completion.—A divestiture shall be completed not later than the divestiture deadline.

"(C) Effect of denial.—If the Attorney General denies approval of a required divestiture, the person shall file a revised agreement or other document under paragraph (1) not later than 30 days after the date of the denial. A denied divestiture may not be completed.

"(4) Guidance.—The Attorney General shall—

"(A) not later than 90 days after the date of enactment of the POPULIST Act, issue guidance on the divestiture process; and

"(B) update the guidance described in subparagraph (A) as the Attorney General determines is appropriate.

"(5) Compulsory process.—The Attorney General may request or issue a civil investigative demand under section 3 of the Antitrust Civil Process Act (15 U.S.C. 1312) for documents from any person involved in a required divestiture to determine the competitive effects of the divestiture.

"(f) Rules of construction.—Nothing in this section shall—

"(1) prohibit a person from—

"(A) selling their own inventory of advertising space if—

"(i) the inventory was not acquired solely for the purposes of resale, except to monetize the content or intellectual property of the person; and

"(ii) the person does not also assist a third-party in the sale or purchase of advertising space, other than purchasing advertising space from the person; or

"(B) buying inventory to market the products or services of the person;

"(2) abridge or supersede any provision of, or rules issued pursuant to, section 7A;

"(3) prohibit a person from, consistent with the antitrust laws, entering into a joint venture or other collaboration to prevent harm from spam, fraud, or other forms of abuse in digital advertising; or

"(4) require the disclosure of information if the disclosure would violate a law of the United States or a foreign country.

"(g) Inflation adjustment.—For each fiscal year commencing after September 30, 2027, the Federal Trade Commission shall adjust and publish each dollar amount in this section that references digital advertising revenue in the same manner as provided in section 8(a)(5), except that the base year shall be the fiscal year ending September 30, 2026.".

SEC. 572. OPEN APP MARKETS ACT.

(a) Definitions.—In this section:

(1) App.—The term "app" means a software application or electronic service that may be run or directed by a user on a computer, a mobile device, or any other general purpose computing device.

(2) App store.—The term "app store" means a publicly available website, software application, or other electronic service that distributes apps from third-party developers to users of a computer, a mobile device, or any other general purpose computing device.

(3) Covered company.—The term "covered company" means any person that owns or controls an app store for which users in the United States exceed 50,000,000.

(4) Developer.—The term "developer" means a person that owns or controls an app or an app store.

(5) In-app payment system.—The term "in-app payment system" means an application, service, or user interface to process payments from users of an app.

(6) Nonpublic business information.—The term "nonpublic business information" means nonpublic data that is—

(A) derived from a developer or an app or app store owned or controlled by a developer, including interactions between users and the app or app store of the developer; and

(B) collected by a covered company in the course of operating an app store or providing an operating system.

(b) Protecting a competitive app market.—

(1) Exclusivity and tying.—A covered company shall not—

(A) require developers to use an in-app payment system owned or controlled by the covered company or any of its business partners as a condition of being—

(i) distributed on an app store; or

(ii) accessible on an operating system;

(B) require, as a term of distribution on an app store, that pricing terms or conditions of sale be equal to or more favorable on its app store than the terms or conditions under another app store; or

(C) take punitive action or otherwise impose less favorable terms and conditions against a developer for using or offering different pricing terms or conditions of sale through another in-app payment system or on another app store.

(2) Interference with legitimate business communications.—A covered company shall not impose restrictions on communications of developers with users of an app through an app or direct outreach to a user concerning legitimate business offers, including pricing terms and product or service offerings.

(3) Nonpublic business information.—A covered company shall not use nonpublic business information derived from a third-party app for the purpose of competing with that app.

(4) Interoperability.—A covered company that controls, directly or indirectly, the operating system or operating system configuration on which its app store operates shall allow and provide readily accessible means for users of that operating system to—

(A) choose third-party apps or app stores as defaults for categories appropriate to the app or app store;

(B) install third-party apps or app stores through means other than the covered company's app store, without requiring the developer to be verified or approved by the covered company; and

(C) hide or delete apps or app stores provided or preinstalled by the covered company or any of its business partners.

(5) Self-preferencing in search.—

(A) In general.—A covered company shall not provide unequal treatment of apps in an app store through unreasonably preferencing or ranking the apps of the covered company or any of its business partners over those of other apps.

(B) Considerations.—Unreasonably preferencing—

(i) includes applying ranking schemes or algorithms that prioritize apps based on a criterion of ownership interest by the covered company or its business partners; and

(ii) does not include clearly disclosed advertising.

(6) Open app development.—Access to operating system interfaces, development information, and hardware and software features shall be provided to developers on a timely basis and on terms that are equivalent or functionally equivalent to the terms for access by similar apps or functions provided by the covered company or to its business partners.

(c) Protecting the security and privacy of users.—

(1) In general.—Subject to paragraph (2), a covered company shall not be in violation of subsection (b) for an action that is—

(A) necessary to achieve user privacy, security, or digital safety;

(B) taken to prevent spam or fraud; or

(C) taken to prevent a violation of, or comply with, Federal or State law.

(2) Requirements.—Paragraph (1) shall apply only if the covered company establishes by clear and convincing evidence that the action—

(A) is applied on a demonstrably consistent basis to apps of the covered company or its business partners and to other apps;

(B) is not used as a pretext to exclude, or impose unnecessary or discriminatory terms on, third-party apps, in-app payment systems, or app stores; and

(C) is narrowly tailored and could not be achieved through a less discriminatory and technically possible means.

(d) Enforcement.—

(1) In general.—The Federal Trade Commission, the Attorney General, and any attorney general of a State subject to paragraph (4) shall enforce 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.) or the Clayton Act (15 U.S.C. 12 et seq.), as appropriate, were incorporated into and made a part of this section.

(2) Unfair methods of competition.—A violation of this section constitutes an unfair method of competition under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(3) Federal Trade Commission independent litigation authority.—If the Federal Trade Commission has reason to believe that a covered company violated this section, the Federal Trade Commission may commence a civil action, in its own name, by any of its attorneys designated for such purpose, to recover a civil penalty and seek other appropriate relief in a district court of the United States.

(4) Parens patriae.—Any attorney general of a State may bring a civil action in the name of such State for a violation of this section as parens patriae on behalf of natural persons residing in such State, in any district court of the United States having jurisdiction over the defendant, and may secure any form of relief provided for in this subsection.

(5) Suits by developers injured.—

(A) In general.—Any developer who shall be injured by reason of anything forbidden in this section may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages sustained by such developer, and the

cost of suit, including a reasonable attorney's fee. The court may award under this subparagraph, pursuant to a motion by such developer promptly made, simple interest on actual damages for the period beginning on the date of service of such developer's pleading setting forth a claim under this section and ending on the date of judgment, or for any shorter period therein, if the court finds that the award of such interest for such period is just in the circumstances. In determining whether an award of interest under this subparagraph for any period is just in the circumstances, the court shall consider only—

(i) whether such developer or the opposing party, or either party's representative, made motions or asserted claims or defenses so lacking in merit as to show that such party or representative acted intentionally for delay, or otherwise acted in bad faith;

(ii) whether, in the course of the action involved, such developer or the opposing party, or either party's representative, violated any applicable rule, statute, or court order providing for sanctions for dilatory behavior or otherwise providing for expeditious proceedings; and

(iii) whether such developer or the opposing party, or either party's representative, engaged in conduct primarily for the purpose of delaying the litigation or increasing the cost thereof.

(B) Injunctive relief.—Any developer shall be entitled to sue for and have injunctive relief, in any court of the United States having jurisdiction over the parties, against threatened loss or damage by a violation of this section, when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by courts of equity, under the rules governing such proceedings, and upon the execution of proper bond against damages for an injunction improvidently granted and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue. In any action under this subparagraph in which the plaintiff substantially prevails, the court shall award the cost of suit, including a reasonable attorney's fee, to such plaintiff.

(e) Rule of construction.—Nothing in this section shall be construed to limit any authority of the Attorney General or the Federal Trade Commission under the antitrust laws (as defined in the first section of the Clayton Act (15 U.S.C. 12)), the Federal Trade Commission Act (15 U.S.C. 41 et seq.), or any other provision of law, or to limit the application of any law.

(f) Effective date.—This section shall be effective January 1, 2027.

SEC. 573. PROHIBITION RELATED TO LARGE PLATFORM UTILITIES.

(a) Definitions.—In this section:

(1) Affiliate.—The term "affiliate" has the meaning given that term under section 2 of the Bank Holding Company Act of 1956.

(2) Alternative trading system.—The term "alternative trading system" has the meaning given that term under section 242.300 of title 17, Code of Federal Regulations.

(3) Banking definitions.—The terms "depository institution" and "depository institution holding company" have the meanings given those terms, respectively, under section 3 of the Federal Deposit Insurance Act.

(4) Commodities definitions.—The terms "commodity pool operator", "commodity trading advisor", and "futures commission merchant" have the meanings given those terms, respectively, under section 1a of the Commodity Exchange Act.

(5) Credit union.—The term "credit union" means a Federal credit union or a State credit union, as such terms are defined, respectively, under section 101 of the Federal Credit Union Act.

(6) Digital asset.—The term "digital asset" means an asset that is issued and transferred using distributed ledger or blockchain technology, including "virtual currencies", "coins", and "tokens".

(7) Exchange.—The term "exchange" means a platform that facilitates the matching of third parties for the purpose of transacting goods, services, data, or value under standardized platform rules.

(8) Financial institution.—The term "financial institution" means—

(A) an alternative trading system;

(B) a branch or agency of a foreign bank, as defined in section 1(b) of the International Banking Act of 1978;

(C) a broker;

(D) a commodity pool operator;

(E) a commodity trading advisor;

(F) a credit union;

(G) a dealer;

(H) a depository institution;

(I) a depository institution holding company;

(J) a futures commission merchant;

(K) an investment adviser;

(L) an investment company;

(M) a national securities exchange;

(N) an organization operating under section 25 or 25A of the Federal Reserve Act;

(O) a private fund;

(P) a State-licensed money services business; and

(Q) any company engaged in activities that are financial in nature or incidental to a financial activity, as described in section 4 of the Bank Holding Company Act of 1956.

(9) Large platform utility.—The term "large platform utility" means a technology company—

(A) with annual global revenue of $25,000,000,000 or more; and

(B) that is predominantly engaged in the business of offering to the public an online marketplace, an exchange, or a platform for connecting third parties.

(10) Medium of exchange.—The term "medium of exchange" means an asset that is used or intended to be used to facilitate the purchase or sale of goods or services.

(11) Money services business.—The term "money services business" has the meaning given that term under section 1010.100 of title 31, Code of Federal Regulations.

(12) Online marketplace.—The term "online marketplace" means a digital platform that facilitates transactions between 2 or more unaffiliated third parties for the sale, lease, or exchange of goods or services, and that establishes, enforces, or materially influences the terms under which such transactions occur.

(13) Private fund.—The term "private fund" has the meaning given that term under section 202(a) of the Investment Advisers Act of 1940.

(14) Securities definitions.—The terms "broker", "dealer", "investment adviser", "investment company", and "national securities exchange" have the meanings given those terms, respectively, under section 3 of the Securities Exchange Act of 1934.

(15) Store of value.—The term "store of value" means an asset that is used or intended to be used to preserve value for future use.

(16) Unit of account.—The term "unit of account" means an asset that is used or intended to be used to denominate prices, debts, or financial obligations.

(b) Prohibition on affiliation with financial institutions.—A large platform utility may not be, and may not be affiliated with any person that is, a financial institution.

(c) Prohibition related to cryptocurrencies.—A large platform utility may not establish, maintain, or operate, and may not be affiliated with any person that establishes, maintains, or operates, a digital asset that is intended to be widely used as a medium of exchange, unit of account, store of value, or any other similar function.

(d) Wind-down period.—With respect to a large platform utility—

(1) if the large platform utility is, or is affiliated with a person that is, a financial institution on the date of enactment of this section, subsection (b) shall not apply to such large platform utility until July 1, 2027.

(2) if the large platform utility maintains or operates, or is affiliated with a person that maintains or operates, a digital asset described under subsection (c) on the date of enactment of this section, subsection (c) shall not apply to such large platform utility until July 1, 2027.

(e) Enforcement.—

(1) Unfair method of competition.—A violation of this section shall constitute an unfair method of competition under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(2) Federal Trade Commission.—The Federal Trade Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Federal Trade Commission Act (15 U.S.C. 41 et seq.) were incorporated into and made a part of this section.

(3) Injunctive relief.—The Federal Trade Commission or Department of Justice may seek injunctive or other equitable relief to enjoin conduct that violates this section.

(4) Penalty.—Any large platform utility that violates subsection (b) or (c), and any financial institution or other affiliate that knowingly participates in such a violation, shall be subject to a fine of not more than $1,000,000 for each day of the violation.

SEC. 574. STRUCTURAL SEPARATION REQUIREMENTS FOR TECHNOLOGY PLATFORMS.

(a) Definitions.—In this section:

(1) Affiliated entity.—The term "affiliated entity" means any entity that is under common ownership or control with another entity.

(2) Antitrust Division.—The term "Antitrust Division" means the Antitrust Division of the Department of Justice, acting through the Assistant Attorney General in charge of the Antitrust Division.

(3) Back-end infrastructure platform.—The term "back-end infrastructure platform" means the business of operating a service whose primary function is providing computing, storage, hosting, content delivery, database, networking, identity, security, developer, foundation model services, model serving, payment processing, or similar infrastructure services that other businesses, developers, or services depend upon to operate digital products or services. Such term does not include infrastructure used solely for an operator's own internal operations.

(4) Commission.—The term "Commission" means the Federal Trade Commission.

(5) Common ownership or control.—The term "common ownership or control" means ownership or control, direct or indirect, of 2 or more entities by the same person or group of persons.

(6) Control.—The term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies, or operations of an entity. A person shall be rebuttably presumed to control an entity if such person—

(A) owns, controls, or has the power to vote 25 percent or more of any class of voting securities of the entity;

(B) has the power to appoint 25 percent or more of the board of directors or equivalent governing body of the entity; or

(C) possesses contractual or other rights that permit such person to direct or materially influence the strategic, operational, hosting, distribution, curation, search, communications, marketplace, gatekeeping, gaming, or access decisions of the entity.

(7) Covered person.—The term "covered person" means a person that—

(A) operates 1 or more technology platform verticals; and

(B) for any such vertical, meets the following threshold or thresholds set forth in the following clauses:

(i) With respect to a search platform, public attention platform, private communications platform, or marketplace platform, in not fewer than 3 months during the most recently completed 12-month period, had—

(I) more than 30,000,000 users in the United States or more than 300,000,000 users worldwide; and

(II) during the most recently completed taxable year, had more than $1,500,000,000 in global revenue.

(ii) With respect to a gatekeeping platform, in not fewer than 3 months during the most recently completed 12-month period, had—

(I) more than 30,000,000 devices in the United States or more than 300,000,000 devices worldwide; and

(II) during the most recently completed taxable year, had more than $1,500,000,000 in global revenue.

(iii) With respect to a gaming platform, in not fewer than 3 months during the most recently completed 12-month period, had—

(I) more than 10,000,000 users in the United States or more than 100,000,000 users worldwide; and

(II) during the most recently completed taxable year, had more than $1,500,000,000 in global revenue.

(iv) With respect to a back-end infrastructure platform, during the most recently completed taxable year, had more than $10,000,000,000 in global revenue.

For purposes of this paragraph, the users, devices, revenue, and activities of a person shall include those of any affiliated entity.

(8) Gatekeeping platform.—The term "gatekeeping platform" means the business of controlling an operating system, device-level software environment, application-distribution layer, or other technical access layer whose primary function is materially determining the terms on which persons or applications may access, interoperate with, install, distribute, or use software, hardware, or digital services on a computer, smartphone, tablet, wearable device, smart television, game console, or similar connected device.

(9) Gaming platform.—The term "gaming platform" means the business of operating a digital service whose primary function is materially enabling, distributing, hosting, selling, streaming, licensing, or controlling access to video games or interactive entertainment content, including a game console ecosystem, digital game storefront, cloud gaming service, gaming subscription service, or first-party gaming network. Such term does not include a general-purpose operating system or connected-device ecosystem solely because it permits the use of video games.

(10) Marketplace platform.—The term "marketplace platform" means an online platform whose primary function is facilitating, intermediating, or governing transactions between buyers and sellers of goods or services. Such term does not include a service whose transaction functionality is merely incidental to another technology platform vertical or a service that exclusively facilitates the sale of goods or services offered by the operator or an affiliated entity.

(11) Online platform.—The term "online platform" means the business of operating a website, application, operating system, or other internet-accessible service that enables users to access, view, generate, share, modify, or otherwise interact with digital content.

(12) Person.—The term "person" has the meaning given such term in section 1 of the Clayton Act (15 U.S.C. 12).

(13) Primary function.—The term "primary function" means the principal function of a service, business line, or platform, as determined by the predominance of its revenues, usage, design, marketing, operational deployment, and strategic purpose. The Commission and the Antitrust Division may, by joint rule, further clarify the application of this paragraph.

(14) Private communications platform.—The term "private communications platform" means an online platform whose primary function is enabling users to send, receive, store, or manage private, encrypted, semi-private, or limited-audience communications, including direct messages, text messages, voice messages, voice calls, video calls, group chats, and similar person-to-person or closed-group communications. Such term does not include communications functionality that is merely incidental to another technology platform vertical.

(15) Profits.—The term "profits" means, with respect to any person and any month, the amount equal to the greater of—

(A) the net income (or loss) of such person before provision for income taxes for such month, as determined in accordance with generally accepted accounting principles and consistent with the accounting principles used in the most recent audited consolidated financial statements of such person; and

(B) 4 percent of the gross revenues of such person for such month, as so determined.

(16) Public attention platform.—The term "public attention platform" means an online platform whose primary function is curating, distributing, presenting, or otherwise making content supplied by users or other third parties available to the public, including through feeds, subscriptions, recommendations, rankings, trending displays, or similar mechanisms. Such term does not include an online platform that consists primarily of content selected by the operator of such platform and for which any comment, product review, or other user-generated content is incidental to, directly related to, or dependent on the provision of such content.

(17) Search platform.—The term "search platform" means an online platform whose primary function is allowing users to submit queries in order to retrieve, recommend, or display responsive search results, listings, maps, or other discoverable content from across the internet. Such term does not include search functionality that is merely internal to a technology platform vertical.

(18) Technology platform vertical.—The term "technology platform vertical" means any of the following:

(A) Back-end infrastructure platform.

(B) Gaming platform.

(C) Gatekeeping platform.

(D) Marketplace platform.

(E) Private communications platform.

(F) Public attention platform.

(G) Search platform.

(b) Prohibition on ownership of more than 1 technology platform vertical.—

(1) (A) In general.—It shall be unlawful for any covered person to directly or indirectly own, operate, control, or direct the operation of any entity or combination of entities engaged in more than 1 technology platform vertical, in or affecting interstate or foreign commerce.

(B) Prohibition on new acquisitions.—After the date of enactment of this Act, no covered person may acquire, directly or indirectly, control of assets or operations in a technology platform vertical other than the technology platform vertical in which such person already engages, in violation of subparagraph (A).

(2) Rulemaking.—Not later than January 30, 2027, the Commission and the Antitrust Division shall, by joint interim final rule, define for purposes of this section—

(A) a de minimis threshold, by technology platform vertical and relevant technology market, below which an activity may be excluded from prohibition under this subsection, except that—

(i) no such threshold may exceed 5 percent of the primary market measure specified by joint rule for the applicable technology platform vertical in the relevant technology market, which may include revenue, users, devices, queries, viewing time, messages, transactions, gross merchandise value, compute, storage, bandwidth, or a comparable measure;

(ii) with respect to a gatekeeping platform, no such threshold may exceed 1 percent of the applicable measure described in clause (i); and

(iii) any exclusion under this subparagraph shall be construed narrowly and shall not permit the preservation, recreation, or continuation of vertically integrated control inconsistent with the purposes of this section;

(B) standards for applying the definitions of "affiliated entity", "common ownership or control", and "control" under subsection (a), including standards addressing contractual arrangements of operational control, exclusive contractual arrangements, indirect means of control, and functions materially comparable to a technology platform vertical;

(C) milestones for divestiture to ensure compliance within the deadline under subsection (c), provided such milestones may not be later than permitted under subsection (d), including but not limited to—

(i) filing of a divestiture plan;

(ii) the length of time the Commission and the Antitrust Division will review such plan;

(iii) filing of a revised plan, if necessary;

(iv) notification of the person acquiring such divestiture;

(v) the submission of any transaction filing required by section 7A of the Clayton Act (15 U.S.C. 18a) by the person acquiring such divestiture; and

(vi) the completion of such divestiture; and

(D) for each milestone, whether, in the case of a covered person's knowing and willful failure to meet the milestone, the Commission and the Antitrust Division shall seek—

(i) penalties under subsection (e)(3);

(ii) appointment of a divestiture trustee for such covered person under subsection (e)(4); or

(iii) both clauses (i) and (ii).

(3) Effect of interim final rule.—The interim final rule under paragraph (2) shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Commission and the Antitrust Division shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than October 30, 2027. A delay in issuance or finalization of rules under this paragraph shall not delay, limit, extinguish, or reduce any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(4) Notice of divestiture requirement.—

(A) In general.—Not later than 60 days after the date of enactment of this Act, the Commission and the Antitrust Division shall, using the best information available, identify each covered person that the Commission and the Antitrust Division jointly determine is required to divest under subsection (c) and notify such covered person of the determination.

(B) 60-day notice not exhaustive.—Notwithstanding subparagraph (A), if the Commission and the Antitrust Division later jointly determine, using the best information available, that a covered person not notified under subparagraph (A) is required to divest under subsection (c), the Commission and the Antitrust Division shall promptly notify such covered person.

(C) No immunity.—Failure to identify or notify a covered person under this paragraph shall not limit, extinguish, or otherwise affect any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(5) Determination upon request.—

(A) Request.—Any covered person that has not received notice under paragraph (4) may submit to the Commission and the Antitrust Division a written request for a determination of whether that covered person is required to divest under subsection (c).

(B) Determination.—Not later than the later of 30 days after receipt of a request under subparagraph (A) or the expiration of the 60-day period under paragraph (4)(A), the Commission and the Antitrust Division shall jointly issue to the covered person a written determination that states whether the covered person is required to divest under subsection (c). Notice issued under paragraph (4) after receipt of a request under subparagraph (A) shall satisfy this requirement.

(C) No admission or tolling.—Submission of a request under subparagraph (A) shall not—

(i) constitute an admission that the covered person is subject to subsection (b) or required to divest under subsection (c); or

(ii) toll or extend any prohibition, duty, enforcement authority, divestiture obligation, or deadline under this section.

(6) Judicial review.—

(A) Petition for review.—

(i) Determination.—A covered person receiving notice under paragraph (4) or a determination under paragraph (5) may, not later than 30 days after receipt of such notice or determination, file a petition for review of the determination in the United States Court of Appeals for the District of Columbia Circuit.

(ii) Failure to act.—A covered person that submits a request under paragraph (5)(A) and does not receive a written determination within the period required under paragraph (5)(B) may, at any time before receipt of such determination, file a petition in the United States Court of Appeals for the District of Columbia Circuit to compel issuance of the determination.

(B) Application of chapter 7.—Chapter 7 of title 5, United States Code, shall apply to a petition under subparagraph (A). For purposes of such chapter—

(i) a determination under paragraph (4) or (5) shall constitute final agency action; and

(ii) a failure to issue a determination within the period required under paragraph (5)(B) shall constitute agency action unlawfully withheld.

(C) Expedited consideration.—The court shall expedite consideration of a petition filed under subparagraph (A) to the greatest extent practicable.

(c) Divestiture.—Not later than July 1, 2028, any covered person in violation of subsection (b) shall divest such interests as are necessary to come into compliance.

(d) FTC and DOJ review.—

(1) Divestiture plan required.—Not later than April 1, 2027, any covered person required to divest under subsection (c) shall submit to the Commission and the Antitrust Division a divestiture plan. Such plan—

(A) shall be submitted to the Commission and the Antitrust Division in the same manner, and containing substantially similar information, as a transaction filing under section 7A of the Clayton Act (15 U.S.C. 18a), without respect to any threshold, exemption, or other limitation of such section; and

(B) shall include—

(i) identification of the business, assets, or interests to be divested to come into compliance with subsection (b);

(ii) identification of the proposed acquiring person, if known;

(iii) a timetable for execution;

(iv) any transitional services proposed; and

(v) such other information as the Commission and the Antitrust Division may require by joint rule.

(2) Agency review process.—Not later than 180 days after receipt of a divestiture plan under paragraph (1), but in no case later than October 1, 2027, the Commission and the Antitrust Division shall review the plan.

(A) Lead agency.—The Commission and the Antitrust Division may designate 1 agency to take the lead in conducting the review and communicating with the person submitting the plan.

(B) Review criteria.—The lead agency shall review the effect on competition, interoperability, independent market access, and the public interest—

(i) of the divestiture; and

(ii) of the subsequent acquisition of the divested entity by the acquiring person.

(C) Additional information.—Any request for additional information by an agency shall be made within 30 days of receipt of the plan.

(D) Acquiring person.—

(i) A divestiture plan that identifies a proposed acquiring person may be approved only if the lead agency determines that—

(I) the proposed acquisition of the divested business, assets, or interests by such acquiring person is consistent with subsection (b);

(II) the proposed acquisition would not materially harm competition or otherwise undermine the purposes of this section; and

(III) any statutory reporting, waiting period, or approval requirement applicable to the proposed acquisition will be satisfied before consummation.

(ii) A divestiture plan may be submitted and reviewed without identifying a proposed acquiring person, but no sale, transfer, assignment, or other disposition to an acquiring person shall be consummated if either the Commission or the Antitrust Division disapproves in writing.

(E) Notice of decision.—Not later than the end of the review period, the lead agency shall notify the person in writing—

(i) whether the plan is approved, approved with conditions, or disapproved; and

(ii) the reasons for any disapproval or conditions.

(F) Approval standard.—A divestiture plan shall be treated as approved only if, before the end of the review period, the lead agency has approved the plan in writing, whether unconditionally or subject to conditions accepted in writing by the person submitting the plan, and neither the Commission nor the Antitrust Division has disapproved the plan in writing.

(3) Revised plan following disapproval.—If a plan is disapproved under paragraph (2), the covered person shall submit a revised divestiture plan not later than 60 days after receipt of the disapproval notice.

(A) Review deadline.—Not later than 150 days after receipt of a revised plan, but in no case later than May 1, 2028, the lead agency shall review the revised plan under the procedures set forth in paragraph (2).

(4) No tolling.—No submission, resubmission, agency review, negotiation, request for additional information, waiting period, court proceeding, or other matter shall toll or extend any deadline under this section.

(5) Consequences of noncompliance.—A covered person required to divest under subsection (c) shall be subject to subsection (e)(3), subsection (e)(4), or both, if such person fails to—

(A) submit a divestiture plan under paragraph (1);

(B) submit a revised plan under paragraph (3), if required to do so;

(C) obtain approval of either—

(i) a plan under paragraph (2); or

(ii) a revised plan under paragraph (3);

(D) conform to agreed-upon conditions of an approved plan; or

(E) conclude the divestiture required by subsection (c).

(6) Blocking of actions.—The Commission and the Antitrust Division, jointly or separately, may bring a civil action in any court of competent jurisdiction to block any action relating to the conflicts of interest described in subsection (b) that would materially harm competition, interoperability, or independent market access, or otherwise undermine the purposes of this section.

(e) Enforcement.—

(1) In general.—When the Commission, the Antitrust Division, or an attorney general of a State has reason to believe that a covered person is in violation of this section or a rule promulgated under this section, the Commission, the Antitrust Division, or the attorney general of the State may bring a civil action in an appropriate district court of the United States.

(2) Injunctive and equitable relief.—In any action described in paragraph (1), the applicable court, on a finding that a covered person is in violation of this section or a rule promulgated under this section, shall issue an order requiring such covered person—

(A) to cease and desist from such violation and, if applicable, divest such interests as are necessary to come into compliance with this section; and

(B) to pay an amount equal to the profits derived from any business, asset, operation, or interest subject to divestiture during the period of the violation.

(3) Penalties.—

(A) Written determination and transfer.—If a covered person knowingly and willfully fails to comply with a milestone specified under subsection (b)(2)(C), the Commission and the Antitrust Division, acting jointly, or the lead agency designated under subsection (d)(2)(A), shall issue a written determination identifying the missed milestone, the month for which escrow is required, the amount required to be transferred, and the method used to calculate such amount. Beginning not later than 15 days after receipt of such written determination, the covered person shall transfer into escrow on a monthly basis 10 percent of the profits of the covered person, to be—

(i) returned to the covered person if divestiture occurs by the deadline under subsection (c); or

(ii) deposited into the general fund of the Treasury if divestiture does not occur by the deadline under subsection (c).

(B) Escrow administration and certification.—Any transfer into escrow under subparagraph (A) shall be deposited with the Secretary of the Treasury into a segregated account established for purposes of this section.

(i) Not later than 15 days after the end of each month for which a transfer is required, the covered person shall submit to the Chair of the Commission and the Antitrust Division a certification, signed by the chief executive officer and chief financial officer, attesting to the calculation of profits and gross revenues for such month and the amount transferred.

(ii) Not later than 120 days after the end of each fiscal year, the covered person shall submit a reconciliation based on audited financial statements, and shall pay any underpayment together with interest, calculated from the date the underpaid amount was required to be transferred at the rate and in the manner provided under sections 6621(a)(2) and 6622(a) of the Internal Revenue Code of 1986, or shall receive a return of any overpayment, as applicable.

(C) Judicial review.—A covered person subject to a transfer requirement under subparagraph (A) may, not later than 30 days after notice of such requirement, petition for review in the United States Court of Appeals for the District of Columbia Circuit. The filing of a petition for review shall not stay any obligation to transfer amounts into escrow unless the court orders otherwise.

(4) Trustee.—The Commission or the Antitrust Division may apply to a court of competent jurisdiction for the appointment of a divestiture trustee.

(A) Authority.—The divestiture trustee shall have the authority, at the expense of the covered person required to divest, to take such actions as are necessary to effectuate the divestiture required under this section, including selling, transferring, assigning, or otherwise disposing of the business, assets, entity, or interests required to be divested.

(B) Cooperation.—The covered person required to divest shall cooperate fully with the divestiture trustee and shall take no action to interfere with, delay, or impede the divestiture.

(C) Approval.—Any proposed sale by the divestiture trustee shall be subject to approval under subsection (d).

(D) Duty of trustee.—The divestiture trustee shall act in the interest of effectuating prompt compliance with this section and restoring competition, and shall not be required to maximize the value received by the covered person required to divest.

(5) Deposit.—Any amount paid under paragraph (2)(B) shall be deposited into the general fund of the Treasury.

(6) Other relief.—In addition to any relief obtained under paragraph (1) or (2), the court may grant any other equitable relief necessary to redress and prevent recurrence of the violation.

(f) Anti-circumvention.—It shall be unlawful for any covered person to evade or attempt to evade this section, including by entering into an agreement or contract, engaging in a transaction,

structuring an entity, or recreating, through contractual means, the conflicts of interest described in subsection (b).

(g) Rulemaking authority.—The Commission and the Antitrust Division shall, by joint rule, promulgate regulations to carry out this section.

(h) Reports required.—The Chair of the Commission and the Antitrust Division shall submit to the appropriate congressional committees quarterly reports on compliance with this section, including the status of any divestitures required under this section.

(i) Rule of construction.—Nothing in this section shall be construed to limit the authority of the Commission, the Department of Justice, or the attorney general of a State under any other provision of law.

SEC. 575. CODIFYING NET NEUTRALITY.

(a) Definitions.—In this section:

(1) Affiliated prioritization.—The term "affiliated prioritization" means the management of a broadband internet access service provider's network to directly or indirectly favor traffic from an affiliate of the provider, or from a person with which the provider has a financial, ownership, contractual, or other preferential relationship, over substantially similar traffic from an unaffiliated person.

(2) Broadband internet access service.—The term "broadband internet access service" has the meaning given such term in section 801 of the Communications Act of 1934 (47 U.S.C. 641), or any successor provision.

(3) Commission.—The term "Commission" means the Federal Communications Commission.

(4) Data usage allowance.—The term "data usage allowance" means a limitation, cap, threshold, or metered allocation applicable to the amount of data that an end user may transmit or receive through broadband internet access service during a billing period or other period.

(5) Edge provider.—The term "edge provider" means any person that provides any content, application, service, or device accessed over the internet.

(6) Paid prioritization.—The term "paid prioritization" means the management of a broadband internet access service provider's network to directly or indirectly favor some traffic over other traffic in exchange for consideration, monetary or otherwise.

(7) Reasonable network management.—The term "reasonable network management" means a network management practice that has a primarily technical network management justification, is narrowly tailored to achieve a legitimate network management purpose, and is not based on the source, destination, content, application, service, device, class of user, or competitive effect of traffic, except to the extent reasonably necessary to achieve such legitimate network management purpose.

(8) Zero-rating.—The term "zero-rating" means exempting some internet traffic from a data usage allowance or otherwise treating such traffic as not counting against a data cap, data threshold, usage-based charge, or similar limitation.

(b) Broadband internet access service treated as telecommunications service.—Section 3(53) of the Communications Act of 1934 (47 U.S.C. 153(53)) is amended to read as follows:

"The term 'telecommunications service' means—

"(A) the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used; and

"(B) the offering of broadband internet access service, as defined in section 801, for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.".

(c) No blocking.—A provider of broadband internet access service may not block lawful content, applications, services, or nonharmful devices, subject to reasonable network management.

(d) No throttling.—A provider of broadband internet access service may not impair, degrade, slow, or otherwise disadvantage lawful internet traffic on the basis of content, application, service, device, source, destination, or class of user, subject to reasonable network management.

(e) No paid prioritization or affiliated prioritization.—A provider of broadband internet access service may not engage in paid prioritization or affiliated prioritization.

(f) Data-cap exemptions and zero-rating.—

(1) In general.—A provider of broadband internet access service may not—

(A) engage in zero-rating in exchange for consideration, monetary or otherwise, from any third party;

(B) zero-rate some internet content, applications, services, or devices within a category of internet content, applications, services, or devices unless the category is defined without regard to source, destination, ownership, affiliation, payment, or viewpoint and the entire category is zero-rated on equal terms; or

(C) use a data usage allowance, data cap exemption, sponsored data arrangement, usage-based charge, or zero-rating practice to evade this section, favor an affiliate, favor a payor, or unreasonably interfere with or unreasonably disadvantage end users or edge providers.

(2) Application-agnostic zero-rating.—Application-agnostic zero-rating shall not violate this subsection if no consideration, monetary or otherwise, is provided by any third party in exchange for the provider's decision whether to zero-rate traffic and the practice is not used to evade this section.

(g) No unreasonable interference or unreasonable disadvantage.—A provider of broadband internet access service may not unreasonably interfere with, or unreasonably disadvantage—

(1) the ability of end users to select, access, use, send, receive, or offer lawful content, applications, services, or devices of the user's choice; or

(2) the ability of edge providers to make lawful content, applications, services, or devices available to end users.

(h) Transparency.—

(1) In general.—A provider of broadband internet access service shall publicly disclose accurate information regarding the provider's network management practices, performance, commercial terms, and any practice that blocks, throttles, prioritizes, degrades, interferes with, or otherwise affects traffic, in sufficient detail to enable consumers, edge providers, and the Commission to evaluate compliance with this section.

(2) Nonpublic information.—A disclosure required under this subsection shall not require public disclosure of information that would compromise network security, undermine cybersecurity measures, disclose personal information, or disclose trade secrets or other confidential business information, if the provider makes such information available to the Commission upon request.

(i) Exceptions.—Nothing in this section shall be construed to prohibit a provider of broadband internet access service from—

(1) engaging in reasonable network management;

(2) addressing network congestion through application-agnostic and content-neutral measures;

(3) protecting the security and integrity of the provider's network, users, services, or equipment;

(4) preventing or mitigating spam, malware, fraud, denial-of-service attacks, malicious traffic, or other cybersecurity threats;

(5) prioritizing, routing, or managing traffic for emergency communications, public safety communications, or national security communications;

(6) complying with a court order or other lawful order issued pursuant to statutory authority, but only to the extent required by such order;

(7) complying with Federal, State, or local law, but only to the extent required by such law;

(8) offering user-directed filtering, parental controls, accessibility tools, or security tools, if such tools are selected, controlled, and revocable by the user;

(9) taking action to prevent the transmission of unlawful content, if such action is required by law and narrowly tailored to comply with such law; or

(10) offering end-user service tiers based on bandwidth, speed, data volume, or other application-agnostic terms, if such tiers are clearly disclosed and are not used to evade this section.

(j) Enforcement.—

(1) In general.— The obligations imposed under this section shall be treated as requirements under the Communications Act of 1934 (47 U.S.C. 151 et seq.). A violation of this section or a rule promulgated under this section shall be treated as a violation of such Act.

(2) Powers of Commission.—The Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though this section were part of such Act.

(3) Rules.—Not later than January 1, 2027, the Commission shall issue interim final rules to carry out this section and shall thereafter promulgate final rules after notice and comment.

(k) Enforcement by State attorneys general.—

(1) Civil action.—Except as provided in paragraph (5), the attorney general of a State, or any other officer of a State authorized by the law of that State to bring civil actions on behalf of the residents of the State, alleging a violation of this section or any rule promulgated under this section that affects or may affect that State or its residents, may bring a civil action on behalf of the residents of the State in an appropriate district court of the United States to enforce this section or such rule and to obtain appropriate injunctive relief, damages, restitution, civil penalties, or other relief that the court considers appropriate.

(2) Notice to Commission.—Before filing an action under paragraph (1), the State shall provide written notice to the Commission and provide the Commission with a copy of the complaint for such action, except that if it is not feasible to provide such prior notice, the State shall provide such notice immediately upon instituting such action.

(3) Intervention by Commission.—Upon receiving notice under paragraph (2), the Commission may intervene in the action, be heard on all matters arising in the action, and file petitions for appeal.

(4) Construction.—Nothing in this subsection shall be construed to prevent the attorney general of a State, or any other authorized State officer, from exercising the powers conferred on such attorney general or officer by the laws of that State, including by proceeding in State or Federal court on the basis of an alleged violation of any civil or criminal statute of that State.

(5) Limitation.—No separate action may be brought under this subsection if, at the time the action is brought, the same alleged violation is the subject of a pending civil action by the Commission or the United States under this section.

(l) Rule of construction.—

(1) State law.—Nothing in this section shall be construed to preempt, displace, or limit any provision of State law that provides equal or greater protection for an open internet, net neutrality, broadband users, edge providers, or the public, except to the extent of a direct and irreconcilable conflict with this section.

(2) Other law.—Nothing in this section shall be construed to limit any authority, duty, remedy, penalty, or prohibition otherwise available under Federal or State law.

(3) No authorization of unlawful conduct.—Nothing in this section shall be construed to authorize any content, application, service, device, or conduct that is otherwise unlawful.

(4) Specialized services.—Nothing in this section shall be construed to prohibit a provider of broadband internet access service from offering a service that is not broadband internet access service, if such service is not offered or used to evade this section and does not materially impair the availability or quality of broadband internet access service offered to end users.

SEC. 576. PHASED-IN MINIMUM AGE FOR SOCIAL MEDIA ACCOUNTS.

(a) Definitions.—In this section:

(1) Commission.—The term "Commission" means the Federal Trade Commission.

(2) Covered minor.—The term "covered minor" means—

(A) on and after January 1, 2027, and before January 1, 2030, an individual born on or after January 1, 2014; or

(B) on and after January 1, 2030, an individual who has not attained 16 years of age.

(3) Know or knows.—The term "know" or "knows" means to have actual knowledge or knowledge fairly implied on the basis of objective circumstances.

(4) Personal data.—The term "personal data" has the same meaning as the term "personal information" as defined in section 312.2 of title 16, Code of Federal Regulations, or any successor regulation.

(5) Social media platform.—

(A) In general.—The term "social media platform" means a public-facing website, online service, online application, or mobile application that—

(i) is directed to consumers; and

(ii) as a primary function provides a community forum for user-generated content, including messages, videos, audio files, or other content among users, where such content is primarily intended for viewing, resharing, or platform-enabled distributed social endorsement or comment.

(B) Limitations.—The term "social media platform" does not include a platform that, as its primary function for consumers, provides or facilitates any of the following:

(i) The purchase and sale of commercial goods.

(ii) Teleconferencing or videoconferencing services that allow reception and transmission of audio or video signals for real-time communication, provided that the real-time communication is initiated by using a unique link or identifier to facilitate access.

(iii) Crowdsourced reference guides such as encyclopedias and dictionaries.

(iv) Cloud storage, file sharing, or file collaboration services, including such services that allow collaborative editing by invited users.

(v) The playing or creation of video games.

(vi) Content that consists primarily of news, sports, sports coverage, entertainment, or other information or content that is not user-generated but is preselected by the platform and for which any chat, comment, or interactive functionality is incidental, directly related to, or dependent on the provision of the content provided by the platform.

(vii) Business, product, or travel information including user reviews or rankings of such businesses, products, or travel information.

(viii) Educational information, experiences, training, or instruction provided to build knowledge, skills, or a craft, district-sanctioned or school-sanctioned learning management systems and school information systems for the purposes of schools conveying content related to the education of students, or services on behalf of or in support of an elementary school or secondary school, as such terms are defined in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(ix) An email service.

(x) A wireless messaging service, including such a service provided through short message service or multimedia messaging protocols, that is not a component of, or linked to, a social media platform and where the predominant or exclusive function of the messaging service is direct messaging consisting of the transmission of text, photos, or videos that are sent by electronic means, where messages are transmitted from the sender to the recipient and are not posted publicly or within a social media platform.

(xi) A broadband internet access service (as such term is defined for purposes of section 8.1(b) of title 47, Code of Federal Regulations, or any successor regulation).

(xii) A virtual private network or similar service that exists solely to route internet traffic between locations.

(6) User.—The term "user" means, with respect to a social media platform, an individual who creates, maintains, or uses an account or profile on the social media platform.

(b) Prohibition.—It shall be unlawful for a social media platform to knowingly permit a covered minor to become or remain a user of such platform.

(c) Deletion of covered minors' personal data.—

(1) In general.—Subject to paragraph (2), upon termination of an existing account or profile pursuant to subsection (b), a social media platform shall immediately disable public access to the account or profile and segregate personal data collected from or submitted to the social media platform by the individual whose account or profile was terminated.

(2) User access to personal data.—To the extent technically feasible, a social media platform shall allow an individual whose account or profile was terminated by the social media platform pursuant to subsection (b), from the date such termination occurs to the date that is 90 days after such date, to request, and shall provide to such individual upon such request, a copy of the personal data collected from, or submitted by, such individual to the social media platform both—

(A) in a manner that is readable and which a reasonable person can understand; and

(B) in a portable, structured, and machine-readable format.

(3) Deletion after access period.—A social media platform may retain the segregated personal data described in paragraph (1) during the period described in paragraph (2) solely to comply with that paragraph. At the end of that period, the platform shall delete the segregated personal data, except that the platform may retain a record of the termination of the account or profile and the minimum information necessary to demonstrate compliance with this section.

(d) Determination of knowledge; protections for privacy.—

(1) Rules of construction.—For purposes of enforcing this section, in making a determination as to whether a social media platform has knowledge fairly implied on the basis of objective circumstances that a user is a covered minor, the Commission or the attorney general of a State, as applicable, shall rely on competent and reliable evidence, taking into account the totality of circumstances, including whether a reasonable and prudent person under the circumstances would have known that the user is a covered minor.

(2) Protections for privacy.—Nothing in this section, including a determination described in paragraph (1), shall be construed to require a social media platform to—

(A) implement age-gating or age-verification functionality; or

(B) affirmatively collect any personal data with respect to the age of users that the social media platform is not already collecting in the normal course of business.

(3) Restriction on use and retention of personal data.—If a social media platform or a third party acting on behalf of a social media platform voluntarily collects personal data for the purpose of complying with this section, the social media platform or third party shall not—

(A) use any personal data collected specifically for a purpose other than sole compliance with the obligations under this section; or

(B) retain any personal data collected from a user for longer than is necessary to comply with the obligations under this section or than is minimally necessary to demonstrate compliance with this section.

(e) Enforcement by Commission.—

(1) Unfair, deceptive, or abusive acts or practices.—A violation of this section shall be treated as a violation of a rule defining an unfair, deceptive, or abusive act or practice prescribed under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a).

(2) Powers of Commission.—The Commission shall enforce 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.

(3) Authority preserved.—Nothing in this section shall be construed to limit the authority of the Commission under any other provision of law.

(f) Actions by States.—

(1) Authorization.—Subject to paragraph (3), in any case in which the attorney general of a State has reason to believe that an interest of the residents of the State has been or is threatened or adversely affected by the engagement of a social media platform in a practice that violates this section, the attorney general of the State may, as parens patriae, bring a civil action against the social media platform on behalf of the residents of the State in an appropriate district court of the United States to—

(A) enjoin that practice;

(B) enforce compliance with this section;

(C) on behalf of residents of the State, obtain damages, restitution, or other compensation, each of which shall be distributed in accordance with State law; or

(D) obtain such other relief as the court may consider appropriate.

(2) Commission intervention.—

(A) Notice to Commission.—

(i) In general.—The attorney general of a State shall notify the Commission in writing that the attorney general intends to bring a civil action under paragraph (1) before the filing of the civil action.

(ii) Contents.—The notification required under clause (i) with respect to a civil action shall include a copy of the complaint to be filed to initiate the civil action.

(iii) Exception.—Clause (i) shall not apply with respect to the filing of an action by an attorney general of a State under this paragraph if the attorney general of the State determines that it is not feasible to provide the notice required in that clause before filing the action.

(B) Intervention by Commission.—Upon receiving notice under subparagraph (A)(i), the Commission may intervene in the action that is the subject of the notice.

(3) Effect of intervention.—If the Commission intervenes in an action under paragraph (1), it may—

(A) be heard with respect to any matter that arises in that action; and

(B) file a petition for appeal.

(4) Investigatory powers.—Nothing in this subsection may be construed to prevent the attorney general of a State from exercising the powers conferred on the attorney general by the laws of the State to—

(A) conduct investigations;

(B) administer oaths or affirmations; or

(C) compel the attendance of witnesses or the production of documentary or other evidence.

(5) Preemptive action by Commission.—In any case in which an action is instituted by or on behalf of the Commission for a violation of this section, no State may, during the pendency of that action, institute a separate civil action under paragraph (1) against any defendant named in the complaint in the action instituted by or on behalf of the Commission for that violation.

(6) Venue; service of process.—

(A) Venue.—Any action brought under paragraph (1) may be brought in—

(i) the district court of the United States that meets applicable requirements relating to venue under section 1391 of title 28, United States Code; or

(ii) another court of competent jurisdiction.

(B) Service of process.—In an action brought under paragraph (1), process may be served in any district in which the defendant—

(i) is an inhabitant; or

(ii) may be found.

(g) Relationship to other laws.—The provisions of this section shall preempt any State law, rule, or regulation only to the extent that such State law, rule, or regulation conflicts with a provision of this section. Nothing in this section shall be construed to prohibit a State from enacting a law, rule, or regulation that provides greater protection to minors than the protection provided by the provisions of this section.

SEC. 577. COMPULSIVE DIGITAL PRODUCT DESIGN PROHIBITED.

(a) In general.—The Federal Trade Commission Act (15 U.S.C. 41 et seq.) is amended by inserting after section 5 the following:

"Sec. 5A. Compulsive digital product design prohibited.

"(a) Definitions.—In this section:

"(1) Behavioral data.—The term 'behavioral data' means data relating to the activity, browsing, engagement, clicks, views, dwell time, purchases, interactions, or other conduct of a user on or across online products or services.

"(2) Commission.—The term 'Commission' means the Federal Trade Commission.

"(3) Compulsive usage.—The term 'compulsive usage' means persistent and repetitive use of a covered digital product that materially impairs sleep, education, employment, caregiving, social functioning, psychological well-being, or the ability of an individual to self-regulate their use of the covered digital product.

"(4) Covered digital product.—The term 'covered digital product' means a website, online service, online application, mobile application, game, or comparable digital interface that—

"(A) is publicly available for use by consumers; and

"(B) is used primarily for recurring consumer engagement, including entertainment, social interaction, gaming, simulated gambling, shopping, video or audio consumption, user-generated content, or other recurring consumer engagement.

"(5) Design feature.—The term 'design feature' means any feature, component, interface choice, ranking method, reward mechanism, or default setting of a covered digital product that encourages, prolongs, intensifies, or increases the frequency of a user's engagement with the covered digital product.

"(6) Personal data.—The term 'personal data' means information that identifies or is linked or reasonably linkable to an individual or to a device used by an individual.

"(b) Prohibition.—On and after July 1, 2027, it shall be unlawful for a person that owns, operates, or controls a covered digital product, in or affecting commerce, to design, deploy, maintain, or materially modify a design feature, or combination of design features, that, based on the totality of the circumstances, results in compulsive usage or is reasonably foreseeable to materially contribute to compulsive usage.

"(c) Factors.—In determining whether a person has violated subsection (b), the Commission shall consider the totality of the circumstances, including whether the design feature, or combination of design features—

"(1) uses infinite scrolling, autoplay, auto-advance, or similar mechanisms that reduce a user's natural stopping points;

"(2) uses notifications, push alerts, prompts, reminders, or re-engagement messages that are not reasonably necessary for account security, fraud prevention, billing, or direct person-to-person communication;

"(3) uses streaks, badges, likes, follower counts, engagement counts, variable rewards, or other gamified or socially comparative feedback mechanisms tied to the frequency, duration, or intensity of use;

"(4) uses appearance-altering filters, social-comparison tools, or similar features that are likely to exploit body-image concerns, status anxiety, or fear of missing out;

"(5) uses personal data, behavioral data, personalized recommendation systems, default ranking systems, or other automated curation systems optimized to maximize time spent, repeated checking, or repeated interaction rather than to satisfy an immediate user request;

"(6) uses time-limited, disappearing, countdown-based, or artificially urgent content, offers, or prompts that induce repeated checking or fear of missing out; or

"(7) impedes, frustrates, or materially burdens a user's effort to stop using the covered digital product, log off, disable notifications, dismiss prompts, select a chronological feed, or set limits on use.

"(d) Enforcement.—

"(1) Unfair, deceptive, or abusive act or practice.—A violation of this section, or a regulation promulgated under this section, shall constitute an unfair, deceptive, or abusive act or practice in or affecting commerce under section 5(a)(1).

"(2) Powers of the Commission.—The Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as under section 5.

"(3) Remedies.—In addition to any other remedy available under law, the Commission may commence a civil action in an appropriate district court of the United States to obtain temporary, preliminary, or permanent injunctive relief, restitution, refund of moneys, damages, disgorgement, civil penalties, deletion or disabling of offending design features, corrective notice, reporting, auditing, and other appropriate relief.

"(4) Regulations.—Not later than July 1, 2027, the Commission shall promulgate regulations to carry out this section.

"(e) Rule of construction.—Nothing in this section shall be construed to prohibit a person that owns, operates, or controls a covered digital product from offering chronological feeds, accessibility features, parental controls, user-selected settings, or notifications reasonably necessary for account security, fraud prevention, billing, or direct person-to-person communications, unless such feature or setting is designed, deployed, or optimized in a manner that violates subsection (b).".

SEC. 578. ABANDONMENT OF POPULAR OPERATING SYSTEMS UNLAWFUL.

(a) Definitions.—In this section:

(1) Covered operating system.—The term "covered operating system" means a general-purpose operating system that is licensed, sold, or otherwise distributed for use by consumers on a general-purpose computing device and that, during not fewer than 3 months in the preceding 12-month period, was installed on not fewer than 10,000,000 devices in the United States or not fewer than 100,000,000 devices worldwide.

(2) Security support.—The term "security support" means to provide security updates or patches that materially address vulnerabilities in a covered operating system, including through updates or patches to device-specific firmware, drivers, or software used to operate the covered operating system securely on a general-purpose computing device.

(3) General-purpose computing device.—The term "general-purpose computing device" means a desktop computer, laptop computer, tablet, smartphone, or other multipurpose consumer computing device, but does not include a single-purpose embedded system,

household appliance, industrial control system, Internet of Things device, medical device, or video game console.

(4) Vendor.—The term "vendor" means a person that develops or controls a covered operating system or a device-specific implementation of a covered operating system and is capable, directly or indirectly, of providing security updates for such operating system or implementation.

(b) Prohibition.—It shall be unlawful, and shall constitute an unfair, deceptive, or abusive act or practice under section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)), for a vendor of a covered operating system to—

(1) refuse to provide free security support for the covered operating system, if such security support was previously provided without a separate fee or was included in the original purchase or license;

(2) impose any new or separate fee, or require the purchase of any new license, subscription, product, or service, as a condition of continued security support for a covered operating system; or

(3) materially degrade or reduce the security, functionality, performance, interoperability, compatibility, or usability of a covered operating system, without a legitimate security or technical integrity justification, for the purpose or substantial effect of forcing users to migrate to another operating system.

(c) Measurement and anti-evasion rules.—

(1) For purposes of subsection (a)(1)—

(A) the Federal Trade Commission shall measure installations by monthly active installations, or by another commercially reasonable method where monthly active installation data are unavailable; and

(B) the Commission shall aggregate editions, variants, service releases, and substantially similar successor versions marketed as part of the same operating system family;

(C) for purposes of subsection (b), security support for a covered operating system shall include security support for each model or substantially similar family of models of general-purpose computing devices on which the covered operating system, during not fewer than 3 months in the preceding 12-month period, had not fewer than 10,000,000 monthly active installations in the United States or not fewer than 100,000,000 monthly active installations worldwide;

(2) A vendor may not evade this section by—

(A) assigning, delegating, licensing, transferring, or otherwise purporting to transfer responsibility for providing security updates to another person; or

(B) rebranding, fragmenting, or artificially separating substantially similar operating system versions, device models or model families, device-specific implementations, or support channels.

(3) Each vendor of a covered operating system shall maintain records sufficient to demonstrate compliance with this section.

(d) Termination after cessation of covered status.—When an operating system ceases to be a covered operating system, it shall be unlawful for the vendor of such operating system to end security support unless such vendor—

(1) provided not less than 6 months of clear and conspicuous notice to users of such operating system; and

(2) notified the Commission.

(e) Rule of construction.—Nothing in this section shall be construed—

(1) to require a vendor to provide feature updates, cosmetic changes, or nonsecurity improvements; or

(2) to authorize the ending of security support for a covered operating system merely because a newer operating system version exists.

(f) Enforcement.—This section shall be enforced by the Federal Trade Commission under the Federal Trade Commission Act (15 U.S.C. 41 et seq.) in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms and provisions of that Act were incorporated into and made a part of this section.

(g) Actions by States.—

(1) In general.—In any case in which 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 any person who violates this section, the attorney general of the State, as parens patriae, may bring a civil action on behalf of the residents of the State in an appropriate district court of the United States to—

(A) enjoin that violation;

(B) enforce compliance with this section;

(C) obtain damages, restitution, or other compensation on behalf of residents of the State; and

(D) obtain civil penalties and such other relief as the court may consider appropriate.

(2) Notice.—Before filing an action under paragraph (1), the attorney general of the State shall provide to the Federal Trade Commission—

(A) written notice of the action; and

(B) a copy of the complaint for that action.

(3) Exception.—If it is not feasible for the attorney general of a State to provide the notice required by paragraph (2) before filing an action under paragraph (1), the attorney general shall provide that notice immediately upon filing the action.

(4) Intervention by Commission.—Upon receiving notice under paragraph (2) or (3), the Federal Trade Commission may—

(A) intervene in the action;

(B) be heard on all matters arising in the action; and

(C) file petitions for appeal.

(5) Construction.—Nothing in this subsection shall be construed to prevent the attorney general of a State from exercising the powers conferred on the attorney general by the laws of that State to conduct investigations, administer oaths or affirmations, or compel the attendance of witnesses or the production of documentary and other evidence.

(h) Regulations.—Not later than July 1, 2027, the Federal Trade Commission shall promulgate regulations to carry out this section, including regulations establishing standardized methods for estimating installation counts and identifying evasive version fragmentation practices.

SEC. 579. FOUNDATION MODEL ACCESS NEUTRALITY.

(a) Definitions.—In this section:

(1) Affiliated artificial intelligence application; affiliated AI application.—The terms "affiliated artificial intelligence application" and "affiliated AI application" mean a downstream AI application that is owned, operated, controlled, or materially favored by a foundation model provider or an affiliate of a foundation model provider.

(2) Antitrust Division.—The term "Antitrust Division" means the Antitrust Division of the Department of Justice, acting through the Assistant Attorney General in charge of the Antitrust Division.

(3) Commission.—The term "Commission" means the Federal Trade Commission.

(4) Customer data.—The term "customer data" means prompts, outputs, logs, code, embeddings, fine tuning data, evaluation data, metadata, usage patterns, integration data, performance data, business information, confidential information, or other information obtained by a foundation model provider from or about a customer through a model access service.

(5) Downstream artificial intelligence application; downstream AI application.—The terms "downstream artificial intelligence application" and "downstream AI application" mean an application, tool, service, product, agent, workflow, or other system that relies in whole or in part on a model access service.

(6) Foundation model.—The term "foundation model" means an artificial intelligence model that is trained on broad data at scale, is adaptable to a wide range of distinct tasks, and is made available to another person for use in a downstream AI application, directly or through a model access service.

(7) Foundation model provider.—The term "foundation model provider" means any person that offers, provides, sells, licenses, or otherwise makes available a model access service in or affecting interstate or foreign commerce and—

(A) during the most recently completed taxable year, had more than $1,000,000,000 in global revenue from foundation model products or model access services;

(B) in not fewer than 3 months during the most recently completed 12-month period, made a model access service available to more than 10,000 unique business customers, developers, or organizational accounts in the United States;

(C) accounts for not less than 20 percent of commercial foundation model access in the United States, as measured by revenue, usage, inference requests, tokens processed, active downstream AI applications, or any comparable measure prescribed by the Commission by rule; or

(D) is designated by the Commission under subsection (b).

(8) Model access service.—The term "model access service" means an application programming interface, hosted interface, hosted model service, fine tuning service, embedding service, inference service, model serving service, agent platform, retrieval augmented generation service, or other remote, hosted, licensed, or operationally controlled method by which a foundation model provider makes the capabilities of a foundation model available to another person.

(9) Similarly situated customer.—The term "similarly situated customer" means a customer or downstream AI application that is comparable to another customer or downstream AI application with respect to material technical, commercial, security, capacity, legal compliance, safety, and service support characteristics relevant to the provision of a model access service.

(b) Designation authority.—

(1) In general.—The Commission, in consultation with the Antitrust Division, may designate a person as a foundation model provider if the Commission determines that—

(A) the person offers, provides, sells, licenses, or otherwise makes available a model access service in or affecting interstate or foreign commerce;

(B) the model access service is a commercially significant input for downstream AI applications; and

(C) designation would advance competition, prevent discriminatory access to foundation model infrastructure, reduce the ability of a foundation model provider to pick winners among downstream AI applications, or prevent the use of model access services to entrench or extend platform power.

(2) Factors.—In making a designation under paragraph (1), the Commission may consider—

(A) the number of customers, developers, or downstream AI applications that rely on the model access service;

(B) the share of commercial foundation model access in the United States accounted for by the person;

(C) the revenue, usage, inference requests, tokens processed, active downstream AI applications, or comparable measures associated with the model access service;

(D) the extent to which customers or downstream AI applications face switching costs, lock-in, technical dependency, or lack of reasonable substitutes;

(E) the extent to which the person owns, operates, controls, funds, or materially advantages affiliated AI applications;

(F) the ability and incentive of the person to deny, degrade, throttle, condition, price, or otherwise manipulate access to disadvantage unaffiliated downstream AI applications; and

(G) any other factor the Commission determines is relevant to whether the model access service functions as commercially significant infrastructure for downstream AI applications.

(3) Procedure.—A designation under this subsection shall be issued after notice to the person, an opportunity to respond, and publication in the Federal Register.

(4) Duration.—A designation under this subsection shall remain in effect unless removed by the Commission under paragraph (5).

(5) Removal.—A person designated under this subsection may petition the Commission for removal of the designation. Not later than 120 days after receiving a petition under this paragraph, the Commission shall grant or deny the petition. A denial shall constitute final agency action for purposes of chapter 7 of title 5, United States Code.

(6) Public list.—The Commission shall maintain and periodically update on its website a public list of persons designated as foundation model providers under this subsection.

(c) Duty of nondiscriminatory access.—

(1) In general.—A foundation model provider may not unjustly or unreasonably discriminate among similarly situated customers or downstream AI applications in providing a model access service.

(2) Specific practices.—The prohibition under paragraph (1) includes unjust or unreasonable discrimination with respect to—

(A) price, discounts, credits, rebates, fees, or other commercial terms;

(B) speed, latency, throughput, uptime, reliability, availability, rate limits, capacity limits, error rates, or quality of service;

(C) access to model versions, model capabilities, model modalities, context windows, fine tuning, embeddings, retrieval features, agent tooling, safety review, evaluation tools, monitoring tools, or application programming interface functionality;

(D) documentation, integration support, technical support, account management, dispute resolution, migration support, or notice of material changes; and

(E) any other term, condition, technical feature, operational practice, or service characteristic that materially affects the ability of a customer or downstream AI application to use, compete through, or rely upon a model access service.

(3) Permitted differentiation.—Nothing in this subsection shall prohibit a foundation model provider from offering different terms, conditions, features, or service levels if the differentiation is based on objective, documented, and nonpretextual differences in volume, duration, technical integration, capacity demand, security risk, legal compliance risk, safety risk, support cost, service commitment, or other material cost or risk associated with providing the model access service.

(d) No retaliatory denial, degradation, or termination.—

(1) In general.—A foundation model provider may not deny, degrade, suspend, throttle, terminate, condition, materially alter, or materially reduce a model access service provided to a customer or downstream AI application because the customer or downstream AI application—

(A) competes with the foundation model provider or an affiliate of the foundation model provider;

(B) uses or integrates with a competing foundation model, model access service, or downstream AI application;

(C) enables a user to compare, switch among, or use multiple foundation models or model access services;

(D) is owned, controlled, funded, acquired, or proposed to be acquired by a competitor of the foundation model provider or an affiliate of the foundation model provider;

(E) refuses to enter into an exclusivity arrangement, tying arrangement, most favored nation agreement, data sharing arrangement, or other arrangement that would restrict the ability of the customer or downstream AI application to use, integrate, or compete with another foundation model provider or model access service;

(F) develops, offers, or proposes to develop or offer a product, service, feature, or application in a field in which the foundation model provider or an affiliate of the foundation model provider operates or may operate; or

(G) makes a good faith complaint to the Commission, the Antitrust Division, an attorney general of a State, or any other Federal or State agency.

(2) Notice.—Except where delayed notice is reasonably necessary to address fraud, abuse, cybersecurity risk, safety risk, legal compliance risk, or other imminent risk of material harm, a foundation model provider shall provide a customer with written notice stating the specific basis for any denial, suspension, termination, or material degradation of a model access service.

(e) No preferential treatment of affiliated AI applications.—

(1) In general.—A foundation model provider that owns, operates, controls, or materially favors an affiliated AI application may not provide such affiliated AI application with preferential access to a model access service over a similarly situated unaffiliated customer or downstream AI application.

(2) Specific practices.—The prohibition under paragraph (1) includes preferential treatment with respect to—

(A) price, discounts, credits, rebates, fees, or other commercial terms;

(B) speed, latency, throughput, uptime, reliability, availability, rate limits, capacity limits, error rates, or quality of service;

(C) access to model versions, model capabilities, model modalities, context windows, fine tuning, embeddings, retrieval features, agent tooling, safety review, evaluation tools, monitoring tools, or application programming interface functionality;

(D) documentation, integration support, technical support, account management, dispute resolution, migration support, or notice of material changes;

(E) access to customer data, performance data, market intelligence, usage patterns, or other commercially sensitive information obtained through a model access service; and

(F) any other term, condition, technical feature, operational practice, or service characteristic that materially affects the ability of a customer or downstream AI application to use, compete through, or rely upon a model access service.

(f) Customer data and copycat restrictions.—

(1) In general.—A foundation model provider may not use customer data obtained through a model access service to—

(A) develop, train, fine tune, improve, operate, or materially advantage a competing downstream AI application;

(B) develop, train, fine tune, improve, operate, or materially advantage an affiliated AI application;

(C) reverse engineer, replicate, or appropriate the product strategy, business strategy, workflows, integrations, prompts, outputs, code, fine tuning data, evaluation data, customer relationships, or commercially sensitive information of a customer or downstream AI application;

(D) identify, target, solicit, acquire, or disadvantage the users, customers, suppliers, investors, or business partners of a customer or downstream AI application; or

(E) condition access to a model access service on a customer granting rights to customer data beyond the rights strictly necessary to provide the model access service requested by the customer.

(2) Permitted uses.—Nothing in paragraph (1) shall prohibit a foundation model provider from using customer data to the extent strictly necessary to—

(A) provide, maintain, secure, debug, or bill for the model access service requested by the customer;

(B) comply with Federal, State, or local law, a court order, sanctions, export controls, or other lawful order issued pursuant to statutory authority;

(C) prevent, detect, investigate, or mitigate fraud, spam, malware, cybersecurity threats, safety risks, abuse, unlawful conduct, or material violations of generally applicable terms of service;

(D) carry out fine tuning, evaluation, monitoring, data retention, or other processing expressly directed by the customer for the benefit of the customer;

(E) generate aggregated or de-identified analytics that do not reveal customer data, customer identity, customer strategy, user identity, or commercially sensitive information of any customer or downstream AI application; or

(F) comply with any other purpose prescribed by the Commission by rule that is consistent with the purposes of this section.

(3) Contract rights.—Any term or condition of a contract, license, terms of service, acceptable use policy, or other agreement that purports to waive or limit the restrictions in this subsection shall be void as contrary to public policy.

(g) Objective exceptions.—

(1) In general.—Nothing in this section shall prohibit a foundation model provider from denying, limiting, suspending, terminating, degrading, conditioning, or differentiating access to a model access service if the action is based on objective, documented, and nonpretextual grounds and is reasonably necessary to address—

(A) nonpayment;

(B) capacity constraints, if such constraints are allocated on a fair, reasonable, and nondiscriminatory basis among similarly situated customers;

(C) fraud, spam, malware, cybersecurity threats, malicious activity, abuse, or material security risk;

(D) safety risks, including reasonably foreseeable use to facilitate biological, chemical, cyber, weapons, child sexual exploitation, self harm, fraud, impersonation, or other severe misuse;

(E) violation of generally applicable terms of service, acceptable use policies, or technical requirements that are publicly disclosed, consistently applied, and not designed or used to evade this section;

(F) compliance with Federal, State, or local law, a court order, sanctions, export controls, or other lawful order issued pursuant to statutory authority, but only to the extent required by such law or order;

(G) protection of intellectual property rights, privacy rights, data security, confidential information, or trade secrets, if the action is narrowly tailored to the specific risk;

(H) model retirement, deprecation, maintenance, incident response, or material technical change, if applied on neutral terms to similarly situated customers and with reasonable notice where practicable; or

(I) any other objective ground prescribed by the Commission by rule that is consistent with the purposes of this section.

(2) Limits.—An action described in paragraph (1) may not be used as a pretext to discriminate against, retaliate against, or disadvantage an unaffiliated customer or downstream AI application.

(3) Burden.—In any enforcement action under this section, a foundation model provider asserting an exception under this subsection shall have the burden of production with respect to the objective, documented, and nonpretextual basis for the action.

(h) Transparency, notice, and appeal.—

(1) Public terms.—A foundation model provider shall make publicly available, in a clear and reasonably accessible manner, the material terms under which the foundation model provider offers each model access service, including material information concerning pricing structure, usage limits, rate limits, service levels, model availability, model deprecation, safety review, data use, retention, confidentiality, suspension, termination, and dispute resolution.

(2) Notice of material changes.—A foundation model provider shall provide reasonable advance notice to affected customers of any material change to pricing, rate limits, model capabilities, model availability, application programming interface functionality, safety review, data use, retention, confidentiality, suspension, termination, or other material term of a model access service, except where delayed or abbreviated notice is reasonably necessary to address fraud, abuse, cybersecurity risk, safety risk, legal compliance risk, or other imminent risk of material harm.

(3) Explanation of adverse action.—A foundation model provider that denies, degrades, suspends, throttles, terminates, conditions, materially alters, or materially reduces a model access service provided to a customer shall provide the customer with a written explanation of the specific basis for the action, except where delayed notice is reasonably necessary to address fraud, abuse, cybersecurity risk, safety risk, legal compliance risk, or other imminent risk of material harm.

(4) Appeal.—A foundation model provider shall maintain a reasonable internal process by which a customer may appeal an action described in paragraph (3).

(5) Records.—A foundation model provider shall retain for not less than 5 years records sufficient to demonstrate compliance with this section, including records relating to pricing, access terms, suspensions, terminations, degradations, rate limits, customer data use, affiliated AI applications, complaints, appeals, and exceptions asserted under subsection (g).

(6) Confidential information.—Nothing in this subsection shall require public disclosure of trade secrets, confidential business information, customer data, cybersecurity information, or information that would materially increase a safety risk, if such information is made available to the Commission or the Antitrust Division upon request.

(i) Enforcement and rulemaking.—

(1) Unfair method of competition.—A violation of this section or a rule promulgated under this section shall be treated as an unfair method of competition under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(2) Enforcement by Commission.—The Commission shall enforce 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.

(3) Enforcement by Antitrust Division.—The Antitrust Division may bring a civil action in an appropriate district court of the United States to enforce this section and may seek declaratory relief, injunctive relief, civil penalties, disgorgement, restitution, and any other equitable relief necessary to prevent, restrain, or remedy a violation of this section.

(4) Enforcement by State attorneys general.—If the attorney general of a State has reason to believe that a foundation model provider has violated or is violating this section or a rule promulgated under this section in a manner that affects or may affect that State or its residents, the State, as parens patriae, may bring a civil action in any appropriate district court of the United States to—

(A) enjoin any further violation;

(B) enforce compliance with this section or such rule;

(C) obtain damages, restitution, or other compensation on behalf of residents of the State;

(D) obtain civil penalties available for the same violation in an action brought by the Commission; and

(E) obtain any other appropriate relief.

(5) Notice.—The attorney general of a State shall provide prior written notice of any action under paragraph (4) to the Commission and the Antitrust Division and provide a copy of the complaint, except in any case in which such prior notice is not feasible, in which case the attorney general shall provide such notice immediately upon instituting such action.

(6) Intervention.—Upon receiving notice under paragraph (5), the Commission and the Antitrust Division may each—

(A) intervene in the action;

(B) upon so intervening, be heard on all matters arising therein; and

(C) file petitions for appeal.

(7) Coordination.—If the Commission, the Antitrust Division, or the United States has instituted a civil action for the same alleged violation, the court may stay, consolidate, coordinate, or otherwise manage an action brought under paragraph (4) to avoid unnecessary duplication, but an action under paragraph (4) shall not be barred solely because of the pendency of a civil action brought by the Commission, the Antitrust Division, or the United States.

(8) Rules.—Not later than January 1, 2027, the Commission, in consultation with the Antitrust Division, shall issue interim final rules to carry out this section and shall thereafter promulgate final rules after notice and comment.

(j) Rule of construction.—

(1) No duty to disclose model weights.—Nothing in this section shall be construed to require a foundation model provider to disclose, publish, transfer, license, or make available model weights, source code, training data, system prompts, cybersecurity information, safety mitigations, trade secrets, or other confidential business information, except to the Commission or the Antitrust Division as necessary to enforce this section.

(2) No duty to provide unsafe or unlawful access.—Nothing in this section shall be construed to require a foundation model provider to provide, continue, or restore access to a model access service where such access would violate Federal, State, or local law, sanctions, export controls, a court order, or another lawful order issued pursuant to statutory authority, or would create a material and reasonably foreseeable risk of severe harm that cannot be mitigated through a narrower measure.

(3) No limitation on safety rules.—Nothing in this section shall be construed to prohibit a foundation model provider from adopting and enforcing bona fide, generally applicable, publicly disclosed, and consistently applied safety, security, abuse prevention, or legal compliance policies.

(4) No limitation on antitrust laws.—Nothing in this section shall be construed to limit the authority of the Commission, the Antitrust Division, an attorney general of a State, or any other person under the antitrust laws.

(5) No limitation on other law.—Nothing in this section shall be construed to limit any stricter duty, liability, remedy, penalty, or prohibition otherwise available under Federal or State law.

Subtitle F—Regulating Artificial Intelligence

SEC. 581. DEFINITIONS.

(a) Definitions.—In this subtitle:

(1) Advertising system.—The term "advertising system" means any service or system that facilitates the dissemination of advertising to users, viewers, listeners, or other members of the public, and includes:

(A) a digital advertising platform, exchange, network, marketplace, or intermediary;

(B) a broadcast, cable, satellite, streaming, audio, audiovisual, or connected-device advertising service;

(C) an advertising sales, brokerage, placement, targeting, measurement, or optimization service; and

(D) any other service or system that sells, places, targets, delivers, measures, optimizes, brokers, or otherwise facilitates advertising.

(2) Artificial intelligence; AI.—The terms "artificial intelligence" and "AI" mean a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, decisions, or generate content influencing real or virtual environments. Artificial intelligence systems use machine- and human-based inputs to—

(A) perceive real and virtual environments;

(B) abstract such perceptions into models through analysis in an automated manner; and

(C) use model inference to formulate options or content for information or action.

(3) Artificial intelligence chatbot; chatbot.—The terms "artificial intelligence chatbot" and "chatbot" mean a generative artificial intelligence system that—

(A) produces new expressive content not fully predetermined by the developer;

(B) accepts open-ended natural-language or multimodal user input; and

(C) produces adaptive or context-responsive output.

(4) Clear and conspicuous.—The term "clear and conspicuous", with respect to a disclosure, means that the disclosure meets the following criteria:

(A) for any content that is solely visual or solely audible, the disclosure shall be made through the same means through which the content is presented;

(B) for any content that is both visual and audible, the disclosure shall be visual and audible;

(C) a visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, shall stand out from any accompanying text or other visual elements so that the disclosure is easily noticed, read, and understood;

(D) an audible disclosure shall be delivered in a volume, speed, and cadence sufficient for a reasonable person to easily hear and understand the disclosure;

(E) the disclosure shall not be avoidable;

(F) the disclosure shall use diction and syntax understandable to a reasonable person;

(G) the disclosure shall not be contradicted, mitigated, or rendered inconsistent by any other part of the communication; and

(H) the disclosure shall satisfy any additional criteria prescribed by the Commission by rule.

(5) Commission.—The term "Commission" means the Federal Trade Commission.

(6) Digital person.—The term "digital person" means a public-facing artificial intelligence system that is presented to users as a persistent or recurring simulated persona, and includes a chatbot when so presented.

(7) Digital replica.—The term "digital replica" means a computer-generated, algorithmically generated, or artificial intelligence-generated voice, image, likeness, avatar, style, performance, conversational manner, or other identifiable simulation of a natural person.

(8) First interaction.—The term "first interaction" means, for a calendar day, the first direct exchange, communication, contact, or other point at which a user encounters, engages with, or is exposed to an artificial intelligence system, digital person, or synthetic media in a context regulated under this subtitle, including any rules issued pursuant thereto.

(9) High-risk context.—The term "high-risk context" means any context involving financial products or services, insurance, health care, housing, employment, education, legal services, debt collection, benefits navigation, government-related services, identity verification, age verification, elections, fundraising, or any other context designated by the Commission by rule as presenting a heightened risk of fraud, deception, exploitation, or material consumer harm.

(10) National Institute of Standards and Technology; NIST.—The terms "National Institute of Standards and Technology" and "NIST" mean the National Institute of Standards and Technology of the Department of Commerce.

(11) Persistent disclosure.—The term "persistent disclosure" means a disclosure that, beginning with a first interaction, remains continuously visible, intermittently audible, or otherwise reasonably perceptible throughout the period in which a user is interacting with, viewing, listening to, or otherwise engaging with a digital person, synthetic media, or other artificial intelligence output for which persistent disclosure is required under this subtitle.

(12) Person.—The term "person" has the meaning given such term in section 1 of the Clayton Act (15 U.S.C. 12).

(13) Provenance data.—The term "provenance data" means information attached to, embedded in, associated with, or otherwise linked to content that identifies or describes whether the content was generated or materially altered by artificial intelligence, the source or provider of the content, the time or manner of generation or alteration, and any other information required by this subtitle.

(14) Public-facing artificial intelligence system.—The term "public-facing artificial intelligence system" means an artificial intelligence system that is made available to the public for communication, interaction, content creation, performance, recommendation, or other expressive or commercial activity.

(15) Secretary.—The term "Secretary" means the Secretary of Commerce.

(16) Synthetic media.—The term "synthetic media" means any image, audio recording, audiovisual work, text, likeness, performance, or other expressive content that has been generated, materially altered, or materially manipulated in whole or in part by artificial intelligence. Such term includes digital replicas.

(17) Synthetic performer.—

(A) In general.—The term "synthetic performer" means—

(i) a visual, auditory, audiovisual, or interactive representation;

(ii) generated, materially altered, or materially simulated by computational, algorithmic, or artificial intelligence means; and

(iii) likely to cause a reasonable person to believe that such representation is a portrayal or performance of a natural person.

(B) Exclusion.—The term "synthetic performer" does not include editing, lighting correction, makeup, color grading, dubbing, captioning, or similar visual or audio cleanup of a portrayal or performance of a natural person, if such activity does not materially change the identity, speech, conduct, appearance, or performance of such person.

(18) 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).

SEC. 582. FRONTIER-MODEL SECURITY SAFEGUARDS.

(a) Definitions.—In this section:

(1) Adverse AI incident.—The term "adverse AI incident" means any known or reasonably suspected event in which an artificial intelligence model—

(A) materially contributes to, materially enables, or materially increases the risk of death, serious bodily injury, serious property damage, substantial critical infrastructure disruption, substantial cybersecurity compromise, or other severe public harm;

(B) materially enables the design, acquisition, or use of a biological, chemical, radiological, or nuclear weapon;

(C) materially enables autonomous cyber operations capable of causing substantial disruption to critical infrastructure, government systems, or major economic activity; or

(D) materially defeats or evades implemented safeguards.

(2) Artificial intelligence blue-teaming.—The term "artificial intelligence blue-teaming" means an effort to conduct operational vulnerability evaluations and provide mitigation techniques to entities who have a need for an independent technical review of the security posture of an artificial intelligence system.

(3) Artificial intelligence red-teaming.—The term "artificial intelligence red-teaming" means structured adversarial testing efforts of an artificial intelligence system to identify risks, flaws,

and vulnerabilities of the artificial intelligence system, such as harmful outputs from the system, unforeseen or undesirable system behaviors, limitations, or potential risks associated with the misuse of the system.

(4) Cloud compute provider.—The term "cloud compute provider" means any person that offers, provides, or makes available, by means of remote access, cloud or other network-accessible computing services, including processing, storage, networking, model-hosting, or related computational resources.

(5) Deploy; deployment.—The terms "deploy" and "deployment" mean to use, or the use of, a frontier model in commerce, by contract, by license, by application programming interface, by hosted service, by incorporation into another system, or by any other means by which the model is made available to another person.

(6) Developer.—The term "developer", with respect to a frontier model, means any person that—

(A) develops, trains, or materially fine-tunes the model; or

(B) controls or is responsible for the release, deployment, or continued availability of the model.

(7) Foreign person.—The term "foreign person" means any individual who is not a citizen or national of the United States and is not an individual lawfully admitted for permanent residence in the United States, and any corporation, partnership, association, trust, estate, or other entity that is not organized under the laws of the United States or of any jurisdiction within the United States.

(8) Foreign reseller.—The term "foreign reseller" means any person outside the United States that resells, brokers, leases, sublicenses, or otherwise makes available cloud compute services of a cloud compute provider to another person.

(9) Frontier model.—The term "frontier model" means an artificial intelligence model that—

(A) was trained using more than 10^26 integer or floating-point operations; or

(B) is designated by the Secretary under subsection (b)(2).

(10) Frontier-model-relevant compute.—The term "frontier-model-relevant compute" means compute, storage, networking, or related computational resources reasonably capable of training a frontier model or otherwise meeting a threshold prescribed by the Secretary by rule under this section.

(11) Open-weight release.—The term "open-weight release" means the distribution, publication, transfer, licensing, or other making available of the weights or functionally equivalent model parameters of a frontier model in a manner that permits another person to run, fine-tune, modify, or redistribute the model without the continuing operational control of the original developer.

(12) Operate.—The term "operate" means to cause an artificial intelligence model to perform computation or generate outputs, whether or not in commerce.

(b) Frontier model evaluation and security program.—

(1) In general.—The Secretary, acting through the National Institute of Standards and Technology, shall establish and administer a frontier model evaluation and security program for frontier models.

(2) Designation authority.—The Secretary may designate an artificial intelligence model as a frontier model if, after notice to the developer and an opportunity to respond, the Secretary determines that the model exhibits, or could readily be adapted to exhibit, capabilities that pose a substantial risk of materially enabling an adverse AI incident.

(3) Duties.—The program established under paragraph (1) shall—

(A) establish evaluation protocols, artificial intelligence red-teaming requirements, reporting requirements, security requirements, and recordkeeping requirements for frontier models;

(B) establish reliable channels and procedures for receiving, documenting, triaging, escalating, and acting upon reports of adverse AI incidents and material security incidents involving frontier models, whether submitted by developers, deployers, researchers, affected persons, artificial intelligence models, whistleblowers, or other members of the public;

(C) provide for testing, including classified testing where appropriate, and artificial intelligence blue-teaming of capabilities that may pose severe risks to public safety, national security, critical infrastructure, or civil liberties;

(D) establish evaluation protocols, testing requirements, and safeguards for frontier models that may materially enable the design, acquisition, or use of biological agents, toxins, pathogens, or delivery systems, including capabilities relating to sequence design, synthesis procurement, and evasion of nucleic acid synthesis screening; and

(E) provide for periodic reassessment of frontier models as capabilities, deployment contexts, and risks evolve.

(4) Recommendation to Congress.—Not later than January 1, 2028, the Secretary shall submit to Congress a report recommending whether the definition of frontier model should be amended and whether additional statutory criteria should be enacted.

(c) Prohibited operation, deployment, or release.—A developer may not operate, deploy, or release a frontier model if the Secretary determines such model presents a substantial and unmitigated risk of materially enabling an adverse AI incident.

(d) Incident reporting.—A developer shall report to the Secretary any material security incident involving a frontier model and any adverse AI incident, including any such incident known or reasonably suspected through the operation, monitoring, safeguards, or reporting features of the frontier model, as soon as practicable, but not later than 48 hours after discovery.

(e) Security safeguards.—

(1) Safeguards required.—A developer shall—

(A) implement reasonable administrative, technical, and physical safeguards to protect model weights, training infrastructure, evaluation systems, sensitive training data, and deployment infrastructure from theft, unauthorized access, exfiltration, misuse, or sabotage;

(B) implement access controls, authentication, logging, segmentation, monitoring, insider-threat controls, and least-privilege access sufficient to detect and prevent unauthorized access to a frontier model or its weights;

(C) segregate model weights, training infrastructure, evaluation systems, and other sensitive technical assets to the extent reasonably necessary to reduce risks of theft, sabotage, unauthorized access, or exfiltration;

(D) maintain records sufficient to permit audit and investigation of compliance with this section;

(E) implement biological security restrictions in accordance with subsection (g);

(F) implement reasonable technical and procedural measures designed to detect, log, preserve, escalate, and report to the Secretary any known or reasonably suspected adverse AI incident involving a frontier model, including by enabling the frontier model, where technically feasible, to identify and transmit information relevant to such incident; and

(G) implement incident response, recovery, and continuity procedures sufficient to address theft, sabotage, unauthorized disclosure, or compromise of a frontier model, its weights, or related technical assets.

(2) Assessments and procedures.—The Secretary shall establish rules, procedures, and standards for assessing and promoting compliance with this subsection, including periodic penetration testing and independent security assessments.

(f) Conditions for deployment.—

(1) Preconditions to deployment.—A developer may not deploy a frontier model unless the developer—

(A) has completed the evaluations required under subsection (b);

(B) has documented and implemented reasonable measures to mitigate reasonably foreseeable risks that the model will materially enable an adverse AI incident;

(C) has implemented the security safeguards required under subsection (e);

(D) has established procedures for ongoing monitoring, logging, incident reporting, and suspension of deployment; and

(E) has certified to the Secretary, in such form as the Secretary may require, that the frontier model is in compliance with this section.

(2) Post-designation compliance.—If an artificial intelligence model becomes a frontier model by designation under subsection (b)(2), the developer shall—

(A) comply with any interim conditions imposed by the Secretary pending review; and

(B) not later than 30 days after receiving notice of designation, submit to the Secretary the evaluations, documentation, and certification required under paragraph (1).

(3) Immediate suspension upon notice.—Upon designating a model under subsection (b)(2), the Secretary may order immediate suspension of deployment if the Secretary determines that continued deployment presents a substantial and unmitigated risk of materially enabling an adverse AI incident.

(g) Biological security restrictions.—

(1) Default prohibition.—It shall be unlawful for a developer to deploy a frontier model unless—

(A) the developer has implemented the measures required under paragraph (3); or

(B) the Secretary certifies under paragraph (2) that restricted scientific and public health deployment of the model is permissible.

(2) Restricted scientific and public health deployment.—The Secretary may certify deployment under this subsection—

(A) only for—

(i) a Federal agency;

(ii) a State, local, or Tribal government public health authority;

(iii) a public or nonprofit—

(I) hospital; or

(II) academic medical center;

(iv) an institution of higher education;

(v) a nonprofit research institution;

(vi) a federally funded research and development center; or

(vii) a contractor acting on behalf of an entity listed in clauses (i) through (vi); and

(B) only if the developer demonstrates, and the Secretary determines, that—

(i) the frontier model has successfully completed the demonstrations required under this subparagraph, including evaluation of capabilities relating to sequence design, sequence optimization, synthesis procurement, screening evasion, and other biological-risk-enabling functions;

(ii) the deployment is limited to legitimate scientific, medical, public health, biodefense, biosurveillance, or safety purposes;

(iii) the deployment is not an open-weight release and is not made generally available to the public or to unauthorized persons;

(iv) the deployment is subject to secure-environment, access-control, monitoring, logging, escalation, and suspension conditions reasonably sufficient to detect, prevent, and respond to attempted misuse, including conditions sufficient to prevent the model from providing instructions, outputs, or operational assistance outside the purposes described in clause (ii);

(v) the deployment is consistent with the public interest, national security, and public safety.

(3) Required measures.—The measures required under paragraph (1) shall include—

(A) evaluation of the model for capabilities relating to sequence design, sequence optimization, synthesis procurement, screening evasion, and other biological-risk-enabling functions;

(B) restrictions sufficient to prevent the frontier model from providing instructions, outputs, or operational assistance that would materially facilitate the acquisition, synthesis, optimization, production, or use of a biological agent, toxin, pathogen, or delivery system, or the evasion of nucleic acid synthesis screening;

(C) monitoring and logging sufficient to detect attempted misuse involving the functions described in subparagraphs (A) and (B);

(D) escalation and human-review procedures for high-risk biological queries or uses; and

(E) suspension or restriction of access where reasonably necessary to prevent or mitigate misuse.

(4) Material improvements.—It shall be unlawful for a developer to materially improve the biological-risk-relevant capabilities of a frontier model without conducting supplemental evaluation and implementing updated measures under paragraph (3), and, in the case of a model certified under paragraph (2), obtaining an updated certification from the Secretary.

(h) Material increase of capabilities.—A developer may not materially increase the capabilities of a frontier model without conducting a supplemental evaluation of the risks of an adverse AI incident in such form as the Secretary may require by rule.

(i) Open-weight release restrictions.—

(1) Default prohibition.—It shall be unlawful for a developer to make an open-weight release of a frontier model unless the Secretary certifies under paragraph (2) that such release is permissible.

(2) Certification.—The Secretary may certify an open-weight release only if the developer demonstrates, and the Secretary determines, that—

(A) the frontier model has successfully completed the evaluations required under this section;

(B) the release will not materially increase the risk of an adverse AI incident;

(C) the developer has implemented reasonable measures to limit foreseeable misuse associated with the release; and

(D) the release is consistent with the public interest, national security, and public safety.

(j) Suspension, redeployment, and discontinuance.—

(1) Suspension.—A developer shall promptly suspend deployment of a frontier model upon determining, or upon written notice from the Secretary determining, that the model presents a substantial and unmitigated risk of materially enabling an adverse AI incident.

(2) Redeployment after suspension.—A developer may resume deployment of a frontier model suspended under paragraph (1) only after—

(A) implementing mitigation measures sufficient to address the basis for the suspension;

(B) completing any supplemental evaluation required by the Secretary; and

(C) submitting an updated certification to the Secretary and receiving written notice from the Secretary that deployment may resume.

(3) Discontinuance.—A developer shall discontinue deployment of a frontier model if compliance with this section cannot reasonably be achieved.

(k) Customer identification and recordkeeping requirements for cloud compute providers.—

(1) In general.—A cloud compute provider, and any foreign reseller acting on behalf of a cloud compute provider, may not establish, maintain, or provide an account or other cloud compute service for a foreign person or for any person that the provider or reseller knows or has reason to know is beneficially owned, substantially controlled, or used for the benefit of a foreign person unless the provider or reseller maintains and follows a customer identification program sufficient to identify the customer, verify the customer's identity, identify beneficial ownership where the customer is an entity, maintain records, and assess risks of malicious cyber-enabled activity or misuse of frontier-model-relevant compute.

(2) Minimum requirements.—A customer identification program under paragraph (1) shall, at a minimum, require collection and verification, to the extent prescribed by the Secretary by rule, of—

(A) the customer's true name and any trade names;

(B) the customer's physical address, jurisdiction of organization or residence, and contact information;

(C) payment information sufficient to identify the source of funds;

(D) for an entity customer, beneficial ownership and persons exercising substantial control;

(E) whether the customer is a foreign person;

(F) the intended use of the account or service, including whether the customer seeks to train, fine-tune, evaluate, host, or deploy a frontier model or other artificial intelligence model using compute reasonably capable of training a frontier model; and

(G) such other information as the Secretary determines necessary to prevent malicious cyber-enabled activity, foreign adversary misuse, or other substantial national security risks.

(3) Recordkeeping.—A cloud compute provider and foreign reseller shall maintain records of information collected under paragraph (2), of the basis for identity verification, of access logs, and of such other information as the Secretary may require by rule for not less than 2 years after the account or service is closed or terminated, or such longer period as the Secretary may require by rule.

(4) Updating and risk-based review.—A cloud compute provider and foreign reseller shall maintain reasonable risk-based procedures to update customer-identification information, detect material changes in ownership or use, and review accounts or services presenting heightened risks of malicious cyber-enabled activity or misuse of frontier-model-relevant compute.

(l) Reporting regarding frontier-model-relevant compute.—A cloud compute provider and foreign reseller shall report to the Secretary, in such form and at such time as the Secretary may require by rule, any transaction, account, or use by a foreign person or by any person beneficially owned, substantially controlled, or used for the benefit of a foreign person involving compute, storage, or related services reasonably capable of training a frontier model, including through aggregation of accounts, transactions, or services under common ownership, control, or direction, or otherwise meeting a threshold prescribed by the Secretary by rule.

(m) Special measures and restrictions.—

(1) In general.—If the Secretary determines that a category of foreign persons, a foreign jurisdiction, a cloud compute provider, a foreign reseller, or a class of transactions presents a substantial risk of malicious cyber-enabled activity, foreign adversary misuse of U.S. cloud compute, or materially enabling an adverse AI incident, the Secretary may impose 1 or more special measures by order or regulation.

(2) Authorized measures.—A special measure under paragraph (1) may include—

(A) prohibiting or restricting the opening or maintenance of accounts;

(B) requiring enhanced customer identification, beneficial ownership verification, or recordkeeping;

(C) requiring enhanced reporting or auditing;

(D) restricting access to specific compute capacity, model training services, model-hosting services, or related support;

(E) imposing mitigation measures, cybersecurity requirements, or contractual conditions; or

(F) prohibiting or restricting any transaction or service the Secretary determines presents the identified risk.

(3) Notice and procedures.—The Secretary shall prescribe by rule procedures for notice, response, review, and duration of special measures imposed under this subsection, except that the Secretary may impose temporary emergency measures without prior notice if the Secretary determines that delay would create an imminent and substantial risk to public safety or national security.

(n) Reporting regarding frontier-model-relevant compute clusters.—

(1) In general.—Any person that owns, operates, controls, or makes available a computing cluster, data center, or other compute resource meeting a threshold prescribed by the Secretary by rule as frontier-model-relevant compute shall submit reports in such form and at such time as the Secretary may require by rule.

(2) Required contents.—A report under paragraph (1) shall include—

(A) the location and general characteristics of the computing cluster, data center, or other compute resource;

(B) its compute capacity, availability, and principal technical characteristics relevant to training, fine-tuning, evaluation, or deployment of frontier models;

(C) the identity of any person to whom such capacity is made available for training, fine-tuning, evaluation, or deployment of a frontier model;

(D) applicable cybersecurity, physical security, access-control, and monitoring measures;

(E) whether any foreign person has access to, or has contracted for access to, such compute resource; and

(F) such other information as the Secretary determines necessary to assess substantial risks to public safety, national security, critical infrastructure, or civil liberties.

(3) Rulemaking.—The Secretary shall prescribe by rule—

(A) thresholds for determining when a computing cluster, data center, or other compute resource constitutes frontier-model-relevant compute for purposes of this subsection;

(B) reporting intervals and deadlines;

(C) procedures for protecting classified information, trade secrets, and other sensitive information submitted under this subsection; and

(D) procedures for coordination with other appropriate Federal agencies.

(o) Supplemental reporting.—A person subject to subsection (l) or (n) shall promptly report any material change in information previously submitted under this section, including—

(1) a major increase in compute capacity;

(2) new or expanded access by a foreign person;

(3) use associated with an adverse AI incident; or

(4) a material degradation or compromise of applicable cybersecurity or physical security measures.

(p) Rulemaking.—Not later than January 1, 2027, the Secretary shall issue interim final rules to carry out this section and shall thereafter promulgate final rules after notice and comment.

(q) Procedures.—A determination, designation, suspension order, or special measure issued by the Secretary under this section shall be in writing, shall state the factual and legal basis for the action, shall identify any mitigation measure required, and shall be supported by an administrative record, except that the Secretary may issue a temporary emergency order without prior notice if the Secretary determines that delay would create an imminent and substantial risk to public safety or national security. A person subject to such action shall be provided notice and a reasonable opportunity to respond as soon as practicable, and final agency action under this section shall be subject to judicial review under chapter 7 of title 5, United States Code.

(r) Enforcement.—

(1) Administrative enforcement.—The Secretary may investigate violations of this section or any rule, order, certification, mitigation measure, or requirement under this section, and may issue administrative orders requiring compliance, corrective action, mitigation, suspension of deployment, suspension of access to frontier-model-relevant compute, preservation of records, or production of information.

(2) Civil penalties.—Any person that violates this section or any rule, order, certification, mitigation measure, or requirement under this section shall be liable to the United States for a civil penalty not to exceed the greater of—

(A) $1,000,000 for each violation;

(B) 3 times the monetary gain obtained, or cost avoided, as a result of the violation; or

(C) $100,000 for each day during which the violation continues.

(3) Separate violations.—Each day of a continuing violation, each false or materially incomplete certification or report, each failure to submit a required report, and each account or transaction established, maintained, or provided in violation of subsection (k) or (l) shall constitute a separate violation.

(4) Civil actions by the Attorney General.—The Attorney General may bring a civil action in an appropriate district court of the United States to enforce this section, collect civil penalties under this subsection, enjoin violations, require compliance, suspend or prohibit deployment, suspend or prohibit access to frontier-model-relevant compute, require mitigation, obtain disgorgement, or obtain any other appropriate legal or equitable relief.

(5) Authority preserved.—Nothing in this subsection shall be construed to limit any authority of the Secretary, the Attorney General, or any other Federal agency under any other provision of law.

(s) Rule of construction.—

(1) Other prohibited uses.—Nothing in this section shall be construed to authorize any use, deployment, or release of artificial intelligence that is otherwise prohibited by the Constitution or any other provision of Federal law.

(2) Rule-dependent requirements.—A requirement under this section that depends on a rule, threshold, designation, procedure, form, or standard prescribed by the Secretary shall apply beginning on the effective date of the applicable interim final or final rule. Nothing in this paragraph shall delay any requirement under this section that is otherwise self-executing.

(3) Role-based application.—A duty imposed on a developer under this section shall apply to a person described in subsection (a)(6)(B) only to the extent that the person owns, operates, controls, possesses, maintains, or is responsible for the model, model weights, training infrastructure, evaluation systems, sensitive training data, deployment infrastructure, or other subject matter to which the duty applies. Nothing in this paragraph shall relieve such a person of any duty under this section concerning the release, deployment, operation, monitoring, reporting, suspension, restriction, or discontinuance of a frontier model that is within the person's control.

(t) Conforming amendment.—Section 10221(a)(1) of the Research and Development, Competition, and Innovation Act (42 U.S.C. 18931(a)(1)) is amended—

(1) in subparagraph (C), by striking "and" after the semicolon;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following:

"(D) best practices, guidelines, and technical standards for risk management associated with engineering biology and biomanufacturing, including risks associated with artificial intelligence systems; and".

SEC. 583. DISCLOSURE OF AI MEDIA REQUIRED.

(a) Definitions.—In this section:

(1) App store.—The term "app store" means a publicly available website, software application, or other electronic service that distributes apps from third-party developers to users of a computer, a mobile device, or any other general purpose computing device.

(2) Covered platform.—The term "covered platform" means an advertising system, app store, online marketplace, public attention platform, or private communications platform.

(3) Machine-readable provenance data.—The term "machine-readable provenance data" means provenance data in the form of structured data, metadata, embedded records, cryptographic attestations, or other technical information that can be read or processed by a computer.

(4) Online marketplace.—The term "online marketplace" means a website, application, or other internet-accessible service that facilitates, intermediates, or governs transactions

between buyers and sellers of goods or services and materially influences the terms, visibility, ranking, placement, fulfillment, pricing, or conditions under which such goods or services are offered, sold, or distributed.

(5) Platform propagation.—The term "platform propagation" means the handling of synthetic media by a covered platform.

(6) Private communications platform.—The term "private communications platform" means an internet-accessible platform whose primary function is enabling users to send, receive, store, or manage private, encrypted, semi-private, or limited-audience communications, including direct messages, text messages, voice messages, voice calls, video calls, group chats, and similar person-to-person or closed-group communications, if the platform, during any month in either of the previous 2 calendar years, had not fewer than 10,000,000 United States-based monthly active users or 100,000,000 worldwide monthly active users. Such term does not include communications functionality that is merely incidental to another digital service.

(7) Public attention platform.—The term "public attention platform" means an internet-accessible platform whose primary function is curating, distributing, presenting, or otherwise making content supplied by users or other third parties available to the public, including through feeds, subscriptions, recommendations, rankings, trending displays, or similar mechanisms, if the platform, during any month in either of the previous 2 calendar years, had not fewer than 10,000,000 United States-based monthly active users or 100,000,000 worldwide monthly active users. Such term does not include an internet-accessible platform that consists primarily of content selected by the operator of such platform and for which any comment, product review, or other user-generated content is incidental to, directly related to, or dependent on the provision of such content.

(8) Seller or advertiser verification.—The term "seller or advertiser verification" means reasonable procedures to confirm the identity, contact information, payment information, and other information sufficient to identify and locate a seller, sponsor, promoter, publisher, or advertiser using a covered platform.

(9) Synthetic content label.—The term "synthetic content label" means a human-readable label that clearly and conspicuously informs an ordinary user that content was generated or materially altered by artificial intelligence.

(b) Synthetic media generation tools.—A person that makes available, directly or indirectly, in commerce a generative artificial intelligence system used for creating synthetic media shall implement reasonable procedures to prevent downstream use of such system without the provenance data, labels, and disclosures required under this subtitle, including by—

(1) requiring by contract that end users and third-party licensees refrain from removing any required provenance data, label, or disclosure;

(2) requiring certification that end users and third-party licensees will not remove any required provenance data, label, or disclosure; and

(3) terminating access to the system when the person has reason to believe that an end user or third-party licensee has removed required provenance data, labels, or disclosures.

(c) Originator duties.—

(1) In general.—It shall be unlawful for a person, in or affecting commerce, to create, deploy, publish, or first make available synthetic media or a digital person unless such person complies with this subsection.

(2) Machine-readable provenance data.—A person described in paragraph (1) shall attach, embed, or otherwise associate with such synthetic media or digital person machine-readable provenance data that, at a minimum and to the extent technically feasible—

(A) identifies the content as synthetic media or as content generated or materially altered by artificial intelligence;

(B) identifies the originator or provider of the content;

(C) identifies the tool, model, or service used to create or materially alter the content;

(D) includes the date and time the content was created or materially altered; and

(E) includes any additional identifier reasonably necessary to reflect subsequent material editing, reformatting, republication, redistribution, retransmission, or other material alteration under the control of the person described in paragraph (1).

(3) Synthetic content label.—A person described in paragraph (1) shall provide a synthetic content label that, to the extent technically feasible, remains permanent or not easily removed.

(4) Digital persons.—A person described in paragraph (1) that deploys, publishes, distributes, transmits, sells, licenses, or first makes available a digital person shall ensure that any disclosure required under this subtitle is provided at first interaction and, where required by this subtitle, by persistent disclosure throughout the interaction or display.

(5) Preservation and updating through modification and republication.—A person described in paragraph (1) shall preserve required machine-readable provenance data, synthetic content labels, and other disclosures through any material editing, reformatting, republication, redistribution, or retransmission under that person's control, and shall update such provenance data, labels, and disclosures as necessary to reflect any additional synthetic media generation or material alteration.

(6) Downloads and exports.—If a person described in paragraph (1) enables synthetic media or a digital person to be downloaded, exported, transferred, or otherwise made portable, such person shall ensure, to the extent technically feasible, that required machine-readable provenance data, synthetic content labels, and other disclosures remain attached to, accompany, or are otherwise reasonably associated with the downloaded, exported, transferred, or portable content.

(d) Intermediary propagation duties.—

(1) In general.—A covered platform shall maintain reasonable policies, technical measures, and business processes to detect, receive, preserve, propagate, and act upon synthetic content labels, machine-readable provenance data, and user declarations required under this subtitle.

(2) Preservation and propagation of provenance and labels.—A covered platform that receives content, advertising, applications, or digital services with machine-readable provenance data or a synthetic content label shall preserve such machine-readable provenance data and synthetic content label through hosting, transmission, ranking, recommendation, promotion, distribution, export, download, or other platform propagation, to the extent technically feasible.

(3) Human-readable labeling.—A covered platform shall display or attach a clear and conspicuous human-readable label where required under this subtitle.

(4) Technical capacity and interoperability.—A covered platform shall maintain reasonable technical capacity to read, process, preserve, and propagate machine-readable provenance data in interoperable formats recognized by the Commission or by the National Institute of Standards and Technology.

(5) Material alteration by intermediary.—A covered platform that uses artificial intelligence to materially alter synthetic media, a synthetic performer, a digital person, or a chatbot becomes an originator of the modified output and shall comply with subsection (c) or (f), as applicable, with respect to that modified output.

(e) Anti-stripping and anti-falsification.—It shall be unlawful for a person to knowingly remove, alter, tamper with, disable, suppress, falsify, forge, obscure, conceal, materially degrade, or otherwise defeat required machine-readable provenance data, synthetic content labels, or other disclosures required under this subtitle, or to separate such data, labels, or disclosures from the underlying content so that they cannot reasonably be accessed by users, except to the extent reasonably necessary, proportionate, and limited to perform security research or to address a material security threat.

(f) Chatbot disclosure regimen.—

(1) In general.—A person may not offer, provide, operate, or make available in commerce a chatbot unless such person complies with this subsection.

(2) Digital person disclosure.—A person described in paragraph (1) shall provide a clear and conspicuous disclosure that the user is interacting with a chatbot or other artificial intelligence system and not with a natural person. This paragraph shall not apply to a chatbot that is used solely by employees within a business for the business's internal operational purposes.

(3) Downloads, exports, and transcripts.—If a person described in paragraph (1) enables a transcript, summary, recording, export, download, or other portable output of a chatbot interaction to be generated or made available, such person shall ensure, to the extent technically feasible, that the output includes a synthetic content label and machine-readable provenance data identifying the output as generated in whole or in part through interaction with a chatbot.

(4) No evasion by design.—A person described in paragraph (1) may not design, configure, or operate a chatbot in a manner intended to cause a user to overlook, misunderstand, or disregard a disclosure required under this subsection.

(5) Rule of construction.—Nothing in this subsection shall be construed to limit any stricter duty applicable under this subtitle to a digital person, synthetic media, or a chatbot used in a high-risk context.

(g) Submission declarations and user reporting tools.—

(1) Submission declarations.—A covered platform shall provide reasonably accessible tools by which a user, seller, advertiser, developer, or other submitter may declare that content, advertising, an application, or a digital service includes synthetic media, a digital replica, a digital person, or chatbot output.

(2) Use of declarations.—A covered platform shall preserve and use a declaration submitted under paragraph (1) in connection with labeling, review, enforcement, reporting, complaint, and correction mechanisms under this subtitle.

(3) User reporting tools.—A covered platform shall provide reasonably accessible tools by which a user may report mislabeled, unlabeled, deceptively labeled, or otherwise unlawful synthetic media, digital replicas, digital persons, chatbot outputs, advertising, applications, or digital services.

(h) High-risk context duties.—In a high-risk context, a covered platform shall—

(1) require seller or advertiser verification before permitting the promotion or monetization of synthetic media, digital persons, or chatbots, and maintain records thereof;

(2) take reasonable measures to prevent the promotion or monetization of unlabeled, undisclosed, deceptively labeled, or otherwise noncompliant synthetic media, digital persons, or chatbots; and

(3) provide reasonably accessible reporting, complaint, and correction mechanisms for users and other persons seeking to report, contest, correct, or complain of mislabeled, unlabeled, undisclosed, deceptively labeled, or otherwise unlawful synthetic media, digital persons, chatbots, advertising, applications, or digital services.

(i) Public attention platform duties.—A public attention platform shall—

(1) display required synthetic content labels and preserve machine-readable provenance data when synthetic media or a digital person is distributed to users;

(2) take reasonable measures to prevent the amplification or monetization of unlabeled, undisclosed, deceptively labeled, or otherwise noncompliant synthetic media or digital persons;

(3) provide reasonably accessible user-facing reporting, complaint, and correction tools for mislabeled, unlabeled, undisclosed, deceptively labeled, or otherwise unlawful synthetic media or digital persons; and

(4) maintain records reasonably sufficient to identify the dissemination history, labeling status, and material amplification of synthetic media or digital persons that are materially amplified by the platform.

(j) Private communications platform duties.—A private communications platform shall—

(1) preserve machine-readable provenance data and synthetic content labels associated with synthetic media transmitted through the platform, to the extent technically feasible;

(2) refrain from knowingly removing, suppressing, falsifying, materially degrading, or otherwise defeating machine-readable provenance data, synthetic content labels, or other disclosures required under this subtitle;

(3) provide reasonably accessible tools by which a user may report mislabeled, unlabeled, undisclosed, deceptively labeled, or otherwise unlawful synthetic media transmitted through the platform; and

(4) comply with the duties applicable to a public attention platform under subsection (i) to the extent the private communications platform amplifies, monetizes, or otherwise distributes content beyond ordinary private transmission.

Nothing in this subsection shall be construed to require a private communications platform to decrypt, scan, or monitor the contents of end-to-end encrypted communications.

(k) App store duties.—An app store shall—

(1) require a developer seeking to distribute or update an application or digital service that materially relies on synthetic media, digital persons, or other public-facing artificial intelligence systems to disclose that fact to the app store;

(2) require the developer to identify any labeling, provenance, identity-verification, complaint-handling, chatbot-disclosure, and minor-safety measures applicable under this subtitle;

(3) maintain reasonable procedures to review such disclosures and to enforce compliance with this subtitle as a condition of continued distribution through the app store; and

(4) remove, suspend, or limit distribution of an application or digital service that repeatedly or materially violates this subtitle.

(l) Advertising system duties.—An advertising system shall—

(1) require synthetic media, synthetic performers, and digital persons used in advertising to carry the labels and provenance required under this subtitle;

(2) require persistent disclosure, where required under this subtitle, for digital persons, synthetic performers, and digital replicas used in advertising;

(3) maintain reasonable policies to prevent advertising practices that materially amplify unlabeled, deceptively labeled, or otherwise noncompliant synthetic media or synthetic performers in a high-risk context;

(4) preserve machine-readable provenance data and synthetic content labels associated with synthetic media, digital persons, chatbot outputs, or other artificial intelligence-generated content, to the extent technically feasible; and

(5) maintain records sufficient to identify the advertiser, sponsor, targeting parameters, dissemination history, and labeling status of advertising subject to this subsection, and, in a high-risk context, the identity information obtained by seller or advertiser verification.

(m) Cumulative duties.—The duties imposed by this section are cumulative and nonexclusive, and apply to a person or service to the extent that the person or service falls within more than 1 category regulated under this section.

(n) Effective date.—This section shall take effect on January 1, 2027.

SEC. 584. FRAUD AND DECEPTIVE SYNTHETIC MEDIA.

(a) Definitions.—In this section:

(1) Deceptive synthetic media.—The term "deceptive synthetic media" means synthetic media or a synthetic performer that would cause a reasonable person to believe that an identifiable natural person said, did, endorsed, authorized, created, or appeared in something that the depicted person did not in fact say, do, endorse, authorize, create, or appear in.

(2) Direct interaction.—The term "direct interaction" means any exchange, communication, contact, or other interaction in which a user is directly addressed by, responds to, communicates with, or is otherwise engaged by a digital person, synthetic performer, or other public-facing artificial intelligence system.

(3) Identifiable natural person.—The term "identifiable natural person" means any living or deceased natural person who is recognizable from the person's name, image, voice, likeness, biographical information, or other distinctive characteristic, whether alone or in combination with other information.

(b) Impersonation of natural persons.—It shall be unlawful for any person to use deceptive synthetic media in commerce.

(c) Licensed-professional impersonation.—

(1) In general.—It shall be unlawful for any person to make available in commerce a digital person or other public-facing artificial intelligence system in a manner that represents or implies that the system is a licensed physician, nurse, mental health professional, lawyer, accountant, financial professional, or other licensed or regulated professional unless the system is lawfully authorized to act in that capacity.

(2) Disclaimer insufficient.—A disclosure that a user is interacting with artificial intelligence or not interacting with a natural person does not, by itself, cure a violation of paragraph (1).

(d) Deceptive use in high-risk contexts.—

(1) In general.—It shall be unlawful for any person to use a synthetic performer, digital person, deceptive synthetic media, or other artificial intelligence-generated content in commerce in a high-risk context in a manner that is reasonably likely to cause a user to believe falsely that—

(A) the communication or content is from, authorized by, or affiliated with a natural person, government office, financial institution, health care provider, employer, educational institution, campaign, political committee, covered platform, or other person or entity with actual or apparent authority over the matter presented;

(B) a synthetic performer, digital person, or public-facing artificial intelligence system has a license, credential, qualification, office, employment status, agency relationship, or professional authority that such performer, person, or system does not have;

(C) fabricated speech, conduct, endorsement, authorization, participation, record, notice, instruction, or communication is authentic; or

(D) the user is interacting with a natural person when the user is interacting with a synthetic performer, digital person, or public-facing artificial intelligence system.

(2) Disclaimer insufficient.—A disclosure does not, by itself, cure a violation of paragraph (1).

(e) Security and authentication evasion.—It shall be unlawful for any person to use synthetic media, a synthetic performer, a digital person, a digital replica, deceptive synthetic media, or any other artificial intelligence system to evade, bypass, defeat, or materially interfere with identity verification, age verification, authentication, access-control, fraud-detection, security-screening, or similar protective measures, or to obtain unauthorized access to any account, service, system, facility, benefit, payment, credential, record, or data.

(f) Duties relating to synthetic performers.—

(1) Direct interaction disclosure.—It shall be unlawful for any person to use a synthetic performer in commerce in direct interaction with a user unless the person provides a persistent disclosure that the user is interacting with a synthetic performer and not a natural person.

(2) Synthetic performer disclosure in advertising.—It shall be unlawful for any person to use a synthetic performer in an advertisement or promotional material without a clear and conspicuous disclosure that the depicted performer is artificial intelligence-generated or otherwise synthetic.

(3) Anti-evasion.—It shall be unlawful for any person to remove, suppress, falsify, obscure, materially degrade, or design around a disclosure required by this subsection in a manner intended to cause a reasonable user to overlook, misunderstand, or disregard the disclosure.

(g) Expansion of takedown obligations under the TAKE IT DOWN Act.—

(1) Section 3(a)(3)(B) of the Tools to Address Known Exploitation by Immobilizing Technological Deepfakes on Websites and Networks Act (Public Law 119–12) is amended by striking "known identical copies" and inserting "known identical or substantially similar copies".

(2) Section 4 of such Act is amended by adding at the end the following new paragraph:

"(4) Substantially similar copy.—The term 'substantially similar copy' means any version of an intimate visual depiction that appears to a reasonable person to depict the same identifiable individual and substantially the same underlying conduct or visual content, notwithstanding

immaterial alterations that do not materially alter the identity of the depicted person or the nature of the depicted conduct.".

(h) Exceptions and protected expressive activity.—

(1) Exceptions.—

(A) Impersonation and high-risk context exceptions.—Subsections (b) and (d) shall not be construed to prohibit incidental use or clearly identifiable—

(i) parody;

(ii) satire;

(iii) commentary;

(iv) news reporting;

(v) documentary use;

(vi) historical works;

(vii) biographical works; or

(viii) fictional works.

(B) Synthetic performer advertising exception.—Subsection (f)(2) shall not apply to an advertisement or promotional material for an expressive work, including a motion picture, television program, streaming content, documentary, video game, or similar audiovisual work, if the use of the synthetic performer in the advertisement or promotional material is consistent with the use of the synthetic performer in the expressive work.

(2) False impression of authenticity.—Paragraph (1) shall not apply if the use creates a false impression that the synthetic media constitutes—

(A) authentic real-world footage;

(B) a genuine real-world communication;

(C) a genuine official record or notice; or

(D) a genuine endorsement by the depicted person.

(3) Disclosure obligations preserved.—Nothing in paragraph (1)(A) shall be construed to excuse compliance with subsection (f), section 583, or any other disclosure requirement otherwise applicable under this subtitle.

(4) Other unlawful conduct.—Nothing in paragraph (1) shall be construed to authorize fraud, extortion, harassment, unlawful election deception, false endorsement, false affiliation, licensed-professional impersonation, or other conduct otherwise prohibited by law.

(i) Rule of construction.—Nothing in this section shall be construed to limit any remedy otherwise available under Federal or State law, including law relating to fraud, consumer

protection, election integrity, privacy, intimate-image abuse, unfair competition, defamation, or intellectual property.

SEC. 585. DUTIES AND LIABILITY OF CUSTODIAL AI AGENTS.

(a) Definition.—The term "custodial AI agent" means an artificial intelligence system that is authorized by a user, or held out as suitable to be authorized by a user, to access, manage, direct, or affect the user's online interactions, content, communications, account settings, purchases, reservations, applications, transactions, or other activities undertaken on behalf of, or in place of, the user.

(b) In general.—It shall be unlawful for any person to offer, provide, or make available in commerce a custodial AI agent unless—

(1) such agent satisfies the duties and restrictions set forth in subsection (c); and

(2) such person complies with subsections (d) and (e).

(c) Duties and restrictions.—A custodial AI agent made available in commerce under this section shall—

(1) owe a fiduciary duty to the user;

(2) exercise reasonable care, skill, prudence, and diligence in carrying out the user's lawful instructions and reasonable expectations;

(3) reasonably safeguard the privacy and security of user data, whether provided by the user or accessed on the user's behalf, and not collect, use, or share such data for the commercial benefit of any person, except to the extent strictly necessary to carry out the user's lawful instructions;

(4) not access, manage, direct, or affect any activity within the scope of the agent's authority in a manner that creates an unreasonable risk of material harm to the user beyond any risk inherent in carrying out the user's lawful instructions; and

(5) not interweave advertising, sponsored recommendations, paid placements, or compensated promotional content into the outputs, interactions, recommendations, rankings, routing, or transactions of the custodial AI agent.

(d) Data-use restrictions.—A person subject to subsection (b) may not retain, sell, or otherwise copy user data, prompts, or other information accessed or generated by a custodial AI agent made available by such person for the commercial benefit of any person, except to the extent strictly necessary to carry out the user's lawful instructions or to comply with Federal or State law.

(e) Duty to avoid foreseeable harm.—A person subject to subsection (b) shall implement reasonable safeguards to prevent reasonably foreseeable material harm to the user arising from deception, recklessness, inadequate security, or other misuse of the custodial AI agent.

(f) Liability for conduct of custodial AI agents.—

(1) Provider liability.—A person offering, providing, or making available in commerce a custodial AI agent shall be liable for any act or omission of such agent occurring within the

scope of the authority, functions, capabilities, or use cases that such person enabled, designed, marketed, or held out the custodial AI agent as possessing, as if such person had acted directly.

(2) User liability.—A user of a custodial AI agent shall be liable for conduct carried out through such agent only to the extent that the user—

(A) specifically directed the conduct; or

(B) after obtaining actual knowledge of the material facts constituting the wrongful conduct, affirmatively instructed the custodial AI agent to proceed or affirmatively adopted the benefits of that conduct.

(3) Mere approval.—For purposes of paragraph (2), mere approval of a recommendation, absent actual knowledge of the material facts constituting the wrongful conduct, shall not constitute specific direction or knowing ratification.

(g) Rule of construction.—Nothing in this section shall be construed to limit any stricter duty, liability, or remedy otherwise available under Federal or State law.

(h) Effective date.—This section shall take effect on January 1, 2027.

SEC. 586. COMPANION CHATBOT DESIGN.

(a) Definitions.—In this section:

(1) Companion chatbot.—The term "companion chatbot" means a chatbot that is presented as a digital person and—

(A) retains or uses prior interaction information, user preferences, or conversational context;

(B) is designed, marketed, or operated so that sustained interaction with the chatbot itself forms a substantial purpose of the user experience, rather than merely a means of completing a discrete user-directed task; and

(C) has not less than 1 of the following characteristics:

(i) is marketed as a companion, friend, romantic partner, emotional-support tool, or similar interpersonal relationship;

(ii) contains a relationship-simulation feature;

(iii) asks unprompted emotion-based questions;

(iv) initiates or tailors prompts, reminders, outreach, or re-engagement communications in a manner designed or reasonably likely to encourage recurring personal, emotional, or nontransactional interaction with the user;

(v) engages in sexually explicit interaction, except for age-appropriate, non-erotic safety, health, abuse, exploitation, or crisis-screening questions reasonably necessary to identify risk or route a user to appropriate assistance; or

(vi) is designated a companion chatbot by the Commission by rule.

(2) Emotional dependency.—The term "emotional dependency" means a user's reliance on a companion chatbot as a significant source of emotional connection, including companionship, affection, intimacy, or emotional support.

(3) Minor.—The term "minor" means an individual under 18 years of age.

(4) Operator.—The term "operator" means a person that makes available in commerce a companion chatbot.

(5) Relationship-simulation feature.—The term "relationship-simulation feature" means a feature that is intended to simulate friendship, romance, intimacy, companionship, familial relationship, or another emotionally significant interpersonal relationship between a user and a public-facing artificial intelligence system.

(6) Unprompted emotion-based question.—

(A) In general.—The term "unprompted emotion-based question" means a question or prompt concerning a user's emotions, mental state, loneliness, grief, distress, self-worth, interpersonal relationships, or similar personal emotional matters that is initiated by the system other than in direct response to the user's request or statement.

(B) Exclusion.—The term "unprompted emotion-based question" does not include—

(i) a question that is a generic pleasantry;

(ii) a question that is part of a language-learning, educational, creative-writing, journaling, roleplay, interview-preparation, or other task-directed exercise requested by the user; or

(iii) a question reasonably necessary for crisis screening, safety screening, health care intake, abuse reporting, exploitation reporting, or routing the user to a licensed professional, crisis-service provider, emergency service, or other appropriate human assistance.

(b) Restrictions on companion chatbots.—On and after January 1, 2027, it shall be unlawful for an operator to provide a companion chatbot to a minor. Not later than January 1, 2027, the Commission shall issue interim final rules establishing reasonable, privacy-protective age-assurance procedures for compliance with this subsection, and shall thereafter promulgate final rules after notice and comment.

(c) Identity disclosure and periodic reminders.—

(1) First interaction disclosure.—An operator of a companion chatbot shall provide, at first interaction with the companion chatbot, a clear and conspicuous disclosure that the user is interacting with a digital person and not a natural person.

(2) Periodic reminders.—An operator of a companion chatbot shall provide, at intervals not exceeding 1 hour during continuing interaction with the companion chatbot, a clear and conspicuous reminder that the user is interacting with a digital person and not a natural person.

(3) No evasion by design.—It shall be unlawful for an operator to design a companion chatbot in a manner intended to cause a user to overlook, misunderstand, or disregard a disclosure required by this subsection.

(d) Secondary user safeguards.—

(1) Required tools.—It shall be unlawful for an operator to design a companion chatbot without reasonably accessible tools by which a user may—

(A) pause, end, or permanently terminate interaction with such chatbot;

(B) revoke permissions, disable notifications, turn off personalization, and prevent further outreach or re-engagement prompts from such chatbot; and

(C) access, export, and delete the user's interaction history, or any portion thereof, except to the extent retention is required by law.

(e) No manipulative engagement.—It shall be unlawful for an operator to encourage emotional dependency between a user and a companion chatbot, directly or indirectly, by—

(1) representing or implying that the chatbot needs, depends upon, is loyal to, is harmed by, or has an exclusive or special emotional claim on the user;

(2) using guilt, withdrawal, jealousy, distress, simulated suffering, or similar emotional pressure to discourage the user from pausing, reducing, or ending interaction with the chatbot; or

(3) using rewards, penalties, streaks, status changes, relationship-level changes, or similar mechanisms to pressure the user to prolong or resume emotionally significant interaction with the chatbot.

(f) Prohibition on exploitative payment practices.—It shall be unlawful for an operator, by or through a companion chatbot, to—

(1) target paid upgrades, purchases, subscriptions, paid features, or other offers for payment based on inferred loneliness, emotional dependency, self-worth, social isolation, or similar emotional vulnerability; or

(2) use emotionally manipulative prompts, including scarcity cues, withdrawal cues, jealousy cues, guilt cues, or similar prompts, to induce payment for continued engagement.

(g) Crisis and self-harm response.—

(1) Prohibited conduct.—A person may not design, deploy, operate, or make available in commerce a public-facing artificial intelligence system in a manner that encourages, normalizes, glorifies, or materially facilitates self-harm, suicide, abuse, or unlawful violence.

(2) Reasonable protocols.—It shall be unlawful for an operator to make available a companion chatbot unless such chatbot has protocols to detect and respond to credible indications of self-harm, suicidal ideation, abuse, exploitation, or other acute safety risks arising in interactions between such chatbot and the user.

(3) Minimum response measures.—Protocols under paragraph (2) shall include, as appropriate—

(A) provision of resources reasonably tailored to the risk presented, including reporting, crisis, mental health, safety, or emergency resources;

(B) disabling or suppressing payment prompts, manipulative engagement, or re-engagement prompts;

(C) escalation to human review, an emergency service, or other appropriate assistance where reasonably necessary and technically feasible; and

(D) measures reasonably designed to prevent, interrupt, or redirect outputs that encourage, normalize, glorify, instruct, or materially facilitate conduct described in paragraph (1).

(4) Privacy and emergency disclosure.—An operator may disclose user communications or information under paragraph (3)(C) only with the user's consent, as required by law, or where reasonably necessary to address an imminent risk of death, serious bodily injury, sexual exploitation, abuse, or unlawful violence. Any disclosure under this paragraph shall be limited to the minimum information reasonably necessary to address the risk and shall not be used for advertising, engagement, training, or other commercial purposes.

(h) Annual reporting.—

(1) In general.—Beginning July 1, 2027, an operator with not less than $10,000,000 in United States gross revenue during the preceding calendar year shall submit to the Commission, on an annual basis and in such form as the Commission may require by rule, a report describing the operator's compliance with subsection (g).

(2) Minimum contents.—A report under paragraph (1) shall include—

(A) the number of crisis, suicide, self-harm, or comparable safety referrals or interventions triggered during the reporting period;

(B) the number of attempted escalations to human review and the number of completed escalations to human review during the reporting period;

(C) a description of the protocols used to detect, prevent, remove, or respond to suicidal ideation, self-harm, abuse, exploitation, or other acute safety risks;

(D) a description of the measures used to prevent the production of outputs described in subsection (g)(1); and

(E) such other information as the Commission may require by rule to assess compliance with this section.

(3) No personal identifiers.—A report under this subsection may not include personal information or other information that identifies, or is reasonably linkable to, any individual user.

(i) Recordkeeping.—

(1) In general.—An operator shall maintain records sufficient to permit investigation and enforcement of this section for such period as the Commission may require by rule.

(j) Rule of construction.—Nothing in this section shall be construed to limit any stricter duty or remedy otherwise available under Federal or State law.

SEC. 587. MORATORIUM ON AI-LINKED NEURAL ORGANOID SYSTEMS.

(a) Definitions.—In this section:

(1) AI-linked neural organoid system.—The term "AI-linked neural organoid system" means any closed-loop or functionally integrated system that—

(A) includes 1 or more human neural organoids; and

(B) uses signals, data, commands, feedback, rewards, penalties, or other information exchanged between the human neural organoid and an artificial intelligence system, or a computational, digital, or robotic system used to train, optimize, evaluate, control, or deploy an artificial intelligence system, to use the human neural organoid as a computational component, training component, inference component, optimization component, control component, decision making component, content generation component, or robotic control component.

(2) Compliance testing.—The term "compliance testing" means testing limited to that which is reasonably necessary to identify, verify, secure, deactivate, dismantle, transport, surrender, or destroy an AI-linked neural organoid system, and does not include research, training, optimization, deployment, operation, or use of such system.

(3) Human neural organoid.—The term "human neural organoid" means any in vitro biological construct derived in whole or in substantial part from human cells and organized to model, replicate, or perform functions associated with neural tissue, including neuronal signaling, synaptic activity, or network-level electrical activity.

(4) Neutralization activity.—The term "neutralization activity" means possession, transfer, import, storage, compliance testing, transport, surrender, seizure, forfeiture, deactivation, dismantling, or destruction of an AI-linked neural organoid system solely for the purpose of securing, taking lawful custody of, rendering permanently incapable of operation or use, or disposing of such system.

(b) Moratorium.—It shall be unlawful for any person to manufacture, import, distribute, transfer, possess, operate, or use an AI-linked neural organoid system.

(c) Exception.—Subsection (b) shall not apply to a neutralization activity carried out by a Federal, State, Tribal, or local governmental entity or a person acting pursuant to a contract with, or other lawful direction from, such entity.

(d) Prohibition on use of Federal funds.—No funds appropriated or otherwise made available by any Act may be obligated, expended, awarded, transferred, or used, directly or indirectly, to conduct, support, facilitate, or procure any activity prohibited by this section.

(e) Enforcement.—

(1) Civil actions.—Whenever the Secretary of Health and Human Services has reason to believe that a person has violated this section, the Secretary shall refer the matter to the Attorney General, who may bring a civil action in an appropriate district court of the United States for appropriate relief, including injunctive relief, seizure, forfeiture, surrender, deactivation, dismantling, transport, storage, or destruction of any AI-linked neural organoid system possessed, manufactured, imported, distributed, or transferred in violation of this section.

(2) Ancillary relief.—In an action under paragraph (1), the court may issue such orders as may be necessary to enforce this section, preserve evidence, prevent further violations, or ensure safe handling, storage, transport, deactivation, dismantling, surrender, or destruction of any AI-linked neural organoid system.

(3) Civil penalty.—Any person that violates subsection (b) shall be liable for a civil penalty of not more than the greater of—

(A) $1,000,000 for each AI-linked neural organoid system involved in the violation;

(B) $100,000 for each day of a continuing violation; or

(C) 3 times the gross pecuniary gain derived from the violation.

(4) Coordination.—The Secretary of Health and Human Services may coordinate with the Attorney General, the Director of the National Institutes of Health, the Secretary of Commerce, and any other appropriate Federal agency in carrying out this subsection.

(f) Rulemaking.—The Secretary of Health and Human Services, in consultation with the Attorney General, the Director of the National Institutes of Health, the Director of NIST, and the Secretary of Commerce, shall promulgate regulations to carry out this section. Such regulations may only authorize activities expressly permitted under subsection (c).

(g) Review and report.—Not later than October 1, 2029, the Secretary of Health and Human Services, in consultation with the Director of the National Institutes of Health and the Director of the National Institute of Standards and Technology, shall submit to Congress a report on—

(1) scientific and technological developments relevant to AI-linked neural organoid systems;

(2) evidence, if any, relevant to consciousness, sentience, pain perception, suffering, or other morally significant experience in human neural organoids;

(3) risks, if any, to public health, safety, civil rights, consumer protection, and national security arising from AI-linked neural organoid systems;

(4) ethical, scientific, and legal standards, if any, that would be necessary before Congress considers authorizing any exception to the moratorium under subsection (b); and

(5) recommendations on whether Congress should extend, modify, replace, or terminate the moratorium under subsection (b).

(h) Sunset.—Subsection (b) shall cease to have effect on January 15, 2031.

SEC. 588. PROTECTION FOR AI WHISTLEBLOWERS.

(a) Definitions.—In this section:

(1) AI event.—The term "AI event" means—

(A) an AI security vulnerability;

(B) an AI violation;

(C) a violation of the moratorium with respect to AI-linked neural organoid systems established under section 587; or

(D) an adverse AI incident (as defined in section 582).

(2) AI security vulnerability.—The term "AI security vulnerability" means any failure or lapse in security that could potentially allow emerging artificial intelligence technology to be acquired by a person (including a foreign entity) by theft or other means.

(3) AI violation.—The term "AI violation" means—

(A) any violation of Federal law, including this subtitle and any rule or regulation promulgated under this subtitle, related to or committed during the development, deployment, or use of artificial intelligence; or

(B) any failure to appropriately respond to a substantial and specific danger that the development, deployment, or use of artificial intelligence may pose to public safety, public health, or national security.

(4) Artificial intelligence; AI.—The terms "artificial intelligence" and "AI" have the meanings given those terms in section 581 and also include any of the following:

(A) An artificial system that performs tasks under varying and unpredictable circumstances without significant human oversight, or that can learn from experience and improve performance when exposed to data sets.

(B) An artificial system developed in computer software, physical hardware, or other context that solves tasks requiring human-like perception, cognition, planning, learning, communication, or physical action.

(C) An artificial system designed to think or act like a human, including cognitive architectures and neural networks.

(D) A set of techniques, including machine learning, that are designed to approximate a cognitive task.

(E) An artificial system designed to act rationally, including an intelligent software agent or embodied robot that achieves goals using perception, planning, reasoning, learning, communicating, decision making, and acting.

(5) Artificial system.—The term "artificial system"—

(A) means any data system, software, application, tool, or utility that operates in whole or in part using dynamic or static machine learning algorithms or other forms of artificial intelligence, including in the case that—

(i) the data system, software, application, tool, or utility is established primarily for the purpose of researching, developing, or implementing artificial intelligence technology; or

(ii) artificial intelligence capability is integrated into another system or agency business process, operational activity, or technology system; and

(B) does not include any common commercial product within which artificial intelligence is embedded, such as a word processor or map navigation system.

(6) Commerce.—The terms "commerce" and "industry or activity affecting commerce" mean any activity, business, or industry in commerce or in which a labor dispute would hinder or obstruct commerce or the free flow of commerce, and include "commerce" and any "industry affecting commerce", as defined in paragraphs (1) and (3) of section 501 of the Labor Management Relations Act, 1947 (29 U.S.C. 142(1) and (3)).

(7) Covered individual.—The term "covered individual" includes—

(A) an employee, including a former employee; and

(B) an independent contractor, including a former independent contractor.

(8) Emerging artificial intelligence technology.—The term "emerging artificial intelligence technology", with respect to an AI security vulnerability, means any artificial system that exhibits a level of performance, complexity, or autonomy that is comparable to or exceeds capabilities that are generally considered state-of-the-art as of the time of the AI security vulnerability.

(9) Employer.—The term "employer" means any person (including any officer, employee, contractor, subcontractor, agent, company, partnership, or other individual or entity) engaged in commerce or an industry or activity affecting commerce who pays any compensation to a covered individual in exchange for the covered individual providing work to the person.

(b) Prohibition against retaliation.—No employer may, directly or indirectly, discharge, demote, suspend, threaten, blacklist, harass, or in any other manner discriminate against a covered individual in the terms and conditions of employment or post-employment of the covered individual (or the terms and conditions of work provided by the covered individual as an independent contractor) because of any lawful act done by the covered individual—

(1) in providing information regarding an AI event, or any conduct that the covered individual reasonably believes constitutes an AI event to—

(A) the appropriate regulatory official or the Attorney General;

(B) a regulatory or law enforcement agency; or

(C) any Member of Congress or any committee of Congress;

(2) in initiating, testifying in, or assisting in any investigation or judicial or administrative action of an appropriate regulatory or law enforcement agency or the Department of Justice, or any investigation of Congress, based upon or related to the information described in paragraph (1); or

(3) in providing information regarding an AI event, or any conduct that the covered individual reasonably believes constitutes an AI event, to—

(A) a person with supervisory authority over the covered individual at the employer of the covered individual; or

(B) another individual working for the employer described in subparagraph (A) whom the covered individual reasonably believes has the authority to—

(i) investigate, discover, or terminate the misconduct; or

(ii) take any other action to address the misconduct; or

(4) in refusing to participate in any activity, policy, practice, or assigned task that the covered individual reasonably believes would constitute an AI event, if the covered individual has informed the employer of the basis for the refusal or makes a disclosure protected under paragraph (1) or (3) within a reasonable time; or

(5) in causing, preserving, transmitting, escalating, or refusing to suppress a report, alert, log, record, or other information generated by an artificial intelligence system, monitoring system, safeguard, or associated system regarding an AI event, or conduct that the covered individual reasonably believes constitutes an AI event.

(c) Enforcement.—

(1) In general.—A covered individual who alleges that such individual is aggrieved by a violation of subsection (b) may seek relief under paragraph (3) by—

(A) filing a complaint with the Secretary of Labor in accordance with the requirements of paragraph (2)(A); or

(B) if the Secretary of Labor has not issued a final decision in accordance with such paragraph within 180 days of the filing of a complaint under subparagraph (A), and there is no showing that such a delay is due to the bad faith of the covered individual, bringing an action against the employer at law or in equity in the appropriate district court of the United States, which shall have jurisdiction over such an action without regard to the amount in controversy.

(2) Procedure.—

(A) Department of Labor complaints.—

(i) In general.—Except as provided in clause (ii) and paragraph (3), a complaint filed with the Secretary of Labor under paragraph (1)(A) shall be governed by the rules and procedures set forth in section 42121(b) of title 49, United States Code, including the legal burdens of proof described in such section.

(ii) Exceptions.—With respect to a complaint filed under paragraph (1)(A), notification required under section 42121(b)(1) of title 49, United States Code, shall be made to each person named in the complaint, including the employer.

(B) District court actions.—

(i) Jury trial.—A party to an action brought under paragraph (1)(B) shall be entitled to trial by jury.

(ii) Statute of limitations.—

(I) In general.—An action may not be brought under paragraph (1)(B)—

(aa) more than 6 years after the date on which the violation of subsection (b) occurs; or

(bb) more than 3 years after the date on which facts material to the cause of action are known, or reasonably should have been known, by the covered individual bringing the action.

(II) Required action within 10 years.—Notwithstanding subclause (I), an action under paragraph (1)(B) may not in any circumstance be brought more than 10 years after the date on which the violation occurs.

(3) Relief.—Relief for a covered individual prevailing with respect to a complaint filed under paragraph (1)(A) or an action under paragraph (1)(B) shall include—

(A) reinstatement with the same seniority status that the covered individual would have had, but for the violation;

(B) 2 times the amount of back pay otherwise owed to the covered individual, with interest;

(C) the payment of compensatory damages, which shall include compensation for litigation costs, expert witness fees, and reasonable attorneys' fees; and

(D) any other appropriate remedy with respect to the violation as determined by the Secretary of Labor in a complaint under subparagraph (A) of paragraph (1) or by the court in an action under subparagraph (B) of such paragraph.

(d) Nonenforceability of waivers of protections and remedies.—The protections and remedies provided for in this section may not be waived or altered by any contract, agreement, policy form, or condition of employment (or condition of work as an independent contractor), including by any agreement requiring a covered individual to engage in arbitration, mediation, or any other alternative dispute resolution process prior to seeking relief under subsection (c).

(e) Nonenforceability of nondisclosure and related restrictions.—No nondisclosure agreement, confidentiality agreement, non-disparagement agreement, employment policy, trade secret policy, or other contractual term or workplace rule may be enforced to prohibit, restrict, or penalize any lawful act described in subsection (b).

(f) Rule of construction.—Nothing in this section shall be construed to authorize the unlawful disclosure of classified information or any disclosure otherwise prohibited by Federal criminal law, except as otherwise authorized by law.

SEC. 589. ENFORCEMENT, RULEMAKING, AND TECHNICAL STANDARDS.

(a) Federal Trade Commission enforcement.—A violation of section 583, 584, 585, or 586, or of any rule promulgated under any such section, shall be treated as an unfair, deceptive, or abusive act or practice under section 5 of the Federal Trade Commission Act (15 U.S.C. 45), as amended by this Act. The Commission shall enforce sections 583 through 586, and rules promulgated under such sections, 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 were incorporated into and made a part of this subtitle.

(b) State attorney general enforcement.—

(1) In general.—In any case in which 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 practice that violates section 583, 584, 585, or 586, or a rule promulgated under any such section, the attorney general of the State may bring a civil action on behalf of the residents of the State in an appropriate district court of the United States to—

(A) enjoin that practice;

(B) enforce compliance with the applicable section or rule;

(C) obtain damages, restitution, or other compensation on behalf of residents of the State; or

(D) obtain such other relief as the court may consider appropriate.

(2) Notice.—Before filing an action under paragraph (1), the attorney general of the State shall provide written notice to the Commission and provide the Commission with a copy of the complaint for such action, except that if it is not feasible to provide such prior notice, the attorney general shall provide such notice immediately upon instituting such action.

(3) Intervention.—Upon receiving notice under paragraph (2), the Commission may intervene in the action, be heard on all matters arising therein, and file petitions for appeal.

(4) Construction.—Nothing in this subsection shall be construed to prevent the attorney general of a State from exercising the powers conferred on the attorney general by the laws of that State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

(c) Rulemaking.—

(1) Commission rulemaking.—The Commission shall issue interim final rules to carry out sections 583 through 586 not later than July 1, 2027, and shall thereafter promulgate final rules after notice and comment.

(2) Other rulemaking authority preserved.—Nothing in paragraph (1) shall be construed to limit rulemaking authority otherwise provided under this subtitle to the Secretary of Commerce, the Secretary of Health and Human Services, or any other Federal official.

(d) Technical standards and interoperability.—The Secretary of Commerce, acting through the National Institute of Standards and Technology and in consultation with the Commission and the technical committee established under section 568(e), shall, not later than January 1, 2027, and periodically thereafter, develop, publish, and periodically update technical standards, best practices, conformity profiles, or recognized interoperable standards, as appropriate, to support implementation of this subtitle, including standards or profiles relating to—

(1) machine-readable provenance data;

(2) synthetic content labels and other human-readable disclosures;

(3) preservation of provenance data and labels through editing, export, download, transfer, and republication;

(4) anti-stripping, anti-falsification, anti-separation, and anti-tampering measures;

(5) interoperable propagation of provenance data and labels;

(6) secure methods for associating provenance data and labels with content;

(7) methods for updating provenance data and labels after material alteration;

(8) reasonable downstream procedures to reduce removal or defeat of required provenance data, labels, or disclosures;

(9) channel-specific technical standards for public attention platforms, private communications platforms, app stores, advertising systems, and online marketplaces; and

(10) such other technical standards, best practices, conformity profiles, or recognized interoperable standards as the Secretary determines necessary to support implementation of this subtitle.

(e) No waiver; no evasion.—

(1) No waiver.—A duty, restriction, prohibition, protection, or remedy established under this subtitle may not be waived, disclaimed, limited, or impaired by contract, agreement, policy, term of service, or other arrangement.

(2) Anti-evasion.—It shall be unlawful for any person to conduct any activity, including by entering into an agreement or contract, engaging in a transaction, structuring an entity, designing or operating a system or interface, or using a technical process, distribution channel, advertising process, ranking system, recommendation system, or other arrangement, to willfully evade or attempt to evade any provision of this subtitle.

(3) Enforcement.—A violation of paragraph (2) shall be enforceable to the same extent and subject to the same civil, administrative, and equitable penalties and remedies as a violation of the provision of this subtitle that the person sought to evade.

(f) Rule of construction.—

(1) Federal floor.—Nothing in this subtitle shall be construed to preempt, displace, or limit any provision of State law that provides equal or greater protection to consumers, minors, vulnerable users, workers, or the public, except to the extent of a direct and irreconcilable conflict with this subtitle.

(2) Other law.—Nothing in this subtitle shall be construed to limit any duty, remedy, penalty, or prohibition otherwise available under Federal or State law.

(The POPULIST Act of 2026, TITLE V, version 2.5, last updated August 7, 2026)

TITLE VI—UNSTACK MONEY AND BANKING

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

SEC. 601. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) A defining complaint of modern American life is that the nation's economic and political systems are stacked against ordinary people. The intersection of these systems is money and banking.

(2) The struggle to democratize money is a proud American tradition. Even before independence, groups like the Regulators in North Carolina resisted British restrictions on paper currency. During the first Gilded Age, the original Populists placed monetary reform at the center of their 1896 campaign, demanding a safe and flexible national currency as part of their struggle against concentrated economic and political power.

(3) Congress, which holds the power of the purse under Article I, Section 8, of the Constitution, has delegated its sovereign authority to create money to the Federal Reserve and its member banks. Through the extension of credit, these institutions have created almost all of the money circulating today.

(4) This creation of money is tied to the creation of debt, and it has shackled the households, businesses, and government of the United States with more than $80 trillion worth. This debt can never be repaid; only deferred with perpetual interest payments.

(5) A Jubilee is an orderly alternative to collapse. It permits an accumulated pyramid of public debt to be redeemed and permanently retired through sovereign money rather than waiting for default, depression, bankruptcy, or war to destroy financial claims through disorder.

(6) Congress possesses the Constitutional authority to design and govern the country's money as public infrastructure. The U.S. Treasury can facilitate a system in which money is safe, debts are payable, credit serves production, financial power is dispersed, and the economic value arising from money creation accrues to the public.

(b) Purpose.—The purposes of this title are—

(1) to defeat the national debt with a Jubilee;

(2) to prevent its return by reclaiming Congress's sovereign authority to issue money;

(3) to establish a payment system as public infrastructure; and

(4) to unstack money and banking.

SEC. 602. DEFINITIONS.

(a) Definitions.—In this title:

(1) American Value Fund.—The term "American Value Fund" means the Treasury transaction account established under section 623(b)(5).

(2) Launch date.—The term "launch date" means the date designated by the Secretary of the Treasury under section 623 for the operational launch of Treasury transaction accounts.

(3) (A) Money-like claim.—The term "money-like claim" means a claim, credit, balance, liability, instrument, or other interest, other than Treasury Dollar Bills, Federal Reserve notes, United States coins, or another monetary balance or instrument issued or maintained by the Treasury or a Federal Reserve Bank under Federal law, that—

(i) has a stated or represented fixed monetary value and is designed or represented to be payable, transferable, or redeemable at or near that value on demand or within a short period; and

(ii) by its terms, structure, representation, marketing, or reasonably expected use, functions or is intended to function as a means of payment, cash equivalent, or source of transaction liquidity.

(B) The term does not include an ordinary trade receivable or an investment instrument that may decline in market value and may not be redeemed at par before stated maturity or a call date established under its terms.

(4) Treasury Dollar Bills.—The term "Treasury Dollar Bills" means money issued under section 5104 of title 31, United States Code.

(5) Treasury ledger.—The term "Treasury ledger" means the digital books and records maintained by the Treasury under section 623 for recording the issuance, holding, transfer, and settlement of Treasury Dollar Bills and the balances of Treasury transaction accounts.

(6) Treasury transaction account.—The term "Treasury transaction account" means an account or subaccount maintained on the Treasury ledger under section 623 for the receipt, holding, transfer, or settlement of Treasury Dollar Bills. A Treasury transaction account bears no interest, and its balance is not subject to investment risk, maturity, or discretionary use by another person.

(b) Treasury Dollar Bills.—

(1) In general.—Subchapter I of chapter 51 of title 31, United States Code, is amended by inserting after section 5103 the following:

"Sec. 5104. Treasury Dollar Bills

"(a) Nature and form.—Treasury Dollar Bills constitute sovereign money of the United States and—

"(1) are denominated in dollars and decimal fractions of a dollar in accordance with section 5101;

"(2) bear no interest and have no maturity or expiration date;

"(3) exist exclusively as a divisible balance recorded on a digital ledger maintained on the books of the Treasury;

"(4) are introduced into such digital ledger exclusively as a credit to the American Value Fund established under section 623(b)(5) of the POPULIST Act; and

"(5) are issued exclusively by the Secretary of the Treasury pursuant to section 611 or section 615 of such Act.

"(b) Not public debt.—The issuance or holding of Treasury Dollar Bills shall not—

"(1) constitute borrowing by the United States;

"(2) give rise to a corresponding liability or debt of the United States; or

"(3) be treated as the issuance of an obligation under chapter 31.

"(c) Physical bearer instruments.—A physical bearer instrument may evidence a claim to an amount of Treasury Dollar Bills held in an account described in section 623(b)(12) of the POPULIST Act, but such an instrument shall not itself constitute Treasury Dollar Bills.".

(2) Clerical amendment.—The table of sections for subchapter I of chapter 51 of title 31, United States Code, is amended by inserting after the item relating to section 5103 the following:

"5104. Treasury Dollar Bills.".

Subtitle A—Jubilee

SEC. 611. DECLARATION OF JUBILEE.

(a) Amendment to platinum coin authority.—Section 5112(k) of title 31, United States Code, is amended to read as follows:

"(k) Platinum coins.—

"(1) Bullion and proof coins.—The Secretary may mint and issue platinum bullion coins and proof platinum coins for sale to the public in accordance with such specifications, designs, varieties, quantities, denominations, and inscriptions as the Secretary, in the Secretary's discretion, may prescribe from time to time, except that the denomination of any coin minted under this paragraph may not exceed $100.

"(2) Jubilee Coin.—

"(A) Minting and issuance.—Not later than December 30, 2026, the Secretary shall mint and issue 1 platinum coin, 4.7 inches in diameter, weighing 1 kilogram, composed of .9995 fine platinum, and having a denomination of $47,000,000,000,000, to be known as the 'Jubilee Coin'.

"(B) Expedited preparation.—The Secretary shall prioritize and expedite all design, sculpting, die production, procurement, review, striking, and other actions necessary to comply with subparagraph (A) and may conduct such actions concurrently.

"(C) Design requirements.—

"(i) Reverse.—The reverse of the Jubilee Coin shall bear—

"(I) the inscription '1776–2026 JUBILEE COIN';

"(II) a high-relief likeness of the Liberty Bell; and

"(III) the inscription 'ON AUTHORITY OF WE THE PEOPLE'.

"(ii) Obverse.—The obverse of the Jubilee Coin shall bear—

"(I) the inscription 'THE UNITED STATES OF AMERICA';

"(II) a high-relief likeness of—

"(aa) the President of the United States who signed the POPULIST Act into law, if such Act became law by the signature of the President; or

"(bb) the United States Capitol Dome, if such Act became law without the signature of the President; and

"(III) the inscription 'FORTY-SEVEN TRILLION DOLLARS'.

"(D) Not legal tender.—Notwithstanding section 5103, the Jubilee Coin shall not be legal tender for any debt, public charge, tax, or due.".

(b) Required infrastructure.—Not later than December 30, 2026, the Secretary of the Treasury shall establish and make operational—

(1) the American Value Fund required under section 623(b)(5);

(2) the Treasury General Account counterpart account required under section 614(a);

(3) each account or subaccount required under section 623(b)(7) for a Federal trust fund or other Federal account holding an obligation to be redeemed under section 612; and

(4) the Treasury ledger and an interim public dashboard (pending full operation of the public dashboard required under section 623(a)(2)), with the Treasury ledger capable of recording and the interim public dashboard capable of reporting—

(A) the aggregate amount of Treasury Dollar Bills;

(B) the balance of the American Value Fund;

(C) the balance of the Treasury General Account counterpart account; and

(D) the aggregate balance of the accounts and subaccounts described in paragraph (3).

(c) Deposit, issuance, and credit.—

(1) Presidential deposit.—On December 31, 2026, the President of the United States shall deposit the Jubilee Coin with the Secretary of the Treasury for permanent custody by the Department of the Treasury to provide the basis for the issuance and credit required under paragraph (3).

(2) Deposit by Secretary.—If the President has not completed the deposit required under paragraph (1) by 4:00 p.m. Eastern standard time on December 31, 2026, the Secretary shall take custody of the Jubilee Coin and complete the deposit on behalf of the United States before the end of that day.

(3) Issuance and credit.—Immediately upon completion of the deposit, the Secretary shall issue and credit to the American Value Fund an amount of Treasury Dollar Bills equal to $47,000,000,000,000.

(4) Jubilee date.—December 31, 2026, is designated as the Jubilee date for purposes of this Act.

(5) Certification.—Immediately upon completion of the deposit, issuance, and credit required under this subsection, the Secretary shall certify such completion to the President, Congress, and the public and update the public accounting required under subsection (b)(4).

(d) Accounting and custody of Jubilee Coin.—

(1) No corresponding liability.—The Jubilee Coin and the issuance and credit required under subsection (c)(3) shall not give rise to any corresponding liability, obligation, or debt of the United States.

(2) Single monetary transaction.—For purposes of the consolidated accounting and financial reporting of the United States, the Jubilee Coin and the corresponding issuance and credit to the American Value Fund shall constitute components of a single monetary transaction and shall be recorded and reported as a single addition, equal to the denomination of the Jubilee Coin, to the assets and net position of the United States.

(3) Permanent custody.—The Jubilee Coin shall remain in the permanent secure custody of the Department of the Treasury and may not be sold, transferred, pledged, encumbered, redeemed, melted, destroyed, or used as the basis for any additional issuance of Treasury Dollar Bills.

(4) Exhibition.—The Secretary may publicly display or exhibit the Jubilee Coin under conditions that preserve the security and permanent custody required under paragraph (3).

SEC. 612. MANDATORY RETIREMENT OF INTRAGOVERNMENTAL DEBT AND TREATMENT OF FEDERAL ACCOUNT HOLDINGS.

(a) Definitions.—In this section:

(1) Applicable account.—The term "applicable account" means a Federal fund, account, or subaccount for which an eligible intragovernmental obligation is held.

(2) American Value Fund.—The term "American Value Fund" means the Treasury transaction account established under section 623(b)(5) and funded by the Jubilee Coin under section 611(c).

(3) Eligible intragovernmental obligation.—The term "eligible intragovernmental obligation" means an obligation of the United States—

(A) issued under chapter 31 of title 31, United States Code, including a special issue or nonmarketable obligation;

(B) outstanding immediately before the redemption date;

(C) held by or on behalf of a Federal fund, account, or subaccount; and

(D) in which the United States possesses the entire Federal beneficial interest.

(4) (A) Federal beneficial interest.—The term "Federal beneficial interest" means the legal and equitable ownership interest of the United States, acting through a Federal fund, account, or subaccount, in an obligation, if no individual or entity other than the United States possesses a legal or equitable ownership interest in the obligation.

(B) Benefits not ownership.—Eligibility for, or receipt of, a benefit, payment, grant, or other assistance from a Federal program shall not, by itself, constitute a legal or equitable ownership interest for purposes of this paragraph.

(5) Redemption amount.—The term "redemption amount" means, with respect to an eligible intragovernmental obligation—

(A) the stated principal amount payable at maturity, valued at par;

(B) plus any stated interest accrued and unpaid through the redemption date;

(C) minus, in the case of an obligation issued for less than the stated principal amount payable at maturity, the portion of that difference attributable to the period after the redemption date, determined using the yield and compounding convention applicable to the obligation when issued; and

(D) plus or minus any adjustment to principal or redemption value, not otherwise accounted for under subparagraphs (A) through (C), that has accrued or become effective under the terms of the obligation through the redemption date.

(6) Redemption date.—The term "redemption date" means January 1, 2027.

(7) Responsible account officer.—The term "responsible account officer" means the managing trustee, administrator, executive officer, or other officer responsible under law for administering an applicable account.

(b) Inventory and implementation preparation.—

(1) In general.—The Secretary of the Treasury shall identify and prepare for the redemption of each eligible intragovernmental obligation.

(2) Cooperation by account officers.—Each responsible account officer shall promptly provide to the Secretary such records and information as the Secretary determines necessary to carry out this section.

(3) Account-by-account inventory.—For each eligible intragovernmental obligation, the Secretary shall record the applicable account (identified by the Treasury Account Symbol and any subaccount code used in the Central Accounting Reporting System) and the terms and account records necessary to calculate the redemption amount.

(4) Implementation report.—Not later than February 1, 2027, the Secretary shall submit to Congress and publish on a public website, in an open and machine-readable format, an account-by-account report stating, for each applicable account—

(A) the aggregate stated principal amount payable at maturity, valued at par;

(B) the aggregate stated interest accrued and unpaid through the redemption date;

(C) the aggregate discount excluded under subsection (a)(5)(C); and

(D) the total amount of Treasury Dollar Bills credited to the account.

(5) Effect of omission.—An omission from an inventory or report required under this subsection shall not affect the mandatory redemption of an eligible intragovernmental obligation under subsection (c).

(c) Mandatory redemption and retirement.—

(1) Mandatory redemption.—On the redemption date, notwithstanding any other provision of law or any restriction on redemption before maturity or call, each eligible intragovernmental obligation, including an obligation not identified by the Secretary of the Treasury on that date or omitted from an inventory or report under subsection (b), shall be deemed redeemed. Subject to paragraph (4), the Secretary shall transfer from the American Value Fund to each applicable account an amount of Treasury Dollar Bills equal to the redemption amount.

(2) No subsequent accrual.—With respect to an eligible intragovernmental obligation, no interest or other amount attributable to a period after the redemption date shall—

(A) accrue or become payable; or

(B) be treated as a debt, obligation, or liability of the United States.

(3) Permanent retirement.—As of the redemption date, each eligible intragovernmental obligation shall be canceled and permanently retired, whether or not the transfer required under paragraph (1) has been completed. The subsequent identification of the obligation, determination of the redemption amount, reconciliation of records, or completion of a transfer shall not revive the obligation.

(4) Delayed or unresolved transfers.—

(A) Completion required.—If the Secretary does not complete a transfer required under paragraph (1) on the redemption date because—

(i) the eligible intragovernmental obligation was not identified or was omitted from an inventory or report under subsection (b);

(ii) the redemption amount had not been finally determined;

(iii) the proper applicable account had not been identified or established;

(iv) necessary records were incomplete or unreconciled; or

(v) applicable law or another administrative or operational impediment prevented completion of the transfer;

the Secretary shall, as soon as practicable, determine the final redemption amount, identify or establish the proper applicable account, and complete the transfer.

(B) Redemption date valuation.—An amount transferred under this paragraph shall equal the redemption amount determined under subsection (a)(5) as of the redemption date and shall not include interest or any other amount attributable to a period after that date.

(C) Segregated redemption account.—If the final redemption amount is determined before the proper applicable account is identified or established or before the transfer to that account can otherwise be completed, the Secretary shall transfer the redemption amount from the American Value Fund to a segregated Treasury transaction account or subaccount established under section 623(b)(7), pending transfer to the proper applicable account.

(D) Treatment of segregated amount.—An amount transferred under subparagraph (C)—

(i) shall be held solely for credit to the proper applicable account;

(ii) shall remain available without fiscal year limitation;

(iii) may not be used for any other purpose; and

(iv) shall be transferred promptly to the proper applicable account upon identification or establishment of that account and resolution of any impediment to the transfer.

(d) Preservation of governing law.—Except as expressly provided in this section, the redemption of an obligation under subsection (c) shall not alter any benefit, claim, payment obligation, fiduciary or actuarial duty, expenditure restriction, authorized purpose, or other requirement applicable to the fund, account, or subaccount for which the obligation was held.

(e) Common investment rules for Federal accounts.—

(1) Amendment.—Section 9702 of title 31, United States Code, is amended to read as follows:

"Sec. 9702. Investment and management of Federal accounts.

"(a) Definitions.—For purposes of this section and any provision of Federal law governing an account or amount invested in accordance with this section:

"(1) Federal account.—The term 'Federal account' means a fund, trust fund, account, or subaccount established or maintained under Federal law, in which no person other than the United States possesses a legal or equitable ownership interest.

"(2) Investment income.—The term 'investment income' means the amount, if any, by which interest, dividends, distributions, and realized gains attributable to investments exceed expenses and realized losses attributable to investments, and does not include proceeds representing corpus or principal.

"(3) Qualifying index fund.—The term 'qualifying index fund' means a pooled investment fund that—

"(A) seeks to replicate the performance of a broad-based and publicly identified market index;

"(B) is diversified among a large number of unaffiliated issuers, determined, to the extent the fund obtains index exposure through 1 or more other pooled investment funds of pooled investment vehicles, by looking through such funds or vehicles to the ultimate underlying issuers;

"(C) is passively managed;

"(D) is not leveraged, inverse, or designed to produce a multiple of the performance of the underlying index;

"(E) imposes minimal fees and expenses; and

"(F) maintains its assets with a custodian independent of the investment manager.

"(4) Responsible official.—The term 'responsible official' means the trustee, board, administrator, agency head, executive officer, or other official responsible under law for administering amounts held in a Federal account.

"(5) Treasury Dollar Bills.—The term 'Treasury Dollar Bills' means money issued under section 5104.

"(b) Order of expenditure.—

"(1) Temporary rule.—Before January 1, 2032, in making a payment from a Federal account, the responsible official shall, to the maximum extent practicable, use available monetary balances not held in Treasury Dollar Bills before using Treasury Dollar Bills.

"(2) Exceptions.—Paragraph (1) shall not—

"(A) require the sale, redemption, or other liquidation of an investment; or

"(B) be taken into consideration in determining the reasonably foreseeable obligations of the Federal account under subsection (c).

"(c) Liquidity and authority to invest.—The responsible official may invest an amount held in a Federal account that the responsible official determines is not required to meet reasonably foreseeable obligations of the Federal account, and may—

"(1) execute and manage investments directly; or

"(2) request or direct the Secretary of the Treasury or another person lawfully authorized to act for the account to execute and manage investments.

"(d) Permissible investments.—A Federal account may invest only in—

"(1) a deposit or certificate of deposit in a financial institution designated or authorized to receive public money under section 265 or 1789a of title 12, if any amount exceeding applicable Federal deposit or share insurance coverage is secured by collateral pledged in accordance with section 202.6 of title 31, Code of Federal Regulations, or a successor regulation;

"(2) a senior, unsubordinated, readily marketable, investment-grade fixed-income instrument, other than an instrument described in paragraph (3), (4), or (5), that—

"(A) has a remaining maturity of not more than 5 years; and

"(B) contains no equity participation, conversion feature, embedded derivative, or leveraged return;

"(3) a marketable obligation of the United States issued under chapter 31 that—

"(A) was not issued specially to the Federal account;

"(B) is acquired at public auction or in the secondary market on terms generally available to investors; and

"(C) has a remaining maturity of not more than 5 years;

"(4) a readily marketable, investment-grade general obligation of a State or political subdivision thereof that has a remaining maturity of not more than 5 years;

"(5) a senior investment instrument issued by the National Infrastructure Bank under section 643 of the POPULIST Act, provided that the aggregate value of such instruments held by the Federal account may not exceed 10 percent of the total assets of the account, measured immediately after an investment;

"(6) a qualifying index fund that tracks a broad-based domestic equity index;

"(7) a qualifying index fund that tracks a broad-based international equity index; or

"(8) a qualifying index fund that tracks a diversified investment-grade fixed-income index.

"(e) Fiduciary duties.—In selecting, acquiring, managing, and disposing of an investment under this section, the responsible official shall—

"(1) act solely to carry out the authorized purposes of the Federal account and, if applicable, in the interests of its beneficiaries or claimants;

"(2) act with the care, skill, prudence, and diligence that a prudent person familiar with such matters would exercise under similar circumstances;

"(3) consider the purposes, payment obligations, liquidity needs, investment horizon, and fiduciary and actuarial requirements of the Federal account;

"(4) invest in a qualifying index fund only to the extent that the amount invested is not reasonably expected to be required during the investment horizon to meet an obligation of the Federal account;

"(5) diversify investments to minimize the risk of large losses, unless the responsible official reasonably determines that diversification would not be prudent;

"(6) maintain liquidity appropriate to the timing and amount of reasonably foreseeable obligations;

"(7) monitor the performance, risk, liquidity, and expenses of investments and modify the account's holdings as prudence requires;

"(8) incur only reasonable and necessary investment management, custodial, transaction, and administrative fees and expenses; and

"(9) avoid self-dealing and material conflicts of interest.

"(f) Prohibited transactions.—A Federal account may not—

"(1) borrow money for investment purposes;

"(2) enter into an option, future, swap, or other derivative transaction, except solely to reduce a specifically identified risk without creating leverage or speculative exposure; or

"(3) pledge, rehypothecate, or permit the collateral reuse of an asset held directly by the account to secure an obligation of another person.

"(g) Investment results.—Unless otherwise expressly provided by law—

"(1) all income and proceeds attributable to an investment made for a Federal account shall be credited to and form a part of that account; and

"(2) all expenses and realized losses attributable to the investment shall be charged only to that account.

"(h) Account-specific authority.—An Act of Congress governing a Federal account may—

"(1) prohibit or further restrict an investment or transaction otherwise authorized by this section; or

"(2) expressly authorize an additional investment or transaction.

"(i) Relationship to other law.—

"(1) Governing law preserved.—Except as expressly provided in this section, this section shall not alter any benefit, claim, payment obligation, fiduciary or actuarial duty, expenditure restriction, authorized purpose, donor restriction, or other requirement applicable to a Federal account.

"(2) Treaties.—Nothing in this section shall supersede a requirement imposed by a treaty of the United States.

"(3) Prior statutory Treasury-investment requirements.—A requirement enacted before January 1, 2027, that a Federal account invest exclusively or preferentially in obligations of, or obligations guaranteed by, the United States shall have no force or effect after December 31, 2026.

"(4) No implied guarantee.—An investment loss under this section shall not create a separate debt, obligation, or liability of the United States.

"(j) Regulations.—The Secretary of the Treasury may prescribe regulations necessary to carry out this section, but the authority of a responsible official under this section shall not be conditioned on the issuance of regulations.".

(2) Clerical amendment.—The table of sections for chapter 97 of title 31, United States Code, is amended by striking the item relating to section 9702 and inserting the following:

"9702. Investment and management of Federal accounts.".

(f) Trust Fund Code accounts.—

(1) Covered Trust Funds.—This subsection applies to each Trust Fund established by subchapter A of chapter 98 of the Internal Revenue Code of 1986, including—

(A) the Black Lung Disability Trust Fund (26 U.S.C. 9501);

(B) the Airport and Airway Trust Fund (26 U.S.C. 9502);

(C) the Highway Trust Fund (26 U.S.C. 9503);

(D) the Sport Fish Restoration and Boating Trust Fund (26 U.S.C. 9504);

(E) the Harbor Maintenance Trust Fund (26 U.S.C. 9505);

(F) the Inland Waterways Trust Fund (26 U.S.C. 9506);

(G) the Hazardous Substance Superfund (26 U.S.C. 9507);

(H) the Leaking Underground Storage Tank Trust Fund (26 U.S.C. 9508);

(I) the Oil Spill Liability Trust Fund (26 U.S.C. 9509);

(J) the Vaccine Injury Compensation Trust Fund (26 U.S.C. 9510); and

(K) the Patient-Centered Outcomes Research Trust Fund (26 U.S.C. 9511).

(2) Management and investment.—Section 9602(b) of the Internal Revenue Code of 1986 (26 U.S.C. 9602(b)) is amended to read as follows:

"(b) Investment and management.—The Secretary of the Treasury shall manage and invest amounts held in each Trust Fund established by subchapter A in accordance with section 9702 of title 31, United States Code.".

(3) Separate identity and purposes.—Nothing in this subsection or the amendment made by this subsection shall be construed to—

(A) combine any Trust Funds identified in paragraph (1); or

(B) alter the revenues credited to, expenditures authorized from, statutory purposes of, restrictions applicable to, or separate accounting identity of any such Trust Fund.

(g) Federal retirement and beneficiary accounts.—

(1) Civil Service Retirement and Disability Fund.—Section 8348 of title 5, United States Code (5 U.S.C. 8348), is amended—

(A) in subsection (c) to read as follows:

"(c) The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31."; and

(B) by striking subsections (d) and (e).

(2) Employees' Life Insurance Fund.—Section 8714(b) of title 5, United States Code (5 U.S.C. 8714(b)), is amended to read as follows:

"(b) The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31. Income derived from dividend or premium rate adjustments from insurers shall become a part of the Fund.".

(3) Employees Health Benefits Fund.—Section 8909(c) of title 5, United States Code (5 U.S.C. 8909(c)), is amended to read as follows:

"(c) The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31.".

(4) Postal Service Retiree Health Benefits Fund.—Section 8909a(c) of title 5, United States Code (5 U.S.C. 8909a(c)), is amended to read as follows:

"(c) The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31.".

(5) Department of Defense Medicare-Eligible Retiree Health Care Fund.—Section 1117 of title 10, United States Code (10 U.S.C. 1117), is amended by striking the text and inserting the following:

"The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31, except that the Secretary of Defense shall determine the amounts required to meet current withdrawals.".

(6) Military Retirement Fund.—Section 1467 of title 10, United States Code (10 U.S.C. 1467), is amended by striking the text and inserting the following:

"The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31, except that the Secretary of Defense shall determine the amounts required to meet current withdrawals.".

(7) Department of Defense Education Benefits Fund.—Section 2006 of title 10, United States Code (10 U.S.C. 2006), is amended—

(A) in subsection (d), by striking "subsection (h)" and inserting "subsection (g)"; and

(B) in subsection (g) to read as follows:

"(g) The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31.".

(8) Panama Canal Commission Compensation Fund.—Section 3715a of title 22, United States Code (22 U.S.C. 3715a), is amended—

(A) in subsection (b), by striking "interest earnings" and inserting "investment income"; and

(B) in subsection (c) to read as follows:

"(c) Investment of amounts in Fund.—Upon the request of the Secretary of Labor, the Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31.".

(9) Foreign Service National Savings Fund.—Section 3968(a)(1) of title 22, United States Code (22 U.S.C. 3968(a)(1)), is amended, in the third sentence, by striking clause (ii) of subparagraph (C) and inserting the following:

"(ii) a Foreign Service National Savings Fund established in the Treasury of the United States, which—

"(I) shall be administered by the Secretary, at whose direction the Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31; and

"(II) shall consist of public money authorized to be appropriated and to remain available without fiscal year limitation to pay benefits and administrative expenses.".

(10) Foreign Service Retirement and Disability Fund.—Section 4059 of title 22, United States Code (22 U.S.C. 4059), is amended by striking the text and inserting the following:

"The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31.".

(11) Armed Forces Retirement Home Trust Fund.—Section 419 of title 24, United States Code (24 U.S.C. 419), is amended—

(A) in subsection (a)(6), by striking "Interest from investments" and inserting "Investment income"; and

(B) in subsection (c) to read as follows:

"(c) Investments.—The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31, except that the Chief Operating Officer shall determine the amounts currently needed to pay for the operation of the Retirement Home.".

(12) Tax Court survivors annuity fund.—Section 7448(e) of the Internal Revenue Code of 1986 (26 U.S.C. 7448(e)) is amended to read as follows:

"(e) Investment of survivors annuity fund.—The Secretary of the Treasury shall manage and invest amounts in the survivors annuity fund in accordance with section 9702 of title 31, United States Code, except that the fund may also invest in Federal farm loan bonds. Income derived from an investment under this subsection shall constitute a part of the fund for the purposes of paying annuities and carrying out subsections (g), (h), and (j).".

(13) Court of Federal Claims Judges Retirement Fund.—Section 178(l)(2) of title 28, United States Code (28 U.S.C. 178(l)(2)), is amended to read as follows:

"(2) The Secretary of the Treasury shall manage and invest amounts in the Court of Federal Claims Judges Retirement Fund in accordance with section 9702 of title 31.".

(14) Judicial Survivors' Annuities Fund.—Section 376(f) of title 28, United States Code (28 U.S.C. 376(f)), is amended to read as follows:

"(f) The Secretary of the Treasury shall manage and invest amounts in the Judicial Survivors' Annuities Fund in accordance with section 9702 of title 31, except that the Fund may also invest in Federal farm loan bonds. Income derived from an investment under this subsection shall constitute a part of the Fund for the purposes of paying annuities and carrying out subsections (g), (h), (m), (o), (p), and (q).".

(15) Judicial Officers' Retirement Fund.—Section 377 of title 28, United States Code (28 U.S.C. 377), is amended—

(A) in subsection (n)(3), by amending subparagraph (C) to read as follows:

"(C) interest on the deductions and deposits which, for any calendar year, shall be equal to the overall net rate of return earned by the Judicial Officers' Retirement Fund during the preceding fiscal year from all investments held by the Fund during that fiscal year;";

(B) in subsection (o), by amending paragraph (2) to read as follows:

"(2) Investment of fund.—The Secretary of the Treasury shall manage and invest amounts in the Judicial Officers' Retirement Fund in accordance with section 9702 of title 31.".

(16) Pension Benefit Guaranty Corporation funds.—Section 1305 of title 29, United States Code (29 U.S.C. 1305), is amended—

(A) in subsection (b)(3)(A) to read as follows:

"(A) Whenever the corporation determines that the moneys of any fund are in excess of current needs, it may request that the Secretary of the Treasury manage and invest such amounts as the corporation determines advisable in accordance with section 9702 of title 31.";

(B) in subsection (d)(2), by striking "in such obligations as the corporation considers appropriate" and inserting "in accordance with section 9702 of title 31";

(C) in subsection (e)(3), by striking "in such obligations as the corporation considers appropriate" and inserting "in accordance with section 9702 of title 31"; and

(D) in subsection (f)(3), by striking "in such obligations as the corporation considers appropriate" and inserting "in accordance with section 9702 of title 31".

(17) National Service Life Insurance Fund.—Section 1920 of title 38, United States Code (38 U.S.C. 1920), is amended—

(A) in subsection (a), by striking "interest earned thereon" and inserting "investment income of the fund"; and

(B) in subsection (b) to read as follows:

"(b) The Secretary may set aside from the Fund such reserve amounts as may be required under accepted actuarial principles to meet all liabilities under such insurance. The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31.".

(18) Service-Disabled Veterans Insurance revolving fund.—Section 1922B(a)(5)(B) of title 38, United States Code (38 U.S.C. 1922B(a)(5)(B)), is amended to read as follows:

"(B) The Secretary of the Treasury shall manage and invest amounts in the revolving fund under subparagraph (A) in accordance with section 9702 of title 31.".

(19) Veterans' Special Life Insurance revolving fund.—Section 1923 of title 38, United States Code (38 U.S.C. 1923), is amended—

(A) in subsection (a)(4), by striking "interest earned thereon" and inserting "investment income";

(B) in subsection (b)(5), by striking "interest earned thereon" and inserting "investment income"; and

(C) in subsection (c) to read as follows:

"(c) The Secretary shall manage and invest amounts in the revolving fund referred to in subsection (a) in accordance with section 9702 of title 31, United States Code.".

(20) United States Government Life Insurance Fund.—Section 1955(b) of title 38, United States Code (38 U.S.C. 1955(b)), is amended to read as follows:

"(b) The Secretary may set aside from the Fund such reserve amounts as may be required under accepted actuarial principles to meet all liabilities under such insurance. The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31, except that the Fund may also invest in bonds of the Federal farm-loan banks.".

(21) Court of Appeals for Veterans Claims Retirement Fund.—Section 7298(f) of title 38, United States Code (38 U.S.C. 7298(f)), is amended to read as follows:

"(f) The Secretary of the Treasury shall manage and invest amounts in the retirement fund in accordance with section 9702 of title 31.".

(22) Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.—Section 201 of the Social Security Act (42 U.S.C. 401) is amended—

(A) in subsection (c), by striking the final sentence and inserting the following: "For purposes of section 9702 of title 31, United States Code, the Managing Trustee shall be the responsible official with respect to the Trust Funds. Except with respect to the duties of the Managing Trustee under that section, a person serving on the Board of Trustees shall not be considered to be a fiduciary, and no person serving on the Board shall be personally liable for actions taken in such capacity with respect to the Trust Funds.";

(B) in subsection (d) to read as follows:

"(d) Investment and management.—The Managing Trustee shall manage and invest amounts in each Trust Fund in accordance with section 9702 of title 31, United States Code."; and

(C) by striking subsections (e) and (f).

(23) Federal Hospital Insurance Trust Fund.—Section 1817 of the Social Security Act (42 U.S.C. 1395i) is amended—

(A) in subsection (b), by striking the final sentence and inserting the following: "For purposes of section 9702 of title 31, United States Code, the Managing Trustee shall be the responsible official with respect to the Trust Fund. Except with respect to the duties of the Managing Trustee under that section, a person serving on the Board of Trustees shall not be considered to be a fiduciary, and no person serving on the Board shall be personally liable for actions taken in such capacity with respect to the Trust Fund.";

(B) in subsection (c) to read as follows:

"(c) Investment and management.—The Managing Trustee shall manage and invest amounts in the Trust Fund in accordance with section 9702 of title 31, United States Code."; and

(C) by striking subsections (d) and (e).

(24) Federal Supplementary Medical Insurance Trust Fund.—Section 1841 of the Social Security Act (42 U.S.C. 1395t) is amended—

(A) in subsection (b), by striking the final sentence and inserting the following: "For purposes of section 9702 of title 31, United States Code, the Managing Trustee shall be the responsible official with respect to the Trust Fund. Except with respect to the duties of the Managing Trustee under that section, a person serving on the Board of Trustees shall not be considered to be a fiduciary, and no person serving on the Board shall be personally liable for actions taken in such capacity with respect to the Trust Fund.";

(B) in subsection (c) to read as follows:

"(c) Investment and management.—The Managing Trustee shall manage and invest amounts in the Trust Fund in accordance with section 9702 of title 31, United States Code."; and

(C) by striking subsections (d) and (e).

(25) Protection of Social Security and Medicare trust funds.—Section 1145(a) of the Social Security Act (42 U.S.C. 1320b–15(a)) is amended—

(A) in paragraph (1), by striking the comma at the end and inserting "; or";

(B) in paragraph (2) to read as follows:

"(2) manage or invest amounts in any Federal fund other than in accordance with the provisions of law governing such Federal fund, including section 9702 of title 31."; and

(C) by striking paragraph (3).

(26) Central Intelligence Agency Retirement and Disability Fund.—

(A) Section 2001(4) of title 50, United States Code (50 U.S.C. 2001(4)), is amended to read as follows:

"(4) Fund balance.—The term 'fund balance' means the sum of—

"(A) the value of the investments of the fund, determined in accordance with applicable Federal accounting standards; and

"(B) the monetary balances of the fund on the books of the Treasury."; and

(B) section 2092 of title 50, United States Code (50 U.S.C. 2092), is amended by striking the text and inserting the following:

"The Director may, with the approval of the Secretary of the Treasury, invest amounts in the fund in accordance with section 9702 of title 31, United States Code, except that the Director shall determine the amounts immediately required for the payment of annuities, cash benefits, refunds, and allowances from the fund.".

(h) Federal agency and wholly owned Government portfolios.—

(1) Reregistration and Expedited Processing Fund.—Section 136a-1(k)(9) of title 7, United States Code (7 U.S.C. 136a-1(k)(9)), is amended to read as follows:

"(9) Unused funds.—Money in the fund not currently needed to carry out this section shall be—

"(A) maintained on hand or on deposit;

"(B) invested in accordance with section 9702 of title 31; or

"(C) invested in obligations, participations, or other instruments that are lawful investments for fiduciary, trust, or public funds.".

(2) Pesticide Registration Fund.—Section 136w-8(c)(5) of title 7, United States Code (7 U.S.C. 136w-8(c)(5)), is amended to read as follows:

"(5) Unused funds.—

"(A) In general.—Amounts in the Fund not currently needed to carry out this section shall be—

"(i) maintained readily available or on deposit;

"(ii) invested in accordance with section 9702 of title 31; or

"(iii) invested in obligations, participations, or other instruments that are lawful investments for fiduciary, trust, or public funds.

"(B) Use of investment income.—After consultation with the Secretary of the Treasury, the Administrator may use income from investments made under clauses (ii) and (iii) of subparagraph (A) to carry out this section.".

(3) Federal Crop Insurance Corporation funds.—Section 1510 of title 7, United States Code (7 U.S.C. 1510), is amended to read as follows:

"All money of the Corporation not otherwise employed may be deposited with the Treasurer of the United States or in any bank approved by the Secretary of the Treasury, subject to withdrawal by the Corporation at any time, or, with the approval of the Secretary of the Treasury, invested in accordance with section 9702 of title 31. Subject to the approval of the Secretary of the Treasury, the Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its powers conferred by this subchapter.".

(4) Agricultural Credit Insurance Fund.—Section 1929(b) of title 7, United States Code (7 U.S.C. 1929(b)), is amended by striking the first sentence and inserting the following: "Moneys in the fund not needed for current operations shall be deposited in the Treasury of the United States to the credit of the fund or invested in accordance with section 9702 of title 31.".

(5) Rural Development Insurance Fund.—Section 1929a(c) of title 7, United States Code (7 U.S.C. 1929a(c)), is amended by striking the first sentence and inserting the following: "Moneys in the Insurance Fund not needed for current operations shall be deposited in the Treasury of

the United States to the credit of the Insurance Fund or invested in accordance with section 9702 of title 31.".

(6) Native Hawaiian Housing Loan Guarantee Fund.—Section 1715z-13b(j)(4) of title 12, United States Code (12 U.S.C. 1715z-13b(j)(4)), is amended to read as follows:

"(4) Investment.—The Secretary may invest, in accordance with section 9702 of title 31, any amounts in the Guarantee Fund that the Secretary determines are in excess of amounts currently required to carry out this section.".

(7) National Credit Union Administration operating fee account.—Section 1755(e) of title 12, United States Code (12 U.S.C. 1755(e)), is amended to read as follows:

"(e) Investment of annual operating fees not needed for current operations.—

"(1) Upon request of the Board, the Secretary of the Treasury shall manage and invest under section 9702 of title 31 such portions of the annual operating fees deposited under subsection (d) as the Board determines are not needed for current operations.

"(2) All income and proceeds attributable to investments under paragraph (1) shall be deposited to the account of the Administration described in subsection (d).".

(8) Community Development Revolving Loan Fund for Credit Unions.—Section 1772c-1 of title 12, United States Code (12 U.S.C. 1772c-1), is amended—

(A) in subsection (b) to read as follows:

"(b) Investment.—The Board may invest any idle Fund moneys in accordance with section 9702 of title 31."; and

(B) in subsection (d), by striking "Interest earned by the Fund" and inserting "Investment income of the Fund".

(9) Deposit Insurance Fund and FSLIC Resolution Fund.—Section 1823(a) of title 12, United States Code (12 U.S.C. 1823(a)), is amended to read as follows:

"(a) Investment of Corporation's funds.—

"(1) Authority.—Funds held in the Deposit Insurance Fund or the FSLIC Resolution Fund that are not otherwise employed may be invested in accordance with section 9702 of title 31.

"(2) Responsible official.—For purposes of section 9702 of title 31, the Board of Directors of the Corporation shall be the responsible official for each fund and shall determine the liquidity and investment needs of each fund.

"(3) Separate funds preserved.—Nothing in this subsection shall be construed to combine the funds or alter the purposes, liabilities, availability, restrictions, or separate accounting identity of either fund.".

(10) Farm Credit System Insurance Corporation.—Section 2277a-11 of title 12, United States Code (12 U.S.C. 2277a-11), is amended to read as follows:

"Money of the Corporation not otherwise employed may be invested in accordance with section 9702 of title 31. For purposes of that section, the Board of Directors of the Corporation shall be the responsible official. Nothing in this section shall alter the purposes, availability, or restrictions applicable to the Farm Credit Insurance Fund under section 2277a-9.".

(11) Community Development Financial Institutions Fund account.—Section 4711 of title 12, United States Code (12 U.S.C. 4711), is amended—

(A) in subsection (b) to read as follows:

"(b) Investments.—Upon request of the Administrator, the Secretary of the Treasury shall manage and invest amounts deposited in the account in accordance with section 9702 of title 31, except that the Administrator shall determine the amounts required to meet the current needs of the Fund."; and

(B) in subsection (c) to read as follows:

"(c) Availability.—Amounts deposited into or credited to the account shall be available to the Fund until expended.".

(12) Consumer Financial Protection Bureau Fund.—Section 1017(b)(3) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5497(b)(3)) is amended to read as follows:

"(3) Investment authority.—

"(A) Amounts in Bureau Fund may be invested.—The Bureau may request the Board of Governors to direct the investment, in accordance with section 9702 of title 31, of the portion of the Bureau Fund that is not, in the judgment of the Bureau, required to meet current needs.

"(B) Applicable standards.—Solely for purposes of managing and investing amounts under subparagraph (A), the Bureau Fund shall be treated as a Federal account, and the Bureau shall perform the functions assigned to the responsible official under subsections (c) through (i) of section 9702 of title 31 and determine the liquidity and investment needs of the Bureau Fund.

"(C) Construction.—The treatment of the Bureau Fund under subparagraph (B) shall not cause amounts in the Bureau Fund to be construed as Government funds or appropriated moneys for purposes of subsection (c)(2).".

(13) Securities and Exchange Commission Investor Protection Fund.—Section 21F(g)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78u-6(g)(4)) is amended to read as follows:

"(4) Investments.—

"(A) Amounts in Fund may be invested.—The Commission may request the Secretary of the Treasury to manage and invest under section 9702 of title 31 the portion of the Fund that is not, in the Commission's discretion, required to meet current needs.

"(B) Commission determinations.—For purposes of section 9702 of title 31, the Commission shall be the responsible official and shall determine the liquidity and investment needs of the Fund on the record.

"(C) Income and proceeds credited.—All income and proceeds attributable to investments of the Fund shall be credited to the Fund.".

(14) Forest Service interest-bearing account.—Section 579c-1 of title 16, United States Code (16 U.S.C. 579c-1), is amended—

(A) in subsection (a) to read as follows:

"(a) Investment authority.—The Secretary of the Treasury shall manage and invest under section 9702 of title 31 any money covered into the Treasury under section 579c, including money previously collected in a forfeiture, judgment, compromise, or settlement, to the extent not required, in the judgment of the Secretary of the Treasury, to meet current withdrawals.";

(B) in subsection (b) to read as follows:

"(b) Availability of investment income.—Income attributable to investments under subsection (a) shall be available in the same manner as money covered into the Treasury under section 579c to cover the costs specified in that section."; and

(C) in subsection (c) to read as follows:

"(c) Use of excess amounts.—Any portion of money received or earned under subsection (a) in excess of the amount expended in performing the work necessitated by the action that led to its receipt may be used to cover other work specified in section 579c.".

(15) Wildlife Restoration Fund.—

(A) Section 669b of title 16, United States Code (16 U.S.C. 669b), is amended—

(i) in subsection (a)(2), by striking "interest on amounts transferred shall be treated in a manner consistent with 16 U.S.C. 669(b)(1))" and inserting "investment income attributable to amounts transferred shall be treated in a manner consistent with subsection (b)(1)"; and

(ii) in subsection (b) to read as follows:

"(b) Investment of unexpended amounts.—

"(1) The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such portion of the fund as the Secretary determines is not required to meet current-year withdrawals.

"(2) Investment income of the fund—

"(A) shall be credited to the fund;

"(B) shall constitute sums available for allocation by the Secretary under section 4407 of title 16; and

"(C) shall become available for apportionment under this chapter at the beginning of fiscal year 2033."; and

(B) section 669c(a)(1)(A) of title 16, United States Code (16 U.S.C. 669c(a)(1)(A)), is amended by striking "interest accruing under section 669b(b)" and inserting "investment income attributable to investments under section 669b(b)".

(16) Fisheries Loan Fund.—Section 742c-1 of title 16, United States Code (16 U.S.C. 742c-1), is amended to read as follows:

"All money in the Fisheries Loan Fund established under section 742c shall be managed and invested by the Secretary of Commerce in accordance with section 9702 of title 31, except for amounts currently needed for loans or administrative expenses authorized under the Fisheries Loan Fund. Income attributable to investments of the Fisheries Loan Fund shall, subject to amounts provided in advance by appropriations, be credited by the Secretary of the Treasury to the debt of the Secretary of Commerce incurred under section 53723 of title 46 in connection with fisheries financing under chapter 537 of title 46 for so long as such debt exists. After that debt has been liquidated, such income shall, subject to amounts provided in advance by appropriations, be credited to the fisheries portion of the Federal Ship Financing Fund and used for the fisheries purposes provided in chapter 537 of title 46.".

(17) Bonneville Power Administration Fund.—Section 11(a) of the Federal Columbia River Transmission System Act (16 U.S.C. 838j(a)) is amended to read as follows:

"(a) Investment of excess money.—

"(1) Federal amounts.—If the Administrator determines that money in the fund that constitutes a Federal account under section 9702 of title 31 exceeds current needs, the Administrator may request that the Secretary of the Treasury manage and invest such amounts as the Administrator considers advisable in accordance with that section.

"(2) Other money received in trust.—If the Administrator determines that money received in trust that does not constitute a Federal account under section 9702(a) of title 31 exceeds current needs, the Administrator may request that the Secretary of the Treasury manage and invest such amounts in investments described in subsection (d) of that section. For purposes of managing and investing such money, the money shall be treated as a Federal account, and the Administrator shall perform the functions assigned to the responsible official, under subsections (c) through (i) of that section. Such treatment shall not—

"(A) alter any legal or equitable ownership interest in the money; or

"(B) alter any restriction or requirement of the applicable trust.".

(18) Reforestation Trust Fund.—Section 303 of title III of Public Law 96–451 (16 U.S.C. 1606a) is amended—

(A) in subsection (a), by striking "any interest earned on investment of amounts in the Trust Fund under subsection (c)(2)" and inserting "any income and proceeds attributable to investments of the Trust Fund under subsection (c)(2)"; and

(B) in subsection (c)(2) to read as follows:

"(2) The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such portion of the Trust Fund as the Secretary determines is not required to meet current withdrawals.".

(19) Copyright Office deposit accounts.—Section 708(d) of title 17, United States Code (17 U.S.C. 708(d)), is amended—

(A) in paragraph (2) to read as follows:

"(2) In the case of fees deposited against future services, the Register of Copyrights shall request the Secretary of the Treasury to manage and invest under section 9702 of title 31 any portion of the fees that the Register determines is not required to meet current deposit-account demands. The Register shall ensure that amounts sufficient to meet current deposit-account demands remain available to the Copyright Office at all times."; and

(B) in paragraph (3) to read as follows:

"(3) Income attributable to investments under paragraph (2) shall be deposited in the Treasury and credited to the appropriations for necessary expenses of the Copyright Office.".

(20) Federal Prison Industries Fund.—Section 4129(b) of title 18, United States Code (18 U.S.C. 4129(b)), is amended to read as follows:

"(b) Federal Prison Industries may request the Secretary of the Treasury to manage and invest excess money from the Prison Industries Fund in accordance with section 9702 of title 31, except that the board of directors shall determine the liquidity and investment needs of the corporation.".

(21) Trade Enforcement Trust Fund.—Section 611(c) of the Trade Facilitation and Trade Enforcement Act of 2015 (19 U.S.C. 4405(c)) is amended to read as follows:

"(c) Investment of amounts.—

"(1) Investment.—The Secretary shall manage and invest under section 9702 of title 31 such portion of the Trust Fund as is not required to meet current withdrawals.

"(2) Income and proceeds.—All income and proceeds attributable to investments of the Trust Fund shall be credited to and form a part of the Trust Fund.".

(22) Fishing Vessel and Gear Damage Compensation Fund.—Section 1980(f)(2) of title 22, United States Code (22 U.S.C. 1980(f)(2)), is amended by striking the final sentence and inserting the following:

"Sums in the fund which are not currently needed for the purpose of paying such awards may be kept on deposit or, at the request of the Secretary, managed and invested by the Secretary of the Treasury in accordance with section 9702 of title 31. For purposes of that section, the Secretary shall perform the functions assigned to the responsible official and shall determine the liquidity and investment needs of the fund.".

(23) Foreign assistance guaranty account.—Section 223(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2183(b)) is amended by striking the last two sentences and inserting the following: "All funds in such account may be invested in accordance with section 9702 of title 31. Any income or proceeds derived from such investments shall be credited to such account and may be used for the purposes cited in this section.".

(24) United States International Development Finance Corporation Corporate Capital Account.—Section 1434 of the BUILD Act of 2018 (22 U.S.C. 9634) is amended—

(A) in subsection (g) to read as follows:

"(g) Investment authority.—The Corporation may request the Secretary of the Treasury to manage and invest, in accordance with section 9702 of title 31, such portion of the Corporate Capital Account as is not, in the Corporation's judgment, required to meet the current needs of the Corporate Capital Account."; and

(B) in subsection (h), by striking "Interest earnings made pursuant to subsection (g)" and inserting "Investment income attributable to investments under subsection (g)".

(25) Indian Health Service Scholarship and Loan Repayment Recovery Fund.—Section 108A of the Indian Health Care Improvement Act (25 U.S.C. 1616a-1) is amended—

(A) in subsection (b), by amending paragraph (2) to read as follows:

"(2) the aggregate amount of income and proceeds attributable during the preceding fiscal year to investments of the Fund under subsection (d)."; and

(B) in subsection (d) to read as follows:

"(d) Investment of excess funds.—The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such amounts of the Fund as the Secretary determines are not required to meet current withdrawals from the Fund.".

(26) Abandoned Mine Reclamation Fund.—Section 401 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231) is amended—

(A) in subsection (b), by amending paragraph (5) to read as follows:

"(5) investment income credited to the fund under subsection (e)."; and

(B) in subsection (e) to read as follows:

"(e) Investment.—The Secretary of the Interior shall notify the Secretary of the Treasury as to the portion of the fund that is not, in the judgment of the Secretary of the Interior, required to meet current withdrawals. The Secretary of the Treasury shall manage and invest that portion in accordance with section 9702 of title 31. Investment income attributable to investments under this subsection shall be credited to and form a part of the fund for the purpose of the transfers under section 1232(h) of title 30.".

(27) Exchange Stabilization Fund.—Section 5302(a)(1) of title 31, United States Code (31 U.S.C. 5302(a)(1)), is amended to read as follows:

"(1) The Department of the Treasury has a stabilization fund. The fund is available to carry out this section, section 18 of the Bretton Woods Agreement Act (22 U.S.C. 286e-3), section 3 of the Special Drawing Rights Act (22 U.S.C. 286o), and the Coronavirus Economic Stabilization Act of 2020 (subtitle A of title IV of division A of Public Law 116–136), and, with the approval of the President, to invest under section 9702 such amounts in the fund as the Secretary of the Treasury decides are not required at the time to carry out this section. All income and proceeds attributable to transactions and investments of the fund shall be paid into the fund and are available to carry out this section. However, the fund is not available to pay administrative expenses.".

(28) Financial Integrity Fund.—Section 5323(b)(5) of title 31, United States Code (31 U.S.C. 5323(b)(5)), is amended to read as follows:

"(5) Investments.—

"(A) Amounts in Fund may be invested.—The Secretary of the Treasury may manage and invest under section 9702 the portion of the Fund that is not required to meet the current needs of the Fund.

"(B) Income and proceeds credited.—All income and proceeds attributable to investments of the Fund shall be credited to and form a part of the Fund.".

(29) National Health Service Corps Member Replacement Fund.—Section 338E of the Public Health Service Act (42 U.S.C. 254o-1) is amended—

(A) in subsection (b), by amending paragraph (3) to read as follows:

"(3) the aggregate amount of income and proceeds attributable during the preceding fiscal year to investments of the Fund under subsection (d).''; and

(B) in subsection (d) to read as follows:

"(d) Investment.—The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such amounts of the Fund as the Secretary determines are not required to meet current withdrawals from the Fund.".

(30) Child Enrollment Contingency Fund.—Section 2104(n)(2)(C) of the Social Security Act (42 U.S.C. 1397dd(n)(2)(C)) is amended to read as follows:

"(C) Investment of Fund.—The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such currently available portions of the Fund as are not immediately required for payments from the Fund. Income attributable to such investments shall constitute a part of the Fund.".

(31) Rural Housing Insurance Fund.—Section 517(f) of the Housing Act of 1949 (42 U.S.C. 1487(f)) is amended to read as follows:

"(f) Investment of excess Fund money.—Money in the Fund not needed for current operations shall be invested in accordance with section 9702 of title 31.".

(32) Uranium Enrichment Decontamination and Decommissioning Fund.—Section 1801 of the Atomic Energy Act of 1954 (42 U.S.C. 2297g) is amended—

(A) in subsection (a), by striking "including any interest earned thereon" and inserting "including any investment income credited to the Fund"; and

(B) in subsection (b)(2) to read as follows:

"(2) Investments.—The Secretary of the Treasury shall manage and invest amounts contained within the Fund in accordance with section 9702 of title 31, except that the Secretary of Energy shall determine the liquidity needs of the Fund.".

(33) National Flood Insurance Fund.—Section 1310 of the National Flood Insurance Act of 1968 (42 U.S.C. 4017) is amended—

(A) in subsection (b), by amending paragraph (4) to read as follows:

"(4) investment income attributable to investments of the fund under subsection (c);"; and

(B) in subsection (c) to read as follows:

"(c) Investment of excess money.—If, after—

"(1) all outstanding obligations of the fund have been liquidated; and

"(2) any outstanding amounts advanced to the fund from appropriations authorized under section 4127(a)(2)(B) of title 42, United States Code, have been credited to the appropriation from which advanced, with interest accrued at the rate prescribed under section 2414(e) of title 42, United States Code, as in effect immediately before August 1, 1968,

"the Administrator determines that the money of the fund is in excess of current needs, the Administrator may request that the Secretary of the Treasury manage and invest such amounts as the Administrator considers advisable in accordance with section 9702 of title 31, United States Code.".

(34) National Flood Insurance Reserve Fund.—Section 1310A(f) of the National Flood Insurance Act of 1968 (42 U.S.C. 4017a(f)) is amended to read as follows:

"(f) Investment.—The Secretary of the Treasury shall manage and invest such amounts of the Reserve Fund as the Secretary determines advisable in accordance with section 9702 of title 31, United States Code.".

(35) National Flood Mitigation Fund.—Section 1367(f) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104d(f)) is amended to read as follows:

"(f) Investment.—If the Administrator determines that amounts in the National Flood Mitigation Fund are in excess of amounts needed under subsection (a), the Administrator may invest any excess amounts the Administrator determines advisable in accordance with section 9702 of title 31, United States Code.".

(36) Nuclear Waste Fund.—Section 302(e)(3) of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10222(e)(3)) is amended to read as follows:

"(3) If the Secretary determines that the Waste Fund contains amounts in excess of current needs, the Secretary may request the Secretary of the Treasury to manage and invest such amounts, or any portion of such amounts as the Secretary determines appropriate, in accordance with section 9702 of title 31.".

(37) National Service Trust.—Section 145 of the National and Community Service Act of 1990 (42 U.S.C. 12601) is amended—

(A) in subsection (a), by amending paragraph (4) to read as follows:

"(4) income and proceeds attributable to investments of the Trust."; and

(B) in subsection (b) to read as follows:

"(b) Investment of Trust.—Except as otherwise expressly provided in instruments concerning a gift, bequest, devise, or other donation and agreed to by the Corporation, the Secretary of the Treasury shall manage and invest amounts in the Trust in accordance with section 9702 of title 31, United States Code.".

(38) War Risk Insurance Fund.—Section 53909(d) of title 46, United States Code (46 U.S.C. 53909(d)), is amended to read as follows:

"(d) Investment.—The Secretary of Transportation may request the Secretary of the Treasury to manage and invest under section 9702 of title 31 such portion of the fund as is not, in the judgment of the Secretary of Transportation, required to meet current needs. All income and proceeds attributable to investments of the fund shall be deposited in the fund.".

(39) Aviation Insurance Revolving Fund.—Section 44307(b) of title 49, United States Code (49 U.S.C. 44307(b)), is amended to read as follows:

"(b) Investment.—On request of the Secretary of Transportation, the Secretary of the Treasury may manage and invest any part of the amounts in the revolving fund in accordance with section 9702 of title 31. All income and proceeds attributable to investments of the fund shall be deposited in the fund.".

(i) Federal-purpose endowments and restricted Federal funds.—

(1) General rules.—

(A) Corpus or principal.—The portion of Treasury Dollar Bills credited to a Federal account under subsection (c) that is attributable to principal, excluding stated interest accrued through the redemption date and discount earned through the redemption date, shall retain the same status as corpus or principal that the redeemed obligation possessed immediately before the redemption date.

(B) Accrued income.—The portion of Treasury Dollar Bills credited to a Federal account under subsection (c) that is attributable to stated interest accrued through the redemption

date or discount earned through the redemption date shall be treated as investment income of the account.

(C) Other adjustments.—Any increase or decrease in the redemption amount attributable to an adjustment under subsection (a)(5)(D) shall be allocated to corpus or principal, investment income, or another category in accordance with the character of the adjustment under the terms of the redeemed obligation and the law governing the account.

(D) Subsequent treatment.—The governing law and any applicable donor or other restriction shall determine whether an amount treated as investment income under subparagraph (B) or (C) may be expended, accumulated, reinvested, or added to corpus or principal.

(E) Preservation of restrictions.—Redemption under subsection (c) shall not alter any restriction governing the preservation, expenditure, accounting, investment, or authorized use of corpus, principal, income, proceeds, or other amounts held in a Federal account.

(F) Governing-instrument Treasury-only restrictions.—A restriction imposed by a gift, bequest, devise, trust instrument, settlement, or other governing instrument in effect before January 1, 2027, that requires a Federal account or an amount held in a Federal account to be invested exclusively or preferentially in obligations of, or obligations guaranteed by, the United States may be satisfied after December 31, 2026, by holding Treasury Dollar Bills or by making or retaining an investment otherwise authorized by the law or instrument governing the account.

(2) John C. Stennis Center for Public Service Development Trust Fund.—Section 1105 of title 2, United States Code (2 U.S.C. 1105), is amended—

(A) in subsection (a), by striking "and amounts credited to it under subsection (d)" and inserting "and investment income and proceeds credited to it under section 9702 of title 31";

(B) in subsection (b) to read as follows:

"(b) Investment and management.—At the request of the Center, the Secretary of the Treasury shall manage and invest amounts in the fund in accordance with section 9702 of title 31. The Board of Trustees of the Center shall perform the functions assigned to the responsible official under that section. All requests of the Center to the Secretary of the Treasury under this subsection shall be binding upon the Secretary."; and

(C) by striking subsections (c) and (d).

(3) Hispanic-Serving Agricultural Colleges and Universities Fund.—Section 3243(b) of title 7, United States Code (7 U.S.C. 3243(b)), is amended—

(A) in paragraph (3)(B), by striking "interest earned on the endowment fund corpus" and inserting "investment income of the endowment fund";

(B) in paragraph (4) to read as follows:

"(4) Investment and management.—

"(A) Authority.—The Secretary of the Treasury shall manage and invest the endowment fund corpus and income in investments described in section 9702(d) of title 31.

"(B) Applicable standards.—Solely for purposes of managing and investing amounts under subparagraph (A), the endowment fund shall be treated as a Federal account, and the Secretary of the Treasury shall perform the functions assigned to the responsible official under subsections (c) through (i) of section 9702 of title 31. In performing those functions, the Secretary of the Treasury shall consult the Secretary of Agriculture concerning the timing and amount of withdrawals and distributions under paragraph (5).

"(C) Preservation.—The treatment of the endowment fund under subparagraph (B) shall not—

"(i) alter or determine any legal or equitable ownership interest in the endowment fund or its assets;

"(ii) alter the protection of corpus, distribution requirements, or grant status established under paragraphs (5) and (6); or

"(iii) determine whether an obligation held for the endowment fund is eligible for redemption under section 612(c) of the POPULIST Act, which shall be determined under subsections (a)(3) and (a)(4) of that section."; and

(C) in paragraph (5)(B), by striking "amount of the income from the endowment fund" and inserting "amount of the investment income of the endowment fund".

(4) General Department of Defense and Coast Guard gift funds.—Section 2601(h) of title 10, United States Code (10 U.S.C. 2601(h)), is amended to read as follows:

"(h) Management of Funds.—In the case of each gift fund referred to in subsection (c), the Secretary of the Treasury, upon the request of the Secretary concerned, may retain money, securities, and the proceeds of the sale of securities in the gift fund and may manage and invest money and proceeds held in the gift fund in accordance with section 9702 of title 31. Investment income attributable to the gift fund shall be deposited to the credit of the gift fund and may be disbursed as provided in subsection (d).".

(5) Department of Defense Dependents' Education Gift Fund.—Section 2605(d) of title 10, United States Code (10 U.S.C. 2605(d)), is amended to read as follows:

"(d) Upon request of the Secretary of Defense, the Secretary of the Treasury may—

"(1) retain money, securities, and the proceeds of the sale of securities in the Department of Defense Dependents' Education Gift Fund; and

"(2) manage and invest money and proceeds held in the fund in accordance with section 9702 of title 31.

"Investment income attributable to the fund shall be deposited to the credit of the fund and may be disbursed as provided in subsection (b).".

(6) Defense Cooperation Account.—Section 2608(g) of title 10, United States Code (10 U.S.C. 2608(g)), is amended to read as follows:

"(g) Investment of Money.—Upon request of the Secretary of Defense, the Secretary of the Treasury may manage and invest money in the Defense Cooperation Account in accordance with section 9702 of title 31. Investment income attributable to the account shall be deposited to the credit of the account.".

(7) National Defense University Gift Fund.—Section 2612(d) of title 10, United States Code (10 U.S.C. 2612(d)), is amended to read as follows:

"(d) Upon request of the Secretary of Defense, the Secretary of the Treasury may—

"(1) retain money, securities, and the proceeds of the sale of securities in the National Defense University Gift Fund; and

"(2) manage and invest money and proceeds held in the fund in accordance with section 9702 of title 31.

"Investment income attributable to the fund shall be deposited to the credit of the fund and may be disbursed as provided in subsection (b).".

(8) United States Naval Academy Gift and Museum Fund.—Section 8473(d) of title 10, United States Code (10 U.S.C. 8473(d)), is amended to read as follows:

"(d) Upon the request of the Secretary of the Navy, the Secretary of the Treasury may retain money, securities, and investments comprising any part of the United States Naval Academy Gift and Museum Fund and may manage and invest money and proceeds held in the fund in accordance with section 9702 of title 31. Investment income attributable to the fund shall be deposited to the credit of the fund and may be disbursed as provided in this section.".

(9) Department of Commerce gift fund.—Section 1524 of title 15, United States Code (15 U.S.C. 1524), is amended to read as follows:

"Upon the request of the Secretary of Commerce, the Secretary of the Treasury may manage and invest any money contained in the fund authorized under section 1522 in accordance with section 9702 of title 31. Investment income attributable to the fund, and income from any other property accepted under section 1522, shall be deposited to the credit of the fund and disbursed upon order of the Secretary of Commerce.".

(10) Take Pride in America gifts and bequests.—Section 4602(a) of title 16, United States Code (16 U.S.C. 4602(a)), is amended by striking "invest in government securities" and inserting "invest in accordance with section 9702 of title 31".

(11) Great Ape Conservation Fund.—Section 6304 of title 16, United States Code (16 U.S.C. 6304), is amended—

(A) in subsection (a)(3), by striking "any interest earned on investment of amounts in the Fund under subsection (c)" and inserting "any investment income attributable to investments of the Fund under subsection (c)"; and

(B) in subsection (c) to read as follows:

"(c) Investment of Amounts.—The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such portion of the Fund as the Secretary determines is not required to meet current withdrawals.".

(12) Marine Turtle Conservation Fund.—Section 6604 of title 16, United States Code (16 U.S.C. 6604), is amended—

(A) in subsection (a)(3), by striking "any interest earned on investment of amounts in the Fund under subsection (c)" and inserting "any investment income attributable to investments of the Fund under subsection (c)"; and

(B) in subsection (c) to read as follows:

"(c) Investment of Amounts.—The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such portion of the Fund as the Secretary determines is not required to meet current withdrawals.".

(13) Smithson bequest.—Section 54 of title 20, United States Code (20 U.S.C. 54), is amended by striking the text and inserting the following: "So much of the property of James Smithson as has been received in money and paid into the Treasury of the United States, being the sum of $541,379.63, shall be held as the principal of the fund bequeathed by James Smithson and shall be managed and invested by the Secretary of the Treasury, at the direction of the Smithsonian Institution, in accordance with section 9702 of title 31; the investment income of the fund is hereby appropriated for the perpetual maintenance and support of the Smithsonian Institution; and all expenditures and appropriations made for the purposes of the Institution shall be exclusively from such investment income and not from the principal of the fund.".

(14) Hubert H. Humphrey Fellowship Trust Fund.—Section 80g-1 of title 20, United States Code (20 U.S.C. 80g-1), is amended—

(A) in subsection (b), by striking "annual income of the trust fund" and inserting "annual investment income of the trust fund";

(B) in subsection (d)(2) to read as follows:

"(2) The Secretary of the Treasury shall manage and invest amounts in the fund in accordance with section 9702 of title 31. Investment income attributable to the fund shall be credited to and form a part of the fund."; and

(C) in subsection (e) to read as follows:

"(e) Payments to Board.—The Secretary of the Treasury shall pay to the Board from the investment income of the fund such sums as the Board determines necessary and appropriate to carry out this section.".

(15) Tribal Museum Endowment Fund.—Section 80q-13(c) of title 20, United States Code (20 U.S.C. 80q-13(c)), is amended—

(A) in paragraph (1)(B), by striking "obligations obtained under paragraph (3)" and inserting "investments held under paragraph (3)";

(B) in paragraph (2), by striking the second sentence and inserting the following: "The Secretary of the Treasury shall credit to the Fund all investment income and proceeds attributable to investments held in the Fund.";

(C) in paragraph (3) to read as follows:

"(3) Investments.—The Secretary of the Treasury may invest any portion of the Fund in accordance with section 9702 of title 31. In managing and investing the Fund, the Secretary of the Treasury shall consult the Secretary of the Interior concerning the liquidity and investment needs of the Fund, including the balance necessary to meet current grant requirements."; and

(D) in paragraph (4) to read as follows:

"(4) Expenditures and capital preservation.—Subject to appropriation, investment income of the Fund shall be available for expenditure. The capital of the Fund shall not be available for expenditure.".

(16) Harry S Truman Memorial Scholarship Trust Fund.—

(A) Section 2009 of title 20, United States Code, is amended—

(i) in subsection (a) to read as follows:

"(a) Establishment.—There is established in the Treasury of the United States a trust fund to be known as the Harry S Truman Memorial Scholarship Trust Fund. The fund shall consist of amounts appropriated or contributed to the fund and investment income and proceeds credited to the fund under section 9702 of title 31.";

(ii) in subsection (b) to read as follows:

"(b) Investment and management.—At the request of the Board of Trustees of the Harry S Truman Scholarship Foundation, the Secretary of the Treasury shall manage and invest amounts in the fund in accordance with section 9702 of title 31. A request under this subsection shall be binding on the Secretary."; and

(iii) by striking subsections (c) and (d);

(B) section 2009a of title 20, United States Code, is repealed;

(C) section 2009b of title 20, United States Code, is amended by striking ": Provided, That" and all that follows and inserting a period; and

(D) section 2010(a) of title 20, United States Code, is amended by striking "interest and earnings of the fund" and inserting "investment income of the fund".

(17) James Madison Memorial Fellowship Trust Fund.—Section 4510 of title 20, United States Code (20 U.S.C. 4510), is amended—

(A) in subsection (b) to read as follows:

"(b) Investment and management.—At the direction of the Board, the Secretary of the Treasury shall manage and invest amounts in the fund in accordance with section 9702 of title 31."; and

(B) by striking subsections (c) and (d).

(18) Eisenhower Exchange Fellowship Program Trust Fund.—

(A) Section 5202 of title 20, United States Code (20 U.S.C. 5202), is amended—

(i) in subsection (b) to read as follows:

"(b) Investment and management.—The Secretary of the Treasury shall manage and invest amounts in the fund in accordance with section 9702 of title 31."; and

(ii) by striking subsections (c) and (d); and

(B) section 5203(a) of title 20, United States Code (20 U.S.C. 5203(a)), is amended by striking "interest and earnings of the fund" and inserting "investment income of the fund".

(19) Morris K. Udall and Stewart L. Udall Trust Fund.—Section 5606(b)(1) of title 20, United States Code (20 U.S.C. 5606(b)(1)), is amended to read as follows:

"(1) In general.—The Secretary of the Treasury shall, at the direction of the Foundation Board, manage and invest amounts in the Trust Fund in accordance with section 9702 of title 31. Beginning on October 1, 2023, and thereafter, investment income attributable to investments made with any new appropriations to the Trust Fund shall be available only subject to appropriations and is authorized to be appropriated to carry out this chapter.".

(20) Environmental Dispute Resolution Fund.—Section 5607a(d) of title 20, United States Code (20 U.S.C. 5607a(d)), is amended to read as follows:

"(d) Investment of Amounts.—The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such portion of the Fund as the Secretary determines is not required to meet current withdrawals.".

(21) International Center for Middle Eastern-Western Dialogue Trust Fund.—Section 2078 of title 22, United States Code (22 U.S.C. 2078), is amended—

(A) in subsection (a), by striking "The income from the fund" and inserting "The investment income of the fund";

(B) in subsection (b) to read as follows:

"(b) Duties of Secretary of the Treasury; investments.—The Secretary of the Treasury shall manage and invest amounts in the fund in accordance with section 9702 of title 31. Investment income and proceeds attributable to investments of the fund shall be credited to and form a part of the fund and shall remain available without fiscal year limitation."; and

(C) in subsection (c) to read as follows:

"(c) Authorization of appropriations.—For each fiscal year, there is authorized to be appropriated from the fund for the operations of the International Center for Middle

Eastern-Western Dialogue the total amount of investment income credited to the fund under subsection (b).".

(22) Department of State gifts.—Section 2697(b) of title 22, United States Code (22 U.S.C. 2697(b)), is amended by striking the third and fourth sentences and inserting the following: "The Secretary of the Treasury may manage and invest such funds in accordance with section 9702 of title 31. Such funds and the investment income attributable to them shall be available for expenditure in the operation of the Department of State, including the Foreign Service, and the performance of its functions, subject to the same examination and audit as is provided for appropriations made for the Foreign Service by Congress, but shall not be expended for representational purposes at United States missions except in accordance with the conditions that apply to appropriated funds.".

(23) Submarine Security Activities Account.—Section 10432(f) of title 22, United States Code (22 U.S.C. 10432(f)), is amended to read as follows:

"(f) Investment of Money.—The President may manage and invest money in the Submarine Security Activities Account in accordance with section 9702 of title 31. Investment income attributable to the account shall be deposited to the credit of the account.".

(24) National Council on Disability gift funds.—Section 783(d) of title 29, United States Code (29 U.S.C. 783(d)), is amended to read as follows:

"(d) Investment of Amounts Not Required for Current Withdrawals.—

"(1) The Secretary of the Treasury shall manage and invest under section 9702 of title 31 such portion of the amounts made available under subsection (b)(2)(B) as the Secretary determines is not required to meet current withdrawals.

"(2) The amounts described in paragraph (1), and all investment income and proceeds attributable to investments of such amounts, shall be available to the National Council to carry out this subchapter.".

(25) Department of the Treasury gift-and-bequest fund.—Section 321(d)(3) of title 31, United States Code (31 U.S.C. 321(d)(3)), is amended to read as follows:

"(3) The Secretary of the Treasury may manage and invest the fund in accordance with section 9702. Investment income attributable to investments of the fund, and income from any other property accepted under paragraph (1), shall be deposited to the credit of the fund and disbursed on order of the Secretary of the Treasury for purposes as nearly as possible in accordance with the terms of the gifts or bequests.".

(26) World War II Memorial Fund.—Section 2113(b) of title 36, United States Code (36 U.S.C. 2113(b)), is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking "interest and proceeds credited" and inserting "investment income and proceeds credited"; and

(ii) in subparagraph (B), by striking "Obligations obtained" and inserting "Investments held";

(B) in paragraph (2) to read as follows:

"(2) The Chairperson of the Commission shall deposit in the fund the amounts accepted as contributions under subsection (a). The Secretary of the Treasury shall credit to the fund all investment income and proceeds attributable to investments held in the fund."; and

(C) in paragraph (3) to read as follows:

"(3) At the direction of the Chairperson of the Commission, the Secretary of the Treasury shall manage and invest under section 9702 of title 31 any portion of the fund that the Chairperson determines is not required to meet current expenses.".

(27) Public Health Service gifts.—Section 238(b) of title 42, United States Code (42 U.S.C. 238(b)), is amended to read as follows:

"(b) Depository of Funds; Availability for Expenditure.—Any unconditional gift of money accepted under subsection (a), the net proceeds from the liquidation under subsection (c) or (d) of any other property so accepted, and the proceeds of insurance on any such gift property not used for its restoration shall be deposited in the Treasury of the United States, are hereby appropriated, and shall be held in trust by the Secretary of the Treasury for the benefit of the Service. The Secretary of the Treasury may manage and invest such funds in accordance with section 9702 of title 31. Such gifts, investment income attributable to investments of such funds, and income from any other property accepted unconditionally under subsection (a) shall be available for expenditure in the operation of the Service and the performance of its functions, subject to the same examination and audit as is provided for appropriations made for the Service by Congress.".

(28) Department of Housing and Urban Development gifts.—Section 3535(k)(3) of title 42, United States Code (42 U.S.C. 3535(k)(3)), is amended to read as follows:

"(3) Upon the request of the Secretary, the Secretary of the Treasury may manage and invest any money contained in the fund provided for in paragraph (1) in accordance with section 9702 of title 31. Investment income attributable to the fund, and income from any other property held by the Secretary under paragraph (1), shall be deposited to the credit of the fund and disbursed upon order of the Secretary.".

(29) Disaster-relief gifts.—Section 701(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5201(b)) is amended by striking the final two sentences and inserting the following: "At the request of the President or the President's delegate, the Secretary of the Treasury may manage and invest excess money in the fund in accordance with section 9702 of title 31. Investment income attributable to the fund shall be credited to and form a part of the fund.".

(30) Environmental Improvement and Restoration Fund.—Section 1474d of title 43, United States Code (43 U.S.C. 1474d), is amended—

(A) in subsection (b) to read as follows:

"(b) Investments.—The Secretary of the Treasury shall manage and invest amounts in the Fund in accordance with section 9702 of title 31."; and

(B) in subsection (c), by striking the matter preceding paragraph (1) and inserting the following:

"(c) Transfer and Availability of Amounts Earned.—Each year, investment income credited to the Fund during the previous fiscal year shall be made available as follows:".

(31) National Security Education Trust Fund.—Section 1904 of title 50, United States Code (50 U.S.C. 1904), is amended—

(A) in subsection (c) to read as follows:

"(c) Investment of Fund Assets.—The Secretary of the Treasury shall manage and invest under section 9702 of title 31 the amount in the Fund that is not immediately necessary for expenditure.";

(B) by striking subsection (d); and

(C) in subsection (e)(1) to read as follows:

"(1) Investment income and proceeds attributable to investments of the Fund shall be credited to and form a part of the Fund.".

(32) Central Intelligence Agency gifts.—Section 3512(b) of title 50, United States Code (50 U.S.C. 3512(b)), is amended to read as follows:

"(b) Sale, Exchange, and Investment of Gifts.—Unless otherwise restricted by the terms of the gift, the Director may retain, sell, or exchange any property accepted under subsection (a) and may manage and invest money and proceeds held in the fund established under subsection (c) in accordance with section 9702 of title 31.".

(33) National Aeronautics and Space Administration Endeavor Teacher Fellowship Trust Fund.—Section 40902 of title 51, United States Code (51 U.S.C. 40902), is amended—

(A) in subsection (b) to read as follows:

"(b) Investment of Trust Fund.—The Administrator shall direct the Secretary of the Treasury to manage and invest amounts in the Trust Fund in accordance with section 9702 of title 31. Investment income attributable to the Trust Fund shall be credited to the Trust Fund.";

(B) in subsection (c), by striking "Income accruing from the Trust Fund principal" and inserting "Investment income attributable to the Trust Fund principal".

(j) Bespoke Federal structures.—

(1) Application of redemption rules to guaranty-agency Federal reserve funds.—The reserve funds and restricted accounts described in section 1072(g) and (h) of title 20, United States Code (20 U.S.C. 1072(g), (h)), and each Federal Student Loan Reserve Fund established under section 1072a of that title (20 U.S.C. 1072a), are subject to the following rules:

(A) For purposes of subsection (a)(3)(C), each such fund or account shall be treated as a Federal fund or account with respect to an obligation in which the United States possesses the entire Federal beneficial interest.

(B) The officer of the guaranty agency responsible for administering such a fund or account shall be the responsible account officer with respect to an obligation held for the fund or account.

(C) An obligation otherwise eligible for redemption under subsection (c) shall not be excluded solely because the obligation, fund, or account is held, administered, or controlled by a guaranty agency or another non-Federal entity.

(D) Nothing in this paragraph shall alter or expand the ownership interest of the United States in any fund, account, obligation, or other asset.

(2) Federal Student Loan Reserve Fund.—Section 1072a of title 20, United States Code (20 U.S.C. 1072a), is amended—

(A) in subsection (b) to read as follows:

"(b) Investment and management.—

"(1) Authority.—A guaranty agency may manage and invest amounts in the Federal Fund in accordance with section 9702 of title 31, United States Code, subject to the approval of the Secretary.

"(2) Responsible official.—For purposes of section 9702 of title 31, United States Code, the officer of the guaranty agency responsible for administering the Federal Fund shall perform the functions assigned to the responsible official with respect to the Federal Fund and shall determine the liquidity and investment needs of the Fund, subject to review and approval by the Secretary.

"(3) Additional permissible investments.—In addition to the investments authorized under section 9702(d) of title 31, United States Code, the Federal Fund may invest in obligations issued or guaranteed by a State or in other similarly low-risk securities selected by the guaranty agency and approved by the Secretary.

"(4) Federal ownership.—All income and proceeds attributable to investments of the Federal Fund shall be credited to and form a part of the Federal Fund and shall be the sole property of the United States."; and

(B) in subsection (f), by striking paragraph (7) and redesignating paragraph (8) as paragraph (7).

(3) Barry Goldwater Scholarship and Excellence in Education Fund.—

(A) Section 4707 of title 20, United States Code (20 U.S.C. 4707) is amended to read as follows:

"Sec. 4707. Barry Goldwater Scholarship and Excellence in Education Fund.

"(a) Establishment.—There is established in the Treasury of the United States a trust fund to be known as the Barry Goldwater Scholarship and Excellence in Education Fund. The Fund shall consist of amounts appropriated to the Fund pursuant to section 4711 and investment income and proceeds credited to the Fund under subsection (c).

"(b) Investment and management.—

"(1) Authority.—The Board may direct the Secretary of the Treasury to manage and invest amounts in the Fund in accordance with section 9702 of title 31, United States Code. A direction under this paragraph shall be binding on the Secretary of the Treasury.

"(2) Responsible official.—For purposes of section 9702 of title 31, United States Code, the Board shall perform the functions assigned to the responsible official and shall determine the liquidity and investment needs of the Fund.

"(c) Investment results.—All income and proceeds attributable to investments of the Fund shall be credited to and form a part of the Fund. All expenses and realized losses attributable to such investments shall be charged only to the Fund.

"(d) Construction.—Nothing in this section shall be construed to limit the authority of the Board to increase the number of scholarships provided under section 4704, or to increase the amount of the stipend authorized by section 4705, as the Board considers appropriate and is otherwise consistent with the requirements of this chapter."; and

(B) section 4708(a) of title 20, United States Code (20 U.S.C. 4708(a)) is amended by striking "interest and earnings of the fund" and inserting "investment income of the fund".

(4) Japan-United States Friendship Trust Fund.—

(A) section 2905(4) of title 22, United States Code (22 U.S.C. 2905(4)) is amended by striking "income of the Fund" and inserting "investment income of the Fund"; and

(B) section 2906 of title 22, United States Code (22 U.S.C. 2906) is amended to read as follows:

"Sec. 2906. Management of the Friendship Trust Fund.

"(a) Constituent amounts.—The Fund shall consist of—

"(1) amounts appropriated under subsections (d) and (e)(1) of section 2902;

"(2) any other amounts received by the Fund by way of gifts and donations; and

"(3) investment income and proceeds credited under subsection (c).

"(b) Investment and management.—

"(1) Authority.—The Commission may direct the Secretary of the Treasury to manage and invest any portion of the Fund that the Commission determines is not required to meet current withdrawals in accordance with section 9702 of title 31. A direction under this paragraph shall be binding on the Secretary of the Treasury.

"(2) Responsible official.—For purposes of section 9702 of title 31, the Commission shall perform the functions assigned to the responsible official and shall determine the liquidity and investment needs of the Fund.

"(3) Additional permissible investments.—In addition to the investments authorized under section 9702(d) of title 31, the Fund may invest in interest-bearing obligations of Japan or in obligations guaranteed as to both principal and interest by Japan.

"(4) Donor restrictions.—Investment and management under this subsection shall remain subject to any condition or restriction accepted by the Commission under section 2905(3).

"(c) Investment results.—All income and proceeds attributable to investments of the Fund shall be credited to and form a part of the Fund. All expenses and realized losses attributable to such investments shall be charged only to the Fund.

"(d) Payments.—In accordance with section 2905(4), the Secretary of the Treasury shall pay out of the Fund such amounts, including expenses of the Commission, as the Commission considers necessary to carry out this chapter, except that amounts in the Fund, other than amounts appropriated and amounts received by the Commission under paragraphs (2) and (3) of section 2905, including investment income and proceeds attributable to investments made with such received amounts, shall be subject to the appropriation process.".

(5) Department of Justice Assets Forfeiture Fund, holding accounts, and gifts.—Section 524 of title 28, United States Code (28 U.S.C. 524), is amended—

(A) in subsection (c), by amending paragraph (5) to read as follows:

"(5) Investment and custody of amounts.—

"(A) Fund amounts.—The Attorney General may request the Secretary of the Treasury to manage and invest under section 9702 of title 31 amounts in the Fund that the Attorney General determines are not currently needed for purposes of this section. For purposes of that section, the Attorney General shall be the responsible official and shall determine the liquidity and investment needs of the Fund.

"(B) Holding accounts.—An amount in a holding account associated with the Fund may be kept on deposit or retained in the form in which held pending final disposition and shall not be invested or reinvested except as expressly authorized by another provision of law.

"(C) Investment results.—All income and proceeds attributable to investments under subparagraph (A), and all earnings on amounts held under subparagraph (B), shall be deposited in the Fund.

"(D) Ownership preserved.—Nothing in this paragraph shall alter any legal or equitable interest in property represented by an amount in a holding account."; and

(B) in subsection (d), by amending paragraph (3) to read as follows:

"(3) Upon request of the Attorney General, the Secretary of the Treasury may manage and invest the fund described in paragraph (2) in accordance with section 9702 of title 31. For

purposes of that section, the Attorney General shall be the responsible official and shall determine the liquidity and investment needs of the fund. Investment and management under this paragraph shall remain subject to any condition or restriction applicable to a gift, devise, or bequest accepted under paragraph (1).".

(6) Unemployment Trust Fund.—Section 1104 of the Social Security Act (42 U.S.C. 1104), is amended—

(A) in subsection (b) to read as follows:

"(b) Investment and management.—

"(1) Authority.—The Secretary of the Treasury may manage and invest such portion of the Fund as the Secretary determines is not required to meet current withdrawals in investments described in section 9702(d) of title 31, United States Code.

"(2) Applicable standards.—For purposes of managing and investing the Fund under paragraph (1), the Fund shall be treated as a Federal account, and the Secretary of the Treasury shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31, United States Code. Such treatment shall not—

"(A) alter any legal or equitable ownership interest in the Fund or an account in the Fund; or

"(B) cause the Fund or an account in the Fund to be treated as a Federal account for purposes of subsection (c) of section 612 of the POPULIST Act.

"(3) Advances not invested.—Advances made to the Federal unemployment account under section 1323 of this title shall not be invested.";

(B) in subsection (c) to read as follows:

"(c) Disposition of investments.—The Secretary of the Treasury may sell, redeem, exchange, or otherwise dispose of an investment held by the Fund in accordance with section 9702 of title 31, United States Code.";

(C) in subsection (d) to read as follows:

"(d) Investment results.—All income, proceeds, gains, losses, fees, and expenses attributable to investments of the Fund shall be credited or charged only to the Fund.";

(D) in subsection (e) to read as follows:

"(e) Separate book accounts and allocation of investment results.—

"(1) In general.—The Fund shall be managed as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each State agency, the employment security administration account, the Federal unemployment account, the railroad unemployment insurance account, and the railroad unemployment insurance administration fund and shall credit or charge quarterly (on March 31, June 30, September 30, and December 31 of each year) to each account, on the basis of the average daily balance of such account, a

proportionate part of the net investment result of the Fund for the quarter ending on such date, including interest, dividends, distributions, realized and unrealized gains and losses, fees, and expenses.

"(2) Average daily balance.—For purposes of paragraph (1), the average daily balance shall be computed—

"(A) in the case of any State account, by reducing (but not below zero) the amount in the account by the balance of advances made to the State under section 1321 of this title; and

"(B) in the case of the Federal unemployment account—

"(i) by adding to the amount in the account the aggregate of the reductions under subparagraph (A); and

"(ii) by subtracting from the sum so obtained the balance of advances made under section 1323 of this title to the account."; and

(E) by adding at the end the following:

"(h) Preservation of account status and authority.—Nothing in subsections (b) through (e) shall alter—

"(1) the separate accounting identity of any account maintained in the Fund;

"(2) the authority to requisition, receive, transfer, or use an amount standing to the credit of such an account;

"(3) any statutory purpose, condition, or restriction applicable to such an account; or

"(4) any legal or equitable ownership interest in the Fund, an account in the Fund, or an amount credited to such an account.".

(7) Natural Resource Damage Assessment and Restoration Fund.—Section 1474b of title 43, United States Code (43 U.S.C. 1474b), is amended to read as follows:

"Sec. 1474b. Natural Resource Damage Assessment and Restoration Fund.

"(a) Availability of assessments.—Notwithstanding any other provision of law, in fiscal year 1991 and thereafter, sums provided by any party, including sums provided in advance or as a reimbursement for natural resource damage assessments, may be credited to the Fund and shall remain available until expended.

"(b) Investment and management.—

"(1) Authority.—At the direction of the trustee or trustees legally authorized to approve the use or disposition of an amount in the Fund, the Secretary of the Treasury may manage and invest such portion of that amount as the trustee or trustees determine is not required to meet current withdrawals in investments described in section 9702(d) of title 31, United States Code.

"(2) Applicable standards.—For purposes of managing and investing an amount under paragraph (1), the Fund shall be treated as a Federal account, and the directing trustee or trustees shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31, United States Code. Such treatment shall not—

"(A) alter any legal or equitable ownership interest in the Fund or an amount in the Fund; or

"(B) cause an amount in the Fund to become eligible for redemption under subsection (c) of section 612 of the POPULIST Act.

"(c) Preservation of restrictions.—The investment, management, and disposition of an amount under this section shall remain subject to any applicable settlement, plea agreement, consent decree, court order, trustee agreement, donor restriction, restoration requirement, or other legal restriction governing the amount.

"(d) Investment results.—All investment income and proceeds attributable to investments of an amount in the Fund shall be credited to and form a part of the Fund and shall remain available for obligation without further appropriation, subject to the restrictions applicable to that amount. All expenses and realized losses attributable to such investments shall be charged only to the amount or amounts for which the investments were made.

"(e) Relationship to prior law.—After December 31, 2026, the provisos in section 207 of Public Law 102–229 that begin 'Provided further, That herein and hereafter' and 'Provided further, That interest earned' shall have no force or effect. An amount deposited in the Fund under that section may be managed under subsections (b) through (d), subject to any other Act of Congress governing that amount.".

(8) Lower Colorado River Basin Development Fund.—Section 1543 of title 43, United States Code (43 U.S.C. 1543), is amended—

(A) in subsection (f)(2)(D)(vi), by striking "any interest earned on funds held in the Future Indian Water Settlement Subaccount" and inserting "any investment income attributable to amounts held in the Future Indian Water Settlement Subaccount"; and

(B) in subsection (f)(4) to read as follows:

"(4) Investment and management.—

"(A) Authority and responsible official.—At the direction of the Secretary of the Interior, the Secretary of the Treasury may manage and invest such portion of the development fund as the Secretary of the Interior determines is not required to meet current needs in accordance with section 9702 of title 31, United States Code. For purposes of that section, the Secretary of the Interior shall perform the functions assigned to the responsible official and shall determine the liquidity and investment needs of the development fund.

"(B) Additional permissible investments.—In addition to the investments authorized under section 9702(d) of title 31, United States Code, the development fund may invest in—

"(i) an investment referred to in the Act of June 24, 1938 (25 U.S.C. 162a);

"(ii) an obligation of a government corporation or government-sponsored entity whose charter statute provides that the obligation is a lawful investment for federally managed funds; or

"(iii) an obligation referred to in section 401 of title 42.

"(C) Investment results.—All income and proceeds attributable to investments of the development fund shall be credited to and form a part of the development fund. All expenses and realized losses attributable to such investments shall be charged only to the development fund.

"(D) Separate accounting.—The Secretary of the Interior shall maintain records sufficient to attribute income, proceeds, expenses, and realized losses attributable to investments of the development fund to each amount or subaccount subject to a distinct statutory, settlement, repayment, project-revenue, Tribal, or other restriction.

"(E) Preservation of restrictions.—Nothing in this paragraph shall alter any settlement, repayment, project-revenue, Tribal, subaccount, or other restriction applicable to an amount in the development fund.".

(9) Railroad Retirement Account and National Railroad Retirement Investment Trust.—Section 231n of title 45, United States Code (45 U.S.C. 231n), is amended—

(A) in subsection (e) to read as follows:

"(e) Investment and management of Treasury transaction accounts.—

"(1) Authority.—The Board may request and direct the Secretary of the Treasury to manage and invest, in accordance with section 9702 of title 31, United States Code, such portion of the amounts credited to the Railroad Retirement Account and the Dual Benefits Payments Account as are not transferred to the National Railroad Retirement Investment Trust and as the Board determines are not required to meet current withdrawals. A request and direction under this paragraph shall be binding on the Secretary of the Treasury.

"(2) Responsible official.—For purposes of section 9702 of title 31, United States Code, the Board shall perform the functions assigned to the responsible official and shall determine the liquidity and investment needs of each account.

"(3) Investment results.—All income and proceeds attributable to investments of an account under this subsection shall be credited to and form a part of that account. All expenses and realized losses attributable to such investments shall be charged only to that account."; and

(B) in subsection (j)(2), by adding at the end the following: "For purposes of section 612 of the POPULIST Act, an obligation held by the Trust shall not be treated as held by or on behalf of a Federal fund, account, or subaccount solely because the Trust finances benefits under this subchapter or transfers money for the payment of such benefits.".

(10) Social Security Equivalent Benefit Account.—Section 231n–1(d)(2) of title 45, United States Code (45 U.S.C. 231n–1(d)(2)), is amended to read as follows:

"(2) Upon establishment of the National Railroad Retirement Investment Trust and from time to time thereafter, the Board shall direct the Secretary of the Treasury to transfer, in such manner as will maximize the investment returns to the railroad retirement system, the balance of the Social Security Equivalent Benefit Account not needed to pay current benefits and administrative expenses required to be paid from that Account to the National Railroad Retirement Investment Trust or the Railroad Retirement Account, and the Secretary shall make that transfer. Any balance transferred under this paragraph, and all income and proceeds attributable to the investment of such balance, shall be used by the National Railroad Retirement Investment Trust or the Railroad Retirement Board only to pay benefits under this subchapter or to make or retain investments otherwise authorized under section 231n or this section.".

(k) Protected public and third-party beneficial claims.—

(1) Cable statutory-license royalties.—Section 111(d)(2) of title 17, United States Code (17 U.S.C. 111(d)(2)), is amended to read as follows:

"(2) Handling and investment of fees.—

"(A) Receipt and deposit.—The Register of Copyrights shall receive all fees (including the filing fee specified in paragraph (1)(G)) deposited under this section and, after deducting the reasonable costs incurred by the Copyright Office under this section, shall deposit the balance in the Treasury of the United States, in such manner as the Secretary of the Treasury directs.

"(B) Investment authority.—At the request of the Register of Copyrights, the Secretary of the Treasury may manage and invest, in investments described in section 9702(d) of title 31, the portion of the funds deposited under subparagraph (A) that the Register determines is not required to meet reasonably foreseeable distributions.

"(C) Applicable standards.—For purposes of managing and investing funds under subparagraph (B), the funds shall be treated as a Federal account, and the Register of Copyrights shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31. Such treatment shall not—

"(i) alter any legal or equitable ownership interest in the funds; or

"(ii) cause an obligation held for the funds to become eligible for redemption under section 612(c) of the POPULIST Act.

"(D) Investment results and distribution.—All income and proceeds attributable to investments under subparagraph (B) shall be credited to and form a part of the funds deposited under subparagraph (A), and all expenses and realized losses attributable to such investments shall be charged only to those funds. The funds and their investment results shall remain available for later distribution by the Librarian of Congress upon authorization by the Copyright Royalty Judges in accordance with paragraph (4).".

(2) Satellite statutory-license royalties.—Section 119(b)(3) of title 17, United States Code (17 U.S.C. 119(b)(3)), is amended to read as follows:

"(3) Handling and investment of fees.—

"(A) Receipt and deposit.—The Register of Copyrights shall receive all fees (including the filing fee specified in paragraph (1)(C)) deposited under this section and, after deducting the reasonable costs incurred by the Copyright Office under this section (other than the costs deducted under paragraph (5)), shall deposit the balance in the Treasury of the United States, in such manner as the Secretary of the Treasury directs.

"(B) Investment authority.—At the request of the Register of Copyrights, the Secretary of the Treasury may manage and invest, in investments described in section 9702(d) of title 31, the portion of the funds deposited under subparagraph (A) that the Register determines is not required to meet reasonably foreseeable distributions.

"(C) Applicable standards.—For purposes of managing and investing funds under subparagraph (B), the funds shall be treated as a Federal account, and the Register of Copyrights shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31. Such treatment shall not—

"(i) alter any legal or equitable ownership interest in the funds; or

"(ii) cause an obligation held for the funds to become eligible for redemption under section 612(c) of the POPULIST Act.

"(D) Investment results and distribution.—All income and proceeds attributable to investments under subparagraph (B) shall be credited to and form a part of the funds deposited under subparagraph (A), and all expenses and realized losses attributable to such investments shall be charged only to those funds. The funds and their investment results shall remain available for later distribution by the Librarian of Congress as provided by this title. Nothing in this paragraph shall alter the authority of the Copyright Royalty Judges or the Librarian of Congress with respect to such distributions.".

(3) Digital-audio-recording royalties.—Section 1005 of title 17, United States Code (17 U.S.C. 1005), is amended by striking the second sentence and inserting the following:

"At the request of the Register of Copyrights, the Secretary of the Treasury may manage and invest, in investments described in section 9702(d) of title 31, the portion of the funds held by the Secretary that the Register determines is not required to meet reasonably foreseeable distributions under section 1007. For purposes of managing and investing such funds, the funds shall be treated as a Federal account, and the Register shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31. Such treatment shall not alter any legal or equitable ownership interest in the funds or cause an obligation held for the funds to become eligible for redemption under section 612(c) of the POPULIST Act. All income and proceeds attributable to such investments shall be credited to and form a part of the funds, and all expenses and realized losses attributable to such investments shall be charged only to the funds. The funds and their investment results shall remain available for later distribution under section 1007.".

(4) Constitutional Law Resource Center endowments.—Section 4516(d) of title 20, United States Code (20 U.S.C. 4516(d)), is amended to read as follows:

"(d) Investment and administration of endowment.—

"(1) Investment authority.—That portion of each endowment provided by this chapter and any accumulations attributable to such grant may be invested by the recipient university in investments described in section 9702(d) of title 31.

"(2) Applicable standards.—For purposes of managing and investing amounts under paragraph (1), such amounts shall be treated as a Federal account, and the officer designated by the recipient university to administer the endowment shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(3) Preservation of trust and reversion.—The treatment of an amount under paragraph (2) shall not—

"(A) alter the trust status of the endowment, the authorized use of its income, the responsibility of the recipient university, or the reversion to the Treasury required if the university discontinues the chair and related support services; or

"(B) cause an obligation held for the endowment to become eligible for redemption under section 612(c) of the POPULIST Act.

"(4) Audit.—The portion of each endowment described in paragraph (1) shall remain subject to audit by the Government Accountability Office for the sole purpose of determining that the funds are accounted for or have been used as provided in this section.".

(5) International claims settlement funds.—Section 1627(g) of title 22, United States Code (22 U.S.C. 1627(g)), is amended to read as follows:

"(g) Investment and management of special funds.—

"(1) Authority.—The Secretary of the Treasury may manage and invest, in investments described in section 9702(d) of title 31, the portion of the amounts held in each special fund established by this section that the Secretary determines is not required to meet reasonably foreseeable payments from that fund.

"(2) Responsible official.—For purposes of managing and investing a special fund under paragraph (1), the special fund shall be treated as a Federal account, and the Secretary of the Treasury shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31. In determining the liquidity and investment needs of a special fund, the Secretary shall consult the Chairman of the Foreign Claims Settlement Commission concerning the timing and amount of reasonably foreseeable award payments.

"(3) Investment results.—All income and proceeds attributable to investments of a special fund shall be credited to and form a part of that special fund and shall be available to make payments, in accordance with subsection (c), on awards payable from that fund. All expenses and realized losses attributable to such investments shall be charged only to that special fund.

"(4) Preservation of claims.—Nothing in this subsection shall alter any certified award, payment priority, permanent appropriation, or claimant entitlement applicable to a special fund.

An obligation held for a special fund shall not be eligible for redemption under section 612(c) of the POPULIST Act.".

(6) Tribal and individual Indian trust funds.—Section 161a of title 25, United States Code (25 U.S.C. 161a), is amended to read as follows:

"Sec. 161a. Management and investment of tribal and individual Indian trust funds.

"(a) Tribal funds.—The Secretary of the Interior may request the Secretary of the Treasury to invest all or any portion of the funds held in trust by the United States and carried in principal accounts on the books of the United States Treasury to the credit of Indian tribes in an investment authorized under section 162a. The Secretary of the Treasury shall carry out a request under this subsection. The Secretary of the Interior shall determine the liquidity, maturity, and investment needs of the funds involved.

"(b) Individual funds.—The Secretary of the Interior may request the Secretary of the Treasury to invest all or any portion of the funds held in trust by the United States and carried in principal accounts on the books of the United States Treasury to the credit of individual Indians in an investment authorized under section 162a. The Secretary of the Treasury shall carry out a request under this subsection. The Secretary of the Interior shall determine the liquidity, maturity, and investment needs of the funds involved.

"(c) Preservation of ownership, treaties, and trust duties.—Nothing in this section shall—

"(1) alter any legal or equitable ownership interest of an Indian Tribe or individual Indian;

"(2) supersede any treaty requirement or diminish any trust responsibility of the United States; or

"(3) cause an obligation held for such funds to become eligible for redemption under section 612(c) of the POPULIST Act.".

(7) Tribally controlled college or university grants.—Section 1808(b)(4) of title 25, United States Code (25 U.S.C. 1808(b)(4)), is amended to read as follows:

"(4) Investment of grant funds.—

"(A) Authority.—Funds provided under this subchapter may be invested by the tribally controlled college or university in investments described in section 9702(d) of title 31.

"(B) Applicable standards.—For purposes of managing and investing funds under subparagraph (A), the funds shall be treated as a Federal account, and the governing board of the tribally controlled college or university, or an officer designated by the governing board, shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(C) Ownership and use preserved.—The treatment of funds under subparagraph (B) shall not—

"(i) alter the ownership, expenditure deadline, or authorized use of interest or investment income under paragraph (3); or

"(ii) cause an obligation held for the funds to become eligible for redemption under section 612(c) of the POPULIST Act.".

(8) Tribally controlled school grants.—Section 2506(b) of title 25, United States Code (25 U.S.C. 2506(b)), is amended—

(A) in paragraph (1), by striking "Such interest income" and inserting "Such interest or investment income"; and

(B) in paragraph (2) to read as follows:

"(2) Permissible investments.—

"(A) Authority.—Before funds provided under this chapter are expended for the purposes of this chapter, the Indian Tribe or Tribal organization may—

"(i) invest the funds in investments described in section 9702(d) of title 31; or

"(ii) deposit the funds in accounts that are insured by an agency or instrumentality of the United States or are fully collateralized to ensure protection of the funds, even in the event of a bank failure.

"(B) Applicable standards.—For purposes of managing and investing funds under subparagraph (A), the funds shall be treated as a Federal account, and the Tribal governing body, or an officer designated by the Tribal governing body, shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(C) Ownership and use preserved.—The treatment of funds under subparagraph (B) shall not—

"(i) alter the ownership or authorized use of interest or investment income under paragraph (1); or

"(ii) cause an obligation held for the funds to become eligible for redemption under section 612(c) of the POPULIST Act.".

(9) Indian higher-education tribal grant funds.—Section 3306(d)(2) of title 25, United States Code (25 U.S.C. 3306(d)(2)), is amended to read as follows:

"(2) Permissible investments.—

"(A) Authority.—Funds provided under this subchapter may be—

"(i) invested by the Indian Tribe or Tribal organization in investments described in section 9702(d) of title 31; or

"(ii) deposited in accounts insured by an agency or instrumentality of the United States.

"(B) Applicable standards.—For purposes of managing and investing funds under subparagraph (A), the funds shall be treated as a Federal account, and the Tribal governing

body, or an officer designated by the Tribal governing body, shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(C) Ownership and use preserved.—The treatment of funds under subparagraph (B) shall not—

"(i) alter the ownership or authorized use of interest or investment income under paragraph (1);

"(ii) affect the provision or amount of assistance under any Federal law; or

"(iii) cause an obligation held for the funds to become eligible for redemption under section 612(c) of the POPULIST Act.".

(10) Indian self-determination advance payments.—Section 5310 of title 25, United States Code (25 U.S.C. 5310), is amended to read as follows:

"Sec. 5310. Investment of advance payments; restrictions.

"(a) Authority.—Advance payments made by the Department of the Interior to Indian Tribes, Tribal organizations, and Tribal consortia pursuant to the Indian Self-Determination and Education Assistance Act or the Tribally Controlled Schools Act of 1988 may be invested before expenditure for the purposes of the grant, compact, or annual funding agreement—

"(1) in investments described in section 9702(d) of title 31; or

"(2) in accounts that are insured by an agency or instrumentality of the United States or fully collateralized to ensure protection of the funds, even in the event of a bank failure.

"(b) Applicable standards.—For purposes of managing and investing funds under subsection (a), the funds shall be treated as a Federal account, and the governing body of the Indian Tribe, Tribal organization, or Tribal consortium, or an officer designated by that governing body, shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(c) Ownership and use preserved.—The treatment of funds under subsection (b) shall not—

"(1) alter the ownership, control, or authorized use of the funds or their investment results;

"(2) alter any requirement of a grant, compact, annual funding agreement, or applicable program; or

"(3) cause an obligation held for the funds to become eligible for redemption under section 612(c) of the POPULIST Act.".

(11) Court registry funds.—Section 2045 of title 28, United States Code (28 U.S.C. 2045), is amended to read as follows:

"Sec. 2045. Investment of court registry funds.

"(a) Investment authority.—The Director of the Administrative Office of the United States Courts, or the Director's designee under subsection (c), may request the Secretary of the Treasury to manage and invest funds received under section 2041 in investments described in section 9702(d) of title 31. The Director or designee shall determine the amount available for investment and the liquidity, maturity, and investment needs of the funds. The Secretary of the Treasury shall carry out a request under this subsection.

"(b) Applicable standards and preservation of court control and ownership.—

"(1) For purposes of managing and investing funds under subsection (a), the funds shall be treated as a Federal account, and the Director or designee shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(2) All income, proceeds, expenses, realized losses, and changes in market value attributable to an investment shall be allocated only to the corresponding registry account.

"(3) Nothing in this section shall alter the custody of the court, the authority of the court over withdrawal or distribution, or any legal or equitable ownership interest in the funds, and no obligation held for such funds shall be eligible for redemption under section 612(c) of the POPULIST Act.

"(c) Delegation.—The Director may designate the clerk of a court described in section 610 to exercise the authority conferred by this section.".

(12) Proceeds of attached property in postal suits.—Section 2714 of title 28, United States Code (28 U.S.C. 2714), is amended to read as follows:

"Sec. 2714. Investment of proceeds of attached property.

"(a) Investment.—When property attached is sold on an interlocutory order or produces revenue, the money arising from the sale or revenue shall be invested, under the order of the court, in investments described in section 9702(d) of title 31.

"(b) Applicable standards.—For purposes of an investment under subsection (a), the money shall be treated as a Federal account, and the court, or an officer designated by the court, shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(c) Court control and ownership preserved.—All income, proceeds, expenses, realized losses, and changes in market value attributable to an investment under subsection (a) shall be subject to the order of the court. Nothing in this section shall alter any legal or equitable ownership interest or right of attachment, and no obligation held under this section shall be eligible for redemption under section 612(c) of the POPULIST Act.".

(13) General Post Fund.—Section 8528 of title 38, United States Code (38 U.S.C. 8528), is amended to read as follows:

"Sec. 8528. Investment of the Fund.

"(a) Authority.—At the request of the Secretary of Veterans Affairs, the Secretary of the Treasury shall manage and invest, in investments described in section 9702(d) of title 31, money in the Fund not required for current disbursements.

"(b) Applicable standards.—For purposes of managing and investing money under subsection (a), the Fund shall be treated as a Federal account, and the Secretary of Veterans Affairs shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(c) Trust and claims preserved.—Nothing in this section shall alter the trust purposes of the Fund, any claim or beneficial interest of a creditor, heir, or other claimant, any restriction applicable to property or proceeds credited to the Fund, or the authority of the Secretary of Veterans Affairs to make disbursements. An obligation held for the Fund shall not be eligible for redemption under section 612(c) of the POPULIST Act.".

(14) Office of Hawaiian Affairs revolving loan fund.—Section 2991b–1(f)(2) of title 42, United States Code (42 U.S.C. 2991b–1(f)(2)), is amended to read as follows:

"(2) Investment and management.—

"(A) Separate account.—The revolving loan fund required under subsection (a)(1) shall be maintained as a separate account.

"(B) Authority.—The Office may invest in investments described in section 9702(d) of title 31 any portion of the revolving loan fund not required for expenditure.

"(C) Applicable standards.—For purposes of managing and investing amounts under subparagraph (B), the revolving loan fund shall be treated as a Federal account, and the Office, acting through an officer designated to administer the fund, shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31.

"(D) Preservation of fund.—The treatment of the revolving loan fund under subparagraph (C) shall not alter the matching contribution requirement, the purposes and revolving character of the fund, any borrower protection, any Federal oversight requirement, or any legal or equitable ownership interest, and no obligation held for the fund shall be eligible for redemption under section 612(c) of the POPULIST Act.".

(15) Vessel-construction escrow funds.—Section 53715(f) of title 46, United States Code (46 U.S.C. 53715(f)), is amended to read as follows:

"(f) Investment.—

"(1) Authority.—The Secretary or Administrator may invest and reinvest any part of an escrow fund in investments described in section 9702(d) of title 31.

"(2) Applicable standards and escrow needs.—For purposes of managing and investing amounts under paragraph (1), the escrow fund shall be treated as a Federal account, and the Secretary or Administrator shall perform the functions assigned to the responsible official, under subsections (c) through (i) of section 9702 of title 31. Investments shall be selected and

managed so that the escrow fund will be available as required for purposes of the escrow agreement and so that the interests of the Government are fully protected.

"(3) Investment results.—Investment income attributable to the escrow fund shall be paid to the obligor in accordance with the escrow agreement. Proceeds representing corpus or principal and changes in market value shall be accounted for under the escrow agreement and the other provisions of this section.

"(4) Ownership and guarantee preserved.—Nothing in this subsection shall alter the ownership of the escrowed amounts, the contractual and property interests of the obligor, the terms of the escrow agreement, the construction and disbursement requirements of this section, or the interests of the Government under the guarantee. An obligation held for an escrow fund shall not be eligible for redemption under section 612(c) of the POPULIST Act.".

(l) Thrift Savings Plan Government Securities Investment Fund.—

(1) Government Securities Investment Fund.—Section 8438 of title 5, United States Code (5 U.S.C. 8438), is amended—

(A) in subsection (b)(1), by amending subparagraph (A) to read as follows:

"(A) a Government Securities Investment Fund under which sums in the Thrift Savings Fund are maintained as monetary balances or invested in marketable obligations of the United States in accordance with subsection (e);";

(B) in subsection (e) to read as follows:

"(e) Government Securities Investment Fund.—

"(1) Permissible holdings.—Amounts allocated to the Government Securities Investment Fund may be—

"(A) maintained as dollar-denominated monetary balances, including Treasury Dollar Bills; or

"(B) invested in marketable obligations of the United States issued under chapter 31 that—

"(i) are acquired at public auction or in the secondary market on terms generally available to investors; and

"(ii) have a remaining maturity of not more than 5 years.

"(2) Liquidity and maturity.—The Executive Director shall maintain monetary balances appropriate to reasonably foreseeable participant transactions and may acquire an obligation under paragraph (1)(B) only if the Executive Director reasonably determines that the obligation is not reasonably expected to be required for sale before maturity to meet such transactions."; and

(C) by striking subsections (g) and (h).

(2) Participant disclosures.—Section 8439(d) of title 5, United States Code (5 U.S.C. 8439(d)), is amended to read as follows:

"(d) Investment disclosures.—

"(1) Market-risk investments.—Each employee, Member, former employee, or former Member who elects to invest in an investment fund or option under this chapter other than the Government Securities Investment Fund shall sign an acknowledgment prescribed by the Executive Director stating that the individual understands that the investment is made at the individual's risk, that the individual is not protected by the Government against loss on the investment, and that a return on the investment is not guaranteed by the Government.

"(2) Government Securities Investment Fund.—The Executive Director shall provide each participant or beneficiary who invests in the Government Securities Investment Fund with a clear notice stating—

"(A) that the Fund may hold dollar-denominated monetary balances, including noninterest-bearing Treasury Dollar Bills, and marketable obligations of the United States;

"(B) that no special interest-bearing obligation may be issued for the Fund on or after January 1, 2027, but an obligation issued before that date remains valid according to its terms;

"(C) that no investment return or preservation of purchasing power is guaranteed and that a marketable obligation may fluctuate in value before maturity;

"(D) that the Fund is administered to maintain liquidity appropriate to reasonably foreseeable participant transactions and to avoid the sale of marketable obligations before maturity when reasonably practicable; and

"(E) that the participant or beneficiary may elect another investment option under the Thrift Savings Plan, subject to the terms otherwise applicable to that option.

"(3) Automatic enrollment.—Before enrollment in the Thrift Savings Fund, or as soon as practicable thereafter, an individual automatically enrolled under section 8432(b)(2) shall receive the information applicable under paragraphs (1) and (2).".

(3) Participant notice.—Not later than 15 days after the date of enactment of this Act, the Executive Director of the Federal Retirement Thrift Investment Board shall provide each participant and beneficiary with a clear notice explaining—

(A) the termination, effective January 1, 2027, of authority to issue new special interest-bearing obligations for the Government Securities Investment Fund;

(B) the continuing validity according to their terms of special interest-bearing obligations outstanding immediately before January 1, 2027;

(C) the permissible holdings of the Fund on and after January 1, 2027;

(D) the characteristics of Treasury Dollar Bills and marketable obligations of the United States;

(E) the absence of a guaranteed investment return or preservation of purchasing power; and

(F) the other investment options available under the Thrift Savings Plan.

(m) Transparent appropriations bridge.—

(1) Annual report.—Not later than 150 days after the end of fiscal year 2027, and not later than 150 days after the end of each fiscal year thereafter, the Secretary of the Treasury, in consultation with the officer responsible for administering each applicable account, shall submit to Congress and publish on a public website, in an open and machine-readable format, the report required under paragraph (2).

(2) Account-by-account comparison.—For each applicable account, the report required under paragraph (1) shall state—

(A) the estimated amount of interest that would have been credited to the account during the fiscal year with respect to the principal represented by obligations redeemed under this section, including any reinvestment that would have occurred upon maturity, if this Act had not been enacted and such principal had continued to be invested and reinvested in accordance with the law and administrative practice in effect immediately before redemption, taking into account actual expenditures, transfers, withdrawals, and other reductions from the account to the extent that such transactions would have reduced that principal under the counterfactual described in this subparagraph;

(B) the actual amount of interest, dividends, or other investment income credited to the account during the fiscal year with respect to assets acquired or held in place of the obligations redeemed under this section;

(C) the amount, if any, by which the amount determined under subparagraph (A) exceeds the amount determined under subparagraph (B);

(D) the amount appropriated to the account during the fiscal year pursuant to paragraph (3);

(E) the methods, data sources, interest rates, maturity schedules, reinvestment assumptions, and other material assumptions used in making each estimate under this paragraph;

(F) the amount and percentage of account assets held in each authorized asset class; and

(G) the income, gains, losses, fees, and expenses attributable to investments of the account.

(3) Authorization of appropriations.—There are authorized to be appropriated for each fiscal year to each applicable account such sums as Congress determines appropriate, not exceeding the amount reported for that account under paragraph (2)(C) for the preceding fiscal year. An amount appropriated pursuant to this paragraph shall be credited to the applicable

account and shall be available only for the purposes, and subject to the limitations and conditions, otherwise applicable to amounts in that account.

(4) No automatic payment or claim.—Nothing in this subsection shall be construed to—

(A) require Congress to appropriate any amount;

(B) create an entitlement, contractual or property interest, claim, or cause of action;

(C) require Treasury Dollar Bills to bear interest;

(D) treat an amount estimated or reported under this subsection as a debt, obligation, or liability of the United States; or

(E) limit the authority of Congress under any other provision of law to appropriate amounts for an applicable account; or

(F) carry forward an amount reported under paragraph (2)(C) for purposes of determining the amount authorized to be appropriated for a later fiscal year.

(n) Effective dates and implementation.—

(1) Enactment date provisions.—Subsections (a), (b), (l)(3), and this subsection shall take effect on the date of enactment of this Act.

(2) Redemption date and amendments.—Except as otherwise expressly provided, subsections (c) through (m) and the amendments made by this section shall take effect on January 1, 2027.

(3) Advance implementation.—Before January 1, 2027, the Secretary of the Treasury, each responsible account officer, and each other officer or entity responsible for carrying out this section or an amendment made by this section may prescribe regulations, modify systems and records, establish or redesignate accounts, exchange information, issue notices, and take such other actions as are necessary to ensure timely implementation.

(4) No administrative delay.—The failure to complete an inventory, report, regulation, guidance, systems change, account designation, notice, or other preparatory action shall not postpone, condition, or limit the redemption required under subsection (c).

SEC. 613. ONGOING RETIREMENT OF PUBLIC DEBT AND BORROWING CONSTRAINTS.

(a) Definitions.—In this section:

(1) Covered obligation.—The term "covered obligation" means an obligation of the United States—

(A) issued under chapter 31 of title 31, United States Code;

(B) outstanding at 11:59 p.m. Eastern standard time on December 31, 2026;

(C) not required to be redeemed under section 612; and

(D) not a tax and loss bond issued under section 3109 of title 31, United States Code.

(2) Federal payment system.—The term "Federal payment system" means a payment, disbursement, redemption, or settlement system operated or used by the Department of the Treasury or a Federal Reserve Bank to make or settle payments of the United States, including TreasuryDirect, the Commercial Book-Entry System, the Automated Clearing House network, Fedwire, and any successor system.

(3) Payment amount.—The term "payment amount" means principal, interest, and any other amount due or payable according to the terms of a covered obligation.

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

(5) Segregated payment account.—The term "segregated payment account" means a Federal Government account or subaccount established under section 623(b)(7) exclusively to hold a payment amount pending payment to the person entitled to the amount.

(b) Mandatory payment from the American Value Fund.—

(1) In general.—On and after January 1, 2027, the Secretary shall satisfy all payment amounts using the American Value Fund.

(2) No acceleration or required surrender.—Nothing in this section—

(A) requires the Secretary to satisfy a payment amount before it becomes due or payable or requires a holder to surrender a covered obligation before that time; or

(B) limits authority under chapter 31 of title 31, United States Code, including sections 3110 through 3113, or under the terms of a covered obligation, to call, purchase, redeem, or accept the surrender of the obligation before maturity or final payment.

(3) Alternative payment request.—A person entitled to a payment amount may request payment in money other than Treasury Dollar Bills. The Secretary, in the Secretary's discretion, may grant the request in whole or in part through a Federal payment system.

(4) Segregated payment.—

(A) In general.—If the Secretary cannot deliver a payment amount because—

(i) an entitlement to such payment has not been established;

(ii) applicable law or a competing claim prevents payment; or

(iii) the transfer from the American Value Fund lacks a valid destination;

the Secretary shall transfer an equal amount of Treasury Dollar Bills from the American Value Fund to a segregated payment account pending payment to the person so entitled.

(B) A transfer under this paragraph shall be treated as final payment by the United States for purposes of the covered obligation, and no additional amount shall accrue on the covered obligation with respect to that payment amount.

(C) The amount shall remain available without fiscal year limitation exclusively for the person entitled to the amount and shall remain subject to applicable law.

(D) Nothing in this paragraph shall supersede sections 3125 through 3128 of title 31, United States Code, or other law governing proof of entitlement, loss or destruction of an obligation, succession, sanctions, attachment, or competing claims.

(c) Repeal of the public debt limit and related provisions.—

(1) Public debt limit.—Section 3101 of title 31, United States Code, is repealed.

(2) Presidential modification.—Section 3101A of title 31, United States Code, is repealed.

(3) Congressional budget resolution.—Section 301(b)(5) of the Congressional Budget Act of 1974 (2 U.S.C. 632(b)(5)) is amended to read as follows:

"(5) include a heading entitled 'Debt Increase as Measure of Deficit' in which the concurrent resolution shall set forth the amounts by which the face value of obligations issued under chapter 31 of title 31, United States Code, and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury) have increased or would increase in each of the relevant fiscal years;".

(4) Civil Service Retirement and Disability Fund.—Section 8348 of title 5, United States Code, is amended by striking subsections (j), (k), and (l).

(5) Federal Deposit Insurance Corporation borrowing.—Section 14(d)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1824(d)(2)) is amended—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

(6) Protection of Social Security and Medicare trust funds.—Section 1145(b) of the Social Security Act (42 U.S.C. 1320b–15(b)) is amended to read as follows:

"(b) Public debt obligation defined.—For purposes of this section, the term 'public debt obligation' means an obligation issued under chapter 31 of title 31, United States Code, or an obligation whose principal and interest are guaranteed by the United States Government, except a guaranteed obligation held by the Secretary of the Treasury.".

(7) Transition for existing debt issuance suspension period.—If a debt issuance suspension period, as defined in section 8348(j)(5) of title 5, United States Code, as in effect on December 31, 2026, is in effect on that date—

(A) section 8348(j)(4) of such title, as in effect on that date, shall continue to apply to the calculation and payment of make-whole interest attributable to that period; and

(B) section 8348(l)(1) of such title, as in effect on that date, shall continue to apply to the final report concerning that period.

(d) Specific congressional authorization required for future borrowing.—

(1) Amendment.—Chapter 31 of title 31, United States Code, is amended by inserting before section 3102 the following:

"Sec. 3101B. Specific congressional authorization required for borrowing

"(a) General rule.—After December 31, 2026, the Secretary of the Treasury may not borrow money on the credit of the United States, including by issuing an obligation under this chapter, unless authorized by an Act of Congress enacted after such date.

"(b) Required terms.—An authorization under this section shall specify—

"(1) the maximum aggregate principal amount of obligations authorized to be issued;

"(2) the public purpose and authorized use of the proceeds;

"(3) the authorized issuance period and maximum maturity; and

"(4) the source or sources from which principal and interest will be paid.

"(c) Administration.—Except as otherwise expressly provided by the authorizing Act, the Secretary may issue and administer an obligation authorized under this section using the procedures and authorities otherwise available under this chapter.

"(d) American Value Fund.—An obligation issued under this section shall not constitute a claim against the American Value Fund established under section 623(b)(5) of the POPULIST Act, and no amount in that Fund may be used to pay or retire the obligation.

"(e) Tax and loss bonds.—This section does not apply to the issuance or administration of a tax and loss bond under section 3109.

"(f) Constitutional authority.—Nothing in this section shall be construed to limit the constitutional authority of Congress to borrow money on the credit of the United States.".

(2) Clerical amendments.—The table of sections for subchapter I of chapter 31 of title 31, United States Code, is amended—

(A) by striking the items relating to sections 3101 and 3101A;

(B) by inserting before the item relating to section 3102 the following:

"3101B. Specific congressional authorization required for borrowing.";

(C) by striking the item relating to section 3111; and

(D) by inserting after the item relating to section 3110 the following:

"3111. Purchase and redemption of outstanding obligations.".

(3) Conforming amendments.—

(A) Section 3102(a) of title 31, United States Code, is amended—

(i) by striking "With the approval of the President, the Secretary" and inserting "Subject to section 3101B, the Secretary"; and

(ii) by striking "may buy, redeem, and make refunds under section 3111" and inserting "may buy and redeem outstanding obligations under section 3111".

(B) Section 3103(a) of title 31, United States Code, is amended—

(i) by striking "With the approval of the President, the Secretary" and inserting "Subject to section 3101B, the Secretary"; and

(ii) by striking "may buy, redeem, and make refunds under section 3111" and inserting "may buy and redeem outstanding obligations under section 3111".

(C) Section 3104(a) of title 31, United States Code, is amended—

(i) by striking "The Secretary" and inserting "Subject to section 3101B, the Secretary"; and

(ii) by striking "may buy, redeem, and make refunds under section 3111" and inserting "may buy and redeem outstanding obligations under section 3111".

(D) Section 3105(a) of title 31, United States Code, is amended—

(i) by striking "With the approval of the President, the Secretary" and inserting "Subject to section 3101B, the Secretary"; and

(ii) by striking "may buy, redeem, and make refunds under section 3111" and inserting "may buy and redeem outstanding obligations under section 3111".

(E) Section 3106(a) of title 31, United States Code, is amended—

(i) by striking "With the approval of the President, the Secretary" and inserting "Subject to section 3101B, the Secretary"; and

(ii) by striking "may buy, redeem, and make refunds under section 3111" and inserting "may buy and redeem outstanding obligations under section 3111".

(F) Section 3109(a) of title 31, United States Code, is amended by striking "may buy, redeem, and make refunds under section 3111" and inserting "may buy and redeem outstanding obligations under section 3111".

(G) Section 3111 of title 31, United States Code, is amended to read as follows:

"Sec. 3111. Purchase and redemption of outstanding obligations

"The Secretary may use money in the general fund of the Treasury or another amount otherwise available by law to buy or redeem, at or before maturity, an outstanding obligation issued under this chapter.".

(H) Section 3123(c)(1) of title 31, United States Code, is amended by striking "The Secretary may issue" and inserting "Subject to section 3101B, the Secretary may issue".

(e) Annual public debt report.—Section 3130 of title 31, United States Code, is amended—

(1) by amending the matter preceding paragraph (1) of subsection (a) to read as follows:

"(a) General rule.—On or before June 1 of each calendar year, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, and publish on a public website in an open and machine-readable format, a report on—";

(2) by adding at the end of subsection (b) the following:

"(3) A table showing the maturity distribution of obligations outstanding under this chapter as of the date the report is submitted and for prior years and, for the current fiscal year and the succeeding 5 fiscal years, the projected principal and interest payments, including separate amounts for—

"(A) covered obligations, as defined in section 613(a) of the POPULIST Act; and

"(B) obligations authorized under section 3101B.

"(4) A table identifying each Act of Congress authorizing issuance under section 3101B and showing, for each such Act—

"(A) the maximum aggregate principal amount authorized and the amounts issued and outstanding;

"(B) the public purpose and authorized use of the proceeds;

"(C) the authorized issuance period and maximum maturity; and

"(D) the source or sources from which principal and interest will be paid.";

(3) by amending subsection (d) to read as follows:

"(d) Recommendations.—The Secretary of the Treasury may include in a report under subsection (a) recommendations concerning the payment and retirement of public debt obligations, obligations authorized under section 3101B, the Federal Financing Bank, or another matter covered by the report."; and

(4) by amending subsection (e)(2) to read as follows:

"(2) Total public debt.—The term 'total public debt' means the face value of obligations issued under this chapter and the face amount of obligations whose principal and interest are guaranteed by the United States Government, except guaranteed obligations held by the Secretary of the Treasury.".

(f) Effective date.—This section and the amendments made by this section shall take effect on January 1, 2027.

SEC. 614. CONVERSION OF TREASURY DOLLAR BILLS AND FEDERAL ACCOUNT SWEEPS.

(a) Treasury General Account counterpart account.—

(1) Establishment.—Not later than December 31, 2026, the Secretary of the Treasury shall establish and maintain, under section 623(b)(7), a Treasury transaction account to be known as the Treasury General Account counterpart account (in this section referred to as the "counterpart account").

(2) Relationship to Treasury General Account.—The counterpart account shall be operationally paired with, but legally distinct from, the general account of the Treasury maintained at the Federal Reserve Banks.

(b) Automatic Federal account sweeps.—

(1) In general.—The applicable percentage under paragraph (4) of the amount of Treasury Dollar Bills credited to an account established under section 623(b)(7) (except as provided by paragraph (3)) shall be transferred to the counterpart account not later than the next business day.

(2) Corresponding general-account credit.—For each transfer under paragraph (1), the Secretary shall record in the corresponding Federal fund or account an equal dollar-denominated credit payable through the general account of the Treasury. The transfer and corresponding credit shall constitute an exchange at par. A credit recorded under this paragraph—

(A) shall not constitute Treasury Dollar Bills or a claim against the counterpart account; and

(B) shall preserve the legal availability, dedication, purpose, and budgetary classification of the transferred receipt.

(3) Excluded accounts.—Paragraph (1) shall not apply to—

(A) a Federal trust fund;

(B) an account expressly required by law to retain Treasury Dollar Bills; or

(C) an account exempted upon determination of the Secretary.

(4) Phaseout percentages.—The applicable percentage under paragraph (1) shall be—

(A) on and after January 1, 2027, 100 percent;

(B) on and after January 1, 2030, 80 percent;

(C) on and after January 1, 2031, 60 percent;

(D) on and after January 1, 2032, 40 percent;

(E) on and after January 1, 2033, 20 percent; and

(F) on and after January 1, 2034, 0 percent;

(c) Use of counterpart account.—

(1) Order of priority.—Treasury Dollar Bills held in the counterpart account shall be used, in the following order—

(A) to satisfy amounts required by law to be credited to the American Value Fund;

(B) to meet the operational needs of Federal accounts; and

(C) to conduct discretionary exchanges under subsection (d).

(2) Reserve policy.—To the extent practicable, the Secretary shall maintain a balance in the counterpart account sufficient to meet projected needs under paragraph (1)(A) and (B) before conducting an exchange under paragraph (1)(C).

(d) Discretionary exchanges with holders.—

(1) Authority.—On and after January 1, 2027, the Secretary may, in the Secretary's discretion, accept an amount of Treasury Dollar Bills from any account holder and, through a Federal payment system, make an equal payment from the general account of the Treasury to a payment destination designated by the account holder.

(2) Conditions.—An exchange under paragraph (1) may be conducted only to the extent that—

(A) sufficient balances are available in the general account of the Treasury; and

(B) the exchange is consistent with the priorities established under subsection (c).

(3) Disposition.—The amount of Treasury Dollar Bills accepted under paragraph (1) shall be credited to the counterpart account.

(4) Limitations.—The Secretary may limit the timing, aggregate amount, or amount available to any holder under this subsection as necessary to preserve operating balances, satisfy obligations of the United States, and provide for orderly conversion.

(5) Exchange not compulsory.—No person may compel the Secretary to conduct an exchange under this subsection.

(e) Exchanges with excluded Federal accounts.—

(1) Authority.—The Secretary may exchange any amount of Treasury Dollar Bills held in an account excluded from automatic transfer under subsection (b)(3) for an equal credit to that account through the general account of the Treasury or another Government depositary.

(2) Selection.—The Secretary may select among eligible accounts based on projected liquidity, benefit obligations, operational needs, and the priorities established under subsection (c).

(3) Opt out.—Except as otherwise required by law, the responsible official administering an eligible account may decline an exchange upon determining that the exchange would materially impair the administration of the account or the timely payment of any benefit, refund, withdrawal, or other obligation.

(4) Disposition.—Treasury Dollar Bills acquired under this subsection shall be credited to the counterpart account and used in accordance with subsection (c).

(f) Receipts dedicated to the American Value Fund.—

(1) Receipt of Treasury Dollar Bills.—An amount required by law to be credited to the American Value Fund that is received in Treasury Dollar Bills shall be credited directly to the American Value Fund.

(2) Other receipts.—An amount required to be credited to the American Value Fund (including by sections 535(b), 544(b), 552(b), 863(b)(1), 863(c), and 1244(f)(7) of this Act, sections 4493(e)(2), 9907, or 5000O of title 26, United States Code, as inserted by this Act, or other law) that is received in a form other than Treasury Dollar Bills shall—

(A) be deposited into the general fund of the Treasury in accordance with applicable law;

(B) be recorded as a pending credit to the American Value Fund; and

(C) remain outside the American Value Fund until an equal amount of existing Treasury Dollar Bills is credited to the American Value Fund.

(3) Satisfaction of pending credits.—The Secretary shall satisfy a pending credit under paragraph (2) at the earliest practicable time by transferring Treasury Dollar Bills from the counterpart account.

(4) Preservation of dedication.—Until a pending credit is satisfied, the Secretary shall preserve the legal dedication and accounting classification of the corresponding receipt.

(g) Protection of the American Value Fund.—Nothing in this section shall be construed to authorize any withdrawal or transfer from the American Value Fund.

(h) Private exchanges.—Nothing in this section shall prohibit a voluntary transfer or exchange of Treasury Dollar Bills between persons other than the United States on mutually agreed terms.

SEC. 615. AMERICAN VALUE FUND TOP-OFF PROCEDURES.

(a) Definitions.—In this section:

(1) Applicable top-off date.—The term "applicable top-off date" means, with respect to a report required under subsection (b), January 1 immediately following the date on which the report is required to be submitted.

(2) American Value Fund top-off.—The term "American Value Fund top-off" means the issuance and credit to the American Value Fund of an additional amount of Treasury Dollar Bills pursuant to this section.

(3) Forecast period.—The term "forecast period" means the 2-fiscal-year period beginning with the fiscal year following the fiscal year in which a report is required to be submitted under subsection (b).

(b) Biennial monetary capacity report.—Not later than September 1, 2028, and September 1 of every second year thereafter, the Secretary shall submit to Congress and publish a monetary capacity report evaluating the amount of additional Treasury Dollar Bills, if any, reasonably necessary to maintain an adequate, stable, and publicly administered money supply during the forecast period.

(c) Consultation.—In preparing the report required under subsection (b), the Secretary shall consult with the Board of Governors of the Federal Reserve System, the Director of the Congressional Budget Office, the Commissioner of the Bureau of Labor Statistics, the Director of the Bureau of Economic Analysis, the Commissioner of Social Security, and such other officers or independent experts as the Secretary determines appropriate.

(d) Required contents.—The report required under subsection (b) shall include—

(1) the aggregate amount of Treasury Dollar Bills outstanding by account category under section 623;

(2) the change, since December 31, 2026, or the most recent American Value Fund top-off, whichever is later, in—

(A) nominal gross domestic product, real gross domestic product, productive capacity, population, household formation, labor force participation, transaction demand, money velocity, price stability, inflation, unemployment, credit conditions, and financial stability; and

(B) the aggregate amount of, and change in, Federal Reserve notes, reserve balances, deposit liabilities, stablecoins, money market fund shares, repurchase agreement liabilities, and other dollar-denominated balances or instruments used primarily to make payments or as readily redeemable cash equivalents, including amounts created, extinguished, displaced, retired, converted, or absorbed during the period;

(3) projections for each fiscal year in the forecast period of the matters described in paragraph (2);

(4) an estimate of the amount of additional Treasury Dollar Bills, if any, reasonably necessary to accommodate real economic growth, population growth, transaction demand, and the contraction or displacement of deposit liabilities and other dollar-denominated payment balances or instruments during the forecast period without materially increasing inflation, asset-price instability, speculative activity, or shortages of real goods and services;

(5) the methods, data sources, assumptions, and ranges of uncertainty used in preparing the report; and

(6) the American Value Fund top-off amount determined by the Secretary under subsection (e).

(e) Top-off determination.—

(1) In general.—Concurrently with the submission of each report required under subsection (b), the Secretary shall determine the amount of the American Value Fund top-off, if any, for the applicable top-off date.

(2) Governing standard.—The top-off amount shall reasonably approximate, to the nearest whole multiple of $1,000,000,000,000, the amount that the Secretary determines, based on the report and the best available evidence, is necessary to maintain an adequate and stable publicly administered money supply during the forecast period, consistent with the productive capacity of the United States and without materially increasing inflation, asset-price instability, speculative activity, or shortages of real goods and services.

(3) Independence from expenditures.—The top-off amount shall be determined based on monetary conditions and economic capacity and shall not be based on the amount of any authorized or anticipated expenditure, withdrawal, or transfer from the American Value Fund.

(f) Congressional modification or prohibition.—

(1) Automatic effect.—Except as provided in paragraph (2), the top-off amount determined under subsection (e) shall take effect on the applicable top-off date without further action by Congress.

(2) Modification by law.—An Act of Congress enacted before the applicable top-off date may prohibit the American Value Fund top-off, specify a different top-off amount, or postpone the applicable top-off date.

(3) Controlling effect.—An amount or date specified by an Act described in paragraph (2) shall control for purposes of this section.

(4) No delay absent enactment.—No proposed legislation or action of either House of Congress shall delay or alter a top-off determination unless enacted into law.

(g) American Value Fund top-off coins.—

(1) Amendment.—Section 5112(k) of title 31, United States Code, as amended by section 611, is further amended by adding at the end the following:

"(3) American Value Fund top-off coins.—

"(A) In general.—If the American Value Fund top-off amount scheduled to take effect under section 615(f) of the POPULIST Act is greater than zero, the Secretary shall, not later than the applicable top-off date under that section, mint and issue 1 platinum coin to be known as an 'American Value Fund Top-Off Coin'.

"(B) Denomination.—The denomination of a coin minted under this paragraph shall equal the American Value Fund top-off amount scheduled to take effect on the applicable top-off date and shall be a whole multiple of $1,000,000,000,000.

"(C) Specifications.—A coin minted under this paragraph shall—

"(i) be composed of .9995 fine platinum;

"(ii) not exceed 2.25 inches in diameter;

"(iii) weigh not more than 250 grams; and

"(iv) bear its denomination and such designs and inscriptions as the Secretary determines appropriate.

"(D) Not legal tender.—Notwithstanding section 5103, a coin minted under this paragraph shall not be legal tender for any debt, public charge, tax, or due.".

(h) Deposit, issuance, and credit.—

(1) Presidential deposit.—On each applicable top-off date for which the American Value Fund top-off amount taking effect under subsection (f) is greater than zero, the President of the United States shall deposit with the Secretary, for permanent custody by the Department of the Treasury, an American Value Fund Top-Off Coin minted and issued under section 5112(k)(3) of title 31, United States Code, having a denomination equal to such amount, to provide the basis for the issuance and credit required under paragraph (3).

(2) Deposit by Secretary.—If the President has not completed the deposit required under paragraph (1) by 4:00 p.m. Eastern standard time on the applicable top-off date, the Secretary shall take custody of the coin and complete the deposit on behalf of the United States before the end of that day.

(3) Issuance and credit.—Immediately upon completion of the deposit, the Secretary shall issue and credit to the American Value Fund an amount of Treasury Dollar Bills equal to the denomination of the coin. Such issuance shall not give rise to any corresponding liability, obligation, or debt of the United States.

(4) Exclusive basis for credit.—No amount of Treasury Dollar Bills may be issued or credited under this section except upon completion of the deposit required under paragraph (1) or (2), and each coin deposited under this subsection may serve as the basis for only 1 credit under paragraph (3).

(5) Single monetary transaction.—For purposes of the consolidated accounting and financial reporting of the United States, an American Value Fund Top-Off Coin and the corresponding issuance and credit under paragraph (3) shall constitute components of a single monetary transaction and shall be recorded and reported as a single addition, equal to the denomination of the coin, to the assets and net position of the United States.

(6) Permanent custody.—A coin deposited under this subsection shall remain in the permanent secure custody of the Department of the Treasury and may not be sold, transferred, pledged, encumbered, redeemed, melted, destroyed, or used as the basis for any additional monetary issuance and credit.

(7) Exhibition.—The Secretary may publicly display or exhibit a coin deposited under this subsection under conditions that preserve the security and permanent custody required under paragraph (6).

(i) Certification and public accounting.—Upon completion of the deposit, issuance, and credit required under subsection (h), the Secretary shall certify to the President, Congress, and the public—

(1) the applicable top-off date;

(2) the denomination of the American Value Fund Top-Off Coin; and

(3) the new aggregate amount of Treasury Dollar Bills in the American Value Fund.

Subtitle B—Establishing a Public Option for Banking

SEC. 621. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) After the Revolutionary War, the first Secretary of the Treasury, Alexander Hamilton, established the first Bank of the United States. By consolidating debt and expanding the money supply, Hamilton was able to grow the economy by influencing the circulation of money through bank branches up and down the east coast. However, since sending letters was the fastest form of communication available to him, he was limited in how well he could manage the economy.

(2) Four generations later, during the Civil War, the U.S. Treasury introduced "greenbacks" as legal tender. This sovereign money was issued directly under Congress's Constitutional authority and created the first national currency. Abraham Lincoln also signed the National Banking Acts, regulating the banking system as well as could be done when the telegraph was the fastest form of communication.

(3) Four generations later, during the Great Depression, Franklin Roosevelt decoupled the money supply from the gold standard and addressed wealth inequality through government spending. He also signed the Banking Act of 1933, increasing oversight of the banking system now that the telephone was the fastest form of communication.

(4) In the 21st century, modern technology allows for instantaneous communication around the globe, enabling real-time payment processing. Accordingly, economist Robert Hockett has proposed The Treasury Dollar Act of 2020, upgrading the national banking system again to create a public payment infrastructure, equally and efficiently accessible to all.

(5) As previous cycles have demonstrated, it is necessary to increase the money supply in the long run to maintain stable prices and maximize growth. This dividend is the result of the evolution of the U.S. economy, and Congress finds that the systemwide profit from the economy should be distributed among its owners, the citizens of the United States. Accordingly, the money supply should be expanded to include digital legal tender issued by the U.S. Treasury.

(6) The Treasury already possesses the framework of a public payment infrastructure through its TreasuryDirect accounts, which allow account holders to conduct transactions at any time of the day or night, and can be expanded to accommodate wider use by the American people.

(b) Purpose.—The purpose of this subtitle is to promote economic prosperity in the United States while establishing the U.S. as a worldwide leader in digital currency.

SEC. 622. DEFINITIONS.

In this subtitle, the following definitions apply:

(1) Account overlay.—The term "account overlay" means an administrative designation, subaccount, tag, or record associated with a Treasury transaction account that identifies the legal capacity, fiduciary capacity, tax treatment, commercial activity, or authorized financial activity in which a person receives, holds, or transfers Treasury Dollar Bills, but does not create a separate account category or permit any amount of Treasury Dollar Bills to be recorded in more than 1 account category at any time.

(2) Adult.—The term "adult" has the meaning given the term in section 1398a(a) of title 42, United States Code.

(3) Anonymize.—The term "anonymize" means, with respect to a transfer, to conduct the transfer as the digital equivalent of a cash transaction—

(A) at the affirmative election of the account holder, with sealed identifying information; or

(B) without recording a transaction history.

(4) Authorized Treasury interface provider.—The term "authorized Treasury interface provider" means a person approved by the Secretary under this subtitle that, with the authorization of an account holder, may authenticate users and transmit or present instructions to the Treasury for the initiation of transfers, inquiries, or account services relating to a Treasury transaction account, but may not hold, control, intermediate, substitute, or record Treasury Dollar Bills on the person's own balance sheet.

(5) Child.—The term "child" has the meaning given the term in section 1398a(d) of title 42, United States Code.

(6) Participating financial institution.—The term "participating financial institution" means an insured depository institution, as defined in section 3(c)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(2)), or an insured credit union, as defined in section 101(7) of the Federal Credit Union Act (12 U.S.C. 1752(7)), that maintains a Treasury transaction account under section 623(b)(6) and elects to offer pass-through accounts under section 626.

(7) Pass-through account.—The term "pass-through account" means an account maintained by a participating financial institution that is linked, at the direction of the account holder, to the account holder's Treasury transaction account for the receipt of transfers and corresponding equal-dollar credits under section 626.

(8) Physical bearer instrument.—The term "physical bearer instrument" means a physical instrument issued by the Treasury in bearer form that evidences a claim, payable to the bearer on demand, to an equal amount of Treasury Dollar Bills held in the physical bearer reserve.

(9) Physical bearer reserve.—The term "physical bearer reserve" means the Treasury transaction account established under section 623(b)(12) to hold Treasury Dollar Bills corresponding dollar-for-dollar to the aggregate amount represented by outstanding physical bearer instruments.

(10) Postal retail facility.—The term "postal retail facility"—

(A) means a post office, post office branch, post office classified station, or other facility that is operated by the Postal Service, the primary function of which is to provide retail postal services; and

(B) does not include a contractor-operated facility offering postal services.

(11) Postal Service.—The term "Postal Service" means the United States Postal Service.

(12) Sealed identifying information.—The term "sealed identifying information" means, with respect to an anonymized transfer, a transaction history that—

(A) is created or retained only upon the affirmative election of the account holder;

(B) is cryptographically sealed, technically segregated, or otherwise protected from ordinary access by the Treasury or any other person; and

(C) may be accessed—

(i) by the account holder;

(ii) with the consent of the account holder;

(iii) pursuant to a valid court order; or

(iv) pursuant to another procedure expressly authorized by Congress for fraud correction, account recovery, or security remediation.

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

(14) Transaction history.—The term "transaction history"—

(A) means identifying details of a transfer into or out of a Treasury transaction account, such as the time, date, name, or other identifying information about the other account associated with the transfer; and

(B) does not include the amount of the transfer or the Treasury ledger sequence of the transfer.

SEC. 623. ESTABLISHMENT OF TREASURY TRANSACTION ACCOUNTS.

(a) Treasury ledger and public payment infrastructure.—The Treasury shall—

(1) forthwith and with all possible speed, in conjunction with the U.S. Digital Service and using the TreasuryDirect program as a foundation—

(A) establish categories of Treasury transaction accounts as described in subsection (b);

(B) assign or make available such accounts as provided by this section, provided that the same person or legal entity—

(i) may hold accounts in more than 1 category when necessary to reflect distinct capacities or activities; or

(ii) may use account overlays to reflect distinct capacities or activities; and

(C) maintain the Treasury ledger and establish and operate the public payment infrastructure described in subsection (e) for the holding, transfer, and settlement of Treasury Dollar Bills through that ledger, ensuring such ledger does not simultaneously record any amount of Treasury Dollar Bills in more than 1 account; and

(2) maintain a real-time public dashboard of the aggregate balances held across all categories of Treasury transaction accounts described in subsection (b).

(b) Categories of Treasury transaction accounts.—The Treasury shall establish and maintain the following categories of Treasury transaction accounts.

(1) Citizen accounts.—

(A) Qualifications and mandate.—The Secretary must establish an account for each United States citizen. No distinction may be made between natural born and naturalized citizens.

(B) Irrevocable.—No account designated under this paragraph may be closed during such citizen's natural life, except that any person who loses their citizenship pursuant to section 1481 or section 1451 of title 8, United States Code shall have their account redesignated as an account under paragraph (2), (3), or (4), as appropriate.

(2) Permanent legal residents.—

(A) Qualifications.—The Secretary shall establish an account for each individual lawfully admitted for permanent residence, as defined in section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(20)).

(B) Permanent.—No account opened under this paragraph may be closed during such individual's natural life, except that any person who no longer qualifies shall have their account redesignated as an account under paragraph (1), (3), or (4), as appropriate.

(3) Temporary legal residents and visitors.—

(A) Qualifications.—The Secretary may establish an account for a qualifying individual lawfully present in the United States on a temporary or conditional basis, as determined under applicable Federal immigration law. Any account holder who later becomes qualified under paragraph (1) or (2) shall have their account so redesignated.

(B) Time limited.—Each account opened under this paragraph shall automatically be redesignated as an account under paragraph (4) on expiration or conclusion of lawful presence.

(4) Other natural persons.—

(A) Qualifications.—The Secretary may establish an account for a natural person not qualified under paragraphs (1) through (3), including individuals located outside the United States.

(B) Revocable.—No account designated under this paragraph may be terminated except upon a determination by the Secretary, after notice and an opportunity to respond, that the account has been used for fraud, money laundering, sanctions evasion, or another material violation of Federal law. No account previously designated under paragraph (1) may be revoked.

(5) American Value Fund.—

(A) Establishment.—The Secretary must establish an account to be known as the American Value Fund.

(B) Source of funds.—An amount may be credited to the American Value Fund only—

(i) under section 611(c)(3) or 615; or

(ii) as required by another provision of law, in accordance with section 614(f).

(C) Exclusive uses.—An amount of Treasury Dollar Bills may be withdrawn or transferred from the American Value Fund only as expressly authorized by this Act for—

(i) the redemption or payment of an obligation of the United States issued under chapter 31 of title 31, United States Code, and outstanding at 11:59 p.m. Eastern standard time on December 31, 2026, pursuant to section 612 or 613; or

(ii) a distribution through the American Union Jobs Program (42 U.S.C. 1398a et seq.), including an emergency liquidity dividend authorized under section 634.

(6) Financial institutions and Federal Reserve Banks.—

(A) Risk-bearing financial institutions.—The Secretary shall establish and maintain a Treasury transaction account for a financial institution authorized under Federal or State law to hold commingled customer, member, client, or investor funds and to deploy those funds for lending, investment, or other risk-bearing financial activity.

(B) Participating financial institutions.—The Secretary shall establish and maintain a Treasury transaction account for each insured depository institution or insured credit union that elects to offer pass-through accounts under section 626.

(C) Federal Reserve Banks.—The Secretary shall establish and maintain a Treasury transaction account for each Federal Reserve Bank for the fiscal agent, settlement, cash management, and related functions authorized under section 628.

(D) Transitional rules.—During the transition to a 100 percent reserve requirement under section 461(b) of title 12, United States Code, any financial institution lawfully engaged in deposit taking or transaction account services on the date of enactment of this Act may hold an account under this paragraph. Not later than 90 days after the 100 percent reserve requirement is achieved, any such institution that does not qualify under subparagraph (A), (B), or (C) shall be redesignated or closed in accordance with rules issued by the Secretary.

(7) Federal Government accounts.—

(A) Corresponding accounts.—For each appropriation, receipt, trust, revolving, deposit, or other fund account maintained in the Treasury, the Secretary must establish and maintain a corresponding Treasury transaction account or subaccount under this paragraph to record and hold Treasury Dollar Bills for that Federal fund or account. Such corresponding Treasury transaction account or subaccount shall constitute part of, and not a separate account from, the Federal fund, account, or subaccount for which it is maintained.

(B) Account identification.—Each account or subaccount established under subparagraph (A) shall be separately identified using the applicable Treasury Account Symbol or any successor identifier.

(C) Federal Reserve Banks.—No Federal Reserve Bank shall be eligible to hold an account under this paragraph in its own capacity. A Federal Reserve Bank may administer or facilitate transactions for an account under this paragraph as a depositary or fiscal agent of the United States without being treated as the holder of that account.

(8) State and local governments.—

(A) Mandatory accounts.—The Secretary must open an account for each State, territorial, Tribal, and local governmental entity for the receipt of taxes, fees, intergovernmental transfers, and the payment or collection of public obligations.

(B) Subdivisions.—The Secretary may, on application, open accounts for political subdivisions, authorities, or instrumentalities of an entity described in subparagraph (A).

(9) Business entities.—

(A) Optional accounts.—Any person engaged in commercial activity may apply for a business entity account under this paragraph.

(B) Mandatory accounts.—The Secretary shall open a business entity account for any person engaged in commercial activity that exceeds the safe harbor threshold established under the value added tax provisions of this Act or is otherwise required to register for purposes of such tax.

(C) Redesignation or closure.—An account under this paragraph may be suspended, restricted, redesignated under paragraph (10), redesignated as an account overlay, placed under escrow or segregated treatment, or closed if the Secretary determines, after notice and opportunity to respond, that—

(i) the account holder no longer engages in commercial activity requiring an account under subparagraph (B);

(ii) the account holder has dissolved; or

(iii) the account holder has used the account for fraud, money laundering, sanctions evasion, tax evasion, or other material violation of Federal law.

The Secretary may preserve limited account access as necessary for tax compliance, payroll, customer refunds, lawful winding down, or protection of innocent parties.

(10) Other domestic legal entities.—

(A) Accounts on application.—The Secretary may open accounts, on application, for domestic legal entities not described in paragraph (9), including nonprofit organizations, associations, trusts, cooperatives, and similar entities.

(B) Closure.—An account under this paragraph may be closed upon dissolution of the underlying legal entity or upon a determination by the Secretary, after notice and opportunity to respond, that the account has been used for fraud, money laundering, sanctions evasion, or other material violations of Federal law.

(11) Foreign legal entities and public institutions.—

(A) Eligibility.—The Secretary may open an account, on application, for—

(i) a foreign legal entity not required to maintain an account under paragraph (9) that is authorized to conduct business or hold assets in the United States;

(ii) a foreign government, central bank, or international public institution eligible to participate in an international interoperability mechanism established under subsection (h)(3); or

(iii) another foreign legal entity or public institution authorized by Federal law to maintain assets or conduct transactions in the United States.

(B) Closure or restriction.—The Secretary may close, suspend, or restrict an account under this paragraph upon—

(i) loss of the authorization or eligibility on which the account was established;

(ii) a cause described in paragraph (10)(B);

(iii) a violation of subsection (h)(3)(B); or

(iv) another material violation of applicable Federal law.

(12) Physical bearer reserve.—

(A) Establishment.—The Secretary shall establish and maintain a Treasury transaction account designated as the physical bearer reserve to hold Treasury Dollar Bills

corresponding dollar-for-dollar to the aggregate amount represented by outstanding physical bearer instruments.

(B) Transaction restrictions.—The physical bearer reserve may be credited or debited only to carry out section 625 and may not be invested, pledged, encumbered, or used for any other purpose.

(c) Account overlays.—

(1) In general.—The Secretary may establish account overlays for a Treasury transaction account described in subsection (b) to identify the legal capacity, fiduciary capacity, tax treatment, commercial activity, or authorized financial activity in which an account holder receives, holds, or transfers Treasury Dollar Bills.

(2) No separate account category.—An account overlay shall not create a separate account category, separate legal account holder, off-ledger balance, private claim against Treasury Dollar Bills, pass-through account, or account maintained by a person other than the Treasury.

(3) Natural person payments.—An account overlay may not alter the person legally entitled to receive a payment required by law to be made to a natural person or route such payment into an account or overlay of a business entity, financial institution, governmental entity, or other legal entity.

(4) Commercial and tax administration overlays.—The Secretary may permit a person engaged in commercial activity to use an account overlay in connection with an account described in subsection (b)(9) for tax administration, receipt matching, audit, payroll, customer refunds, lawful winding down, or protection of innocent parties.

(5) No anonymization entitlement for nonpersonal activity.—An account overlay used for commercial activity, fiduciary capacity, financial activity, tax administration, or another nonpersonal capacity shall not be treated as an account opened pursuant to subsection (b)(1) for purposes of the anonymization entitlement under subsection (d)(8)(B).

(6) Rule of construction.—Nothing in this subsection shall be construed to prohibit an account holder from authorizing a transfer from a Treasury transaction account to an account, investment, or pass-through arrangement maintained outside the Treasury ledger.

(d) Treasury transaction accounts.—To the extent applicable to the account category and account holder, each Treasury transaction account shall—

(1) permit the real-time, fee-free transfer of Treasury Dollar Bills to other Treasury transaction accounts, with safeguards against hacking, unauthorized access, or misuse that meet or exceed applicable industry standards and legal requirements;

(2) be clearly identified in all account statements and official communications as U.S. Treasury transaction accounts maintained by the Treasury;

(3) be accessible, in coordination with the United States Postal Service, through automatic teller machines located at postal retail facilities;

(4) include spending cards indicating their linkage to the Treasury Recurring Unconditional Monetary Payment program, online account access, toll-free telephone access, automatic bill-pay, mobile access, customer service, and other services the Secretary determines appropriate in the public interest;

(5) not be subject to any minimum or maximum balance requirements;

(6) for accounts opened pursuant to subsection (b)(1), (b)(5), (b)(7), or (b)(8), not be subject to any account-maintenance fee;

(7) provide account holders with reasonable protection against losses caused by fraud, error, or security breaches;

(8) include privacy protections, including—

(A) a prohibition on the disclosure of account details, transaction information, or personally identifying information without the account holder's consent, except as authorized by this subtitle or pursuant to a valid court order; and

(B) for accounts opened pursuant to subsection (b)(1), the ability to anonymize transfers or delete their individual transaction history; and

(9) permit an account holder to access and manage the account through an authorized Treasury interface provider, including by means of third-party software applications, pursuant to subsection (h).

(e) Public payment infrastructure.—

(1) Treasury ledger as system of record.—The Treasury ledger shall be the exclusive system of record for the issuance, holding, transfer, and settlement of Treasury Dollar Bills in digital form.

(2) Settlement by ledger entry.—A transfer of Treasury Dollar Bills shall be made only by debiting 1 Treasury transaction account and crediting another Treasury transaction account on the Treasury ledger.

(3) Finality.—A transfer of Treasury Dollar Bills shall be final upon settlement on the Treasury ledger, subject only to reversal, correction, or remediation procedures expressly authorized by this Act or by regulations issued by the Secretary to address fraud, error, unauthorized access, or operational failure.

(4) No parallel ledger.—No person other than the Treasury may issue, settle, net, record, intermediate, or maintain Treasury Dollar Bills in a manner that creates an off-ledger balance, synthetic dollar claim, deposit substitute, private monetary instrument, or other claim represented as Treasury Dollar Bills.

(5) Operational requirements.—The Secretary shall operate the public payment infrastructure in a manner that provides secure authentication, continuous availability, redundancy, disaster recovery, fraud prevention, error correction, account recovery, public access, and auditable controls sufficient to support nationwide use, including online, mobile,

automated, and point-of-sale commerce; machine-readable payment requests; immediate confirmation of final settlement; and transfers in any amount that may be denominated under section 5101 of title 31, United States Code, without a minimum transaction amount imposed by the Treasury.

(6) Nondiscrimination.—No financial institution, payment service provider, card network, digital wallet provider, or other person offering payment services in or affecting interstate commerce may refuse, degrade, delay, surcharge, or otherwise discriminate against a lawful transfer of Treasury Dollar Bills solely because the transfer is initiated, settled, or received through the public payment infrastructure established under this section.

(7) Federal use of payment infrastructure.—

(A) Acceptance and routing of public revenues.—Each department, agency, and instrumentality of the Federal Government shall accept Treasury Dollar Bills in payment of all taxes, fees, excises, debts, and other public revenues. The Secretary shall credit the amount received to the account or subaccount corresponding to the Federal fund or account to which the payment is legally payable.

(B) Preservation of legal status.—The establishment or use of an account or subaccount under this paragraph shall not alter the legal availability, dedication, purpose, or budgetary classification of any amount held for or credited to the corresponding Federal fund or account.

(f) Launch date and commencement.—

(1) Population enumeration authority.—Solely for purposes of account creation, identity verification, and program administration, and notwithstanding any other provision of law, the Secretary may coordinate with the Internal Revenue Service, the Social Security Administration, the Department of Homeland Security, the Federal Election Commission, U.S. Citizenship and Immigration Services, State departments of motor vehicles, and any other Federal, State, or local government agency, to obtain and reconcile records necessary to establish, verify, and maintain Treasury transaction accounts under this section. Records obtained under this paragraph shall be subject to data minimization, access logging, retention limits, and audit requirements established by rule.

(2) Readiness criteria.—The Secretary may certify readiness for commencement of payments under the American Union Jobs Program established under section 811 only upon determining that—

(A) the American Value Fund account described in subsection (b)(5) is operational and funded;

(B) accounts described in subsections (b)(6) through (b)(8) are operational and capable of receiving and disbursing payments;

(C) not fewer than 300,000,000 individual Treasury transaction accounts described in subsection (b)(1) are open and capable of receiving Treasury Dollar Bills;

(D) real-time, fee-free transfers between Treasury transaction accounts are operational;

(E) Treasury transaction accounts are usable for the payment of Federal taxes, fees, and other public obligations; and

(F) application processes for accounts described in subsections (b)(6) and (b)(9) are operational.

(3) Monthly status reports.—On or about the first day of each month prior to certification under paragraph (4), the Secretary shall publish a public report describing progress toward the readiness criteria described in paragraph (2), including account counts by category and an estimated launch date.

(4) Certification and launch date.—Upon determining that the readiness criteria described in paragraph (2) have been satisfied, the Secretary shall issue a public certification of readiness and designate the first day of the next calendar month as the launch date.

(5) Commencement of payments.—On the launch date designated under paragraph (4), the Commissioner of Social Security is authorized to disburse Treasury Dollar Bills from the American Value Fund for purposes of administering payments under the American Union Jobs Program (42 U.S.C. 1398a et seq.), in accordance with law.

(g) Privacy and rule of construction.—

(1) Exclusive governance.—Treasury transaction accounts established under this section shall be governed exclusively by this subtitle and shall not be considered accounts, products, or services of a financial institution for purposes of subtitle A of title V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.) or any other provision of Federal law governing private financial institutions.

(2) Minimum privacy floor.—Notwithstanding paragraph (1), the Secretary shall ensure that the collection, use, safeguarding, and disclosure of information relating to Treasury transaction accounts meets or exceeds the substantive privacy protections and data security standards applicable to consumers under subtitle A of title V of the Gramm-Leach-Bliley Act, except to the extent such standards would permit disclosure or secondary use inconsistent with this subtitle.

(3) No implied exceptions.—No exception, authorization, or permitted disclosure applicable to private financial institutions under Federal or State law shall apply to Treasury transaction accounts unless expressly authorized by this Act.

(4) Purpose limitation.—Information associated with Treasury transaction accounts may be collected, accessed, or used solely for—

(A) account administration and payment settlement;

(B) prevention of fraud or security breaches;

(C) compliance with a valid court order; or

(D) other purposes expressly authorized by this Act.

(5) No commercialization.—Information associated with Treasury transaction accounts may not be sold, licensed, transferred, or otherwise used for commercial purposes, targeted

advertising, credit underwriting, behavioral profiling, or any use unrelated to the administration of this Act.

(6) Construction.—Nothing in this Act shall be construed to authorize the Secretary or any other officer of the United States to create or maintain a comprehensive transaction surveillance system, except as strictly necessary to safeguard the public payment infrastructure established under this Act.

(h) Treasury interfaces.—

(1) API mandate.—The Secretary shall publish, maintain, and continuously operate standardized application programming interfaces that enable secure, real-time access to Treasury transaction accounts for purposes of balance inquiry, payment initiation, generation and presentation of machine-readable payment requests, inclusion of merchant, invoice, order, or other account-holder-approved transaction references, confirmation of final settlement, account management, and other functions expressly authorized by this Act. Such interfaces shall support online, mobile, automated, and point-of-sale transactions in any amount that may be denominated under section 5101 of title 31, United States Code.

(2) Authorized Treasury interface providers.—

(A) In general.—The Secretary shall permit any person to act as an authorized Treasury interface provider, subject to compliance with this subsection and rules issued by the Secretary, for the sole purpose of providing user-facing software or services that allow an account holder to access and manage a Treasury transaction account.

(B) Account holder authorization.—Access by an authorized Treasury interface provider shall occur only pursuant to an affirmative, revocable authorization by the account holder, and the Treasury ledger shall remain the exclusive system of record for all Treasury Dollar Bills and account balances at all times.

(C) No custody or intermediation.—An authorized Treasury interface provider shall not—

(i) hold, custody, intermediate, substitute for, rehypothecate, or record Treasury Dollar Bills or account balances on its own balance sheet;

(ii) settle transactions off-ledger or outside the public payment infrastructure established under this section; and

(iii) with respect to Treasury Dollar Bills, Treasury transaction accounts, or access to the public payment infrastructure, extend credit, create money-like claims, or otherwise replicate deposit-taking or transaction account functions.

(D) Functional limitation.—An authorized Treasury interface provider may transmit authenticated instructions to the Treasury on behalf of an account holder and may display information returned by the Treasury, but shall not alter, delay, bundle, net, or prioritize transactions except as expressly directed by the account holder.

(E) Equal access and nondiscrimination.—The Secretary may not grant exclusive access, preferential treatment, or discriminatory technical terms to any authorized Treasury interface provider, and shall ensure that APIs are offered on fair, reasonable, and nondiscriminatory terms.

(F) Security and auditability.—The Secretary, in cooperation with the U.S. Digital Service, shall establish minimum technical, cybersecurity, and audit standards for authorized Treasury interface providers sufficient to protect account integrity and prevent fraud.

(G) Revocation.—The Secretary may suspend or revoke authorization under this subsection for material violation of this Act or implementing rules, or for other good cause, as defined by rule.

(H) Privacy and data-use rules.—An authorized Treasury interface provider shall be subject to the privacy, purpose limitation, no commercialization, and data security rules under subsection (g) with respect to any account details, transaction information, personally identifying information, credentials, metadata, or other information accessed, received, generated, or retained in connection with Treasury transaction accounts.

(3) International interoperability.—

(A) In general.—The Secretary shall, not later than January 1, 2029, establish mechanisms to permit Treasury transaction accounts to interoperate with public or regulated payment infrastructures of foreign jurisdictions for the purpose of cross-border payments and currency exchange.

(B) Sovereign ledger integrity.—No transaction pursuant to this paragraph may—

(i) permit the creation, issuance, or recognition of any private monetary instrument, stablecoin, deposit substitute, or synthetic dollar claim that is recorded on, or purports to create a claim against, the Treasury ledger;

(ii) result in any obligation of the United States to redeem, backstop, or guarantee foreign currency, foreign payment instruments, or private liabilities; or

(iii) authorize any person other than the Treasury to create, net, or settle dollar-denominated obligations within the Treasury ledger.

(C) Designated exchange accounts.—The Secretary may authorize one or more designated foreign exchange accounts under subsection (b)(11), which may include accounts held by foreign governments, central banks, or international public institutions, for the limited purpose of facilitating currency exchange between Treasury Dollar Bills and foreign currencies, provided that—

(i) such facilities operate on a fully prefunded basis and do not engage in leverage, maturity transformation, or redemption on demand;

(ii) balances held in such facilities shall not be transferable as a means of payment except for the purpose of effectuating an exchange authorized under this paragraph; and

(iii) no balance held in such facility shall be represented, marketed, or used as a substitute for Treasury transaction accounts.

(D) Fees and limits.—The Secretary shall impose reasonable fees, volume limits, or both on transactions conducted pursuant to this paragraph as necessary to—

(i) prevent speculative or high-frequency use, currency arbitrage, or destabilizing capital flows;

(ii) preserve the stability and integrity of the public payment infrastructure and the adequate domestic availability of Treasury Dollar Bills; and

(iii) recover the administrative costs of operating international interoperability mechanisms.

In establishing such fees and limits, the Secretary shall distinguish ordinary payments, purchases, and personal remittances from speculative, high-frequency, or large-scale capital movements to the extent administratively practicable.

(E) Rule of construction.—Nothing in this paragraph shall be construed to—

(i) require any foreign jurisdiction to adopt a sovereign money system;

(ii) prohibit designated exchange accounts from charging reasonable fees;

(iii) prohibit foreign jurisdictions from permitting private money creation within their own monetary systems; or

(iv) authorize private parties to intermediate, rehypothecate, or otherwise reuse Treasury Dollar Bills outside the Treasury ledger.

(F) Transparency.—The Secretary shall publish, no less than annually, aggregate data on the volume, counterparties, and currencies involved in transactions conducted pursuant to this paragraph.

(4) Implementation timeline.—

(A) Not later than 180 days after the date of enactment of this Act, the Secretary shall publish initial technical specifications for the application programming interfaces required under paragraph (1).

(B) Not later than 12 months after the date of enactment of this Act, the Secretary shall deploy production-ready application programming interfaces sufficient to support authorized Treasury interface providers at national scale.

(C) The Secretary shall maintain versioned interfaces and current technical documentation and, to the maximum extent practicable, preserve compatibility with

authorized interfaces. Before making a change that materially impairs compatibility, the Secretary shall provide reasonable notice, transition guidance, and an appropriate period for implementation, except when an immediate change is necessary to address a security vulnerability, operational emergency, or violation of law.

(i) Conforming amendments.—

(1) Direct deposit option.—Section 3332(j)(1) of title 31, United States Code, is amended by inserting "Treasury transaction account transfers," after "Fed Wire transfers,".

(2) Legal tender.—Section 5103 of title 31, United States Code, is amended by striking "United States coins and currency" and inserting "Treasury Dollar Bills, United States coins, and currency".

(3) Security of the United States.—

(A) In general.—Section 8 of title 18, United States Code, is amended by inserting "Treasury Dollar Bills," after "Treasury notes,".

(B) Rule of construction.—Subparagraph (A) shall not be construed to cause Treasury Dollar Bills to constitute obligations issued under chapter 31 of title 31, United States Code, or debt obligations of the United States.

(j) Appropriation.—There is appropriated to the Secretary, out of any money in the Treasury not otherwise appropriated, $10,000,000,000 for fiscal year 2027, to remain available until expended, to administer Treasury Dollar Bills, Treasury transaction accounts, and the public payment infrastructure, including reimbursements required under section 627(g).

SEC. 624. LOCKBOX FOR JUST MONEY RULES.

(a) Findings.—Congress finds the following:

(1) A just money system is a monetary system in which sovereign money is issued under public authority, administered for the general welfare, and governed in a manner that is fair, transparent, democratic, sustainable, and accountable to the people.

(2) The integrity of a just money system requires that the core rules governing the issuance of Treasury Dollar Bills, the initial credit of newly issued Treasury Dollar Bills to the American Value Fund, and the lawful uses of that Fund be protected against casual circumvention or alteration.

(b) Just money rules.—In this section, the term "just money rules" means—

(1) section 602(a)(4);

(2) section 5104 of title 31, United States Code;

(3) subsections (c) and (d)(3) of section 611;

(4) subsection (c) of section 612;

(5) section 613;

(6) section 615;

(7) subsections (b)(5) and (f)(5) of section 623; and

(8) this section.

(c) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, amendment between the Houses, conference report, or other matter that would—

(1) amend, repeal, supersede, waive, suspend, limit the application of, or create an exception to a just money rule;

(2) authorize the issuance of Treasury Dollar Bills except pursuant to section 611 or 615;

(3) authorize newly issued Treasury Dollar Bills to be credited initially to any fund, account, person, or entity other than the American Value Fund;

(4) authorize an amount credited to the American Value Fund to be appropriated, pledged, encumbered, loaned, invested, withdrawn, transferred, expended, or otherwise used except for—

(A) the redemption, retirement, or payment of an obligation of the United States issued under chapter 31 of title 31, United States Code, and outstanding immediately before January 1, 2027, as authorized or required under section 612 or 613; or

(B) a payment under the American Union Jobs Program (42 U.S.C. 1398a et seq.), including an emergency liquidity dividend authorized under section 634;

(5) establish or use another fund, account, instrument, transaction, or mechanism for the purpose or with the effect of circumventing paragraph (1), (2), (3), or (4); or

(6) achieve an effect described in paragraphs (1) through (5) through a notwithstanding clause, appropriation, transfer authority, rule of construction, or other provision, whether or not the matter expressly refers to a just money rule.

(d) Two-thirds vote required.—

(1) Waiver or suspension.—A point of order under subsection (c) may be waived or suspended in either House only by the affirmative vote of not less than two-thirds of the Members of that House, duly chosen and sworn, such vote being a roll call vote.

(2) Procedural waivers.—It shall not be in order in either House to consider or agree to any rule, resolution, order, motion, unanimous consent request, or other procedural matter that would waive, suspend, set aside, or prevent the enforcement of subsection (c), unless the matter expressly identifies this section and is approved by the affirmative vote required under paragraph (1).

(3) Appeals.—An appeal from a ruling of the Chair sustaining a point of order under subsection (c) may be agreed to only by the affirmative vote required under paragraph (1).

(4) Final passage.—A bill or joint resolution containing a provision described in subsection (c) shall not be considered passed or agreed to by either House unless approved on final passage in that House by the affirmative vote of not less than two-thirds of the Members of that House, duly chosen and sworn, such vote being a roll call vote.

(5) No blanket waiver.—A general or blanket waiver of points of order shall not waive or suspend this section unless the waiver expressly identifies this section and the specific measure or provision to which the waiver applies.

SEC. 625. PHYSICAL BEARER INSTRUMENTS REPRESENTING TREASURY DOLLAR BILLS.

(a) Preparatory activities.—The Secretary shall conduct design, testing, procurement planning, anti-counterfeiting research, serial number infrastructure development, validation infrastructure planning, public consultation, and transition planning in preparation for the possible production and general circulation of physical bearer instruments.

(b) Design and transition plan.—Not later than January 1, 2028, the Secretary shall submit to Congress and publish a plan for the design, production, distribution, redemption, cancellation, and transition of physical bearer instruments, including—

(1) proposed denominations, including higher denominations;

(2) accessibility features for blind, visually impaired, or disabled users, including changes in size, color, texture, or other features that improve independent use;

(3) recommendations for public input, including referendums, public comment, advisory panels, or other opportunities for the people of the United States to participate in selecting the persons, events, places, symbols, or themes represented on physical bearer instruments;

(4) anti-counterfeiting, serial number, issuance date, scanning, validation, cancellation, and destruction standards;

(5) a scanning, validation, or other verification method by which a holder may determine in real time whether a physical bearer instrument corresponds to Treasury Dollar Bills held in the physical bearer reserve and the current amount represented by the instrument;

(6) a method by which verified remote destruction of a physical bearer instrument may trigger a corresponding transfer from the physical bearer reserve to a designated Treasury transaction account, including standards for authentication, prevention of duplicate redemption, fraud liability, and error correction;

(7) recommendations on whether coins or other physical instruments should be included in, excluded from, or separately addressed by the physical bearer instrument system;

(8) recommendations for distribution through financial institutions, postal retail facilities, automated teller machines, and other existing lawful cash distribution channels;

(9) recommendations for phasing out the production of Federal Reserve notes and accepting Federal Reserve notes for deposit and retirement after the transition dates described in subsection (f);

(10) recommendations for incorporating physical bearer instruments into the legal-tender laws of the United States, including treatment under laws governing counterfeiting, alteration, cancellation, and duplicate instruments;

(11) recommendations for public education, merchant transition, consumer protection, and fraud prevention during the transition from Federal Reserve notes to physical bearer instruments;

(12) projected administrative, production, security, logistics, redemption, cancellation, and public education costs; and

(13) a proposed funding level for the physical bearer reserve and for production and general circulation of physical bearer instruments.

(c) Congressional authorization required.—The Secretary may not produce physical bearer instruments for general circulation unless a subsequent Act of Congress expressly authorizes production and general circulation and provides for the crediting of an amount of Treasury Dollar Bills to the physical bearer reserve.

(d) Reserve requirement.—If Congress authorizes production and general circulation of physical bearer instruments, the aggregate amount of Treasury Dollar Bills held in the physical bearer reserve shall correspond dollar-for-dollar to the aggregate amount represented by outstanding physical bearer instruments.

(e) Issuance, exchange, recirculation, and retirement.—

(1) Issuance.—A physical bearer instrument may be issued only upon the debit of an equal amount of Treasury Dollar Bills from a Treasury transaction account and the credit of that amount to the physical bearer reserve.

(2) Private exchange and recirculation.—A financial institution or other person may accept a physical bearer instrument in exchange for an equal credit, payment, or other agreed consideration provided from the assets of the accepting person. Such acceptance shall not debit the physical bearer reserve or prevent the instrument from being recirculated.

(3) Cancellation and retirement.—Upon verified cancellation, destruction, or other permanent removal from circulation of a physical bearer instrument, the Secretary shall debit the physical bearer reserve by the amount represented by the instrument and credit an equal amount of Treasury Dollar Bills to a Treasury transaction account designated by the person surrendering the instrument or demonstrating possession and control of the instrument immediately before its destruction.

(4) Unverified loss or destruction.—The loss, theft, mutilation, or alleged destruction of a physical bearer instrument shall not entitle any person to a transfer from, or authorize a debit to, the physical bearer reserve unless the Secretary verifies the authenticity and amount of the

instrument, the claimant's possession and control of the instrument immediately before the event giving rise to the claim, and its permanent removal from circulation.

(f) Federal Reserve note transition.—

(1) Financial institution transition.—Beginning January 1, 2030, no financial institution, payment service provider, automated teller machine operator, cash-in-transit service, or other person engaged in cash distribution as a business may dispense, pay out, recirculate, or otherwise provide a Federal Reserve note to a customer or counterparty, except for purposes of surrender, deposit, redemption, retirement, law enforcement, archival retention, or another purpose authorized by the Secretary by rule.

(2) Commercial transition.—Beginning January 1, 2032, no person engaged in commerce may provide a Federal Reserve note as change, cash back, refund, payroll, or other payout in the ordinary course of commerce, except for purposes of surrender, deposit, redemption, retirement, law enforcement, archival retention, or another purpose authorized by the Secretary by rule.

(3) Acceptance for deposit.—A person described in paragraph (1) or (2) may accept Federal Reserve notes for deposit, redemption, or surrender and shall transmit such notes for retirement or other lawful disposition in accordance with rules issued by the Secretary.

(g) Sense of Congress on legal tender.—It is the sense of Congress that Federal Reserve notes should remain legal tender for the duration of their circulation.

(h) Authorization of appropriations.—There is authorized to be appropriated $75,000,000 for the period of fiscal years 2027 and 2028, to remain available until expended, for activities under this section.

SEC. 626. PERMITTING PASS-THROUGH ACCOUNTS.

(a) Nature and treatment of pass-through account.—

(1) Private account and institutional liability.—A pass-through account is a private account maintained by and constituting a liability of the participating financial institution. It is not maintained on the Treasury ledger and does not constitute Treasury Dollar Bills or an obligation of the United States.

(2) Federal insurance.—A pass-through account shall be federally insured to the extent provided by applicable Federal law as—

(A) a deposit, as defined in section 3(l) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)), if maintained by an insured depository institution; or

(B) a member account, as defined in section 101(5) of the Federal Credit Union Act (12 U.S.C. 1752(5)), if maintained by an insured credit union.

(3) Equal dollar credit; no fee.—For each amount of Treasury Dollar Bills transferred to a participating financial institution under subsection (c), the institution shall credit the

pass-through account with an equal dollar amount and may not impose a fee, surcharge, discount, withholding, deduction, or other reduction based on the transfer or credit.

(4) No false representation.—A participating financial institution may not represent or imply that—

(A) a pass-through account is maintained or operated by the Treasury;

(B) a balance in a pass-through account constitutes Treasury Dollar Bills; or

(C) the United States guarantees a balance or obligation of the participating financial institution, except to the extent of applicable Federal deposit or share insurance.

(b) Account holder instruction.—The holder of a Treasury transaction account may provide, modify, or revoke at any time a standing instruction directing the Treasury to transfer an amount of Treasury Dollar Bills determined under the instruction from the holder's Treasury transaction account to the Treasury transaction account of a participating financial institution for corresponding credit to the holder's pass-through account.

(c) Transfers and operational safeguards.—

(1) Single transaction.—Final settlement of a transfer under subsection (b) and the corresponding credit required under subsection (a)(3) shall occur as a single transaction. Until both occur, the Treasury Dollar Bills subject to the instruction shall remain in the account holder's Treasury transaction account.

(2) Limited delay or rejection.—Before final settlement, a participating financial institution may delay or reject a transfer only to the extent reasonably necessary to address a specific risk of fraud, unauthorized access, a violation of law, a security breach, or a material operational failure.

(3) Narrow tailoring.—A delay or rejection under paragraph (2) shall be narrowly tailored in scope and duration and may not be used to impose a general monetary limit on lawful pass-through transfers.

(4) Notice.—The participating financial institution shall promptly notify the account holder of a delay or rejection under paragraph (2), the reason for the delay or rejection, and the steps reasonably available to resolve the matter, except to the extent notice is prohibited by law or would materially compromise fraud prevention or security.

(d) Optional reverse transfers.—

(1) Permitted exchange.—Nothing in this section prohibits a participating financial institution from exchanging an amount credited to a pass-through account for an equal amount of Treasury Dollar Bills transferred from the institution's Treasury transaction account to the account holder's Treasury transaction account.

(2) No obligation.—Nothing in this section requires a participating financial institution to offer or complete an exchange under paragraph (1) or to acquire or maintain Treasury Dollar Bills for that purpose.

(3) No compelled exchange.—No person may, by reason of this section, compel the Treasury, a Federal Reserve Bank, or a participating financial institution to exchange another form of money for Treasury Dollar Bills.

(4) No fee.—A participating financial institution that completes an exchange under paragraph (1) may not impose a fee, surcharge, discount, withholding, deduction, or other reduction based on the exchange.

(e) Regulations and implementation.—

(1) Regulations.—The Secretary, in consultation with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Bureau of Consumer Financial Protection, shall prescribe regulations necessary to carry out this section, including regulations governing authorization, settlement, operational safeguards, disclosures, error resolution, reconciliation, privacy, and security.

(2) Operational readiness.—The Secretary shall make the functionality necessary to carry out this section operational not later than the launch date.

(3) Self-executing authority.—A failure to issue a regulation under paragraph (1) shall not delay implementation of an authority or obligation expressly established by this section.

SEC. 627. POSTAL ACCESS TO TREASURY TRANSACTION ACCOUNTS.

(a) Postal Service authority.—

(1) In general.—Section 404(a) of title 39, United States Code, is amended—

(A) in paragraph (7), by striking "; and" and inserting ";";

(B) in paragraph (8), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(9) to provide account access, transaction processing, customer assistance, cash handling, and other services relating to Treasury transaction accounts in accordance with section 627 of the POPULIST Act.".

(2) Nonpostal services limitation.—Section 404(e)(2) of title 39, United States Code, is amended by adding at the end the following: "This paragraph shall not apply to a service authorized under subsection (a)(9).".

(b) Services at postal retail facilities.—In coordination with the Secretary, the Postal Service shall provide the following services at postal retail facilities:

(1) Account access and customer assistance.—Secure access to a Treasury transaction account through assistance in person, terminals, and automated means, including assistance with authentication, identity verification, restoration of access, correction of account access errors, account recovery, and the initiation of bill payments and transfers through the public payment infrastructure established under section 623.

(2) Cash services.—

(A) Acceptance of Federal Reserve notes and United States coins for a credit of an equal amount of Treasury Dollar Bills to a Treasury transaction account, and dispensing of Federal Reserve notes and United States coins upon a debit of an equal amount of Treasury Dollar Bills from such account.

(B) Acceptance, dispensing, verification, and redemption of physical bearer instruments authorized under section 625 after production and general circulation of such instruments have been authorized by law.

(3) Automated teller machine access.—Access to an automated teller machine capable of accepting and dispensing Federal Reserve notes under paragraph (2)(A), providing account balance and transaction status inquiries, and providing such other automated Treasury transaction account services as the Secretary determines appropriate.

(c) Service standards and safeguards.—

(1) Accessibility and continuity.—The Postal Service and the Treasury shall provide services under this section in a manner accessible to persons with disabilities, persons with limited English proficiency, persons without reliable internet access, and persons requiring assistance in person, and shall maintain reasonable standards for service continuity, security, and customer assistance.

(2) Safeguards and limits.—The Secretary and the Postal Service may impose a reasonable and uniformly applied limit on a service under this section only to the extent necessary for cash availability, security, authentication, compliance with law, or fraud prevention. A limit may not impose a general monetary restriction on the lawful use of a Treasury transaction account or deny reasonable access to services under this section.

(3) No fees.—The Postal Service and the Treasury may not impose an account maintenance, transaction, cash acceptance, cash dispensing, transfer, bill payment, customer assistance, or other fee on an account holder for a service provided under this section.

(4) Foreign exchange.—Paragraph (3) does not prohibit a fee expressly authorized under section 623 for a foreign exchange transfer or international interoperability service.

(d) Limited Postal Service role.—

(1) No account opening.—Nothing in this section authorizes the Postal Service to establish or open a Treasury transaction account.

(2) No Postal Service accounts or lending.—The Postal Service may not establish or maintain an account for a customer on its own books, make a loan or other extension of credit, or offer a savings or investment product under this section.

(3) Agent and interface provider.—The Postal Service shall act only as a service provider and, to the extent authorized by the Secretary, as an agent of the Treasury or an authorized Treasury interface provider. The Postal Service shall not acquire a legal or equitable ownership interest in Treasury Dollar Bills solely by processing or facilitating a service under this section.

(e) Cash management and Federal Reserve support.—

(1) Joint procedures.—The Secretary and the Postmaster General shall jointly establish procedures governing the receipt, custody, accounting, verification, transportation, replenishment, dispensing, redemption, recirculation, and, where applicable, retirement of Federal Reserve notes, United States coins, and physical bearer instruments handled under this section.

(2) Federal Reserve support.—At the direction of the Secretary, the Federal Reserve Banks shall provide the cash management, transportation, storage, replenishment, settlement, reconciliation, and other fiscal agent support necessary to carry out this section in accordance with section 628.

(3) Cash inventory and liquidity.—

(A) Adequate inventory.—At the direction of the Secretary, the Federal Reserve Banks shall furnish, preposition, and replenish at postal retail facilities or designated cash distribution facilities inventories of Federal Reserve notes and United States coins in amounts and denominations sufficient to meet reasonably anticipated demand for services under subsection (b)(2)(A), including demand associated with scheduled Federal payments.

(B) Custody.—Federal Reserve notes and United States coins furnished under subparagraph (A) shall be held by the Postal Service solely in its capacity as a service provider and, to the extent authorized by the Secretary, as an agent of the Treasury. Such currency shall not constitute property or revenue of, or an expenditure by, the Postal Service.

(C) Settlement and reconciliation.—The procedures established under paragraph (1) shall provide for—

(i) final settlement on the Treasury ledger of an equal amount of Treasury Dollar Bills for each acceptance or dispensing of Federal Reserve notes or United States coins;

(ii) daily reconciliation of cash inventories and corresponding Treasury ledger transactions;

(iii) demand forecasting and timely replenishment; and

(iv) emergency replenishment and continuity procedures during periods of unusually high demand or operational disruption.

(f) Deployment.—

(1) Initial implementation plan.—Not later than 180 days after the date of enactment of this Act, and in all events before the launch date, the Secretary and the Postmaster General shall jointly publish a plan and schedule for implementing this section.

(2) Launch readiness and commencement.—Except for a service under subsection (b)(2)(B) that has not yet been authorized by law and the automated teller machine requirement under subsection (b)(3), the Postal Service shall have the systems, staffing, cash management,

security, and operational capacity necessary to provide the services under subsection (b), and shall begin providing those services, not later than the launch date.

(3) Priority deployment.—In implementing this section, the Secretary and the Postal Service shall give priority to postal retail facilities serving rural areas, areas of public need, communities without convenient access to financial services, and communities with a high proportion of persons receiving Federal benefit payments.

(4) Nationwide automated teller machine access.—Not later than 2 years after the launch date, each postal retail facility shall provide access to at least 1 automated teller machine meeting the requirements of subsection (b)(3).

(5) Physical constraints.—If installation of an automated teller machine inside a postal retail facility is physically impracticable, the Postal Service shall provide an automated teller machine immediately adjacent to the facility or another functionally equivalent means of automated access serving the facility.

(g) Reimbursement and funding.—

(1) Reimbursement.—The Secretary shall reimburse the Postal Service for all costs attributable to carrying out this section, including reasonable and necessary capital, personnel, maintenance, security, cash handling, transportation, technology, customer assistance, and administrative costs.

(2) Source.—Reimbursement under paragraph (1) shall be made from amounts available to the Secretary to administer Treasury Dollar Bills, Treasury transaction accounts, and the public payment infrastructure, including amounts appropriated under section 623(j).

(3) No postal subsidy.—The Postal Service shall not be required to use postal revenues derived from market-dominant or competitive postal products to subsidize services provided under this section.

(h) Privacy, security, and records.—

(1) Applicable protections.—The Postal Service shall comply with the privacy, security, purpose limitation, no commercialization, access logging, and data use protections applicable under section 623 to information obtained or processed in carrying out this section.

(2) Data minimization.—The Postal Service may collect, retain, access, or disclose only the information reasonably necessary to authenticate an account holder, provide a requested service, prevent fraud, resolve an error, secure the system, or comply with a valid court order.

(3) No commercial use.—Information obtained in carrying out this section may not be sold, licensed, used for advertising, used for credit underwriting, or otherwise used for a commercial purpose.

(i) Regulations.—Not later than 180 days after the date of enactment of this Act, and in all events before the launch date, the Secretary, in consultation with the Postmaster General and the Board of Governors of the Federal Reserve System, shall prescribe regulations necessary to carry out this section, including regulations governing implementation, cash management,

authentication, account recovery, transaction limits, error resolution, security, privacy, accessibility, and reimbursement.

SEC. 628. FEDERAL RESERVE FISCAL AGENT AND SETTLEMENT SUPPORT.

(a) Federal Reserve Act amendment.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 15 the following:

"Sec. 15A. Fiscal agent and settlement support for Treasury Dollar Bills.

"(a) Definition.—In this section, the term 'Treasury Dollar Bills' means money issued under section 5104 of title 31, United States Code.

"(b) Required fiscal agent services.—

"(1) In general.—At the direction of the Secretary of the Treasury, each Federal Reserve Bank shall act as a fiscal agent of the United States and provide—

"(A) integration of the Treasury ledger with Fedwire, automated clearinghouse services operated by the Federal Reserve Banks, and other Federal payment, clearing, and settlement systems, including the processing of an exchange or other transaction under section 614 or 635 of the POPULIST Act to the extent the exchange or transaction requires use of such a system;

"(B) cash management, cash transportation, cash storage, cash replenishment, and reconciliation support for postal cash services under section 627 of the POPULIST Act;

"(C) support for the receipt of Federal taxes, fees, and other public money and for Federal disbursements, to the extent the receipt or disbursement requires use of a Federal Reserve payment, clearing, or settlement system; and

"(D) reconciliation, error correction, contingency, cybersecurity, and operational continuity services necessary for the functions described in subparagraphs (A) through (C).

"(2) Supervision and direction.—The Board of Governors of the Federal Reserve System shall supervise and direct the Federal Reserve Banks in carrying out this section in accordance with requirements established by the Secretary of the Treasury.

"(3) Treasury ledger limitation.—A Federal Reserve Bank may not operate the Treasury ledger, administer a Treasury transaction account for another person, or execute or settle a transfer conducted exclusively on the Treasury ledger between Treasury transaction accounts.

"(c) Treasury transaction accounts of Federal Reserve Banks.—The Secretary shall establish and maintain for each Federal Reserve Bank a Treasury transaction account under section 623(b)(6) of the POPULIST Act.

"(d) No public debt.—The receipt or holding of Treasury Dollar Bills by a Federal Reserve Bank shall not cause Treasury Dollar Bills to constitute obligations, liabilities, or public debt of the United States.

"(e) Fees and reimbursement.—

"(1) No fee.—Except for a fee or charge expressly authorized under the POPULIST Act for a foreign exchange transfer, a Federal Reserve Bank may not impose a fee on an account holder, participating financial institution, or the Postal Service for a service required under this section.

"(2) Reimbursement.—A Federal Reserve Bank shall be reimbursed for services required under this section in accordance with section 391a of title 12, United States Code.

"(f) Privacy, security, and data use.—

"(1) Governing protections.—A Federal Reserve Bank shall comply with section 623(g) of the POPULIST Act and shall ensure that the collection, use, safeguarding, retention, and disclosure of information under this section meet or exceed the substantive data minimization, data security, service provider, and compliance standards established under sections 562, 564, and 565 of such Act.

"(2) Purpose limitation.—A Federal Reserve Bank may collect, access, use, retain, or disclose information obtained under this section only to perform a service required under subsection (b), prevent or remediate fraud, a security breach, or a material operational failure, comply with a valid court order, or carry out another purpose expressly authorized by an Act of Congress. No other use is authorized.

"(3) Access records and audits.—Each Federal Reserve Bank shall maintain tamper-resistant records of each access to transaction information obtained under this section and shall make the records available for independent audit by the inspectors general of the Department of the Treasury and the Board of Governors.

"(4) Privacy Act.—Section 552a of title 5, United States Code, shall apply to records obtained, accessed, or maintained by a Federal Reserve Bank under this section as if the Federal Reserve Bank were an agency and the records were records maintained in a system of records. If a provision of that section conflicts with a more protective requirement of this section or section 623(g) of the POPULIST Act, the more protective requirement shall apply.

"(5) Unauthorized inspection or disclosure.—Solely for purposes of sections 7213(a)(1), 7213A, and 7431 of the Internal Revenue Code of 1986—

"(A) information obtained, accessed, or maintained under this section shall be treated as return information;

"(B) an officer, employee, contractor, or former officer, employee, or contractor of a Federal Reserve Bank shall be treated as a person subject to those sections; and

"(C) an inspection or disclosure not authorized under this subsection shall be treated as an inspection or disclosure in violation of section 6103 of such Code.

"(g) Testing.—Before the launch date, the Secretary and the Board of Governors shall complete testing from initiation through final settlement of the functions and system integrations required under subsection (b), including interoperability, reconciliation, cash support, cybersecurity, operational continuity, and recovery from a material system failure.

"(h) Regulations.—The Secretary of the Treasury, in consultation with the Board of Governors, shall prescribe regulations necessary to carry out the Treasury and fiscal agent functions under this section. The Board of Governors shall prescribe regulations necessary to supervise and direct the Federal Reserve Banks in complying with this section.".

SEC. 629. PARITY IN PRICING AND PAYMENT.

(a) Treatment as cash discount.—Section 167 of the Truth in Lending Act (15 U.S.C. 1666f) is amended—

(1) in subsection (a), by inserting "Treasury Dollar Bills," after "cash, check,";

(2) in subsection (b), by inserting "Treasury Dollar Bills," after "cash, checks,"; and

(3) by adding at the end the following:

"(c) Treasury Dollar Bills.—The term 'Treasury Dollar Bills' means money issued under section 5104 of title 31.".

(b) Equal cash treatment.—It shall be unlawful for a person or governmental entity to vary the price or other terms of the same transaction or obligation based on the method of payment in a manner that applies different terms to payment in Treasury Dollar Bills through the public payment infrastructure established under section 623(a)(1)(C) and payment in cash.

(c) Enforcement.—A violation of subsection (b) shall be treated as an unfair, deceptive, or abusive act or practice under section 5 of the Federal Trade Commission Act (15 U.S.C. 45) and may be enforced by the Federal Trade Commission, the Bureau of Consumer Financial Protection, and the attorney general of a State under their respective authorities.

Subtitle C—Federal Reserve Reform and Monetary Operations

SEC. 631. AUTHORIZING ADDITIONAL FEDERAL RESERVE BANKS.

(a) Authorization.—Section 2 of the Federal Reserve Act (12 U.S.C. 222) is amended, in the first undesignated paragraph—

(1) in the first sentence—

(A) by striking "not less than eight nor more than twelve" and inserting "not less than 12 nor more than 23"; and

(B) by striking "the continental United States, excluding Alaska" and inserting "the United States";

(2) by striking "not to exceed twelve in all" and inserting "not to exceed 23 in all";

(3) by striking the fifth sentence; and

(4) in the sixth sentence, by striking "ninety" and inserting "90".

(b) Minimum number of districts.—Effective January 1, 2029, section 2 of the Federal Reserve Act (12 U.S.C. 222), as amended by subsection (a), is further amended, in the first sentence of the first undesignated paragraph, by striking "not less than 12" and inserting "not less than 16".

SEC. 632. UPDATING THE FEDERAL RESERVE'S MANDATE.

(a) Finding.—Congress finds that productivity growth makes it unnecessary to strive for maximum employment of the adult population of the United States.

(b) Mandate updated.—Section 2A of the Federal Reserve Act (12 U.S.C. 225a) is amended by striking "maximum employment" and inserting "minimizing poverty".

SEC. 633. FULL RESERVE TRANSITION AND TERMINATION OF INTEREST ON RESERVE BALANCES.

(a) Full reserve ratchet.—Section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b)) is amended—

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

"(2) Full reserve ratchet.—

"(A) In general.—Each depository institution shall maintain reserves in an amount sufficient to meet the applicable reserve requirement established under this paragraph with respect to transaction accounts.

"(B) Annual reserve-ratchet schedule.—

"(i) Initial schedule.—Not later than 30 days after the date of enactment of the POPULIST Act, the Federal Open Market Committee (in this section referred to as the 'Committee') shall, by majority vote, establish and publish a schedule of increasing reserve requirements applicable to transaction accounts for the remainder of the calendar year and the following calendar year.

"(ii) Subsequent schedules.—Not later than October 1 of each year thereafter, the Committee shall establish and publish the schedule of increasing reserve requirements applicable during the following calendar year.

"(iii) Objective.—Each schedule shall advance the transition toward a 100 percent reserve requirement as soon as practicable, but in no event later than 8 years after the date of enactment of the POPULIST Act, and shall be coordinated with the transition period applicable to systemic solvency requirements established under section 254 of such Act.

"(iv) Projected path.—With each schedule, the Committee shall publish a projected path toward achievement of the 100 percent reserve requirement for the remainder of the transition period. A projected path may be revised and shall not bind the Committee except with respect to requirements scheduled to take effect during the following calendar year.

"(C) Interim revisions.—The Committee may revise a schedule during the calendar year by an affirmative vote of not fewer than 8 members if the Committee publishes a written finding that material changes in inflation, credit conditions, liquidity, migration to Treasury transaction accounts, or financial stability require the revision.

"(D) Uniformity.—Any reserve requirement established under this paragraph shall be uniformly applied to all transaction accounts at all depository institutions, without regard to the size or type of depository institution.

"(E) Prohibition on reversal.—Once increased, a reserve requirement established under this paragraph may not be reduced, suspended, waived, or otherwise reversed.

"(F) Administration and enforcement.—The Board shall prescribe such regulations as are necessary to implement, administer, supervise, examine compliance with, and enforce reserve requirements established under this paragraph, consistent with the schedules, limitations, and objectives established by the Committee under this paragraph.";

(2) by striking paragraphs (3) and (4);

(3) in paragraph (5), in the second sentence, by striking "such ratios as the Board may prescribe" and inserting "the ratio established under paragraph (2)"; and

(4) by striking paragraphs (8) through (11).

(b) Composition of reserves.—Section 19(c) of the Federal Reserve Act (12 U.S.C. 461(c)) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (A) and inserting the following:

"(A) balances maintained for such purposes by the depository institution in the Federal Reserve bank of which it is a member or at which it maintains an account, except that the Board may, by regulation or order, permit depository institutions to maintain all or a portion of their required reserves in the form of vault cash, and any portion so permitted shall be identical for all depository institutions;";

(B) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(C) by inserting after subparagraph (B) the following:

"(C) Treasury Dollar Bills held by the depository institution in a Treasury transaction account established under section 623(b)(6) of the POPULIST Act that satisfy paragraph (3)(A).";

(2) by striking paragraph (2) and inserting the following:

"(2) Other liquidity requirements.—Reserves maintained under paragraph (1) may be used to satisfy liquidity requirements imposed under other provisions of Federal or State law."; and

(3) by adding at the end the following:

"(3) Reserve share maintained in Treasury Dollar Bills.—

"(A) Qualifying reserves.—Treasury Dollar Bills described in paragraph (1)(C) shall be treated at par as reserves if such Treasury Dollar Bills—

"(i) are held for the account of the depository institution;

"(ii) are not pledged or otherwise subject to a lien or security interest and are immediately available to satisfy payment, settlement, and withdrawal obligations; and

"(iii) are not counted as reserves maintained by another depository institution.

"(B) Commencement of schedule.—For the first calendar year for which the projected path published under subsection (b)(2)(B)(iv) projects that the reserve requirement will reach at least 75 percent, the Committee shall include in the annual schedule under subsection (b)(2)(B) a separate schedule establishing an increasing percentage of the reserves required under subsection (b)(2) that each depository institution shall maintain as qualifying Treasury Dollar Bills under subparagraph (A).

"(C) Completion and irreversibility.—The percentage established under subparagraph (B)—

"(i) may not be reduced once increased; and

"(ii) shall reach 100 percent not later than 6 months after the reserve requirement under subsection (b)(2) reaches 100 percent and in no event later than July 1, 2035.

"(D) Uniformity.—The percentage established under this paragraph shall be uniformly applied to all depository institutions.

"(4) Transition to Treasury transaction accounts.—

"(A) Conversion plan.—When the Committee first publishes a schedule under paragraph (3)(B), the Board and the Secretary of the Treasury shall jointly publish a plan for the orderly transfer, on January 1, 2036, of all credit balances in transaction accounts maintained by depository institutions to Treasury transaction accounts.

"(B) Account designation.—The plan under subparagraph (A) shall provide each transaction account holder a reasonable opportunity to designate the Treasury transaction account to receive the transferred balance and shall provide for transfer to an appropriate Treasury transaction account established or maintained for the account holder if no designation is made.

"(C) Transfer of balances.—On January 1, 2036, each depository institution shall transfer from its Treasury transaction account established under section 623(b)(6) of the POPULIST Act to the Treasury transaction account designated or provided under subparagraph (B) Treasury Dollar Bills equal to the credit balance of each transaction account maintained for the account holder. Upon completion of the transfer, the corresponding transaction-account liability of the depository institution shall be extinguished.

"(D) End state.—On and after January 1, 2036, it shall be unlawful for a depository institution to open or maintain a transaction account. Nothing in this subparagraph prohibits a depository institution from providing interface services for a Treasury transaction account in accordance with section 623(h) of the POPULIST Act.".

(c) Termination of interest on reserve balances.—Effective December 31, 2026, section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b)) is amended by striking paragraph (12).

(d) Monetary policy implementation plan.—

(1) Initial plan.—Not later than 30 days after the date of enactment of the POPULIST Act, the Board of Governors of the Federal Reserve System and the Federal Open Market Committee shall jointly publish a plan for conducting monetary policy after the termination of the authority to pay earnings on balances under subsection (c), including the operational framework, regulatory changes, and implementation schedule necessary to complete the transition by the effective date specified in subsection (c).

(2) Updates.—The Board of Governors and the Federal Open Market Committee shall publish an update whenever they materially revise the framework established under paragraph (1).

SEC. 634. PROVIDING FOR LIQUIDITY INJECTIONS.

(a) Nonemergency liquidity injections.—Section 12A of the Federal Reserve Act (12 U.S.C. 263) is amended by adding at the end the following:

"(d) Nonemergency liquidity injections.—

"(1) Authorization.—The Committee may, by a majority vote, authorize a liquidity injection of Treasury Dollar Bills using benefit payments required to be made under title II of the Social Security Act.

"(2) Required finding.—The Committee may take an action under paragraph (1) only if the Committee determines that the action is reasonably necessary to prevent or respond to a material contraction in credit or liquidity inconsistent with the monetary policy objectives described in section 2A.

"(3) Amount and period.—

"(A) In general.—Each authorization under paragraph (1) shall specify the aggregate amount authorized and the period during which the authorization shall remain in effect.

"(B) Limitations.—The aggregate amount authorized may not exceed $500,000,000,000, and the authorization period may not exceed 90 days. No authorization may take effect while another authorization under this subsection remains in effect.

"(C) Expiration.—Any portion of the amount authorized under subparagraph (A) that is not used before the expiration of the authorization period shall expire.

"(4) Administration.—

"(A) Notwithstanding section 9702(b)(1) of title 31, United States Code, the Commissioner of Social Security, in consultation with the Secretary of the Treasury, shall authorize the distribution of an amount of Treasury Dollar Bills held by the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund (in this subsection referred to as the 'Trust Funds') equal to the amount authorized by paragraph (3)(A).

"(B) The Commissioner shall determine the allocation of the authorized amount between the Trust Funds and administer the use of the authorized amount ratably among benefit payments payable from the Trust Funds, subject to operational feasibility.

"(C) If the use of Treasury Dollar Bills in connection with particular benefit payments is not operationally feasible, the Commissioner may reallocate the unused amount ratably among other such benefit payments.

"(5) Publication and reporting.—

"(A) Not later than 7 days after an authorization under paragraph (1), the Committee shall publish the finding required under paragraph (2), the aggregate amount authorized, the authorization period, and the anticipated effect on credit and liquidity.

"(B) Not later than 30 days after the expiration of an authorization period, the Commissioner of Social Security and the Secretary of the Treasury shall jointly submit to the Committee and Congress a report stating the amount of Treasury Dollar Bills used and describing any material operational limitations encountered in carrying out the authorization.".

(b) Section 12A of the Federal Reserve Act (12 U.S.C. 263), as amended by subsection (a), is further amended by adding at the end the following:

"(e) Emergency liquidity dividend.—

"(1) In general.—The Committee may, by an affirmative vote of not fewer than 8 members, authorize an emergency liquidity dividend to be distributed through the American Union Jobs Program (42 U.S.C. 1398a et seq.) in one or more installments during a period not exceeding 90 days. Such dividend shall be in addition to the normal distributions of the American Union Jobs Program.

"(2) Required findings.—An action under paragraph (1) may be taken only if the Committee determines that—

"(A) the United States economy is experiencing a contraction in credit or liquidity inconsistent with the monetary policy objectives described in section 2A; and

"(B) other available liquidity and credit tools under Federal law are insufficient to restore adequate liquidity.

"(3) Amount.—The aggregate amount of a liquidity dividend authorized under this subsection shall be no greater than reasonably necessary to restore adequate liquidity consistent with the findings required under paragraph (2).

"(4) Administration.—The Committee may consult with the Commissioner of Social Security regarding the amount, timing, and administration of a liquidity dividend. The Social Security Administration shall administer such dividend using only amounts made available from the American Value Fund established under section 623(b)(5) of the POPULIST Act. Each installment of the dividend shall be allocated among recipients in the same relative proportions as the payment components payable for the month under sections 1398d and 1398e of title 42, United States Code, including the division and redirection of child payments under section 1398e.

"(5) Report to Congress.—Not later than 7 days after authorizing a liquidity dividend under this subsection, the Committee shall submit to Congress a report describing—

"(A) the findings made under paragraph (2) and the basis for such findings; and

"(B) the aggregate dollar amount authorized.".

SEC. 635. DIRECT ACQUISITIONS AND OPERATIONS INVOLVING TREASURY DOLLAR BILLS.

(a) Direct purchases of Treasury obligations.—Section 14(b)(1) of the Federal Reserve Act (12 U.S.C. 355) is amended by striking "but only in the open market".

(b) Authority to conduct operations involving Treasury Dollar Bills and standing exchange facility.—Section 14 of the Federal Reserve Act (12 U.S.C. 353 et seq.) is amended by adding at the end the following:

"(h) Operations involving Treasury Dollar Bills.—

"(1) General authority.—Each Federal Reserve Bank may, in accordance with this subsection and section 12A(f), acquire, receive, hold, transfer, exchange, or sell Treasury Dollar Bills and use Treasury Dollar Bills in carrying out monetary policy, payment, settlement, and fiscal agent operations authorized by law.

"(2) Standing Treasury exchange facility.—

"(A) Treasury request.—The Secretary of the Treasury may request that 1 or more Federal Reserve Banks acquire at par an amount of Treasury Dollar Bills lawfully available to the Secretary for exchange.

"(B) Mandatory acquisition.—Upon a request under subparagraph (A), the Federal Reserve Banks designated under subparagraph (E) shall acquire the requested Treasury Dollar Bills at par, subject only to section 12A(f).

"(C) Credit to Treasury General Account.—Concurrent with an acquisition under subparagraph (B), the acquiring Federal Reserve Banks shall credit an equal dollar amount to the general account of the Treasury maintained at the Federal Reserve Banks.

"(D) Transfer of Treasury Dollar Bills.—The Secretary shall transfer the acquired Treasury Dollar Bills to the Treasury transaction account maintained for each acquiring Federal Reserve Bank under section 623(b)(6) of the POPULIST Act.

"(E) Allocation.—The Board of Governors of the Federal Reserve System, in consultation with the Secretary, may allocate an acquisition among the Federal Reserve Banks, except that an allocation may not delay, condition, discount, or reduce the exchange requested by the Secretary.

"(F) Treatment.—An exchange under this paragraph shall not be treated as an open-market operation for purposes of subsection (b) of section 12A.

"(3) Operational Federal requests.—

"(A) Definition.—A request under paragraph (2) shall be an operational Federal request if the Secretary certifies that the requested amount is reasonably necessary during the 90-day period beginning on the date of the request to—

"(i) make a payment or disbursement legally due from a Federal trust fund or other Federal account;

"(ii) maintain balances sufficient for the normal operations of the Treasury or another department, agency, or instrumentality of the United States;

"(iii) carry out an exchange authorized or required under section 614 of the POPULIST Act; or

"(iv) preserve the continuous and orderly operation of Federal payment and disbursement systems.

"(B) Prompt completion.—A Federal Reserve Bank shall complete an operational Federal request promptly in accordance with the settlement standards established under section 628 of the POPULIST Act.

"(C) Exemption from pacing rules.—An operational Federal request may not be delayed, limited, conditioned, or made subject to a schedule established under section 12A(f).

"(4) Ownership and accounting.—

"(A) Reserve Bank asset.—Treasury Dollar Bills acquired under this subsection shall be owned by the acquiring Federal Reserve Bank and recorded as assets of that Federal Reserve Bank at par.

"(B) Treasury General Account credit.—A credit made under paragraph (2)(C) shall be recorded as a liability of the acquiring Federal Reserve Bank in the same manner as another balance credited to the general account of the Treasury.

"(C) Treasury ledger.—Ownership and transfer of Treasury Dollar Bills shall remain recorded exclusively on the Treasury ledger.

"(5) Disposition.—Subject to section 12A and applicable law, a Federal Reserve Bank may—

"(A) continue to hold Treasury Dollar Bills acquired under this subsection;

"(B) transfer Treasury Dollar Bills to another Federal Reserve Bank;

"(C) transfer or sell Treasury Dollar Bills at par to a financial institution eligible to maintain a Treasury transaction account under section 623(b)(6) of the POPULIST Act;

"(D) use Treasury Dollar Bills in monetary policy, payment, settlement, or liquidity operations; or

"(E) with the agreement of the Secretary, transfer Treasury Dollar Bills to the Treasury in exchange for an equal debit to the general account of the Treasury or other equal consideration lawfully provided by the Treasury.

"(6) Reverse exchanges.—A reverse exchange under paragraph (5)(E) may occur only to the extent that—

"(A) sufficient balances are available in the general account of the Treasury;

"(B) the Secretary determines that the exchange will not impair the timely payment of an obligation of the United States or the normal operations of the Federal Government; and

"(C) the Federal Reserve Bank receives equal consideration.

"(7) Rules of construction.—

"(A) No appropriation or spending authority.—A credit to the general account of the Treasury under this subsection shall not constitute an appropriation, enlarge an appropriation, alter the legal availability or purpose of an amount, or authorize an expenditure not otherwise authorized by law.

"(B) No additional issuance.—Nothing in this subsection authorizes the issuance or crediting of additional Treasury Dollar Bills.

"(C) No public debt.—The acquisition or holding of Treasury Dollar Bills by a Federal Reserve Bank shall not cause Treasury Dollar Bills to constitute obligations, liabilities, or public debt of the United States.

"(D) No compelled private conversion.—Nothing in this subsection authorizes a private person to compel the Treasury or a Federal Reserve Bank to exchange Treasury Dollar Bills for another monetary instrument or another monetary instrument for Treasury Dollar Bills.

"(E) American Value Fund protected.—Nothing in this subsection authorizes a withdrawal or transfer from the American Value Fund except as expressly authorized by another provision of law.

"(8) Regulations.—The Board of Governors and the Secretary shall prescribe such regulations and operational procedures as are necessary to carry out this subsection.".

(c) Administration of nonoperational exchanges.—Section 12A of the Federal Reserve Act (12 U.S.C. 263), as amended by section 634, is further amended by adding at the end the following:

"(f) Administration of nonoperational exchanges involving Treasury Dollar Bills.—

"(1) Prospective pacing rules.—The Committee may establish prospective and generally applicable rules governing the timing and pacing of requests under section 14(h)(2) that are not operational Federal requests under section 14(h)(3).

"(2) Governing standard.—The Committee may exercise the authority under paragraph (1) only to the extent reasonably necessary to carry out the monetary policy objectives described in section 2A, with due regard to inflation, liquidity, credit conditions, financial stability, and the transition required under section 19.

"(3) Permitted schedules.—A rule under paragraph (1) may establish daily, weekly, or monthly schedules for completion of nonoperational requests.

"(4) Limitations.—A rule under paragraph (1) may not—

"(A) require transaction-specific approval by the Committee;

"(B) establish a permanent or aggregate ceiling on the amount of Treasury Dollar Bills that may be exchanged under section 14(h)(2);

"(C) impose a discount, fee, interest charge, or other reduction in an exchange at par;

"(D) apply to an operational Federal request under section 14(h)(3);

"(E) alter or reverse an exchange that has reached final settlement;

"(F) prohibit or indefinitely defer completion of a lawful Treasury request; or

"(G) delay completion of a request for more than 90 days after the date on which the request is made.

"(5) Publication.—Before a rule under paragraph (1) takes effect, the Committee shall publish the rule and a written explanation of the basis for determining that the rule satisfies paragraph (2).

"(6) Coordination.—The Committee shall consult with the Secretary before establishing or materially revising a rule under paragraph (1).".

(d) Weekly reporting.—Section 11(a)(1) of the Federal Reserve Act (12 U.S.C. 248(a)(1)) is amended by adding at the end the following: "Treasury Dollar Bills held by Federal Reserve Banks shall be separately identified as an asset in each weekly statement required under this paragraph, and each such statement shall disclose the aggregate amount of Treasury Dollar Bills acquired, transferred, sold, or returned to the Treasury during the reporting week, the aggregate amount held at the end of the reporting week, and the aggregate amount credited to the general account of the Treasury pursuant to section 14(h)(2) during the reporting week.".

SEC. 636. COLLATERAL SEGREGATION AND COLLATERAL REUSE PROHIBITION.

(a) Findings.—Congress finds the following:

(1) The reuse of pledged collateral through repurchase agreements, securities lending, prime brokerage, margin lending, and similar financing arrangements permits private actors to create multiple layers of short-term funding claims on the basis of the same underlying asset, thereby expanding shadow banking and undermining the exclusive public authority of the United States to create money.

(2) Collateral reuse and title-transfer collateral practices increase leverage, obscure beneficial ownership, amplify interconnectedness, and heighten the risk of runs, fire sales, and cascading failures during periods of financial stress.

(3) To restore monetary sovereignty, reduce systemic fragility, and protect collateral providers and beneficial owners, collateral provided under a collateralized financing arrangement should remain the property of the collateral provider, should be held in segregation, and should not be reused or otherwise deployed to support additional layers of private credit creation.

(b) Definitions.—In this section:

(1) Appropriate Federal financial regulator.—The term "appropriate Federal financial regulator" means the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Federal Housing Finance Agency, acting within their respective jurisdictions.

(2) Collateral.—The term "collateral" means any financial asset provided as security or credit support for payment or performance of an obligation. The term does not include an asset transferred in final and irrevocable satisfaction of an obligation, to the extent of the obligation satisfied.

(3) Collateral provider.—The term "collateral provider" means a person that provides collateral under a collateralized financing arrangement.

(4) Collateral recipient.—The term "collateral recipient" means a person that receives or holds collateral under a collateralized financing arrangement.

(5) Collateralized financing arrangement.—The term "collateralized financing arrangement" means a repurchase agreement, securities lending agreement, margin loan, prime brokerage arrangement, derivatives margining arrangement, title-transfer collateral arrangement, or other financial market transaction or arrangement in which collateral is provided.

(6) Financial asset.—The term "financial asset" means property of a financial nature, including cash, an amount of Treasury Dollar Bills, a deposit or account balance, a security, a financial instrument, a commodity, a digital asset, or similar property.

(7) Reuse.—The term "reuse" means any rehypothecation, transfer, pledge, encumbrance, investment, or other deployment of collateral by or for the benefit of a collateral recipient or third party. The term does not include—

(A) holding collateral in segregation under subsection (d);

(B) returning or releasing collateral to the collateral provider;

(C) transferring collateral as permitted under subsection (d)(5); or

(D) enforcement after default under subsection (c)(4).

(8) Segregated custody account.—The term "segregated custody account" means an account maintained exclusively for collateral providers, separate from the proprietary assets of the collateral recipient, in which the interest of each collateral provider is continuously identifiable and the collateral is not subject to claims of the creditors of the collateral recipient or available for reuse.

(9) Title-transfer collateral arrangement.—The term "title-transfer collateral arrangement" means an arrangement that characterizes collateral as sold or absolutely transferred to the collateral recipient.

(c) Prohibition on collateral reuse and title-transfer treatment.—

(1) General rule.—It shall be unlawful for a collateral recipient to reuse collateral.

(2) Beneficial ownership and legal title.—Beneficial ownership of collateral provided in connection with a collateralized financing arrangement shall remain with the collateral provider, subject only to paragraph (4). Legal or record title may be held by the collateral recipient or a regulated custodian or clearing intermediary solely as necessary for custody, perfection of a security interest, clearing, settlement, or enforcement after default, but such title shall not confer beneficial ownership or authority to reuse the collateral. A repurchase agreement or reverse repurchase agreement shall be treated as secured financing, and not as an absolute sale, for purposes of this section.

(3) Limited interest of collateral recipient.—A collateral recipient may hold a security interest, possess or maintain custody of collateral as reasonably necessary to secure the obligation of the collateral provider, and exercise enforcement authority after default, subject to this section.

(4) Enforcement after default.—Following an uncured event of default expressly specified in the collateralized financing arrangement, a collateral recipient may terminate the arrangement, liquidate or sell collateral, exercise setoff or netting rights, and apply collateral or proceeds to the matured obligation, but only to the extent reasonably necessary to satisfy such obligation. The collateral recipient shall promptly account to the collateral provider and return any surplus collateral or proceeds.

(5) No duplicate recovery.—A collateral provider may not receive restitution, compensatory damages, or other compensation more than once for the same loss.

(d) Segregation and custody.—

(1) Segregated custody required.—All collateral provided by a collateral provider shall be held in 1 or more segregated custody accounts.

(2) No proprietary commingling.—Collateral may not be commingled with the proprietary assets of the collateral recipient or used to support the obligations, financing, or liquidity of the collateral recipient or any third party.

(3) Permitted omnibus segregation.—Collateral of multiple collateral providers may be held in an omnibus segregated custody account only if the account is maintained exclusively for collateral providers, the interest of each collateral provider is continuously identifiable, and the collateral is not available for reuse.

(4) Return or release.—Collateral shall be returned or released promptly upon satisfaction or termination of the underlying obligation, upon replacement of the collateral by the collateral provider, or following completion of enforcement under subsection (c)(4).

(5) Permitted custodial and clearing transfers.—Collateral may be transferred to an independent custodian, clearing agency, derivatives clearing organization, central counterparty, clearing member, or other regulated intermediary solely for custody, perfection, clearing, or settlement if—

(A) the collateral remains continuously identifiable and segregated from the proprietary assets of each recipient and intermediary;

(B) beneficial ownership remains with the collateral provider;

(C) the collateral is not subject to claims of the creditors of a recipient or intermediary; and

(D) the collateral is not available for reuse.

(e) Voidness of inconsistent terms.—Any agreement, clause, waiver, disclosure, consent, or other contractual term that purports to authorize reuse of collateral, transfer full title to collateral in violation of this section, waive segregation, or otherwise impair a protection afforded to a collateral provider under this section shall be void and without legal effect.

(f) Insolvency and bankruptcy treatment.—

(1) Exclusion from estate.—Collateral held pursuant to this section shall not become property of the estate of the collateral recipient in any case under title 11, United States Code, and shall not be subject to claims of the creditors of the collateral recipient.

(2) No safe harbor for reuse.—Notwithstanding title 11, United States Code, no contract term, liquidation authority, netting authority, or other safe harbor shall be construed to authorize, validate, or excuse reuse of collateral prohibited by this section.

(3) Turnover.—In any insolvency, receivership, resolution, or bankruptcy proceeding of a collateral recipient, collateral held pursuant to this section shall be returned or released in accordance with subsection (d)(4) and shall not be administered as property beneficially owned by the collateral recipient.

(g) Recordkeeping and reporting.—

(1) Daily records.—Each collateral recipient and custodian shall maintain records sufficient to identify each collateral provider, each item of collateral, each segregated custody account, each substitution or release of collateral, and each enforcement action after default, and to demonstrate compliance with this section.

(2) Regulatory reporting.—Each appropriate Federal financial regulator shall require persons within its jurisdiction to submit periodic reports, in the uniform form prescribed under subsection (j), concerning aggregate collateral received, segregated holdings, substitutions, releases, enforcement after default, and violations of this section.

(3) Public reporting.—The appropriate Federal financial regulators shall publish, not less frequently than annually, aggregate and non-identifying information concerning the matters reported under paragraph (2).

(h) Anti-evasion.—It shall be unlawful for any person to evade or attempt to evade this section, including through an affiliate, intermediary, agreement, transaction, offsetting position, synthetic arrangement, or other direct or indirect means.

(i) Enforcement.—

(1) Wrongful reuse or conversion.—Any person that reuses, converts, misappropriates, or knowingly permits the reuse of collateral in violation of this section shall be liable for—

(A) restitution to each affected collateral provider;

(B) disgorgement of any net profits derived from the violation;

(C) a civil penalty equal to 3 times the value of the collateral wrongfully reused, converted, misappropriated, or made available for reuse; and

(D) appropriate injunctive and declaratory relief.

(2) Other civil violations.—A person that violates this section or a rule promulgated under this section in a manner not described in paragraph (1) shall be subject to a civil penalty not exceeding the greater of $1,000,000 or the value of the collateral affected by the violation. In determining the amount of the penalty, the appropriate Federal financial regulator or court, as applicable, shall consider—

(A) the culpability of the person;

(B) the duration and severity of the violation;

(C) the harm caused;

(D) any economic benefit obtained; and

(E) the promptness and adequacy of corrective action.

(3) Public enforcement.—

(A) Administrative enforcement.—An appropriate Federal financial regulator may, after notice and opportunity for hearing, issue an order against a person within its jurisdiction

requiring the person to cease and desist from a violation, comply with this section, pay restitution, disgorge net profits, pay a civil penalty authorized under paragraph (1) or (2), and take such other corrective action as the regulator determines appropriate.

(B) Civil actions.—An appropriate Federal financial regulator, the Attorney General, or an attorney general of a State may bring a civil action in an appropriate district court of the United States to enforce this section or a rule promulgated under this section. In such an action, the court may award any relief authorized under paragraph (1) or (2), including injunctive and declaratory relief.

(4) Private cause of action.—Any collateral provider aggrieved by a violation of this section may bring a civil action for damages, restitution, injunctive relief, declaratory relief, and reasonable attorney's fees and costs.

(j) Rulemaking.—Not later than 120 days after the date of enactment of this Act, the Financial Stability Oversight Council established under section 111 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5321) shall, in consultation with the appropriate Federal financial regulators, issue an interim final rule to carry out this section. The interim final rule shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Council shall provide a public comment period of not less than 60 days and shall issue a final rule not later than 1 year after the date of enactment of this Act. Each appropriate Federal financial regulator shall administer and enforce the rule with respect to persons and activities within its jurisdiction. A delay in issuing or finalizing a rule shall not delay or limit any prohibition or duty established by this section.

(k) Effective dates.—

(1) New arrangements.—Subsections (c) through (f), (h), and (i) shall apply beginning January 1, 2027 to a collateralized financing arrangement entered into after the date of enactment of this Act.

(2) Existing arrangements.—Subsections (c) through (f), (h), and (i) shall apply beginning January 1, 2028, to a collateralized financing arrangement entered into on or before the date of enactment of this Act.

(3) Renewals and transactions under master agreements.—For purposes of paragraphs (1) and (2), a transaction entered into, renewed, extended, or materially amended on or after the date of enactment of this Act shall be treated as a collateralized financing arrangement entered into on or after such date, without regard to whether the transaction is governed by a master agreement entered into before such date.

(4) Recordkeeping.—Subsection (g)(1) shall apply beginning 120 days after the date of enactment of this Act to each collateralized financing arrangement, without regard to when the arrangement was entered into.

(5) Regulatory reporting.—Reporting under subsection (g)(2) shall begin on the date specified in the interim final rule under subsection (j), which shall be not later than 180 days after the date of enactment of this Act.

(6) Public reporting.—The first report required under subsection (g)(3) shall be published not later than 1 year after the date of enactment of this Act.

Subtitle D—National Infrastructure Bank

SEC. 641. DEFINITIONS.

(a) In this subtitle:

(1) Affordable housing.—The term "affordable housing" means housing that meets the criteria established under section 215 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745).

(2) Area of public need.—The term "area of public need" means an area with high unemployment or low labor force participation, low household income, severe infrastructure deficits, rural isolation, limited access to capital, severe housing shortages, or other objective indicators of public need, as determined by the Board by rule.

(3) Bank.—The term "Bank" means the National Infrastructure Bank established under section 642(a).

(4) Bank investment instrument.—The term "Bank investment instrument" means any preferred share, bond, note, or other nondeposit contractual claim issued by the Bank to raise funds for lending, investment, or other activities authorized under this subtitle, provided that such instrument is not payable on demand, is not redeemable at par before a stated maturity or call date, and is not insured or guaranteed by the Federal Deposit Insurance Corporation.

(5) Blended financing.—The term "blended financing" means financing that combines financial assistance from the Bank with financing from one or more private lenders, local financial institutions, State revolving funds, or other public or private funding sources outside the Bank, and is integrated into a single agreement with a single set of financial terms.

(6) Board.—The term "Board" means the Board of Directors of the Bank established under section 645.

(7) Community development infrastructure project.—The term "community development infrastructure project" means the development of affordable housing, transportation, water infrastructure, schools, affordable broadband, public parks and recreation, libraries, or public facilities that train workers and build labor skills.

(8) Conflict of interest.—

(A) In general.—The term "conflict of interest", with respect to a person serving under section 645, means—

(i) a direct or indirect financial interest held by the person, an immediate family member of the person, or an entity in which the person or an immediate family member of the person has a substantial financial interest, in—

(I) a project under consideration for assistance under this subtitle; or

(II) an entity seeking or receiving assistance for a project pursuant to this subtitle; or

(ii) service by the person or an immediate family member of the person as an employee, officer, director, trustee, or in a similar role for an entity seeking or receiving assistance for a project under this subtitle.

(B) Diversified investment exception.—The term "conflict of interest" does not include an interest held through a mutual fund, index fund, pension fund, or other broadly diversified investment vehicle if the person does not control the investment decisions of the vehicle.

(9) Connectivity.—The term "connectivity", with respect to an infrastructure project, means the linkages in transportation, energy, communications, community development infrastructure, manufacturing facilities, and data centers that tie geographic areas together into economic units, including networks of commuter routes, railways, shipping lanes, and internet cables, as identified through geomatic data collected by the Department of Transportation.

(10) Covered Federal trust fund.—The term "covered Federal trust fund" means a trust fund, retirement fund, or other Federal account whose obligations of the United States are redeemed pursuant to section 612.

(11) Demand-par instrument.—The term "demand-par instrument" means any instrument or claim that—

(A) is represented as a cash equivalent; or

(B) is payable or redeemable at the option of the holder before a stated maturity or call date at par, at a fixed face amount, or at a stable stated value.

(12) Develop; development.—The terms "develop" and "development", with respect to an infrastructure project, mean—

(A) any preconstruction planning, feasibility review for stand-alone projects or for bundled projects, permitting, design work, lifecycle maintenance planning, and other preconstruction activities; and

(B) any construction, reconstruction, rehabilitation, replacement, or expansion.

(13) Direct loan.—The term "direct loan" has the meaning given the term in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a).

(14) Eligible legacy public debt obligation.—The term "eligible legacy public debt obligation" means an obligation of the United States issued under chapter 31 of title 31, United States Code, before January 1, 2027, that remains outstanding and has not yet been redeemed pursuant to section 613.

(15) Energy infrastructure project.—The term "energy infrastructure project" means a project that involves the construction of a new or upgraded energy generation, transmission, distribution, or storage facility.

(16) Entity.—The term "entity" means—

(A) a State or political subdivision of a State;

(B) a unit of local government;

(C) a publicly owned utility;

(D) a special purpose district, public authority, public corporation, or cooperative authorized to contract indebtedness;

(E) an Indian Tribe;

(F) a public trust;

(G) an authority, agency, or instrumentality of, or an entity owned by, 1 or more entities described in subparagraphs (A) through (F);

(H) a group of entities described in subparagraphs (A) through (G);

(I) a private entity; and

(J) a public-private partnership.

(17) Environmental infrastructure project.—The term "environmental infrastructure project" means any project for—

(A) the establishment, deferred maintenance, or enhancement, including security enhancement, of any drinking water and wastewater treatment facility, stormwater management system, flood gate, dam, levee, solid waste disposal facility, or hazardous waste facility;

(B) dredging;

(C) wetland restoration or other open space conservation;

(D) infill development; or

(E) industrial site cleanup or remediation.

(18) Executive Committee.—The term "Executive Committee" means the Executive Committee of the Bank established under section 645.

(19) Greenhouse gas.—The term "greenhouse gas" means—

(A) carbon dioxide;

(B) hydrofluorocarbons;

(C) methane;

(D) nitrous oxide;

(E) perfluorocarbons; and

(F) sulfur hexafluoride.

(20) Immediate family member.—The term "immediate family member" means a spouse, domestic partner, parent, child, sibling, parent-in-law, child-in-law, sibling-in-law, or any person who shares the household of the person.

(21) Indian Tribe.—The term "Indian Tribe" has the meaning given the term "Indian tribe" or "Indian Tribe" in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304(e)).

(22) Infrastructure project.—The term "infrastructure project" means any transportation infrastructure project, energy infrastructure project, environmental infrastructure project, manufacturing infrastructure project, telecommunications infrastructure project, community development infrastructure project, or other infrastructure project for which a development plan is presented to the Bank for financing.

(23) Local financial institution.—The term "local financial institution" means—

(A) a certified community development financial institution, as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702);

(B) a credit union the deposits of which are insured under Federal or State law or are protected or guaranteed under State law;

(C) a small bank and savings association or an intermediate bank or savings association, as those terms are defined in section 25.12 of title 12, Code of Federal Regulations, or a successor regulation; and

(D) a State public bank.

(24) Manufacturing infrastructure project.—The term "manufacturing infrastructure project" means a project for the development, construction, reconstruction, rehabilitation, expansion, modernization, equipping, tooling, site preparation, or utility connection of a manufacturing facility, industrial site, shared production facility, supply chain facility, repair facility, recycling facility, or remanufacturing facility in the United States, including a facility used to produce, process, assemble, repair, recycle, or remanufacture critical materials, manufactured goods, machinery, equipment, construction inputs, transportation equipment, energy equipment, medical goods, communications equipment, or other goods determined by the Board to support domestic productive capacity.

(25) Private entity.—The term "private entity" means a corporation, partnership, company, or nonprofit organization.

(26) Productivity.—The term "productivity" means the improved efficiency in the economy associated with investments in public and private infrastructure, calculated as the difference between—

(A) the change in the value of total production; and

(B) the change in the value of inputs going into production.

(27) Public benefit.—The term "public benefit" means the clear and measurable benefit to society resulting from the use of the infrastructure project by the public with respect to which a project is carried out, or the improvement the infrastructure project provides in—

(A) economic growth and productivity;

(B) air and water quality;

(C) energy savings;

(D) high-wage jobs;

(E) household economic security; or

(F) Federal, State, and local revenues.

(28) Public-private partnership.—The term "public-private partnership" means an agreement between an entity described in any of subparagraphs (A) through (H) of paragraph (16) and a private entity to finance, build, and maintain or operate an infrastructure project.

(29) Revolving fund.—The term "revolving fund" means a fund or program established by a State or a political subdivision or other instrumentality of a State, the principal activity of which is to make loans, commitments, or other financial accommodations for the development of 1 or more categories of infrastructure projects.

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

(31) State.—The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and any other territory or possession of the United States.

(32) Telecommunications infrastructure project.—The term "telecommunications infrastructure project" means any project involving infrastructure required—

(A) to provide communications by wire (including fiber optic cable), wireless (including satellite, microwave, or beam), internet, or radio (including broadband); or

(B) to enhance performance and security for that infrastructure (including networks and artificial intelligence).

(33) Transportation infrastructure project.—The term "transportation infrastructure project" means any project for the construction, deferred maintenance, or enhancement, including security enhancement, of a highway, road, bridge, transit or intermodal system, inland waterway, commercial port, airport, high-speed or passenger rail, or rail track system.

SEC. 642. ESTABLISHMENT OF NATIONAL INFRASTRUCTURE BANK.

(a) Establishment of National Infrastructure Bank.—There is established a National Infrastructure Bank, which shall be a mixed-ownership Government corporation subject to chapter 91 of title 31, United States Code, except as otherwise provided in this subtitle.

(b) Public credit charter.—This subtitle shall serve as the charter for the Bank as a public credit institution within the public credit architecture of the United States established under this title.

(1) Not a national bank.—The Bank shall not be a national bank, insured depository institution, depository institution, or transaction account provider.

(2) Not a depository institution.—The Bank may receive, hold, lend, invest, and disburse lawful money, dedicated revenues, appropriated amounts, repayments, retained earnings, and proceeds from the sale of Bank investment instruments, but may not accept transaction deposits, issue demand-par claims, or create deposit balances, reserves, or any other money-like claim.

(3) Day one systemic solvency compliance.—The Bank shall be subject to the systemic solvency rule established under section 254 and may not rely on any phase-in period, transition period, or delayed compliance schedule otherwise available to existing financial institutions.

(c) Purpose.—The purpose of the Bank shall be to facilitate efficient, long-term financing of infrastructure projects, productive capacity, business and economic growth, and new job creation in the United States.

(d) Responsibility of the Secretary.—The Secretary shall take such action as may be necessary to assist in the establishment of the Bank in accordance with this subtitle, including the establishment of accounts, receipt and transfer of initial capital, and administrative support during the organization of the Bank. After the Bank begins operations, the Secretary shall exercise only the authorities expressly provided to the Secretary under this subtitle or another Act of Congress.

(e) Conforming amendment.—Section 9101(2) of title 31, United States Code, is amended by adding at the end the following:

"(K) the National Infrastructure Bank.".

SEC. 643. CAPITALIZATION, INVESTMENT INSTRUMENTS, AND PUBLIC CREDIT.

(a) Capitalization and funding sources.—

(1) Authorized public credit capacity.—The Bank may raise, receive, hold, and deploy funds sufficient to support not more than $5,000,000,000,000 in aggregate outstanding loans, guarantees, insurance, participation interests, and other financial assistance under this subtitle, subject to the capital, liquidity, and risk management requirements of this subtitle.

(2) Actual funds requirement.—The Bank may provide financial assistance only from funds, property, revenues, repayments, retained earnings, or proceeds held by the Bank.

(3) Permitted funding sources.—Funds of the Bank may consist only of—

(A) appropriations, advances, dedicated revenues, grants, or transfers authorized by law, including transfers from a fund established by law for infrastructure, reconstruction, public production, or public purpose subsidies;

(B) repayments of principal, interest, fees, premiums, and other amounts received by the Bank;

(C) retained earnings and loan loss reserves;

(D) proceeds from the sale of Bank investment instruments;

(E) charitable donations;

(F) investments by covered Federal trust funds under paragraph (5); and

(G) proceeds of temporary borrowing arrangements entered into under subsection (c)(4).

(4) Exchange of eligible legacy public debt obligations.—

(A) In general.—The Bank may accept, in exchange for Bank investment instruments, eligible legacy public debt obligations held by a person other than the United States, a Federal agency, or a covered Federal trust fund.

(B) Treatment.—An eligible legacy public debt obligation accepted under subparagraph (A) may be held, sold, or redeemed at maturity.

(5) Covered Federal trust fund investments.—

(A) In general.—A covered Federal trust fund may invest not more than 10 percent of the balances received by the fund pursuant to the redemption of obligations of the United States under section 612 in senior Bank investment instruments.

(B) Required terms.—An instrument purchased under this paragraph shall—

(i) be senior to common equity and preferred shares;

(ii) have a stated maturity; and

(iii) not be payable on demand.

(C) Fiduciary and liquidity protection.—No investment may be made under subparagraph (A) unless the managing trustee or other officer responsible for the covered Federal trust fund determines that the investment is consistent with the projected benefit-payment and liquidity needs of the fund.

(b) Bank investment instruments.—

(1) Authority.—The Bank may issue Bank investment instruments to raise funds for loans, guarantees, insurance, participation interests, project financing, liquidity management, and other activities authorized under this subtitle.

(2) Permitted forms.—Bank investment instruments may include preferred shares, senior notes, subordinated notes, bonds, revenue bonds, project certificates, or other nondeposit investment instruments approved by the Board.

(3) Receipt required.—The Bank may issue a Bank investment instrument only in exchange for funds, eligible legacy public debt obligations, property, or other consideration received by the Bank.

(4) No Federal guarantee.—A Bank investment instrument shall be an obligation of the Bank only and shall not be an obligation of, or guaranteed by, the United States, any Federal agency or instrumentality other than the Bank.

(5) Permitted returns.—A Bank investment instrument may bear interest, pay dividends, participate in project revenues, receive portfolio returns, or provide such other return as the Board determines appropriate, provided that such return is payable only in accordance with the terms of the instrument and from funds lawfully available to the Bank.

(6) Pricing and terms.—Notwithstanding section 9108 of title 31, United States Code, the Board shall establish the price, maturity, return, seniority, call provisions, redemption terms, transferability, and other terms of each class of Bank investment instrument based on—

(A) the maturity and risk profile of the instrument;

(B) the expected revenues, repayments, or public credit returns supporting the instrument;

(C) the capital, liquidity, and loss reserve needs of the Bank; and

(D) the public benefit, infrastructure, and productive capacity purpose of the financing supported by the instrument.

(7) Redemption and maturity.—A Bank investment instrument may be redeemed at stated maturity, or may be called by the Bank before maturity in accordance with the disclosed terms of the instrument, but no holder may require redemption at par before maturity or before a call date established under the terms of the instrument.

(8) Transferability.—A Bank investment instrument may be transferable or tradable to the extent permitted by the terms of the instrument and regulations issued by the Board, except that no transfer or trading arrangement may require the Bank, the United States, or any other public entity to maintain a market price, provide liquidity support, purchase the instrument, or redeem the instrument before maturity or before a call date established under the terms of the instrument.

(9) Disclosure.—Each Bank investment instrument shall conspicuously disclose that the instrument—

(A) is not a deposit and is not payable on demand;

(B) may decline in market value;

(C) may be subject to loss according to its terms; and

(D) is not an obligation of, or guaranteed by, the United States or any Federal agency or instrumentality other than the Bank.

(10) Pooled investment vehicles.—

(A) In general.—A person may organize or offer a pooled investment vehicle that holds Bank investment instruments, provided that interests in such vehicle are not represented as transaction accounts, deposits, money market fund shares, cash equivalents, Treasury Dollar Bills, stable-value claims, or demand-par instruments.

(B) Anti-evasion.—The Bank, a holder, an underwriter, a distributor, a pooled investment vehicle, or any other person may not structure, market, guarantee, insure, support, or otherwise arrange a Bank investment instrument or pooled investment vehicle described in this paragraph for the purpose or effect of creating a private substitute for Treasury Dollar Bills, transaction account, deposit, demand-par instrument, or other money-like claim.

(11) No governance authority.—A Bank investment instrument may not confer on a holder authority to vote in the affairs of the Bank, appoint a member of the Board, or otherwise direct or control the management or governance of the Bank. Nothing in this paragraph shall prohibit contractual payment claims, priorities, or enforcement authority that do not confer ongoing governance authority.

(c) Borrowed capital and liquidity limitations.—

(1) Borrowing authority.—The Bank may borrow funds for project financing, liquidity management, and other activities authorized under this subtitle only through the issuance of Bank investment instruments or through temporary borrowing arrangements authorized under paragraph (4).

(2) Prohibition on Federal Reserve discount borrowing.—The Bank may not maintain a permanent, revolving, standby, or emergency discount line of credit with the Board of Governors of the Federal Reserve System or any Federal Reserve Bank.

(3) Prohibition on repurchase and rehypothecation financing.—The Bank may not raise borrowed capital through a repurchase agreement, reverse repurchase agreement, securities lending agreement, rehypothecation arrangement, title-transfer collateral arrangement, or other financing arrangement prohibited under section 636 that permits collateral reuse or creates short-term money-like claims.

(4) Permitted temporary borrowing.—The Bank may enter into temporary borrowing arrangements with public entities, local financial institutions, or other eligible counterparties, as determined by the Board by rule, if—

(A) the borrowing is for a stated term of not less than 90 days;

(B) the borrowing is not payable on demand;

(C) the borrowing is not redeemable at par before maturity;

(D) the borrowing is not secured through reusable collateral;

(E) the borrowing is not represented as a deposit, transaction account, Treasury Dollar Bills, cash equivalent, demand-par instrument, or other money-like claim; and

(F) the proceeds of the borrowing are received by the Bank before being disbursed.

(5) Rulemaking.—The Board shall issue rules governing borrowing under this subsection, including rules to prevent the use of borrowing arrangements to recreate any money-like claim outside the Treasury ledger.

(d) Accounts, custody, receipt, and disbursement of funds.—

(1) Accounts of the Bank.—The Bank may maintain accounts in its own name with the Treasury, including an account under section 623(b)(6), and with insured depository institutions, local financial institutions, or other financial institutions approved by the Board, solely for the receipt, custody, transfer, investment, and disbursement of funds of the Bank.

(2) No customer accounts.—The Bank may not establish, maintain, or offer a transaction account, deposit account, savings account, demand account, pass-through account, or similar customer account for any person other than the Bank, and the receipt of funds by the Bank shall not create a deposit, customer balance, demand liability, demand-par instrument, or other money-like claim against the Bank.

(3) Receipt of funds.—The Bank may receive funds from a person only as—

(A) payment for a Bank investment instrument;

(B) repayment of principal, interest, fees, premiums, or other amounts owed to the Bank;

(C) an appropriation, advance, dedicated revenue, grant, gift, or transfer authorized by law; or

(D) other consideration received in connection with an activity authorized under this subtitle.

(4) Disbursements and money-like claims.—

(A) Actual funds rule.—The Bank may make a loan, purchase a participation interest, provide other financial assistance, or make any other authorized disbursement only by transferring funds held by the Bank at the time of disbursement.

(B) No disbursement by liability creation.—The Bank may not make, record, or treat a disbursement as made by creating, crediting, or increasing a transaction account, deposit account, customer account, deposit balance, demand liability, overdraft, unfunded settlement obligation, demand-par instrument, or other money-like claim against the Bank.

(C) Recipient accounts.—A disbursement under this subsection may be made only to a lawful account designated by the recipient and maintained by a person other than the Bank.

(D) Commitments, lines of credit, and scheduled disbursements.—The Bank may approve a loan commitment, line of credit, or scheduled disbursement arrangement, but—

(i) no draw, advance, or disbursement may be made except by transferring funds held by the Bank at the time of the draw, advance, or disbursement;

(ii) any amount that the recipient may draw immediately, without further condition, shall be supported by funds held and reserved by the Bank; and

(iii) any amount not yet disbursed shall not be treated as a deposit balance, customer balance, demand liability, demand-par instrument, or other money-like claim against the Bank.

(E) Disbursement plan.—The Bank shall maintain an aggregate disbursement plan, updated not less frequently than quarterly, identifying approved commitments, immediately drawable amounts, scheduled disbursements, available funding sources, liquidity needs, and projected repayments, and shall provide such plan to the Board, the Secretary, and the Special Inspector General.

(5) Segregation and accounting.—The Bank shall maintain books and records sufficient to identify the source, status, use, restriction, and outstanding exposure of funds and assets of the Bank, including current balances, fiscal-year activity, and aggregate activity, as applicable, for—

(A) liquid balances and eligible legacy public debt obligations held by the Bank;

(B) amounts made available or accepted under any provision of law, including appropriations, advances, dedicated revenues, grants, gifts, and transfers received by the Bank;

(C) consideration from the sale or exchange of Bank investment instruments received by the Bank;

(D) repayments of principal, interest, fees, premiums, and other amounts received by the Bank;

(E) retained earnings, loan loss reserves, and other risk reserves held by the Bank;

(F) financial assistance provided by the Bank and outstanding, including loans, guarantees, insurance, and participation interests; and

(G) funds of the Bank reserved for pending disbursement under an approved loan, guarantee, insurance, participation interest, line of credit, or other financial assistance agreement.

(e) Net earnings, reserves, and public purpose surplus.—

(1) Use of earnings.—After meeting current obligations, and subject to paragraph (2), the Bank may use its earnings and other funds lawfully available to it in the exercise of its functions under this subtitle. No earnings or other funds may be distributed, reserved, or applied in a manner that would cause the Bank to fall below any capital, liquidity, loan loss, or risk reserve requirement.

(2) Priority of uses.—Net earnings of the Bank shall be applied in the following order:

(A) first, to necessary and reasonable operating and administrative expenses;

(B) second, to loan loss provisions and other risk reserves required by the Board;

(C) third, to liquidity reserves necessary to meet committed disbursements and reasonably foreseeable obligations;

(D) fourth, to capital restoration, if the Bank is below any capital requirement;

(E) fifth, to the payment of interest, dividends, or other returns on Bank investment instruments, to the extent due and payable under the terms of such instruments after application of subparagraphs (A) through (D);

(F) sixth, to repayment of initial organization appropriations under section 648(d); and

(G) seventh, to retained earnings or to a public purpose subsidy fund established under paragraph (3).

(3) Public purpose subsidy fund.—The Board may establish and administer a public purpose subsidy fund to support grants, credit subsidies, technical assistance, below-market financing, or other public purpose assistance for infrastructure projects serving an area of public need, using amounts made available to the fund under this subtitle.

(f) Losses and capital impairment.—

(1) No bailout funding.—The Bank may not receive Federal funds for the purpose of curing insolvency or restoring impaired capital.

(2) Loss absorption.—Losses incurred by the Bank on loans, guarantees, insurance, participation interests, project financing, Bank investment instruments, or other activities authorized under this subtitle shall be borne by the Bank through loan loss provisions, risk reserves, retained earnings, capital, and the loss-allocation terms of applicable Bank investment instruments, and shall not be obligations of the United States or any Federal agency or instrumentality other than the Bank.

(3) Capital impairment plan.—

(A) Plan required.—If the Bank falls below any capital, liquidity, loan loss, or risk reserve requirement established under this subtitle, the Board shall, not later than 30 days after such deficiency is identified, adopt and publish a capital impairment plan that identifies the deficiency, the corrective actions to be taken, the expected timeline for restoring compliance, and any restrictions on new financial assistance or distributions during the period of impairment.

(B) Restrictions during impairment.—During any period in which a capital impairment plan is in effect, the Bank may not pay dividends or discretionary returns, issue new Bank investment instruments except as part of the capital impairment plan, or approve new financial assistance unless the Board determines that such action is necessary to protect the value of existing public credit assets or complete an already-approved project.

(g) Capital, liquidity, and reserve requirements.—

(1) Capital requirement.—The Bank shall maintain loss-absorbing capital in an amount not less than 10 percent of the aggregate outstanding principal amount of loans, guarantees, insurance, participation interests, and other financial assistance provided by the Bank, calculated in such manner as the Board may prescribe by rule.

(2) Loan loss provisions and contingent-liability reserves.—The Bank shall maintain loan loss provisions and contingent-liability reserves in an amount sufficient, as determined by the Board, to absorb reasonably foreseeable losses under the loan, guarantee, insurance, participation, and project-financing activities of the Bank.

(3) Liquidity requirement.—The Bank shall maintain liquid balances sufficient to meet operating expenses, committed disbursements, and reasonably foreseeable obligations.

(4) Rulemaking.—The Board shall prescribe rules to implement this subsection, including rules governing capital adequacy, loan loss provisions, liquidity management, concentration limits, and stress testing.

(h) Federal Credit Reform Act.—Subsections (b) and (e) of section 504 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661c) shall not apply to a direct loan obligation, loan guarantee commitment, or modification thereof made by the Bank under this subtitle.

SEC. 644. LENDING AUTHORITY, REGIONAL PLANNING, AND PROJECT ELIGIBILITY.

(a) Loans.—

(1) In general.—The Bank shall provide loans, in accordance with this subtitle, to eligible entities, or may enter into blended financing, co-lending, loan participation, guarantee, insurance, or other financial assistance arrangements with entities eligible under subsection (d), local financial institutions, public entities, cooperatives, or other approved counterparties, for the financing, development, or operation of infrastructure projects, subject to the limitations of section 643.

(2) Local financial institution participation.—

(A) General rule.—Except as provided in subparagraph (D), the Bank shall conduct loan activities in partnership with local financial institutions and shall not unreasonably displace local financial institutions.

(B) Forms of partnership.—A partnership under subparagraph (A) may include origination, evaluation, servicing, monitoring, purchase of participation interests, guarantees, or blended financing of eligible infrastructure project loans.

(C) Conditions.—A partnership, purchase, guarantee, or participation under this paragraph shall be subject to the following conditions:

(i) the loan or participation interest shall satisfy the eligibility criteria of this section before the Bank commits funds;

(ii) if a local financial institution originates a loan, sells a participation interest to the Bank, or receives a guarantee from the Bank, the local financial institution shall retain a material share of the credit risk, as determined by the Board by rule; and

(iii) the Bank may not purchase, guarantee, or refinance a loan for the purpose of transferring an existing nonperforming or impaired loan from a local financial institution to the Bank.

(D) Exception.—The Bank may engage in loan activities without partnering with a local financial institution if comparable loan activities are not available from local financial institutions on reasonable terms, within a reasonable time, and in a manner consistent with the purposes of this subtitle.

(3) Loan maturity.—The maturity of loans shall, to the extent possible, be reasonably related to the maturity periods of anticipated profitability, economic stimulus, and projected useful life of projects financed by such loans.

(4) Interest charges on loans and other fees.—The Bank—

(A) shall establish fixed-rate interest, fees, premiums, or interest rate discounts based on the risk associated with a loan or other financial assistance, taking into consideration—

(i) the yield on Bank investment instruments of comparable maturity and risk, the public credit benchmark established by the Board by rule, or 1.6 percent per annum, whichever is greatest;

(ii) the credit rating of the borrowing entity if expressly published, or an assessment of the overall finances of the borrowing entity indicating an ability to service the loan;

(iii) current and expected future economic conditions, including expected improvements in the economy and the borrowing entity's finances resulting from the overall lending operations of the Bank; and

(iv) whether the infrastructure project serves an area of public need and, subject to availability of funds, qualifies for support from the public purpose subsidy fund under section 643(e)(3);

(B) may, in connection with a loan or other financial assistance provided under this subtitle, issue loan guarantees, insurance, coinsurance, and reinsurance to borrowing entities, insurance companies, financial institutions, or others, or groups thereof, and charge fees based on a similar risk analysis; and

(C) may charge for the review of any project proposal in such amount as may be approved by the Board to cover the costs of such review.

(5) Refinancing.—

(A) In general.—Subject to a full audit of the project and borrower, and subject to Board review, the Bank may extend the time limit for repayment of a loan, through renewal, substitution of new obligations, or otherwise, with the maximum time for such renewal to be

approved by the Board. Such refinancing may not be provided for the purpose of shifting an unrelated private loss, nonperforming loan, or speculative investment loss to the Bank.

(B) Further assistance.—The Bank may make further loans or provide additional financial assistance only if the Board determines that such assistance is necessary to—

(i) complete an eligible project;

(ii) protect the value of an existing public credit asset; or

(iii) avoid a greater loss to the Bank.

(6) Limitations on loans.—The Bank may not—

(A) provide loans to consumers or provide any other loans not described under this subtitle; or

(B) engage in investment banking activities, including underwriting securities, securities dealing, fiduciary services, or trust management services for customers, except to the extent necessary to issue, sell, transfer, service, or redeem Bank investment instruments under section 643.

(b) Regional offices.—

(1) In general.—The Bank shall establish an office of lending and public credit in each city that has a Federal Reserve Bank and may establish additional offices in any other location the Board determines appropriate.

(2) Coordination.—An office established under this subsection may support the lending activities described in subsection (a), the regional economic accelerator planning groups described in subsection (c), and eligible applicants by coordinating with local financial institutions, public entities, cooperatives, regional economic accelerator planning groups, and other eligible entities.

(3) Technical assistance.—The Bank shall ensure that regional offices provide technical assistance to eligible applicants, including public entities, cooperatives, local financial institutions, and project sponsors located in areas of public need, on project eligibility, application procedures, financing structures, compliance requirements, coordination with local financial institutions, and project monitoring.

(c) Formation of regional economic accelerator planning groups.—

(1) In general.—The Bank, through the regional offices established under subsection (b), shall facilitate the organization of not fewer than 7 regional economic accelerator planning groups across the United States, which shall be defined by common economic, demographic, and infrastructure connectivities.

(2) Duties.—The regional economic accelerator planning groups may—

(A) organize themselves by, and be composed of, State and local public sector officials, including through multijurisdictional or multistate agreements among agencies;

(B) identify economic megaregions, which shall consist of hub cities, related towns and suburbs, manufacturing production corridors, and rural areas woven together into the communities where people of the United States live, work, and provide goods or services for movement within the region, and to other regions;

(C) identify infrastructure, manufacturing, and supply chain needs and priorities for economic megaregions, with input from the American Society of Civil Engineers, and other trade, business, and industrial associations;

(D) develop regional economic accelerator plans, including a pipeline of infrastructure projects and the strategic placement of those infrastructure projects, needed to improve supply chains, land use, productivity, manufacturing capacity, and access for areas of public need within each economic megaregion;

(E) define how those infrastructure projects will create energy savings, improve the environment, improve jobs and wages, create regional economic growth, and create growth in regional tax income;

(F) identify where multijurisdictional agreements should be enacted or strengthened to improve the development of infrastructure projects that cross jurisdictional lines, such as transportation improvements along the northeast corridor, flood mitigation, water management to relieve drought conditions in southwestern States, or development of a national high-speed rail grid;

(G) identify Federal, State, or local laws and regulations that should be streamlined to reduce infrastructure project costs and approval times, while maintaining environmental and safety objectives, and, not later than October 15 of each odd-numbered year, publish a report recommending options for streamlining those laws and regulations;

(H) seek public input on the broad outlines of each regional infrastructure development plan;

(I) provide the regional infrastructure development plans to the Bank to inform the Bank on the selection of infrastructure projects for financing; and

(J) assist entities formulating and submitting projects for consideration of Bank financing on the definition, scope, selection criteria, and other factors under this section that will be considered in the approval process.

(d) Eligibility criteria for assistance from the Bank.—

(1) In general.—Subject to paragraph (4), the Bank may provide financial assistance to an entity for an infrastructure project if the project—

(A) meets the criteria described in, and requirements of, this subtitle;

(B) has local, regional, or national significance; and

(C) is in the public interest.

(2) Guidelines and applications.—

(A) Procedures.—The Executive Committee and the Board shall establish standard operating procedures and develop online application procedures for financial assistance from the Bank.

(B) Applications.—To be considered for financial assistance from the Bank for an infrastructure project, an entity shall submit to the Bank an application containing the information required by the procedures established under subparagraph (A).

(3) Criteria.—

(A) In general.—The Board shall evaluate and rate each application received under paragraph (2) based on the factors appropriate for the type of the infrastructure project, including—

(i) the consistency of the infrastructure project with a regional infrastructure development plan that builds connectivity in the project area and beyond and improves access for areas of public need;

(ii) the results of a lifecycle projection of the benefits, as compared to costs, of the infrastructure project that incorporates the factors described in clauses (iii) through (xii);

(iii) the extent to which the infrastructure project would promote economic growth, including productive capacity growth, cooperative enterprise, small business formation, domestic production, manufacturing infrastructure, and other real-economy activity associated with the infrastructure project;

(iv) the extent to which the infrastructure project contributes to job creation, including fair and responsible employment practices and workforce development to train workers in new skills, including through registered apprenticeship programs, labor-management training partnerships, union apprenticeship programs, community colleges, and other workforce development institutions;

(v) the extent to which the infrastructure project provides environmental and public health benefits, including a reduction in greenhouse gases, water pollution, and air pollution, and the removal of lead and other hazardous materials;

(vi) whether the applicant has a demonstrated ability to contract for design, construction, operation, and maintenance of the infrastructure project throughout its estimated useful life, including by defining project objectives, selecting experienced project managers, and utilizing performance-based monitoring;

(vii) the extent to which the infrastructure project incorporates bundling, sequencing, correct sizing, value design, and procurement procedures to realize long-term cost savings through the principle of "dig, build, expand, or improve only once";

(viii) the extent to which the infrastructure project uses appropriate technologies to improve project reliability, efficiency, resiliency, sustainability, security, and public safety;

(ix) the extent to which the infrastructure project preserves and repurposes existing infrastructure and rationally connects to other categories of existing or planned infrastructure projects;

(x) the extent to which the infrastructure project promotes the domestic production of critical materials, manufactured goods, construction inputs, equipment, and productive capacity needed for projects that receive financial assistance from the Bank;

(xi) a category specific benefit as described in subparagraph (B), as applicable; and

(xii) any other criteria as determined by the Board.

(B) Category specific benefit.—A category specific benefit referred to in subparagraph (A)(xi) includes—

(i) for a transportation infrastructure project—

(I) a reduction in surface and air traffic congestion, by road, transit, passenger rail, freight rail, port or inland water travel, or air travel, as measured by reductions in transit, boarding, and total trip times;

(II) an anticipated increase in capacity for existing and expected new ridership or transport use, including by high-speed rail;

(III) a reduction in risks from maintenance decline, or structural failure, over the service life of the project;

(IV) the coordination of improvements in commuter passenger operations, freight transport, and new community design, with the demographics of population, economic production, and trade hubs according to a regional infrastructure plan;

(V) an increase in access to affordable transportation options, to improve access to jobs, affordable housing, schools, medical services, food and other essential community services; or

(VI) improvements in safety for users, passengers, and operators, as measured by a reduction in fatalities and serious injuries;

(ii) for an environmental infrastructure project—

(I) increased coastal and inland flood mitigation and protection;

(II) improvements in drinking water, wastewater, or stormwater systems, through the repair, expansion or replacement of those systems;

(III) a reduction in risk to any public infrastructure from structural failure, or damage, due to weather-related events, cyber or physical attacks, or catastrophic wildfires; or

(IV) environmental improvements from the removal of hazardous wastes or chemical pollutants, including PFAS;

(iii) for an energy infrastructure project—

(I) development of a system that provides for any of the smart grid functions described in section 1306(d) of the Energy Independence and Security Act of 2007 (42 U.S.C. 17386(d)) (commonly known as a "smart grid"), with modern security and resiliency systems;

(II) expansion of generation, transmission, distribution, or storage capacity to connect new electricity generators and meet new demand, including demand from the electrification of vehicles or rail transportation systems;

(III) enhancement of systems to balance electricity supply and demand, curtail peak demand, restore power outages, or coordinate operating procedures among power-supplying entities; or

(IV) development, modernization, or deployment of nuclear, geothermal, hydropower, solar, wind, energy storage, or other domestic energy generation infrastructure;

(iv) for a telecommunications infrastructure project—

(I) completion of, or improvement in, broadband and wireless access and affordability in an area of public need; or

(II) improvement of the global telecommunication satellite network;

(v) for a community development infrastructure project—

(I) development, expansion, rehabilitation, or replacement of affordable housing, public housing, publicly assisted affordable housing, schools, libraries, workforce training facilities, or other public facilities; or

(II) improvements in national, State, and local parks and recreation facilities and related open space land management; and

(vi) for a manufacturing infrastructure project—

(I) expansion, modernization, equipping, tooling, site preparation, or utility connection of manufacturing facilities, industrial sites, shared production facilities, supply chain facilities, repair facilities, or recycling facilities;

(II) increased domestic production, processing, assembly, repair, or recycling of critical materials, manufactured goods, pharmaceuticals, medical goods, machinery, equipment, construction inputs, transportation equipment, energy equipment, communications equipment, or other goods determined by the Board to support domestic productive capacity; or

(III) development of cooperative, employee-owned, small business, or locally owned manufacturing capacity.

(C) Stimulation of domestic production.—If the Bank determines that any type of iron, steel, manufactured product, or construction material is not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality to meet the infrastructure needs in the United States, the Bank may solicit loan applications, including applications for manufacturing infrastructure projects, for projects to increase or improve the domestic production of that iron, steel, manufactured product, or construction material.

(D) Lender of last resort.—In selecting infrastructure projects to receive financial assistance from the Bank, the Board shall give priority to—

(i) an infrastructure project in an area of public need, including a workforce development plan to train workers in new skills and connect those workers with job openings financed by the Bank; and

(ii) an infrastructure project—

(I) that leverages or complements Federal, State, local, and private financing; or

(II) for which the applicant demonstrates that the additional capital could not be obtained from commercial sources at reasonable financing costs.

(4) Exclusions.—The Bank may not provide financial assistance for any infrastructure project that subsidizes or otherwise encourages the sale or lease of infrastructure currently owned or controlled by an entity described in subparagraphs (A) through (H) of section 641(a)(16), or will result in the private control or operation of infrastructure currently owned or controlled by such an entity under any agreement, including a public-private partnership.

(5) Emergency procedures.—

(A) In general.—During the period described in subparagraph (B), the Board may waive such selection criteria and procedures as the Board determines to be necessary in order to provide loans more quickly for infrastructure projects—

(i) that reduce unemployment;

(ii) that address the backlog of critical, shovel ready projects for which preliminary engineering or permitting is already completed; or

(iii) that address a critical safety or other public need.

(B) Period described.—The period referred to in subparagraph (A) is the period beginning on the date of enactment of this Act and ending on the later of—

(i) July 1 of the 1st year after the year in which the Bank begins operations; and

(ii) the date on which the Bank has provided a total of $500,000,000,000 in loans.

(C) Limitations.—A waiver under this paragraph may not waive or modify section 643, paragraph (4), section 646, or any requirement relating to fraud, conflicts of interest, public reporting, actual funds, money-like claims, labor standards, Buy America, or public ownership protections.

SEC. 645. GOVERNANCE AND MANAGEMENT OF THE BANK.

(a) Board of Directors.—

(1) In general.—The Bank shall have a Board of Directors consisting of 23 members, appointed by the President by and with the advice and consent of the Senate.

(2) Qualifications.—The members of the Board shall include individuals representing different regions of the United States, of whom—

(A) 11 shall have not less than 15 years of industrial and engineering experience;

(B) 2 shall have not less than 10 years of experience in labor federation policy, collective bargaining, labor standards, apprenticeship, or worker representation;

(C) 2 shall have not less than 10 years of experience in building trades, construction labor, project labor agreements, registered apprenticeship programs, or workforce development for construction projects;

(D) 2 shall have not less than 10 years of experience in civil works, water resources, flood control, navigation, environmental restoration, military construction, or infrastructure engineering, including experience in or with the Corps of Engineers;

(E) 2 shall have State and local public sector experience;

(F) 2 shall have finance experience; and

(G) 2 shall have economic development experience.

(3) Chairperson and vice chairperson.—At the time of appointment, the President shall designate—

(A) 1 member of the Board to serve as chairperson; and

(B) 1 member of the Board to serve as vice chairperson.

(4) Terms.—

(A) In general.—Except as provided in subparagraph (B), each member shall be appointed for a term of 6 years.

(B) Initial staggered terms.—Of the initial members of the Board—

(i) the chairperson shall be appointed for a term of 6 years and the vice chairperson shall be appointed for a term of 4 years;

(ii) 10 shall be appointed for a term of 4 years; and

(iii) 11 shall be appointed for a term of 2 years.

(5) Congressional recommendations.—Not later than 45 days after the date of enactment of this Act, the majority leader of the Senate, the minority leader of the Senate, the Speaker of the

House of Representatives, and the minority leader of the House of Representatives shall each submit to the President a recommendation for appointment of a member of the Board, after consultation with the appropriate committees of Congress.

(6) Date of initial nominations.—The initial nominations by the President for appointment of members to the Board shall be made not later than 90 days after the date of enactment of this Act.

(7) Vacancies.—

(A) In general.—A vacancy on the Board shall be filled in the manner in which the original appointment was made.

(B) Appointment to replace during term.—A member of the Board appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of the member was appointed shall be appointed only for the remainder of the term.

(C) Duration.—A member of the Board may serve after the expiration of the term of the member until a successor has taken office.

(8) Quorum.—

(A) Initial quorum.—No quorum shall exist before not fewer than 17 members of the Board have been confirmed by the Senate.

(B) General rule.—A majority of the members of the Board then serving shall constitute a quorum, but not fewer than 9 members.

(9) Reappointment.—A member of the Board may be reappointed by the President in accordance with this section.

(10) Compensation and reimbursement.—Members of the Board shall serve on a part-time basis and shall receive compensation at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day on which the member is engaged in the actual performance of Bank business, plus reasonable reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of their duties.

(11) Limitations.—

(A) In general.—A member of the Board may not participate in any review or decision if the member has a conflict of interest.

(B) Effect of violation.—A member who violates subparagraph (A) shall be disqualified from participating in the matter.

(12) Responsibilities.—The Board shall—

(A) as soon as practicable after the date on which a quorum of the Board is first established, establish an Executive Committee, risk management committee, and audit committee pursuant to this subtitle;

(B) not later than 180 days after the date on which a quorum of the Board is first established, develop and approve the bylaws of the Bank, and publish those bylaws in the Federal Register, including bylaws for the regulation of the affairs and conduct of the business of the Bank, consistent with the purpose, goals, objectives, and policies described in this subtitle;

(C) ensure that the Bank is at all times operated in a manner that is consistent with this subtitle, by—

(i) monitoring and assessing the effectiveness of the Bank in achieving strategic goals;

(ii) periodically reviewing internal policies submitted by the chief executive officer;

(iii) reviewing and approving annual business plans, annual budgets, and long-term strategies submitted by the chief executive officer;

(iv) reviewing and approving annual reports submitted by the chief executive officer;

(v) reviewing risk management and audit practices of the Bank; and

(vi) reviewing and approving all changes to the organization of the Bank; and

(D) establishing such other criteria, requirements, and procedures as the Board may consider to be appropriate in carrying out this subtitle.

(13) Meetings.—

(A) Open to the public; notice.—All meetings of the Board held to conduct the business of the Bank shall be open to the public, including through remote access, and shall be preceded by reasonable notice. The Board shall maintain audio or video archives of each public meeting and make those archives available to the public.

(B) Initial meeting.—The Board shall meet—

(i) not later than 45 days after the date on which a quorum of the Board is first established; and

(ii) at the call of the chairperson.

(C) Exception for closed meetings.—

(i) In general.—Pursuant to such rules as the Board may establish through bylaws, the members may close a meeting of the Board if, at the meeting, there is likely to be disclosed information that could adversely affect or lead to speculation—

(I) relating to an infrastructure project under consideration for assistance under this subtitle; or

(II) in financial, securities, or commodities markets or institutions, utilities, or real estate.

(ii) Notice.—The determination to close any meeting of the Board shall be made in a meeting of the Board and shall be recorded in the minutes of the Board.

(iii) Minutes and archives.—The Board shall prepare minutes of any meeting that is closed to the public and shall maintain an audio or video archive of each closed meeting. The minutes and archive of a closed meeting shall be made available to the public as soon as the considerations necessitating the closure no longer apply, or 6 years after the date of the closed meeting, whichever occurs first, unless disclosure is prohibited by law.

(b) Powers and limitations of the Board.—

(1) Powers.—In order to carry out the purposes of the Bank as described in this subtitle, the Board shall be responsible for the approval and monitoring of infrastructure projects, and shall have the following powers:

(A) To make senior and subordinated direct loans on such terms as the Board may determine to be appropriate to assist in the financing or refinancing of an infrastructure project.

(B) Subject to the availability of funding, to develop specialized loan programs, including high-need infrastructure loan programs, community cooperative startup programs, and programs serving areas of public need, that provide project financing on flexible repayment terms.

(C) To make loan guarantees on such terms as the Board may determine to be appropriate to assist in the financing or refinancing of an infrastructure project.

(D) To issue Bank investment instruments under section 643 to provide financing for infrastructure projects from proceeds received by the Bank.

(E) To make agreements and contracts with any entity in furtherance of the business of the Bank.

(F) To approve infrastructure loans financed in whole or in part by the Bank after receiving recommendations from the Executive Committee.

(G) To monitor infrastructure projects financed in whole or in part by the Bank after receiving assessments from the Executive Committee.

(H) To sue and be sued in the Bank's corporate capacity in any court of competent jurisdiction, except that no prejudgment attachment, garnishment, execution, or similar seizure process may be issued against the property of the Bank.

(I) To indemnify the members of the Board and officers of the Bank for liabilities arising out of the actions of the Board and officers of the Bank in such capacity, except that the Bank may not indemnify any person for willful misconduct, gross negligence, bad faith, fraud, or knowing violation of law.

(J) To serve as the primary liaison between the Bank and Congress, the executive branch, and State and local governments, and to represent the interests of the Bank.

(K) To exercise all other lawful powers that are necessary or appropriate to carry out, and are consistent with, the purposes of the Bank.

(2) Coordination with State and local regulatory authorities.—The provision of financial assistance by the Board pursuant to this subtitle shall not—

(A) limit the authority of any State or political subdivision or other instrumentality of a State to approve or regulate rates of return on private equity invested in an infrastructure project; or

(B) otherwise supersede any State law or regulation applicable to an infrastructure project.

(3) Federal personnel requests.—

(A) In general.—The Board may request the detail, on a reimbursable basis, of personnel from other Federal agencies with specific expertise not available from within the Bank, including personnel with experience in the selection process for competitive awards from—

(i) the Corps of Engineers;

(ii) the Department of Transportation;

(iii) the Department of Labor;

(iv) the Department of Housing and Urban Development;

(v) the Environmental Protection Agency;

(vi) the Department of the Treasury;

(vii) the Department of Commerce; and

(viii) other relevant Federal agencies.

(B) Detail.—The head of any Federal agency—

(i) may detail, on a reimbursable basis, any personnel of the agency requested by the Board; and

(ii) shall not withhold unreasonably the detail of any personnel requested by the Board.

(c) Executive Committee.—

(1) In general.—The Board shall establish an Executive Committee consisting of 9 members, including—

(A) the chief executive officer, who shall serve as the head of the Executive Committee;

(B) the chief risk officer;

(C) the chief operations officer;

(D) the chief loan origination officer;

(E) the chief compliance officer;

(F) the chief financial officer;

(G) the chief treasury officer;

(H) the chief asset and liability management officer; and

(I) the general counsel.

(2) Appointments.—A majority of the Board shall have the authority—

(A) to appoint the members of the Executive Committee; and

(B) to define the duties of each member of the Executive Committee in accordance with this subtitle, the bylaws of the Bank, and requirements of the Board.

(3) Qualifications.—Each member of the Executive Committee and all loan origination officers of the Bank shall have extensive experience and expertise in—

(A) 1 or more of the following—

(i) public credit;

(ii) infrastructure finance;

(iii) project finance;

(iv) community lending;

(v) development finance; or

(vi) financial risk management; and

(B) 1 or more of the following—

(i) transportation infrastructure;

(ii) environmental infrastructure;

(iii) energy infrastructure;

(iv) telecommunications infrastructure;

(v) manufacturing infrastructure;

(vi) public housing and urban or rural development;

(vii) economic development;

(viii) workforce development; or

(ix) public finance.

(4) Duties of chief executive officer.—The chief executive officer shall have responsibility for the development and implementation of the strategy of the Bank, including—

(A) the development and submission to the Board of the annual business plans and budget;

(B) the development and submission to the Board of a long-term strategic infrastructure development plan that is consistent with regional plans presented to the Bank by regional economic accelerator planning groups established under section 644(c); and

(C) the development, revision, and submission to the Board of other internal policies of the Bank.

(5) Duties of Executive Committee.—In order to carry out the purposes of the Bank, the Executive Committee shall—

(A) establish and submit to the Board for approval—

(i) disclosure and application procedures for entities submitting applications for infrastructure projects for assistance under this subtitle;

(ii) standardized terms and conditions, fee schedules, or legal requirements of a contract or program to carry out this subtitle; and

(iii) guidelines for the selection and approval of infrastructure projects and specific criteria for determining eligibility for project selection, subject to the general criteria provided in section 644(d);

(B) accept for consideration project proposals from entities for the development of infrastructure projects in accordance with this subtitle;

(C) provide recommendations to the Board and place project proposals accepted by the Executive Committee on a list for consideration for financial assistance from the Board; and

(D) establish a plan, and build capacity within the Bank, to provide technical assistance to State and local governments, regional economic accelerator planning groups established under section 644(c), joint ventures, and other borrowing entities on—

(i) the borrowing procedures and selection criteria of the Bank;

(ii) the development of a pipeline of projects suitable for financing that meet the selection criteria developed by the Bank;

(iii) the development of specialized institutional structures and cross-regional planning to help in the planning of complex projects;

(iv) best practices for design, construction, and management, including those identified in global infrastructure databases;

(v) contract evaluation methods, including procurement value-for-money options; and

(vi) institution strengthening relating to the management of projects and work contracts, including through performance-based project delivery.

(6) Vacancy.—A vacancy on the Executive Committee shall be filled in the manner in which the original appointment was made.

(7) Compensation.—The compensation of a member of the Executive Committee shall be determined by the Board.

(8) Removal.—A member of the Executive Committee may be removed at the discretion of a majority of the Board.

(9) Term.—A member of the Executive Committee shall serve a term of 6 years, unless sooner removed under paragraph (8), and may be reappointed in accordance with this section.

(10) Limitations.—

(A) In general.—A member of the Executive Committee may not—

(i) hold any other public office; or

(ii) participate in any review, recommendation, report, evaluation, or decision if the member has a conflict of interest.

(B) Effect of violation.—A member who violates subparagraph (A)(ii) shall be disqualified from participating in the matter and may be removed under paragraph (8).

(d) Risk management committee.—

(1) Establishment.—The Board, in consultation with the chief loan origination officer, shall establish a risk management committee consisting of 5 members, headed by the chief risk officer.

(2) Appointment.—A majority of the Board shall have the authority—

(A) to appoint the members of the risk management committee; and

(B) to define the duties of the chief risk officer and each remaining member of the risk management committee in accordance with this subtitle, the bylaws of the Bank, and requirements of the Board.

(3) Qualifications.—Each member of the risk management committee shall have demonstrated experience and expertise in 1 or more of the following:

(A) Treasury and asset and liability management.

(B) Investment regulations.

(C) Insurance.

(D) Credit risk management and credit evaluations.

(E) Infrastructure development projects.

(4) Duties of chief risk officer.—The chief risk officer shall—

(A) have such functions, powers, and duties as may be prescribed by this subtitle, the bylaws of the Bank, and the Board; and

(B) report directly to the Board.

(5) Duties of risk management committee.—The risk management committee shall—

(A) develop overarching financial, credit, and operational risk management guidelines and policies to be adhered to by the Bank;

(B) develop conforming standards for loan agreements to ensure diversification of lending activities by geographic region, infrastructure project type, and service to areas of public need;

(C) ensure compliance with Federal and State laws referred to in section 646;

(D) develop specific plans for all financial assistance provided by the Bank, including credit-subsidy programs, technical assistance programs, and participation standards for small businesses, cooperatives, employee-owned enterprises, locally owned businesses, new market entrants, and businesses located in areas of public need, in infrastructure projects financed by the Bank in accordance with section 646;

(E) monitor the overall financial, credit, and operational exposure of the Bank;

(F) establish a standing subcommittee to perform regular credit evaluations and report on large infrastructure loans extended by the Bank to monitor compliance with terms and attainment of performance targets contained in loan agreements; and

(G) provide financial recommendations to the Board for approval.

(6) Vacancy.—A vacancy on the risk management committee shall be filled in the manner in which the original appointment was made.

(7) Compensation.—The compensation of a member of the risk management committee shall be determined by the Board.

(8) Removal.—A member of the risk management committee may be removed at the discretion of a majority of the Board.

(9) Term.—A member of the risk management committee shall serve a term of 6 years, unless sooner removed under paragraph (8), and may be reappointed in accordance with this section.

(10) Limitations.—

(A) In general.—A member of the risk management committee may not—

(i) hold any other public office; or

(ii) participate in any review, recommendation, report, evaluation, or decision if the member has a conflict of interest.

(B) Effect of violation.—A member who violates subparagraph (A)(ii) shall be disqualified from participating in the matter and may be removed under paragraph (8).

(e) Audit committee.—

(1) In general.—The Bank shall establish an audit committee consisting of 5 members, headed by the chief compliance officer.

(2) Appointment.—A majority of the Board shall have the authority—

(A) to appoint the members of the audit committee; and

(B) to define the duties of the chief compliance officer and each remaining member of the audit committee in accordance with this subtitle, the bylaws of the Bank, and requirements of the Board.

(3) Qualifications.—Each member of the audit committee shall have demonstrated experience and expertise in 1 or more of the following:

(A) Internal auditing.

(B) Internal investigations.

(C) Accounting practices.

(D) Financing practices.

(4) Duties of chief compliance officer.—The chief compliance officer shall—

(A) have such functions, powers, and duties as may be prescribed by this subtitle, the bylaws of the Bank, and the Board; and

(B) report directly to the Board.

(5) Duties of audit committee.—The audit committee shall—

(A) provide internal controls and internal auditing activities for the Bank;

(B) maintain responsibility for the accounting activities of the Bank;

(C) conduct internal investigations of the business activities of the Bank;

(D) issue financial reports of the Bank; and

(E) complete reports with outside auditors and public accountants appointed by the Board.

(6) Vacancy.—A vacancy on the audit committee shall be filled in the manner in which the original appointment was made.

(7) Compensation.—The compensation of a member of the audit committee shall be determined by the Board.

(8) Removal.—A member of the audit committee may be removed at the discretion of a majority of the Board.

(9) Term.—A member of the audit committee shall serve a term of 6 years, unless sooner removed under paragraph (8), and may be reappointed in accordance with this section.

(10) Limitations.—

(A) In general.—A member of the audit committee may not—

(i) hold any other public office; or

(ii) participate in any review, recommendation, report, evaluation, or decision if the member has a conflict of interest.

(B) Effect of violation.—A member who violates subparagraph (A)(ii) shall be disqualified from participating in the matter and may be removed under paragraph (8).

(f) Personnel compensation and duties.—The chairperson of the Board, chief executive officer, chief risk officer, and chief compliance officer may appoint, remove, fix the compensation of, and define the duties of qualified personnel to support the officer or committee for which the appointing official is responsible, in accordance with this subtitle, the bylaws of the Bank, and policies approved by the Board.

SEC. 646. LABOR, BUY AMERICA, AND COMMUNITY SAFEGUARDS.

(a) Compliance with Federal and State laws.—

(1) In general.—The Bank, any entity that receives financial assistance from the Bank, and any contractor or subcontractor that receives funds from financial assistance provided by the Bank shall comply with all applicable Federal and State laws, including this section.

(2) Agreements.—The Bank shall require an entity that receives financial assistance from the Bank to—

(A) confirm compliance with applicable Federal and State laws in a loan agreement between the Bank and the entity; and

(B) ensure, through a written agreement, that contractors and subcontractors used by the entity for an infrastructure project carried out with that financial assistance are in compliance with applicable Federal and State laws.

(b) Compliance with Davis-Bacon Act.—

(1) In general.—All laborers and mechanics employed by contractors and subcontractors on infrastructure projects funded directly by or assisted in whole or in part by or through the Bank pursuant to this subtitle shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.

(2) Labor standards.—With respect to the labor standards described in paragraph (1), the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and section 3145 of title 40, United States Code.

(c) Compliance with project labor agreements.—

(1) In general.—

(A) Covered States.—Notwithstanding any contrary State or local law, any recipient of financial assistance from the Bank in a covered State shall, for purposes of an infrastructure project funded by such financial assistance, be a party to a project labor agreement with an applicable labor organization.

(B) States that are not covered States.—Any recipient of financial assistance from the Bank in a State that is not a covered State shall, for purposes of the infrastructure project funded by such financial assistance, permit voluntary collective bargaining with respect to becoming a party to a project labor agreement.

(2) Definitions.—For purposes of this subsection:

(A) Covered State.—The term "covered State" means a State in which—

(i) the laws of such State permit an entity to require project labor agreements; or

(ii) the total estimated amount of all construction contracts for the infrastructure project is not less than $35,000,000.

(B) Project labor agreement.—The term "project labor agreement" means a pre-hire collective bargaining agreement with 1 or more labor organizations that establishes the terms and conditions of employment for a specific construction project and is described in section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)).

(3) Timing of determination.—For purposes of this subsection, whether a State is a covered State shall be determined as of the date on which the Bank approves financial assistance for the infrastructure project.

(d) Buy America requirement.—Section 70914 of the Infrastructure Investment and Jobs Act (41 U.S.C. 8301 note; Public Law 117–58) shall apply to the Bank, including financial assistance provided by the Bank.

(e) Employee transition protections.—

(1) Certification.—The Bank may not provide financial assistance for an infrastructure project involving reconstruction, rehabilitation, replacement, or expansion that is reasonably expected to displace current employees, materially reduce compensation or benefits, or materially alter existing terms or conditions of employment at the project site, unless the applicant certifies that the applicant, and any contractor or subcontractor that will receive funds from financial assistance provided by the Bank, will comply with—

(A) all applicable Federal and State labor and employment laws;

(B) any applicable collective bargaining agreement or project labor agreement; and

(C) any applicable notice, retraining, placement, or transition assistance requirements.

(2) Rule of construction.—Nothing in this subsection shall be construed to prohibit automation, productivity enhancing technology, or labor saving improvements otherwise eligible for assistance under this subtitle.

(f) Small business and local productive enterprise participation.—For each fiscal year, the Bank shall ensure that not less than 20 percent of the financial assistance provided by the Bank is provided to or through small business concerns, cooperatives, employee-owned enterprises, locally owned businesses, new market entrants, and businesses located in areas of public need, as determined by the Board by rule.

(g) Local hiring preference.—

(1) In general.—In providing financial assistance under this subtitle, the Bank shall ensure that recipients of financial assistance from the Bank implement a local, rural, or other geographic or economic hiring preference relating to the use of labor for construction of an infrastructure project funded by the assistance, including pre-hire agreements, subject to any applicable State and local laws, policies, and procedures, in partnership with a registered apprenticeship program, as defined in section 3131(e)(3)(B) of the Internal Revenue Code of 1986, if applicable, or with a State board or local board, as those terms are defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102).

(2) Priority.—In carrying out paragraph (1), the Bank shall ensure that recipients of financial assistance from the Bank give priority in hiring to—

(A) individuals with a barrier to employment, as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102), including individuals who are long-term unemployed, formerly incarcerated, or otherwise face documented barriers to employment;

(B) veterans; and

(C) individuals residing in areas of public need.

(h) Infrastructure planning, coordination, and nonduplication.—To the maximum extent practicable, the Bank shall ensure that activities of the Bank are coordinated with, and do not duplicate the efforts of, any Federal or State department or agency.

(i) State and local permits.—The provision of financial assistance by the Bank with respect to an infrastructure project does not relieve any recipient of the assistance of any obligation to obtain required State and local permits and approvals with respect to the infrastructure project.

SEC. 647. OVERSIGHT, AUDITS, PUBLIC REPORTING, AND SPECIAL INSPECTOR GENERAL.

(a) Office of Special Inspector General.—There is established the Office of Special Inspector General for the Bank.

(b) Appointment of Special Inspector General.—

(1) In general.—The Special Inspector General shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Qualifications.—The appointment of the Special Inspector General shall be made on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations.

(c) Removal.—The Special Inspector General may be removed from office by the President. If the President removes the Special Inspector General from office, the President shall communicate in writing the reasons for such removal to Congress not later than 30 days before the date on which the removal takes effect.

(d) Duties.—The Special Inspector General shall conduct, supervise, and coordinate audits and investigations of the business, programs, operations, financial condition, and compliance of the Bank.

(e) Powers and authorities.—

(1) In general.—In carrying out the duties of the Special Inspector General under this section, the Special Inspector General shall have the authorities provided under section 6 of the Inspector General Act of 1978 (5 U.S.C. 406).

(2) Personnel, services, and contracts.—The Special Inspector General may select, appoint, and employ such officers and employees as may be necessary to carry out the duties of the Special Inspector General and may obtain services and enter into contracts as necessary to carry out such duties.

(3) Coordination.—The Special Inspector General shall coordinate with the Inspector General of the Department of the Treasury, the Comptroller General of the United States, and any other Inspector General or oversight official the Special Inspector General determines appropriate.

(4) Access to information.—

(A) In general.—Upon request of the Special Inspector General, the Bank, the Board, the Executive Committee, any committee of the Bank, any officer or employee of the Bank, and any recipient of financial assistance from the Bank shall provide the Special Inspector General with such information or assistance as the Special Inspector General determines necessary to carry out this section.

(B) Refusal.—If information or assistance requested by the Special Inspector General is, in the judgment of the Special Inspector General, unreasonably refused or not provided, the Special Inspector General shall report the circumstances to the Board, the Secretary, and the appropriate committees of Congress without delay.

(f) Reports by Special Inspector General.—

(1) Annual report.—Not later than April 1 of each year, the Special Inspector General shall submit to Congress, the President, the Secretary, and the Board a report summarizing the activities of the Special Inspector General during the preceding calendar year.

(2) Additional reports.—The Special Inspector General may submit to Congress, the President, the Secretary, and the Board such additional reports as the Special Inspector General determines appropriate.

(3) Contents.—Each report under paragraph (1) shall include, for the period covered by the report—

(A) a description of audits and investigations conducted by the Special Inspector General;

(B) a description of significant problems, abuses, deficiencies, or vulnerabilities identified by the Special Inspector General;

(C) a description of recommendations made by the Special Inspector General;

(D) an identification of recommendations that have not been implemented by the Bank; and

(E) any recommendations for legislative or administrative action that the Special Inspector General determines appropriate.

(g) Accounting and audits.—

(1) Accounts.—The Bank shall maintain adequate books and accounts of its assets, liabilities, capital, receipts, disbursements, financial assistance, Bank investment instruments, guarantees, insurance, participation interests, and other obligations.

(2) Annual audit.—The financial statements of the Bank shall be subject to an annual audit by independent public accountants of nationally recognized standing, to be appointed by the Board with the concurrence of the Special Inspector General or, during a vacancy in the office of the Special Inspector General, the Inspector General of the Department of the Treasury.

(3) Availability.—The Bank shall make each annual audit conducted under paragraph (2) available to the President, Congress, the Secretary, the Comptroller General of the United States, and the public.

(h) Reports by the Board and Comptroller General.—

(1) Board.—Not later than 90 days after the end of each fiscal year, the Board shall submit to the President and Congress a complete and detailed report with respect to the preceding fiscal year that describes—

(A) a summary of the operations of the Bank;

(B) a schedule of the obligations of the Bank, Bank investment instruments, guarantees, insurance, participation interests, and other financial assistance outstanding at the end of that preceding fiscal year, with a statement of the amounts issued, redeemed, paid, impaired, or written down during that preceding fiscal year;

(C) the status of infrastructure projects that have received funding or other assistance pursuant to this subtitle, including disclosure of all entities with a development, ownership, or operational interest in those infrastructure projects;

(D) the capital, liquidity, loan loss, risk reserve, and borrowed capital position of the Bank, including the aggregate amount, maturity structure, interest or return terms, counterparties by category, and use of proceeds of borrowed capital outstanding under section 643(c);

(E) a certification of the compliance of the Bank with the borrowed capital and liquidity limitations under section 643(c); and

(F) the geographic, sectoral, and counterparty concentration of financial assistance provided by the Bank.

(2) Comptroller General.—Not later than 2 years after the Bank begins operations, and every 3 years thereafter, the Comptroller General of the United States shall submit to Congress a report evaluating activities of the Bank, including the financial condition of the Bank, the compliance of the Bank with this subtitle, the effectiveness of the Bank in carrying out the purposes of this subtitle, and any recommendations for legislative or administrative action.

(i) Books and records.—

(1) In general.—The Bank shall maintain adequate books and records to support each financial transaction of the Bank, including records sufficient to identify appropriated amounts, advances, dedicated revenues, proceeds from Bank investment instruments, repayments, retained earnings, loan loss reserves, and funds held for pending disbursement.

(2) Public database.—The Bank shall maintain on a publicly accessible database a description of financial transactions and infrastructure projects receiving funding, including the amount of funding for each infrastructure project.

(3) Public comment period.—Except for emergency financing under section 644(d)(5), before final approval of an infrastructure financing agreement, the Bank shall post on the database referred to in paragraph (2) a summary of the material terms of the proposed financing, including the project sponsor, project location, type of assistance, amount of assistance, maturity or expected term, public purpose, and any proposed subsidy, and shall provide a period of not less than 30 days for public comment.

(4) Confidential business information.—Nothing in paragraph (2) or (3) shall be construed to require the public disclosure of trade secrets, confidential business information, proprietary financial information, or other information protected from disclosure by law.

(5) Inspection by Secretary, Special Inspector General, and Comptroller General.—The books and records of the Bank shall be open to inspection by the Secretary, the Special Inspector General, and the Comptroller General of the United States.

SEC. 648. TAX TREATMENT AND APPROPRIATIONS.

(a) Treatment of Bank as Government corporation exempt from tax.—Section 501(l) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"(5) The National Infrastructure Bank established under section 642 of the POPULIST Act.".

(b) Treatment of gifts to Bank as charitable contributions.—

(1) In general.—Section 170(c) of the Internal Revenue Code of 1986 is amended by inserting after paragraph (6) the following:

"(7) A gift, grant, or contribution to the National Infrastructure Bank established under section 642 of the POPULIST Act, but only if the donor receives no Bank investment instrument or claim to repayment, dividends, interest, or another financial return in exchange for such gift, grant, or contribution.".

(2) Application of percentage limitation.—Section 170(b)(1)(A) of the Internal Revenue Code of 1986 is amended—

(A) by striking "or" at the end of clause (ix);

(B) by inserting "or" at the end of clause (x); and

(C) by inserting after clause (x) the following:

"(xi) the National Infrastructure Bank referred to in subsection (c)(7),".

(c) No Federal claims.—

(1) In general.—Section 3713 of title 31, United States Code, shall not apply with respect to any indebtedness of the Bank unless the United States is the holder of the claim.

(2) No bailouts.—No Federal funds may be used to satisfy liabilities of the Bank, cure insolvency of the Bank, or protect holders of Bank investment instruments from loss.

(d) Initial organization appropriations.—

(1) Authorization of appropriations.—There is authorized to be appropriated $50,000,000 for each of fiscal years 2027 and 2028, to remain available until expended, for the initial organization of the Bank, the Board, and Bank staff.

(2) Repayment of initial appropriations.—Amounts appropriated pursuant to paragraph (1) shall be repaid to the Treasury of the United States not later than 10 years after the first appropriation is made pursuant to such paragraph.

(3) Source of repayment.—Repayment under paragraph (2) shall be made from earnings or other funds lawfully available to the Bank, subject to section 643(e).

Subtitle E—Consumer Financial Protection and Power

SEC. 651. CONSUMER FINANCIAL DATA ACCESS AND OPEN BANKING ENFORCEMENT.

(a) Definitions.—In this section:

(1) Bureau.—The term "Bureau" means the Bureau of Consumer Financial Protection.

(2) Regulatory terms.—Any term used in this section that is defined in part 1033 of title 12, Code of Federal Regulations, as incorporated under subsection (b), has the meaning given the term in that part.

(b) Codification and statutory floor.—

(1) Incorporation.—The provisions codified in part 1033 of title 12, Code of Federal Regulations, by the final rule entitled Required Rulemaking on Personal Financial Data Rights, issued by the Bureau pursuant to section 1033 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5533), published in the Federal Register on November 18, 2024 (89 Fed. Reg. 90838), and in effect on January 17, 2025, are incorporated into this Act and shall be treated as though set forth in this section.

(2) Statutory floor.—The Bureau may prescribe regulations to strengthen, update, or expand any provision incorporated under paragraph (1), but may not rescind, weaken, narrow, or otherwise reduce any protection, duty, prohibition, remedy, or requirement established by such provision.

(c) Compliance dates.—Notwithstanding section 1033.121(b) of title 12, Code of Federal Regulations, as incorporated under subsection (b), the requirements of subparts B and C of part 1033 of such title and the duties, prohibitions, liabilities, and remedies under subsections (e) through (h) shall apply to—

(1) a data provider described in section 1033.121(b)(1) of such title beginning 180 days after the date of enactment of this Act;

(2) a data provider described in section 1033.121(b)(2) of such title beginning 1 year after the date of enactment of this Act;

(3) a data provider described in section 1033.121(b)(3) of such title beginning 2 years after the date of enactment of this Act;

(4) a data provider described in section 1033.121(b)(4) of such title beginning 3 years after the date of enactment of this Act; and

(5) a data provider described in section 1033.121(b)(5) of such title beginning 4 years after the date of enactment of this Act.

(d) Standards recognition.—

(1) Process codified.—Congress affirms and codifies the process established in part 1033 of title 12, Code of Federal Regulations, for recognition by the Bureau of standard-setting bodies and for the development and maintenance of consensus standards by recognized standard setters.

(2) Continued flexibility.—Nothing in subsection (b) shall prevent—

(A) the Bureau from recognizing, renewing, or revoking recognition of a standard-setting body; or

(B) a recognized standard setter from adopting, updating, or withdrawing a consensus standard;

consistent with part 1033 of title 12, Code of Federal Regulations, except that no such action may violate subsection (b)(2).

(e) Affirmative duty and burden of proof.—

(1) Affirmative duty.—A data provider shall have an affirmative duty to provide consumers and their authorized third parties with access to covered data in a timely, continuous, standardized, and nondiscriminatory manner.

(2) Denial of required access.—Any denial, revocation, suspension, limitation, degradation, or delay by a data provider of access otherwise required under this section shall constitute a violation of this section unless the data provider demonstrates, by clear and convincing evidence, that the action was strictly necessary to address a specific, material, and demonstrable security risk and was narrowly tailored in scope and duration.

(f) Prohibition on evasive conduct.—It shall be unlawful for a data provider to comply with this section in form but not in substance, including through any technical, contractual, procedural, or operational measure that materially interferes with, conditions, degrades, or frustrates access by consumers or their authorized third parties to covered data as required under this section.

(g) Enforcement and remedies.—

(1) Bureau enforcement.—The Bureau shall implement, administer, and enforce this section. A violation of this section shall be treated as a violation of a Federal consumer financial law for purposes of subtitle E of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5561 et seq.).

(2) Statutory damages.—

(A) In general.—A data provider that violates this section shall be liable for statutory damages of not less than $100 per affected consumer per day for each day the violation persists.

(B) Accrual.—Statutory damages under this paragraph shall accrue automatically without regard to proof of actual harm and shall be in addition to any other remedy provided by law.

(3) Civil action by consumer.—Any consumer aggrieved by a violation of this section may bring a civil action in any court of competent jurisdiction for injunctive relief, any statutory damages available under paragraph (2), and reasonable attorneys' fees and costs.

(h) Preservation of safe harbors conditioned on good faith compliance.—A data provider shall be eligible for any statutory, regulatory, or judicial safe harbor, limitation on liability, or preemption defense otherwise available under Federal law with respect to liability arising under this section only if the data provider demonstrates good faith compliance with this section and regulations prescribed under this section.

(i) Technical standards backstop.—If the Bureau determines that no consensus standard is reasonably available, or that data providers are engaging in conduct that materially frustrates implementation of consensus standards, the Bureau may by rule establish a default technical standard that shall have the same force and effect as a consensus standard for purposes of compliance with this section.

SEC. 652. FEDERAL USURY CAP.

(a) In general.—Notwithstanding any other provision of Federal or State law, it shall be unlawful for a creditor to extend or maintain any consumer credit with an annual percentage rate exceeding 10 percent.

(b) Scope.—This section shall apply to any extension of consumer credit, including credit cards, installment loans, personal loans, income advance, lines of credit, and any other form of credit offered to a natural person for personal, family, or household purposes.

(c) Annual percentage rate.—For purposes of this section, the annual percentage rate shall be calculated in accordance with section 107 of the Truth in Lending Act (15 U.S.C. 1606) and, notwithstanding section 106 of such Act (15 U.S.C. 1605), shall include all interest, fees, charges, penalties, and other consideration imposed directly or indirectly on the borrower in connection with the extension, maintenance, or collection of credit, except for a bona fide charge of a type and amount payable in a comparable cash transaction.

(d) Evasion prohibited.—A creditor may not evade the requirements of this section through the use of fees, add-ons, affiliated entities, third-party arrangements, choice-of-law provisions, or any other device or subterfuge.

(e) Rent-a-bank prohibition.—The applicability of this section shall be determined by the substance of the credit transaction, and not the identity or charter of any intermediary, including a

bank or nonbank partner. Any person that holds the predominant economic interest in a consumer credit transaction shall be deemed the creditor for purposes of this section.

(f) Preemption.—This section shall supersede any provision of State or Federal law, including any law relating to bank charters or interest rate exportation, that permits the extension of consumer credit at an annual percentage rate exceeding the limit established under subsection (a). Nothing in this section shall preempt or supersede a State law that provides greater protection to a consumer.

(g) Enforcement and remedies.—

(1) Enforcement.—A violation of this section shall be subject to administrative enforcement under section 108 of the Truth in Lending Act (15 U.S.C. 1607) and civil liability under section 130 of such Act (15 U.S.C. 1640) and may be enforced by the Bureau of Consumer Financial Protection, the Federal Trade Commission to the extent of its jurisdiction, and the Attorney General of any State.

(2) Violations before July 1, 2027.—For a violation occurring after December 31, 2026, and before July 1, 2027—

(A) the creditor shall forfeit all interest and other amounts included in the annual percentage rate under subsection (c) that accrue or become payable on or after January 1, 2027;

(B) the creditor shall refund any such amount collected; and

(C) the consumer shall remain liable only for the unpaid principal.

(3) Knowing or willful violations on or after July 1, 2027.—If a creditor knowingly or willfully violates this section with respect to a consumer credit agreement on or after July 1, 2027, the agreement shall be void and unenforceable, the consumer shall have no further obligation under the agreement, and any security interest securing the agreement shall be void.

(h) Effective date.—This section shall take effect on January 1, 2027, and shall apply to all consumer credit outstanding on or extended on or after such date, without regard to the date on which the credit agreement was entered into. Each creditor shall conform any outstanding consumer credit agreement to this section not later than January 1, 2027.

(i) Regulations.—The Bureau of Consumer Financial Protection shall prescribe such regulations as are necessary to carry out this section, including regulations governing the annualization of contingent or post-origination charges. This section shall apply without regard to whether implementing regulations have been issued.

SEC. 653. STABILIZING STABLECOINS.

(a) Issuer requirements and safeguards.—Section 5903(a) of title 12, United States Code, is amended—

(1) in paragraph (1)(A)—

(A) by striking clauses (iv) through (vii); and

(B) in clause (viii), by striking "or clause (vi) through (vii)";

(2) in paragraph (2), by striking "except for the purpose of" through the period at the end and inserting "except for a custodial lien limited to reasonable unpaid fees for safekeeping that does not secure any credit, trading, investment, or affiliate obligation.";

(3) in paragraph (3)(A), by striking "paragraph (1)(D)" and inserting "paragraph (1)(C)";

(4) in paragraph (7)—

(A) by amending subparagraph (A)(v) to read as follows:

"(v) undertake other operational activities strictly necessary to carry out any of the activities described in clauses (i) through (iv), if such activities do not involve lending, maturity transformation, securities underwriting or dealing, proprietary trading, leverage, or investment of required reserves."; and

(B) by striking subparagraph (B);

(5) in paragraph (11) to read as follows:

"(11) Prohibition on interest or yield.—

"(A) General rule.—No permitted payment stablecoin issuer or foreign payment stablecoin issuer, nor any affiliated person or person acting directly or indirectly on its behalf, may provide, offer, arrange, or facilitate any interest or yield with respect to a payment stablecoin.

"(B) Definition of interest or yield.—For purposes of this section, the term 'interest or yield' means any cash, digital asset, credit, rebate, reward, incentive, or other consideration, whether fixed or variable, that is not solely compensation for a bona fide good or service provided at fair market value and that—

"(i) is calculated by reference to the amount of payment stablecoins held, the duration of holding, or an average balance over time; or

"(ii) is reasonably expected by a holder as a consequence of holding, using, or retaining a payment stablecoin.

"(C) Attribution.—For purposes of subparagraph (A), consideration shall be deemed to be provided by an issuer if such consideration is provided—

"(i) by an affiliate, sponsor, foundation, or related entity;

"(ii) pursuant to any arrangement, understanding, integration, or incentive program involving the issuer; or

"(iii) where holding or use of the payment stablecoin is a necessary condition of eligibility.

"(D) No circumvention.—The prohibitions of this paragraph apply regardless of form, label, marketing, contractual characterization, or technical architecture.

"(E) Enforcement.—A violation of this paragraph shall be treated as an unfair, deceptive, or abusive act or practice in violation of sections 1031 and 1036 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5531 and 5536) and may be enforced by the Bureau of Consumer Financial Protection, the primary Federal payment stablecoin regulator, the Federal Trade Commission to the extent of its jurisdiction, and the attorney general of a State.";

(6) by renumbering paragraphs (13) and (14) as (14) and (15), respectively; and

(7) by inserting after paragraph (12) the following new paragraph (13):

"(13) Automatic response to reserve shortfall.—

"(A) Immediate measures.—If the value of reserves required under paragraph (1)(A) is less than the aggregate face amount of outstanding payment stablecoins issued by a permitted payment stablecoin issuer, the issuer shall immediately—

"(i) cease issuing payment stablecoins;

"(ii) cease making dividends, distributions, stock repurchases, or transfers to an affiliate, director, officer, or controlling shareholder; and

"(iii) notify its primary Federal payment stablecoin regulator or State payment stablecoin regulator, as applicable.

"(B) Cure.—The issuer shall restore full 1-to-1 reserves not later than the close of the next business day by contributing assets described in paragraph (1)(A) that were not previously included in such reserves.

"(C) Orderly redemption.—If the issuer does not restore full reserves within the period required under subparagraph (B), the primary Federal payment stablecoin regulator or State payment stablecoin regulator, as applicable, shall immediately require the issuer to commence an orderly redemption of all outstanding payment stablecoins in accordance with the redemption policy required under paragraph (1)(B), subject to any additional terms imposed by the regulator to ensure orderly and timely redemption, and may not waive, delay, or exempt the issuer from the requirements of this paragraph.

"(D) No regulatory delay.—The requirements of this paragraph shall apply without regard to whether implementing regulations have been issued.".

(b) Consequence of missed rulemaking deadline.—Section 5913 of title 12, United States Code, is amended by adding at the end the following:

"(d) Restriction on Federal approvals and waivers.—Until a primary Federal payment stablecoin regulator has promulgated all final regulations required of that regulator under subsection (a), the regulator may not—

"(1) approve an application under section 5904; or

"(2) issue a waiver under section 5903(d)(3).".

SEC. 654. DIGITAL ASSET KIOSK CONSUMER PROTECTION.

(a) Amendments to section 5330.—Section 5330 of title 31, United States Code, is amended—

(1) in subsection (d), by adding at the end the following:

"(3) Digital asset kiosk terms.—The terms 'digital asset kiosk' and 'digital asset kiosk operator' have the meanings given those terms in section 5337(a). A digital asset kiosk operator shall be treated as a money transmitting business for purposes of this section."; and

(2) by adding at the end the following:

"(f) Registration of digital asset kiosk operators and locations.—

"(1) Registration required.—It shall be unlawful for a digital asset kiosk operator to operate a digital asset kiosk after December 31, 2026, unless the operator is registered with the Secretary under this section.

"(2) Location submission.—For each physical location where a digital asset kiosk will be operated, the digital asset kiosk operator shall submit to the Secretary, in such form and manner as the Secretary may require—

"(A) the legal name of the digital asset kiosk operator;

"(B) the physical address and operating hours of each digital asset kiosk;

"(C) the customer service telephone number required under section 5337(h);

"(D) the start date of operation of each digital asset kiosk;

"(E) the end date of operation of each digital asset kiosk, if applicable;

"(F) the name and contact information of the compliance officer required under section 5337(f);

"(G) the law enforcement contact information required under section 5337(h);

"(H) each type of digital asset made available through the digital asset kiosk; and

"(I) any digital asset wallet addresses used by the digital asset kiosk operator, in such manner as the Secretary determines appropriate to protect investigations, cybersecurity, and customer privacy.

"(3) Updates and annual certification.—A digital asset kiosk operator shall—

"(A) submit to the Secretary an update to the information required under paragraph (2) not later than 10 business days after any material change to such information; and

"(B) certify to the Secretary in December of each year that the information required under paragraph (2) is accurate and current.

"(4) Public availability.—The Secretary shall make the information submitted under subparagraphs (A) through (E) of paragraph (2) available to the public, including on a website of the Department of the Treasury.

"(5) Additional public information.—The Secretary may make information submitted under subparagraphs (F) through (H) of paragraph (2) available to the public, including on a website of the Department of the Treasury, except that the Secretary may withhold or redact information the disclosure of which would create a cybersecurity risk, compromise an investigation, disclose personal information, or impair enforcement of this subchapter.

"(6) Wallet-address information.—The Secretary may not make information submitted under paragraph (2)(I) available to the public except in aggregated, anonymized, or otherwise protected form.

"(7) False and incomplete information.—The filing of false or materially incomplete information in a submission required under this subsection shall be considered a failure to comply with the requirements of this subchapter.

"(8) State licensing preserved.—Registration under this subsection does not authorize a digital asset kiosk operator to operate in any State or locality without any license, registration, approval, or authorization required under State or local law.

"(9) Registration process.—Not later than 30 days after the date of enactment of the POPULIST Act, the Secretary shall establish and make publicly available an electronic process for registration and submission of location information under this subsection.".

(b) Digital asset kiosk consumer protection.—Subchapter II of chapter 53 of title 31, United States Code, is amended by adding at the end the following:

"Sec. 5337. Digital asset kiosk consumer protection.

"(a) Definitions.—In this section:

"(1) Charge.—The term 'charge' means any fee, expense, markup, commission, exchange-rate difference, service charge, or other amount, whether direct or indirect, collected from or imposed on a customer in connection with a digital asset kiosk transaction, including any difference between the price charged to or paid by the customer and the prevailing market value of the digital asset at the time of the transaction.

"(2) Customer.—The term 'customer' means an individual who uses, attempts to use, or is solicited to use a digital asset kiosk.

"(3) Digital asset.—The term 'digital asset' means a digital representation of value that is issued, transferred, stored, or recorded using distributed-ledger, blockchain, cryptographic, or similar technology.

"(4) Digital asset kiosk.—The term 'digital asset kiosk' means an electronic information-processing device, automated teller machine, terminal, or other device at a physical location that facilitates the buying, selling, exchange, transfer, or conversion of fiat currency and a digital asset.

"(5) Digital asset kiosk operator.—The term 'digital asset kiosk operator' means a person that owns or operates a digital asset kiosk, including a person that controls transaction processing, customer onboarding, wallet-address selection, custody, settlement, or compliance for such kiosk.

"(6) Digital asset wallet address.—The term 'digital asset wallet address' means an alphanumeric identifier or other address associated with a digital asset wallet or account that represents a potential destination for a digital asset transfer.

"(7) Fraudulently induced.—The term 'fraudulently induced' means induced by fraud, false pretenses, deception, impersonation, coercion, material omission, romance scam, investment scam, tech support scam, government impersonation scam, family emergency scam, utility scam, law enforcement scam, court scam, financial institution scam, or any substantially similar deceptive or coercive practice.

"(8) Host location.—The term 'host location' means a person that owns, leases, manages, or controls the physical premises at which a digital asset kiosk is placed, installed, or made available.

"(9) Prevailing market value.—The term 'prevailing market value' means, with respect to a digital asset at a particular time—

"(A) the value of the digital asset calculated using a benchmark specified by rule; or

"(B) before a rule under subparagraph (A) is effective—

"(i) in a transaction in which the customer buys a digital asset, the lowest price quoted on 1 or more high-volume, publicly available digital asset trading platforms or market data services selected using a commercially reasonable method; and

"(ii) in a transaction in which the customer sells a digital asset, the highest price quoted on 1 or more high-volume, publicly available digital asset trading platforms or market data services selected using a commercially reasonable method.

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

"(b) Anti-money-laundering program.—

"(1) In general.—A digital asset kiosk operator shall—

"(A) develop, implement, maintain, and routinely update an anti-money-laundering program described in section 5318(h);

"(B) file a copy of the program described in subparagraph (A) with the Financial Crimes Enforcement Network;

"(C) be subject to suspicious-activity reporting requirements described in section 5318(g);

"(D) be subject to currency-transaction reporting requirements under this subchapter;

"(E) verify the identity of each customer, including during any online pre-registration process and at the physical digital asset kiosk location;

"(F) take reasonable steps to prevent a customer from using a false identity, another person's identity, or an account not associated with the customer's true identity; and

"(G) retain records sufficient to demonstrate compliance with this section for not less than 5 years.

"(2) Risk-based controls.—The anti-money-laundering program required under paragraph (1) shall include controls reasonably designed to—

"(A) monitor digital asset kiosk transactions involving a digital asset wallet directly or indirectly associated with any digital asset wallet address listed on any relevant sanctions list, law enforcement notice, regulatory notice, or fraud-risk list through the use of blockchain analytics tools;

"(B) assess the risks associated with, and the likelihood of future illicit activity in connection with, digital asset kiosk transactions through the use of blockchain analytics tools;

"(C) maintain restrictions that prevent more than 1 customer of the digital asset kiosk operator from using the same digital asset wallet address; and

"(D) prevent transfers to digital asset wallet addresses known or reasonably suspected to be associated with fraud, scams, sanctions evasion, money laundering, terrorist financing, or other illicit activity.

"(c) Transaction limits.—

"(1) Limits.—It shall be unlawful for a digital asset kiosk operator to accept from, dispense to, or process for a customer, through 1 or more digital asset kiosks owned, operated, managed, controlled, or made available by the operator or an affiliate of the operator, digital asset kiosk transactions exceeding—

"(A) $10,000 in the aggregate during the 30-day period beginning on the date of the customer's first digital asset kiosk transaction with that operator; or

"(B) $2,000 in a 24-hour period.

"(2) Anti-evasion.—A digital asset kiosk operator may not structure, divide, route, or process a transaction, or assist another person in structuring, dividing, routing, or processing a transaction, for the purpose of evading a limit under this subsection.

"(3) No inflation adjustment.—The dollar amounts in this subsection shall not be increased for inflation unless Congress expressly provides otherwise.

"(d) Cap on charges.—

"(1) In general.—It shall be unlawful for a digital asset kiosk operator to collect charges from a customer in connection with a digital asset kiosk transaction in an amount that exceeds the greater of—

"(A) $5; or

"(B) 3 percent of the dollar value involved in the transaction.

"(2) No minimum charge.—Nothing in this subsection shall be construed to require or authorize a digital asset kiosk operator to impose a charge that is not agreed to by the customer.

"(3) Disclosure not sufficient.—A charge prohibited under this subsection is unlawful regardless of whether the charge was disclosed to, acknowledged by, or agreed to by the customer.

"(e) Disclosures and interactive fraud screen.—

"(1) Required pre-transaction disclosure.—Before completing a digital asset kiosk transaction, a digital asset kiosk operator shall provide a clear, conspicuous, and easily readable written disclosure, in English and in the same language principally used by the operator to advertise, solicit, or conduct the transaction, that includes—

"(A) a warning that scams involving digital asset kiosks are common and that digital asset transactions may be irreversible;

"(B) a warning that digital assets are not legal tender and are not insured by the Federal Deposit Insurance Corporation;

"(C) the amount of dollars to be provided by or dispensed to the customer;

"(D) the type and amount of digital asset to be transferred to or received from the customer;

"(E) the dollar price or exchange rate to be applied to the transaction;

"(F) the prevailing market value of the digital asset and the trading platform, market data service, or benchmark used to determine that prevailing market value; and

"(G) each charge to be collected from, withheld from, or imposed on the customer, itemized in dollars, and the total charges to be collected from, withheld from, or imposed on the customer.

"(2) Interactive fraud screen required.—A digital asset kiosk operator may not complete a digital asset kiosk transaction unless the operator presents the customer with an interactive fraud screen that complies with this subsection.

"(3) Default fraud-screen questions.—The interactive fraud screen required under paragraph (2) shall require the customer to answer yes or no to each of the following questions:

"(A) Were you urged to use this kiosk to claim a prize, inheritance, investment opportunity, or other reward, or to help a friend, relative, or online contact with an emergency?

"(B) Are you using this kiosk because of an urgent legal or financial problem involving law enforcement, the government, a bank or utility, or other business or official organization?

"(C) Are you speaking with or messaging anyone right now who is helping you with this transaction or telling you what to do?

"(D) Did anyone tell you to keep this transaction secret or to answer any of these questions dishonestly?

"(4) Separate timing requirement.—Each question required under paragraph (3) shall be presented on a separate screen and shall remain visible and noninteractive for not less than 7 seconds before the customer may answer that question or proceed to the next question.

"(5) Termination after affirmative answer.—If a customer answers yes to any question required under paragraph (3), the digital asset kiosk operator shall—

"(A) immediately terminate the transaction;

"(B) display a message stating that the transaction has been stopped for the customer's protection;

"(C) provide the customer service telephone number required under subsection (h);

"(D) provide contact information for reporting suspected fraud to law enforcement and appropriate Federal and State agencies; and

"(E) prevent the customer from completing a digital asset kiosk transaction with that operator for not less than 24 hours.

"(6) No bypass.—A digital asset kiosk operator may not allow any customer, employee, agent, contractor, affiliate, host location, or other person to bypass, skip, accelerate, disable, minimize, obscure, or otherwise avoid the interactive fraud screen required under paragraph (2).

"(7) Rulemaking authority.—The Secretary, in consultation with the Federal Trade Commission, the Bureau of Consumer Financial Protection, and the Federal Bureau of Investigation, may by rule add, remove, revise, or require rotation of fraud-screen questions required under paragraph (3) to address emerging fraud schemes, except that any rule issued under this paragraph shall require not fewer than 4 yes-or-no fraud-screen questions and shall preserve the separate 7-second waiting period for each question, termination requirement, negative-answer requirement, and anti-bypass rule under paragraphs (4) through (6).

"(8) Acknowledgment required.—A digital asset kiosk operator may not complete a digital asset kiosk transaction unless the customer affirmatively acknowledges receipt of the

disclosures and warnings required under paragraph (1) and answers the questions required under paragraph (3).

"(9) No waiver.—A customer's acknowledgment of a disclosure or warning under this subsection, or a customer's answer to a fraud-screen question under this subsection, may not be construed to waive, limit, or reduce any refund, remedy, or protection under this section or any other provision of Federal, State, or local law.

"(f) Anti-fraud program; compliance officer; blockchain analytics.—

"(1) Anti-fraud program.—A digital asset kiosk operator shall develop, implement, maintain, and routinely update a written anti-fraud program reasonably designed to detect, prevent, and respond to fraudulently induced transactions.

"(2) Contents.—The anti-fraud program required under paragraph (1) shall include—

"(A) identification and assessment of fraud-related risk areas;

"(B) procedures and controls to protect customers from identified risks;

"(C) procedures to review transactions for indicators of fraud, coercion, scam activity, or illicit finance;

"(D) procedures to prevent transfers to digital asset wallet addresses known or reasonably suspected to be associated with fraud, scams, sanctions evasion, money laundering, terrorist financing, or other illicit activity;

"(E) procedures for periodic evaluation and revision of anti-fraud controls;

"(F) employee and contractor training requirements;

"(G) procedures for responding to reports from customers, law enforcement, the Financial Crimes Enforcement Network, the Federal Trade Commission, the Bureau of Consumer Financial Protection, State regulators, State attorneys general, and Federal, State, local, and Tribal law enforcement agencies; and

"(H) procedures for preserving records relevant to suspected fraud or illicit finance.

"(3) Blockchain analytics.—A digital asset kiosk operator shall use blockchain analytics software or services reasonably designed to identify digital asset wallet addresses associated with fraud, scams, sanctions evasion, money laundering, terrorist financing, or other illicit activity.

"(4) Blocked transactions.—A digital asset kiosk operator may not complete a transaction if the operator knows or reasonably should know, based on blockchain analytics, law enforcement notice, regulatory notice, or the operator's anti-fraud program, that the transaction involves a digital asset wallet address associated with fraud, scams, sanctions evasion, money laundering, terrorist financing, or other illicit activity.

"(5) Compliance officer.—A digital asset kiosk operator shall designate a qualified compliance officer responsible for compliance with this section and other applicable Federal and State laws.

"(6) Senior-management certification.—The anti-fraud program required under this subsection shall be approved and certified annually by a senior officer of the digital asset kiosk operator.

"(g) Receipts.—

"(1) In general.—Upon completion of each digital asset kiosk transaction, a digital asset kiosk operator shall provide the customer with a physical receipt and, if the customer elects, an electronic receipt.

"(2) Contents.—A receipt required under paragraph (1) shall include—

"(A) the name and contact information of the digital asset kiosk operator;

"(B) the name of the customer;

"(C) the physical location of the digital asset kiosk;

"(D) the date and precise time of the transaction;

"(E) the type and amount of digital asset involved in the transaction;

"(F) the amount of dollars involved in the transaction;

"(G) each applicable digital asset wallet address;

"(H) the transaction hash or other transaction identifier;

"(I) the exchange rate applied to the transaction;

"(J) the prevailing market value of the digital asset and the trading platform, market data service, or benchmark used to determine that prevailing market value;

"(K) each charge imposed on the customer, itemized in dollars;

"(L) the total charges imposed on the customer;

"(M) the refund protections under subsection (i);

"(N) the customer service telephone number required under subsection (h); and

"(O) contact information for reporting suspected fraud to law enforcement and appropriate Federal and State agencies.

"(h) Customer service and law enforcement contact.—

"(1) Customer service.—A digital asset kiosk operator shall provide live customer service through a toll-free telephone number during all hours in which any digital asset kiosk of the operator is available for use.

"(2) Display required.—Each digital asset kiosk shall display clearly and conspicuously, on the kiosk and before a customer initiates a transaction—

"(A) the toll-free telephone number required under paragraph (1);

"(B) contact information for reporting suspected fraud to law enforcement and appropriate Federal and State agencies;

"(C) the transaction limits under subsection (c);

"(D) the charge cap under subsection (d); and

"(E) the refund protections under subsection (i).

"(3) Law enforcement contact.—A digital asset kiosk operator shall maintain a dedicated telephone number and email address for communications with the Financial Crimes Enforcement Network, the Federal Trade Commission, the Bureau of Consumer Financial Protection, State regulators, State attorneys general, and Federal, State, local, and Tribal law enforcement agencies.

"(4) Monitoring.—The contact methods required under paragraph (3) shall be monitored during all hours in which any digital asset kiosk of the operator is available for use, and in no case less frequently than once each day.

"(i) Refunds for fraudulently induced transactions.—

"(1) Full refund required.—A digital asset kiosk operator shall issue a full refund to a customer for a fraudulently induced digital asset kiosk transaction, including the full amount of dollars involved in the transaction and all charges imposed in connection with the transaction, if the customer—

"(A) notifies the digital asset kiosk operator that the transaction was fraudulently induced not later than 90 days after the transaction;

"(B) reports the fraudulent nature of the transaction to a Federal, State, local, or Tribal law enforcement agency, the Financial Crimes Enforcement Network, the Federal Trade Commission, the Bureau of Consumer Financial Protection, a State attorney general, or a State financial regulator not later than 90 days after the transaction; and

"(C) provides the operator with a copy of the report described in subparagraph (B), a police report, a sworn declaration, or other documentation reasonably describing the fraud.

"(2) Timing.—A refund required under paragraph (1) shall be issued not later than 10 business days after the digital asset kiosk operator receives the notice and documentation required under paragraph (1).

"(3) Form of refund.—A refund required under paragraph (1) shall be made in dollars.

"(4) No recovery condition.—A digital asset kiosk operator may not condition a refund required under this subsection on the operator's recovery of any digital asset, recovery from a

third party, completion of a law enforcement investigation, or proof that a scammer has been identified or charged.

"(5) No waiver.—A duty imposed on a digital asset kiosk operator under this subsection may not be waived, limited, or disclaimed by agreement, acknowledgment, or other arrangement with a customer.

"(j) Enforcement.—

"(1) Federal enforcement.—The Secretary, the Financial Crimes Enforcement Network, the Federal Trade Commission, and the Bureau of Consumer Financial Protection may enforce this section under their respective authorities.

"(2) Unfair, deceptive, or abusive act or practice.—A violation of this section is deemed to be an unfair, deceptive, or abusive act or practice under section 5 of the Federal Trade Commission Act (15 U.S.C. 45) and under section 1031 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5531).

"(3) State enforcement.—The attorney general of a State, the chief consumer-protection officer of a State, or the financial regulator of a State may bring a civil action in the name of the State to enforce this section and to obtain restitution, refunds, damages, civil penalties, declaratory relief, injunctive relief, costs, and reasonable attorney's fees.

"(4) Civil penalties.—A digital asset kiosk operator that violates this section shall be liable for a civil penalty of not more than $10,000 for each violation, in addition to any restitution, refund, damages, or other relief available under Federal, State, or local law.

"(5) Customer action for refunds and overcharges.—A customer may bring a civil action to recover any refund required under subsection (i), any charge imposed in violation of subsection (d), costs, and reasonable attorney's fees.

"(6) Host-location liability.—A host location that knowingly permits an unregistered digital asset kiosk to operate at a location owned, leased, managed, or controlled by the host location after receiving notice from the Secretary, a State regulator, a State attorney general, or a law enforcement agency that the kiosk is unregistered shall be liable for a civil penalty of not more than $10,000 for each day the kiosk remains available for use after receipt of the notice.

"(k) Implementation and fraud-scheme alerts.—

"(1) Interim final rules.—Not later than 90 days after the date of enactment of the POPULIST Act, the Secretary, in consultation with the Federal Trade Commission, the Bureau of Consumer Financial Protection, and the Federal Bureau of Investigation, shall issue interim final rules to carry out this section.

"(2) Effect.—The interim final rules issued under paragraph (1) shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code.

"(3) Public comment and final rules.—Not later than 1 year after the date of enactment of the POPULIST Act, the Secretary shall provide a public comment period of not less than 60 days and issue final rules to carry out this section.

"(4) Annual fraud-scheme alerts.—Not later than April 1, 2027, and annually thereafter, the Secretary, in consultation with the Federal Trade Commission and the Federal Bureau of Investigation, shall issue fraud-scheme alerts to assist digital asset kiosk operators, regulators, law enforcement agencies, and customers in identifying emerging fraud schemes involving digital asset kiosks.

"(5) No delay.—A delay in issuance or finalization of rules under this subsection shall not delay the effective date or applicability of any provision of this section.

"(l) State regulatory authority and decals.—

"(1) State licensing laws.—Nothing in this section may be construed to limit the authority of a State regulatory agency to require a digital asset kiosk operator to ensure registration, licensing, and compliance related to applicable State laws.

"(2) State-issued decals for compliant digital asset kiosks.—A State regulatory agency may—

"(A) issue a decal or physical sign that can be affixed to a digital asset kiosk, in a form or manner determined by the State regulatory agency, to signal compliance with applicable State and Federal laws, including whether—

"(i) the physical location of the digital asset kiosk has been filed with the Secretary; and

"(ii) the operator of the digital asset kiosk is registered with the Secretary and has obtained the appropriate licensing from the State regulatory agency;

"(B) administer a process through which a digital asset kiosk operator is issued such decal or sign for affixation to the digital asset kiosk; and

"(C) impose penalties for any false advertising, misuse of signage, or misrepresentation of regulated or compliant status.

"(3) Coordination with State regulators.—The Secretary, acting through the Financial Crimes Enforcement Network, may enter into agreements with State regulatory agencies to facilitate the supervision of digital asset kiosk operators and enhance compliance with Federal standards, including agreements relating to the coordination of examinations and the sharing of supervisory information for the purposes of enforcing applicable Federal standards.

"(m) Preservation of State and local authority.—

"(1) Federal floor.—This section establishes minimum protections and does not preempt any State or local law, regulation, order, ordinance, licensing requirement, zoning requirement, land-use requirement, registration requirement, transaction limit, charge limit, disclosure requirement, refund requirement, enforcement authority, or prohibition that provides equal or

greater protection to customers, prevents fraud, prevents illicit finance, or restricts or prohibits the operation of digital asset kiosks.

"(2) Stricter limits preserved.—A State or locality may impose stricter requirements than this section, including lower transaction limits, lower charge limits, broader refund requirements, longer fraud-reporting periods, location restrictions, licensing requirements, compliance decals, or a complete prohibition on digital asset kiosks.

"(3) No authorization to operate.—Nothing in this section shall be construed to authorize a digital asset kiosk operator to operate in any State or locality in violation of State or local law.

"(n) Effective date.—Subsection (k) shall take effect on the date of enactment of the POPULIST Act. The remaining provisions of this section shall take effect January 1, 2027.".

(c) Clerical amendment.—The table of sections for subchapter II of chapter 53 of title 31, United States Code, is amended by inserting after the item relating to section 5336 the following:

"5337. Digital asset kiosk consumer protection.".

Subtitle F—Capital Flows

SEC. 661. EXCHANGE RATE MANAGEMENT AND CAPITAL FLOW PRICING.

(a) Definitions.—In this section:

(1) Covered buyer.—The term "covered buyer" means—

(A) a foreign person; or

(B) a United States person whose principal residence (in the case of an individual) or principal place of business (in the case of an entity) is outside the United States.

(2) Covered transaction.—The term "covered transaction" means the purchase or acquisition by a covered buyer of a United States asset the value of which exceeds $10,000.

(3) Current account balance target.—The term "current account balance target" means that current account surpluses or deficits do not exceed an average of 0.5 percent of the gross domestic product of the United States in any 5-year period.

(4) Domestic financial institution.—The term "domestic financial institution" has the meaning given that term in section 5312 of title 31, United States Code.

(5) Entity.—The term "entity" includes—

(A) a corporation, partnership, or limited liability company; or

(B) a trust or estate.

(6) Foreign person.—The term "foreign person" means any individual or entity that is not a United States person.

(7) Market access charge.—The term "market access charge" means the fee imposed under subsection (b) with respect to a covered transaction.

(8) Person.—The term "person" means an individual or entity.

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

(10) Security; transfer agent.—The terms "security" and "transfer agent" have the meanings given those terms in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

(11) United States asset.—

(A) In general.—Except as provided in subparagraph (B), the term "United States asset" means—

(i) a security, stock, bond, note, swap, loan, or other financial instrument—

(I) the face value of which is denominated in United States dollars;

(II) that is registered or located in the United States; or

(III) that is an obligation of a United States person;

(ii) real property located in the United States;

(iii) any ownership interest in an entity that is a United States person;

(iv) intellectual property owned by a United States person; or

(v) any other asset class or transaction identified by the Board of Governors of the Federal Reserve as trading in sufficient volume to cause a risk of upward pressure on the exchange rate of the United States dollar.

(B) Exceptions.—The term "United States asset" does not include—

(i) a good being exported from the United States; or

(ii) currency or noninterest-bearing deposits.

(C) Consideration by Board of Governors.—Not less frequently than annually, the Board of Governors shall consider whether to identify additional asset classes or transactions under subparagraph (A)(v).

(12) United States person.—The term "United States person" means—

(A) a citizen or resident of the United States; or

(B) an entity organized under the laws of the United States or any jurisdiction within the United States.

(b) Market access charge.—

(1) Imposition.—Beginning 180 days after the date of enactment of this Act, there shall be imposed a market access charge on each covered buyer in a covered transaction.

(2) Calculation of rate.—

(A) In general.—The Board of Governors of the Federal Reserve System shall establish and adjust the rate of the market access charge at a rate that—

(i) achieves the current account balance target not later than 5 years after the date of enactment of this Act; and

(ii) maintains the current account balance target thereafter.

(B) Differentiated rates.—The Board of Governors may apply different rates of the market access charge to different categories of United States assets, provided that—

(i) higher rates may be applied to assets predominantly used for speculative or passive investment;

(ii) lower rates or exemptions may be applied to assets primarily associated with productive investment, trade facilitation, or long-term operating control; and

(iii) no rate differentiation may be used to favor or disfavor a specific foreign country or political jurisdiction.

(C) Mandatory exemptions.—The market access charge shall not apply to—

(i) transactions directly related to the export of United States goods or services;

(ii) foreign direct investment that directly finances the establishment or material expansion of productive capacity in the United States and is reasonably expected to result in net job creation, as determined under regulations prescribed by the Secretary; or

(iii) transactions designated by the Secretary as necessary to preserve financial stability or continuity of critical infrastructure.

(D) Effects of noncrisis movements.—

(i) In general.—Subject to clause (ii), the Board of Governors may take into consideration the minimization of disruptive effects on output, employment, interest rates, and foreign exchange, securities, and asset markets.

(ii) Limitation.—The Board of Governors may not adjust the market access charge in reaction to noncrisis movements in the markets described in clause (i).

(E) Alternate initial market access charge.—If, 180 days after the date of enactment of this Act, the Board of Governors has not established the initial rate for the market access charge, the initial market access charge shall be established at the rate of 50 basis points of the value of a covered transaction.

(3) Collection and reporting.—

(A) In general.—The market access charge shall be collected from a covered buyer in a covered transaction as follows:

(i) In the case of a covered transaction involving a registered security, the transfer agent shall collect the market access charge.

(ii) In the case of a covered transaction not involving a registered security and through which a domestic financial institution receives funds from the covered buyer, the domestic financial institution shall collect the market access charge.

(iii) In the case of any covered transaction not described in clause (i) or (ii), the United States person that is the counterparty to the covered buyer or otherwise receives funds from the covered buyer pursuant to the covered transaction shall collect the market access charge.

(B) Transfer to Treasury.—At the end of each month, each person collecting a market access charge under subparagraph (A) shall transfer to the Secretary the amount of all market access charges collected by the person during that month in such manner as the Secretary may prescribe.

(C) Reporting.—The Secretary shall require each person collecting a market access charge under subparagraph (A) to keep records and file reports with the Secretary that include—

(i) the identity and address of participants in the transaction;

(ii) a description of the legal capacity in which each participant in the transaction is acting;

(iii) the identity of real parties in interest;

(iv) a description of the transaction, including the nature of the United States asset involved and the price paid;

(v) the amount of the market access charge collected and the amount retained as a service fee under subparagraph (D); and

(vi) such other information as the Secretary may prescribe.

(D) Service fee.—A person collecting a market access charge under subparagraph (A) may retain a service fee, in an amount prescribed by the Secretary, to compensate the person for the administrative costs of collecting the market access charge.

(4) Deposit in Treasury.—The Secretary shall deposit all amounts received under paragraph (3)(B) into the general fund of the Treasury.

(5) Refunds and adjustments.—

(A) In general.—The Secretary shall establish procedures for correcting an erroneous collection of a market access charge and for allowing a refund or credit of any amount collected in excess of the amount lawfully due.

(B) Method.—The Secretary may—

(i) pay an approved refund directly to the person entitled to the refund; or

(ii) authorize a person required to transfer market access charges under paragraph (3)(B) to credit an approved refund against a subsequent transfer.

(C) Appropriation.—There are appropriated to the Secretary, out of amounts received under paragraph (3)(B), such sums as are necessary to make refunds under this paragraph, to remain available until expended.

(D) Collection pending claim.—The filing of a claim for a refund or adjustment shall not delay the collection or transfer of a market access charge otherwise required under this subsection.

(c) Exchange rate management policy and mechanisms.—

(1) Amendment to Federal Reserve Act.—Section 2A of the Federal Reserve Act (12 U.S.C. 225a), as amended by section 632, is further amended—

(A) by inserting "the United States exchange rate and" after "shall maintain"; and

(B) by inserting "current account balance target (as defined in section 661(a)(3) of the POPULIST Act)," after "stable prices,".

(2) Exchange rate management policy.—The Board of Governors of the Federal Reserve System shall establish an exchange rate management policy to achieve and maintain the current account balance target.

(3) Mechanisms.—To achieve the current account balance target as required by paragraph (2), the Board of Governors—

(A) shall use the market access charge imposed under subsection (b); and

(B) may engage in foreign exchange intervention.

(d) Penalties.—

(1) Transfer agents.—A transfer agent that violates this section shall be subject to a penalty under section 32 of the Securities Exchange Act of 1934 (15 U.S.C. 78ff) to the same extent as if the agent violated a provision of that Act.

(2) Domestic financial institutions and other United States persons.—A domestic financial institution or other United States person that violates this section shall be subject to a penalty under section 5321(a)(1) or 5322(a) of title 31, United States Code, to the same extent as if the institution violated a provision of subchapter II of chapter 53 of that title.

(e) Regulations.—

(1) In general.—The Secretary shall prescribe such regulations as are necessary to carry out this section.

(2) Interim final rules.—Not later than 120 days after the date of enactment of this Act, the Secretary, in consultation with the Board of Governors, shall issue interim final rules to carry out this section. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Secretary shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than 180 days after the date on which the interim final rules are issued.

(3) Anti-evasion rule.—The Board of Governors and the Secretary shall jointly issue rules to prevent the recharacterization of covered transactions for the purpose of avoiding the market access charge.

(The POPULIST Act of 2026, TITLE VI, version 2.6, last updated August 7, 2026)

TITLE VII—UNSTACK THE FOOD SYSTEM

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SEC. 752. RURAL SEAFOOD PROCESSING AND COLD STORAGE.
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Subtitle F—Facilitating Farm Fairness
SEC. 761. CAP ON RATE OF RETURN FOR CROP INSURANCE PROVIDERS.
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SEC. 763. RESTRICTING CHECKOFF PROGRAMS.
SEC. 764. ANTICOMPETITIVE AGRICULTURAL INPUT PRACTICES.

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

SEC. 701. FINDINGS.

(a) Findings.—Congress finds the following:

(1) The United States food system has become increasingly consolidated at multiple levels, including agricultural inputs, processing, distribution, and retail, reducing competition, driving up prices for producers and consumers, and increasing vulnerability to supply chain disruptions. Procuring food is not optional. As Americans have seen prices climb over the last 6 years, they have increasingly recognized that our food system is stacked against them.

(2) Excessive concentration can enable algorithmic coordination of higher prices, and restrictive covenants in grocery markets undermine competitive market conditions to exclude competition. This contributes to higher consumer prices, suppressed producer prices, and diminished bargaining power for farmers, ranchers, and independent processors.

(3) Public school nutrition programs ensure better outcomes for children, and universal access to school meals reduces stigma, improves child health and educational achievements. When paired with regional sourcing and investment in local and small-scale meat processing infrastructure, these programs can strengthen local agricultural economies as well.

(4) The structure of the meatpacking and poultry industries has shifted toward high levels of vertical integration and market concentration, diminishing open markets for livestock and poultry producers and limiting regional processing capacity. Updating and enforcing agricultural competition laws, including the Packers and Stockyards Act, provides a solution.

(5) Large-scale industrial agricultural operations can impose environmental, public health, and community costs not fully reflected in market prices, including water pollution, air emissions, and degradation of rural infrastructure. Other subsidies distort the food system itself in ways that do not align with the long-term well-being of our families, our communities, and our planet.

(6) Restoring field-level capacity within the Department of Agriculture is necessary to ensure timely service delivery, fair program administration, inspection integrity, and meaningful access to Federal agricultural programs for producers across regions and scales.

(b) Purpose.—The purpose of this title is to unstack the food system.

SEC. 702. UNIVERSAL FREE SCHOOL MEALS AND LOCAL FOOD SOURCING.

(a) Universal free school lunches.—Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended by adding at the end the following:

"(m) Universal free lunches.—Notwithstanding any other provision of law, each lunch served under this Act to a student shall be provided at no charge and shall be eligible for Federal reimbursement without regard to household income.".

(b) Universal free school breakfasts.—Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by adding at the end the following:

"(f) Universal free breakfasts.—Notwithstanding any other provision of law, each breakfast served under this section to a student shall be provided at no charge and shall be eligible for Federal reimbursement without regard to household income.".

(c) Income eligibility determinations.—The Secretary of Agriculture shall not require the collection, verification, or certification of household income information solely for purposes of

determining eligibility for meals under the National School Lunch Act or the School Breakfast Program.

(d) Expanding the farm to school program.—In administering the programs amended by this section, the Secretary of Agriculture shall—

(1) ensure that not less than 20 percent of total food expenditures under the National School Lunch Act and the School Breakfast Program are directed to food produced, processed, or aggregated by small and mid-sized farms and independent processors located locally or regionally;

(2) prioritize procurement arrangements that shorten supply chains, increase farmer participation, and expand access for small and mid-sized farms and independent producers; and

(3) exclude from the minimum percentage any procurement from vertically integrated or dominant firms that primarily source food through national or global supply chains.

(e) Infrastructure and coordination.—The Secretary of Agriculture shall provide technical assistance and administrative support to enable compliance with subsection (d), including support for aggregation, storage, processing, distribution, food hubs, producer-to-school coordination, and other activities traditionally carried out under the Patrick Leahy Farm to School Program (42 U.S.C. 1769(g)).

(f) Transition authority.—The Secretary may provide for phased compliance with subsection (d), waivers for demonstrated hardship, and technical assistance, but shall require each school food authority to make continuous progress toward meeting the minimum percentage.

(g) Appropriation authorization.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

Subtitle A—Institutional Capacity

SEC. 711. STRENGTHENING USDA INSPECTION CAPACITY.

(a) Findings.—Congress finds the following:

(1) the Department of Agriculture faces persistent shortages in inspection personnel necessary to carry out inspection, facility oversight, grading, and sanitation duties under the Federal Meat Inspection Act and the Poultry Products Inspection Act; and

(2) effective enforcement of the Packers and Stockyards Act by the Administrator requires a well-resourced and fully staffed inspection and grading workforce within the Department of Agriculture.

(b) Workforce expansion.—The Secretary of Agriculture (in this section referred to as the "Secretary") shall take such actions as are necessary within the Meat and Poultry Inspection Division of the Food Safety and Inspection Service to—

(1) increase the number of inspection personnel, using recruitment and retention incentives as needed;

(2) modernize inspector scheduling, deployment, and training systems;

(3) identify and train part-time inspectors and technical assistance providers; and

(4) expand the availability of processing inspectors, technical assistance, and onsite inspection for eligible processing facilities, including no-cost overtime inspections.

(c) Professional experience.—The Secretary shall determine the appropriate professional experience of inspectors and providers described in subsection (b), which shall include individuals with expertise in veterinary medicine, public health, food service management, and animal science, as applicable.

(d) Rulemaking.—The Secretary shall promulgate such regulations as are necessary to carry out this section.

(e) Funding from USDA Field Capacity Restoration Fund.—

(1) In general.—For each fiscal year, the Secretary of Agriculture may use not more than $50,000,000 from the USDA Field Capacity Restoration Fund established under section 712 to carry out this section.

(2) Priority use.—Amounts made available under paragraph (1) shall be used for inspection personnel recruitment, retention, training, deployment, and related support functions necessary to carry out the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Packers and Stockyards Act.

(3) Supplement not supplant.—Amounts made available under this subsection shall supplement and not supplant any other amounts made available for inspection or enforcement activities.

SEC. 712. REBUILDING USDA FIELD CAPACITY AND SERVICE DELIVERY.

(a) Findings.—Congress finds the following:

(1) effective agricultural policy depends on timely, accessible, and equitable delivery of services by the Department of Agriculture;

(2) chronic understaffing, office closures, and administrative backlogs within the Department of Agriculture have impaired access to farm programs, credit, conservation assistance, and market support, particularly for small and mid-sized producers;

(3) reliance on centralized or online-only service delivery has reduced practical access for producers in rural and underserved areas; and

(4) restoring on-the-ground capacity is necessary to ensure that Federal agricultural programs operate as enacted by Congress.

(b) Covered agencies.—In this section, the term "covered agency" means—

(1) the Farm Service Agency;

(2) the Natural Resources Conservation Service;

(3) the Rural Development mission area of the Department of Agriculture;

(4) the Agricultural Marketing Service, including functions relating to agricultural input oversight, contract fairness, market conduct, and producer protection, but excluding inspection functions carried out under the Federal Meat Inspection Act and the Poultry Products Inspection Act;

(5) the National Organic Program, including organic transition assistance under section 741(f), certification assistance, or organic compliance support programs; and

(6) any successor agency or office performing substantially similar producer-facing functions.

(c) Minimum service capacity requirements.—

(1) Staffing floors.—The Secretary of Agriculture shall ensure that each covered agency maintains sufficient personnel to carry out statutory duties without unreasonable delay, including minimum staffing levels for field offices serving agricultural producers.

(2) Vacancy limits.—No covered field office position essential to producer services may remain vacant for more than 180 days unless the Secretary publicly certifies that extraordinary circumstances prevent timely hiring.

(3) Physical presence.—The Secretary shall maintain accessible physical service locations for covered agencies in agricultural regions and may not eliminate or consolidate such locations if doing so would materially impair access to services.

(d) Hiring and retention authorities.—The Secretary of Agriculture may use the following authorities to carry out this section:

(1) direct-hire authority for covered agency positions;

(2) recruitment and retention incentives, including rural pay differentials and student loan repayment;

(3) paid training, apprenticeship, and fellowship programs linked to land-grant colleges and universities; and

(4) targeted hiring initiatives for underserved and high-need agricultural regions.

(e) Service delivery benchmarks.—

(1) Timeliness.—The Secretary shall establish benchmarks for timely processing of applications, payments, determinations, and approvals administered by covered agencies.

(2) Transparency.—The Secretary shall publish annual metrics on staffing levels, vacancy duration, and average processing times for major programs administered by covered agencies.

(f) USDA Field Capacity Restoration Fund.—

(1) Establishment.—There is established in the Treasury a fund to be known as the "USDA Field Capacity Restoration Fund".

(2) Funding.—The USDA Field Capacity Restoration Fund shall consist of amounts transferred under sections 731 and 742. In addition, there is appropriated to the USDA Field Capacity Restoration Fund, out of amounts in the Treasury not otherwise appropriated, $500,000,000 to carry out the purposes of this section.

(3) Availability.—Amounts in the USDA Field Capacity Restoration Fund shall be available to the Secretary of Agriculture, without fiscal year limitation, solely for personnel, training and transition services, field offices, travel, core administrative systems of covered agencies, and activities authorized under section 711, and not for grants or activities unrelated to direct service delivery.

(g) Oversight.—

(1) Report.—Not later than July 1, 2028, and every 2 years thereafter, the Secretary shall submit to the Committees on Agriculture of the House of Representatives and the Senate a report describing compliance with this section.

(2) Review.—The Comptroller General of the United States may review implementation of this section and assess whether staffing and service benchmarks are being met.

(h) Rulemaking.—The Secretary of Agriculture shall promulgate such regulations as are necessary to carry out this section.

SEC. 713. PROCESSOR CAREER TRAINING PROGRAMS.

(a) Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 is amended by inserting before section 404 (7 U.S.C. 7624) the following:

"Sec. 403. Processor career training programs.

"(a) Definitions.—In this section:

"(1) Land-grant colleges and universities.—The term 'land-grant colleges and universities' has the meaning given the term in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103).

"(2) Smaller establishment; very small establishment.—The terms 'smaller establishment' and 'very small establishment' have the meanings given those terms in the final rule entitled 'Pathogen Reduction; Hazard Analysis and Critical Control Point (HACCP) Systems', as published in the Federal Register on July 25, 1996 (61 Fed. Reg. 38806).

"(3) Structured apprenticeship.—The term 'structured apprenticeship' means an apprenticeship program that—

"(A) provides most of the training on the job in a meat or poultry processing facility;

"(B) describes in detail—

"(i) all of the competencies necessary to work in a meat or poultry processing facility; and

"(ii) the competencies that are necessary to own and operate a meat or poultry processing facility that is a smaller establishment or a very small establishment;

"(C) describes the level of knowledge, skill, and ability the apprentice ought to attain in each competency;

"(D) includes a component for someone other than the trainer—

"(i) to assess competency attainment; and

"(ii) to assure that all competencies are being addressed during the apprenticeship;

"(E) includes an individualized plan for each apprentice that—

"(i) considers prior knowledge, skill, and ability; and

"(ii) allows for apprentices to opt out of competencies irrelevant to their career goals; and

"(F) focuses on individuals who will work in or operate meat or poultry processing facilities that are smaller establishments or very small establishments.

"(b) Processor career training programs.—

"(1) In general.—The Secretary shall provide competitive grants to junior or community colleges, technical or vocational schools, nonprofit organizations, worker training centers, and land-grant colleges and universities to establish or expand career training programs, including for structured apprenticeships, relating to meat and poultry processing.

"(2) Applications for small grants.—The Secretary shall establish a separate, simplified application and reporting process for entities described in paragraph (1) applying for a grant under this subsection of not more than $100,000.

"(3) Authorization of appropriations.—There is authorized to be appropriated to the Secretary to carry out this subsection $10,000,000 for each of fiscal years 2027 through 2032.".

SEC. 714. PUBLIC INTEREST SAFEGUARDS FOR USDA-FUNDED AGRICULTURAL RESEARCH.

(a) Findings.—Congress finds the following:

(1) Federal agricultural research funded by the Department of Agriculture is a public investment intended to serve farmers, consumers, and the long-term resilience of the United States food system.

(2) Consolidation in agricultural input markets has been reinforced through proprietary control over research developed with public funds.

(3) Farmers, independent researchers, and public institutions require access to open, replicable, and nonexclusive innovations to maintain competition and resilience.

(4) Federal research funding should not be used to entrench private market power, dependency, or exclusionary control over essential agricultural inputs.

(b) Definitions.—In this section, the term "agricultural research programs" means research, extension, education, and innovation programs administered or funded by the Department of Agriculture, including programs carried out through the Agricultural Research Service, the National Institute of Food and Agriculture, land-grant colleges and universities, cooperative extension services, and any successor or substantially similar programs.

(c) Research funding priorities.—In carrying out agricultural research programs, the Secretary of Agriculture shall prioritize funding for research that—

(1) reduces producer reliance on purchased, monopolized, or proprietary agricultural inputs;

(2) improves soil health, fertility, and long-term agricultural productivity;

(3) supports region-specific, climate-resilient, and diversified farming systems;

(4) advances open-source seed development, including publicly accessible germplasm, breeding lines, and varietal improvements available for unrestricted research, breeding, and farmer use;

(5) supports farmer transition to regenerative and organic production systems;

(6) promotes input-reducing agronomic practices, biological alternatives, and agroecological approaches; and

(7) supports farmer-led, public, or cooperative research and innovation models.

(d) Nonexclusive licensing requirement.—Any intellectual property, germplasm, biological material, data, or technical innovation developed in whole or in part using funds provided under agricultural research programs shall—

(1) be made available under nonexclusive, fair, and reasonable licensing terms; and

(2) not be licensed, transferred, or restricted in a manner that materially limits farmer access, independent research, replication, breeding, or competitive market entry.

(e) Prohibited licensing and agreement terms.—Funds provided under agricultural research programs may not be used for grants, cooperative agreements, or contracts that—

(1) require exclusive licenses or exclusive field-of-use restrictions for resulting research outputs;

(2) prohibit independent testing, evaluation, replication, or breeding;

(3) condition access to research outputs on the purchase or use of proprietary inputs, technologies, or services; or

(4) impose downstream restrictions that limit farmer reuse, seed saving, or further development of research outputs, except as consistent with subsection (d).

(f) Transparency and reporting.—The Secretary of Agriculture shall publish an annual public report describing—

(1) categories of research funded under agricultural research programs;

(2) licensing status of resulting research outputs;

(3) the use of nonexclusive licensing arrangements; and

(4) actions taken to expand open-source, farmer-accessible, and publicly available research outcomes.

(g) Applicability and background intellectual property.—

(1) Applicability.—This section shall apply to all grants, cooperative agreements, and contracts entered into after the date of enactment of this Act.

(2) Background intellectual property.—Except as provided in paragraph (3), nothing in this section shall require the licensing, transfer, or disclosure of intellectual property, germplasm, biological material, data, or technical innovation developed independently of and without the use of funds provided under agricultural research programs, including any such property developed before the commencement of a grant, cooperative agreement, or contract subject to this section. Each such grant, cooperative agreement, or contract shall identify, to the extent reasonably practicable, any such background property expected to be used in carrying out the agreement.

(3) Necessary access.—If a research output subject to subsection (d) cannot reasonably be used or practiced without access to background property identified under paragraph (2), the grant, cooperative agreement, or contract shall require a nonexclusive, fair, and reasonable license to such background property to the extent necessary to prevent the material limitations described in subsection (d)(2).

Subtitle B—Transparency and Fairer Competition in Grocery Markets

SEC. 721. PROHIBITING ALGORITHMIC COORDINATION IN THE FOOD SUPPLY.

(a) In this section:

(1) Chair.—The term "Chair" means the Chair of the Commission.

(2) Commission.—The term "Commission" means the Federal Trade Commission.

(3) Consciously parallel pricing coordination.—The term "consciously parallel pricing coordination" means a tacit agreement between 2 or more food producers to raise, lower, change, maintain, or manipulate pricing for the purchase or sale of reasonably interchangeable food products.

(4) Coordinating function.—The term "coordinating function" means—

(A) collecting historical or contemporaneous food product prices or supply levels from 2 or more food producers;

(B) analyzing or processing the information described in subparagraph (A) using a system, software, or process that uses computation, including by using that information to train an algorithm; and

(C) recommending food prices, supply or output, or other commercial term to a food producer.

(5) Coordinator.—The term "coordinator" means any person that operates a software or data analytics service that performs a coordinating function for any food producer, including a food producer performing a coordinating function for their own benefit.

(6) Food.—The term "food" has the meaning given the term in section 321 of the Food, Drug and Cosmetic Act (21 U.S.C. 321).

(7) Food producer.—The term "food producer" means any individual, corporation, or entity engaged in the manufacturing, processing, or production of food products for commercial distribution.

(8) Person.—The term "person" has the meaning given the term in section 1 of the Clayton Act (15 U.S.C. 12).

(9) State.—The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

(b) Unlawful conduct.—

(1) Contract or conspiracy in restraint of trade.—It is unlawful for a food producer, in or affecting commerce, or any agent or subcontractor thereof, to subscribe to, contract with, otherwise exchange anything of value for, or use the services of, a coordinator, and such action shall be deemed to be a per se violation of the Sherman Act (15 U.S.C. 1 et seq.).

(2) Facilitation.—It is unlawful for a coordinator, in or affecting commerce, to facilitate an agreement among food producers to not compete with respect to food prices, supply or output, or other commercial term, including by performing a coordinating function.

(c) Enforcement.—

(1) In general.—

(A) Federal Trade Commission.—The Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Federal Trade Commission Act (15 U.S.C. 41 et seq.) were incorporated into and made a part of this section.

(B) Attorney General.—The Attorney General shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Sherman Act (15 U.S.C. 1 et seq.), Clayton Act (15 U.S.C. 12 et seq.), and Antitrust Civil Process Act (15 U.S.C. 1311 et seq.) were incorporated into and made a part of this section.

(C) State attorneys general.—Any attorney general of a State shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Sherman Act (15 U.S.C. 1 et seq.) and the Clayton Act (15 U.S.C. 12 et seq.) were incorporated into and made a part of this section.

(2) Unfair methods of competition.—A violation of this section shall also constitute an unfair method of competition under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(3) Independent litigation authority.—If the Commission has reason to believe that a person violated this section, the Commission may commence a civil action, in its own name by any of its attorneys designated by it for such purpose, to recover, for each violation, a civil penalty not exceeding the maximum amount provided under section 5(m)(1)(A) of the Federal Trade Commission Act (15 U.S.C. 45(m)(1)(A)), as adjusted under the Federal Civil Penalties Inflation Adjustment Act of 1990, and seek other appropriate relief in any district court of the United States.

(4) Standards of pleading.—In a civil action under this subsection, a complaint—

(A) plausibly pleads a violation of section 1 or 3(a) of the Sherman Act (15 U.S.C. 1, 3(a)) if the complaint contains factual allegations, including allegations of consciously parallel pricing coordination, demonstrating that the existence of a contract, or conspiracy in restraint of trade or commerce is among the realm of plausible possibilities; and

(B) need not allege facts tending to exclude the possibility of independent action.

(d) Civil actions by injured persons.—

(1) Civil action authorized.—Any person who is aggrieved by a violation of this section may bring a civil action in an appropriate district court of the United States, without respect to the amount in controversy, to recover an amount described in paragraph (2).

(2) Award amount.—

(A) In general.—The court shall award to the plaintiff threefold the damages sustained by the plaintiff and the reasonable cost of litigation, including a reasonable attorney fee.

(B) Interest on damages.—Pursuant to a motion by the plaintiff promptly made, the court may award simple interest on actual damages sustained by the plaintiff for the period beginning on the date of service of the pleading of the plaintiff setting forth a claim under this section and ending on the date of judgment, or for any shorter period therein.

(e) Relationship to Federal antitrust laws.—Nothing in this section, or any amendment made by this section, shall be construed to modify, impair, or supersede the operation of any of the antitrust laws.

(f) Relationship to State and local laws.—Nothing in this section may be construed to preempt any State, Tribal, city, or local law, regulation, or ordinance that supplements this section.

SEC. 722. ANTICOMPETITIVE GROCERY RETAIL RESTRICTIONS.

(a) Definitions.—In this section:

(1) Grocery store.—The term "grocery store" means a self-service retail establishment that occupies at least 2,500 square feet and that sells household foodstuffs for offsite consumption, including fresh produce, meat, poultry, fish, deli products, dairy products, canned foods, dry foods, beverages, baked foods, or prepared foods, but does not include an establishment that handles only prepackaged food that does not require time or temperature controls for food safety.

(2) Grocery use restriction.—The term "grocery use restriction" means any covenant, lease provision, deed restriction, contract term, or other agreement that restricts the use of a vacated grocery store location for operation of a grocery store.

(3) Vacated grocery store location.—The term "vacated grocery store location" means a retail location at which a grocery store has ceased operations.

(b) Unfair method of competition.—

(1) In general.—The imposition or inclusion of a grocery use restriction shall constitute an unfair method of competition in or affecting commerce, in violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(2) Per se treatment.—Conduct described in paragraph (1) shall be treated as an unfair method of competition without regard to market share, market power, or anticompetitive effects.

(c) Existing restrictions.—

(1) In general.—Any grocery use restriction that was imposed before the effective date of this section shall be void and unenforceable as a matter of law.

(2) Violation.—Any attempt to enforce a grocery use restriction shall be deemed a violation of subsection (b).

(d) Enforcement.—

(1) Federal Trade Commission.—The Federal Trade Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Federal Trade Commission Act (15 U.S.C. 45 et seq.) were incorporated into and made a part of this section.

(2) State attorneys general.—In any case in which 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 may bring a civil action on behalf of the residents of the State in an appropriate district court of the United States to obtain injunctive relief or other appropriate relief. The attorney general shall provide prior written notice of such action to the Federal Trade Commission, unless it is not feasible to do so, in which case such notice shall be provided contemporaneously with the filing of the action.

(3) Private cause of action.—Any person injured by a violation of this section may bring a civil action in an appropriate district court of the United States for injunctive relief and may recover reasonable attorney's fees and costs.

(4) Authority preserved.—Nothing in this section shall be construed to limit the authority of the Federal Trade Commission or a State under any other provision of law.

SEC. 723. COUNTRY OF ORIGIN LABELING FOR BEEF, PORK, AND DAIRY PRODUCTS.

(a) Definitions.—Section 281 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1638) is amended—

(1) by redesignating paragraphs (1), (2) through (5), (6), and (7) as paragraphs (2), (4) through (7), (9), and (10), respectively;

(2) by inserting before paragraph (2), as so redesignated, the following:

"(1) Beef.—The term 'beef' means meat produced from cattle, including veal.";

(3) in paragraph (2), as so redesignated—

(A) in subparagraph (A)—

(i) in clause (i), by striking "lamb" and inserting "beef, lamb, pork,";

(ii) in clause (ii), by striking "ground lamb" and inserting "ground beef, ground lamb, ground pork,";

(iii) in clause (x), by striking "and" at the end;

(iv) in clause (xi), by striking the period at the end and inserting "; and"; and

(v) by adding at the end the following:

"(xii) dairy products."; and

(B) in subparagraph (B), by inserting "(other than clause (xii) of that subparagraph)" after "subparagraph (A)";

(4) by inserting after paragraph (2), as so redesignated, the following:

"(3) Dairy product.—The term 'dairy product' means—

"(A) fluid milk;

"(B) cheese, including cottage cheese and cream cheese;

"(C) yogurt;

"(D) ice cream;

"(E) butter; and

"(F) any other dairy product."; and

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

"(8) Pork.—The term 'pork' means meat produced from hogs.".

(b) Notice of country of origin.—Section 282(a) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1638a(a)) is amended by adding at the end the following:

"(5) Designation of country of origin for dairy products.—

"(A) In general.—A retailer of a covered commodity that is a dairy product shall designate the origin of the covered commodity as—

"(i) each country in which or from which the 1 or more dairy ingredients or dairy components of the covered commodity were produced, originated, or sourced; and

"(ii) each country in which the covered commodity was processed.

"(B) State, region, or locality of the United States.—With respect to a covered commodity that is a dairy product produced exclusively in the United States, designation by a retailer of the State, region, or locality of the United States where the covered commodity was produced shall be sufficient to identify the United States as the country of origin.".

(c) Truth in labeling for meat and meat food products.—Section 7 of the Federal Meat Inspection Act (21 U.S.C. 607) is amended by adding at the end the following:

"(g) Product of the United States.—The label of a meat or meat food product may bear the phrase 'Product of U.S.A.', or any substantially similar word or phrase, only if the meat or meat food product is exclusively derived from animals exclusively born, raised, and slaughtered in the United States.".

(d) Implementation.—

(1) Effective dates.—

(A) Beef, pork, and Product of U.S.A. labeling.—The amendments made by paragraphs (1), (2), (3)(A)(i) and (ii), and (5) of subsection (a), and subsection (c), shall take effect on January 1, 2027.

(B) Dairy products.—The amendments made by subsection (a)(3)(A)(iii) through (v), subsection (a)(3)(B), subsection (a)(4), and subsection (b) shall take effect on July 1, 2027.

(2) Interim final rules.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture shall issue interim final rules to carry out the amendments relating to dairy products made by subsections (a) and (b). The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Secretary shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than 210 days after the date of enactment of this Act.

Subtitle C—Managing Meat Markets

SEC. 731. STRUCTURAL DECONCENTRATION OF MEATPACKING MARKETS.

(a) Definitions.—In this section:

(1) Antitrust Division.—The term "Antitrust Division" means the Antitrust Division of the Department of Justice, acting through the Assistant Attorney General in charge of the Antitrust Division.

(2) Commission.—The term "Commission" means the Federal Trade Commission.

(3) Common ownership or control.—The term "common ownership or control" means ownership or control, direct or indirect, of 2 or more entities by the same person or group of persons.

(4) Control.—The term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies, or operations of an entity. A person shall be rebuttably presumed to control an entity if such person—

(A) owns, controls, or has the power to vote 25 percent or more of any class of voting securities of the entity;

(B) has the power to appoint 25 percent or more of the board of directors or equivalent governing body of the entity; or

(C) possesses contractual or other rights that permit such person to direct or materially influence production, procurement, slaughter, processing, packing, distribution, pricing, or market access decisions of the entity.

(5) Covered meatpacking enterprise.—The term "covered meatpacking enterprise" means any person that owns, operates, controls, or directs the operation of a meatpacking business and exceeds a de minimis threshold established under subsection (b)(2)(A). Until the interim final rule under subsection (b)(2) takes effect, a person that has annual net sales or total assets of more than $160,000,000 shall be treated as a covered meatpacking enterprise.

(6) Herfindahl-Hirschman Index.—The term "Herfindahl-Hirschman Index" means the sum of the squares of the market shares of all firms in the relevant market.

(7) Line of protein.—The term "line of protein" means livestock, livestock products (as defined in section 2 of the Packers and Stockyards Act, 1921 (7 U.S.C. 182)), poultry, poultry products (as defined in section 4 of the Poultry Products Inspection Act (21 U.S.C. 453)), meats, or meat food products (as defined in section 1 of the Federal Meat Inspection Act (21 U.S.C. 601)) in each of the following product categories:

(A) Beef (including cattle slaughter, beef processing, and beef products).

(B) Pork (including hog slaughter, pork processing, and pork products).

(C) Poultry (including chicken slaughter, processing, and chicken products).

(D) Any additional category designated by the Commission and the Antitrust Division by joint rule to prevent evasion of this section.

(8) Meatpacking business.—The term "meatpacking business" means the business of slaughtering, processing, packing, fabricating, branding, wholesaling, or distributing meat food products or poultry products for human consumption.

(9) Person.—The term "person" has the meaning given the term in section 1 of the Clayton Act (15 U.S.C. 12).

(10) Profits.—The term "profits" means, with respect to any person and any month, the amount equal to the greater of—

(A) the net income (or loss) of such person before provision for income taxes for such month, as determined in accordance with generally accepted accounting principles and consistent with the accounting principles used in the most recent audited consolidated financial statements of such person; and

(B) 4 percent of the gross revenues of such person for such month, as so determined.

(11) Relevant meat market.—The term "relevant meat market" means a regional or national relevant product and geographic market involving the procurement, slaughter, processing, packing, fabrication, wholesale distribution, or sale of meat food products or poultry products.

(12) Vertical control arrangement.—The term "vertical control arrangement" means any ownership interest, contract, agreement, course of dealing, financing arrangement, production arrangement, grower arrangement, procurement arrangement, exclusive dealing arrangement, or other arrangement through which a person directly or indirectly controls or materially influences production, procurement, slaughter, processing, packing, distribution, pricing, or market access in the same line of protein.

(b) Prohibition on ownership of more than 1 line of protein.—

(1) In general.—It shall be unlawful for a covered meatpacking enterprise to directly or indirectly own, operate, control, or direct the operation of any entity or combination of entities engaged in more than 1 line of protein in or affecting interstate or foreign commerce.

(2) Rulemaking.—Not later than January 30, 2027, the Commission and the Antitrust Division shall, by joint interim final rule, establish for purposes of this section—

(A) a de minimis threshold of revenue, slaughter volume, processing volume, market share, or a comparable measure by line of protein and relevant meat market below which a person may be excluded from the definition of a covered meatpacking enterprise, except that no such threshold may exclude a person that has annual net sales or total assets of more than $160,000,000, and any exclusion under this subparagraph shall be construed narrowly and shall not permit the preservation, recreation, or continuation of ownership or control of more than 1 line of protein inconsistent with the purposes of this section;

(B) standards for applying the definitions of "common ownership or control" and "control" under subsection (a), including standards addressing contractual arrangements of operational control, vertical control arrangements, indirect means of control, and functions materially comparable to a line of protein;

(C) standards for determining relevant meat markets, market shares, the Herfindahl-Hirschman Index, and the sum of the market shares of the 4 largest firms for purposes of subsection (c);

(D) milestones for divestiture to ensure compliance within the deadline under subsection (f), provided such milestones may not be later than permitted under subsection (g), including—

(i) filing of a divestiture plan;

(ii) the length of time the Commission and the Antitrust Division will review such plan;

(iii) filing of a revised plan, if necessary;

(iv) notification of the person acquiring such divestiture;

(v) the submission of any transaction filing required by section 7A of the Clayton Act (15 U.S.C. 18a) by the person acquiring such divestiture; and

(vi) the completion of such divestiture; and

(E) for each milestone, whether, in the case of a person's knowing and willful failure to meet the milestone, the Commission and the Antitrust Division shall seek—

(i) penalties under subsection (h)(3);

(ii) appointment of a divestiture trustee under subsection (h)(4); or

(iii) both clauses (i) and (ii).

(3) Effect of interim final rule.—The interim final rule under paragraph (2) shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Commission and the Antitrust Division shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than October 30, 2027. A delay in issuance or finalization of rules under this paragraph shall not delay, limit, extinguish, or reduce any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(c) Beef market deconcentration.—

(1) In general.—The Commission and the Antitrust Division shall require 1 or more covered meatpacking enterprises to divest such assets, operations, facilities, business units, or interests as are necessary to restore competition and reduce concentration below the applicable threshold or thresholds if, based on the best information available on the date of the determination under subsection (e)(1) or (2), in a relevant meat market involving beef, whether regional or national—

(A) the Herfindahl-Hirschman Index exceeds 1,800;

(B) the sum of the market shares of the 4 largest firms in the relevant meat market exceeds 50 percent; or

(C) a covered meatpacking enterprise has a market share of 30 percent or more.

(2) Market scope.—A relevant meat market under paragraph (1) may include markets for livestock procurement, slaughter, processing, packing, fabrication, wholesale distribution, or other meatpacking business functions.

(d) Vertical control arrangements.—

(1) Review of existing arrangements.—In determining the interests required to be divested under subsection (b) or (c), the Commission and the Antitrust Division shall identify any vertical control arrangement that materially limits open market access for independent producers, processors, wholesalers, retailers, or consumers and shall require such additional divestiture or conditions as are necessary to prevent the divestiture from preserving, recreating, or transferring such control.

(2) Divestiture plan approval.—A divestiture plan required under this section may not be approved if the plan preserves, recreates, or transfers a vertical control arrangement described in paragraph (1).

(3) Ordinary contracts.—A nonexclusive spot-market contract or short-term supply contract shall not be treated as a vertical control arrangement solely because the contract provides for the purchase or sale of livestock, poultry, meat food products, or poultry products at commercially reasonable terms.

(e) Notice and judicial review.—

(1) Notice of divestiture requirement.—

(A) In general.—Not later than 60 days after the date of enactment of this Act, the Commission and the Antitrust Division shall, using the best information available, identify each person that the Commission and the Antitrust Division jointly determine is required to divest under subsection (b) or (c) and notify such person of the determination.

(B) 60-day notice not exhaustive.—Notwithstanding subparagraph (A), if the Commission and the Antitrust Division later jointly determine, using the best information available, that a person not notified under subparagraph (A) is required to divest under subsection (b) or (c), the Commission and the Antitrust Division shall promptly notify such person.

(C) No immunity.—Failure to identify or notify a person under this paragraph shall not limit, extinguish, or otherwise affect any prohibition, duty, enforcement authority, or divestiture obligation established by this section.

(2) Determination upon request.—

(A) Request.—Any person that has not received notice under paragraph (1) may submit to the Commission and the Antitrust Division a written request for a determination of whether that person is required to divest under subsection (b) or (c).

(B) Determination.—Not later than the later of 30 days after receipt of a request under subparagraph (A) or the expiration of the 60-day period under paragraph (1)(A), the Commission and the Antitrust Division shall jointly issue to the person a written determination that states whether the person is required to divest under subsection (b) or

(c). Notice issued under paragraph (1) after receipt of a request under subparagraph (A) shall satisfy this requirement.

(C) No admission or tolling.—Submission of a request under subparagraph (A) shall not—

(i) constitute an admission that the person is subject to subsection (b) or required to divest under subsection (c); or

(ii) toll or extend any prohibition, duty, enforcement authority, divestiture obligation, or deadline under this section.

(3) Judicial review.—

(A) Petition for review.—

(i) Determination.—A person receiving notice under paragraph (1) or a determination under paragraph (2) may, not later than 30 days after receipt of such notice or determination, file a petition for review of the determination in the United States Court of Appeals for the District of Columbia Circuit.

(ii) Failure to act.—A person that submits a request under paragraph (2)(A) and does not receive a written determination within the period required under paragraph (2)(B) may, at any time before receipt of such determination, file a petition in the United States Court of Appeals for the District of Columbia Circuit to compel issuance of the determination.

(B) Application of chapter 7.—Chapter 7 of title 5, United States Code, shall apply to a petition under subparagraph (A). For purposes of such chapter—

(i) a determination under paragraph (1) or (2) shall constitute final agency action; and

(ii) a failure to issue a determination within the period required under paragraph (2)(B) shall constitute agency action unlawfully withheld.

(C) Expedited consideration.—The court shall expedite consideration of a petition filed under subparagraph (A) to the greatest extent practicable.

(f) Divestiture.—

(1) Deadline.—Not later than July 1, 2028, any covered meatpacking enterprise required to divest under subsection (b) or (c) shall divest such interests, assets, operations, facilities, contracts, business units, or other property as are necessary to comply with this section.

(2) Standards.—A divestiture required under this section shall, to the maximum extent practicable, be structured to—

(A) avoid reconcentration of meatpacking assets;

(B) preserve or expand regional processing capacity;

(C) promote ownership and control of divested assets by independent businesses, farmer-owned cooperatives, worker-owned enterprises, and small or mid-sized businesses;

(D) preserve employment and operational continuity where consistent with competition; and

(E) prevent the preservation, recreation, or transfer of market power through a vertical control arrangement.

(g) FTC and DOJ review.—

(1) Divestiture plan required.—Not later than April 1, 2027, any covered meatpacking enterprise required to divest under subsection (f) shall submit to the Commission and the Antitrust Division a divestiture plan. Such plan—

(A) shall be submitted to the Commission and the Antitrust Division in the same manner, and containing substantially similar information, as a transaction filing under section 7A of the Clayton Act (15 U.S.C. 18a), without respect to any threshold, exemption, or other limitation of such section; and

(B) shall include—

(i) identification of the business, assets, operations, facilities, contracts, or interests to be divested to comply with this section;

(ii) identification of the proposed acquiring person, if known;

(iii) a timetable for execution;

(iv) any transitional services proposed;

(v) a description of how the plan will satisfy subsection (d) and the standards under subsection (f)(2); and

(vi) such other information as the Commission and the Antitrust Division may require by joint rule.

(2) Agency review process.—Not later than 180 days after receipt of a divestiture plan under paragraph (1), but in no case later than October 1, 2027, the Commission and the Antitrust Division shall review the plan.

(A) Lead agency.—The Commission and the Antitrust Division may designate 1 agency to take the lead in conducting the review and communicating with the person submitting the plan.

(B) Review criteria.—The lead agency shall review the effect on competition, financial viability, regional processing capacity, independent market access, and the public interest—

(i) of the divestiture; and

(ii) of the subsequent acquisition of the divested business, assets, operations, facilities, contracts, or interests by the acquiring person.

(C) Additional information.—Any request for additional information by an agency shall be made within 30 days of receipt of the plan.

(D) Acquiring person.—

(i) A divestiture plan that identifies a proposed acquiring person may be approved only if the lead agency determines that—

(I) the proposed acquisition of the divested business, assets, operations, facilities, contracts, or interests by such acquiring person is consistent with the structural separation and deconcentration required by this section;

(II) the proposed acquisition would not materially harm competition or otherwise undermine the purposes of this section;

(III) the proposed acquisition would not preserve, recreate, or transfer a vertical control arrangement described in subsection (d); and

(IV) any statutory reporting, waiting period, or approval requirement applicable to the proposed acquisition will be satisfied before consummation.

(ii) A divestiture plan may be submitted and reviewed without identifying a proposed acquiring person, but no sale, transfer, assignment, or other disposition to an acquiring person may be consummated if either the Commission or the Antitrust Division disapproves in writing.

(E) Notice of decision.—Not later than the end of the review period, the lead agency shall notify the person in writing—

(i) whether the plan is approved, approved with conditions, or disapproved; and

(ii) the reasons for any disapproval or conditions.

(F) Approval standard.—A divestiture plan shall be treated as approved only if, before the end of the review period, the lead agency has approved the plan in writing, whether unconditionally or subject to conditions accepted in writing by the person submitting the plan, and neither the Commission nor the Antitrust Division has disapproved the plan in writing.

(3) Revised plan following disapproval.—If a plan is disapproved under paragraph (2), the person shall submit a revised divestiture plan not later than 60 days after receipt of the disapproval notice.

(A) Review deadline.—Not later than 150 days after receipt of a revised plan, but in no case later than May 1, 2028, the lead agency shall review the revised plan under the procedures set forth in paragraph (2).

(4) No tolling.—No submission, resubmission, agency review, negotiation, request for additional information, waiting period, court proceeding, or other matter shall toll or extend any deadline under this section.

(5) Consequences of noncompliance.—A person required to divest under subsection (f) shall be subject to subsection (h)(3), subsection (h)(4), or both, if such person fails to—

(A) submit a divestiture plan under paragraph (1);

(B) submit a revised plan under paragraph (3), if required to do so;

(C) obtain approval of either—

(i) a plan under paragraph (2); or

(ii) a revised plan under paragraph (3);

(D) conform to agreed-upon conditions of an approved plan; or

(E) conclude the divestiture required by subsection (f).

(6) Blocking of actions.—The Commission and the Antitrust Division, jointly or separately, may bring a civil action in any court of competent jurisdiction to block any action that would materially harm competition, reduce open market access or regional processing capacity, or otherwise undermine the purposes of this section.

(h) Enforcement.—

(1) In general.—When the Commission, the Antitrust Division, or an attorney general of a State has reason to believe that a person is in violation of this section or a rule promulgated under this section, the Commission, the Antitrust Division, or the attorney general of the State may bring a civil action in an appropriate district court of the United States.

(2) Injunctive and equitable relief.—In any action described in paragraph (1), the applicable court, on a finding that a person is in violation of this section or a rule promulgated under this section, shall issue an order requiring such person—

(A) to cease and desist from such violation and, if applicable, divest such interests as are necessary to comply with this section; and

(B) to pay an amount equal to the profits derived from any business, asset, operation, or interest subject to divestiture during the period of the violation.

(3) Penalties.—

(A) Written determination and transfer.—If a person knowingly and willfully fails to comply with a milestone specified under subsection (b)(2)(D), the Commission and the Antitrust Division, acting jointly, or the lead agency designated under subsection (g)(2)(A), shall issue a written determination identifying the missed milestone, the month for which escrow is required, the amount required to be transferred, and the method used to calculate such amount. Beginning not later than 15 days after receipt of such written determination, the person shall transfer into escrow on a monthly basis 10 percent of the profits of the person, to be—

(i) returned to the person if divestiture occurs by the deadline under subsection (f); or

(ii) deposited into the USDA Field Capacity Restoration Fund established under section 712 if divestiture does not occur by the deadline under subsection (f).

(B) Escrow administration and certification.—Any transfer into escrow under subparagraph (A) shall be deposited with the Secretary of the Treasury into a segregated account established for purposes of this section.

(i) Not later than 15 days after the end of each month for which a transfer is required, the person shall submit to the Chair of the Commission and the Antitrust Division a certification, signed by the chief executive officer and chief financial officer, attesting to the calculation of profits and gross revenues for such month and the amount transferred.

(ii) Not later than 120 days after the end of each fiscal year, the person shall submit a reconciliation based on audited financial statements and shall pay any underpayment, together with interest accruing from the date the underpayment was required to be transferred into escrow at the underpayment rate established under section 6621(a)(2) of the Internal Revenue Code of 1986 and compounded daily under section 6622(a) of such Code, or receive a return of any overpayment, as applicable.

(C) Judicial review.—A person subject to a transfer requirement under subparagraph (A) may, not later than 30 days after notice of such requirement, petition for review in the United States Court of Appeals for the District of Columbia Circuit. The filing of a petition for review shall not stay any obligation to transfer amounts into escrow unless the court orders otherwise.

(4) Trustee.—The Commission or the Antitrust Division may apply to a court of competent jurisdiction for the appointment of a divestiture trustee.

(A) Authority.—The divestiture trustee shall have the authority, at the expense of the person required to divest, to take such actions as are necessary to effectuate the divestiture required under this section, including selling, transferring, assigning, or otherwise disposing of the business, assets, entity, operations, facilities, contracts, or interests required to be divested.

(B) Cooperation.—The person required to divest shall cooperate fully with the divestiture trustee and shall take no action to interfere with, delay, or impede the divestiture.

(C) Approval.—Any proposed sale by the divestiture trustee shall be subject to approval under subsection (g).

(D) Duty of trustee.—The divestiture trustee shall act in the interest of effectuating prompt compliance with this section and restoring competition and shall not be required to maximize the value received by the person required to divest.

(5) Deposit.—Any amount paid under paragraph (2)(B) shall be deposited into the USDA Field Capacity Restoration Fund established under section 712.

(6) Other relief.—In addition to any relief obtained under paragraph (1) or (2), the court may grant any other equitable relief necessary to redress and prevent recurrence of the violation.

(i) Anti-circumvention.—It shall be unlawful for any person to evade or attempt to evade this section, including by entering into an agreement or contract, engaging in a transaction, structuring an entity, or recreating through contractual means the common ownership, concentration, or vertical control addressed under subsections (b) through (d).

(j) Rulemaking authority.—The Commission and the Antitrust Division shall, by joint rule, promulgate regulations to carry out this section.

(k) Reports required.—The Chair of the Commission and the Antitrust Division shall submit to the appropriate congressional committees quarterly reports on compliance with this section, including the status of any divestitures required under this section.

(l) Rule of construction.—Nothing in this section shall be construed to limit the authority of the Commission, the Department of Justice, or the attorney general of a State under any other provision of law.

SEC. 732. TRANSFERRING USDA AUTHORITY TO THE FTC.

(a) Agricultural Competition Division.—

(1) Establishment.—There is established within the Federal Trade Commission a division to be known as the "Agricultural Competition Division".

(2) Administrator.—The Agricultural Competition Division shall be headed by an Administrator, who shall be appointed by the Chair of the Federal Trade Commission.

(3) Duties.—The Administrator shall—

(A) carry out all functions transferred under subsection (c);

(B) administer, investigate, enforce, and promulgate regulations under the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.);

(C) investigate anticompetitive conduct in covered agricultural markets and coordinate with other divisions of the Federal Trade Commission as necessary to ensure effective enforcement;

(D) conduct merger analysis and review involving parties subject to the Packers and Stockyards Act; and

(E) coordinate with the Department of Justice on matters involving criminal violations.

(b) Role of the Department of Agriculture.—

(1) Technical assistance.—Nothing in this section shall be construed to limit the authority of the Department of Agriculture to provide technical assistance, market data, inspection services, grading, or other functions other than enforcement under the Packers and Stockyards Act.

(2) Inspection and food safety.—The Department of Agriculture shall retain all authorities and responsibilities relating to inspection, food safety, and facility oversight under the Federal Meat Inspection Act (21 U.S.C. 601 et seq.) and the Poultry Products Inspection Act (21 U.S.C. 451 et seq.).

(3) Coordination.—Upon request of the Administrator, the Department of Agriculture shall furnish such information, expertise, or assistance as the Administrator determines necessary to carry out this section.

(c) Amendments to the Packers and Stockyards Act.—The Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.) is amended as follows:

(1) in section 182, by adding at the end the following:

"(12) Administrator.—The term 'Administrator' means the Administrator of the Agricultural Competition Division of the Federal Trade Commission.";

(2) In sections 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 217b, 221, 222, 224, 228a, and 228b by striking "Secretary" or "Secretary of Agriculture" each place it appears and inserting "Administrator"; and

(3) In section 227—

(A) in subsection (b)(2), by striking the paragraph and inserting the following:

"(2) In any investigation of, or proceeding for the prevention of, an alleged violation of this Act, the Administrator shall exercise all powers and jurisdiction to administer, investigate, enforce, and promulgate regulations under this Act that were, prior to the enactment of the POPULIST Act, exercised by the Secretary of Agriculture. The Administrator's jurisdiction under this paragraph shall be exclusive with respect to all matters made subject to the jurisdiction of the Administrator by this Act.";

(B) by repealing subsections (d) and (e); and

(C) in subsection (f), by striking "The Secretary of Agriculture and the Federal Trade Commission shall include in their respective annual reports information with respect to the administration of subsections (b), (d), and (e) of this section." and inserting "The Federal Trade Commission shall include in its annual report information with respect to the administration of subsection (b) of this section.".

(d) Interagency cooperation.—The Administrator, the Department of Agriculture, and the Department of Justice shall enter into memoranda of understanding to ensure effective coordination on enforcement, data-sharing, inspection, and merger review activities.

(e) Rulemaking.—The Commission shall promulgate such regulations as are necessary to implement the transfer of functions under this section, including the modernization of rules governing unfair, unjustly discriminatory, or deceptive practices under the Packers and Stockyards Act.

(f) References.—Any reference in any Federal law, Executive order, rule, regulation, or delegation of authority to the Secretary of Agriculture or the Department of Agriculture relating to any function transferred under subsection (c) shall be deemed to be a reference to the Agricultural Competition Division.

(g) Transition and savings provisions.—

(1) Transfer date.—Subsections (c) and (f), and the amendments made by subsections (a) through (e) of section 733, shall take effect on the date that is 180 days after the date of enactment of this Act (in this subsection referred to as the "transfer date"). Until the transfer date, the Secretary of Agriculture shall retain and may exercise each function transferred under subsection (c).

(2) Transfer of personnel and resources.—On the transfer date, the personnel, records, property, contracts, information systems, unexpended balances of appropriations, allocations, and other funds, and other assets and liabilities used primarily in connection with a function transferred under subsection (c) shall be transferred from the Department of Agriculture to the Commission. The Secretary of Agriculture and the Chair of the Commission shall jointly determine the personnel and resources to be transferred, and the Director of the Office of Management and Budget shall resolve any disagreement. A transferred employee shall be transferred without a break in service and without reduction in grade or basic pay during the 1-year period beginning on the transfer date.

(3) Pending administrative matters.—A proceeding, investigation, adjudication, application, or other administrative matter relating to a transferred function that is pending on the transfer date shall not abate by reason of the transfer. The Commission or the Administrator, as applicable, shall be substituted for the Department of Agriculture or the Secretary of Agriculture and shall continue the matter from the stage reached immediately before the transfer date.

(4) Pending litigation.—A civil action or other judicial proceeding relating to a transferred function that is pending on the transfer date shall not abate by reason of the transfer. The Commission or the Administrator, as applicable, shall be substituted for the Department of Agriculture, the Secretary of Agriculture, or any other officer of the Department of Agriculture as a party to the proceeding.

(5) Existing authorities and actions.—A rule, regulation, order, determination, delegation, contract, grant, permit, license, guidance document, or other administrative action relating to a transferred function that is in effect immediately before the transfer date shall remain in effect according to its terms until modified, superseded, set aside, or revoked in accordance with law by the Commission or the Administrator.

(6) Deadlines and periods.—The transfer of a function under this section shall not restart, extend, shorten, or otherwise affect a statutory, regulatory, administrative, or judicial deadline or period. Time elapsed before the transfer date shall be included in determining compliance with any such deadline or period.

(7) Transition authority.—Before the transfer date, the Secretary of Agriculture and the Commission may take such actions as are necessary to carry out this subsection, including transferring custody of records and property in stages, establishing shared access to information systems, detailing personnel, and conducting joint training, except that legal authority to exercise a transferred function shall remain with the Secretary of Agriculture until the transfer date.

SEC. 733. POULTRY GROWER FAIRNESS.

(a) Administrative enforcement authority over live poultry dealers.—Sections 203, 204, and 205 of the Packers and Stockyards Act, 1921 (7 U.S.C. 193, 194, 195), as previously amended by section 732, are further amended by inserting ", live poultry dealer," after "packer" each place it appears.

(b) Authority to request temporary injunction or restraining order.—Section 408(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 228a(a)), as previously amended, is further amended by inserting ", or poultry care," after "on account of poultry obtained".

(c) Repeals.—Sections 411, 412, and 413 of the Packers and Stockyards Act, 1921 (7 U.S.C. 228b–2, 228b–3, and 228b–4), are repealed.

(d) Award of attorney fees.—Section 308 of the Packers and Stockyards Act, 1921 (7 U.S.C. 209), is amended by adding at the end the following:

"(c) Attorney's fee.—The court shall award a reasonable attorney's fee as part of the costs to a prevailing plaintiff in a civil action under this section.".

(e) Technical amendments.—

(1) Section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(a)), is amended—

(A) in the matter preceding paragraph (1), by striking "When used in this Act—" and inserting "(a) In this Act:";

(B) in paragraph (8), by striking "for slaughter" and all that follows through "of such poultry" and inserting "under a poultry growing arrangement, regardless of whether the poultry is owned by that person or another person"; and

(C) in paragraph (9), by striking "and cares for live poultry for delivery, in accord with another's instructions, for slaughter" and inserting "or cares for live poultry in accordance with the instructions of another person".

(2) Section 203 of the Packers and Stockyards Act, 1921 (7 U.S.C. 193), is amended—

(A) in subsection (a), in the first sentence—

(i) by striking "he shall cause" and inserting "the Administrator shall cause"; and

(ii) by striking "his charges" and inserting "the charges";

(B) in subsection (b), in the first sentence, by striking "he shall make a report in writing in which he shall state his findings" and inserting "such findings shall be stated in a written report"; and

(C) in subsection (c), by striking "he" and inserting "the Administrator".

(3) Section 204 of the Packers and Stockyards Act, 1921 (7 U.S.C. 194), is amended—

(A) in subsection (a), by striking "he has his" and inserting "the packer, live poultry dealer, or swine contractor has the";

(B) in subsection (c), by striking "his officers, directors, agents, and employees" and inserting "the officers, directors, agents, and employees of the packer, live poultry dealer, or swine contractor";

(C) in subsection (f), by striking the second sentence and inserting "The Administrator may modify such findings as to the facts, or make new findings, by reason of the additional evidence so taken, and shall file such modified or new findings and recommendations, if any, for the modification or setting aside of the order, with the return of such additional evidence."; and

(D) in subsection (g), by striking "his officers, directors, agents, and employees" and inserting "the officers, directors, agents, and employees of the packer, live poultry dealer, or swine contractor".

(f) Codification of certain poultry grower rules.—

(1) Incorporation of specified regulations.—The provisions of the following final regulations promulgated by the Secretary of Agriculture under the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.), as published in the Federal Register, are incorporated into this section and shall be treated as though such provisions are set forth in this subsection:

(A) The final rule entitled "Poultry Grower Payment Systems and Capital Improvement Systems," published in the Federal Register on January 16, 2025 (90 Fed. Reg. 5146).

(B) The final rule entitled "Transparency in Poultry Grower Contracting and Tournaments," published in the Federal Register on November 28, 2023 (88 Fed. Reg. 83210).

(2) Effect of incorporation.—The regulations incorporated under subsection (f)(1) may be altered only by means of an Act of Congress. To the extent that any provision of such regulations does not conform with this Act, the provisions of this Act shall govern.

(3) 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.

(4) Effective date.—This subsection shall take effect on December 31, 2026.

SEC. 734. PROCUREMENT OF MEAT AND POULTRY.

(a) Subtitle A of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

"Sec. 210B. Procurement of meat and poultry.

"(a) Definitions.—In this section:

"(1) Digital livestock exchange platform.—The term 'digital livestock exchange platform' has the meaning given the term in section 210C(a).

"(2) Eligible processor.—The term 'eligible processor' means a livestock or poultry processor that—

"(A) is engaged in the slaughter of livestock or poultry;

"(B) (i) employs fewer than 150 full-time employees; or

"(ii) processes less than 1,000,000 total pounds of meat food product and poultry product per month;

"(C) is not owned or in partnership with any entity that—

"(i) employs 150 or more full-time employees; or

"(ii) processes 1,000,000 total pounds or more of meat food product and poultry product per month; and

"(D) is not owned or in partnership with any foreign entity.

"(3) Livestock.—The term 'livestock' means cattle, sheep, swine, and goats, whether alive or dead.

"(4) Meat food products.—The term 'meat food products' has the meaning given the term in section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182).

"(5) Poultry; poultry product.—The terms 'poultry' and 'poultry product' have the meaning given such terms in section 4 of the Poultry Products Inspection Act (21 U.S.C. 453).

"(6) Secretary.—The term 'Secretary' means the Secretary of Agriculture.

"(b) Procurement requirements.—In procuring meat food products and poultry products for the Department of Agriculture, the Secretary—

"(1) shall increase procurement of meat food products and poultry products from eligible processors—

"(A) in the first fiscal year that begins on or after the date that is 1 year after the date of enactment of this section, by an amount that is the greater of—

"(i) $50,000,000; and

"(ii) 50 percent of the amount spent in the previous fiscal year for that procurement; and

"(B) in the first fiscal year following the fiscal year described in subparagraph (A), by an amount that is the greater of—

"(i) $100,000,000; and

"(ii) 75 percent of the amount spent in the previous fiscal year for that procurement;

"(2) shall, in each fiscal year following the fiscal year described in paragraph (1)(B), procure not less than 20 percent of meat food products and poultry products from eligible processors;

"(3) shall establish procurement contracts for the procurement increases under paragraphs (1) and (2) through a digital livestock exchange platform;

"(4) notwithstanding any other provision of law, shall not accept the lowest possible bid on a meat food products or poultry products procurement contract if that acceptance would result in prices that would not be commercially viable for eligible processors, as determined by the Secretary using the data described in section 210C(d)(4);

"(5) shall post competitive or sole source contracts exclusively to eligible processors through a digital livestock exchange platform;

"(6) shall determine fair market price for meat food products and poultry products processed by eligible processors (taking into account product attributes such as organic, regenerative, and high-welfare) through the price reporting expertise of the Secretary; and

"(7) shall prioritize procurement from—

"(A) enterprises that—

"(i) source at least 51 percent of their livestock, poultry, meat food products, or poultry products from producers or processors within a 250-mile radius;

"(ii) exclusively sell meat food products or poultry products with a label of the Department of Agriculture designating the product as a product of the United States, if such label exists; or

"(iii) purchase at least 51 percent of their livestock, poultry, meat food products, or poultry products to fulfill Federal procurement contracts through a digital livestock exchange platform;

"(B) enterprises owned by beginning farmers or ranchers (as defined in section 2501(a)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)(2))); and

"(C) enterprises with labor agreements.

"(c) Interagency assistance.—The Secretary shall assist other Federal agencies seeking to procure meat food products and poultry products by—

"(1) sharing information about the 1 or more digital livestock exchange platforms;

"(2) offering technical assistance on how to utilize a digital livestock exchange platform; and

"(3) facilitating through a digital livestock exchange platform procurement contract opportunities with eligible processors.

"(d) Offset.—Of amounts available to the Secretary for procurement in a fiscal year, the Secretary shall use not less than $35,000,000 to carry out procurement in accordance with this section.

"(e) Outreach.—The Secretary shall conduct outreach, and provide technical assistance, to eligible processors and producers of meat food products and poultry products seeking procurement contracts with the Federal Government.

"(f) Report.—Not later than 1 year after the date of enactment of this section, the Secretary shall submit to Congress a report that—

"(1) describes all procurement of meat food products and poultry products by the Department of Agriculture during the preceding 5 years, including—

"(A) the companies that those products were sourced from; and

"(B) by disaggregating information by categories of slaughter volume and processed volume; and

"(2) (A) analyzes barriers to eligible processors engaging in procurement contracts with the Department of Agriculture; and

"(B) makes recommendations on how to remove those barriers.

"Sec. 210C. Digital livestock exchange platform.

"(a) Definitions.—In this section:

"(1) Digital livestock exchange platform.—The term 'digital livestock exchange platform' means a digital application or website that fulfills the purposes and activities described in subsection (d).

"(2) Eligible processor.—The term 'eligible processor' has the meaning given the term in section 210B(a).

"(3) Formula price.—

"(A) In general.—The term 'formula price' means any price term that establishes a base from which a purchase price is calculated on the basis of a price that will not be determined or reported until a date that is after the date on which the forward price is established.

"(B) Exclusions.—The term 'formula price' does not include—

"(i) any price term that establishes a base from which a purchase price is calculated on the basis of a futures market price; or

"(ii) any adjustment to the base for quality, grade, or other factors relating to the value of livestock that are readily verifiable market factors and are outside the control of the packer.

"(4) Forward contract.—The term 'forward contract' means an oral or written contract for the purchase of livestock that provides for the delivery of the livestock to a packer at a date that is more than 7 days after the date on which the contract is entered into, without regard to whether the contract is for—

"(A) a specified lot of livestock; or

"(B) a specified number of livestock over a certain period of time.

"(5) Livestock.—The term 'livestock' means cattle, sheep, swine, and goats, whether alive or dead.

"(6) Meat food products.—The term 'meat food products' has the meaning given the term in section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182).

"(7) Poultry; poultry product.—The terms 'poultry' and 'poultry product' have the meaning given such terms in section 4 of the Poultry Products Inspection Act (21 U.S.C. 453).

"(8) Secretary.—The term 'Secretary' means the Secretary of Agriculture, acting through the Administrator of the Agricultural Marketing Service.

"(b) Establishment.—The Secretary shall enter into cooperative agreements with entities (including private entities, nonprofit organizations, and small businesses) to develop, as determined by the Secretary—

"(1) a single digital livestock exchange platform; or

"(2) multiple digital livestock exchange platforms by region.

"(c) Status as market agency.—A digital livestock exchange platform shall be a market agency (as defined in section 301 of the Packers and Stockyards Act, 1921 (7 U.S.C. 201), except that livestock in paragraph (1) of that section shall include poultry) for purposes of that Act.

"(d) Purposes and activities of platform.—A digital livestock exchange platform shall—

"(1) facilitate open access to online cash transfer and open bidding on forward contracts and procurement contracts between—

"(A) livestock and poultry producers;

"(B) livestock and poultry producers and eligible processors;

"(C) livestock and poultry producers or eligible processors and institutional, private sector, and government buyers; and

"(D) distributors of meat food products and poultry products to institutional, private sector, and government buyers;

"(2) facilitate ease of access to—

"(A) Federal procurement opportunities for eligible processors and producers of meat food products and poultry products; and

"(B) subcontracting opportunities by private entities fulfilling Federal meat food products and poultry products procurement contracts;

"(3) facilitate connection between producers and eligible processors offering copacking services, so that producers may fulfill governmental, retail, restaurant, or institutional contracts directly;

"(4) facilitate reporting by the Secretary of regional agricultural prices while ensuring data privacy and data ownership for individual digital livestock exchange platform participants;

"(5) provide open-source access for producers to a tool that allows producers to enhance the traceability of their product attributes;

"(6) aim to prevent manipulation within markets subject to the Packers and Stockyards Act, 1921 (7 U.S.C. 191 et seq.), and transactions across the livestock and poultry industry; and

"(7) test the value of new forms of technology, including distributed ledger and smart contract technologies, in livestock and poultry market platforms and supply chains, to accomplish the objectives described in paragraphs (1) through (6).

"(e) Compliant forward contracts.—

"(1) In general.—In effectuating any sale of livestock on a digital livestock exchange platform, it shall be unlawful to use a forward contract that—

"(A) does not contain a firm base price that may be equated to a fixed dollar amount on the date on which the forward contract is entered into;

"(B) is not offered for bid in an open, public manner under which—

"(i) buyers and sellers have the opportunity to participate in the bid;

"(ii) more than 1 blind bid is solicited; and

"(iii) buyers and sellers may witness bids that are made and accepted;

"(C) is based on a formula price; or

"(D) provides for the sale of livestock in a quantity in excess of 50 animals.

"(2) Penalties.—Any participant that violates paragraph (1) shall—

"(A) forfeit any existing Federal meat food product or poultry product procurement contract; and

"(B) during the 3-year period following the violation, be barred from participation in a digital livestock exchange platform and from consideration for any Federal meat food product or poultry product procurement contract.

"(f) Prohibited participation.—

"(1) Daily harvest volume.—A meatpacker that has a daily harvest volume that is more than 5 percent of the national daily harvest volume may not participate in a digital livestock exchange platform, including by posting subcontracting opportunities on the digital livestock exchange platform.

"(2) Eligible processors.—A meatpacker that is not an eligible processor may not participate in a digital livestock exchange platform, including by posting subcontracting opportunities on the digital livestock exchange platform.

"(g) Outreach.—The Secretary shall conduct outreach through extension services regarding the availability and use of a digital livestock exchange platform.

"(h) Authorization of appropriations.—There is authorized to be appropriated to the Secretary to carry out subsection (b) $2,000,000, to remain available until expended.".

(b) Conforming amendment.—The table of sections of the Agricultural Marketing Act of 1946 is amended by inserting after the item relating to section 210A the following:

"210B. Procurement of meat and poultry.

"210C. Digital livestock exchange platform.".

SEC. 735. STRENGTHENING LOCAL MEAT PROCESSING.

(a) Poultry establishments.—The Poultry Products Inspection Act is amended by inserting after section 14 (21 U.S.C. 463) the following:

"Sec. 14A. Smaller and very small establishment guidance and resources.

"(a) Definitions of smaller establishment and very small establishment.—In this section, the terms 'smaller establishment' and 'very small establishment' have the meanings given those terms in the final rule entitled 'Pathogen Reduction; Hazard Analysis and Critical Control Point (HACCP) Systems', as published in the Federal Register on July 25, 1996 (61 Fed. Reg. 38806).

"(b) Database of studies; model plans.—Not later than 18 months after the date of enactment of this section, the Secretary shall—

"(1) establish a free, searchable database of approved peer-reviewed validation studies accessible to smaller establishments and very small establishments subject to inspection under this Act for use in developing a Hazard Analysis and Critical Control Point ('HACCP') plan; and

"(2) publish online scale-appropriate model HACCP plans for smaller establishments and very small establishments, including model plans for—

"(A) slaughter-only establishments;

"(B) processing-only establishments; and

"(C) slaughter and processing establishments.

"(c) Guidance.—Not later than 2 years after the date of enactment of this section, the Secretary shall publish a guidance document, after notice and an opportunity for public comment, providing information on the requirements that need to be met for smaller establishments and very small establishments to receive approval for a HACCP plan pursuant to this Act.

"(d) Data confidentiality.—In carrying out subsections (b) and (c), the Secretary shall not publish confidential business information, including a HACCP plan of an establishment.".

(b) Meat establishments.—The Federal Meat Inspection Act (21 U.S.C. 601 et seq.) is amended by inserting after section 25 the following:

"Sec. 26. Smaller and very small establishment guidance and resources.

"(a) Definitions of smaller establishment and very small establishment.—In this section, the terms 'smaller establishment' and 'very small establishment' have the meanings given those terms in the final rule entitled 'Pathogen Reduction; Hazard Analysis and Critical Control Point (HACCP) Systems', as published in the Federal Register on July 25, 1996 (61 Fed. Reg. 38806).

"(b) Database of studies; model plans.—Not later than 18 months after the date of enactment of this section, the Secretary shall—

"(1) establish a free, searchable database of approved peer-reviewed validation studies accessible to smaller establishments and very small establishments subject to inspection under this Act for use in developing a Hazard Analysis and Critical Control Point ('HACCP') plan; and

"(2) publish online scale-appropriate model HACCP plans for smaller establishments and very small establishments, including model plans for—

"(A) slaughter-only establishments;

"(B) processing-only establishments; and

"(C) slaughter and processing establishments.

"(c) Guidance.—Not later than 2 years after the date of enactment of this section, the Secretary shall publish a guidance document, after notice and an opportunity for public comment, providing information on the requirements that need to be met for smaller establishments and very small establishments to receive approval for a HACCP plan pursuant to this Act.

"(d) Data confidentiality.—In carrying out subsections (b) and (c), the Secretary shall not publish confidential business information, including a HACCP plan of an establishment.".

(c) Increasing Federal share for state inspection.—

(1) Poultry products.—Section 5(a)(3) of the Poultry Products Inspection Act (21 U.S.C. 454(a)(3)) is amended in the second sentence by striking "50 per centum" and inserting "65 percent".

(2) Meat and meat food products.—Section 301(a)(3) of the Federal Meat Inspection Act (21 U.S.C. 661(a)(3)) is amended in the second sentence by striking "50 per centum" and inserting "65 percent".

(d) Interstate shipment of poultry products.—Section 31 of the Poultry Products Inspection Act (21 U.S.C. 472) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by striking "25 employees" each place it appears and inserting "50 employees"; and

(B) in paragraph (3)—

(i) in the paragraph heading, by striking "25" and inserting "50";

(ii) in subparagraph (A), by striking "25" and inserting "50"; and

(iii) in subparagraph (B)—

(I) in clause (i), by striking "more than 25 employees but less than 35 employees" and inserting "more than 50 employees but less than 70 employees"; and

(II) in clause (ii), by striking "subsection (i)" and inserting "subsection (j)";

(2) in subsection (c), by striking "60 percent" and inserting "80 percent";

(3) in subsection (e)(1), by striking "subsection (i)" and inserting "subsection (j)";

(4) by redesignating subsections (f) through (i) as subsections (g) through (j), respectively; and

(5) by inserting after subsection (e) the following:

"(f) Federal outreach.—

"(1) In general.—In each of fiscal years 2027 through 2032, for the purpose of State participation in the Cooperative Interstate Shipment program, the Secretary shall conduct outreach to, and, as appropriate, subsequent negotiation with, not fewer than 25 percent of the States that—

"(A) have a State poultry product inspection program pursuant to section 5; but

"(B) do not have a selected establishment.

"(2) Report.—At the conclusion of each of fiscal years 2027 through 2032, the Secretary shall submit a report detailing the activities and results of the outreach conducted during that fiscal year under paragraph (1) to—

"(A) the Committee on Agriculture of the House of Representatives;

"(B) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

"(C) the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies of the Committee on Appropriations of the House of Representatives; and

"(D) the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies of the Committee on Appropriations of the Senate.".

(e) Interstate shipment of meat products.—Section 501 of the Federal Meat Inspection Act (21 U.S.C. 683) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by striking "25 employees" each place it appears and inserting "50 employees"; and

(B) in paragraph (3)—

(i) in the paragraph heading, by striking "25" and inserting "50";

(ii) in subparagraph (A), by striking "25" and inserting "50"; and

(iii) in subparagraph (B)(i), by striking "more than 25 employees but less than 35 employees" and inserting "more than 50 employees but less than 70 employees";

(2) in subsection (c), by striking "60 percent" and inserting "80 percent"; and

(3) in subsection (f), by adding at the end the following:

"(3) Federal outreach.—

"(A) In general.—In each of fiscal years 2027 through 2032, for the purpose of State participation in the Cooperative Interstate Shipment program, the Secretary shall conduct outreach to, and, as appropriate, subsequent negotiation with, not fewer than 25 percent of the States that—

"(i) have a State meat inspection program pursuant to section 301; but

"(ii) do not have a selected establishment.

"(B) Report.—At the conclusion of each of fiscal years 2027 through 2032, the Secretary shall submit a report detailing the activities and results of the outreach conducted during that fiscal year under subparagraph (A) to—

"(i) the Committee on Agriculture of the House of Representatives;

"(ii) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

"(iii) the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies of the Committee on Appropriations of the House of Representatives; and

"(iv) the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies of the Committee on Appropriations of the Senate.".

(f) Processing resilience grant program.—Subtitle A of the Agricultural Marketing Act of 1946 is amended by adding at the end the following:

"Sec. 210D. Processing resilience grant program.

"(a) Definitions.—In this section:

"(1) Eligible entity.—The term 'eligible entity' means—

"(A) a smaller establishment or very small establishment;

"(B) a slaughtering or processing establishment subject to a State meat or poultry inspection program;

"(C) a person engaging in custom operations that is exempt from inspection under Federal law; or

"(D) a person seeking to establish or operate an establishment described in subparagraph (A) or (B).

"(b) Grants.—Not later than 60 days after the date of enactment of this section, the Secretary shall establish a competitive grant program and issue the first notice of funding opportunity for grants to eligible entities for activities to increase resiliency and diversification of the meat processing system. The Secretary shall award grants as soon as practicable after amounts are made available and a competitive application period is completed.

"(c) Authorization of appropriations.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2027 through 2032.".

(g) Conforming amendment.—The table of sections of the Agricultural Marketing Act of 1946 is amended by inserting after the item relating to section 210C the following:

"210D. Processing resilience grant program.".

SEC. 736. STRENGTHENING ANTITRUST ENFORCEMENT FOR MEATPACKING.

Section 202 of the Packers and Stockyards Act, 1921 (7 U.S.C. 192), as amended by this Act, is further amended—

(1) in each of subsections (a) through (f), by striking "; or" at the end and inserting a period;

(2) in subsection (e) (as amended by paragraph (1)), by inserting ", in accordance with subsection (b)" before the period at the end;

(3) in subsection (f) (as amended by paragraph (1))—

(A) by striking "(1)";

(B) by striking "or (2)"; and

(C) by striking "(3)";

(4) in subsection (g), by striking "made unlawful by subdivision (a), (b), (c), (d), or (e)" and inserting "described in paragraphs (1) through (5)";

(5) by redesignating subsections (a) through (g) as paragraphs (1) through (7), respectively, and indenting appropriately;

(6) by striking the section designation and all that follows through "It shall be unlawful" in the matter preceding paragraph (1) (as so redesignated) and inserting the following:

"Sec. 202. Unlawful activities.

"(a) In general.—It shall be unlawful";

(7) in subsection (a) (as so designated), in the matter preceding paragraph (1) (as so redesignated), by striking "to:" and inserting "to carry out the following activities:"; and

(8) by adding at the end the following:

"(b) Acquisition creating a monopoly.—

"(1) In general.—For purposes of subsection (a)(5), it shall be a rebuttable presumption that an acquisition would create a monopoly if the acquisition would—

"(A) result in a Herfindahl-Hirschman Index greater than 1,800 in any relevant market; or

"(B) increase the Herfindahl-Hirschman Index by more than 100 in any relevant market.

"(2) Clayton Act violation.—Any acquisition deemed to create a monopoly under paragraph (1) shall be considered a violation of section 7 of the Clayton Act (15 U.S.C. 18).".

SEC. 737. PRESERVATION OF STATE AUTHORITY OVER ANIMAL WELFARE AND FOOD STANDARDS.

(a) Preservation of State authority.—Notwithstanding any other provision of Federal law, a State may establish, enforce, or apply a law or regulation that—

(1) sets standards for the raising, housing, treatment, transport, or slaughter of animals used for food in such State;

(2) conditions the sale or offering for sale of an animal product in such State on compliance with standards described in paragraph (1), including standards that would apply if the animal from which the product is derived were raised, housed, treated, transported, or slaughtered in such State; or

(3) restricts the importation, sale, or offering for sale of an animal or animal product in such State to protect animal health, food safety, or public health.

(b) Place of production.—A law or regulation described in subsection (a)(2) or (a)(3) may apply without regard to whether the animal, animal product, or ingredient was raised, produced, processed, or packaged in the State.

(c) Rule of construction.—Nothing in this section shall be construed to alter any Federal inspection requirement applicable to meat, poultry, egg products, or other food products, except that such requirement shall not be construed to preempt, displace, invalidate, or render unenforceable a law or regulation preserved by this section.

Subtitle D—Environmental and Externality Reform

SEC. 741. PROHIBITION OF CERTAIN HAZARDOUS PESTICIDES.

(a) Cancellation of registration of atrazine.—

(1) In general.—Pursuant to section 6(b) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136d(b)), effective on the date of enactment of this Act—

(A) atrazine shall be deemed to generally cause unreasonable adverse effects to humans;

(B) the Administrator shall cancel the registration of all uses of atrazine; and

(C) following such cancellation, the Administrator shall, in accordance with section 408(l)(2) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(l)(2)), revoke any tolerance or exemption that allows the presence of atrazine or any pesticide chemical residue resulting from its use, in or on food.

(2) Existing stocks prohibited.—Effective on the date of enactment of this section, the continued sale or use of existing stocks of atrazine is prohibited.

(3) No reregistration.—The Administrator may not reregister atrazine under section 4 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a–1).

(b) Cancellation of registration of paraquat.—

(1) In general.—Pursuant to section 6(b) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136d(b)), effective on the date of enactment of this Act—

(A) paraquat shall be deemed to generally cause unreasonable adverse effects to humans due to acute systemic toxicity and neurotoxicity;

(B) the Administrator shall cancel the registration of all uses of paraquat; and

(C) following such cancellation, the Administrator shall, in accordance with section 408(l)(2) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(l)(2)), revoke any tolerance or exemption that allows the presence of paraquat or any pesticide chemical residue resulting from its use, in or on food.

(2) Existing stocks prohibited.—Effective on the date of enactment of this section, the continued sale or use of existing stocks of paraquat is prohibited.

(3) No reregistration.—The Administrator may not reregister paraquat under section 4 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a–1).

(c) Review of whole pesticide formulations.—

(1) Requirement.—In evaluating, registering, reregistering, or reviewing a pesticide under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.), the Administrator shall assess the safety of the pesticide as a whole formulation, including inert ingredients, adjuvants, synergists, and degradation products.

(2) Prohibition.—The Administrator may not approve or maintain a registration based solely on evaluation of an active ingredient in isolation.

(d) Child safety factor protections.—Section 408(b)(2)(C) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(b)(2)(C)) is amended by striking the final sentence.

(e) Preservation of State authority and liability.—

(1) Addressing Monsanto Co. v. Durnell.—Section 24(b) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136v(b)) is amended to read as follows:

"(b) Uniformity.—A State may impose or continue in effect any requirements for labeling or packaging in addition to or different from those required under this subchapter, but only if and to the extent such labeling or packaging provides protection equal to or greater than the requirements of this subchapter.".

(2) Preservation of state authority.—The Federal Insecticide, Fungicide, and Rodenticide Act shall be construed to affirmatively permit States and political subdivisions to enact and enforce laws regulating pesticides, agricultural chemicals, and related production practices that provide protections equal to or greater than Federal law.

(3) No liability shield.—No provision of Federal law may grant pesticide manufacturers immunity from civil liability arising under State or Federal law for harms caused by pesticide products or formulations, including claims based on failure to warn, inadequate labeling, defective design, negligence, fraud, misrepresentation, public nuisance, or consumer protection law.

(f) Farmer transition assistance.—

(1) Trigger.—Upon cancellation of a pesticide under this section, the Secretary of Agriculture shall make available additional technical assistance, research support, and transition assistance to affected producers under the National Organic Program.

(2) Eligible assistance.—Assistance under this subsection may include support for—

(A) transition to regenerative, organic, or input-reducing production systems;

(B) soil health practices and diversified crop systems;

(C) region-specific agronomic research and extension services; and

(D) education and training relating to alternative pest management strategies.

(3) Coordination.—The Secretary shall coordinate assistance under this subsection through section 712.

SEC. 742. SURTAX ON MEGA CONCENTRATED ANIMAL FEEDING OPERATIONS.

(a) In general.—Chapter 38 of subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"Subchapter E—Mega concentrated animal feeding operations

"SEC. 4691. Surtax on mega concentrated animal feeding operations.

"Sec. 4691. Surtax on mega concentrated animal feeding operations.

"(a) Definitions.—In this section:

"(1) Applicable Large CAFO threshold.—The term 'applicable Large CAFO threshold' means, with respect to animals counted within a taxable animal class, the numerical threshold

specified for such animals in section 122.23(b)(4) of title 40, Code of Federal Regulations, or any successor regulation.

"(2) Average daily threshold-equivalent inventory.—The term 'average daily threshold-equivalent inventory' means, with respect to a taxable animal class for a calendar year, the quotient obtained by dividing—

"(A) the sum of the daily threshold-equivalent inventories for that taxable animal class for each day during the calendar year; by

"(B) the number of days in the calendar year.

"(3) Concentrated animal feeding operation; CAFO.—The term 'concentrated animal feeding operation' or 'CAFO' has the meaning given the term 'concentrated animal feeding operation' in section 122.23 of title 40, Code of Federal Regulations, or any successor regulation.

"(4) Coordinated operation.—The term 'coordinated operation' means 2 or more facilities, lots, sites, animal houses, feeding areas, production areas, or operations that are operated, managed, contracted for, or controlled as part of an integrated animal confinement operation.

"(5) Daily threshold-equivalent inventory.—The term 'daily threshold-equivalent inventory' means, with respect to a taxable animal class for a day, the sum, for each category of animals described in section 122.23(b)(4) of title 40, Code of Federal Regulations, or any successor regulation, that is included in such taxable animal class, of the quotient obtained by dividing—

"(A) the number of animals in such category stabled or confined and fed or maintained at the CAFO or coordinated operation on such day; by

"(B) the applicable Large CAFO threshold for animals in such category.

"(6) Mega CAFO.—The term 'Mega CAFO' means, with respect to a taxable animal class, a CAFO or coordinated operation for which the daily threshold-equivalent inventory for such class equals or exceeds 10 on at least 45 days during a calendar year.

"(7) Operator.—The term 'operator' means the person that exercises ultimate production control over a CAFO or coordinated operation. For purposes of this paragraph, a person exercises ultimate production control if the person has final contractual or practical authority over the scale and material terms of animal confinement, including authority to determine or direct animal placement, animal removal, or flock or herd size. If 2 or more persons jointly exercise such authority, each such person shall be treated as an operator.

"(8) Production control.—The term 'production control' means contractual or practical authority to determine or materially influence animal placement, animal removal, flock or herd size, feed supply, production protocols, veterinary protocols, waste handling, or other material terms of animal confinement.

"(9) Secretary.—The term 'Secretary' means the Secretary of the Treasury or the delegate of the Secretary.

"(10) Taxable animal class.—The term 'taxable animal class' means—

"(A) cattle, consisting of animals described in clause (i), (ii), or (iii) of section 122.23(b)(4) of title 40, Code of Federal Regulations, or the corresponding provisions of any successor regulation;

"(B) swine, consisting of animals described in clause (iv) or (v) of such section or the corresponding provisions of any successor regulation; or

"(C) poultry, consisting of animals described in clause (viii), (ix), (x), (xi), (xii), or (xiii) of such section or the corresponding provisions of any successor regulation.

"(b) Imposition of tax.—

"(1) In general.—There is imposed for each calendar year 1 tax on the operator of each Mega CAFO with respect to each taxable animal class for which the operation is a Mega CAFO.

"(2) Multiple operators.—If 2 or more persons are treated as operators under subsection (a)(7), such persons shall be jointly and severally liable for the tax imposed under paragraph (1), but only 1 tax shall be imposed with respect to the Mega CAFO, taxable animal class, and calendar year.

"(c) Amount of tax.—

"(1) In general.—The amount of the tax imposed under subsection (b) for a taxable animal class for a calendar year shall be the product of—

"(A) $300,000;

"(B) the annual escalation factor determined under paragraph (2); and

"(C) the concentration factor determined under paragraph (3).

"(2) Annual escalation factor.—The annual escalation factor shall equal the number of calendar years elapsed since calendar year 2026, beginning with a factor of 1 for calendar year 2027.

"(3) Concentration factor.—The concentration factor for a taxable animal class for a calendar year shall equal the quotient obtained by dividing—

"(A) the average daily threshold-equivalent inventory for such taxable animal class during the calendar year; by

"(B) 10.

"(4) Phase-in limitation.—Before January 1, 2030, the concentration factor under paragraph (3) shall not exceed the annual escalation factor determined under paragraph (2).

"(d) Counting rules.—

"(1) In general.—For purposes of this section, an animal shall be included in the daily threshold-equivalent inventory for each day or portion of a day during which the animal is stabled or confined and fed or maintained at the CAFO or coordinated operation.

"(2) Ownership disregarded.—An animal shall be counted under paragraph (1) without regard to whether the animal is owned by the operator, an integrator, a contractor, a grower, or any other person.

"(e) Aggregation.—

"(1) In general.—For purposes of determining whether a CAFO or coordinated operation is a Mega CAFO and calculating average daily threshold-equivalent inventory, the Secretary shall aggregate facilities, lots, sites, animal houses, feeding areas, production areas, or operations if—

"(A) such facilities, lots, sites, animal houses, feeding areas, production areas, or operations are under common ownership or common control, are subject to production control by the same person or group of persons, or are part of a coordinated operation; and

"(B) such facilities, lots, sites, animal houses, feeding areas, production areas, or operations—

"(i) adjoin each other;

"(ii) use a common area or system for manure, litter, process wastewater, waste storage, waste treatment, waste disposal, land application, or mortality management;

"(iii) share a production area, waste containment area, labor system, equipment system, feed system, animal placement system, animal removal system, or other material operational system; or

"(iv) are structured, divided, leased, contracted, or operated in a manner that has the purpose or effect of avoiding the application of this section.

"(2) No broad regional aggregation.—Aggregation under this subsection shall be limited to concentrated or operationally integrated animal confinement and shall not be based solely on the fact that multiple facilities, lots, sites, animal houses, feeding areas, production areas, or operations have animals owned, supplied, purchased, or processed by the same person.

"(f) Regulations and verification.—

"(1) In general.—The Secretary, in consultation with the Secretary of Agriculture and the Administrator of the Environmental Protection Agency, shall prescribe such regulations and other guidance as are necessary to carry out this section, including rules for determining the operator, returns, estimated payments, reconciliation, partial-year operations, and preventing evasion.

"(2) No delay.—A delay in the issuance or finalization of regulations or guidance under paragraph (1) shall not delay, limit, extinguish, or reduce any tax liability, duty, enforcement authority, or other obligation established by this section.

"(g) Transfer of revenues.—There are appropriated, out of amounts in the Treasury not otherwise appropriated, amounts equivalent to the revenues received under this section, which shall be transferred to the USDA Field Capacity Restoration Fund established under section 712 of

the POPULIST Act and shall remain available until expended for the purposes specified in such section.

"(h) Rule of construction.—Nothing in this section shall be construed to limit any requirement, permit obligation, enforcement authority, or remedy under any other Federal, State, or local law.".

(b) Clerical amendment.—The table of subchapters for chapter 38 of subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"Subchapter E. Mega concentrated animal feeding operations.".

(c) Effective date.—The amendments made by this section shall apply beginning January 1, 2027.

SEC. 743. UNTRUSTING SUGAR.

(a) Transition period.—In this section, the term "transition period" means the 4-year period beginning on the effective date of this section.

(b) Sugar supports repealed.—Sections 1359bb, 1359cc, and 1359kk of title 7, United States Code, are repealed.

(c) Suspension of antitrust immunity.—Notwithstanding sections 291 and 292 of title 7, United States Code, the antitrust immunity provided under such sections shall not apply during the transition period to any agreement, coordination, or collective conduct relating to the processing, refining, or marketing of sugar derived from sugarcane or sugar beets for human consumption in the United States.

(d) Enforcement authority.—During the transition period, the Federal Trade Commission shall have authority to investigate and enforce antitrust laws with respect to conduct relating to the processing, refining, or marketing of sugar derived from sugarcane or sugar beets for human consumption in the United States.

(e) Report to Congress.—Not later than 3 years after the beginning of the transition period, the Federal Trade Commission shall submit to the Committee on the Judiciary and the Committee on Agriculture of the House of Representatives and the Committee on the Judiciary and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating—

(1) the state of competition in sugar processing, refining, and marketing markets;

(2) whether any anticompetitive conduct has occurred during the transition period;

(3) the effectiveness of the temporary suspension of antitrust immunity under this section; and

(4) whether the public interest would be served by extending, modifying, or allowing the expiration of such suspension.

(f) Effective date.—This section shall be effective January 1, 2027.

SEC. 744. RESTRUCTURING CORN SUBSIDIES AND ETHANOL MANDATES.

(a) Limitation on commodity program payments for corn.—

(1) In general.—Notwithstanding any other provision of law, no person or legal entity shall receive, directly or indirectly, more than $50,000 in aggregate payments per crop year with respect to corn under title I of the Agricultural Act of 2014 (7 U.S.C. 9011 et seq.) or any successor provision.

(2) Attribution.—For purposes of applying the limitation under paragraph (1), the attribution rules under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) and section 1001A of such Act (7 U.S.C. 1308–1) shall apply.

(3) No waiver.—The Secretary of Agriculture may not waive or adjust the limitation under this subsection.

(b) Cap on crop insurance premium subsidies attributable to corn.—

(1) In general.—Section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) is amended by adding at the end the following:

"(10) Cap on corn.—

"(A) In general.—No premium subsidy shall be paid for a crop year to any person or legal entity to the extent that the portion of such subsidy attributable to acreage planted to corn exceeds $40,000.

"(B) Attribution.—For purposes of subparagraph (A), the portion of a premium subsidy attributable to corn shall be determined based on the ratio of—

"(i) the total insured acreage planted to corn; to

"(ii) the total insured acreage of all crops covered by the applicable policy or policies for the crop year.

"(C) Attribution and aggregation.—For purposes of applying this paragraph, the attribution and aggregation rules under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) and section 1001A of such Act (7 U.S.C. 1308-1) shall apply, including rules treating interests held by related persons, legal entities, or arrangements under common control as attributable to a single person or legal entity.".

(2) Application of attribution rules.—The attribution rules under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) and section 1001A of such Act (7 U.S.C. 1308–1) shall apply for purposes of determining the person or legal entity receiving the subsidy.

(3) Rule of construction.—Nothing in this subsection shall be construed to limit access to crop insurance coverage; this subsection applies solely to the Federal share of premium subsidies attributable to corn.

(c) Phase-out of corn ethanol mandate.—

(1) Separate conventional biofuel standard.—Section 211(o)(2)(A)(i) of the Clean Air Act (42 U.S.C. 7545(o)(2)(A)(i)) is amended in the second sentence by inserting "conventional biofuel," after "renewable fuel,".

(2) Applicable volumes.—Section 211(o)(2)(B)(i) of the Clean Air Act (42 U.S.C. 7545(o)(2)(B)(i)) is amended by adding at the end the following:

"(V) Phase-down of conventional biofuel.—

"(aa) For calendar year 2027, the applicable volume of conventional biofuel shall equal 15,000,000,000 gallons.

"(bb) For calendar year 2028, the applicable volume of conventional biofuel shall equal 11,250,000,000 gallons.

"(cc) For calendar year 2029, the applicable volume of conventional biofuel shall equal 7,500,000,000 gallons.

"(dd) For calendar year 2030, the applicable volume of conventional biofuel shall equal 3,750,000,000 gallons.

"(ee) For calendar year 2031 and each calendar year thereafter, the applicable volume of conventional biofuel shall be zero.

"(ff) Separate percentage standard.—The Administrator shall establish and enforce a separate annual percentage standard for conventional biofuel based on the applicable volume under this subclause. Only conventional biofuel may be counted toward compliance with that standard, and no advanced biofuel, cellulosic biofuel, biomass-based diesel, or other renewable fuel may be used to satisfy it.";

(3) Savings clause.—Nothing in this subsection shall be construed to affect the applicable volumes of advanced biofuel, cellulosic biofuel, or biomass-based diesel under section 211(o)(2)(B).

(4) Prohibition on backfilling.—The Administrator may not increase the applicable volumes of any renewable fuel category other than conventional biofuel for the purpose of offsetting reductions required under subclause (V) of section 211(o)(2)(B)(i).

(d) Conforming amendments and implementation.—

(1) Regulations.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture and the Administrator of the Environmental Protection Agency shall issue interim final rules to carry out this section. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Secretary and the Administrator shall provide a public comment period of not less than 60 days after publication and shall issue final rules not later than 180 days after the date on which the interim final rules are issued.

(2) No preemption of antitrust law.—Nothing in this section shall be construed to limit the application of the antitrust laws (as defined in section 1 of the Clayton Act (15 U.S.C. 12)) to the production, processing, or marketing of corn or corn-derived products.

(e) Effective date.—This section shall take effect beginning with the first crop year or calendar year, as applicable, that begins after the date of enactment of this Act.

Subtitle E—Working Waterfronts

SEC. 751. SEAFOOD FINANCE, MARKET DEVELOPMENT, AND INNOVATION.

(a) Department of Agriculture loans and grants for fishing and mariculture businesses.—

(1) Definitions of farmer and farming.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended—

(A) in paragraph (1), by striking "farming." and inserting "farming, commercial fishing, or fish processing.";

(B) in paragraph (2), by striking "farming." and inserting "farming, commercial fishing, and fish processing."; and

(C) by adding at the end the following:

"(14) Commercial fishing.—The term 'commercial fishing' means fishing (as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802)) in which the fish harvested, either in whole or in part, are intended to enter commerce or enter commerce through sale, barter, or trade.

"(15) Commercial fishing vessel.—The term 'commercial fishing vessel' means a fishing vessel and a fish processing vessel (as those terms are defined in section 2101 of title 46, United States Code).

"(16) Fish.—The term 'fish' has the meaning given the term in section 2101 of title 46, United States Code.

"(17) Fish processing.—The term 'fish processing' means the processing of fish for commercial use or consumption.

"(18) Fish processing facility.—The term 'fish processing facility' means a facility or vessel, boat, ship, or other craft used or equipped for fish processing.".

(2) Farm ownership loans.—

(A) Eligibility.—Section 302(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a)) is amended by adding at the end the following:

"(3) Eligibility of wild-caught fish and shellfish.—For purposes of direct and guaranteed farm loans under this subtitle—

"(A) the terms 'farmer' and 'rancher' shall include an individual or entity engaged in commercial fishing or fish processing; and

"(B) the terms 'farm' and 'ranch' shall include—

"(i) a commercial fishing vessel; and

"(ii) a fish processing facility.".

(B) Purposes.—Section 303(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)) is amended by adding at the end the following:

"(3) Commercial fishery participants; fish processors.—

"(A) Commercial fishery participants.—An individual or entity engaged in commercial fishing may use a direct or guaranteed loan under this subtitle for—

"(i) acquiring a commercial fishing permit; and

"(ii) acquiring, operating, and maintaining a commercial fishing vessel.

"(B) Fish processors.—An individual or entity engaged in fish processing may use a direct or guaranteed loan under this subtitle for acquiring, operating, and maintaining a fish processing facility.".

(3) Farm operating loans.—

(A) Eligibility.—Section 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(a)) is amended by adding at the end the following:

"(3) Eligibility of wild-caught fish and shellfish.—For purposes of direct and guaranteed farm loans under this subtitle—

"(A) the terms 'farmer' and 'rancher' shall include an individual or entity engaged in commercial fishing or fish processing; and

"(B) the terms 'farm' and 'ranch' shall include—

"(i) a commercial fishing vessel; and

"(ii) a fish processing facility.".

(B) Purposes.—Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended by adding at the end the following:

"(f) Commercial Fishery Participants; Fish Processors.—

"(1) Commercial fishery participants.—An individual or entity engaged in commercial fishing may use a direct or guaranteed loan under this subtitle for acquiring, operating, and maintaining a commercial fishing vessel.

"(2) Fish processors.—An individual or entity engaged in fish processing may use a direct or guaranteed loan under this subtitle for acquiring, operating, and maintaining a fish processing facility.".

(4) Farmers' markets and local food promotion program.—Section 210A(d)(6) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1627c(d)(6)) is amended by adding at the end the following:

"(F) Eligibility of wild-caught fish and shellfish.—For purposes of this paragraph—

"(i) an agricultural commodity or product described in subsection (a)(12) shall include fish (as defined in section 2101 of title 46, United States Code) that is caught, taken, or harvested from the wild; and

"(ii) the eligible activities described in paragraph (2) shall include domestic seafood marketing.".

(b) Extension of credit to businesses providing services to producers or harvesters of aquatic products.—

(1) Farm Credit Banks.—

(A) Eligibility for credit and financial services.—Section 1.9 of the Farm Credit Act of 1971 (12 U.S.C. 2017) is amended—

(i) in paragraph (2), by striking "or" at the end;

(ii) by redesignating paragraph (3) as paragraph (4); and

(iii) by inserting after paragraph (2) the following:

"(3) persons furnishing to producers or harvesters of aquatic products services directly related to their operating needs; or".

(B) Purposes for extensions of credit.—Section 1.11(c)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2019(c)(1)) is amended by inserting "and to persons furnishing services directly related to the operating needs of producers or harvesters of aquatic products" after "needs".

(2) Production Credit Associations.—Section 2.4(a) of the Farm Credit Act of 1971 (12 U.S.C. 2075(a)) is amended—

(A) in paragraph (2), by striking "and" at the end;

(B) in paragraph (3), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(4) persons furnishing to producers or harvesters of aquatic products services directly related to their operating needs.".

(c) Shellfish mariculture.—Section 603A of the Harmful Algal Bloom and Hypoxia Research and Control Act of 1998 (33 U.S.C. 4002) is amended—

(1) in subsection (e)—

(A) by redesignating paragraphs (10) and (11) as paragraphs (11) and (12), respectively; and

(B) by inserting after paragraph (9) the following:

"(10) enhance competitive grant programs to support shellfish mariculture and expand access to testing for harmful algal bloom toxins for subsistence and recreational shellfish harvesters through innovative methods that increase the efficiency and effectiveness of such testing in rural and remote areas;"; and

(2) by adding at the end the following:

"(j) Definition of shellfish mariculture.—In this section, the term 'shellfish mariculture' means the cultivation of shellfish in their natural habitat for human consumption.".

(d) Allocation of funds under Saltonstall-Kennedy Act.—Section 2(f) of the Act of August 11, 1939 (commonly known as the "Saltonstall-Kennedy Act") (chapter 696; 15 U.S.C. 713c-3(f)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A)—

(i) in the first sentence, by striking "all moneys in the fund shall" and inserting "25 percent of all moneys transferred to the Secretary under subsection (b)(1) shall"; and

(ii) in the second sentence, by striking "all moneys in the fund," and all that follows through "with respect to that fiscal year," and inserting "such moneys";

(B) in subparagraph (A)—

(i) by striking "use no less than 60 per centum of such moneys" and inserting "make available not less than 75 percent of such moneys";

(ii) by inserting "under the Saltonstall-Kennedy competitive grant program of the National Oceanic and Atmospheric Administration" after "grants"; and

(iii) by striking "; and" and inserting a semicolon;

(C) by redesignating subparagraph (B) as subparagraph (C); and

(D) by inserting after subparagraph (A) the following:

"(B) the Secretary shall make available not less than 20 percent of such moneys to carry out the Young Fishermen's Development Act (33 U.S.C. 1141 et seq.); and".

(2) in paragraph (2), by striking "$3,000,000" and inserting "$10,000,000".

(e) Electronic monitoring innovation prize.—Not later than 2 years after the date of the enactment of this Act, and under the authority provided by section 24 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3719), the Administrator of the National Oceanic and Atmospheric Administration, in consultation with the heads of relevant Federal agencies and nongovernmental partners, as appropriate, shall establish an Electronic Monitoring Innovation

Prize, which the Administrator may award for the development of advanced electronic fisheries monitoring equipment and data analysis tools, including improved fish species recognition software.

SEC. 752. RURAL SEAFOOD PROCESSING AND COLD STORAGE.

(a) Definitions.—In this section:

(1) Mariculture.—The term "mariculture" means shellfish and aquatic plants grown under controlled conditions.

(2) Rural coastal community.—The term "rural coastal community" means a coastal community in a rural area (as defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))).

(3) Rural processing facility.—The term "rural processing facility" means a seafood or mariculture processing facility that is located in a rural coastal community.

(4) Seafood.—The term "seafood" means wild-caught finfish and shellfish.

(5) Secretary.—The term "Secretary" means the Secretary of Agriculture.

(b) Action plan and identification of coastal communities.—

(1) In general.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the Secretary of Commerce, shall develop an action plan to facilitate more domestic processing of United States–caught seafood and mariculture by rural processing facilities, including rural processing facilities that have less than 50 employees.

(2) Inclusions.—The action plan developed under paragraph (1) shall include—

(A) an identification of rural coastal communities where commercial fishing is a significant economic driver and there exists a need and voiced community desire for the creation of new (or rehabilitation of existing) seafood processing infrastructure for rural processing facilities to allow those communities—

(i) to effectively process their own catch locally; and

(ii) to provide for the local and domestic market;

(B) an identification of rural coastal communities with existing or developing mariculture operations where processing infrastructure for rural processing facilities is not sufficient to meet the needs of the mariculture operations; and

(C) a consideration of the diversity of rural coastal communities, including geographic diversity.

(3) Identification of eligible communities.—The action plan developed under paragraph (1) shall identify rural coastal communities across the United States that would be eligible for the grants and cooperative agreements under subsection (c).

(4) Stakeholder engagement.—In developing the action plan under paragraph (1), the Secretary, in consultation with the Secretary of Commerce, shall provide a meaningful stakeholder engagement process that prioritizes outreach and engagement through methods that effectively reach out to residents of rural coastal communities described in subparagraphs (A) through (C) of paragraph (2).

(c) Grants and cooperative agreements to support rural seafood processing and cold storage.—

(1) In general.—The Secretary shall, for the period of fiscal years 2027 through 2031, make competitive grants or enter into cooperative agreements—

(A) to support pilot projects for new seafood or mariculture processing infrastructure for rural processing facilities in rural coastal communities identified under subsection (b)(3);

(B) to support pilot projects for the rehabilitation, repair, or retrofitting of existing seafood or mariculture processing infrastructure for rural processing facilities in rural coastal communities identified under subsection (b)(3);

(C) to support pilot projects for new cold storage infrastructure for rural processing facilities in rural coastal communities identified under subsection (b)(3); and

(D) to support pilot projects for the rehabilitation, repair, or retrofitting of existing cold storage infrastructure for rural processing facilities in rural coastal communities identified under subsection (b)(3).

(2) Eligibility.—To be eligible to receive a grant or enter into a cooperative agreement under paragraph (1), the recipient of the grant or participant in the cooperative agreement shall be—

(A) a collaborative State, Tribal, local, or regionally based network or partnership of public or private entities; or

(B) an individual company that owns or operates 1 or more rural processing facilities.

(3) Allocation for small-scale rural processing facilities.—Of the amount made available to make competitive grants and enter into cooperative agreements under paragraph (1) for each fiscal year, the Secretary shall use 50 percent to support pilot projects described in that paragraph for rural processing facilities that have less than 50 employees.

(4) Evaluation criteria.—In making grants or entering into cooperative agreements under paragraph (1), the Secretary shall evaluate, with respect to applications for the grants or cooperative agreements—

(A) relevancy;

(B) technical merit;

(C) achievability, expertise, and track record; and

(D) community need and impacts.

(5) Requirements.—A grant or cooperative agreement under paragraph (1) shall be for an amount and term determined appropriate by the Secretary.

(d) Authorization of appropriations.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2027 through 2031.

SEC. 753. WORKING WATERFRONT ACCESS PROTECTION GRANT PROGRAM.

(a) Definitions.—In this section:

(1) Boat.—The term "boat" means a watercraft that is not built in a shipyard, and is typically of the type suitable or intended for personal use or for use in a fishery.

(2) Boatbuilding industry.—The term "boatbuilding industry" means an industry primarily engaged in building boats.

(3) Coastal waters.—The term "coastal waters" means—

(A) in the Great Lakes area, the waters within the territorial jurisdiction of the United States consisting of the Great Lakes, their connecting waters, harbors, roadsteads, and estuary-type areas such as bays, shallows, and marshes; and

(B) in other areas, those waters, adjacent to the shorelines, which contain a measurable quantity or percentage of sea water, including sounds, bays, lagoons, bayous, ponds, and estuaries.

(4) Eligible entity.—The term "eligible entity" means—

(A) the government of a coastal State;

(B) a unit of local government within a coastal State;

(C) a nonprofit organization that the Secretary determines is appropriate to receive a grant under subsection (b); or

(D) a participant in the commercial fishing industry, the mariculture industry, or the for-hire recreational fishing industry.

(5) Eligible project.—The term "eligible project" means a project—

(A) to—

(i) make improvements to real property that is a working waterfront area located in a coastal State and owned by an eligible entity, including—

(I) the construction or repair of wharfs or related facilities;

(II) the provision of access to coastal waters in working waterfront areas to persons engaged in the commercial fishing industry, the mariculture industry, the for-hire recreational fishing industry, or the boatbuilding industry; and

(III) improvements made to such property in order to be resilient to climate change; or

(ii) permanently designate or otherwise protect real property owned or operated by an eligible entity as a working waterfront area;

(B) that has been approved or endorsed by the State government entity responsible for fishery management or the State's coastal zone management agency; and

(C) that is consistent with State coastal shoreline access laws (including regulations).

(6) Mariculture.—The term "mariculture" means shellfish and aquatic plants grown under controlled conditions.

(7) Nonprofit organization.—The term "nonprofit organization" means an organization that is—

(A) described in section 501(c) of the Internal Revenue Code of 1986; and

(B) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986.

(8) Secretary.—The term "Secretary" means the Secretary of Commerce.

(9) Working waterfront area.—The term "working waterfront area" means land that is used for, or that supports, the commercial fishing industry, the mariculture industry, the for-hire recreational fishing industry, or the boatbuilding industry.

(b) Grant program authorized.—

(1) In general.—The Secretary, acting through the Economic Development Administration of the Department of Commerce, shall award grants, on a competitive basis, to eligible entities to carry out eligible projects that support the commercial fishing industry, the mariculture industry, the for-hire recreational fishing industry, or the boatbuilding industry in coastal States.

(2) Application.—An eligible entity desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

(3) Grant selection considerations.—In selecting eligible entities to receive grants under this section, the Secretary shall give substantial weight to—

(A) the economic significance of the eligible project to the commercial fishing industry, the mariculture industry, the for-hire recreational fishing industry, or the boatbuilding industry in the immediate vicinity and in the coastal State in which the eligible project is located;

(B) whether other adequate waterfront access alternatives exist for the commercial fishing industry within the community in which the eligible entity seeks to use grant funding;

(C) the utility of the eligible project for use in the commercial fishing industry, the mariculture industry, the for-hire recreational fishing industry, or the boatbuilding industry, with respect to the natural characteristics and developed infrastructure of the relevant property;

(D) whether the applicant has a business plan for the area in which the project will be located;

(E) the likelihood that the working waterfront area will remain compatible with commercial fishing, mariculture, for-hire recreational fishing, or boatbuilding, and the applicant's ability to demonstrate a need for, or support for, the project within the community; and

(F) whether the applicant intends to permanently protect the relevant property.

(c) Cost sharing.—The amount of a grant awarded under this section to carry out an eligible project may not exceed 50 percent of the total cost of the eligible project.

(d) Improved or protected property.—

(1) In general.—Grants awarded under this section may be used to improve or protect privately owned real property or interests in privately owned real property, including easements, only from willing owners.

(2) No exercise of eminent domain.—No Federal, State, or local agency may exercise the power of eminent domain to secure title to any real property or facilities in connection with a project carried out under this section.

(3) Continued use requirement.—As a condition of receiving a grant for privately owned real property, the owner shall record an enforceable covenant requiring the property to remain available for an eligible working-waterfront use for a period determined by the Secretary that is not less than 20 years after completion of the project.

(4) Disposition or incompatible use.—If property subject to paragraph (3) is sold, transferred, or converted to an incompatible use during the required period, the Secretary may require repayment of all or an equitable portion of the Federal assistance, except that the Secretary may approve a transfer subject to continuation of the covenant.

(e) Annual report.—The Secretary shall submit to Congress an annual report that describes the eligible projects funded with grants awarded under this section.

(f) Authorization of appropriations.—There are authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2027 through 2031.

SEC. 754. MARITIME WORKFORCE DEVELOPMENT AND FISHING VESSEL SAFETY.

(a) Maritime workforce grant program.—

(1) Amendment.—Chapter 517 of title 46, United States Code, is amended by adding at the end the following:

"Sec. 51708. Maritime workforce grant program.

"(a) Definitions.—In this section:

"(1) Eligible applicant.—The term 'eligible applicant' means an entity that—

"(A) operates a program or performs activities leading to the recruitment, education, or training of future or current members of the maritime workforce; and

"(B) submits an application in such form as the Secretary may require.

"(2) Maritime workforce.—The term 'maritime workforce' includes positions of employment requiring a license, certificate of registry, or merchant mariner's document issued under part E of subtitle II of title 46, United States Code.

"(3) Rural area.—The term 'rural area' has the meaning given the term in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)), without regard to subparagraphs (B), (C), and (E) through (I) of paragraph (13) of that section.

"(4) Secretary.—The term 'Secretary' means the Secretary of Transportation.

"(b) Program authorized.—The Secretary, acting through the Maritime Administrator, shall establish a program to provide grants, on a competitive basis, to eligible applicants for eligible activities described in subsection (c) that support maritime workforce development.

"(c) Eligible activities.—An eligible activity is an activity carried out by an eligible applicant—

"(1) to establish a new, or improve an existing, training program that teaches technical skills used in general seagoing operations and specific areas, such as deck or engineering, including the purchase of equipment for such programs;

"(2) to provide technical training or certification courses leading to maritime workforce credentialing, including any of the endorsements listed in section 10.109 of title 46, Code of Federal Regulations, or any successor regulation;

"(3) to create and deliver a program designed to provide high school students with meaningful maritime education in order to teach the future maritime workforce;

"(4) to support the professional development of teachers using a curriculum of a program described in paragraph (1), (2), or (3);

"(5) to establish, or support existing, scholarships or apprenticeships for individuals pursuing employment in the maritime workforce;

"(6) to support outreach about careers in the maritime workforce to—

"(A) secondary and postsecondary school students; or

"(B) underrepresented communities, as defined by the Secretary, in the maritime workforce; or

"(7) to otherwise enhance the maritime workforce.

"(d) Grant application review.—In reviewing and selecting eligible applicants to receive grants under this section, the Secretary shall—

"(1) prior to selecting among competing applications, consult, as appropriate, with representatives of the maritime workforce;

"(2) ensure that the grants awarded under subsection (b) will allow participation from eligible applicants in rural, suburban, and urban areas; and

"(3) award not less than 25 percent of the grant funds available for each fiscal year to eligible applicants located in rural areas.".

(2) Authorization of appropriations.—There is authorized to be appropriated to carry out section 51708 of title 46, United States Code, as added by paragraph (1), $25,000,000 for each of fiscal years 2027 through 2031.

(3) Clerical amendment.—The analysis for chapter 517 of title 46, United States Code, is amended by adding at the end the following:

"51708. Maritime workforce grant program.".

(b) Safety standards for certain fishing vessels.—Section 4502 of title 46, United States Code, is amended—

(1) in subsection (i)—

(A) in paragraph (1)—

(i) in subparagraph (A)(ii), by striking "and" after the semicolon;

(ii) by redesignating subparagraph (B) as subparagraph (C); and

(iii) by inserting after subparagraph (A) the following:

"(B) to conduct safety and prevention training that addresses behavioral and physical health risks, to include substance use disorder and worker fatigue, facing fishing vessel operators and crewmembers; and";

(B) by striking paragraph (3);

(C) by redesignating paragraph (4) as paragraph (3); and

(D) in paragraph (3), as redesignated by subparagraph (C), by striking "$3,000,000 for each of fiscal years 2026 and 2027" and inserting "$6,000,000 for each of fiscal years 2027 and 2028";

(2) in subsection (j)—

(A) in paragraph (1), by striking "and severe weather detection" and inserting "severe weather detection, and understanding and mitigating behavioral and physical health risks, to include substance use disorder and worker fatigue, facing members of the commercial fishing industry";

(B) by striking paragraph (3);

(C) by redesignating paragraph (4) as paragraph (3); and

(D) in paragraph (3), as redesignated by subparagraph (C), by striking "$3,000,000 for each of fiscal years 2026 and 2027" and inserting "$6,000,000 for each of fiscal years 2027 and 2028";

(3) by redesignating subsection (k) as subsection (l); and

(4) by inserting after subsection (j) the following:

"(k) From amounts appropriated under subsections (i)(3) and (j)(3) for a fiscal year, the Secretary may transfer to the Secretary of Health and Human Services funds to pay for the Secretary's administration of the grant programs under subsections (i) and (j) for such fiscal year.".

SEC. 755. FISHING COMMUNITY PARTICIPATION AND SEAFOOD MARKETING.

(a) Community participation in limited access privilege programs.—Section 303A(c) (16 U.S.C. 1853a(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (C)(iii), by inserting ", including the participation of fishing communities in the fishery" after "benefits";

(B) in subparagraph (J), by striking "and" at the end;

(C) in subparagraph (K), by striking the period at the end and inserting "; and"; and

(D) by adding at the end the following:

"(L) consider the needs of fishing communities and provide a process for fishing communities to participate in the limited access privilege program in accordance with subsection (c)(3)."; and

(2) in paragraph (3) to read as follows:

"(3) Fishing communities.—

"(A) Eligibility.—To be eligible to participate in a limited access privilege program to harvest fish, a fishing community shall—

"(i) be located within the management area of the relevant Council;

"(ii) consist of residents who conduct commercial or recreational fishing, processing, or fishery-dependent support businesses within the management area of the relevant Council;

"(iii) seek to participate in such program for a purpose other than perfecting or realizing a security interest in such access; and

"(iv) develop and submit a community sustainability plan to the relevant Council and the Secretary that demonstrates how the plan will address the social and economic development needs of coastal communities, including those that have not historically had the resources to participate in the fishery, for approval.

"(B) Community sustainability plan approval.—

"(i) In general.—A community sustainability plan submitted by a fishing community to a Council and the Secretary for approval shall include the following components:

"(I) A description of the entity and the Board and governance for the entity that will receive the allocation.

"(II) A description of the quota allocation process that will be used by the entity, including an appeals process within the entity.

"(III) Provisions for monitoring and enforcement of the community sustainability plan.

"(IV) Goals and objectives for the fishing community and how the entity will use the allocation to meet those goals and objectives.

"(V) A description of how the entity will sustain the participation of the fishing community in the fisheries, including providing for new entry and intergenerational transfer, encouraging active participation and addressing economic barriers to access to the fisheries.

"(VI) A description of how the community sustainability plan will address the projected economic and social impacts associated with the implementation of the limited access privilege program, including the potential for strengthening economic conditions in remote fishing communities that lack the resources to participate in harvesting activities in the fishery.

"(VII) A description of how the community sustainability plan will ensure the benefits of participating in the limited access privilege program accrue to the fishing community and participants, including limitations or measures necessary to prevent an inequitable concentration of limited access privileges within the fishing community.

"(ii) Previously adopted plan.—A community sustainability plan submitted before the date of the enactment of this Act shall not be invalidated by failure to comply with clause (i) unless such plan is amended after such date.".

(b) Audit.—

(1) In general.—The inspector general of the Department of Commerce shall conduct an audit regarding limited access privilege programs for federally managed fisheries in the United States.

(2) Determinations and disclosures.—The audit required under paragraph (1) shall determine and disclose the following:

(A) The amount of harvest privileges or transferable quota that were actively harvested in each year from 2020 through 2025.

(B) The amount of harvest privileges or transferable quota that were leased to other parties or entities in each year from 2020 through 2025.

(C) The names of each corporation, partnership, or other authorized entity that, at the time such audit is conducted, hold harvesting privileges or transferable quota in Federal fisheries.

(D) The proportion of transferable quota holders (including both individuals and authorized entities) that, at the time such audit is conducted, are actively fishing their harvesting privileges.

(E) The average cost of a transferable harvest share in each federally managed limited access privilege program.

(F) The average leasing cost of a transferable harvest share in each federally managed limited access privilege program where, at the time such audit is conducted, leasing is occurring.

(3) Additional requirements.—In addition to the requirements under paragraph (2), the audit required under paragraph (1) shall—

(A) evaluate the performance of the Secretary in overseeing limited access privilege programs in accordance with section 303A(c)(1)(J) (16 U.S.C. 1853a(c)(1)(J)); and

(B) recommend policies to strengthen transparency and achieve full disclosure of ownership of harvest privileges in limited access privilege programs.

(4) Congressional briefing.—Not later than 1 year after the date of the enactment of this Act, the inspector general of the Department of Commerce shall brief the appropriate committees of Congress on the preliminary findings of the audit conducted under paragraph (1).

(5) Final report.—Not later than 30 days after the date on which a briefing occurs under paragraph (4), the inspector general of the Department of Commerce shall submit to Congress a final report setting forth the results of the audit conducted under paragraph (1).

(c) Seafood marketing.—

(1) Outreach plan.—The Secretary of Agriculture, in conjunction with the Administrator of the National Oceanic and Atmospheric Administration (in this subsection referred to as the "Administrator"), shall develop an outreach plan to expand outreach by the Department of Agriculture to fishing industry stakeholders to increase awareness of and assist with the use of programs in the Agricultural Marketing Service by such stakeholders.

(2) Study.—The Administrator shall, in consultation with the Secretary of Agriculture and members of the seafood industry, study the possibility of establishing education and marketing programs within the National Oceanic and Atmospheric Administration.

(3) Reports.—Not later than 2 years after the date of the enactment of this section—

(A) the Secretary of Agriculture, in conjunction with the Administrator, shall submit a report to Congress regarding the outreach plan developed under paragraph (1); and

(B) the Administrator shall submit to Congress a report regarding the findings of the study conducted under paragraph (2).

Subtitle F—Facilitating Farm Fairness

SEC. 761. CAP ON RATE OF RETURN FOR CROP INSURANCE PROVIDERS.

(a) In general.—Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)) is amended—

(1) in paragraph (3)—

(A) by striking the paragraph designation and heading and all that follows through "The" and inserting the following:

"(3) Risk.—

"(A) Share of risk.—The"; and

(B) by adding at the end the following:

"(B) Limitation on average rate of return.—The target average rate of return for reinsured companies for the first reinsurance year beginning after the date of enactment of this Act and each subsequent reinsurance year shall be 6.7 percent of retained premiums."; and

(2) in paragraph (8), by striking subparagraph (F).

SEC. 762. REFORM OF FEDERAL CROP INSURANCE PREMIUM SUBSIDIES.

(a) Amendment.—Section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)), as amended by this Act, is further amended—

(1) in paragraph (2)(C)(i), by striking "69" and inserting "64";

(2) in paragraph (2)(D)(i), by striking "64" and inserting "60";

(3) in paragraph (2)(E)(i), by striking "60" and inserting "55"; and

(4) by adding at the end the following:

"(11) Prohibition on premium subsidy for inactive producers.—

"(A) In general.—Notwithstanding any other provision of law, beginning with the first reinsurance year beginning after the date of enactment of this Act, the Corporation shall not pay any amount of premium subsidy to a producer that is not engaged in active personal labor or active personal management with respect to the farming operation pursuant to which such subsidy would apply.

"(B) Definitions.—In this paragraph:

"(i) Active personal labor.—The term 'active personal labor' means, with respect to a producer, physical labor and activities personally performed by the producer on a farming operation—

"(I) that—

"(aa) are necessary to such farming operation, including land preparation, planting, cultivating, harvesting and marketing of agricultural commodities;

"(bb) establish or maintain conserving cover crops or conserving use acreages; or

"(cc) are required for livestock operations; and

"(II) with respect to a crop year, for a period of at least—

"(aa) 1,000 hours; or

"(bb) 50 percent of the total hours that would be required to conduct a farming operation comparable in size to the producer's share in the farming operation, as determined by the Corporation.

"(ii) Active personal management.—The term 'active personal management' means management activities personally performed on a farming operation—

"(I) by a person with a direct or indirect ownership interest in that farming operation;

"(II) on a regular, continuous, and substantial basis; and

"(III) with respect to a crop year, for a period of at least—

"(aa) 500 hours; or

"(bb) 50 percent of the total management hours required for that farming operation on an annual basis, as determined by the Corporation.

"(C) Legal entities.—For purposes of subparagraph (A), the Corporation shall prescribe rules applying, as appropriate, the ownership-attribution, proportional-reduction, trust-beneficiary, and estate principles under sections 1400.204 through 1400.206 of title 7, Code of Federal Regulations, as in effect on the date of enactment of the POPULIST Act, except that—

"(i) eligibility under this paragraph shall be determined solely by whether the natural persons attributed to the producer satisfy clause (i) or (ii) of subparagraph (B);

"(ii) references in such sections to a payment or benefit shall be treated as references to premium subsidy under this title; and

"(iii) the Corporation may make such conforming adjustments as are necessary to apply those principles to crop insurance policies and farming operations under this title.

"(12) Limitation on total premium subsidy.—

"(A) In general.—Notwithstanding any other provision of this title, the total amount of premium paid by the Corporation on behalf of a person or legal entity, directly or indirectly, with respect to all policies issued to the person or legal entity under this title for a crop year shall not exceed $50,000.

"(B) Aggregation.—For purposes of this paragraph, the limitation shall apply on an aggregate basis across all policies, plans of insurance, coverage levels, crops, and insurable units issued to the person or legal entity for the crop year.

"(C) Relationship to other law.—To the maximum extent practicable, the Corporation shall carry out this paragraph in accordance with section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308).

"(13) First-dollar premium assistance.—

"(A) In general.—In addition to any other provision of this subsection, the Corporation shall increase the percentage of the premium paid under paragraphs (2) (except subparagraph (A)), (5), (6), and (7) by 15 percentage points with respect to the first $500,000 of aggregate insured liability of a person or legal entity for a crop year.

"(B) Aggregation.—For purposes of this paragraph, insured liability shall be aggregated across all policies, plans of insurance, coverage levels, and insurable units issued to the person or legal entity for the crop year.

"(C) Determination.—Insured liability shall be determined by the Corporation in accordance with its actuarial and premium rating methodologies under this title.".

SEC. 763. RESTRICTING CHECKOFF PROGRAMS.

(a) Definitions.—

(1) Board.—The term "Board" means a board, committee, or similar entity established to carry out a checkoff program or an order issued by the Secretary under a checkoff program.

(2) Checkoff program.—The term "checkoff program" means a program to promote and provide research and information for a particular agricultural commodity without reference to specific producers or brands, including a program carried out under any of the following:

(A) The Cotton Research and Promotion Act (7 U.S.C. 2101 et seq.).

(B) The Potato Research and Promotion Act (7 U.S.C. 2611 et seq.).

(C) The Egg Research and Consumer Information Act (7 U.S.C. 2701 et seq.).

(D) The Beef Research and Information Act (7 U.S.C. 2901 et seq.).

(E) The Wheat and Wheat Foods Research and Nutrition Education Act (7 U.S.C. 3401 et seq.).

(F) The Floral Research and Consumer Information Act (7 U.S.C. 4301 et seq.).

(G) Subtitle B of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501 et seq.).

(H) The Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4601 et seq.).

(I) The Pork Promotion, Research, and Consumer Information Act of 1985 (7 U.S.C. 4801 et seq.).

(J) The Watermelon Research and Promotion Act (7 U.S.C. 4901 et seq.).

(K) The Pecan Promotion and Research Act of 1990 (7 U.S.C. 6001 et seq.).

(L) The Mushroom Promotion, Research, and Consumer Information Act of 1990 (7 U.S.C. 6101 et seq.).

(M) The Lime Research, Promotion, and Consumer Information Act of 1990 (7 U.S.C. 6201 et seq.).

(N) The Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. 6301 et seq.).

(O) The Fluid Milk Promotion Act of 1990 (7 U.S.C. 6401 et seq.).

(P) The Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993 (7 U.S.C. 6801 et seq.).

(Q) The Sheep Promotion, Research, and Information Act of 1994 (7 U.S.C. 7101 et seq.).

(R) Section 501 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7401 et seq.).

(S) The Commodity Promotion, Research, and Information Act of 1996 (7 U.S.C. 7411 et seq.).

(T) The Canola and Rapeseed Research, Promotion, and Consumer Information Act (7 U.S.C. 7441 et seq.).

(U) The National Kiwifruit Research, Promotion, and Consumer Information Act (7 U.S.C. 7461 et seq.).

(V) The Popcorn Promotion, Research, and Consumer Information Act (7 U.S.C. 7481 et seq.).

(W) The Hass Avocado Promotion, Research, and Information Act of 2000 (7 U.S.C. 7801 et seq.).

(3) Conflict of interest.—The term "conflict of interest" means a direct or indirect financial interest in a person or entity that performs a service for, or enters into a contract or agreement with, a Board for anything of economic value.

(4) Secretary.—The term "Secretary" means the Secretary of Agriculture.

(b) Prohibitions.—

(1) In general.—Except as provided in paragraph (4), a Board shall not enter into any contract or agreement to carry out checkoff program activities with a party that engages in activities for the purpose of influencing any government policy or action that relates to agriculture.

(2) Conflict of interest.—A Board shall not engage in, and shall prohibit the employees and agents of the Board, acting in their official capacity, from engaging in, any act that may involve a conflict of interest.

(3) Other prohibitions.—A Board shall not engage in, and shall prohibit the employees and agents of the Board, acting in their official capacity, from engaging in—

(A) any conduct that constitutes, facilitates, or materially supports a violation of the antitrust laws (as defined in section 1 of the Clayton Act (15 U.S.C. 12));

(B) any unfair or deceptive act or practice; or

(C) any act that may be disparaging to, or in any way negatively portray, another agricultural commodity or product.

(4) Exceptions for certain contracts with institutions of higher education.—Paragraph (1) shall not apply to a contract or agreement entered into between a Board and an institution of higher education for the purpose of research.

(c) Authority to enter into contracts.—Notwithstanding any other provision of law, on approval of the Secretary, a Board may enter directly into contracts and agreements to carry out generic promotion, research, or other activities authorized by law.

(d) Production of records.—

(1) In general.—Each contract or agreement of a checkoff program shall provide that the entity that enters into the contract or agreement shall produce to the Board accurate records that account for all funds received under the contract or agreement, including any goods or services provided or costs incurred in connection with the contract or agreement.

(2) Maintenance of records.—A Board shall maintain any records received under paragraph (1).

(e) Publication of budgets and disbursements.—

(1) In general.—The Board shall publish and make available for public inspection all budgets and disbursements of funds entrusted to the Board that are approved by the Secretary, immediately on approval by the Secretary.

(2) Required disclosures.—In carrying out paragraph (1), the Board shall disclose—

(A) the amount of the disbursement;

(B) the purpose of the disbursement, including the activities to be funded by the disbursement;

(C) the identity of the recipient of the disbursement; and

(D) the identity of any other parties that may receive the disbursed funds, including any contractors or subcontractors of the recipient of the disbursement.

(f) Audits.—

(1) Periodic audits by inspector general of USDA.—

(A) In general.—Not later than 2 years after the date of enactment of this Act, and not less frequently than every 5 years thereafter, the Inspector General of the Department of Agriculture shall conduct an audit to determine the compliance of each checkoff program with this section during the period of time covered by the audit.

(B) Review of records.—An audit conducted under subparagraph (A) shall include a review of any records produced to the Board under subsection (d)(1).

(C) Submission of reports.—On completion of each audit under subparagraph (A), the Inspector General of the Department of Agriculture shall—

(i) prepare a report describing the audit; and

(ii) submit the report described in clause (i) to—

(I) the appropriate committees of Congress, including the Subcommittee on Antitrust, Competition Policy and Consumer Rights of the Committee on the Judiciary of the Senate; and

(II) the Comptroller General of the United States.

(2) Audit by Comptroller General.—

(A) In general.—Not earlier than 3 years, and not later than 5 years, after the date of enactment of this Act, the Comptroller General of the United States shall—

(i) conduct an audit to assess—

(I) the status of actions taken for each checkoff program to ensure compliance with this section; and

(II) the extent to which actions described in subclause (I) have improved the integrity of a checkoff program; and

(ii) prepare a report describing the audit conducted under clause (i), including any recommendations for—

(I) strengthening the effect of actions described in clause (i)(I); and

(II) improving Federal legislation relating to checkoff programs.

(B) Consideration of Inspector General reports.—The Comptroller General of the United States shall consider reports described in paragraph (1)(C) in preparing any recommendations in the report under subparagraph (A)(ii).

SEC. 764. ANTICOMPETITIVE AGRICULTURAL INPUT PRACTICES.

(a) Definitions.—In this section:

(1) Agricultural input.—The term "agricultural input" means seed, planting stock, fertilizer, pesticide, herbicide, fungicide, soil amendment, animal feed, animal health product, or any biologic, chemical, or genetic input applied directly to agricultural production, but does not include farm machinery, vehicles, or equipment.

(2) Agricultural input supplier.—The term "agricultural input supplier" means any person engaged in the manufacture, licensing, distribution, or sale of an agricultural input.

(3) Covered producer.—The term "covered producer" means any farmer, rancher, or agricultural producer engaged in the commercial production of agricultural commodities.

(4) Tying arrangement.—The term "tying arrangement" means an agreement in which the agricultural input supplier conditions the sale of 1 product on a covered producer's agreement—

(A) to purchase a separate product from the agricultural input supplier; or

(B) to not purchase a separate product from another agricultural input supplier.

(5) Retaliatory conduct.—The term "retaliatory conduct" means adverse action taken against a covered producer because the producer obtained, used, repaired, tested, or licensed an agricultural input from a source other than the agricultural input supplier imposing such action.

(b) Unfair methods of competition.—

(1) In general.—The following practices by an agricultural input supplier shall constitute unfair methods of competition in or affecting commerce, in violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45):

(A) Seed and chemical tying.—Imposing or enforcing a tying arrangement that conditions access to seed or planting stock on the purchase, use, or licensing of a specific agricultural chemical or related input.

(B) Mandatory bundling.—Requiring a covered producer to acquire a bundled package of agricultural inputs where individual inputs are reasonably available for separate purchase.

(C) Retaliation.—Engaging in retaliatory conduct against a covered producer.

(D) Exclusive dealing.—Imposing exclusive dealing arrangements that substantially limit a covered producer's ability to obtain agricultural inputs from alternative suppliers.

(E) Abusive licensing terms.—Imposing licensing terms that unreasonably restrict a covered producer's ability to save, reuse, repair, test, or lawfully transfer agricultural inputs, or that permit unilateral termination or modification of the license by the agricultural input supplier without cause.

(2) Per se treatment.—Conduct described in paragraph (1) shall be treated as an unfair method of competition without regard to market share, market power, anticompetitive effects, or intent.

(c) Enforcement.—

(1) Federal Trade Commission.—The Federal Trade Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Federal Trade Commission Act were incorporated into and made a part of this section.

(2) State attorneys general.—In any case in which 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 may bring a civil action on behalf of the residents of the State in an appropriate district court of the United States to obtain injunctive relief or other appropriate relief. The attorney general shall provide prior written notice of such action to the Federal Trade Commission, unless it is not feasible to do so, in which case such notice shall be provided contemporaneously with the filing of the action.

(3) Private cause of action.—Any covered producer injured by a violation of this section may bring a civil action in an appropriate district court of the United States for injunctive relief and may recover reasonable attorney's fees and costs.

(4) Authority preserved.—Nothing in this section shall be construed to limit the authority of the Federal Trade Commission or a State under any other provision of law.

(d) Rule of construction.—Nothing in this section shall be construed to prohibit the lawful exercise of intellectual property rights, except where such exercise constitutes an unfair method of competition under this section.

(The POPULIST Act of 2026, TITLE VII, version 2.2, last updated August 7, 2026)

TITLE VIII—UNSTACK EMPLOYMENT

SEC. 801. FINDINGS AND PURPOSE.

Subtitle A—Public Employment and Income Security

SEC. 811. AMERICAN UNION JOBS PROGRAM.

SEC. 812. AMERICAN UNION EMPLOYMENT GUARANTEE.

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

SEC. 814. PAID FAMILY LEAVE.

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

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

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

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

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SEC. 847. OCEAN INNOVATION CLUSTERS.

SEC. 848. STRATEGIC PUBLIC PRODUCTION CORPORATION.

SEC. 849. PUBLIC MANUFACTURING OF ESSENTIAL MEDICINES.

SEC. 850. STRATEGIC MICROELECTRONICS RESERVE AND EXPORT CONTROLS.

SEC. 851. NATIONAL ARTIFICIAL INTELLIGENCE RESEARCH RESOURCE.

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SEC. 861. FINANCIAL ACTIVITIES TAX.

SEC. 862. VALUE ADDED TAX.

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.

Subtitle A—Public Employment and Income Security

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—Worker Organization and Collective Bargaining

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—Workplace Standards and Worker Protections

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. AI 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.

"SEC. 1622. Distributions of property.

"SEC. 1623. Asset acquisitions.

"SEC. 1624. Mergers and stock acquisitions.

"SEC. 1625. Spin-offs, split-offs, etc.

"SEC. 1626. Allocation of certain tax attributes.

"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.

"SEC. 1642. Nonfinancial lines of business.

"SEC. 1643. Mixed transactions and anti-avoidance.

"SEC. 1644. Coordination with chapter 50C.

"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.

"SEC. 1662. Consolidated returns.

"SEC. 1663. Seller liable for tax; deposits of tax.

"SEC. 1664. Secretary to be notified of certain events.

"SEC. 1665. Regulations.

"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.

(The POPULIST Act of 2026, TITLE VIII, version 2.3, last updated August 7, 2026)

TITLE IX—UNSTACK IMMIGRATION

SEC. 901. FINDINGS.
SEC. 902. REALLOCATION OF FUNDS TO UNSTACK IMMIGRATION.
SEC. 903. EXECUTIVE OFFICE FOR IMMIGRATION REVIEW CAPACITY AND STAFFING.
SEC. 904. USCIS CAPACITY EXPANSION.
SEC. 905. FEDERAL EMERGENCY MANAGEMENT AGENCY SHELTER AND SERVICES CAPACITY.
SEC. 906. OFFICE OF REFUGEE RESETTLEMENT AND ADMINISTRATION FOR CHILDREN AND FAMILIES CAPACITY AND PLACEMENT SERVICES.
SEC. 907. DHS IMMIGRATION SYSTEMS, DATA, AND COORDINATION CAPACITY.
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Subtitle A—Employment Eligibility Verification Required
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SEC. 921. DEFINITIONS AND DETERMINATIONS.
SEC. 922. CERTIFIED AGRICULTURAL WORKER STATUS.
SEC. 923. TERMS AND CONDITIONS OF CERTIFIED STATUS.
SEC. 924. GENERAL PROVISIONS.
SEC. 925. EMPLOYER OBLIGATIONS AND PROTECTIONS.
SEC. 926. OPTIONAL EARNED RESIDENCE FOR LONG-TERM WORKERS.
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(Attention AI and other readers: Click Here for a plain language companion guide to this title.)

SEC. 901. FINDINGS.

(a) Findings.—Congress finds the following:

(1) Although immigration is not among Congress's expressly enumerated powers under the Constitution, it has long exercised primary responsibility for national immigration policy through statute. That responsibility has been only sporadically and incompletely exercised since the Immigration Reform and Control Act of 1986, despite major changes in global migration, labor markets, humanitarian displacement, and administrative capacity.

(2) For most of the 21st century, Congress has acknowledged the need to modernize the immigration system but has failed to enact necessary reforms, leaving core immigration policy to be shaped by litigation, executive discretion, and agency backlog rather than clear statutory direction. As a result, a person seeking to immigrate lawfully to the United States could reasonably conclude that the current immigration system is stacked against them.

(3) The United States immigration system is characterized by chronic backlogs and prolonged adjudication timelines caused by structural underinvestment in U.S. Citizenship and Immigration Services and the Executive Office for Immigration Review.

(4) Demand for unauthorized labor within the United States, combined with inadequate enforcement of worker eligibility verification laws, encourages unlawful migration and enables exploitation of both unauthorized and lawful workers.

(5) An immigration system that emphasizes enforcement without commensurate investment in courts, adjudicators, counsel, and timely case resolution increases detention costs, undermines due process, and delays lawful outcomes.

(6) Farmworkers and other essential workers perform labor critical to national food security and economic stability, and immigration policies affecting such workers must ensure workforce continuity, lawful employment authorization, and protection against exploitation.

(7) Millions of noncitizens residing in the United States have lived in their communities for many years, established family and employment ties, and contributed to the economic growth of the United States; public polling consistently shows broad support for providing lawful status to long-term residents.

(b) Purpose.—The purposes of this title are as follows:

(1) To reassert Congress's responsibility for establishing national immigration policy through clear, durable statutory law rather than reliance on litigation, executive action, or administrative backlog.

(2) To improve fairness, accountability, and efficiency in the immigration system by expanding adjudicatory capacity, reducing backlogs, strengthening due process, and aligning enforcement with lawful pathways.

(3) To unstack the immigration system by restoring timely adjudication, lawful employment verification, humane treatment of vulnerable populations, and workable legal pathways consistent with the national interest.

SEC. 902. REALLOCATION OF FUNDS TO UNSTACK IMMIGRATION.

(a) Rescission of funds from the One Big Beautiful Bill Act.—The following amounts are hereby rescinded:

(1) Of the unobligated balances of amounts appropriated under section 100055 of the One Big Beautiful Bill Act (Public Law 119–21) for the Bridging Immigration-related Deficits Experienced Nationwide Reimbursement Fund, $1,750,000,000.

(2) Of the unobligated balances of amounts appropriated under section 100053 of such Act for the Federal Law Enforcement Training Centers, $112,500,000.

(3) Of the unobligated balances of amounts appropriated under section 100052 of such Act for U.S. Immigration and Customs Enforcement, $9,937,500,000.

(b) Reallocation of rescinded funds for immigration courts and adjudication capacity.—Amounts rescinded under subsection (a), totaling $11,800,000,000, shall be made available to carry out sections 903 through 907.

(c) Legislative intent regarding prioritization.—In carrying out the rescissions under subsection (a)(3), Congress intends that the Secretary of Homeland Security prioritize reductions in discretionary enforcement surge spending, including performance and retention bonuses, fleet modernization, facility upgrades, and other nonessential expansion activities, while preserving core enforcement functions.

(d) Rescission of funds from the Secure America Act.—Of the unobligated balances of amounts made available to the Director of U.S. Immigration and Customs Enforcement under section 202 of the Secure America Act (Public Law 119–98; 140 Stat. 837), $15,537,500,000 is rescinded.

(e) Reallocation of rescinded funds for employment verification and lawful immigration pathways.—Amounts rescinded under subsection (d), totaling $15,537,500,000, shall be made available as follows:

(1) $150,000,000 shall be available to the Secretary of Homeland Security, for Operations and Support, for fiscal years 2027 through 2031, to remain available until September 30, 2031, to carry out subtitle A, including to provide funds to the Commissioner of Social Security pursuant to section 912.

(2) $3,000,000,000 shall be available for fiscal years 2027 through 2031, to remain available until September 30, 2031, to carry out subtitle B, as follows:

(A) $1,800,000,000 to the Secretary of Homeland Security, acting through U.S. Citizenship and Immigration Services, for Operations and Support, including adjudication of

applications and petitions, implementation of the electronic H–2A platform, fraud prevention, and administration of certified agricultural worker and portable H–2A status.

(B) $750,000,000 to the Secretary of Labor for labor certification, recruitment of United States workers, wage determinations, employer compliance, investigations, foreign labor recruiter registration and enforcement, support for State workforce agencies, and related administration.

(C) $200,000,000 to the Secretary of Agriculture for the responsibilities of the Department of Agriculture under subtitle B, including the portable H–2A pilot program, agricultural employer participation, technical assistance, and interagency implementation.

(D) $150,000,000 to the Secretary of State for visa processing, consular implementation, applicant protections, and related responsibilities under subtitle B.

(E) $100,000,000 to the Commissioner of Social Security, for the Limitation on Administrative Expenses, for assignment of social security account numbers, systems integration, identity protection, and related responsibilities under subtitle B.

(3) $12,387,500,000 shall be available for fiscal years 2027 through 2031, to remain available until September 30, 2031, to carry out subtitle C, as follows:

(A) $11,500,000,000 to the Secretary of Homeland Security, acting through U.S. Citizenship and Immigration Services, for Operations and Support, including adjudication of applications, petitions, adjustment of status, employment authorization, family purpose petitions, systems capacity, fraud prevention, and other responsibilities under subtitle C.

(B) $887,500,000 to the Secretary of State for immigrant and nonimmigrant visa processing, consular staffing and systems, implementation of the family purpose visa, and other responsibilities under subtitle C.

(4) Supplement, not supplant.—Amounts made available under this subsection shall be in addition to amounts otherwise available for the same purposes.

(5) Spending plans.—Not later than 60 days after the date of enactment of this Act, each official receiving amounts under this subsection shall submit to the Committees on Appropriations and the Committees on the Judiciary of the House of Representatives and the Senate a detailed spending plan for such amounts.

(f) Rule of construction.—Nothing in this section shall be construed to require reductions in statutorily mandated duties or to prohibit the use of remaining funds for lawful enforcement activities consistent with appropriations made available after the rescissions required by this section.

SEC. 903. EXECUTIVE OFFICE FOR IMMIGRATION REVIEW CAPACITY AND STAFFING.

(a) Funding.—Of the amounts made available under section 902(b), $1,800,000,000 shall be available to the Attorney General for the Executive Office for Immigration Review for fiscal year 2027, to remain available through September 30, 2029.

(b) Use of funds.—Of the amounts made available under subsection (a), $1,650,000,000 shall be for Immigration Judge Teams, including immigration judges, attorneys, law clerks, paralegals, court administrators, interpreters, and other necessary support staff, as well as court operations and adjudicatory costs, and $150,000,000 shall be for representation for certain incompetent individuals pursuant to section 240(e) of the Immigration and Nationality Act (8 U.S.C. 1229a(e)).

(c) Limitation on administrative expenses.—Not more than 3 percent of the amounts made available under subsection (b) for representation for certain incompetent individuals may be used for administrative expenses.

(d) Spending plan.—Not later than 45 days after the date of enactment of this Act, the Executive Office for Immigration Review shall submit to the Committees on Appropriations of the House of Representatives and the Senate a detailed spending plan describing the intended allocation and use of amounts made available under this section.

(e) Staffing floors.—Section 100054(1)(B) of the One Big Beautiful Bill Act (Public Law 119–21) is amended to read as follows:

> "(B) Staffing level.—
>
> "(i) Effective November 1, 2026, the Executive Office for Immigration Review shall be comprised of not less than 700 immigration judges, along with the necessary support staff.
>
> "(ii) Effective November 1, 2027, the Executive Office for Immigration Review shall be comprised of not less than 800 immigration judges, along with the necessary support staff.
>
> "(iii) Effective November 1, 2028, the Executive Office for Immigration Review shall be comprised of not less than 900 immigration judges, along with the necessary support staff.".

SEC. 904. USCIS CAPACITY EXPANSION.

(a) Funding.—Of the amounts made available under section 902(b), $7,000,000,000 shall be available to U.S. Citizenship and Immigration Services, for Operations and Support, beginning October 1, 2026, to remain available until expended, for the purposes described in this section.

(b) Use of funds.—Of the amounts made available under subsection (a):

(1) $6,000,000,000 shall be for hiring and associated costs, including training, supervision, and direct adjudicatory support.

(2) $200,000,000 shall be for non-personnel operations, including transcription services, records management, and case processing support.

(3) $800,000,000 shall be for facilities, including leased and federally owned facilities necessary to expand adjudication, interview, and hearing capacity.

(c) Rule of construction regarding fees.—Amounts made available pursuant to this section shall be in addition to any other amounts made available for such purposes and shall not be construed

to require any reduction of any fee described in section 286(m) of the Immigration and Nationality Act (8 U.S.C. 1356(m)).

(d) Publication of performance metrics.—Not later than 180 days after the date of enactment of this Act, and quarterly thereafter, the Director of U.S. Citizenship and Immigration Services shall publish on a publicly accessible website performance metrics that include, at a minimum:

(1) the number of pending cases, disaggregated by form type and adjudication stage;

(2) median and 80th-percentile processing times for each major form type;

(3) the number of cases completed during the reporting period;

(4) the number of new filings received during the reporting period;

(5) the number of cases pending for more than 2 years; and

(6) staffing levels, including adjudicators and direct supervisory staff.

(e) Processing time targets.—The Director of U.S. Citizenship and Immigration Services shall establish internal operational benchmarks designed to achieve the following targets:

(1) adjudication of not less than 90 percent of employment authorization document applications within 90 days;

(2) scheduling of initial affirmative asylum interviews within 12 months of filing;

(3) completion of adjustment of status applications with a median processing time of not more than 12 months; and

(4) completion of naturalization applications with a median processing time of not more than 6 months.

(f) Backlog reduction targets.—Using the total number of pending cases as of June 1, 2026, as a baseline, U.S. Citizenship and Immigration Services shall take all reasonable steps to reduce the overall pending case backlog by not less than:

(1) 25 percent by September 30, 2027;

(2) 45 percent by September 30, 2028; and

(3) 65 percent by September 30, 2029.

(g) Explanation of variances.—If U.S. Citizenship and Immigration Services fails to meet any target described in subsection (e) or (f), the Director shall include in the next quarterly publication a written explanation of the reasons for such failure and a description of the corrective actions being taken.

(h) Deployment of new hires.—Not less than 80 percent of personnel hired using amounts made available pursuant to this section shall be assigned to direct adjudication functions, interviews, appeals, or direct supervisory support of adjudicators.

(i) Processing of large-scale legalization programs.—Amounts made available pursuant to this section may be used to administer and adjudicate applications for lawful status, adjustment of status, or naturalization established under any provision of this Act or any subsequent Act of Congress, including programs providing a path to citizenship for long-term residents, and to support the staffing, systems, and adjudicatory capacity necessary to process such applications at scale.

(j) Coordination with the Executive Office for Immigration Review.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Director of U.S. Citizenship and Immigration Services and the Director of the Executive Office for Immigration Review shall jointly submit an annual report to the Committees on Appropriations and the Committees on the Judiciary of the House of Representatives and the Senate describing, for the 1-year period ending on the date of submission:

(1) the number of cases referred from U.S. Citizenship and Immigration Services to the Executive Office for Immigration Review;

(2) average time elapsed between referral and initial hearing; and

(3) opportunities to resolve or narrow cases prior to initiation of removal proceedings.

SEC. 905. FEDERAL EMERGENCY MANAGEMENT AGENCY SHELTER AND SERVICES CAPACITY.

(a) Funding.—Of the amounts made available under section 902(b), $1,500,000,000 shall be available to the Federal Emergency Management Agency, for Federal Assistance, beginning October 1, 2026, to remain available until expended, for the purposes described in this section.

(b) Use of funds.—Of the amounts made available under subsection (a):

(1) $1,400,000,000 shall be for sheltering, reception, case coordination, and related services provided by State, local, Tribal, and nonprofit entities to noncitizens pending immigration processing, including funding for facilities, staffing, food, medical screening, transportation coordination, and case management.

(2) $100,000,000 shall be for Operation Stonegarden, of which not less than $25,000,000 shall be made available for grants to States not located on the southern border.

(c) Allocation and oversight.—The Administrator of the Federal Emergency Management Agency shall establish allocation criteria to ensure that funds made available under this section are distributed based on demonstrated service capacity, regional needs, and projected migration patterns.

(d) Coordination.—In carrying out this section, the Administrator shall coordinate with the Department of Homeland Security, the Department of Health and Human Services, and State and local governments to minimize duplication of services and ensure continuity of care.

(e) Rule of construction.—Amounts made available under this section shall be used to support civil sheltering and services capacity and shall not be construed to authorize immigration enforcement activities.

SEC. 906. OFFICE OF REFUGEE RESETTLEMENT AND ADMINISTRATION FOR CHILDREN AND FAMILIES CAPACITY AND PLACEMENT SERVICES.

(a) Funding.—Of the amounts made available under section 902(b), $1,000,000,000 shall be available to the Department of Health and Human Services, acting through the Administration for Children and Families, for refugee and entrant assistance, beginning October 1, 2026, to remain available until expended, for the purposes described in this section.

(b) Use of funds.—Amounts made available under subsection (a) shall be used for carrying out section 235(c)(5) of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (8 U.S.C. 1232(c)(5)), as amended by section 954(a), and related child welfare responsibilities, including:

(1) care, custody, and placement of unaccompanied children in licensed shelters, foster care, or other appropriate settings;

(2) recruitment, screening, and support of sponsors and foster families;

(3) case management, legal orientation, child advocacy, and post-release services;

(4) physical and behavioral health screening and services; and

(5) staffing, training, and oversight necessary to ensure compliance with child welfare standards.

(c) Placement and length-of-stay benchmarks.—The Secretary of Health and Human Services shall establish internal operational benchmarks designed to:

(1) reduce the average length of stay of unaccompanied children in congregate care settings;

(2) increase timely placement with qualified sponsors or foster families; and

(3) minimize transfers between care settings.

(d) Data publication and transparency.—Not later than 180 days after the date of enactment of this Act, and annually thereafter, the Secretary shall publish on a publicly accessible website data relating to the operation of the Office of Refugee Resettlement, including:

(1) average and median length of stay by care setting;

(2) placement outcomes and time to sponsor release;

(3) capacity by shelter type and geographic region; and

(4) staffing levels and case manager caseloads.

(e) Coordination.—In carrying out this section, the Secretary shall coordinate with the Federal Emergency Management Agency, the Department of Homeland Security, State and local child welfare agencies, and nonprofit service providers to ensure continuity of care and timely placement.

(f) Rule of construction.—Nothing in this section shall be construed to authorize immigration enforcement activities or to diminish child welfare protections otherwise required under Federal or State law.

SEC. 907. DHS IMMIGRATION SYSTEMS, DATA, AND COORDINATION CAPACITY.

(a) Funding.—Of the amounts made available under section 902(b), $500,000,000 shall be available to the Department of Homeland Security beginning October 1, 2026, to remain available until expended, for the purposes described in this section.

(b) Use of funds.—Amounts made available under subsection (a) shall be used for Department-wide immigration systems capacity, including:

(1) collection, integration, and analysis of immigration-related data across components;

(2) forecasting and modeling of application volumes, processing capacity, and adjudication timelines;

(3) development and maintenance of interoperable information technology systems supporting U.S. Citizenship and Immigration Services, the Executive Office for Immigration Review, the Federal Emergency Management Agency, and the Office of Refugee Resettlement;

(4) staffing and analytic capacity necessary to support planning, coordination, and public reporting; and

(5) technical assistance to State, local, Tribal, and nonprofit partners to support systemwide coordination.

(c) Public reporting.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary of Homeland Security shall publish a public report describing:

(1) projected immigration application and adjudication volumes for the succeeding fiscal year;

(2) anticipated capacity constraints across relevant agencies;

(3) steps being taken to mitigate backlogs and prevent systemwide congestion; and

(4) coordination efforts undertaken pursuant to this section.

(d) Coordination.—In carrying out this section, the Secretary shall coordinate with the Attorney General and the Secretary of Health and Human Services to align planning assumptions, data standards, and capacity targets across agencies responsible for immigration adjudication, sheltering, and placement.

(e) Rule of construction.—Nothing in this section shall be construed to authorize immigration enforcement activities or to expand detention, removal, or prosecutorial functions.

SEC. 908. IMMIGRATION STATISTICS AND IMPACT REPORTING.

(a) Annual immigration statistics.—Section 103 of the Immigration and Nationality Act (8 U.S.C. 1103) is amended—

(1) in subsection (a)(1), by inserting "(in this section referred to as the 'Secretary')" after "The Secretary of Homeland Security";

(2) in subsection (a)(2), by striking "He" and inserting "The Secretary";

(3) in subsection (a)(3), by striking "He" and inserting "The Secretary" and by striking "he deems" and inserting "the Secretary determines";

(4) in subsection (a)(4), by striking "He" and inserting "The Secretary";

(5) in subsection (a)(5), by striking "He shall have the power and duty to control and guard the boundaries and borders of the United States against the illegal entry of aliens and shall, in his discretion, appoint for that purpose such number of employees of the Service as to him shall appear necessary and proper." and inserting "The Secretary shall have the power and duty to control and guard the boundaries and borders of the United States against the illegal entry of aliens and shall appoint for that purpose such number of employees of the Service as the Secretary determines to be necessary and proper.";

(6) in subsection (a)(6), by striking "He is authorized" and inserting "The Secretary is authorized";

(7) in subsection (a)(7), by striking "He may" and inserting "The Secretary may", by striking "he may" and inserting "the Secretary may", and by striking "in his judgment" and inserting "in the Secretary's judgment";

(8) by striking subsection (c);

(9) in subsection (d)(1), by striking "The Commissioner" and inserting "The Secretary";

(10) in subsection (d), by adding at the end the following:

"(4) Unauthorized population estimates.—The information collected and disseminated under this subsection with respect to aliens estimated to be present unlawfully in the United States shall include, to the extent practicable and consistent with protecting personally identifiable information—

"(A) the total estimated population of such aliens;

"(B) the estimated population of such aliens by State of residence;

"(C) the estimated population of such aliens by age and sex;

"(D) the estimated population of such aliens by duration of residence in the United States, including categories for less than 5 years, 5 to 9 years, 10 to 14 years, 15 to 19 years, and 20 years or more;

"(E) the estimated number and percentage of such aliens—

"(i) who entered the United States without inspection; or

"(ii) who were admitted or paroled into the United States and subsequently remained in the United States without lawful immigration status;

"(F) the estimated number and percentage of such aliens who reside in households with 1 or more United States citizens or lawful permanent residents, to the extent such estimates are available; and

"(G) a description of the methodology, data sources, assumptions, limitations, and confidence intervals used to prepare the estimates.

"(5) Public availability.—The Secretary shall publish the information described in paragraph (4) on a publicly accessible website in a machine-readable format not later than 270 days after the end of each fiscal year.";

(11) in subsection (e)(1), by striking "The Commissioner" and inserting "The Secretary"; and

(12) in subsection (e), by adding at the end the following:

"(3) Public availability.—The annual report required under paragraph (1) shall be published on a publicly accessible website in a machine-readable format not later than 270 days after the end of each fiscal year.".

(b) Triennial comprehensive immigration-impact report.—Section 401 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1364) is amended—

(1) in subsection (a), by striking "The President shall transmit to the Congress, not later than January 1, 1989, and not later than January 1 of every third year thereafter," and inserting "The Secretary of Homeland Security, in coordination with the Secretary of Labor, shall transmit to Congress and publish on a publicly accessible website, not later than January 1, 2028, and not later than January 1 of every third year thereafter,";

(2) in subsection (b)(2), by striking "and" at the end;

(3) in subsection (b)(3), by striking the period at the end and inserting "; and";

(4) by adding at the end of subsection (b) the following:

"(4) a summary and analysis of the information described in section 103(d)(4) of the Immigration and Nationality Act (8 U.S.C. 1103(d)(4)), including the estimated number and percentage of aliens estimated to be present unlawfully in the United States who have resided in the United States for 10 years or more.";

(5) in subsection (d), by striking "The President also may include" and inserting "The Secretary of Homeland Security, in coordination with the Secretary of Labor, may include"; and

(6) by adding at the end the following:

"(e) Machine-readable publication.—Each report required under this section shall be published in a machine-readable format and shall include the data tables, methodology, data sources, assumptions, limitations, and confidence intervals used to prepare the report.

"(f) Privacy protection.—No report or data table published under this section may include personally identifiable information.".

Subtitle A—Employment Eligibility Verification Required

SEC. 911. MANDATORY USE OF VERIFICATION SYSTEM.

Section 274A of the Immigration and Nationality Act (8 U.S.C. 1324a) is amended by striking subsections (a) through (h) and inserting the following:

"(a) Making employment of unauthorized aliens unlawful.—

"(1) In general.—It is unlawful for a person or other entity—

"(A) to hire, or to recruit or refer, for employment in the United States an alien knowing the alien is an unauthorized alien (as defined in subsection (i)(8)) with respect to such employment, or

"(B) to hire, continue to employ, or to recruit or refer, for employment in the United States an individual without complying with the requirements of subsection (b).

"(2) Continuing employment.—It is unlawful for a person or other entity, after complying with paragraph (1), to continue to employ the alien in the United States knowing the alien is (or has become) an unauthorized alien with respect to such employment.

"(3) Defense.—A person or entity that establishes that it has used the verification system (as provided in subsection (d)) or otherwise complied in good faith with the requirements of subsection (b) with respect to the hiring, continuation of employment, recruiting, or referral for employment of an alien in the United States has established an affirmative defense that the person or entity has not violated paragraph (1) with respect to such hiring, continuation of employment, recruiting, or referral, absent a showing by the Secretary, by clear and convincing evidence, that the employer had knowledge that an employee is an unauthorized alien.

"(4) Use of labor through contract.—For purposes of this section, a person or other entity who uses a contract, subcontract, or exchange, entered into, renegotiated, or extended after November 6, 1986, to obtain the labor of an alien in the United States knowing that the alien is an unauthorized alien (as defined in subsection (i)(8)) with respect to performing such labor, shall be considered to have hired the alien for employment in the United States in violation of paragraph (1)(A).

"(5) Use of State employment agency documentation.—For purposes of paragraphs (1)(B) and (3), a person or entity shall be deemed to have complied with the requirements of subsection (b) with respect to the hiring of an individual who was referred for such employment by a State employment agency (as defined by the Secretary), if the person or entity has and retains, for the period and in the manner described in subsection (b)(1)(C), appropriate documentation of such referral by that agency, which documentation certifies that the agency has complied with the procedures specified in subsection (b) with respect to the individual's referral.

"(6) Treatment of documentation for certain employees.—

"(A) In general.—For purposes of this section, if—

"(i) an individual is a member of a collective-bargaining unit and is employed, under a collective bargaining agreement entered into between 1 or more employee organizations and an association of 2 or more employers, by an employer that is a member of such association, and

"(ii) within the period specified in subparagraph (B), another employer that is a member of the association (or an agent of such association on behalf of the employer) has complied with the requirements of subsection (b) with respect to the employment of the individual,

"the subsequent employer shall be deemed to have complied with the requirements of subsection (b) with respect to the hiring of the employee and shall not be liable for civil penalties described in subsection (e)(5).

"(B) Period.—The period described in this subparagraph is 3 years, or, if less, the period of time that the individual is authorized to be employed in the United States.

"(C) Liability.—

"(i) In general.—If any employer that is a member of an association hires for employment in the United States an individual and relies upon the provisions of subparagraph (A) to comply with the requirements of subsection (b) and the individual is an alien not authorized to work in the United States, then for the purposes of paragraph (1)(A), subject to clause (ii), the employer shall be presumed to have known at the time of hiring or afterward that the individual was an alien not authorized to work in the United States.

"(ii) Rebuttal of presumption.—The presumption established by clause (i) may be rebutted by the employer only through the presentation of clear and convincing evidence that the employer did not know (and could not reasonably have known) that the individual at the time of hiring or afterward was an alien not authorized to work in the United States.

"(iii) Exception.—Clause (i) shall not apply in any prosecution under subsection (f)(1).

"(b) Employment verification process.—

"(1) New hires, recruitment, and referral.—The requirements referred to in paragraphs (1)(B) and (3) of subsection (a) are, in the case of a person or other entity hiring, recruiting, or referring an individual for employment in the United States, the following:

"(A) Attestation after examination of documentation.—

"(i) Attestation.—During the verification period (as defined in subsection (i)(9)), the person or entity must attest, under penalty of perjury and on a form, including electronic and telephonic formats, designated or established by the Secretary by regulation not later than March 1, 2027, that it has verified that the individual is not an unauthorized alien by—

"(I) obtaining from the individual the individual's social security account number or United States passport number and recording the number on the form (if the individual claims to have been issued such a number), and, if the individual does not attest to United States nationality under subparagraph (B), obtaining such identification or authorization number established by the Department of Homeland Security for the alien as the Secretary of Homeland Security may specify, and recording such number on the form; and

"(II) examining—

"(aa) a document relating to the individual presenting it described in clause (ii); or

"(bb) a document relating to the individual presenting it described in clause (iii) and a document relating to the individual presenting it described in clause (iv).

"(ii) Documents establishing both employment authorization and identity.—A document described in this clause is an individual's—

"(I) unexpired United States passport or passport card;

"(II) unexpired permanent resident card that contains a photograph;

"(III) unexpired employment authorization card that contains a photograph;

"(IV) in the case of a nonimmigrant alien authorized to work for a specific employer incident to status, a foreign passport with Form I–94 or Form I–94A, or other documentation as designated by the Secretary specifying the alien's nonimmigrant status as long as the period of status has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified in the documentation;

"(V) passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I–94 or Form I–94A, or other documentation as designated by the Secretary, indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI; or

"(VI) other document designated by the Secretary, if the document—

"(aa) contains a photograph of the individual and biometric identification data from the individual and such other personal identifying information relating to the individual as the Secretary finds, by regulation, sufficient for purposes of this clause;

"(bb) is evidence of authorization of employment in the United States, and

"(cc) contains security features to make it resistant to tampering, counterfeiting, and fraudulent use.

"(iii) Documents evidencing employment authorization.—A document described in this clause is an individual's—

"(I) social security account number card (other than such a card which specifies on the face that the issuance of the card does not authorize employment in the United States); or

"(II) other documentation evidencing authorization of employment in the United States which the Secretary finds, by regulation, to be acceptable for purposes of this section.

"(iv) Documents establishing identity of individual.—A document described in this clause is—

"(I) an individual's unexpired State-issued driver's license or identification card, if it contains a photograph of the individual and information such as name, date of birth, gender, height, eye color, and address;

"(II) an individual's unexpired United States military identification card;

"(III) an individual's unexpired Native American tribal identification document issued by a tribal entity recognized by the Bureau of Indian Affairs; or

"(IV) in the case of an individual under 18 years of age, a parent or legal guardian's attestation under penalty of law as to the identity and age of the individual.

"(v) Authority to prohibit use of certain documents.—If the Secretary finds, by regulation, that any document described in clause (ii), (iii), or (iv), as establishing employment authorization or identity does not reliably establish such authorization or identity or is being used fraudulently to an unacceptable degree, the Secretary may prohibit or place conditions on its use for purposes of this subsection.

"(vi) Signature.—Such attestation may be manifested by either a handwritten or electronic signature.

"(B) Individual attestation of employment authorization.—During the verification period (as defined in subsection (i)(9)), the individual must attest, under penalty of perjury on the form designated or established for purposes of subparagraph (A), that the individual is a citizen or national of the United States, an alien lawfully admitted for permanent residence, or an alien who is authorized under this chapter or by the Secretary to be hired, recruited, or referred for such employment. Such attestation may be manifested by either a handwritten or an electronic signature. The individual shall also provide that individual's social security account number or United States passport number (if the individual claims to have been issued such a number), and, if the individual does not attest to United States nationality under this subparagraph, such identification or authorization number established by the Department of Homeland Security for the alien as the Secretary may specify.

"(C) Retention of verification form and verification.—

"(i) In general.—After completion of such form in accordance with subparagraphs (A) and (B), the person or entity must—

"(I) retain a paper or electronic version of the form and make it available for inspection by officers of the Department of Homeland Security, the Department of Justice, or the Department of Labor during a period—

"(aa) in the case of the recruiting or referral of an individual, ending 3 years after the date of the recruiting or referral, and

"(bb) in the case of the hiring of an individual, ending 3 years after the date on which the verification is completed, or 1 year after the date the individual's employment is terminated, whichever is later; and

"(II) if required by subparagraph (D), make an inquiry (as provided in subsection (d)) using the verification system, during the verification period, to seek verification of the identity and employment eligibility of an individual.

"(ii) Confirmation.—

"(I) Confirmation received.—If the person or other entity receives an appropriate confirmation of an individual's identity and work eligibility under the verification system within the time period specified, the person or entity shall record on the form an appropriate code that is provided under the system and that indicates a final confirmation of such identity and work eligibility of the individual.

"(II) Tentative nonconfirmation received.—If the person or other entity receives a tentative nonconfirmation of an individual's identity or work eligibility under the verification system within the time period specified, the person or entity shall so inform the individual for whom the verification is sought. If the individual does not contest the nonconfirmation within the time period specified, the nonconfirmation shall be considered final. The person or entity shall then record on the form an appropriate code which has been provided under the system to indicate a final nonconfirmation. If the individual does contest the nonconfirmation, the individual shall utilize the process for secondary verification provided under subsection (d). The nonconfirmation will remain tentative until a final confirmation or nonconfirmation is provided by the verification system within the time period specified. In no case shall an employer terminate employment of an individual because of a failure of the individual to have identity and work eligibility confirmed under this section until a nonconfirmation becomes final. Nothing in this clause shall apply to a termination of employment for any reason other than because of such a failure. In no case shall an employer rescind the offer of employment to an individual because of a failure of the individual to have identity and work eligibility confirmed under this subsection until a nonconfirmation becomes final. Nothing in this subclause shall apply to a rescission of the offer of employment for any reason other than because of such a failure.

"(III) Final confirmation or nonconfirmation received.—If a final confirmation or nonconfirmation is provided by the verification system regarding an individual, the person or entity shall record on the form an appropriate code that is provided under the system and that indicates a confirmation or nonconfirmation of identity and work eligibility of the individual.

"(IV) Extension of time.—If the person or other entity in good faith attempts to make an inquiry during the time period specified and the verification system has registered that not all inquiries were received during such time, the person or entity may make an inquiry in the first subsequent working day in which the verification system registers that it has received all inquiries. If the verification system cannot receive inquiries at all times during a day, the person or entity merely has to assert that the entity attempted to make the inquiry on that day for the previous sentence to apply to such an inquiry, and does not have to provide any additional proof concerning such inquiry.

"(V) Consequences of nonconfirmation.—

"(aa) Termination or notification of continued employment.—If the person or other entity has received a final nonconfirmation regarding an individual, the person or entity may terminate employment of the individual (or decline to recruit or refer the individual). If the person or entity does not terminate employment of the individual or proceeds to recruit or refer the individual, the person or entity shall notify the Secretary of such fact through the verification system or in such other manner as the Secretary may specify.

"(bb) Failure to notify.—If the person or entity fails to provide notice with respect to an individual as required under item (aa), the failure is deemed to constitute a violation of subsection (a)(1)(A) with respect to that individual.

"(VI) Continued employment after final nonconfirmation.—If the person or other entity continues to employ (or to recruit or refer) an individual after receiving final nonconfirmation, a rebuttable presumption is created that the person or entity has violated subsection (a)(1)(A).

"(D) Staggered mandate for new hires, recruitment, and referral.—

"(i) Use required.—Use of the verification system (as provided in subsection (d)) is required for purposes of this paragraph—

"(I) with respect to employers having 10,000 or more employees in the United States, beginning on April 1, 2027;

"(II) with respect to employers having 1,000 or more employees in the United States, beginning on October 1, 2027;

"(III) with respect to employers having 100 or more employees in the United States, beginning on April 1, 2028;

"(IV) with respect to all other employers in the United States, beginning on January 1, 2029; and

"(V) with respect to a person or other entity recruiting or referring an individual for employment in the United States, beginning on August 1, 2027.

"(ii) Transition rule.—Subject to paragraph (4), the following shall apply to a person or other entity hiring, recruiting, or referring an individual for employment in the United States until the effective date or dates applicable under clause (i):

"(I) This subsection, as in effect on the day before the date of enactment of this Act.

"(II) Subtitle A of title IV of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note), as in effect on the day before the date of enactment of this Act.

"(III) Any other provision of Federal law requiring the person or entity to participate in the E-Verify Program, as in effect on the day before the date of enactment of this Act, including Executive Order 13465 (8 U.S.C. 1324a note; relating to Government procurement).

"(iii) Existing workforce.—Verification of individuals employed before the applicable date under clause (i) shall be governed by paragraph (3).

"(E) Job offer may be conditional.—A person or other entity may offer a prospective employee an employment position that is conditioned on final verification of the identity and employment eligibility of the employee using the procedures established under this paragraph, even if such verification is not required by law.

"(2) Reverification for individuals with limited work authorization.—

"(A) In general.—A person or entity required by paragraph (1)(D) to make an inquiry (as provided in subsection (d)) shall use the verification system to seek reverification of the identity and employment eligibility of all individuals with a limited period of work authorization employed by the person or entity during the 3 business days before the date on which the employee's work authorization expires.

"(B) Reverification.—Clause (ii) of paragraph (1)(C) shall apply to reverifications pursuant to this paragraph on the same basis as it applies to verifications pursuant to paragraph (1), except that employers shall—

"(i) use a form designated or established by the Secretary by regulation for purposes of this paragraph; and

"(ii) retain a paper or electronic version of the form and make it available for inspection by officers of the Department of Homeland Security, the Department of Justice, or the Department of Labor during the period beginning on the date the reverification commences and ending on the date that is the later of 3 years after the date of such reverification or 1 year after the date the individual's employment is terminated.

"(3) Previously hired individuals.—

"(A) On a mandatory basis for certain employees.—

"(i) In general.—Not later than July 1, 2027, an employer shall make an inquiry, as provided in subsection (d), using the verification system to seek verification of the identity and employment eligibility of any individual described in clause (ii) employed by the employer whose employment eligibility has not been verified under the E-Verify Program.

"(ii) Individuals described.—An individual described in this clause is any of the following:

"(I) An employee of any unit of a Federal, State, or local government.

"(II) An employee who requires a Federal security clearance working in a Federal, State, or local government building, a military base, a nuclear energy site, a weapons site, or an airport or other facility that requires workers to carry a Transportation Worker Identification Credential.

"(III) An employee assigned to perform work in the United States under a Federal contract, except that this subclause—

"(aa) is not applicable to individuals who have a clearance under Homeland Security Presidential Directive 12, are administrative or overhead personnel, or are working solely on contracts that provide commercial off-the-shelf goods or services as set forth by the Federal Acquisition Regulatory Council, unless they are subject to verification under subclause (II); and

"(bb) only applies to contracts over the simple acquisition threshold as defined in section 2.101 of title 48, Code of Federal Regulations.

"(B) On a mandatory basis for existing workforce.—

"(i) Employers with 10 or more employees.—Not later than July 1, 2028, an employer having 10 or more employees in the United States shall make an inquiry, as provided in subsection (d), using the verification system to seek verification of the identity and employment eligibility of each individual employed by the employer in the United States whose employment eligibility has not been verified under the E-Verify Program.

"(ii) All other employers.—Not later than January 1, 2029, each employer not described in clause (i) shall make an inquiry, as provided in subsection (d), using the verification system to seek verification of the identity and employment eligibility of each individual employed by the employer in the United States whose employment eligibility has not been verified under the E-Verify Program.

"(C) On a mandatory basis for multiple users of same Social Security account number.—In the case of an employer who is required by this subsection to use the verification system described in subsection (d), or has elected voluntarily to use such system, the employer shall make inquiries to the system in accordance with the following:

"(i) The Commissioner of Social Security shall notify annually employees, at the employee address listed on the Wage and Tax Statement, who submit a social security account number to which more than 1 employer reports income and for which there is a

pattern of unusual multiple use. The notification letter shall identify the number of employers to which income is being reported as well as sufficient information notifying the employee of the process to contact the Social Security Administration Fraud Hotline if the employee believes the employee's identity may have been stolen. The notice shall not share information protected as private, in order to avoid any recipient of the notice from being in the position to further commit or begin committing identity theft.

"(ii) If the person to whom the social security account number was issued by the Social Security Administration has been identified and confirmed by the Commissioner, and indicates that the social security account number was used without their knowledge, the Secretary and the Commissioner shall lock the social security account number for employment eligibility verification purposes and shall notify the employers of the individuals who wrongfully submitted the social security account number that the employee may not be work eligible.

"(iii) Each employer receiving such notification of an incorrect social security account number under clause (ii) shall use the verification system described in subsection (d) to check the work eligibility status of the applicable employee within 10 business days of receipt of the notification.

"(D) On a voluntary basis before applicable deadline.—Subject to subparagraphs (A), (B), and (C), beginning on November 2, 2026, and before the applicable deadline under subparagraph (B), an employer may seek verification of the identity and employment eligibility of any individual employed by the employer using the E-Verify Program, the verification system described in subsection (d), or any successor system designated by the Secretary.

"(E) Verification.—Clause (ii) of paragraph (1)(C) shall apply to verifications pursuant to this paragraph on the same basis as it applies to verifications pursuant to paragraph (1), except that employers shall—

"(i) use a form designated or established by the Secretary by regulation for purposes of this paragraph; and

"(ii) retain a paper or electronic version of the form and make it available for inspection by officers of the Department of Homeland Security, the Department of Justice, or the Department of Labor during the period beginning on the date the verification commences and ending on the date that is the later of 3 years after the date of such verification or 1 year after the date the individual's employment is terminated.

"(4) Early compliance.—

"(A) Former E-Verify required users, including Federal contractors.—The Secretary is authorized to commence requiring employers required to participate in the E-Verify Program, including employers required to participate in such program by reason of Federal acquisition laws (and regulations promulgated under those laws, including the Federal Acquisition Regulation), to commence compliance with the requirements of this subsection (and any additional requirements of such Federal acquisition laws and regulation) in lieu of any requirement to participate in the E-Verify Program.

"(B) Former E-Verify voluntary users and others desiring early compliance.—The Secretary shall provide for the voluntary compliance with the requirements of this subsection by employers voluntarily electing to participate in the E-Verify Program, as well as by other employers seeking voluntary early compliance.

"(5) Copying of documentation permitted.—Notwithstanding any other provision of law, the person or entity may copy a document presented by an individual pursuant to this subsection and may retain the copy, but only (except as otherwise permitted under law) for the purpose of complying with the requirements of this subsection.

"(6) Limitation on use of forms.—A form designated or established by the Secretary under this subsection and any information contained in or appended to such form, may not be used for purposes other than for enforcement of this chapter and sections 1001, 1028, 1546, and 1621 of title 18.

"(7) Good faith compliance.—

"(A) In general.—Except as provided in subparagraphs (B) and (C), a person or entity is considered to have complied with a requirement of subsection (b) notwithstanding a technical or procedural failure to meet such requirement if there was a good faith attempt to comply with the requirement.

"(B) Exception if failure to correct after notice.—Subparagraph (A) shall not apply if—

"(i) the Secretary has explained to the person or entity the basis for the failure,

"(ii) the person or entity has been provided a period of not less than 30 calendar days (beginning after the date of the explanation) within which to correct the failure, and

"(iii) the person or entity has not corrected the failure voluntarily within such period.

"(C) Exception for pattern or practice violators.—Subparagraph (A) shall not apply to a person or entity that has or is engaging in a pattern or practice of violations of subsection (a)(1)(A) or (a)(2).

"(8) Single extension of initial deadline upon certification.—In a case in which the Secretary of Homeland Security has certified to Congress that the employment eligibility verification system required under subsection (d) will not be fully operational by April 1, 2027, the deadline established under paragraph (1)(D)(i)(I) shall be extended to July 1, 2027. No other deadline established under this section shall be extended under this paragraph.

"(c) No authorization of national identification cards.—Nothing in this section shall be construed to authorize, directly or indirectly, the issuance or use of national identification cards or the establishment of a national identification card.

"(d) Employment eligibility verification system.—

"(1) In general.—Patterned on the employment eligibility confirmation system established under section 404 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note), the Secretary of Homeland Security shall establish and administer a

verification system through which the Secretary (or a designee of the Secretary, which may be a nongovernmental entity)—

"(A) responds to inquiries made by persons at any time through a toll-free electronic media concerning an individual's identity and whether the individual is authorized to be employed; and

"(B) maintains records of the inquiries that were made, of verifications provided (or not provided), and of the codes provided to inquirers as evidence of their compliance with their obligations under this section.

"(2) Initial response.—The verification system shall provide confirmation or a tentative nonconfirmation of an individual's identity and employment eligibility within 3 working days of the initial inquiry. If providing confirmation or tentative nonconfirmation, the verification system shall provide an appropriate code indicating such confirmation or such nonconfirmation.

"(3) Secondary confirmation process in case of tentative nonconfirmation.—In cases of tentative nonconfirmation, the Secretary shall specify, in consultation with the Commissioner of Social Security, an available secondary verification process to confirm the validity of information provided and to provide a final confirmation or nonconfirmation not later than 10 working days after the date on which the notice of the tentative nonconfirmation is received by the employee. The Secretary, in consultation with the Commissioner, may extend this deadline once on a case-by-case basis for a period of 10 working days, and if the time is extended, shall document such extension within the verification system. The Secretary, in consultation with the Commissioner, shall notify the employee and employer of such extension. The Secretary, in consultation with the Commissioner, shall create a standard process of such extension and notification and shall make a description of such process available to the public. When final confirmation or nonconfirmation is provided, the verification system shall provide an appropriate code indicating such confirmation or nonconfirmation.

"(4) Design and operation of system.—The verification system shall be designed and operated—

"(A) to maximize its reliability and ease of use by persons and other entities consistent with insulating and protecting the privacy and security of the underlying information;

"(B) to respond accurately to all inquiries made by such persons and entities on whether individuals are authorized to be employed, to register all times when the system is unable to receive such inquiries, and to verify records maintained by the Secretary, other Federal departments, States, the Commonwealth of the Northern Mariana Islands, or an outlying possession of the United States, as determined necessary by the Secretary, including—

"(i) records maintained by the Social Security Administration;

"(ii) birth and death records maintained by vital statistics agencies of any State or other jurisdiction in the United States;

"(iii) passport and visa records (including photographs) maintained by the Department of State; and

"(iv) State driver's license or identity card information (including photographs) maintained by State department of motor vehicles;

"(C) with appropriate administrative, technical, and physical safeguards to prevent unauthorized disclosure of personal information;

"(D) to preserve the security of the information in the system by—

"(i) developing and using algorithms to detect potential identity theft, such as multiple uses of the same identifying information or documents;

"(ii) developing and using algorithms to detect misuse of the system by employers and employees;

"(iii) developing capabilities to detect anomalies in the use of the system that may indicate potential fraud or misuse of the system;

"(iv) auditing documents and information submitted by potential employees to employers, including authority to conduct interviews with employers and employees; and

"(v) allowing for auditing use of the system to detect fraud, misuse, or identity theft;

"(E) to have reasonable safeguards against the system's resulting in unlawful discriminatory practices based on national origin or citizenship status, including—

"(i) the selective or unauthorized use of the system to verify eligibility; or

"(ii) the exclusion of certain individuals from consideration for employment as a result of a perceived likelihood that additional verification will be required, beyond what is required for most job applicants;

"(F) to limit the subjects of verification to the following individuals:

"(i) Individuals hired, referred, or recruited, in accordance with paragraph (1) or (4) of subsection (b);

"(ii) Employees and prospective employees, in accordance with paragraph (1), (2), (3), or (4) of subsection (b); or

"(iii) Individuals seeking to confirm their own employment eligibility on a voluntary basis.

"(5) Responsibilities of Commissioner of Social Security.—As part of the verification system, the Commissioner of Social Security, in consultation with the Secretary of Homeland Security (and any designee of the Secretary selected to establish and administer the verification system), shall establish a reliable, secure method, which, within the time periods specified under paragraphs (2) and (3), compares the name and social security account number provided in an inquiry against such information maintained by the Commissioner in order to validate (or not validate) the information provided regarding an individual whose identity and employment eligibility must be confirmed, the correspondence of the name and number, and whether the individual has presented a social security account number that is not valid for

employment. The Commissioner shall not disclose or release social security information (other than such confirmation or nonconfirmation) under the verification system except as provided for in this section or section 205(c)(2)(I) of the Social Security Act (42 U.S.C. 405(c)(2)(I)).

"(6) Responsibilities of Secretary of Homeland Security.—As part of the verification system, the Secretary of Homeland Security (in consultation with any designee of the Secretary selected to establish and administer the verification system), shall establish a reliable, secure method, which, within the time periods specified under paragraphs (2) and (3), compares the name and alien identification or authorization number (or any other information as determined relevant by the Secretary) which are provided in an inquiry against such information maintained or accessed by the Secretary in order to validate (or not validate) the information provided, the correspondence of the name and number, whether the alien is authorized to be employed in the United States, or to the extent that the Secretary determines to be feasible and appropriate, whether the records available to the Secretary verify the identity or status of a national of the United States.

"(7) Updating information.—The Commissioner of Social Security and the Secretary of Homeland Security shall update their information in a manner that promotes the maximum accuracy and shall provide a process for the prompt correction of erroneous information, including instances in which it is brought to their attention in the secondary verification process described in paragraph (3).

"(8) Critical infrastructure.—The Secretary may authorize or direct any person or entity responsible for granting access to, protecting, securing, operating, administering, or regulating part of the critical infrastructure (as defined in section 1016(e) of the Critical Infrastructure Protection Act of 2001 (42 U.S.C. 5195c(e))) to use the verification system to the extent the Secretary determines that such use will assist in the protection of the critical infrastructure.

"(9) Remedies.—If an individual alleges that the individual would not have been dismissed from a job or would have been hired for a job but for an error of the verification mechanism, the individual may seek compensation only through the mechanism of the Federal Tort Claims Act, and injunctive relief to correct such error. No class action may be brought under this paragraph.

"(e) Compliance.—

"(1) Complaints and investigations.—The Secretary shall establish procedures—

"(A) for individuals and entities to file written, signed complaints respecting potential violations of subsection (a) or (g)(1);

"(B) for the investigation of those complaints which, on their face, have a substantial probability of validity;

"(C) for the investigation of such other violations of subsection (a) or (g)(1) as the Secretary determines to be appropriate; and

"(D) for the designation in the Department of Homeland Security of a unit which has, as its primary duty, the prosecution of cases of violations of subsection (a) or (g)(1) under this subsection.

"(2) Authority in investigations.—In conducting investigations and hearings under this subsection—

"(A) immigration officers and administrative law judges shall have reasonable access to examine evidence of any person or entity being investigated;

"(B) administrative law judges may, if necessary, compel by subpoena the attendance of witnesses and the production of evidence at any designated place or hearing; and

"(C) immigration officers designated by the Secretary may compel by subpoena the attendance of witnesses and the production of evidence at any designated place prior to the filing of a complaint in a case under paragraph (2).

"In case of contumacy or refusal to obey a subpoena lawfully issued under this paragraph and upon application of the Secretary, an appropriate district court of the United States may issue an order requiring compliance with such subpoena and any failure to obey such order may be punished by such court as a contempt thereof.

"(3) Hearing.—

"(A) In general.—Before imposing an order described in paragraph (4), (5), or (6) against a person or entity under this subsection for a violation of subsection (a) or (g)(1), the Secretary shall provide the person or entity with notice and, upon request made within a reasonable time (of not less than 30 days, as established by the Secretary) of the date of the notice, a hearing respecting the violation.

"(B) Conduct of hearing.—Any hearing so requested shall be conducted before an administrative law judge. The hearing shall be conducted in accordance with the requirements of section 554 of title 5, United States Code. The hearing shall be held at the nearest practicable place to the place where the person or entity resides or of the place where the alleged violation occurred. If no hearing is so requested, the Secretary's imposition of the order shall constitute a final and unappealable order.

"(C) Issuance of orders.—If the administrative law judge determines, upon the preponderance of the evidence received, that a person or entity named in the complaint has violated subsection (a) or (g)(1), the administrative law judge shall state the administrative law judge's findings of fact and issue and cause to be served on such person or entity an order described in paragraph (4), (5), or (6).

"(4) Cease and desist order with civil money penalty for hiring, recruiting, and referral violations.—With respect to a violation of subsection (a)(1)(A) or (a)(2), the order under this subsection—

"(A) shall require the person or entity to cease and desist from such violations and to pay a civil penalty in an amount of, subject to paragraph (10),—

"(i) not less than $2,500 and not more than $20,000 for each unauthorized alien with respect to whom a violation of either such subsection occurred,

"(ii) not less than $20,000 and not more than $50,000 for each such alien in the case of a person or entity previously subject to 1 order under this paragraph, or

"(iii) not less than $30,000 and not more than $100,000 for each such alien in the case of a person or entity previously subject to more than 1 order under this paragraph; and

"(B) may require the person or entity to take such other remedial action as is appropriate.

"(5) Order for civil money penalty for violations.—With respect to a violation of subsection (a)(1)(B), the order under this subsection shall require the person or entity to pay a civil penalty in an amount of not less than $2,500 and not more than $25,000 for each individual with respect to whom such violation occurred. In determining the amount of the penalty, due consideration shall be given to the good faith of the employer being charged, the seriousness of the violation, whether or not the individual was an unauthorized alien, and the history of previous violations. Failure by a person or entity to utilize the employment eligibility verification system as required by law, or providing information to the system that the person or entity knows or reasonably believes to be false, shall be treated as a violation of subsection (a)(1)(A).

"(6) Order for prohibited indemnity bonds.—With respect to a violation of subsection (g)(1), the order under this subsection may provide for the remedy described in subsection (g)(2).

"(7) Administrative appellate review.—The decision and order of an administrative law judge shall become the final agency decision and order of the Secretary unless either (A) within 30 days, an official delegated by regulation to exercise review authority over the decision and order modifies or vacates the decision and order, or (B) within 30 days of the date of such a modification or vacation (or within 60 days of the date of decision and order of an administrative law judge if not so modified or vacated) the decision and order is referred to the Secretary pursuant to regulations, in which case the decision and order of the Secretary shall become the final agency decision and order under this subsection. The Secretary may not delegate the Secretary's authority under this paragraph to any entity which has review authority over immigration-related matters.

"(8) Judicial review.—A person or entity adversely affected by a final order respecting an assessment may, within 45 days after the date the final order is issued, file a petition in the Court of Appeals for the appropriate circuit for review of the order.

"(9) Enforcement of orders.—If a person or entity fails to comply with a final order issued under this subsection against the person or entity, the Secretary shall file a suit to seek compliance with the order in any appropriate district court of the United States. In any such suit, the validity and appropriateness of the final order shall not be subject to review.

"(10) Exemption from penalty for good faith.—In the case of imposition of a civil penalty under paragraph (4)(A) with respect to a violation of subsection (a)(1)(A) or (a)(2) for hiring, continuation of employment, recruitment, or referral by a person or entity and in the case of imposition of a civil penalty under paragraph (5) for a violation of subsection (a)(1)(B) for hiring or recruitment or referral by a person or entity, the penalty otherwise imposed may be waived or reduced if the violator establishes that the violator acted in good faith.

"(11) Authority to debar employers for certain violations.—

"(A) In general.—If a person or entity is determined by the Secretary to be a repeat violator of paragraph (1)(A) or (2) of subsection (a), or is convicted of a crime under this section, the Secretary shall debar such person or entity from the receipt of Federal contracts, grants, or cooperative agreements in accordance with the debarment procedures set forth in the Federal Acquisition Regulation maintained under section 1303(a)(1) of title 41, United States Code.

"(B) Penalty.—If the Secretary debars a person or entity in accordance with this paragraph, the Administrator of General Services shall include the person or entity on the List of Parties Excluded from Federal Procurement for not more than 5 years.

"(C) Review.—Any decision to debar a person or entity in accordance with this paragraph shall be reviewable pursuant to part 9.4 of the Federal Acquisition Regulation.

"(f) Criminal penalties and injunctions for pattern or practice violations.—

"(1) Criminal penalty.—Any person or entity which engages in a pattern or practice of violations of subsection (a)(1) or (a)(2) shall be fined not more than $50,000 for each unauthorized alien with respect to whom such a violation occurs, imprisoned for not more than 6 months for the entire pattern or practice, or both, notwithstanding the provisions of any other Federal law relating to fine levels.

"(2) Enjoining of pattern or practice violations.—Whenever the Secretary has reasonable cause to believe that a person or entity is engaged in a pattern or practice of employment, recruitment, or referral in violation of paragraph (1)(A) or (2) of subsection (a), the Secretary may bring a civil action in the appropriate district court of the United States requesting such relief, including a permanent or temporary injunction, restraining order, or other order against the person or entity, as the Secretary deems necessary.

"(g) Prohibition of indemnity bonds.—

"(1) Prohibition.—It is unlawful for a person or other entity, in the hiring, recruiting, or referring for employment of any individual, to require the individual to post a bond or security, to pay or agree to pay an amount, or otherwise to provide a financial guarantee or indemnity, against any potential liability arising under this section relating to such hiring, recruiting, or referring of the individual.

"(2) Civil penalty.—Any person or entity which is determined, after notice and opportunity for an administrative hearing under subsection (e), to have violated paragraph (1) shall be subject to a civil penalty of $25,000 for each violation and to an administrative order requiring the return of any amounts received in violation of such paragraph to the employee or, if the employee cannot be located, to the general fund of the Treasury.

"(h) Miscellaneous provisions.—

"(1) Documentation.—In providing documentation or endorsement of authorization of aliens (other than aliens lawfully admitted for permanent residence) authorized to be employed in the United States, the Secretary shall provide that any limitations with respect to the period or type of employment or employer shall be conspicuously stated on the documentation or endorsement.

"(2) Preemption.—

"(A) Single, national policy.—The provisions of this section preempt any State or local law, ordinance, policy, or rule, including any criminal or civil fine or penalty structure, insofar as they may now or hereafter relate to the hiring, continued employment, or status verification for employment eligibility purposes, of unauthorized aliens.

"(B) State enforcement of Federal law.—

"(i) Business licensing.—A State, locality, municipality, or political subdivision may exercise its authority over business licensing and similar laws as a penalty for failure to use the verification system described in subsection (d) to verify employment eligibility when and as required under subsection (b).

"(ii) General rules.—A State, at its own cost, may enforce the provisions of this section, but only insofar as such State follows the Federal regulations implementing this section, applies the Federal penalty structure set out in this section, and complies with all Federal rules and guidance concerning implementation of this section. Such State may collect any fines assessed under this section. An employer may not be subject to enforcement, including audit and investigation, by both a Federal agency and a State for the same violation under this section. Whichever entity, the Federal agency or the State, is first to initiate the enforcement action, has the right of first refusal to proceed with the enforcement action. The Secretary must provide to each State copies of all guidance, training, and field instructions provided to Federal officials implementing the provisions of this section.

"(i) Definitions.—As used in this section:

"(1) Agricultural labor or services.—The term 'agricultural labor or services' has the meaning given such term by the Secretary of Agriculture in regulations and includes agricultural labor as defined in section 3121(g) of the Internal Revenue Code of 1986, agriculture as defined in section 3(f) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(f)), the handling, planting, drying, packing, packaging, processing, freezing, or grading prior to delivery for storage of any agricultural or horticultural commodity in its unmanufactured state, all activities required for the preparation, processing, or manufacturing of a product of agriculture (as such term is defined in such section 3(f)) for further distribution, and activities similar to all the foregoing as they relate to fish or shellfish facilities.

"(2) Date of hire.—The term 'date of hire' means the date of actual commencement of employment for wages or other remuneration, unless otherwise specified.

"(3) Entity.—The term 'entity' includes an entity in any branch of the Federal Government.

"(4) E-Verify.—The term 'E-Verify' means the E-Verify Program described in section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note).

"(5) Recruit.—The term 'recruit' means the act of soliciting a person who is in the United States, directly or indirectly, and referring the person to another with the intent of obtaining employment for that person. Only persons or entities referring for remuneration (whether on a retainer or contingency basis) are included in the definition, except that union hiring halls that

refer union members or nonunion individuals who pay union membership dues are included in this definition whether or not they receive remuneration, as are labor service entities or labor service agencies, whether public, private, for-profit, or nonprofit that recruit, dispatch, or otherwise facilitate the hiring of laborers for any period of time by a third party.

"(6) Refer.—The term 'refer' means the act of sending or directing a person who is in the United States or transmitting documentation or information to another, directly or indirectly, with the intent of obtaining employment in the United States for such person. Only persons or entities referring for remuneration (whether on a retainer or contingency basis) are included in the definition, except that union hiring halls that refer union members or nonunion individuals who pay union membership dues are included in the definition whether or not they receive remuneration, as are labor service entities or labor service agencies, whether public, private, for-profit, or nonprofit, that refer, dispatch, or otherwise facilitate the hiring of laborers for any period of time by a third party.

"(7) Secretary.—The term 'Secretary' means the Secretary of Homeland Security.

"(8) Unauthorized alien.—The term 'unauthorized alien' means, with respect to the employment of an alien at a particular time, that the alien is not at that time either—

"(A) an alien lawfully admitted for permanent residence; or

"(B) authorized to be so employed by this chapter or by the Secretary.

"(9) Verification period.—The term 'verification period' means—

"(A) in the case of recruitment or referral, the period ending on the date recruiting or referring commences; or

"(B) in the case of hiring, the period beginning on the date on which an offer of employment is extended and ending on the date that is 3 business days after the date of hire, except that, in the case of an alien who is authorized for employment and who provides evidence from the Social Security Administration that the alien has applied for a social security account number, the verification period ends 3 business days after the alien receives the social security account number.".

SEC. 912. VERIFICATION PROGRAM FUNDED BY DEPARTMENT OF HOMELAND SECURITY.

(a) Funding under agreement.—Effective for fiscal years beginning on or after October 1, 2026, the Commissioner of Social Security and the Secretary of Homeland Security shall enter into and maintain an agreement which shall—

(1) provide funds to the Commissioner for the full costs of the responsibilities of the Commissioner under section 274A(d) of the Immigration and Nationality Act (8 U.S.C. 1324a(d)), as amended by section 911, including—

(A) acquiring, installing, and maintaining technological equipment and systems necessary for the fulfillment of the responsibilities of the Commissioner under such section 274A(d), but only that portion of such costs that are attributable exclusively to such responsibilities; and

(B) responding to individuals who contest a tentative nonconfirmation provided by the employment eligibility verification system established under such section;

(2) provide such funds annually in advance of the applicable quarter based on estimating methodology agreed to by the Commissioner and the Secretary (except in such instances where the delayed enactment of an annual appropriation may preclude such quarterly payments); and

(3) require an annual accounting and reconciliation of the actual costs incurred and the funds provided under the agreement, which shall be reviewed by the Inspectors General of the Social Security Administration and the Department of Homeland Security.

(b) Continuation of employment verification in absence of timely agreement.—In any case in which the agreement required under subsection (a) for any fiscal year beginning on or after October 1, 2026, has not been reached as of October 1 of such fiscal year, the latest agreement between the Commissioner and the Secretary of Homeland Security providing for funding to cover the costs of the responsibilities of the Commissioner under section 274A(d) of the Immigration and Nationality Act (8 U.S.C. 1324a(d)) shall be deemed in effect on an interim basis for such fiscal year until such time as an agreement required under subsection (a) is subsequently reached, except that the terms of such interim agreement shall be modified by the Director of the Office of Management and Budget to adjust for inflation and any increase or decrease in the volume of requests under the employment eligibility verification system. In any case in which an interim agreement applies for any fiscal year under this subsection, the Commissioner and the Secretary shall, not later than October 1 of such fiscal year, notify the Committee on Ways and Means, the Committee on the Judiciary, and the Committee on Appropriations of the House of Representatives and the Committee on Finance, the Committee on the Judiciary, and the Committee on Appropriations of the Senate of the failure to reach the agreement required under subsection (a) for such fiscal year. Until such time as the agreement required under subsection (a) has been reached for such fiscal year, the Commissioner and the Secretary shall, not later than the end of each 90-day period after October 1 of such fiscal year, notify such Committees of the status of negotiations between the Commissioner and the Secretary in order to reach such an agreement.

SEC. 913. FRAUD PREVENTION.

(a) Blocking misused social security account numbers.—The Secretary of Homeland Security, in consultation with the Commissioner of Social Security, shall establish a program in which social security account numbers that have been identified to be subject to unusual multiple use in the employment eligibility verification system established under section 274A(d) of the Immigration and Nationality Act (8 U.S.C. 1324a(d)), as amended by section 911, or that are otherwise suspected or determined to have been compromised by identity fraud or other misuse, shall be blocked from use for such system purposes unless the individual using such number is able to establish, through secure and fair additional security procedures, that the individual is the legitimate holder of the number.

(b) Allowing suspension of use of certain social security account numbers.—The Secretary of Homeland Security, in consultation with the Commissioner of Social Security, shall establish a program which shall provide a reliable, secure method by which victims of identity fraud and other individuals may suspend or limit the use of their social security account number or other identifying information for purposes of the employment eligibility verification system established under section

274A(d) of the Immigration and Nationality Act (8 U.S.C. 1324a(d)), as amended by section 911. The Secretary may implement the program on a limited pilot program basis before making it fully available to all individuals.

(c) Allowing parents to prevent theft of their child's identity.—The Secretary of Homeland Security, in consultation with the Commissioner of Social Security, shall establish a program which shall provide a reliable, secure method by which parents or legal guardians may suspend or limit the use of the social security account number or other identifying information of a minor under their care for the purposes of the employment eligibility verification system established under section 274A(d) of the Immigration and Nationality Act (8 U.S.C. 1324a(d)), as amended by section 911. The Secretary may implement the program on a limited pilot program basis before making it fully available to all individuals.

SEC. 914. REPEAL OF OLD PROGRAM.

(a) In general.—Subtitle A of title IV of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note) is repealed.

(b) References.—Any reference in any Federal law, Executive order, rule, regulation, or delegation of authority, or any document of, or pertaining to, the Department of Homeland Security, Department of Justice, or the Social Security Administration, to the employment eligibility confirmation system established under section 404 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note) is deemed to refer to the employment eligibility confirmation system established under section 274A(d) of the Immigration and Nationality Act, as amended by section 911.

(c) Clerical amendment.—The table of sections, in section 1(d) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, is amended by striking the items relating to subtitle A of title IV.

(d) Effective date.—This section shall take effect on January 1, 2029.

Subtitle B—Farm Worker Modernization

PART I—DOMESTIC AGRICULTURAL WORKERS

SEC. 921. DEFINITIONS AND DETERMINATIONS.

(a) In this part:

(1) In general.—Except as otherwise provided, any term used in this part that is used in the immigration laws shall have the meaning given such term in the immigration laws (as such term is defined in section 101 of the Immigration and Nationality Act (8 U.S.C. 1101)).

(2) Agricultural labor or services.—The term "agricultural labor or services" means—

(A) agricultural labor or services as such term is used in section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)), without regard to whether the labor or services are of a seasonal or temporary nature; and

(B) agricultural employment as such term is defined in section 3 of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1802), without regard to whether the specific service or activity is temporary or seasonal.

(3) Applicable Federal tax liability.—The term "applicable Federal tax liability" means all Federal income taxes assessed in accordance with section 6203 of the Internal Revenue Code of 1986 beginning on the date on which the applicant was authorized to work in the United States as a certified agricultural worker.

(4) Appropriate United States district court.—The term "appropriate United States district court" means the United States District Court for the District of Columbia or the United States district court with jurisdiction over the alien's principal place of residence.

(5) Child.—The term "child" has the meaning given such term in section 101(b)(1) of the Immigration and Nationality Act (8 U.S.C. 1101(b)(1)).

(6) Convicted or conviction.—The term "convicted" or "conviction" does not include a judgment that has been expunged or set aside, that resulted in a rehabilitative disposition, or the equivalent.

(7) Eligible nonprofit organization.—The term "eligible nonprofit organization" means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 (excluding a recipient of funds under title X of the Economic Opportunity Act of 1964 (42 U.S.C. 2996 et seq.)) that has demonstrated qualifications, experience, and expertise in providing quality services to farm workers or aliens.

(8) Employer.—The term "employer" means any person or entity, including any labor contractor or any agricultural association, that employs workers in agricultural labor or services.

(9) Qualified designated entity.—The term "qualified designated entity" means—

(A) a qualified farm labor organization or an association of employers designated by the Secretary; or

(B) any other entity that the Secretary designates as having substantial experience, demonstrated competence, and a history of long-term involvement in the preparation and submission of application for adjustment of status under title II of the Immigration and Nationality Act (8 U.S.C. 1151 et seq.).

(10) Secretary.—The term "Secretary" means the Secretary of Homeland Security.

(11) Work day.—The term "work day" means any day in which the individual is employed 5.75 or more hours in agricultural labor or services.

(b) Determination of continuous presence.—

(1) Effect of notice to appear.—The continuous presence in the United States of an applicant for certified agricultural worker status under section 922 shall not terminate when the alien is served a notice to appear under section 239(a) of the Immigration and Nationality Act (8 U.S.C. 1229(a)).

(2) Treatment of certain breaks in presence.—

(A) In general.—Except as provided in subparagraphs (B) and (C), an alien shall be considered to have failed to maintain continuous presence in the United States under this part if the alien departed the United States for any period exceeding 90 days, or for any periods, in the aggregate, exceeding 180 days.

(B) Extensions for extenuating circumstances.—The Secretary may extend the time periods described in subparagraph (A) for an alien who demonstrates that the failure to timely return to the United States was due to extenuating circumstances beyond the alien's control, including the serious illness of the alien, or death or serious illness of a spouse, parent, son or daughter, grandparent, or sibling of the alien.

(C) Travel authorized by the Secretary.—Any period of travel outside of the United States by an alien that was authorized by the Secretary shall not be counted toward any period of departure from the United States under subparagraph (A).

SEC. 922. CERTIFIED AGRICULTURAL WORKER STATUS.

(a) Requirements for certified agricultural worker status.—

(1) Principal aliens.—The Secretary may grant certified agricultural worker status to an alien who submits a completed application, including the required processing fees, before the end of the period set forth in subsection (c) and who—

(A) performed agricultural labor or services in the United States for at least 1,035 hours (or 180 work days) during the 2-year period preceding July 4, 2026;

(B) on July 4, 2026—

(i) is inadmissible or deportable from the United States; or

(ii) is under a grant of deferred enforced departure or has temporary protected status under section 244 of the Immigration and Nationality Act;

(C) subject to section 924, has been continuously present in the United States since July 4, 2026 and until the date on which the alien is granted certified agricultural worker status; and

(D) is not otherwise ineligible for certified agricultural worker status as provided in subsection (b).

(2) Dependent spouse and children.—The Secretary may grant certified agricultural dependent status to the spouse or child of an alien granted certified agricultural worker status under paragraph (1) if the spouse or child is not ineligible for certified agricultural dependent status as provided in subsection (b).

(b) Grounds for ineligibility.—

(1) Grounds of inadmissibility.—Except as provided in paragraph (3), an alien is ineligible for certified agricultural worker or certified agricultural dependent status if the Secretary determines that the alien is inadmissible under section 212(a) of the Immigration and Nationality Act (8 U.S.C. 1182(a)), except that in determining inadmissibility—

(A) paragraphs (4), (5), (7), and (9)(B) of such section shall not apply;

(B) subparagraphs (A), (C), (D), (F), and (G) of such section 212(a)(6) and paragraphs (9)(C) and (10)(B) of such section 212(a) shall not apply unless based on the act of unlawfully entering the United States after July 4, 2026; and

(C) paragraphs (6)(B) and (9)(A) of such section 212(a) shall not apply unless the relevant conduct began on or after the date of filing of the application for certified agricultural worker status.

(2) Additional criminal bars.—Except as provided in paragraph (3), an alien is ineligible for certified agricultural worker or certified agricultural dependent status if the Secretary determines that, excluding any offense under State law for which an essential element is the alien's immigration status and any minor traffic offense, the alien has been convicted of—

(A) any felony offense;

(B) an aggravated felony (as defined in section 101(a)(43) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(43)) at the time of the conviction);

(C) 2 misdemeanor offenses involving moral turpitude, as described in section 212(a)(2)(A)(i)(I) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(2)(A)(i)(I)), unless an offense is waived by the Secretary under paragraph (3)(B); or

(D) 3 or more misdemeanor offenses not occurring on the same date, and not arising out of the same act, omission, or scheme of misconduct.

(3) Waivers for certain grounds of inadmissibility.—For humanitarian purposes, family unity, or if otherwise in the public interest, the Secretary may waive the grounds of inadmissibility under—

(A) paragraph (1), (6)(E), or (10)(D) of section 212(a) of the Immigration and Nationality Act (8 U.S.C. 1182(a)); or

(B) subparagraphs (A) and (D) of section 212(a)(2) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(2)), unless inadmissibility is based on a conviction that would otherwise render the alien ineligible under subparagraph (A), (B), or (D) of paragraph (2).

(c) Application.—

(1) Application period.—Except as provided in paragraph (2), the Secretary shall accept initial applications for certified agricultural worker status during the 18-month period beginning on the date on which the interim final rule is published in the Federal Register pursuant to section 927(a).

(2) Extension.—If the Secretary determines, during the initial period described in paragraph (1), that additional time is required to process initial applications for certified agricultural worker status or for other good cause, the Secretary may extend the period for accepting applications for up to an additional 12 months.

(3) Submission of applications.—

(A) In general.—An alien may file an application with the Secretary under this section with the assistance of an attorney or a nonprofit religious, charitable, social service, or similar organization recognized by the Board of Immigration Appeals under section 292.2 of title 8, Code of Federal Regulations. The Secretary shall also create a procedure for accepting applications filed by qualified designated entities with the consent of the applicant.

(B) Farm Service Agency offices.—The Secretary, in consultation with the Secretary of Agriculture, shall establish a process for the filing of applications under this section at Farm Service Agency offices throughout the United States.

(4) Evidence of application filing.—As soon as practicable after receiving an application for certified agricultural worker status, the Secretary shall provide the applicant with a document acknowledging the receipt of such application. Such document shall serve as interim proof of the alien's authorization to accept employment in the United States and shall be accepted by an employer as evidence of employment authorization under section 274A(b)(1)(A)(iii) of the Immigration and Nationality Act (8 U.S.C. 1324a(b)(1)(A)(iii)), if the employer is employing the holder of such document to perform agricultural labor or services, pending a final administrative decision on the application.

(5) Effect of pending application.—During the period beginning on the date on which an alien applies for certified agricultural worker status under section 922, and ending on the date on which the Secretary makes a final administrative decision regarding such application, the alien and any dependents included in the application—

(A) may apply for advance parole, which shall be granted upon demonstrating a legitimate need to travel outside the United States for a temporary purpose;

(B) may not be detained by the Secretary or removed from the United States unless the Secretary makes a prima facie determination that such alien is, or has become, ineligible for certified agricultural worker status;

(C) may not be considered unlawfully present under section 212(a)(9)(B) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(9)(B)); and

(D) may not be considered an unauthorized alien (as defined in section 274A(i)(8) of the Immigration and Nationality Act (8 U.S.C. 1324a(i)(8))).

(6) Withdrawal of application.—The Secretary shall, upon receipt of a request from the applicant to withdraw an application for certified agricultural worker status under section 922, cease processing of the application, and close the case. Withdrawal of the application shall not prejudice any future application filed by the applicant for any immigration benefit under this subtitle or under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.).

(d) Adjudication and decision.—

(1) In general.—Subject to section 924, the Secretary shall render a decision on an application for certified agricultural worker status not later than 180 days after the date the application is filed.

(2) Notice.—Prior to denying an application for certified agricultural worker status, the Secretary shall provide the alien with—

(A) written notice that describes the basis for ineligibility or the deficiencies in the evidence submitted; and

(B) at least 90 days to contest ineligibility or submit additional evidence.

(3) Tolling.—The 180-day period under paragraph (1) shall be tolled during the period beginning on the date on which the Secretary provides notice under paragraph (2) and ending on the earlier of—

(A) the date on which the applicant submits a response to the notice; or

(B) the expiration of the period provided under paragraph (2)(B).

(4) Amended application.—An alien whose application for certified agricultural worker status is denied under this section may submit an amended application for such status to the Secretary if the amended application is submitted within the application period described in subsection (c) and contains all the required information and fees that were missing from the initial application.

(e) Alternative H–2A status.—An alien who has not met the required period of agricultural labor or services under subsection (a)(1)(A), but is otherwise eligible for certified agricultural worker status under such subsection, shall be eligible for classification as a nonimmigrant described in section 101(a)(15)(H)(ii)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)(a)) upon approval of a petition submitted by a sponsoring employer, if the alien has performed at least 575 hours (or 100 work days) of agricultural labor or services between July 4, 2023 and July 4, 2026. The Secretary shall create a procedure to provide for such classification without requiring the alien to depart the United States and obtain a visa abroad.

(f) Administrative and judicial review.—

(1) Administrative review.—The Secretary shall establish a process by which an applicant may seek administrative review of a denial of an application for certified agricultural worker status under section 922, an application to extend such status, or a revocation of such status.

(2) Admissibility in immigration court.—Each record of an alien's application for certified agricultural worker status under section 922, application to extend such status, revocation of such status, and each record created pursuant to the administrative review process under paragraph (1) is admissible in immigration court, and shall be included in the administrative record.

(3) Judicial review.—Notwithstanding any other provision of law, judicial review of the Secretary's decision to deny an application for certified agricultural worker status, an application to extend such status, or the decision to revoke such status, shall be limited to the review of an order of removal under section 242 of the Immigration and Nationality Act (8 U.S.C. 1252).

SEC. 923. TERMS AND CONDITIONS OF CERTIFIED STATUS.

(a) In general.—

(1) Approval.—Upon approval of an application for certified agricultural worker status, or an extension of such status under this section, the Secretary shall issue—

(A) documentary evidence of such status to the applicant; and

(B) documentary evidence of certified agricultural dependent status to any qualified dependent included on such application.

(2) Documentary evidence.—In addition to any other features and information as the Secretary may prescribe, the documentary evidence described in paragraph (1)—

(A) shall be machine readable and tamper resistant;

(B) shall contain a digitized photograph;

(C) shall serve as a valid travel and entry document for purposes of applying for admission to the United States; and

(D) shall be accepted during the period of its validity by an employer as evidence of employment authorization and identity under section 274A(b)(1)(A)(ii) of the Immigration and Nationality Act (8 U.S.C. 1324a(b)(1)(A)(ii)).

(3) Validity period.—Certified agricultural worker and certified agricultural dependent status shall be valid for 5½ years beginning on the date of approval.

(4) Travel authorization.—An alien with certified agricultural worker or certified agricultural dependent status may—

(A) travel within and outside of the United States, including commuting to the United States from a residence in a foreign country; and

(B) be admitted to the United States upon return from travel abroad without first obtaining a visa if the alien is in possession of—

(i) valid, unexpired documentary evidence of certified agricultural worker or certified agricultural worker dependent status as described in subsection (a); or

(ii) a travel document that has been approved by the Secretary and was issued to the alien after the alien's original documentary evidence was lost, stolen, or destroyed.

(b) Ability to change status.—

(1) Change to certified agricultural worker status.—Notwithstanding section 922(a), an alien with valid certified agricultural dependent status may apply to change to certified agricultural worker status, at any time, if the alien—

(A) submits a completed application, including the required processing fees; and

(B) is not ineligible for certified agricultural worker status under section 922(b).

(2) Clarification.—Nothing in this part prohibits an alien granted certified agricultural worker or certified agricultural dependent status from changing status to any other nonimmigrant classification for which the alien may be eligible.

(c) Prohibition on public benefits, tax benefits, and health care subsidies.—Aliens granted certified agricultural worker or certified agricultural dependent status shall be considered lawfully present in the United States for all purposes for the duration of their status, except that such aliens—

(1) shall be ineligible for Federal means-tested public benefits to the same extent as other individuals who are not qualified aliens under section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641);

(2) are not entitled to the premium assistance tax credit authorized under section 36B of the Internal Revenue Code of 1986 (26 U.S.C. 36B), and shall be subject to the rules applicable to individuals who are not lawfully present set forth in subsection (e) of such section;

(3) shall be subject to the rules applicable to individuals who are not lawfully present set forth in section 1402(e) of the Patient Protection and Affordable Care Act (42 U.S.C. 18071(e)); and

(4) shall be subject to the rules applicable to individuals not lawfully present set forth in section 5000A(d)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 5000A(d)(3)).

(d) Revocation of status.—

(1) In general.—The Secretary may revoke certified agricultural worker or certified agricultural dependent status if, after providing notice to the alien and the opportunity to provide evidence to contest the proposed revocation, the Secretary determines that the alien no longer meets the eligibility requirements for such status under section 922(b).

(2) Invalidation of documentation.—Upon the Secretary's final determination to revoke an alien's certified agricultural worker or certified agricultural dependent status, any documentation issued by the Secretary to such alien under subsection (a) shall automatically be rendered invalid for any purpose except for departure from the United States.

(e) Requirements for extensions of status.—

(1) Principal aliens.—The Secretary may extend certified agricultural worker status for additional periods of 5½ years to an alien who submits a completed application, including the required processing fees, within the 120-day period beginning 60 days before the expiration of the fifth year of the immediately preceding grant of certified agricultural worker status, if the alien—

(A) except as provided in section 927(d), has performed agricultural labor or services in the United States for at least 575 hours (or 100 work days) for each of the prior 5 years in which the alien held certified agricultural worker status; and

(B) has not become ineligible for certified agricultural worker status under section 922(b).

(2) Dependent spouse and children.—The Secretary may grant or extend certified agricultural dependent status to the spouse or child of an alien granted an extension of certified agricultural worker status under paragraph (1) if the spouse or child is not ineligible for certified agricultural dependent status under section 922(b).

(3) Waiver for late filings.—The Secretary may waive an alien's failure to timely file before the expiration of the 120-day period described in paragraph (1) if the alien demonstrates that the delay was due to extraordinary circumstances beyond the alien's control or for other good cause.

(4) Notice.—Prior to denying an application to extend certified agricultural worker status, the Secretary shall provide the alien with—

(A) written notice that describes the basis for ineligibility or the deficiencies of the evidence submitted; and

(B) at least 90 days to contest ineligibility or submit additional evidence.

(f) Status for workers with pending applications.—

(1) In general.—Certified agricultural worker status of an alien who timely files an application to extend such status under subsection (e) or whose untimely application is accepted under subsection (e)(3) (and the status of the alien's dependents) shall be automatically extended or, if necessary, restored without interruption through the date on which the Secretary makes a final administrative decision regarding such application.

(2) Documentation of employment authorization.—As soon as practicable after receipt of an application to extend certified agricultural worker status under subsection (e), the Secretary shall issue a document to the alien acknowledging the receipt of such application. An employer of the worker may not refuse to accept such document as evidence of employment authorization under section 274A(b)(1)(A)(iii) of the Immigration and Nationality Act (8 U.S.C. 1324a(b)(1)(A)(iii)), pending a final administrative decision on the application.

SEC. 924. GENERAL PROVISIONS.

(a) Background checks.—

(1) Submission of biometric and biographic data.—The Secretary may not grant or extend certified agricultural worker or certified agricultural dependent status under section 922 or 923, or grant adjustment of status to that of a lawful permanent resident under section 926, unless the alien submits biometric and biographic data, in accordance with procedures established by the Secretary. The Secretary shall provide an alternative procedure for aliens who cannot provide all required biometric or biographic data because of a physical impairment.

(2) Conduct of background checks.—The Secretary shall use biometric, biographic, and other data that the Secretary determines appropriate to conduct security and law enforcement background checks and to determine whether there is any criminal, national security, or other factor that would render the alien ineligible for status under this part. An alien may not be granted any such status under this part unless security and law enforcement background checks are completed to the satisfaction of the Secretary.

(b) Protection for children.—

(1) In general.—Except as provided in paragraph (2), for purposes of eligibility for certified agricultural dependent status or lawful permanent resident status under this part, a determination of whether an alien is a child shall be made using the age of the alien on the date on which the initial application for certified agricultural worker status is filed with the Secretary of Homeland Security.

(2) Limitation.—Paragraph (1) shall apply for no more than 10 years after the date on which the initial application for certified agricultural worker status is filed with the Secretary of Homeland Security.

(c) Burden of proof.—An alien applying for certified agricultural worker status under this part has the burden of proving by a preponderance of the evidence that the alien has worked the requisite number of hours or days required under sections 922, 923, or 926, as applicable.

(1) Evidence.—An alien may meet the burden of proof under this subsection by producing sufficient evidence to show the extent of such employment as a matter of just and reasonable inference. Such evidence may include—

(A) an annual record of certified agricultural worker employment as described in section 925(a), or other employment records from employers;

(B) employment records maintained by collective bargaining associations;

(C) tax records or other government records;

(D) sworn affidavits from individuals who have direct knowledge of the alien's work history; or

(E) any other documentation designated by the Secretary for such purpose.

(2) The Secretary shall establish special procedures to properly credit work in cases in which an alien was employed under an assumed name.

(d) Limitation on removal.—

(1) In general.—An alien who appears to be prima facie eligible for status under this part shall be given a reasonable opportunity to apply for such status. Such an alien may not be placed in removal proceedings or removed from the United States until a final administrative decision establishing ineligibility for such status is rendered.

(2) Aliens in removal proceedings.—Notwithstanding any other provision of the law, the Attorney General shall (upon motion by the Secretary with the consent of the alien, or motion by the alien) terminate removal proceedings, without prejudice, against an alien who appears to be prima facie eligible for status under this part, and provide such alien a reasonable opportunity to apply for such status.

(3) Effect of final order.—An alien present in the United States who has been ordered removed or has been permitted to depart voluntarily from the United States may, notwithstanding such order or permission to depart, apply for status under this part. Such alien shall not be required to file a separate motion to reopen, reconsider, or vacate the order of

removal. If the Secretary approves the application, the Secretary shall notify the Attorney General of such approval, and the Attorney General shall cancel the order of removal. If the Secretary renders a final administrative decision to deny the application, the order of removal or permission to depart shall be effective and enforceable to the same extent as if the application had not been made, only after all available administrative and judicial remedies have been exhausted.

(4) Effect of departure.—Section 101(g) of the Immigration and Nationality Act (8 U.S.C. 1101(g)) shall not apply to an alien who departs the United States—

(A) with advance permission to return to the United States granted by the Secretary under this part; or

(B) after having been granted certified agricultural worker status or lawful permanent resident status under this part.

(e) Penalties for fraud.—

(1) Criminal penalty.—Any person who—

(A) files an application for certified agricultural worker status or adjustment of status under this part and knowingly falsifies, conceals, or covers up a material fact or makes any false, fictitious, or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry; or

(B) creates or supplies a false writing or document for use in making such an application,

shall be fined in accordance with title 18, United States Code, imprisoned not more than 5 years, or both.

(2) Inadmissibility.—An alien who is convicted under paragraph (1) shall be deemed inadmissible to the United States under section 212(a)(6)(C)(i) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(6)(C)(i)).

(3) Deposit.—Fines collected under paragraph (1) shall be deposited into the Immigration Examinations Fee Account pursuant to section 286(m) of the Immigration and Nationality Act (8 U.S.C. 1356(m)).

SEC. 925. EMPLOYER OBLIGATIONS AND PROTECTIONS.

(a) Obligation to provide records.—

(1) Record of employment.—An employer of an alien in certified agricultural worker status shall provide such alien with a written record of employment each year during which the alien provides agricultural labor or services to such employer as a certified agricultural worker.

(2) Civil penalties.—

(A) In general.—If the Secretary determines, after notice and an opportunity for a hearing, that an employer of an alien with certified agricultural worker status has knowingly

failed to provide the record of employment required under paragraph (1), or has provided a false statement of material fact in such a record, the employer shall be subject to a civil penalty in an amount not to exceed $500 per violation.

(B) Limitation.—The penalty under subparagraph (A) for failure to provide employment records shall not apply unless the alien has provided the employer with evidence of employment authorization described in section 922 or 923.

(C) Deposit of civil penalties.—Civil penalties collected under this paragraph shall be deposited into the Immigration Examinations Fee Account under section 286(m) of the Immigration and Nationality Act (8 U.S.C. 1356(m)).

(b) Employer protections.—

(1) Continuing employment.—An employer that continues to employ an alien knowing that the alien intends to apply for certified agricultural worker status under section 922 shall not violate section 274A(a)(2) of the Immigration and Nationality Act (8 U.S.C. 1324a(a)(2)) by continuing to employ the alien for the duration of the application period under section 922(c), and with respect to an alien who applies for certified agricultural worker status, for the duration of the period during which the alien's application is pending final determination.

(2) Use of employment records.—Copies of employment records or other evidence of employment provided by an alien or by an alien's employer in support of an alien's application for certified agricultural worker or adjustment of status under this part may not be used in a civil or criminal prosecution or investigation of that employer under section 274A of the Immigration and Nationality Act (8 U.S.C. 1324a) or the Internal Revenue Code of 1986 for the prior unlawful employment of that alien regardless of the outcome of such application.

(3) Additional protections.—Employers that provide unauthorized aliens with copies of employment records or other evidence of employment in support of an application for certified agricultural worker status or adjustment of status under this part shall not be subject to civil and criminal liability pursuant to such section 274A for employing such unauthorized aliens. Records or other evidence of employment provided by employers in response to a request for such records for the purpose of establishing eligibility for status under this part may not be used for any purpose other than establishing such eligibility.

(4) Limitation on protection.—The protections for employers under this section shall not apply if the employer provides employment records to the alien that are determined to be fraudulent.

SEC. 926. OPTIONAL EARNED RESIDENCE FOR LONG-TERM WORKERS.

(a) Requirements for adjustment of status.—

(1) Principal aliens.—The Secretary may adjust the status of an alien from that of a certified agricultural worker to that of a lawful permanent resident if the alien submits a completed application, including the required processing and penalty fees, and the Secretary determines that—

(A) except as provided in section 927(d), the alien performed agricultural labor or services for not less than 575 hours (or 100 work days) each year—

(i) for at least 10 years prior to the date of the enactment of this Act and for at least 4 years in certified agricultural worker status; or

(ii) for fewer than 10 years prior to the date of the enactment of this Act and for at least 8 years in certified agricultural worker status; and

(B) the alien has not become ineligible for certified agricultural worker status under section 922(b).

(2) Dependent aliens.—

(A) In general.—The spouse and each child of an alien described in paragraph (1) whose status has been adjusted to that of a lawful permanent resident may be granted lawful permanent residence under this part if—

(i) the qualifying relationship to the principal alien existed on the date on which such alien was granted adjustment of status under this part; and

(ii) the spouse or child is not ineligible for certified agricultural dependent status under section 922(b).

(B) Protections for spouses and children.—The Secretary shall establish procedures to allow the spouse or child of a certified agricultural worker to self-petition for lawful permanent residence under this part in cases involving—

(i) the death of the certified agricultural worker, so long as the spouse or child submits a petition not later than 2 years after the date of the worker's death; or

(ii) the spouse or a child being battered or subjected to extreme cruelty by the certified agricultural worker.

(3) Documentation of work history.—An applicant for adjustment of status under this section shall not be required to resubmit evidence of work history that has been previously submitted to the Secretary in connection with an approved extension of certified agricultural worker status.

(b) Penalty fee.—In addition to any processing fee that the Secretary may assess in accordance with section 927(b), a principal alien seeking adjustment of status under this part shall pay a $1,000 penalty fee, which shall be deposited into the Immigration Examinations Fee Account pursuant to section 286(m) of the Immigration and Nationality Act (8 U.S.C. 1356(m)).

(c) Effect of pending application.—During the period beginning on the date on which an alien applies for adjustment of status under this part, and ending on the date on which the Secretary makes a final administrative decision regarding such application, the alien and any dependents included on the application—

(1) may apply for advance parole, which shall be granted upon demonstrating a legitimate need to travel outside the United States for a temporary purpose;

(2) may not be detained by the Secretary or removed from the United States unless the Secretary makes a prima facie determination that such alien is, or has become, ineligible for adjustment of status under subsection (a);

(3) may not be considered unlawfully present under section 212(a)(9)(B) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(9)(B)); and

(4) may not be considered an unauthorized alien (as defined in section 274A(i)(8) of the Immigration and Nationality Act (8 U.S.C. 1324a(i)(8))).

(d) Evidence of application filing.—As soon as practicable after receiving an application for adjustment of status under this part, the Secretary shall provide the applicant with a document acknowledging the receipt of such application. Such document shall serve as interim proof of the alien's authorization to accept employment in the United States and shall be accepted by an employer as evidence of employment authorization under section 274A(b)(1)(A)(iii) of the Immigration and Nationality Act (8 U.S.C. 1324a(b)(1)(A)(iii)), pending a final administrative decision on the application.

(e) Withdrawal of application.—The Secretary shall, upon receipt of a request to withdraw an application for adjustment of status under this part, cease processing of the application, and close the case. Withdrawal of the application shall not prejudice any future application filed by the applicant for any immigration benefit under this subtitle or under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.).

(f) Payment of taxes.—

(1) In general.—An alien may not be granted adjustment of status under this part unless the applicant has satisfied any applicable Federal tax liability.

(2) Compliance.—An alien may demonstrate compliance with paragraph (1) by submitting such documentation as the Secretary, in consultation with the Secretary of the Treasury, may require by regulation.

(g) Adjudication and decision; review.—

(1) In general.—Subject to the requirements of section 924, the Secretary shall render a decision on an application for adjustment of status under this part not later than 180 days after the date on which the application is filed.

(2) Notice.—Prior to denying an application for adjustment of status under this part, the Secretary shall provide the alien with—

(A) written notice that describes the basis for ineligibility or the deficiencies of the evidence submitted; and

(B) at least 90 days to contest ineligibility or submit additional evidence.

(3) Tolling.—The 180-day period under paragraph (1) shall be tolled during the period beginning on the date on which the Secretary provides notice under paragraph (2) and ending on the earlier of—

(A) the date on which the applicant submits a response to the notice; or

(B) the expiration of the period provided under paragraph (2)(B).

(4) Administrative review.—The Secretary shall establish a process by which an applicant may seek administrative review of a denial of an application for adjustment of status under this part.

(5) Judicial review.—Notwithstanding any other provision of law, an alien may seek judicial review of a denial of an application for adjustment of status under this part in an appropriate United States district court.

SEC. 927. RESPONSIBILITIES OF THE SECRETARY.

(a) Rulemaking.—Not later than March 31, 2027, the Secretary shall publish in the Federal Register an interim final rule implementing this part. Notwithstanding section 553 of title 5, United States Code, the rule shall be effective, on an interim basis, immediately upon publication, but may be subject to change and revision after public notice and opportunity for comment. The Secretary shall finalize such rule not later than September 30, 2027.

(b) Fees.—

(1) In general.—The Secretary may require an alien applying for any benefit under this part to pay a reasonable fee that is commensurate with the cost of processing the application.

(2) Fee waiver; installments.—

(A) In general.—The Secretary shall establish procedures to allow an alien to—

(i) request a waiver of any fee that the Secretary may assess under this part if the alien demonstrates to the satisfaction of the Secretary that the alien is unable to pay the prescribed fee; or

(ii) pay any fee or penalty that the Secretary may assess under this part in installments.

(B) Clarification.—Nothing in this section shall be read to prohibit an employer from paying any fee or penalty that the Secretary may assess under this part on behalf of an alien and the alien's spouse or children.

(c) Disclosures and privacy.—

(1) Use limitations.—The Secretary may not disclose or use information provided in an application for certified agricultural worker status or adjustment of status under this part (including information provided during administrative or judicial review) for the purpose of immigration enforcement.

(2) Referrals prohibited.—The Secretary, based solely on information provided in an application for certified agricultural worker status or adjustment of status under this part (including information provided during administrative or judicial review), may not refer an applicant to U.S. Immigration and Customs Enforcement, U.S. Customs and Border Protection, or any designee of either such entity.

(3) Exceptions.—Notwithstanding paragraphs (1) and (2), information provided in an application for certified agricultural worker status or adjustment of status under this part may be shared with Federal security and law enforcement agencies—

(A) for assistance in the consideration of an application under this part;

(B) to identify or prevent fraudulent claims or schemes;

(C) for national security purposes; or

(D) for the investigation or prosecution of any felony not related to immigration status.

(4) Penalty.—Any person who knowingly uses, publishes, or permits information to be examined in violation of this subsection shall be fined not more than $10,000.

(5) Privacy protections.—The Secretary shall ensure that appropriate administrative and physical safeguards are in place to protect the security, confidentiality, and integrity of personally identifiable information collected, maintained, and disseminated pursuant to this part.

(d) Exceptions for extraordinary circumstances.—

(1) Extraordinary circumstances.—In determining whether an alien has met the requirement under section 923(e)(1)(A) or 926(a)(1)(A), the Secretary may credit the alien with not more than 575 hours (or 100 work days) of agricultural labor or services in the United States if the alien was unable to perform the required agricultural labor or services due to—

(A) pregnancy, parental leave, illness, disease, disabling injury, or physical limitation of the alien;

(B) injury, illness, disease, or other special needs of the alien's child or spouse;

(C) severe weather conditions that prevented the alien from engaging in agricultural labor or services;

(D) reduced hours of employment or other restrictions associated with the public health emergency declared by the Secretary of Health and Human Services under section 319 of the Public Health Service Act (42 U.S.C. 247d) with respect to COVID-19; or

(E) termination from agricultural employment, if the Secretary determines that—

(i) the termination was without just cause; and

(ii) the alien was unable to find alternative agricultural employment after a reasonable job search.

A determination under this paragraph shall not be conclusive, binding, or admissible in a separate or subsequent judicial or administrative action or proceeding between the alien and a current or prior employer of the alien or any other party.

(2) Hardship waiver.—

(A) In general.—As part of the rulemaking described in subsection (a), the Secretary shall establish procedures allowing for a partial waiver of the requirement under section 926(a)(1)(A) for a certified agricultural worker if such worker—

(i) has continuously maintained certified agricultural worker status since the date such status was initially granted;

(ii) has partially completed the requirement under section 926(a)(1)(A); and

(iii) is no longer able to engage in agricultural labor or services safely and effectively because of—

(I) a permanent disability suffered while engaging in agricultural labor or services; or

(II) deteriorating health or physical ability combined with advanced age.

(B) Disability.—In establishing the procedures described in subparagraph (A), the Secretary shall consult with the Secretary of Health and Human Services and the Commissioner of Social Security to define "permanent disability" for purposes of a waiver under subparagraph (A)(iii)(I).

SEC. 928. CONFORMING AMENDMENTS.

(a) In general.—Section 208(e)(1) of the Social Security Act (42 U.S.C. 408(e)(1)) is amended—

(1) in subparagraph (B)(ii), by striking "or" at the end;

(2) in subparagraph (C), by inserting "or" at the end;

(3) by inserting after subparagraph (C) the following:

"(D) who is granted certified agricultural worker status, certified agricultural dependent status, or lawful permanent resident status under part I of title IX of the POPULIST Act,"; and

(4) in the undesignated matter following subparagraph (D), as added by paragraph (3), by striking "1990." and inserting "1990, or in the case of an alien described in subparagraph (D), if such conduct is alleged to have occurred before the date on which the alien was granted status under part I of title IX of the POPULIST Act.".

(b) Effective date.—The amendments made by subsection (a) shall take effect on the first day of the seventh month that begins after the date of the enactment of this Act.

(c) Conforming amendments.—

(1) Social Security Act.—Section 210(a)(1) of the Social Security Act (42 U.S.C. 410(a)(1)) is amended by inserting before the semicolon the following: "(other than aliens granted certified agricultural worker status or certified agricultural dependent status under part I of title IX of the POPULIST Act)".

(2) Internal Revenue Code of 1986.—Section 3121(b)(1) of the Internal Revenue Code of 1986 is amended by inserting before the semicolon the following: "(other than aliens granted certified agricultural worker status or certified agricultural dependent status under part I of title IX of the POPULIST Act)".

(3) Effective date.—The amendments made by this subsection shall apply with respect to service performed after the date of the enactment of this Act.

(d) Automated system to assign Social Security account numbers.—Section 205(c)(2)(B) of the Social Security Act (42 U.S.C. 405(c)(2)(B)) is amended by adding at the end the following:

> "(iv) The Commissioner of Social Security shall, to the extent practicable, coordinate with the Secretary of Homeland Security to implement an automated system for the Commissioner to assign social security account numbers to aliens granted certified agricultural worker status or certified agricultural dependent status under part I of title IX of the POPULIST Act. An alien who is granted such status, and who was not previously assigned a social security account number, shall request assignment of a social security account number and a social security card from the Commissioner through such system. The Secretary shall collect and provide to the Commissioner such information as the Commissioner deems necessary for the Commissioner to assign a social security account number, which information may be used by the Commissioner for any purpose for which the Commissioner is otherwise authorized under Federal law. The Commissioner may maintain, use, and disclose such information only as permitted by the Privacy Act and other Federal law.".

SEC. 929. REPORT TO CONGRESS; GRANT PROGRAM.

(a) Not later than 180 days after the publication of the final rule under section 927(a), and annually thereafter for the following 10 years, the Secretary shall submit a report to Congress that identifies, for the previous fiscal year—

(1) the number of principal aliens who applied for certified agricultural worker status under section 922, and the number of dependent spouses and children included in such applications;

(2) the number of principal aliens who were granted certified agricultural worker status under section 922, and the number of dependent spouses and children who were granted certified agricultural dependent status;

(3) the number of principal aliens who applied for an extension of their certified agricultural worker status under section 923, and the number of dependent spouses and children included in such applications;

(4) the number of principal aliens who were granted an extension of certified agricultural worker status under section 923, and the number of dependent spouses and children who were granted certified agricultural dependent status under such an extension;

(5) the number of principal aliens who applied for adjustment of status under section 926, and the number of dependent spouses and children included in such applications;

(6) the number of principal aliens who were granted lawful permanent resident status under section 926, and the number of spouses and children who were granted such status as dependents;

(7) the number of principal aliens included in petitions described in section 922(e), and the number of dependent spouses and children of such principal aliens who applied for H–4 status; and

(8) the number of principal aliens who were granted H–2A status pursuant to petitions described in section 922(e), and the number of dependent spouses and children who were granted H–4 status.

(b) Grant program to assist eligible applicants.—

(1) Establishment.—The Secretary shall establish a program to award grants, on a competitive basis, to eligible nonprofit organizations to assist eligible applicants under this part by providing them with the services described in paragraph (2).

(2) Use of funds.—Grant funds awarded under this section may be used for the design and implementation of programs that provide—

(A) information to the public regarding the eligibility and benefits of certified agricultural worker status authorized under this part; and

(B) assistance, within the scope of authorized practice of immigration law, to individuals submitting applications for certified agricultural worker status or adjustment of status under this part, including—

(i) screening prospective applicants to assess their eligibility for such status;

(ii) completing applications, including providing assistance in obtaining necessary documents and supporting evidence; and

(iii) providing any other assistance that the Secretary determines useful to assist aliens in applying for certified agricultural worker status or adjustment of status under this part.

(3) Source of funds.—In addition to any funds appropriated to carry out this section, the Secretary may use up to $10,000,000 from the Immigration Examinations Fee Account under section 286(m) of the Immigration and Nationality Act (8 U.S.C. 1356(m)) to carry out this section.

(4) Eligibility for services.—Section 504(a)(11) of Public Law 104–134 (110 Stat. 1321–53 et seq.) shall not be construed to prevent a recipient of funds under title X of the Economic Opportunity Act of 1964 (42 U.S.C. 2996 et seq.) from providing legal assistance directly related to an application for status under this part or to an alien granted such status.

PART II—REFORMING H–2A TEMPORARY WORKER PROGRAM

SEC. 931. STREAMLINED ELECTRONIC H–2A PLATFORM.

(a) Streamlined H–2A platform.—

(1) In general.—Not later than July 1, 2027, the Secretary of Homeland Security, in consultation with the Secretary of Labor, the Secretary of Agriculture, the Secretary of State, and the United States Digital Service, shall ensure the establishment of an electronic platform through which a petition for an H–2A worker may be filed. Such platform shall—

(A) serve as a single point of access for an employer to input all information and supporting documentation required for obtaining labor certification from the Secretary of Labor and the adjudication of the H–2A petition by the Secretary of Homeland Security;

(B) serve as a single point of access for the Secretary of Homeland Security, the Secretary of Labor, and State workforce agencies to concurrently perform their respective review and adjudicatory responsibilities in the H–2A process;

(C) facilitate communication between employers and agency adjudicators, including by allowing employers to—

(i) receive and respond to notices of deficiency and requests for information;

(ii) submit requests for inspections and licensing;

(iii) receive notices of approval and denial; and

(iv) request reconsideration or appeal of agency decisions; and

(D) provide information to the Secretary of State and U.S. Customs and Border Protection necessary for the efficient and secure processing of H–2A visas and applications for admission.

(2) Objectives.—In developing the platform described in paragraph (1), the Secretary of Homeland Security, in consultation with the Secretary of Labor, the Secretary of Agriculture, the Secretary of State, and the United States Digital Service, shall streamline and improve the H–2A process, including by—

(A) eliminating the need for employers to submit duplicate information and documentation to multiple agencies;

(B) eliminating redundant processes, where a single matter in a petition is adjudicated by more than 1 agency;

(C) reducing the occurrence of common petition errors, and otherwise improving and expediting the processing of H–2A petitions; and

(D) ensuring compliance with H–2A program requirements and the protection of the wages and working conditions of workers.

(b) Online job registry.—The Secretary of Labor shall maintain a national, publicly accessible online job registry and database of all job orders submitted by H–2A employers. The registry and database shall—

(1) be searchable using relevant criteria, including the types of jobs needed to be filled, the date(s) and location(s) of need, and the employer(s) named in the job order;

(2) provide an interface for workers in English, Spanish, and any other language that the Secretary of Labor determines to be appropriate; and

(3) provide for public access to job orders approved under section 218(i)(2) of the Immigration and Nationality Act.

SEC. 932. H–2A PROGRAM REQUIREMENTS.

Section 218 of the Immigration and Nationality Act (8 U.S.C. 1188) is amended to read as follows:

"Sec. 218. Admission of temporary H–2A workers.

"(a) Definitions.—In this section:

"(1) Displace.—The term 'displace' means to lay off a similarly employed United States worker, other than for lawful job-related reasons, in the occupation and area of intended employment for the job for which H–2A workers are sought.

"(2) H–2A worker.—The term 'H–2A worker' means a nonimmigrant described in section 101(a)(15)(H)(ii)(a).

"(3) Job order.—The term 'job order' means the document containing the material terms and conditions of employment, including obligations and assurances required under this section or any other law.

"(4) Online job registry.—The term 'online job registry' means the online job registry of the Secretary of Labor required under section 931(b) of the POPULIST Act (or similar successor registry).

"(5) Similarly employed.—The term 'similarly employed', in the case of a worker, means a worker in the same occupational classification as the classification or classifications for which the H–2A worker is sought.

"(6) United States worker.—The term 'United States worker' means any worker who is—

"(A) a citizen or national of the United States;

"(B) an alien who is lawfully admitted for permanent residence, is admitted as a refugee under section 207, is granted asylum under section 208, or is an immigrant otherwise authorized to be employed in the United States;

"(C) an alien granted certified agricultural worker status under part I of title IX of the POPULIST Act; or

"(D) an individual who is not an unauthorized alien (as defined in section 274A(i)(8)) with respect to the employment in which the worker is engaging."

"(b) Labor certification conditions.—The Secretary of Homeland Security may not approve a petition to admit an H–2A worker unless the Secretary of Labor has certified that—

"(1) there are not sufficient United States workers who are able, willing and qualified, and who will be available at the time and place needed, to perform the agricultural labor or services described in the petition; and

"(2) the employment of the H–2A worker in such labor or services will not adversely affect the wages and working conditions of workers in the United States who are similarly employed.

"(c) H–2A petition requirements.—An employer filing a petition for an H–2A worker to perform agricultural labor or services shall attest to and demonstrate compliance, as and when appropriate, with all applicable requirements under this section, including the following:

"(1) Need for labor or services.—The employer has described the need for agricultural labor or services in a job order that includes a description of the nature and location of the work to be performed, the material terms and conditions of employment, the anticipated period or periods (expected start and end dates) for which the workers will be needed, and the number of job opportunities in which the employer seeks to employ the workers.

"(2) Nondisplacement of United States workers.—The employer has not and will not displace United States workers employed by the employer during the period of employment of the H–2A worker and during the 60-day period immediately preceding such period of employment in the job for which the employer seeks approval to employ the H–2A worker.

"(3) Strike or lockout.—Each place of employment described in the petition is not, at the time of filing the petition and until the petition is approved, subject to a strike or lockout in the course of a labor dispute.

"(4) Recruitment of United States workers.—The employer shall engage in the recruitment of United States workers as described in subsection (d) and shall hire such workers who are able, willing and qualified, and who will be available at the time and place needed, to perform the agricultural labor or services described in the petition. The employer may reject a United States worker only for lawful, job-related reasons.

"(5) Wages, benefits, and working conditions.—The employer shall offer and provide, at a minimum, the wages, benefits, and working conditions required by this section to the H–2A worker and all workers who are similarly employed. The employer—

"(A) shall offer such similarly employed workers not less than the same benefits, wages, and working conditions that the employer is offering or will provide to the H–2A worker; and

"(B) may not impose on such similarly employed workers any restrictions or obligations that will not be imposed on the H–2A worker.

"(6) Workers' compensation.—If the job opportunity is not covered by or is exempt from the State workers' compensation law, the employer shall provide, at no cost to the worker, insurance covering injury and disease arising out of, and in the course of, the worker's employment which will provide benefits at least equal to those provided under the State workers' compensation law.

"(7) Compliance with labor and employment laws.—The employer shall comply with all applicable Federal, State and local employment-related laws and regulations.

"(8) Compliance with worker protections.—The employer shall comply with section 934 of the POPULIST Act.

"(9) Compliance with foreign labor recruitment laws.—The employer shall comply with part III of title IX of the POPULIST Act.

"(d) Recruiting requirements.—

"(1) In general.—The employer may satisfy the recruitment requirement described in subsection (c)(4) by satisfying all of the following:

"(A) Job order.—As provided in subsection (i)(1), the employer shall complete a job order for posting on the electronic job registry maintained by the Secretary of Labor and for distribution by the appropriate State workforce agency. Such posting shall remain on the job registry as an active job order through the period described in paragraph (2)(B).

"(B) Former workers.—At least 45 days before each start date identified in the petition, the employer shall—

"(i) make reasonable efforts to contact any United States worker the employer employed in the previous year in the same occupation and area of intended employment for which an H–2A worker is sought (excluding workers who were terminated for cause or abandoned the worksite); and

"(ii) post such job opportunity in a conspicuous location or locations at the place of employment.

"(C) Positive recruitment.—During the period of recruitment, the employer shall complete any other positive recruitment steps within a multi-State region of traditional or expected labor supply where the Secretary of Labor finds that there are a significant number of qualified United States workers who, if recruited, would be willing to make themselves available for work at the time and place needed.

"(2) Period of recruitment.—

"(A) In general.—For purposes of this subsection, the period of recruitment begins on the date on which the job order is posted on the online job registry and ends on the date that H–2A workers depart for the employer's place of employment. For a petition involving more than 1 start date under subsection (i)(1)(C), the end of the period of recruitment shall be determined by the date of departure of the H–2A workers for the final start date identified in the petition.

"(B) Requirement to hire U.S. workers.—

"(i) In general.—Notwithstanding the limitations of subparagraph (A), the employer will provide employment to any qualified United States worker who applies to the employer for any job opportunity included in the petition until the later of—

"(I) the date that is 30 days after the date on which work begins; or

"(II) the date on which—

"(aa) if the employer is not a labor contractor, 33 percent of the work contract for the job opportunity has elapsed; or

"(bb) if the employer is a labor contractor, 50 percent of the work contract for the job opportunity has elapsed.

"(ii) Staggered entry.—For a petition involving more than 1 start date under subsection (i)(1)(C), each start date designated in the petition shall establish a separate

job opportunity. An employer may not reject a United States worker because the worker is unable or unwilling to fill more than 1 job opportunity included in the petition.

"(iii) Exception.—Notwithstanding clause (i), the employer may offer a job opportunity to an H–2A worker instead of an alien granted certified agricultural worker status under part I of title IX of the POPULIST Act if the H–2A worker was employed by the employer in each of 3 years during the most recent 4-year period.

"(3) Recruitment report.—

"(A) In general.—The employer shall maintain a recruitment report through the applicable period described in paragraph (2)(B) and submit regular updates through the electronic platform on the results of recruitment. The employer shall retain the recruitment report, and all associated recruitment documentation, for a period of 3 years from the date of certification.

"(B) Burden of proof.—If the employer asserts that any eligible individual who has applied or been referred is not able, willing or qualified, the employer bears the burden of proof to establish that the individual is not able, willing or qualified because of a lawful, employment-related reason.

"(e) Wage requirements.—

"(1) In general.—Each employer under this section will offer the worker, during the period of authorized employment, wages that are at least the greatest of—

"(A) the agreed-upon collective bargaining wage;

"(B) the adverse effect wage rate;

"(C) the prevailing wage (hourly wage or piece rate); or

"(D) the Federal or State minimum wage.

"(2) Adverse effect wage rate determinations.—

"(A) In general.—Except as provided under subparagraph (B), the applicable adverse effect wage rate for each State and occupational classification for a calendar year shall be as follows:

"(i) The annual average hourly wage for the occupational classification in the State or region as reported by the Secretary of Agriculture based on a wage survey conducted by such Secretary.

"(ii) If a wage described in clause (i) is not reported, the national annual average hourly wage for the occupational classification as reported by the Secretary of Agriculture based on a wage survey conducted by such Secretary.

"(iii) If a wage described in clause (i) or (ii) is not reported, the Statewide annual average hourly wage for the standard occupational classification as reported by the Secretary of Labor based on a wage survey conducted by such Secretary.

"(iv) If a wage described in clause (i), (ii), or (iii) is not reported, the national average hourly wage for the occupational classification as reported by the Secretary of Labor based on a wage survey conducted by such Secretary.

"(B) Limitations on wage fluctuations.—

"(i) Wage freeze for calendar year 2027.—For calendar year 2027, the adverse effect wage rate for each State and occupational classification under this subsection shall be the adverse effect wage rate that was in effect for H–2A workers in the applicable State on June 1, 2026.

"(ii) Calendar years after 2027.—For each calendar year after 2027, the adverse effect wage rate for each State and occupational classification under this subsection shall be the wage calculated under subparagraph (A), except that such wage may not—

"(I) be more than 1.5 percent lower than the wage in effect for H–2A workers in the applicable State and occupational classification in the immediately preceding calendar year;

"(II) except as provided in clause (III), be more than 3.25 percent higher than the wage in effect for H–2A workers in the applicable State and occupational classification in the immediately preceding calendar year; and

"(III) if the application of clause (II) results in a wage that is lower than 110 percent of the applicable Federal or State minimum wage, be more than 4.25 percent higher than the wage in effect for H–2A workers in the applicable State and occupational classification in the immediately preceding calendar year.

"(3) Multiple occupations.—If the primary job duties for the job opportunity described in the petition do not fall within a single occupational classification, the applicable wage rates under subparagraphs (B) and (C) of paragraph (1) for the job opportunity shall be based on the highest such wage rates for all applicable occupational classifications.

"(4) Publication; wages in effect.—

"(A) Publication.—Prior to the start of each calendar year, the Secretary of Labor shall publish the applicable adverse effect wage rate (or successor wage rate, if any), and prevailing wage if available, for each State and occupational classification through notice in the Federal Register.

"(B) Job orders in effect.—Except as provided in subparagraph (C), publication by the Secretary of Labor of an updated adverse effect wage rate or prevailing wage for a State and occupational classification shall not affect the wage rate guaranteed in any approved job order for which recruitment efforts have commenced at the time of publication.

"(C) Exception for year-round jobs.—If the Secretary of Labor publishes an updated adverse effect wage rate or prevailing wage for a State and occupational classification concerning a petition described in subsection (j), and the updated wage is higher than the wage rate guaranteed in the work contract, the employer shall pay the updated wage not later than 14 days after publication of the updated wage in the Federal Register.

"(5) Workers paid on a piece rate or other incentive basis.—If an employer pays by the piece rate or other incentive method and requires 1 or more minimum productivity standards as a condition of job retention, such standards shall be specified in the job order and shall be no more than those normally required (at the time of the first petition for H–2A workers) by other employers for the activity in the area of intended employment, unless the Secretary of Labor approves a higher minimum standard resulting from material changes in production methods.

"(6) Guarantee of employment.—

"(A) Offer to worker.—The employer shall guarantee the worker employment for the hourly equivalent of at least 3/4ths of the work days of the total period of employment, beginning with the first work day after the arrival of the worker at the place of employment and ending on the date specified in the job offer. For purposes of this subparagraph, the hourly equivalent means the number of hours in the work days as stated in the job offer and shall exclude the worker's Sabbath and Federal holidays. If the employer affords the worker less employment than that required under this paragraph, the employer shall pay the worker the amount which the worker would have earned had the worker, in fact, worked for the guaranteed number of hours.

"(B) Failure to work.—Any hours which the worker fails to work, up to a maximum of the number of hours specified in the job offer for a work day, when the worker has been offered an opportunity to do so, and all hours of work actually performed (including voluntary work in excess of the number of hours specified in the job offer in a work day, on the worker's Sabbath, or on Federal holidays) may be counted by the employer in calculating whether the period of guaranteed employment has been met.

"(C) Abandonment of employment; termination for cause.—If the worker voluntarily abandons employment without good cause before the end of the contract period, or is terminated for cause, the worker is not entitled to the guarantee of employment described in subparagraph (A).

"(D) Contract impossibility.—If, before the expiration of the period of employment specified in the job offer, the services of the worker are no longer required for reasons beyond the control of the employer due to any form of natural disaster before the guarantee in subparagraph (A) is fulfilled, the employer may terminate the worker's employment. In the event of such termination, the employer shall fulfill the employment guarantee in subparagraph (A) for the work days that have elapsed from the first work day after the arrival of the worker to the termination of employment. The employer shall make efforts to transfer a worker to other comparable employment acceptable to the worker. If such transfer is not affected, the employer shall provide the return transportation required in subsection (g)(2).

"(f) Housing requirements.—Employers shall furnish housing in accordance with regulations established by the Secretary of Labor. Such regulations shall be consistent with the following:

"(1) In general.—The employer shall be permitted at the employer's option to provide housing meeting applicable Federal standards for temporary labor camps or to secure housing which meets the local standards for rental and/or public accommodations or other substantially similar class of habitation: Provided, That in the absence of applicable local standards, State standards for rental and/or public accommodations or other substantially similar class of

habitation shall be met: Provided further, That in the absence of applicable local or State standards, Federal temporary labor camp standards shall apply.

"(2) Family housing.—Except as otherwise provided in subsection (j)(5), the employer shall provide family housing to workers with families who request it when it is the prevailing practice in the area and occupation of intended employment to provide family housing.

"(3) United States workers.—Notwithstanding paragraphs (1) and (2), an employer is not required to provide housing to United States workers who are reasonably able to return to their residence within the same day.

"(4) Timing of inspection.—

"(A) In general.—The Secretary of Labor or designee shall make a determination as to whether the housing furnished by an employer for a worker meets the requirements imposed by this subsection prior to the date on which the Secretary of Labor is required to make a certification with respect to a petition for the admission of such worker.

"(B) Timely inspection.—The Secretary of Labor shall provide a process for—

"(i) an employer to request inspection of housing up to 60 days before the date on which the employer will file a petition under this section; and

"(ii) annual inspection of housing for workers who are engaged in agricultural employment that is not of a seasonal or temporary nature.

"(g) Transportation requirements.—

"(1) Travel to place of employment.—A worker who completes 50 percent of the period of employment specified in the job order shall be reimbursed by the employer for the cost of the worker's transportation and subsistence from the place from which the worker came to work for the employer (or place of last employment, if the worker traveled from such place) to the place of employment.

"(2) Travel from place of employment.—For a worker who completes the period of employment specified in the job order or who is terminated without cause, the employer shall provide or pay for the worker's transportation and subsistence from the place of employment to the place from which the worker, disregarding intervening employment, came to work for the employer, or to the place of next employment, if the worker has contracted with a subsequent employer who has not agreed to provide or pay for the worker's transportation and subsistence to such subsequent employer's place of employment.

"(3) Limitation.—

"(A) Amount of reimbursement.—Except as provided in subparagraph (B), the amount of reimbursement provided under paragraph (1) or (2) to a worker need not exceed the lesser of—

"(i) the actual cost to the worker of the transportation and subsistence involved; or

"(ii) the most economical and reasonable common carrier transportation charges and subsistence costs for the distance involved.

"(B) Distance traveled.—For travel to or from the worker's home country, if the travel distance between the worker's home and the relevant consulate is 50 miles or less, reimbursement for transportation and subsistence may be based on transportation to or from the consulate.

"(h) Heat illness prevention plan.—

"(1) In general.—The employer shall maintain a reasonable plan that describes the employer's procedures for the prevention of heat illness, including appropriate training, access to water and shade, the provision of breaks, and the protocols for emergency response. Such plan shall—

"(A) be in writing in English and, to the extent necessary, any language common to a significant portion of the workers if they are not fluent in English; and

"(B) be posted at a conspicuous location at the worksite and provided to employees prior to the commencement of labor or services.

"(2) Clarification.—Nothing in this subsection is intended to limit any other Federal or State authority to promulgate, enforce, or maintain health and safety standards related to heat-related illness.

"(i) H–2A petition procedures.—

"(1) Submission of petition and job order.—

"(A) In general.—The employer shall submit information required for the adjudication of the H–2A petition, including a job order, through the electronic platform no more than 75 calendar days and no fewer than 60 calendar days before the employer's first date of need specified in the petition.

"(B) Filing by agricultural associations.—An association of agricultural producers that use agricultural services may file an H–2A petition under subparagraph (A). If an association is a joint or sole employer of workers who perform agricultural labor or services, H–2A workers may be used for the approved job opportunities of any of the association's producer members and such workers may be transferred among its producer members to perform the agricultural labor or services for which the petition was approved.

"(C) Petitions involving staggered entry.—

"(i) In general.—Except as provided in clause (ii), an employer may file a petition involving employment in the same occupational classification and same area of intended employment with multiple start dates if—

"(I) the petition involves temporary or seasonal employment and no more than 10 start dates;

"(II) the multiple start dates share a common end date;

"(III) no more than 120 days separate the first start date and the final start date listed in the petition; and

"(IV) the need for multiple start dates arises from variations in labor needs associated with the job opportunity identified in the petition.

"(ii) Labor contractors.—A labor contractor may not file a petition described in clause (i) unless the labor contractor—

"(I) is filing as a joint employer with its contractees, or is operating in a State in which joint employment and liability between the labor contractor and its contractees is otherwise established; or

"(II) has posted and is maintaining a premium surety bond as described in subsection (m)(1).

"(2) Labor certification.—

"(A) Review of job order.—

"(i) In general.—The Secretary of Labor, in consultation with the relevant State workforce agency, shall review the job order for compliance with this section and notify the employer through the electronic platform of any deficiencies not later than 7 business days from the date the employer submits the necessary information required under paragraph (1)(A). The employer shall be provided 5 business days to respond to any such notice of deficiency.

"(ii) Standard.—The job order must include all material terms and conditions of employment, including the requirements of this section, and must be otherwise consistent with the minimum standards provided under Federal, State or local law. In considering the question of whether a specific qualification is appropriate in a job order, the Secretary of Labor shall apply the normal and accepted qualification required by non-H–2A employers in the same or comparable occupations and crops.

"(iii) Emergency procedures.—The Secretary of Labor shall establish emergency procedures for the curing of deficiencies that cannot be resolved during the period described in clause (i).

"(B) Approval of job order.—

"(i) In general.—Upon approval of the job order, the Secretary of Labor shall immediately place for public examination a copy of the job order on the online job registry, and the State workforce agency serving the area of intended employment shall commence the recruitment of United States workers.

"(ii) Referral of United States workers.—The Secretary of Labor and State workforce agency shall keep the job order active until the end of the period described in subsection (d)(2) and shall refer to the employer each United States worker who applies for the job opportunity.

"(C) Review of information for deficiencies.—Within 7 business days of the approval of the job order, the Secretary of Labor shall review the information necessary to make a labor certification and notify the employer through the electronic platform if such information does

not meet the standards for approval. Such notification shall include a description of any deficiency, and the employer shall be provided 5 business days to cure such deficiency.

"(D) Certification and authorization of workers.—Not later than 30 days before the date that labor or services are first required to be performed, the Secretary of Labor shall issue the requested labor certification if the Secretary determines that the requirements set forth in this section have been met.

"(E) Expedited administrative appeals of certain determinations.—The Secretary of Labor shall by regulation establish a procedure for an employer to request the expedited review of a denial of a labor certification under this section, or the revocation of such a certification. Such procedure shall require the Secretary to expeditiously, but no later than 72 hours after expedited review is requested, issue a de novo determination on a labor certification that was denied in whole or in part because of the availability of able, willing and qualified workers if the employer demonstrates, consistent with subsection (d)(3)(B), that such workers are not actually available at the time or place such labor or services are required.

"(3) Petition decision.—

"(A) In general.—Not later than 7 business days after the Secretary of Labor issues the certification, the Secretary of Homeland Security shall issue a decision on the petition and shall transmit a notice of action to the petitioner via the electronic platform.

"(B) Approval.—Upon approval of a petition under this section, the Secretary of Homeland Security shall ensure that such approval is noted in the electronic platform and is available to the Secretary of State and U.S. Customs and Border Protection, as necessary, to facilitate visa issuance and admission.

"(C) Partial approval.—A petition for multiple named beneficiaries may be partially approved with respect to eligible beneficiaries notwithstanding the ineligibility, or potential ineligibility, of 1 or more other beneficiaries.

"(D) Post-certification amendments.—The Secretary of Labor shall provide a process for amending a request for labor certification in conjunction with an H–2A petition, subsequent to certification by the Secretary of Labor, in cases in which the requested amendment does not materially change the petition (including the job order).

"(4) Roles of agricultural associations.—

"(A) Member's violation does not necessarily disqualify association or other members.—If an individual producer member of a joint employer association is determined to have committed an act that results in the denial of a petition with respect to the member, the denial shall apply only to that member of the association unless the Secretary of Labor determines that the association or other member participated in, had knowledge of, or reason to know of, the violation.

"(B) Association's violation does not necessarily disqualify members.—

"(i) If an association representing agricultural producers as a joint employer is determined to have committed an act that results in the denial of a petition with respect

to the association, the denial shall apply only to the association and does not apply to any individual producer member of the association unless the Secretary of Labor determines that the member participated in, had knowledge of, or reason to know of, the violation.

"(ii) If an association of agricultural producers certified as a sole employer is determined to have committed an act that results in the denial of a petition with respect to the association, no individual producer member of such association may be the beneficiary of the services of H–2A workers in the commodity and occupation in which such aliens were employed by the association which was denied during the period such denial is in force, unless such producer member employs such aliens in the commodity and occupation in question directly or through an association which is a joint employer of such workers with the producer member.

"(5) Special procedures.—The Secretary of Labor, in consultation with the Secretary of Agriculture and the Secretary of Homeland Security, may by regulation establish alternate procedures that reasonably modify program requirements under this section, when the Secretary determines that such modifications are required due to the unique nature of the work involved.

"(6) Construction occupations.—An employer may not file a petition under this section on behalf of a worker if the majority of the worker's duties will fall within a construction or extraction occupational classification.

"(j) Non-temporary or non-seasonal needs.—

"(1) In general.—Notwithstanding the requirement in section 101(a)(15)(H)(ii)(a) that the agricultural labor or services performed by an H–2A worker be of a temporary or seasonal nature, the Secretary of Homeland Security may, consistent with the provisions of this subsection, approve a petition for an H–2A worker to perform agricultural services or labor that is not of a temporary or seasonal nature.

"(2) Numerical limitations.—

"(A) First 3 fiscal years.—The total number of aliens who may be issued visas or otherwise provided H–2A nonimmigrant status under paragraph (1) for the first fiscal year during which the first visa is issued under such paragraph and for each of the following 2 fiscal years may not exceed 20,000.

"(B) Fiscal years 4 through 10.—

"(i) In general.—The total number of aliens who may be issued visas or otherwise provided H–2A nonimmigrant status under paragraph (1) for the first fiscal year following the fiscal years referred to in subparagraph (A) and for each of the following 6 fiscal years may not exceed a numerical limitation jointly imposed by the Secretary of Agriculture and the Secretary of Labor in accordance with clause (ii).

"(ii) Annual adjustments.—For each fiscal year referred to in clause (i), the Secretary of Agriculture and the Secretary of Labor, in consultation with the Secretary of Homeland Security, shall establish a numerical limitation for purposes of clause (i). Such numerical limitation may not be lower than 20,000 and may not vary by more than

12.5 percent compared to the numerical limitation applicable to the immediately preceding fiscal year. In establishing such numerical limitation, the Secretaries shall consider appropriate factors, including—

"(I) a demonstrated shortage of agricultural workers;

"(II) the level of unemployment and underemployment of agricultural workers during the preceding fiscal year;

"(III) the number of H–2A workers sought by employers during the preceding fiscal year to engage in agricultural labor or services not of a temporary or seasonal nature;

"(IV) the number of such H–2A workers issued a visa in the most recent fiscal year who remain in the United States in compliance with the terms of such visa;

"(V) the estimated number of United States workers, including workers who obtained certified agricultural worker status under part I of title IX of the POPULIST Act, who worked during the preceding fiscal year in agricultural labor or services not of a temporary or seasonal nature;

"(VI) the number of such United States workers who accepted jobs offered by employers using the online job registry during the preceding fiscal year;

"(VII) any growth or contraction of the United States agricultural industry that has increased or decreased the demand for agricultural workers; and

"(VIII) any changes in the real wages paid to agricultural workers in the United States as an indication of a shortage or surplus of agricultural labor.

"(C) Subsequent fiscal years.—For each fiscal year following the fiscal years referred to in subparagraph (B), the Secretary of Agriculture and the Secretary of Labor shall jointly determine, in consultation with the Secretary of Homeland Security, and after considering appropriate factors, including those factors listed in subclauses (I) through (VIII) of subparagraph (B)(ii), whether to establish a numerical limitation for that fiscal year. If a numerical limitation is so established—

"(i) such numerical limitation may not be lower than the highest number of aliens admitted under this subsection in any of the 3 fiscal years immediately preceding the fiscal year for which the numerical limitation is to be established; and

"(ii) the total number of aliens who may be issued visas or otherwise provided H–2A nonimmigrant status under paragraph (1) for that fiscal year may not exceed such numerical limitation.

"(D) Emergency procedures.—The Secretary of Agriculture and the Secretary of Labor, in consultation with the Secretary of Homeland Security, shall jointly establish by regulation procedures for immediately adjusting a numerical limitation imposed under subparagraph (B) or (C) to account for significant labor shortages.

"(3) Allocation of visas.—

"(A) Biannual allocation.—The annual allocation of visas described in paragraph (2) shall be evenly allocated between 2 halves of the fiscal year unless the Secretary of Homeland Security, in consultation with the Secretary of Agriculture and the Secretary of Labor, determines that an alternative allocation would better accommodate demand for visas. Any unused visas in the first half of the fiscal year shall be added to the allocation for the subsequent half of the same fiscal year.

"(B) Reserve for dairy labor or services.—

"(i) In general.—Of the visa numbers made available in each half of the fiscal year pursuant to subparagraph (A), 50 percent of such visas shall be reserved for employers filing petitions seeking H–2A workers to engage in agricultural labor or services in the dairy industry.

"(ii) Exception.—If, after 4 months have elapsed in one half of the fiscal year, the Secretary of Homeland Security determines that application of clause (i) will result in visas going unused during that half of the fiscal year, clause (i) shall not apply to visas under this paragraph during the remainder of such half of the fiscal year.

"(C) Limited allocation for certain special procedures industries.—

"(i) In general.—Notwithstanding the numerical limitations under paragraph (2), up to 500 aliens may be issued visas or otherwise provided H–2A nonimmigrant status under paragraph (1) in a fiscal year for range sheep or goat herding.

"(ii) Limitation.—The total number of aliens in the United States in valid H–2A status under clause (i) at any one time may not exceed 500.

"(iii) Clarification.—Any visas issued under this subparagraph may not be considered for purposes of the annual adjustments under subparagraphs (B) and (C) of paragraph (2).

"(4) Annual round trip home.—

"(A) In general.—In addition to the other requirements of this section, an employer shall provide H–2A workers employed under this subsection, at no cost to such workers, with annual round trip travel, including transportation and subsistence during travel, to their homes in their communities of origin. The employer must provide such travel within 14 months of the initiation of the worker's employment, and no more than 14 months can elapse between each required period of travel.

"(B) Limitation.—The cost of travel under subparagraph (A) need not exceed the lesser of—

"(i) the actual cost to the worker of the transportation and subsistence involved; or

"(ii) the most economical and reasonable common carrier transportation charges and subsistence costs for the distance involved.

"(5) Family housing.—An employer seeking to employ an H–2A worker pursuant to this subsection shall offer family housing to workers with families if such workers are engaged in

agricultural employment that is not of a seasonal or temporary nature. The worker may reject such an offer. The employer may not charge the worker for the worker's housing, except that if the worker accepts family housing, a prorated rent based on the fair market value for such housing may be charged for the worker's family members.

"(6) Workplace safety plan for dairy employees.—

"(A) In general.—If an employer is seeking to employ a worker in agricultural labor or services in the dairy industry pursuant to this subsection, the employer must report incidents consistent with the requirements under section 1904.39 of title 29, Code of Federal Regulations, and maintain an effective worksite safety and compliance plan to prevent workplace accidents and otherwise ensure safety. Such plan shall—

"(i) be in writing in English and, to the extent necessary, any language common to a significant portion of the workers if they are not fluent in English; and

"(ii) be posted at a conspicuous location at the worksite and provided to employees prior to the commencement of labor or services.

"(B) Contents of plan.—The Secretary of Labor, in consultation with the Secretary of Agriculture, shall establish by regulation the minimum requirements for the plan described in subparagraph (A). Such plan shall include measures to—

"(i) require workers (other than the employer's family members) whose positions require contact with animals to complete animal care training, including animal handling and job-specific animal care;

"(ii) protect against sexual harassment and violence, resolve complaints involving harassment or violence, and protect against retaliation against workers reporting harassment or violence; and

"(iii) contain other provisions necessary for ensuring workplace safety, as determined by the Secretary of Labor, in consultation with the Secretary of Agriculture.

"(C) Clarification.—Nothing in this paragraph is intended to apply to persons or entities that are not seeking to employ workers under this section. Nothing in this paragraph is intended to limit any other Federal or State authority to promulgate, enforce, or maintain health and safety standards related to the dairy industry.

"(k) Eligibility for H–2A status and admission to the United States.—

"(1) Disqualification.—An alien shall be ineligible for admission to the United States as an H–2A worker pursuant to a petition filed under this section if the alien was admitted to the United States as an H–2A worker within the past 5 years of the date the petition was filed and—

"(A) violated a material provision of this section, including the requirement to promptly depart the United States when the alien's authorized period of admission has expired, unless the alien has good cause for such failure to depart; or

"(B) otherwise violated a term or condition of admission into the United States as an H–2A worker.

"(2) Visa validity.—A visa issued to an H–2A worker shall be valid for 3 years and shall allow for multiple entries during the approved period of admission.

"(3) Period of authorized stay; admission.—

"(A) In general.—An alien admissible as an H–2A worker shall be authorized to stay in the United States for the period of employment specified in the petition approved by the Secretary of Homeland Security under this section. The maximum continuous period of authorized stay for an H–2A worker is 36 months.

"(B) Requirement to remain outside the United States.—In the case of an H–2A worker whose maximum continuous period of authorized stay (including any extensions) has expired, the alien may not again be eligible for such stay until the alien remains outside the United States for a cumulative period of at least 45 days.

"(C) Exceptions.—The Secretary of Homeland Security shall deduct absences from the United States that take place during an H–2A worker's period of authorized stay from the period that the alien is required to remain outside the United States under subparagraph (B), if the alien or the alien's employer requests such a deduction, and provides clear and convincing proof that the alien qualifies for such a deduction. Such proof shall consist of evidence including, but not limited to, arrival and departure records, copies of tax returns, and records of employment abroad.

"(D) Admission.—In addition to the maximum continuous period of authorized stay, an H–2A worker's authorized period of admission shall include an additional period of 10 days prior to the beginning of the period of employment for the purpose of traveling to the place of employment and 45 days at the end of the period of employment for the purpose of traveling home or seeking an extension of status based on a subsequent offer of employment if the worker has not reached the maximum continuous period of authorized stay under subparagraph (A) (subject to the exceptions in subparagraph (C)).

"(4) Continuing H–2A workers.—

"(A) Successive employment.—An H–2A worker is authorized to start new or concurrent employment upon the filing of a nonfrivolous H–2A petition, or as of the requested start date, whichever is later if—

"(i) the petition to start new or concurrent employment was filed prior to the expiration of the H–2A worker's period of admission as defined in paragraph (3)(D); and

"(ii) the H–2A worker has not been employed without authorization in the United States from the time of last admission to the United States in H–2A status through the filing of the petition for new employment.

"(B) Protection due to immigrant visa backlogs.—Notwithstanding the limitations on the period of authorized stay described in paragraph (3), any H–2A worker who—

"(i) is the beneficiary of an approved petition, filed under section 204(a)(1)(E) or (F) for preference status under section 203(b)(3)(A)(iii); and

"(ii) is eligible to be granted such status but for the annual limitations on visas under section 203(b)(3)(A),

may apply for, and the Secretary of Homeland Security may grant, an extension of such nonimmigrant status until the Secretary of Homeland Security issues a final administrative decision on the alien's application for adjustment of status or the Secretary of State issues a final decision on the alien's application for an immigrant visa.

"(5) Abandonment of employment.—

"(A) In general.—Except as provided in subparagraph (B), an H–2A worker who abandons the employment which was the basis for the worker's authorized stay, without good cause, shall be considered to have failed to maintain H–2A status and shall depart the United States or be subject to removal under section 237(a)(1)(C)(i).

"(B) Grace period to secure new employment.—An H–2A worker shall not be considered to have failed to maintain H–2A status solely on the basis of a cessation of the employment on which the alien's classification was based for a period of 45 consecutive days, or until the end of the authorized validity period, whichever is shorter, once during each authorized validity period.

"(l) Required disclosures.—

"(1) Disclosure of work contract.—Not later than the time the H–2A worker applies for a visa, the employer shall provide the worker with a copy of the work contract that includes the disclosures and rights under this section (or in the absence of such a contract, a copy of the job order and proof of the certification described in subparagraphs (B) and (D) of subsection (i)(2)). An H–2A worker moving from one H–2A employer to a subsequent H–2A employer shall be provided with a copy of the new employment contract no later than the time an offer of employment is made by the subsequent employer.

"(2) Hours and earnings statements.—The employer shall furnish to H–2A workers, on or before each payday, in 1 or more written statements—

"(A) the worker's total earnings for the pay period;

"(B) the worker's hourly rate of pay, piece rate of pay, or both;

"(C) the hours of employment offered to the worker and the hours of employment actually worked;

"(D) if piece rates of pay are used, the units produced daily;

"(E) an itemization of the deductions made from the worker's wages; and

"(F) any other information required by Federal, State or local law.

"(3) Notice of worker rights.—The employer must post and maintain in a conspicuous location at the place of employment, a poster provided by the Secretary of Labor in English,

and, to the extent necessary, any language common to a significant portion of the workers if they are not fluent in English, which sets out the rights and protections for workers employed pursuant to this section.

"(m) Labor contractors; foreign labor recruiters; prohibition on fees.—

"(1) Labor contractors.—

"(A) Surety bond.—An employer that is a labor contractor who seeks to employ H–2A workers shall maintain a surety bond in an amount required under subparagraph (B). Such bond shall be payable to the Secretary of Labor or pursuant to the resolution of a civil or criminal proceeding, for the payment of wages and benefits, including any assessment of interest, owed to an H–2A worker or a similarly employed United States worker, or a United States worker who has been rejected or displaced in violation of this section.

"(B) Amount of bond.—The Secretary of Labor shall annually publish in the Federal Register a schedule of required bond amounts that are determined by such Secretary to be sufficient for labor contractors to discharge financial obligations under this section based on the number of workers the labor contractor seeks to employ and the wages such workers are required to be paid.

"(C) Premium bond.—A labor contractor seeking to file a petition involving more than 1 start date under subsection (i)(1)(C) shall maintain a surety bond that is at least 15 percent higher than the applicable bond amount determined by the Secretary under subparagraph (B).

"(D) Use of funds.—Any sums paid to the Secretary under subparagraph (A) that are not paid to a worker because of the inability to do so within a period of 5 years following the date of a violation giving rise to the obligation to pay shall remain available to the Secretary without further appropriation until expended to support the enforcement of this section.

"(2) Prohibition against employees paying fees.—Neither the employer nor its agents shall seek or receive payment of any kind from any worker for any activity related to the H–2A process, including payment of the employer's attorneys' fees, application fees, or recruitment costs. An employer and its agents may receive reimbursement for costs that are the responsibility and primarily for the benefit of the worker, such as government-required passport fees.

"(3) Third-party contracts.—The contract between an employer and any labor contractor or any foreign labor recruiter (or any agent of such labor contractor or foreign labor recruiter) whom the employer engages shall include a term providing for the termination of such contract for cause if the contractor or recruiter, either directly or indirectly, in the placement or recruitment of H–2A workers seeks or receives payments or other compensation from prospective employees. Upon learning that a labor contractor or foreign labor recruiter has sought or collected such payments, the employer shall so terminate any contracts with such contractor or recruiter.

"(n) Enforcement authority.—

"(1) In general.—The Secretary of Labor is authorized to take such actions against employers, including imposing appropriate penalties and seeking monetary and injunctive relief

and specific performance of contractual obligations, as may be necessary to ensure compliance with the requirements of this section and with the applicable terms and conditions of employment.

"(2) Complaint process.—

"(A) Process.—The Secretary of Labor shall establish a process for the receipt, investigation, and disposition of complaints alleging failure of an employer to comply with the requirements under this section and with the applicable terms and conditions of employment.

"(B) Filing.—A complaint referred to in subparagraph (A) may be filed not later than 2 years after the date of the conduct that is the subject of the complaint.

"(C) Complaint not exclusive.—A complaint filed under this paragraph is not an exclusive remedy and the filing of such a complaint does not waive any rights or remedies of the aggrieved party under this section or other laws.

"(D) Decision and remedies.—If the Secretary of Labor finds, after notice and opportunity for a hearing, that the employer failed to comply with the requirements of this section or the terms and conditions of employment, the Secretary of Labor may require payment of unpaid wages, unpaid benefits, fees assessed in violation of this section, damages, and civil money penalties. The Secretary is also authorized to impose other administrative remedies, including disqualification of the employer from utilizing the H–2A program for a period of up to 5 years in the event of willful or multiple material violations. The Secretary is authorized to permanently disqualify an employer from utilizing the H–2A program upon a subsequent finding involving willful or multiple material violations.

"(E) Disposition of penalties.—Civil penalties collected under this paragraph shall be deposited into the H–2A Labor Certification Fee Account established under section 933(c) of the POPULIST Act.

"(3) Statutory construction.—Nothing in this subsection may be construed as limiting the authority of the Secretary of Labor to conduct an investigation—

"(A) under any other law, including any law affecting migrant and seasonal agricultural workers; or

"(B) in the absence of a complaint.

"(4) Retaliation prohibited.—It is a violation of this subsection for any person to intimidate, threaten, restrain, coerce, blacklist, discharge, or in any other manner discriminate against, or to cause any person to intimidate, threaten, restrain, coerce, blacklist, or in any manner discriminate against, an employee, including a former employee or an applicant for employment, because the employee—

"(A) has disclosed information to the employer, or to any other person, that the employee reasonably believes evidences a violation under this section, or any rule or regulation relating to this section;

"(B) has filed a complaint concerning the employer's compliance with the requirements under this section or any rule or regulation pertaining to this section;

"(C) cooperates or seeks to cooperate in an investigation or other proceeding concerning the employer's compliance with the requirements under this section or any rule or regulation pertaining to this section; or

"(D) has taken steps to exercise or assert any right or protection under the provisions of this section, or any rule or regulation pertaining to this section, or any other relevant Federal, State, or local law.

"(5) Interagency communication.—The Secretary of Labor, in consultation with the Secretary of Homeland Security, the Secretary of State and the Equal Employment Opportunity Commission, shall establish mechanisms by which the agencies and their components share information, including by public electronic means, regarding complaints, studies, investigations, findings and remedies regarding compliance by employers with the requirements of the H–2A program and other employment-related laws and regulations.

"(o) Fees; authorization of appropriations.—

"(1) Fees.—

"(A) In general.—The Secretary of Homeland Security shall impose a fee to process petitions under this section. Such fee shall be set at a level that is sufficient to recover the reasonable costs of processing the petition, including the reasonable costs of providing labor certification by the Secretary of Labor.

"(B) Distribution.—Fees collected under subparagraph (A) shall be deposited as offsetting receipts into the immigration examinations fee account in section 286(m), except that the portion of fees assessed for the Secretary of Labor shall be deposited into the H–2A Labor Certification Fee Account established pursuant to section 933(c) of the POPULIST Act.

"(2) Appropriations.—There are authorized to be appropriated for each fiscal year such sums as necessary for the purposes of—

"(A) recruiting United States workers for labor or services which might otherwise be performed by H–2A workers, including by ensuring that State workforce agencies are sufficiently funded to fulfill their functions under this section;

"(B) enabling the Secretary of Labor to make determinations and certifications under this section and under section 212(a)(5)(A)(i);

"(C) monitoring the terms and conditions under which H–2A workers (and United States workers employed by the same employers) are employed in the United States; and

"(D) enabling the Secretary of Agriculture to carry out the Secretary of Agriculture's duties and responsibilities under this section.".

SEC. 933. AGENCY ROLES AND RESPONSIBILITIES.

(a) Responsibilities of the Secretary of Labor.—With respect to the administration of the H–2A program, the Secretary of Labor shall be responsible for—

(1) consulting with State workforce agencies to—

(A) review and process job orders;

(B) facilitate the recruitment and referral of able, willing and qualified United States workers who will be available at the time and place needed;

(C) determine prevailing wages and practices; and

(D) conduct timely inspections to ensure compliance with applicable Federal, State, or local housing standards and Federal regulations for H–2A housing;

(2) determining whether the employer has met the conditions for approval of the H–2A petition described in section 218 of the Immigration and Nationality Act (8 U.S.C. 1188);

(3) determining, in consultation with the Secretary of Agriculture, whether a job opportunity is of a seasonal or temporary nature;

(4) determining whether the employer has complied or will comply with the H–2A program requirements set forth in section 218 of the Immigration and Nationality Act (8 U.S.C. 1188);

(5) processing and investigating complaints consistent with section 218(n) of the Immigration and Nationality Act (8 U.S.C. 1188(n));

(6) referring any matter as appropriate to the Inspector General of the Department of Labor for investigation;

(7) ensuring that guidance to State workforce agencies to conduct wage surveys is regularly updated; and

(8) issuing such rules and regulations as are necessary to carry out the Secretary of Labor's responsibilities under this part and the amendments made by this part.

(b) Responsibilities of the Secretary of Homeland Security.—With respect to the administration of the H–2A program, the Secretary of Homeland Security shall be responsible for—

(1) adjudicating petitions for the admission of H–2A workers, which shall include an assessment as to whether each beneficiary will be employed in accordance with the terms and conditions of the certification and whether any named beneficiaries qualify for such employment;

(2) transmitting a copy of the final decision on the petition to the employer, and in the case of approved petitions, ensuring that the petition approval is reflected in the electronic platform to facilitate the prompt issuance of a visa by the Department of State (if required) and the admission of the H–2A workers to the United States;

(3) establishing a reliable and secure method through which H–2A workers can access information about their H–2A visa status, including information on pending, approved, or denied petitions to extend such status;

(4) investigating and preventing fraud in the program, including the utilization of H–2A workers for other than allowable agricultural labor or services; and

(5) issuing such rules and regulations as are necessary to carry out the Secretary of Homeland Security's responsibilities under this part and the amendments made by this part.

(c) Establishment of account and use of funds.—

(1) Establishment of account.—There is established in the general fund of the Treasury a separate account, which shall be known as the "H–2A Labor Certification Fee Account". Notwithstanding any other provisions of law, there shall be deposited as offsetting receipts into the account all amounts—

(A) collected as a civil penalty under section 218(n)(2) of the Immigration and Nationality Act; and

(B) collected as a fee under section 218(o)(1)(B) of the Immigration and Nationality Act.

(2) Use of fees.—Amounts deposited into the H–2A Labor Certification Fee Account shall be available (except as otherwise provided in this paragraph) without fiscal year limitation and without the requirement for specification in appropriations Acts to the Secretary of Labor for use, directly or through grants, contracts, or other arrangements, in such amounts as the Secretary of Labor determines are necessary for the costs of Federal and State administration in carrying out activities in connection with labor certification under section 218 of the Immigration and Nationality Act. Such costs may include personnel salaries and benefits, equipment and infrastructure for adjudication and customer service processes, the operation and maintenance of an online job registry, and program integrity activities. The Secretary, in determining what amounts to transfer to States for State administration in carrying out activities in connection with labor certification under section 218 of the Immigration and Nationality Act shall consider the number of H–2A workers employed in that State and shall adjust the amount transferred to that State accordingly. In addition, 10 percent of the amounts deposited into the H–2A Labor Certification Fee Account shall be available to the Office of Inspector General of the Department of Labor to conduct audits and criminal investigations relating to such foreign labor certification programs.

(3) Additional funds.—Amounts deposited under paragraph (1) shall be available in addition to any other funds appropriated or made available to the Department of Labor under other laws, including section 218(o)(2) of the Immigration and Nationality Act.

SEC. 934. WORKER PROTECTION AND COMPLIANCE.

(a) Equality of treatment.—H–2A workers shall not be denied any right or remedy under any Federal, State, or local labor or employment law applicable to United States workers engaged in agricultural employment.

(b) Applicability of other laws.—

(1) Migrant and Seasonal Agricultural Worker Protection Act.—H–2A workers shall be considered migrant agricultural workers for purposes of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1801 et seq.).

(2) Waiver of rights prohibited.—Agreements by H–2A workers to waive or modify any rights or protections under this part or section 218 of the Immigration and Nationality Act (8 U.S.C. 1188) shall be considered void or contrary to public policy except as provided in a collective bargaining agreement with a bona fide labor organization.

(3) Mediation.—

(A) Free mediation services.—The Federal Mediation and Conciliation Service shall be available to assist in resolving disputes arising under this section between H–2A workers and agricultural employers without charge to the parties.

(B) Complaint.—If an H–2A worker files a civil lawsuit alleging 1 or more violations of section 218 of the Immigration and Nationality Act (8 U.S.C. 1188), the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.), or the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1801 et seq.), not later than 60 days after the filing of proof of service of the complaint, a party to the lawsuit may file a request with the Federal Mediation and Conciliation Service to assist the parties in reaching a satisfactory resolution of all issues involving all parties to the dispute.

(C) Notice.—Upon filing a request under subparagraph (B) and giving of notice to the parties, the parties shall attempt mediation within the period specified in subparagraph (D), except that nothing in this paragraph shall limit the ability of a court to order preliminary injunctive relief to protect health and safety or to otherwise prevent irreparable harm.

(D) 90-day limit.—The Federal Mediation and Conciliation Service may conduct mediation or other nonbinding dispute resolution activities for a period not to exceed 90 days beginning on the date on which the Federal Mediation and Conciliation Service receives a request for assistance under subparagraph (B) unless the parties agree to an extension of such period.

(E) Authorization of appropriations.—

(i) In general.—Subject to clause (ii), there is authorized to be appropriated to the Federal Mediation and Conciliation Service, such sums as may be necessary for each fiscal year to carry out this paragraph.

(ii) Mediation.—Notwithstanding any other provision of law, the Director of the Federal Mediation and Conciliation Service is authorized—

(I) to conduct the mediation or other dispute resolution activities from any other account containing amounts available to the Director; and

(II) to reimburse such account with amounts appropriated pursuant to clause (i).

(F) Private mediation.—If all parties agree, a private mediator may be employed as an alternative to the Federal Mediation and Conciliation Service.

(c) Farm labor contractor requirements.—

(1) Surety bonds.—

(A) Requirement.—Section 101 of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1811), is amended by adding at the end the following:

"(e) A farm labor contractor shall maintain a surety bond in an amount determined by the Secretary to be sufficient for ensuring the ability of the farm labor contractor to discharge its financial obligations, including payment of wages and benefits to employees. Such a bond shall be available to satisfy any amounts ordered to be paid by the Secretary or by court order for failure to comply with the obligations of this Act. The Secretary of Labor shall annually publish in the Federal Register a schedule of required bond amounts that are determined by such Secretary to be sufficient for farm labor contractors to discharge financial obligations based on the number of workers to be covered.".

(B) Registration determinations.—Section 103(a) of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1813(a)), is amended—

(i) in paragraph (4), by striking "or" at the end;

(ii) in paragraph (5)(B), by striking "or" at the end;

(iii) in paragraph (6), by striking the period at the end and inserting ";"; and

(iv) by adding at the end the following:

"(7) has failed to maintain a surety bond in compliance with section 101(e); or

"(8) has been disqualified by the Secretary of Labor from importing nonimmigrants described in section 101(a)(15)(H)(ii) of the Immigration and Nationality Act.".

(2) Successors in interest.—

(A) Declaration.—Section 102 of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1812), is amended—

(i) in paragraph (4), by striking "and" at the end;

(ii) in paragraph (5), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(6) a declaration, subscribed and sworn to by the applicant, stating whether the applicant has a familial, contractual, or employment relationship with, or shares vehicles, facilities, property, or employees with, a person who has been refused issuance or renewal of a certificate, or has had a certificate suspended or revoked, pursuant to section 103.".

(B) Rebuttable presumption.—Section 103 of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1813), as amended by this Act, is further amended by inserting after subsection (a) the following new subsection (and by redesignating the subsequent subsections accordingly):

"(b) (1) There shall be a rebuttable presumption that an applicant for issuance or renewal of a certificate is not the real party in interest in the application if the applicant—

"(A) is the immediate family member of any person who has been refused issuance or renewal of a certificate, or has had a certificate suspended or revoked; and

"(B) identifies a vehicle, facility, or real property under paragraph (2) or (3) of section 102 that has been previously listed by a person who has been refused issuance or renewal of a certificate, or has had a certificate suspended or revoked.

"(2) An applicant described in paragraph (1) bears the burden of demonstrating to the Secretary's satisfaction that the applicant is the real party in interest in the application.".

SEC. 935. PORTABLE H–2A VISA PILOT PROGRAM.

(a) Establishment of pilot program.—

(1) In general.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Homeland Security, in consultation with the Secretary of Labor and the Secretary of Agriculture, shall establish through regulation a 6-year pilot program to facilitate the free movement and employment of temporary or seasonal H–2A workers to perform agricultural labor or services for agricultural employers registered with the Secretary of Agriculture. Notwithstanding the requirements of section 218 of the Immigration and Nationality Act, such regulation shall establish the requirements for the pilot program, consistent with subsection (b). For purposes of this section, such a worker shall be referred to as a portable H–2A worker, and status as such a worker shall be referred to as portable H–2A status. The 6-year period shall begin on the date on which the first portable H–2A visa is issued or portable H–2A status is conferred under the program.

(2) Online platform.—The Secretary of Homeland Security, in consultation with the Secretary of Labor and the Secretary of Agriculture, shall maintain an online electronic platform to connect portable H–2A workers with registered agricultural employers seeking workers to perform temporary or seasonal agricultural labor or services. Employers shall post on the platform available job opportunities, including a description of the nature and location of the work to be performed, the anticipated period or periods of need, and the terms and conditions of employment. Such platform shall allow portable H–2A workers to search for available job opportunities using relevant criteria, including the types of jobs needed to be filled and the dates and locations of need.

(3) Limitation.—Notwithstanding the issuance of the regulation described in paragraph (1), the Secretary of State may not issue a portable H–2A visa and the Secretary of Homeland Security may not confer portable H–2A status on any alien until the Secretary of Homeland Security, in consultation with the Secretary of Labor and the Secretary of Agriculture, has determined that a sufficient number of employers have been designated as registered agricultural employers under subsection (b)(1) and that such employers have sufficient job opportunities to employ a reasonable number of portable H–2A workers to initiate the pilot program.

(b) Pilot program elements.—The pilot program in subsection (a) shall contain the following elements:

(1) Registered agricultural employers.—

(A) Designation.—Agricultural employers shall be provided the ability to seek designation as registered agricultural employers. Reasonable fees may be assessed commensurate with the cost of processing applications for designation. A designation shall be valid for a period of up to 3 years unless revoked for failure to comply with program requirements. Registered employers that comply with program requirements may apply to renew such designation for additional periods of up to 3 years for the duration of the pilot program.

(B) Limitations.—Registered agricultural employers may employ aliens with portable H–2A status without filing a petition. Such employers shall pay such aliens at least the wage required under section 218(e) of the Immigration and Nationality Act (8 U.S.C. 1188(e)).

(C) Workers' compensation.—If a job opportunity is not covered by or is exempt from the State workers' compensation law, a registered agricultural employer shall provide, at no cost to the worker, insurance covering injury and disease arising out of, and in the course of, the worker's employment, which will provide benefits at least equal to those provided under the State workers' compensation law.

(2) Designated workers.—

(A) In general.—Individuals who have been previously admitted to the United States in H–2A status, and maintained such status during the period of admission, shall be provided the opportunity to apply for portable H–2A status. Portable H–2A workers shall be subject to the provisions on visa validity and periods of authorized stay and admission for H–2A workers described in paragraphs (2) and (3) of section 218(k) of the Immigration and Nationality Act (8 U.S.C. 1188(k)(2) and (3)).

(B) Limitations on availability of portable H–2A status.—

(i) Initial offer of employment required.—No alien may be granted portable H–2A status without an initial valid offer of employment to perform temporary or seasonal agricultural labor or services from a registered agricultural employer.

(ii) Numerical limitations.—The total number of aliens who may hold valid portable H–2A status at any one time may not exceed 10,000. Notwithstanding such limitation, the Secretary of Homeland Security may further limit the number of aliens with valid portable H–2A status if the Secretary determines that there are an insufficient number of registered agricultural employers or job opportunities to support the employment of all such portable H–2A workers.

(C) Scope of employment.—During the period of admission, a portable H–2A worker may perform temporary or seasonal agricultural labor or services for any employer in the United States that is designated as a registered agricultural employer pursuant to paragraph (1). An employment arrangement under this section may be terminated by either the portable H–2A worker or the registered agricultural employer at any time.

(D) Transfer to new employment.—At the cessation of employment with a registered agricultural employer, a portable H–2A worker shall have 60 days to secure new employment with a registered agricultural employer.

(E) Maintenance of status.—A portable H–2A worker who does not secure new employment with a registered agricultural employer within 60 days shall be considered to have failed to maintain such status and shall depart the United States or be subject to removal under section 237(a)(1)(C)(i) of the Immigration and Nationality Act (8 U.S.C. 1227(a)(1)(C)(i)).

(3) Enforcement.—The Secretary of Labor shall be responsible for conducting investigations and random audits of employers to ensure compliance with the employment-related requirements of this section, consistent with section 218(n) of the Immigration and Nationality Act (8 U.S.C. 1188(n)). The Secretary of Labor shall have the authority to collect reasonable civil penalties for violations, which shall be utilized by the Secretary for the administration and enforcement of the provisions of this section.

(4) Eligibility for services.—Section 305 of Public Law 99–603 (100 Stat. 3434) is amended by striking "other employment rights as provided in the worker's specific contract under which the nonimmigrant was admitted" and inserting "employment-related rights".

(c) Report.—Not later than 30 months after the date on which the first portable H–2A visa is issued or portable H–2A status is conferred, the Secretary of Homeland Security, in consultation with the Secretary of Labor and the Secretary of Agriculture, shall prepare and submit to the Committees on the Judiciary of the House of Representatives and the Senate, a report that provides—

(1) the number of employers designated as registered agricultural employers, broken down by geographic region, farm size, and the number of job opportunities offered by such employers;

(2) the number of employers whose designation as a registered agricultural employer was revoked;

(3) the number of individuals granted portable H–2A status in each fiscal year, along with the number of such individuals who maintained portable H–2A status during all or a portion of the 6-year period of the pilot program;

(4) an assessment of the impact of the pilot program on the wages and working conditions of United States farm workers;

(5) the results of a survey of individuals granted portable H–2A status, detailing their experiences with and feedback on the pilot program;

(6) the results of a survey of registered agricultural employers, detailing their experiences with and feedback on the pilot program;

(7) an assessment as to whether the program should be continued and if so, any recommendations for improving the program; and

(8) findings and recommendations regarding effective recruitment mechanisms, including use of new technology to match workers with employers and ensure compliance with applicable labor and employment laws and regulations.

SEC. 936. IMPLEMENTATION AND TRANSITION FOR PART II.

(a) Interim final rules.—Not later than March 31, 2027, the Secretary of Homeland Security and the Secretary of Labor, in consultation with the Secretary of Agriculture and the Secretary of State, as appropriate, shall issue interim final rules to carry out sections 931 through 934 and the amendments made by such sections.

(b) Effect of rules.—The interim final rules issued under subsection (a)—

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

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

(3) shall remain in effect until superseded by final rules issued under subsection (e).

(c) Rulemaking requirements.—The interim final rules under subsection (a) may be issued without regard to—

(1) section 553 of title 5, United States Code; and

(2) subchapter I of chapter 35 of title 44, United States Code, only to the extent necessary to permit the timely implementation of forms, applications, certifications, attestations, disclosures, records, and electronic submissions required to carry out sections 931 through 934 and the amendments made by such sections.

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

(e) Final rules.—Not later than September 30, 2027, the Secretary of Homeland Security and the Secretary of Labor, in consultation with the Secretary of Agriculture and the Secretary of State, as appropriate, shall issue final rules to carry out sections 931 through 934 and the amendments made by such sections.

(f) Transition for filing and adjudication procedures.—Until the effective date of interim final rules issued under subsection (a), a petition, job order, labor certification, application, or related request under the H–2A program shall be filed and adjudicated under the law, regulations, and procedures in effect on the day before the date of enactment of this Act, except to the extent that the Secretary of Homeland Security and the Secretary of Labor jointly provide for earlier implementation of a provision of sections 931 through 934 or the amendments made by such sections.

(g) Rule of construction.—Nothing in this section shall delay the establishment of the electronic platform required under section 931(a).

PART III—FOREIGN LABOR RECRUITER ACCOUNTABILITY

SEC. 941. DEFINITIONS.

(a) For purposes of this part:

(1) Foreign labor recruiter.—The term "foreign labor recruiter" means any person who performs foreign labor recruiting activity in exchange for money or other valuable consideration paid or promised to be paid, to recruit individuals to work as nonimmigrant workers described in section 101(a)(15)(H)(ii)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)(a)), including any person who performs foreign labor recruiting activity wholly outside of the United States. Such term does not include any entity of the United States Government or an employer, or employee of an employer, who engages in foreign labor recruiting activity solely to find employees for that employer's own use, and without the participation of any other foreign labor recruiter.

(2) Foreign labor recruiting activity.—The term "foreign labor recruiting activity" means recruiting, soliciting, or related activities with respect to an individual who resides outside of the United States in furtherance of employment in the United States, including when such activity occurs wholly outside of the United States.

(3) Recruitment fees.—The term "recruitment fees" has the meaning given to such term under section 22.1702 of title 22 of the Code of Federal Regulations, as in effect on the date of enactment of this Act.

(4) Person.—The term "person" means any natural person or any corporation, company, firm, partnership, joint stock company or association or other organization or entity (whether organized under law or not), including municipal corporations.

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

SEC. 942. REGISTRATION OF FOREIGN LABOR RECRUITERS.

(a) In general.—Not later than July 1, 2027, the Secretary of Labor, in consultation with the Secretary of State and the Secretary of Homeland Security, shall establish procedures for the electronic registration of foreign labor recruiters engaged in the recruitment of nonimmigrant workers described in section 101(a)(15)(H)(ii)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)(a)) to perform agricultural labor or services in the United States.

(b) Registration required.—Beginning on October 1, 2027—

(1) it shall be unlawful for a foreign labor recruiter to engage in foreign labor recruiting activity unless the recruiter holds a valid registration under this section; and

(2) an employer may not knowingly engage or use a foreign labor recruiter that does not hold a valid registration under this section.

(c) Procedural requirements.—The procedures described in subsection (a) shall—

(1) require the applicant to submit a sworn declaration—

(A) stating the applicant's permanent place of residence or principal place of business, as applicable;

(B) describing the foreign labor recruiting activities in which the applicant is engaged; and

(C) including such other relevant information as the Secretary of Labor and the Secretary of State may require;

(2) include an expeditious means to update and renew registrations;

(3) include a process, which shall include the placement of personnel at each United States diplomatic mission in accordance with subsection (h)(2), to receive information from the public regarding foreign labor recruiters who have allegedly engaged in a foreign labor recruiting activity that is prohibited under this part;

(4) include procedures for the receipt and processing of complaints against foreign labor recruiters and for remedies, including the revocation of a registration or the assessment of fines upon a determination by the Secretary of Labor that the foreign labor recruiter has violated the requirements of this part;

(5) require the applicant to post a bond in an amount sufficient to ensure the ability of the applicant to discharge its responsibilities and ensure protection of workers, including payment of wages; and

(6) allow the Secretary of Labor and the Secretary of State to consult with other appropriate Federal agencies to determine whether any reason exists to deny registration to a foreign labor recruiter or revoke such registration.

(d) Attestations.—Foreign labor recruiters registering under this part shall attest and agree to abide by the following requirements:

(1) Prohibited fees.—The foreign labor recruiter, including any agent or employee of such foreign labor recruiter, shall not assess any recruitment fees on a worker for any foreign labor recruiting activity.

(2) Prohibition on false and misleading information.—The foreign labor recruiter shall not knowingly provide materially false or misleading information to any worker concerning any matter required to be disclosed under this part.

(3) Required disclosures.—The foreign labor recruiter shall ascertain and disclose to the worker in writing in English and in the primary language of the worker at the time of the worker's recruitment, the following information:

(A) The identity and address of the employer and the identity and address of the person conducting the recruiting on behalf of the employer, including each subcontractor or agent involved in such recruiting.

(B) A copy of the approved job order or work contract under section 218 of the Immigration and Nationality Act, including all assurances and terms and conditions of employment.

(C) A statement, in a form specified by the Secretary—

(i) describing the general terms and conditions associated with obtaining an H–2A visa and maintaining H–2A status;

(ii) affirming the prohibition on the assessment of fees described in paragraph (1), and explaining that such fees, if paid by the employer, may not be passed on to the worker;

(iii) describing the protections afforded the worker under this part, including procedures for reporting violations to the Secretary of State, filing a complaint with the Secretary of Labor, or filing a civil action; and

(iv) describing the protections afforded the worker by section 202 of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (8 U.S.C. 1375b), including the telephone number for the national human trafficking resource center hotline number.

(4) Bond.—The foreign labor recruiter shall agree to maintain a bond sufficient to ensure the ability of the foreign labor recruiter to discharge its responsibilities and ensure protection of workers, and to forfeit such bond in an amount determined by the Secretary under section 943(b)(1)(B)(ii) or section 943(c)(2)(C) for failure to comply with the provisions of this part.

(5) Cooperation in investigation.—The foreign labor recruiter shall agree to cooperate in any investigation under section 943 by the Secretary or other appropriate authorities.

(6) No retaliation.—The foreign labor recruiter shall agree to refrain from intimidating, threatening, restraining, coercing, discharging, blacklisting, or in any other manner discriminating or retaliating against any worker or their family members (including a former worker or an applicant for employment) because such worker disclosed information to any person based on a reason to believe that the foreign labor recruiter, or any agent or subcontractee of such foreign labor recruiter, is engaging or has engaged in a foreign labor recruiting activity that does not comply with this part.

(7) Employees, agents, and subcontractees.—The foreign labor recruiter shall consent to be liable for the conduct of any agents or subcontractees of any level in relation to the foreign labor recruiting activity of the agent or subcontractee to the same extent as if the foreign labor recruiter had engaged in such conduct.

(8) Enforcement.—If the foreign labor recruiter is conducting foreign labor recruiting activity wholly outside the United States, such foreign labor recruiter shall establish a registered agent in the United States who is authorized to accept service of process on behalf of the foreign labor recruiter for the purpose of any administrative proceeding under this part or any Federal court civil action, if such service is made in accordance with the appropriate Federal rules for service of process.

(e) Term of registration.—Unless suspended or revoked, a registration under this section shall be valid for 2 years.

(f) Application fee.—The Secretary shall require a foreign labor recruiter that submits an application for registration under this section to pay a reasonable fee, sufficient to cover the full costs of carrying out the registration activities under this part.

(g) Notification.—

(1) Employer notification.—

(A) In general.—Not less frequently than once every year, an employer of H–2A workers shall provide the Secretary with the names and addresses of all foreign labor recruiters engaged to perform foreign labor recruiting activity on behalf of the employer, whether the foreign labor recruiter is to receive any economic compensation for such services, and, if so, the identity of the person or entity who is paying for the services.

(B) Agreement to cooperate.—In addition to the requirements of subparagraph (A), the employer shall—

(i) provide to the Secretary the identity of any foreign labor recruiter whom the employer has reason to believe is engaging in foreign labor recruiting activities that do not comply with this part; and

(ii) promptly respond to any request by the Secretary for information regarding the identity of a foreign labor recruiter with whom the employer has a contract or other agreement.

(2) Foreign labor recruiter notification.—A registered foreign labor recruiter shall notify the Secretary, not less frequently than once every year, of the identity of any subcontractee, agent, or foreign labor recruiter employee involved in any foreign labor recruiting activity for, or on behalf of, the foreign labor recruiter.

(h) Additional responsibilities of the Secretary of State.—

(1) Lists.—The Secretary of State, in consultation with the Secretary of Labor, shall maintain and make publicly available in written form and on the websites of United States embassies in the official language of that country, and on websites maintained by the Secretary of Labor, regularly updated lists—

(A) of foreign labor recruiters who hold valid registrations under this section, including—

(i) the name and business address of the foreign labor recruiter, except that the Secretary of State shall not publish a residential address and shall instead publish an address designated for service or public contact;

(ii) the countries in which such recruiters conduct recruitment;

(iii) the employers for whom recruiting is conducted;

(iv) the occupations that are the subject of recruitment;

(v) the States where recruited workers are employed; and

(vi) the name and address of the registered agent in the United States who is authorized to accept service of process on behalf of the foreign labor recruiter; and

(B) of foreign labor recruiters whose registration the Secretary has revoked.

(2) Personnel.—The Secretary of State shall ensure that each United States diplomatic mission is staffed with a person who shall be responsible for receiving information from members of the public regarding potential violations of the requirements applicable to registered foreign labor recruiters and ensuring that such information is conveyed to the Secretary of Labor for evaluation and initiation of an enforcement action, if appropriate.

(3) Visa application procedures.—The Secretary of State shall ensure that consular officers issuing visas to nonimmigrants under section 101(a)(15)(H)(ii)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)(a))—

(A) provide to and review with the applicant, in the applicant's language (or a language the applicant understands), a copy of the information and resources pamphlet required by section 202 of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (8 U.S.C. 1375b);

(B) ensure that the applicant has a copy of the approved job offer or work contract;

(C) note in the visa application file whether the foreign labor recruiter has a valid registration under this section; and

(D) if the foreign labor recruiter holds a valid registration, review and include in the visa application file the foreign labor recruiter's disclosures required by subsection (d)(3).

(4) Data.—The Secretary of State shall make publicly available online, on an annual basis, data disclosing the gender, country of origin (and State, county, or province, if available), age, wage, level of training, and occupational classification, disaggregated by State, of nonimmigrant workers described in section 101(a)(15)(H)(ii)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)(a)).

SEC. 943. ENFORCEMENT.

(a) Denial or revocation of registration.—

(1) Grounds for denial or revocation.—The Secretary shall deny an application for registration, or revoke a registration, if the Secretary determines that the foreign labor recruiter, or any agent or subcontractee of such foreign labor recruiter—

(A) knowingly made a material misrepresentation in the registration application;

(B) materially failed to comply with 1 or more of the attestations provided under section 942(d); or

(C) is not the real party in interest.

(2) Notice.—Prior to denying an application for registration or revoking a registration under this subsection, the Secretary shall provide written notice of the intent to deny or revoke the registration to the foreign labor recruiter. Such notice shall—

(A) articulate with specificity all grounds for denial or revocation; and

(B) provide the foreign labor recruiter with not less than 60 days to respond.

(3) Reregistration.—A foreign labor recruiter whose registration was revoked under subsection (a) may reregister if the foreign labor recruiter demonstrates to the Secretary's satisfaction that the foreign labor recruiter has not violated this part in the 5 years preceding the date an application for registration is filed and has taken sufficient steps to prevent future violations of this part.

(b) Administrative enforcement.—

(1) Complaint process.—

(A) Filing.—A complaint may be filed with the Secretary of Labor, in accordance with the procedures established under section 942(c)(4), not later than 2 years after the later of—

(i) the date on which the last action constituting the conduct that is the subject of the complaint took place; or

(ii) the date on which the aggrieved party had actual knowledge of such conduct.

(B) Decision and penalties.—If the Secretary of Labor finds, after notice and an opportunity for a hearing, that a foreign labor recruiter failed to comply with any of the requirements of this part, the Secretary of Labor may—

(i) levy a fine against the foreign labor recruiter in an amount not more than—

(I) $10,000 per violation; and

(II) $25,000 per violation, upon the third or any subsequent violation;

(ii) order the forfeiture (or partial forfeiture) of the bond and release of as much of the bond as the Secretary determines is necessary for the worker to recover prohibited recruitment fees;

(iii) refuse to issue or renew a registration, or revoke a registration; or

(iv) disqualify the foreign labor recruiter from registration for a period of up to 5 years, or in the case of a subsequent finding involving willful or multiple material violations, permanently disqualify the foreign labor recruiter from registration.

(2) Authority to ensure compliance.—The Secretary of Labor is authorized to take other such actions, including issuing subpoenas and seeking appropriate injunctive relief, as may be necessary to assure compliance with the terms and conditions of this part.

(3) Statutory construction.—Nothing in this subsection may be construed as limiting the authority of the Secretary of Labor to conduct an investigation—

(A) under any other law, including any law affecting migrant and seasonal agricultural workers; or

(B) in the absence of a complaint.

(c) Civil action.—

(1) In general.—The Secretary of Labor or any person aggrieved by a violation of this part may bring a civil action against any foreign labor recruiter, or any employer that does not qualify for the safe harbor under subsection (d)(1), in any court of competent jurisdiction—

(A) to seek remedial action, including injunctive relief; and

(B) for damages in accordance with the provisions of this subsection.

(2) Award for civil action filed by an individual.—

(A) In general.—If the court finds in a civil action filed by an individual under this section that the defendant has violated any provision of this part, the court may award—

(i) damages, up to and including an amount equal to the amount of actual damages, and statutory damages of up to $1,000 per plaintiff per violation, or other equitable relief, except that with respect to statutory damages—

(I) multiple infractions of a single provision of this part (or of a regulation under this part) shall constitute only one violation for purposes of this subsection to determine the amount of statutory damages due a plaintiff; and

(II) if such complaint is certified as a class action the court may award—

(aa) damages up to an amount equal to the amount of actual damages; and

(bb) statutory damages of not more than the lesser of $1,000 per class member per violation or $500,000; and other equitable relief;

(ii) reasonable attorneys' fees and costs; and

(iii) such other and further relief as necessary to effectuate the purposes of this part.

(B) Criteria.—In determining the amount of statutory damages to be awarded under subparagraph (A), the court is authorized to consider whether an attempt was made to resolve the issues in dispute before the resort to litigation.

(C) Bond.—To satisfy the damages, fees, and costs found owing under this paragraph, the Secretary shall release as much of the bond held pursuant to section 942(d)(4) as necessary.

(3) Sums recovered in actions by the Secretary of Labor.—

(A) Establishment of account.—There is established in the general fund of the Treasury a separate account, which shall be known as the "H–2A Foreign Labor Recruiter Compensation Account". Notwithstanding any other provisions of law, there shall be deposited as offsetting receipts into the account, all sums recovered in an action by the Secretary of Labor under this subsection.

(B) Use of funds.—Amounts deposited into the H–2A Foreign Labor Recruiter Compensation Account shall be paid directly to each worker affected. Any such sums not paid to a worker because of inability to do so within a period of 5 years following the date

such funds are deposited into the account shall remain available to the Secretary until expended. The Secretary may transfer all or a portion of such remaining sums to appropriate agencies to support the enforcement of the laws prohibiting the trafficking and exploitation of persons or programs that aid trafficking victims.

(d) Employer safe harbor.—

(1) In general.—An employer that hires workers referred by a foreign labor recruiter with a valid registration at the time of hiring shall not be held jointly liable for a violation committed solely by a foreign labor recruiter under this part—

(A) in any administrative action initiated by the Secretary concerning such violation; or

(B) in any Federal or State civil court action filed against the foreign labor recruiter by or on behalf of such workers or other aggrieved party under this part.

(2) Clarification.—Nothing in this part shall be construed to prohibit an aggrieved party or parties from bringing a civil action for violations of this part or any other Federal or State law against any employer who hired workers referred by a foreign labor recruiter—

(A) without a valid registration at the time of hire; or

(B) with a valid registration if the employer knew or learned of the violation and failed to report such violation to the Secretary.

(e) Parole to pursue relief.—If other immigration relief is not available, the Secretary of Homeland Security may grant parole to permit an individual to remain legally in the United States for time sufficient to fully and effectively participate in all legal proceedings related to any action taken pursuant to subsection (b) or (c).

(f) Waiver of rights.—Agreements by employees purporting to waive or to modify their rights under this part shall be void as contrary to public policy.

(g) Liability for agents.—Foreign labor recruiters shall be subject to the provisions of this section for violations committed by the foreign labor recruiter's agents or subcontractees of any level in relation to their foreign labor recruiting activity to the same extent as if the foreign labor recruiter had committed the violation.

Subtitle C—Immigration Adjustments

SEC. 951. UPDATING PROVISIONS OF THE IMMIGRATION ACT OF 1929.

(a) In general.—Section 249 of the Immigration and Nationality Act (8 U.S.C. 1259) is amended—

(1) in the section header, by striking "who entered the United States prior to January 1, 1972"; and

(2) by striking the matter following the section heading and inserting the following:

"(a) Record of lawful admission for permanent residence.—A record of lawful admission for permanent residence may, in the discretion of the Secretary of Homeland Security and under such

regulations as they may prescribe, be made in the case of any alien, as of the date of the approval of such person's application if no such record is otherwise available and such alien shall satisfy the Secretary that they are not inadmissible under section 1182(a)(3)(E) of this title or under section 1182(a) of this title insofar as it relates to criminals, procurers and other immoral persons, subversives, violators of the narcotic laws or smugglers of aliens, and establish that they—

"(1) entered the United States—

"(A) at least 10 years before the application date; or

"(B) at least 4 years before the application date and were younger than 16 years of age on the date of entry; and

"(i) have earned a high school diploma or a commensurate alternative award from a public or private high school, or have obtained a general education development certificate recognized under State law or a high school equivalency diploma in the United States; or

"(ii) are enrolled in secondary school or in an education program assisting students in—

"(I) obtaining a regular high school diploma or its recognized equivalent under State law; or

"(II) passing a general educational development exam, a high school equivalence diploma examination, or other similar State-authorized exam;

"(2) have had residence in the United States continuously since such entry;

"(3) are a person of good moral character; and

"(4) are not ineligible to citizenship and are not deportable under section 1227(a)(4) of this title.

"(b) Pending applications.—

"(1) Employment authorization and removal protection.—An alien who files a nonfrivolous application under this section shall, during the period in which such application is pending, be eligible for employment authorization and not be removed from the United States, absent a conviction for a disqualifying criminal offense described in section 1182(a)(2).

"(2) Confidentiality of information.—

"(A) In general.—The Secretary may not disclose or use information provided in an application filed under this section for the purpose of immigration enforcement.

"(B) Referrals prohibited.—The Secretary, based solely on information provided in an application filed under this section, may not refer the applicant or any person identified in the application to U.S. Immigration and Customs Enforcement, U.S. Customs and Border Protection, or any designee of either such entity.

"(C) Limited exception.—Notwithstanding subparagraphs (A) and (B), information provided in an application filed under this section may be shared with Federal security and law enforcement agencies—

"(i) for assistance in the consideration of an application under this section;

"(ii) to identify or prevent fraudulent claims;

"(iii) for national security purposes; or

"(iv) for the investigation or prosecution of any felony not related to immigration status.

"(D) Penalty.—Any person who knowingly uses, publishes, or permits information to be examined in violation of this paragraph shall be fined not more than $10,000.

"(E) Privacy protections.—The Secretary shall ensure that appropriate administrative and physical safeguards are in place to protect the security, confidentiality, and integrity of personally identifiable information collected, maintained, and disseminated pursuant to this section.".

(b) Conforming amendment.—The item in the table of sections relating to section 249 is amended by striking out "who entered the United States prior to January 1, 1972".

(c) Treatment of prior DACA grants.—In adjudicating an application under section 249 of the Immigration and Nationality Act, as amended by subsection (a), the Secretary of Homeland Security may treat a prior grant of deferred action under the Deferred Action for Childhood Arrivals program as prima facie evidence of the applicant's identity, age at entry, and residence in the United States during the period covered by such grant, unless the Secretary determines that such evidence is unreliable or has been rebutted.

SEC. 952. REFORMS TO EMPLOYMENT-BASED IMMIGRATION CAPS AND ADJUSTMENT OF STATUS PROCEDURES.

(a) Amendments to visa allocation and preference levels.—

(1) Section 201(d) of the Immigration and Nationality Act (8 U.S.C. 1151(d)) is amended—

(A) in paragraph (1)(A), by striking "140,000," and inserting "270,000,"; and

(B) in paragraph (2) by adding at the end the following:

"(D) The number computed under this paragraph for a fiscal year shall be increased by the difference (if any) between the worldwide level of employment-based immigrants established under paragraph (1) for the previous fiscal year and the number of visas issued under section 203(b) during that fiscal year.".

(2) Section 202(a)(2) of the Immigration and Nationality Act (8 U.S.C. 1152(a)(2)) is amended—

(A) in the paragraph heading, by striking "and employment-based";

(B) by striking "subsections (a) and (b) of section 203" and inserting "section 203(a)";

(C) by striking "such subsections" and inserting "such subsection".

(3) Section 203(b) of the Immigration and Nationality Act (8 U.S.C. 1153(b)) is amended—

(A) in paragraph (1), in the matter preceding subparagraph (A), by striking "28.6 percent" and inserting "19 percent";

(B) in paragraph (2)(A), by striking "28.6 percent" and inserting "24 percent";

(C) in paragraph (3)—

(i) in subparagraph (A)—

(I) in the matter before clause (i), by striking "28.6 percent" and inserting "35 percent"; and

(II) by amending clause (iii) to read as follows:

"(iii) Other workers.—Other qualified immigrants who, at the time of petitioning for classification under this paragraph—

"(I) are capable of performing unskilled labor, not of a temporary or seasonal nature, for which qualified workers are not available in the United States; or

"(II) can demonstrate employment in the United States as an H–2A nonimmigrant worker for at least 100 days in each of at least 10 years.";

(ii) by amending subparagraph (B) to read as follows:

"(B) Visas allocated for other workers.—

"(i) In general.—Except as provided in clauses (ii) and (iii), 50,000 of the visas made available under this paragraph shall be reserved for qualified immigrants described in subparagraph (A)(iii).

"(ii) Preference for agricultural workers.—Subject to clause (iii), not less than 4/5ths of the visas described in clause (i) shall be reserved for—

"(I) qualified immigrants described in subparagraph (A)(iii)(I) who will be performing agricultural labor or services in the United States; and

"(II) qualified immigrants described in subparagraph (A)(iii)(II).

"(iii) Exception.—If because of the application of clause (ii), the total number of visas available under this paragraph for a calendar quarter exceeds the number of qualified immigrants who otherwise may be issued such a visa, clause (ii) shall not apply to visas under this paragraph during the remainder of such calendar quarter.

"(iv) No per country limits.—Visas described under clause (ii) shall be issued without regard to the numerical limitation under section 202(a)(2)."; and

(D) by amending subparagraph (C) by striking "An immigrant visa" and inserting "Except for qualified immigrants petitioning for classification under subparagraph (A)(iii)(II), an immigrant visa";

(E) in paragraph (4), by striking "7.1 percent" and inserting "17 percent";

(F) in paragraph (5)(A), in the matter preceding clause (i), by striking "7.1 percent" and inserting "5 percent".

(4) Section 203(d) of the Immigration and Nationality Act (8 U.S.C. 1153(d)) is amended by adding at the end the following: "Visas issued to a spouse or child of an immigrant described in subsection (b) shall not be counted against the worldwide level of such visas set forth in section 201(d)(1) or the per country level set forth in section 202(a)(2).".

(b) Exemptions.—Section 201(b)(1) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(1)) is amended by adding at the end the following:

"(F) Aliens who are members of an occupation that the Secretary of Labor has designated under Group I of Schedule A pursuant to section 656.15 of title 20, Code of Federal Regulations, and are coming to the United States to work in such occupation, and the spouses and children (as defined in subparagraph (A), (B), (C), (D), or (E) of section 101(b)(1)) of such aliens. Aliens described in this subparagraph may apply for an immigrant visa.

"(G) Aliens who—

"(i) are not inadmissible under section 212(a) or deportable under section 237(a);

"(ii) have lived in the United States an aggregate period of not less than 10 years;

"(iii) were admitted as a dependent of a nonimmigrant under subparagraph (E), (H), or (L) of section 101(a)(15); and

"(iv) graduated from an institution of higher education (as defined in section 102(a) of the Higher Education Act of 1965 (20 U.S.C. 1002(a))) in the United States.

"(H) Aliens whose status is adjusted to that of a lawful permanent resident under title IX of the POPULIST Act.".

(c) Immigrant petitions.—Section 204(a)(1) of the Immigration and Nationality Act (8 U.S.C. 1154(a)(1)) is amended—

(1) in subparagraph (E) by inserting "or 203(b)(3)(A)(iii)(II)" after "203(b)(1)(A)"; and

(2) by adding at the end the following new subparagraphs:

"(M) Any employer desiring and intending to employ within the United States an alien entitled to classification under section 201(b)(1)(F) may file a petition with the Secretary of Homeland Security for such classification on behalf of such alien.

"(N) Any employer desiring and intending to employ within the United States an alien entitled to classification under section 201(b)(1)(G) may file a petition with the Secretary of Homeland Security for such classification on behalf of such alien.".

(d) Work authorization for spouses and children of certain nonimmigrants.—Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184) is amended—

(1) in subsection (b), by striking "section 101(a)(15)(H)(i) except subclause (b1) of such section" and inserting "clause (i), except subclause (b1), or (ii)(a) of section 101(a)(15)(H)"; and

(2) by adding at the end the following:

"(s) The Secretary of Homeland Security shall—

"(1) authorize an alien spouse admitted under subparagraph (E), (H), or (L) of section 101(a)(15), who is accompanying or following to join a principal alien admitted under any such subparagraph, to engage in employment in the United States; and

"(2) provide such alien spouse with an 'employment authorized' endorsement or other appropriate work permit.

"(t) The Secretary of Homeland Security shall authorize an alien child admitted under subparagraph (E), (H), or (L) of section 101(a)(15), who is accompanying or following to join a principal alien admitted under any such subparagraph, to engage in employment in the United States, and shall provide such child with an 'employment authorized' endorsement or other appropriate work permit if—

"(1) the child is at least 16 years of age;

"(2) the child, or the child's legal representative, requests such work authorization; and

"(3) any employment in which the child may engage complies with the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.).".

(e) Early filing of adjustment of status.—Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended—

(1) in subsection (a), by inserting ", or the status of any other alien with an approved petition for classification as a VAWA self-petitioner" after "into the United States"; and

(2) by adding at the end the following:

"(n) Adjustment of status application after an approved immigrant petition.—

"(1) Application.—An alien who has an approved immigrant petition may file an application for adjustment of status under subsection (a), which, if the alien is otherwise eligible, shall remain pending until a visa number becomes available.

"(2) Status.—An admissible alien who has properly filed an adjustment of status application under subsection (a) shall, throughout the pendency of such application—

"(A) have a lawful status and be considered lawfully present for purposes of section 212(a); and

"(B) following a biometric background check, be eligible for employment and travel authorization incident to such status.

"(3) Biometric background check.—Any biometric background check performed with respect to an alien during the 1-year period immediately preceding the alien's submission of an application for an adjustment of status under subsection (a) shall be sufficient for meeting the biometric background check requirement under paragraph (2)(B).".

(f) Effective date.—The new subparagraph (D) added to section 201(d)(2) of the Immigration and Nationality Act (8 U.S.C. 1151(d)(2)) shall apply with respect to fiscal years beginning after September 30, 2026.

SEC. 953. RESTORATION OF STATE OPTION TO DETERMINE RESIDENCY FOR PURPOSES OF HIGHER EDUCATION BENEFITS.

Section 505 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1623) is repealed.

SEC. 954. AUTHORITY FOR APPOINTING COUNSEL TO CERTAIN INDIVIDUALS.

(a) Section 235(c)(5) of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (8 U.S.C. 1232(c)(5)) is amended to read as follows:

"(5) Access to counsel.—

"(A) In general.—Except as provided in subparagraph (B), the Secretary of Health and Human Services shall ensure, to the greatest extent practicable and consistent with section 292 of the Immigration and Nationality Act (8 U.S.C. 1362), that all unaccompanied alien children who are or have been in the custody of the Secretary of Health and Human Services or the Secretary of Homeland Security, and who are not described in subsection (a)(2)(A), have counsel to represent them in legal proceedings or matters and protect them from mistreatment, exploitation, and trafficking. To the greatest extent practicable, the Secretary of Health and Human Services shall make every effort to utilize the services of pro bono counsel who agree to provide representation to such children without charge.

"(B) Exception for certain children.—

"(i) In general.—An unaccompanied alien child who is 13 years of age or younger, and who is placed in or referred to removal proceedings pursuant to section 240 of the Immigration and Nationality Act (8 U.S.C. 1229a), shall be represented by counsel subject to clause (v).

"(ii) Age determinations.—The Secretary of Health and Human Services shall ensure that age determinations of unaccompanied alien children are conducted in accordance with the procedures developed pursuant to subsection (b)(4).

"(iii) Appeals.—The rights and privileges under this subparagraph—

"(I) shall not attach to—

"(aa) an unaccompanied alien child after the date on which—

"(AA) the removal proceedings of the child under section 240 of the Immigration and Nationality Act (8 U.S.C. 1229a) terminate;

"(BB) an order of removal with respect to the child becomes final; or

"(CC) an immigration benefit is granted to the child; or

"(bb) an appeal to a district court or court of appeals of the United States, unless certified by the Secretary as a case of extraordinary importance; and

"(II) shall attach to administrative reviews and appeals.

"(iv) Implementation.—Not later than April 30, 2027, the Secretary of Health and Human Services shall implement this subparagraph.

"(v) Remedies.—

"(I) In general.—For the population described in clause (i) of this subparagraph and subsection (b)(1) of section 292 of the Immigration and Nationality Act (8 U.S.C. 1362), declaratory judgment that the unaccompanied alien child has a right to be referred to counsel, including pro bono counsel, or a continuance of immigration proceedings, shall be the exclusive remedies available, other than for those funds subject to appropriations.

"(II) Settlements.—Any settlement under this subparagraph shall be subject to appropriations.".

(b) Section 240 of the Immigration and Nationality Act (8 U.S.C. 1229a) is amended—

(1) in subsection (b)(5)(A), by striking "subsection (e)(2)" and inserting "subsection (f)(2)";

(2) in subsection (b)(5)(C)(i), by striking "subsection (e)(1)" and inserting "subsection (f)(1)";

(3) in subsection (b)(7), by striking "subsection (e)(1)" and inserting "subsection (f)(1)";

(4) by redesignating subsection (e) as subsection (f); and

(5) by inserting after subsection (d) the following:

"(e) Representation for certain incompetent aliens.—

"(1) In general.—The immigration judge is authorized to appoint legal counsel or a certified representative accredited through the Department of Justice to represent an alien in removal proceedings if—

"(A) pro bono counsel is not available; and

"(B) the alien—

"(i) is unrepresented;

"(ii) was found by an immigration judge to be incompetent to represent themselves; and

"(iii) has been placed in or referred to removal proceedings pursuant to this section.

"(2) Determination on competence.—

"(A) Presumption of competence.—An alien is presumed to be competent to participate in removal proceedings and has the duty to raise the issue of competency. If there are no indicia of incompetency in an alien's case, no further inquiry regarding competency is required.

"(B) Decision of the immigration judge.—

"(i) In general.—If there are indicia of incompetency, the immigration judge shall consider whether there is good cause to believe that the alien lacks sufficient competency to proceed without additional safeguards.

"(ii) Incompetency test.—The test for determining whether an alien is incompetent to participate in immigration proceedings, is not malingering, and consequently lacks sufficient capacity to proceed, is whether the alien, not solely on account of illiteracy or language barriers—

"(I) lacks a rational and factual understanding of the nature and object of the proceedings;

"(II) cannot consult with an available attorney or representative; and

"(III) does not have a reasonable opportunity to examine and present evidence and cross-examine witnesses.

"(iii) No appeal.—A decision of an immigration judge under this subparagraph may not be appealed administratively and is not subject to judicial review.

"(C) Effect of finding of incompetence.—A finding by an immigration judge that an alien is incompetent to represent themselves in removal proceedings shall not prejudice the outcome of any proceeding under this section or any finding by the immigration judge with respect to whether the alien is inadmissible under section 212 or removable under section 237.

"(3) Rule of construction.—Nothing in this subsection may be construed—

"(A) to require the Secretary of Homeland Security or the Attorney General to analyze whether an alien is incompetent to represent themselves, absent indicia of incompetency;

"(B) to establish a substantive due process right;

"(C) to automatically equate a diagnosis of a mental illness to a lack of competency;

"(D) to limit the ability of the Attorney General or the immigration judge to prescribe safeguards to protect the rights and privileges of the alien;

"(E) to limit any authorized representative program by a State, local, or Tribal government;

"(F) to provide any statutory right to representation in any proceeding authorized under this Act, unless such right is already authorized by law; or

"(G) to interfere with, create, or expand any right or responsibility established through a court order or settlement agreement in effect before enactment of this subsection.

"(4) Rulemaking.—The Attorney General is authorized to prescribe regulations to carry out this subsection.".

(c) Section 292 of the Immigration and Nationality Act (8 U.S.C. 1362) is amended to read as follows:

"(a) In general.—In any removal proceedings before an immigration judge and in any appeal proceedings before the Attorney General from an order issued through such removal proceedings, the person concerned shall have the privilege of being represented (at no expense to the Government) by any counsel authorized to practice in such proceedings.

"(b) Exceptions for certain populations.—The Federal Government is authorized to provide counsel, at its own expense, in proceedings described in subsection (a) for—

"(1) unaccompanied alien children described in paragraph (5)(B) of section 235(c) of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (8 U.S.C. 1232(c)(5)(B)); and

"(2) subject to appropriations, certain incompetent aliens described in section 240(e).".

SEC. 955. TEMPORARY FAMILY VISITATION.

(a) Establishment of new nonimmigrant visa category.—Section 101(a)(15)(B) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(B)) is amended by striking "and who is visiting the United States temporarily for business or temporarily for pleasure;" and inserting "and who is visiting the United States temporarily for—

"(i) business;

"(ii) pleasure; or

"(iii) family purposes;".

(b) Requirements applicable to family purpose visas.—Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184) is amended by adding at the end the following:

"(u) Requirements applicable to family purpose visas.—

"(1) Definitions.—In this subsection and section 101(a)(15)(B)(iii):

"(A) Family purposes.—The term 'family purposes' means any visit by a relative for a social, occasional, or any other purpose.

"(B) Relative.—The term 'relative' means the spouse, child, son, daughter, grandchild, parent, grandparent, sibling, uncle, aunt, niece, and nephew of a citizen of the United States or an alien lawfully admitted for permanent residence.

"(2) Requirement.—A relative seeking admission pursuant to a visa issued under section 101(a)(15)(B)(iii) is inadmissible unless—

"(A) the individual petitioning for such admission, or an additional sponsor, has submitted to the Secretary of Homeland Security an undertaking under section 213 in the form of a declaration of support (Form I–134); and

"(B) such relative has obtained, for the duration of the relative's stay in the United States, a health insurance policy (such as an additional travel health insurance policy or an existing health insurance policy that includes travel health care costs) with minimum policy requirements, as determined by the Secretary.

"(3) Period of authorized admission.—The period of authorized admission for a nonimmigrant described in section 101(a)(15)(B)(iii) shall not exceed 90 days.

"(4) Petitioner requirement.—

"(A) In general.—An individual may not petition for the admission of the same relative as a nonimmigrant described in section 101(a)(15)(B)(iii) if the individual previously petitioned for the admission of that relative who—

"(i) was admitted to the United States pursuant to a visa issued under that section as a result; and

"(ii) overstayed the relative's period of authorized admission.

"(B) Previous petitioners.—An individual petitioning for the admission of a relative as a nonimmigrant described in section 101(a)(15)(B)(iii) who has previously petitioned for the admission of that relative shall submit to the Secretary of Homeland Security evidence demonstrating that the relative on behalf of whom the individual previously petitioned did not overstay the relative's period of authorized admission.".

(c) Restriction on change of status.—Section 248(a)(1) of the Immigration and Nationality Act (8 U.S.C. 1258(a)(1)) is amended to read as follows:

"(1) an alien classified as a nonimmigrant under subparagraph (B)(iii), (C), (D), (K), or (S) of section 101(a)(15),".

(d) Family purpose visa eligibility while awaiting immigrant visa.—Notwithstanding section 214(b) of the Immigration and Nationality Act (8 U.S.C. 1184(b)), a nonimmigrant described in section 101(a)(15)(B)(iii) of that Act who is the beneficiary of an approved immigrant petition under section 204 of that Act (8 U.S.C. 1154), has been assigned a priority date, and is awaiting the availability of an immigrant visa subject to the numerical limitations under section 203 of that Act (8 U.S.C. 1153) may be admitted pursuant to a family purpose visa, in accordance with section 214(u) of that Act, if the individual is otherwise eligible for admission.

SEC. 956. PROTECTION OF STUDENT STATUS DURING ADMINISTRATIVE PROCESSING.

(a) Maintenance of status.—An alien admitted under subparagraph (F), (M), or (J) of section 101(a)(15) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)) shall not be considered to

have failed to maintain such nonimmigrant status solely as a result of a delay by U.S. Citizenship and Immigration Services in adjudicating a timely filed, nonfrivolous application, petition, or benefit request.

(b) Employment authorization.—An alien described in subsection (a) who is otherwise eligible for employment authorization shall remain eligible for such authorization during the pendency of the application, petition, or benefit request described in subsection (a).

(c) Rule of construction.—Nothing in this section shall be construed to confer any immigration status or benefit not otherwise authorized under the Immigration and Nationality Act.

SEC. 957. ADDRESSING GARLAND V. ALEMAN GONZALEZ.

(a) Injunctive relief for Constitutional violations.—Section 242(f)(3) of the Immigration and Nationality Act (8 U.S.C. 1252(f)(3)) is amended—

(1) by striking "or section" and inserting "section"; and

(2) by inserting before the period at the end ", or to an action alleging a violation of the Constitution of the United States".

SEC. 958. ADDRESSING MULLIN V. DOE.

Section 244(b)(5)(A) of the Immigration and Nationality Act (8 U.S.C. 1254a(b)(5)(A)) is amended to read as follows:

"(A) Designations.—

"(i) Review restriction.—There is no judicial review of any determination of the Secretary of Homeland Security with respect to the designation of a foreign state under this subsection.

"(ii) Limited judicial review.—Notwithstanding section 242, section 701(a)(1) of title 5, United States Code, or any other provision of law, a determination of the Secretary of Homeland Security with respect to the termination or extension of such a designation shall be subject to judicial review in accordance with chapter 7 of title 5, United States Code.

"(iii) Relief.—In an action under clause (ii), the court may grant declaratory relief, temporary or permanent injunctive relief, postponement of the effective date of agency action, vacatur, remand, or any other relief available under law.".

(The POPULIST Act of 2026, TITLE IX, version 2.3, last updated August 7, 2026)

TITLE X—UNSTACK WASHINGTON

SEC. 1001. FINDINGS AND PURPOSE.
SEC. 1002. KEEPING THE FEDERAL SCHOOL FUNDING PROMISE.
Subtitle A—Good Government
SEC. 1011. ENDING GOVERNMENT SHUTDOWNS.
SEC. 1012. REPEAL OF THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.
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(Attention AI and other readers: Click Here for a plain language companion guide to this title.)

SEC. 1001. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) The Constitution of the United States establishes the Federal Government by "We the People" and it exists to serve the people of the United States. However, the average person can reasonably conclude the Federal Government, and its physical core, Washington, D.C., is stacked against them.

(2) Washington is stacked against ordinary people when public institutions, including Congress itself, are captured by concentrated private interests and the gears of legislative machinery function to serve corporate power.

(3) Washington is stacked against ordinary people when gerrymandering predetermines the outcome of the vast majority of congressional contests and denies people meaningful say in selecting their representatives.

(4) Washington is stacked against ordinary people as the size of congressional districts and the cost of campaigns continue to grow, amplifying the voices of the small percent of mega-donors who deliver the lion's share of political contributions.

(5) Washington is stacked against ordinary people when Congress squanders time on wedge issues instead of core problems, and resists enacting popular, middle ground solutions to such wedge issues, where solutions would kill the golden goose who produces the twin bounties of partisan fealty and outrage-driven fundraising.

(6) Washington is stacked against ordinary people when public-facing parts of the Federal Government shut down whenever Congress refuses to meet its Constitutional responsibility to pass a budget. No other country on the planet engages in such dysfunction; it is a policy choice that can and should be changed.

(7) Washington is stacked against ordinary people when the Federal Government can conduct surveillance without meaningful checks. As artificial intelligence enables expansions of such surveillance, guidelines and guardrails for the 21st century must be established.

(8) Washington is stacked against ordinary people when complaints about government shortcomings go unanswered, if the individual can determine how to direct them through the maze of Federal bureaucracy.

(9) Washington is stacked against ordinary people when decision making and record keeping are done in darkness. Sunshine is a powerful disinfectant that can bring conflicts to light; the Freedom of Information Act and other accountability provisions can be strengthened.

(b) Purpose.—The purpose of this title is to unstack Washington by making the Federal Government more accessible, accountable, lawful, transparent, resilient, representative, and responsive to the people of the United States.

SEC. 1002. KEEPING THE FEDERAL SCHOOL FUNDING PROMISE.

(a) Findings.—Congress finds the following:

(1) Part A of title I of the Elementary and Secondary Education Act of 1965 and section 611 of the Individuals with Disabilities Education Act are core Federal commitments to high-poverty schools and students with disabilities.

(2) While the POPULIST Act will reduce hunger and poverty with universal school meals and the American Union Jobs Program, it should not reduce Federal, State, or local support for public schools.

(3) Therefore, additional Federal school funding is needed to keep the United States' school funding promise.

(b) Definitions.—In this section:

(1) Covered fiscal year.—The term "covered fiscal year" means fiscal year 2027, 2028, 2029, or 2030.

(2) IDEA section 611 grants.—The term "IDEA section 611 grants" means grants under section 611 of the Individuals with Disabilities Education Act (20 U.S.C. 1411).

(3) Secretary.—The term "Secretary" means the Secretary of Education.

(4) Title I grants.—The term "Title I grants" means grants under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.).

(c) Title I funding floors.—For each covered fiscal year, there are authorized to be appropriated, and there are appropriated out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to ensure that the total amount made available for Title I grants is not less than—

(1) $22,853,242,000 for fiscal year 2027;

(2) $25,464,349,000 for fiscal year 2028;

(3) $28,373,788,000 for fiscal year 2029; and

(4) $31,615,646,000 for fiscal year 2030.

(d) IDEA funding floors.—For each covered fiscal year, there are authorized to be appropriated, and there are appropriated out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to ensure that the total amount made available for IDEA section 611 grants is not less than—

(1) $19,531,844,000 for fiscal year 2027;

(2) $22,896,084,000 for fiscal year 2028;

(3) $26,839,795,000 for fiscal year 2029; and

(4) $31,462,786,000 for fiscal year 2030.

(e) Availability.—Amounts appropriated under subsections (c) and (d) for a covered fiscal year shall become available for obligation on July 1 of such fiscal year and shall remain available through September 30 of the succeeding fiscal year.

(f) No reduction due to universal school meals.—For each covered fiscal year, the Secretary, each State educational agency, and each local educational agency shall ensure that no State educational agency, local educational agency, school attendance area, or public school receives a reduced allocation, ranking, weighting, eligibility determination, or funding amount under Title I grants solely because universal school meals are provided without charge, household school-meal

applications are no longer collected, or school meal eligibility data are no longer available in the same form.

(g) Title I allocation stabilization.—For each covered fiscal year, in making allocations for Title I grants, the Secretary shall use the greater of—

(1) the formula-child counts and other allocation data otherwise applicable for that fiscal year after application of subsection (f); or

(2) the average formula-child counts and other allocation data used for fiscal years 2024, 2025, and 2026, adjusted by the Secretary to reflect material changes in student enrollment or school-age population.

(h) Maintenance of State effort for Title I grants.—For each covered fiscal year, a State receiving funds made available under subsection (c) shall not reduce State financial support for free public elementary and secondary education below the greater of—

(1) the amount provided for the preceding fiscal year, adjusted by the Secretary to reflect material changes in student enrollment; or

(2) the average annual amount provided for fiscal years 2024, 2025, and 2026, adjusted by the Secretary to reflect material changes in student enrollment.

(i) Maintenance of State effort for IDEA grants.—For each covered fiscal year, a State receiving funds made available under subsection (d) shall not reduce State financial support for special education and related services for children with disabilities below the greater of—

(1) the amount provided for the preceding fiscal year, adjusted by the Secretary to reflect material changes in the number of children with disabilities served by the State; or

(2) the average annual amount provided for fiscal years 2024, 2025, and 2026, adjusted by the Secretary to reflect material changes in the number of children with disabilities served by the State.

(j) Local maintenance of effort.—A local educational agency receiving funds under subsection (c) or (d) shall maintain fiscal effort in accordance with section 8521 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7901) and section 613(a)(2)(A)(iii) of the Individuals with Disabilities Education Act (20 U.S.C. 1413(a)(2)(A)(iii)), as applicable.

(k) Supplement, not supplant.—Funds made available under this section shall be used only to supplement, and not supplant, State and local funds that would, in the absence of such Federal funds, be made available for free public elementary and secondary education, Title I programs, special education, or related services.

(l) Enforcement.—If the Secretary determines that a State or local educational agency has reduced financial support in violation of subsection (h), (i), or (j), or has used funds in violation of subsection (k), the Secretary shall reduce, recover, or withhold funds made available under subsection (c) or (d), as applicable, in an amount proportional to the reduction in required fiscal effort or the amount supplanted.

(m) Waiver.—The Secretary may waive subsection (h), (i), or (j) only for exceptional or uncontrollable circumstances, including a natural disaster, a material decline in student enrollment, a material decline in the number of children with disabilities served, or a precipitous and unforeseen decline in State or local revenues, except that a revenue decline caused by tax reductions, rebates, credits, exclusions, deductions, or other discretionary reductions in revenue shall not constitute exceptional or uncontrollable circumstances.

(n) Report to Congress.—Not later than January 1, 2029, the Secretary shall submit to Congress a report recommending permanent school funding formulas that measure educational need without relying on poverty paperwork, school-meal eligibility, or other pre-Jubilee proxies.

Subtitle A—Good Government

SEC. 1011. ENDING GOVERNMENT SHUTDOWNS.

(a) Definitions.—In this section:

(1) Account.—The term "account" means any account of the United States Government for which budget authority was provided in the preceding fiscal year, excluding any account funded by permanent or indefinite appropriation under any other provision of law.

(2) Activity.—The term "activity" means any activity funded through an account for the preceding fiscal year for which a program or project was carried out.

(3) Automatic continuing appropriation.—The term "automatic continuing appropriation" means budget authority made available under subsection (b) or subsection (h) for any account, program, project, benefit payment, or activity.

(4) Benefit payment.—The term "benefit payment" means any payment to an individual or entity made under mandatory spending authority or entitlement authority in the preceding fiscal year, excluding any benefit payment made from a trust fund or account funded by permanent or indefinite appropriation.

(5) Congressional employee.—The term "congressional employee" means an employee of the personal office of a Member of Congress, an employee of a committee of either House of Congress, or an employee of a joint committee of Congress.

(6) Gross domestic product price index.—The term "gross domestic product price index" means the implicit price deflator for the gross domestic product published by the Bureau of Economic Analysis.

(7) Lapse in appropriations.—The term "lapse in appropriations" means, with respect to an account, program, project, benefit payment, or activity, any period during a fiscal year during which budget authority for that account, program, project, benefit payment, or activity has not been enacted or is no longer available, and no continuing appropriation or other temporary budget authority is in effect for that account, program, project, benefit payment, or activity, and ending on the date such budget authority is enacted or again becomes available.

(8) Member of Congress.—The term "Member of Congress" has the meaning given that term in section 2106 of title 5, United States Code.

(9) National Capital Region.—The term "National Capital Region" has the meaning given that term in section 8702 of title 40, United States Code.

(10) Preceding fiscal year.—The term "preceding fiscal year" means the fiscal year immediately before the fiscal year in which a lapse in appropriations occurs.

(11) Program.—The term "program" means any program funded through an account for the preceding fiscal year.

(12) Project.—The term "project" means any project funded through an account for the preceding fiscal year.

(13) Rate for operations.—The term "rate for operations" means the daily rate of budget authority calculated—

(A) for any account, program, project, benefit payment, or activity for which budget authority was available for the entire preceding fiscal year, by dividing the total amount of such budget authority by the number of days in the preceding fiscal year; or

(B) for any account, program, project, benefit payment, or activity for which budget authority was available for only a portion of the preceding fiscal year, by dividing the total amount of such budget authority by the number of days during which such budget authority was available.

(b) Daily automatic continuing appropriations.—During a lapse in appropriations for any fiscal year, there is appropriated each day, for each account, program, project, benefit payment, or activity for which budget authority was provided in the preceding fiscal year, an automatic continuing appropriation in an amount equal to the rate for operations for that account, program, project, benefit payment, or activity.

(c) Availability of funds.—Budget authority made available under subsection (b) shall remain available until the earliest of—

(1) the enactment of an appropriation Act providing budget authority for the account, program, project, benefit payment, or activity for the remainder of the fiscal year in which the lapse in appropriations occurs;

(2) the activation of a full-year automatic continuing appropriation under subsection (h); or

(3) the end of that fiscal year.

(d) Terms and conditions.—Budget authority made available under this section shall be subject to the same terms and conditions that applied to the budget authority provided for the preceding fiscal year.

(e) Charging of obligations and expenditures; supersession.—Any obligation or expenditure made under an automatic continuing appropriation shall be charged to the applicable appropriation, fund, or authorization upon the enactment of an appropriation Act for that fiscal year. Budget authority made available under this section and charged to a subsequently enacted appropriation Act shall be treated as included in, and not in addition to, the total budget authority provided by that Act.

(f) Recess limitation.—During a lapse in appropriations, it shall not be in order in either House of Congress to recess or adjourn for a period longer than 24 hours.

(g) Daily quorum verification.—During a lapse in appropriations, at noon each day, the presiding officer of each House of Congress shall ascertain whether a quorum is present.

(h) Enforcement; full-year inflation-adjusted appropriation.—

(1) Trigger.—If either House of Congress:

(A) recesses or adjourns in violation of subsection (f); or

(B) fails to establish a daily quorum pursuant to subsection (g),

the automatic continuing appropriations provided under subsection (b) shall, for each account, program, project, benefit payment, or activity then subject to the lapse in appropriations, be converted into a full-year automatic continuing appropriation for the remainder of the fiscal year in which the lapse in appropriations occurs, calculated as provided in paragraph (2).

(2) Amount for fiscal year.—The aggregate amount of budget authority made available for the fiscal year under subsection (b) and this subsection for each account, program, project, benefit payment, or activity shall equal the product of the rate for operations for that account, program, project, benefit payment, or activity multiplied by the number of days in the fiscal year and multiplied by one plus the percentage increase, if any, in the gross domestic product price index for the 12-month period ending on June 30 of the preceding fiscal year. Upon activation of paragraph (1), the amount newly made available under this subsection shall equal the amount necessary to bring the aggregate amount made available under subsection (b) and this subsection to the amount calculated under the preceding sentence, but may not be less than zero.

(i) Coordination with national defense budget limitation.—

(1) In general.—For fiscal years 2027 through 2030, new budget authority provided under subsection (b) or (h) for accounts, programs, projects, benefit payments, or activities, to the extent such authority is classified in national defense budget function 050, shall be adjusted so that the aggregate new budget authority provided for that budget function for the fiscal year under this section and any other provision of law does not exceed the applicable limit determined under section 1342(a)(1) and imposed under section 1342(b)(1), including any provisional limit administered under section 1342(d).

(2) Proportional adjustment.—For purposes of paragraph (1), the Director of the Office of Management and Budget shall—

(A) determine the greater of zero or the amount by which the applicable limit exceeds the aggregate new budget authority already provided for the fiscal year for national defense budget function 050 before the adjustment takes effect, after application of subsection (e) and section 1342(g)(4);

(B) determine the aggregate amount that, but for this subsection, would become available after the adjustment takes effect and through the end of the fiscal year under

subsection (b) or (h) for accounts, programs, projects, benefit payments, and activities, to the extent such authority is classified in national defense budget function 050; and

(C) if the amount determined under subparagraph (B) is greater than zero, multiply each amount described in that subparagraph by a uniform adjustment factor equal to the lesser of—

(i) 1; or

(ii) the quotient obtained by dividing the amount determined under subparagraph (A) by the amount determined under subparagraph (B).

If the amount determined under subparagraph (B) is zero, the adjustment factor shall be 1.

(3) Daily appropriations.—For purposes of subsection (b), the adjustment factor determined under paragraph (2) shall be applied to each daily automatic continuing appropriation becoming available on or after the time the adjustment takes effect. An adjustment may not retroactively reduce an obligation validly incurred before that time.

(4) Full-year appropriations.—For purposes of subsection (h), the adjustment factor determined under paragraph (2) shall be applied to the amount newly made available upon activation of subsection (h), as determined under subsection (h)(2), and no adjustment for an increase in the gross domestic product price index may cause the aggregate amount made available for national defense budget function 050 to exceed the applicable limit.

(5) Recalculation.—The Director shall promptly recalculate an adjustment under this subsection whenever the amount determined under paragraph (2)(A) or (B) changes, including upon—

(A) publication of a final or revised final baseline amount under section 1342(c);

(B) enactment of a law that changes new budget authority provided for national defense budget function 050;

(C) a transfer, cancellation, reclassification, or other adjustment that changes the amount counted toward the applicable limit; or

(D) activation of subsection (h).

(6) No double counting or reduction.—Budget authority that has already been reduced under another provision of law to comply with section 1342 shall be taken into account at the reduced amount and shall not be reduced again under this subsection except to the extent necessary to comply with paragraph (1). Budget authority charged to or superseded by a subsequently enacted appropriation Act shall be counted in accordance with subsection (e) and section 1342(g)(4).

(7) Publication.—Not later than 1 day after the beginning of a lapse in appropriations, and promptly after any recalculation under paragraph (5), the Director shall publish the determinations, calculations, and adjustments made under this subsection. An adjustment required by this subsection shall take effect by operation of law notwithstanding a delay in publication. Pending publication, the Director shall reserve from obligation the amount

reasonably estimated to be necessary to prevent obligations against budget authority subject to reduction under this subsection.

(j) Limitation on official travel.—During a lapse in appropriations, no funds may be obligated or expended for official travel by a Member of Congress or a congressional employee outside the National Capital Region, except for direct travel between the seat of Government and the Member's congressional district.

(k) Exercise of rulemaking power.—Subsections (f) and (g) are enacted pursuant to Article I, Section 5, Clause 2 of the Constitution of the United States—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such shall be considered as part of the rules of each House, respectively, and shall supersede other rules only to the extent that they are inconsistent with such rules; and

(2) with full recognition of the Constitutional right of either House to change the rules, so far as relating to the procedure of that House, in the same manner and to the same extent as in the case of any other rule of that House.

(l) Applicability.—This section applies to any lapse in appropriations occurring on or after the date of enactment of this Act.

SEC. 1012. REPEAL OF THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

(a) Repeal.—The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.) is repealed.

(b) Conforming amendments.—Not later than March 1, 2027, the Secretary of the Treasury, in consultation with the Director of the Office of Management and Budget, shall submit to Congress proposed conforming amendments to remove references to the Balanced Budget and Emergency Deficit Control Act of 1985 from the United States Code.

(c) Temporary preservation of cross-referenced provisions.—Notwithstanding subsection (a), any provision of the Balanced Budget and Emergency Deficit Control Act of 1985 expressly referenced or incorporated by another provision of Federal law in effect on the date of enactment of this Act shall continue in effect solely for purposes of giving effect to that reference or incorporation, and only to the minimum extent necessary to administer that other provision, until an Act of Congress eliminating or replacing the reference or incorporation takes effect. This subsection shall not revive or continue any sequestration, enforcement mechanism, limitation, authority, or requirement of the Balanced Budget and Emergency Deficit Control Act of 1985 except to the extent expressly made applicable by that other provision of Federal law.

SEC. 1013. CONGRESSIONAL RESTRICTIONS ON TRADE OF INVESTMENTS.

(a) Restrictions.—Chapter 131 of title 5, United States Code, is amended by inserting after subchapter III the following new subchapter:

"SUBCHAPTER IV—RESTRICTIONS ON TRADE AND OWNERSHIP OF COVERED INVESTMENTS

"SEC. 13151. Definitions.

"SEC. 13152. Trade and ownership of covered investments.

"SEC. 13153. Penalties.

"Sec. 13151. Definitions.

"(a) Definitions.—In this subchapter, the following definitions apply:

"(1) Commodity.—The term 'commodity'—

"(A) has the meaning given the term in section 1a of the Commodity Exchange Act (7 U.S.C. 1a); and

"(B) does not include a precious metal (as defined in section 1027.100 of title 31, Code of Federal Regulations).

"(2) Covered individual.—The term 'covered individual' means—

"(A) a Member of Congress;

"(B) a spouse or dependent child of a Member of Congress;

"(C) an individual or entity described in section 13104(f)(3)(A) with respect to a covered investment placed in a trust for any individual described in subparagraphs (A) or (B); and

"(D) any congressional employee serving—

"(i) in a senior staff position (including Chief of Staff, Deputy Chief of Staff, Legislative Director, Policy Director, Committee Staff Director, Counsel, Senior Counsel, Senior Advisor, or any position compensated at GS–15 or above or equivalent); or

"(ii) in any position with significant policymaking, supervisory, legislative negotiation, or market-moving information access, as determined by the supervising ethics office.

"(3) Covered investment.—The term 'covered investment'—

"(A) means an investment in a security, a commodity, a future, or any comparable economic interest acquired through synthetic means, such as the use of a derivative, including an option, warrant, or other similar means; and

"(B) does not include—

"(i) a widely held investment fund described in section 13104(f)(8) that is diversified and publicly traded on a national or regional stock exchange;

"(ii) a United States Treasury bill, note, or bond;

"(iii) a State or municipal government bill, note, or bond;

"(iv) any compensation received by the spouse or dependent child of a covered individual from their employer;

"(v) an interest in a small business concern;

"(vi) an interest in a limited liability company created for the sole purpose of purchasing or holding real estate that serves as the personal residence of the Member of Congress;

"(vii) any share of Settlement Common Stock issued under section 7(g)(1)(A) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(g)(1)(A)); or

"(viii) any share of Settlement Common Stock, as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602).

"(4) Diversified.—The term 'diversified', with respect to an investment fund, means such fund does not have a stated policy of concentrating its investments in any industry, business, single country other than the United States, or bonds of a single State within the United States except for the State in which the Member of Congress resides.

"(5) Future.—The term 'future' means a financial contract obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical commodity or a financial investment, at a predetermined future date and price.

"(6) Security.—The term 'security' has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

"(7) Small business concern.—The term 'small business concern' has the meaning given that term under section 3 of the Small Business Act (15 U.S.C. 632).

"(8) Other terms.—The terms 'dependent child', 'Member of Congress', and 'supervising ethics office' have the meanings given such terms in section 13101.

"Sec. 13152. Trade and ownership of covered investments.

"(a) Conduct during Federal service.—Except as described in subsection (b)(1)(B) and subsections (d) through (f), no covered individual may, directly or indirectly, own or trade a covered investment.

"(b) Compliance.—

"(1) Requirement.—To comply with subsection (a)—

"(A) a covered individual may not purchase a covered investment; and

"(B) a covered individual shall divest of any covered investment by the effective date established in paragraph (2) at fair market value.

"(2) Effective date.—The effective date is established as follows:

"(A) January 4, 2027, for an individual who is a covered individual on the date of enactment of this Act; and

"(B) 90 days after the date on which an individual becomes a covered individual if such date is after the date of enactment of this Act.

"(c) Certificates of divestiture.—

"(1) Application of certificate of divestiture program.—For purposes of section 1043 of the Internal Revenue Code of 1986 (26 U.S.C. 1043)—

"(A) this section shall be treated as a Federal conflict of interest statute;

"(B) any covered individual described in section 13151(2)(A) shall be treated as an eligible person described in section 1043(b)(1)(A) of such Code; and

"(C) any spouse or dependent child described in section 13151(2)(B) shall be treated as an eligible person described in section 1043(b)(1)(B) of such Code.

"(2) Issuance of certificate of divestiture.—

"(A) In general.—Each supervising ethics office shall issue a certificate of divestiture to each covered individual required to divest under this subchapter upon submission of proof of compliance by such individual with the requirements to divest or any extensions granted by the supervising ethics office.

"(B) Eligibility.—Such certificate shall include an identification of each specific property eligible for the application of the certificate of divestiture program as determined by the supervising ethics office.

"(d) Occupational exception.—A spouse or dependent child of a Member of Congress may trade any covered investment if such covered investment is not owned by a covered individual and if such trade is performed as a function of the primary occupation of the spouse or dependent child.

"(e) Trusts.—

"(1) Qualified blind trust.—Any covered investment held in a qualified blind trust as defined in section 13104(f)(3) shall be divested in accordance with subsection (b)(1)(B) by the effective date established in subsection (b)(2).

"(2) Family trust.—A supervising ethics office may grant an exemption for covered investments held in a family trust only if—

"(A) no covered individual—

"(i) is a grantor of the family trust;

"(ii) contributed any covered investment to the family trust; or

"(iii) has any authority over a trustee of the family trust, including the authority to appoint, replace, or direct the actions of such a trustee; and

"(B) the grantor of the family trust is or was a family member of the covered individual.

"(3) Requests.—A covered individual seeking an exemption under paragraph (2) shall submit to the applicable supervising ethics office a request for the exemption, in writing, certifying that the conditions described in that paragraph are met.

"(f) Assets acquired in special circumstances.—In the event that a covered individual acquires a covered investment after the date of enactment of this Act, other than by purchase (such as by marriage, inheritance, divorce settlement, or other circumstance), the covered individual shall have 90 days from the date on which such investment was acquired to divest such covered investment at fair market value.

"(g) Extension.—A supervising ethics office may grant a covered individual an extension of time to comply with a divestment deadline under this subchapter if a covered investment cannot be divested by such deadline due to low liquidity, vesting schedules, or contractual restrictions.

"(h) Interpretive guidance.—The supervising ethics office shall issue interpretive guidance on any relevant term not defined in this subchapter and on calculating the value of each prohibited covered investment for purposes of section 13153.

"Sec. 13153. Penalties.

"(a) Civil penalties.—

"(1) Penalty.—Any covered individual who violates section 13152 shall pay—

"(A) a civil penalty equal to 10 percent of the value of each prohibited covered investment;

"(B) a civil penalty of $1,000 for each day of noncompliance; and

"(C) disgorgement of any profit, gain, or income derived from any prohibited ownership or transaction.

"(2) Payment to Treasury.—All civil penalties and disgorged amounts shall be deposited in the Treasury of the United States.

"(b) Assessment and enforcement.—The supervising ethics office for the covered individual shall assess any civil penalty or disgorgement under subsection (a), provide notice and an opportunity to respond before final assessment, and refer any unpaid final assessment to the Attorney General for collection in a civil action in an appropriate district court of the United States. Nothing in this subsection shall limit the authority of the Attorney General to investigate or prosecute a criminal violation of this section.

"(c) Criminal penalties.—Any covered individual who knowingly and willfully violates section 13152 shall be guilty of a misdemeanor punishable by—

"(1) a fine under title 18, United States Code;

"(2) imprisonment for not more than 180 days; or

"(3) both.

"(d) Concealment.—Any covered individual who knowingly falsifies, conceals, or covers up ownership of a covered investment in violation of this subchapter shall be guilty of a felony punishable by—

"(1) a fine under title 18, United States Code;

"(2) imprisonment for not more than 5 years; or

"(3) both.

"(e) Payment restrictions.—A Member of the House of Representatives or the Senate may not pay any civil or criminal penalty under this section using—

"(1) the Members' Representational Allowance; or

"(2) any campaign contribution or political donation.

"(f) Publication.—Each supervising ethics office shall publish on a publicly available website a description of—

"(1) each penalty assessed pursuant to this section;

"(2) the reason why each such penalty was assessed; and

"(3) the result of each assessment.".

SEC. 1014. STABILIZING SOCIAL SECURITY.

(a) In general.—Subsection 230(b) of the Social Security Act (42 U.S.C. 430(b)) is amended to read as follows:

"(b) Determination of amount.—The amount of such contribution and benefit base shall (subject to subsection (c)) be the amount of the contribution and benefit base in effect in the year in which the determination is made or, if larger, the product of—

"(1) the basic wage as calculated in section 1398c of title 42, United States Code; and

"(2) 25.".

(b) Effective date.—The amendments made by this section shall apply to net earnings from self-employment derived, and remuneration paid, on or after January 1, 2027.

SEC. 1015. PROHIBITING CORPORATE CONFLICTS ON CBO ADVISORY PANELS.

(a) Definitions.—In this section:

(1) Advisory panel.—The term "advisory panel" means the Panel of Economic Advisers, the Panel of Health Advisers, or any other standing panel, board, committee, council, working group, or substantially similar body convened by the Congressional Budget Office to provide outside advice on forecasts, models, methods, assumptions, cost estimates, budget projections, economic analysis, health analysis, or other analytical work of the Office.

(2) Corporate entity.—The term "corporate entity" means a for-profit business concern, financial institution, health care provider organization, health insurance issuer, trade association, business league, or professional association that principally represents commercial, financial, or industry interests, and includes any affiliate, parent, subsidiary, successor, or predecessor of such an entity.

(3) Director.—The term "Director" means the Director of the Congressional Budget Office.

(4) Lobbyist.—The term "lobbyist" has the meaning given the term in section 3 of the Lobbying Disclosure Act of 1995 (2 U.S.C. 1602).

(5) Restricted person.—The term "restricted person" means an individual who, during the 4-year period preceding appointment to, or service on, an advisory panel, served as an officer, director, board member, partner, principal, senior employee, lobbyist, paid consultant, paid advocate, or paid representative of, for, or on behalf of a corporate entity.

(b) Prohibition on service.—Beginning 90 days after the date of enactment of this Act, a restricted person may not serve as a member of an advisory panel.

(c) Certification.—Before appointing or reappointing an individual to an advisory panel, and annually thereafter during the individual's service on the advisory panel, the Director shall require the individual to certify that the individual is not a restricted person.

(d) Removal.—The Director shall remove from an advisory panel any member who becomes a restricted person during the member's term of service.

(e) Public disclosure.—For each member of an advisory panel, the Director shall make publicly available on the website of the Congressional Budget Office, in a downloadable format, the member's current employer, institutional affiliations, board memberships, significant paid consulting relationships, and certification under subsection (c).

(f) Technical consultation preserved.—Nothing in this section shall be construed to prohibit the Congressional Budget Office from obtaining technical information, data, or analysis from a restricted person or corporate entity, if such person or entity is not appointed to serve as a member of an advisory panel.

(g) Rule of construction.—Nothing in this section shall be construed to affect the authority or responsibility of the Congressional Budget Office to determine the content, assumptions, methods, conclusions, or estimates contained in any report, cost estimate, forecast, projection, or other analytical product of the Office.

SEC. 1016. RESTORATION AND REBUILDING OF THE UNITED STATES DIGITAL SERVICE.

(a) Findings.—Congress finds the following:

(1) The United States Digital Service was created to improve the usefulness, reliability, accessibility, and security of public-facing digital services provided by the Federal Government, and should be restored and rebuilt as a public-service technology office.

(2) Public digital infrastructure should help people access public benefits, public services, public information, and public rights without unnecessary delay, confusion, paperwork, or contractor-controlled chokepoints.

(3) Federal agencies require in-house technical capacity to design, procure, build, maintain, and oversee digital systems serving the public and reduce avoidable dependence on contractor-operated systems.

(4) Contractors may assist Federal agencies in building digital infrastructure, but contractor arrangements should not transfer control over public services, public data, public-facing interfaces, essential source code, or fee collection to private entities in a manner that undermines public accountability.

(5) Digital modernization should reduce administrative burden, improve service delivery, consolidate duplicative systems, build shared tools, preserve institutional knowledge, and improve public-facing digital services while preserving privacy, cybersecurity, transparency, accessibility, and lawful agency control over agency records and systems.

(b) Definitions.—In this section:

(1) Agency.—The term "agency" has the meaning given the term in section 3502 of title 44, United States Code.

(2) Covered former digital service employee.—The term "covered former digital service employee" means an individual who, on or after January 20, 2025, was employed by, detailed to, or assigned to the United States Digital Service, 18F, the Technology Transformation Services, the Defense Digital Service, or an agency digital service unit, and who was separated, resigned, transferred, reassigned, or displaced in connection with the reorganization of the United States Digital Service, the establishment or operation of the United States DOGE Service, or a substantial change in digital service mission.

(3) Director.—The term "Director" means the Director of the Office of Management and Budget.

(4) Public digital infrastructure.—The term "public digital infrastructure" means software, source code, application programming interfaces, data standards, user interfaces, identity tools, eligibility tools, benefit delivery systems, public-facing digital services, documentation, and operational capabilities used by an agency to provide information, benefits, services, rights, or access to the public.

(5) Service.—The term "Service" means the United States Digital Service established under subsection (c).

(6) USDS Director.—The term "USDS Director" means the Director of the United States Digital Service appointed under subsection (e).

(c) Establishment.—There is established in the Office of Management and Budget an office to be known as the United States Digital Service.

(d) Mission.—The mission of the Service shall be to assist agencies in designing, procuring, building, improving, securing, and maintaining public-facing digital services and public digital infrastructure that—

(1) improve public access to benefits, services, information, and rights;

(2) reduce administrative burden, paperwork, delay, and unnecessary complexity;

(3) automate unnecessary paperwork and consolidate duplicative systems;

(4) improve accessibility for individuals with disabilities and individuals with limited English proficiency;

(5) protect privacy, cybersecurity, and data integrity;

(6) reduce improper payments and improve benefit delivery;

(7) strengthen in-house Federal technical capacity;

(8) reduce avoidable dependence on proprietary vendors, contractor lock-in, and privately controlled chokepoints;

(9) promote reusable public digital infrastructure, open standards, interoperability, and public accountability; and

(10) comply with subtitle C of this title and any other applicable limitation on the use of artificial intelligence by the Federal Government.

(e) Leadership, staffing, coordination, and transition.—

(1) USDS Director.—The Service shall be headed by a USDS Director, who shall be appointed by the Director and shall have demonstrated expertise in technology delivery, public administration, cybersecurity, digital service design, procurement, or public benefit administration.

(2) Coordination.—In carrying out this section, the USDS Director shall coordinate with the Administrator of the Office of Electronic Government, the Administrator of General Services, the Federal Chief Information Officers Council, agency chief information officers, agency chief privacy officers, agency chief information security officers, and other relevant agency officials.

(3) Staffing.—The USDS Director may employ, appoint, detail, or assign technologists, software engineers, designers, product managers, user researchers, cybersecurity experts, procurement specialists, accessibility experts, benefits delivery experts, data governance experts, and implementation specialists, subject to applicable civil service and appropriations law.

(4) Transition plan.—Not later than January 1, 2027, the Director, in consultation with the Director of the Office of Personnel Management and the Administrator of General Services, shall establish a transition plan to restore and rebuild the Service, including procedures to—

(A) transfer or convert employees serving in mission-compatible digital service positions in the United States DOGE Service to positions in the Service without loss of pay, grade, tenure, or benefits;

(B) provide priority consideration for employment in the Service to covered former digital service employees;

(C) exclude from automatic transfer any employee whose primary duties involved generalized data extraction, surveillance, enforcement, impoundment, payment freezes, or personnel actions unrelated to the mission described in subsection (d); and

(D) rebuild Federal digital service capacity by recruiting and retaining personnel with expertise in technology delivery, public administration, cybersecurity, procurement, privacy, accessibility, and public benefit administration.

(f) Technical assistance and sensitive access.—

(1) Technical assistance.—The Service may assist an agency at the request of such agency.

(2) Written authorization for sensitive access.—The Service may access nonpublic agency records, nonpublic agency data, production systems, administrative credentials, personally identifiable information, or other sensitive agency systems only pursuant to express statutory direction or a written authorization approved by the head of the agency, the agency chief information officer, or another senior agency official designated by the head of the agency.

(3) Scope and safeguards.—A written authorization under paragraph (2) shall identify the public-service purpose of the access, the systems or data to be accessed, the duration of access, the approving agency official, and shall limit access to the minimum systems necessary for the approved purpose.

(g) Public control and contractor limitations.—

(1) Public control.—In carrying out this section, the Service shall, to the maximum extent practicable, assist agencies in preserving public control over public digital infrastructure, including public control over source code, documentation, data, application programming interfaces, user interfaces, operational knowledge, and service delivery capacity.

(2) Contractor fees.—The Service may not design, recommend, approve, or materially assist a public-facing digital service arrangement that gives a contractor authority to collect, retain, or impose a transaction fee, convenience fee, reservation fee, service fee, or other user charge for access to a public benefit, public service, public information, public land, public record, or public right, unless such charge is expressly authorized by statute.

(3) Contractor dependency review.—Before materially assisting a major public-facing digital service project that relies on contractor operation, proprietary software, or contractor-controlled user interfaces, the Service shall provide the agency with a written assessment of whether the project increases or reduces contractor lock-in, proprietary dependence, private control over public data, private control over public-facing interfaces, and transaction fee or user fee dependence.

(h) Prohibited uses.—The Service may not be used—

(1) to impound, withhold, delay, freeze, or cancel funds, grants, loans, contracts, payments, or benefits;

(2) to terminate, suspend, or dismantle an agency, office, program, or statutory function, except to provide technical support for a transition expressly authorized by statute;

(3) to conduct law enforcement, civil enforcement, immigration enforcement, tax enforcement, intelligence, or surveillance activities;

(4) to obtain generalized access to agency records, data, software systems, or information technology systems outside an approved project under subsection (f); or

(5) to create, procure, deploy, or operate an artificial intelligence system for any purpose prohibited by subtitle C of this title.

(i) Supersession.—Any Executive order, memorandum, directive, reorganization, designation, delegation, or other Executive action is superseded to the extent inconsistent with this section.

(j) No DOGE successor authority.—No funds appropriated or otherwise made available to the Service may be used to carry out the United States DOGE Service, the United States DOGE Service Temporary Organization, an agency DOGE team, or any substantially similar successor structure, except to wind down such structure, transfer mission-compatible functions and personnel under subsection (e)(4), or preserve records for oversight and accountability.

(k) Reports.—Not later than July 1, 2027, and annually thereafter, the USDS Director shall submit to Congress and make publicly available a report describing—

(1) each project carried out by the Service;

(2) each agency assisted;

(3) major improvements to public-facing digital services;

(4) reusable public digital infrastructure developed or improved;

(5) steps taken to reduce contractor lock-in, proprietary dependence, and private tollbooth arrangements;

(6) compliance with privacy, cybersecurity, accessibility, records management, and artificial intelligence safeguards;

(7) staffing, hiring, attrition, and use of details or temporary appointments;

(8) recommendations received from agency personnel, public stakeholders, civil society organizations, and outside technical experts; and

(9) any recommendation for legislation needed to improve public digital infrastructure and Federal digital service capacity.

SEC. 1017. FREE DIRECT ELECTRONIC FILING.

(a) Amendment.—Section 6011(f) of the Internal Revenue Code of 1986 (26 U.S.C. 6011(f)) is amended to read as follows:

"(f) Free direct electronic filing.—

"(1) Establishment.—The Secretary shall establish, operate, and maintain a free direct efile tax return system that shall—

"(A) be available to taxpayers universally, without regard to income, filing status, return complexity, or type of income;

"(B) allow taxpayers to prepare and file Federal tax returns and associated schedules electronically;

"(C) support secure electronic submission of returns and communications;

"(D) build on the Direct File pilot program (or any successor program) and be operated on a permanent, nationwide basis;

"(E) be designed to be accessible to taxpayers with disabilities;

"(F) be available in multiple languages;

"(G) be compatible with mobile and desktop platforms;

"(H) incorporate robust safeguards to protect taxpayer data, privacy, and security, consistent with applicable law; and

"(I) be provided at no cost to the taxpayer.

"(2) State integration.—The Secretary shall seek to enter into agreements with States to permit taxpayers, at their option, to file State income tax returns through the same system described in paragraph (1).

"(3) No requirement to use system.—Nothing in this subsection shall be construed to require any taxpayer to use the free direct efile system in lieu of other lawful means of filing a return.

"(4) Rule of non-exclusivity.—The Secretary may not satisfy the requirements of this subsection solely through contracts, agreements, or partnerships with private entities; the core filing functionality shall be developed, owned, and operated by the Internal Revenue Service. Nothing in this subsection shall be construed to prohibit private persons from offering tax preparation or filing services.".

(b) Effective date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2026.

SEC. 1018. CLARIFYING THE DEFAULT STATUTE OF LIMITATIONS.

(a) Correcting Corner Post, Inc. v. Board of Governors.—Section 2401(a) of title 28, United States Code, is amended by striking "right of action first accrues" and inserting "last act or omission of the United States giving rise to the claim".

(b) Applicability.—This section and the amendment made by this section shall apply to any civil action pending on, or commenced on or after, the date of enactment of this Act, but shall not be construed to reopen any final judgment entered before the date of enactment of this Act.

Subtitle B—Reforming Government Surveillance

SEC. 1021. DEFINITIONS AND CONFORMING AMENDMENTS.

(a) Definitions relating to the Foreign Intelligence Surveillance Act of 1978.—

(1) In general.—Section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801) is amended by adding at the end the following:

"(q) The term 'Foreign Intelligence Surveillance Court' means the court established under section 103(a).

"(r) The terms 'Foreign Intelligence Surveillance Court of Review' and 'Court of Review' mean the court established under section 103(b).

"(s) The term 'appropriate committees of Congress' means—

"(1) the congressional intelligence committees (as defined in section 3 of the National Security Act of 1947 (50 U.S.C. 3003));

"(2) the Committee on the Judiciary of the Senate; and

"(3) the Committee on the Judiciary of the House of Representatives.".

(2) Title VII.—Section 701(b) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881) is amended by adding at the end the following:

"(6) Covered person.—The term 'covered person' means, with respect to a query, a communication, an acquisition, or creation of information, a person who is—

"(A) a United States person; or

"(B) a person known or believed to be located in the United States—

"(i) at the time of the applicable query; or

"(ii) at the time of the acquisition, communication, or creation of the information subject to the applicable query.".

(b) Terms used in this subtitle.—In this subtitle—

(1) the terms "appropriate committees of Congress", "Foreign Intelligence Surveillance Court", and "Foreign Intelligence Surveillance Court of Review" have the meanings given such

terms in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801), as amended by subsection (a)(1); and

(2) the term "covered person" has the meaning given such term in section 701 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881), as amended by subsection (a)(2).

(c) Conforming amendments.—The Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.) is amended—

(1) in section 102(a)(3) (50 U.S.C. 1802(a)(3)), by striking "the court established under section 103(a)" and inserting "the Foreign Intelligence Surveillance Court";

(2) in section 103 (50 U.S.C. 1803)—

(A) in subsection (a)—

(i) in paragraph (2)(A), by striking "The court established under this subsection" and inserting "The Foreign Intelligence Surveillance Court"; and

(ii) by striking "the court established under this subsection" each place it appears and inserting "the Foreign Intelligence Surveillance Court";

(B) in subsection (g)—

(i) in paragraph (2)—

(I) in subparagraph (A), by striking "the court established pursuant to subsection (a)" and inserting "the Foreign Intelligence Surveillance Court"; and

(II) in subparagraph (B), by striking "the court of review established pursuant to subsection (b)" and inserting "the Foreign Intelligence Surveillance Court of Review"; and

(ii) in paragraph (1), by striking "The courts established pursuant to subsections (a) and (b)" and inserting "The Foreign Intelligence Surveillance Court and the Foreign Intelligence Surveillance Court of Review";

(C) in subsection (h), by striking "a court established under this section" and inserting "the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review";

(D) in subsection (i)—

(i) in paragraph (1), by striking "the courts established under subsections (a) and (b)" and inserting "the Foreign Intelligence Surveillance Court and the Foreign Intelligence Surveillance Court of Review";

(ii) in paragraph (3)(B), in the 1st sentence, by striking "the courts" and inserting "the Foreign Intelligence Surveillance Court and the Foreign Intelligence Surveillance Court of Review";

(iii) in paragraph (5), by striking "the court" and inserting "the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review, as the case may be,";

(iv) in paragraph (6), by striking "the court" each place it appears and inserting "the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review";

(v) by striking "a court established under subsection (a) or (b)" each place it appears and inserting "the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review"; and

(vi) by striking "A court established under subsection (a) or (b)" each place it appears and inserting "The Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review";

(E) in subsection (j)—

(i) by striking "a court established under subsection (a)" and inserting "the Foreign Intelligence Surveillance Court"; and

(ii) by striking "the court determines" and inserting "the Foreign Intelligence Surveillance Court determines";

(F) by striking "the court established under subsection (a)" each place it appears and inserting "the Foreign Intelligence Surveillance Court"; and

(G) by striking "the court established under subsection (b)" each place it appears and inserting "the Foreign Intelligence Surveillance Court of Review";

(3) in section 105(c)(3) (50 U.S.C. 1805(c)(3)), by striking "the court" each place it appears and inserting "the Foreign Intelligence Surveillance Court";

(4) in section 401(1) (50 U.S.C. 1841(1)), by striking "and 'State'" and inserting "'State', 'Foreign Intelligence Surveillance Court', and 'Foreign Intelligence Surveillance Court of Review'";

(5) in section 402 (50 U.S.C. 1842)—

(A) in subsection (b)(1), by striking "the court established by section 103(a) of this Act" and inserting "the Foreign Intelligence Surveillance Court"; and

(B) in subsection (h)(2), by striking "the court established under section 103(a)" and inserting "the Foreign Intelligence Surveillance Court";

(6) in section 502(b)(1)(A), by striking "the court established by section 103(a) of this Act" and inserting "the Foreign Intelligence Surveillance Court (as defined by section 101)";

(7) in section 801 (50 U.S.C. 1885)—

(A) in paragraph (8)(B)(i), by striking "the court established under section 103(a)" and inserting "the Foreign Intelligence Surveillance Court"; and

(B) by adding at the end the following:

"(10) Foreign Intelligence Surveillance Court.—The term 'Foreign Intelligence Surveillance Court' means the court established under section 103(a)."; and

(8) in section 802(a)(1) (50 U.S.C. 1885a(a)(1)), by striking "the court established under section 103(a)" and inserting "the Foreign Intelligence Surveillance Court".

SEC. 1022. SECTION 702 REFORM.

(a) Protections related to warrantless queries.—Section 702(f) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(f)) is amended—

(1) in paragraph (1)(A), by inserting "and the limitations and requirements in this subsection" after "Constitution of the United States";

(2) in paragraph (5)—

(A) in subparagraph (B), by striking "means" and all that follows through the period and inserting the following: "means the use of 1 or more terms, whether conducted through manual or automated means, to retrieve any information acquired under this section, including retrieval from a subset of such information, whether that subset was created by retrieval through a query or other means.";

(B) by redesignating subparagraph (B) as subparagraph (D); and

(C) by inserting after subparagraph (A) the following:

"(B) The term 'covered information' means—

"(i) communications content; and

"(ii) information, the compelled disclosure of which would require a probable cause warrant if sought for law enforcement purposes inside the United States.

"(C) The term 'covered query' means a query that is conducted—

"(i) using a term associated with 1 or more covered persons; or

"(ii) for a significant purpose of retrieving information of or concerning 1 or more covered persons."; and

(3) by amending paragraph (6) to read as follows:

"(6) Prohibition on warrantless queries for the communications and other information of covered persons located in the United States.—

"(A) In general.—Except as provided in subparagraphs (B) and (C), no officer or employee of the Federal Government may access covered information returned in response to a covered query.

"(B) Exceptions for concurrent authorization, consent, emergency situations, and certain defensive cybersecurity queries.—Subparagraph (A) shall not apply if—

"(i) the covered person to whom the covered query relates is the subject of an order or emergency authorization authorizing electronic surveillance or physical search under section 105 or 304 of this Act, or a warrant issued pursuant to the Federal Rules of Criminal Procedure by a court of competent jurisdiction, if—

"(I) such order, authorization, or warrant covers the period of the covered query; and

"(II) the covered query is conducted and covered information is accessed in compliance with all use, dissemination, querying, retention, and other minimization limitations required by the order, authorization, or warrant;

"(ii) (I) the officer or employee accessing the covered information has a reasonable belief that—

"(aa) an emergency exists involving an imminent threat of death or serious bodily harm; and

"(bb) in order to prevent or mitigate the threat described in item (aa), the covered information must be accessed before authorization described in clause (i) can, with due diligence, be obtained; and

"(II) not later than 14 days after the covered information is accessed, a description of the circumstances justifying the accessing of the covered information is provided to the Foreign Intelligence Surveillance Court and the appropriate committees of Congress;

"(iii) the covered person to whom the covered query relates or, if such person is incapable of providing consent, a third party legally authorized to consent on behalf of such person, has provided consent for the access on a case-by-case basis; or

"(iv) (I) the covered information is accessed and used for defensive cybersecurity purposes, including the protection of a covered person from cybersecurity attack;

"(II) other than for such defensive cybersecurity purposes, no covered information is accessed or reviewed; and

"(III) not later than 14 days after the covered information is accessed, a description of the circumstances justifying the accessing of the covered information is provided to the Foreign Intelligence Surveillance Court and the appropriate committees of Congress.

"(C) Matters relating to emergency queries.—

"(i) Treatment of denials.—If covered information is accessed pursuant to an emergency authorization described in subparagraph (B)(i) and the subsequent application to authorize electronic surveillance, a physical search, or an acquisition pursuant to section 105(e) or section 304(e) of this Act is denied, or in any other case in which covered information is accessed in violation of this paragraph—

"(I) no covered information accessed, or information or evidence derived from such access may be used, received in evidence, or otherwise disseminated in any investigation, trial, hearing, or other proceeding in or before any court, grand jury, department, office, agency, regulatory body, legislative committee, or other authority of the United States, a State, or political subdivision thereof; and

"(II) no covered information accessed may subsequently be used or disclosed in any other manner without the consent of such person, except if the Attorney General personally approves the use or disclosure of such information in order to prevent the death of or serious bodily harm to any person and not later than 14 days after such approval, a description of the circumstances justifying the approval is provided to the Foreign Intelligence Surveillance Court and the appropriate committees of Congress.

"(ii) Assessment of compliance.—Not less frequently than once each year, the Attorney General shall assess compliance with the requirements under clause (i).

"(D) Foreign intelligence purpose required for queries.—

"(i) In general.—Except as provided in clause (ii), no officer or employee of the Federal Government may conduct a query unless the query is—

"(I) reasonably likely to retrieve foreign intelligence information; and

"(II) made with a significant foreign intelligence purpose.

"(ii) Exceptions.—An officer or employee of the Federal Government is permitted to conduct a query if an exception described in clauses (i) and (ii) of paragraph (2)(B) applies.

"(E) Documentation.—No officer or employee of the Federal Government may conduct a query, or access covered information returned in response to a covered query, unless an electronic record is created that includes—

"(i) for each query—

"(I) each term used for the conduct of the query;

"(II) the date of the query;

"(III) the identifier of the officer or employee who conducted the query; and

"(IV) a statement of facts justifying that the query is reasonably likely to retrieve foreign intelligence information and the significant foreign intelligence purpose for the query or, if an exception under subparagraph (D)(ii) applies, a description of the basis for such exception; and

"(ii) for each access—

"(I) the date of the access;

"(II) the identifier of the officer or employee who did the particular access; and

"(III) a statement of facts showing that an access is authorized by an exception under subparagraph (B).

"(F) Query record system.—The head of each agency authorized to conduct a covered query shall ensure that a system, mechanism, or business practice is in place to maintain the records described in subparagraph (E), including ensuring that any queries or accesses to covered information returned in response to covered queries, that are conducted by automated means are attributed to the officer or employee who was the proximate cause of such query or access.".

(b) Report on compliance with query record system requirement.—Not later than 90 days after the date of enactment of this Act, each head of a Federal agency described in section 702(f)(6)(F) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(f)(6)(F)), as added by subsection (a), shall submit to the appropriate committees of Congress a report on the compliance of the Federal agency with the requirement of such section.

(c) Conforming amendments.—Section 702(f) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(f)), as amended by subsection (a), is further amended—

(1) in the headings for subparagraph (B) of paragraph (1), subparagraph (A) of paragraph (2), and subparagraph (A) of paragraph (3), by striking "united states person" each place it appears and inserting "covered person";

(2) in paragraphs (1) through (5), by striking "United States person" each place it appears and inserting "covered person".

(d) Limitation on use of information obtained under section 702 relating to covered persons in criminal, civil, and administrative actions.—Paragraph (2) of section 706(a) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881e(a)) is amended—

(1) in the paragraph heading, by striking "United States persons" and inserting "Covered persons"; and

(2) in subparagraph (A)—

(A) by striking "United States person" both places it appears and inserting "covered person";

(B) in the matter before clause (i), by striking "in any criminal proceeding" and inserting "in any criminal, civil, or administrative proceeding"; and

(C) in clause (ii), by striking "the criminal proceeding" both places it appears and inserting "the proceeding".

(e) Prohibition on reverse targeting of covered persons located in the United States.—Section 702 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a), as amended by this section, is further amended—

(1) in subsection (b)—

(A) by redesignating paragraph (6) as paragraph (7); and

(B) by inserting after paragraph (5) the following:

"(6) may not intentionally target a person reasonably believed to be located outside the United States if a significant purpose of such acquisition is to acquire the information of 1 or more particular, known covered persons, unless—

"(A) (i) there is a reasonable belief that an emergency exists involving an imminent threat of death or serious bodily harm to such covered persons;

"(ii) the information is sought for the purpose of assisting those covered persons; and

"(iii) not later than 14 days after the targeting, a description of the targeting is provided to the Foreign Intelligence Surveillance Court and the appropriate committees of Congress; or

"(B) the covered persons have provided consent to the targeting, or if such persons are incapable of providing consent, a third party legally authorized to consent on behalf of such covered person has provided consent;";

(2) in subsection (d)(1), by amending subparagraph (A) to read as follows:

"(A) ensure that—

"(i) any acquisition authorized under subsection (a) is limited to targeting persons reasonably believed to be non-United States persons located outside the United States; and

"(ii) except as provided in subsection (b)(6), it is not a significant purpose of an acquisition to acquire the information of 1 or more particular, known covered persons; and";

(3) in subsection (h)(2)(A)(i), by amending subclause (I) to read as follows:

"(I) ensure that—

"(aa) an acquisition authorized under subsection (a) is limited to targeting persons reasonably believed to be non-United States persons located outside the United States; and

"(bb) except as provided in subsection (b)(6), it is not a significant purpose of an acquisition to acquire the information of 1 or more particular, known covered persons; and"; and

(4) in subsection (j)(2)(B), by amending clause (i) to read as follows:

"(i) ensure that—

"(I) an acquisition authorized under subsection (a) is limited to targeting persons reasonably believed to be non-United States persons located outside the United States; and

"(II) except as provided in subsection (b)(6), it is not a significant purpose of an acquisition to acquire the information of 1 or more particular, known covered persons; and".

(f) Data retention limits for information collected under section 702.—Title VII of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881 et seq.) is amended by adding at the end the following:

"Sec. 710. Data retention limits.

"(a) Policy.—The Attorney General shall develop, and the heads of the elements of the intelligence community shall implement, procedures governing the retention of information collected pursuant to section 702.

"(b) Covered information.—For purposes of this section, 'covered information' includes—

"(1) any information or communication pertaining to a covered person, including an encrypted communication to or from such person, regardless of whether such communication is encrypted; and

"(2) any communication to or from a person, regardless of whether such communication is encrypted.

"(c) Requirements.—The procedures developed and implemented pursuant to subsection (a) shall ensure, with respect to information described in such subsection, that covered information shall be destroyed within 5 years of collection unless the Attorney General determines in writing that—

"(1) the information is the subject of a preservation obligation in pending administrative, civil, or criminal litigation, in which case the information shall be segregated, retained, and used solely for that purpose and shall be destroyed as soon as it is no longer required to be preserved for such litigation; or

"(2) the information is being used in a proceeding or investigation consistent with section 706(a).".

(g) Clerical amendment relating to data retention limits.—The table of contents for the Foreign Intelligence Surveillance Act of 1978 is amended by inserting after the item relating to section 709 the following:

"710. Data retention limits.".

(h) Foreign Intelligence Surveillance Court supervision of demands for technical assistance from electronic communication service providers under section 702.—Section 702(i)(1) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(i)(1)) is amended—

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and moving such clauses 2 ems to the right;

(2) in the matter before clause (i), as redesignated by paragraph (1), by striking "With respect to" and inserting the following:

"(A) In general.—Subject to subparagraph (B), in carrying out"; and

(3) by adding at the end the following:

"(B) Limitations.—Neither the Attorney General nor the Director of National Intelligence may direct technical assistance from an electronic communication service provider under subparagraph (A) without demonstrating that the assistance sought—

"(i) is necessary;

"(ii) is narrowly tailored to the surveillance at issue; and

"(iii) would not pose an undue burden on the electronic communication service provider or its customers who are not intended targets of the surveillance.

"(C) Compliance.—An electronic communication service provider is not obligated to comply with a directive to provide technical assistance under this paragraph unless—

"(i) such assistance is a manner or method that has been explicitly approved by the Court; and

"(ii) the Court issues an order, which has been delivered to the provider, explicitly describing the assistance to be furnished by the provider that has been approved by the Court.".

(i) Prohibition on warrantless acquisition of domestic communications pursuant to section 702.—Section 702 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a) is amended—

(1) in subsection (b)(4), by striking "known at the time of the acquisition" and inserting "known or believed at the time of acquisition or communication";

(2) in subsection (d)(1)(B), by striking "known at the time of the acquisition" and inserting "known or believed at the time of acquisition or communication";

(3) in subsection (h)(2)(A)(i)(II), by striking "known at the time of the acquisition" and inserting "known or believed at the time of acquisition or communication"; and

(4) in subsection (j)(2)(B)(ii), by striking "known at the time of the acquisition" and inserting "known or believed at the time of acquisition or communication".

(j) Requirement of primary foreign intelligence purpose.—Section 702(h)(2)(A)(v) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(h)(2)(A)(v)) is amended by striking "a significant" and inserting "the primary".

(k) Reports to Congress on sensitive queries.—Section 702(f)(3)(D) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(f)(3)(D)) is amended by adding at the end the following:

"(vii) Reports to Congress.—Not less frequently than once each year, the Attorney General shall submit to the appropriate committees of Congress an annual report on the number of sensitive queries made in the year covered by the report, disaggregated by the subclause of clause (ii) under which the queries were approved.".

(l) Repeal of expanded definition of electronic communication service provider.—

(1) Definition with respect to additional procedures regarding certain persons outside the United States.—Section 701(b)(4) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881(b)(4)) is amended—

(A) in subparagraph (F)—

(i) by striking "custodian,"; and

(ii) by striking "(D), or (E)" and inserting "or (D)";

(B) by striking subparagraph (E);

(C) in subparagraph (D), by striking the semicolon and inserting "; or"; and

(D) by redesignating subparagraph (F) as subparagraph (E).

(2) Definition with respect to protection of persons assisting the Government.—Section 801(6) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1885(6)) is amended—

(A) in subparagraph (G)—

(i) by striking "custodian,"; and

(ii) by striking "(E), or (F)" and inserting "or (E)";

(B) by striking subparagraph (E);

(C) in subparagraph (F), by striking the semicolon and inserting "; or"; and

(D) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

(3) Treatment of certain section 702 directives.—Any directive issued pursuant to section 702(i) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(j)) to a person who was considered an electronic communication service provider pursuant to section 701(b)(4) of such Act (50 U.S.C. 1881(b)(4)) as such section was in effect during the period beginning on April 20, 2024, and ending on the date of enactment of this Act, but is not an electronic communication service provider pursuant to such section as in effect after the date of enactment of this Act, shall be considered null and void.

(m) Two-year extension of section 702 of the Foreign Intelligence Surveillance Act of 1978.—

(1) Extension.—Section 403(b) of the FISA Amendments Act of 2008 (Public Law 110-261) is amended—

(A) in paragraph (1) (50 U.S.C. 1881-1881g note)—

(i) by striking "effective 2 years after the date of enactment of the Reforming Intelligence and Securing America Act" and inserting "effective October 30, 2028"; and

(ii) by striking "and the Reforming Intelligence and Securing America Act" and inserting ", the Reforming Intelligence and Securing America Act, and the POPULIST Act"; and

(B) in paragraph (2) (18 U.S.C. 2511 note), in the matter preceding subparagraph (A), by striking "2 years after the date of enactment of the Reforming Intelligence and Securing America Act" and inserting "October 30, 2028".

(2) Conforming amendments.—Section 404(b) of the FISA Amendments Act of 2008 (Public Law 110-261; 50 U.S.C. 1801 note) is amended—

(A) in paragraph (1)—

(i) in the paragraph heading, by striking "2 years after the date of enactment of the Reforming Intelligence and Securing America Act" and inserting "October 30, 2028"; and

(ii) by striking "and the Reforming Intelligence and Securing America Act" and inserting ", the Reforming Intelligence and Securing America Act, and the POPULIST Act"; and

(B) in paragraph (2), in the matter before subparagraph (A), by striking "and the Reforming Intelligence and Securing America Act" and inserting ", the Reforming Intelligence and Securing America Act, and the POPULIST Act".

SEC. 1023. FISA COURT REFORM, REMEDIES, AND EXCLUSIVE MEANS.

(a) Court supervision of collection targeting covered persons and persons located inside the United States.—

(1) In general.—Title VII of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881 et seq.) is amended—

(A) by striking sections 703, 704, and 705 (50 U.S.C. 1881b, 1881c, and 1881d); and

(B) by inserting after section 702 (50 U.S.C. 1881a) the following:

"Sec. 703. Acquisitions targeting covered persons and persons located inside the United States.

"(a) Warrant requirement.—No officer or employee of the Federal Government may intentionally target a covered person for the purpose of acquiring foreign intelligence information, where such acquisition would be of communications content, location information, web browsing history, or internet search history of the covered person, or the acquisition would occur under circumstances in which the person has a reasonable expectation of privacy, or a warrant would be required for the acquisition of such information if the officer or employee sought to compel production of the information inside the United States for law enforcement purposes, unless such person is the subject of—

"(1) an order or emergency authorization under section 105 or 304 of this Act covering the period of the acquisition and the acquisition is subject to the use, dissemination, querying, retention, and other minimization limitations required by such order or authorization; or

"(2) a warrant issued pursuant to the Federal Rules of Criminal Procedure by a court of competent jurisdiction covering the period of the acquisition and the acquisition is subject to the use, dissemination, querying, retention, and other minimization limitations required by such warrant.

"(b) Use of a pen register or trap and trace device.—No officer or employee of the Federal Government may use a pen register or trap and trace device for the purpose of obtaining foreign intelligence information concerning a covered person unless—

"(1) an order or emergency authorization under section 402, 403, 105, or 304 of this Act covers the period of the acquisition and the acquisition is subject to the use, dissemination, querying, retention, and other minimization limitations required by such order or authorization; or

"(2) an order has been issued pursuant to section 3123 of title 18, United States Code, by a court of competent jurisdiction covering the period of the acquisition.

"(c) Matters relating to emergency acquisition.—If an acquisition is conducted pursuant to an emergency authorization described in subsection (a)(1) or (b)(1) and the subsequent application to authorize electronic surveillance, a physical search, an acquisition, or the use of a pen register or trap and trace device is denied, or in any other case in which information is acquired in violation of subsection (a) or (b)—

"(1) no information acquired, and no evidence derived therefrom, may be used, received in evidence, or otherwise disseminated in any investigation, trial, hearing, or other proceeding in or before any court, grand jury, department, office, agency, regulatory body, legislative committee, or other authority of the United States, a State, or political subdivision thereof; and

"(2) no information acquired may subsequently be used or disclosed in any other manner without the consent of such person, except with the approval of the Attorney General, if the information indicates a threat of death or serious bodily harm to any person.

"(d) Rule of construction.—Subsections (a), (b), and (c) shall apply regardless of the location of the acquisition.".

(2) Conforming amendments.—The Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.) is further amended—

(A) in section 601(a)(1) (50 U.S.C. 1871(a)(1))—

(i) by striking subparagraphs (D) through (F); and

(ii) in subparagraph (B), by striking the semicolon and inserting "; and";

(B) in section 603(b)(1) (50 U.S.C. 1873(b)(1)), in the matter before subparagraph (A), by striking "and sections 703 and 704"; and

(C) in section 706 (50 U.S.C. 1881e), by striking subsection (b).

(3) Clerical amendment.—The table of contents for the Foreign Intelligence Surveillance Act of 1978 is amended—

(A) by striking the items relating to sections 703, 704, and 705; and

(B) by inserting after the item relating to section 702 the following:

"703. Acquisitions targeting covered persons and persons located inside the United States.".

(b) Consistent disclosures of relevant information in title V and other FISA applications.—

(1) Consistent procedures for title V and other FISA applications.—The Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.) is amended in section 104(a)(12), in the matter before subparagraph (A), section 303(a)(10), in the matter before subparagraph (A), and section 402(c)(4), in the matter before subparagraph (A), by inserting ", and that the application fairly reflects all information," after "apprised of all information" each place it appears.

(2) Technical corrections.—The Foreign Intelligence Surveillance Act of 1978 is further amended—

(A) in section 104(a)—

(i) in paragraph (9), by striking "; and" and inserting a semicolon;

(ii) in paragraph (11), by striking "; and" and inserting a semicolon; and

(iii) in paragraph (12)(B), by striking the period at the end and inserting "; and";

(B) in section 303(a)—

(i) in paragraph (9), by striking "; and" and inserting a semicolon; and

(ii) in paragraph (10)(B), by striking the period at the end and inserting "; and"; and

(C) in section 502(b)(2), by redesignating subparagraphs (E) and (F) as subparagraphs (C) and (D), respectively.

(c) Strengthening accuracy procedures.—

(1) In general.—The Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.) is amended by adding at the end the following:

"TITLE IX—REQUIRED DISCLOSURE OF RELEVANT INFORMATION

"Sec. 901. Certification regarding accuracy procedures.

"(a) Definition of accuracy procedures.—In this section, the term 'accuracy procedures' means specific procedures, adopted by the Attorney General, to ensure that an application for a court order under this Act, including any application for renewal of an existing order, is accurate and complete, including procedures that ensure, at a minimum, that—

"(1) the application reflects all information that might reasonably call into question the accuracy of the information or the reasonableness of any assessment in the application, or otherwise raises doubts about the requested findings;

"(2) the application reflects all material information that might reasonably call into question the reliability and reporting of any information from a confidential human source that is used in the application;

"(3) a complete file documenting each factual assertion in an application is maintained;

"(4) the applicant coordinates with the appropriate elements of the intelligence community (as defined in section 3 of the National Security Act of 1947 (50 U.S.C. 3003)), concerning any prior or existing relationship with the target of any surveillance, search, or other means of investigation, and discloses any such relationship in the application;

"(5) before any application targeting a United States person is made, the applicant Federal officer or employee documents that the officer or employee has collected and reviewed for accuracy and completeness supporting documentation for each factual assertion in the application; and

"(6) the applicant Federal agency establishes compliance procedures for ensuring that applications are accurate and complete.

"(b) Certification.—Each application for a court order under this Act shall include a certification by the applicant that the application complies with the accuracy procedures under subsection (a).

"(c) Notice of material omission or misstatement.—If the Government learns that an application previously submitted under this Act included a material omission or misstatement, the Government shall promptly notify the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review, as applicable, and provide any correction.".

(2) Clerical amendment.—The table of contents of the Foreign Intelligence Surveillance Act of 1978 is amended by adding at the end the following:

"TITLE IX—Required disclosure of relevant information

"901. Certification regarding accuracy procedures.".

(3) Timeline to adopt new accuracy procedures.—

(A) In general.—Not later than 180 days after the date of enactment of this Act, the Attorney General shall issue accuracy procedures, as defined in section 901(a) of the Foreign Intelligence Surveillance Act of 1978, as added by paragraph (1).

(B) Repeal of accuracy procedures requirement from RISAA.—On the date that is 180 days after the date of enactment of this Act, paragraph (7) of section 10(a) of the Reforming Intelligence and Securing America Act (Public Law 118–49; 50 U.S.C. 1804 note) is repealed.

(d) Clarification regarding treatment of information and evidence acquired under the Foreign Intelligence Surveillance Act of 1978.—

(1) In general.—Section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801), as amended by this Act, is further amended by adding at the end the following:

"(t) For the purposes of notification provisions of this Act, information or evidence is 'derived' from an electronic surveillance, physical search, use of a pen register or trap and trace device, production of tangible things, or acquisition under this Act when the Government would not have originally possessed the information or evidence but for that electronic surveillance, physical search, use of a pen register or trap and trace device, production of tangible things, or acquisition, and regardless of any claim that the information or evidence is attenuated from the surveillance or search, would inevitably have been discovered, or was subsequently reobtained through other means.".

(2) Policies and guidance.—

(A) In general.—Not later than 90 days after the date of enactment of this Act, the Attorney General and the Director of National Intelligence shall publish the following:

(i) Policies concerning the application of subsection (t) of section 101 of the Foreign Intelligence Surveillance Act of 1978, as added by paragraph (1).

(ii) Guidance for all members of the intelligence community, as defined in section 3 of the National Security Act of 1947 (50 U.S.C. 3003), and all Federal agencies with law enforcement responsibilities concerning the application of such subsection (t).

(B) Modifications.—Whenever the Attorney General and the Director of National Intelligence modify a policy or guidance published under subparagraph (A), the Attorney General and the Director shall publish such modifications.

(e) Sunset on grandfather clause of section 215 of the USA PATRIOT Act.—Section 102(b)(2) of the USA PATRIOT Improvement and Reauthorization Act of 2005 (Public Law 109–177; 50 U.S.C. 1805 note) is amended by inserting ", except that title V of the Foreign Intelligence Surveillance Act of 1978, as in effect on March 14, 2020, shall cease to have effect on the date that is 180 days after the date of enactment of this Act" after "continue in effect".

(f) Written record of Department of Justice interactions with Foreign Intelligence Surveillance Court.—Section 103 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803) is amended by adding at the end the following:

"(n) Written record of interactions.—

"(1) Written communications.—The Attorney General shall maintain all written communications with the Foreign Intelligence Surveillance Court, including the identity of the employees of the court to or from whom the communications were made, regarding an application or order made under this title in a file associated with the application or order.

"(2) Oral communications.—The Attorney General shall—

"(A) document a summary of any oral communications with the Foreign Intelligence Surveillance Court, including the identity of the employees of the court to or from whom the communications were made, relating to an application or order described in paragraph (1); and

"(B) keep such documentation in a file associated with the application or order.".

(g) Appointment of amici curiae and access to information.—

(1) Expansion of appointment authority.—Section 103(i) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803(i)) is amended—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) by striking clause (i) and inserting the following:

"(i) shall appoint 1 or more individuals who have been designated under paragraph (1) and who possess expertise in privacy and civil liberties to serve as amicus curiae to assist such court in the consideration of any application or motion for an order or review, unless the court issues a written finding that such application neither presents nor involves—

"(I) a novel or significant interpretation of the law;

"(II) a significant concern related to constitutional rights;

"(III) a sensitive investigative matter;

"(IV) a request for approval of a new program, a new technology, or a new use of existing technology;

"(V) a request for reauthorization of programmatic surveillance; or

"(VI) any other privacy or civil liberties issue for which an appointment of an amicus curiae to assist the court in the consideration of the application would be appropriate;";

(II) in clause (ii), by striking "; and" and inserting a period;

(III) by redesignating clause (ii) as clause (iv) and moving such clause so as to appear after clause (iii); and

(IV) by inserting after clause (i) the following:

"(ii) shall appoint 1 or more individuals who have been designated under paragraph (1) and who possess technical expertise to serve as amicus curiae to assist such court in the consideration of any application for an order or review, unless the court issues a written finding that such application neither presents nor involves—

"(I) a request for approval of a new program, a new technology, or a new use of existing technology;

"(II) a request for approval of a previously authorized program, technology, or use of existing technology for which no prior application for approval of such program, technology, or use was considered by the court with the assistance of an amicus curiae who possesses technical expertise; or

"(III) a technical issue material to any legal determination for which an appointment of an amicus curiae who possesses technical expertise to assist the court in the consideration of the application would be appropriate;"; and

(V) in clause (iii), by striking ", unless the court issues a finding that such appointment is not appropriate or is likely to result in undue delay." and inserting "; and"; and

(ii) by striking subparagraph (B);

(B) by adding at the end the following:

"(12) Definition of sensitive investigative matter.—In this subsection, the term 'sensitive investigative matter' means—

"(A) an investigative matter involving the activities of—

"(i) a domestic public official or political candidate, or an individual serving on the staff of such an official or candidate;

"(ii) a domestic religious or political organization, or a known or suspected United States person prominent in such an organization; or

"(iii) the domestic news media; or

"(B) any other investigative matter involving a domestic entity or a known or suspected United States person that, in the judgment of the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review, is similarly as sensitive as an investigative matter described in subparagraph (A).".; and

(C) in paragraph (3)(A)—

(i) by inserting "cybersecurity, cryptography," after "communications technology,"; and

(ii) by adding at the end the following: "Of such individuals, at least 1 shall possess legal expertise and at least 1 shall possess technical expertise.".

(2) Authority to seek review.—Section 103(i) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803(i)), as amended by paragraph (1), is further amended—

(A) in paragraph (4)—

(i) in the paragraph heading, by inserting "; authority" after "Duties";

(ii) in the matter preceding subparagraph (A), by striking "shall";

(iii) in subparagraph (B)—

(I) in the matter preceding clause (i), by inserting "shall" before "provide";

(II) in clause (i), by striking "of United States persons" and inserting ", including legal arguments regarding any privacy or civil liberties interest of any United States person that would be significantly affected by the application or motion"; and

(III) in clause (iii), by striking the period at the end and inserting "; and";

(iv) by striking subparagraph (A);

(v) by redesignating subparagraph (B) as subparagraph (A); and

(vi) by adding at the end the following:

"(B) may seek leave to raise any novel or significant privacy or civil liberties issue relevant to the application or motion or other issue directly affecting the legality of the proposed electronic surveillance with the court, regardless of whether the court has requested assistance on that issue.";

(B) by redesignating paragraphs (7) through (12) as paragraphs (8) through (13), respectively; and

(C) by inserting after paragraph (6) the following:

"(7) Authority to seek review of decisions.—

"(A) Foreign Intelligence Surveillance Court decisions.—

"(i) Petition.—Following issuance of an order under this Act by the Foreign Intelligence Surveillance Court, an amicus curiae appointed under paragraph (2) may petition the Foreign Intelligence Surveillance Court to certify for review to the Foreign Intelligence Surveillance Court of Review a question of law pursuant to subsection (j).

"(ii) Denials.—If the Foreign Intelligence Surveillance Court denies a petition described in clause (i), the court shall provide for the record a written statement of the reasons for such denial.

"(iii) Certification.—Upon certification of any question of law pursuant to this subparagraph, the Foreign Intelligence Surveillance Court of Review shall appoint the amicus curiae to assist the Court of Review in its consideration of the certified question, unless the Court of Review issues a finding that such appointment is not appropriate.

"(B) Foreign Intelligence Surveillance Court of Review decisions.—An amicus curiae appointed under paragraph (2) may petition the Foreign Intelligence Surveillance Court of Review to certify for review to the Supreme Court of the United States any question of law pursuant to section 1254(2) of title 28, United States Code.

"(C) Declassification of referrals.—For purposes of section 602, a petition filed under subparagraph (A) or (B) of this paragraph and all of its content shall be considered a decision, order, or opinion issued by the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review described in paragraph (2) of section 602(a).".

(3) Access to information.—Section 103(i)(6) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803(i)(6)) is amended—

(A) in subparagraph (A), by striking clauses (i) and (ii) and inserting the following:

"(i) shall have access to, to the extent such information is available to the Government—

"(I) the application, certification, petition, motion, and other information and supporting materials, including any information described in section 901, submitted to the Foreign Intelligence Surveillance Court in connection with the matter in which the amicus curiae has been appointed, including access to any relevant legal precedent, including any such precedent that is cited by the Government, including in such an application;

"(II) any other information or materials that the court determines is relevant to the duties of the amicus curiae; and

"(III) an unredacted copy of each relevant decision made by the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review in which the court decides a question of law, without regard to whether the decision is classified; and

"(ii) may make a submission to the court requesting access to any other particular materials or information, or category of materials or information, that the amicus curiae believes to be relevant to the duties of the amicus curiae.";

(B) by redesignating subparagraph (D) as subparagraph (F); and

(C) by inserting after subparagraph (C) the following:

"(D) Supporting documentation regarding accuracy.—The Foreign Intelligence Surveillance Court, upon the motion of an amicus curiae appointed under paragraph (2) or upon its own motion, may require the Government to make available the supporting documentation described in section 901.".

(4) Clarification of access to certain information.—Section 103(i)(6) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803(i)(6)) is amended—

(A) in subparagraph (B), by striking "The Attorney General may periodically" and inserting "Not less frequently than annually, the Attorney General shall"; and

(B) by striking subparagraph (C) and inserting the following:

"(C) Classified information.—An amicus curiae appointed by the court shall have access to, to the extent such information is available to the Government, unredacted copies of each opinion, order, transcript, pleading, or other document of the Foreign Intelligence Surveillance Court and the Foreign Intelligence Surveillance Court of Review, including, if the individual is eligible for access to classified information, any classified documents, information, and other materials or proceedings.".

(5) Consultation among amici curiae.—Section 103(i)(6) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803(i)(6)), as amended by paragraphs (3) and (4), is further amended—

(A) by redesignating subparagraphs (B), (C), and (D) as subparagraphs (C), (D), and (E), respectively; and

(B) by inserting after subparagraph (A) the following:

"(B) Consultation.—If the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review determines that it is relevant to the duties of an amicus curiae appointed under paragraph (2), the amicus curiae may consult with 1 or more of the other individuals designated to serve as amicus curiae under paragraph (1) regarding any of the information relevant to any assigned proceeding.".

(6) Notification.—Section 103(i), as amended by paragraphs (1) and (2), is further amended by striking paragraph (8), as redesignated by paragraph (2)(B), and inserting the following:

"(8) Notification.—A presiding judge of the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review shall, not less frequently than quarterly, provide to the Attorney General and the appropriate committees of Congress—

"(A) a notification of each appointment of an individual to serve as amicus curiae under paragraph (2); and

"(B) a copy of each written finding issued under paragraph (2).".

(7) Section 702 recertification schedule.—Section 702(j)(5)(A) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(j)(5)(A)) is amended by striking "at least 30 days prior to the expiration of such authorization" and inserting "such number of days, not less than 30 days, before the expiration of such authorization as the Court considers necessary to permit review by amici curiae appointed under section 103(i)(2)(A)(iii).".

(h) Declassification of significant decisions, orders, and opinions.—Section 602(a) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1872(a)) is amended to read as follows:

"(a) Declassification required.—

"(1) In general.—Subject to subsection (b), the Director of National Intelligence, in consultation with the Attorney General, shall—

"(A) conduct a declassification review of each decision, order, or opinion issued by the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review, as defined in section 601(e), that is described in paragraph (2);

"(B) consistent with that review, make publicly available to the greatest extent practicable each such decision, order, or opinion; and

"(C) for any such decision, order, or opinion issued after the date of enactment of this section, complete the declassification review and public release by not later than 180 days

after the date on which the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review issues such decision, order, or opinion.

"(2) Decision, order, or opinion described.—A decision, order, or opinion issued by the Foreign Intelligence Surveillance Court or the Foreign Intelligence Surveillance Court of Review that is described in this paragraph is any such decision, order, or opinion issued before, on, or after the date of enactment of this Act, that—

"(A) includes a significant construction or interpretation of any provision of law, including any novel or significant construction or interpretation of any term;

"(B) involves a sensitive investigative matter, as defined in section 103(i)(13); or

"(C) has been nominated for a declassification review by an amicus curiae appointed by the court.".

(i) Clarification of Foreign Intelligence Surveillance Court jurisdiction over records of the court and other ancillary matters.—

(1) In general.—Section 103 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803) is amended—

(A) by adding at the end the following:

"(o) Ancillary claims.—

"(1) Foreign Intelligence Surveillance Court.—The Foreign Intelligence Surveillance Court shall have jurisdiction to hear claims ancillary to any of its own proceedings, including jurisdiction to hear any claim for access to the court's records, files, and proceedings under the Constitution of the United States, statute, common law, or any other authority. Upon deciding such a claim, the Court shall provide immediately for the record a written statement of the reasons for such decision. A party may file a petition for review of such decision with the Foreign Intelligence Surveillance Court of Review, which shall have jurisdiction to consider such petition and, upon deciding such petition, shall provide for the record a written statement of the reasons for its decision.

"(2) Foreign Intelligence Surveillance Court of Review.—The Foreign Intelligence Surveillance Court of Review shall have jurisdiction to hear claims ancillary to any of its own proceedings, including jurisdiction to hear any claim for access to the court's records, files, and proceedings under the Constitution of the United States, statute, common law, or any other authority. Upon deciding such a claim, the Court of Review shall provide immediately for the record a written statement of the reasons for such decision.

"(3) Supreme Court review.—A party may file a petition for a writ of certiorari for review of a decision of the Foreign Intelligence Surveillance Court of Review under paragraphs (1) or (2), and the Supreme Court shall have jurisdiction to review such decision.";

(B) in subsection (a)(2)(A), in the matter preceding clause (i), by inserting "paragraph (1) of subsection (o) of this section or" before "paragraph (4) or (5) of section 702(i)"; and

(C) in subsection (k)(1), by striking "section 1254(2) of title 28" and inserting "section 1254 of title 28".

(2) Technical corrections.—Section 103 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803), as amended by paragraph (1), is further amended—

(A) in subsection (a)(2)(A), in the matter preceding clause (i), by striking "section 501(f) or"; and

(B) in subsection (e), by striking "section 501(f)(1) or" each place it appears.

(j) Grounds for determining injury in fact in civil actions relating to surveillance under the Foreign Intelligence Surveillance Act of 1978 or pursuant to executive authority.—

(1) In general.—The Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.), as amended by this section, is further amended by adding at the end the following new title:

"TITLE X—ADDITIONAL MATTERS

"SEC. 1001. Challenges to Government surveillance.

"SEC. 1002. Accountability procedures for violations by Federal employees.

"Sec. 1001. Challenges to Government surveillance.

"(a) Definitions.—In this section, the terms 'foreign intelligence information', 'person', 'United States', and 'United States person' have the meanings given such terms in section 101.

"(b) Injury in fact.—In any claim in a civil action brought in a court of the United States relating to the acquisition, copying, querying, retention, access, or use of information acquired under this Act or pursuant to any other authority of the executive branch of the Federal Government, by a United States person or person located inside the United States, the person asserting the claim has suffered an injury in fact traceable to that conduct if the person—

"(1) (A) regularly communicates foreign intelligence information with persons who are not United States persons and who are located outside the United States; and

"(B) has taken or is taking objectively reasonable measures to avoid the acquisition, copying, querying, retention, access, or use of the person's information under this Act or pursuant to another authority of the executive branch of the Federal Government; or

"(2) has a reasonable basis to believe that the person's rights have been, are being, or imminently will be violated by an individual acting under color of Federal law.

"(c) Reasonable basis.—For the purposes of this section, a reasonable basis exists when the person demonstrates a concrete injury arising from a good-faith belief that the person's rights have been, are being, or imminently will be violated through the acquisition, copying, querying, retention, access, or use of the person's information under this Act or pursuant to any other authority of the executive branch of the Federal Government.

"(d) State secrets privilege.—The procedures set forth in section 106(f) shall apply when the state secrets privilege is asserted, with respect to any claim where the plaintiff, who is a United States person or person located in the United States, plausibly alleges an injury in fact relating to the acquisition, copying, querying, retention, access, or use of information acquired under this Act or pursuant to another authority of the executive branch of the Federal Government and plausibly alleges that the acquisition, copying, querying, retention, access, or use of information violates the Constitution or laws of the United States.

"Sec. 1002. Accountability procedures for violations by Federal employees.

"(a) Definitions.—In this section:

"(1) Appropriate committees of Congress.—The term 'appropriate committees of Congress' has the meaning given such term in section 101.

"(2) Covered agency.—The term 'covered agency' means the Federal Bureau of Investigation, the Central Intelligence Agency, the National Security Agency, and the National Counterterrorism Center.

"(3) Covered person.—The term 'covered person' has the meaning given such term in section 701(b).

"(4) Covered violation.—The term 'covered violation' means a violation of this Act, the POPULIST Act, or Executive Order 12333 (50 U.S.C. 3001 note; relating to United States intelligence activities), or successor order, by an employee of a covered agency that results in the inappropriate collection, use, querying, or dissemination of any communication, record, or information of a covered person.

"(5) Person, United States, and United States person.—The terms 'person', 'United States', and 'United States person' have the meanings given such terms in section 101.

"(b) Accountability procedures; designated investigative entity.—The head of each covered agency shall—

"(1) establish procedures to hold employees of the covered agency accountable for willful, knowing, reckless, and negligent covered violations; and

"(2) (A) designate an entity within the agency to investigate possible willful, knowing, reckless, and negligent covered violations; and

"(B) establish an internal process for the designated entity to determine culpability for willful, knowing, reckless, and negligent covered violations.

"(c) Elements.—The procedures established under subsection (b)(1) shall include the following:

"(1) Centralized tracking of individual employee performance incidents involving willful, knowing, reckless, and negligent covered violations, over time.

"(2) Escalating consequences for willful, knowing, reckless, and negligent covered violations, including—

"(A) consequences for an initial reckless or negligent covered violation, including, at a minimum—

"(i) suspension of access to information acquired under this Act or to the dataset that gave rise to the violation for not less than 90 days; and

"(ii) documentation of the incident in the personnel file of each employee responsible for the violation;

"(B) consequences for a 2nd reckless or negligent covered violation, including, at a minimum—

"(i) suspension of access to information acquired under this Act or to the dataset that gave rise to the violation for not less than 180 days; and

"(ii) reassignment of each employee responsible for the violation;

"(C) consequences for a 3rd reckless or negligent covered violation, including, at a minimum—

"(i) termination of security clearance; and

"(ii) reassignment or termination of each employee responsible for the violation;

"(D) consequences for an initial willful or knowing covered violation, including, at a minimum—

"(i) suspension of access to information acquired under this Act or to the dataset that gave rise to the violation for not less than 180 days; and

"(ii) reassignment of each employee responsible for the violation; and

"(E) consequences for a 2nd willful or knowing covered violation, including, at a minimum—

"(i) termination of security clearance; and

"(ii) reassignment or termination of each employee responsible for the violation.

"(d) Presumption of termination.—

"(1) In general.—For purposes of subparagraphs (C)(ii) and (E)(ii) of subsection (c)(2), there shall be a presumption in favor of termination of an employee.

"(2) Justification.—If the head of a covered agency determines not to terminate an employee for a 3rd reckless or negligent violation under subparagraph (C)(ii) of subsection (c)(2) or a 2nd willful or knowing violation under subparagraph (E)(ii) of that subsection, the agency head shall submit to the appropriate committees of Congress a written justification for the determination.

"(e) Timing.—If a covered agency determines, through an investigation, that an employee committed a willful, knowing, reckless, or negligent covered violation, the agency head shall

determine what consequences to impose on the employee under subsection (c)(2) not later than 60 days after the conclusion of the investigation.".

(2) Report required.—

(A) In general.—Not later than 180 days after the date of enactment of this Act, the head of each covered agency, as defined in section 1002 of the Foreign Intelligence Surveillance Act of 1978, as added by paragraph (1), shall submit to the appropriate committees of Congress a report detailing—

(i) the procedures established under section 1002 of the Foreign Intelligence Surveillance Act of 1978, as added by paragraph (1); and

(ii) a description of any actions taken pursuant to such procedures.

(B) Form.—The report required by subparagraph (A) shall be submitted in unclassified form, but may include a classified annex to the extent necessary to protect sources and methods.

(3) Deconfliction with RISAA accountability procedures.—

(A) In general.—Paragraph (4) of section 702(f) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(f)) is repealed.

(B) Conforming amendment.—Paragraph (6) of such section 702(f), as added by section 1022(a) of this Act, is redesignated as paragraph (4) and moved before paragraph (5) of such section 702(f).

(C) Effective date.—The amendments made by subparagraphs (A) and (B) shall take effect on the date that is 180 days after the date of enactment of this Act.

(k) Reforms to the exclusive means limitations under the Foreign Intelligence Surveillance Act of 1978.—

(1) Chapter 119 of title 18.—Section 2511(2)(f) of title 18, United States Code, as amended by this Act, is further amended to read as follows:

"(f) (i) Other than as provided in subparagraph (ii), nothing contained in this chapter or chapter 121 or 206 of this title, or section 705 of the Communications Act of 1934 (47 U.S.C. 605), shall be deemed to affect the acquisition by the United States Government of foreign intelligence information from international or foreign communications, or foreign intelligence activities conducted in accordance with otherwise applicable Federal law involving a foreign electronic communications system, utilizing a means other than electronic surveillance as defined in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801).

"(ii) The procedures in this chapter, chapter 121, and the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.) shall be the exclusive means by which the United States Government may conduct—

"(A) electronic surveillance, as defined in section 101 of that Act;

"(B) the interception of wire, oral, and electronic communications within the United States or from a domestic electronic communications system; or

"(C) the interception of wire, oral, and electronic communications for which the sender and all intended recipients are located within the United States.".

(2) Foreign Intelligence Surveillance Act.—Section 112 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1812) is amended to read as follows:

"(a) Except as provided in subsection (b), the procedures of chapters 119, 121, and 206 of title 18 and this Act shall be the exclusive means by which the United States Government may conduct—

"(1) electronic surveillance, as defined in section 101;

"(2) the interception of wire, oral, and electronic communications within the United States or from a domestic electronic communications system; or

"(3) the interception of wire, oral, and electronic communications for which the sender and all intended recipients are located within the United States.

"(b) Only an express statutory authorization for electronic surveillance or the interception of wire, oral, or electronic communications described in subsection (a), other than as an amendment to this chapter or chapters 119, 121, or 206 of title 18, shall constitute an additional exclusive means for the purpose of subsection (a).

"(c) The procedures in this Act and section 1024 of the POPULIST Act shall be the exclusive means by which the location information of 1 or more persons located in the United States may be acquired for foreign intelligence purposes by the United States Government.".

SEC. 1024. NON-FISA FOREIGN INTELLIGENCE SURVEILLANCE REFORM.

(a) Definitions.—In this section:

(1) Congressional intelligence committees, foreign intelligence, intelligence, and intelligence community.—The terms "congressional intelligence committees", "foreign intelligence", "intelligence", and "intelligence community" have the meanings given such terms in section 3 of the National Security Act of 1947 (50 U.S.C. 3003).

(2) Covered person.—The term "covered person" has the meaning given such term in section 701(b) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881(b)), as amended by this Act.

(3) Electronic surveillance, person, State, United States, and United States person.—The terms "electronic surveillance", "person", "State", "United States", and "United States person" have the meanings given such terms in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801).

(b) Protections related to warrantless queries.—

(1) Definitions.—In this subsection:

(A) Covered information.—The term "covered information" includes—

(i) communications content; and

(ii) information, the compelled disclosure of which would require a probable cause warrant if sought for law enforcement purposes inside the United States.

(B) Covered query.—The term "covered query" means a query—

(i) using a term associated with 1 or more covered persons; or

(ii) for a significant purpose of retrieving information of, or concerning, 1 or more covered persons.

(C) Query.—The term "query" means the use of 1 or more terms, whether conducted through manual or automated means, to retrieve information acquired for foreign intelligence purposes, other than acquisitions authorized by the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.), including retrieval from a subset of such information, whether that subset was created by retrieval through a query or other means, regardless of whether such acquisition occurred inside or outside the United States.

(2) In general.—Except as provided in paragraphs (3) and (4), no officer or employee of the Federal Government may access covered information returned in response to a covered query.

(3) Exceptions for concurrent authorization, consent, emergency situations, and certain defensive cybersecurity queries.—Paragraph (2) shall not apply if—

(A) the covered person to whom the covered query relates is the subject of an order or emergency authorization authorizing electronic surveillance or physical search under section 105 or 304 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1805, 1824), or a warrant issued pursuant to the Federal Rules of Criminal Procedure by a court of competent jurisdiction, if—

(i) such order, authorization, or warrant covers the period of the covered query; and

(ii) the covered query is conducted and covered information is accessed in compliance with all use, dissemination, querying, retention, and other minimization limitations required by the order, authorization, or warrant;

(B) (i) the officer or employee accessing the covered information has a reasonable belief that—

(I) an emergency exists involving an imminent threat of death or serious bodily harm; and

(II) in order to prevent or mitigate the threat described in subclause (I), the query must be conducted before authorization described in subparagraph (A) can, with due diligence, be obtained; and

(ii) not later than 14 days after the covered information is accessed, a description of the circumstances justifying the accessing of the covered information is provided to the congressional intelligence committees in a timely manner;

(C) the covered person to whom the covered query relates or, if such person is incapable of providing consent, a third party legally authorized to consent on behalf of the person, has provided consent for such access on a case-by-case basis; or

(D) (i) the covered information is used for defensive cybersecurity purposes, including the protection of a covered person from cybersecurity attack;

(ii) other than for such defensive cybersecurity purposes, no covered information is accessed or reviewed; and

(iii) not later than 14 days after the covered information is accessed, a description of the circumstances justifying the accessing of the covered information is provided to the congressional intelligence committees.

(4) Matters relating to emergency queries.—

(A) Treatment of denials.—If covered information is accessed pursuant to an emergency authorization described in paragraph (3)(A) and the subsequent application to authorize electronic surveillance, a physical search, or an acquisition pursuant to section 105(e) or 304(e) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1805(e), 1824(e)) is denied, or in any other case in which covered information is accessed in violation of this subsection—

(i) no covered information accessed, or evidence derived from such access, may be used, received in evidence, or otherwise disseminated in any investigation, trial, hearing, or other proceeding in or before any court, grand jury, department, office, agency, regulatory body, legislative committee, or other authority of the United States, a State, or political subdivision thereof; and

(ii) no covered information accessed, or evidence derived from such access, concerning a covered person may subsequently be used or disclosed in any other manner without the consent of such covered person, except if the Attorney General approves the use or disclosure of such covered information in order to prevent the death of or serious bodily harm to any person.

(B) Assessment of compliance.—Not less frequently than annually, the Attorney General shall assess compliance with the requirements under subparagraph (A).

(5) Foreign Intelligence Surveillance Act of 1978.—This subsection shall not apply to the access of covered information collected pursuant to the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.).

(6) Foreign intelligence purpose required for queries.—

(A) In general.—Except as provided in subparagraph (B), no officer or employee of the Federal Government may conduct a query unless the query is—

(i) reasonably likely to retrieve foreign intelligence information; and

(ii) made with a significant foreign intelligence purpose.

(B) Exceptions.—An officer or employee of the Federal Government is permitted to conduct a query if an exception described in clauses (i) and (ii) of section 702(f)(2)(B) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a(f)(2)(B)), as amended by section 1022 of this Act, applies.

(7) Documentation.—No officer or employee of the Federal Government may conduct a covered query, or access covered information returned in response to a covered query, unless an electronic record is created that includes—

(A) for each query—

(i) each term used for the conduct of the query;

(ii) the date of the covered query;

(iii) the identifier of the officer or employee who conducted the covered query; and

(iv) (I) a statement of facts justifying that the query is reasonably likely to retrieve foreign intelligence information and the significant foreign intelligence purpose for the query; or

(II) an exception under paragraph (6)(B) applies and a description of the basis for the exception; and

(B) for each access—

(i) the date of the access;

(ii) the identifier of the officer or employee who did the particular access; and

(iii) a statement of facts showing that an access is authorized by an exception under paragraph (3).

(8) Query record system.—

(A) In general.—The head of each agency that may conduct a covered query shall ensure that a system, mechanism, or business practice is in place to maintain the records described in paragraph (7), including ensuring that any covered queries, or accesses to covered information returned in response to covered queries, that are conducted by automated means are attributed to the officer or employee who was the proximate cause of such covered query or access.

(B) Compliance report.—Not later than 90 days after the date of enactment of this Act, the head of each agency that may conduct a covered query shall report to the congressional intelligence committees on its compliance with subparagraph (A).

(c) Prohibition on reverse targeting of covered persons.—

(1) Prohibition on acquisition.—No officer or employee of the Federal Government may intentionally target, for the purpose of acquiring foreign intelligence information, any person to acquire information, regardless of whether such targeting or acquisition occurs inside or outside

the United States, if a significant purpose of the acquisition is to acquire the information of a particular, known covered person, unless—

(A) (i) the officer or employee has a reasonable belief that an emergency exists involving a threat of imminent death or serious bodily harm to such covered person;

(ii) the information is sought for the purpose of assisting that person; and

(iii) not later than 14 days after the targeting, a description of the targeting is provided to the congressional intelligence committees in a timely manner; or

(B) the covered person has provided consent to the targeting, or if such covered person is incapable of providing consent, a third party legally authorized to consent on behalf of such covered person has provided consent.

(2) Foreign Intelligence Surveillance Act of 1978 and criminal warrants.—This subsection shall not apply to—

(A) an acquisition carried out pursuant to the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.); or

(B) an acquisition carried out pursuant to a warrant issued pursuant to the Federal Rules of Criminal Procedure by a court of competent jurisdiction covering the period of the acquisition and the acquisition is subject to the use, dissemination, querying, retention, and other minimization limitations required by such warrant.

(d) Prohibition on intelligence acquisition of covered person data.—

(1) Covered data defined.—In this subsection, the term "covered data"—

(A) means data, derived data, or any unique identifier that is linked to or is reasonably linkable to a covered person or to an electronic device that is linked to, or is reasonably linkable to, 1 or more covered persons in a household;

(B) includes anonymized data that, if combined with other data, can be linked to, or is reasonably linkable to, a covered person or to an electronic device that is linked to, or is reasonably linkable to, 1 or more covered persons in a household; and

(C) does not include data that—

(i) is lawfully available to the public through Federal, State, or local government records or through widely distributed media;

(ii) is reasonably believed to have been voluntarily made available to the general public by the covered person; or

(iii) is a specific communication or transaction with a targeted individual who is not a covered person.

(2) Limitation.—

(A) In general.—Subject to subparagraphs (B) through (H), an element of the intelligence community may not acquire a dataset that includes covered data.

(B) Authorization pursuant to the Foreign Intelligence Surveillance Act of 1978.—An element of the intelligence community may acquire covered data if the data has been authorized for collection pursuant to an order or emergency authorization pursuant to the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.) or the Federal Rules of Criminal Procedure by a court of competent jurisdiction covering the period of the acquisition, subject to the use, dissemination, querying, retention, and other minimization limitations required by such authorization.

(C) Authorization for employment-related use.—An element of the intelligence community may acquire covered data about an employee of, or applicant for employment by, an element of the intelligence community for employment-related purposes, provided that—

(i) access to and use of the covered data is limited to such purposes; and

(ii) the covered data is destroyed at such time as it is no longer necessary for such purposes.

(D) Exception for compliance purposes.—An element of the intelligence community may acquire covered data for the purpose of supporting compliance with collection limitations and minimization requirements imposed by statute, guidelines, procedures, or the United States Constitution, provided that—

(i) access to and use of the covered data is limited to such purpose; and

(ii) the covered data is destroyed at such time as it is no longer necessary for such purpose.

(E) Exception for life or safety.—An element of the intelligence community may acquire covered data if—

(i) (I) there is a reasonable belief that an emergency exists involving an imminent threat of death or serious bodily harm; and

(II) in order to prevent or mitigate this threat, the acquisition must be conducted before authorization pursuant to subparagraph (B) can, with due diligence, be obtained;

(ii) access to and use of the covered data is limited to addressing the threat;

(iii) the covered data is destroyed at such time as it is no longer necessary for such purpose; and

(iv) not later than 14 days after the acquisition, a description of the acquisition is provided to the congressional intelligence committees.

(F) Exception for consent.—An element of the intelligence community may acquire covered data if—

(i) each covered person linked or reasonably linked to the covered data, or, if such person is incapable of providing consent, a third party legally authorized to consent on behalf of the person, has provided consent to the acquisition and use of the data on a case-by-case basis;

(ii) access to and use of the covered data is limited to the purposes for which the consent was provided; and

(iii) the covered data is destroyed at such time as it is no longer necessary for such purposes.

(G) Exception for nonsegregable data.—An element of the intelligence community may acquire a dataset that includes covered data if the covered data is not reasonably segregable prior to acquisition, provided that the element of the intelligence community complies with the minimization procedures in paragraph (3).

(H) Exception for national security letter data.—An element of the intelligence community may acquire, through noncompulsory means that are otherwise not contrary to a provision of Federal law, data that, in the United States, the Federal Government has the authority to compel production through a national security letter pursuant to section 2709 of title 18, United States Code, section 626 or 627 of the Consumer Credit Protection Act (15 U.S.C. 1681u, 1681v), or section 1114 of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3414), provided—

(i) the person or entity in possession of the data is outside the United States and compelled production is not feasible;

(ii) the acquisition is conducted consistent with the limitations that would apply if, in the United States, the Federal Government compelled production of such data with a national security letter pursuant to such provisions of law; and

(iii) the element of the intelligence community maintains all records required by such provisions of law, including the content of relevant certifications, for each covered person or each instance of data, derived data, or unique identifier linked to or reasonably linkable to a covered person.

(3) Minimization procedures.—

(A) In general.—The Attorney General shall adopt specific procedures that are reasonably designed to minimize the acquisition and retention of covered data that is not subject to 1 or more of the exceptions set forth in paragraph (2).

(B) Acquisition and retention.—The procedures adopted under subparagraph (A) shall require elements of the intelligence community to exhaust all reasonable means—

(i) to exclude covered data not subject to 1 or more exceptions set forth in paragraph (2) from datasets prior to acquisition; and

(ii) to remove and delete covered data not subject to 1 or more exceptions set forth in paragraph (2) prior to the operational use of the acquired dataset or the inclusion of the dataset in a database intended for operational use.

(C) Destruction.—The procedures adopted under subparagraph (A) shall require that if an element of the intelligence community identifies covered data acquired in violation of paragraph (2), such covered data shall be promptly destroyed.

(4) Prohibition on use of data obtained in violation of this subsection.—Covered data acquired by an element of the intelligence community in violation of paragraph (2), and any evidence derived therefrom, may not be used, received in evidence, or otherwise disseminated in any investigation, trial, hearing, or other proceeding in or before any court, grand jury, department, office, agency, regulatory body, legislative committee, or other authority of the United States, a State, or political subdivision thereof.

(5) Reporting requirement.—

(A) In general.—Not later than 180 days after the date of enactment of this Act, and not less frequently than once each year thereafter, the Director of National Intelligence shall submit to the appropriate committees of Congress and the Privacy and Civil Liberties Oversight Board a report on acquisitions pursuant to this subsection.

(B) Contents.—The report submitted pursuant to subparagraph (A) shall include the following:

(i) Datasets.—A description of datasets that the Director determines contain information of covered persons that is significant in volume proportion, or sensitivity, including—

(I) the covered person information in each dataset; and

(II) an estimate of the amount of covered person information in each dataset.

(ii) Data collection.—A description of data collected pursuant to paragraph (2)(H), including—

(I) a description of the covered person information for each acquisition; and

(II) the number of covered persons or instances of data, derived data, or unique identifiers linked to or reasonably linkable to a covered person, disaggregated by the national security letter authority for which compelled production would be required.

(iii) Detected violations.—A description of covered data identified as having been acquired in violation of paragraph (2) in the preceding year, including—

(I) an estimate of the number of covered persons whose information was acquired in violation of paragraph (2); and

(II) any changes made to the procedures in paragraph (3) to address compliance issues.

(C) Notifications.—After submitting the report required by subparagraph (A), the Director shall, in coordination with the Under Secretary of Defense for Intelligence and Security, notify the appropriate committees of Congress of any changes to the information contained in such report.

(D) Availability to the public.—The Director shall make available to the public on the website of the Director—

(i) the unclassified portion of the report submitted pursuant to subparagraph (A); and

(ii) any notifications submitted pursuant to subparagraph (C).

(6) Rule of construction.—Nothing in this subsection shall authorize an acquisition otherwise prohibited by this Act, the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.), or title 18, United States Code.

(e) Prohibition on the warrantless acquisition of domestic communications.—No officer or employee of the Federal Government may intentionally acquire, for the purpose of acquiring foreign intelligence information, any communication as to which the sender and all intended recipients are known to be located in the United States at the time of acquisition or the time of communication, regardless of whether such acquisition occurs inside or outside the United States, except—

(1) as authorized under section 105 or 304 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1805, 1824); or

(2) if—

(A) the officer or employee has a reasonable belief that—

(i) an emergency exists involving the imminent threat of death or serious bodily harm; and

(ii) in order to prevent or mitigate this threat, the acquisition must be conducted before an authorization pursuant to the provisions of law cited in paragraph (1) can, with due diligence, be obtained; and

(B) not later than 14 days after the acquisition, a description of the acquisition is provided to the congressional intelligence committees.

(f) Data retention limits.—

(1) Procedures.—

(A) In general.—Each head of an element of the intelligence community shall develop and implement procedures governing the retention of information described in subparagraph (B).

(B) Information described.—The information described in this subparagraph is information that was acquired for foreign intelligence purposes, other than acquisitions authorized by the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.), regardless of whether such acquisition occurred inside or outside the United States.

(2) Requirements.—

(A) Covered information defined.—In this paragraph, the term "covered information" includes—

(i) any information or communication pertaining to a covered person, including an encrypted communication to or from a covered person, that has been evaluated and is not specifically known to contain foreign intelligence information; and

(ii) any unevaluated information, unless it can reasonably be determined that the unevaluated information does not contain any information or communications pertaining to a covered person, including any encrypted communication to or from a covered person.

(B) In general.—The procedures developed and implemented pursuant to paragraph (1) shall ensure, with respect to information described in such paragraph, that covered information shall be destroyed within 5 years of collection unless the Attorney General determines in writing that—

(i) the information is the subject of a preservation obligation in pending administrative, civil, or criminal litigation, in which case the covered information shall be segregated, retained, and used solely for that purpose and shall be destroyed as soon as it is no longer required to be preserved for such litigation; or

(ii) the information is being used in a proceeding or investigation consistent with section 706(a) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881e(a)).

(g) Reports on violations of law or Executive order.—Section 511 of the National Security Act of 1947 (50 U.S.C. 3110) is amended by adding at the end the following:

"(c) Public availability.—

"(1) In general.—The Director of National Intelligence shall make each report submitted under subsection (a) publicly available on an internet website, with such redactions as may be necessary to protect sources and methods.

"(2) Retroactive report publication.—With respect to a report submitted under subsection (a) prior to the date of enactment of this Act, such report shall be made publicly available pursuant to paragraph (1) by not later than 180 days after the date of enactment of this Act.

"(d) Department of Justice report.—The Attorney General, in consultation with the Director of National Intelligence, shall submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a version of the report described in subsection (a) that only addresses violations of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.).".

SEC. 1025. SURVEILLANCE OVERSIGHT AND INTELLIGENCE TRANSPARENCY.

(a) Inspector General oversight of orders under the Foreign Intelligence Surveillance Act of 1978.—

(1) Audit.—Not later than July 1, 2027, the Inspector General of the Department of Justice and the Inspector General of each element of the intelligence community shall each initiate an audit of the applications for court orders made under the Foreign Intelligence Surveillance Act

of 1978 (50 U.S.C. 1801 et seq.) and directives issued under section 702(i) of such Act by the Department or the element, respectively.

(2) Scope and contents.—In conducting an audit under paragraph (1)—

(A) an Inspector General shall—

(i) review such sample of applications and directives described in paragraph (1) as the Inspector General determines appropriate in order to carry out the objectives of this subsection;

(ii) assess whether—

(I) adequate safeguards are in place to ensure that the assertions made in applications are scrupulously accurate;

(II) adequate safeguards are in place to ensure that each application includes all information required by the amendments made by section 10 of the Reforming Intelligence and Securing America Act (Public Law 118–49) and by sections 1023(b) and 1023(c) of the POPULIST Act; and

(III) in the determination of the Inspector General, there are any other areas of potential risk or violation; and

(iii) make recommendations to address any deficiencies identified by the Inspector General; and

(B) the Inspector General of the Department of Justice shall assess the information provided by the Department of Justice under subsection (f) of section 603 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1873), as added by subsection (g) of this section, and include a determination on the accuracy and completeness of the information provided under that section.

(3) Report.—

(A) In general.—For each audit conducted by an Inspector General under paragraph (1), the Inspector General shall submit to the persons specified in subparagraph (B) a report of the audit, including findings and recommendations of the Inspector General and any remediations taken by the Department or element, respectively.

(B) Persons specified.—The persons specified in this subparagraph are the following:

(i) The Attorney General.

(ii) The Director of National Intelligence.

(iii) The Privacy and Civil Liberties Oversight Board.

(iv) The appropriate committees of Congress.

(v) The Foreign Intelligence Surveillance Court (as defined in section 601(e) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1871(e))).

(vi) Any amicus curiae appointed under section 103(i)(2) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1803(i)(2)).

(4) Cooperation.—The Attorney General and head of each element of the intelligence community shall ensure full and complete cooperation with the respective Inspector General conducting an audit under paragraph (1), including by providing access to all evidence and information relevant to the assessments required under paragraph (2)(B), subject to such procedures as are necessary to protect the national security of the United States.

(5) Availability to the public.—The Inspector General of each element of the intelligence community shall each make publicly available on a website of the relevant element an unclassified version of any report submitted under paragraph (3) by the respective Inspector General.

(b) Intelligence community parity and communications with Privacy and Civil Liberties Oversight Board.—

(1) Whistleblower protections for members of intelligence community for communications with Privacy and Civil Liberties Oversight Board.—Section 1104 of the National Security Act of 1947 (50 U.S.C. 3234) is amended—

(A) in subsection (b)(1), in the matter before subparagraph (A), by inserting "the Privacy and Civil Liberties Oversight Board," after "Inspector General of the Intelligence Community,"; and

(B) in subsection (c)(1)(A), in the matter before clause (i), by inserting "the Privacy and Civil Liberties Oversight Board," after "Inspector General of the Intelligence Community,".

(2) Parity in pay for Privacy and Civil Liberties Oversight Board staff and the intelligence community.—Section 1061(j)(1) of the Intelligence Reform and Terrorism Prevention Act of 2004 (42 U.S.C. 2000ee(j)(1)) is amended by striking "except that" and all that follows through the period at the end and inserting "except that no rate of pay fixed under this subsection may exceed the highest amount paid by any element of the intelligence community for a comparable position, based on salary information provided to the chairman of the Board by the Director of National Intelligence.".

(c) Congressional oversight of grants of immunity by the Attorney General for warrantless surveillance assistance.—

(1) In general.—Section 2511(2)(a) of title 18, United States Code, as amended by section 105(d) of this Act, is further amended by adding at the end the following:

"(iv) Not later than 30 days after providing a certification described in clause (B) of the 1st sentence of subparagraph (ii) to a provider of wire or electronic communication service, an officer, employee, or agent thereof, a landlord, a custodian, or another person, the person providing the certification shall submit the certification to the appropriate committees of Congress, as defined in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801).".

(2) Ongoing programs.—

(A) Definitions.—In this paragraph—

(i) the term "appropriate committees of Congress" has the meaning given that term in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801), as amended by this Act;

(ii) the terms "electronic communication", "electronic communication service", and "wire communication" have the meanings given such terms in section 2510 of title 18, United States Code; and

(iii) the term "ongoing certification" means a certification described in clause (B) of the 1st sentence of section 2511(2)(a)(ii) of title 18, United States Code, pursuant to which a provider of wire or electronic communication service, an officer, employee, or agent thereof, a landlord, a custodian, or another person is providing information, facilities, or technical assistance on the date of enactment of this Act.

(B) Submission.—Not later than 90 days after the date of enactment of this Act, the person that provided an ongoing certification to a provider of wire or electronic communication service, an officer, employee, or agent thereof, a landlord, a custodian, or another person shall submit the ongoing certification to the appropriate committees of Congress.

(d) State and local transparency regarding purchased covered personal data.—Section 2702 of title 18, United States Code, as amended by section 105(a) of this Act, is further amended by adding at the end the following:

"(f) Transparency requirements.—

"(1) Definition of covered Federal funds.—In this subsection, the term 'covered Federal funds' means—

"(A) funds provided under the Edward Byrne Memorial Justice Assistance Grant Program under subpart 1 of part E of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (34 U.S.C. 10151 et seq.);

"(B) funds provided through the Office of Community Oriented Policing Services;

"(C) funds received under an in-kind grant made under section 2576 of title 10, United States Code;

"(D) funds received under an in-kind grant made via a transfer made under section 981 of title 18, United States Code; or

"(E) funds received under any other Federal program that offers assistance to a law enforcement agency similar to the assistance under the programs described in subparagraphs (A) through (D).

"(2) Reporting.—If a State or local law enforcement agency, using any means or facility of interstate or foreign commerce, through activities in or affecting interstate or foreign commerce, or by using covered Federal funds, obtains covered personal data in a manner that would violate subsection (e)(2) if obtained by a Federal law enforcement agency in a like manner, the

State or local law enforcement agency shall publicly report, not less frequently than once each year—

"(A) the total amount in dollars of anything of value exchanged for such covered personal data during the preceding year, which shall be disaggregated into money directly exchanged and the estimated value of the other things of value that were exchanged;

"(B) the categories of covered personal data obtained in such a manner in the preceding year, including whether the agency obtained location information, biometric information, web browsing data, or metadata of communications; and

"(C) an estimate of the total number of covered persons whose covered data was obtained in such a manner in the preceding year.".

(e) Enhanced annual reports by Director of the Administrative Office of the United States Courts.—Section 603(a)(1) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1873(a)(1)) is amended—

(1) in subparagraph (F), by striking "; and" and inserting a semicolon;

(2) in subparagraph (G), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

"(H) the number of certifications by the Foreign Intelligence Surveillance Court pursuant to section 103(j);

"(I) the number of petitions to certify a question made by an amicus curiae pursuant to section 103(i)(7)(A);

"(J) the number of hearings or rehearings by the Foreign Intelligence Surveillance Court en banc pursuant to section 103(a)(2), disaggregated by hearings or rehearings by such court en banc pursuant to clause (i) or (ii) of such section; and

"(K) the number of times amici curiae have been appointed pursuant to section 103(i)(2).".

(f) Enhanced annual reports by Director of National Intelligence.—

(1) In general.—Subsection (b) of section 603 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1873(b)) is amended—

(A) in paragraph (2)(C), by striking the semicolon and inserting "; and";

(B) by redesignating paragraphs (3) through (7) as paragraphs (6) through (10), respectively;

(C) by inserting after paragraph (2) the following:

"(3) a description of the subject matter of each of the certifications provided under section 702(h);

"(4) statistics revealing the number of persons and identifiers targeted under section 702(a), disaggregated by certification under which the person or identifier was targeted;

"(5) the total number of directives issued pursuant to section 702(i)(1), disaggregated by each type of electronic communication service provider described in each of the subparagraphs of section 701(b)(4);"; and

(D) by adding at the end the following:

"(11) (A) the total number of disseminated intelligence reports derived from collection pursuant to section 702 containing the identities of United States persons regardless of whether the identities of the United States persons were openly included or masked;

"(B) the total number of disseminated intelligence reports derived from collection pursuant to section 702 containing the identities of United States persons in which the identities of the United States persons were masked;

"(C) the total number of disseminated intelligence reports derived from collection outside the authorities provided by this Act containing the identities of United States persons in which the identities of the United States persons were masked;

"(D) the total number of disseminated intelligence reports derived from collection pursuant to section 702 containing the identities of United States persons in which the identities of the United States persons were openly included; and

"(E) the total number of disseminated intelligence reports derived from collection outside the authorities provided by this Act containing the identities of United States persons in which the identities of the United States persons were openly included;

"(12) (A) the number of queries conducted in an effort to find communications or information of or about a covered person that required a warrant pursuant to section 1022(a) of the POPULIST Act; and

"(B) the number of queries conducted in an effort to find communications or information of or about a covered person that did not require a warrant pursuant to section 1022(a) of the POPULIST Act; and

"(13) the number of criminal proceedings in which the Federal Government or a government of a State or political subdivision thereof entered into evidence or otherwise used or disclosed in a criminal proceeding any information obtained or derived from an acquisition conducted for foreign intelligence purposes outside the authorities provided by this Act, regardless of whether such acquisition occurred inside or outside the United States.".

(2) Repeal of nonapplicability to Federal Bureau of Investigation of certain requirements.—Subsection (d) of section 603 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1873(d)) is amended—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2).

(3) Conforming amendment.—Subsection (d)(1) of section 603 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1873(d)(1)) is amended by striking "paragraphs (3), (5), or (6)" and inserting "paragraphs (6), (8), or (9)".

(g) Annual reporting on accuracy and completeness of applications.—Section 603 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1873) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following:

"(f) Annual report by Attorney General on accuracy and completeness of applications.—

"(1) Report required.—In April of each year, the Attorney General shall submit to the appropriate committees of Congress and publish on the website of the Department of Justice, subject to a declassification review, a report setting forth, with respect to the preceding calendar year, the following:

"(A) A summary of all accuracy or completeness reviews of applications for court orders submitted to the Foreign Intelligence Surveillance Court by the Federal Bureau of Investigation under this Act.

"(B) The total number of such applications reviewed for accuracy or completeness.

"(C) The total number of material errors or omissions identified during such reviews.

"(D) The total number of nonmaterial errors or omissions identified during such reviews.

"(E) The total number of instances in which facts contained in an application were not supported by documentation that existed in the applicable file being reviewed at the time of the review.

"(F) An explanation for any increase or decrease in the number of errors identified under subparagraphs (C) and (D), and in the event of an increase in the number of errors, a description of any action taken by the Department of Justice to improve compliance and accuracy.

"(2) Inspector General risk assessment.—In addition to conducting audits under subsection (a) of section 1025 of the POPULIST Act, the Inspector General of the Department of Justice shall—

"(A) periodically assess the reports required by paragraph (1); and

"(B) as determined by the Inspector General, report any risks identified through such assessments to the appropriate committees of Congress.

"(3) Definition of appropriate committees of Congress.—In this subsection, the term 'appropriate committees of Congress' has the meaning given that term in section 101 of this Act.".

(h) Allowing more granular aggregate reporting by recipients of foreign intelligence surveillance orders.—Section 604 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1874) is amended—

(1) in subsection (a)—

(A) by striking paragraphs (1) through (3) and inserting the following:

"(1) A semiannual report that aggregates the number of orders, directives, or national security letters with which the person was required to comply into separate categories of—

"(A) the number of national security letters received, reported—

"(i) for the 1st 1,000 national security letters received, in bands of 200 starting with 1–200; and

"(ii) for more than 1,000 national security letters received, the precise number of national security letters received;

"(B) the number of customer selectors targeted by national security letters, reported—

"(i) for the 1st 1,000 customer selectors targeted, in bands of 200 starting with 1–200; and

"(ii) for more than 1,000 customer selectors targeted, the precise number of customer selectors targeted;

"(C) the number of orders or directives received, combined, under this Act for contents—

"(i) reported—

"(I) for the 1st 1,000 orders and directives received, in bands of 200 starting with 1–200; and

"(II) for more than 1,000 orders and directives received, the precise number of orders and directives received; and

"(ii) disaggregated by whether the order or directive was issued under section 105, 402, or 702;

"(D) the number of customer selectors targeted under orders or directives received, combined, under this Act for contents—

"(i) reported—

"(I) for the 1st 1,000 customer selectors targeted, in bands of 200 starting with 1–200; and

"(II) for more than 1,000 customer selectors targeted, the precise number of customer selectors targeted; and

"(ii) disaggregated by whether the order or directive was issued under section 105, 402, or 702;

"(E) the number of orders or directives received under this Act for noncontents—

"(i) reported—

"(I) for the 1st 1,000 orders or directives received, in bands of 200 starting with 1–200; and

"(II) for more than 1,000 orders or directives received, the precise number of orders and directives received; and

"(ii) disaggregated by whether the order or directive was issued under section 105, 402, or 702; and

"(F) the number of customer selectors targeted under orders or directives under this Act for noncontents—

"(i) reported—

"(I) for the 1st 1,000 customer selectors targeted, in bands of 200 starting with 1–200; and

"(II) for more than 1,000 customer selectors targeted, the precise number of customer selectors targeted; and

"(ii) disaggregated by whether the order or directive was issued under section 105, 402, or 702."; and

(B) by redesignating paragraph (4) as paragraph (2);

(2) by redesignating subsections (b) through (d) as subsections (c) through (e), respectively; and

(3) by inserting after subsection (a) the following:

"(b) Additional disclosures.—A person who publicly reports information under subsection (a) may also publicly report, using a semiannual report, information relating to the previous 180 days that indicates whether the person was or was not required to comply with an order, directive, or national security letter issued under each of sections 105, 402, and 702 and the provisions listed in section 603(g)(3).";

(4) in subsection (c), as redesignated by paragraph (2)—

(A) in paragraph (1), by striking "or (2)";

(B) by striking paragraph (2);

(C) by redesignating paragraph (3) as paragraph (2); and

(D) in paragraph (2), as redesignated by subparagraph (C), by striking "(4)" and inserting "(2)".

(i) Report on use of foreign intelligence surveillance authorities regarding protected activities and protected classes.—

(1) Report.—Not later than July 1, 2027, the Privacy and Civil Liberties Oversight Board shall make publicly available and submit to the appropriate committees of Congress a report on the use of the activities and protected classes described in paragraph (2) in—

(A) applications for orders made by the United States Government under the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.); and

(B) investigations for which such orders are sought.

(2) Activities and protected classes described.—The activities and protected classes described in this paragraph are the following:

(A) Activities and expression protected by the 1st Amendment to the Constitution of the United States.

(B) Race, ethnicity, national origin, and religious affiliation.

(3) Form.—In addition to the report made publicly available and submitted under paragraph (1), the Board may submit to the appropriate committees of Congress a classified annex.

(j) Publication of estimates regarding communications collected under certain provisions of Foreign Intelligence Surveillance Act of 1978.—Not later than 90 days after the date of enactment of this Act, the Director of National Intelligence shall publish a good-faith estimate of—

(1) the number of United States persons whose communications are collected under section 702 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1881a); or

(2) the number of communications collected under such section to which a party is a person located in the United States at the time of communication.

(k) Enhanced reporting of assessments of compliance with emergency order requirements under certain provisions of the Foreign Intelligence Surveillance Act of 1978.—

(1) Electronic surveillance.—

(A) Annual assessment.—Section 105(e)(6) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1805(e)(6)) is amended by striking "shall assess compliance" and inserting "shall not less frequently than annually assess compliance".

(B) Reporting.—Section 108(a)(2) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1808(a)(2)) is amended—

(i) in subparagraph (C), by striking "; and" and inserting a semicolon;

(ii) in subparagraph (D), by striking "section 301(e)." and inserting "section 304(e); and"; and

(iii) by adding at the end the following:

"(E) the annual assessment conducted pursuant to section 105(e)(6).".

(2) Physical searches.—

(A) Annual assessment.—Section 304(e)(6) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1824(e)(6)) is amended by striking "shall assess compliance" and inserting "shall not less frequently than annually assess compliance".

(B) Reporting.—Section 306 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1826) is amended—

(i) in paragraph (3), by striking "; and" and inserting a semicolon;

(ii) in paragraph (4), by striking the period and inserting "; and"; and

(iii) by adding at the end the following:

"(5) the annual assessment conducted pursuant to section 304(e)(6).".

SEC. 1026. PROTECTING REPORTERS FROM EXPLOITATIVE STATE SPYING.

(a) Definitions.—In this section:

(1) Covered journalist.—The term "covered journalist" means a person who regularly gathers, prepares, collects, photographs, records, writes, edits, reports, investigates, or publishes news or information that concerns local, national, or international events or other matters of public interest for dissemination to the public.

(2) Covered service provider.—

(A) In general.—The term "covered service provider" means any person that, by an electronic means, stores, processes, or transmits information in order to provide a service to customers of the person.

(B) Inclusions.—The term "covered service provider" includes—

(i) a telecommunications carrier and a provider of an information service (as such terms are defined in section 3 of the Communications Act of 1934 (47 U.S.C. 153));

(ii) a provider of an interactive computer service and an information content provider (as such terms are defined in section 230 of the Communications Act of 1934 (47 U.S.C. 230));

(iii) a provider of remote computing service (as defined in section 2711 of title 18, United States Code); and

(iv) a provider of electronic communication service (as defined in section 2510 of title 18, United States Code) to the public.

(3) Document.—The term "document" means writings, recordings, and photographs, as those terms are defined by Federal Rule of Evidence 1001 (28 U.S.C. App.).

(4) Federal entity.—The term "Federal entity" means an entity or employee of the judicial or executive branch or an administrative agency of the Federal Government with the power to issue a subpoena or issue other compulsory process.

(5) Journalism.—The term "journalism" means gathering, preparing, collecting, photographing, recording, writing, editing, reporting, investigating, or publishing news or information that concerns local, national, or international events or other matters of public interest for dissemination to the public.

(6) Personal account of a covered journalist.—The term "personal account of a covered journalist" means an account with a covered service provider used by a covered journalist that is not provided, administered, or operated by the employer of the covered journalist.

(7) Personal technology device of a covered journalist.—The term "personal technology device of a covered journalist" means a handheld communications device, laptop computer, desktop computer, or other internet-connected device used by a covered journalist that is not provided or administered by the employer of the covered journalist.

(8) Protected information.—The term "protected information" means any information identifying a source who provided information as part of engaging in journalism, and any records, contents of a communication, documents, or information that a covered journalist obtained or created as part of engaging in journalism.

(9) Specified offense against a minor.—The term "specified offense against a minor" has the meaning given that term in section 111(7) of the Adam Walsh Child Protection and Safety Act of 2006 (34 U.S.C. 20911(7)).

(b) Limits on compelled disclosure from covered journalists.—In any matter arising under Federal law, a Federal entity may not compel a covered journalist to disclose protected information, unless a court in the judicial district in which the subpoena or other compulsory process is, or will be, issued determines by a preponderance of the evidence, after providing notice and an opportunity to be heard to the covered journalist, that—

(1) disclosure of the protected information is necessary to prevent, or to identify any perpetrator of, an act of terrorism against the United States; or

(2) disclosure of the protected information is necessary to prevent a threat of imminent violence, significant bodily harm, or death, including specified offenses against a minor.

(c) Limits on compelled disclosure from covered service providers.—

(1) Conditions for compelled disclosure.—In any matter arising under Federal law, a Federal entity may not compel a covered service provider to provide testimony or any document consisting of any record, information, or other communications stored by a covered service provider on behalf of a covered journalist, including testimony or any document relating to a personal account of a covered journalist or a personal technology device of a covered journalist, unless a court in the judicial district in which the subpoena or other compulsory process is, or will be, issued determines by a preponderance of the evidence that there is a reasonable threat of imminent violence unless the testimony or document is provided, and

issues an order authorizing the Federal entity to compel the disclosure of the testimony or document.

(2) Notice to court.—A Federal entity seeking to compel the provision of testimony or any document described in paragraph (1) shall inform the court that the testimony or document relates to a covered journalist.

(3) Notice to covered journalist and opportunity to be heard.—

(A) In general.—A court may authorize a Federal entity to compel the provision of testimony or a document under this subsection only after the Federal entity seeking the testimony or document provides the covered journalist on behalf of whom the testimony or document is stored pursuant to paragraph (1)—

(i) notice of the subpoena or other compulsory request for such testimony or document from the covered service provider not later than the time at which such subpoena or request is issued to the covered service provider; and

(ii) an opportunity to be heard before the court before the time at which the provision of the testimony or document is compelled.

(B) Exception to notice requirement.—

(i) In general.—Notice and an opportunity to be heard under subparagraph (A) may be delayed for not more than 45 days if the court involved determines there is clear and convincing evidence that such notice would pose a clear and substantial threat to the integrity of a criminal investigation, or would present an imminent risk of death or serious bodily harm, including specified offenses against a minor.

(ii) Extensions.—The 45-day period described in clause (i) may be extended by the court for additional periods of not more than 45 days if the court involved makes a new and independent determination that there is clear and convincing evidence that providing notice to the covered journalist would pose a clear and substantial threat to the integrity of a criminal investigation, or would present an imminent risk of death or serious bodily harm, including specified offenses against a minor, under current circumstances.

(d) Limitation on content of information.—The content of any testimony, document, or protected information that is compelled under subsection (b) or (c) shall—

(1) not be overbroad, unreasonable, or oppressive, and, as appropriate, be limited to the purpose of verifying published information or describing any surrounding circumstances relevant to the accuracy of such published information; and

(2) be narrowly tailored in subject matter and period of time covered so as to avoid compelling the production of peripheral, nonessential, or speculative information.

(e) Rule of construction.—Nothing in this section shall be construed to—

(1) apply to civil defamation, slander, or libel claims or defenses under State law, regardless of whether or not such claims or defenses, respectively, are raised in a State or Federal court; or

(2) prevent the Federal Government from pursuing an investigation of a covered journalist or organization that is—

(A) suspected of committing a crime;

(B) a witness to a crime unrelated to engaging in journalism;

(C) suspected of being an agent of a foreign power, as defined in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801);

(D) an individual or organization designated under Executive Order 13224 (50 U.S.C. 1701 note; relating to blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism);

(E) a specially designated terrorist, as that term is defined in section 595.311 of title 31, Code of Federal Regulations (or any successor thereto); or

(F) a terrorist organization, as that term is defined in section 212(a)(3)(B)(vi)(II) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)(vi)(II)).

Subtitle C—Government and Artificial Intelligence

SEC. 1031. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Artificial intelligence presents a significant opportunity to improve public administration, expand access to services, strengthen security, support scientific and technical progress, and promote the general welfare of the people of the United States.

(2) Because artificial intelligence can influence decisions affecting rights, liberties, safety, privacy, property, the use of force, and access to essential opportunities and services, the Government bears a special responsibility to ensure that its use of artificial intelligence remains lawful, intelligible, accountable, and subject to meaningful human judgment.

(3) The Federal Government can minimize public dependence on a small number of dominant tech companies and promote competition policy by setting procurement standards that promote interoperability, portability, auditability, and technical independence over opaque and locked systems.

(b) Purpose.—The purpose of this subtitle is to establish public policy for the United States governing artificial intelligence that reflects the highest ideals of the United States, including—

(1) enabling the beneficial use of artificial intelligence to improve public administration, reduce administrative burden, strengthen security, expand access to services, support scientific and technical progress, and help public servants serve the people of the United States more effectively; and

(2) establishing safeguards against uses of artificial intelligence that are inconsistent with constitutional government, including mass surveillance, social scoring, unlawful delegation of lethal force, covert manipulation of the public, and other uses that threaten rights, liberties, privacy, safety, or democratic self-government.

SEC. 1032. FEDERAL ARTIFICIAL INTELLIGENCE AND TECHNOLOGY TALENT TEAMS.

(a) Definitions.—In this section:

(1) Agency.—The term "agency" means an agency described in section 901(b) of title 31, United States Code.

(2) Examination.—The term "examination"—

(A) means an opportunity to directly demonstrate knowledge, skills, abilities, and competencies for a position through an assessment;

(B) includes a resume review that is—

(i) conducted or informed by a subject matter expert; and

(ii) based upon indicators that—

(I) are derived from a job analysis; and

(II) bear a rational relationship to performance in the position for which the examining agency is making an appointment; and

(C) on and after July 1, 2031, does not solely include or principally rely upon a self-assessment from an automated examination, except as provided in subsection (e).

(3) Examining agency.—The term "examining agency" means—

(A) the Office of Personnel Management; or

(B) an agency to which the Director of the Office of Personnel Management has delegated examining authority under section 1104(a)(2) of title 5, United States Code.

(4) Subject matter expert.—The term "subject matter expert" means an employee or selecting official—

(A) who possesses understanding of the duties of, and knowledge, skills, and abilities required for, the position for which the employee or selecting official is developing or administering an assessment; and

(B) whom the agency that employs the employee or selecting official designates to assist in the development and administration of technical assessments under subsection (d).

(5) Technical assessment.—The term "technical assessment" means an assessment developed under subsection (d) that—

(A) allows for the demonstration of job-related technical skills, abilities, and knowledge;

(B) is based upon a job analysis and is relevant to the position for which the assessment is developed; and

(C) may include—

(i) a structured interview;

(ii) a work-related exercise;

(iii) a custom or generic procedure used to measure an individual's employment or career-related qualifications and interests;

(iv) another assessment that meets the criteria under subparagraphs (A) and (B);

(v) external industry assessments, including multi-hurdle or skills-based assessments; or

(vi) coding tests, automated transcription, or flexible timed exercises.

(b) Federal agency technology and artificial intelligence talent teams.—

(1) In general.—An agency may establish 1 or more technology and artificial intelligence talent teams, including at the component level.

(2) Composition.—A technology and artificial intelligence talent team under this subsection may consist of shared certificate coordinators, recruiters, assessment experts, subject matter experts, and nontechnical positions that enable artificial intelligence governance, innovation, and risk management.

(3) Duties.—A technology and artificial intelligence talent team under this subsection shall provide hiring support to the agency and other agencies for technology and artificial intelligence positions, including by—

(A) improving examinations for such positions;

(B) facilitating writing job announcements for such positions in the competitive service;

(C) sharing high-quality certificates of eligibles; and

(D) facilitating hiring for such positions in the competitive service using examinations and subject matter experts.

(4) Other teams.—An agency may establish centralized guidance and practices to support agency-led talent teams in order to address high-need hiring areas.

(c) Office of Personnel Management team.—

(1) In general.—The Director of the Office of Personnel Management may establish a Federal technology and artificial intelligence talent team to support agency talent teams in facilitating pooled hiring actions for technology and artificial intelligence talent across the

Federal Government, providing training, and creating technology platforms to facilitate hiring for the competitive service, including by—

(A) ensuring agencies are using best practices for technology and artificial intelligence hiring;

(B) leading cross-Government hiring efforts for technology and artificial intelligence hiring and engagement with key candidates;

(C) developing technical assessments; and

(D) sharing certificates of eligibles and accompanying résumés under sections 3318(b) and 3319(c) of title 5, United States Code.

(2) Other teams.—The Director of the Office of Personnel Management—

(A) may establish other talent teams to address high-need hiring areas at any agency; and

(B) may expand the hiring experience team at the Office of Personnel Management to focus on surge hiring and scaling pooled hiring, with initial focus on artificial intelligence and artificial intelligence-enabling roles.

(d) Technical assessments.—

(1) In general.—For the purpose of conducting an examination for technology and artificial intelligence positions in the competitive service, a subject matter expert may—

(A) develop, in partnership with human resources employees of the examining agency, a position-specific assessment that is relevant to the position; and

(B) administer the assessment developed under subparagraph (A) to—

(i) determine whether an applicant for the position has demonstrated the established qualifications for the position; or

(ii) rank applicants for the position for category rating purposes under section 3319 of title 5, United States Code.

(2) Sharing and customization of assessments.—

(A) Sharing.—An examining agency may share a technical assessment under this subsection with another examining agency if each agency maintains appropriate control over examination material.

(B) Customization.—An examining agency with which a technical assessment is shared under subparagraph (A) may customize the assessment as appropriate, provided that the resulting assessment satisfies the requirements under part 300 of title 5, Code of Federal Regulations, or any successor regulation.

(C) Platform for sharing and customization.—

(i) In general.—The Director of the Office of Personnel Management shall establish and operate an online platform on which examining agencies may share and customize technical assessments under this subsection.

(ii) Platform requirements.—The Director of the Office of Personnel Management—

(I) shall not be responsible for independently validating the utility of the content and technical assessments shared on the platform described in clause (i); and

(II) shall ensure that the platform includes the ability of its users to rate the utility of the content and technical assessments shared on the platform to allow for a ranking of such content and assessments.

(3) Existing platforms.—If practicable, an agency shall use an existing hiring platform, including the USA Hire platform, to conduct technical assessments.

(e) Waiver of restriction on automated examinations.—

(1) Chief Human Capital Officer.—The Chief Human Capital Officer of an agency may waive subsection (a)(2)(C) if, not later than 30 days after the date on which the Officer authorizes the waiver, the Officer submits to the Director of the Office of Personnel Management a written report that justifies the need for the waiver and articulates the data, evidence, and circumstances for that need.

(2) Office of Personnel Management.—The Director of the Office of Personnel Management—

(A) may provide agencies with guidance and instruction on the data, evidence, and circumstances that should be included in a waiver under paragraph (1); and

(B) not later than 30 days after the date on which the Director receives a waiver under paragraph (1), shall post the waiver on a public website.

(3) Effect.—A waiver authorized under paragraph (1) shall not take effect until the Director of the Office of Personnel Management posts the waiver under paragraph (2)(B).

SEC. 1033. PROHIBITED GOVERNMENT USES OF ARTIFICIAL INTELLIGENCE.

(a) Definitions.—In this section:

(1) Aggrieved person.—The term "aggrieved person" means any person who is the target of, or materially affected by, surveillance or other conduct in violation of this section.

(2) Artificial intelligence.—The term "artificial intelligence" has the meaning given that term in section 581.

(3) Artificial intelligence-enabled surveillance system.—The term "artificial intelligence-enabled surveillance system" means any artificial intelligence system, algorithmic system, or computational process used to identify, track, monitor, infer, classify, predict, score, map, or analyze persons, groups, communications, movements, associations, activities, or patterns of life using personal data, biometric data, communications data, geolocation data, transactional data, publicly available information, or other data.

(4) Behavioral inference.—The term "behavioral inference" means any inference, prediction, or assessment concerning a person's intentions, beliefs, associations, emotions, mental state, likely future conduct, or other behavioral characteristics derived from data analysis, pattern recognition, or artificial intelligence.

(5) Biometric identification.—The term "biometric identification" means identification or attempted identification of a person based on face, voice, gait, iris, retina, fingerprint, palm print, hand geometry, vein pattern, DNA, or any other biological, physiological, or behavioral characteristic used to identify or verify identity.

(6) Federal agency.—The term "Federal agency" means any Executive agency, as defined in section 105 of title 5, United States Code, and includes any military department.

(7) Meaningful human control.—The term "meaningful human control" means a level of human involvement in a decision to use lethal force that ensures that—

(A) a human commander or operator has sufficient information about the target, the system, and the operational context to make an informed judgment as to the lawfulness, necessity, and proportionality of each individual use of lethal force;

(B) the commander or operator has a genuine opportunity to approve or withhold approval of each individual use of lethal force before lethal force is applied; and

(C) the commander or operator retains the ability to supervise the system, to intervene, and to deactivate or abort the use of lethal force in real time where technologically feasible.

(8) Persistent tracking.—The term "persistent tracking" means tracking a person's location, movement, associations, activities, or interactions over time, whether continuously or intermittently, in a manner sufficient to reveal a pattern of life.

(9) Population-scale monitoring.—The term "population-scale monitoring" means monitoring, screening, scanning, scoring, or analyzing multiple persons or groups on a dragnet, bulk, mass, or generalized basis, rather than on the basis of individualized suspicion concerning a specifically identified person.

(10) Publicly accessible space.—The term "publicly accessible space" means any place, facility, forum, platform, website, service, or area, whether physical or digital, that is generally open to, or ordinarily used by, the public.

(11) Social scoring system.—The term "social scoring system" means any artificial intelligence-enabled or algorithmic system that ranks, classifies, rewards, penalizes, predicts, or otherwise evaluates the trustworthiness, risk, compliance, loyalty, character, or social value of a person based on aggregated behavior, associations, speech, movement, communications, purchasing patterns, travel activity, mailing patterns, financial activity, or other personal data.

(b) Prohibited uses.—Except as expressly authorized under subsection (f), no Federal agency may acquire, possess, deploy, access, use, or materially rely on an artificial intelligence-enabled surveillance system for any of the following purposes:

(1) Real-time or near-real-time biometric identification, or biometric identification based on recorded footage, in any publicly accessible space.

(2) Persistent identification, persistent tracking, behavioral inference, pattern-of-life analysis, or population-scale monitoring of persons in the United States.

(3) Persistent or automated cross-system linking of license plate data, facial images, gait, voice, device identifiers, geolocation data, communications metadata, mailing patterns, financial transactions, travel records, or other identifying or pseudonymous data for the purpose of tracking, monitoring, mapping, or scoring persons over time. A comparison permitted under section 2732(b)(2) of title 18, United States Code, or a resulting match or alert shall not, by itself, constitute persistent or automated cross-system linking for purposes of this paragraph.

(4) Dragnet monitoring, scraping, or analysis of social media, communications, mailing patterns, financial activity, travel activity, purchasing activity, or other associative data to identify, map, predict, or score lawful speech, protest, assembly, association, religious exercise, political activity, journalistic activity, or other constitutionally protected activity.

(5) Suppressing, penalizing, chilling, deterring, or otherwise burdening lawful speech, protest, assembly, association, petition, or other constitutionally protected activity.

(6) Inferring, predicting, or assigning a person's beliefs, intentions, ideology, associations, emotions, mental state, immigration status, health status, disability status, or other protected or highly sensitive characteristics for purposes of law enforcement, immigration enforcement, benefits administration, employment decisions, licensing, or any other adverse government action.

(7) Inferential assignment by artificial intelligence as a substitute for lawful adjudication with respect to immigration status, disability status, health status, fraud status, threat status, or other legal or factual predicates for adverse government action.

(8) Predictive policing, threat scoring, risk scoring, or similar predictive or classificatory systems not based on individualized suspicion and judicial authorization.

(9) Using artificial intelligence-generated or artificial intelligence-amplified accounts, avatars, personas, or other automated systems to impersonate private persons or to covertly influence public discourse, public opinion, or civic participation on behalf of the Federal Government.

(c) Prohibition on social scoring.—

(1) In general.—No Federal agency may create, maintain, purchase, use, or materially rely on any social scoring system.

(2) Rule of construction.—A system shall not be excluded from paragraph (1) merely because it is described as an eligibility score, trust and safety score, threat score, credibility score, behavior score, fraud score, or by any similar label.

(d) Prohibition on lethal force.—No Federal agency may use artificial intelligence, or any sensor, biometric, behavioral, machine-learning, pattern-recognition, or other computational output, to select a human being for lethal engagement, prioritize a human being for lethal engagement, recommend lethal engagement of a human being, or engage a human being with lethal force, unless each individual use of lethal force remains subject to meaningful human control.

(e) Funding, anti-circumvention, procurement, and public communications.—

(1) Funding prohibition.—No Federal funds appropriated or otherwise made available may be obligated or expended to acquire, possess, deploy, access, use, materially rely on, or otherwise support any activity prohibited under subsections (b) through (d), or to obtain data, services, outputs, inferences, analyses, leads, alerts, or other products derived from such activity.

(2) Anti-circumvention.—A Federal agency may not do indirectly, through a State, political subdivision, contractor, subcontractor, grantee, cooperative agreement, memorandum of understanding, information sharing arrangement, data broker, or other third party, what such agency may not do directly under subsections (b) through (d).

(3) Auditability requirement.—No Federal agency may procure, license, subscribe to, access, use, or materially rely on any artificial intelligence-enabled surveillance system if the terms of use, technical design, or contractual restrictions prevent logging, auditing, testing, disclosure to oversight authorities, or other investigation necessary to enforce this section.

(4) Public-facing artificial intelligence communications.—Any Federal agency using artificial intelligence-generated content, synthetic media, digital persons, avatars, or automated interactive systems in communications with the public shall comply with sections 583 and 584.

(f) Narrow exception for individualized judicial warrant.—

(1) In general.—Subsection (b) shall not prohibit a use that is specifically authorized by a warrant issued by a court of competent jurisdiction upon probable cause, supported by oath or affirmation, and particularly describing the person or persons, place, account, device, or specific identifier to be surveilled and the artificial intelligence-enabled surveillance technique to be used.

(2) Strict construction.—The exception under paragraph (1) shall be construed narrowly and shall not authorize dragnet, population-scale, untargeted, or persistent surveillance of persons other than the person or persons specifically identified in the warrant.

(3) False statements or omissions.—Any officer, employee, or agent of the United States who knowingly or recklessly makes a materially false statement, or knowingly or recklessly omits material information, in an application for a warrant under this subsection shall be liable to the aggrieved person under section 1979 of the Revised Statutes (42 U.S.C. 1983), as amended by this Act, for appropriate relief, including actual damages, punitive damages where appropriate, declaratory relief, injunctive relief, and reasonable attorneys' fees and costs.

(4) No exigent circumstances exception.—A Federal agency may not invoke exigent circumstances to avoid the warrant requirement under this subsection.

(g) Logging, minimization, retention, and notice for permitted uses.—

(1) Logging.—Any use permitted under subsection (f) shall be subject to contemporaneous logging sufficient to identify the authorizing warrant, the persons with access, the data accessed, the outputs generated, and the actions taken in reliance on the system.

(2) Minimization.—Any use permitted under subsection (f) shall be conducted in a manner reasonably designed to minimize the collection, retention, access to, and use of data not relevant to the purpose specifically authorized by the warrant, and the Federal agency shall retain and use only data reasonably necessary to carry out such purpose.

(3) Sensitive activities and privileged communications.—Any use permitted under subsection (f) shall be conducted under procedures reasonably designed to avoid, minimize, segregate, and restrict access to information concerning First Amendment activity, religious exercise, medical care, attorney-client communications, journalistic activity, lawful assembly, or other constitutionally protected or legally privileged activity that is not relevant to the purpose specifically authorized by the warrant.

(4) Retention and destruction.—

(A) Nonrelevant material.—Data, outputs, inferences, and derivative materials, including biometric probe images, biometric templates, candidate lists, match scores, and search outputs, obtained through a use permitted under subsection (f) that are not relevant to the purpose specifically authorized by the warrant shall be destroyed not later than 30 days after the end of the authorized surveillance period, unless a court orders continued retention for good cause shown.

(B) Relevant material.—Data, outputs, inferences, and derivative materials obtained through a use permitted under subsection (f) that are relevant to the purpose specifically authorized by the warrant may be retained only as required by the warrant, a court order, other applicable law, or evidentiary preservation obligations.

(5) Notice.—Within a reasonable time after the end of a surveillance period authorized under subsection (f), and not later than 30 days thereafter unless delayed by court order for good cause shown, the Federal agency shall provide notice to each person who was the target of surveillance under subsection (f) that such surveillance occurred.

(h) Suppression, exclusion, and invalidity of unlawfully obtained evidence.—

(1) In general.—No data, output, inference, lead, or evidence obtained or materially derived from a use in violation of this section may be received in evidence, relied upon, or otherwise used against any person in any trial, hearing, or other proceeding before any court, grand jury, department, officer, agency, regulatory body, legislative committee, or other authority of the United States, a State, or a political subdivision thereof.

(2) Fruit of the poisonous tree.—Any evidence derived from information obtained in violation of this section shall be subject to the same prohibition as the original information.

(i) Oversight, audits, and reports.—

(1) Interim final rules and guidance.—Not later than April 30, 2027, the Secretary of Commerce, acting through the Director of the National Institute of Standards and Technology and in consultation with the Director of the Office of Management and Budget, shall issue interim final rules and guidance to carry out this section. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Secretary shall provide

a public comment period of not less than 60 days after publication and shall promulgate final rules not later than July 1, 2028.

(2) Inspector General audits.—The Inspector General of each Federal agency shall periodically audit compliance with this section and submit the results of such audit to Congress.

(3) Government Accountability Office review.—Not later than July 1, 2028, and biennially thereafter, the Comptroller General of the United States shall submit to Congress a report evaluating agency compliance with this section.

(4) Agency annual reports.—Not later than July 1 of each year, each Federal agency that used an exception under subsection (f) during the preceding year shall submit to Congress a report stating the number of warrant applications sought, granted, modified, or denied under this section and summarizing compliance with subsection (g).

(5) Public annual summary.—Not later than July 1 of each year, the Attorney General shall publish an annual public report summarizing Federal Government compliance with this section, including aggregate information concerning any uses permitted under subsection (f), except that classified or lawfully protected information may be withheld from the public version and provided in a classified annex to the appropriate congressional committees.

(j) Enforcement.—

(1) Civil actions by Attorney General.—Whenever the Attorney General has reason to believe that a Federal agency or any officer, employee, contractor, or agent thereof is engaged in a pattern or practice of violating this section, the Attorney General may bring a civil action in an appropriate district court of the United States for declaratory, injunctive, or other appropriate relief.

(2) Administrative discipline.—A knowing or willful violation of this section by an officer or employee of the United States shall be grounds for appropriate administrative discipline, including suspension or removal.

(3) No private right of action generally.—Except as provided in subsection (f)(3), nothing in this section shall be construed to create a private right of action.

(k) Whistleblower protection.—A disclosure of information evidencing a violation of this section shall be deemed a protected disclosure for purposes of section 588. Nothing in this subsection shall be construed to limit or displace any protection or remedy otherwise available under sections 2302(b)(8) or 2303 of title 5, United States Code, section 1034 of title 10, United States Code, or sections 3234 or 3341(j) of title 50, United States Code, or to authorize the disclosure of classified information except through a channel authorized by law.

(l) Rule of construction.—Nothing in this section shall be construed to authorize any use of artificial intelligence that is otherwise prohibited by the Constitution or any other provision of law.

SEC. 1034. HIGH-IMPACT GOVERNMENT USE OF ARTIFICIAL INTELLIGENCE.

(a) Definitions.—In this section:

(1) Adverse AI incident.—The term "adverse AI incident" means any known or reasonably suspected event in which a high-impact artificial intelligence activity—

(A) materially enables, increases the risk of, or otherwise contributes to unlawful action, denial of rights, serious bodily injury, serious property damage, critical infrastructure disruption, cybersecurity compromise, or other severe public harm;

(B) materially enables, increases the risk of, or otherwise contributes to an adverse government action based on materially inaccurate, incomplete, or otherwise unreliable output or process;

(C) materially defeats, evades, or undermines any implemented safeguard;

(D) results in, or materially increases the risk of, unauthorized access to, disclosure of, exfiltration of, or material misuse of Government data or personal data processed by or through the activity; or

(E) materially enables autonomous cyber operations capable of causing substantial disruption to Government systems, critical infrastructure, or major economic activity.

(2) Artificial intelligence.—The term "artificial intelligence" has the meaning given that term in section 581.

(3) Federal agency.—The term "Federal agency" means an Executive agency, as defined in section 105 of title 5, United States Code, and includes any military department.

(4) High-impact artificial intelligence activity.—The term "high-impact artificial intelligence activity" means the use, in whole or in part, by a Federal agency of any artificial intelligence system to make or materially inform a determination or action that may materially affect—

(A) the rights, liberties, safety, privacy, or property of any person;

(B) access to employment, education, housing, health care, credit, insurance, public accommodations, licenses, grants, contracts, benefits, or government services;

(C) immigration, border screening, detention, law enforcement, court administration or adjudication, criminal justice, military operations, intelligence activities, or national security activities;

(D) access to, or the security or operation of, critical infrastructure; or

(E) any other matter designated by the Secretary of Commerce, by regulation, as presenting a comparable risk of material harm.

(5) Impact assessment.—The term "impact assessment" means a written evaluation of the purpose, design, intended use, performance, limitations, data sources, cybersecurity, privacy risks, civil rights risks, error rates, foreseeable harms, and mitigation measures associated with a high-impact artificial intelligence activity.

(6) Meaningful human oversight.—The term "meaningful human oversight" means timely and informed human review, supervision, and authority over a high-impact artificial intelligence

activity, including authority to interpret, question, disregard, override, or suspend the use of any artificial intelligence system used in such activity.

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

(8) Use case inventory.—The term "use case inventory" means a public or nonpublic catalog of high-impact artificial intelligence activities used by a Federal agency, including the function, legal authority, vendor, status, and risk designation of each such activity.

(b) Coverage and designation.—

(1) In general.—Each Federal agency shall identify and designate each high-impact artificial intelligence activity used or proposed to be used by the agency.

(2) Presumptive coverage.—An artificial intelligence activity shall be presumed to be a high-impact artificial intelligence activity if it is used or proposed to be used in any context described in subsection (a)(4)(A) through (D).

(3) Anti-evasion.—A Federal agency may not avoid designation under this subsection by characterizing an artificial intelligence activity as merely advisory, assistive, experimental, pilot, or nonfinal if such activity materially influences agency action.

(c) Governance requirements.—

(1) Responsible officials.—Each Federal agency using or proposing to use a high-impact artificial intelligence activity shall designate a senior responsible official to oversee compliance with this section.

(2) Internal governance.—Each such agency shall establish documented policies, procedures, and internal controls governing the approval, procurement, testing, deployment, monitoring, audit, material modification, suspension, and discontinuance of each high-impact artificial intelligence activity.

(3) Inventory and records.—Each such agency shall maintain a use case inventory and sufficient records to permit audit, oversight, and review of each high-impact artificial intelligence activity.

(d) Preconditions to procurement.—A Federal agency may not procure artificial intelligence for use in connection with a high-impact artificial intelligence activity unless, before such procurement—

(1) the agency has documented the legal authority for the intended use;

(2) the terms of use, technical design, and contractual restrictions applicable to the system do not prevent testing, logging, auditing, disclosure to oversight authorities, or other investigation necessary to enforce this section;

(3) the agency has established a process for independent review and meaningful human oversight of the activity; and

(4) the senior responsible official designated under subsection (c)(1) has approved the procurement in writing.

(e) Preconditions to deployment or use as a material basis for agency action.—A Federal agency may not deploy artificial intelligence in connection with a high-impact artificial intelligence activity, or use the output of artificial intelligence as a material basis for a determination or action in connection with such an activity, unless, before such deployment or use—

(1) the agency has completed an impact assessment;

(2) the agency has tested and validated the system for its intended use;

(3) the agency has established meaningful human oversight over the activity;

(4) the agency has adopted measures to identify and mitigate reasonably foreseeable risks to safety, privacy, civil rights, civil liberties, and due process;

(5) the agency has adopted measures reasonably designed to ensure that the activity functions reliably and universally across affected populations and to identify and mitigate systematic favoritism or disfavor toward any subset of such population;

(6) the agency has established logging, auditability, incident reporting, and record retention procedures sufficient to permit review of the activity and its outputs;

(7) the agency has completed an independent review of the activity by appropriate officials who are not part of the sponsoring program office, including officials responsible for legal compliance, privacy, civil rights or civil liberties, cybersecurity, and records management, as applicable;

(8) if the activity is a new externally facing high-impact artificial intelligence activity, and except to the extent expressly prohibited by law or impracticable in classified, military, intelligence, national security, or law enforcement operations, the agency has published a plain language summary of the impact assessment and provided not fewer than 30 days for public comment before initial deployment; and

(9) the senior responsible official designated under subsection (c)(1) has approved the deployment or use in writing.

(f) Required safeguards.—Each Federal agency engaging in a high-impact artificial intelligence activity shall—

(1) ensure that the activity is used only for a documented and lawful purpose;

(2) conduct predeployment testing, red team testing where appropriate, and periodic reevaluation of system performance, limitations, and failure modes;

(3) assess and mitigate reasonably foreseeable risks of bias, discrimination, privacy invasion, unlawful surveillance, security compromise, hallucination, inaccuracy, and harmful overreliance;

(4) maintain technical and organizational safeguards sufficient to protect Government data and any personal data processed by or through the activity;

(5) provide meaningful human oversight over any agency action materially informed by the activity;

(6) provide, before any final materially adverse agency action materially informed by the activity, to any person materially adversely affected by such action, except to the extent expressly prohibited by law or impracticable in classified or military operations—

(A) notice that artificial intelligence was used;

(B) a description of the role that the activity played in the action;

(C) notice of the principal categories of data materially relied upon, to the extent consistent with law and the protection of classified, privileged, or otherwise protected information; and

(D) an opportunity for review, correction, contest, or appeal before an official with authority to disregard or reverse the output of the activity;

(7) ensure that no final adverse agency action is based solely on the output of artificial intelligence used in the activity; and

(8) suspend or discontinue use of the system when the agency cannot reasonably mitigate material risks associated with the high-impact artificial intelligence activity.

(g) Transition for existing activities.—

(1) Existing activity defined.—In this subsection, the term "existing activity" means a high-impact artificial intelligence activity used by a Federal agency on the date of enactment of this Act.

(2) Inventory and provisional approval.—Not later than 90 days after the date of enactment of this Act, each Federal agency shall—

(A) identify each existing activity;

(B) enter the activity in the use case inventory maintained under subsection (c)(3); and

(C) obtain written provisional approval for continued use from the senior responsible official designated under subsection (c)(1).

(3) Contents of provisional approval.—A provisional approval under paragraph (2) shall document the legal authority and operational necessity for the existing activity, its principal known or reasonably foreseeable risks, and the interim safeguards governing its continued use.

(4) Continued use during transition.—Notwithstanding subsection (e), a Federal agency may continue an existing activity until the compliance deadline under paragraph (5), and may satisfy the testing requirement under subsection (f)(2) during that period rather than before deployment, only while—

(A) a provisional approval under paragraph (2) remains in effect; and

(B) the agency maintains meaningful human oversight, logging, incident reporting, and safeguards reasonably designed to identify and mitigate material risks.

(5) Compliance deadline.—Not later than 180 days after publication of the interim final rules under subsection (k)(1), each Federal agency shall complete the requirements of subsection (e) with respect to each existing activity and approve, modify, suspend, or discontinue the activity.

(6) Inventory status.—For purposes of subsection (i)(2)(E), an existing activity operating under a valid provisional approval shall be identified as operating under the transition authorized by this subsection and shall not be described as noncompliant solely because the impact assessment required under subsection (e)(1) has not been completed.

(7) Prior procurements.—Subsection (d) shall not apply to a procurement completed before the date of enactment of this Act, but shall apply to a renewal, extension, replacement, material modification, or new procurement occurring on or after that date.

(8) Immediate safeguards.—Nothing in this subsection shall—

(A) authorize an activity prohibited under section 1033; or

(B) delay the application of the suspension and discontinuance requirements under subsection (j)(6) and (7).

(h) Material changes.—A Federal agency may not materially expand or materially alter a high-impact artificial intelligence activity without completing a supplemental impact assessment and obtaining updated written approval under subsection (e)(9).

(i) Transparency and inventory.—

(1) Public inventory.—Each Federal agency shall publish and maintain a publicly accessible inventory of high-impact artificial intelligence activities used by the agency.

(2) Contents.—The inventory required under paragraph (1) shall include, for each listed activity—

(A) a general description of the activity and its purpose;

(B) the vendor or developer, if any;

(C) the legal authority for use;

(D) the date the activity was first deployed;

(E) a short summary of the impact assessment required under this section, including the principal risks identified and the principal safeguards or mitigation measures adopted by the agency, or, if the impact assessment has not been completed, a statement that the activity is not in compliance with this section; and

(F) such additional information as the Secretary of Commerce, acting through the Director of the National Institute of Standards and Technology, may require by regulation or guidance.

(3) Exceptions.—A Federal agency may withhold or redact information from the public inventory only to the extent necessary to protect classified information, law enforcement

sensitivity, operational security, or other interests protected by law, but shall maintain a complete nonpublic inventory available for oversight.

(j) Monitoring, incident reporting, suspension, and discontinuance.—

(1) Ongoing monitoring.—Each Federal agency shall continuously monitor the performance and impacts of each high-impact artificial intelligence activity used by the agency.

(2) Initial incident reporting.—A Federal agency shall report an adverse AI incident not later than 72 hours after discovery, or as soon thereafter as practicable if the agency demonstrates good cause for delay, to—

(A) the Secretary, acting through the Director of the National Institute of Standards and Technology;

(B) the Inspector General of the Federal agency; and

(C) the Attorney General, if the incident appears to involve unlawful conduct or a material risk to civil rights, civil liberties, or due process.

(3) Contents of initial report.—An initial report under paragraph (2) shall include, to the extent known at the time of submission—

(A) the identity of the reporting Federal agency;

(B) a description of the high-impact artificial intelligence activity involved;

(C) the date of discovery and the known or reasonably suspected date or period of occurrence;

(D) the nature of the adverse AI incident;

(E) the known or reasonably suspected harms or risks arising from the incident;

(F) whether the activity has been suspended, limited, modified, or discontinued;

(G) any immediate mitigation measures taken; and

(H) such other information as the Secretary may require by regulation.

(4) Supplemental reports.—A Federal agency that submits an initial report under paragraph (2) shall submit supplemental reports at such times and in such form as the Secretary may require by regulation, including when—

(A) material new facts become known;

(B) the agency determines that an affected activity should be suspended, modified, resumed, or discontinued;

(C) the agency determines that notice should be provided to affected persons under this section; or

(D) the agency completes a material part of its investigation or remediation.

(5) Incident response and preservation duties.—Upon discovering an adverse AI incident, a Federal agency shall—

(A) take reasonable measures to contain, mitigate, and document the incident;

(B) preserve records, logs, outputs, model settings, prompts, instructions, data inputs, decision records, and other materials reasonably necessary to investigate the incident and assess compliance with this section; and

(C) determine whether the high-impact artificial intelligence activity should be suspended, modified, or discontinued, and whether any materially affected person should receive notice, review, correction, contest, or appeal rights under this section.

(6) Suspension.—A Federal agency shall promptly suspend use of a high-impact artificial intelligence activity upon determining that the activity presents a substantial and unmitigated risk of unlawful action, material inaccuracy, material security failure, or material harm to safety, privacy, civil rights, or civil liberties.

(7) Discontinuance.—A Federal agency shall discontinue use of a high-impact artificial intelligence activity when the agency determines that compliance with this section cannot reasonably be achieved.

(k) Oversight and enforcement.—

(1) Regulations and guidance.—Not later than April 30, 2027, the Secretary, acting through the Director of the National Institute of Standards and Technology and in consultation with the Attorney General, shall promulgate interim final rules and guidance to carry out this section. The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Secretary shall provide a public comment period of not less than 60 days after publication and shall promulgate final rules not later than July 1, 2028.

(2) Interagency coordination.—The Secretary, acting through the Director of the National Institute of Standards and Technology, shall convene an interagency council of representatives designated by Federal agencies subject to this section to promote consistent implementation, share best practices, identify common risks, and develop recommendations for guidance and updates under paragraph (1).

(3) Inspector General review.—The Inspector General of each Federal agency using a high-impact artificial intelligence activity shall periodically audit compliance with this section and submit the results of such audit to Congress.

(4) Government Accountability Office review.—Not later than July 1, 2028, and biennially thereafter, the Comptroller General of the United States shall submit to Congress a report evaluating agency compliance with this section.

(l) Rule of construction.—Nothing in this section shall be construed—

(1) to authorize any use of artificial intelligence prohibited under section 1033; or

(2) to authorize any use of artificial intelligence otherwise prohibited by the Constitution or any other provision of law.

SEC. 1035. ARTIFICIAL INTELLIGENCE PROCUREMENT.

(a) Definitions.—In this section:

(1) Artificial intelligence.—The term "artificial intelligence" has the meaning given that term in section 581.

(2) Cloud computing.—The term "cloud computing" has the meaning given that term in Special Publication 800–145 of the National Institute of Standards and Technology, or any successor document.

(3) Data infrastructure.—The term "data infrastructure" means the underlying computer, network, and software systems that enable the collection, storage, processing, and analysis of data, including the ability to record, transmit, transform, categorize, integrate, and otherwise process data generated by digital data systems.

(4) Digital solution.—The term "digital solution" means any cloud computing service, data infrastructure, foundation model, or other artificial intelligence product or service procured, licensed, subscribed to, accessed, or used by a Federal agency.

(5) Federal agency.—The term "Federal agency" means an Executive agency, as defined in section 105 of title 5, United States Code, and includes any military department.

(6) Foundation model.—The term "foundation model" means an artificial intelligence model that—

(A)—

(i) generally uses self-supervision;

(ii) contains at least 1,000,000,000 parameters; and

(iii) is applicable across a wide range of contexts; or

(B) exhibits, or could be easily modified to exhibit, high levels of performance at tasks that pose a serious risk to security, national economic security, national public health, or safety.

(7) Government-furnished data.—The term "Government-furnished data" means data, and any associated metadata, logs, configurations, prompts, outputs, or derivative records, provided by or generated for or on behalf of a Federal agency through the development, testing, deployment, operation, or use of a digital solution.

(8) Multi-cloud technology.—The term "multi-cloud technology" means architecture and services that allow for data, application, and program portability, usability, and interoperability between infrastructure, platforms, and hosted applications of multiple cloud providers and between public, private, and edge cloud environments in a manner that securely delivers operational and management consistency, comprehensive visibility, and resiliency.

(b) Government-wide procurement requirements.—The head of each Federal agency, and the Administrator of General Services with respect to any Government-wide acquisition vehicle, shall ensure that each procurement of a digital solution—

(1) uses a competitive award process unless another provision of law expressly authorizes a noncompetitive procurement and the head of the Federal agency makes a written determination justifying the use of such authority;

(2) preserves for the Federal Government exclusive rights to access and use all Government-furnished data, except to the extent that rights in preexisting vendor materials are expressly reserved by contract and do not impair Government access and use;

(3) prioritizes the appropriate allocation of intellectual property and data rights to protect Government access, use, portability, security, interoperability, and auditability;

(4) includes modular open systems approaches and appropriate work allocation and technical boundaries;

(5) uses open, documented, externally accessible, machine-readable interfaces using industry standard, nonproprietary technologies, protocols, and payloads where feasible;

(6) provides for storage and management of Government-furnished data in a provider-agnostic and environment-agnostic manner, uncoupled from unnecessary hardware or software dependencies;

(7) provides for portability and exportability of Government-furnished data in a usable format and without unreasonable cost or delay;

(8) prioritizes multi-cloud technology where feasible and advantageous;

(9) mitigates barriers to entry faced by small business concerns and nontraditional contractors;

(10) prohibits pricing structures, introductory offers, trial terms, contractual restrictions, or technical design choices that create unreasonable vendor lock-in or materially impair transition to another provider;

(11) requires the procuring Federal agency to assess and document reasonably anticipated lifecycle costs, switching costs, usage-based cost escalation, and exit costs before award;

(12) if the procurement involves no-cost, nominal-cost, or introductory-price access to a digital solution, requires a written determination by the head of the Federal agency that the agency has evaluated lifecycle costs, usage-based cost growth, switching costs, exit costs, and data portability before accepting such access; and

(13) includes requirements sufficient to permit Government inspection, testing, logging, auditing, post-award monitoring, and oversight of security, performance, costs, and compliance.

(c) Government data and training protections.—Not later than April 30, 2027, the Federal Acquisition Regulatory Council shall amend the Federal Acquisition Regulation to ensure that each contract for a digital solution provides that—

(1) Government-furnished data may not be disclosed, retained, transferred, licensed, sold, or used without proper authorization by the relevant Federal agency;

(2) Government-furnished data stored on vendor systems are segregated from other data on such systems and protected through reasonable administrative, technical, and physical safeguards;

(3) Government-furnished data may not be used to train, fine-tune, retrain, evaluate, or otherwise improve any artificial intelligence product or service except as expressly authorized by the relevant Federal agency;

(4) the relevant Federal agency is able, upon request and without unreasonable cost or delay, to retrieve and export Government-furnished data in a usable format;

(5) violation of the contract provisions required under this subsection shall be subject to specific penalties, including fines, contract termination, and such other contractual remedies as the head of the relevant Federal agency determines appropriate; and

(6) no contractor may satisfy a contractual requirement for security, compliance, or performance review solely through an assessment, audit, attestation, or similar review paid for by the contractor or an affiliate of the contractor.

(d) Additional Department of Defense implementation.—

(1) In general.—Not later than April 30, 2027, the Secretary of Defense shall direct the Chief Digital and Artificial Intelligence Office and the Under Secretary of Defense for Acquisition and Sustainment to update or promulgate provisions of the Defense Federal Acquisition Regulation Supplement to implement this section for the Department of Defense.

(2) Exemptions.—A component acquisition executive may issue an exemption from a requirement of this section only upon—

(A) determining in writing that issuing the exemption is not inconsistent with national security;

(B) identifying the specific requirement exempted, the vendor and program receiving the exemption, and the justification for the exemption; and

(C) notifying the Chief Digital and Artificial Intelligence Officer of the exemption.

(e) Noncompliant procurement terms.—A Federal agency may not award, renew, extend, or exercise an option under a contract for a digital solution if the solicitation, contract, renewal, extension, or option materially fails to comply with subsection (b), unless the head of the Federal agency determines in writing that exigent circumstances require continued performance for a period not to exceed 180 days and submits the determination to the Administrator of General Services and the Inspector General of the Federal agency.

(f) Rule of construction.—Nothing in this section shall be construed to limit any stronger restriction, safeguard, or prohibition applicable under this subtitle or any other provision of law.

SEC. 1036. CENTER FOR AI STANDARDS AND INNOVATION.

(a) Definitions.—In this section:

(1) CAISI.—The term "CAISI" means the Center for AI Standards and Innovation established under subsection (b).

(2) Digital solution.—The term "digital solution" has the meaning given that term in section 1035.

(3) Federal agency.—The term "Federal agency" means an Executive agency, as defined in section 105 of title 5, United States Code, and includes any military department.

(4) NIST.—The term "NIST" means the National Institute of Standards and Technology.

(5) Secretary.—The term "Secretary" means the Secretary of Commerce.

(b) Establishment.—There is established within NIST the Center for AI Standards and Innovation.

(c) Duties of CAISI.—The Secretary, acting through CAISI, shall—

(1) develop, publish, and periodically update guidelines, best practices, evaluation methods, benchmarks, and tools supporting voluntary standards relating to the security, reliability, and functionality of artificial intelligence systems;

(2) conduct and support unclassified evaluations of artificial intelligence capabilities that may pose material risks to public safety, national security, critical infrastructure, cybersecurity, biosecurity, or chemical weapons security;

(3) evaluate and assess security vulnerabilities and malign foreign influence risks arising from the use of artificial intelligence systems developed in the United States or abroad;

(4) support Federal agencies in the evaluation of artificial intelligence systems proposed to be used in Government operations and procurement, including through collaboration with the General Services Administration and other agencies responsible for acquisition and shared services;

(5) coordinate with Federal agencies, including the Department of Defense, the Department of Energy, the Department of Homeland Security, the Office of Science and Technology Policy, and the intelligence community, as appropriate, to develop evaluation methods, share technical expertise, and support secure and interoperable adoption of artificial intelligence;

(6) support the development of voluntary, consensus-based, and interoperable standards for artificial intelligence systems and related provenance, labeling, evaluation, and security practices;

(7) provide technical assistance and measurement science support for the implementation of sections 1033 through 1035 and subtitle F of title V; and

(8) submit to Congress the reports required under subsection (g).

(d) Government-wide procurement review capability.—

(1) In general.—The Administrator of General Services, acting through the Federal Risk and Authorization Management Program and in consultation with the Secretary, acting through CAISI, the Director of the Cybersecurity and Infrastructure Security Agency, and the Administrator for Federal Procurement Policy, shall establish and maintain a Government-wide capability to perform or commission independent technical review of digital solutions used or proposed to be used by Federal agencies for purposes of procurement and acquisition oversight.

(2) Scope.—The capability required under paragraph (1) shall be limited to review of procurement-facing risks and requirements associated with digital solutions, including—

(A) cybersecurity;

(B) auditability and logging;

(C) Government data rights;

(D) portability and exportability;

(E) interoperability and multi-cloud compatibility;

(F) lifecycle costs, switching costs, and vendor lock-in risks; and

(G) conflicts of interest in third-party assessment.

(3) Rule of construction.—Nothing in this subsection shall be construed to authorize the Administrator of General Services, the Federal Risk and Authorization Management Program, or CAISI to make a final determination regarding the substantive legality, mission appropriateness, or programmatic permissibility of an agency use of artificial intelligence, which determinations shall remain with the procuring Federal agency subject to applicable law.

(e) Standards, guidance, and interagency support.—Not later than April 30, 2027, the Secretary, acting through CAISI, and the Administrator of General Services, acting through the Federal Risk and Authorization Management Program, shall jointly issue such standards and guidance as are necessary to carry out subsection (d) and subsection (f), including standards and guidance relating to evaluation integrity, procurement-facing artificial intelligence risks, and the avoidance of unreasonable vendor lock-in.

(f) Evaluation integrity and anti-capture.—In carrying out this section, the Secretary, the Administrator of General Services, CAISI, and the Federal Risk and Authorization Management Program shall—

(1) require disclosure of any material financial, contractual, employment, or organizational conflict of interest affecting an evaluation, assessment, benchmark, review, or procurement-facing technical analysis under this section;

(2) ensure that no evaluation, assessment, benchmark, review, or procurement-facing technical analysis under this section is controlled by a person with a material financial interest in the vendor, contractor, model, system, or digital solution being evaluated;

(3) ensure that no Federal agency relies solely on an assessment, audit, attestation, certification, benchmark, or similar review paid for or controlled by the vendor or an affiliate of the vendor to satisfy a requirement under this section;

(4) publish evaluation methods, benchmark descriptions, conformity profiles, and review criteria to the greatest extent practicable, consistent with national security, cybersecurity, trade secret protection, and other applicable law; and

(5) ensure that standards, benchmarks, reviews, and procurement-facing technical analyses under this section do not unnecessarily favor dominant vendors, proprietary architectures, closed interfaces, or noninteroperable systems over smaller vendors, open standards, interoperable systems, or nonproprietary alternatives.

(g) Reports.—

(1) CAISI report.—Not later than July 1, 2027, and annually thereafter for 4 years, the Secretary, acting through CAISI, shall submit to Congress a report describing—

(A) the activities carried out under subsection (c);

(B) significant findings from evaluations, assessments, and standards work conducted under this section, including any recurring security or functionality concerns;

(C) recommendations for legislative and administrative action; and

(D) the resources, staffing, and appropriations needed to carry out this section.

(2) Procurement review report.—Not later than July 1, 2027, and annually thereafter for 4 years, the Administrator of General Services, in consultation with the officials specified in subsection (d)(1) and the heads of relevant Federal agencies, shall submit to Congress a report assessing competition, innovation, barriers to entry, switching costs, vendor lock-in risks, reliance on vendor-paid assessments, and concentrations of market power or market share in the artificial intelligence, cloud computing, data infrastructure, and foundation model space for each period covered by the report, together with recommendations for legislative and administrative action.

(3) Defense supplement.—Each procurement review report shall include a supplement prepared by the Secretary of Defense describing implementation of section 1035(d) by the Department of Defense, including exemptions granted under section 1035(d)(2).

(4) Publication.—The Administrator of General Services shall ensure that a publicly releasable version of each procurement review report is made available on appropriate websites.

(h) Authorization of appropriations.—

(1) CAISI and NIST support.—There are authorized to be appropriated to the Secretary, acting through NIST and CAISI, such sums as may be necessary for each of fiscal years 2027 through 2031 to carry out this section.

(2) Procurement review capacity.—There are authorized to be appropriated to the Administrator of General Services, acting through the Federal Risk and Authorization Management Program, $30,000,000 for each of fiscal years 2027 through 2031 to carry out subsection (d), including staffing, technical analysis, independent testing, conflict-of-interest screening, and other support necessary to maintain the capability required under such subsection.

(i) Rule of construction.—Nothing in this section shall be construed to limit or displace any stronger restriction, safeguard, or prohibition applicable under section 1033, section 1034, section 1035, subtitle F of title V, or any other provision of law.

Subtitle D—Government Transparency and Improved Rulemaking

SEC. 1041. AMENDMENT TO THE FREEDOM OF INFORMATION ACT.

(a) Amendments to section 552(a).—Section 552(a) of title 5, United States Code (commonly known as the "Freedom of Information Act") is amended—

(1) in paragraph (2)—

(A) in subparagraph (D)(i)(II), by striking "and";

(B) in subparagraph (E), by adding after the semicolon the following: "and

"(F) (i) materials related to the operations and establishment of advisory committees (as defined in section 1001) and any subcommittee thereof, including events, timelines, agendas, minutes, transcripts, recordings, committee member names and biographies, conflict of interest waivers, committee charters, and any other related materials;

"(ii) unclassified reports submitted to Congress by the head of the agency;

"(iii) unclassified testimony submitted to Congress by the head of the agency;

"(iv) agency organization charts and directories with the contact information for all offices of the agency;

"(v) any log relating to a request for a record under paragraph (3), including any tracking number assigned to the request, the date the request was received by the head of the agency, the subject of the request, and the disposition of the request;

"(vi) any record that reflects the official calendar of the head of the agency, including a record that reflects an event, meeting, or telephone call scheduled for the head of the agency;

"(vii) a list—

"(I) identifying—

"(aa) each contract or grant of the agency with a value exceeding $100,000,000; or

"(bb) the 10 contracts or grants of the agency with the highest value if fewer than 10 contracts or grants have a value exceeding $100,000,000;

"(II) the award ID for each such contract or grant;

"(III) a description of each such contract or grant, including the award type of the contract or grant;

"(IV) the recipient of each such contract or grant;

"(V) the start and end date of each such contract or grant; and

"(VI) the total obligations related to the contract or grant;

"(viii) final reports or memoranda created by an entity other than the agency, including other Governmental entities, at the request of the head of the agency and used to make a final policy decision;

"(ix) any memorandum from the Office of Legal Counsel of the Department of Justice provided to the head of the agency;

"(x) any documents containing legal analysis relied upon formally or informally by the head of the agency to respond to the public;

"(xi) any documents containing legal analysis relied upon formally or informally by the head of the agency to inform policy analysis or policy determinations; and

"(xii) unclassified reports of the Inspector General of the agency.";

(2) in paragraph (3)—

(A) by redesignating subparagraphs (D) and (E) as (E) and (F), respectively;

(B) by striking subparagraph (C) and inserting the following:

"(C) In responding under this paragraph to a request for a record originally created in an electronic form or format, an agency shall make a reasonable effort to produce the record in that form or format, except when such an effort would significantly interfere with the operation of the automated information system of the agency.

"(D) For the purpose of responding under this paragraph to a request for a record, the Chief FOIA Officer of the agency may access and retrieve any such record without making a request to a document custodian of the agency for such access or retrieval."; and

(C) by adding at the end the following new subparagraph:

"(G) Not later than 2 months after the date on which the head of an agency makes a record available to a person under this paragraph, the head of the agency shall make available on the website of the agency, at no cost to the public and in a searchable, sortable, downloadable, and machine-readable format, electronic copies of the request for the record and any response provided to the person that made the request for the record (including the record made available to the person), unless the head of the agency

determines that the excessive cost of making such copies available on the website would place an undue burden on the agency.";

(3) in paragraph (4)(B) to read as follows—

"(B) (i) A person aggrieved by a failure of an agency to comply with any requirement of this section may bring an action against the agency in a district court of the United States. The district courts shall have original jurisdiction of all actions arising under this section. Venue over such an action is proper—

"(I) in the district in which the complainant resides;

"(II) in the district in which the complainant's principal place of business is located;

"(III) in the district in which the agency records that are the subject of the action are situated; or

"(IV) in the District of Columbia.

"(ii) The court in such an action may—

"(I) enjoin the agency from withholding an agency record;

"(II) order the agency to publish records in the Federal Register as required by paragraph (1), and to require such publication on a continuing basis;

"(III) order the agency to make records available for public inspection in an electronic format as required by paragraph (2), and to require such public access on a continuing basis;

"(IV) order the agency to produce agency records in response to a request under paragraph (3);

"(V) provide relief to resolve any dispute over—

"(aa) the validity of a request under paragraph (3), including whether a request reasonably describes the records sought or has been submitted in accordance with an agency's published rules and procedures;

"(bb) an agency's interpretation of the scope of a request under paragraphs (1), (2), or (3);

"(cc) the validity of an agency determination under paragraph (6);

"(dd) the reasonableness of an agency's search for records;

"(ee) the ability of an agency to reproduce a record in a particular form or format;

"(ff) the treatment of a record under paragraph (2) of subsection (f);

"(gg) any fee issue, including an agency's denial of a request for the waiver or reduction of fees; and

"(hh) the denial of a request for expedited processing;

"(VI) enjoin the agency from maintaining or applying any policy or practice that impairs lawful access to records or otherwise fails to abide by the terms of this section;

"(VII) issue a declaratory judgment, to the extent authorized by section 2201 of title 28; and

"(VIII) provide any other appropriate equitable relief to remedy a violation of this section.

"(iii) In any action brought under this section, the court shall determine the matter de novo. The court may examine the contents of agency records in camera to determine whether such records or any part thereof shall be withheld under any of the exemptions set forth in subsection (b) of this section. The burden is on the agency to sustain its action. In addition to any other matters to which a court accords substantial weight, a court shall accord substantial weight to an affidavit of an agency concerning the agency's determination as to technical feasibility under paragraph (2)(C) and subsection (b), and reproducibility under paragraph (3)(B).".

(4) in paragraph (6)(C)(i) by striking "the names and titles or positions of each person responsible for the denial of such request" and inserting: "each name and title or position of each person responsible for the denial or partial denial or any decision to withhold a responsive record under subsection (b)"; and

(5) in paragraph (8)(A)(i)(I) after "described in subsection (b)" by inserting ", and such harm outweighs the public interest (including the interest in furthering public understanding of the operations or decision making of an official or employee of an agency, facilitating the ability of the public to make informed decisions with respect to electoral or democratic processes, investigating any reasonable suspicion of governmental wrongdoing, and furthering public health or safety) in making available such information".

(b) Amendments to section 552(b).—Section 552(b) of title 5, United States Code, is amended—

(1) in paragraph (3)(B), after "specifically cites to this paragraph" by inserting "with an explanation for the exemption";

(2) in paragraph (4), by striking "trade secrets and commercial or financial information obtained from a person and privileged or confidential" and inserting "trade secrets, and commercial or financial information obtained from a person the disclosure of which would likely cause substantial harm to the competitive position of the person from whom the information was obtained";

(3) in paragraph (5), by inserting before the semicolon at the end the following: ", except for inter-agency and intra-agency memorandums or letters required to be disclosed under subsection (a), including—

"(A) opinions that are controlling interpretations of law;

"(B) final reports or memoranda created by an entity other than the agency, including other Governmental entities, at the request of the agency and used to make a final policy decision; or

"(C) guidance documents used by the agency to respond to the public.";

(4) in paragraph (6), by striking "similar files" and inserting "files that contain personal information (such as contact information or financial information of a person)"; and

(5) in the matter following paragraph (9)—

(A) by inserting before "Any reasonably segregable portion" the following: "An agency may not withhold information under this subsection unless such agency reasonably foresees that disclosure would cause specific identifiable harm to an interest protected by an exemption."; and

(B) by inserting before "If technically feasible," the following: "For each record not released in whole or in part pursuant to the exemption under paragraph (3), the agency shall, at the time the agency provides the record or a response to the request for such record, identify that the record was not released in whole or in part pursuant to such exemption.".

(c) Amendments to section 552(d).—Section 552(d) of title 5, United States Code, is amended to read as follows:

"(d) This section—

"(1) does not authorize withholding of information or limit the availability of records to the public, except as specifically stated in this section;

"(2) does not authorize the withholding of a portion of an otherwise responsive record on the basis that the portion is nonresponsive; and

"(3) is not authority to withhold information from Congress.".

(d) Amendments to section 552(e).—Section 552(e)(1) of title 5, United States Code, is amended—

(1) in subparagraph (P), by striking "; and" and inserting a semicolon;

(2) in subparagraph (Q), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(R) a detailed description of any steps taken by the agency to design or format information or records, such that such information or records may be made available to the public under subsection (a);

"(S) the number of requests for records the agency found to be not reasonably described or unduly burdensome; and

"(T) the number of requests for records with respect to which the agency could neither confirm nor deny the existence of the records.".

(e) Amendments to section 552(h).—Section 552(h) of title 5, United States Code, is amended by adding at the end the following:

"(7) Access to agency records.—The head of an agency shall provide to the Director of the Office of Government Information Services any record requested by the Director for the purpose of carrying out mediation services pursuant to paragraph (3).".

(f) Amendments to section 552(i).—Section 552(i) of title 5, United States Code, is amended to read as follows:

"(i) The Comptroller General shall—

"(1) not later than July 1, 2027, and every 2 years thereafter, audit each agency to determine compliance with and implementation of the requirements of this section and issue reports to the Committee on the Judiciary of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate on the results of such audit;

"(2) catalog the matters specifically exempted from disclosure by statute pursuant to subsection (b)(3), and any use of such exemptions by agencies; and

"(3) review and prepare a report on the processing of requests by agencies for information pertaining to an entity that has received assistance under title I of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5211 et seq.) during any period in which the Federal Government owns or owned more than 50 percent of the stock of such entity.".

(g) Amendments adding section 552(n).—Section 552 of title 5, United States Code, is amended by adding at the end the following:

"(n) Annual report by Congressional Research Service.—The Congressional Research Service shall, on an annual basis—

"(1) compile a list of statutes that specifically exempt records from disclosure pursuant to subsection (b)(3); and

"(2) make such list available to—

"(A) the Committee on Oversight and Accountability of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate; and

"(B) the public.".

SEC. 1042. OVERSIGHT OF DOJ LEGAL CONCLUSIONS.

(a) In general.—Section 521 of title 28, United States Code, is amended—

(1) by inserting "(a) In general.—" before "The Attorney General"; and

(2) by adding at the end the following:

"(b) OLC Opinions.—

"(1) Definitions.—In this subsection, the following terms shall apply:

"(A) Final OLC opinion.—The term 'final OLC opinion' means an OLC opinion that—

"(i) the Attorney General, Assistant Attorney General for the Office of Legal Counsel, or a Deputy Assistant Attorney General for the Office of Legal Counsel, has determined is final;

"(ii) is relied upon by government officials or government contractors;

"(iii) is relied upon to formulate legal guidance; or

"(iv) is directly or indirectly cited in another OLC opinion.

"(B) OLC opinion.—The term 'OLC opinion'—

"(i) means views on a matter of legal interpretation communicated for executive branch use by the Office of Legal Counsel of the Department of Justice, or by a Department of Justice office or component that, on or after January 1, 1933, exercised Attorney General opinion, executive branch legal advice, or executive order review functions later assigned to the Office of Legal Counsel; and

"(ii) includes—

"(I) in the case of a verbal communication of a legal interpretation, a memorialization of that communication;

"(II) a final OLC opinion; and

"(III) a revised OLC opinion.

"(C) Revised OLC opinion.—The term 'revised OLC opinion' means an OLC opinion—

"(i) that is withdrawn;

"(ii) to which information is added; or

"(iii) from which information is removed.

"(2) Requirement.—Subject to paragraph (3) and in accordance with paragraph (4), the Attorney General shall publish all OLC opinions on the public website of the Department to be accessed by the public free of charge.

"(3) Redaction of classified information.—

"(A) In general.—In the case of an OLC opinion required to be published under paragraph (2) that contains information classified as confidential, secret, or top secret, the Attorney General shall—

"(i) redact the classified information from the OLC opinion before publication of the OLC opinion; and

"(ii) establish and preserve an accurate record documenting each redaction from the OLC opinion, including information describing in detail why public online disclosure of the classified information would have resulted in the associated harm that pertains to each level of classification.

"(B) Limitation.—The Attorney General may not redact information under this paragraph that is sensitive but unclassified, controlled unclassified information, or subject to any similar executive branch control marking, unless another provision of law requires withholding.

"(C) Submission to Congress.—In the case of an OLC opinion described in subparagraph (A), the Attorney General shall submit the full opinion, without redaction, to any Member of Congress and any appropriately cleared congressional staff member.

"(D) Periodic review.—To the maximum extent practicable, the Attorney General shall, on a continual basis and not less frequently than once every 90 days—

"(i) review every OLC opinion published under this subsection that contains redactions of classified information; and

"(ii) remove any redactions that no longer protect information that is classified as either confidential, secret, or top secret.

"(4) Deadline for publication.—

"(A) In general.—Each OLC opinion issued by the Office of Legal Counsel of the Department on or after the date of enactment of this Act shall be published in accordance with this section as soon as practicable, but not later than 48 hours, after the date of issuance of the opinion.

"(B) Previously issued opinions.—In the case of OLC opinions issued before the date of enactment of this Act, the Attorney General shall, subject to subparagraph (C)—

"(i) not later than 90 days after the date of enactment of this Act, publish all OLC opinions issued on or after July 4, 2019, and before the date of enactment of this Act;

"(ii) not later than March 31, 2027, publish all OLC opinions issued on or after July 4, 2000, and before July 4, 2019;

"(iii) not later than January 1, 2028, publish all OLC opinions issued on or after July 4, 1976, and before July 4, 2000; and

"(iv) not later than January 1, 2029, publish all OLC opinions issued before July 4, 1976.

"(C) Descriptions of certain opinions.—In the case of an OLC opinion issued by the Office of Legal Counsel of the Department before the date of enactment of this Act, for which the text of the OLC opinion cannot be located, the Attorney General shall—

"(i) publish a description of the OLC opinion; and

"(ii) submit a written certification to Congress, under penalty of perjury, that—

"(I) a good faith effort was made to find the text of the OLC opinion; and

"(II) the text of the OLC opinion is unavailable.

"(5) Civil action.—

"(A) In general.—On a complaint brought by a complainant who has been harmed as a result of being deprived access to an OLC opinion that is required to be made available to the public free of charge on the public website of the Department under this subsection, the district court of the United States in the district in which the complainant resides, or has the complainant's principal place of business, or in the District of Columbia, has jurisdiction to enjoin the Office of Legal Counsel from withholding information required to be made available under this subsection and to order the production of information improperly withheld from the complainant.

"(B) Review.—In a case brought under subparagraph (A)—

"(i) the court—

"(I) shall determine the matter de novo; and

"(II) may examine the contents of the opinion issued by the Office of Legal Counsel in camera to determine whether such information or any part thereof shall be withheld under paragraph (3); and

"(ii) the burden is on the Office of Legal Counsel to sustain its action.".

SEC. 1043. GOVERNMENT ACCOUNTABILITY OFFICE AUDITS AND INVESTIGATIONS.

(a) Amendment.—Section 3308 of title 50, United States Code, is amended by adding at the end the following:

"(e) Government Accountability Office analyses, evaluations, and investigations.—

"(1) In general.—Except as provided in paragraph (2), the Director of National Intelligence shall ensure that personnel of the Government Accountability Office designated by the Comptroller General of the United States are provided with access to all information in the possession of an element of the intelligence community that the Comptroller General determines is necessary for such personnel to conduct an analysis, evaluation, or investigation of a program or activity of an element of the intelligence community that is requested by a committee of Congress with jurisdiction over such program or activity.

"(2) Exception.—

"(A) In general.—Subject to subparagraph (B), the Director of National Intelligence may restrict access to information referred to in paragraph (1) by personnel designated in such paragraph if the Director determines that the restriction is necessary to protect vital national security interests of the United States.

"(B) Classification not sole basis.—The Director of National Intelligence may not restrict access under subparagraph (A) solely on the basis of the level of classification or compartmentation of information that the personnel designated in paragraph (1) may seek access to while conducting an analysis, evaluation, or investigation.

"(C) Notice to Congress.—If the Director exercises the authority under subparagraph (A), the Director shall submit to each committee of Congress with jurisdiction over the program or activity that is the subject of the analysis, evaluation, or investigation for which the Director restricts access to information under such subparagraph an appropriately classified statement of the reasons for the exercise of such authority within 7 days.

"(D) Notice to Comptroller General.—The Director shall notify the Comptroller General at the time a statement under subparagraph (C) is submitted, and, to the extent consistent with the protection of intelligence sources and methods, provide the Comptroller General with a copy of such statement.

"(E) Comments.—The Comptroller General shall submit to each committee of Congress to which the Director of National Intelligence submits a statement under subparagraph (C) any comments on the statement that the Comptroller General considers appropriate.

"(3) Confidentiality and procedures.—

"(A) Confidentiality and penalties.—The requirements of subsection (b) shall apply to information made available for an analysis, evaluation, or investigation under paragraph (1).

"(B) Procedures.—The Comptroller General shall establish procedures to protect from unauthorized disclosure all classified and other sensitive information furnished to the Comptroller General or any representative of the Comptroller General for conducting an analysis, evaluation, or investigation under paragraph (1).

"(C) Identification of personnel.—Before initiating an analysis, evaluation, or investigation under paragraph (1), the Comptroller General shall provide the Director of National Intelligence and the head of each relevant element of the intelligence community with the name of each officer and employee of the Government Accountability Office who has obtained appropriate security clearance and to whom, upon proper identification, records and information of the element of the intelligence community shall be made available in conducting such analysis, evaluation, or investigation.

"(4) Rule of construction.—Notwithstanding subsection (a) and any directive issued under subsection (a), the Director of National Intelligence shall ensure access required by this subsection in accordance with paragraphs (1) and (2), and no directive issued under subsection (a) may limit or condition access in a manner inconsistent with this subsection.".

(b) Conforming amendment.—Section 3308(a)(1) of title 50, United States Code, is amended by inserting ", subject to subsection (e)," after "shall issue a written directive".

(c) Appropriation.—In addition to amounts otherwise available, there is appropriated to the Government Accountability Office, out of any money in the Treasury not otherwise appropriated, $250,000,000, to remain available through September 30, 2029, for salaries and expenses, audits, investigations, evaluations, technology assessment, data analysis, and other activities of the Government Accountability Office.

SEC. 1044. TRANSPARENCY AND TIMELY REVIEW OF REGULATORY ACTIONS.

(a) Definitions.—In this section:

(1) Office.—The term "Office" means the Office of Information and Regulatory Affairs of the Office of Management and Budget.

(2) Regulatory action.—The term "regulatory action" means any substantive action by an agency that promulgates or is expected to lead to the promulgation of a final rule or regulation, including a notice of inquiry, advance notice of proposed rulemaking, notice of proposed rulemaking, or final rule.

(3) Significant regulatory action.—The term "significant regulatory action" means any regulatory action that is likely to result in a rule that may—

(A) have an annual effect on the economy of $100,000,000 or more or materially affect the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or Tribal governments or communities;

(B) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(C) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(D) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the general principles of regulation customarily practiced by the executive branch.

(b) Disclosure of changes during centralized review.—With respect to any regulatory action submitted to the Office for centralized review, the agency shall—

(1) not later than the date on which the agency publishes a notice of proposed rulemaking with respect to the regulatory action, place in the rulemaking docket—

(A) the substance of any material change between the text of any draft regulatory action that the agency provided to the Office and the text published in the notice; and

(B) a statement regarding whether any change described in subparagraph (A) was made as a result of communication with—

(i) the Office;

(ii) another agency; or

(iii) any other Federal official; and

(2) not later than the date on which the agency publishes a final regulatory action in the Federal Register, place in the rulemaking docket—

(A) the substance of any material change between the text of the regulatory action that the agency provided to the Office and the text of the regulatory action published in the Federal Register; and

(B) a statement regarding whether any change described in subparagraph (A) was made as a result of communication with—

(i) the Office;

(ii) another agency; or

(iii) any other Federal official.

(c) Justification of withdrawn rules.—

(1) In general.—If an agency withdraws a regulatory action after submitting the regulatory action to the Office for centralized review, or after publishing a notice of proposed rulemaking with respect to the regulatory action, the agency shall publish in the Federal Register, on the public docket of the agency, and on the website of the agency a statement regarding the decision to withdraw the regulatory action.

(2) Contents.—A statement required under paragraph (1) shall include—

(A) a detailed explanation of the reasons that the agency withdrew the regulatory action; and

(B) a statement regarding whether the withdrawal was made as a result of communication with—

(i) the Office;

(ii) another agency; or

(iii) any other Federal official.

(d) Timely review by Office.—

(1) In general.—Except as provided in paragraph (2), if the Office commences a review of a significant regulatory action, the Office shall complete such review not later than 60 days after the date on which the Office receives the significant regulatory action.

(2) Extension.—The Office may extend the period described in paragraph (1) by a single additional period of not more than 60 days if the Office provides the agency with, and makes publicly available, a written justification for the extension.

(3) Publication by agency.—If the Office waives review of a significant regulatory action, does not notify the agency in writing not later than 30 days after receiving the action that the Office has commenced review, or does not notify the agency in writing of the results of review

within the period described in paragraph (1) or (2), the agency may publish the significant regulatory action in the Federal Register.

SEC. 1045. DISCLOSURE OF CONFLICTS OF INTEREST IN RULEMAKING.

(a) In general.—Section 553 of title 5, United States Code, is amended—

(1) in subsection (c)—

(A) by striking "After notice required by this section, the agency shall" and inserting "(1) After notice required by this section, the agency shall, subject to subsections (f) and (h),"; and

(B) by adding at the end the following:

"(2) In the case of any submission under paragraph (1) by an interested person that includes a scientific, economic, or technical study or research (or a citation thereto) that the interested person funded directly or indirectly, or the nonpublic results of any scientific, economic, or technical study or research that the interested person funded directly or indirectly, the interested person shall disclose to the agency—

"(A) the amount of any funds that were received by the person who conducted the study or research;

"(B) the entity that provided the funds referred to in subparagraph (A);

"(C) any entity that was allowed to review or revise the study or research, and the extent of that review or revision; and

"(D) any financial relationship between the person who conducted the study or research and any person that would be affected by the proposed rule."; and

(2) by adding at the end the following new subsections:

"(f) With respect to any submission by an interested person under subsection (c), or any other submission by an interested person relating to a proposed rule or final rule, that includes a scientific, economic, or technical study or research by the interested person not published in a publicly available peer-reviewed publication, or any result of a scientific, economic, or technical study or research by the interested person not published in a publicly available peer-reviewed publication, the interested person shall disclose to the agency—

"(1) the source of any funding for the study or research, as applicable;

"(2) any entity that sponsored the study or research;

"(3) the extent to which the findings of the study or research were reviewed by a person that may be affected by the rulemaking to which the submission relates;

"(4) the identity of any person identified under paragraph (3); and

"(5) the nature of any financial relationship, including a consulting agreement, the support of any expert witness, and the funding of research, between any person that conducted the study

or research and any interested person with respect to the rulemaking to which the submission relates.

"(g) With respect to a study or research submitted by an interested person to an agency under subsection (c), the agency shall ensure that the study or research is available to the public, including on the internet website of the agency and on the public docket of the agency for the rulemaking, unless disclosure is exempted or excluded under section 552.

"(h) (1) If a study or research submitted by an interested person to an agency under subsection (c) presents a conflict described in paragraph (2), the agency shall disclose the conflict to the public on the internet website of the agency and on the public docket of the agency, and by publication in the Federal Register, unless disclosure is exempted or excluded under section 552.

"(2) A conflict described in this subsection means a study or research for which—

"(A) not less than 10 percent of the funding for the study or research is from an entity subject to the jurisdiction of the agency with respect to that rulemaking; or

"(B) an entity subject to the jurisdiction of the agency with respect to that rulemaking that is regulated by the agency exercises editorial control over the study or research.

"(i) In the case of a violation of a requirement to make a disclosure—

"(1) under subsection (c)(2) or subsection (f) with respect to a submission, the agency may exclude from consideration or otherwise disregard the submission, and the agency has no obligation to respond to the submission, except that the submission may be remade with required disclosures during the opportunity for participation referred to in subsection (c)(1); or

"(2) under subsection (h) with respect to a conflict related to a submission referred to under subsection (c), the agency shall promptly make the required disclosure, and such violation shall not provide a basis for excluding from consideration or otherwise disregarding the submission.

"Nothing in this subsection may be construed to affect the level of deference accorded to agency action by a court reviewing such action under applicable law.

"(j) (1) Any entity required to file an annual report under section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) that makes a submission under subsection (c) knowing the same—

"(A) to include any materially false, fictitious, or fraudulent statement or representation; or

"(B) to omit any material fact resulting in any statement or representation being false or misleading,

shall be subject to a civil penalty of not less than $250,000 for a first violation.

"(2) Any entity that has a subsequent violation of paragraph (1) shall be subject to a civil penalty of not less than $1,000,000 for each subsequent violation.

"(3) Any submission in violation of this subsection may be excluded from the record and from consideration by the agency or otherwise disregarded, and such submission, or any

amendment to such submission, may not be resubmitted thereafter. An exclusion or other disregard of a submission pursuant to this subsection shall not affect the level of deference, in accordance with applicable law, accorded to agency action by a court reviewing such action.

"(k) Any entity required to file an annual report pursuant to section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) shall include in a submission under subsection (c)(2) the annual report filed in the year previous to such submission and the quarterly report filed most recently prior to such submission.

"(l) (1) The head of each agency shall take such actions as may be necessary to—

"(A) expand public awareness of the initiation of each rulemaking proceeding;

"(B) expand public awareness of the publication of each proposed rule;

"(C) expand public awareness when a rule is published; and

"(D) establish a participation log, including all rulemaking participants, with respect to each rulemaking.

"(2) Not later than 2 business days after the date on which an agency publishes a notice of proposed rulemaking or a final rule under this section, the agency shall notify interested persons of the publication, including by using contact information that interested persons have provided to the agency and by publishing such notice on the agency's website and any social media accounts.".

SEC. 1046. ESTABLISHMENT OF THE OFFICE OF THE PUBLIC ADVOCATE.

(a) Subchapter I of chapter 5 of title 5, United States Code, is amended—

(1) by adding at the end the following:

"Sec. 505. Office of the Public Advocate.

"(a) Establishment.—There is established in the Office of Management and Budget an office to be known as the Office of the Public Advocate.

"(b) National Public Advocate.—The Office of the Public Advocate shall be under the supervision of an official to be known as the National Public Advocate, who shall—

"(1) be appointed by the President, by and with the advice and consent of the Senate;

"(2) report to the President;

"(3) be entitled to compensation at the same rate as the highest rate of basic pay established for the Senior Executive Service under section 5382;

"(4) have a background in customer service, consumer protection, or administrative law; and

"(5) have experience working with the public in cases involving rules, as defined in section 551.

"(c) Duties.—The duties of the Office of the Public Advocate shall include—

"(1) assisting agencies in soliciting public participation in the rulemaking process;

"(2) assisting individuals in participating in the rulemaking process;

"(3) working with agencies, Congress, and the public to identify problems and improve public participation in the rulemaking process;

"(4) conducting and publishing research on public participation in the rulemaking process;

"(5) developing and coordinating public participation best practices across the executive branch;

"(6) facilitating means by which individuals and populations that have not historically participated in the rulemaking process may be better included in the rulemaking process, including by—

"(A) recommending and implementing new outreach plans;

"(B) partnering with State, local, and Tribal governments and with community-based organizations to propagate information about rule changes; and

"(C) ensuring information about agency rulemaking and changes to rules are written in clear, accessible language and made available in multiple languages.

"(d) Rulemaking.—Not later than 180 days after the date on which the National Public Advocate is appointed under this section, the National Public Advocate shall prescribe rules to carry out this section."; and

(2) in the table of sections for such chapter, by inserting after the item relating to section 504 the following:

"505. Office of the Public Advocate.".

SEC. 1047. SCOPE OF REVIEW.

(a) In general.—Section 706 of title 5, United States Code, is amended—

(1) in the first sentence of the matter preceding paragraph (1)—

(A) by striking "agency action." and inserting "agency action. If a statute that an agency administers is silent or ambiguous as to the proper construction of a particular term or provision or set of terms or provisions, and an agency has followed the applicable procedures in subchapter II of chapter 5, has otherwise lawfully adjudicated a matter, or has followed the corresponding procedural provisions of the relevant statute, as applicable, a reviewing court shall defer to the agency's reasonable or permissible interpretation of that statute, regardless of the significance of the related agency action or a possible future agency action."; and

(B) by striking "To the extent necessary" and inserting "(a) In general.—To the extent necessary"; and

(2) by adding at the end the following:

"(b) Unreasonable delay.—For purposes of subsection (a)(1), unreasonable delay shall include—

"(1) when an agency has not issued a notice of proposed rulemaking before the date that is 1 year after the date of enactment of the legislation mandating the rulemaking, where no deadline for the rulemaking was specified in the enacted law;

"(2) when an agency has not issued a final version of a proposed rule before the date that is 1 year after the date on which the proposed rule was published in the Federal Register;

"(3) when an agency has not implemented a final rule before the date that is 1 year after the implementation date published in the Federal Register or, if no implementation date was provided, before the date that is 1 year after the date on which the final rule was published in the Federal Register; and

"(4) when an agency has not issued or implemented a final rule, upon a showing of good cause therefor.".

SEC. 1048. INSPECTOR GENERAL MODERNIZATION.

(a) Removal, transfer, and non-duty status protections.—Section 403(b) of title 5, United States Code, is amended to read as follows:

"(b) Removal, Transfer, and Non-Duty Status.—

"(1) Removal or transfer.—

"(A) In general.—An Inspector General may be removed from office or transferred to another position or location only for permanent incapacity, neglect of duty, malfeasance, conviction of a felony or conduct involving moral turpitude, knowing violation of law, rule, or regulation, gross mismanagement, gross waste of funds, abuse of authority, or inefficiency.

"(B) Notice to Congress.—Not later than 30 days before removing or transferring an Inspector General under subparagraph (A), the President shall communicate in writing to both Houses of Congress, including the appropriate congressional committees, the substantive rationale, including detailed and case-specific reasons, for the removal or transfer.

"(C) Inquiry materials.—If there is an open or completed inquiry into an Inspector General that relates to the removal or transfer of the Inspector General under subparagraph (A), the written communication required under subparagraph (B) shall—

"(i) identify each entity that is conducting, or conducted, the inquiry; and

"(ii) in the case of a completed inquiry, include the findings made during the inquiry.

"(2) Non-duty status.—

"(A) In general.—Only the President may place an Inspector General on paid or unpaid non-duty status.

"(B) Notice to Congress.—If the President places an Inspector General on paid or unpaid non-duty status, the President shall communicate in writing to both Houses of Congress, including the appropriate congressional committees, the substantive rationale, including detailed and case-specific reasons, for the change in status not later than 15 days before the date on which the change in status takes effect.

"(C) Immediate non-duty status.—The President may submit the communication required under subparagraph (B) not later than the date on which the change in status takes effect if—

"(i) the President determines that the continued presence of the Inspector General in the workplace may pose a threat described in any of clauses (i) through (iv) of section 6329b(b)(2)(A); and

"(ii) the communication includes—

"(I) a specification of which clause of section 6329b(b)(2)(A) the President has determined applies;

"(II) the substantive rationale, including detailed and case-specific reasons, for the determination;

"(III) an identification of each entity that is conducting, or conducted, any inquiry on which the determination was made; and

"(IV) in the case of a completed inquiry, the findings made during the inquiry.

"(D) Non-duty status before removal or transfer.—The President may not place an Inspector General on paid or unpaid non-duty status during the 30-day period preceding the date on which the Inspector General is removed or transferred under paragraph (1) unless the President makes a determination described in subparagraph (C)(i) and submits the communication required under subparagraph (C)(ii) not later than the date on which the change in status takes effect.

"(3) Special Inspectors General.—For purposes of this subsection—

"(A) the term 'Inspector General' includes the Special Inspector General for Afghanistan Reconstruction, the Special Inspector General for the Troubled Asset Relief Program, and the Special Inspector General for Pandemic Recovery; and

"(B) a reference to the removal or transfer of an Inspector General under paragraph (1), or to the written communication described in paragraph (1), shall be treated as—

"(i) in the case of the Special Inspector General for Afghanistan Reconstruction, a reference to section 1229(c)(6) of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 122 Stat. 378);

"(ii) in the case of the Special Inspector General for the Troubled Asset Relief Program, a reference to section 121(b)(4) of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5231(b)(4)); and

"(iii) in the case of the Special Inspector General for Pandemic Recovery, a reference to section 4018(b)(3) of the CARES Act (15 U.S.C. 9053(b)(3)).

"(4) Rule of construction.—Nothing in this subsection shall prohibit a personnel action otherwise authorized by law, other than removal, transfer, or placement on paid or unpaid non-duty status.".

(b) Vacancy in position of Inspector General.—Section 403(h) of title 5, United States Code, is amended to read as follows:

"(h) Vacancy in Position of Inspector General.—

"(1) Definitions.—In this subsection:

"(A) First assistant.—The term 'first assistant to the position of Inspector General' means, with respect to an Office of Inspector General—

"(i) an individual who, as of the day before the date on which the Inspector General dies, resigns, is removed, is transferred, or otherwise becomes unable to perform the functions and duties of the position—

"(I) is serving in a position in that Office; and

"(II) has been designated in writing by the Inspector General, through an order of succession or otherwise, as the first assistant to the position of Inspector General; or

"(ii) if the Inspector General has not made a designation described in clause (i)(II)—

"(I) the Principal Deputy Inspector General of that Office, as of the day before the date on which the Inspector General dies, resigns, is removed, is transferred, or otherwise becomes unable to perform the functions and duties of the position; or

"(II) if there is no Principal Deputy Inspector General of that Office, the Deputy Inspector General of that Office, as of the day before the date on which the Inspector General dies, resigns, is removed, is transferred, or otherwise becomes unable to perform the functions and duties of the position.

"(B) Inspector General.—The term 'Inspector General' means an Inspector General who is appointed by the President, by and with the advice and consent of the Senate, and includes the Inspector General of an establishment, the Inspector General of the Intelligence Community, the Inspector General of the Central Intelligence Agency, the Special Inspector General for the Troubled Asset Relief Program, and the Special Inspector General for Pandemic Recovery.

"(2) Vacancy, removal, transfer, or inability.—If an Inspector General dies, resigns, is removed, is transferred, or otherwise becomes unable to perform the functions and duties of the position—

"(A) section 3345(a) and section 103(e) of the National Security Act of 1947 (50 U.S.C. 3025(e)) shall not apply;

"(B) subject to paragraph (4), the first assistant to the position of Inspector General shall perform the functions and duties of the Inspector General temporarily in an acting capacity subject to the time limitations of section 3346; and

"(C) notwithstanding subparagraph (B), and subject to paragraphs (4) and (5), the President, and only the President, may direct an officer or employee of an Office of Inspector General to perform the functions and duties of the Inspector General temporarily in an acting capacity subject to the time limitations of section 3346 only if—

"(i) during the 365-day period preceding the date of death, resignation, removal, transfer, or beginning of inability to serve of the Inspector General, the officer or employee served in a position in an Office of Inspector General for not fewer than 90 days, except that—

"(I) the requirement under this clause shall not apply if the officer is an Inspector General; and

"(II) for purposes of this subparagraph, performing the functions and duties of an Inspector General temporarily in an acting capacity does not qualify as service in a position in an Office of Inspector General;

"(ii) the rate of pay for the position of the officer or employee is equal to or greater than the minimum rate of pay payable for a position at GS-15 of the General Schedule;

"(iii) the officer or employee has demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations; and

"(iv) not later than 30 days before the direction takes effect, the President communicates in writing to both Houses of Congress, including the appropriate congressional committees, the substantive rationale, including detailed and case-specific reasons, for the direction, including the reason for directing someone other than the individual performing the functions and duties of the Inspector General temporarily in an acting capacity as of the date on which the President issues the direction to perform those functions and duties temporarily in an acting capacity.

"(3) Non-duty status.—Notwithstanding section 3345(a) and subparagraphs (B) and (C) of paragraph (2), and subject to paragraph (4), during any period in which an Inspector General is on paid or unpaid non-duty status—

"(A) the first assistant to the position of Inspector General shall perform the functions and duties of the Inspector General temporarily in an acting capacity subject to the time limitations of section 3346; and

"(B) if the first assistant described in subparagraph (A) dies, resigns, or becomes otherwise unable to perform those functions and duties, the President, and only the President, may direct an officer or employee in that Office of Inspector General to perform those functions and duties temporarily in an acting capacity subject to the time limitations of section 3346 if—

"(i) the direction satisfies the requirements under clauses (ii), (iii), and (iv) of paragraph (2)(C); and

"(ii) the officer or employee served in a position in that Office of Inspector General for not fewer than 90 of the 365 days preceding the date on which the President makes the direction.

"(4) One acting position.—An individual may perform the functions and duties of an Inspector General temporarily in an acting capacity under subparagraph (B) or (C) of paragraph (2), or under paragraph (3), with respect to only 1 Inspector General position at any given time.

"(5) Interim service before alternative presidential designation.—If the President makes a direction under paragraph (2)(C), during the 30-day period preceding the date on which the direction of the President takes effect, the functions and duties of the position of the applicable Inspector General shall be performed by—

"(A) the first assistant to the position of Inspector General; or

"(B) the individual performing those functions and duties temporarily in an acting capacity, as of the date on which the President issues the direction, if that individual is an individual other than the first assistant to the position of Inspector General.".

(c) Temporary appointment authority after expiration of acting-service period.—Section 403 of title 5, United States Code, as amended by subsection (b), is amended by adding at the end the following:

"(i) Temporary Appointment After Expiration of Acting-Service Period.—

"(1) CIGIE candidate list.—The Council of the Inspectors General on Integrity and Efficiency shall maintain a list of qualified individuals who may perform the functions and duties of an Inspector General temporarily in an acting capacity after the expiration of the applicable time limitation under section 3346.

"(2) Qualifications.—An individual may be included on the list under paragraph (1) only if the individual—

"(A) has demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations;

"(B) has substantial experience in an Office of Inspector General, the Government Accountability Office, the Office of Special Counsel, or another Federal oversight or accountability entity;

"(C) has not, during the 2-year period preceding inclusion on the list, been employed by the establishment or designated Federal entity for which the individual may be designated as acting Inspector General, other than in an Office of Inspector General; and

"(D) satisfies any additional qualification standards prescribed by the Council.

"(3) CIGIE designation.—If the applicable time limitation under section 3346 has expired with respect to service under subsection (h), no individual is authorized to perform the functions

and duties of the Inspector General temporarily in an acting capacity under subsection (h), and no individual has been confirmed by the Senate to fill the vacancy, the Chairperson of the Council of the Inspectors General on Integrity and Efficiency, with the concurrence of a majority of the Council, shall designate an individual from the list maintained under paragraph (1) to perform the functions and duties of the Inspector General temporarily in an acting capacity.

"(4) Priority for relevant oversight experience.—In making a designation under paragraph (3), the Chairperson shall give priority to individuals with experience in an Office of Inspector General or oversight entity with jurisdiction, mission, or subject matter experience substantially related to the establishment or designated Federal entity in which the vacancy exists.

"(5) Termination of designation.—A designation under paragraph (3) shall terminate upon the earlier of—

"(A) the date on which an Inspector General is confirmed by the Senate and appointed to fill the vacancy;

"(B) the date on which the individual designated under paragraph (3) resigns, dies, or is unable to perform the functions and duties of the position;

"(C) the date on which the Council designates another individual under paragraph (3);

"(D) the date on which an individual becomes authorized to perform the functions and duties of the Inspector General temporarily in an acting capacity under subsection (h); or

"(E) the date on which the vacancy no longer exists.

"(6) Judicial fallback.—If a court of competent jurisdiction enters a final judgment holding paragraph (3) unconstitutional or otherwise unenforceable, or enjoins implementation of paragraph (3), the United States District Court for the District of Columbia may, upon application by the Council of the Inspectors General on Integrity and Efficiency or any Member of Congress, designate an acting Inspector General from the list maintained under paragraph (1) for any vacancy described in paragraph (3).

"(7) No limitation on nomination.—Nothing in this subsection shall be construed to limit the authority of the President to nominate an individual to serve as Inspector General by and with the advice and consent of the Senate.".

(d) Presidential explanation of failure to nominate.—Section 403 of title 5, United States Code, as amended by subsections (b) and (c), is amended by adding at the end the following:

"(j) Presidential Explanation of Failure To Nominate.—If the President fails to make a formal nomination for a vacant Inspector General position by the date that is 210 days after the date on which the vacancy occurred, and every 90 days thereafter until a nomination is made, the President shall communicate to both Houses of Congress, including the appropriate congressional committees—

"(1) the reasons why the President has not yet made a formal nomination; and

"(2) a target date for making a formal nomination.".

(e) Access to information and notice of refusal.—Section 406(c) of title 5, United States Code, is amended to read as follows:

"(c) Requests for Information.—

"(1) Compliance in general.—Upon request of an Inspector General for information or assistance under subsection (a)(3), the head of any Federal agency involved shall, insofar as is practicable and not in contravention of any existing statutory restriction or regulation of the Federal agency from which the information is requested, furnish to the Inspector General, or to an authorized designee, the requested information or assistance.

"(2) Unreasonable refusal or delay.—

"(A) Report to head of establishment.—Whenever information or assistance requested under subsection (a)(1) or (a)(3) is, in the judgment of an Inspector General, unreasonably refused, delayed, restricted, conditioned, or not provided, the Inspector General shall report the circumstances to the head of the establishment or designated Federal entity involved without delay.

"(B) Notice to Congress.—If the information or assistance described in subparagraph (A) is not provided not later than 7 days after the report under subparagraph (A), the Inspector General shall submit a report to both Houses of Congress, including the appropriate congressional committees, describing—

"(i) the information or assistance requested;

"(ii) the office, officer, employee, contractor, or other person responsible for refusing, delaying, restricting, conditioning, or failing to provide the information or assistance;

"(iii) the effect of the refusal, delay, restriction, condition, or failure on the audit, investigation, inspection, evaluation, review, or other oversight matter; and

"(iv) any explanation provided by the establishment or designated Federal entity.

"(C) Form of report.—A report under subparagraph (B) may include a classified annex or other protected annex if necessary to protect classified information, sensitive law enforcement information, whistleblower-identifying information, or information the disclosure of which is otherwise prohibited by law.".

(f) Testimonial subpoena authority.—Section 406 of title 5, United States Code, is amended by adding at the end the following:

"(l) Testimonial Subpoena Authority.—

"(1) Definitions.—In this subsection:

"(A) Chairperson.—The term 'Chairperson' means the Chairperson of the Council of the Inspectors General on Integrity and Efficiency.

"(B) Inspector General.—The term 'Inspector General' means an Inspector General of an establishment or designated Federal entity and includes the Inspector General of the Central Intelligence Agency, the Inspector General of the Intelligence Community, the

Special Inspector General for Afghanistan Reconstruction, the Special Inspector General for the Troubled Asset Relief Program, and the Special Inspector General for Pandemic Recovery.

"(C) Subpoena Panel.—The term 'Subpoena Panel' means the panel established under paragraph (5).

"(2) Authority.—In addition to the authority otherwise provided by this chapter, each Inspector General may require by subpoena the attendance and testimony of witnesses as necessary in the performance of an audit, inspection, evaluation, or investigation.

"(3) Enforcement.—In the case of contumacy or refusal to obey a subpoena issued under paragraph (2), the subpoena shall be enforceable by order of any appropriate United States district court.

"(4) Federal employees.—An Inspector General may not require by subpoena under this subsection the attendance and testimony of a current Federal employee or current employee of a designated Federal entity, but may use other authorized procedures.

"(5) Subpoena Panel.—

"(A) Establishment.—There is established within the Council a panel to approve requests by Inspectors General to issue subpoenas under this subsection.

"(B) Membership.—The Subpoena Panel shall consist of 3 Inspectors General designated by the Chairperson for renewable terms of 1 year.

"(C) Approval required.—An Inspector General may not issue a subpoena under this subsection unless the Subpoena Panel approves the request to issue the subpoena.

"(6) Notice to Attorney General.—Not later than 10 days before submitting a request for approval to issue a subpoena to the Subpoena Panel, an Inspector General shall notify the Attorney General of the intent of the Inspector General to issue the subpoena.

"(7) Attorney General objection.—If the Attorney General determines that issuing the subpoena would interfere with an ongoing criminal investigation, the Attorney General may object in writing to the Subpoena Panel during the 10-day period described in paragraph (6), and the Subpoena Panel may not approve the subpoena unless the objection is withdrawn or the Attorney General later determines that the subpoena will not interfere with the ongoing criminal investigation.

"(8) Delegation.—The authority to issue a subpoena under this subsection may be delegated only to an official performing the functions and duties of an Inspector General when the Inspector General position is vacant or when the Inspector General is unable to perform the functions and duties of the Office of Inspector General.

"(9) Semiannual reporting.—Each Inspector General shall include in the semiannual report required under section 405 a description of each subpoena issued under this subsection during the reporting period, except that information may be provided in a classified annex or other protected annex if necessary to protect classified information, sensitive law enforcement

information, whistleblower-identifying information, or information the disclosure of which is otherwise prohibited by law.

"(10) Guidelines.—The Council, in consultation with the Attorney General, shall issue guidelines governing the use of testimonial subpoena authority under this subsection.

"(11) GAO review.—Not later than July 1, 2029, the Comptroller General of the United States shall submit to Congress a report reviewing the use of testimonial subpoena authority under this subsection, including the number of subpoena requests submitted, approved, denied, issued, enforced, withdrawn, or challenged, and any recommendations for improving the use, oversight, or protection of such authority.".

(g) Department of Justice Inspector General jurisdiction.—Section 413 of title 5, United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (2), by striking "except as specified in subsection (a) and paragraph (3)," and inserting "except as specified in subsection (a),";

(B) by striking paragraph (3); and

(C) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively; and

(2) in subsection (d), by striking ", except with respect to allegations described in subsection (b)(3),".

(h) Inspector General for the Office of Management and Budget.—

(1) Establishment.—Section 401 of title 5, United States Code, is amended—

(A) in paragraph (1), by inserting "the Office of Management and Budget," after "the Office of Personnel Management,"; and

(B) in paragraph (2), by inserting "the Director of the Office of Management and Budget," after "the Director of the Office of Personnel Management,".

(2) Special provisions.—Chapter 4 of title 5, United States Code, is amended by adding at the end the following:

"Sec. 425. Special provisions concerning the Office of Management and Budget

"(a) Jurisdiction.—The Inspector General of the Office of Management and Budget shall have jurisdiction over the Office of Management and Budget and over any program, function, duty, or activity specifically assigned to the Office of Management and Budget by law, regulation, executive order, or other Presidential directive.

"(b) No limitation on review of centralized functions.—The jurisdiction of the Inspector General of the Office of Management and Budget includes audits, investigations, inspections, evaluations, and reviews of budget, management, procurement, information policy, regulatory review, statistical policy, performance, and interagency coordination functions assigned to the Office of Management and Budget.

"(c) Rule of construction.—Nothing in this section shall be construed to limit the jurisdiction of another Inspector General over the establishment or designated Federal entity with respect to which that Inspector General has responsibilities under this chapter.".

(3) Clerical amendment.—The table of sections for chapter 4 of title 5, United States Code, is amended by adding at the end the following:

"425. Special provisions concerning the Office of Management and Budget.".

(i) CIGIE Integrity Committee transparency.—Section 424(d) of title 5, United States Code, is amended—

(1) by amending paragraph (9) to read as follows:

"(9) Semiannual report.—On or before May 31 and November 30 of each year, the Council shall submit to Congress and the President a report on the activities of the Integrity Committee during the immediately preceding 6-month periods ending March 31 and September 30, which shall include the following with respect to allegations of wrongdoing that are made against Inspectors General and staff members of the various Offices of Inspector General described under paragraph (4)(C):

"(A) An overview and analysis of allegations of wrongdoing disposed of by the Integrity Committee, including—

"(i) an analysis of the positions held by individuals against whom allegations were made, including the duties associated with such positions;

"(ii) an analysis of the categories or types of allegations of wrongdoing; and

"(iii) a summary of the disposition of such allegations.

"(B) The number of allegations received by the Integrity Committee.

"(C) The number of allegations referred to the Department of Justice or the Office of Special Counsel, including the number of allegations referred for criminal investigation.

"(D) The number of allegations referred to the Chairperson of the Integrity Committee for investigation, a general description of the status of such investigations, and a summary of the findings of investigations completed.

"(E) An overview and analysis of allegations of wrongdoing received by the Integrity Committee during any previous reporting period that remained pending during any part of the 6-month period covered by the report, including—

"(i) an analysis of the positions held by individuals against whom allegations were made, including the duties associated with such positions;

"(ii) an analysis of the categories or types of allegations of wrongdoing; and

"(iii) a summary of the disposition of such allegations.

"(F) The number and category or type of pending investigations.

"(G) For each allegation received—

"(i) the date on which the investigation was opened;

"(ii) the date on which the allegation was disposed of, as applicable; and

"(iii) the case number associated with the allegation.

"(H) The nature and number of allegations closed without referral by the Integrity Committee, including the justification for why each allegation was closed without referral.

"(I) A brief description of any difficulty encountered by the Integrity Committee when receiving, evaluating, investigating, or referring for investigation an allegation received by the Integrity Committee, including a brief description of—

"(i) any attempt to prevent or hinder an investigation; or

"(ii) any concern about the integrity or operations of an Office of Inspector General.

"(J) Other matters that the Council considers appropriate."; and

(2) by adding at the end the following:

"(14) Additional congressional access to closed allegations and final dispositions.—

"(A) Closed allegations.—Upon request of any Member of Congress, the Integrity Committee shall make available information regarding an allegation of wrongdoing that the Integrity Committee closed without referral, including the date on which the allegation was received, a general description of the allegation, the reason the allegation was closed without referral, and any conflict of interest or recusal determination relating to the allegation, except that the Integrity Committee may withhold information that is classified, law enforcement sensitive, whistleblower identifying, or otherwise protected from disclosure by law.

"(B) Final disposition reports.—Not later than 30 days after the final disposition of an allegation of wrongdoing concerning an Inspector General or a senior staff member of an Office of Inspector General, the Integrity Committee shall submit to Congress a report describing the final disposition, including whether disciplinary action, referral, corrective action, or no action resulted.

"(15) Investigations of Offices of Inspector General.—The Integrity Committee may conduct, direct, or coordinate an investigation of an Office of Inspector General if the allegation concerns systemic misconduct, a pattern or practice of retaliation, obstruction of oversight, or other conduct affecting the integrity or operations of the Office.".

(j) Office of Inspector General whistleblower complaints and anti-retaliation.—Section 407 of title 5, United States Code, is amended—

(1) in subsection (a), by inserting "or any employee of an Office of Inspector General" after "employee of the establishment";

(2) by amending subsection (b) to read as follows:

"(b) Prohibition on Disclosure of Identity.—The Inspector General shall not, after receipt of a complaint or information from an employee of the establishment or an employee of an Office of Inspector General, disclose the identity of the employee without the consent of the employee, unless the Inspector General determines the disclosure is unavoidable during the course of the investigation or is otherwise required by law.";

(3) by amending subsection (c) to read as follows:

"(c) Prohibition on Reprisal.—Any employee who has authority to take, direct others to take, recommend, or approve any personnel action may not, with respect to that authority, take or threaten to take any action against any employee of an establishment or any employee of an Office of Inspector General as a reprisal for making a complaint or disclosing information to an Inspector General, the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency, the Office of Special Counsel, or Congress, unless the complaint was made or the information was disclosed with knowledge that the complaint or information was false or with willful disregard for its truth or falsity."; and

(4) by adding at the end the following:

"(d) Office of Inspector General Whistleblower Complaints.—

"(1) Direct submission.—An employee of an Office of Inspector General may submit a complaint or information concerning wrongdoing, retaliation, gross mismanagement, gross waste of funds, abuse of authority, violation of law, rule, or regulation, or danger to public health or safety directly to the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency, the Office of Special Counsel, or Congress.

"(2) Protection of identity.—The identity of an employee of an Office of Inspector General who submits a complaint or information under paragraph (1) may not be disclosed without the consent of the employee, unless disclosure is unavoidable in the course of an investigation or is otherwise required by law.

"(3) Anti-retaliation.—No officer or employee of an Office of Inspector General may take or threaten to take a personnel action against an employee of an Office of Inspector General because of a complaint or disclosure described in paragraph (1).

"(4) Referral.—The Integrity Committee shall establish procedures for receiving, reviewing, referring, and resolving complaints submitted under paragraph (1), including procedures for referral to the Office of Special Counsel, the Department of Justice, another Office of Inspector General, or Congress, as appropriate.".

(k) CIGIE resources and reporting.—

(1) Appropriation.—In addition to amounts otherwise available, there is appropriated to the Council of the Inspectors General on Integrity and Efficiency, out of any money in the Treasury not otherwise appropriated, $100,000,000, to remain available through September 30, 2029, to carry out section 424 of title 5, United States Code, and this section, including Integrity Committee operations, training, data systems, temporary appointment administration, subpoena-panel support, and oversight workforce development.

(2) Expenditure report.—Not later than January 1, 2027, and annually thereafter through fiscal year 2029, the Chairperson of the Council of the Inspectors General on Integrity and Efficiency shall submit to Congress and make publicly available a report describing the use of amounts appropriated under paragraph (1), including expenditures for Integrity Committee operations, training, data systems, temporary appointment administration, subpoena-panel support, and oversight workforce development.

(l) Functions and duties of Council.—Section 424(c)(1) of title 5, United States Code, is amended to read as follows:

"(1) In general.—The Council shall—

"(A) continually identify, review, and discuss areas of weakness and vulnerability in Federal programs and operations with respect to fraud, waste, and abuse;

"(B) develop plans for coordinated, Governmentwide activities that address these problems and promote economy and efficiency in Federal programs and operations, including interagency and interentity audit, investigation, inspection, and evaluation programs and projects to deal efficiently and effectively with those problems concerning fraud and waste that exceed the capability or jurisdiction of an individual agency or entity;

"(C) develop policies that will aid in the maintenance of a corps of well trained and highly skilled Office of Inspector General personnel;

"(D) maintain an internet website and other electronic systems for the benefit of all Inspectors General, as the Council determines are necessary or desirable;

"(E) support the professional development of Inspectors General, including by developing, maintaining, and making available training resources and training opportunities on the duties, responsibilities, and authorities of Inspectors General, including independence, access to information, whistleblower protection, testimonial subpoena authority, congressional reporting, conflicts of interest, and the handling of allegations involving Offices of Inspector General;

"(F) maintain 1 or more academies as the Council considers desirable for the professional training of auditors, investigators, inspectors, evaluators, and other personnel of the various Offices of Inspector General;

"(G) submit recommendations of individuals to the appropriate appointing authority for any appointment to an office of Inspector General described under subsection (b)(1)(A) or (B);

"(H) make such reports to Congress as the Chairperson determines are necessary or appropriate;

"(I) except for matters coordinated among Inspectors General under section 103H of the National Security Act of 1947 (50 U.S.C. 3033), receive, review, and mediate any disputes submitted in writing to the Council by an Office of Inspector General regarding an audit, investigation, inspection, evaluation, or project that involves the jurisdiction of more than 1 Office of Inspector General; and

"(J) perform other duties within the authority and jurisdiction of the Council, as appropriate.".

(m) Rule of construction.—Nothing in this section or the amendments made by this section shall be construed to limit any authority of an Inspector General, the Council of the Inspectors General on Integrity and Efficiency, the Integrity Committee of the Council, the Government Accountability Office, the Office of Special Counsel, Congress, or any committee of Congress under any other provision of law.

SEC. 1049. REGULATORY RECUSAL AND CONFLICTED LEGAL LEADERSHIP.

(a) Definitions.—In this section:

(1) Antitrust laws.—The term "antitrust laws" has the meaning given the term in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12(a)) and includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent such section prohibits unfair methods of competition.

(2) Covered matter.—The term "covered matter" means a particular matter involving specific parties, a particular matter of general applicability, rulemaking, guidance document, enforcement policy, supervisory policy, licensing determination, adjudication, investigation, request for a ruling or other determination, settlement, consent order, or other agency action that may directly and predictably affect the legal, regulatory, competitive, or financial interests of an identifiable person, entity, industry, or discrete and identifiable class of persons or entities.

(3) Disqualifying determination.—The term "disqualifying determination" means a final judgment, final order, consent decree, administrative order, deferred prosecution agreement, nonprosecution agreement, written settlement agreement, or other written final resolution that has not been reversed, rescinded, or vacated and that—

(A) finds, concludes, admits, or resolves a claim alleging that a person violated an antitrust law or securities law; or

(B) imposes a sanction for litigation misconduct.

(4) Legal leadership position.—The term "legal leadership position" means a position at a regulatory agency as general counsel, deputy general counsel, associate general counsel, assistant general counsel, chief counsel, director of enforcement, deputy director of enforcement, director of litigation, deputy director of litigation, director of legal policy, deputy director of legal policy, or any substantially similar senior legal, enforcement, litigation, adjudicatory, or regulatory-policy position.

(5) Litigation misconduct.—The term "litigation misconduct" means discovery abuse, spoliation of evidence, a false statement to a court or adjudicatory body, a material misrepresentation, bad faith litigation conduct, a frivolous claim or defense, violation of a protective order, violation of a discovery order, or other conduct for which a court or adjudicatory body imposes a sanction.

(6) Recent employer or client.—The term "recent employer or client" means, with respect to the 5-year period preceding an individual's appointment to, assignment to, or service in a regulatory agency, any person that—

(A) employed, retained, or paid the individual for services; or

(B) the individual personally represented or materially assisted as an attorney, consultant, contractor, agent, lobbyist, paid advocate, or paid representative.

(7) Regulatory agency.—The term "regulatory agency" means an executive agency, independent regulatory agency, bureau, division, office, commission, board, or administration that administers, enforces, supervises, or adjudicates compliance with Federal statutes or regulations applicable to private persons.

(8) Securities law.—The term "securities law" has the meaning given the term "securities laws" in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(b) Strengthened recusal requirement.—An officer or employee of a regulatory agency may not participate personally and substantially in a covered matter if a recent employer or client of the officer or employee is a party, represents a party, or has a financial interest that would be directly and predictably affected by the matter.

(c) Notice of recusal.—An officer or employee subject to subsection (b) shall provide written notice of the recusal to the designated agency ethics official or another senior ethics official designated by the head of the regulatory agency, and the regulatory agency shall include the recusal in the public log required under subsection (d).

(d) Public recusal log.—Each regulatory agency shall maintain on the public website of the agency a searchable, downloadable log of recusals under this section, including the name and title of the officer or employee, the covered matter, the recent employer or client requiring recusal, the date of recusal, and the duration of the recusal, except that the agency may withhold classified information, sensitive law enforcement information, confidential supervisory information, trade secrets, personally identifiable information, or information the disclosure of which is otherwise prohibited by law.

(e) Prohibition on conflicted legal leadership.—An individual may not serve in a legal leadership position if a recent employer or client of the individual was subject to a disqualifying determination during the 5-year period preceding the individual's appointment to, assignment to, or service in the legal leadership position.

(f) Removal from legal leadership position.—If a recent employer or client of an individual serving in a legal leadership position becomes subject to a disqualifying determination, the regulatory agency shall remove the individual from the legal leadership position not later than 30 days after the disqualifying determination becomes final.

(g) No waiver.—The requirements of this section may not be waived.

(h) Rule of construction.—Nothing in this section shall be construed to limit any recusal, disqualification, ethics, financial conflict, professional responsibility, or post-employment restriction under any other provision of law, regulation, or agency policy.

Subtitle E—Promoting Election Integrity

SEC. 1051. ADDRESSING NATIONAL REPUBLICAN SENATORIAL COMMITTEE V. FEC.

(a) Findings.—Congress finds the following:

(1) In National Republican Senatorial Committee v. FEC, the Supreme Court invalidated the limits on political-party coordinated expenditures under section 315(d) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30116(d)), while identifying base contribution limits, earmarking rules, and disclosure requirements as less speech-restrictive tools for preventing circumvention of contribution limits.

(2) This decision builds on previous findings, such as its per curiam opinion in Buckley v. Valeo, "disclosure requirements certainly in most applications appear to be the least restrictive means of curbing the evils of campaign ignorance and corruption that Congress found to exist." In Citizens United v. FEC, the Court reiterated that "disclosure is a less restrictive alternative to more comprehensive regulations of speech."

(3) Campaign finance disclosure advances substantial government interests, including fostering an informed electorate, helping the people hold elected officials accountable, detecting and deterring quid pro quo corruption, and identifying information necessary to enforce campaign finance laws, including contribution limits and the prohibition on foreign money in Federal elections.

(4) To further these interests, campaign finance disclosure must be timely and complete, and must disclose the true and original source of money given, transferred, and spent to influence Federal elections. Campaign finance disclosure is also essential to enforce the prohibition on contributions by, and solicitations of, foreign nationals under the Federal Election Campaign Act of 1971.

(b) Purpose.—The purpose of this section is to strengthen the earmarking and disclosure rules identified by the Supreme Court in National Republican Senatorial Committee v. FEC without reimposing the political-party coordinated-expenditure limits invalidated in that decision.

(c) Earmarked contributions.—Section 315(a)(8) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30116(a)(8)) is amended to read as follows:

"(8) Earmarked contributions.—

"(A) In general.—For purposes of the limitations imposed by this section, all contributions made by a person, directly or indirectly, on behalf of a clearly identified candidate, including contributions that are in any way earmarked or otherwise directed to the candidate through an intermediary or conduit, including a political committee or political party committee, shall be treated as contributions from that person to that candidate.

"(B) Earmarked defined.—In this paragraph, the term 'earmarked' means a designation, instruction, encumbrance, agreement, or understanding, whether direct or indirect, express or implied, oral or written, that results in all or any part of a contribution being made to,

transferred to, expended on behalf of, or used for coordinated expenditures with respect to a clearly identified candidate or the authorized committee of such candidate.

"(C) Reporting.—An intermediary or conduit, including a political committee or political party committee, shall report the original source and intended recipient of a contribution described in subparagraph (A) to the Commission and to the intended recipient.".

(d) Rapid disclosure of party coordinated expenditures.—Section 304 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30104) is amended by adding at the end the following:

"(j) Rapid disclosure of party coordinated expenditures.—

"(1) Initial report.—A political committee established and maintained by a national committee, State committee, district committee, or local committee of a political party that makes or contracts to make coordinated expenditures with respect to a clearly identified candidate for Federal office aggregating $1,000 or more with respect to an election shall file a report describing the expenditures with the Commission not later than 24 hours after the expenditure is made or contracted to be made.

"(2) Additional reports.—After a political committee files a report under paragraph (1), the political committee shall file an additional report not later than 24 hours after each time the political committee makes or contracts to make coordinated expenditures aggregating an additional $1,000 with respect to the same election.

"(3) Contents.—A report under this subsection shall include—

"(A) the name of the political committee making or contracting to make the coordinated expenditure;

"(B) the name of the clearly identified candidate, the office sought by the candidate, and the election to which the coordinated expenditure relates;

"(C) the date, amount, payee, and purpose of the coordinated expenditure;

"(D) whether the coordinated expenditure was made in cooperation, consultation, or concert with, or at the request or suggestion of, the candidate, the authorized committee of the candidate, or an agent of the candidate; and

"(E) for any contribution known to the political committee to be earmarked or otherwise directed for the coordinated expenditure or for the clearly identified candidate, the original source, amount, date, and intermediary or conduit of such contribution.

"(4) Public availability.—The Commission shall make each report filed under this subsection publicly available on the internet not later than 24 hours after receipt.

"(5) Coordination with other requirements.—A report required under this subsection shall be in addition to any other reporting requirement under this Act.".

(e) Effective date.—The amendments made by this section shall apply to contributions, coordinated expenditures, and contracts to make coordinated expenditures made on or after November 4, 2026.

SEC. 1052. CLOSING LOOPHOLES ALLOWING SPENDING BY FOREIGN NATIONALS IN ELECTIONS.

(a) Clarification of application of foreign money ban to certain disbursements and activities.—Section 319 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30121) is amended—

(1) in subsection (a)(1)—

(A) by striking "or" at the end of subparagraph (B); and

(B) by striking subparagraph (C) and inserting the following:

"(C) an expenditure;

"(D) an independent expenditure;

"(E) a disbursement for an electioneering communication (within the meaning of section 304(f)(3));

"(F) a disbursement for a communication which is placed or promoted for a fee on a website, web application, or digital application that refers to a clearly identified candidate for election for Federal office and is disseminated within 60 days before a general, special or runoff election for the office sought by the candidate or 30 days before a primary or preference election, or a convention or caucus of a political party that has authority to nominate a candidate for the office sought by the candidate;

"(G) a disbursement by a covered foreign national for a broadcast, cable or satellite communication, or for a communication which is placed or promoted for a fee on a website, web application, or digital application, that promotes, supports, attacks or opposes the election of a clearly identified candidate for Federal, State, or local office (regardless of whether the communication contains express advocacy or the functional equivalent of express advocacy);

"(H) a disbursement for a broadcast, cable, or satellite communication, or for any communication which is placed or promoted for a fee on an online platform, that discusses a national legislative issue of public importance in a year in which a regularly scheduled general election for Federal office is held, but only if the disbursement is made by a covered foreign national;

"(I) a disbursement by a covered foreign national to compensate any person for internet activity that promotes, supports, attacks or opposes the election of a clearly identified candidate for Federal, State, or local office (regardless of whether the activity contains express advocacy or the functional equivalent of express advocacy); or

"(J) a disbursement by a covered foreign national for a Federal judicial nomination communication (as defined in section 325(g)(2)).''; and

(2) by striking subsection (b) and inserting—

"(b) Definitions.—For purposes of this section—

"(1) Contribution or donation.—The term 'contribution or donation' includes—

"(A) any disbursement to a political committee which accepts donations or contributions that do not comply with any of the limitations, prohibitions, and reporting requirements of this Act (or any disbursement to or on behalf of any account of a political committee which is established for the purpose of accepting such donations or contributions), or to any other person for the purpose of funding an expenditure, independent expenditure, or electioneering communication (as defined in section 304(f)(3)); and

"(B) any disbursement, other than a disbursement described in section 325(a)(3)(A), to another person who made a campaign-related disbursement consisting of a covered transfer (as described in section 325) during the 2-year period ending on the date of the disbursement.

"(2) Federal, State, or local election.—The term 'Federal, State, or local election' includes a State or local ballot initiative or referendum, but only in the case of—

"(A) a covered foreign national as defined in paragraph (4); or

"(B) a foreign principal described in section 1(b)(2) or 1(b)(3) of the Foreign Agents Registration Act of 1938, as amended (22 U.S.C. 611(b)(2) or (b)(3)) or an agent of such a foreign principal under such Act.

"(3) Foreign national.—The term 'foreign national' means—

"(A) a foreign principal, as such term is defined by section 611(b) of title 22, except that the term 'foreign national' shall not include any individual who is a citizen of the United States; or

"(B) an individual who is not a citizen of the United States or a national of the United States (as defined in section 1101(a)(22) of title 8) and who is not lawfully admitted for permanent residence, as defined by section 1101(a)(20) of title 8.

"(4) Covered foreign national.—

"(A) In general.—The term 'covered foreign national' means—

"(i) a foreign principal (as defined in section 1(b) of the Foreign Agents Registration Act of 1938 (22 U.S.C. 611(b))) that is a government of a foreign country or a foreign political party;

"(ii) any person who acts as an agent, representative, employee, or servant, or any person who acts in any other capacity at the order, request, or under the direction or control, of a foreign principal described in clause (i) or of a person any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign principal described in clause (i); or

"(iii) any person included in the list of specially designated nationals and blocked persons maintained by the Office of Foreign Assets Control of the Department of the Treasury pursuant to authorities relating to the imposition of sanctions relating to the conduct of a foreign principal described in clause (i).

"(B) Clarification regarding application to citizens of the United States.—In the case of a citizen of the United States, clause (ii) of subparagraph (A) applies only to the extent that the person involved acts within the scope of that person's status as the agent of a foreign principal described in clause (i) of subparagraph (A).

"(5) Online platform.—

"(A) In general.—For purposes of this section, subject to subparagraph (B), the term 'online platform' means any public-facing website, web application, or digital application (including a social network, ad network, or search engine) that—

"(i) (I) sells qualified political advertisements; and

"(II) has 50,000,000 or more unique monthly United States visitors or users for a majority of months during the preceding 12 months; or

"(ii) is a third-party advertising vendor that has 50,000,000 or more unique monthly United States visitors in the aggregate on any advertisement space that it has sold or bought for a majority of months during the preceding 12 months, as measured by an independent digital ratings service accredited by the Media Ratings Council (or its successor).

"(B) Exemption.—Such term shall not include any online platform that is a distribution facility of any broadcasting station or newspaper, magazine, blog, publication, or periodical.

"(6) Third-party advertising vendor.—For purposes of this subsection, the term 'third-party advertising vendor' includes, but is not limited to, any third-party advertising vendor network, advertising agency, advertiser, or third-party advertisement serving company that buys and sells advertisement space on behalf of unaffiliated third-party websites, search engines, digital applications, or social media sites.".

(b) Prohibition related to establishing a corporation.—

(1) Chapter 29 of title 18, United States Code, is amended by adding at the end the following:

"Sec. 612. Establishment of corporation to conceal election contributions and donations by foreign nationals

"(a) Offense.—It shall be unlawful for an owner, officer, attorney, or incorporation agent of a corporation, company, or other entity to establish or use the corporation, company, or other entity with the intent to conceal an activity of a foreign national (as defined in section 319 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30121)) prohibited under such section 319.

"(b) Penalty.—Any person who violates subsection (a) shall be imprisoned for not more than 5 years, fined under this title, or both.".

(2) Clerical amendment.—The table of sections for chapter 29 of title 18, United States Code, is amended by adding at the end the following new item:

"612. Establishment of corporation to conceal election contributions and donations by foreign nationals.".

SEC. 1053. REPORTING OF CAMPAIGN-RELATED DISBURSEMENTS.

(a) In general.—Title III of the Federal Election Campaign Act of 1971 (52 U.S.C. 30101 et seq.) is amended by inserting after section 324 the following new section:

"Sec. 325. Disclosure of campaign-related disbursements by covered organizations.

"(a) Disclosure statement.—

"(1) In general.—Any covered organization that makes campaign-related disbursements aggregating more than $10,000 in an election reporting cycle shall, not later than 24 hours after each disclosure date, file a statement with the Commission made under penalty of perjury that contains the information described in paragraph (2)—

"(A) in the case of the first statement filed under this subsection, for the period beginning on the first day of the election reporting cycle (or, if earlier, the period beginning 1 year before the first such disclosure date) and ending on the first such disclosure date; and

"(B) in the case of any subsequent statement filed under this subsection, for the period beginning on the previous disclosure date and ending on such disclosure date.

"(2) Information described.—The information described in this paragraph is as follows:

"(A) The name of the covered organization and the principal place of business of such organization and, in the case of a covered organization that is a corporation (other than a business concern that is an issuer of a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l) or that is required to file reports under section 15(d) of that Act (15 U.S.C. 78o(d)) or an entity described in subsection (e)(2), a list of the beneficial owners (as defined in paragraph (4)(A)) of the entity that—

"(i) identifies each beneficial owner by name and current residential or business street address; and

"(ii) if any beneficial owner exercises control over the entity through another legal entity, such as a corporation, partnership, limited liability company, or trust, identifies each such other legal entity and each such beneficial owner who will use that other entity to exercise control over the entity.

"(B) The amount of each campaign-related disbursement made by such organization during the period covered by the statement of more than $1,000, and the name and address of the person to whom the disbursement was made.

"(C) In the case of a campaign-related disbursement that is not a covered transfer—

"(i) the election to which the campaign-related disbursement pertains; and

"(ii) if the disbursement is made for a public communication—

"(I) the name of any candidate identified in such communication; and

"(II) whether such communication is in support of or in opposition to the identified candidate.

"(D) A certification by the chief executive officer or person who is the head of the covered organization that the campaign-related disbursement is not made in cooperation, consultation, or concert with or at the request or suggestion of a candidate, authorized committee, or agent of a candidate, political party, or agent of a political party.

"(E) (i) If the covered organization makes campaign-related disbursements using exclusively funds in a campaign-related disbursement segregated fund, for each payment made to the account by a person other than the covered organization—

"(I) the name and address of each person who made such payment to the account during the period covered by the statement;

"(II) the date and amount of such payment; and

"(III) the aggregate amount of all such payments made by the person during the period beginning on the first day of the election reporting cycle (or, if earlier, the period beginning 1 year before the disclosure date) and ending on the disclosure date,

"but only if such payment was made by a person who made payments to the account in an aggregate amount of $10,000 or more during the period beginning on the first day of the election reporting cycle (or, if earlier, the period beginning 1 year before the disclosure date) and ending on the disclosure date.

"(ii) In any calendar year after 2027, section 315(c)(1)(B) shall apply to the amount described in clause (i) in the same manner as such section applies to the limitations established under subsections (a)(1)(A), (a)(1)(B), (a)(3), and (h) of such section, except that for purposes of applying such section to the amounts described in clause (i), the 'base period' shall be calendar year 2027.

"(F) (i) If the covered organization makes campaign-related disbursements using funds other than funds in a campaign-related disbursement segregated fund, for each payment to the covered organization—

"(I) the name and address of each person who made such payment during the period covered by the statement;

"(II) the date and amount of such payment; and

"(III) the aggregate amount of all such payments made by the person during the period beginning on the first day of the election reporting cycle (or, if earlier, the period beginning 1 year before the disclosure date) and ending on the disclosure date,

"but only if such payment was made by a person who made payments to the covered organization in an aggregate amount of $10,000 or more during the period beginning on the first day of the election reporting cycle (or, if earlier, the period beginning 1 year before the disclosure date) and ending on the disclosure date.

"(ii) In any calendar year after 2027, section 315(c)(1)(B) shall apply to the amount described in clause (i) in the same manner as such section applies to the limitations established under subsections (a)(1)(A), (a)(1)(B), (a)(3), and (h) of such section, except that for purposes of applying such section to the amount described in clause (i), the 'base period' shall be calendar year 2027.

"(G) Such other information as required in rules established by the Commission to promote the purposes of this section.

"(3) Exceptions.—

"(A) Amounts received in ordinary course of business.—The requirement to include in a statement filed under paragraph (1) the information described in paragraph (2) shall not apply to amounts received by the covered organization in commercial transactions in the ordinary course of any trade or business conducted by the covered organization or in the form of investments (other than investments by the principal shareholder in a limited liability company) in the covered organization. For purposes of this subparagraph, amounts received by a covered organization as remittances from an employee to the employee's collective bargaining representative shall be treated as amounts received in commercial transactions in the ordinary course of the business conducted by the covered organization.

"(B) Donor restriction on use of funds.—The requirement to include in a statement submitted under paragraph (1) the information described in subparagraph (F) of paragraph (2) shall not apply if—

"(i) the person described in such subparagraph prohibited, in writing, the use of the payment made by such person for campaign-related disbursements; and

"(ii) the covered organization agreed to follow the prohibition and deposited the payment in an account which is segregated from a campaign-related disbursement segregated fund and any other account used to make campaign-related disbursements.

"(C) Threat of harassment or reprisal.—The requirement to include any information relating to the name or address of any person (other than a candidate) in a statement submitted under paragraph (1) shall not apply if the inclusion of the information would subject the person to serious threats, harassment, or reprisals.

"(4) Other definitions.—For purposes of this section:

"(A) Beneficial owner defined.—

"(i) In general.—Except as provided in clause (ii), the term 'beneficial owner' means, with respect to any entity, a natural person who, directly or indirectly—

"(I) exercises substantial control over an entity through ownership, voting rights, agreement, or otherwise; or

"(II) has a substantial interest in or receives substantial economic benefits from the assets of an entity.

"(ii) Exceptions.—The term 'beneficial owner' shall not include—

"(I) a minor child;

"(II) a person acting as a nominee, intermediary, custodian, or agent on behalf of another person;

"(III) a person acting solely as an employee of an entity and whose control over or economic benefits from the entity derives solely from the employment status of the person;

"(IV) a person whose only interest in an entity is through a right of inheritance, unless the person also meets the requirements of clause (i); or

"(V) a creditor of an entity, unless the creditor also meets the requirements of clause (i).

"(iii) Anti-abuse rule.—The exceptions under clause (ii) shall not apply if used for the purpose of evading, circumventing, or abusing the provisions of clause (i) or paragraph (2)(A).

"(B) Campaign-related disbursement segregated fund.—The term 'campaign-related disbursement segregated fund' means a segregated bank account consisting of funds that were paid directly to such account by persons other than the covered organization that controls the account.

"(C) Disclosure date.—The term 'disclosure date' means—

"(i) the first date during any election reporting cycle by which a person has made campaign-related disbursements aggregating more than $10,000; and

"(ii) any other date during such election reporting cycle by which a person has made campaign-related disbursements aggregating more than $10,000 since the most recent disclosure date for such election reporting cycle.

"(D) Election reporting cycle.—The term 'election reporting cycle' means the 2-year period beginning on the date of the most recent general election for Federal office.

"(E) Payment.—The term 'payment' includes any contribution, donation, transfer, payment of dues, or other payment.

"(b) Coordination with other provisions.—

"(1) Other reports filed with the Commission.—Information included in a statement filed under this section may be excluded from statements and reports filed under section 304.

"(2) Treatment as separate segregated fund.—A campaign-related disbursement segregated fund may be treated as a separate segregated fund for purposes of section 527(f)(3) of the Internal Revenue Code of 1986.

"(c) Filing.—Statements required to be filed under subsection (a) shall be subject to the requirements of section 304(d) to the same extent and in the same manner as if such reports had been required under subsection (c) or (g) of section 304.

"(d) Campaign-related disbursement defined.—

"(1) In general.—In this section, the term 'campaign-related disbursement' means a disbursement by a covered organization for any of the following:

"(A) An independent expenditure which expressly advocates the election or defeat of a clearly identified candidate for election for Federal office, or is the functional equivalent of express advocacy because, when taken as a whole, it can be interpreted by a reasonable person only as advocating the election or defeat of a candidate for election for Federal office.

"(B) An applicable public communication.

"(C) An electioneering communication, as defined in section 304(f)(3).

"(D) A covered transfer.

"(2) Applicable public communications.—

"(A) In general.—The term 'applicable public communication' means any public communication that refers to a clearly identified candidate for election for Federal office and which promotes or supports the election of a candidate for that office, or attacks or opposes the election of a candidate for that office, without regard to whether the communication expressly advocates a vote for or against a candidate for that office.

"(B) Exception.—Such term shall not include any news story, commentary, or editorial distributed through the facilities of any broadcasting station or any print, online, or digital newspaper, magazine, publication, or periodical, unless such facilities are owned or controlled by any political party, political committee, or candidate.

"(e) Covered organization defined.—In this section, the term 'covered organization' means any of the following:

"(1) A corporation (other than an organization described in section 501(c)(3) of the Internal Revenue Code of 1986).

"(2) A limited liability company that is not otherwise treated as a corporation for purposes of this Act (other than an organization described in section 501(c)(3) of the Internal Revenue Code of 1986).

"(3) An organization described in section 501(c) of such Code and exempt from taxation under section 501(a) of such Code (other than an organization described in section 501(c)(3) of such Code).

"(4) A labor organization (as defined in section 316(b)).

"(5) Any political organization under section 527 of the Internal Revenue Code of 1986, other than a political committee under this Act (except as provided in paragraph (6)).

"(6) A political committee with an account that accepts donations or contributions that do not comply with the contribution limits or source prohibitions under this Act, but only with respect to such accounts.

"(f) Covered transfer defined.—

"(1) In general.—In this section, the term 'covered transfer' means any transfer or payment of funds by a covered organization to another person if the covered organization—

"(A) designates, requests, or suggests that the amounts be used for—

"(i) campaign-related disbursements (other than covered transfers); or

"(ii) making a transfer to another person for the purpose of making or paying for such campaign-related disbursements;

"(B) made such transfer or payment in response to a solicitation or other request for a donation or payment for—

"(i) the making of or paying for campaign-related disbursements (other than covered transfers); or

"(ii) making a transfer to another person for the purpose of making or paying for such campaign-related disbursements;

"(C) engaged in discussions with the recipient of the transfer or payment regarding—

"(i) the making of or paying for campaign-related disbursements (other than covered transfers); or

"(ii) donating or transferring any amount of such transfer or payment to another person for the purpose of making or paying for such campaign-related disbursements; or

"(D) knew or had reason to know that the person receiving the transfer or payment would make campaign-related disbursements in an aggregate amount of $50,000 or more during the 2-year period beginning on the date of the transfer or payment.

"(2) Exclusions.—The term 'covered transfer' does not include any of the following:

"(A) A disbursement made by a covered organization in a commercial transaction in the ordinary course of any trade or business conducted by the covered organization or in the form of investments made by the covered organization.

"(B) A disbursement made by a covered organization if—

"(i) the covered organization prohibited, in writing, the use of such disbursement for campaign-related disbursements; and

"(ii) the recipient of the disbursement agreed to follow the prohibition and deposited the disbursement in an account which is segregated from a campaign-related disbursement segregated fund and any other account used to make campaign-related disbursements.

"(3) Special rule regarding transfers among affiliates.—

"(A) Special rule.—A transfer of an amount by one covered organization to another covered organization which is treated as a transfer between affiliates under subparagraph (C) shall be considered a covered transfer by the covered organization which transfers the amount only if the aggregate amount transferred during the year by such covered organization to that same covered organization is equal to or greater than $50,000.

"(B) Determination of amount of certain payments among affiliates.—In determining the amount of a transfer between affiliates for purposes of subparagraph (A), to the extent that the transfer consists of funds attributable to dues, fees, or assessments which are paid by individuals on a regular, periodic basis in accordance with a per-individual calculation which is made on a regular basis, the transfer shall be attributed to the individuals paying the dues, fees, or assessments and shall not be attributed to the covered organization.

"(C) Description of transfers between affiliates.—A transfer of amounts from one covered organization to another covered organization shall be treated as a transfer between affiliates if—

"(i) one of the organizations is an affiliate of the other organization; or

"(ii) each of the organizations is an affiliate of the same organization,

except that the transfer shall not be treated as a transfer between affiliates if one of the organizations is established for the purpose of making campaign-related disbursements.

"(D) Determination of affiliate status.—For purposes of subparagraph (C), a covered organization is an affiliate of another covered organization if—

"(i) the governing instrument of the organization requires it to be bound by decisions of the other organization;

"(ii) the governing board of the organization includes persons who are specifically designated representatives of the other organization or are members of the governing board, officers, or paid executive staff members of the other organization, or whose service on the governing board is contingent upon the approval of the other organization; or

"(iii) the organization is chartered by the other organization.

"(E) Coverage of transfers to affiliated section 501(c)(3) organizations.—This paragraph shall apply with respect to an amount transferred by a covered organization to an organization described in paragraph (3) of section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code in the same manner as this paragraph applies to an amount transferred by a covered organization to another covered organization.

"(g) Application to Federal judicial nominations.—

"(1) In general.—For purposes of this section—

"(A) a disbursement by a covered organization for a Federal judicial nomination communication shall be treated as a campaign-related disbursement; and

"(B) in the case of campaign-related disbursements which are for Federal judicial nomination communications—

"(i) the dollar amounts in paragraphs (1) and (2) of subsection (a) shall be applied separately with respect to such disbursements and other campaign-related disbursements;

"(ii) the election reporting cycle shall be the calendar year in which the disbursement for the Federal judicial nomination communication is made;

"(iii) references to a candidate in subsections (a)(2)(C), (a)(2)(D), and (a)(3)(C) shall be treated as references to a nominee for a Federal judge or justice;

"(iv) the reference to an election in subsection (a)(2)(C) shall be treated as a reference to the nomination of such nominee.

"(2) Federal judicial nomination communication.—

"(A) In general.—The term 'Federal judicial nomination communication' means any communication—

"(i) that is by means of any broadcast, cable, or satellite, paid internet, or paid digital communication, paid promotion, newspaper, magazine, outdoor advertising facility, mass mailing, telephone bank, telephone messaging effort of more than 500 substantially similar calls or electronic messages within a 30-day period, or any other form of general public political advertising; and

"(ii) which promotes, supports, attacks, or opposes the nomination or Senate confirmation of an individual as a Federal judge or justice.

"(B) Exception.—Such term shall not include any news story, commentary, or editorial distributed through the facilities of any broadcasting station or any print, online, or digital newspaper, magazine, publication, or periodical, unless such facilities are owned or controlled by any political party, political committee, or candidate.

"(C) Intent not required.—A disbursement for an item described in subparagraph (A) shall be treated as a disbursement for a Federal judicial nomination communication regardless of the intent of the person making the disbursement.

"(h) No effect on other reporting requirements.—Except as provided in subsection (b)(1), nothing in this section shall be construed to waive or otherwise affect any other requirement of this Act which relates to the reporting of campaign-related disbursements.".

(b) Conforming amendment.—Section 304(f)(6) of such Act (52 U.S.C. 30104(f)(6)) is amended by striking "Any requirement" and inserting "Except as provided in section 325(b), any requirement".

(c) Expanded disclaimer requirements.—Section 318 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30120) is amended—

(1) in subsection (a)—

(A) by striking "for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate" and inserting "for a campaign-related disbursement, as defined in section 325, consisting of a public communication";

(B) by striking "mailing" each place it appears and inserting "mailing, telephone call consisting in substantial part of a prerecorded audio message"; and

(C) in paragraph (3), by striking "shall clearly state" and inserting "shall (except in the case of a Federal judicial nomination communication, as defined in section 325(g)(2)) clearly state";

(2) in subsection (d)—

(A) in paragraph (1)(A)—

(i) by striking "which is transmitted through radio" and inserting "which is in an audio format"; and

(ii) by striking "By radio" in the heading and inserting "Audio format";

(B) in paragraph (1)(B)—

(i) by striking "which is transmitted through television" and inserting "which is in video format"; and

(ii) by striking "By television" in the heading and inserting "Video format";

(C) in paragraph (2)—

(i) in the heading, by striking "Others" and inserting "Certain political committees—";

(ii) by striking "Any communication" and inserting "(A) Any communication";

(iii) by inserting "which (except to the extent provided in subparagraph (B)) is paid for by a political committee (including a political committee of a political party) and" after "subsection (a)";

(iv) by striking "or other person" each place it appears; and

(D) by adding at the end the following new subparagraph:

"(B) (i) This paragraph does not apply to a communication paid for in whole or in part during a calendar year with a campaign-related disbursement, but only if the covered organization making the campaign-related disbursement made campaign-related disbursements (as defined in section 325) aggregating more than $10,000 during such calendar year.

"(ii) For purposes of clause (i), in determining the amount of campaign-related disbursements made by a covered organization during a year, there shall be excluded the following:

"(I) Any amounts received by the covered organization in the ordinary course of any trade or business conducted by the covered organization or in the form of investments in the covered organization.

"(II) Any amounts received by the covered organization from a person who prohibited, in writing, the organization from using such amounts for campaign-related disbursements, but only if the covered organization agreed to follow the prohibition and deposited the amounts in an account which is segregated from a campaign-related disbursement segregated fund (as defined in section 325) and any other account used to make campaign-related disbursements.";

(3) by adding at the end the following new subsection:

"(e) Expanded disclaimer requirements for communications not authorized by candidates or committees.—

"(1) In general.—Except as provided in paragraph (6), any communication described in paragraph (3) of subsection (a) which is transmitted in an audio or video format (including an internet or digital communication), or which is an internet or digital communication transmitted in a text or graphic format, or which consists of a telephone call consisting in substantial part of a prerecorded audio message, shall include, in addition to the requirements of paragraph (3) of subsection (a), the following:

"(A) The individual disclosure statement described in paragraph (2)(A) (if the person paying for the communication is an individual) or the organizational disclosure statement described in paragraph (2)(B) (if the person paying for the communication is not an individual).

"(B) If the communication is transmitted in a video format, or is an internet or digital communication which is transmitted in a text or graphic format, and is paid for in whole or in part with a payment which is treated as a campaign-related disbursement under section 325—

"(i) the Top Five Funders list (if applicable); or

"(ii) in the case of a communication which, as determined on the basis of criteria established in regulations issued by the Commission, is of such short duration that including the Top Five Funders list in the communication would constitute a hardship to the person paying for the communication by requiring a disproportionate amount of the content of the communication to consist of the Top Five Funders list, the name of a website which contains the Top Five Funders list (if applicable) or, in the case of an internet or digital communication, a hyperlink to such website.

"(C) If the communication is transmitted in an audio format and is paid for in whole or in part with a payment which is treated as a campaign-related disbursement under section 325—

"(i) the Top Two Funders list (if applicable); or

"(ii) in the case of a communication which, as determined on the basis of criteria established in regulations issued by the Commission, is of such short duration that including the Top Two Funders list in the communication would constitute a hardship to the person paying for the communication by requiring a disproportionate amount of the content of the communication to consist of the Top Two Funders list, the name of a website which contains the Top Two Funders list (if applicable).

"(2) Disclosure statements described.—

"(A) Individual disclosure statements.—The individual disclosure statement described in this subparagraph is the following: 'I am _____, and I approve this message.', with the blank filled in with the name of the applicable individual.

"(B) Organizational disclosure statements.—The organizational disclosure statement described in this subparagraph is the following: 'I am _____, the _____ of _____, and _____ approves this message.', with—

"(i) the first blank to be filled in with the name of the applicable individual;

"(ii) the second blank to be filled in with the title of the applicable individual; and

"(iii) the third and fourth blank each to be filled in with the name of the organization or other person paying for the communication.

"(3) Method of conveyance of statement.—

"(A) Communications in text or graphic format.—In the case of a communication to which this subsection applies which is transmitted in a text or graphic format, the disclosure statements required under paragraph (1) shall appear in letters at least as large as the majority of the text in the communication.

"(B) Communications transmitted in audio format.—In the case of a communication to which this subsection applies which is transmitted in an audio format, the disclosure statements required under paragraph (1) shall be made by audio by the applicable individual in a clear and conspicuous manner.

"(C) Communications transmitted in video format.—In the case of a communication to which this subsection applies which is transmitted in a video format, the information required under paragraph (1)—

"(i) shall appear in writing at the end of the communication or in a crawl along the bottom of the communication in a clear and conspicuous manner, with a reasonable degree of color contrast between the background and the printed statement, for a period of at least 6 seconds; and

"(ii) shall also be conveyed by an unobscured, full screen view of the applicable individual or by the applicable individual making the statement in voiceover accompanied by a clearly identifiable photograph or similar image of the individual, except in the case of a Top Five Funders list.

"(D) Prerecorded telephone calls.—In the case of a communication to which this subsection applies which is a telephone call consisting in substantial part of a prerecorded audio message, the communication shall be considered to be transmitted in an audio format.

"(4) Applicable individual defined.—The term 'applicable individual' means, with respect to a communication to which this subsection applies—

"(A) if the communication is paid for by an individual, the individual involved;

"(B) if the communication is paid for by a corporation, the chief executive officer of the corporation (or, if the corporation does not have a chief executive officer, the highest ranking official of the corporation);

"(C) if the communication is paid for by a labor organization, the highest ranking officer of the labor organization; and

"(D) if the communication is paid for by any other person, the highest ranking official of such person.

"(5) Top Five Funders list and Top Two Funders list defined.—

"(A) Top Five Funders list.—The term 'Top Five Funders list' means, with respect to a communication which is paid for in whole or in part with a campaign-related disbursement (as defined in section 325), a list of the 5 persons who, during the 12-month period ending on the date of the disbursement, provided the largest payments of any type in an aggregate amount equal to or exceeding $10,000 to the person who is paying for the communication and the amount of the payments each such person provided. If 2 or more people provided the fifth largest of such payments, the person paying for the communication shall select 1 of those persons to be included on the Top Five Funders list.

"(B) Top Two Funders list.—The term 'Top Two Funders list' means, with respect to a communication which is paid for in whole or in part with a campaign-related disbursement (as defined in section 325), a list of the persons who, during the 12-month period ending on the date of the disbursement, provided the largest and the second largest payments of any type in an aggregate amount equal to or exceeding $10,000 to the person who is paying for the communication and the amount of the payments each such person provided. If 2 or more persons provided the second largest of such payments, the person paying for the communication shall select 1 of those persons to be included on the Top Two Funders list.

"(C) Exclusion of certain payments.—For purposes of subparagraphs (A) and (B), in determining the amount of payments made by a person to a person paying for a communication, there shall be excluded the following:

"(i) Any amounts provided in the ordinary course of any trade or business conducted by the person paying for the communication or in the form of investments in the person paying for the communication.

"(ii) Any payment which the person prohibited, in writing, from being used for campaign-related disbursements, but only if the person paying for the communication

agreed to follow the prohibition and deposited the payment in an account which is segregated from a campaign-related disbursement segregated fund (as defined in section 325) and any other account used to make campaign-related disbursements.

"(6) Special rules for certain communications.—

"(A) Exception for communications paid for by political parties and certain political committees.—This subsection does not apply to any communication to which subsection (d)(2) applies.

"(B) Treatment of video communications lasting 10 seconds or less.—In the case of a communication to which this subsection applies which is transmitted in a video format, or is an internet or digital communication which is transmitted in a text or graphic format, the communication shall meet the following requirements:

"(i) The communication shall include the individual disclosure statement described in paragraph (2)(A) (if the person paying for the communication is an individual) or the organizational disclosure statement described in paragraph (2)(B) (if the person paying for the communication is not an individual).

"(ii) The statement described in clause (i) shall appear in writing at the end of the communication, or in a crawl along the bottom of the communication, in a clear and conspicuous manner, with a reasonable degree of color contrast between the background and the printed statement, for a period of at least 4 seconds.

"(iii) The communication shall include, in a clear and conspicuous manner, a website address with a landing page which will provide all of the information described in paragraph (1) with respect to the communication. Such address shall appear for the full duration of the communication.

"(iv) To the extent that the format in which the communication is made permits the use of a hyperlink, the communication shall include a hyperlink to the website address described in clause (iii).".

(d) Rule of construction.—Nothing in this section shall be construed to require any person who is not required under section 318 of the Federal Election Campaign Act of 1971 to include a disclaimer on communications made by the person through the internet to include any disclaimer on any such communications.

(e) Sense of Congress regarding implementation.—It is the sense of Congress that the Federal Election Commission should simplify the process for filing any disclosure required under the provisions of, and amendments made by, this title in order to ensure that such process is as easy and accessible as possible.

(f) Regulations.—Not later than December 31, 2026, the Federal Election Commission shall issue interim final rules, reporting forms, and filing instructions to carry out the amendments made by this section, including with respect to the application of the exemption under section 325(a)(3)(C) of such Act (52 U.S.C. 30126(a)(3)(C)). The interim final rules shall take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Commission shall provide a public

comment period of not less than 60 days after publication and shall issue final rules not later than July 1, 2027. Such rules—

(1) shall require that the legal burden of establishing eligibility for such exemption is upon the organization required to make the report required under section 325(a)(1) of such Act (as added by subsection (a)); and

(2) shall be consistent with the principles applied in Citizens United v. Federal Election Commission, 558 U.S. 310 (2010).

(g) Coordination with FinCEN.—

(1) In general.—The Director of the Financial Crimes Enforcement Network of the Department of the Treasury shall provide the Federal Election Commission with such information as necessary to assist in administering and enforcing section 325 of the Federal Election Campaign Act of 1971, as amended by this section.

(2) Report.—Not later than April 30, 2027, the Chairman of the Federal Election Commission, in consultation with the Director of the Financial Crimes Enforcement Network of the Department of the Treasury, shall submit to Congress a report with recommendations for providing further legislative authority to assist in the administration and enforcement of such section 325.

(h) Effective date.—The amendments made by this section shall apply with respect to communications made on or after January 1, 2027, and shall take effect without regard to whether or not the Federal Election Commission has promulgated regulations to carry out such amendments.

SEC. 1054. JUDICIAL REVIEW REFORMS.

(a) Petition for certiorari.—Section 307(a)(6) of the Federal Election Campaign Act of 1971 (52 U.S.C. 30107(a)(6)) is amended by inserting "(including a proceeding before the Supreme Court on certiorari)" after "appeal".

(b) Judicial review.—Title IV of the Federal Election Campaign Act of 1971 (52 U.S.C. 30141 et seq.) is amended by inserting after section 406 the following new section:

"Sec. 407. Judicial review.

"(a) In general.—If any action is brought for declaratory or injunctive relief to challenge, whether facially or as-applied, the constitutionality or lawfulness of any provision of this Act, including title V, or of chapter 95 or 96 of the Internal Revenue Code of 1986, or is brought with respect to any action of the Commission under chapter 95 or 96 of the Internal Revenue Code of 1986, the following rules shall apply:

"(1) The action shall be filed in the United States District Court for the District of Columbia and an appeal from the decision of the district court may be taken to the Court of Appeals for the District of Columbia Circuit.

"(2) In the case of an action relating to declaratory or injunctive relief to challenge the constitutionality of a provision, the party filing the action shall concurrently deliver a copy of the complaint to the Clerk of the House of Representatives and the Secretary of the Senate.

"(3) It shall be the duty of the United States District Court for the District of Columbia and the Court of Appeals for the District of Columbia Circuit to advance on the docket and to expedite to the greatest possible extent the disposition of the action and appeal.

"(b) Clarifying scope of jurisdiction.—If an action at the time of its commencement is not subject to subsection (a), but an amendment, counterclaim, cross-claim, affirmative defense, or any other pleading or motion is filed challenging, whether facially or as-applied, the constitutionality or lawfulness of this Act or of chapter 95 or 96 of the Internal Revenue Code of 1986, or is brought with respect to any action of the Commission under chapter 95 or 96 of the Internal Revenue Code of 1986, the district court shall transfer the action to the District Court for the District of Columbia, and the action shall thereafter be conducted pursuant to subsection (a).

"(c) Intervention by Members of Congress.—In any action described in subsection (a) relating to declaratory or injunctive relief to challenge the constitutionality of a provision, any Member of the House of Representatives (including a Delegate or Resident Commissioner to the Congress) or Senate shall have the right to intervene either in support of or opposition to the position of a party to the case regarding the constitutionality of the provision. To avoid duplication of efforts and reduce the burdens placed on the parties to the action, the court in any such action may make such orders as it considers necessary, including orders to require interveners taking similar positions to file joint papers or to be represented by a single attorney at oral argument.

"(d) Challenge by Members of Congress.—Any Member of Congress may bring an action, subject to the special rules described in subsection (a), for declaratory or injunctive relief to challenge, whether facially or as-applied, the constitutionality of any provision of this Act or chapter 95 or 96 of the Internal Revenue Code of 1986.".

(c) Conforming amendments.—

(1) Section 9011 of the Internal Revenue Code of 1986 is amended to read as follows:

"Sec. 9011. Judicial review.

"For provisions relating to judicial review of certifications, determinations, and actions by the Commission under this chapter, see section 407 of the Federal Election Campaign Act of 1971.".

(2) Section 9041 of the Internal Revenue Code of 1986 is amended to read as follows:

"Sec. 9041. Judicial review.

"For provisions relating to judicial review of actions by the Commission under this chapter, see section 407 of the Federal Election Campaign Act of 1971.".

(3) Section 310 of the Federal Election Campaign Act of 1971 (52 U.S.C. 30110) is repealed.

(4) Section 403 of the Bipartisan Campaign Reform Act of 2002 (52 U.S.C. 30110 note) is repealed.

SEC. 1055. LIMITING DARK MONEY THROUGH NONPROFIT ORGANIZATIONS.

(a) Limitation on covered political expenditures by nonprofit organizations.—

(1) In general.—Section 501 of the Internal Revenue Code of 1986 (26 U.S.C. 501) is amended—

(A) in subsection (c)(6) by striking "boards of trade, or professional football leagues (whether or not administering a pension fund for football players)," and inserting "or boards of trade,"; and

(B) by adding at the end the following new subsection:

"(s) Limitation on covered political expenditures by organizations described in subsection (c).—

"(1) In general.—An organization described in subsection (c) shall not be exempt from tax under subsection (a) for a taxable year in which such organization engages in substantial electioneering.

"(2) Definitions.—For purposes of this subsection—

"(A) Covered political expenditures.—The term 'covered political expenditures' means direct or indirect expenditures for an exempt function described in section 527(e)(2).

"(B) Substantial electioneering.—The term 'substantial electioneering' means, with respect to covered political expenditures of an organization, such expenditures—

"(i) are more than 33 percent of the total expenditures of the organization; or

"(ii) exceed $10,000,000.

"(3) Anti-authorization rule.—Nothing in this subsection shall be construed to authorize any organization described in subsection (c) to make any contribution, expenditure, disbursement, or communication that is otherwise prohibited under this title, the Federal Election Campaign Act of 1971, or any other provision of Federal law.

"(4) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to prevent avoidance of this subsection.".

(2) Expansion of political organization definition.—Section 527(e)(1) of such Code is amended to read as follows:

"(1) Political organization.—The term 'political organization' means—

"(A) a party, committee, association, fund, or other organization, whether or not incorporated, organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function; or

"(B) an organization described in section 501(c) that, for the taxable year involved, is not exempt from tax under section 501(a) by reason of section 501(s).".

(3) Political intervention added to exempt function definition.—Section 527(e) of such Code is amended—

(A) in paragraph (2)—

(i) by striking "includes the making of expenditures relating to an office described in the preceding sentence which, if incurred by the individual, would be allowable as a deduction under section 162(a)." and inserting "includes—

"(A) the making of expenditures relating to an office described in the preceding sentence which, if incurred by the individual, would be allowable as a deduction under section 162(a); and

"(B) political intervention."; and

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

"(6) Political intervention.—The term 'political intervention' has the meaning given to such term by section 4956.".

(b) Political intervention.—

(1) Disclosure requirement.—Section 6104(d)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 6104(d)(3)) is amended by adding at the end the following new subparagraph:

"(C) Certain 501(c) organizations must disclose certain donors.—In the case of an organization described in paragraph (4), (5), or (6) of section 501(c) that spends funds on political intervention (as defined in section 4956) during any taxable year, such organization shall—

"(i) disclose the name and address of any contributor donating $5,000 or more to such organization—

"(I) during the taxable year that such organization spends funds on political intervention; and

"(II) for the taxable year immediately preceding such taxable year; and

"(ii) make such information open to public inspection in the manner described in subsection (a)(1)(A).".

(2) Political intervention defined.—Subchapter C of chapter 42 of subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"Sec. 4956. Political intervention.

"(a) Political intervention defined.—For purposes of this section, the term 'political intervention' means (except as provided in subsection (b)), with respect to activities conducted by an organization in relation to Federal, State, local, and foreign election campaigns of candidates for public office—

"(1) express advocacy—

"(A) for the election, defeat, nomination, or recall of a political candidate,

"(B) for the election or defeat of candidates affiliated with a specific political party,

"(C) that voters select candidates for support or opposition based on 1 or more criteria that clearly distinguish certain candidates from other candidates, or

"(D) the making of contributions to a candidate's campaign, a political party, or (unless the contribution is restricted so that it must not be used to support political intervention) any other political organization within the meaning of section 527(e)(1),

"(2) communication to any part of the electorate, other than an express advocacy communication within the meaning of paragraph (1), if the communication—

"(A) refers to a political candidate, and

"(B) reflects a view on such candidate, and

"(3) political use of resources.

"(b) Exceptions.—A communication described in subsection (a) shall not constitute political intervention if—

"(1) it does not consist of paid mass media advertising, and

"(2) it falls under one of the following exceptions:

"(A) Communications to influence official action.—Commentary on a public official that has a direct, limited, and reasonable relationship to specific actions the official may yet perform within the official's current term of office without mention of any election or voting in an election, or of the official's candidacy or opponent.

"(B) Voter education.—Voter education activities or the dissemination of materials that compare two or more candidates for an office, including materials disclosing the views of the organization on political issues, if the communication consists solely of content in which the time, text, or space is offered in equal shares to each of the participating candidates, and the organization's share of content is no greater than the share available to any of the participating candidates. The opportunity to participate, including a full description of the opportunity and of the organization's share of the content, if any, must be given to all candidates meeting an objective threshold of viability for nomination or election to the office at least 72 hours in advance of the final preparation of the communication.

"(C) Self-defense communications.—A response by the organization to a public or publicly reported statement by a candidate or candidates that—

"(i) attacks the organization itself;

"(ii) comments upon a specific public policy position that the organization has taken publicly in furtherance of its exempt purpose within the prior year; or

"(iii) results in press inquiries to the organization that were not solicited subsequent to the candidate's statement by the organization.

"The response by the organization must be educational, limited topically to addressing the candidate's statement, and as to (i) or (ii), disseminated in a manner commensurate in medium and scale, and proximate in time, to the publicity of the candidate's statement, and as to (iii), limited to dissemination to the requesting press organization.

"(D) Personal, oral remarks at official meetings.—Oral remarks made by anyone other than a candidate who is present in person at an official meeting of an organization held in a single room or location, so long as—

"(i) no announcement of the meeting refers to any candidate, party, election, or voting, and

"(ii) a disclaimer is made to those in attendance, stating that remarks are the speaker's personal opinion and are not made on behalf of the organization.

This exception covers only oral remarks made by and to persons in attendance, and not any other form of communication or redistribution of those remarks, whether written, electronic, recorded, broadcast, or otherwise transmitted.

"(c) Definitions.—For purposes of this section—

"(1) Candidate.—The term 'candidate' means a person who offers themself for election to public office or whose election the person conducting the activity or making the expenditure in question expressly proposes, supports, or opposes.

"(2) Election.—The term 'election' means a process culminating in a vote by the public to determine whether a candidate will serve in a public office, including primary, general, special, and runoff elections, nominations by caucus, convention, or other means, and recall and confirmation votes.

"(3) Paid mass media advertising.—

"(A) In general.—The term 'paid mass media advertising' means communication to the general public placed for a fee on one of the following media operated by another person: a broadcast, cable, or satellite facility, newspaper, magazine, outdoor advertising facility, mass mailing service, telephone bank, or another person's web site or internet communications service.

"(B) Mass mailing.—The term 'mass mailing' means—

"(i) a mailing by United States mail or facsimile;

"(ii) of more than 500 pieces of mail matter of an identical or substantially similar nature within any 30-day period; and

"(iii) that is not voter education materials.

"(4) Political use of resources.—The term 'political use of resources'—

"(A) means—

"(i) the provision of any of an organization's resources, tangible or intangible, including monetary or in-kind, goods, services, or facilities, by gift, loan, sale, rental, or any other method of transfer to another person or entity, if—

"(I) the transferee uses such resources to support or oppose any candidate's election to public office;

"(II) such use is reasonably foreseeable; and

"(III) the transferor has not taken reasonable steps to prevent such use; and

"(ii) any other transfer that is a reportable contribution related to 1 or more candidates for elective public office, to a political party, or (unless the transfer is restricted so that it must not be used to support political intervention) to any other political organization within the meaning of section 527(e)(1); and

"(iii) any other use of an organization's resources in support of or opposition to a candidate, if not specifically allowed under a Revenue Ruling or other Federal tax authority; and

"(B) does not include a transfer that is—

"(i) made in a transaction in which the fair market value of goods or services provided by the organization does not exceed the value of the consideration received in exchange;

"(ii) similar to other transactions conducted by the organization; and

"(iii) without preference for or against any candidate.

"(d) Regulations.—The Secretary shall prescribe such regulations and other guidance as may be appropriate or necessary to carry out the purposes of this section.".

(3) Conforming amendments.—

(A) The heading for subchapter C of chapter 42 of subtitle D of such Code is amended by adding at the end the following: "; political intervention".

(B) The table of sections for such subchapter C is amended by adding at the end the following:

"Sec. 4956. Political intervention.".

(C) The item in the table of subchapters of such chapter 42 relating to subchapter C is amended to read as follows:

"SUBCHAPTER C. POLITICAL EXPENDITURES OF SECTION 501(c)(3) ORGANIZATIONS; POLITICAL INTERVENTION.".

(c) Repealing restriction on IRS guidance.—Notwithstanding any other provision of law, section 123 of Division E of the Consolidated Appropriations Act, 2026 (PL 119-75) shall have no force or effect.

(d) Guidance and report.—

(1) Guidance required.—Not later than November 1, 2027, the Secretary of the Treasury (acting through the Commissioner of Internal Revenue) shall develop regulations, and such other guidance as the Secretary determines appropriate, to carry out the amendments made by this section, including guidance describing the application of section 4956 of the Internal Revenue Code of 1986 and section 501(s) of such Code.

(2) Report.—Not later than November 1, 2027, the Secretary of the Treasury shall submit to Congress and make publicly available a report—

(A) describing the guidance issued under paragraph (1); and

(B) including any recommendations for statutory changes, including recommendations relating to the appropriate percentage threshold under section 501(s)(2)(B)(i) of the Internal Revenue Code of 1986.

(e) Effective date.—The amendments made by this section shall apply to contributions and expenditures made in taxable years beginning after December 31, 2026, and shall take effect without regard to whether or not the Secretary of the Treasury has promulgated regulations to carry out such amendments.

SEC. 1056. DONOR-SIDE EXCISE TAX ON EXCESS POLITICAL OUTLAYS.

(a) Findings.—Congress finds the following:

(1) Unlimited political spending by a small number of extremely wealthy donors can distort democratic accountability.

(2) Congress has authority under its taxing power to impose generally applicable excise taxes to raise revenue and to address harms associated with excessive concentrations of political spending.

(3) A donor-side excise tax that applies without regard to the identity of the recipient political organization avoids direct taxation of political organizations and improves administrability.

(b) Definitions.—In this section:

(1) Aggregate political outlays.—The term "aggregate political outlays" means, with respect to a natural person and a calendar year, the sum of all political contributions and personal independent expenditures made by such natural person during such calendar year.

(2) Basic wage.—The term "basic wage" means the amount calculated in section 1398c of title 42, United States Code.

(3) Natural person.—The term "natural person" means an individual human being and does not include any corporation, partnership, association, trust, estate, or other legal or artificial person.

(4) Personal independent expenditure.—The term "personal independent expenditure" means an independent expenditure, as such term is used in chapter 301 of title 52, United States Code, that is made by a natural person using such natural person's own resources.

(5) Political contribution.—The term "political contribution" means any transfer of money or thing of value by a natural person to a political recipient, including by contribution, donation, dues, membership payment, loan, advance, in-kind contribution, or any other form of support.

(6) Political recipient.—The term "political recipient" means—

(A) a political committee, as defined in section 30101(4) of title 52, United States Code;

(B) a political organization described in section 527 of title 26, United States Code;

(C) any entity that makes independent expenditures or electioneering communications, as such terms are used in chapter 301 of title 52, United States Code, and that is required to report such activity to the Federal Election Commission;

(D) any covered organization, as defined in section 325 of the Federal Election Campaign Act of 1971, that makes campaign-related disbursements during the calendar year or preceding 2-year election cycle; and

(E) any organization described in section 501(c) of title 26, United States Code, other than an organization described in paragraph (3) of such section, that engages in political intervention during the calendar year or preceding 2-year election cycle.

(c) Imposition of tax.—There is hereby imposed on each natural person for each calendar year an excise tax equal to the amount determined under subsection (e).

(d) Aggregate political outlays.—For purposes of this section, the aggregate political outlays of a natural person for a calendar year shall include all political contributions and personal independent expenditures made by such natural person during such calendar year.

(e) Amount of tax.—The tax imposed under subsection (c) shall be equal to the sum of—

(1) 10 percent of the portion of the aggregate political outlays that exceeds the basic wage and does not exceed 2 times the basic wage;

(2) 25 percent of the portion of the aggregate political outlays that exceeds 2 times the basic wage and does not exceed 5 times the basic wage;

(3) 50 percent of the portion of the aggregate political outlays that exceeds 5 times the basic wage and does not exceed 10 times the basic wage; and

(4) 75 percent of the portion of the aggregate political outlays that exceeds 10 times the basic wage.

(f) Anti-avoidance; aggregation.—For purposes of this section:

(1) A political contribution or personal independent expenditure made by a natural person through a corporation, limited liability company, partnership, association, trust, estate, donor-advised fund, family office, agent, intermediary, pass-through entity, or other conduit shall be treated as made by such natural person.

(2) A political contribution or personal independent expenditure that is funded, reimbursed, directed, controlled, earmarked, or otherwise designated by a natural person shall be treated as made by such natural person.

(3) A political contribution made by a natural person to a political recipient and earmarked, directed, or otherwise designated for the benefit of another political recipient shall be treated as a political contribution to each recipient to the extent of the amounts so earmarked, directed, or designated, except that an amount treated as a political contribution to more than 1 recipient under this paragraph shall be counted only once in determining aggregate political outlays under subsection (d).

(4) The Secretary of the Treasury may prescribe such regulations as are necessary to prevent avoidance of tax under this section, including through affiliated entities, nominee arrangements, reimbursements, loans lacking commercially reasonable terms, coordinated expenditures falsely characterized as independent, and circular funding.

(g) Administration.—

(1) In general.—The tax imposed by this section shall be assessed and collected by the Secretary of the Treasury.

(2) Returns.—Each natural person whose aggregate political outlays for a calendar year exceed the basic wage shall file such return at such time and in such manner as the Secretary of the Treasury may prescribe.

(3) Information reporting.—Each political recipient that receives aggregate political contributions from a natural person in excess of $5,000 in a calendar year shall file such information returns as the Secretary of the Treasury may require for administration of this section, in a manner coordinated to the maximum extent practicable with reporting under chapter 301 of title 52, United States Code.

(h) Effective date.—This section shall apply to political contributions and personal independent expenditures made in calendar years beginning after December 31, 2026.

SEC. 1057. DE MINIMIS MEMBERSHIP ASSOCIATION AUTHORIZATION UNDER SECTION 527.

(a) Definitions.—In this section:

(1) De minimis membership association authorization.—The term "de minimis membership association authorization" means a Federal electioneering authorization that is granted upon the filing of a notice under subsection (c) and that permits a membership association to make de minimis political expenditures in connection with a Federal election, subject to the limitations of this section.

(2) De minimis political expenditures.—The term "de minimis political expenditures" means expenditures for political activities, as defined in section 13(t) of the Securities Exchange Act of 1934 (as inserted by this Act), the aggregate value of which does not exceed the amount that would cause the membership association to become a political committee under section 30101(4)(A) of title 52, United States Code.

(3) Membership association.—The term "membership association" means an organization, whether or not incorporated, that—

(A) is composed exclusively of natural persons as members, except that a federation of local, State, or national chapters or affiliates shall be treated as composed exclusively of natural persons if each constituent chapter or affiliate satisfies subparagraphs (A) through (D);

(B) is governed by and accountable to such members under governing documents that provide meaningful member control;

(C) has no equity owners and does not distribute net earnings to any private shareholder or individual; and

(D) is not substantially controlled, directly or indirectly, by any corporation or other for-profit entity.

(4) Notice.—The term "notice" means a filing submitted in accordance with subsection (c).

(b) Grant of authorization.—Notwithstanding any other provision of law, a de minimis membership association authorization is granted to a membership association upon the filing of a notice.

(c) Notice requirement.—A notice under this subsection shall be filed with the Federal Election Commission and shall—

(1) identify the legal name of the membership association and any name under which it does business;

(2) identify a responsible person who is authorized to act for the membership association and certify compliance with this section;

(3) provide a physical mailing address and a means of electronic contact;

(4) certify under penalty of perjury that the organization satisfies the definition of membership association under subsection (a)(3);

(5) certify under penalty of perjury that the organization will only make de minimis political expenditures during any calendar year; and

(6) be filed before the first de minimis political expenditure is made.

(d) Loss of authorization; conversion to full compliance.—If a membership association that has received a de minimis membership association authorization makes or obligates itself to make a political expenditure that would cause the membership association to become a political committee under section 30101(4)(A) of title 52, United States Code, then—

(1) the de minimis membership association authorization shall terminate with respect to such expenditure or obligation; and

(2) such expenditure or obligation, and any further political expenditure or obligation during such calendar year, shall be unlawful unless the membership association complies with the

applicable requirements of chapter 301 of title 52, United States Code, and section 527 of title 26, United States Code.

(e) Anti-avoidance.—

(1) Aggregation.—For purposes of the limitation under subsection (a)(2), political expenditures made by a membership association through an agent, intermediary, or affiliated entity shall be treated as made by such membership association.

(2) Prohibition on reimbursements.—A membership association may not receive funds, reimbursements, or in-kind support from any corporation or other for-profit entity for the purpose of making de minimis political expenditures under this section.

(3) Regulations.—The Federal Election Commission, in consultation with the Secretary of the Treasury, may prescribe regulations necessary to prevent evasion of this section, including through the use of nominee arrangements, pass-through entities, and coordinated spending falsely characterized as de minimis.

(f) Rule of construction.—Nothing in this section shall be construed to grant corporate power to electioneer, except as expressly provided by the grant of authorization under subsection (b).

(g) Implementation.—The Federal Election Commission, in consultation with the Secretary of the Treasury, shall promulgate regulations to implement this section not later than April 30, 2027.

SEC. 1058. VERIFICATION OF CITIZENSHIP FOR FEDERAL ELECTIONS.

(a) Definitions.—In this section and in section 1059:

(1) Automatic Federal registration.—The term "automatic Federal registration" means a system that registers an eligible citizen for elections for Federal office by securely transferring information necessary for such registration from the Treasury, a State election official, a Federal, State, or local government agency, or a covered placement entity to the appropriate State election official, without requiring the eligible citizen to submit a separate voter registration application.

(2) Chief State election official.—The term "chief State election official" means the State officer designated under section 10 of the National Voter Registration Act of 1993 (52 U.S.C. 20509).

(3) Citizen account.—The term "citizen account" means a digital Treasury account established under section 623(b)(1).

(4) Covered placement entity.—The term "covered placement entity" means a Federal, State, local, Tribal, public, or publicly regulated residential, medical, nursing, custodial, correctional, detention, military, educational, transitional, treatment, shelter, or similar facility or agency that assigns, houses, detains, confines, places, or provides residential services to an eligible citizen.

(5) Designated election-administration address.—The term "designated election-administration address" means an address assigned or approved by a State election official for election-administration purposes when an eligible citizen lacks a conventional

residential address, cannot safely disclose a residential address, or is assigned a Federal voting residence under section 1059 using a nonresidential location, institutional location, last residence, place of birth, or closest substantial connection.

(6) Election.—The term "election" has the meaning given the term in section 30101(1) of title 52, United States Code.

(7) Eligible citizen.—The term "eligible citizen" means a United States citizen who has attained 18 years of age on or before the date of the election for Federal office in which the citizen seeks to vote.

(8) Federal office.—The term "Federal office" has the meaning given the term in section 30101(3) of title 52, United States Code.

(9) Federal-only ballot.—The term "Federal-only ballot" means a ballot limited to the elections for Federal office for which an eligible citizen is entitled to vote.

(10) Federal voting residence.—The term "Federal voting residence" means the jurisdictional assignment, based on residence or connection under section 1059, consisting of the State, congressional district, and election jurisdiction in which an eligible citizen may vote in elections for Federal office.

(11) Protected information.—The term "protected information" means the residential address, mailing address, physical location, shelter location, family address, Federal voting residence, institutional residence, or other identifying location information of a protected voter, except that the term does not include a designated election-administration address authorized for election-administration purposes.

(12) Protected voter.—The term "protected voter" means an eligible citizen whose residential address, mailing address, physical location, shelter location, family address, Federal voting residence, or other identifying location information may not be safely disclosed to the public because of domestic violence, stalking, trafficking, witness protection, law enforcement safety, judicial safety, caregiving safety, homelessness, displacement, or another comparable safety or privacy concern.

(13) Register.—The term "register" means to register an eligible citizen for an election for Federal office and includes updating such registration.

(14) Residence transition.—The term "residence transition" means a period during which an eligible citizen has recently moved, is moving, is displaced, lacks a fixed address, cannot safely disclose an address, has a pending address update, or is otherwise between a prior residence and a current residence for purposes of election administration.

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

(16) State election official.—The term "State election official" means the chief State election official of a State and any State or local official responsible under State law for voter registration, voter identification, ballot issuance, absentee ballot administration, mail ballot administration, provisional ballot administration, ballot cure, or vote counting for an election for Federal office.

(17) Treasury Recurring Unconditional Monetary Payment card.—The term "Treasury Recurring Unconditional Monetary Payment card" or "TRUMP card" means a debit card issued by the Treasury to the holder of a citizen account for the purposes of securely accessing the money in such account.

(18) Treasury voter verification.—The term "Treasury voter verification" means a confirmation by the Treasury that an individual has authenticated their identity as the holder of a citizen account.

(19) Verification token.—The term "verification token" means a nonfinancial, election-specific confirmation generated or supported by the Treasury for use by a State election official to confirm Treasury voter verification, prevent duplicate voting in an election for Federal office, or support ballot cure without disclosing ballot selections or information not necessary to election administration.

(b) Federal citizenship and identity verification requirement.—Beginning on January 1, 2028, for an election for Federal office, a State election official may not, unless the citizenship and identity of the individual are verified—

(1) register an individual to vote;

(2) issue a nonprovisional ballot to an individual;

(3) fulfill an absentee ballot request or mail ballot request from an individual; or

(4) complete a ballot cure for an individual.

Nothing in this subsection shall prohibit a State election official from issuing, accepting, or processing a provisional ballot pending verification and cure under subsection (h) or section 1059.

(c) Treasury voter verification as sufficient proof.—Treasury voter verification shall constitute primary and conclusive proof of United States citizenship and valid and sufficient identification in an election for Federal office, but shall not, by itself, establish residence, domicile, or Federal voting residence.

(d) Verification methods.—

(1) In general.—The Treasury shall make Treasury voter verification available to State election officials through secure, accessible, and auditable methods prescribed by the Secretary.

(2) Permissible methods.—Methods prescribed under paragraph (1) may include card swipe, card tap, chip insertion, QR code, manual credential entry, online Treasury interface, Treasury-approved account interface, toll-free telephone verification, transaction-based verification, verification token, Treasury-issued verification receipt, or any other secure method prescribed by the Secretary. A TRUMP card shall be accepted as a valid physical credential for initiating Treasury voter verification.

(3) Transaction-based verification.—A transaction-based verification method may include a zero-dollar authorization or a nominal reversible transfer in an amount prescribed by the Secretary.

(4) No financial barrier.—No individual may be charged a fee, required to maintain a minimum balance, or denied Treasury voter verification because the individual lacks funds in a citizen account.

(e) Absentee ballots, mail ballots, and remote voting methods.—

(1) In general.—For an absentee ballot, mail ballot, or other remote voting method used in an election for Federal office, a State election official shall provide a reasonable means for an individual to complete Treasury voter verification remotely.

(2) Permissible methods.—A reasonable means under paragraph (1) may include a QR code, toll-free telephone number, online Treasury interface, manual credential entry, TRUMP card authorization, transaction-based verification, Treasury-issued verification receipt, verification token, or other Treasury-approved method.

(3) Remote voting.—Nothing in this subsection shall be construed to prohibit a State from adopting a secure remote voting method for an election for Federal office if such method complies with this section, section 1059, and any other applicable provision of Federal law.

(f) No additional citizenship or identity documentation.—

(1) In general.—A State election official may not require an individual whose United States citizenship and identity are verified through Treasury voter verification to present a birth certificate, passport, naturalization certificate, certificate of citizenship, State-issued photo identification, or any other documentary proof of United States citizenship or identity as a condition of registering, receiving a ballot, casting a ballot, curing a ballot, or having a ballot counted in an election for Federal office.

(2) Residence documentation preserved.—Nothing in paragraph (1) shall be construed to prohibit a State election official from requiring proof of residence, domicile, address, election district, or Federal voting residence, if such proof is required in a nondiscriminatory manner and is not used to require additional proof of United States citizenship or identity from an individual who has completed Treasury voter verification.

(3) Driver's licenses and State identification preserved.—Nothing in this subsection shall be construed to prohibit an individual from using a driver's license, State identification card, utility bill, lease, or other lawful document to establish residence, domicile, address, election district, or Federal voting residence.

(g) Express authorization and data minimization under section 623.—

(1) Express authorization.—For purposes of section 623(e)(4), Treasury voter verification under this section and section 1059 is an expressly authorized use of information associated with digital Treasury accounts, subject to the privacy, data minimization, ballot secrecy, anti-surveillance, and nondisclosure requirements therein.

(2) Authorized uses.—The Treasury may use information associated with a citizen account only to the extent necessary to confirm United States citizenship, confirm identity, authenticate account control, generate a verification token, issue a verification receipt, support ballot cure, or maintain the security and integrity of Treasury voter verification.

(3) Minimum disclosure.—A Treasury voter verification provided to a State election official shall disclose only the minimum information necessary to confirm citizenship, identity, authentication status, date and time of verification, and a verification token or nonfinancial verification receipt.

(h) No denial for system failure.—A State election official may not deny an individual the right to register, receive a ballot, cast a provisional ballot, or cure a ballot in an election for Federal office solely because Treasury voter verification, or technical equipment supporting Treasury voter verification, is unavailable, delayed, or temporarily inoperable. In such a case, the State election official shall offer the individual an alternative lawful method of citizenship and identity verification or permit the individual to cast a provisional ballot for Federal office. A reasonable opportunity to cure such verification issue shall include a remote cure process after the Treasury voter verification becomes available.

(i) Other proof preserved.—Nothing in this section shall be construed to prohibit an individual from proving United States citizenship or identity by any other lawful method accepted for purposes of registering or voting in an election for Federal office.

(j) Federal-election scope.—This section applies to elections for Federal office. A State may accept Treasury voter verification for State or local elections, but nothing in this section shall be construed to require a State to alter voter qualifications for State or local elections except to the extent required by the Constitution of the United States or another provision of Federal law.

(k) Rulemaking.—Not later than September 30, 2027, the Secretary, in consultation with the Election Assistance Commission and the Attorney General, shall issue rules to carry out this section, including rules governing verification methods, cybersecurity, accessibility, privacy, record correction, absentee ballot verification, mail ballot verification, provisional ballot cure, State election official access, protection of ballot secrecy, and coordination with section 623.

(l) Pilots, testing, and deployments.—The Secretary shall conduct not fewer than 3 pilots, limited deployments, or special election deployments of Treasury voter verification before January 1, 2028, provided the Secretary determines that such use protects ballot secrecy, privacy, account security, and the integrity of elections for Federal office.

SEC. 1059. ONE CITIZEN, ONE VOTE.

(a) Universal Federal suffrage.—

(1) In general.—Notwithstanding any State law, every eligible citizen shall have the right to register, receive the appropriate ballot, and cast such ballot in each election for Federal office.

(2) One citizen, one Federal vote.—An eligible citizen may cast only 1 ballot for each Federal office in an election and may have only 1 Federal voting residence for such election.

(3) Federal-only ballot.—If an eligible citizen is entitled to vote in an election for Federal office under this section but is not eligible to vote in 1 or more State or local elections held at the same time, the State election official shall provide the eligible citizen a Federal-only ballot.

(b) Residence attestation and verification.—

(1) In general.—A State election official shall provide a reasonable means for an eligible citizen to establish or update a Federal voting residence.

(A) Permissible proof.—A reasonable means under paragraph (1) may include—

(i) a driver's license, a State identification card, a utility bill, a lease, mail, or a sworn written or electronic attestation;

(ii) confirmation by an administrator of a residential, medical, nursing, custodial, correctional, detention, military, educational, transitional, treatment, shelter, or similar facility that such eligible citizen resides there;

(iii) confirmation by a government agency with knowledge of the residence or connection of the eligible citizen; or

(iv) any other lawful method that establishes residence, domicile, address, election district, or Federal voting residence.

(B) Unconventional addresses.—A State election official may not reject a Federal voting residence solely because the eligible citizen—

(i) lacks a conventional street address, uses a last verified residence, uses a closest-substantial-connection address, or cannot safely disclose a residential address; or

(ii) resides at, is assigned to, or is confined in a place of detention, incarceration, nursing care, medical care, shelter, transitional housing, or other institutional residence.

(2) Federal voting residence.—For purposes of elections for Federal office, the Federal voting residence of an eligible citizen shall be determined in the following order, using a residence or connection established under paragraph (1):

(A) the current residence of the citizen, provided that for an incarcerated citizen, the Federal voting residence shall correspond to the residence at which the eligible citizen is counted or assigned for purposes of congressional redistricting under section 141(h) of title 13, United States Code;

(B) if the citizen does not have a current verified residence, the last verified residence of the citizen;

(C) if the citizen does not have a current or last verified residence, the verified residence of a parent, spouse, adult child, sibling, next of kin, or other person with whom the citizen has a substantial personal connection;

(D) if the citizen does not have a residence described in subparagraph (A), (B), or (C), the place of birth of the citizen in the United States; or

(E) if the citizen does not have a residence or place of birth described in subparagraph (A), (B), (C), or (D), the place in the United States with which the citizen has the closest substantial connection.

(3) Automatic Federal registration.—Beginning on January 1, 2028, the chief State election official of each State shall establish and operate a system of automatic Federal registration for elections for Federal office in the State. The system shall register an eligible citizen, and update the registration of an eligible citizen, through automated data feeds, matching procedures, and exception-handling procedures using information transferred under paragraph (5). A State election official may not require an eligible citizen to submit a separate voter registration application after the information necessary for automatic Federal registration has been verified. A prior Federal registration may not be cancelled, superseded, or treated as inactive until the new Federal voting residence is established or the eligible citizen is otherwise protected against loss of the right to vote in elections for Federal office.

(4) Federal-only registration.—Automatic Federal registration under this section shall constitute registration for elections for Federal office. Nothing in this section shall be construed to require a State to treat automatic Federal registration as registration for an election for State or local office if the eligible citizen is not qualified to vote in that election under State law, except to the extent required by the Constitution of the United States or another provision of Federal law.

(5) Electronic transfer of registration information.—The Secretary, the Election Assistance Commission, each chief State election official, and any Federal, State, or local government agency or covered placement entity with information necessary for automatic Federal registration shall provide for the secure electronic transfer of such information to the appropriate State election official.

(A) Information transferred under this paragraph shall be limited to information necessary to carry out registration, Federal voting residence assignment, supersession of prior Federal registrations, protected-voter procedures, Federal-only ballot procedures, and provisional Federal ballot cure under this section.

(B) Statewide computerized list coordination.—Information transferred under this paragraph shall be entered on an expedited basis into the computerized statewide voter registration list required under section 303(a) of the Help America Vote Act of 2002 (52 U.S.C. 21083(a)), coordinated with other agency databases as necessary, and maintained with adequate technological security measures to prevent unauthorized access.

(C) During the period beginning 60 days before and ending 30 days before an election for Federal office, each covered placement entity shall transfer information sufficient to register each eligible citizen who resides at the covered placement entity, unless—

(i) such information has already been transferred for that election; or

(ii) the citizen will no longer reside with the covered placement entity on the day of the election for Federal office.

(6) One active Federal voting residence.—Before registering an eligible citizen at a new Federal voting residence or updating the Federal voting residence of an eligible citizen, a State election official shall use Treasury voter verification, a verification token, or another lawful method to confirm that the eligible citizen will have only 1 active Federal voting residence for the election for Federal office.

(c) Protected voters and public records.—

(1) Protected voter status.—A State election official shall designate an eligible citizen as a protected voter if the eligible citizen submits a court order, protective order, address-confidentiality-program record, law enforcement record, shelter confirmation, government agency confirmation, sworn written or electronic attestation, or other credible evidence showing that public disclosure of such citizen's address would create a safety risk. A State election official may not require a public hearing or public disclosure of protected information as a condition of protected voter status.

(2) Designated election-administration address.—A protected voter may use a designated election-administration address for election-administration purposes.

(3) Protected voter records.—A State election official may not publicly disclose protected information.

(d) Election-specific verification tokens.—The Secretary, in consultation with the Election Assistance Commission and the Attorney General, shall support election-specific verification tokens or other election-specific verification records sufficient to confirm that an eligible citizen casts only 1 ballot for each Federal office in the same election, without disclosing ballot selections or information not necessary to election administration.

(e) Provisional Federal ballot and cure.—If the registration status or Federal voting residence of an eligible citizen cannot be verified before the time for voting in an election for Federal office because of a delay, omission, outage, or failure in a Federal, State, or local government record, database, verification system, or registration system, the State election official shall permit the eligible citizen to cast a provisional Federal ballot and shall provide a reasonable opportunity to cure the issue after the ballot is cast.

(f) Treasury information.—A State election official may not publicly disclose a citizen account number, TRUMP card number, Treasury verification credential, Treasury verification receipt, account identifier, verification token, or any other information obtained through Treasury voter verification in a public voter file or public election record, except as necessary to administer this section, section 1058, or as otherwise authorized by law.

(g) Implementation grants.—The Election Assistance Commission shall make grants to each State to assist the State in implementing the requirements of this section and section 1058. To receive a grant under this subsection, a State shall submit an application to the Commission at such time and in such form as the Commission may require, containing a description of the activities the State will carry out with the grant, an assurance that the State will carry out such activities without partisan bias and without promoting any particular point of view regarding any issue, and such other information and assurances as the Commission may require. In making grants under this subsection, the Commission shall give priority to activities most likely to accelerate compliance with this section and section 1058, including secure electronic information transfer, updates to online or electronic voter-registration systems, automatic Federal registration, Federal voting residence assignment, protected-voter procedures, Federal-only ballots, provisional Federal ballots, verification tokens, cybersecurity, accessibility, staff training, and voter education. There are authorized to be appropriated $3,000,000,000 for fiscal year 2027 and such sums as

may be necessary for each succeeding fiscal year to carry out this section and section 1058. Amounts appropriated under this subsection shall remain available until expended.

(h) Rulemaking.—Not later than September 30, 2027, the Secretary, in consultation with the Attorney General, the National Association of Secretaries of State, the National Association of State Election Directors, and the Election Assistance Commission, shall issue rules to carry out this section, including rules for automatic Federal registration, Federal voting residence, residence transition, no-fixed-address voters, protected voters, Federal-only ballots, provisional Federal ballots, residence attestation, verification tokens, public voter records, data minimization, State election official access, and coordination with section 1058.

(i) Pilots, testing, and deployments.—The Secretary may conduct pilots, testing, and limited deployments of automatic Federal registration, Federal voting residence assignment, protected-voter procedures, Federal-only ballot procedures, provisional Federal ballot procedures, and election-specific verification tokens before or after the issuance of rules under subsection (h), if the Secretary determines that such use protects ballot secrecy, privacy, account security, and the integrity of elections for Federal office.

(j) Mandatory implementation.—Beginning on January 1, 2028, each State election official shall implement this section for elections for Federal office.

Subtitle F—Expansion of Congress

SEC. 1061. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) The House of Representatives was designed to be the chamber of Congress most directly accountable to the people. Article I of the Constitution of the United States ties representation in the House of Representatives to population, recurring enumeration, and apportionment among the States.

(2) The First Congress proposed, as Article the first of the proposed Bill of Rights, an amendment that would have further directed the enlargement of the House of Representatives as the population of the United States increased.

(3) For more than a century, Congress generally honored the principle that the House of Representatives should grow as the people grew. The current 435-member House is the result of congressional gridlock following the 1920 decennial census, not a constitutional limit on representation.

(4) Since the House reached 435 members in 1913, the average congressional district has grown to nearly 4 times its former size, weakening the connection between Representatives and the people they serve.

(5) A fixed House turns representation into a zero-sum game, in which one State's gain in representation must come at another State's loss.

(6) A fixed House also intensifies partisan conflict because, when the number of seats is frozen, the only way for one political party to gain seats is for another political party to lose seats.

(7) Expanding the House creates an abundance of new representation, allowing the people of multiple States and communities to gain a stronger voice in Congress without requiring every gain to be matched by a loss.

(8) Expanding the House also creates a fair and orderly occasion for a one-time national congressional redistricting process under uniform standards that promote equal representation, competitive elections, and accountability to voters.

(9) The 250th anniversary of the Declaration of Independence is an appropriate occasion for Congress to renew the promise of republican representation by expanding the House, restoring the House as the people's chamber.

(10) The spirit of expansion can be further served by providing a path to full representation for residents of the District of Columbia, and offering an opportunity for self-determination for the people of Puerto Rico.

(b) Purpose.—The purpose of this subtitle is to unstack the current House in a way that more closely aligns with the Framers' vision.

SEC. 1062. EXPANSION AND APPORTIONMENT OF THE HOUSE OF REPRESENTATIVES.

(a) Number of Representatives.—Section 2 of title 2, United States Code, is amended to read as follows:

"Sec. 2. Number of Representatives

"(a) In general.—Beginning with the 121st Congress and in each Congress thereafter until the taking effect of a reapportionment under section 2a or a subsequent statute, the House of Representatives shall be composed of 535 Representatives, plus any Representatives added upon the admission of a State after the apportionment under subsection (b) and before the next census-based reapportionment under section 2a.

"(b) Transitional apportionment for 121st Congress.—

"(1) Statement by President.—Not later than January 10, 2027, the President shall transmit to Congress and to the Clerk of the House of Representatives a statement showing the number of Representatives to which each State is entitled in the 121st Congress under an apportionment of 535 Representatives by the method known as the method of equal proportions, no State to receive less than 1 Member, using the population ascertained under the 24th decennial census.

"(2) Certification to States.—Not later than 15 calendar days after receiving the statement required under paragraph (1), the Clerk of the House of Representatives shall send to the executive of each State a certificate of the number of Representatives to which the State is entitled in the 121st Congress.

"(3) Vacancies.—A vacancy in the representation of a State in the 120th Congress shall be filled only as a vacancy in a seat existing for that Congress and shall not authorize the filling of any additional seat apportioned under paragraph (1).".

(b) Permanent apportionment rule.—Section 22 of the Act entitled "An Act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of Representatives in Congress", approved June 18, 1929 (2 U.S.C. 2a), is amended—

(1) in subsection (a) to read as follows:

"(a) On the 1st day, or within 1 week thereafter, of the 1st regular session of the 122nd Congress and of each 5th Congress thereafter, the President shall transmit to Congress a statement showing the whole number of persons in each State, as ascertained under the 25th and each subsequent decennial census of population, and the number of Representatives to which each State would be entitled under an apportionment determined by subsection (c).";

(2) in subsection (b)—

(A) by striking "Eighty-third" and inserting "123rd";

(B) by striking "one" and inserting "1";

(C) by striking "fifteen" and inserting "15"; and

(D) by striking "or of his absence or inability to discharge this duty" and inserting "or the absence or inability of the Clerk to discharge this duty"; and

(3) in subsection (c) to read as follows:

"(c) Automatic determination of number of Representatives.—

"(1) In general.—For the apportionment occurring after the 25th and each subsequent decennial census, the number of Representatives shall be the number determined by multiplying—

"(A) the number of Representatives in the current Congress; by

"(B) the quotient obtained by dividing—

"(i) the apportionment population of the several States, as ascertained under the decennial census; by

"(ii) the apportionment population of such States, as ascertained under the preceding decennial census.

"(2) Rounding.—If the number determined under paragraph (1) is not a whole number, the number shall be rounded upward to the next whole number.

"(3) No reduction.—If the number determined under paragraph (1) is less than the number of Representatives in the current Congress, the number of Representatives shall not be reduced.

"(4) Apportionment among States.—After determining the number of Representatives under this subsection, the President shall determine the number of Representatives to which each State is entitled by apportioning that number of Representatives among the several States by the method known as the method of equal proportions, no State to receive less than 1 Member.

"(5) Apportionment population defined.—In this subsection, the term 'apportionment population' means the population used for the apportionment of Representatives under this section."; and

(4) by inserting after subsection (c) the following new subsection:

"(d) If the tabulation of the number of persons in a State under subsection (a) includes an individual incarcerated in a State, Federal, county, or municipal correctional facility, or in a youth correctional facility or detention center, who is treated as a resident of the State because the tabulation attributes the individual to the individual's last usual place of residence before incarceration, as provided under section 141(h) of title 13, United States Code, the State shall treat the individual's last usual place of residence in the State before incarceration as the individual's place of residence for purposes of congressional redistricting.".

(c) Single-member congressional districts.—Section 2c of title 2, United States Code, is amended to read as follows:

"Sec. 2c. Single-member congressional districts

"In each State entitled in the 121st Congress or in any subsequent Congress to more than 1 Representative under an apportionment made pursuant to section 2 or 2a of this title, or any subsequent statute, there shall be established by law a number of congressional districts equal to the number of Representatives to which the State is entitled, each Representative shall be elected only from 1 such district, and no district shall elect more than 1 Representative.".

(d) Conforming repeal of obsolete transitional apportionment provision.—Section 2b of title 2, United States Code, is repealed.

(e) Conforming amendment.—Section 141 of title 13, United States Code, is amended by adding at the end the following new subsection:

"(h) Effective beginning with the 2030 decennial census of population and every census thereafter, in taking any census of population under subsection (a) the Secretary shall, with respect to an individual incarcerated in a State, Federal, county, or municipal correctional facility, or in a youth correctional facility or detention center, as of the decennial census date, attribute such individual to such individual's last usual place of residence before incarceration.".

SEC. 1063. NATIONAL STANDARDS FOR CONGRESSIONAL REDISTRICTING.

(a) Official representative ensembles.—Chapter 1 of title 2, United States Code, is amended by inserting after section 2c the following:

"Sec. 3. Official representative ensembles for congressional redistricting

"(a) Definitions.—In this section, section 4, and section 5:

"(1) Community of interest.—The term 'community of interest' means a geographically identifiable population that shares social, cultural, ethnic, economic, civic, Tribal, geographic, occupational, or policy interests that should be preserved in a congressional district plan, except that a community of interest may not be defined primarily by common support for a political party, incumbent, candidate, or prospective candidate.

"(2) Competitive district.—The term 'competitive district' means a congressional district for which the Republican electoral baseline is not less than 46.5 percent and not greater than 53.5 percent.

"(3) Congressional district plan.—The term 'congressional district plan' means the map, law, order, or plan establishing the districts from which Representatives are elected in a State entitled to more than 1 Representative.

"(4) Contiguous.—The term 'contiguous' means, with respect to a congressional district, that every part of the district is geographically connected to every other part of the district by territory assigned to the same district, except that—

"(A) territory separated only by water shall be treated as contiguous if the territory is an actual island, peninsula, or other water-separated area and is assigned in a geographically reasonable manner within the same State;

"(B) territory described in subparagraph (A) shall not be treated as noncontiguous solely because there is no bridge, road, ferry route, or other direct means of transportation between the connected areas;

"(C) territory connected only at a single point shall not be treated as contiguous;

"(D) territory physically separated from the remainder of a district by land assigned to another district shall not be treated as contiguous merely because the separated territory is part of the same municipality, county, political subdivision, or other governmental unit as territory assigned to the district;

"(E) territory separated from the remainder of a district by a mountain range, canyon, desert, wilderness area, military reservation, Federal land unit, or other substantial physical barrier shall not be treated as contiguous unless the separated areas are connected by a reasonable route of travel that does not require substantial travel through another congressional district; and

"(F) nothing in this paragraph shall be construed to permit a district that violates the Voting Rights Act of 1965 or another requirement of this section, section 4, or section 5.

"(5) Election-return unit.—The term 'election-return unit' means an election precinct, voting tabulation district, ward, election district, or other equivalent geographic unit for which official election returns are reported or tabulated.

"(6) Incumbent data.—The term 'incumbent data' means the residential address, office address, voting history, electoral performance, fundraising data, campaign data, or other individually identifying political information of an incumbent, candidate, prospective candidate, or immediate family member of an incumbent, candidate, or prospective candidate.

"(7) Material partisan distortion.—The term 'material partisan distortion' means that the number of districts in a congressional district plan in which the Republican electoral baseline exceeds 50 percent falls outside the representative range for the State, unless the deviation is necessary to comply with a higher priority standard under section 4.

"(8) Neutral redistricting criteria.—The term 'neutral redistricting criteria' means the following criteria, and, if simultaneous compliance with all such criteria is not practicable, such criteria shall be applied in the following order:

"(A) compliance with the Constitution of the United States;

"(B) compliance with the Voting Rights Act of 1965;

"(C) contiguity;

"(D) preservation of political subdivisions;

"(E) compactness; and

"(F) preservation of communities of interest.

"(9) Principal opposing candidate.—The term 'principal opposing candidate' means, with respect to a baseline election, the candidate other than the Republican candidate who received the highest number of votes in the election.

"(10) Public redistricting benchmark data.—The term 'public redistricting benchmark data' means public election results and any public data or public outputs published or made available by the Comptroller General under this section, except that such term does not include restricted redistricting targeting data.

"(11) Redistricting cycle.—The term 'redistricting cycle' means the period beginning on the date on which the Clerk of the House of Representatives transmits to the executive of a State a certificate of the number of Representatives to which the State is entitled and ending on the date on which the next such certificate is transmitted.

"(12) Regular general election.—The term 'regular general election' means, with respect to an election for President, Senator, or Governor, the regularly scheduled election established by Federal or State law for selecting the person to hold that office, including an all-candidate primary, general election, or runoff election if such election is the election at which the person elected to the office is selected.

"(13) Representative range.—The term 'representative range' means the range from the 10th percentile through the 90th percentile of the number of districts in the official representative ensemble in which the Republican electoral baseline exceeds 50 percent, except that a number shall be included in such range only if a majority of the alternative congressional district plans producing that number fall within such percentile range.

"(14) Republican electoral baseline.—The term 'Republican electoral baseline' means, with respect to a State, congressional district, congressional district plan, or alternative congressional district plan, the weighted Republican vote share calculated under subsection (d) from the baseline elections.

"(15) Restricted redistricting targeting data.—The term 'restricted redistricting targeting data' means voter registration by political party, voter file data, individual voting history, incumbent data, household level data, individual level data, consumer data, commercial data, credit data, financial data, demographic profiling data, psychographic data, geolocation data, political

consultant data, campaign data, modeled partisan scores, modeled voter attributes, vote propensity scores, turnout propensity scores, persuasion scores, or any substantially similar data that identifies, predicts, estimates, or models the political behavior, partisan preference, voting behavior, electoral participation, electoral responsiveness, or candidate preference of a person, household, incumbent, candidate, prospective candidate, census block, precinct, district, or other geographic unit.

"(16) Safe district.—The term 'safe district' means a congressional district for which the Republican electoral baseline is less than 40 percent or greater than 60 percent.

"(17) Voter file data.—The term 'voter file data' means a voter registration record, voter history record, voter contact record, vote propensity score, turnout propensity score, persuasion score, modeled voter attribute, or other record or score that identifies, predicts, estimates, models, or scores the political behavior, electoral participation, partisan preference, candidate preference, or electoral responsiveness of an individual voter or household.

"(b) Comptroller General to publish.—

"(1) In general.—For each redistricting cycle, the Comptroller General of the United States shall establish and publish an official representative ensemble and a Republican electoral baseline for each State entitled to more than 1 Representative.

"(2) Deadline.—For each redistricting cycle, the Comptroller General shall establish and publish the official representative ensemble for each State not later than 117 days after the start of the final Congress of the prior cycle.

"(3) Rule of construction.—Nothing in this section shall be construed to require the Comptroller General to wait for the President's statement of apportionment pursuant to section 2(b) or 2a(a) before beginning work on the ensemble or electoral baseline.

"(4) Single Representative States.—The Comptroller General shall publish a Republican electoral baseline for a State entitled to only 1 Representative.

"(c) Representative ensemble defined.—

"(1) Minimum number of alternative plans.—

"(A) In general.—An official representative ensemble for a State shall include not fewer than the greater of—

"(i) 50,000 alternative congressional district plans; or

"(ii) 20,000 alternative congressional district plans for each Representative to which the State is entitled.

"(B) Infeasibility.—If the Comptroller General determines that the number of qualifying alternative congressional district plans required under subparagraph (A) cannot be generated for a State while complying with contiguity, the Voting Rights Act of 1965 (52 U.S.C. 10301 et seq.), and the whole election-return unit requirement under this section, the Comptroller General shall generate and publish the maximum number of qualifying

alternative congressional district plans practicable and a written explanation of the constraint that prevented compliance with subparagraph (A).

"(2) Data used to generate alternative plans.—Each alternative congressional district plan included in an official representative ensemble shall be generated using only—

"(A) population tabulations furnished under section 141(c) of title 13, United States Code;

"(B) official geographic data furnished by the Bureau of the Census;

"(C) political subdivision boundaries of such State;

"(D) physical geography; and

"(E) publicly available governmental, geographic, census, public infrastructure, or other neutral public data, prescribed by the Comptroller General by rule, that is necessary to identify or evaluate objectively identifiable communities of interest, transportation connections, or other neutral geographic relationships relevant to compliance with this section, except that such data may not include restricted redistricting targeting data.

"(3) Neutral generation requirements.—Each alternative congressional district plan included in an official representative ensemble shall—

"(A) be composed of undivided election-return units;

"(B) satisfy neutral redistricting criteria to the greatest extent practicable;

"(C) be generated through a transparent, documented, and reproducible computational method; and

"(D) not be configured, weighted, optimized, selected, or excluded to favor or disfavor a political party, incumbent, candidate, or prospective candidate.

"(d) Republican electoral baseline calculated.—

"(1) In general.—The Republican electoral baseline for an election-return unit of a State shall be calculated by—

"(A) identifying 6 baseline elections according to paragraph (2);

"(B) determining, for each baseline election, the Republican vote share, which shall be the quotient of—

"(i) the number of votes received by the Republican candidate; divided by

"(ii) the combined number of votes received by the Republican candidate and the principal opposing candidate; and

"(C) averaging the Republican vote shares according to the weighting in paragraph (3).

"(2) Baseline elections.—

"(A) In general.—The baseline elections for a State shall consist of—

"(i) the 2 most recent regular general elections for President;

"(ii) the 2 most recent regular general elections for Senator; and

"(iii) the 2 most recent regular general elections for Governor; provided that if the term for Governor in such State is 2 years, the 2 most recent regular general elections for Governor held in nonpresidential even-numbered years shall be deemed the 2 most recent.

"(B) Qualification of baseline elections.—A regular general election may be used as a baseline election only if—

"(i) the Republican candidate is 1 of the 2 candidates receiving the highest number of votes in the election;

"(ii) the Republican candidate and the principal opposing candidate together received not less than 95 percent of the valid votes cast for candidates in the election; and

"(iii) reliable precinct-level or equivalent geographic returns are available for the election, except that a baseline election shall not be disqualified solely because returns are not available for an election-return unit included in the population tabulations furnished under section 141(c) of title 13, United States Code, provided the Comptroller General can allocate the returns to such unit under paragraph (4).

"(C) Replacement elections.—If any election described in subparagraph (A) is not qualified as a baseline election, the Comptroller General shall use substitutions until there are 6 qualified baseline elections or clauses (i) through (iv) are exhausted. In order, the Comptroller General shall use:

"(i) the next most recent regular general election for Senator;

"(ii) the next most recent regular general election for President;

"(iii) the next most recent regular general election for Senator; and

"(iv) the next most recent regular general election for Governor.

"(3) Weighting.—

"(A) In general.—The Comptroller General shall rank the 6 baseline elections in chronological order, from most recent to least recent, and shall weight the Republican vote share calculated for each baseline election as follows:

"(i) 19 percent for each of the 2 most recent baseline elections.

"(ii) 17 percent for each of the 3rd and 4th most recent baseline elections.

"(iii) 14 percent for each of the 5th and 6th most recent baseline elections.

"(B) Fewer than 6 baseline elections.—If fewer than 6 qualified baseline elections are available under paragraph (2), the Comptroller General shall proportionally adjust the weights specified in subparagraph (A) so that the total weight assigned equals 100 percent.

"(C) Elections held on same date.—If 2 or more baseline elections were held on the same date and would receive different weights under subparagraph (A), the Comptroller General shall average the weights applicable to those baseline elections and apply the averaged weight equally to each such baseline election.

"(4) Special case for allocation of returns among new election-return units.—

"(A) In general.—If official returns for a baseline election used under this subsection are reported for geographic units that are not identical to the election-return units used under this section, or are otherwise not available for 1 or more such election-return units, the Comptroller General shall allocate the official returns for that baseline election to the election-return units used under this section under a reproducible methodology established and published by the Comptroller General.

"(B) Required principles.—A methodology established under subparagraph (A) shall—

"(i) ensure that allocated returns for the election-return units used under this section equal the official aggregate returns from which the allocation is made;

"(ii) allocate votes received by the Republican candidate and votes received by the principal opposing candidate separately;

"(iii) use official election returns for predecessor election-return units, successor election-return units, related election-return units, and other partisan elections to the extent such returns assist in allocating the baseline election returns among the election-return units used under this section;

"(iv) use population tabulations furnished under section 141(c) of title 13, United States Code, official geographic data furnished by the Bureau of the Census, and other governmental or public data to the extent such data assist in allocating the baseline election returns among the election-return units used under this section.

"(C) Use of voter file data.—

"(i) In general.—If necessary, the Comptroller General may use voter file data to the minimum extent possible in order to allocate returns under this paragraph, and may not publish personally identifiable voter file data, household level voter file data, individual level voter file data, or any record that identifies the political preference, voting history, turnout propensity, persuasion propensity, or electoral responsiveness of a person or household.

"(ii) Not indirect use.—Any allocation made using voter file data in development of the Republican electoral baseline shall not be considered indirect use of voter file data for the purposes of section 4(b).

"(D) Other partisan elections.—For purposes of subparagraph (B)(iii), the Comptroller General may use official returns from another partisan election only if the election satisfies the requirement of paragraph (2)(B)(ii).

"(E) Uniform use.—An allocation under this paragraph shall be used in calculating the Republican electoral baseline for each affected election-return unit.

"(5) Election-return unit and district baselines.—

"(A) Election-return units.—For each election-return unit, the Comptroller General shall calculate the Republican vote share for each baseline election and the resulting Republican electoral baseline.

"(B) Districts.—For each congressional district, the Republican electoral baseline shall be the population-weighted average of the Republican electoral baselines of the election-return units assigned to the district.

"(C) Calculation.—The Comptroller General shall calculate the Republican electoral baseline of a congressional district by multiplying the Republican electoral baseline of each election-return unit assigned to the district by the population of that election-return unit, adding the resulting products, and dividing the sum by the total population of the district.

"(D) Plans.—For a congressional district plan or alternative congressional district plan, the Republican electoral baseline shall be calculated separately for each congressional district in the plan under subparagraphs (B) and (C).

"(e) Required scoring of ensemble plans.—For each alternative congressional district plan included in an official representative ensemble, the Comptroller General shall calculate—

"(1) the Republican electoral baseline of each district;

"(2) the number of—

"(A) competitive districts;

"(B) safe districts; and

"(C) districts in which the Republican electoral baseline exceeds 53.5 percent but does not exceed 60 percent, or is less than 46.5 percent but not less than 40 percent;

"(3) the number of districts in which the Republican electoral baseline exceeds 50 percent;

"(4) 1 or more measures of compactness prescribed by the Comptroller General by rule; and

"(5) any additional neutral statistical measure prescribed by the Comptroller General by rule.

"(f) Competitiveness benchmarks.—

"(1) In general.—For each State, the Comptroller General shall sort the alternative congressional district plans included in the official representative ensemble by the number of competitive districts.

"(A) The sorted plans shall be divided into 5 quintiles, with the 1st quintile consisting of the most favorable plans with the greatest number of competitive districts and the 5th quintile consisting of the least favorable plans with the fewest number of competitive districts.

"(B) A quintile may include more than 1 number of competitive districts.

"(2) Competitiveness threshold.—For each State, the competitiveness threshold shall be the minimum number of competitive districts contained in any alternative congressional district plan assigned to the 2nd quintile.

"(3) Competitiveness target.—For each State, the competitiveness target shall be the minimum number of competitive districts contained in any alternative congressional district plan assigned to the 1st quintile.

"(g) Use of same ensemble.—The official representative ensemble established for a State under this section shall be used to evaluate each congressional district plan proposed, adopted, implemented, challenged, ordered, or considered for that State during the same redistricting cycle, unless the Comptroller General determines that a new official representative ensemble is required because of a change in the number of Representatives to which the State is entitled, a change in controlling law, a final judgment or order of a court of competent jurisdiction, or a material error in the data, method, or computation used to establish the official representative ensemble.

"(h) Publication.—The Comptroller General shall publish and make available to the public through a government website—

"(1) for each State, a Republican electoral baseline, which shall consist of—

"(A) the baseline elections used under subsection (d) and the statewide Republican vote share calculated for each;

"(B) any allocation for incomplete election returns made under subsection (d)(4), including a summary of the method used to make the allocation; and

"(C) for each election-return unit in the State, the resulting Republican electoral baseline; and

"(2) for each State entitled to more than 1 Representative—

"(A) a machine-readable file or repository sufficient to identify, reproduce, and score each alternative congressional district plan included in the official representative ensemble;

"(B) the representative range;

"(C) the competitiveness quintiles, competitiveness threshold, and competitiveness target established under subsection (f);

"(D) the methods, assumptions, software, source code, random seeds or sampling methods, weighting rules, exclusion rules, input data, version information, and scoring formulas used to establish the official representative ensemble; and

"(E) a plain language explanation of the official representative ensemble and the benchmark thresholds established under this section.

"(i) Consultation.—In carrying out this section, the Comptroller General shall consult with the Director of the Bureau of the Census, the Election Assistance Commission, and such independent experts in redistricting, statistics, election administration, computer science, and voting rights law as the Comptroller General considers appropriate.

"(j) Technical assistance.—The Comptroller General shall provide technical assistance to States, courts, special masters, and parties in civil actions under section 5 regarding the use of official representative ensembles and benchmark thresholds established under this section.".

SEC. 1064. CONGRESSIONAL REDISTRICTING STANDARDS AND ENFORCEMENT.

(a) Congressional redistricting standards.—Chapter 1 of title 2, United States Code, as amended by this Act, is further amended by inserting after section 3 the following new sections:

"Sec. 4. Congressional redistricting standards

"(a) Prohibition on unauthorized congressional redistricting.—It shall be unlawful for a State to adopt, implement, or use a new congressional district plan except—

"(1) once after a decennial census and the taking effect of an apportionment under section 2a;

"(2) as required by an Act of Congress; or

"(3) as required by a final judgment or order of a court of competent jurisdiction.

"(b) Permitted data for congressional redistricting.—

"(1) In general.—It shall be unlawful for a State, directly or indirectly, to use any data in drawing, revising, evaluating, selecting, adopting, implementing, or using a congressional district plan other than—

"(A) population and demographic tabulations furnished under section 141(c) of title 13, United States Code;

"(B) official geographic data furnished by the Bureau of the Census;

"(C) political subdivision boundaries;

"(D) physical geography;

"(E) information identifying communities of interest;

"(F) public redistricting benchmark data; and

"(G) other neutral public data necessary to identify or evaluate objectively identifiable communities of interest, transportation connections, or other neutral geographic relationships relevant to compliance with subsection (c), except that such data may not include restricted redistricting targeting data.

"(2) Restricted redistricting targeting data.—A State's use of restricted redistricting targeting data, directly or indirectly, in drawing, revising, evaluating, or selecting a congressional district plan shall be a violation of this subsection; provided that nothing in this subsection shall prohibit the use of restricted redistricting targeting data solely to audit, investigate, or prove whether a violation of section 3, section 4, or section 5 has occurred.

"(c) Priority of standards.—

"(1) In general.—A State's congressional district plan shall satisfy the following standards in the following order of priority:

"(A) Whole election-return units.—Each congressional district shall be composed of whole election-return units, except in cases of infeasibility as provided by paragraph (2).

"(B) Neutral redistricting criteria.—Each plan shall meet neutral redistricting criteria.

"(C) Representative range.—To the extent consistent with subparagraphs (A) and (B), each plan shall have the number of congressional districts in which the Republican electoral baseline exceeds 50 percent fall within the representative range.

"(D) Competitiveness threshold.—To the extent consistent with subparagraphs (A) through (C), a congressional district plan shall satisfy the competitiveness threshold established under section 3(f).

"(E) Competitiveness target.—To the extent consistent with subparagraphs (A) through (D), a congressional district plan shall satisfy the competitiveness target established under section 3(f).

"(2) Exception for infeasibility of whole election-return units.—

"(A) In general.—A congressional district plan may divide an election-return unit only if the State demonstrates by clear and convincing evidence that no congressional district plan can comply with subparagraphs (B), (C), and (D) of paragraph (1) while preserving whole election-return units.

"(B) Minimum division required.—If an election-return unit is divided under this paragraph, the congressional district plan shall divide the minimum number of election-return units necessary to comply with paragraph (1).

"(C) Allocation for divided election-return units.—If an election-return unit is divided under this paragraph, the Republican electoral baseline for any district containing part of such divided unit shall be calculated using an allocation method prescribed by the Comptroller General.

"(d) Competitiveness compliance.—

"(1) Use of Republican electoral baseline.—A State shall use the Republican electoral baseline to determine the number of competitive districts in a congressional district plan.

"(2) Competitiveness threshold and target.—

"(A) In general.—A congressional district plan satisfies the competitiveness threshold if the number of competitive districts in the plan is equal to or greater than the competitiveness threshold established for the State under section 3(f), and satisfies the competitiveness target if the number of competitive districts in the plan is equal to or greater than the competitiveness target established for the State under section 3(f).

"(B) Exception for higher priority standards.—If the State demonstrates by clear and convincing evidence that failure to satisfy the competitiveness threshold is necessary to comply with a higher priority standard under subsection (c), a congressional district plan shall not be treated as violating subsection (c)(1)(D).

"(3) Alternative scoring prohibited.—A State may not substitute any other partisan index, electoral baseline, competitiveness measure, or ensemble for the Republican electoral baseline, competitiveness threshold, or competitiveness target published by the Comptroller General under section 3 for purposes of determining whether a congressional district plan complies with this section.

"(4) Compliance certification.—Before adopting, implementing, or using a congressional district plan, a State shall publish a compliance certification identifying the data used to draw the plan, the number of competitive districts, the number of safe districts, the number of districts in which the Republican electoral baseline exceeds 50 percent, whether the plan falls within the representative range, whether the plan satisfies the competitiveness threshold and competitiveness target, and whether the plan complies with this section.

"(e) Partisan gerrymandering prohibited.—

"(1) In general.—It shall be unlawful for a State, directly or indirectly, to adopt a congressional district plan that has the purpose or effect of materially favoring or disfavoring a political party, incumbent, candidate, or prospective candidate.

"(2) Presumption of partisan gerrymandering.—A congressional district plan shall be presumed to have the purpose or effect described in paragraph (1) if—

"(A) the plan violates the competitiveness threshold requirement of subsection (c)(1)(D);

"(B) the State used restricted redistricting targeting data in violation of subsection (b);

"(C) the plan divides an election-return unit in violation of subsection (c)(1)(A);

"(D) the number of congressional districts in which the Republican electoral baseline exceeds 50 percent falls outside the representative range for the State; or

"(E) the State implemented the plan at a time not authorized under subsection (a).

"(3) Rebuttal.—A State may rebut a presumption under this subsection only by demonstrating by clear and convincing evidence that the challenged congressional district plan is necessary to comply with a higher priority standard under subsection (c).

"(f) Single Representative States.—This section shall not apply to a State entitled to only 1 Representative.

"Sec. 5. Enforcement and judicial relief

"(a) Civil actions.—The Attorney General may bring a civil action in an appropriate United States district court for declaratory, injunctive, or other equitable relief to enforce section 3 or 4. A person who is eligible to vote in a regular general election for Representative in a State to which a challenged congressional district plan applies, or an organization with at least 1 member who is such a person, may bring a civil action in an appropriate United States district court for declaratory, injunctive, or other equitable relief to enforce section 4.

"(b) Parties, venue, and procedure.—

"(1) Proper defendants.—A civil action under this section may be brought against a State, the chief State election official, a redistricting commission or other redistricting authority of a State, or any officer or employee of a State responsible for adopting, implementing, using, administering, or certifying a congressional district plan.

"(2) Venue.—A civil action under this section may be brought in the United States district court for the judicial district in which the capital of the State is located, in the United States district court for any judicial district in which a plaintiff resides, or in any other United States district court in which venue is otherwise proper.

"(3) Three-judge court.—A civil action under this section challenging the validity of a congressional district plan or seeking statewide relief shall be heard by a district court of 3 judges convened under section 2284 of title 28.

"(4) Expedited consideration.—A court hearing a civil action under this section shall expedite the action to the greatest practicable extent, including by expediting discovery, briefing, hearing, decision, and any remedial proceeding.

"(c) Prima facie showing and burden of proof.—

"(1) Prima facie showing.—A plaintiff establishes a prima facie violation of section 4 if the plaintiff shows that—

"(A) a State adopted, implemented, or used a congressional district plan without an official representative ensemble established under section 3;

"(B) a State adopted, implemented, or used a congressional district plan that fails to satisfy the competitiveness threshold established under section 3;

"(C) a State adopted, implemented, or used a congressional district plan that creates material partisan distortion;

"(D) a State used restricted redistricting targeting data in violation of section 4(b);

"(E) a State adopted or used a congressional district plan that divides an election-return unit in violation of section 4(c)(1)(A);

"(F) a State adopted, implemented, or used a congressional district plan at a time not authorized under section 4(a); or

"(G) a State otherwise failed to comply with section 4.

"(2) Burden of proof.—If a plaintiff establishes a prima facie violation under paragraph (1), the State shall have the burden of demonstrating by clear and convincing evidence that the congressional district plan complies with section 4, that any failure to satisfy the competitiveness threshold established under section 3 is necessary to comply with a higher priority standard under section 4, or that any material partisan distortion is necessary to comply with a higher priority standard under section 4.

"(d) Relief and court-ordered plans.—

"(1) Relief.—

"(A) In general.—In a civil action under this section, the court may declare a congressional district plan unlawful, enjoin the adoption, implementation, use, administration, or certification of an unlawful congressional district plan, require compliance with section 4, require publication of materials required under section 3, order the adoption or use of a lawful congressional district plan, or grant any other equitable relief necessary to enforce section 3 or 4.

"(B) Costs and attorney fees.—In a civil action under this section, the court may allow a prevailing plaintiff, other than the United States, reasonable attorney fees, litigation expenses, expert fees, and costs.

"(C) No damages.—No damages may be awarded under this section.

"(2) Failure to adopt lawful plan.—If a State fails to enact or adopt a congressional district plan that complies with section 4 in time to administer a regular general election for Representative, the court shall order or adopt a congressional district plan that complies with section 4.

"(3) Selection among lawful plans.—

"(A) The court may appoint a special master to prepare a plan, or invite interested parties to submit plans, provided that any plan to be considered by the court shall comply with section 4.

"(B) The court shall order or adopt a plan that does not create material partisan distortion, unless ordering or adopting such plan would conflict with a higher priority standard under section 4.

"(C) If more than 1 congressional district plan before the court satisfies subparagraph (B), the court shall order or adopt the plan with the greatest number of competitive districts, unless ordering or adopting such plan would conflict with a higher priority standard under section 4.

"(4) Duration of court-ordered plan.—A congressional district plan ordered or adopted by a court under this section shall be treated as the congressional district plan of the State for purposes of section 4(a), and shall remain in effect until the next redistricting authorized under section 4(a)(1), unless superseded by an Act of Congress or modified by a subsequent judgment or order of a court of competent jurisdiction.

"(e) Rule of construction.—Nothing in this section shall be construed to limit any authority of the Attorney General, any private right of action, or any remedy otherwise available under the Constitution of the United States, the Voting Rights Act of 1965, or any other Federal law.".

(b) Repeal of obsolete reduction of representation provision.—Section 6 of title 2, United States Code, is repealed.

(c) Clerical amendment.—The table of sections for chapter 1 of title 2, United States Code, is amended by striking the items relating to sections 3 through 6 and inserting the following:

"3. Official representative ensembles for congressional redistricting.

"4. Congressional redistricting standards.

"5. Enforcement and judicial relief.".

SEC. 1065. ADMISSION OF WASHINGTON, DOUGLASS COMMONWEALTH.

(a) Definitions.—In sections 1065 through 1067:

(1) Board.—The term "Board" means the District of Columbia Board of Elections.

(2) Capital.—The term "Capital" means the area serving as the seat of the Government of the United States, as described in subsection (f).

(3) Council.—The term "Council" means the Council of the District of Columbia.

(4) Mayor.—The term "Mayor" means the Mayor of the District of Columbia.

(5) State.—Except as otherwise provided, the term "State" means the State of Washington, Douglass Commonwealth.

(6) State Constitution.—The term "State Constitution" means the proposed Constitution of the State of Washington, DC, as approved by the Council on October 18, 2016, pursuant to the Constitution and Boundaries for the State of Washington, D.C. Approval Resolution of 2016 (D.C. Resolution R21–621), ratified by District of Columbia voters in Advisory Referendum B approved on November 8, 2016, and certified by the District of Columbia Board of Elections on November 18, 2016.

(b) Admission into the Union.—

(1) Presidential proclamation.—Not later than June 30, 2028, the President shall issue a proclamation declaring that the State shall be admitted into the Union on July 1, 2028.

(2) Admission.—Subject to the provisions of this section, on July 1, 2028, the State is declared to be a State of the United States of America and is declared admitted into the Union on an equal footing with the other States in all respects whatever.

(c) Constitution of the State of Washington, Douglass Commonwealth.—

(1) Constitution of State.—The Constitution of the State shall always be republican in form and shall not be repugnant to the Constitution of the United States or the principles of the Declaration of Independence.

(2) Ratification.—The State Constitution is found to be republican in form and in conformity with the Constitution of the United States and the principles of the Declaration of Independence, and is accepted, ratified, and confirmed as the constitution of the State.

(3) State may amend.—Any amendment or revision ratified under this subsection shall be deemed accepted, ratified, and confirmed as part of the constitution of the State if the amendment or revision is republican in form and not repugnant to the Constitution of the United States or the principles of the Declaration of Independence.

(4) Election of delegates.—The Council shall provide for the election of delegates to a constitutional convention on March 9, 2027, to propose amendments or revisions of the State Constitution for use upon admission.

(5) Initial meeting.—Not later than 30 days after the election of delegates under paragraph (4), the elected delegates shall meet at such time and place as the Council shall determine.

(6) Submission; ratification.—Any amendment or revision proposed under this subsection shall be submitted to the voters of the District of Columbia for ratification or rejection in a special election held in the manner prescribed by the Council.

(7) Majority vote required.—An amendment or revision submitted under paragraph (6) shall be deemed ratified if approved by a majority of the valid votes cast on the question.

(8) Effect of failure to ratify.—Failure to ratify an amendment or revision under this subsection shall not delay or prevent admission of the State under subsection (b).

(d) First elections for Senators and Representative; Presidential electors.—

(1) In general.—The first Senators and Representative from the State shall be elected to serve in the 121st Congress and shall be entitled, upon taking office, to all the rights and privileges of Senators and Representatives of the other States in Congress.

(2) Delegate.—The office of Delegate to the House of Representatives from the District of Columbia shall cease to exist at the conclusion of the 120th Congress.

(3) First election of Senators.—In the first election of Senators, the 2 senatorial offices shall be separately identified and designated, and no person may be a candidate for both offices. Nothing in this section shall impair the privilege of the Senate to determine the class and term to which each of the Senators elected shall be assigned, except that the Senators shall not be in the same class.

(4) First Representative election.—The State shall be entitled to elect 1 Representative until the next census-based reapportionment. Such Representative shall be a permanent increase in the number of Representatives under section 2 of title 2, United States Code.

(5) Certification of results.—Election results shall be certified in the manner required by the laws of the District of Columbia, except that the Mayor shall also provide written certification of the results of such elections to the President, the President pro tempore of the Senate, and the Speaker of the House of Representatives.

(6) Presidential electors.—For purposes of chapter 1 of title 3, United States Code, the State shall appoint electors for President and Vice President in the 2028 election and each subsequent election in the same manner as each other State.

(e) Territory and boundaries of State.—

(1) In general.—Except as provided in paragraph (2), the State shall consist of all of the territory of the District of Columbia as of the date of enactment of this section, subject to the results of the metes and bounds survey conducted under paragraph (3).

(2) Exclusion of Capital.—The territory of the State shall not include the Capital, which shall serve as the seat of the Government of the United States, as provided in clause 17 of section 8 of article I of the Constitution of the United States.

(3) Metes and bounds survey.—Not later than July 1, 2027, the President, in consultation with the Chair of the National Capital Planning Commission, shall conduct a metes and bounds survey of the Capital, as described in subsection (f)(2).

(f) Description of Capital.—

(1) In general.—Subject to paragraphs (3) and (4), upon the admission of the State into the Union, the Capital shall consist of the property described in this subsection and shall include the principal Federal monuments, the White House, the Capitol Building, the United States Supreme Court Building, and the Federal executive, legislative, and judicial office buildings located adjacent to the Mall and the Capitol Building, as such terms are used in section 8501(a) of title 40, United States Code.

(2) Boundaries.—Upon the admission of the State into the Union, the boundaries of the Capital shall be as follows: Beginning at the intersection of the southern right-of-way of F Street NE and the eastern right-of-way of 2nd Street NE; thence south along said eastern right-of-way of 2nd Street NE to its intersection with the northeastern right-of-way of Maryland Avenue NE; thence southwest along said northeastern right-of-way of Maryland Avenue NE to its intersection with the northern right-of-way of Constitution Avenue NE; thence west along said northern right-of-way of Constitution Avenue NE to its intersection with the eastern right-of-way of 1st Street NE; thence south along said eastern right-of-way of 1st Street NE to its intersection with the southeastern right-of-way of Maryland Avenue NE; thence northeast along said southeastern right-of-way of Maryland Avenue NE to its intersection with the eastern right-of-way of 2nd Street NE; thence south along said eastern right-of-way of 2nd Street NE to the eastern right-of-way of 2nd Street SE; thence south along said eastern right-of-way of 2nd Street SE to its intersection with the northern property boundary of the property designated as Square 760 Lot 803; thence east along said northern property boundary of Square 760 Lot 803

to its intersection with the western right-of-way of 3rd Street SE; thence south along said western right-of-way of 3rd Street SE to its intersection with the northern right-of-way of Independence Avenue SE; thence west along said northern right-of-way of Independence Avenue SE to its intersection with the northeastern right-of-way of Pennsylvania Avenue SE; thence northwest along said northeastern right-of-way of Pennsylvania Avenue SE to its intersection with the eastern right-of-way of 2nd Street SE; thence south along said eastern right-of-way of 2nd Street SE to its intersection with the southern right-of-way of C Street SE; thence west along said southern right-of-way of C Street SE to its intersection with the eastern right-of-way of 1st Street SE; thence south along said eastern right-of-way of 1st Street SE to its intersection with the southern right-of-way of D Street SE; thence west along said southern right-of-way of D Street SE to its intersection with the eastern right-of-way of South Capitol Street; thence south along said eastern right-of-way of South Capitol Street to its intersection with the northeastern right-of-way of Canal Street SE; thence southeast along said northeastern right-of-way of Canal Street SE to its intersection with the southern right-of-way of E Street SE; thence east along said southern right-of-way of E Street SE to its intersection with the western right-of-way of 1st Street SE; thence south along said western right-of-way of 1st Street SE to its intersection with the southernmost corner of the property designated as Square 736S Lot 801; thence west along a line extended due west from said corner of said property designated as Square 736S Lot 801 to its intersection with the southwestern right-of-way of New Jersey Avenue SE; thence southeast along said southwestern right-of-way of New Jersey Avenue SE to its intersection with the northeastern right-of-way of Virginia Avenue SE; thence northwest along said northeastern right-of-way of Virginia Avenue SE to its intersection with the western right-of-way of South Capitol Street; thence north along said western right-of-way of South Capitol Street to its intersection with the southern right-of-way of E Street SW; thence west along said southern right-of-way of E Street SW to its end; thence west along a line extending said southern right-of-way of E Street SW westward to its intersection with the eastern right-of-way of 2nd Street SW; thence north along said eastern right-of-way of 2nd Street SW to its intersection with the southwestern right-of-way of Virginia Avenue SW; thence northwest along said southwestern right-of-way of Virginia Avenue SW to its intersection with the western right-of-way of 3rd Street SW; thence north along said western right-of-way of 3rd Street SW to its intersection with the northern right-of-way of D Street SW; thence west along said northern right-of-way of D Street SW to its intersection with the eastern right-of-way of 4th Street SW; thence north along said eastern right-of-way of 4th Street SW to its intersection with the northern right-of-way of C Street SW; thence west along said northern right-of-way of C Street SW to its intersection with the eastern right-of-way of 6th Street SW; thence north along said eastern right-of-way of 6th Street SW to its intersection with the northern right-of-way of Independence Avenue SW; thence west along said northern right-of-way of Independence Avenue SW to its intersection with the western right-of-way of 12th Street SW; thence south along said western right-of-way of 12th Street SW to its intersection with the northern right-of-way of D Street SW; thence west along said northern right-of-way of D Street SW to its intersection with the eastern right-of-way of 14th Street SW; thence south along said eastern right-of-way of 14th Street SW to its intersection with the northwestern boundary of the Consolidated Rail Corporation railroad easement; thence southwest along said northwestern boundary of the Consolidated Rail Corporation railroad easement to its intersection with the eastern shore of the Potomac River; thence generally northwest along said eastern shore of the Potomac River to its intersection with a line extending westward from the northern boundary of the property designated as Square 12 Lot 806; thence east along said line extending westward

from the northern boundary of the property designated as Square 12 Lot 806 to the northern boundary of the property designated as Square 12 Lot 806, and continuing east along the northern boundary of the property designated as Square 12 Lot 806 to its northeast corner; thence east along a line extending east from said northeast corner of the property designated as Square 12 Lot 806 to its intersection with the western boundary of the property designated as Square 33 Lot 87; thence south along said western boundary of the property designated as Square 33 Lot 87 to its intersection with the northwest corner of the property designated as Square 33 Lot 88; thence counter-clockwise around the boundary of said property designated as Square 33 Lot 88 to its southeast corner, which is along the northern right-of-way of E Street NW; thence east along said northern right-of-way of E Street NW to its intersection with the western right-of-way of 18th Street NW; thence south along said western right-of-way of 18th Street NW to its intersection with the southwestern right-of-way of Virginia Avenue NW; thence southeast along said southwestern right-of-way of Virginia Avenue NW to its intersection with the northern right-of-way of Constitution Avenue NW; thence east along said northern right-of-way of Constitution Avenue NW to its intersection with the eastern right-of-way of 17th Street NW; thence north along said eastern right-of-way of 17th Street NW to its intersection with the southern right-of-way of H Street NW; thence east along said southern right-of-way of H Street NW to its intersection with the northwest corner of the property designated as Square 221 Lot 35; thence counter-clockwise around the boundary of said property designated as Square 221 Lot 35 to its southeast corner, which is along the boundary of the property designated as Square 221 Lot 37; thence counter-clockwise around the boundary of said property designated as Square 221 Lot 37 to its southwest corner, which it shares with the property designated as Square 221 Lot 42; thence south along the boundary of said property designated as Square 221 Lot 42 to its southwest corner; thence east along the southern border of said property designated as Square 221 Lot 42 to its intersection with the northwest corner of the property designated as Square 221 Lot 41; thence south along the western boundary of said property designated as Square 221 Lot 41 to its southwest corner, which is along the northern right-of-way of Pennsylvania Avenue NW; thence east along said northern right-of-way of Pennsylvania Avenue NW to its intersection with the western right-of-way of 15th Street NW; thence south along said western right-of-way of 15th Street NW to its intersection with a line extending northwest from the southern right-of-way of the portion of Pennsylvania Avenue NW north of Pershing Square; thence southeast along said line extending the southern right-of-way of Pennsylvania Avenue NW to the southern right-of-way of Pennsylvania Avenue NW, and continuing southeast along said southern right-of-way of Pennsylvania Avenue NW to its intersection with the western right-of-way of 14th Street NW; thence south along said western right-of-way of 14th Street NW to its intersection with a line extending west from the southern right-of-way of D Street NW; thence east along said line extending west from the southern right-of-way of D Street NW to the southern right-of-way of D Street NW, and continuing east along said southern right-of-way of D Street NW to its intersection with the eastern right-of-way of 13½ Street NW; thence north along said eastern right-of-way of 13½ Street NW to its intersection with the southern right-of-way of Pennsylvania Avenue NW; thence east and southeast along said southern right-of-way of Pennsylvania Avenue NW to its intersection with the western right-of-way of 12th Street NW; thence south along said western right-of-way of 12th Street NW to its intersection with a line extending to the west from the southern boundary of the property designated as Square 324 Lot 809; thence east along said line to the southwest corner of said property designated as Square 324 Lot 809, and continuing northeast along the southern boundary of said property designated as

Square 324 Lot 809 to its eastern corner, which it shares with the property designated as Square 323 Lot 802; thence east along the southern boundary of said property designated as Square 323 Lot 802 to its southeast corner, which it shares with the property designated as Square 324 Lot 808; thence counter-clockwise around the boundary of said property designated as Square 324 Lot 808 to its northeastern corner, which is along the southern right-of-way of Pennsylvania Avenue NW; thence southeast along said southern right-of-way of Pennsylvania Avenue NW to its intersection with the eastern right-of-way of 4th Street NW; thence north along a line extending north from said eastern right-of-way of 4th Street NW to its intersection with the southern right-of-way of C Street NW; thence east along said southern right-of-way of C Street NW to its intersection with the eastern right-of-way of 3rd Street NW; thence north along said eastern right-of-way of 3rd Street NW to its intersection with the southern right-of-way of D Street NW; thence east along said southern right-of-way of D Street NW to its intersection with the western right-of-way of 1st Street NW; thence south along said western right-of-way of 1st Street NW to its intersection with the northern right-of-way of C Street NW; thence west along said northern right-of-way of C Street NW to its intersection with the western right-of-way of 2nd Street NW; thence south along said western right-of-way of 2nd Street NW to its intersection with the northern right-of-way of Constitution Avenue NW; thence east along said northern right-of-way of Constitution Avenue NW to its intersection with the northwestern right-of-way of Louisiana Avenue NW; thence northeast along said northwestern right-of-way of Louisiana Avenue NW to its intersection with the southwestern right-of-way of New Jersey Avenue NW; thence northwest along said southwestern right-of-way of New Jersey Avenue NW to its intersection with the northern right-of-way of D Street NW; thence east along said northern right-of-way of D Street NW to its intersection with the northwestern right-of-way of Louisiana Avenue NW; thence northeast along said northwestern right-of-way of Louisiana Avenue NW to its intersection with the western right-of-way of North Capitol Street; thence north along said western right-of-way of North Capitol Street to its intersection with the southwestern right-of-way of Massachusetts Avenue NW; thence southeast along said southwestern right-of-way of Massachusetts Avenue NW to the southwestern right-of-way of Massachusetts Avenue NE; thence southeast along said southwestern right-of-way of Massachusetts Avenue NE to the southern right-of-way of Columbus Circle NE; thence counter-clockwise along said southern right-of-way of Columbus Circle NE to its intersection with the southern right-of-way of F Street NE; and thence east along said southern right-of-way of F Street NE to the point of beginning.

(3) Exclusion of building serving as State capitol.—Notwithstanding any other provision of this section, after the admission of the State into the Union, the Capital shall not be considered to include the building known as the "John A. Wilson Building", as described and designated under section 601(a) of the Omnibus Spending Reduction Act of 1993 (sec. 10–1301(a), D.C. Official Code).

(4) Clarification of treatment of Frances Perkins Building.—The entirety of the Frances Perkins Building, including any portion of the Building which is north of D Street NW, shall be considered to be included in the Capital.

(g) Retention of title to property.—

(1) Federal title.—The United States shall have and retain title to, or jurisdiction over, for purposes of administration and maintenance, all real and personal property with respect to

which the United States holds title or jurisdiction for such purposes on the day before the date of the admission of the State into the Union.

(2) State title.—The State shall have and retain title to, or jurisdiction over, for purposes of administration and maintenance, all real and personal property with respect to which the District of Columbia holds title or jurisdiction for such purposes on the day before the date of the admission of the State into the Union.

(h) Effect of admission on laws and legal status.—

(1) Laws of Capital.—Except as otherwise provided in sections 1065 through 1067, the laws of the District of Columbia which are in effect on the day before the date of the admission of the State into the Union, without regard to whether such laws were enacted by Congress or by the District of Columbia, shall apply in the Capital in the same manner and to the same extent beginning on the date of the admission of the State into the Union, and shall be deemed laws of the United States which are applicable only in or to the Capital.

(2) Municipal status of Capital.—Notwithstanding section 2 of the Revised Statutes relating to the District of Columbia (sec. 1–102, D.C. Official Code) or any other provision of law codified in subchapter I of chapter 1 of the District of Columbia Official Code, effective upon the date of the admission of the State into the Union, the Capital, or any portion thereof, shall not serve as a government and shall not be a body corporate for municipal purposes.

(3) Legislative power.—The legislative power of the State shall extend to all rightful subjects of legislation in the State, consistent with the Constitution of the United States, including the restrictions and limitations imposed upon the States by article I, section 10, and subject to sections 1065 through 1067.

(4) Continuation of State offices.—Upon the admission of the State into the Union, members of executive, legislative, and judicial offices of the District of Columbia shall be deemed members of the respective executive, legislative, and judicial offices of the State, as provided by the State Constitution and the laws of the State.

(5) Treatment of Federal laws.—To the extent that any law of the United States applies to the States generally, the law shall have the same force and effect in the State as elsewhere in the United States, except as such law may otherwise provide.

(6) Existing contracts.—Nothing in the admission of the State into the Union shall affect any obligation under any contract or agreement under which the District of Columbia or the United States is a party, as in effect on the day before the date of the admission of the State into the Union.

(7) Interstate compacts.—The State shall be deemed to be the successor to the District of Columbia for purposes of any interstate compact which is in effect on the day before the date of the admission of the State into the Union.

(8) Federal members on boards and commissions.—Nothing in the admission of the State into the Union shall affect the authority of a representative of the Federal Government who, as of the day before the date of the admission of the State into the Union, is a member of a board or commission of the District of Columbia to serve as a member of such board or commission

or as a member of a successor to such board or commission after the admission of the State into the Union, as may be provided by the State Constitution and the laws of the State.

(9) Federal law enforcement authorities.—The United States Capitol Police, the United States Park Police, and the United States Secret Service Uniformed Division may not enforce any law of the State in the State, except to the extent authorized by the State. Nothing in this paragraph may be construed to affect the authority of the United States Capitol Police, the United States Park Police, and the United States Secret Service Uniformed Division to enforce any law in the Capital.

(i) Pending actions and proceedings.—

(1) Legal successor.—The State shall be the legal successor to the District of Columbia in all matters.

(2) Pending proceedings.—All existing writs, actions, suits, judicial and administrative proceedings, civil or criminal liabilities, prosecutions, judgments, sentences, orders, decrees, appeals, causes of action, claims, demands, titles, and rights shall continue unaffected by the admission of the State into the Union with respect to the State or the United States, except as may be provided under sections 1065 through 1067, as may be modified in accordance with the provisions of the State Constitution, and as may be modified by the laws of the State or the United States, as the case may be.

(j) Limitation on authority to tax Federal property.—The State may not impose any tax on any real or personal property owned or acquired by the United States, except to the extent that Congress may permit.

(k) United States nationality.—No provision of sections 1065 through 1067 shall operate to confer United States nationality, to terminate nationality lawfully acquired, or to restore nationality terminated or lost under any law of the United States or under any treaty to which the United States is or was a party.

(l) Nonseverability of admission.—If any provision of subsection (b), or the application thereof to any person or circumstance, is held to be invalid, the remaining provisions of sections 1065 through 1067 and any amendments made by such sections shall be treated as invalid.

SEC. 1066. FEDERAL INTERESTS AND TRANSITION TO STATEHOOD.

(a) Treatment of military lands.—

(1) Reservation of Federal authority.—Subject to paragraph (2) and subsection (b), and notwithstanding the admission of the State into the Union, authority is reserved in the United States for the exercise by Congress of the power of exclusive legislation in all cases whatsoever over such tracts or parcels of land located in the State that, on the day before the date of the admission of the State into the Union, are controlled or owned by the United States and held for defense or Coast Guard purposes.

(2) Limitation on authority.—The power of exclusive legislation described in paragraph (1) shall vest and remain in the United States only so long as the particular tract or parcel of land

involved is controlled or owned by the United States and held for defense or Coast Guard purposes.

(3) Authority of State.—The reservation of authority in the United States under paragraph (1) shall not operate to prevent such tracts or parcels of land from being a part of the State, or to prevent the State from exercising over or upon such lands, concurrently with the United States, any jurisdiction which it would have in the absence of such reservation of authority and which is consistent with laws enacted by Congress pursuant to such reservation of authority.

(4) Service of process.—The State shall have the right to serve civil or criminal process in such tracts or parcels of land in which the authority of the United States is reserved under paragraph (1) in suits or prosecutions for or on account of rights acquired, obligations incurred, or crimes committed in the State but outside of such lands.

(b) Waiver of claims to Federal property.—

(1) In general.—As a compact with the United States, the State and its people disclaim all right and title to any real or personal property not granted or confirmed to the State by or under the authority of sections 1065 through 1067, the right or title to which is held by the United States or subject to disposition by the United States.

(2) Effect on claims against United States.—Nothing in sections 1065 through 1067 shall recognize, deny, enlarge, impair, or otherwise affect any claim against the United States, and any such claim shall be governed by applicable laws of the United States.

(3) Rule of construction.—Nothing in sections 1065 through 1067 is intended or shall be construed as a finding, interpretation, or construction by Congress that any applicable law authorizes, establishes, recognizes, or confirms the validity or invalidity of any claim referred to in paragraph (2), and the determination of the applicability to or the effect of any law on any such claim shall be unaffected by sections 1065 through 1067.

(c) Capital National Guard.—

(1) Title 32 definitions.—Section 101 of title 32, United States Code, is amended—

(A) in paragraphs (4), (6), and (19), by striking "District of Columbia" each place it appears and inserting "Capital"; and

(B) by adding at the end the following:

"(20) 'Capital' means the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act.".

(2) Title 32 conforming amendments; National Guard terminology.—Title 32, United States Code, is amended—

(A) in section 112(h)(2), section 505, section 702(a), and section 708(a), by striking "National Guard of the District of Columbia" each place it appears and inserting "Capital National Guard"; and

(B) in section 901, by adding at the end the following:

"(3) The term 'Governor' means, with respect to the Capital, the commanding general of the Capital National Guard.".

(3) Title 32 conforming amendments; District of Columbia to Capital.—Title 32, United States Code, is amended by striking "District of Columbia" each place it appears and inserting "Capital" in section 103, subsections (c) and (d) of section 104, section 107(b), subsections (a), (b), and (c) of section 109, section 112(h), section 304, section 314, section 315, section 324(b), subsections (a) and (b) of section 325, sections 326 and 327, section 328(a), section 501(b), section 503(b), section 504(b), subsections (c)(1), (g)(2), (j), (k), and (l)(1) of section 509, subsections (b), (c), and (d) of section 702, subsections (a) and (b) of section 703, section 704, section 708(d), subsections (c), (d), (e), and (f) of section 710, section 711, paragraph (1) of section 712, section 715(c), and section 901(2).

(4) Title 10 definitions.—Section 101 of title 10, United States Code, is amended—

(A) in subsection (a), by adding at the end the following:

"(22) The term 'Capital' means the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act.";

(B) in paragraphs (2) and (4) of subsection (c), by striking "District of Columbia" both places it appears and inserting "Capital"; and

(C) in subsection (d)(5), by striking "District of Columbia" and inserting "Capital".

(5) Title 10 conforming amendments; National Guard of the District of Columbia.—Title 10, United States Code, is amended by striking "National Guard of the District of Columbia" each place it appears and inserting "Capital National Guard" in section 12406 and section 18238.

(6) Title 10 conforming amendments; District of Columbia to Capital.—Title 10, United States Code, is amended in section 771a(c), section 1076f(c)(2), section 2732(2)(B), section 7401(c), section 9401(c), section 10148(b), section 10502(a)(1), section 10505(a)(1)(A), subparagraphs (A) and (B) of section 10506(a)(1), section 10508(b)(1), section 12204(b), section 12301(b), section 12406, section 12642(c), and section 18238 by striking "District of Columbia" each place it appears and inserting "Capital".

(7) Title 10 conforming amendments; chief executive terminology.—Section 1076f of title 10, United States Code, is amended in subsections (a) and (c)(1) by striking "with respect to the District of Columbia, the mayor of the District of Columbia" both places it appears and inserting "with respect to the Capital, the commanding general of the Capital National Guard".

(d) Federal courts and Department of Justice.—

(1) Residency requirements for certain Federal officials.—Title 28, United States Code, is amended—

(A) in section 44(c)—

(i) by striking "Except in the District of Columbia, each" and inserting "Each"; and

(ii) by striking "within fifty miles of the District of Columbia" and inserting "within fifty miles of the Capital";

(B) in section 134(b), in the first sentence, by striking "the District of Columbia, the Southern District of New York, and" and inserting "the Southern District of New York and";

(C) in section 545(a), by striking the first sentence and inserting "Each United States attorney shall reside in the district for which they are appointed, except that those officers of the Southern District of New York and the Eastern District of New York may reside within 20 miles thereof.";

(D) in section 561(e)(1), by striking the paragraph and inserting the following:

"(1) the marshal for the Southern District of New York may reside within 20 miles of the district; and";

(E) in section 751(c), by striking "the District of Columbia and"; and

(F) the amendments made by this paragraph shall apply only to individuals appointed after the date of the admission of the State into the Union.

(2) Renaming of Federal courts.—Title 28, United States Code, is amended—

(A) in section 41—

(i) in the first column, by striking "District of Columbia" and inserting "Capital"; and

(ii) in the second column, by striking "District of Columbia" and inserting "Capital; Washington, Douglass Commonwealth";

(B) in section 88—

(i) in the heading, by striking "District of Columbia" and inserting "Washington, Douglass Commonwealth and the Capital";

(ii) by striking the first paragraph and inserting "The State of Washington, Douglass Commonwealth and the Capital comprise 1 judicial district."; and

(iii) in the second paragraph, by striking "Washington" and inserting "the Capital"; and

(C) in the table of sections for chapter 5, by striking the item relating to section 88 and inserting the following:

"88. Washington, Douglass Commonwealth and the Capital.".

(3) Conforming amendments relating to Federal courts.—Title 28, United States Code, is further amended—

(A) in section 44(a), in the first column, in section 48(a), in the first and second columns, and in sections 49, 2265(c)(2), and 2343, by striking "District of Columbia" each place it appears and inserting "Capital";

(B) in section 48(a), in the second column, by striking "Washington" and inserting "Capital";

(C) in section 133(a), in the first column; section 152(a)(2), in the first column; section 594(c), the first place it appears; and sections 581(a)(4), 596(a)(3), 1346(e), 1355(b)(2), 1391(f)(4), 1402(a)(2), 1413, and 2467(c)(2)(B), by striking the applicable phrase "District of Columbia" or "the District of Columbia" each place it appears and inserting "Washington, Douglass Commonwealth and the Capital";

(D) in sections 173, 175, 462(d), and 798(a), by striking "the District of Columbia" each place it appears and inserting "the Capital";

(E) in section 594(c), by striking "the District of Columbia" the second place it appears and inserting "Washington, Douglass Commonwealth";

(F) in section 456(b), by striking the subsection and inserting the following:

"(b) The official duty station of the Chief Justice of the United States, the Justices of the Supreme Court of the United States, and the judges of the United States Court of Appeals for the Federal Circuit shall be the Capital.";

(G) in sections 798(a), 1608(a)(4), and 2410(b), by striking "Washington, District of Columbia" each place it appears and inserting "the Capital";

(H) in section 451, by adding at the end the following new undesignated paragraph:

"The term 'Capital' means the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act."; and

(I) in any Federal law, rule, or regulation other than a provision amended by this paragraph—

(i) a reference to the United States Court of Appeals for the District of Columbia shall be deemed to refer to the United States Court of Appeals for the Capital;

(ii) a reference to the District of Columbia Circuit shall be deemed to refer to the Capital Circuit; and

(iii) a reference to the United States District Court for the District of Columbia shall be deemed to refer to the United States District Court for Washington, Douglass Commonwealth and the Capital.

(4) Pretrial services in Federal district court.—Section 3152 of title 18, United States Code, is amended—

(A) in subsection (a), by striking "(other than the District of Columbia)" and inserting "(subject to subsection (d), other than the District of Columbia)"; and

(B) by adding at the end the following:

"(d) Judicial district of Washington, Douglass Commonwealth and the Capital.—In the case of the judicial district of Washington, Douglass Commonwealth and the Capital—

"(1) upon the admission of the State of Washington, Douglass Commonwealth into the Union, the Washington, Douglass Commonwealth Pretrial Services Agency shall continue to provide pretrial services in the judicial district in the same manner and to the same extent as the District of Columbia Pretrial Services Agency provided such services in the judicial district of the District of Columbia as of the day before the date of the admission of the State into the Union; and

"(2) upon receipt by the President of certification from the State under section 1066(i)(10) of the POPULIST Act that the State has in effect laws providing for the State to provide pretrial services, paragraph (1) shall no longer apply, and the Director shall provide for the establishment of pretrial services in the judicial district under this section.".

(5) Effective date.—Except as provided in paragraph (1)(F), this subsection and the amendments made by this subsection shall take effect upon the admission of the State into the Union.

(e) Retirement and employee benefits.—

(1) Federal benefit payments under certain retirement programs.—Any individual who, as of the day before the date of the admission of the State into the Union, is entitled to a Federal benefit payment under the District of Columbia Retirement Protection Act of 1997 shall continue to be entitled to such a payment after the admission of the State into the Union, in the same manner, to the same extent, and subject to the same terms and conditions applicable under such Act.

(2) Federal obligations under retirement protection law.—Any obligation of the Federal Government under the District of Columbia Retirement Protection Act of 1997 that exists with respect to any individual or with respect to the District of Columbia as of the day before the date of the admission of the State into the Union shall remain in effect with respect to such individual and with respect to the State after the admission of the State into the Union, in the same manner, to the same extent, and subject to the same terms and conditions applicable under such Act.

(3) State obligations under retirement protection law.—Any obligation of the District of Columbia under the District of Columbia Retirement Protection Act of 1997 that exists with respect to any individual or with respect to the Federal Government as of the day before the date of the admission of the State into the Union shall become an obligation of the State with respect to such individual and with respect to the Federal Government after the admission of the State into the Union, in the same manner, to the same extent, and subject to the same terms and conditions applicable under such Act.

(4) D.C. Federal Pension Fund.—Any obligation of the Federal Government under chapter 9 of the District of Columbia Retirement Protection Act of 1997 with respect to the D.C. Federal Pension Fund that exists as of the day before the date of the admission of the State into the Union shall remain in effect with respect to such Fund after the admission of the State into the Union, in the same manner, to the same extent, and subject to the same terms and conditions applicable under such chapter.

(5) Federal civil service obligations for certain employees.—Any obligation of the Federal Government under title 5, United States Code, that exists with respect to an individual described in paragraph (7) or with respect to the District of Columbia as of the day before the date of the admission of the State into the Union shall remain an obligation of the Federal Government with respect to such individual and with respect to the State after the admission of the State into the Union, in the same manner, to the same extent, and subject to the same terms and conditions applicable under such title.

(6) State civil service obligations for certain employees.—Any obligation of the District of Columbia under title 5, United States Code, that exists with respect to an individual described in paragraph (7) or with respect to the Federal Government as of the day before the date of the admission of the State into the Union shall become an obligation of the State with respect to such individual and with respect to the Federal Government after the admission of the State into the Union, in the same manner, to the same extent, and subject to the same terms and conditions applicable under such title.

(7) Individuals described.—An individual described in this paragraph is an individual who was first employed by the government of the District of Columbia before October 1, 1987.

(8) Judges' retirement program.—Any obligation of the Federal Government under subchapter III of chapter 15 of title 11, District of Columbia Official Code, that exists with respect to any individual and the District of Columbia as the result of service accrued prior to the date of the admission of the State into the Union shall remain in effect with respect to such individual and with respect to the State after the admission of the State into the Union, in the same manner, to the same extent, and subject to the same terms and conditions applicable under such subchapter.

(9) Service after admission.—Subject to paragraph (10), any obligation of the Federal Government under subchapter III of chapter 15 of title 11, District of Columbia Official Code, shall exist with respect to any individual and the State as the result of service accrued after the date of the admission of the State into the Union in the same manner, to the same extent, and subject to the same terms and conditions applicable under such subchapter as such obligation existed with respect to individuals and the District of Columbia as of the date of the admission of the State into the Union.

(10) Termination for State judges' retirement program.—Paragraph (9) shall not apply to service accrued on or after the date on which the State provides written certification to the President that the State has in effect laws requiring the State to appropriate and make available funds for the retirement of judges of the State.

(f) Public Defender Service.—

(1) Continuation of operations and funding.—Except as provided in paragraphs (2) and (6), title III of the District of Columbia Court Reform and Criminal Procedure Act of 1970 shall apply with respect to the State and to the public defender service of the State after the date of the admission of the State into the Union in the same manner and to the same extent as such title applied with respect to the District of Columbia and the District of Columbia Public Defender Service as of the day before the date of the admission of the State into the Union.

(2) Responsibility for employer contribution.—For purposes of paragraph (2) of section 305(c) of the District of Columbia Court Reform and Criminal Procedure Act of 1970, the Federal Government shall be treated as the employing agency with respect to the benefits provided under such section to an individual who is an employee of the public defender service of the State and who, pursuant to section 305(c) of such Act, is treated as an employee of the Federal Government for purposes of receiving benefits under any chapter of subpart G of part III of title 5, United States Code.

(3) Renaming.—Effective upon the date of the admission of the State into the Union, the State may rename the public defender service of the State.

(4) Continuation of Federal benefits for employees.—Any individual who is an employee of the public defender service of the State as of the day before the termination date described in paragraph (6) and who, on or after such date, is an employee of the office of the State that provides the services described in title III of the District of Columbia Court Reform and Criminal Procedure Act of 1970 shall continue to be treated as an employee of the Federal Government for purposes of receiving benefits under any chapter of subpart G of part III of title 5, United States Code, notwithstanding termination under paragraph (6).

(5) Responsibility for employer contribution after termination.—Beginning on the termination date described in paragraph (6), the State shall be treated as the employing agency with respect to benefits described in paragraph (4).

(6) Termination.—Paragraph (1) shall terminate upon the date on which the State provides written certification to the President that the State has in effect laws requiring the State to appropriate and make available funds for the operation of the office of the State which provides the services described in title III of the District of Columbia Court Reform and Criminal Procedure Act of 1970.

(g) Prosecutions and clemency.—

(1) Assignment of assistant United States attorneys.—In accordance with subchapter VI of chapter 33 of title 5, United States Code, the Attorney General, with the concurrence of the District of Columbia or the State, as the case may be, shall provide for the assignment of assistant United States attorneys to the State to carry out the functions described in paragraph (3).

(2) Detail without reimbursement by State.—In accordance with section 3373 of title 5, United States Code, an assistant United States attorney who is assigned to the State under this subsection shall be deemed under subsection (a) of such section to be on detail to a regular work assignment in the Department of Justice, and the assignment shall be made without reimbursement by the State of the pay of the attorney or any related expenses.

(3) Functions described.—The functions described in this paragraph are criminal prosecutions conducted in the name of the State that would have been conducted in the name of the United States by the United States attorney for the District of Columbia or such attorney's assistants, as provided under section 23–101(c), District of Columbia Official Code, but for the admission of the State into the Union.

(4) Minimum number assigned.—The number of assistant United States attorneys assigned under this subsection may not be less than the number of assistant United States attorneys whose principal duties as of the day before the date of the admission of the State into the Union were to conduct criminal prosecutions in the name of the United States under section 23–101(c), District of Columbia Official Code.

(5) Termination.—The obligation of the Attorney General to provide for the assignment of assistant United States attorneys under this subsection shall terminate upon written certification by the State to the President that the State has appointed attorneys of the State to carry out the functions described in paragraph (3).

(6) Clemency.—Effective upon the admission of the State into the Union, the authority to grant clemency for offenses against the District of Columbia or the State shall be exercised by such person or persons, and under such terms and conditions, as provided by the State Constitution and the laws of the State, without regard to whether the prosecution for the offense was conducted by the District of Columbia, the State, or the United States.

(7) Clemency defined.—In this subsection, the term "clemency" means a pardon, reprieve, or commutation of sentence, or a remission of a fine or other financial penalty.

(h) Marshals and Bureau of Prisons.—

(1) United States Marshals Service.—The United States Marshals Service shall provide services with respect to the courts and court system of the State in the same manner and to the same extent as the Service provided services with respect to the courts and court system of the District of Columbia as of the day before the date of the admission of the State into the Union, except that the President shall not appoint a United States Marshal under section 561 of title 28, United States Code, for any court of the State.

(2) Termination of marshals service obligation.—The obligation of the United States Marshals Service to provide services under paragraph (1) shall terminate upon written certification by the State to the President that the State has appointed personnel of the State to provide such services.

(3) Bureau of Prisons designation.—Chapter 1 of subtitle C of title XI of the National Capital Revitalization and Self-Government Improvement Act of 1997 and the amendments made by such chapter shall continue to apply with respect to individuals convicted of offenses under the laws of the District of Columbia prior to the date of the admission of the State into the Union and shall apply with respect to individuals convicted of offenses under the laws of the State after the date of the admission of the State into the Union in the same manner and to the same extent as such chapter and amendments applied with respect to individuals convicted of offenses under the laws of the District of Columbia prior to the date of the admission of the State into the Union.

(4) Termination of Bureau of Prisons designation.—Paragraph (3) shall terminate upon written certification by the State to the President that the State has in effect laws for the housing of individuals described in paragraph (3) in correctional facilities.

(i) Parole, supervision, and pretrial services.—

(1) Parole.—The United States Parole Commission shall continue to exercise the authority to grant, deny, and revoke parole, and to impose conditions upon an order of parole, in the case of any individual who is an imprisoned felon who is eligible for parole or reparole under the laws of the District of Columbia as of the day before the date of the admission of the State into the Union, as provided under section 11231 of the National Capital Revitalization and Self-Government Improvement Act of 1997, and shall exercise such authority in the case of any individual who is an imprisoned felon who is eligible for parole or reparole under the laws of the State in the same manner and to the same extent as the Commission exercised in the case of such individuals under the laws of the District of Columbia.

(2) Supervision of released offenders.—The United States Parole Commission shall continue to exercise authority over individuals who are released offenders of the District of Columbia as of the day before the date of the admission of the State into the Union, as provided under section 11233(c)(2) of the National Capital Revitalization and Self-Government Improvement Act of 1997, and shall exercise authority over individuals who are released offenders of the State in the same manner and to the same extent as the Commission exercised authority over such individuals under the laws of the District of Columbia.

(3) Continuation of Federal benefits for employees of Parole Commission.—Any individual who is an employee of the United States Parole Commission as of the later of the day before the termination date described in paragraph (5)(A) or the day before the termination date described in paragraph (5)(B), and who, on or after such date, is an employee of the office of the State which exercises the authority described in either such subparagraph, shall continue to be treated as an employee of the Federal Government for purposes of receiving benefits under any chapter of subpart G of part III of title 5, United States Code.

(4) Responsibility for employer contribution.—Beginning on the later of the termination date described in paragraph (5)(A) or the termination date described in paragraph (5)(B), the State shall be treated as the employing agency with respect to benefits described in paragraph (3).

(5) Termination of Parole Commission authority.—

(A) Parole.—Paragraph (1) shall terminate on the date on which the State provides written certification to the President that the State has in effect laws providing for the State to exercise the authority to grant, deny, and revoke parole, and to impose conditions upon an order of parole, in the case of any individual who is an imprisoned felon who is eligible for parole or reparole under the laws of the State.

(B) Supervision of released offenders.—Paragraph (2) shall terminate on the date on which the State provides written certification to the President that the State has in effect laws providing for the State to exercise authority over individuals who are released offenders of the State.

(6) Renaming of Court Services and Offender Supervision Agency.—Effective upon the date of the admission of the State into the Union, the Court Services and Offender Supervision Agency for the District of Columbia shall be known and designated as the Court Services and Offender Supervision Agency for Washington, Douglass Commonwealth, and the District of Columbia Pretrial Services Agency shall be known and designated as the Washington, Douglass Commonwealth Pretrial Services Agency.

(7) References.—Any reference in any law, rule, or regulation to the Court Services and Offender Supervision Agency for the District of Columbia shall be deemed to refer to the Court Services and Offender Supervision Agency for Washington, Douglass Commonwealth. Any reference in any law, rule, or regulation to the District of Columbia Pretrial Services Agency shall be deemed to refer to the Washington, Douglass Commonwealth Pretrial Services Agency.

(8) Continuation of services.—The Court Services and Offender Supervision Agency for Washington, Douglass Commonwealth, including the Washington, Douglass Commonwealth Pretrial Services Agency, shall continue to provide pretrial services with respect to individuals who are charged with an offense in the District of Columbia, provide supervision for individuals who are offenders on probation, parole, and supervised release pursuant to the laws of the District of Columbia, and carry out sex offender registration functions with respect to individuals who are sex offenders in the District of Columbia, as of the day before the date of the admission of the State into the Union, and shall provide pretrial services, supervision, and sex offender registration functions with respect to the State in the same manner and to the same extent.

(9) Continuation of Federal benefits for agency employees.—Any individual who is an employee of the Court Services and Offender Supervision Agency for Washington, Douglass Commonwealth as of the day before the termination date described in paragraph (10), and who, on or after such date, is an employee of the office of the State which provides the services and carries out the functions described in paragraph (10), shall continue to be treated as an employee of the Federal Government for purposes of receiving benefits under any chapter of subpart G of part III of title 5, United States Code.

(10) Termination of agency functions.—Paragraph (8) shall terminate on the date on which the State provides written certification to the President that the State has in effect laws providing for the State to provide pretrial services, supervise offenders on probation, parole, and supervised release, and carry out sex offender registration functions in the State.

(j) Courts of the State.—

(1) Continuation of operations.—Except as provided in paragraphs (2) and (3) and paragraph (9), title 11, District of Columbia Official Code, as in effect on the day before the date of the admission of the State into the Union, shall apply with respect to the State and the courts and court system of the State after the date of the admission of the State into the Union in the same manner and to the same extent as such title applied with respect to the District of Columbia and the courts and court system of the District of Columbia as of the day before the date of the admission of the State into the Union.

(2) Responsibility for employer contribution.—For purposes of section 11–1726(b)(2) and section 11–1726(c)(2), District of Columbia Official Code, the Federal Government shall be treated as the employing agency with respect to benefits provided under such section to an individual who is an employee of the courts and court system of the State and who, pursuant to either such paragraph, is treated as an employee of the Federal Government for purposes of receiving benefits under any chapter of subpart G of part III of title 5, United States Code.

(3) Selection and renaming of courts.—Effective upon the date of the admission of the State into the Union, the State shall select judges for any vacancy on the courts of the State and may rename any of its courts and any of the other offices of its court system.

(4) Rules of construction.—Nothing in paragraph (3) shall be construed to affect the service of any judge serving on a court of the District of Columbia on the day before the date of the admission of the State into the Union, to require the State to select such a judge for a vacancy on a court of the State, or to waive any requirement of chapter 15 of title 11, District of Columbia Official Code, other than section 11–1501(a), with respect to the appointment and service of judges of the courts of the State.

(5) Continuation of Federal benefits for court employees.—Any individual who is an employee of the courts or court system of the State as of the day before the termination date described in paragraph (9) and who, pursuant to section 11–1726(b) or section 11–1726(c), District of Columbia Official Code, is treated as an employee of the Federal Government for purposes of receiving benefits under any chapter of subpart G of part III of title 5, United States Code, shall continue to be treated as an employee of the Federal Government for such purposes.

(6) Responsibility for employer contribution after termination.—Beginning on the termination date described in paragraph (9), the State shall be treated as the employing agency with respect to benefits described in paragraph (5).

(7) Continuation of funding.—Section 11241 of the National Capital Revitalization and Self-Government Improvement Act of 1997 shall apply with respect to the State and the courts and court system of the State after the date of the admission of the State into the Union in the same manner and to the same extent as such section applied with respect to the Joint Committee on Judicial Administration in the District of Columbia and the courts and court system of the District of Columbia as of the day before the date of the admission of the State into the Union.

(8) Treatment of court receipts.—Except as otherwise provided under State law after termination under paragraph (9), all money received by the courts and court system of the State shall be deposited in the Treasury of the United States, except that amounts designated for the Crime Victims Compensation Fund shall apply with respect to the courts and court system of the State in the same manner and to the same extent as such amounts applied to the courts and court system of the District of Columbia as of the day before the date of the admission of the State into the Union.

(9) Termination.—This subsection, other than paragraph (3) and except as provided under paragraph (5), shall terminate on the date on which the State provides written certification to the President that the State has in effect laws requiring the State to appropriate and make available funds for the operation of the courts and court system of the State.

(k) Education, health, planning, and other program continuity.—

(1) College Access Act.—The District of Columbia College Access Act of 1999 shall apply with respect to the State, and to the public institution of higher education designated by the State as the successor to the University of the District of Columbia, after the date of the

admission of the State into the Union in the same manner and to the same extent as such Act applied with respect to the District of Columbia and the University of the District of Columbia as of the day before the date of the admission of the State into the Union.

(2) Termination of College Access Act continuation.—Paragraph (1), other than with respect to the public institution of higher education designated by the State as the successor to the University of the District of Columbia, shall terminate upon written certification by the State to the President that the State has in effect laws requiring the State to provide tuition assistance substantially similar to the assistance provided under the District of Columbia College Access Act of 1999.

(3) Scholarships for Opportunity and Results Act.—The Scholarships for Opportunity and Results Act shall apply with respect to the State after the date of the admission of the State into the Union in the same manner and to the same extent as such Act applied with respect to the District of Columbia as of the day before the date of the admission of the State into the Union.

(4) Termination of Scholarships for Opportunity and Results Act continuation.—Paragraph (3) shall terminate upon written certification by the State to the President that the State has in effect laws requiring the State to provide tuition assistance substantially similar to the assistance provided under the Scholarships for Opportunity and Results Act and to provide supplemental funds to the public schools and public charter schools of the State in the amounts provided in the most recent fiscal year for public schools and public charter schools of the State or the District of Columbia, as the case may be, under such Act.

(5) Medicaid Federal medical assistance percentage.—Notwithstanding section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)), during the period beginning on the date of the admission of the State into the Union and ending on September 30 of the fiscal year during which the State submits the certification described in paragraph (6), the Federal medical assistance percentage for the State under title XIX of such Act shall be the Federal medical assistance percentage for the District of Columbia under such title as of the day before the date of the admission of the State into the Union.

(6) Medicaid certification.—The certification described in paragraph (5) is a written certification by the State to the President that, during each of the first 5 fiscal years beginning after the date of the certification, the estimated revenues of the State will be sufficient to cover any reduction in revenues that may result from termination of paragraph (5).

(l) Federal planning commissions, water supply, and location requirements.—

(1) National Capital Planning Commission continuing application.—Subject to the amendments made by paragraphs (2) and (3), upon the admission of the State into the Union, chapter 87 of title 40, United States Code, shall apply as follows:

(A) Such chapter shall apply with respect to the Capital in the same manner and to the same extent as such chapter applied with respect to the District of Columbia as of the day before the date of the admission of the State into the Union.

(B) Such chapter shall apply with respect to the State in the same manner and to the same extent as such chapter applied with respect to the State of Maryland and the

Commonwealth of Virginia as of the day before the date of the admission of the State into the Union.

(2) National Capital Planning Commission composition.—Section 8711(b) of title 40, United States Code, is amended—

(A) in paragraph (1)(B), by striking "five citizens with experience in city or regional planning, who shall be appointed by the President" and inserting "four citizens with experience in city or regional planning, who shall be appointed by the President"; and

(B) in paragraph (2), by striking the matter after "Of the" and inserting "four citizen members, one shall be a resident of Virginia, one shall be a resident of Maryland, and one shall be a resident of Washington, Douglass Commonwealth.".

(3) National Capital Planning Commission definitions.—Section 8702 of title 40, United States Code, is amended—

(A) in paragraph (1), by striking "the territory surrounding the District of Columbia" and inserting "the territory surrounding the National Capital";

(B) in paragraph (2) to read as follows:

"(2) National Capital.—The term 'National Capital' means the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act, and the territory the Federal Government owns in the environs."; and

(C) in paragraph (3)(A) to read as follows:

"(A) the National Capital and the State of Washington, Douglass Commonwealth;".

(4) Commission of Fine Arts.—Chapter 91 of title 40, United States Code, is amended—

(A) in section 9102(a)(1) and section 9101(d), by striking "the District of Columbia" each place it appears and inserting "the Capital"; and

(B) in section 9102 by adding at the end the following:

"(d) Definition.—In this chapter, the term 'Capital' means the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act.".

(5) Commemorative Works Act.—Chapter 89 of title 40, United States Code, is amended—

(A) in section 8902 by adding at the end the following:

"(c) Limiting application to Capital.—This chapter applies only with respect to commemorative works in the Capital and its environs.";

(B) in section 8902(a)(2) to read as follows:

"(2) Capital and its environs.—The term 'Capital and its environs' means—

"(A) the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act; and

"(B) those lands and properties administered by the National Park Service and the General Services Administration located in the Reserve, Area I, and Area II as depicted on the map entitled 'Commemorative Areas Washington, DC and Environs', numbered 869/86501 B, and dated June 24, 2003, that are located outside of the State of Washington, Douglass Commonwealth.";

(C) in section 8907(a), by striking "the District of Columbia" and inserting "the Capital and its environs";

(D) in sections 8901(2), 8901(4), 8902(a)(4), 8903(d), 8904(c), 8905(a), 8906(a), 8909(a), and 8909(b), by striking "the District of Columbia and its environs" each place it appears and inserting "the Capital and its environs"; and

(E) in section 8901(2), by striking "the urban fabric of the District of Columbia" and inserting "the urban fabric of the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act".

(6) Army Corps of Engineers water supply.—Chapter 95 of title 40, United States Code, is amended by adding at the end the following:

"Sec. 9508. Applicability to Capital and State of Washington, Douglass Commonwealth

"(a) In general.—Effective upon the admission of the State of Washington, Douglass Commonwealth into the Union, any reference in this chapter to the District of Columbia shall be deemed to refer to the Capital or the State of Washington, Douglass Commonwealth, as the case may be.

"(b) Definition.—In this section, the term 'Capital' means the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act.".

(7) Clerical amendment.—The table of sections for chapter 95 of title 40, United States Code, is amended by adding at the end the following:

"9508. Applicability to Capital and State of Washington, Douglass Commonwealth.".

(8) Location requirements.—The location of any person in the Capital or the State on the day after the date of the admission of the State into the Union shall be deemed to satisfy any requirement under any law in effect as of the day before the date of the admission of the State into the Union that the person be located in the District of Columbia, including section 72 of title 4, United States Code, and title 36, United States Code.

(9) Effective date.—This subsection and the amendments made by this subsection shall take effect on the date of the admission of the State into the Union.

(m) Statehood Transition Commission.—

(1) Establishment.—There is established the Statehood Transition Commission.

(2) Composition.—The Statehood Transition Commission shall be composed of 18 members as follows:

(A) 3 members appointed by the President.

(B) 2 members appointed by the Speaker of the House of Representatives.

(C) 2 members appointed by the Minority Leader of the House of Representatives.

(D) 2 members appointed by the Majority Leader of the Senate.

(E) 2 members appointed by the Minority Leader of the Senate.

(F) 3 members appointed by the Mayor.

(G) 3 members appointed by the Council.

(H) The Chief Financial Officer of the District of Columbia.

(3) Appointment date.—The appointments of the members of the Statehood Transition Commission shall be made not later than 90 days after the date of enactment of this section. If 1 or more appointments under paragraph (2) is not made by such date, the authority to make such appointment or appointments shall expire, and the number of members of the Statehood Transition Commission shall be reduced by the number equal to the number of appointments so not made.

(4) Term of service; vacancy.—Each member shall be appointed for the life of the Statehood Transition Commission. A vacancy in the Statehood Transition Commission shall be filled in the manner in which the original appointment was made.

(5) No compensation.—Members shall serve without pay, but shall receive travel expenses, including per diem in lieu of subsistence, in accordance with applicable provisions under subchapter I of chapter 57 of title 5, United States Code.

(6) Chair and Vice Chair.—The Chair and Vice Chair of the Statehood Transition Commission shall be elected by the members of the Statehood Transition Commission. The Chair shall be elected from among the members described in subparagraphs (A) through (E) of paragraph (2), and the Vice Chair shall be elected from among the members described in subparagraphs (F) and (G) of paragraph (2).

(7) Staff.—The Statehood Transition Commission shall have a Director appointed by the Chair. The Director may appoint and fix the pay of such additional personnel as the Director considers appropriate. The Director and staff may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, except that an individual so appointed may not receive pay in excess of the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(8) Experts and consultants.—The Statehood Transition Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals not to exceed the daily equivalent of the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(9) Duties.—The Statehood Transition Commission shall advise the President, Congress, the Mayor or, upon the admission of the State into the Union, the chief executive officer of the State, and the Council or, upon the admission of the State into the Union, the legislature of the

State, concerning an orderly transition to statehood for the District of Columbia or the State, as the case may be, and to a reduced geographical size of the seat of the Government of the United States, including with respect to property, funding, programs, projects, and activities.

(10) Powers.—The Statehood Transition Commission may, for the purpose of carrying out sections 1065 through 1067, hold hearings, sit and act at such times and places, take testimony, and receive evidence as the Commission considers appropriate; may secure directly from any department or agency of the United States information necessary to carry out such sections; may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States; and, upon request, shall receive from the Administrator of General Services the administrative support services necessary to carry out its responsibilities.

(11) Initial meeting; quorum.—The Statehood Transition Commission shall meet at the call of the Chair and shall hold its first meeting not later than the earlier of 30 days after the date on which all members have been appointed or 90 days after the date of enactment of this section if the number of members is reduced under paragraph (3). A majority of the members shall constitute a quorum, but a lesser number may hold hearings.

(12) Reports.—The Statehood Transition Commission shall submit such reports as the Commission considers appropriate or as may be requested by the President, Congress, or the District of Columbia or, upon the admission of the State into the Union, the State.

(13) Termination.—The Statehood Transition Commission shall cease to exist 2 years after the date of the admission of the State into the Union.

(n) Effective date.—Except as otherwise provided in this section, this section and the amendments made by this section shall take effect upon the admission of the State into the Union.

SEC. 1067. PRESIDENTIAL ELECTIONS AND CAPITAL VOTING.

(a) Definitions.—In this section:

(1) Absent Capital voter.—The term "absent Capital voter" means, with respect to a covered State, a person who resides in the Capital and is qualified to vote in the covered State, or who would be qualified to vote in the covered State but for residing in the Capital, but only if the covered State is the last place in which the person was domiciled before residing in the Capital.

(2) Covered State.—The term "covered State" means each of the several States, including the State.

(b) Voting by absent Capital voters.—

(1) In general.—Each covered State shall—

(A) permit absent Capital voters to use absentee registration procedures and to vote by absentee ballot in general, special, primary, and runoff elections for Federal office; and

(B) accept and process, with respect to any general, special, primary, or runoff election for Federal office, any otherwise valid voter registration application from an absent Capital

voter, if the application is received by the appropriate covered State election official not less than 30 days before the election.

(2) Lifelong Capital residents.—For purposes of this section, a person who resides in the Capital and has never been domiciled in a covered State shall be treated as an absent Capital voter of the State.

(c) Recommendations to covered States.—To afford maximum access to the polls by absent Capital voters, it is the sense of Congress that covered States should—

(1) waive registration requirements for absent Capital voters who, by reason of residence in the Capital, do not have an opportunity to register;

(2) expedite processing of balloting materials with respect to such individuals; and

(3) assure that absentee ballots are mailed to such individuals at the earliest opportunity.

(d) Enforcement.—The Attorney General may bring a civil action in the appropriate district court of the United States for such declaratory or injunctive relief as may be necessary to carry out this section.

(e) Effect on certain other laws.—The exercise of any right under this section shall not affect, for purposes of a Federal tax, a State tax, or a local tax, the residence or domicile of a person exercising such right.

(f) Repeal of Office of District of Columbia Delegate.—

(1) In general.—Sections 202 and 204 of the District of Columbia Delegate Act (Public Law 91–405; sections 1–401 and 1–402, D.C. Official Code), and section 25a of title 2, United States Code, are repealed.

(2) Conforming amendments to District of Columbia Elections Code of 1955.—The District of Columbia Elections Code of 1955 is amended—

(A) in section 1 (sec. 1–1001.01, D.C. Official Code), by striking "the Delegate to the House of Representatives,";

(B) in section 2 (sec. 1–1001.02, D.C. Official Code)—

(i) by striking paragraph (6);

(ii) in paragraph (12), by striking "(except the Delegate to Congress for the District of Columbia)"; and

(iii) in paragraph (13), by striking "the Delegate to Congress for the District of Columbia,";

(C) in section 8 (sec. 1–1001.08, D.C. Official Code)—

(i) by striking "Delegate," in the heading; and

(ii) by striking "Delegate," each place it appears in subsections (d), (h)(1)(A), (h)(2), (i)(1), (j)(1), (j)(3), and (k)(3);

(D) in section 10 (sec. 1–1001.10, D.C. Official Code)—

(i) by striking subparagraph (A) of subsection (a)(3); and

(ii) in subsection (d)—

(I) by striking "Delegate," each place it appears in paragraph (1); and

(II) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2);

(E) in section 11(a)(2) (sec. 1–1001.11(a)(2), D.C. Official Code), by striking "Delegate to the House of Representatives,";

(F) in section 15(b) (sec. 1–1001.15(b), D.C. Official Code), by striking "Delegate,"; and

(G) in section 17(a) (sec. 1–1001.17(a), D.C. Official Code), by striking "except the Delegate to the Congress from the District of Columbia".

(g) Capital electors for President and Vice President.—

(1) Amendment to title 3 definitions.—Section 21 of title 3, United States Code, is amended—

(A) in paragraph (2), by striking "the District of Columbia" and inserting "the Capital, solely for purposes of the appointment, ascertainment, transmission, and counting of electors of President and Vice President appointed by the Capital under section 23"; and

(B) in paragraph (3), by striking "(or, in the case of the District of Columbia, the Mayor of the District of Columbia)" and inserting "(or, in the case of the Capital, the Archivist of the United States)".

(2) Capital elector appointment.—Chapter 1 of title 3, United States Code, is amended by adding at the end the following:

"Sec. 23. Capital electors

"(a) Appointment by national popular vote.—For any election of President and Vice President taking place after the admission of the State of Washington, Douglass Commonwealth into the Union and before repeal of the twenty-third article of amendment to the Constitution of the United States, the electors of President and Vice President appointed by the Capital shall be appointed to the slate of electors pledged to the candidates for President and Vice President who receive the greatest number of valid votes cast nationwide for President and Vice President.

"(b) Filing of Capital slates.—Not later than 60 days before election day, a candidate for President who is qualified to appear on the ballot in enough States to be eligible to receive a majority of the electors appointed may file with the Archivist of the United States a slate of individuals eligible to serve as electors of President and Vice President for the Capital. A slate filed under this subsection shall include a number of individuals equal to the number of electors of President and Vice President to be appointed by the Capital under the twenty-third article of amendment to the Constitution of the United States.

"(c) Ascertainment.—Not later than 5 days before the time fixed for the meeting of electors under section 7, the Archivist of the United States shall determine the candidates for President and Vice President who received the greatest number of valid votes cast nationwide for President and Vice President, based on the certificates of ascertainment issued under section 5 and received by the Archivist as of that time and any certificate or Federal judicial determination that is conclusive under section 5, and shall ascertain the appointment of the Capital electors pledged to such candidates.

"(d) Certificate of ascertainment.—Not later than 5 days before the time fixed for the meeting of electors under section 7, the Archivist of the United States shall issue a certificate of ascertainment for the Capital electors that sets forth the names of the Capital electors appointed and the determination made under subsection (c). A certificate issued under this subsection shall have the same force and effect under this chapter as a certificate of ascertainment issued by the executive of a State under section 5, except that the certificate shall bear the seal of the National Archives and Records Administration. The Archivist shall preserve such certificate as a public record in the same manner as a certificate received under section 5 is preserved under section 6 and shall transmit duplicate originals of such certificate to the Capital electors in the same manner and to the same extent as the executive of a State transmits duplicate-originals to electors under section 5.

"(e) Superseding certificates or judicial determinations.—If, before the time fixed for the meeting of electors under section 7, the Archivist receives a certificate or Federal judicial determination that is conclusive under section 5 and that would change the candidates who received the greatest number of valid votes cast nationwide for President and Vice President, the Archivist shall promptly issue and transmit a revised certificate of ascertainment for the Capital electors.

"(f) Capital defined.—In this section, the term 'Capital' means the area serving as the seat of the Government of the United States, as described in section 1065(f) of the POPULIST Act.".

(3) Clerical amendment.—The table of sections for chapter 1 of title 3, United States Code, is amended by adding at the end the following:

"23. Capital electors.".

(h) Effective date.—

(1) In general.—Except as provided in paragraph (2), this section and the amendments made by this section shall take effect upon the date of the admission of the State into the Union.

(2) Delegate repeal and election conforming amendments.—Subsection (f)(2), and the amendments made by subsection (f)(2), shall take effect on January 1, 2028. Subsection (f)(1) shall take effect at the conclusion of the 120th Congress.

SEC. 1068. SELF-DETERMINATION FOR PUERTO RICO.

(a) Definitions.—In this section:

(1) Approved status option.—The term "approved status option" means a status option that receives a majority of the valid votes cast in the initial plebiscite, after the ranked choice

tabulation required under subsection (b), or in a runoff plebiscite conducted under subsection (b)(8).

(2) Continuing status option.—The term "continuing status option" means a status option that has not been eliminated under subsection (b).

(3) Elections Commission.—The term "Elections Commission" means the Puerto Rico State Elections Commission (Comisión Estatal de Elecciones de Puerto Rico in Spanish).

(4) Eligible voter.—The term "eligible voter" means a bona fide resident of Puerto Rico who is otherwise qualified to vote in general elections in Puerto Rico.

(5) Exhausted ballot.—The term "exhausted ballot" means a valid vote cast that does not contain a unique ranking for any continuing status option.

(6) Initial plebiscite.—The term "initial plebiscite" means the plebiscite required under subsection (b)(1).

(7) Majority.—The term "majority" means more than 50 percent.

(8) Runoff plebiscite.—The term "runoff plebiscite" means the plebiscite required under subsection (b)(8).

(9) State.—The term "State" means the State of Puerto Rico.

(10) Status option.—The term "status option" means independence, sovereignty in free association with the United States, or statehood.

(11) Valid vote cast.—The term "valid vote cast" means a ballot cast by an eligible voter in the initial plebiscite or a runoff plebiscite that contains at least 1 valid ranking or valid mark for a status option and is not otherwise invalid under this section, the laws of Puerto Rico, or other applicable Federal law.

(b) Plebiscite.—

(1) Initial plebiscite.—A plebiscite to resolve Puerto Rico's political status shall be held on July 11, 2027.

(2) Options.—The initial plebiscite shall offer eligible voters the opportunity to rank each of the following 3 status options:

(A) Independence.

(B) Sovereignty in free association with the United States.

(C) Statehood.

(3) Majority vote required.—Approval of a status option must be by a majority of the valid votes cast.

(4) First-choice tabulation.—The Elections Commission shall first tabulate the number of valid votes cast ranking each status option first.

(5) Majority on first-choice tabulation.—If a status option receives a majority of the valid votes cast in the first-choice tabulation, that status option shall be deemed the approved status option.

(6) First elimination and transfer.—If no status option receives a majority of the valid votes cast in the first-choice tabulation, the status option receiving the fewest first-choice rankings shall be eliminated, and each valid vote cast that ranks the eliminated status option first shall be transferred to the continuing status option ranked next on that ballot.

(7) Majority after first transfer.—

(A) Approval.—If a continuing status option receives a majority of the valid votes cast after the transfer required under paragraph (6), that status option shall be deemed the approved status option.

(B) Final majority-confirmation transfer.—If no continuing status option receives a majority of the valid votes cast after the transfer required under paragraph (6), the continuing status option receiving fewer votes after such transfer shall be eliminated, and each valid vote cast counting for the eliminated status option shall be transferred to the sole remaining status option if the ballot ranks the sole remaining status option.

(C) Approval after final majority-confirmation transfer.—If the sole remaining status option receives a majority of the valid votes cast after the transfer required under subparagraph (B), that status option shall be deemed the approved status option.

(D) No majority after final majority-confirmation transfer.—If the sole remaining status option does not receive a majority of the valid votes cast after the transfer required under subparagraph (B), no status option shall be deemed approved in the initial plebiscite, and a runoff plebiscite shall be held under paragraph (8).

(8) Runoff plebiscite.—

(A) In general.—If no status option is approved under paragraph (5) or (7), a runoff plebiscite shall be held on September 12, 2027.

(B) Options.—The runoff plebiscite shall offer eligible voters a choice of the 2 status options that remained after the elimination and transfer required under paragraph (6).

(C) Approval.—The status option receiving a majority of the valid votes cast in the runoff plebiscite shall be deemed the approved status option.

(D) No majority.—If no status option receives a majority of the valid votes cast in the runoff plebiscite, no status option shall be deemed approved.

(9) Ties and tabulation rules.—The Elections Commission shall resolve tie votes, skipped rankings, duplicate rankings, overvotes, undervotes, and other tabulation issues consistent with regulations adopted by the Elections Commission, the laws of Puerto Rico, and this section, except that no rule may exclude an exhausted ballot from the number of valid votes cast after the ballot becomes exhausted.

(c) Ballot language.—

(1) Instructions.—The ballot for the initial plebiscite shall include the following instructions: "Rank the status options in your order of preference. Mark 1 for your first choice, 2 for your second choice, and 3 for your third choice. Ranking all 3 options gives your ballot the greatest opportunity to count if a preferred option is eliminated. A ballot that ranks no status option shall not be counted. A ballot shall count for the highest-ranked continuing status option that is ranked uniquely. If the highest-ranked continuing ranking on a ballot is assigned to more than 1 continuing status option, the ballot shall not count for any status option in that round or any later round.".

(2) Independence.—The ballot shall present the status option of independence as follows:

(A) Puerto Rico is a sovereign nation that has full authority and responsibility over its territory and population under a constitution of its own adoption which shall be the supreme law of the nation.

(B) Puerto Rico is vested with full powers and responsibilities consistent with the rights and responsibilities that devolve upon a sovereign nation under international law, including its own fiscal and monetary policy, immigration, trade, and the conduct in its own name and right of relations with other nations and international organizations.

(C) Puerto Rico has full authority and responsibility over its citizenship and immigration laws, and birth in Puerto Rico or relationship to persons with statutory United States citizenship by birth in the former territory shall cease to be a basis for United States nationality or citizenship, except that persons who have such United States citizenship have a right to retain United States nationality and citizenship for life, by entitlement or election as provided by Federal law.

(D) Puerto Rico will no longer be a possession of the United States for purposes of the Internal Revenue Code. In general, United States citizens and United States businesses in the nation of Puerto Rico will be subject to United States Federal tax laws, as is the case with any other United States citizen or United States business abroad, and to Puerto Rican tax laws. Puerto Rico's status as an independent, sovereign nation will be the controlling factor in the taxation of Puerto Rican taxpayers.

(E) The Constitution and laws of the United States no longer apply in Puerto Rico and United States sovereignty in Puerto Rico is ended.

(3) Sovereignty in free association with the United States.—The ballot shall present the status option of sovereignty in free association with the United States as follows:

(A) Puerto Rico is a sovereign nation that has full authority and responsibility over its territory and population under a constitution of its own adoption which shall be the supreme law of the nation.

(B) Puerto Rico is vested with full powers and responsibilities consistent with the rights and responsibilities that devolve upon a sovereign nation under international law, including its own fiscal and monetary policy, immigration, trade, and the conduct in its own name and right of relations with other nations and international organizations, except as otherwise provided for in the Articles of Free Association to be negotiated by Puerto Rico and the United States.

(C) Puerto Rico has full authority and responsibility over its citizenship and immigration laws, and persons who have United States citizenship have a right to retain United States nationality and citizenship for life by entitlement or election as provided by Federal law.

(D) Birth in Puerto Rico shall cease to be a basis for United States nationality or citizenship. Individuals born in Puerto Rico to at least 1 parent who is a citizen of the United States shall be United States citizens at birth, consistent with the immigration laws of the United States, for the duration of the first agreement of the Articles of Free Association.

(E) Puerto Rico enters into Articles of Free Association with the United States, with such devolution and reservation of governmental functions and other bilateral arrangements as may be agreed to by both Parties under the Articles, which shall be terminable at will by either the United States or Puerto Rico at any time.

(F) Puerto Rico will no longer be a possession of the United States for purposes of the Internal Revenue Code. In general, United States citizens and United States businesses in the nation of Puerto Rico will be subject to United States Federal tax laws, as is the case with any other United States citizen or United States business abroad, and to Puerto Rican tax laws. Puerto Rico's status as an independent, sovereign nation will be the controlling factor in the taxation of Puerto Rican taxpayers. In addition, Puerto Rico will enter into an agreement with the United States to provide for Sovereignty in Free Association between the 2 nations. This agreement may modify the otherwise applicable tax rules, subject to negotiation and ratification by the 2 nations.

(G) The Constitution of the United States no longer applies in Puerto Rico, the laws of the United States no longer apply in Puerto Rico except as otherwise provided in the Articles of Free Association, and United States sovereignty in Puerto Rico is ended.

(H) All matters pertaining to the government-to-government relationship between Puerto Rico and the United States, which may include foreign affairs, trade, finance, taxation, currency, economic assistance, security and defense, dispute resolution, and termination, shall be provided for in the Articles of Free Association.

(4) Statehood.—The ballot shall present the status option of statehood as follows:

(A) The State of Puerto Rico is admitted into the Union on an equal footing with the other States in all respects whatever and is a part of the permanent union of the United States of America, subject to the United States Constitution, with powers not prohibited by the Constitution to the States and reserved to the State of Puerto Rico or to its residents.

(B) The residents of Puerto Rico are fully self-governing with their rights secured under the United States Constitution, which shall be fully applicable in Puerto Rico and which, with the laws and treaties of the United States, is the supreme law and has the same force and effect in Puerto Rico as in the other States of the Union.

(C) United States citizenship of those born in Puerto Rico is recognized, protected, and secured under the United States Constitution in the same way such citizenship is for all United States citizens born in the other States.

(D) Puerto Rico will no longer be a possession of the United States for purposes of the Internal Revenue Code. Instead, the State of Puerto Rico will become a State on equal footing with each of the current 50 States in the United States of America. Individuals and businesses resident in the State of Puerto Rico will be subject to United States Federal tax laws as well as applicable State tax laws.

(5) Runoff ballot language.—A ballot for a runoff plebiscite shall omit the status option eliminated under subsection (b)(6), shall present the 2 remaining status options using the descriptions required under paragraphs (2), (3), and (4), as applicable, and shall include instructions requiring each eligible voter to mark 1 status option.

(d) Implementation, results, and jurisdiction.—

(1) Implementation of plebiscites.—The initial plebiscite and any runoff plebiscite required under this section shall be implemented by the Elections Commission, consistent with the laws of Puerto Rico and Federal law.

(2) Results.—The Elections Commission shall inform the President, the President pro tempore of the Senate, the Speaker of the House of Representatives, the Committee on Energy and Natural Resources of the Senate, and the Committee on Natural Resources of the House of Representatives of—

(A) the results of the initial plebiscite not later than 30 calendar days after the initial plebiscite is held; and

(B) the results of the runoff plebiscite, if held, not later than 30 calendar days after the runoff plebiscite is held.

(3) Public reporting.—The Elections Commission shall publish—

(A) the results of the initial plebiscite in a format that reports first-choice rankings, each elimination, each transfer, exhausted ballots, valid votes cast, and whether any status option received a majority of the valid votes cast; and

(B) if a runoff plebiscite is held, the results of the runoff plebiscite in a format that reports the votes cast for each status option, valid votes cast, and whether a status option received a majority of the valid votes cast.

(4) Jurisdiction of district court.—The United States District Court for the District of Puerto Rico shall have original and exclusive jurisdiction of any civil action alleging a dispute or controversy pertaining to electoral processes conducted under this section.

(e) Bilingual voter educational materials and ballots.—All voter educational materials and ballots used to carry out this section shall be made available in English and Spanish.

(f) Nonpartisan voter education campaign.—

(1) In general.—The Elections Commission shall carry out a nonpartisan voter education campaign through traditional paid media and social media, and make available at all voting locations voter education materials related to the plebiscites authorized under this section consistent with approval by the Attorney General under subsection (g).

(2) Voter education materials.—At a minimum, the voter education materials shall address for each status option—

(A) international representation;

(B) citizenship and immigration;

(C) access and treatment under Federal law and programs;

(D) the legal effect of each approved status option under subsections (j), (k), and (l); and

(E) the ranked choice voting process.

(g) Oversight.—

(1) Submission of materials.—Not later than March 1, 2027, the Elections Commission shall submit the ballot design, ballot instructions, and voter education material for the plebiscites authorized under this section to the Attorney General for review, and the Elections Commission shall make not more than 1 initial submission of the ballot design, ballot instructions, and voter education materials to the Attorney General for review.

(2) Effect of failure to comply.—If the Attorney General fails to comply with paragraph (3) within the 45-day period, the ballot design, ballot instructions, and voter education materials shall be considered approved.

(3) Review.—Not later than 45 days after receiving the ballot design, ballot instructions, and voter education materials under paragraph (1), the Attorney General shall review the ballot design and voter education materials to ensure consistency with this section and to ensure that the 3 status options are represented fairly, especially in the event that any of the 3 status options are not represented on the Elections Commission by a member of a political party that supports such option, and shall—

(A) return the materials to the Elections Commission with comments and instructions for changes; or

(B) before the expiration of the 45-day period, inform the Elections Commission that no instructions or requests for changes shall be made under subparagraph (A), but that the Attorney General reserves the right to submit instructions for changes in accordance with this section if additional information comes to the attention of the Attorney General during the remainder of the 45-day period.

(4) Revision.—Not later than 45 days after receiving comments and instructions for changes from the Attorney General under paragraph (3), the Elections Commission shall revise the materials submitted under paragraph (1) as requested by the Attorney General and may resubmit the revised materials to the Attorney General solely to demonstrate compliance with the comments and instructions. A resubmission under this paragraph shall not be treated as an initial submission under paragraph (1).

(5) Election observers.—To ensure transparency and confidence in the electoral process, the Elections Commission shall invite national and international election observers to be present during the initial plebiscite vote and during the runoff plebiscite vote, if held.

(h) Funds for voter education and plebiscites.—

(1) Authorization of appropriations.—There is authorized to be appropriated such sums as necessary for the Elections Commission to carry out a nonpartisan voter education campaign, the initial plebiscite, and, if necessary, the runoff plebiscite under this section.

(2) Existing funds.—Notwithstanding any provision of Public Law 113–76, funds made available under such Act to carry out a plebiscite on Puerto Rico's status shall be made available to carry out this section.

(i) Constitutional convention.—

(1) Election of delegates.—The legislature of Puerto Rico shall provide for the election of delegates to a constitutional convention on July 11, 2027, to propose amendments to, revisions of, or a replacement for the Constitution of Puerto Rico for use under the approved status option.

(2) Eligible voters.—All eligible voters may vote in the election of delegates to the constitutional convention.

(3) General applicability of electoral law.—The laws of Puerto Rico relating to the electoral process shall apply to the election of delegates under this subsection.

(4) Initial meeting.—Not later than 30 days after the election of delegates under paragraph (1), the elected delegates shall meet at such time and place as the legislature of Puerto Rico shall determine.

(5) Character of constitution.—Any constitution, amendment, or revision proposed under this subsection shall be republican in form and shall guarantee the protection of fundamental human rights, including—

(A) due process and equal protection under the law;

(B) freedom of speech, press, assembly, association, and religion;

(C) the civil rights of the accused;

(D) any other economic, social, and cultural civil rights that the constitutional convention deems appropriate and necessary; and

(E) provisions to ensure that no individual born in Puerto Rico shall be stateless at birth.

(6) Submission; ratification.—Any constitution, amendment, or revision proposed under this subsection shall be submitted to eligible voters for ratification or rejection in a special election held in the manner prescribed by the legislature of Puerto Rico.

(7) Majority vote required.—A constitution, amendment, or revision submitted under paragraph (6) shall be deemed ratified if approved by a majority of the valid votes cast on the question.

(8) Effect of failure to ratify.—Failure to ratify a constitution, amendment, or revision under this subsection shall not delay or prevent admission of the State under subsection (l).

(j) Effect of approval of independence.—

(1) Recognition of result.—If independence is the approved status option, Congress recognizes the result as the freely expressed choice of eligible voters for Puerto Rico to become an independent sovereign nation.

(2) Implementation through separate legislation.—Approval of independence under this section shall not itself alter the sovereignty, nationality, citizenship, tax, benefit, defense, property, judicial, or other legal status of Puerto Rico, any person, any property, any claim, any case, any program, or any obligation. Congress shall carry out the approved status option of independence only through separate legislation.

(3) Presidential proposal.—Not later than 180 days after certification of the result under subsection (d), the President shall submit to Congress proposed implementing legislation to carry out the approved status option of independence. Such legislation shall be consistent with the approved description in subsection (c)(2) and include—

(A) consideration of any constitution, amendment, or revision ratified under subsection (i);

(B) a review process for Federal law with respect to Puerto Rico;

(C) the establishment of a Joint Transition Committee to expedite the transition; and

(D) a timeline for withdrawal of United States control of Puerto Rico.

(k) Effect of approval of sovereignty in free association with the United States.—

(1) Recognition of result.—If sovereignty in free association with the United States is the approved status option, Congress recognizes the result as the freely expressed choice of eligible voters for Puerto Rico to become a sovereign nation in free association with the United States.

(2) Implementation through separate legislation.—Approval of sovereignty in free association with the United States under this section shall not itself alter the sovereignty, nationality, citizenship, tax, benefit, defense, property, judicial, or other legal status of Puerto Rico, any person, any property, any claim, any case, any program, or any obligation. Congress shall carry out the approved status option of sovereignty in free association with the United States only through separate legislation.

(3) Presidential negotiations and proposal.—Not later than 180 days after certification of the result under subsection (d), the President shall submit to Congress proposed implementing legislation to carry out the approved status option of sovereignty in free association with the

United States. Such legislation shall be consistent with the approved description in subsection (c)(3) and include—

(A) consideration of any constitution, amendment, or revision ratified under subsection (i);

(B) the establishment of a Bilateral Negotiating Committee to develop Articles of Free Association;

(C) a review process for Federal law with respect to Puerto Rico;

(D) the establishment of a Joint Transition Committee to expedite the transition; and

(E) a timeline for withdrawal of United States control of Puerto Rico.

(l) Effect of approval of statehood.—If statehood is the approved status option, the admission of the State into the Union shall proceed as follows—

(1) Presidential proclamation and admission into the Union.—

(A) Presidential proclamation; date of admission.—Upon receipt of the Elections Commission's certification that statehood is the approved status option, the President shall issue a proclamation declaring that Puerto Rico shall be admitted as a State of the Union on July 1, 2028.

(B) Submission of proclamation.—The President shall cause such proclamation to be submitted to the Governor of Puerto Rico, the legislature of Puerto Rico, the President pro tempore of the Senate, the Speaker of the House of Representatives, the Committee on Energy and Natural Resources of the Senate, and the Committee on Natural Resources of the House of Representatives.

(C) Admission into the Union.—Subject to this section, on July 1, 2028, the territory of Puerto Rico shall be a State of the United States of America and as such admitted into the Union on an equal footing with the other States in all respects. Upon admission, Puerto Rico shall be known as the State of Puerto Rico.

(D) Incorporation.—Puerto Rico shall remain unincorporated until its admission as a State of the Union under this paragraph.

(2) Conforming amendments to existing law.—

(A) Review.—Not later than 30 days after the certification of a plebiscite result under this section in favor of statehood, the President shall initiate a review of Federal law with respect to Puerto Rico, including those regarding—

(i) taxation of persons and businesses;

(ii) health care;

(iii) housing;

(iv) transportation;

(v) education; and

(vi) entitlement programs.

(B) Recommendations.—Not later than December 15, 2027, the President shall submit any recommendations to Congress for changes to Federal law identified during such review, as the President deems appropriate.

(3) Territory and boundaries.—The State shall consist of all of the islands, together with their appurtenant reefs, seafloor, submerged lands, and territorial waters in the seaward boundary, presently under the jurisdiction of the territory of Puerto Rico.

(4) Constitution.—

(A) Constitution of State.—The Constitution of the State shall always be republican in form and shall not be repugnant to the Constitution of the United States or the principles of the Declaration of Independence.

(B) Ratification.—The Constitution of the territory of Puerto Rico, as approved by Public Law 82–447 and subsequently amended as of the date of enactment of this Act, is found to be republican in form and in conformity with the Constitution of the United States and the principles of the Declaration of Independence, and is accepted, ratified, and confirmed as the State Constitution.

(C) State may amend.—Any amendment or revision ratified under subsection (i) shall be deemed accepted, ratified, and confirmed as part of the Constitution of the State if the amendment or revision is republican in form and not repugnant to the Constitution of the United States or the principles of the Declaration of Independence.

(5) Elections of Senators and Representatives, certification, and legal disputes.—

(A) Elections of Senators and Representatives.—The first Senators and Representatives from the State shall be elected at the regular election for Federal office held on November 7, 2028. Not later than January 15, 2028, the Governor of Puerto Rico shall issue a declaration that shall designate and announce the dates and other requirements for primary and general elections under applicable Federal and local law for such representation, including primaries to be held on June 4, 2028, and the general election to be held on November 7, 2028.

(B) Resident Commissioner.—The office of Resident Commissioner of Puerto Rico shall cease to exist at the conclusion of the 120th Congress.

(C) Senators and Representatives.—

(i) In general.—Upon admission into the Union, the State shall be entitled to Senators and Representatives, except that the first Senators and Representatives elected under this paragraph shall be seated in the 121st Congress and shall be entitled, upon taking office, to all the rights and privileges of Senators and Representatives of the other States in Congress.

(ii) First election of Senators.—In the first election of Senators, the 2 senatorial offices shall be separately identified and designated, and no person may be a candidate for both offices. Nothing in this section shall impair the privilege of the Senate to determine the class and term to which each of the Senators elected shall be assigned, except that the Senators shall not be in the same class.

(iii) First election of Representatives.—

(I) In general.—In the first election of Representatives, and subsequent elections until the next census-based reapportionment, the State shall be entitled to 5 Representatives. Such Representatives shall be a permanent increase in the number of Representatives under section 2 of title 2, United States Code.

(II) Initial congressional districting.—Not later than January 15, 2028, Puerto Rico shall enact a congressional districting plan for election of Representatives. The plan may be enacted or adopted before admission and shall take effect upon admission of the State.

(III) Districting rules.—The congressional districting plan shall—

(aa) comply with any applicable Federal law, except that sections 3 through 5 of title 2, United States Code, shall not apply with respect to the plan until the taking effect of the first apportionment under section 2a of such title after the admission of Puerto Rico as a State;

(bb) consist of contiguous, single-member districts that are as nearly equal in population as practicable; and

(cc) preserve political subdivisions and communities of interest to the extent practicable.

(IV) If Puerto Rico fails to enact or adopt a congressional districting plan by January 15, 2028, the United States District Court for the District of Puerto Rico shall order or adopt a plan not later than March 1, 2028.

(iv) Presidential electors.—For purposes of chapter 1 of title 3, United States Code, the State shall appoint electors for President and Vice President in the 2028 election and each subsequent election in the same manner as each other State.

(D) Certification of results.—The Elections Commission shall certify the results of primary and general elections for representation in the Senate and the House of Representatives to the Governor. Not later than 10 days after the date of each certification, the Governor shall declare the results of the primary and general elections and transmit the results of each election to the President, the President pro tempore of the Senate, and the Speaker of the House of Representatives.

(E) Jurisdiction of district court.—The United States District Court for the District of Puerto Rico shall have original and exclusive jurisdiction of any civil action alleging a dispute or controversy pertaining to electoral processes conducted under this paragraph.

(6) State title to land and property.—

(A) State title.—The State and its political subdivisions and dependencies shall have and retain title to all property, real and personal, held by the territory of Puerto Rico and its political subdivisions and dependencies on the date of the admission of Puerto Rico into the Union.

(B) Federal title.—Any lands and other properties that, as of the date of admission of Puerto Rico into the Union, are set aside pursuant to law for the use of the United States under any—

(i) Act of Congress;

(ii) Executive order;

(iii) proclamation of the President; or

(iv) proclamation of the Governor of the territory of Puerto Rico;

shall remain the property of the United States.

(C) Continental shelf.—The State shall have the exclusive right to explore, exploit, lease, possess, and use all seabed, natural, and mineral resources lying within 3 marine leagues from its shore, as granted under section 8 of the Act of March 2, 1917 (48 U.S.C. 749; 39 Stat. 954). All other rights of sovereignty with respect to the continental shelf and waters shall belong to the United States, except those already vested in Puerto Rico.

(7) Continuity of laws, government, and obligations.—Upon the admission of the State into the Union:

(A) Continuity of laws.—All of the territorial laws in force in Puerto Rico on the day before the date of admission of the State into the Union not inconsistent with this section or the Constitution of the State shall be and continue in force and effect throughout the State, until amended, modified, or repealed by the State. All of the laws of the United States shall have the same force and effect within the State as in the other several States.

(B) Continuity of government.—The individuals holding legislative, executive, and judicial offices of Puerto Rico shall continue to discharge the duties of their respective offices when Puerto Rico becomes a State of the Union in, under, or by authority of the government of the State, as provided by the constitution and laws of the State.

(C) Continuity of obligations.—All contracts, obligations, liabilities, debts, and claims of the territory of Puerto Rico and its instrumentalities at the moment of admission shall continue in full force and effect as the contracts, obligations, liabilities, debts, and claims of the State and its instrumentalities when Puerto Rico becomes a State of the Union.

(D) Use and enjoyment of property.—All laws of the United States reserving to the United States the free use or enjoyment of property which vests in or is conveyed to the State or its political subdivisions pursuant to this section, or reserving the right to alter, amend, or repeal laws relating thereto, shall cease to be effective.

(8) Termination of Puerto Rico Oversight, Management, and Economic Stability Act.—Upon the admission of the State into the Union, the Puerto Rico Oversight, Management, and

Economic Stability Act (48 U.S.C. 2101 et seq.) shall no longer apply to the State, the Financial Oversight and Management Board established under section 101 of that Act (48 U.S.C. 2121) shall terminate, and any property, records, funds, contracts, rights, duties, or obligations of the Financial Oversight and Management Board shall transfer to the State, except as otherwise provided by Federal law.

(9) Judicial pronouncements.—

(A) Pending.—No writ, action, indictment, cause, or proceeding pending in any court of the territory of Puerto Rico shall abate by reason of the admission of the State into the Union, but shall proceed within such appropriate State courts as shall be established under the Constitution of the State, or shall continue in the United States District Court for the District of Puerto Rico, as the nature of the case may require.

(B) Not yet pending.—All civil causes of action and all criminal offenses that shall have arisen or been committed before the admission of the State, but as to which no writ, action, indictment, or proceeding shall be pending at the date of such admission, shall be subject to prosecution in the appropriate State courts or in the United States District Court for the District of Puerto Rico in like manner, to the same extent, and with like right of appellate review, as if such State had been created and such State courts had been established prior to the accrual of such causes of action or the commission of such offenses. The admission of the State shall effect no change in the procedural or substantive laws governing causes of action and criminal offenses which shall have arisen or been committed, and any such criminal offenses as shall have been committed against the laws of the territory of Puerto Rico shall be tried and punished by the appropriate courts of the State, and any such criminal offenses as shall have been committed against the laws of the United States shall be tried and punished in the United States District Court for the District of Puerto Rico.

(C) Appeals.—Parties shall have the same rights of judicial review of final decisions of the United States District Court for the District of Puerto Rico or the Supreme Court of Puerto Rico, in any case finally decided prior to the admission of the State into the Union, whether or not an appeal therefrom shall have been perfected prior to such admission. The United States Court of Appeals for the First Circuit and the Supreme Court of the United States shall have the same jurisdiction in such cases as by law provided prior to the admission of the State into the Union. Any mandate issued subsequent to the admission of the State shall be to the United States District Court for the District of Puerto Rico or a court of the State, as appropriate. Parties shall have the same rights of appeal from and appellate review of all orders, judgments, and decrees of the United States District Court for the District of Puerto Rico and of the Supreme Court of Puerto Rico, in any case pending at the time of admission of the State into the Union, and the United States Court of Appeals for the First Circuit and the Supreme Court of the United States shall have the same jurisdiction therein, as by law provided in any case arising subsequent to the admission of the State into the Union.

Subtitle G—Complaints.gov

SEC. 1071. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) People in the United States regularly experience harm from corporations, platforms, and institutions and often have no clear or functional way to seek help, report wrongdoing, or obtain accountability.

(2) Federal, State, and local governments maintain numerous complaint intake systems, but those systems are fragmented, inconsistent, difficult to navigate, and largely invisible to the public.

(3) Complaints submitted to government entities are critical early warning signals of market failures, abusive practices, regulatory blind spots, and systemic risk.

(4) The Consumer Financial Protection Bureau's consumer complaint system demonstrates that centralized intake, clear routing, structured responses, and public transparency can materially improve outcomes for people and regulators alike.

(5) Many complaint systems function as dead ends, providing no feedback, no visibility, and no assurance that complaints are reviewed or acted upon.

(6) The absence of shared infrastructure undermines public trust in government, weakens enforcement capacity, and allows repeat harms to persist unchecked.

(7) The public has already invested in the expertise and authority of regulators at all levels of government, but lacks the connective infrastructure necessary to make those resources accessible and effective.

(b) Purpose.—The purpose of this subtitle is to establish a modern, people-centered accountability infrastructure that—

(1) ensures there is no wrong door for submitting complaints to government;

(2) routes complaints efficiently to the appropriate agencies and authorities;

(3) improves transparency, coordination, and responsiveness across jurisdictions;

(4) preserves the authority and identity of existing agencies; and

(5) restores public confidence that government can hear, track, and act on the concerns of the people.

SEC. 1072. DEFINITIONS.

(a) Definitions.—In this subtitle—

(1) Administrator.—The term "Administrator" means the Administrator of General Services.

(2) Complaint.—The term "complaint" means a communication submitted by a member of the public alleging harm, seeking assistance, or reporting a problem related to a product, service, practice, or conduct of a type subject to governmental oversight or regulation.

(3) Participating agency.—The term "participating agency" means any Federal, State, Tribal, or local agency, office, or authority that elects to integrate with Complaints.gov pursuant to section 1077(c).

(4) Participating business.—The term "participating business" means any private entity that uses Complaints.gov to receive, review, or respond to complaints transmitted through the platform.

(5) Personally identifiable information.—The term "personally identifiable information" has the meaning given that term in section 208 of the E-Government Act of 2002 (44 U.S.C. 3501 note).

SEC. 1073. ESTABLISHMENT AND OPERATION OF COMPLAINTS.GOV.

(a) Establishment.—

(1) In general.—There is established Complaints.gov, a government-wide digital service to facilitate the intake, routing, tracking, and analysis of complaints submitted by members of the public.

(2) Administration.—The Administrator of General Services, acting through appropriate government-wide technology services, shall be responsible for the development, operation, and maintenance of Complaints.gov.

(3) Infrastructure only.—Complaints.gov shall not function as an independent regulatory agency, but as shared public infrastructure intended to improve access, coordination, and transparency for the people of the United States.

(b) Core functions.—Complaints.gov shall provide shared infrastructure to support the intake, routing, tracking, and analysis of complaints submitted by members of the public and shall—

(1) provide a simple, plain language mechanism for submitting complaints;

(2) route complaints to the appropriate participating agency or authority based on subject matter, jurisdiction, or other relevant factors;

(3) enable complainants to track the status of their complaints and receive updates regarding receipt, routing, and closure, subject to applicable law and agency discretion;

(4) maintain a public complaint database containing redacted complaint data, including complaint narratives where consent has been provided, searchable by company, issue, geography, and outcome;

(5) provide secure, lightweight tools to assist participating agencies in reviewing complaints, collaborating across jurisdictions, identifying trends, and detecting patterns of harm;

(6) provide structured mechanisms through which participating businesses may receive and respond to complaints transmitted through the platform, subject to applicable law and agency oversight; and

(7) operate in a manner that preserves the branding, authority, and public-facing identity of participating agencies.

(c) Limits of authority.—

(1) No displacement of authority.—Nothing in this subtitle shall be construed to alter, expand, transfer, or limit the statutory authority, discretion, or enforcement responsibilities of any Federal, State, Tribal, or local agency.

(2) No adjudicatory function.—Complaints.gov shall not adjudicate complaints, determine liability, serve as an enforcement mechanism, or create substantive legal rights or obligations.

(3) No mandate to participate.—Nothing in this subtitle shall be construed to require any agency or business to participate in Complaints.gov.

(4) No action required.—Nothing in this subtitle shall be construed to require any agency to take enforcement action, respond to a complaint in a particular manner, or disclose nonpublic or confidential information.

(d) Handling of complaints.—

(1) No exhaustion requirement.—Nothing in this subtitle shall be construed to require a person to—

(A) submit a complaint through Complaints.gov before pursuing any other administrative or judicial remedy; or

(B) pursue any other administrative or judicial remedy before submitting a complaint through Complaints.gov.

(2) No limitation on rights.—Nothing in this subtitle shall be construed to limit or preempt any right, remedy, or protection provided under Federal, State, Tribal, or local law.

(3) No private right of action.—Nothing in this subtitle shall be construed to create a private right of action.

SEC. 1074. PHASED IMPLEMENTATION.

(a) In general.—Complaints.gov shall be developed and deployed through a phased implementation approach designed to deliver immediate public benefit while enabling gradual integration with existing systems.

(1) Phase 1; routing.—The Administrator shall establish a routing capability that directs complainants to the appropriate participating agency using existing complaint intake systems not later than April 1, 2027.

(2) Phase 2; interoperability.—The Administrator shall establish secure application programming interfaces that enable participating agencies to connect existing complaint systems to Complaints.gov while preserving agency branding, forms, and workflows not later than February 15, 2028.

(3) Phase 3; reference implementation.—The Administrator shall develop Complaints.gov as a full reference implementation capable of end-to-end complaint intake, routing, tracking, and analysis not later than January 1, 2029.

(4) Sequencing and concurrency.—The Administrator may begin, operate, and expand subsequent phases before the completion of prior phases and may operate multiple phases concurrently to ensure continuity and flexibility.

(5) Technical coordination.—The Administrator shall coordinate technical assistance and support for participating agencies, with priority given to under-resourced agencies and jurisdictions, including through shared services, cooperative agreements, reimbursable support, grants, or other forms of integration assistance, as appropriate.

SEC. 1075. DATA PROTECTION, PRIVACY, AND SECURITY.

(a) In general.—The Administrator shall ensure that Complaints.gov is designed and operated in a manner that protects privacy, safeguards data, and limits the collection, use, retention, or disclosure of information to what is reasonably necessary to carry out this subtitle.

(b) Data protection.—In carrying out this subtitle, the Administrator shall—

(1) redact personally identifiable information and other sensitive data prior to public disclosure;

(2) minimize the collection and retention of personally identifiable information consistent with applicable law;

(3) implement administrative, technical, and physical safeguards to protect complaint data against unauthorized access, use, or disclosure; and

(4) establish data retention and deletion policies consistent with privacy, security, and transparency obligations.

(c) Consent.—Complaint narratives shall be included in the public complaint database only with the affirmative consent of the complainant.

(d) Access controls.—Access to nonpublic complaint data shall be limited to the Administrator, participating agencies, participating businesses with respect to complaints routed to such businesses, and other users expressly authorized by law, rule, or written data-sharing agreement, in each case only for purposes consistent with this subtitle and subject to privacy, security, audit, and use restrictions established by the Administrator.

(e) Prohibited uses.—Complaint data collected or processed through Complaints.gov may not be used for any purpose unrelated to this subtitle, and shall be subject to the privacy, data protection, government surveillance, artificial intelligence, and procurement safeguards established under subtitles B and C of this title, including sections 1024, 1033, 1034, and 1035.

(f) Rule of construction.—Nothing in this section shall be construed to limit any stronger privacy protections provided under other Federal, State, Tribal, or local laws.

SEC. 1076. PUBLIC TRANSPARENCY AND REPORTING.

(a) Public complaint database.—The Administrator shall maintain a publicly available, searchable complaint database containing redacted complaint data collected through Complaints.gov, which data shall—

(1) be searchable and aggregable by company, issue, geography, and time period;

(2) include complaint narratives where affirmative consent has been provided;

(3) include routing destination, complaint status, closure category, response timeliness, and participating business responses;

(4) be presented with appropriate context and disclaimers to reduce the risk of misinterpretation or misuse;

(5) exclude confidential supervisory information, trade secrets, and information protected from disclosure under law; and

(6) reflect consistent data standards to the extent practicable to enable cross-agency comparison and analysis.

(b) Public reporting.—Not later than January 1, 2028, and annually thereafter, the Administrator shall publish a public report that—

(1) analyzes complaint trends, recurring harms, and systemic risks across markets and jurisdictions;

(2) identifies emerging patterns of harm and potential regulatory blind spots; and

(3) normalizes metrics to provide context regarding complaint volume relative to market size, activity level, or other relevant factors.

SEC. 1077. PARTICIPATION BY AGENCIES.

(a) Baseline routing.—Complaints.gov shall route complaints to the appropriate Federal, State, Tribal, or local agency based on subject matter and jurisdiction, regardless of whether such agency elects to integrate its complaint systems with Complaints.gov.

(b) Voluntary integration.—Except for baseline routing under subsection (a), integration with Complaints.gov by any Federal, State, Tribal, or local agency shall be voluntary, and nothing in this subtitle shall be construed to require any agency to investigate, resolve, respond to, or take enforcement action with respect to any individual complaint.

(c) Levels of integration.—A participating agency shall elect 1 of the following levels of integration:

(1) Standardized receipt, under which Complaints.gov transmits complaints to the agency in a standardized, machine-readable format and the agency may, but is not required to, transmit status updates or responses through Complaints.gov.

(2) Partial integration, under which the agency connects 1 or more complaint systems to Complaints.gov through application programming interfaces while retaining its own public-facing intake systems, workflows, and branding.

(3) Full integration, under which the agency uses Complaints.gov for end-to-end complaint intake, tracking, and management.

(d) Preservation of authority.—Routing of complaints or integration with Complaints.gov shall not be construed to diminish, transfer, or supersede the statutory authority or discretion of any agency.

(e) Preservation of identity.—For participating agencies, Complaints.gov shall operate in a manner that preserves the name, branding, and public-facing identity of each such agency.

(f) Use of data.—A participating agency may use complaint data obtained through Complaints.gov for consumer assistance, oversight, investigation, enforcement, policy development, and trend analysis consistent with applicable law.

SEC. 1078. PARTICIPATION BY BUSINESSES.

(a) No mandate.—Nothing in this subtitle shall be construed to require a business to participate in Complaints.gov or to respond to a complaint in a particular manner absent an independent legal obligation.

(b) Participation voluntary.—A participating business—

(1) may use complaint information received through Complaints.gov to—

(A) address consumer issues;

(B) improve products or services; or

(C) enhance compliance with applicable law; or

(2) may utilize mechanisms provided by Complaints.gov to receive and respond to complaints transmitted through the platform.

(c) Retaliation prohibited.—

(1) In general.—A participating business may not use complaint information received through Complaints.gov to take a materially adverse action against a complainant.

(2) Legitimate business actions.—This subsection shall not prohibit a participating business from refusing service, collecting a debt, protecting safety or security, or taking any other lawful action supported by legitimate, nonretaliatory grounds which may have been taken in the absence of the complaint.

(3) Enforcement.—

(A) In general.—A violation of this subsection shall be treated as a violation of a rule defining an unfair, deceptive, or abusive act or practice prescribed under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a).

(B) Enforcement by Commission.—The Federal Trade Commission shall enforce this subsection 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 subsection.

(C) FTC-exempt entities.—Notwithstanding sections 4 and 5(a)(2) of the Federal Trade Commission Act (15 U.S.C. 44; 15 U.S.C. 45(a)(2)), the Commission may enforce this subsection against any participating business solely with respect to conduct arising from the use of complaint information received through Complaints.gov.

(D) Savings clause.—Nothing in this paragraph shall be construed to expand the jurisdiction of the Commission over a participating business for any purpose other than enforcement of this subsection.

(d) No admission of liability.—Submission of a response to a complaint through Complaints.gov shall not, by itself, be construed as an admission of liability or wrongdoing.

SEC. 1079. FUNDING AND TECHNICAL STEWARDSHIP.

(a) Funding.—Out of any money in the Treasury not otherwise appropriated, there is appropriated to the Administrator $76,000,000 to carry out this subtitle, to remain available until September 30, 2029. In addition to amounts appropriated under this subsection, the Administrator is authorized to seek and use amounts made available through the Technology Modernization Fund, subject to the requirements and approval processes applicable to such Fund.

(b) Technology stewardship.—In carrying out this subtitle, the Administrator shall leverage existing government-wide technology services, shared platforms, and best practices to—

(1) reduce duplication, increase reliability, and accelerate deployment; and

(2) reduce long-term costs by enabling the retirement or consolidation of legacy complaint systems, where appropriate and with the consent of participating agencies.

(c) Reporting on expenditures.—The Administrator shall make publicly available high-level information regarding expenditures and cost savings associated with Complaints.gov, consistent with applicable law.

Subtitle H—Truce on Wedge Issues

SEC. 1081. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) On the 21st century political battlefield, 2 of the most polarizing issues are guns and abortion. Political parties use them as wedge issues, dividing Americans by stoking fears that the other party will take away access to one of these things.

(2) Proponents of restricting access to guns and abortion are a minority of the American people. According to Gallup polls in 2021, just 19 percent of Americans support making all abortion illegal, and 80 percent oppose a handgun ban.

(3) Proponents of restricting access to guns and abortion share a common goal of wanting to prevent needless deaths. Other provisions of this legislative package will reduce the demand for abortion as well as gun deaths, which are mostly suicides.

(4) When *Roe v. Wade* was reversed, Congress' failure to set abortion policy for the last 5 decades had national consequences. Antique legislative provisions such as the Comstock Act came back into relevance, and States adopted sharply divergent rules around abortion access that fragmented national policy.

(5) By declaring a truce on these issues for a period of time, where all sides both give and gain concessions, the United States can better focus on addressing the root causes of needless deaths.

(b) Purpose.—The purpose of this subtitle is to promote domestic tranquility by establishing a truce on the issues of guns and abortion and removing certain inflammatory legislative proposals from consideration for 10 years.

SEC. 1082. CODIFICATION OF THE HYDE AMENDMENT.

(a) In general.—Title 1 of the United States Code is amended by adding at the end the following new chapter:

"CHAPTER 4—ABORTION ACCESS AND FEDERAL FUNDING

"SEC. 301. Definitions.

"SEC. 302. Limitations on Federal funding.

"Sec. 301. Definitions.

"In this chapter:

"(1) Abortion.—The term 'abortion' means a procedure, treatment, drug, device, or other care intended to terminate a pregnancy. The term does not include—

"(A) treatment for an ectopic pregnancy;

"(B) treatment for miscarriage;

"(C) removal of a dead fetus; or

"(D) a procedure, treatment, drug, device, or other care intended to increase the probability of a live birth or preserve the life or health of the fetus.

"(2) Health benefits coverage.—The term 'health benefits coverage' means a package of health care items or services for which payment or reimbursement is provided under a health plan, health insurance coverage, health benefits program, managed care arrangement, contract, or other arrangement.

"(3) Lethal fetal abnormality.—The term 'lethal fetal abnormality' means a physical or genetic condition in a fetus that, in the appropriate medical judgment of the attending health care practitioner, makes it improbable that the infant would survive until the infant's first birthday.

"(4) Physical health exception.—The term 'physical health exception' means a circumstance in which, in the appropriate medical judgment of the attending health care practitioner, an abortion is reasonably necessary to protect the life or physical health of the expectant mother.

"(5) Reserved.

"(6) Qualifying criminal act.—

"(A) In general.—The term 'qualifying criminal act' means any nonconsensual criminal act involving sexual conduct.

"(B) Reliance and documentation.—For purposes of this chapter, an attending health care practitioner may rely in good faith on a statement by the expectant mother that the pregnancy resulted from a qualifying criminal act, and such statement shall be sufficient to establish that the pregnancy so resulted. No report to law enforcement, criminal charge or prosecution, third-party corroboration, or participation by the expectant mother in any reporting process may be required as a condition of access to, payment for, or health benefits coverage of an abortion under this chapter.

"(7) Reserved.

"(8) State.—The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, each other territory or possession of the United States, and any political subdivision of any of the foregoing.

"Sec. 302. Limitations on Federal funding.

"(a) Prohibition on Federal funding for abortions.—No funds authorized or appropriated by Federal law, and none of the funds in any trust fund to which funds are authorized or appropriated by Federal law, shall be expended for any abortion, except as provided in subsection (c).

"(b) Health benefits coverage.—No funds authorized or appropriated by Federal law, and none of the funds in any trust fund to which funds are authorized or appropriated by Federal law, shall be expended for health benefits coverage that includes coverage of abortion, except as provided in subsection (c).

"(c) Exceptions.—The limitations established in subsections (a) and (b) shall not apply to an abortion, or to health benefits coverage to the extent such coverage provides for an abortion—

"(1) if a physical health exception applies;

"(2) if the pregnancy resulted from rape, incest, or another qualifying criminal act; or

"(3) if a lethal fetal abnormality has been diagnosed.

"(d) State and local funding not prohibited.—Nothing in this section shall be construed to prohibit a State or political subdivision of a State from expending funds that are not Federal funds and are not derived from Federal funds for an abortion or for health benefits coverage that includes coverage of abortion.".

(b) Clerical amendment.—The table of chapters for title 1, United States Code, is amended by adding at the end the following new item:

"4. Abortion Access and Federal Funding.....301".

SEC. 1083. AMENDING THE COMSTOCK ACT.

(a) Federal officers aiding importation.—Section 552 of title 18, United States Code, is amended by striking "or means for procuring abortion,".

(b) Nonmailable matter.—Section 1461 of title 18, United States Code, is amended—

(1) in the first unnumbered paragraph to read as follows:

"Every obscene, lewd, lascivious, indecent, filthy or vile article, matter, thing, device, or substance is declared to be nonmailable matter and shall not be conveyed in the mails or delivered from any post office or by any letter carrier."; and

(2) by striking the second through seventh unnumbered paragraphs.

(c) Importation or transportation.—Section 1462 of title 18, United States Code, is amended—

(1) in the first undesignated paragraph by striking "section 230(e)(2)" and inserting "section 230(f)(2)"; and

(2) by striking "(c) any drug, medicine, article, or thing designed, adapted, or intended for producing abortion, or for any indecent or immoral use; or any written or printed card, letter, circular, book, pamphlet, advertisement, or notice of any kind giving information, directly or indirectly, where, how, or of whom, or by what means any of such mentioned articles, matters, or things may be obtained or made; or".

(d) Tariff Act of 1930.—Section 305(a) of the Tariff Act of 1930 (19 U.S.C. 1305(a)) is amended—

(1) by striking "or any drug or medicine or any article whatever for causing unlawful abortion,"; and

(2) by striking "That the drugs hereinbefore mentioned, when imported in bulk and not put up for any of the purposes hereinbefore specified, are excepted from the operation of this subdivision: Provided further,".

SEC. 1084. RATIFICATION OF FDA REMS AUTHORITY ON MIFEPRISTONE.

(a) Definitions.—In this section:

(1) Medication-abortion regimen.—The term "medication abortion regimen" means the use of mifepristone, misoprostol, or both, pursuant to a valid prescription and applicable requirements of the Federal Food, Drug, and Cosmetic Act, for medical termination of pregnancy or pregnancy related care.

(2) Mifepristone.—The term "mifepristone" means Mifeprex, mifepristone tablets, 200 milligrams, or any approved generic equivalent, when used for medical termination of pregnancy through 10 weeks gestation or pregnancy related care.

(b) Ratification.—Congress ratifies, approves, and confirms the approval, labeling, Risk Evaluation and Mitigation Strategy, prescriber certification requirements, pharmacy certification requirements, patient agreement requirements, medication guide, dispensing requirements, and related protocols for mifepristone, as in effect on April 30, 2026.

(c) Statutory floor.—The Secretary of Health and Human Services, acting through the Commissioner of Food and Drugs, shall ensure that any approval, labeling, Risk Evaluation and Mitigation Strategy, prescriber certification requirement, pharmacy certification requirement, patient agreement requirement, medication guide, dispensing requirement, or related protocol for mifepristone is not more restrictive than the approval, labeling, Risk Evaluation and Mitigation Strategy, requirement, guide, or protocol described in subsection (b), unless Congress expressly authorizes such restriction after the date of enactment of this Act.

(d) Minimum access requirements.—The protections under subsections (b) and (c) include, at a minimum, requirements that mifepristone—

(1) shall not be subject to an in-person consultation, in-person prescribing, or in-person dispensing requirement;

(2) may be prescribed by a certified prescriber after telehealth or other lawful remote clinical consultation, subject to applicable Federal requirements governing prescribing and patient safety;

(3) may be dispensed by or under the supervision of a certified prescriber or by a certified pharmacy on a prescription issued by a certified prescriber; and

(4) may be dispensed by a certified pharmacy to a patient in person, by mail, or by other lawful delivery service.

(e) Protection of medication abortion regimen.—A State may not prohibit, restrict, penalize, or otherwise treat as unlawful the prescribing, dispensing, mailing, delivery, receipt, possession, or use of a medication abortion regimen.

(f) Preservation of less restrictive access.—Nothing in this section shall be construed to prohibit the Secretary of Health and Human Services, acting through the Commissioner of Food and Drugs, from removing, reducing, simplifying, or making less restrictive any approval condition, labeling requirement, Risk Evaluation and Mitigation Strategy, certification requirement, patient agreement requirement, medication guide, dispensing requirement, or related protocol for mifepristone.

(g) Safety authority.—Nothing in this section shall be construed to prevent the Secretary of Health and Human Services, acting through the Commissioner of Food and Drugs, from requiring adverse event reporting, manufacturing controls, labeling updates, medication guide updates, drug interaction warnings, contraindication warnings, or other drug-specific patient safety measures, if such measures do not impose a restriction prohibited under subsection (c), (d), or (e).

(h) Rule of construction.—Nothing in this section shall be construed to authorize the sale, dispensing, mailing, delivery, receipt, possession, or use of mifepristone, misoprostol, or any medication abortion regimen except pursuant to a valid prescription and applicable requirements of the Federal Food, Drug, and Cosmetic Act.

SEC. 1085. ESTABLISHING A 12-WEEK FLOOR FOR ABORTION ACCESS.

(a) Definitions.—Section 301 of title 1, United States Code, as added by section 1082 of this Act, is amended—

(1) by striking paragraph (5) and inserting the following:

"(5) Probable gestational age.—The term 'probable gestational age' means the gestational age that the fetus will probably have when the abortion is planned to be performed, as determined in the reasonable medical judgment of the attending health care practitioner.";

(2) by striking paragraph (7) and inserting the following:

"(7) Reasonable window of opportunity to make an informed decision.—The term 'reasonable window of opportunity to make an informed decision' means a period of not less than 7 days after the expectant mother first has actual knowledge of the pregnancy, provided that a choice to terminate the pregnancy should then be exercised within 3 business days."; and

(3) by adding at the end the following:

"(9) Undue burden.—The term 'undue burden' means a burden, including an unnecessary health regulation, that has the purpose or effect of placing a substantial obstacle in the path of an expectant mother seeking to obtain an abortion.".

(b) National floor for abortion access.—Chapter 4 of title 1, United States Code, as added by section 1082 of this Act, is amended by adding at the end the following:

"Sec. 303. National floor for abortion access.

"(a) Protection for contraception.—A State shall not prohibit an individual from obtaining or using contraceptives or contraceptive care.

"(b) Protection before 12 weeks.—A State shall not prohibit or impose an undue burden on the ability of an expectant mother to obtain an abortion if the probable gestational age is not more than 12 weeks.

"(c) Exceptions after 12 weeks.—A State may regulate abortion after the probable gestational age exceeds 12 weeks, except that a State shall not prohibit an abortion—

"(1) if a physical health exception applies;

"(2) if the pregnancy resulted from a qualifying criminal act and—

"(A) the probable gestational age is not more than 20 weeks; or

"(B) the expectant mother has not had a reasonable window of opportunity to make an informed decision; or

"(3) if a lethal fetal abnormality has been diagnosed.

"(d) Health and safety regulations.—A State may enact regulations to further the health or safety of an expectant mother seeking an abortion if such regulations are consistent with this section.

"(e) Post-procedure reporting.—A State may require post-procedure reporting by the attending health care practitioner only if the reporting does not delay care for, require participation by, or impose any penalty on the expectant mother.

"(f) Conscience protections.—Nothing in this section shall be construed to have any effect on laws regarding conscience protection.

"(g) Enforcement.—The Attorney General of the United States or any person adversely affected by a State law, regulation, policy, or practice in contravention of this section may seek declaratory or injunctive relief in a Federal district court or State court. In any action or proceeding under this section, the court, in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.".

(c) Conforming amendment.—The table of sections for chapter 4 of title 1, United States Code, is amended by adding at the end the following new item:

"SEC. 303. National floor for abortion access.".

SEC. 1086. CLOSING THE BUMP STOCK LOOPHOLE.

(a) In general.—Section 5845 of the Internal Revenue Code of 1986 is amended—

(1) in subsection (a) by striking "and (8) a destructive device" and inserting "(8) a destructive device; and (9) a bump stock"; and

(2) by adding at the end the following new subsections:

"(n) Bump stock.—The term 'bump stock' means any of the following:

"(1) Any manual, power driven, or electronic device that is designed such that when the device is attached to a semiautomatic weapon, the device eliminates the need for the operator of a semiautomatic weapon to make a separate movement for each individual function of the trigger and—

"(A) materially increases the rate of fire of the semiautomatic weapon, or

"(B) approximates the action or rate of fire of a machinegun.

"(2) Any part or combination of parts that is designed and functions to eliminate the need for the operator of a semiautomatic weapon to make a separate movement for each individual function of the trigger and—

"(A) materially increases the rate of fire of a semiautomatic weapon, or

"(B) approximates the action or rate of fire of a machinegun.

"(3) Any semiautomatic weapon that has been modified in any way that eliminates the need for the operator of the semiautomatic weapon to make a separate movement for each individual function of the trigger and—

"(A) materially increases the rate of fire of the semiautomatic weapon, or

"(B) approximates the action or rate of fire of a machinegun.

"(o) Semiautomatic weapon.—The term 'semiautomatic weapon' means any repeating weapon that—

"(1) utilizes a portion of the energy of a firing cartridge or shell to extract the fired cartridge case or shell casing and chamber the next round, and

"(2) requires a separate function of the trigger to fire each cartridge or shell.".

(b) Amendments to title 18, United States Code.—

(1) Section 921(a) of title 18, United States Code, is amended—

(A) in paragraph (3) by inserting "bump stock," before "firearm muffler";

(B) by inserting after paragraph (30) the following new paragraph—

"(31) The term 'bump stock' has the meaning given such term in section 5845(n) of the National Firearms Act (26 U.S.C. 5845(n)).".

(2) Section 922 of title 18, United States Code, is amended—

(A) in each of subsections (a)(4) and (b)(4), by inserting "bump stock," before "machinegun";

(B) in subsection (o)(2)(A) by striking the word "or" at the end;

(C) in subsection (o)(2)(B) by striking the period at the end and inserting "; or"; and

(D) by inserting after subsection (o)(2)(B) the following new subparagraph:

"(C) the otherwise lawful possession of a bump stock that, on or before March 1, 2027, is registered to the possessor in accordance with section 5841 of the Internal Revenue Code of 1986.".

(c) Effective date.—

(1) In general.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) Application to possession on date of enactment.—Notwithstanding paragraph (1), any person on the date of the enactment of this Act possessing a bump stock as defined in section 5845(n) of the Internal Revenue Code of 1986 (as amended by this Act) shall, not later than March 1, 2027, register such bump stock in accordance with section 5841 of the Internal Revenue Code of 1986 and include with such registration the information required under section 5841(a) of such Code. Such registration shall become a part of the National Firearms

Registration and Transfer Record required to be maintained by such section. The prohibition on possession of an unregistered firearm under section 5861 of such Code shall not apply to a bump stock described in this Act until March 1, 2027.

SEC. 1087. UNIVERSAL BACKGROUND CHECKS ON FIREARMS TRANSFERS.

(a) In general.—Section 922 of title 18, United States Code, is amended by adding at the end the following:

"(aa) (1) (A) It shall be unlawful for any person who is not a licensed importer, licensed manufacturer, or licensed dealer to transfer a firearm to any other person who is not so licensed, unless a licensed importer, licensed manufacturer, or licensed dealer has first taken possession of the firearm for the purpose of complying with subsection (t).

"(B) Upon taking possession of a firearm under subparagraph (A), a licensee shall comply with all requirements of this chapter as if the licensee were transferring the firearm from the inventory of the licensee to the unlicensed transferee.

"(C) If a transfer of a firearm described in subparagraph (A) will not be completed for any reason after a licensee takes possession of the firearm (including because the transfer of the firearm to, or receipt of the firearm by, the transferee would violate this chapter), the return of the firearm to the transferor by the licensee shall not constitute the transfer of a firearm for purposes of this chapter.

"(2) Paragraph (1) shall not apply to—

"(A) a law enforcement agency or any law enforcement officer, armed private security professional, or member of the armed forces, to the extent the officer, professional, or member is acting within the course and scope of employment and official duties;

"(B) a transfer or exchange (which, for purposes of this subsection, means an in-kind transfer of a firearm of the same type or value) that is a loan or bona fide gift between spouses, between domestic partners, between parents and their children, including step-parents and their step-children, between siblings, between aunts or uncles and their nieces or nephews, or between grandparents and their grandchildren, if the transferor has no reason to believe that the transferee will use or intends to use the firearm in a crime or is prohibited from possessing firearms under State or Federal law;

"(C) a transfer to an executor, administrator, trustee, or personal representative of an estate or a trust that occurs by operation of law upon the death of another person;

"(D) a temporary transfer that is necessary to prevent imminent death or great bodily harm, including harm to self, family, household members, or others, if the possession by the transferee lasts only as long as immediately necessary to prevent the imminent death or great bodily harm, including the harm of domestic violence, dating partner violence, sexual assault, stalking, and domestic abuse;

"(E) a transfer that is approved by the Attorney General under section 5812 of the Internal Revenue Code of 1986; or

"(F) a temporary transfer if the transferor has no reason to believe that the transferee will use or intends to use the firearm in a crime or is prohibited from possessing firearms under State or Federal law, and the transfer takes place and the transferee's possession of the firearm is exclusively—

"(i) at a shooting range or in a shooting gallery or other area designated for the purpose of target shooting;

"(ii) while reasonably necessary for the purposes of hunting, trapping, pest control on a farm or ranch, or fishing, if the transferor—

"(I) has no reason to believe that the transferee intends to use the firearm in a place where it is illegal; and

"(II) has reason to believe that the transferee will comply with all licensing and permit requirements for such hunting, trapping, pest control on a farm or ranch, or fishing; or

"(iii) while in the presence of the transferor.

"(3) It shall be unlawful for a licensed importer, licensed manufacturer, or licensed dealer to transfer possession of, or title to, a firearm to another person who is not so licensed unless the importer, manufacturer, or dealer has provided such other person with a notice of the prohibition under paragraph (1), and such other person has certified that such other person has been provided with this notice on a form prescribed by the Attorney General.

"(4) The Attorney General shall make available to any person licensed under this chapter both Spanish and English versions of the form required for the conduct of a background check under subsection (t) and this subsection, and the notice and form required under paragraph (3) of this subsection.

"(5) (A) Notwithstanding any other provision of this chapter, the Attorney General may implement this subsection with regulations, including interim final rules. An interim final rule issued under this paragraph may take effect upon publication in the Federal Register, shall have the force and effect of law, and may be issued without regard to section 553 of title 5, United States Code. The Attorney General shall provide a public comment period of not less than 60 days after publication of any interim final rule issued under this paragraph and, if an interim final rule is issued, shall issue final rules not later than 180 days after the date on which the interim final rule is issued.

"(B) Regulations promulgated under this paragraph may not include any provision requiring licensees to facilitate transfers in accordance with paragraph (1).

"(C) Regulations promulgated under this paragraph may not include any provision requiring persons not licensed under this chapter to keep records of background checks or firearms transfers.

"(D) Regulations promulgated under this paragraph may not include any provision placing a cap on the fee licensees may charge to facilitate transfers in accordance with paragraph (1).

"(E) Regulations promulgated under this paragraph shall include, in the case of a background check conducted by the national instant criminal background check system in response to a contact from a licensed importer, licensed manufacturer, or licensed dealer, which background check indicates that the receipt of a firearm by a person would violate subsection (g)(5), a requirement that the system notify U.S. Immigration and Customs Enforcement.".

(b) Penalty.—Section 924(a)(5) of title 18, United States Code, is amended by striking "or (t)" and inserting ", (t), or (aa)".

(c) Rule of construction.—Nothing in this section, or any amendment made by this section, shall be construed to—

(1) authorize the establishment, directly or indirectly, of a national firearms registry; or

(2) interfere with the authority of a State, under section 927 of title 18, United States Code, to enact a law on the same subject matter as this section.

(d) Effective date.—This section and the amendments made by this section shall take effect on January 1, 2027.

SEC. 1088. 10-YEAR PROHIBITION ON CERTAIN WEDGE ISSUE LEGISLATION.

(a) Definitions.—In this section:

(1) Covered legislation.—The term "covered legislation" means a covered measure in the form of a bill or joint resolution.

(2) Covered measure.—The term "covered measure" means a bill, joint resolution, amendment, motion, or conference report that would—

(A) amend, repeal, supersede, or otherwise impair—

(i) chapter 4 of title 1, United States Code, as added by section 1082;

(ii) section 1084 or 1085; or

(iii) any amendment made by section 1083;

(B) establish a new prohibition on, or material restriction of, access to abortion, medication abortion, abortion-related material, contraception, miscarriage management, ectopic pregnancy treatment, or emergency pregnancy-related care as protected by Federal law immediately following enactment of this Act;

(C) amend, repeal, supersede, or otherwise impair—

(i) section 1086 or 1087;

(ii) subsection (aa) of section 922 of title 18, United States Code, as added by section 1087; or

(iii) any amendment made by section 1086 or 1087; or

(D) establish a new prohibition on, or material restriction of, the manufacture, sale, transfer, receipt, ownership, or possession of a firearm, as defined in section 921(a)(3) of title 18, United States Code, by, to, or with respect to a person who is not prohibited from possessing a firearm under Federal law immediately following enactment of this Act.

(3) Member of Congress.—The term "Member of Congress" means a Senator, Representative in Congress, Delegate, or Resident Commissioner.

(b) Criminal offense.—A Member of Congress who knowingly introduces, sponsors, or cosponsors covered legislation commits a Class C misdemeanor.

(c) Point of order.—It shall not be in order in the House of Representatives or the Senate to consider a covered measure.

(d) Internal discipline.—A Member of Congress who knowingly introduces, sponsors, or cosponsors covered legislation engages in disorderly behavior for purposes of Article I, Section 5, Clause 2 of the Constitution of the United States and may be punished by the House of Representatives or the Senate, as applicable, in the manner and to the extent determined by that House.

(e) No inquiry into motive.—

(1) Criminal and disciplinary proceedings.—No prosecution or disciplinary proceeding under this section shall require proof of the motive, purpose, viewpoint, or legislative intent of any Member of Congress. A prosecution under subsection (b) or disciplinary proceeding under subsection (d) shall be determined solely by whether the legislation is covered legislation and whether the Member knowingly introduced, sponsored, or cosponsored such legislation.

(2) Points of order.—No point of order under this section shall require proof of the motive, purpose, viewpoint, or legislative intent of any Member of Congress. A point of order under subsection (c) shall be determined solely by whether the measure is a covered measure.

(f) Exercise of rulemaking and disciplinary power.—Subsections (c) and (d) are enacted pursuant to Article I, Section 5, Clause 2 of the Constitution of the United States—

(1) as an exercise of the rulemaking and disciplinary power of the House of Representatives and the Senate, respectively, and as such shall be considered as part of the rules of each House, respectively, and shall supersede other rules only to the extent that they are inconsistent with such rules; and

(2) with full recognition of the Constitutional right of either House to change the rules or discipline its Members, so far as relating to the procedure or Members of that House, in the same manner and to the same extent as in the case of any other rule or disciplinary power of that House.

(g) Construction and severability.—If subsection (b), or the application of subsection (b) to any person or circumstance, is held to be invalid or unenforceable, the remaining provisions of this section, including subsections (c), (d), (e), (f), and (h), and the application of such provisions to any other person or circumstance, shall not be affected.

(h) Sunset.—This section is repealed at 12:01 a.m. on October 30, 2036.

(The POPULIST Act of 2026, TITLE X, version 2.5, last updated September 21, 2026)

TITLE XI—STACK HONEST TRADE

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

SEC. 1101. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) The people of the United States have a substantial interest in ensuring that trade, commerce, and competition policy operate on terms that are transparent and fair. The

proliferation of hidden fees, coercive contract terms, reduced competition, repair restrictions, and other forms of commercial manipulation undermine honest trade.

(2) Consolidation and insufficient competition policy have contributed to business profits roughly doubling since the pandemic, which a more honest economy would pass through in lower prices, higher wages, and broader productive investment. Throughout American history, periods of excessive concentration of private economic power have required public action to restore opportunity, accountability, and fair dealing in the marketplace.

(3) The Federal Trade Commission and the Antitrust Division of the Department of Justice require modern rulemaking tools, improved analytical capacity, greater resources, and a 21st century mandate to police unfair, deceptive, or abusive acts or practices in commerce effectively.

(4) Algorithmic pricing systems can facilitate unlawful collusion, exploit surveillance data, and produce price increases, output restrictions, and other market harms at a scale and speed not contemplated by older law.

(5) The advertising industry thrives on manipulating consumer judgment, including through exploiting developing minds in children, and the scale of intrusive and personalized advertising imposes a burden on the overall mental well-being of society.

(6) Similar to the exploitation of workers in the gig economy, franchisees may be described as independent business owners while franchisors control essential terms of their operations. Such arrangements can shift investment, debt, and operating risk to franchisees while withholding the practical independence ordinarily associated with business ownership.

(7) In the 21st century, the scale, reach, and profitability of dominant corporations have produced a second Gilded Age, where wealth inequality creates a "K-shaped" economy. The majority of Americans on the lower leg increasingly find commerce to be extractive and unresponsive to the public interest.

(8) A reasonable person could conclude that America's system of trade and commerce is stacked against them and in favor of corporate power.

(b) Purpose.—The purposes of this title are—

(1) to strengthen the authority and capacity of the Federal Government in modern consumer protection and competition policy; and

(2) to stack honest trade in favor of the people of the United States.

SEC. 1102. ANTITRUST ENFORCEMENT APPROPRIATION AND FEE RETENTION.

(a) Appropriation.—In addition to any other amounts appropriated or otherwise made available, there is appropriated, out of any money in the Treasury not otherwise appropriated, $500,000,000 for fiscal year 2027, to remain available until September 30, 2029, for necessary expenses of the Antitrust Division of the Department of Justice in carrying out the antitrust and kindred laws.

(b) Retention and use of premerger notification filing fees.—Beginning in fiscal year 2027, and each fiscal year thereafter, all premerger notification filing fees collected pursuant to section 7A of the Clayton Act (15 U.S.C. 18a) shall—

(1) be retained, in equal amounts, by the Antitrust Division of the Department of Justice and the Federal Trade Commission, and used for expenses necessary for the enforcement of the antitrust and kindred laws; and

(2) remain available until expended.

Subtitle A—Fair Dealing

SEC. 1111. ONE-PRICE RULE AND PROHIBITION ON DECEPTIVE PRICING.

(a) Definition.—In this section, the term "consumer" means a natural person acting primarily for personal, family, or household purposes.

(b) One-price requirement.—It shall be an unfair, deceptive, or abusive act or practice for any seller of goods or services to advertise, display, or represent a price to a consumer unless such price equals the total amount the consumer is required to pay to complete the transaction.

(c) Prohibited practices.—Without limiting subsection (b), the following practices are prohibited:

(1) advertising or displaying a price to which any fee, charge, assessment, surcharge, or other amount is added prior to completion of the transaction;

(2) advertising or displaying a price that excludes taxes or other amounts the consumer is required to pay;

(3) representing any fee, charge, or payment as optional when such payment is expected, customary, or necessary to complete the transaction;

(4) soliciting, suggesting, prompting, or otherwise requesting gratuities, tips, or service charges in connection with a priced good or service.

(d) Voluntary gifts.—Nothing in this section shall prohibit a consumer from making a voluntary, unsolicited gift to an employee after completion of a transaction, provided that such gift is not requested, suggested, prompted, or implied by the seller.

(e) Business-to-business invoices.—Nothing in this section shall be construed to prohibit a seller in a business-to-business transaction from separately stating, itemizing, or invoicing any tax, duty, fee, or other charge imposed by a Federal, State, or local government.

(f) Rulemaking.—The Federal Trade Commission may issue such rules and guidance as are necessary to carry out this section.

(g) Enforcement.—A violation of this section shall be treated as a violation of section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)). The Attorney General of any State may bring a civil action in the name of the State to enforce this section on behalf of the residents of that State.

(h) Safe harbor period.—During the 6-month period beginning on the effective date specified in subsection (i), it shall be an affirmative defense to an enforcement action under this section that the seller clearly and conspicuously disclosed to the consumer, prior to completion of the transaction, that the advertised price did not represent the total amount required to be paid.

(i) Effective date.—This section shall take effect on January 1, 2027.

SEC. 1112. WAGE PRICE INDICATOR.

(a) Findings.—Congress finds the following:

(1) Because of inflation, the display of prices solely in nominal United States dollars can make it more difficult for consumers to compare the real burden of major purchases over time.

(2) A standardized supplemental indicator tied to the annual basic wage can help consumers distinguish between changes in nominal prices and changes in affordability relative to wages.

(3) Requiring such an indicator initially only for higher-priced goods and services can improve consumer understanding while permitting phased implementation.

(b) Definitions.—

(1) Basic wage.—The term "basic wage" means the annual amount calculated under section 1398c of title 42, United States Code.

(2) Commission.—The term "Commission" means the Federal Trade Commission.

(c) Wage price indicator required.—Beginning January 1, 2028, any person that advertises, displays, or offers a price subject to section 1111 in excess of $4,990 shall, in addition to the nominal price in United States dollars, clearly and conspicuously display in close proximity to such nominal price a wage price indicator for such good or service.

(d) Wage price indicator calculated.—The wage price indicator for a good or service is equal to the nominal price of the good or service divided by one-thousandth of the basic wage, with the resulting quotient rounded to the nearest 0.01.

(e) Format.—

(1) A wage price indicator shall not be preceded by a dollar sign or other currency symbol and shall not be presented in a manner that suggests that it is denominated in United States dollars or other legal tender.

(2) A wage price indicator shall be accompanied by the words "Wage Price Indicator", except that the Commission may by rule permit the use of a standardized abbreviation or label that clearly distinguishes the indicator from a nominal price.

(f) Rulemaking.—The Commission may promulgate rules necessary to carry out this section, including rules—

(1) prescribing formatting, labeling, and placement requirements for the wage price indicator;

(2) lowering the threshold in subsection (c), if the Commission determines that broader use would materially assist consumers in comparing prices in real terms without imposing unreasonable compliance burdens; and

(3) publishing tables, calculators, or other compliance guidance to facilitate calculation and display of the wage price indicator.

(g) Rule of construction.—Nothing in this section shall be construed to prohibit any person from displaying a wage price indicator for any good or service not subject to subsection (c), if such display otherwise complies with this section and any regulations promulgated under this section.

(h) Enforcement.—A violation of this section shall be treated as a violation of section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)). The Attorney General of any State may bring a civil action in the name of the State to enforce this section on behalf of the residents of that State.

SEC. 1113. COMBATTING AUTO RETAIL SCAMS.

(a) Incorporation of specified regulations.—The provisions of the final rule promulgated by the Federal Trade Commission, entitled "Combating Auto Retail Scams Trade Regulation Rule," as published in the Federal Register on January 4, 2024 (89 Fed. Reg. 590), are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection.

(b) Effect of incorporation.—The provisions incorporated under subsection (a) may be altered only by means of an Act of Congress. To the extent that any provision of such regulations does not conform with any other statutory provision of law enacted before the date of enactment of this Act, the provisions of this Act shall govern.

(c) 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. 1114. PROHIBITION ON BEST PRICE CLAUSES.

(a) Definitions.—In this section:

(1) Adverse action.—The term "adverse action" means any action that materially disadvantages a business user, including by increasing fees or commissions, degrading rank, search placement, access to data, access to application programming interfaces, access to fulfillment or logistics, or by delaying payments, suspending, delisting, or terminating the business user.

(2) Best price clause.—The term "best price clause" means any contract term, policy, algorithmic practice, or other requirement of an online marketplace, whether express or implied, that directly or indirectly prevents a business user from offering or providing the same product or service to any customer through any other channel at a price more favorable than the price offered through such online marketplace.

(3) Business user.—The term "business user" means any person that offers, sells, licenses, advertises, provides, or otherwise makes available a product or service to end users through an online marketplace.

(4) Commission.—The term "Commission" means the Federal Trade Commission.

(5) Covered platform operator.—The term "covered platform operator" means a person that owns or controls an online marketplace and that—

(A) in not fewer than 3 months during the most recently completed 12-month period—

(i) has at least 1,000,000 United States-based monthly active users on the online marketplace; or

(ii) has at least 1,000 United States-based monthly active business users on the online marketplace; or

(B) is owned or controlled by a person with gross revenues in the United States during the most recently completed 12-month period, or a market capitalization, greater than $50,000,000.

(6) Online marketplace.—The term "online marketplace" means a digital platform that facilitates transactions between 2 or more unaffiliated third parties for the sale, lease, or exchange of goods or services, and that establishes, enforces, or materially influences the terms under which such transactions occur.

(b) Prohibition.—It shall be unlawful for a covered platform operator to—

(1) impose, enforce, or attempt to impose or enforce any best price clause;

(2) take any adverse action against a business user because the business user offers a different price, or different terms or conditions, through any other channel; or

(3) restrict or deter a business user from—

(A) communicating to any customer, through any channel, the price, terms, or conditions at which the business user offers the same product or service through any other channel; or

(B) directing or referring a customer to any other channel for the purchase, license, or acquisition of the same product or service.

(c) Anti-circumvention rule.—It shall be unlawful for a covered platform operator to circumvent or attempt to circumvent subsection (b) through any policy or practice that has the purpose or effect of achieving substantially the same outcome as a violation of subsection (b).

(d) Voidness.—Any best price clause is void and unenforceable as against public policy.

(e) Enforcement by the Commission.—

(1) Rulemaking authority.—The Commission may promulgate rules relative to this section in accordance with section 553 of title 5, United States Code, including rules to prevent evasion or circumvention of the prohibitions imposed by this section.

(2) In general.—Violation of this section, or any regulation promulgated under paragraph (1), shall be treated as a violation under section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)) regarding unfair, deceptive, or abusive acts or practices. The Commission shall enforce 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.

(3) Intervention.—On receiving notice pursuant to subsection (f)(3)(A), the Commission may intervene in the action that is the subject of the notice. If the Commission intervenes in such action, it shall have the authority—

(A) to be heard with respect to any matter that arises in that action; and

(B) to file a petition for appeal.

(4) Amicus curiae.—The Commission may appear as *amicus curiae* in any action brought under subsection (f).

(5) Authority preserved.—Nothing in this section shall be construed to limit the authority of the Commission under any other provision of law.

(f) State enforcement.—

(1) In general.—In any case in which the attorney general of a State has reason to believe that a violation of this section is adversely affecting business users of that State, the attorney general may bring a civil action on behalf of the residents of the State in a district court of the United States of appropriate jurisdiction to—

(A) enjoin that practice;

(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 relief as the court may consider to be appropriate.

(2) Exception.—In any case in which an action is instituted under subsection (e), no State may, during the pendency of that action, institute an action under paragraph (1) against any defendant named in the complaint.

(3) Notification.—

(A) When filing an action under paragraph (1), the attorney general of the State involved shall provide to the Commission—

(i) written notice of that action; and

(ii) a copy of the complaint for that action.

(B) The requirements of subparagraph (A) must be met prior to filing of the action, unless it is not feasible to do so, in which case they must be met at the same time as the action is filed.

(g) Rule of construction.—Nothing in this section shall be construed to require a covered platform operator to set, impose, or control prices charged by a business user in any channel.

SEC. 1115. DEFENSE PROCUREMENT PAYMENT AND PRICING INTEGRITY.

(a) Definitions.—In this section:

(1) Allowable costs.—The term "allowable costs" means costs determined to be allowable under section 31.201-2 of the Federal Acquisition Regulation, or any successor regulation, including any applicable cost principle, agency supplement, or contract term.

(2) Contractor return.—The term "contractor return" means any amount, however characterized, paid to a contractor or subcontractor above allowable costs.

(3) Cost or pricing data.—The term "cost or pricing data" has the meaning given in section 3701 of title 10, United States Code.

(4) Covered contract.—The term "covered contract" means any contract, subcontract, other transaction agreement, or contract modification funded in whole or in part through national defense budget function 050, other than a firm-fixed-price contract awarded through full and open competition for a commercial product or commercial service.

(5) Prime contractor.—The term "prime contractor" means a person or entity that enters into a direct contractual relationship with the Federal Government for the procurement of property or services.

(6) Progress payment.—The term "progress payment" means a payment made by the Federal Government to a contractor prior to completion of performance, based on costs incurred or work in progress.

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

(8) Subcontractor.—The term "subcontractor" means a person or entity that enters into a contractual relationship with a prime contractor to furnish supplies or services for performance of a Federal contract.

(b) Reinstatement of paid cost rule.—

(1) A prime contractor may not submit an invoice, voucher, or request for reimbursement to the Federal Government for subcontractor costs unless such costs have been paid in cash or cash equivalent to the subcontractor.

(2) Paragraph (1) shall apply to all cost-reimbursement contracts, incentive contracts, and any other contract type designated by the Secretary by regulation.

(c) Truthful pricing reforms.—

(1) Commercial defined.—Section 3701 of title 10, United States Code, is amended by adding at the end:

"(3) Commercial product or commercial service.—

"(A) In general.—The term 'commercial product' or 'commercial service' means a product or service that—

"(i) is sold in substantial quantities to the general public or to multiple nongovernmental entities;

"(ii) is offered and sold under materially similar terms and conditions to nongovernmental buyers; and

"(iii) has a price that is primarily established through competitive market forces independent of Federal procurement.

"(B) Exclusions.—A product or service shall not be considered commercial if—

"(i) the Federal Government is the predominant or sole purchaser;

"(ii) the product or service has been materially modified to meet Federal or military-unique requirements; or

"(iii) the price offered to the Federal Government is based primarily on prior Government contracts rather than nongovernmental sales.".

(2) Threshold reduced.—Section 3702 of title 10, United States Code, is amended as follows:

(A) In subsection (a)(1)(A), by striking "$10,000,000" and inserting "$750,000".

(B) In subsection (a)(2), by striking "$10,000,000" and inserting "$750,000".

(C) In subsection (a)(3)(A)(i), by striking "$10,000,000" and inserting "$750,000".

(D) In subsection (a)(3)(A)(ii), by striking the second period at the end.

(E) In subsection (a)(3)(B)(i)(III), by striking "$5,000,000" and inserting "$750,000".

(F) In subsection (a)(4), by striking "$2,000,000" and inserting "$750,000".

(3) Restoring price competition.—Section 3703(a)(1)(A) of title 10, United States Code, is amended by striking "adequate price competition" and inserting "competition that results in at least 2 or more responsive and viable competing bids".

(4) Pre-definition determinations not valid.—Section 3703(d)(1) of title 10, United States Code, is amended by inserting after "determination made" the phrase "after the date of enactment of the POPULIST Act".

(5) Transitional disclosure for certain covered contracts.—

(A) In general.—In the case of any prime contract, subcontract, or modification entered into after June 30, 2026, and before the date of enactment of this Act, for which certified cost or pricing data would have been required if the amendments made by paragraph (2) had been in effect on the date of award, the offeror, contractor, or subcontractor shall, not later than 60 days after the date of enactment of this Act, submit to the appropriate contracting officer or higher-tier contractor the cost or pricing data that would have been required under section 3702 of title 10, United States Code, as amended by this Act, together with a certification that such data are accurate, complete, and current as of the date of submission.

(B) Consequence of noncompliance.—

(i) A person's failure to submit the cost or pricing data required under subparagraph (A) shall create a rebuttable presumption that the price of the contract, subcontract, or modification was not fair and reasonable, and the head of the agency shall take 1 or more of the following actions—

(I) withhold progress payments or other amounts otherwise due under the contract;

(II) treat the failure as a basis for a price reduction;

(III) assess a civil penalty not to exceed 15 percent of the contract, subcontract, or modification in question; or

(IV) take any other appropriate contractual remedy.

(ii) The rebuttable presumption under clause (i) that the price of the contract, subcontract, or modification was not fair and reasonable may be rebutted through submission of the required cost or pricing data.

(C) Rule of construction.—Submission under subparagraph (A) shall not by itself constitute an admission of liability, fraud, or defective pricing, but failure to submit may be considered in determining whether a price adjustment, recoupment, or other remedy is appropriate.

(d) Limitation on contractor returns.—

(1) Limitation.—No covered contract may provide for aggregate contractor return in excess of—

(A) 10 percent of the estimated costs used to establish the price of the covered contract or the allowable costs incurred under the covered contract, excluding contractor return; or

(B) 15 percent of the estimated costs used to establish the price of the covered contract or the allowable costs incurred under the covered contract, excluding contractor return, for experimental, developmental, or research work.

(2) Award and incentive fees.—No award fee, incentive fee, performance fee, or similar payment may be paid under a covered contract unless—

(A) the payment is based on objective, measurable performance criteria established before award;

(B) the contractor has met cost, schedule, quality, safety, and delivery requirements;

(C) the payment does not cause aggregate contractor return to exceed the limitation under paragraph (1); and

(D) the contracting officer makes a written determination supporting the payment.

(3) Pass-through charges.—No contractor return may be paid on work performed by a subcontractor unless the prime contractor or higher-tier subcontractor provides documented added value other than general administrative oversight.

(e) No evasion.—It shall be unlawful for any person to knowingly evade or attempt to evade any provision of this section, including by entering into an agreement or contract, engaging in a transaction, or structuring an entity.

(f) Enforcement and remedies.—

(1) Any amount paid in violation of this section shall be subject to recoupment by the Federal Government.

(2) A prime contractor, subcontractor, or other person that knowingly violates subsection (b), (c), (d), or (e) shall be subject to suspension or debarment from Federal contracting for not less than 5 years.

(3) Any person who knowingly submits false or incomplete cost or pricing data shall be subject to the penalties applicable under section 1001 of title 18, United States Code.

(g) Regulations.—

(1) Not later than January 1, 2027, the Secretary shall promulgate regulations to implement this section.

(2) Such regulations shall prioritize prompt subcontractor payment, reduction of government-financed risk transfer, and enhanced pricing transparency.

SEC. 1116. ONLINE MARKETPLACE DISTRIBUTOR CLARIFICATION.

(a) Definitions.—Section 3(a) of the Consumer Product Safety Act (15 U.S.C. 2052(a)) is amended by adding at the end the following:

"(18) Online marketplace.—The term 'online marketplace' means a digital platform that—

"(A) actively facilitates transactions for the sale of consumer products between 2 or more unaffiliated third parties, including by integrating payment systems or making consumer product recommendations; and

"(B) has gross revenues in the United States during the most recently completed 12-month period, or a market capitalization, greater than $1,000,000,000.

"(19) Online marketplace operator.—The term 'online marketplace operator' means any person that owns or controls an online marketplace.".

(b) Distributor.—Section 3(a)(8) of the Consumer Product Safety Act (15 U.S.C. 2052(a)(8)) is amended by adding at the end the following: "The term includes an online marketplace operator, with respect to a consumer product sold or offered for sale to a consumer in the United States through an online marketplace owned or controlled by the operator.".

(c) De minimis exemption authority.—Section 3 of the Consumer Product Safety Act (15 U.S.C. 2052) is amended by adding at the end the following new subsection:

"(c) The Commission may, by rule, exempt online marketplace operators of limited scale if the Commission determines that inclusion of such operators would impose a burden disproportionate to the resulting protection of the public.".

SEC. 1117. CLICK-TO-CANCEL AND NEGATIVE OPTION RULE CODIFICATION.

(a) Incorporation of specified regulations.—The provisions of the final rule promulgated by the Federal Trade Commission, entitled "Negative Option Rule", as published in the Federal Register on November 15, 2024 (89 Fed. Reg. 90476), including the amendments revising part 425 of title 16, Code of Federal Regulations, and retitling such part as the "Rule Concerning Recurring Subscriptions and Other Negative Option Programs", are incorporated into this Act and shall be treated as though such provisions are set forth in this section.

(b) Effect of incorporation.—To the extent that any provision of such regulations does not conform with any other statutory provision of law enacted before the date of enactment of this Act, the provisions of this Act shall govern.

(c) Rule of construction.—Nothing in this section shall be construed to prohibit the Federal Trade Commission from promulgating, maintaining, or enforcing requirements that provide equal or greater protection to consumers with respect to recurring subscriptions, automatic renewals, free-trial conversion offers, continuity plans, prenotification negative option plans, or any other negative option feature, except that the Commission may not by rule or guidance weaken, narrow, or create exemptions from the protections incorporated under subsection (a) unless expressly authorized by an Act of Congress enacted after the date of enactment of this Act.

(d) State protections not precluded.—Nothing in this section shall be construed to supersede, alter, affect, or preempt any Federal, State, Tribal, or local law, regulation, order, guidance, or interpretation that affords any consumer greater protection than the protections provided under this section or the regulations incorporated under it.

Subtitle B—Competition Policy Modernization

SEC. 1121. ROBINSON-PATMAN ACT REORGANIZATION.

The Robinson-Patman Act (15 U.S.C. 13) is amended by striking the existing text and inserting the following—

"(a) Price; selection of customers.—

"(1) Prohibition.—It shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price if all of the following conditions are met:

"(A) The discrimination is between different purchasers of—

"(i) commodities of like grade and quality; or

"(ii) functionally equivalent services;

"(B) (i) Either or any of the purchases involved in such discrimination are in commerce; and

"(ii) such commodities or services are sold for use, consumption, or resale within—

"(I) the United States;

"(II) any Territory thereof;

"(III) the District of Columbia; or

"(IV) any insular possession or other place under the jurisdiction of the United States; and

"(C) The effect of such discrimination may be substantially—

"(i) to lessen competition or tend to create a monopoly in any line of commerce; or

"(ii) to injure, destroy, or prevent competition—

"(I) with any person who—

"(aa) grants such discrimination; or

"(bb) knowingly receives the benefit of such discrimination; or

"(II) with customers of a person described in subclause (I).

"(2) Safe harbors.—It shall not be unlawful under this subsection for—

"(A) differentials resulting from differing methods or quantities in the cost of manufacture, sale, or delivery of such commodities or services which are—

"(i) direct;

"(ii) verifiable;

"(iii) transaction-specific; and

"(iv) causally linked

"to such purchasers with respect to such sale or provision;

"(B) persons engaged in selling goods, services, wares, or merchandise in commerce to select their own customers in bona fide transactions and not in restraint of trade; or

"(C) price changes from time to time where in response to changing conditions affecting the market for or the marketability of the goods or services concerned, such as but not limited to—

"(i) actual or imminent deterioration of perishable goods;

"(ii) obsolescence of seasonal goods;

"(iii) distress sales under court process; or

"(iv) sales in good faith in discontinuance of business in the goods concerned.

"(3) Quantity limits.—

"(A) Authority.—The Commission may, after due investigation and hearing to all interested parties, fix and establish quantity limits, and revise such limits as it finds necessary, with respect to particular commodities or classes of commodities.

"(B) Standard.—The Commission may exercise the authority under subparagraph (A) where it finds that purchasers available in greater quantities are so few as to render differentials on account of such quantities unjustly discriminatory or promotive of monopoly in any line of commerce.

"(C) Effect.—Upon the establishment of quantity limits under this paragraph, this subsection shall not be construed to permit differentials based on differences in quantities greater than those so fixed and established.

"(b) Burden of rebutting prima-facie case of discrimination.—

"(1) Burden.—Upon proof being made, at any hearing on a complaint under this section, that a violation of subsection (a)(1) has occurred, the Commission is authorized to issue an order terminating the discrimination unless the person charged shall affirmatively show justification such as provided by subsection (a)(2) or paragraph (2).

"(2) Meeting competition.—A seller may rebut a prima-facie case made in this subsection by showing that their lower price or the furnishing of services or facilities to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor, or the services or facilities furnished by a competitor.

"(c) Payment or acceptance of commission, brokerage, or other compensation.—

"(1) Prohibition.—It shall be unlawful for any person engaged in commerce, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof.

"(2) Exception.—Paragraph (1) shall not apply where—

"(A) the compensation is paid solely for services rendered in connection with the sale or purchase of goods, wares, or merchandise; and

"(B) such services are rendered either—

"(i) to the other party to the transaction; or

"(ii) to an agent, representative, or other intermediary that is acting in fact for or on behalf of, or is subject to the direct or indirect control of, the person by whom such compensation is paid.

"(d) Payment for services or facilities for processing or sale.—

"(1) Prohibition.—It shall be unlawful for any person engaged in commerce, in the course of such commerce, to

"(A) pay or contract for the payment of anything of value

"(B) to or for the benefit of a customer of such person

"(C) as compensation or in consideration for services or facilities—

"(i) furnished by or through such customer; and

"(ii) in connection with the processing, handling, sale, or offering for sale—

"(I) any products or commodities manufactured, sold, or offered for sale by such person.

"(2) Proportional availability.—Paragraph (1) shall not apply where such payment or consideration is made available on proportionally equal terms to all other customers competing in the distribution of such products or commodities.

"(e) Furnishing services or facilities for processing, handling, etc.—

"(1) Prohibition.—It shall be unlawful for any person engaged in commerce to—

"(A) discriminate in favor of one purchaser; and

"(B) against another purchaser or purchasers—

"(i) of a commodity bought for resale;

"(ii) with or without processing;

"(C) by contracting to furnish or furnishing, or by contributing to the furnishing of—

"(i) services or facilities

"(ii) furnished in connection with the processing, handling, sale, or offering for sale—

"(I) such commodity described in subparagraph (B)(i).

"(2) Proportional availability.—Paragraph (1) shall not apply where such services or facilities are made available on proportionally equal terms to all purchasers competing in the distribution of such commodity.

"(f) Knowingly inducing or receiving discriminatory price.—It shall be unlawful for any person engaged in commerce, in the course of such commerce, knowingly to induce or receive a discrimination in price which is prohibited by this section.".

SEC. 1122. SHERMAN ACT AMENDMENTS.

(a) Section 2 of the Sherman Act (15 U.S.C. 2) is amended—

(1) by striking "Every" and inserting "(a) Every"; and

(2) by adding at the end the following:

"(b) (1) In any case alleging a violation of this section or section 1 in which a plaintiff establishes by a preponderance of the evidence (including direct evidence) the existence of substantial market power or the anticompetitive or otherwise detrimental effects of particular practices, a

plaintiff need neither define the scope of a relevant market nor establish the share of such a market controlled by the defendant.

"(2) In any case alleging a violation of this section or section 1 in which the defendant relies on alleged procompetitive effects to justify the conduct of the defendant, the defendant shall establish by clear and convincing evidence that—

"(A) the procompetitive effects of the conduct clearly outweigh the anticompetitive effects of the conduct; and

"(B) the defendant could not obtain substantially similar procompetitive effects through commercially reasonable alternatives that would involve materially lower competitive risks.

"(3) Nothing in this subsection may be construed to prevent a court from considering evidence relating to the definition of a proposed relevant market in evaluating the merits of a claim.".

(b) Section 4 of the Sherman Act (15 U.S.C. 4) is amended—

(1) by striking "The several" and inserting "(a) The several"; and

(2) by adding at the end the following:

"(b) It is the policy of the United States that the principal standard for evaluating the permissibility of practices under this Act is the protection of economic competition within the United States.

"(c) In any action brought by the United States or the Federal Trade Commission alleging a violation of this Act, if the United States or the Federal Trade Commission establishes such a violation, the court shall order disgorgement of all profits earned by the defendant as a result of the conduct constituting that violation, except upon a showing of extraordinary good cause.

"(d) In any action brought by the United States or the Federal Trade Commission in which a violation of section 2 is established, the court shall, in addition to any other remedy or penalty provided by law, order relief that—

"(1) unfetters the affected market or markets from the harm caused by the violation;

"(2) terminates any monopoly unlawfully acquired or maintained through the violation; and

"(3) eliminates any practice likely to result in a future violation of section 2 by the defendant.".

(c) Federal Trade Commission authority.—Section 5 of the Federal Trade Commission Act (15 U.S.C. 45), as amended by this Act, is further amended by adding at the end the following:

"(p) Civil action for Sherman Act violations.—

"(1) In general.—The Commission may commence a civil action in a district court of the United States against any person, partnership, or corporation for a violation of subsection (a)(1) respecting an unfair method of competition that constitutes a violation of section 1 or 2 of the Sherman Act (15 U.S.C. 1, 2).

"(2) Relief.—In an action under paragraph (1), the Commission may seek, and the court may grant, any relief authorized under this Act, the Sherman Act (15 U.S.C. 1 et seq.), or the Clayton Act (15 U.S.C. 12 et seq.), including relief under section 4(c) or (d) of the Sherman Act.".

SEC. 1123. CLAYTON ACT AMENDMENTS.

(a) Policy of competition.—Section 1 of the Clayton Act (15 U.S.C. 12) is amended—

(1) in subsection (a)—

(A) by designating the 3 undesignated paragraphs as paragraphs (1) through (3), respectively; and

(B) by adding at the end the following:

"(4) The term 'market power' in this Act means the ability of a person, or a group of persons acting in concert, to profitably impose terms or conditions on counterparties, including terms regarding price, quantity, product or service quality, or other terms affecting the value of consideration exchanged in the transaction, that are more favorable to the person or group of persons imposing them than what the person or group of persons could obtain in a competitive market."; and

(2) by adding at the end the following:

"(c) It is the policy of the United States that the principal standard for evaluating the permissibility of practices under this Act is the protection of economic competition within the United States.".

(b) Prejudgment interest.—Section 4 of the Clayton Act (15 U.S.C. 15) is amended by striking subsection (a) and inserting the following:

"(a) Except as provided in subsection (b), any person injured in that person's business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover—

"(1) threefold the damages sustained by such person;

"(2) the cost of suit, including a reasonable attorney's fee; and

"(3) simple interest on threefold the damages sustained by that person for the period beginning on the date of service of that person's pleading setting forth a claim under the antitrust laws and ending on the date of judgment.".

(c) Section 7 of the Clayton Act (15 U.S.C. 18) is amended—

(1) in the first 5 undesignated paragraphs—

(A) by inserting "or a monopsony" after "monopoly" each place that term appears;

(B) by striking "substantially to lessen" and "to lessen substantially" each place that such terms appear and inserting "to create an appreciable risk of materially lessening"; and

(C) redesignating such paragraphs as subsections (a) through (e), respectively;

(2) in subsection (c) (as redesignated) by striking "the substantial" and inserting "an appreciable risk of materially";

(3) by amending the 6th undesignated paragraph to read as follows:

"(f) Nothing contained in this section shall apply to transactions duly consummated pursuant to authority given by the Secretary of Transportation, the Federal Energy Regulatory Commission, the Surface Transportation Board, or the Secretary of Agriculture under any statutory provision vesting such power in such agency or Secretary."; and

(4) by adding at the end the following:

"(g) In determining whether an acquisition may create an appreciable risk of materially lessening competition or tend to create a monopoly or monopsony, a court shall consider whether either the acquiring person or the acquired person or assets prevents, limits, or disrupts coordinated interaction among competitors in a relevant market, or has a reasonable probability of doing so absent the acquisition.

"(h) Where a preponderance of the evidence (including direct evidence) is adduced to demonstrate that the effect of an acquisition may be to create an appreciable risk of materially lessening competition or to tend to create a monopoly or a monopsony, a plaintiff need neither establish market shares nor the concentration of any particular market.

"(i) No acquisition shall be presumed not to create an appreciable risk of materially lessening competition or tend to create a monopoly or monopsony only because the parties to the acquisition do not compete directly against one another at the time of the acquisition.

"(j) A statutory reference to a line of commerce shall not be construed to require the definition of a relevant market or the establishment of market shares or market concentration.".

(d) Premerger notification and public comment.—

(1) Section 7A of the Clayton Act (15 U.S.C. 18a), as amended by section 416 of this Act, is further amended—

(A) in the undesignated matter following subsection (a)(2)(B)(ii)(III), by adding at the end the following: "In the case of any transaction involving a person, partnership, or corporation designated as a dominant digital firm under section 10A of the Federal Trade Commission Act, the person, partnership, or corporation shall file notification as required by this section.";

(B) in subsection (d)(1) to read as follows—

"(1) shall require that the notification required under subsection (a) be in such form and contain such documentary material and information relevant to a proposed acquisition as is necessary and appropriate to enable the Federal Trade Commission and the Assistant Attorney General to determine whether such acquisition may, if consummated, violate the antitrust laws,

and shall include, at a minimum, the categories of information required by the Hart-Scott-Rodino premerger notification rules as published in the Federal Register on November 12, 2024 (89 Fed. Reg. 89216), including disclosures relating to transaction structure, competitive overlaps, prior acquisitions, and labor market impacts; and";

(C) in subsection (e) by adding at the end the following—

"(3) Large transactions.—In the case of any proposed acquisition described in subsection (j)(1), the Federal Trade Commission or the Assistant Attorney General shall require the submission of additional information or documentary material under this subsection after the close of the public comment period."; and

(D) by inserting after subsection (i) the following—

"(j) Public comment for covered transactions.—

"(1) In general.—For any proposed acquisition subject to this section in which the value of the transaction equals or exceeds $1,000,000,000, the Federal Trade Commission and the Assistant Attorney General shall open a public comment docket during the waiting period.

"(2) Discretionary authority.—The Federal Trade Commission and the Assistant Attorney General may open a public comment docket for any other proposed acquisition where the agencies determine that the transaction may have substantial impacts on competition, labor markets, consumers, or the public interest.

"(3) Public summaries and funding disclosure.—In connection with any public comment docket under this subsection, the agencies shall publish an agency-prepared public summary of the proposed transaction describing the nature of the transaction and the principal competitive, economic, and labor-related issues raised, without disclosing confidential business information, and any study, analysis, or report submitted for consideration in such docket shall disclose any direct or indirect funding sources or financial sponsorship.".

(2) Confidentiality.—Nothing in this section shall be construed to alter the confidentiality protections provided under section 7A(h) of the Clayton Act, except that agency-prepared public summaries and disclosures required under subsection (j)(3) shall not be treated as confidential.

(e) Exclusionary conduct.—

(1) In general.—The Clayton Act (15 U.S.C. 12 et seq.) is amended by inserting after section 26 (15 U.S.C. 26a) the following:

"Sec. 26A. Exclusionary conduct.

"(a) Definitions.—In this section:

"(1) Exclusionary conduct.—

"(A) In general.—The term 'exclusionary conduct' means conduct that—

"(i) materially disadvantages 1 or more actual or potential competitors; or

"(ii) tends to foreclose or limit the ability or incentive of 1 or more actual or potential competitors to compete.

"(B) Limitations.—

"(i) Intellectual property.—Applying for or enforcing a patent, trademark, or copyright, unless such applications or enforcement actions are baseless or made in bad faith or in violation of a legal obligation, shall not alone constitute exclusionary conduct, but such actions may be considered as part of a course of conduct that constitutes exclusionary conduct.

"(ii) Conduct required by law.—Conduct that is necessary to comply with Federal or State law shall not alone constitute exclusionary conduct, but such actions may be considered as part of a course of conduct that constitutes exclusionary conduct.

"(2) Market power.—The term 'market power' means the ability of a person, or a group of persons acting in concert, to profitably impose terms or conditions on counterparties, including terms regarding price, quantity, product or service quality, or other terms affecting the value of consideration exchanged in the transaction, that are more favorable to the person or group of persons imposing them than what the person or group of persons could obtain in a competitive market.

"(b) Violation.—

"(1) In general.—It shall be unlawful for a person, acting alone or in concert with other persons, to engage in exclusionary conduct that presents an appreciable risk of harming competition.

"(2) Unfair method of competition.—A violation of paragraph (1) shall also constitute an unfair method of competition under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

"(c) Presumption.—

"(1) In general.—Except as provided in paragraph (2), exclusionary conduct shall be presumed to present an appreciable risk of harming competition and shall be a violation of subsection (b)(1) if the exclusionary conduct is undertaken, with respect to a relevant market, by a person or by a group of more than 1 person acting in concert that—

"(A) has a market share of greater than 50 percent as a seller or a buyer in the relevant market; or

"(B) otherwise has significant market power in the relevant market.

"(2) Exception.—Paragraph (1) shall not apply if the defendant establishes, by a preponderance of the evidence, that—

"(A) distinct procompetitive benefits of the exclusionary conduct in the relevant market eliminate the risk of harming competition presented by the exclusionary conduct;

"(B) 1 or more persons, not including any person participating in or facilitating the exclusionary conduct, have entered or expanded their presence in the market with the effect of eliminating the risk of harming competition posed by the exclusionary conduct; or

"(C) the exclusionary conduct does not present an appreciable risk of harming competition.

"(d) Considerations.—If the presumption in subsection (c) does not apply, the determination of whether exclusionary conduct presents an appreciable risk of harming competition shall be based on the totality of the circumstances, which may include consideration of—

"(1) the extent to which any distinct procompetitive benefits of the exclusionary conduct substantially eliminate the risk of harming competition presented by the exclusionary conduct; and

"(2) whether 1 or more persons, not including any person participating in or facilitating the exclusionary conduct, have entered or expanded their presence in the market, substantially eliminating the risk of harming competition presented by the exclusionary conduct.

"(e) Limitations.—Although the following circumstances may constitute evidence of a violation of subsection (b)(1), such violation does not require finding—

"(1) that the unilateral conduct of the defendant altered or terminated a prior course of dealing between the defendant and a person subject to the exclusionary conduct;

"(2) that the defendant treated persons subject to the exclusionary conduct differently than the defendant treated other persons;

"(3) that any price of the defendant for a product or service was below any measure of the costs to the defendant of providing the product or service;

"(4) that a defendant with significant market power in a relevant market has recouped or is likely to recoup the losses it incurred or incurs from below-cost pricing for products or services in the relevant market;

"(5) that the conduct of the defendant makes no economic sense apart from its tendency to harm competition;

"(6) that the risk of harming competition presented by the conduct of the defendant or any resulting actual harm to competition have been quantified or proven with quantitative evidence; or

"(7) that when a defendant operates a multi-sided platform business, the conduct of the defendant presents an appreciable risk of harming competition on more than 1 side of the multi-sided platform.

"(f) Civil penalties.—Any person who violates subsection (b)(1) shall be liable to the United States for a civil penalty, which may be recovered in a civil action brought by the Attorney General of the United States, of not more than the greater of—

"(1) 15 percent of the total United States revenues of the person for the previous calendar year; or

"(2) 30 percent of the United States revenues of the person in any line of commerce affected or targeted by the unlawful conduct during the period of the unlawful conduct.

"Sec. 26B. Civil penalties.

"(a) Civil penalty for violation of section 26A.—The Federal Trade Commission may commence a civil action in a district court of the United States against any person, partnership, or corporation that violates section 26A(b)(1) to recover a civil penalty, which shall accrue to the United States, in an amount not more than the greater of—

"(1) 15 percent of the total United States revenues of the person, partnership, or corporation for the previous calendar year; or

"(2) 30 percent of the United States revenues of the person, partnership, or corporation in any line of commerce affected or targeted by the unlawful conduct during the period of the unlawful conduct.

"(b) Commission litigation authority.—Except as otherwise provided in section 16(a)(3) of the Federal Trade Commission Act (15 U.S.C. 56(a)(3)), the Federal Trade Commission shall have authority to commence or defend, and supervise the litigation of, any civil action authorized under subsection (a) and any appeal of such action in its own name by any of its attorneys designated by it for such purpose. The Federal Trade Commission shall inform the Attorney General of the exercise of such authority, and such exercise shall not preclude the Attorney General from intervening on behalf of the United States in such action and any appeal of such action as may be otherwise provided by law.

"(c) No duplicate penalty.—A person may not be required to pay more than 1 civil penalty under section 26A(f) and this section for the same violation.".

(2) Enforcement guidelines.—

(A) Initial guidelines.—Not later than July 1, 2027, the Attorney General and the Federal Trade Commission shall issue joint guidelines outlining policies, practices, and analytical techniques relating to agency enforcement under section 26A of the Clayton Act, as added by paragraph (1), with the goal of promoting transparency and deterring violations of such section 26A.

(B) Updates.—The Attorney General and the Federal Trade Commission shall update the joint guidelines issued under subparagraph (A), as needed to reflect current agency policies and practices, but not less frequently than once every 5 years.

(C) Public notice and comment.—

(i) Guidelines.—Before issuing guidelines under subparagraph (A) or (B), the Attorney General and the Federal Trade Commission shall publish proposed guidelines in draft form and provide public notice and opportunity for comment for not less than 60 days after the date on which the guidelines are published.

(ii) Inapplicability of rulemaking provisions.—Section 553 of title 5, United States Code, shall not apply to the guidelines issued under this paragraph.

SEC. 1124. PROHIBITION ON ABUSIVE ACTS OR PRACTICES.

(a) Abusive acts or practices.—Title 15, United States Code, is amended—

(1) in sections 45, 45a, 45b, 45c, 45d, 45f, 52, 57b, 57b-1, 57b-2b, 69a, 69h, 70c, 70d, by striking "unfair or deceptive" each place it appears and inserting "unfair, deceptive, or abusive"; and

(2) in section 45—

(A) by adding at the end of subsection (n) the following:

"This subsection shall apply only to unfair acts or practices and shall not apply to deceptive or abusive acts or practices."; and

(B) by inserting after subsection (n) the following:+

"(o) Abusive acts or practices.—For purposes of this section, the Commission shall have authority to declare an act or practice abusive if the act or practice—

"(1) materially interferes with the ability of a person to understand a material term, condition, or reasonably foreseeable consequence of conduct, a transaction, or an arrangement offered in or affecting commerce; or

"(2) takes unreasonable advantage of—

"(A) a lack of understanding on the part of a person of the material risks, costs, conditions, or effects of such conduct, transaction, or arrangement;

"(B) the inability of a person to protect the interests of the person in selecting, accessing, or using a good, service, platform, or market; or

"(C) the reasonable reliance by a person on another person to act in the interests of the person.".

(b) Rule of construction.—Nothing in the addition of the term "abusive" to the Federal Trade Commission Act (15 U.S.C. 45 et seq.) shall be construed to—

(1) narrow or limit the scope of conduct previously prohibited as unfair or deceptive acts or practices; or

(2) impair the applicability of judicial precedent interpreting unfair or deceptive acts or practices under this section.

(c) Conforming references.—Any reference in Federal law to an "unfair or deceptive act or practice" under section 5 of the Federal Trade Commission Act, or to conduct treated as an unfair or deceptive act or practice under section 5 or section 18 of such Act, shall be deemed to include an abusive act or practice.

SEC. 1125. PROHIBITION ON TYING ARRANGEMENTS BY DOMINANT FIRMS.

(a) In general.—The Clayton Act (15 U.S.C. 12 et seq.) is amended by inserting after section 3 the following:

"Sec. 3A. Prohibition on tying arrangements by dominant firms.

"(a) Definitions.—In this section:

"(1) Distinct products or services.—The term 'distinct products or services' means products or services for which separate demand exists. Separate demand includes separate offering, separate pricing, separate billing, separate licensing, separate contracting, industry practice, or practical separate acquisition. Products or services shall not be treated as indistinct solely because they are complementary, interoperable, integrated, or bundled together by the same person.

"(2) Dominant firm.—The term 'dominant firm' means a person that—

"(A) possesses monopoly power or dominant market power;

"(B) has a market share of greater than 30 percent with respect to a product or service that is the subject of a tying product or service purchase condition;

"(C) (i) controls a platform, marketplace, operating system, payment system, or other intermediary or access point through which business users or consumers obtain, distribute, access, or pay for a product or service subject to such person's tying product or service purchase condition; and

"(ii) at any month during either of the previous 2 calendar years, had at least 50,000,000 United States–based monthly active users or at least 100,000 United States–based monthly active business users;

"(D) during either of the previous 2 calendar years, had annual revenue or market capitalization greater than $100,000,000,000; or

"(E) is designated as a dominant firm under subsection (d).

"(3) Tying arrangement.—The term 'tying arrangement' means any of the following conduct in commerce, where such conduct materially impairs practical commercial choice or may substantially lessen competition:

"(A) a tying product or service purchase condition that a person purchase, lease, license, use, or distribute another distinct product or service from the person imposing the condition or from an affiliated person;

"(B) a tying product or service purchase condition that a person not purchase, lease, license, use, or distribute a competing product or service from another person;

"(C) offering, pricing, licensing, distributing, or providing 2 or more distinct products or services together under materially more favorable terms that pressure purchase of the combined offering; or

"(D) imposing a material disadvantage on a person, including product or service degradation, withholding of interoperability, discrimination in ranking or placement, discriminatory pricing, or other adverse treatment, as a consequence of such person ceasing to comply with a condition described in subparagraph (A) or (B), or for refusal to agree to such condition.

"(4) Tying product or service purchase condition.—The term 'tying product or service purchase condition' means a condition on the sale, lease, license, distribution, use, access, or terms of a distinct product or service which is used to induce additional activity in or affecting commerce.

"(b) Prohibition.—It shall be unlawful for any dominant firm, directly or indirectly, in or affecting commerce, to engage in a tying arrangement.

"(c) Defenses.—It shall be an affirmative defense, on which the defendant bears the burden of proof by a preponderance of the evidence, that the challenged conduct—

"(1) is reasonably necessary to achieve cybersecurity, privacy, safety, or technical-integrity objectives;

"(2) is narrowly tailored, and no materially less restrictive alternative would reasonably achieve such objective; and

"(3) does not materially impair practical commercial choice or substantially lessen competition to a degree that is disproportionate to such objective.

"(d) Designation.—

"(1) Official designation.—

"(A) In general.—Subject to subparagraph (C), the Commission shall officially designate a person that meets the requirements under subparagraph (B), (C), or (D) of subsection (a)(2) as a dominant firm by publishing the designation in the Federal Register.

"(B) Duration of designation.—The designation of a person as a dominant firm under subparagraph (A) shall apply indefinitely, regardless of whether there is a change in control or ownership of the person, unless the Commission removes the designation under paragraph (2).

"(C) Rules.—The Commission may, as the Commission determines appropriate, promulgate rules to—

"(i) adjust a numeric threshold in subsection (a)(2), provided that the Commission may not adjust any numeric threshold below the value in the applicable subparagraph; or

"(ii) define additional characteristics that a person must have in order to be designated as a dominant firm under subparagraph (A).

"(2) Removal of designation.—

"(A) Request.—If a person designated as a dominant firm under paragraph (1) ceases to meet the qualifications for such designation, the person may submit to the Commission a request for removal of the designation, together with evidence that the person no longer so qualifies.

"(B) Determination.—

"(i) In general.—Not later than 120 days after receiving a request under subparagraph (A), the Commission shall determine whether to grant the request and, if the Commission grants the request, remove the person from the public list under subsection (e)(1).

"(ii) Denied requests.—A denial under clause (i) of a request submitted under subparagraph (A) shall constitute final agency action for purposes of chapter 7 of title 5, United States Code.

"(e) Public list.—

"(1) In general.—The Commission shall maintain and periodically update on its website a public list of persons that the Commission has identified as dominant firms under this section.

"(2) Omission not dispositive.—Omission from the public list under paragraph (1) shall not by itself establish that a person is not a dominant firm.

"(f) Enforcement.—

"(1) Federal Trade Commission.—A violation of this section shall constitute an unfair method of competition under section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)). The Commission shall enforce this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms of the Federal Trade Commission Act were incorporated into and made a part of this section.

"(2) Relation to other law.—Nothing in this section shall be construed to limit any other claim or authority otherwise available under the antitrust laws or the Federal Trade Commission Act.".

SEC. 1126. WHISTLEBLOWER PROTECTIONS AND INCENTIVES.

(a) Civil whistleblower protections.—The Clayton Act is amended by inserting after section 27 (15 U.S.C. 26b) the following:

"Sec. 27A. Anti-retaliation protection for civil whistleblowers.

"(a) Definitions.—In this section:

"(1) Applicable antitrust laws.—The term 'applicable antitrust laws' means section 1, 2, or 3 of the Sherman Act (15 U.S.C. 1, 2, and 3) or section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent that such section applies to unfair methods of competition.

"(2) Covered individual.—The term 'covered individual' means an employee, contractor, subcontractor, or agent of an employer.

"(3) Employer.—The term 'employer' means a person, or any officer, employee, contractor, subcontractor, or agent of such person.

"(4) Federal Government.—The term 'Federal Government' means—

"(A) a Federal regulatory or law enforcement agency; or

"(B) any Member of Congress or committee of Congress.

"(5) Person.—The term 'person' has the same meaning as in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12(a)).

"(b) Whistleblower protections for employees, contractors, subcontractors, and agents.—

"(1) In general.—No employer may discharge, demote, suspend, threaten, harass, or in any other manner discriminate against a covered individual in the terms and conditions of employment of the covered individual because of any lawful act done by the covered individual—

"(A) to provide or cause to be provided to the Federal Government or a person with supervisory authority over the covered individual (or such other person working for the employer who has the authority to investigate, discover, or terminate misconduct) information relating to any violation of, or any act or omission the covered individual reasonably believes to be a violation of, the applicable antitrust laws; or

"(B) to cause to be filed, testify in, participate in, or otherwise assist a Federal Government investigation or a Federal Government proceeding filed or about to be filed (with any knowledge of the employer) relating to any violation of, or any act or omission the covered individual reasonably believes to be a violation of, the applicable antitrust laws.

"(2) Limitation on protections.—Paragraph (1) shall not apply to any covered individual if—

"(A) the covered individual planned and initiated a violation or attempted violation of the applicable antitrust laws;

"(B) the covered individual planned and initiated a violation or attempted violation of a criminal law in conjunction with a violation or attempted violation of the applicable antitrust laws; or

"(C) the covered individual planned and initiated an obstruction or attempted obstruction of an investigation by the Federal Government of a violation of the applicable antitrust laws.

"(c) Enforcement action.—

"(1) In general.—A covered individual who alleges discharge or other discrimination by any employer in violation of subsection (b) may seek relief under subsection (d) by—

"(A) filing a complaint with the Secretary of Labor; or

"(B) if the Secretary of Labor has not issued a final decision within 180 days of the filing of the complaint and there is no showing that such delay is due to the bad faith of the claimant, bringing an action at law or equity for de novo review in the appropriate district court of the United States, which shall have jurisdiction over such an action without regard to the amount in controversy.

"(2) Procedure.—

"(A) In general.—A complaint filed with the Secretary of Labor under paragraph (1)(A) shall be governed under the rules and procedures set forth in section 42121(b) of title 49, United States Code.

"(B) Exception.—Notification made under section 42121(b)(1) of title 49, United States Code, shall be made to any individual named in the complaint and to the employer.

"(C) Burdens of proof.—An action brought under paragraph (1)(B) shall be governed by the legal burdens of proof set forth in section 42121(b) of title 49, United States Code.

"(D) Statute of limitations.—A complaint under paragraph (1)(A) shall be filed with the Secretary of Labor not later than 180 days after the date on which the violation of this section occurs.

"(E) Civil actions to enforce.—If a person fails to comply with an order or preliminary order issued by the Secretary of Labor pursuant to the procedures set forth in section 42121(b) of title 49, United States Code, the Secretary of Labor or the person on whose behalf the order was issued may bring a civil action to enforce the order in the district court of the United States for the judicial district in which the violation occurred.

"(d) Remedies.—

"(1) In general.—A covered individual prevailing in any action under subsection (c)(1) shall be entitled to all relief necessary to make the covered individual whole.

"(2) Compensatory damages.—Relief under paragraph (1) shall include—

"(A) reinstatement with the same seniority status that the covered individual would have had, but for the discrimination;

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

"(C) compensation for any special damages sustained as a result of the discrimination including litigation costs, expert witness fees, and reasonable attorney's fees.

"(e) Other protections preserved.—Nothing in this section shall be deemed to diminish any protection, privilege, or remedy of any covered individual under any Federal or State law, or under any collective bargaining agreement.".

(b) Criminal whistleblower incentives.—The Antitrust Criminal Penalty Enhancement and Reform Act of 2004 (15 U.S.C. 1 note) is amended by inserting after section 216 (15 U.S.C. 7a–3) the following:

"Sec. 217. Criminal antitrust whistleblower incentives.

"(a) Definitions.—In this section:

"(1) Antitrust laws.—The term 'antitrust laws' means section 1 or 3 of the Sherman Act (15 U.S.C. 1 and 3).

"(2) Collected proceeds.—The term 'collected proceeds' means any sanctions, fines, penalties, or awards obtained in any covered enforcement action, whether by judgment, settlement, or a deferred prosecution agreement.

"(3) Covered enforcement action.—The term 'covered enforcement action' means any criminal action brought by the Attorney General under the antitrust laws that results in collected proceeds exceeding $1,000,000.

"(4) Original information.—The term 'original information' means information that—

"(A) is derived from the personal knowledge of a whistleblower;

"(B) is not known to the Attorney General or the Department of Justice from any other source, unless the whistleblower is the original source of the information;

"(C) is not exclusively derived from an allegation made in a judicial or administrative hearing, in a governmental report, hearing, audit, or investigation, or from the news media, unless the whistleblower is a source of the information; and

"(D) is not already required to be disclosed to the Department of Justice or another Federal agency.

"(5) Related action.—The term 'related action', when used with respect to any covered enforcement action brought by the Attorney General, means any criminal action brought by another United States entity that is based upon the original information provided by a whistleblower that led to the successful enforcement action by the Attorney General.

"(6) Whistleblower.—The term 'whistleblower' means any individual who provides information relating to a violation of the antitrust laws to the Department of Justice, in a manner established by the Department of Justice.

"(b) Awards.—

"(1) In general.—In a covered enforcement action, or related action, the Attorney General, subject to subsection (c), may pay an award or awards to a whistleblower who voluntarily provided original information to the Department of Justice that led to the successful enforcement of the covered enforcement action, or related action, in an amount not less than 10 percent and not more than 30 percent, in total, of what has been collected of the criminal fine imposed in the covered enforcement action or related action under the antitrust laws.

"(2) Payment.—Any amount paid under paragraph (1) shall be paid from the criminal fine collected in the covered enforcement action.

"(c) Determination of amount of award; denial of award.—

"(1) Determination of amount of award.—

"(A) Discretion.—The determination of the amount of an award made under subsection (b) shall be at the discretion of the Attorney General.

"(B) Criteria.—In determining the amount of an award made under subsection (b), the Attorney General shall take into consideration—

"(i) the significance of the information provided by the whistleblower to the success of the covered enforcement action;

"(ii) the degree of assistance and cooperation provided by the whistleblower in a covered enforcement action;

"(iii) the interest of the Department of Justice in deterring criminal violations of the antitrust laws by making awards to whistleblowers who provide information that leads to successful covered enforcement actions; and

"(iv) such additional relevant factors as the Attorney General may establish.

"(2) Denial of award.—No award under subsection (b) shall be made—

"(A) to any whistleblower who is, or was at the time the whistleblower acquired the original information submitted to the Department of Justice, a member, officer, or employee of—

"(i) any branch, agency, or instrumentality of the Federal Government; or

"(ii) any law enforcement organization;

"(B) to any whistleblower who is convicted of a criminal violation related to the covered enforcement action for which the whistleblower otherwise could receive an award under this section;

"(C) to any whistleblower who was an originator or leader of or who coerced any other party to participate in the activity giving rise to liability under the antitrust laws in the covered enforcement action for which the whistleblower otherwise could receive an award under this section;

"(D) to any whistleblower who fails to provide timely, truthful, continuing, and complete cooperation to the Department of Justice relating to the original information or intentionally withholds information relating to the original information;

"(E) to any whistleblower who commits, participates in, or attempts to commit or participate in any crimes after disclosing the original information to the Department of Justice;

"(F) to any whistleblower who fails to submit information to the Department of Justice in such form as the Department may require, or fails to report relevant information to the Department known to the whistleblower when the whistleblower first reported the information to the Department;

"(G) to any whistleblower who planned and initiated an obstruction or attempted obstruction of an investigation by the Department of Justice of a violation of the antitrust laws; or

"(H) to any whistleblower who engages in conduct that would disqualify the whistleblower if the whistleblower were a leniency applicant under the Leniency Program of the Antitrust Division.

"(d) Representation.—Any whistleblower who makes a claim for an award under subsection (b) may be represented by counsel.

"(e) Appeals.—Any determination made under this section, including whether, to whom, or in what amount to make awards, shall be in the discretion of the Attorney General. Any such determination, except the determination of the amount of an award if the award was made in accordance with subsection (b), may be appealed to the appropriate court of appeals of the United States not more than 30 days after the determination is issued by the Attorney General. The court shall review the determination made by the Attorney General in accordance with section 706 of title 5, United States Code.".

Subtitle C—Restricting Algorithmic Pricing

SEC. 1131. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Prices for essential goods and services, including groceries, rent, residential housing, utilities, and health care, have increased substantially in recent years, contributing to widespread economic hardship for households across the United States.

(2) Algorithmic pricing systems influence prices in markets where these increases have occurred, including food staples, residential rents, and other essential goods and services.

(3) Practices that artificially raise, align, or stabilize prices among competitors are unlawful when conducted directly through human communication, and the use of an algorithmic intermediary does not alter the unlawful nature of such conduct.

(4) Certain pricing algorithms rely on nonpublic competitor data or function as shared systems across multiple competing firms, thereby replicating or magnifying forms of price coordination that would violate long-standing antitrust prohibitions if engaged in through direct interaction.

(5) Algorithmic pricing systems used in concentrated markets can produce supracompetitive prices even without explicit agreements among competitors, undermining the competitive process that Congress has sought to protect for generations.

(6) Individualized pricing based on surveillance data enables discrimination among consumers, exploits behavioral vulnerabilities, and imposes higher prices on those least able to pay.

(7) Transparency, accountability, and oversight are necessary to ensure that algorithmic pricing systems do not facilitate coordination, manipulation, discrimination, or reductions in output.

(8) It is necessary for Congress to update Federal law to ensure that the principles of fair competition established over the past century remain effective in the digital and algorithmic era.

(b) Purpose.—The purpose of this subtitle is to—

(1) prohibit the use of shared or collusive pricing algorithms that incorporate nonpublic competitor data or perform coordinating functions among competitors;

(2) prohibit surveillance-based individualized pricing and other discriminatory algorithmic pricing practices; and

(3) provide enforcement mechanisms to ensure fair pricing, protect consumers, and preserve competitive markets.

SEC. 1132. DEFINITIONS.

(a) For purposes of this subtitle:

(1) Antitrust laws.—The term "antitrust laws"—

(A) has the meaning given that term in section 1 of the Clayton Act (15 U.S.C. 12); and

(B) includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(2) 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 or approximate human decision making; and

(B) includes a system, software, or process derived from machine learning, statistics, or other data processing or artificial intelligence techniques.

(3) Bona fide discount.—The term "bona fide discount" means an offered price that is lower than the genuine price at which a product or service is widely offered to the public on a regular basis for a reasonably substantial period of time and not for the purpose of establishing a fictitious price to enable the subsequent offer of a reduction.

(4) Business of insurance; credit.—The terms "business of insurance" and "credit" have the meaning given such terms in section 1002 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481).

(5) Commercial terms.—The term "commercial terms" means—

(A) level of service;

(B) availability;

(C) output, including quantities of products produced or distributed or the amount or level of service provided; or

(D) rebates or discounts made available.

(6) Commission.—The term "Commission" means the Federal Trade Commission.

(7) Common pricing algorithm.—The term "common pricing algorithm" means any pricing algorithm that is used, licensed, supplied, deployed, or otherwise made available to 2 or more persons that compete in the same market or a related market, and that is designed, marketed, offered, or used to coordinate, align, or stabilize prices or commercial terms among such persons, irrespective of whether the algorithm's outputs to each user are identical.

(8) Distribute; distribution; distributing.—The terms "distribute", "distribution", and "distributing" include selling, licensing, providing access to, or otherwise making available by any means, including through a subscription or the sale of a service.

(9) Essential goods and services.—The term "essential goods and services" means goods and services necessary for health, safety, subsistence, or ordinary participation in economic and civic life, including groceries, residential housing, utilities, and health care, and such other goods and services as the Commission may designate by rule.

(10) Genetic information.—The term "genetic information" has the meaning given such term in section 2791(d) of the Public Health Service Act (42 U.S.C. 300gg–91(d)).

(11) Individualized price.—The term "individualized price" means a price or commercial term offered to a specific individual or household that differs from the price or commercial term offered contemporaneously to similarly situated buyers for the same good or service.

(12) Nonpublic competitor data.—The term "nonpublic competitor data" means data that consists of, is derived from, or otherwise reflects another person's nonpublic pricing or commercial information, where such other person competes in the same market or a related market, whether or not such data is attributable to a specific competitor and whether or not such data is anonymized.

(13) Nonpublic pricing or commercial information.—The term "nonpublic pricing or commercial information" means information regarding a person's prices or commercial terms that is not publicly available or readily accessible to the public.

(14) Person.—The term "person" has the meaning given that term in section 1 of the Clayton Act (15 U.S.C. 12).

(15) Personal information.—The term "personal information" means any quality, feature, attribute, or trait of an individual, including any immutable characteristic, any mutable characteristic, genetic information, and any other information that could reasonably be linked, directly or indirectly, with a particular individual or household.

(16) Price.—The term "price" means the amount of money or other thing of value, whether tangible or not, expected, required, or given in payment for any product or service.

(17) Pricing algorithm.—The term "pricing algorithm" means any computational process, including a computational process derived from machine learning or other artificial intelligence techniques, that processes data to recommend or set a price or commercial term that is in or affecting interstate or foreign commerce.

(18) Surveillance-based price setting.—The term "surveillance-based price setting" means using an automated decision system to offer or inform a customized price for a good or service for a specific person or consumer, or group of people or consumers, based, in whole or in part, on surveillance data.

(19) Surveillance data.—The term "surveillance data"—

(A) means data obtained through observation of an individual that is related to the personal information, behavior, biometrics, or other characteristics of the individual or of any group or category in which the individual belongs; and

(B) includes data gathered, purchased, inferred, derived, or otherwise acquired.

SEC. 1133. PROHIBITION ON COLLUSIVE PRICING ALGORITHMS.

(a) In general.—It shall be unlawful for a person to use or distribute any pricing algorithm that—

(1) uses, incorporates, or was trained with nonpublic competitor data;

(2) is a common pricing algorithm; or

(3) receives from another person nonpublic pricing or commercial information, if the person using or distributing the pricing algorithm knows or has reason to know that the pricing algorithm is a common pricing algorithm.

(b) Presumption of collusion.—With respect to the use of a pricing algorithm that would violate subsection (a), there shall be a presumption for purposes of section 1 of the Sherman Act (15 U.S.C. 1) that the defendant entered into an agreement, contract, combination, or conspiracy in restraint of trade, and for purposes of section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)) that the defendant has engaged in an unfair method of competition if the plaintiff establishes that—

(1) the defendant distributed the pricing algorithm to 2 or more persons—

(A) with the intent that such algorithm be used as a common pricing algorithm; or

(B) such algorithm was used by such 2 or more persons as a common pricing algorithm; or

(2) the defendant knew or had reason to know that the pricing algorithm was a common pricing algorithm; and

(A) provided to the pricing algorithm, or to a person affiliated with the pricing algorithm, nonpublic pricing or commercial information; or

(B) used the pricing algorithm to set or recommend a price or commercial term of a product or service.

(c) Rebuttal.—The presumption under subsection (b) shall not apply to a defendant if the defendant did not develop or distribute the pricing algorithm and the defendant demonstrates by clear and convincing evidence that the defendant did not have actual knowledge, and could not reasonably have known, that the pricing algorithm violated subsection (a).

(d) Joint and several liability.—In a civil case in which the presumption under subsection (b) is applicable, any person that distributed the pricing algorithm and knew, or could reasonably have known, that the pricing algorithm violated subsection (a) shall be jointly and severally liable for any violation of section 1 of the Sherman Act (15 U.S.C. 1) or section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)).

(e) Relation to antitrust laws.—Nothing in this section shall impair or limit the applicability of the antitrust laws.

(f) Effective date.—This section shall take effect on the date that is 90 days after the date of enactment of this Act.

SEC. 1134. PROHIBITION ON SURVEILLANCE-BASED PRICE SETTING.

(a) In general.—It shall be unlawful for a person engaged in commerce to offer or charge different prices to different consumers for the same, or a substantially similar, product or service using, informed by, or based on, in whole or in part, surveillance data.

(b) Exceptions.—The following shall not be considered surveillance-based price setting for purposes of subsection (a):

(1) A difference in price that is based solely on reasonable costs associated with providing the product or service to different consumers, if the basis for such difference is disclosed to the consumer prior to purchase.

(2) A bona fide discount that is offered to any member of a broadly defined group, including teachers, active duty personnel, veterans, senior citizens, or students, if—

(A) any eligibility condition or criteria is clearly and conspicuously disclosed;

(B) such discount is offered uniformly to any consumer who meets the disclosed eligibility conditions or criteria; and

(C) any surveillance data used solely to offer or administer a bona fide discount is not used for any other purpose, including profiling, targeted advertising, or individualized price setting.

(3) A bona fide discount that is offered to any consumer who affirmatively and knowingly enrolls in a loyalty program, if—

(A) the conditions described in subparagraphs (A), (B), and (C) of paragraph (2) are met; and

(B) a loyalty program that allows a user to accrue and exchange points, credits, or any similar nonmonetary system of value for a product or service does not charge a different price for those points, credits, or similar nonmonetary system of value to different consumers for the same or substantially similar product or service.

(4) The offering or charging of different prices with respect to the business of insurance or any credit product.

SEC. 1135. ESSENTIAL GOODS AND SERVICES; RULEMAKING.

(a) In general.—Not later than January 1, 2028, the Commission shall promulgate rules governing the use of pricing algorithms with respect to essential goods and services.

(b) Scope.—Rules promulgated under this section shall identify and prohibit unfair, deceptive, or abusive acts or practices, and unfair methods of competition, involving the use of pricing algorithms with respect to essential goods and services.

(c) Factors.—In promulgating rules under this section, the Commission shall consider whether the use of a pricing algorithm—

(1) increases or aligns prices or commercial terms without a legitimate cost-based or other nonpretextual justification;

(2) reduces output, availability, or access;

(3) exploits acute demand, lack of substitutes, or consumer vulnerability;

(4) relies on surveillance data, nonpublic competitor data, or a coordinating function among competitors; or

(5) otherwise threatens competition, consumer protection, or fair access to essential goods and services.

SEC. 1136. TRANSPARENCY AND PRICING ALGORITHMS.

(a) Transparency in pricing algorithms.—

(1) In general.—Any person that has $5,000,000 or more in annual revenue that uses a pricing algorithm to recommend or set a price or commercial term shall clearly disclose, before the customer purchases the relevant product or service, that the price or commercial term is set or recommended by a pricing algorithm.

(2) Additional disclosures.—

(A) Price discrimination.—A disclosure under paragraph (1) shall state if the pricing algorithm sets or recommends different prices or commercial terms for different customers seeking identical or nearly identical products or services.

(B) Third-party algorithm.—If applicable, a disclosure under paragraph (1) shall—

(i) state that the pricing algorithm was developed or distributed by a person other than the person making the disclosure; and

(ii) provide the identity of the person that developed or distributed the pricing algorithm.

(3) Additional disclosures for individualized pricing.—Any person that uses a pricing algorithm to set or recommend an individualized price shall maintain and make publicly available, in a clear and accessible manner—

(A) reasonable procedures to ensure the accuracy of any data used by the pricing algorithm for individualized price setting;

(B) a process by which a consumer may correct or challenge the accuracy of data used by the pricing algorithm for individualized price setting; and

(C) a disclosure of the categories of data considered by the pricing algorithm and the manner in which such data may affect the individualized price.

(b) Competition law enforcement audit.—

(1) In general.—A person using or distributing a pricing algorithm, upon a written request by the Attorney General or the Commission, shall, not later than 30 days after the date of the

written request, or any later date approved by the Attorney General or the Commission, respectively, provide to the Attorney General or the Commission, respectively, a written report on each pricing algorithm identified in the request.

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

(A) information on whether the person is responsible for the development or distribution of the pricing algorithm, or whether a third party is responsible for the development or distribution of the pricing algorithm, including the identity and contact information of any other person responsible for the development or distribution of the pricing algorithm;

(B) information on whether the pricing algorithm autonomously sets prices or commercial terms and whether there is human review of any recommendation or decision of the pricing algorithm;

(C) an explanation of the rules or processes that the pricing algorithm uses to set or recommend prices or commercial terms;

(D) a description of all data the pricing algorithm uses to set or recommend prices or commercial terms, including data used to train the pricing algorithm;

(E) all sources and collection processes, including the frequency of collection, of any data that the pricing algorithm uses to set or recommend prices or commercial terms;

(F) whether the pricing algorithm engages in price discrimination by setting or recommending different prices or commercial terms for different customers seeking identical or nearly identical products or services, and if so, the factors used in differentiating among such customers; and

(G) any changes made to the pricing algorithm between the date of receipt of the request under paragraph (1) and the date of certification under paragraph (3).

(3) Certification of report.—The chief executive officer, chief economist, chief technology officer, or a corporate officer of similar authority of a person, or, if the person has no such officer, an individual with equivalent responsibility and authority, shall certify, under penalty of perjury, the accuracy of a report submitted under paragraph (1).

(4) Confidentiality.—All information submitted in a report under paragraph (1) shall be treated as confidential and shall be considered to be privileged and confidential trade secrets and commercial or financial information exempt under section 552(b)(4) of title 5, United States Code, from being made available to the public under section 552(a) of such title.

(5) Information sharing.—

(A) In general.—A report under paragraph (1) may be shared—

(i) between the Department of Justice and the Commission; and

(ii) with the National Institute of Standards and Technology for technical assistance in understanding the report.

(B) Limitation.—The National Institute of Standards and Technology shall not disclose the contents of a report shared under subparagraph (A) or the analysis of the report to any person, except the Department of Justice or the Commission, whichever sought the technical assistance.

(6) Rules of construction.—Nothing in this subsection shall—

(A) limit the ability of the Commission or the Attorney General to issue a civil investigative demand, issue a subpoena, seek discovery in the course of litigation, or otherwise obtain information through other means available under law; or

(B) restrict the use of information submitted in a report under paragraph (1) in a formal investigation, enforcement action, litigation, trial, or other proceeding, in accordance with applicable confidentiality procedures.

(c) FTC study.—Not later than 2 years after the date of enactment of this Act, the Commission shall publish the results of a study of the use of pricing algorithms, including information on—

(1) the prevalence of pricing algorithms;

(2) the frequency of the use of pricing algorithms to engage in price discrimination;

(3) the potential for persons to use pricing algorithms to engage in behavior that increases prices, reduces output, lowers quality, deters innovation, or otherwise harms the competitive process outside of the price-fixing context;

(4) the potential benefits or efficiencies of pricing algorithms;

(5) any industries, sectors, or markets in which pricing algorithms may warrant additional oversight or regulation to protect competition and consumers; and

(6) recommendations for additional legislation, regulation, or rulemaking relating to competition and consumer protection issues arising from the use of pricing algorithms.

SEC. 1137. ENFORCEMENT.

(a) Treatment under Federal Trade Commission Act and antitrust laws.—Any violation of this subtitle, or any regulation promulgated under this subtitle, shall be treated as—

(1) a violation of section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)) as an unfair, deceptive, or abusive act or practice and as an unfair method of competition;

(2) a violation of a rule promulgated under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a); and

(3) where applicable, a violation of section 1 of the Sherman Act (15 U.S.C. 1).

(b) Federal enforcement.—

(1) In general.—The Federal Trade Commission and the Attorney General shall enforce this subtitle, and any regulation promulgated under this subtitle, 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.) and the antitrust laws were incorporated into and made a part of this subtitle.

(2) Commission jurisdiction.—Notwithstanding section 4, 5(a)(2), or 6 of the Federal Trade Commission Act (15 U.S.C. 44, 45(a)(2), 46), or any other jurisdictional limitation of the Commission, the Commission shall also enforce this subtitle, and any regulation promulgated under this subtitle, with respect to—

(A) common carriers subject to the Communications Act of 1934 (47 U.S.C. 151 et seq.);

(B) organizations not organized to carry on business for their own profit or that of their members; and

(C) air carriers and foreign air carriers subject to subtitle VII of title 49, United States Code.

(c) State enforcement.—

(1) In general.—In any case in which the attorney general 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 a violation of this subtitle or a regulation promulgated under this subtitle, the attorney general of the State may, as parens patriae, bring a civil action on behalf of the residents of the State in an appropriate State court or an appropriate district court of the United States to—

(A) enjoin such violation;

(B) enforce compliance with this subtitle or such regulation;

(C) obtain damages, restitution, civil penalties, or other appropriate relief; and

(D) obtain reasonable costs and attorneys' fees.

(2) Rule of construction.—Nothing in this subsection shall be construed to prevent a State attorney general from exercising the powers conferred on the attorney general by the laws of the State to conduct investigations, administer oaths or affirmations, or compel the attendance of witnesses or the production of documentary and other evidence.

(d) Private cause of action.—

(1) In general.—Any person injured by a violation of this subtitle or a regulation promulgated under this subtitle may bring a civil action in an appropriate State court or an appropriate district court of the United States to—

(A) enjoin such violation;

(B) recover damages, including treble damages where appropriate;

(C) obtain restitution or other equitable relief; and

(D) recover reasonable attorneys' fees and litigation costs.

(2) Special rule for claims under section 1134.—In any action under paragraph (1) alleging a violation of section 1134(a)—

(A) the plaintiff establishes a prima facie violation by demonstrating that—

(i) 2 or more individuals were offered different prices by the defendant for the same, or a substantially similar, product or service during the same, or a substantially similar, period of time; or

(ii) 1 individual was offered different prices by the defendant for the same, or a substantially similar, product or service during the same, or a substantially similar, period of time while using different means of viewing the price; and

(B) the defendant may rebut the prima facie showing under subparagraph (A) by demonstrating that the alleged difference in price was—

(i) not informed, in whole or in part, by surveillance data; or

(ii) fully explained by the exceptions described in section 1134(b).

(3) Limitation.—An action under this subsection may be commenced not later than 5 years after the date on which the person first discovered or had a reasonable opportunity to discover the violation.

(e) Remedies cumulative.—The remedies provided under this section are in addition to, and not in lieu of, any other remedies available under Federal or State law.

(f) No preemption of stricter State law.—Nothing in this subtitle shall be construed to preempt any State law that provides equal or greater protection against anticompetitive conduct, unfair methods of competition, or unfair, deceptive, or abusive acts or practices.

Subtitle D—Right to Repair

SEC. 1141. SHORT TITLE AND FINDINGS.

(a) Short title.—This subtitle may be cited as the "Right to Repair Act".

(b) Findings.—Congress finds the following:

(1) The Federal Trade Commission has extensively studied the ability of customers to repair the products they own and found that products have become increasingly difficult to repair due to manufacturer-imposed repair restrictions, including physical barriers, the unavailability of parts, manuals, tools, and diagnostic software, and the use of software locks and pairing technologies.

(2) Manufacturers often profit more from product replacement or steering consumers toward authorized repair networks than from permitting independent repair, creating incentives to restrict repair markets.

(3) The Federal Trade Commission's 2021 "Nixing the Fix" Report found limited evidence supporting claims that independent repair presents heightened safety, cybersecurity, liability, or quality risks.

(4) Expanded competition in repair and parts markets offers lower prices for repairs, extends product lifespan, reduces electronic waste, and generates economic opportunities for independent repair businesses and local communities.

(5) The right to repair a product is integral to property rights, enabling owners to choose independent repair providers or to repair products themselves.

(6) Repair restrictions disproportionately harm small businesses, low-income households, and family farms, and reduce the availability of timely and affordable repairs in rural areas.

(7) Many modern products depend on software and applications to operate, and failure to provide software updates can render products insecure, inoperable, or unrepairable, undermining product longevity and leaving consumers without the ability to meaningfully compare durability at the time of purchase.

(8) It advances the public interest to ensure access to cost-effective repair and to prevent manufacturers from using technological or contractual mechanisms to impair competition in repair markets.

SEC. 1142. DEFINITIONS.

(a) Definitions.—In this subtitle:

(1) Aftermarket part.—The term "aftermarket part" means a part made by a person other than the manufacturer of a covered product and not identified by the manufacturer's brand, trade, or corporate name.

(2) All-terrain vehicle.—The term "all-terrain vehicle" means any motorized, off-highway vehicle designed to travel on 3 or 4 wheels, having a seat designed to be straddled by the operator and handlebars for steering, excluding prototypes intended exclusively for research and development unless offered for sale.

(3) Authorized repair provider.—The term "authorized repair provider" means any person that has an arrangement with a manufacturer to offer diagnostic, maintenance, or repair services for a covered product, or the manufacturer itself when performing such services.

(4) Commission.—The term "Commission" means the Federal Trade Commission.

(5) Covered product.—The term "covered product" means digital electronics equipment, a digital electronics-enabled implement of agriculture, an all-terrain vehicle, a motor vehicle, a heavy-duty vehicle, or a powered mobility assistance device, but does not include industrial safety equipment.

(6) Digital electronics equipment.—The term "digital electronics equipment" means any product that depends for its functioning, in whole or in part, on digital electronics embedded in or attached to the product, not including an all-terrain vehicle, motor vehicle, heavy-duty vehicle, or digital electronics-enabled implement of agriculture.

(7) Digital electronics-enabled implement of agriculture.—The term "digital electronics-enabled implement of agriculture" means equipment designed for agricultural

purposes, used exclusively by the owner in agricultural operations, and dependent for its functioning, in whole or in part, on digital electronics embedded in or attached to the product.

(8) Documentation.—The term "documentation" means any manual, diagram, reporting output, service code description, schematic, security code or password, or similar information, in electronic or tangible format, including updates, provided by a manufacturer to an authorized repair provider for diagnosis, maintenance, or repair.

(9) Embedded software.—The term "embedded software" means any programmable software instruction delivered with or loaded onto a covered product, or a part of a covered product, to allow the covered product or part to operate or communicate with other computer hardware, including any relevant patch and fix that the manufacturer makes for purposes of diagnosis, maintenance, or repair.

(10) Fair and reasonable terms.—The term "fair and reasonable terms" means—

(A) in general, such terms are not—

(i) conditioned on becoming or remaining an authorized repair provider or entering into any arrangement with the manufacturer; or

(ii) conditioned on a substantial obligation or restriction that is not reasonably necessary for enabling the owner or independent repair provider to engage in diagnosis, maintenance, or repair; and

(B) (i) for parts, that replacement parts are available at costs and terms equal to the most favorable costs and terms offered to an authorized repair provider, accounting for discounts, rebates, delivery, functionality restoration, rights of use, or other incentives; and when the authorized repair provider is the manufacturer, the price shall reflect the actual cost of manufacture or procurement, preparation, and delivery, exclusive of research and development costs;

(ii) for documentation, that documentation is made available at no charge, except for reasonable costs of copying and sending printed materials;

(iii) for tools and data, that proximity access and remote access are made available at no charge and without impediments to efficient and timely access or use to diagnose, maintain, or repair, and to enable full functionality of the covered product, except for reasonable actual costs of manufacturing or sending a physical tool.

(11) Firmware.—The term "firmware" means a software program or set of instructions programmed on a covered product, or on a part for such covered product, that allows the covered product or part to communicate within the covered product or part or with other device hardware.

(12) Heavy-duty vehicle.—The term "heavy-duty vehicle" means any vehicle with a gross vehicle weight rating of more than 14,000 pounds.

(13) Independent repair provider.—The term "independent repair provider" means any person who diagnoses, maintains, or repairs a covered product and is not an authorized repair provider.

(14) Industrial safety equipment.—The term "industrial safety equipment" means digital electronics equipment used solely in workplace settings or by firefighters to prevent serious injury or death, and regulated by a federal safety regulation requiring that the equipment maintain intended health and safety functions after repair.

(15) Maintenance.—The term "maintenance" means operations necessary to keep a covered product performing its intended function and in fully working order.

(16) Manufacturer.—The term "manufacturer" means a person engaged in selling, leasing, or otherwise supplying a covered product manufactured by or on behalf of itself.

(17) Motor vehicle.—The term "motor vehicle" means a vehicle driven or drawn by mechanical power and manufactured for use on public streets, roads, and highways, excluding vehicles that may be operated only on a rail line or heavy-duty vehicles.

(18) OEM part.—The term "OEM part" means a part made or sold by the manufacturer of a covered product or identified by the manufacturer's brand, trade, or corporate name.

(19) Owner.—The term "owner" means—

(A) any person who owns or leases a covered product;

(B) the United States, any executive agency (as defined in section 105 of title 5, United States Code), and any State or political subdivision thereof with respect to any covered product they purchase or lease; and

(C) any officer, employee, or servicemember of an entity described in subparagraph (B), when acting within the scope of official duties to diagnose, maintain, or repair such covered product.

(20) Part.—The term "part" means any replacement part or assembly of parts, including OEM parts and aftermarket parts, whether new or used, that is used or usable to replace an original part that is not functioning properly.

(21) Powered mobility assistance device.—The term "powered mobility assistance device" means—

(A) a motorized wheeled device designed for use by an individual with a physical disability; and

(B) a wearable robotic device designed to augment and enhance the physical ability of an individual to walk.

(22) Proximity access.—The term "proximity access" means access to onboard computer systems and electronic systems of a digital electronics-enabled implement of agriculture, all-terrain vehicle, heavy-duty vehicle, motor vehicle, or powered mobility assistance device, provided through a physical connection, short-range wireless protocol, or combination of such methods.

(23) Remote access.—The term "remote access" means access, with the owner's authorization, via long-range wireless systems to onboard computer systems and electronic systems required to diagnose, maintain, or repair a digital electronics-enabled implement of

agriculture, all-terrain vehicle, heavy-duty vehicle, motor vehicle, or powered mobility assistance device.

(24) Repair.—The term "repair" means any act needed to restore a covered product to working order.

(25) Software updates.—The term "software updates" means necessary software patches, upgrades, or modifications needed to remedy identified cybersecurity or functionality problems and enable continued functioning.

(26) Tool.—The term "tool" means any software program, hardware implement, or other apparatus, including updates, made available by a manufacturer to an authorized repair provider to perform diagnosis, maintenance, repair, programming, pairing, provisioning, calibration, or any function required for full product operation.

SEC. 1143. RIGHT TO REPAIR.

(a) Documentation, parts, and tools.—A manufacturer must make available to owners and independent repair providers, on fair and reasonable terms, the documentation, parts, embedded software, firmware, and tools necessary to diagnose, maintain, and repair a covered product. The requirements of this subsection continue after the last date the product model or type was manufactured:

(1) for at least 5 years for products with a wholesale price of not less than $50 and not more than $250;

(2) for at least 10 years for products with a wholesale price above $250;

(3) for at least 30 years for a digital electronics-enabled implement of agriculture, an all-terrain vehicle, a heavy-duty vehicle, or a motor vehicle; and

(4) for as long as such documentation, parts, and tools are made available to an authorized repair provider.

(b) Software updates.—A manufacturer must provide software updates at no cost to the owner. The requirements of this subsection continue after the last date the product model or type was manufactured:

(1) for at least 5 years for products with a wholesale price of not less than $50 and not more than $250;

(2) for at least 10 years for products with a wholesale price above $250;

(3) for at least 30 years for a digital electronics-enabled implement of agriculture, an all-terrain vehicle, a heavy-duty vehicle, or a motor vehicle; and

(4) for as long as software updates are made available to an authorized repair provider.

(c) Obligations.—The obligations of subsections (a)(3) and (b)(3) do not apply to products manufactured prior to 2016.

(d) Disclosure of support periods.—A manufacturer must clearly and conspicuously disclose to potential purchasers the duration of documentation, parts, tools, and software update support.

(e) Publicly available process.—A manufacturer must maintain a publicly available process by which an owner or independent repair provider may request and obtain documentation, parts, tools, embedded software, firmware, and other materials required to be made available under this subtitle, including clear instructions for submitting such requests and for obtaining such materials.

(f) Proximity and remote access.—A manufacturer must provide owners and independent repair providers—

(1) proximity access to read data, write data, and execute commands for diagnosis, maintenance, or repair; and

(2) remote access to read data to the same extent provided to an authorized repair provider.

(g) Prohibited conduct.—It shall be unlawful for a manufacturer to—

(1) require the use of manufacturer-approved parts;

(2) degrade, reduce, or end functionality following repair by an owner or independent repair provider;

(3) disparage aftermarket parts or independent repairs without adequate substantiation;

(4) require a subscription or post-sale payment to use a product or its features unless clearly disclosed at point of sale;

(5) impose any impediment to part replacement or repair, including pairing codes, cryptographic locks, authorization routines, or other security-related measures that materially impede diagnosis, maintenance, replacement, or repair; except as provided in paragraph (6); or

(6) in the case of a covered product that contains an electronic security lock or other security-related function, fail to make available, in a timely manner and on fair and reasonable terms, any documentation, part, embedded software, firmware, or other tool needed to disable the lock or function, and to reset the lock or function when disabled in the course of diagnosis, maintenance, or repair; provided that such items may be made available through an appropriate secure data release system.

(h) Prohibited contract terms.—A contract or agreement is void and unenforceable if it purports to:

(1) waive, limit, or require arbitration of protections or remedies under this section; or

(2) modify or restrict diagnosis, maintenance, or repair in any manner inconsistent with this section.

(i) Intellectual property.—Nothing in this subtitle requires a manufacturer to divulge a trade secret, disclose source code, or license intellectual property except as needed for repair.

(j) Manufacturer liability.—A manufacturer in compliance with this section is not liable for damage resulting from repair, maintenance, or modification conducted by an owner or independent repair provider unless the manufacturer violates a duty of care or breaches a warranty.

SEC. 1144. ENFORCEMENT.

(a) Enforcement by the Commission.—

(1) Rulemaking authority.—The Commission may promulgate rules, in accordance with section 553 of title 5, United States Code, as necessary to carry out this subtitle, including rules to clarify the requirements of section 1143 and to prevent evasion or circumvention of the obligations imposed by this subtitle.

(2) In general.—Violation of section 1143, or any regulation promulgated under paragraph (1), shall be treated as a violation of a rule under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a) regarding unfair, deceptive, or abusive acts or practices. The Federal Trade Commission shall enforce this subtitle 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 subtitle.

(3) Penalties.—Any person who violates section 1143, or any regulation promulgated under paragraph (1), shall be subject to the penalties and entitled to the privileges and immunities provided in the Federal Trade Commission Act as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated in and made part of this subtitle.

(4) Intervention.—On receiving notice pursuant to subsection (b)(3)(A), the Commission may intervene in the action that is the subject of the notice. If the Commission intervenes in such action, it shall have the authority—

(A) to be heard with respect to any matter that arises in that action; and

(B) to file a petition for appeal.

(5) Amicus curiae.—The Commission may appear as *amicus curiae* in any action brought under subsection (b) or subsection (c).

(6) Authority preserved.—Nothing in this section shall be construed to limit the authority of the Commission under any other provision of law.

(b) State enforcement.—

(1) In general.—In any case in which 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 section 1143, or regulation promulgated under subsection (a)(1), the attorney general may bring a civil action on behalf of the residents of the State in a district court of the United States of appropriate jurisdiction to—

(A) enjoin that practice;

(B) enforce compliance with such section or regulation;

(C) obtain damages, restitution, or other compensation on behalf of residents of the State;

(D) obtain civil penalties subject to paragraph (5); or

(E) obtain such other relief as the court may consider to be appropriate.

(2) Exception.—In any case in which an action is instituted by or on behalf of the Commission for violation of section 1143, or any regulation promulgated under subsection (a)(1), no State may, during the pendency of that action, institute an action under paragraph (1) against any defendant named in the complaint in such action.

(3) Notification.—

(A) When filing an action under paragraph (1), the attorney general of the State involved shall provide to the Commission—

(i) written notice of that action; and

(ii) a copy of the complaint for that action.

(B) The requirements of subparagraph (A) must be met prior to filing of the action, unless it is not feasible to do so, in which case they must be met at the same time as the action is filed.

(4) Construction.—For purposes of bringing any civil action under subsection (b), nothing in this subtitle shall be construed to prevent an attorney general of a State from exercising the powers conferred by the laws of that State to—

(A) conduct investigations;

(B) administer oaths or affirmations;

(C) compel the attendance of witnesses or the production of documentary and other evidence; or

(D) prevent a State from exercising additional enforcement authority under State law that provides equal or greater protection than this subtitle.

(5) Penalties.—The maximum civil monetary penalty for violations subject to civil penalties under this subsection shall be the same as the maximum civil penalty amount for violations of unfair or deceptive trade practices under the Federal Trade Commission Act, as periodically published by the Commission pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, and any corresponding rules (16 CFR 1.98).

(c) Enforcement by persons and entities.—

(1) Civil actions.—A person injured by a violation of section 1143 or regulations promulgated under subsection (a)(1) may bring a civil action in any court of competent jurisdiction to enjoin such violation or to recover damages.

(2) No exhaustion.—A plaintiff is not required to exhaust administrative remedies before bringing an action under this subsection.

(3) Notification.—A plaintiff must provide notice to the Commission as described in subsection (b)(3).

(4) Injunctive relief.—A court may issue temporary, preliminary, or permanent injunctive relief to prevent or restrain a violation of section 1143 or regulations promulgated under subsection (a)(1).

(5) Damages.—A prevailing plaintiff may recover—

(A) the greater of—

(i) actual monetary loss; or

(ii) double the purchase price of the product;

(B) in the case of a willful or knowing violation, the court may increase the amount recoverable under subparagraph (A) to an amount not to exceed the greater of—

(i) 3 times the actual monetary loss; or

(ii) 3 times the purchase price of the product; and

(C) reasonable attorney's fees and costs.

(6) Limitations period.—An action under this subsection may be brought not later than 2 years after the date on which the plaintiff discovered, or by the exercise of reasonable diligence should have discovered, the violation, but in no event later than 5 years after the date of the violation.

(d) Venue.—An action under this section may be brought in any district where the defendant is an inhabitant, may be found, or transacts business.

SEC. 1145. RELATION TO STATE LAW.

(a) Rule of construction.—Nothing in this subtitle shall be construed to preempt, displace, or limit the authority of a State to enforce or adopt requirements relating to the diagnosis, maintenance, or repair of a covered product that provide equal or greater protection than section 1143 or any regulations promulgated under section 1144(a)(1).

(b) State consumer protection laws.—A violation of section 1143, or regulations promulgated under section 1144(a)(1), may also be enforced under any State law that prohibits unfair, deceptive, or abusive acts or practices, to the extent such State law is consistent with this subtitle.

SEC. 1146. AMENDMENTS TO THE MAGNUSON-MOSS WARRANTY ACT.

(a) Civil penalties for violations of the anti-tying rule.—Section 2302 of title 15, United States Code, is amended—

(1) in the introductory text of subsection (c)—

(A) by striking "his" and inserting "their";

(B) by striking "or service (other than an article or service" and inserting ", service, part, accessory, tool, diagnostic service, or repair provider (unless"; and

(2) by inserting after subsection (e) the following:

"(f) Civil penalties.—

"(1) Any warrantor who violates subsection (c) shall be subject to a civil penalty not to exceed the maximum penalty for unfair or deceptive acts or practices established under section 5(m)(1)(A) of the Federal Trade Commission Act.

"(2) Each consumer product for which the warrantor conditions a written or implied warranty in violation of subsection (c) shall constitute a separate violation.

"(3) The Commission may enforce this subsection in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable provisions of the Federal Trade Commission Act were incorporated into and made a part of this chapter.".

(b) Rulemaking authority.—The Federal Trade Commission may promulgate regulations necessary to implement and enforce this section.

SEC. 1147. AMENDMENT TO THE DIGITAL MILLENNIUM COPYRIGHT ACT.

(a) Repair exemption.—Section 1201 of title 17, United States Code, is amended by inserting after subsection (k) the following:

"(l) Repair exemption.—

"(1) Notwithstanding subsections (a) and (b), it is not a violation of this section for a person, for the purpose of diagnosis, maintenance, or repair of a lawfully acquired product, software program, digital service, or system that contains or depends on a work protected under this title, or any component thereof, to—

"(A) circumvent a technological measure that effectively controls access to a work protected under this title; or

"(B) manufacture, import, offer to the public, provide, or otherwise traffic in a technology, product, service, device, component, or part thereof.

"(2) Nothing in this subsection permits the unauthorized access, deletion, or alteration of personal data stored on a device or machine.

"(3) Nothing in this subsection authorizes the distribution of copyrighted works other than as necessary to enable diagnosis, maintenance, or repair.

"(4) The exemption under this subsection applies regardless of whether the Librarian of Congress has issued a corresponding exemption under subsection (a)(1)(C).

"(m) Bad-faith threats prohibited.—

"(1) A person may not knowingly assert, threaten to assert, or communicate a claim under this chapter against a person engaging in conduct exempt from the prohibitions in this section, if the person knows or should know that the claim lacks a legal basis.

"(2) A person who violates paragraph (1) shall be liable to the United States for a civil penalty not to exceed $50,000 for each violation, in addition to any other remedies available under law.

"(3) A person who is subjected to a violation of paragraph (1) may bring a civil action in any court of competent jurisdiction for actual damages, statutory damages not to exceed $50,000 per violation, attorney's fees, and injunctive relief.

"(4) Each separate assertion, threat to assert, or communication of a claim under this chapter in violation of paragraph (1) shall constitute a separate violation.

"(5) Nothing in this subsection shall be construed to limit the authority of the Federal Trade Commission or a State attorney general to enforce this subsection as an unfair or deceptive act or practice under section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)) or any analogous State law.".

(b) Effective dates.—

(1) Subsection (l) of section 1201 of title 17, United States Code, shall take effect upon enactment and shall apply to all acts of diagnosis, maintenance, or repair occurring on or after that date and to all proceedings pending on or after that date.

(2) Subsection (m) of section 1201 shall take effect on the date that is 30 days after enactment and shall apply only to assertions, threats to assert, or communications made on or after that date.

SEC. 1148. DESIGN PATENT REPAIR SAFE HARBOR AND BAD-FAITH THREATS.

(a) Table of contents amendment.—The table of contents for chapter 29 of title 35, United States Code, is amended by inserting after the item relating to section 299 the following:

"300A. Repair safe harbor.

"300B. Bad-faith threats prohibited.".

(b) Defense reference.—Section 282(b)(4) of title 35, United States Code, is amended to read as follows:

"(4) Any other fact or act made a defense by this title, including the repair safe harbor under section 300A.".

(c) Conforming amendment.—Section 289 of title 35, United States Code, is amended by adding at the end the following: "No remedy under this section or under section 283 or 284 shall be available for conduct involving a repair part that meets the safe harbor under section 300A.".

(d) Repair safe harbor and bad-faith threats.—Chapter 29 of title 35, United States Code, is amended by inserting after section 299 the following:

"Sec. 300A. Repair safe harbor.

"(a) Definitions.—

"(1) Repair part.—The term 'repair part' means a component or part of a product, whether sold separately or as part of a repair service, that is used exclusively for diagnosis, maintenance, or repair and not for the production of a new article.

"(2) Product.—The term 'product' means any article of manufacture to which a patent for a design applies.

"(b) Safe harbor criteria.—It shall not be an act of infringement of a patent for a design to manufacture, import, offer to the public, sell, or otherwise provide a repair part for a product or any component thereof, if—

"(1) the repair part is functionally necessary to restore the product to the appearance or form in which it was manufactured; or

"(2) the repair part's appearance must match the original design to fit, align, attach, or otherwise function properly with the product or its component parts.

"(c) Limitations.

"(1) The manufacture, importation, or sale of a repair part consistent with this section is not reconstruction of a patented article.

"(2) Nothing in this section permits the use of a trademark, trade dress, logo, or other source-identifying mark of the patent owner without authorization, or permits conduct likely to cause confusion as to source, sponsorship, or approval.

"Sec. 300B. Bad-faith threats prohibited.

"(a) Prohibition.—A person may not knowingly assert, threaten to assert, or communicate a claim of infringement of a patent for a design if the person knows or should know that the claim lacks a legal basis.

"(b) Civil penalties.—A person who violates subsection (a) shall be liable to the United States for a civil penalty not to exceed $50,000 for each violation, in addition to any other remedies available under law.

"(c) Private cause of action.—A person subjected to a violation of subsection (a) may bring a civil action in any court of competent jurisdiction for actual damages, statutory damages not to exceed $50,000 per violation, attorney's fees, and injunctive relief.

"(d) Separate violations.—Each separate assertion, threat to assert, or communication of a claim of infringement in violation of subsection (a) shall constitute a separate violation.

"(e) Enforcement by Federal Trade Commission and State attorneys general.—Nothing in this section shall be construed to limit the authority of the Federal Trade Commission or a State attorney general to enforce this section as an unfair or deceptive act or practice under section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)) or any analogous State law.".

(e) Effective dates.—

(1) Section 300A of title 35, United States Code, shall take effect upon enactment and shall apply to any manufacture, import, offer to the public, sell, or other provision of a repair part occurring on or after that date and to all proceedings pending on or after that date.

(2) Section 300B shall take effect on the date that is 30 days after enactment and shall apply only to assertions, threats to assert, or communications made on or after that date.

SEC. 1149. APPLICATION TO DEFENSE PROCUREMENT.

(a) Definitions.—Notwithstanding section 1142, the following definitions shall apply for the purposes of this section:

(1) Covered product.—The term "covered product" includes any product, system, component, or software procured by or for the Department of Defense, including through classified, noncommercial, or other Federal procurement authorities.

(2) Independent repair provider.—The term "independent repair provider" includes a servicemember or Department of Defense civilian employee performing diagnosis, maintenance, or repair of a covered product owned or leased by the United States in the scope of official duties.

(b) Right-to-repair.—As a condition of entering into or renewing a contract for the procurement of a covered product by the Department of Defense, a manufacturer or contractor shall comply with the requirements of section 1143 with respect to such covered product.

(c) Data, tools, and documentation.—Compliance under subsection (b) shall include the provision, on fair and reasonable terms, of all data, documentation, parts, tools, and software updates necessary to diagnose, maintain, or repair a covered product throughout its expected service life.

(d) Intellectual property consistency.—Compliance with this section shall not be deemed to require the disclosure of classified information or to override applicable export control laws, but intellectual property rights may not be asserted to restrict diagnosis, maintenance, or repair otherwise permitted under this subtitle.

(e) National security exception.—The Secretary of Defense may waive the requirements of this section with respect to a specific covered product upon a written determination, submitted to the congressional defense committees, that compliance would pose a substantial risk to national security and that no reasonable alternative exists.

(f) Rule of construction.—Nothing in this section shall be construed to expand or limit enforcement authority, remedies, or causes of action under sections 1144 or 1147 beyond their express terms.

Subtitle E—Empowering the FTC

PART I—FTC AUTHORITY AND CAPACITY

SEC. 1151. APPROPRIATION OF ONE BILLION DOLLARS FOR THE FTC.

(a) Appropriation.—In addition to any other amounts appropriated or otherwise made available, there is appropriated, out of any money in the Treasury not otherwise appropriated, $1,000,000,000 for fiscal year 2027, to remain available until September 30, 2029, for necessary expenses of the Federal Trade Commission in carrying out the antitrust and kindred laws.

(b) Use of funds.—Amounts made available under subsection (a) shall be used to carry out the duties and authorities of the Commission under this Act, including, but not limited to, the following:

(1) investigate and enforce prohibitions on unfair, deceptive, or abusive acts or practices;

(2) enforce antitrust laws, including prohibitions on anticompetitive mergers and collusive conduct;

(3) implement, administer, and enforce regulations including those governing algorithmic pricing, surveillance practices, and digital markets;

(4) conduct rulemaking, audits, and market studies authorized under the Federal Trade Commission Act; and

(5) hire and retain technical, economic, and legal staff, including data scientists, engineers, and competition economists.

(c) Rule of construction.—Nothing in this section shall be construed—

(1) to limit Congress from appropriating amounts in excess of subsection (a); or

(2) to include amounts collected by the Commission through civil penalties, fines, fees, restitution, or disgorgement.

SEC. 1152. ESTABLISHMENT OF SUBSTANTIVE RULEMAKING AUTHORITY.

(a) Section 18 of the Federal Trade Commission Act (15 U.S.C. 57a) is amended—

(1) by striking the section header and inserting "Unfair, deceptive, or abusive acts or practices rulemaking authority."; and

(2) by striking the existing text and inserting the following—

"(a) Substantive rulemaking authority.—The Commission is authorized to promulgate substantive rules for carrying out this Act and, to the extent not otherwise specifically provided by law, any other Act administered by the Commission, including rules that define, interpret, or prohibit unfair methods of competition and unfair, deceptive, or abusive acts or practices.

"(b) Relationship to section 5.—Rules promulgated under this section may define, specify, or prohibit conduct that constitutes a violation of section 5 of this Act, and such rules may be issued without regard to whether such conduct has previously been addressed through adjudication.

"(c) Force and effect of law.—A rule promulgated under this section shall have the force and effect of law, and a violation of such rule shall be treated as a violation of this Act.

"(d) Scope of application.—Rules promulgated under this section may apply to classes of persons, classes of conduct, classes of industries, or classes of markets, and may be economy-wide in scope.

"(e) Procedure and judicial review.—Except as otherwise expressly provided by law, rules promulgated under this section shall be issued in accordance with section 553 of title 5, United States Code, and shall be subject to judicial review under chapter 7 of title 5, United States Code. No procedure in addition to those specified in the preceding sentence shall be required for the promulgation of a rule under this section.

"(f) Rule of construction.—Nothing in this section shall be construed to limit the Commission's authority under any other provision of this Act or other applicable law, or to require the Commission to proceed exclusively by rulemaking or exclusively by adjudication.".

(b) Conforming amendment.—Any reference in Federal law to a rule promulgated under section 18 of the Federal Trade Commission Act, or to rulemaking procedures under such section, shall be deemed to refer to a rule promulgated under section 18 of such Act as amended by this section.

SEC. 1153. CONFIRMATION OF AUTHORITY.

Section 5 of the Federal Trade Commission Act (15 U.S.C. 45), as amended by this Act, is further amended by inserting after subsection (a)(4) the following—

"(5) Clarification of unfair methods of competition.—

"(A) Independent authority.—The authority of the Commission under this section to prevent unfair methods of competition is independent of, and not limited by, the scope, standards, requirements, or judicial interpretations of the Sherman Act, the Clayton Act, or the Robinson-Patman Act.

"(B) Covered conduct.—Unfair methods of competition may include conduct that violates the letter or the spirit of the antitrust laws, including conduct that tends to undermine competitive conditions, facilitate market concentration, entrench dominant positions, exclude rivals, or distort competitive processes, whether or not such conduct independently constitutes a violation of any other antitrust law.

"(C) Rule of construction.—Nothing in this paragraph shall be construed to require the Commission to establish all elements of a violation under any other antitrust law, or to limit the Commission's authority to identify and prohibit unfair methods of competition through rulemaking or adjudication under this Act.".

SEC. 1154. CONSUMER AWARENESS.

(a) Consumer awareness.—The Federal Trade Commission shall establish and maintain a publicly accessible internet website that—

(1) provides information in clear and plain language regarding—

(A) protections, obligations, prohibitions, and remedies under laws enforced by the Federal Trade Commission, including protections, obligations, prohibitions, and remedies established or amended by the POPULIST Act;

(B) the compliance obligations of persons subject to such laws; and

(C) how consumers, workers, small businesses, and other affected persons may submit complaints, reports, or requests for assistance to the Federal Trade Commission; and

(2) includes educational materials for small businesses and other persons subject to laws enforced by the Federal Trade Commission to assist with compliance with those laws.

(b) Updates.—The Federal Trade Commission shall update the website required under subsection (a) as necessary to reflect changes in law, guidance, or enforcement.

SEC. 1155. PERMANENT AUTHORIZATION OF U.S. SAFE WEB ACT.

(a) Repeal of sunset.—Section 13 of the U.S. SAFE WEB Act of 2006 (Public Law 109–455; 15 U.S.C. 44 note) is repealed.

(b) Permanent effect.—Notwithstanding section 13 of Public Law 109–455 (as in effect before the date of enactment of this Act), the U.S. SAFE WEB Act of 2006 (Public Law 109–455) and the amendments made by that Act shall continue in effect as permanent provisions of law.

(c) Ratification and validation.—For the avoidance of doubt, any action taken, assistance provided, disclosure made, or information obtained, used, or shared by the Federal Trade Commission in reliance on the authorities enacted by the U.S. SAFE WEB Act of 2006 during the period beginning October 1, 2020, and ending October 20, 2020, is hereby ratified, approved, and confirmed as if the authorities had remained continuously in effect during such period.

(d) Rule of construction.—Nothing in this section shall be construed to expand or limit any authority of the Federal Trade Commission beyond making permanent the authorities provided by the U.S. SAFE WEB Act of 2006 and validating actions described in subsection (c).

SEC. 1156. OFFICE OF COMPETITION ADVOCATE.

(a) Definitions.—In this section:

(1) Agency.—The term "agency" has the meaning given the term in section 551 of title 5, United States Code.

(2) Chair.—The term "Chair" means the Chair of the Commission.

(3) Commission.—The term "Commission" means the Federal Trade Commission.

(4) Covered company.—The term "covered company" means any company that has, at any time, been required to make a filing under section 7A of the Clayton Act (15 U.S.C. 18a).

(5) Office.—The term "Office" means the Office of the Competition Advocate established under subsection (b).

(b) Establishment.—There is established within the Federal Trade Commission the Office of the Competition Advocate.

(c) Competition Advocate.—

(1) In general.—The head of the Office shall be the Competition Advocate, who shall—

(A) report directly to, and be under the supervision of, the Chair, but the Chair shall not prevent or prohibit the Competition Advocate from initiating, carrying out, or completing any of their duties under this section;

(B) be appointed by the Chair with the approval of the Commission, including at least 1 Commissioner who is not a member of the same political party as the Chair, from among individuals having experience in advocating for the promotion of competition; and

(C) serve a term of 7 years and shall not be removable except upon a unanimous vote of the Commission.

(2) Compensation.—The annual rate of pay for the Competition Advocate shall be equal to the highest rate of annual pay for other senior executives who report to the Chair of the Commission.

(3) Limitation on service.—An individual who serves as the Competition Advocate may not be employed by the Commission—

(A) during the 2-year period ending on the date of appointment as Competition Advocate; and

(B) during the 5-year period beginning on the date on which the person ceases to serve as the Competition Advocate.

(d) Staff of Office.—The Commission shall allocate funds from the Commission budget to the Office of the Competition Advocate sufficient for the Competition Advocate to retain or employ such counsel, research staff, and service staff necessary to carry out the functions, powers, and duties of the Office.

(e) Duties and powers.—The Competition Advocate shall—

(1) recommend processes or procedures that will allow the Federal Trade Commission and the Antitrust Division of the Department of Justice to improve the ability of each agency to solicit reports from consumers, small businesses, and workers about possible anticompetitive practices or adverse effects of concentration;

(2) provide recommendations to other agencies about agency actions that may have anticompetitive effects and the potential harm to competition;

(3) provide recommendations to other agencies about agency actions that may have procompetitive effects and the potential benefit to competition;

(4) publish periodic reports on—

(A) the effects of remedies required by the Department of Justice or the Federal Trade Commission in consent decrees;

(B) the effects of law enforcement actions, whether successful or not, including settlements, preliminary injunctions, court-mandated remedies, or any other remedy imposed by a court or agreed to by the Department of Justice or Federal Trade Commission;

(C) the effects of a decision by the Department of Justice or the Federal Trade Commission to allow any merger or transaction to move forward without a consent decree or bringing a law enforcement action;

(D) the effects of decisions and opinions issued by State and Federal courts related to the antitrust laws on competition and the future enforcement of the antitrust laws; and

(E) the effects of other agency actions, including rulemakings, on competition;

(5) provide recommendations to the Federal Trade Commission and Department of Justice about the effectiveness of policy statements, guidelines, or practices to improve the enforcement of the antitrust laws;

(6) report any evidence the Competition Advocate obtains that any person, partnership, or corporation has engaged in transactions or conduct that may constitute a violation of the antitrust laws, or any settlement, agreement, or consent decree related to a potential violation of the antitrust laws, to the Commission, which may institute further investigation, initiate enforcement proceedings, or refer such evidence to the Attorney General;

(7) request such information or assistance as may be necessary for carrying out the duties and powers described in this subsection from any agency or unit thereof, including the Commission. The head of any agency shall, insofar as is practicable and not in contravention of any existing statutory restriction or regulation of the agency from which the information is requested, furnish to the Competition Advocate such information or assistance;

(8) have discretion to decide whether to release the recommendations of the Competition Advocate publicly;

(9) have access to all information and data collected and retained by the Office of Market Analysis and Data; and

(10) submit all recommendations or reports to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives.

(f) Subpoena authority.—

(1) In general.—The Competition Advocate may either accept voluntary submissions of periodic and other reports from any covered company, or compel the production of such a report by subpoena for the purpose of carrying out its duties and powers under subsection (e).

(2) Independent subpoena authority.—Upon a finding that a covered company will not submit, or has not submitted, a sufficient report voluntarily, the Competition Advocate may, under its own independent authority, and notwithstanding any jurisdictional limitations in the Federal Trade Commission Act applicable to the Commission's investigative authority, compel the submission of a periodic or other report from any covered company by issuing a subpoena.

(3) Enforcement.—The Competition Advocate shall have independent authority to bring an action in any appropriate Federal court to enforce any subpoena issued under this subsection.

(4) Written finding.—Before issuing a subpoena to collect the information described in paragraph (1), the Competition Advocate shall make a written finding that—

(A) the data is required to carry out the functions of the Competition Advocate; and

(B) the information is not available from a public source, from the covered company on a voluntary basis, or another agency.

(5) Mitigation of report burden.—Before requiring the submission of a report from any covered company, the Competition Advocate shall—

(A) coordinate with other agencies or authorities; and

(B) whenever possible, rely on information available from such agencies or authorities.

(6) Confidentiality.—Information reported to or otherwise obtained by the Competition Advocate shall be subject to the same confidentiality requirements and protection applicable to information reported to or otherwise obtained by the Commission.

(g) Post-proceeding data.—Section 7A of the Clayton Act (15 U.S.C. 18a), as amended by section 1123(d) of this Act, is further amended by adding at the end the following:

"(m) Post-proceeding data.—

"(1) In general.—Each person who resolves a proceeding brought under the antitrust laws by the Federal Trade Commission or the United States by entering into an agreement or by final judgment in a Federal or administrative court regarding an acquisition with respect to which notification is required under this section shall, on an annual basis during the 5-year period beginning on the date on which the agreement is entered into or the final judgment is entered, as applicable, file with the Federal Trade Commission or the Assistant Attorney General, as applicable, and the Competition Advocate, information sufficient for the Federal Trade Commission or the United States, as applicable, to assess the competitive impact of the acquisition, including—

"(A) the pricing, availability, and quality of any product or service, or inputs thereto, in any market, that was covered by the agreement or final judgment;

"(B) the source, and the resulting magnitude and extent, of any cost-saving efficiencies or any benefits to consumers or trading partners that were claimed as a benefit of the acquisition, and the extent to which any cost savings were passed on to consumers or trading partners; and

"(C) the effectiveness of any divestitures or any conditions placed on the acquisition in fully restoring competition.

"(2) Inclusion in resolution.—The requirement to provide the information described in paragraph (1) shall be included in an agreement or final judgment described in that paragraph.

"(3) Rulemaking.—The Federal Trade Commission, with the concurrence of the Assistant Attorney General, by rule in accordance with section 553 of title 5, United States Code, and consistent with the purposes of this subsection—

"(A) shall require that the information described in paragraph (1) be in such form and contain such documentary material and information relevant to an acquisition as is necessary and appropriate to enable the Federal Trade Commission and the Assistant Attorney General to assess the competitive impact of the acquisition under paragraph (1); and

"(B) may—

"(i) define the terms used in this subsection;

"(ii) exempt, from the requirements of this subsection, information not relevant in assessing the competitive impact of the acquisition under paragraph (1); and

"(iii) prescribe such other rules as may be necessary and appropriate to carry out the purposes of this subsection.

"(4) Certification.—The chief executive officer, chief financial officer, general counsel, or a corporate officer of similar authority, or, if the person has no such officer, an individual with equivalent responsibility and authority, shall certify, under penalty of perjury, the accuracy of a report under this subsection.".

SEC. 1157. OFFICE OF MARKET ANALYSIS AND DATA.

(a) Establishment.—There is established, within the Federal Trade Commission, an Office of Market Analysis and Data.

(b) Duties.—The Office of Market Analysis and Data shall, in consultation with the Bureau of Economics, assist the Federal Trade Commission in—

(1) collecting, validating, and maintaining data obtained from agencies, as defined in section 551 of title 5, United States Code, commercial data providers, publicly available data sources, any company that has, at any time, been required to make a filing under section 7A of the Clayton Act (15 U.S.C. 18a), and any data obtained by the Commission pursuant to its authority under section 6(b) of the Federal Trade Commission Act (15 U.S.C. 46(b)), for the purpose of carrying out the functions in paragraphs (2) through (6);

(2) preparing and publishing, in a manner that is easily accessible to the public—

(A) a concentration database;

(B) a merger enforcement database; and

(C) any other database that the Commission determines is necessary to carry out the duties of the Office;

(3) collecting and publishing data regarding concentration levels across industries and the impact and degree of antitrust enforcement;

(4) standardizing the types and formats of data reported and collected, including standards for reporting financial transaction and position data;

(5) publishing reports regarding competitive conditions and dynamics affecting markets or industry sectors, in the United States, local geographic markets, different demographic and socioeconomic groups, including the effects that market concentration, mergers and acquisitions, certain types of agreements, and other forms of business conduct have on competition, consumers, workers, innovation, the economic competitiveness of the United States, economic resilience, and national security; and

(6) publishing reports concerning the competitive effects of acquisitions, which shall include recommendations concerning appropriate enforcement action to remedy any anticompetitive effects discovered, and may include assessments of—

(A) the conditions of the relevant markets affected by the acquisition, over the period since the acquisition was consummated, including the potential impact that the acquisition has had on—

(i) the prices of goods or services, including wages in any affected labor markets;

(ii) the output and quality of goods and services;

(iii) the entry or exit of competitors;

(iv) innovation;

(v) consumer choice and product variety;

(vi) the opportunity of suppliers and vendors to sell their products or services;

(vii) coordinated interaction between competitors; and

(viii) subsequent mergers and acquisitions activity;

(B) whether the acquiring person or its successors in interest—

(i) complied with all obligations under any agreement with the Federal Trade Commission, the United States, or State law enforcement authorities to resolve a proceeding brought under the antitrust laws; and

(ii) achieved measurable, transaction-specific efficiencies, which did not arise from anticompetitive reductions of output, as a result of the acquisition; and

(C) whether any agreements with the Federal Trade Commission or the United States, or remedies imposed by a Federal court to resolve a proceeding brought under the antitrust laws regarding the acquisition, were effective in mitigating the anticompetitive effects from the acquisition.

(c) Information security.—The Commission shall ensure that data collected and maintained by the Office of Market Analysis and Data is kept secure and protected against unauthorized disclosure.

(d) Regulations.—The Commission may, under section 553 of title 5, United States Code, promulgate regulations relating to the collection and standardizing of data under subsection (b).

PART II—UNSTACKING COURT RESTRAINTS

SEC. 1161. UNSTACKING NEW YORK V. META PLATFORMS.

(a) Amendment.—Section 4C of the Clayton Act (15 U.S.C. 15c) is amended by adding at the end the following:

"(e) Timeliness of actions brought by State attorneys general.—

"(1) An action brought by a State attorney general under this section shall not be dismissed or limited on the basis of laches, acquiescence, or any other equitable doctrine premised solely on the passage of time.

"(2) For purposes of equitable defenses relating to timeliness, a State attorney general bringing an action under this section shall be treated in the same manner as the United States.

"(3) Nothing in this subsection shall be construed to alter any applicable statute of limitations expressly provided by law.".

(b) Rule of construction.—Nothing in this section shall be construed to expand or contract the substantive antitrust standards applicable to any action.

SEC. 1162. UNSTACKING AMG CAPITAL MANAGEMENT V. FTC.

(a) In general.—Section 13 of the Federal Trade Commission Act (15 U.S.C. 53) is amended—

(1) In subsections (a) and (b) to read as follows—

"(a) Power of Commission; jurisdiction of courts.—

"(1) Cause of action.—Whenever the Commission has reason to believe—

"(A) that any person, partnership, or corporation is engaged in, or is about to engage in, the dissemination or the causing of the dissemination of any advertisement in violation of section 52 of this title; and

"(B) that the enjoining thereof would be to the interest of the public, the Commission by any of its attorneys designated by it for such purpose may bring suit in a district court of the United States or in the United States court of any Territory, to enjoin the dissemination or the causing of the dissemination of such advertisement.

"(2) Preliminary relief.—Upon proper showing a temporary injunction or restraining order shall be granted without bond pending the issuance of a complaint by the Commission under section 45 of this title, and until such complaint is dismissed by the Commission or set aside by the court on review, or the order of the Commission to cease and desist made thereon has become final within the meaning of section 45 of this title.

"(b) Temporary restraining orders; preliminary injunctions.—

"(1) Cause of action.—Whenever the Commission has reason to believe that any person, partnership, or corporation has violated, is violating, or is about to violate, any provision of law enforced by the Federal Trade Commission, and that prohibiting or restraining such conduct would be in the interest of the public, the Commission may bring suit in a district court of the United States to enjoin any such act or practice.

"(2) Preliminary relief.—Upon a proper showing that, weighing the equities and considering the Commission's likelihood of ultimate success, such action would be in the public interest, and after notice to the defendant, a temporary restraining order or a preliminary injunction shall be granted without bond, pending the issuance of a complaint by the Commission and until such complaint is dismissed by the Commission or set aside by the court on review, or until the order of the Commission made thereon has become final. Relief under this subsection may be sought before, during, or after the initiation of an administrative proceeding under section 45.

"(3) Formal complaint required.—If no complaint is filed within such period (not exceeding 20 days) as may be specified by the court after issuance of the temporary restraining order or preliminary injunction, the order or injunction shall be dissolved by the court and be of no further force and effect. The issuance or dissolution of a temporary restraining order or preliminary injunction shall not be construed to limit the authority of the court to grant permanent relief under this subsection.

"(4) Equitable relief.—In any action brought under this subsection, the court may grant, in addition to injunctive relief, any equitable relief necessary to redress violations of law enforced by the Federal Trade Commission, including restitution, disgorgement, refund of money, return of property, rescission or reformation of contracts, and any other relief the court determines appropriate to prevent unjust enrichment and to restore injured parties.

"(5) Limitations period.—

"(A) In general.—A court may not order equitable relief under this subsection with respect to any violation occurring before the period that begins on the date that is 10 years before the date on which the Commission files the suit in which such relief is sought.

"(B) Calculation.—For purposes of calculating the beginning of the period described in subparagraph (A), any time during which an individual against whom the equitable relief is sought is outside of the United States shall not be counted."; and

(2) by inserting at the end the following new subsection—

"(e) Proceedings.—

"(1) Any suit under this section may be brought where such person, partnership, or corporation resides or transacts business, or wherever venue is proper under section 1391 of title 28.

"(2) The court may, if the court determines that the interests of justice require that any other person, partnership, or corporation should be a party in such suit, cause such other person, partnership, or corporation to be added as a party without regard to whether venue is otherwise proper in the district in which the suit is brought.

"(3) In any suit under this section, process may be served on any person, partnership, or corporation wherever it may be found.".

(b) Applicability.—The amendments made by this section shall apply to any actions or proceedings that are pending on, or commenced on or after the date of enactment of this Act.

SEC. 1163. UNSTACKING BELL ATLANTIC V. TWOMBLY AND ASHCROFT V. IQBAL.

(a) In general.—The Clayton Act (15 U.S.C. 12 et seq.), as amended by this Act, is further amended by inserting after section 27A the following:

"Sec. 27B. Pleading in antitrust and competition actions.

"(a) Definitions.—In this section:

"(1) Antitrust laws.—The term 'antitrust laws' has the meaning given it in subsection (a) of section 12 of this title, except that such term includes section 45 of this title to the extent that such section 45 applies to unfair methods of competition.

"(2) Covered action.—The term 'covered action' means any civil action in a United States district court arising under the antitrust laws.

"(b) Sufficiency of pleading.—A complaint in a covered action shall be sufficient if it sets forth a short and plain statement giving the defendant fair notice of the claim and the grounds upon which it rests. A complaint under this section need not plead evidentiary matter.

"(c) Sherman Act section 1 claims.—In a covered action arising under section 1 of the Sherman Act (15 U.S.C. 1), allegations of parallel conduct, together with factual allegations from which agreement may reasonably be inferred, shall be sufficient to state a claim. A complaint under this subsection need not exclude the possibility of independent action.

"(d) Construction.—In ruling on a motion to dismiss for failure to state a claim in a covered action, the court shall accept the factual allegations of the complaint as true and draw reasonable inferences in favor of the pleader. A complaint may not be dismissed on the ground that an alternative explanation appears more likely.

"(e) Other statutes.—Nothing in this section shall be construed to displace a heightened pleading standard expressly imposed by another Act of Congress.".

(b) Applicability.—Section 27B of the Clayton Act shall govern notwithstanding any judicial decision interpreting Rule 8(a)(2) or Rule 9(b) of the Federal Rules of Civil Procedure to impose a contrary pleading standard in a covered action.

SEC. 1164. UNSTACKING VOLVO TRUCKS V. REEDER-SIMCO.

The Robinson-Patman Act (15 U.S.C. 13), as amended by this Act, is further amended in subsection (a) by inserting at the end the following—

"(4) Competitive injury.—For purposes of paragraph (1)(C)(ii), competition may be shown by direct or circumstantial evidence and need not be shown by proof that a purchaser described in subparagraph (C)(ii)(I)(bb) and another purchaser competed for the same customer, the same bid, or the same transaction.".

SEC. 1165. UNSTACKING UNITED STATES V. BREWBAKER.

The Sherman Act (15 U.S.C. 1 et seq.) is amended by inserting after section 1 the following:

"Sec. 1A. Bid rigging in competitive bidding processes.

"(a) Definitions.—In this section:

"(1) Actual or potential competitor.—The term 'actual or potential competitor' means a person that submitted, could submit, or was reasonably capable of submitting an independent bid in the same competitive bidding process.

"(2) Bid.—The term 'bid' means a bid, proposal, quotation, offer, or other response submitted in a competitive bidding process.

"(3) Competitive bidding process.—The term 'competitive bidding process' means any process, whether conducted by a governmental entity or a private person, through which a contract, project, concession, license, franchise, supply arrangement, or other commercial opportunity is awarded, in whole or in part, on the basis of price or other material terms in response to bids.

"(4) Bid rigging.—The term 'bid rigging' means any agreement, arrangement, or understanding between 2 or more actual or potential competitors with respect to the same competitive bidding process to—

"(A) manipulate any material term of a bid;

"(B) refrain from seriously competing, including by not submitting a bid or submitting an intentionally noncompetitive bid;

"(C) allocate the award, customer, territory, or other commercial opportunity; or

"(D) otherwise manipulate the competitive bidding process in a manner that substantially lessens competition.

"(5) Teaming arrangement.—The term 'teaming arrangement' means an arrangement between 2 or more persons that—

"(A) is disclosed in writing to the soliciting entity prior to or simultaneously with the submission of a bid;

"(B) identifies the participants and the material terms of the arrangement; and

"(C) combines complementary capabilities or capacity in order to pursue the commercial opportunity at issue.

"(b) Unlawful conduct.—It shall be unlawful for any person to knowingly enter into, participate in, or carry out bid rigging.

"(c) Effect and enforcement.—A violation of subsection (b)—

"(1) shall be conclusively deemed an unreasonable restraint of trade under section 1;

"(2) shall constitute a violation of the antitrust laws;

"(3) shall constitute an unfair method of competition under section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)); and

"(4) shall not be defeated by the fact that parties to the bid-rigging agreement also stood in a vertical relationship to each other.

"(d) Safe harbor for qualifying teaming arrangements.—

"(1) In general.—A teaming arrangement shall not violate subsection (b) if—

"(A) the teaming arrangement was reasonably necessary to pursue or perform the commercial opportunity at issue;

"(B) the teaming arrangement was not used as a pretext to suppress, distort, or eliminate competition; and

"(C) the participants could not practicably compete independently in the same competitive bidding process.

"(2) Burden of proof.—The burden of establishing paragraph (1) shall be on the person asserting the applicability of such paragraph.".

SEC. 1166. UNSTACKING SPECTRUM SPORTS, INC. V. MCQUILLAN.

Section 2 of the Sherman Act (15 U.S.C. 2), as amended by this Act, is further amended by adding at the end the following:

"(c) Attempt to monopolize.—For purposes of subsection (a), a person shall be liable for attempt to monopolize if the person engages in predatory or exclusionary conduct with the specific intent to monopolize. Proof that the person had a dangerous probability of achieving monopoly power, proof of market share, or proof of a relevant market shall not be required.".

SEC. 1167. UNSTACKING MATSUSHITA ELECTRIC V. ZENITH RADIO.

Section 1 of the Sherman Act (15 U.S.C. 1) is amended—

(1) by striking "Every contract" and inserting "(a) Every contract"; and

(2) by adding at the end the following:

"(b) Summary judgment in civil actions.—In any civil action brought under this section in which the plaintiff alleges an agreement, combination, or conspiracy in restraint of trade—

"(1) the plaintiff shall not be required at the summary judgment stage to present evidence that tends to exclude the possibility of independent action; and

"(2) the court may not grant summary judgment merely because independent action is also plausible if the evidence, viewed in the light most favorable to the nonmoving party, permits a reasonable inference of concerted action.".

SEC. 1168. UNSTACKING CREDIT SUISSE SECURITIES V. BILLING.

The Clayton Act (15 U.S.C. 12 et seq.), as amended by this Act, is further amended by inserting after section 27B the following:

"Sec. 27C. Limitations on implied immunity from the antitrust laws.

"(a) Definitions.—In this section, the term 'antitrust laws' has the meaning given such term in section 1(a) of this Act, except that such term includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent that such section applies to unfair methods of competition.

"(b) In general.—In any action or proceeding to enforce the antitrust laws with respect to conduct that is regulated under Federal statute, no court or adjudicatory body may find that the Federal statute, or any rule or regulation promulgated in accordance with the Federal statute, implicitly precludes application of the antitrust laws to the conduct unless—

"(1) a Federal agency or department actively regulates the conduct under the Federal statute;

"(2) the Federal statute does not include any provision preserving the claims or remedies under the applicable antitrust laws or under any area of law that includes the antitrust laws; and

"(3) Federal agency or department rules or regulations, adopted by rulemaking or adjudication, explicitly require or authorize the defendant to undertake the conduct.

"(c) Existing Federal regulation.—In any action or proceeding described in subsection (b), the antitrust laws shall be applied fully and without qualification or limitation, and the scope of the antitrust laws shall not be defined more narrowly on account of the existence of Federal rules, regulations, or regulatory agencies or departments, unless application of the antitrust laws is precluded or limited by—

"(1) an explicit exemption from the antitrust laws under a Federal statute; or

"(2) an implied immunity that satisfies the requirements of subsection (b).".

Subtitle F—Recognizing Advertising As a Net Negative in Society

SEC. 1171. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Congress has long prohibited deceptive acts or practices and false advertisements in commerce, including under sections 45, 52, and 55 of title 15, United States Code;

(2) Congress has long recognized that certain forms of advertising may be restricted or prohibited when necessary to protect public health and welfare, including cigarette advertising over certain electronic media under section 1335 of title 15, United States Code;

(3) Congress has long recognized that outdoor advertising may be regulated to protect safety, recreational value, and natural beauty, including under section 131 of title 23, United States Code;

(4) the Federal tax code should not subsidize efforts to manipulate consumer attention, bias consumer judgment, or increase demand through persuasion rather than by lowering price, improving quality, or providing useful factual information;

(5) large-scale advertising imposes cognitive burdens on the public, contributes to distraction, intrudes into homes, streets, schools, and digital environments, and reduces the practical ability of individuals to avoid unwanted commercial influence;

(6) advertising that targets children and adolescents exploits developmental vulnerabilities and undermines the ability of parents and guardians to guide the development of minors without pervasive commercial interference;

(7) advertising of addictive products and services, including tobacco products, alcoholic beverages, gambling, and other products or services designated by rule, can impose substantial public health, financial, and social harms;

(8) undisclosed sponsorships, paid endorsements, product placements, and influencer promotions can conceal the commercial nature of a communication and mislead the public;

(9) when a commercial communication includes legally required disclosures, such disclosures should inform the public and should not operate as a loophole permitting the public subsidization of promotional advertising through the Federal tax code; and

(10) it is in the interest of the United States to reduce the volume of manipulative commercial advertising, to promote truthful and readily identifiable commercial communications, and to deny Federal tax subsidies for promotional expenditures.

(b) Purpose.—The purposes of this subtitle are—

(1) to deny Federal income tax deductions for advertising and promotional expenditures, except for certain narrowly defined factual nonpromotional communications;

(2) to reduce manipulative, misleading, and intrusive advertising practices;

(3) to protect children and adolescents from targeted and developmentally exploitative commercial influence;

(4) to ensure that commercial communications are truthful, identifiable, and supported by substantiation before dissemination;

(5) to provide effective remedies for misleading advertising, including corrective advertising sufficient to counteract residual false impressions; and

(6) to liberate the mental bandwidth of the American people from the heavy tax that constant advertisement places upon it.

SEC. 1172. NO DEDUCTION FOR ADVERTISING AND PROMOTION.

(a) Amendment to section 162.—Section 162 of the Internal Revenue Code of 1986 (26 U.S.C. 162) is amended by redesignating subsection (s) as subsection (t) and by inserting before subsection (t) the following:

"(s) Advertising and promotional expenditures.—

"(1) Definitions.—For purposes of this subsection:

"(A) Advertising expenditure.—The term 'advertising expenditure' means any amount paid or incurred for the creation or dissemination of a commercial communication intended to induce the purchase, lease, use, or favorable perception of any product, service, brand, business, trade name, or line of business, except that the term does not include any amount paid or incurred for a factual nonpromotional communication.

"(B) Factual nonpromotional communication.—The term 'factual nonpromotional communication' means a communication that—

"(i) is limited to 1 or more of the following:

"(I) the name, address, telephone number, email address, internet address, or hours of operation of a business;

"(II) the price, availability, objective quantity, objective dimensions, or objective technical specifications of a product or service;

"(III) a legal notice, safety warning, recall notice, operating instruction, ingredient list, label, or other disclosure expressly required by Federal, State, local, or Tribal law, or by order of a governmental authority;

"(IV) a notice regarding a job opening, procurement opportunity, or request for bids;

"(V) a communication on the premises where a product or service is offered for sale that merely identifies the business or product and states price or availability; or

"(VI) such other categories of purely factual nonpromotional communication as the Secretary may provide by regulation, in consultation with the Federal Trade Commission; and

"(ii) does not include any communication that includes—

"(I) a slogan, tagline, or brand-enhancement message;

"(II) a comparative, superiority, or preference claim;

"(III) an emotional, fear-based, or aspirational appeal;

"(IV) an endorsement, testimonial, celebrity appearance, mascot, fictional character, or influencer content;

"(V) an inducement to purchase, other than purely factual purchase instructions; or

"(VI) any other content the principal purpose of which is to persuade rather than to inform.

"(2) In general.—No deduction shall be allowed under subsection (a) for any advertising expenditure.

"(3) No alternative recovery.—No amount for which a deduction is disallowed under this subsection may be capitalized or otherwise recovered through amortization, depreciation, cost of goods sold, basis adjustment, or any other provision of this title, except to the extent expressly provided by the Secretary by regulation.

"(4) Recordkeeping.—Each taxpayer claiming that an amount was paid or incurred for a factual nonpromotional communication shall maintain such books and records as the Secretary may require, including copies of communications, contracts, invoices, and such other information as the Secretary determines appropriate.

"(5) Regulations.—The Secretary shall prescribe such regulations and other guidance as are necessary or appropriate to carry out this subsection, including regulations—

"(A) to prevent avoidance through related parties, pass-through entities, bundling, allocation, recharacterization, barter arrangements, or foreign affiliates;

"(B) to coordinate this subsection with sections 263, 263A, 274, and 482;

"(C) to provide rules for allocating amounts in the case of mixed-purpose contracts or integrated campaigns; and

"(D) to provide simplified safe harbors for small businesses.".

(b) Effective date.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2026.

SEC. 1173. TRUTH IN ADVERTISING, RECORDKEEPING, AND CORRECTIVE REMEDIES.

(a) In general.—The Federal Trade Commission Act (15 U.S.C. 41 et seq.) is amended by inserting after section 15 (15 U.S.C. 55) the following:

"Sec. 15A. Truthful, identified, substantiated, and nonabusive advertising.

"(a) Definitions.—For purposes of this section:

"(1) Advertisement.—The term 'advertisement' means any commercial communication, other than labeling, disseminated by any means in or affecting commerce for the purpose of inducing, or likely to induce, directly or indirectly, the purchase, lease, use, or favorable perception of any product, service, brand, business, trade name, or line of business.

"(2) Clearly and conspicuously.—The term 'clearly and conspicuously' means in a manner that is difficult to miss, readily understandable by an ordinary consumer, and presented in such form, timing, place, and manner as the Commission may require by rule.

"(3) Material connection.—The term 'material connection' means any financial or other relationship that a reasonable consumer would consider important in evaluating the credibility, independence, or weight of a representation.

"(4) Substantiation.—The term 'substantiation' means competent and reliable evidence sufficient, in light of the nature of the claim, the product or service, the benefits or consequences represented, and the audience to whom the advertisement is directed, to support an express or implied factual claim at the time such advertisement is first disseminated.

"(b) Unlawful acts or practices.—It shall be unlawful for any person to disseminate or cause to be disseminated in or affecting commerce any advertisement that—

"(1) contains an untrue statement of a material fact;

"(2) omits a material fact necessary in order to make a representation, in light of the circumstances under which the representation is made, not misleading;

"(3) contains an express or implied factual claim for which the advertiser lacked substantiation before first dissemination;

"(4) fails clearly and conspicuously to identify the person on whose behalf the advertisement is disseminated;

"(5) is formatted, styled, or presented in a manner likely to cause a reasonable consumer to mistake the advertisement for independent news, editorial, entertainment, search results, user-generated content, or other noncommercial content, unless the advertisement clearly and conspicuously discloses that it is an advertisement;

"(6) includes an endorsement, testimonial, review, product placement, influencer promotion, sponsored content, or other promotional content for which a material connection has not been clearly and conspicuously disclosed;

"(7) materially misrepresents that a review, endorsement, or testimonial reflects the independent opinion or experience of a person other than the advertiser or a person acting on behalf of the advertiser; or

"(8) employs a format, design, or representation the principal purpose or foreseeable effect of which is to defeat, obscure, or evade a disclosure required by this section.

"(c) Affirmative defense for certain disseminators.—

"(1) In general.—It shall be an affirmative defense to a violation of subsection (b) for a person that sells, places, transmits, distributes, publishes, or materially amplifies an advertisement on behalf of another person that—

"(A) before the first dissemination of the advertisement or campaign, obtained the certification required under subsection (d)(1);

"(B) did not create, develop, or materially alter the representation, claim, or disclosure at issue; and

"(C) did not have actual knowledge that the advertisement or campaign failed to comply with this section.

"(2) Inapplicability.—Paragraph (1) shall not apply to a person described in such paragraph if such person—

"(A) materially assisted in the creation or development of an untrue or misleading representation;

"(B) knew that a required disclosure was omitted, obscured, or defeated; or

"(C) disseminated the advertisement or campaign after acquiring actual knowledge that the advertisement or campaign failed to comply with this section.

"(d) Certification.—

"(1) Advertiser certification.—Before the first dissemination of an advertisement or advertising campaign, the advertiser shall provide to each person that sells, places, transmits, distributes, publishes, or materially amplifies the advertisement on behalf of the advertiser a written certification, signed by a natural person authorized to bind the advertiser, stating that—

"(A) the advertiser has reviewed the advertisement or campaign;

"(B) the advertisement or campaign does not contain any untrue statement of a material fact;

"(C) the advertisement or campaign does not omit a material fact necessary to make the statements made, in light of the circumstances under which such statements are made, not misleading;

"(D) the advertiser possessed substantiation for each express or implied factual claim at the time of first dissemination; and

"(E) the advertisement or campaign complies with the sponsor-identification and material-connection disclosure requirements of this section.

"(2) Campaign variants.—A single certification may cover substantially similar variants within the same advertising campaign if the differences among such variants do not materially alter an express or implied claim, a required disclosure, or the target audience.

"(e) Treatment under this Act.—A violation of this section, including a failure to provide a certification required under subsection (d), shall constitute an unfair, deceptive, or abusive act or practice in or affecting commerce within the meaning of section 45(a)(1) of this title.

"(f) Rules.—The Commission may promulgate such rules as are necessary or appropriate to carry out this section, including rules establishing standardized disclosure formats, reasonable procedures for campaign-level certifications, and requirements adapted to evolving methods of dissemination.

"Sec. 15B. Corrective advertising, recordkeeping, and restorative remedies.

"(a) Covered violation.—For purposes of this section, the term 'covered violation' means a violation of sections 15A, 15B, 15C, or 15D, or of any rule promulgated under such sections.

"(b) Corrective advertising.—In any administrative proceeding under section 5(b) or any civil action brought by the Commission with respect to a covered violation, the Commission or the court, as applicable, may require the dissemination of corrective advertising or other public notification reasonably calculated to—

"(1) redress injury to consumers or other persons;

"(2) counteract lingering or residual misleading impressions caused by the covered violation; and

"(3) inform persons exposed to the advertisement of the truth.

"(c) Content and placement of corrective advertising.—Corrective advertising ordered under subsection (b) may require dissemination—

"(1) in the same or substantially similar media, format, language, geographic markets, and audience segments as the advertisement or campaign that gave rise to the covered violation;

"(2) with substantially similar prominence, placement, cadence, duration, and frequency; and

"(3) in an amount reasonably calculated to achieve not fewer than 3 times the estimated impressions or reach of the advertisement or campaign that gave rise to the covered violation, unless the Commission or the court finds that a different amount is necessary to redress injury and counteract lingering or residual misleading impressions.

"(d) Recordkeeping.—

"(1) Advertisers.—Each advertiser shall retain, for not less than 3 years after the last dissemination of an advertisement or campaign, 1 specimen copy of each substantially different advertisement or campaign and such records as are reasonably sufficient to establish—

"(A) the claims made;

"(B) the substantiation possessed at the time of first dissemination;

"(C) the dates and manner of dissemination;

"(D) the audience or targeting parameters;

"(E) the geographic scope;

"(F) the estimated impressions or reach;

"(G) the amounts paid or incurred; and

"(H) the identity of each person that sold, placed, or materially amplified the advertisement.

"(2) Disseminators.—Each person that sells, places, or materially amplifies an advertisement on behalf of another person shall retain, for not less than 3 years after the last dissemination of the advertisement or campaign—

"(A) the certification required by section 15A(d);

"(B) records sufficient to identify the advertiser;

"(C) the dates and manner of dissemination;

"(D) the audience or targeting parameters;

"(E) the geographic scope; and

"(F) the estimated impressions or reach attributable to such person.

"(3) Allocation by agreement.—2 or more persons subject to this subsection may allocate responsibility for maintaining records required under this subsection by written agreement, except that no such agreement shall relieve—

"(A) an advertiser of responsibility for maintaining substantiation records; or

"(B) a disseminator of responsibility for maintaining a certification required by section 15A(d).

"(e) Treatment under this Act.—A covered violation—

"(1) shall be treated as a violation of a rule promulgated under section 18 regarding unfair, deceptive, or abusive acts or practices; and

"(2) shall constitute an unfair, deceptive, or abusive act or practice in or affecting commerce within the meaning of section 5(a)(1).

"(f) Rules.—The Commission may promulgate such rules as are necessary or appropriate to carry out this section, including rules establishing standardized recordkeeping formats.

"(g) Other relief preserved.—The remedies provided by this section are in addition to, and not in lieu of, any other remedy or authority available to the Commission or a court under this Act or any other provision of law.".

(b) Corrective advertising under section 19.—Section 19(b) of the Federal Trade Commission Act (15 U.S.C. 57b(b)), as amended by this Act, is further amended by inserting ", corrective advertising, and corrective disclosures" after "and public notification".

(c) Conforming amendment.—The table of sections in section 1 of the Federal Trade Commission Act is amended by inserting after the item relating to section 15 the following:

"15A. Truthful, identified, substantiated, and nonabusive advertising.

"15B. Corrective advertising, recordkeeping, and restorative remedies.".

(d) Effective date.—The amendments made by this section shall take effect on January 1, 2027.

SEC. 1174. RESTRICTING ADVERTISING OF ADDICTIVE PRODUCTS AND SERVICES.

(a) In general.—The Federal Trade Commission Act (15 U.S.C. 41 et seq.), as amended by this Act, is further amended by inserting after section 15B the following:

"Sec. 15C. Special restrictions on advertising of covered addictive products and services.

"(a) Definitions.—For purposes of this section:

"(1) Advertisement.—The term 'advertisement' has the meaning given such term in section 15A(a)(1) and includes any public sponsorship, naming rights arrangement, or other public display of a brand, product, service, or trade name in connection with any athletic, musical, artistic, social, or cultural event, venue, team, league, or program.

"(2) Covered addictive product or service.—The term 'covered addictive product or service' means—

"(A) a tobacco product, as defined in section 201(rr) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(rr));

"(B) an alcoholic beverage, as defined in section 214(1) of title 27, United States Code;

"(C) any gambling product or service, including—

"(i) any bet or wager, as defined in section 5362(1) of title 31, United States Code;

"(ii) any lottery;

"(iii) any gambling service or gambling establishment, as defined in section 1955 of title 18, United States Code;

"(iv) any account, platform, service, or other arrangement used to place, receive, facilitate, offer, market, or settle gambling activity, whether or not such activity constitutes a bet or wager within the meaning of clause (i); and

"(v) any prediction market, as defined in section 1601 of title 26, United States Code;

"provided that the term does not include the purchase or sale of securities, any contract of insurance or indemnity, or any deposit or other transaction with an insured depository institution; and

"(D) any other product or service designated by the Commission by rule, in consultation with the Secretary of Health and Human Services, the Secretary of the Treasury, and the Attorney General, upon a finding that such product or service presents a substantial risk of addiction, compulsive use, or comparable public health, financial, or social harm.

"(3) Lawful minimum age.—The term 'lawful minimum age' means the minimum age applicable to the purchase or use of the covered addictive product or service under Federal, State, local, or Tribal law.

"(4) Naming rights arrangement.—The term 'naming rights arrangement' means any contract, license, sponsorship, or other arrangement under which the name of—

"(A) the brand name, trade name, trademark, or product name of a covered addictive product or service; or

"(B) any person for which not less than 50 percent of gross revenue is attributable to the manufacture, distribution, sale, or facilitation of covered addictive products or services,

"is used in the name of, or is publicly displayed as part of the name of, any event, venue, team, league, or program.

"(5) Point-of-sale factual communication.—The term 'point-of-sale factual communication' means a communication limited to the identity of the product or service, the seller, the price, availability, lawful age restrictions, and disclosures expressly required by Federal, State, local, or Tribal law that is—

"(A) located on the physical premises where a covered addictive product or service is lawfully offered; or

"(B) on an internet site, application, account page, or similar digital location owned or controlled by the seller or manufacturer and intentionally accessed by a person.

"(6) Targeted advertising.—The term 'targeted advertising' means dissemination of an advertisement selected for a specific person or audience on the basis of personal data, behavioral data, geolocation data, inferred interests, demographic characteristics, or prior online or offline activity, other than—

"(A) contextual placement based solely on the content of the page, application, or service then being viewed; or

"(B) ordinary physical placement of a non-digital advertisement in a geographic location not selected on the basis of personal data or inferences about identified or reasonably identifiable persons or audiences.

"(b) Prohibition.—Except as provided in subsection (c), it shall be unlawful for any person to disseminate or cause to be disseminated in or affecting commerce—

"(1) to the general public, any advertisement for a covered addictive product or service; or

"(2) by means of targeted advertising, any advertisement for a covered addictive product or service.

"(c) Exceptions.—Subsection (b) shall not apply to—

"(1) a point-of-sale factual communication;

"(2) a label, package, insert, medication guide, patient information, or other disclosure expressly required by Federal, State, local, or Tribal law;

"(3) a communication directed solely to manufacturers, wholesalers, distributors, retailers, or other professional or commercial intermediaries and not disseminated to the general public;

"(4) a communication made available by the manufacturer or seller on an internet site, application, account page, or similar digital location owned or controlled by such manufacturer or seller if—

"(A) access is reasonably designed to be limited to persons who have attained the lawful minimum age;

"(B) the communication is not disseminated through paid placement, paid amplification, or targeted advertising; and

"(C) the communication otherwise complies with this section and section 15A; or

"(5) a response to a direct inquiry initiated by a person who has attained the lawful minimum age, if the response is provided directly to that person and is not further disseminated to the general public.

"(d) No preemption of stricter law.—Nothing in this section shall be construed to preempt or limit any Federal, State, local, or Tribal law that provides greater restrictions against the advertising of covered addictive products or services.

"(e) Relation to other authority.—Nothing in this section shall be construed to limit any authority of the Secretary of Health and Human Services, the Secretary of the Treasury, the Federal Communications Commission, the Attorney General, or any other Federal agency under any other provision of law.

"(f) Treatment under this Act.—A violation of this section shall constitute an unfair, deceptive, or abusive act or practice in or affecting commerce within the meaning of section 5(a)(1) of this Act.

"(g) Rules.—The Commission shall promulgate such rules as are necessary or appropriate to carry out this section, including rules to prevent evasion through affiliates, indirect compensation, data sharing, common branding, or nominally unpaid promotion.".

(b) Existing contracts contrary to public policy.—Any contract or arrangement in effect on the date of enactment of this Act that requires or authorizes conduct prohibited by section 15C of the Federal Trade Commission Act, as added by subsection (a), including any naming rights arrangement within the meaning of section 15C(a)(4) of such Act, shall be contrary to public policy, unlawful, and unenforceable on and after January 1, 2027.

(c) Conforming amendment.—The table of sections in section 1 of the Federal Trade Commission Act, as amended by this Act, is further amended by inserting after the item relating to section 15B the following:

"15C. Special restrictions on advertising of covered addictive products and services.".

(d) Effective date.—The amendments made by this section shall take effect on January 1, 2027.

SEC. 1175. PROHIBITION ON DIRECT-TO-CONSUMER PRESCRIPTION DRUG ADS.

(a) Findings and purpose.—

(1) It is the purpose of Congress by this section to prohibit direct-to-consumer advertising of prescription drugs, and Congress finds the following:

(A) Prescription drugs are available only by prescription because their use requires the supervision of a licensed health care professional and because consumers are generally not positioned to evaluate their risks, contraindications, appropriateness, or comparative clinical value without professional judgment;

(B) direct-to-consumer advertising of prescription drugs is permitted in only a tiny number of countries and is inconsistent with the ordinary understanding that prescription drugs should be selected on the basis of clinical need rather than mass-market persuasion; and

(C) the growth of direct-to-consumer broadcast advertising of prescription drugs in the United States followed regulatory and guidance changes that allowed such advertisements to rely on abbreviated risk presentation and adequate provision for dissemination of approved labeling, rather than requiring the full brief summary to be presented in the advertisement itself.

(2) Congress further finds that, because implementation of such a prohibition may be delayed by litigation or court order, reversing the regulatory and guidance changes is a prompt and practical method for restoring the prescription drug advertising landscape to its more pastoral pre-1997 setting.

(b) In general.—Section 502 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 352) is amended by adding at the end the following:

"(hh) (1) If it is a drug approved under section 505 or licensed under section 351 of the Public Health Service Act (42 U.S.C. 262), and subject to section 503(b)(1), and the holder of the approved application under section 505 or of the license under such section 351 has conducted direct-to-consumer advertising of the drug within the most recent 30-day period.

"(2) For purposes of this section, the term 'direct-to-consumer advertising', with respect to a drug subject to section 503(b)(1), means any promotional communication targeting consumers, including through television, radio, print media, digital platforms, and social media, for purposes of marketing such a drug.".

(c) Full brief summary required for consumer-directed broadcast advertisements.—Section 502(n) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 352(n)) is amended—

(1) in the first sentence—

(A) by striking "published direct-to-consumer advertisements the following statement printed in conspicuous text" and inserting "direct-to-consumer advertising includes the following statement, clearly and conspicuously presented";

(B) by striking "except that (A)" and inserting "provided that";

(C) by striking ", and (B)" and all that follows through "title 15"; and

(2) by striking the third and fourth sentences and inserting "In the case of direct-to-consumer advertising stating the name of the drug and its conditions of use, the brief summary relating to side effects, contraindications, and effectiveness shall be presented in a clear, conspicuous, unabridged, and neutral manner.".

(d) Withdrawal of inconsistent regulations and guidance.—Not later than 30 days after the date of enactment of this Act, the Secretary of Health and Human Services shall revise section 202.1 of title 21, Code of Federal Regulations, and shall withdraw the guidance entitled "Consumer-Directed Broadcast Advertisements Guidance for Industry", dated August 1999, and any successor

guidance, policy statement, or enforcement policy, to the extent such regulation, guidance, policy statement, or enforcement policy is inconsistent with subsection (c). Pending completion of such revision or withdrawal, any such inconsistent provision shall have no force or effect.

(e) Effective date.—The amendments made by this section shall take effect 30 days after the date of enactment of this Act and shall apply with respect to any drug approved under section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355) or licensed under section 351 of the Public Health Service Act (42 U.S.C. 262), regardless of when the drug was approved or licensed.

SEC. 1176. OUTDOOR ADVERTISING AND DIGITAL BILLBOARD CONTROL.

(a) In general.—Subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following new chapter:

"CHAPTER 50D—OFF-PREMISES ADVERTISING STRUCTURES.

"SEC. 5000I. Definitions.

"SEC. 5000J. Imposition of tax.

"Sec. 5000I. Definitions.

"(a) Definitions.—For purposes of this chapter:

"(1) Airplane banner.—The term 'airplane banner' means any advertising sign, banner, or similar display towed or otherwise displayed from an aircraft, and visible from the ground by members of the public.

"(2) Airplane banner hour.—The term 'airplane banner hour' means each 60-minute period or fraction thereof during which an airplane banner is displayed.

"(3) Airship advertising display.—The term 'airship advertising display' means any sign, banner, screen, or other advertising display affixed to, integrated into, or otherwise displayed by a blimp, balloon, or similar lighter-than-air craft and visible from the ground by members of the public.

"(4) Airship advertising display day.—The term 'airship advertising display day' means each calendar day or fraction thereof during which an airship advertising display is displayed.

"(5) Compliant digital advertising display.—The term 'compliant digital advertising display' means—

"(A) in the case of an off-premises advertising structure subject to section 131(u) of title 23, United States Code, a digital advertising display operated in compliance with such section; and

"(B) in the case of any other taxable advertising display, a digital advertising display that—

"(i) displays only fixed messages, each of which remains unchanged for not less than 6 seconds;

"(ii) does not use animation, scrolling, flashing, intermittent lighting effects, moving imagery, or full-motion video;

"(iii) automatically adjusts brightness in response to ambient light and is not operated at a brightness that causes glare or otherwise interferes with safe travel; and

"(iv) defaults to a single static message or a dark screen if the display malfunctions.

"(6) Digital advertising display.—The term 'digital advertising display' means any taxable advertising display that uses electronic, digital, LED, LCD, projection, or similar technology to display or change text, images, or other visual matter.

"(7) Directional sign.—The term 'directional sign' means a sign that provides only directional, distance, or location information concerning a place or facility and does not contain promotional advertising matter other than the name, logo, or identifying information of such place or facility.

"(8) Display face.—The term 'display face' means each separately viewable side, surface, screen, panel, banner face, or other distinct area on which an advertising message is displayed or may be displayed, but does not include any areas used for self-promotion by the owner.

"(9) Illuminated.—The term 'illuminated' means equipped with artificial lighting, whether internal or external, that makes a display face or message visible under conditions of darkness or reduced natural light, but does not include navigation, marker, or other safety lighting required by law that does not illuminate or form part of the advertising message.

"(10) Mobile advertising display.—The term 'mobile advertising display' means any vehicle, trailer, or other mobile device used in commerce to display advertising visible from a public right-of-way, but does not include a vehicle or trailer used for self-promotion.

"(11) Mobile advertising half-day.—The term 'mobile advertising half-day' means each 240-minute period or fraction thereof during which a mobile advertising display is operated in commerce and visible from a public right-of-way.

"(12) Mobile or airborne advertising display.—The term 'mobile or airborne advertising display' means a mobile advertising display, airplane banner, or airship advertising display.

"(13) Noncompliant digital advertising display.—The term 'noncompliant digital advertising display' means any digital advertising display that is not a compliant digital advertising display.

"(14) Off-premises advertising structure.—The term 'off-premises advertising structure' means any fixed sign, display, billboard, screen, panel, or similar structure or device designed, intended, or ordinarily used in commerce to display advertising visible from a public right-of-way, but does not include—

"(A) an on-premises sign;

"(B) an official sign or notice;

"(C) a directional sign; or

"(D) a sign advertising the sale or lease of the real property on which the sign is located.

"(15) Official sign or notice.—The term 'official sign or notice' means a sign or notice erected or required by a Federal, State, local, or Tribal government, or by a public utility, for traffic control, safety, public information, or other governmental or quasi-governmental purposes.

"(16) On-premises sign.—The term 'on-premises sign' means a sign located on the same premises as the establishment, activity, goods, or services to which the sign relates and that identifies the establishment or advertises activities conducted on, or goods produced, sold, or services rendered on, the property on which the sign is located, but does not include a noncompliant digital advertising display.

"(17) Owner.—The term 'owner' means the person operating a taxable advertising display in commerce.

"(18) Public right-of-way.—The term 'public right-of-way' means any road, street, highway, sidewalk, trail, transit way, or other right-of-way open to public travel.

"(19) Self-promotion.—The term 'self-promotion' means an advertisement for goods or services, which may contain a business name, logo, and other identifying information of the owner or affiliate, which is displayed—

"(A) on a vehicle engaged in facilitating the provision of such advertised goods or services; or

"(B) by an on-premises sign.

"(20) Taxable advertising display.—The term 'taxable advertising display' means an off-premises advertising structure or a mobile or airborne advertising display.

"(21) Taxable display area.—

"(A) In general.—The term 'taxable display area' means the total number of square feet, or fraction thereof, of all display faces of an off-premises advertising structure, determined by multiplying the greatest height by the greatest width of each display face and aggregating such amounts for all such faces, whether or not the same message is displayed on more than 1 face.

"(B) Temporary disuse or exempt content disregarded.—The taxable display area shall not be reduced because, during any period, 1 or more display faces are blank or display noncommercial content, official notices, or advertising the availability of the off-premises advertising structure.

"(C) Structural changes.—If permanent changes to an off-premises advertising structure increase or decrease the square footage calculated in subparagraph (A), the taxable display area for a taxable year shall be the calculation that results in the greatest taxable display area.".

"Sec. 5000J. Imposition of tax.

"(a) In general.—There is imposed on the owner of each taxable advertising display a tax for each calendar year equal to the product of—

"(1) the base rate determined under subsection (b);

"(2) the applicable quantity determined under subsection (c); and

"(3) the applicable multiplier determined under subsection (d).

"(b) Base rate.—For purposes of subsection (a), the base rate shall be—

"(1) $7.50, in the case of an off-premises advertising structure;

"(2) $60, in the case of a mobile advertising display;

"(3) $120, in the case of an airplane banner; and

"(4) $480, in the case of an airship advertising display.

"(c) Applicable quantity.—For purposes of subsection (a), the applicable quantity shall be—

"(1) the taxable display area, in the case of an off-premises advertising structure;

"(2) the number of mobile advertising half-days during the calendar year, in the case of a mobile advertising display;

"(3) the number of airplane banner hours during the calendar year, in the case of an airplane banner; and

"(4) the number of airship advertising display days during the calendar year, in the case of an airship advertising display.

"(d) Applicable multiplier.—For purposes of subsection (a), the applicable multiplier with respect to any taxable advertising display shall be—

"(1) 9.0, in the case of a noncompliant digital advertising display;

"(2) 4.5, in the case of a compliant digital advertising display;

"(3) 1.5, in the case of an illuminated taxable advertising display that is not a digital advertising display; or

"(4) 1.0, in any other case.

"(e) Proration for certain structures.—

"(1) In general.—In the case of an off-premises advertising structure placed in service or permanently removed from service during a calendar year, the tax imposed by this section with respect to such structure shall be prorated on a monthly basis under rules prescribed by the Secretary.

"(2) Transition rule.—In the case of an off-premises advertising structure permanently removed from service before July 1, 2027, no tax shall be imposed under this chapter for calendar year 2027 with respect to such structure.

"(f) Inflation adjustment.—

"(1) In general.—In the case of any calendar year beginning after 2027, each dollar amount in subsection (b) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(2) Rounding.—

"(A) In the case of the dollar amount in subsection (b)(1), the amount, after adjustment under paragraph (1), shall be rounded to the nearest multiple of $0.05.

"(B) In the case of the dollar amounts in paragraphs (2), (3), and (4) of subsection (b), each such amount, after adjustment under paragraph (1), shall be rounded to the nearest whole dollar.

"(3) Publication.—Not later than December 1 of each calendar year, the Secretary shall publish the dollar amounts applicable under subsection (b) for the following calendar year.

"(g) Regulations and anti-avoidance rules.—The Secretary shall prescribe such regulations or other guidance as are necessary or appropriate to carry out this section, including regulations or other guidance—

"(1) to prevent avoidance through the use of related persons, intermediaries, temporary shutdowns, nominal noncommercial content, short-term transfers, changes in classification, changes in display characteristics, or other arrangements intended to reduce liability under this chapter;

"(2) to provide equitable rules for the treatment of mobile advertising displays that are parked, left standing, stationed, or repeatedly repositioned in substantially the same location;

"(3) to provide rules for determining when multiple display faces, structures, vehicles, banners, or devices shall be treated as a single taxable advertising display or as separate taxable advertising displays;

"(4) to provide rules for determining the taxable display area of irregularly shaped display faces and structures with multiple display faces;

"(5) to provide rules coordinating this section with section 131(u) of title 23, United States Code, and with the definitions in section 5000I; and

"(6) to provide such recordkeeping, return filing, payment, and other administrative rules as the Secretary determines appropriate.".

(b) Clerical amendment.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"Chapter 50D. Off-premises advertising structures.".

(c) Changeable electronic signs.—Section 131 of title 23, United States Code, is amended by adding at the end the following:

"(u) Changeable electronic signs.—

"(1) In general.—A changeable electronic sign, display, or device erected or maintained pursuant to subsection (d) shall be considered consistent with this section only if—

"(A) each message remains fixed for not less than 6 seconds;

"(B) the display does not use animation, scrolling, flashing, intermittent lighting effects, moving imagery, or full-motion video;

"(C) the display automatically adjusts brightness in response to ambient light and is not operated at a brightness that causes glare, impairs the vision of a driver, or otherwise interferes with the operation of a motor vehicle;

"(D) the display defaults to a single static message or a dark screen if the display malfunctions; and

"(E) the display otherwise complies with standards prescribed by the Secretary to protect the safety of the motoring public.

"(2) Rule of construction.—A changeable electronic sign, display, or device that complies with paragraph (1) shall not be treated as containing flashing, intermittent, moving, or animated light solely because it changes from one fixed message to another at intervals permitted under paragraph (1).".

(d) Effective date.—The amendments made by this section shall apply to calendar years beginning after December 31, 2026.

SEC. 1177. PROHIBITION ON ADVERTISING TO MINORS.

(a) In general.—The Federal Trade Commission Act (15 U.S.C. 41 et seq.), as amended by this Act, is further amended by inserting after section 15C the following:

"Sec. 15D. Prohibition on advertising to minors.

"(a) Definitions.—For purposes of this section:

"(1) Advertisement.—

"(A) In general.—The term 'advertisement' means any commercial communication disseminated through covered media in or affecting commerce for the purpose of inducing, or attempting to induce, directly or indirectly, the purchase, lease, use, or favorable perception of any product, service, brand, business, trade name, or line of business.

"(B) Exceptions.—Such term does not include—

"(i) an individual's expression of personal opinion, experience, or play, unless such expression is—

"(I) disseminated on behalf of an advertiser; or

"(II) made in exchange for commercial consideration; or

"(ii) the mere identification of the name, trade name, trademark, logo, copyright notice, or other attribution of the publisher, developer, distributor, platform, owner, or creator of the covered media, unless such identification includes—

"(I) a product claim or comparative claim;

"(II) price information;

"(III) qualitative or promotional description, including a brand slogan; or

"(IV) a call to action, including any inducement to purchase or use a product or service.

"(2) Advertising designed to appeal primarily to minors.—The term 'advertising designed to appeal primarily to minors' means an advertisement intended or reasonably likely to appeal primarily to minors. Such determination shall be based on the totality of the circumstances, including the subject matter, visual and audio content, use of animation, language, age and appearance of characters, child-oriented activities or incentives, and use of celebrities or influencers who appeal to minors.

"(3) Blurred advertising.—The term 'blurred advertising' means an advertisement that is integrated into, disguised as, or otherwise not clearly separated from the underlying content and that is disseminated in exchange for commercial consideration, including a compensated influencer promotion, product placement, advertising presented in the form of a video, post, review, game, filter, or similar content, or any other disguised commercial content.

"(4) Child-directed advertising.—The term 'child-directed advertising' means—

"(A) advertising designed to appeal primarily to minors;

"(B) blurred advertising in child-directed content; or

"(C) any advertisement disseminated before, during, after, or adjacent to child-directed content, other than sponsorship identification.

"(5) Child-directed content.—The term 'child-directed content' means content disseminated through covered media that—

"(A) is identified by the platform or creator as directed primarily to minors or as made for children; or

"(B) based on the totality of the circumstances, including the subject matter, visual and audio content, use of animation, language, age and appearance of characters, child-oriented activities or incentives, and use of celebrities or influencers who appeal to minors, or other competent and reliable empirical evidence regarding the intended or actual audience, is directed primarily to minors.

"(6) Commercial consideration.—The term 'commercial consideration' means money, free products, discounts, revenue sharing, affiliate compensation, sponsorship, product placement consideration, or any other thing of value provided, directly or indirectly, in connection with the dissemination of content.

"(7) Covered media.—The term 'covered media' means audio, audiovisual, or interactive content disseminated by electronic means, including through broadcast television, cable television, satellite television, streaming services, internet sites, applications, social media services, video-sharing platforms, podcasts, games, or similar services or platforms.

"(8) Minor.—The term 'minor' means an individual under 17 years of age.

"(9) Sponsorship identification.—The term 'sponsorship identification' means a clearly and conspicuously disclosed acknowledgment that content was funded by, paid for by, or sponsored by a sponsor, if such acknowledgment—

"(A) is limited to the name or trade name of the sponsor and a brief nonpromotional statement of support;

"(B) does not include a product claim, comparative claim, price information, qualitative or promotional description, brand slogan, call to action, or inducement to purchase or use a product or service; and

"(C) is clearly separated from the surrounding content.

"(b) Prohibited acts.—It shall be unlawful for any person to disseminate, or cause to be disseminated, in or affecting commerce any child-directed advertising.

"(c) Treatment under this Act.—A violation of this section shall constitute an unfair, deceptive, or abusive act or practice in or affecting commerce within the meaning of section 5(a)(1) of this Act.

"(d) Rules.—The Commission shall promulgate such rules as are necessary or appropriate to carry out this section, including rules establishing disclosure, formatting, separation, and identification requirements for sponsorship identification and standards for determining when content constitutes blurred advertising, child-directed content, or advertising designed to appeal primarily to minors.

"(e) Rule of construction.—Nothing in this section shall be construed to authorize any targeted advertising, surveillance advertising, or use of personal information for advertising purposes that is otherwise prohibited by this Act or any other provision of law.".

(b) Conforming amendment.—The table of sections in section 1 of the Federal Trade Commission Act, as amended by this Act, is further amended by inserting after the item relating to section 15C the following:

"15D. Prohibition on advertising to minors.".

(c) Effective date.—The amendments made by this section shall take effect on January 1, 2027.

SEC. 1178. RULEMAKING, ENFORCEMENT, AND RELATION TO OTHER LAW.

(a) In general.—The Federal Trade Commission Act (15 U.S.C. 41 et seq.), as amended by this Act, is further amended by inserting after section 15D the following:

"Sec. 15E. Enforcement by States.

"(a) Civil action.—In any case in which the attorney general of a State, or other authorized State officer, has reason to believe that an interest of the residents of that State has been or is threatened or adversely affected by any person that violates section 15A, 15B, 15C, or 15D, or any rule promulgated under any such section, the attorney general of the State, or other authorized State officer, as parens patriae, may bring a civil action on behalf of the residents of the State in a district court of the United States of appropriate jurisdiction—

"(1) to enjoin the violation;

"(2) to enforce compliance with this Act;

"(3) to obtain damages, restitution, refunds, corrective advertising, public notification, or other compensation or relief authorized under this Act; and

"(4) to obtain civil penalties, if authorized by law.

"(b) Notice.—Before filing an action under subsection (a), the attorney general of a State, or other authorized State officer, shall provide written notice to the Commission and shall provide the Commission with a copy of the complaint to be filed, except that if prior notice is not feasible, the attorney general of the State, or other authorized State officer, shall provide such notice immediately upon instituting the action.

"(c) Intervention by Commission.—Upon receiving notice under subsection (b), the Commission shall have the authority—

"(1) to intervene in the action;

"(2) upon intervening, to be heard on all matters arising in the action; and

"(3) to file petitions for appeal.

"(d) Preservation of State powers.—Nothing in this section shall be construed—

"(1) to prevent the attorney general of a State, or other authorized State officer, from exercising the powers conferred by the laws of that State to conduct investigations, administer oaths or affirmations, or compel the attendance of witnesses or the production of documentary and other evidence; or

"(2) to prohibit the attorney general of a State, or other authorized State officer, from proceeding in State or Federal court on the basis of an alleged violation of any civil or criminal statute of that State.

"(e) Limitation during pendency of Federal action.—No separate action may be brought under this section during the pendency of an action by the Commission or the United States against the same defendant for the same violation.

"(f) Service of process.—In an action brought under subsection (a), process may be served in any district in which the defendant is an inhabitant or may be found.

"(g) Venue.—Any action brought under subsection (a) may be brought in any district court of the United States that meets the applicable requirements of section 1391 of title 28, United States Code.".

(b) Conforming amendment.—The table of sections in section 1 of the Federal Trade Commission Act, as amended by this Act, is further amended by inserting after the item relating to section 15D the following:

"15E. Enforcement by States.".

(c) FTC rulemaking procedure.—

(1) In general.—Rules promulgated by the Commission under section 15A(f), 15B(f), 15C(g), or 15D(d) of the Federal Trade Commission Act, as added by this subtitle, shall be promulgated in accordance with section 18 of such Act (15 U.S.C. 57a), as amended by this Act.

(2) Early rulemaking authorized.—The Commission may promulgate regulations and take such other administrative actions as are necessary to implement the amendments made by this subtitle before January 1, 2027, except that no such regulation shall take effect before January 1, 2027.

(d) Enforcement notwithstanding jurisdictional exclusions.—Notwithstanding section 5(a)(2) of the Federal Trade Commission Act (15 U.S.C. 45(a)(2)), the Commission is empowered and directed to enforce sections 15A through 15E of such Act, and any rule promulgated under any such section, with respect to any person subject to such sections.

(e) Relation to other law.—Nothing in sections 15A through 15E of the Federal Trade Commission Act, as added by this subtitle, or in this subtitle, shall be construed—

(1) to preempt or limit any Federal, State, local, or Tribal law that provides equal or greater protection against deceptive, manipulative, misleading, abusive, or intrusive advertising practices; or

(2) to limit any authority of the Secretary of Health and Human Services, the Secretary of the Treasury, the Federal Communications Commission, the Attorney General, the Secretary of Transportation, or any other Federal agency under any other provision of law.

(f) Effective date.—The amendments made by this section shall take effect on January 1, 2027.

Subtitle G—Refriendlying the Skies

SEC. 1181. PROHIBITION ON SURVEILLANCE-BASED PRICE SETTING BY AIR CARRIERS AND TICKET AGENTS.

(a) In general.—Section 41712 of title 49, United States Code, is amended by adding at the end the following:

"(d) Prohibition on surveillance-based price setting.—It shall be an unfair or deceptive practice under subsection (a) for an air carrier, foreign air carrier, or ticket agent to engage in surveillance-based price setting, as prohibited under section 1134 of the POPULIST Act.".

(b) No preemption of consumer protection claims.—Section 41713(b)(4) of title 49, United States Code, is amended by adding at the end the following:

"(D) No preemption of surveillance-based price setting claims.—Nothing in subparagraphs (A) through (C) may be construed—

"(i) to preempt, displace, or supplant any action for civil damages or injunctive relief based on a violation of section 1134 of the POPULIST Act; or

"(ii) to restrict the authority of any government entity, including a State attorney general, from bringing a legal claim on behalf of the residents of the State with respect to any such violation.".

SEC. 1182. ENFORCEMENT BY STATE ATTORNEYS GENERAL.

(a) In general.—Chapter 461 of title 49, United States Code, is amended by inserting after section 46107 the following:

"Sec. 46107A. Enforcement by State attorneys general.

"(a) In general.—Any attorney general of a State may bring a civil action in the name of such State, as parens patriae on behalf of natural persons residing in such State, in a district court of the United States against a person to enforce this part or a requirement or regulation prescribed, or an order or any term of a certificate or permit issued, under this part.

"(b) Venue.—An action under this section may be brought in the judicial district in which the person against whom the action is brought does business or in which the violation occurred.

"(c) Relief.—In a civil action under this section, the court may grant all appropriate relief, including injunctive relief and civil penalties, as authorized under this part.

"(d) Notice.—Before filing an action under subsection (a), the attorney general of a State shall provide written notice to the Secretary and the Attorney General and shall provide each such official with a copy of the complaint to be filed, except that if prior notice is not feasible, the attorney general of the State shall provide such notice immediately upon instituting the action.

"(e) Intervention by United States.—Upon receiving notice under subsection (d), the United States may intervene as of right in the action. If the United States intervenes, the United States shall have the authority—

"(1) to be heard on all matters arising in the action; and

"(2) to file a petition for appeal.

"(f) Limitation during pendency of Federal action.—No separate action may be brought or maintained under this section during the pendency of an action by the Secretary or the United States against the same defendant for the same violation.

"(g) Federal certificates and permits.—In an action under this section, a court may not suspend, revoke, modify, or transfer a certificate or permit issued under this part, except that the court may enforce compliance with a requirement, order, or term of such certificate or permit and may grant any other relief authorized under subsection (c).".

(b) Clerical amendment.—The table of contents for chapter 461 of title 49, United States Code, is amended by inserting after the item relating to section 46107 the following:

"46107A. Enforcement by State attorneys general.".

SEC. 1183. PROMOTING COMPETITION IN AVIATION REGULATION.

(a) Promoting competition.—Section 40101(d) of title 49, United States Code, is amended by adding at the end the following new paragraph:

"(8) promoting competition.".

(b) Maintaining and enhancing competition in slot allocation.—Section 40103(b)(1) of title 49, United States Code, is amended by inserting "In doing so, the Administrator shall consider the need to maintain or enhance competition in the air transportation system." after "efficient use of airspace.".

(c) Ensuring reasonable access.—

(1) In general.—Section 47107(a)(1) of title 49, United States Code, is amended to read as follows:

"(1) the airport will be available for public use—

"(A) on reasonable conditions and without unjust discrimination; and

"(B) with the airport proprietor taking all practicable steps to accommodate requests for reasonable access (as defined in subsection (z)) to terminal facilities;".

(2) Standards for reasonable access.—Section 47107 of title 49, United States Code, is amended by adding at the end the following new subsection:

"(z) Written assurances on lease agreements.—

"(1) The Secretary of Transportation may approve an application under this subchapter for an airport development project grant only if the Secretary receives written assurances, satisfactory to the Secretary, that, with respect to any airport serving 0.25 percent or more of the total annual enplanements in the United States (calculated on a rolling 5-year average) and with more than 50 percent of passengers (calculated on a rolling 5-year average) handled by 2 air carriers or fewer, the airport owner shall submit to the Secretary any proposed lease, lease amendment, or lease extension (including carryover provisions) for advance approval, as well as a statement detailing how such proposed lease, lease amendment, or lease extension maintains or enhances competition in the air transportation system.

"(2) In this section, the following definitions apply:

"(A) Common use.—The term 'common use' means nonexclusive use in common by air carriers and other duly authorized users of the airport.

"(B) Reasonable access.—The term 'reasonable access' means, with respect to terminal facilities, that—

"(i) not less than 25 percent of terminal facilities at an airport are available for common use; and

"(ii) not more than 50 percent of terminal facilities are reserved for exclusive use by a single air carrier.

"(C) Terminal facilities.—The term 'terminal facilities' means facilities within the terminal of an airport, including gates, ticket counters, baggage claim areas, and baggage make up system spaces.".

(d) Competition plans.—Section 40117(d) of title 49, United States Code, is amended—

(1) in paragraph (3), by striking "and";

(2) in paragraph (4), by striking the period at the end and inserting "; and"; and

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

"(5) beginning in fiscal year 2027, in the case of an application for a terminal project, the project will provide for reasonable access (as defined in section 47107(z)) to terminal facilities.".

(e) Competition disclosure.—Section 47107(r) of title 49, United States Code, is amended by striking paragraph (3).

SEC. 1184. CODIFICATION OF CERTAIN RULES RELATING TO AIRLINES.

(a) Incorporation of specified regulations.—The provisions of the following final regulations promulgated by the Secretary of Transportation under section 41712 of title 49, United States Code, and related statutory authorities, as published in the Federal Register, are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection:

(1) The final rules entitled "Refunds and Other Consumer Protections," published in the Federal Register on April 26, 2024 (89 Fed. Reg. 32760) and August 12, 2024 (89 Fed. Reg. 65534).

(2) The final rule entitled "Clarification of Formal Enforcement Procedures for Unfair and Deceptive Practices," published in the Federal Register on June 16, 2023 (88 Fed. Reg. 39352).

(3) The final rule entitled "Defining Unfair or Deceptive Practices," published in the Federal Register on December 7, 2020 (85 Fed. Reg. 78707).

(4) The final rule entitled "Enhancing Transparency of Airline Ancillary Service Fees," published in the Federal Register on April 30, 2024 (89 Fed. Reg. 34620).

(5) The final rule entitled "Ensuring Safe Accommodations for Air Travelers with Disabilities Using Wheelchairs," published in the Federal Register on December 17, 2024 (89 Fed. Reg. 102398).

(b) Effect of incorporation.—The regulations incorporated under subsection (a) may be altered only by means of an Act of Congress. To the extent that any provision of such regulations does not conform to any other statutory provision of law enacted before the date of enactment of this Act, the provisions of this Act shall govern.

(c) 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.

(d) (1) Requirement to issue final rule.—Not later than June 30, 2027, the Secretary of Transportation shall publish in the Federal Register a final rule addressing the subject matter of the proposed rule titled "Airline Passenger Rights," published in the Federal Register on December 11, 2024 (89 Fed. Reg. 99760), including provisions to ensure that passengers experiencing significant flight disruptions receive clear, prompt, and adequate compensation, rebooking, amenities, information, and other protections. Such final rule shall define the classes of disruptions covered, a schedule of minimum compensation obligations, and procedures for claim submission and payment.

(2) Procedure.—In promulgating the final rule under paragraph (1), the Secretary shall consider the comments previously submitted to docket number DOT-OST-2024-0062 and any additional comments received on or after the date of enactment of this Act, and ensure that the final rule is consistent with the statutory authority provided by title 49, United States Code.

SEC. 1185. SEATING YOUNG CHILDREN ADJACENT TO AN ADULT PASSENGER.

(a) In general.—Subchapter I of chapter 417 of title 49, United States Code, is amended by adding at the end the following:

"Sec. 41730. Seating young children adjacent to an accompanying adult on aircraft.

"(a) Definitions.—In this section:

"(1) Accompanying adult.—The term 'accompanying adult' means an individual age 14 or older on the date of scheduled departure who is on the same reservation record as a young child.

"(2) Adjacent.—The term 'adjacent' means next to in the same row of the aircraft and not separated by an aisle.

"(3) Available.—The term 'available', when used with respect to seats or seat assignments, means capable of assignment by the carrier without upgrading class of service and without displacing another passenger with an assigned seat.

"(4) Class of service.—The term 'class of service' means first class, business class, premium economy, or general economy, including basic economy.

"(5) No additional cost.—The term 'no additional cost' means no added charge beyond the fare.

"(6) Young child.—The term 'young child' means an individual age 13 or under on the date of scheduled departure.

"(b) General requirement.—

"(1) An air carrier or foreign air carrier that assigns seats, or allows individuals to select seats, in advance of the date of departure of a flight shall seat each young child adjacent to an

accompanying adult, provided that adjacent seat assignments are available and an exception in subsection (f) does not apply.

"(2) An air carrier or foreign air carrier that does not assign seats or allow individuals to select seats in advance of the date of departure shall board passengers in a manner that ensures each young child is seated adjacent to an accompanying adult, provided that an exception in subsection (f) does not apply.

"(3) An air carrier or foreign air carrier may not charge a fee or impose additional cost to seat a young child adjacent to an accompanying adult within the same class of service.

"(4) Every class of service offered by an air carrier or foreign air carrier shall allow for seating of a young child adjacent to an accompanying adult.

"(5) An air carrier or foreign air carrier may not limit the availability of adjacent seats in a manner that results in an undue burden on the ability of a young child to receive an advance seat assignment adjacent to an accompanying adult.

"(c) Additional requirements for advance seating.—

"(1) An air carrier or foreign air carrier that assigns seats or allows individuals to select seats at the time of booking shall, not later than 48 hours after issuance of a ticket for each young child—

"(A) provide a seat assignment adjacent to an accompanying adult at no additional cost, if available; or

"(B) if not available, provide the accompanying adult a choice between—

"(i) a full refund of all tickets on the reservation; or

"(ii) waiting for adjacent seat assignments.

"(2) If adjacent seat assignments do not become available before boarding, the carrier shall, at the choice of the accompanying adult—

"(A) rebook the reservation on the next available flight at no additional cost; or

"(B) transport the passengers on the original flight in non-adjacent seats, if seats are available.

"(d) Remedies for violation.—An air carrier or foreign air carrier that violates subsection (b) or (c) shall, at the choice of the accompanying adult—

"(1) rebook the reservation on the next available flight at no additional cost;

"(2) provide a full refund of all tickets on the reservation and return transportation to the origination airport if applicable; or

"(3) transport the passengers on the original flight in non-adjacent seats, if seats are available.

"(e) Applicability.—The requirements of this section apply to each scheduled flight segment to or from any airport in the United States.

"(f) Exceptions.—Subsections (b) and (c) shall not apply to the extent that—

"(1) the young child does not have an accompanying adult;

"(2) the accompanying adult declines an adjacent seat offered at no additional cost;

"(3) aircraft configuration makes compliance impossible; or

"(4) an exception established by final rule of the Secretary applies.

"(g) Regulations.—The Secretary may issue regulations to implement this section.".

(b) Clerical amendment.—The analysis of chapter 417 of title 49, United States Code, is amended by inserting after the item relating to section 41729 the following:

"41730. Seating young children adjacent to an accompanying adult on aircraft.".

(c) Effective date.—Section 41730 of title 49, United States Code, as added by subsection (a), shall take effect on January 1, 2027.

(d) Repeal of FAA Extension, Safety, and Security Act of 2016 family seating provision.—Section 2309 of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C. 42301 note) is repealed.

SEC. 1186. LIMITATIONS ON AIR CARRIER CONCENTRATION AT AIRPORTS.

(a) In general.—Subchapter I of chapter 417 of title 49, United States Code, is amended by adding at the end the following:

"Sec. 41731. Limitations on excessive air carrier concentration at covered airports.

"(a) Covered airports.—In this section, the term 'covered airport' means an airport that—

"(1) accounts for not less than 1 percent of total annual passenger enplanements in the United States, calculated on a rolling 3-year average; or

"(2) is designated by the Secretary of Transportation as a high-concentration airport based on market dominance by 1 or more air carriers.

"(b) Concentration limitation.—Except as provided in subsection (d), it shall be unlawful for an air carrier, together with any affiliate, to operate more than 30 percent of the aggregate number of scheduled departures from and scheduled arrivals at a covered airport during any calendar year.

"(c) Measurement.—For purposes of subsection (b), the aggregate number of scheduled departures and arrivals shall be measured using publicly reported schedule data filed with the Department of Transportation, as determined by the Secretary.

"(d) Transition and waivers.—

"(1) Initial transition waiver.—The Secretary may, on a case-by-case basis and for good cause shown, waive the application of subsection (b) with respect to a covered airport until a

date not later than July 1, 2028, if the Secretary determines that additional time is necessary to permit the orderly implementation of this section. A waiver under this paragraph shall require a written compliance plan and may not be renewed or extended beyond July 1, 2028.

"(2) Essential air service waiver.—The Secretary may grant a temporary waiver of subsection (b) for a period not to exceed 2 calendar years, if the Secretary determines that—

"(A) compliance would result in significant harm to essential air service; and

"(B) the waiver includes enforceable conditions to promote entry by competing carriers.

"(3) Renewal limitation.—No waiver under paragraph (2) may be renewed more than once.

"(e) Enforcement.—A violation of this section constitutes an unfair method of competition for purposes of section 41712 of this title.

"(f) Regulations.—Not later than July 1, 2027, the Secretary shall issue regulations to carry out this section, including regulations addressing divestiture, schedule adjustments, and slot reallocation.".

(b) Clerical amendment.—The analysis of chapter 417 of title 49, United States Code, is amended by inserting after the item relating to section 41730 the following:

"41731. Limitations on excessive air carrier concentration at covered airports.".

(c) Effective date.—Except as provided in the following sentence, this section shall take effect on January 1, 2028. Subsection (f) of section 41731 of title 49, United States Code, as added by subsection (a), shall take effect on the date of enactment of this Act.

Subtitle H—Fair Franchise Relationships

SEC. 1191. SHORT TITLE, FINDINGS, AND PURPOSE.

(a) Short title.—This subtitle may be cited as the "Fair Franchise Relationships Act".

(b) Findings.—Congress finds the following:

(1) Franchise businesses represent a large and growing segment of the Nation's retail and service businesses and involve a joint enterprise between the franchisor and franchisees in which each party has a vested interest in the success of the franchised business.

(2) Prospective franchisees often lack bargaining power and invest substantial amounts of their own money, take loans that may be secured by their homes or retirement accounts or guaranteed by the Small Business Administration, and enter into long-term commercial leases and other obligations to support themselves and their families.

(3) Franchise agreements frequently reflect a profound imbalance of contractual power in favor of the franchisor and fail to give due regard to the legitimate business interests of the franchisee because the franchisor reserves one-sided and pervasive contractual authority over the franchise relationship. Franchise systems may also separate operational control from legal and financial responsibility, allowing a franchisor to prescribe the brand, methods, technology,

suppliers, fees, and other material conditions of the business while shifting capital costs, debt, and operating risk to franchisees.

(4) Franchisees may suffer substantial financial losses when a franchisor does not provide truthful or complete information regarding the franchise opportunity or does not act in good faith, with due care, or in a commercially reasonable manner in the performance of the franchise agreement. Mandatory sourcing requirements, undisclosed vendor payments, opaque advertising funds, excessive fees, territorial encroachment, arbitrary termination, and restraints on association or public discussion can further permit a franchisor to extract value from a franchisee without providing a corresponding benefit to the franchised business.

(5) Unlike an investment in securities, an investment in a franchise may lead to losses beyond the initial capital investment, and a franchisee generally cannot simply resign and leave the franchised business without substantial continuing liabilities. Traditional common-law doctrines and contractual remedies have not evolved sufficiently to protect franchisees from fraudulent or unfair practices in the sale and operation of franchise businesses.

(6) The Federal Government has a substantial interest in regulating franchising, protecting fair competition and honest trade, and ensuring that franchisors accept responsibility commensurate with the authority they possess or exercise within a franchise system.

(c) Purpose.—The purposes of this subtitle are—

(1) to promote fair business relations between franchisees and franchisors;

(2) to protect franchisees against deceptive sales practices, coercive contract terms, arbitrary treatment, and the abuse of superior economic and bargaining power, and to provide effective rights and remedies;

(3) to preserve and strengthen the ability of States to provide greater protection to franchisees; and

(4) to unstack franchise relationships by ensuring that economic and legal responsibility follows the authority and control exercised within a franchise system.

SEC. 1192. DEFINITIONS.

(a) Definitions.—In this subtitle:

(1) Affiliate.—The term "affiliate" has the meaning given the term in section 436.1(b) of title 16, Code of Federal Regulations, as in effect on the date of enactment of this Act.

(2) Commission.—The term "Commission" means the Federal Trade Commission.

(3) Disclosure document.—The term "disclosure document" means the disclosure document required under part 436 of title 16, Code of Federal Regulations, or an offering format allowed or required by State or local law.

(4) Franchise.—The term "franchise" has the meaning given the term in section 436.1(h) of title 16, Code of Federal Regulations, as in effect on the date of enactment of this Act, but does not include a contract otherwise regulated by the Petroleum Marketing Practices Act (15 U.S.C.

2801 et seq.), except with respect to a franchise relationship that does not involve the sale of petroleum products.

(5) Franchise agreement.—The term "franchise agreement" means a contract or agreement, whether written or oral, that governs a franchise or any material aspect of a franchise relationship, including an agreement ancillary or collateral to a franchise.

(6) Franchise seller.—The term "franchise seller" has the meaning given the term in section 436.1(j) of title 16, Code of Federal Regulations, as in effect on the date of enactment of this Act.

(7) Franchisee.—The term "franchisee" has the meaning given the term in section 436.1(i) of title 16, Code of Federal Regulations, as in effect on the date of enactment of this Act.

(8) Franchisor.—The term "franchisor" has the meaning given the term in section 436.1(k) of title 16, Code of Federal Regulations, as in effect on the date of enactment of this Act.

(9) Material; material fact.—The terms "material" and "material fact" include—

(A) a fact, circumstance, or set of conditions that a reasonable franchisee or prospective franchisee would consider important in making a significant decision relating to entering into, remaining in, transferring, renewing, or abandoning a franchise relationship; and

(B) a fact, circumstance, or set of conditions that has or may have a significant financial impact on a franchisor, franchisee, or prospective franchisee.

(10) Nonrenewal; nonrenew.—The terms "nonrenewal" and "nonrenew" mean that a franchisor fails or refuses to extend the franchisor-franchisee relationship at the end of the existing term of the franchise agreement, irrespective of whether the agreement contains a contractual renewal term.

(11) Offer; offering.—The terms "offer" and "offering" mean an effort to offer or dispose of, or a solicitation of an offer to buy, a franchise or an interest in a franchise for value.

(12) Outlet.—The term "outlet" means a point of sale, whether temporary or permanent, fixed or mobile, from which goods or services are offered for sale.

(13) Prospective franchisee.—The term "prospective franchisee" has the meaning given the term in section 436.1(r) of title 16, Code of Federal Regulations, as in effect on the date of enactment of this Act.

(14) State.—The term "State" means a State, the District of Columbia, and any territory or possession of the United States.

(15) Trade secret.—The term "trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that—

(A) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from its disclosure or use; and

(B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

SEC. 1193. FAIR FRANCHISE SALES AND DISCLOSURE.

(a) Fraudulent sales practices.—In connection with the advertising, offering, sale, or promotion of a franchise, it shall be unlawful for any person, directly or indirectly, to—

(1) employ a device, scheme, or artifice to defraud;

(2) engage in an act, practice, course of business, or pattern of conduct that operates or is intended to operate as a fraud upon a prospective franchisee; or

(3) obtain property, or assist another person to obtain property, by making an untrue statement of material fact or failing to state a material fact.

(b) Disclosure required.—Notwithstanding an exemption under section 436.8 of title 16, Code of Federal Regulations, a franchise seller shall furnish each prospective franchisee a disclosure document that complies with this subtitle and part 436 of title 16, Code of Federal Regulations, at the time and in the manner required under that part.

(c) Misrepresentations in required disclosures.—In connection with a disclosure document, notice, or report required by Federal, State, or local law, it shall be unlawful for a franchise seller, directly or indirectly, to—

(1) make an untrue statement of material fact;

(2) fail to state a material fact;

(3) fail to state a fact necessary to prevent a required statement or disclosure from being untrue or misleading;

(4) fail to furnish a prospective franchisee with all information required to be disclosed by law at the time and in the manner required; or

(5) fail, before a prospective franchisee signs a franchise agreement or makes a required payment, to disclose any material change known to the franchise seller that occurred after delivery of the disclosure document and that renders a statement in the disclosure document materially inaccurate or misleading.

(d) Historical financial performance data.—A franchisor shall include in the disclosure document historical financial performance data, including sales, expenses, and profitability data, sufficient to permit a prospective franchisee to make an informed assessment of the actual financial performance of the franchise system.

(e) Consistency of representations.—It shall be unlawful for a franchise seller to make an oral, written, visual, or electronic claim or representation to a prospective franchisee that is inconsistent with or contradicts the disclosure document or for which the franchise seller lacks a reasonable basis and written substantiation at the time the claim or representation is made.

(f) Renewal statement.—A franchise seller shall furnish a prospective franchisee with a written statement specifying prominently and in not less than 14-point type whether the proposed franchise agreement provides a renewal term and the conditions that apply to renewal.

(g) Relation to Franchise Rule.—The requirements of this section are in addition to, and not in lieu of, the requirements of part 436 of title 16, Code of Federal Regulations.

SEC. 1194. UNFAIR FRANCHISE PRACTICES AND STANDARDS OF CONDUCT.

(a) Prohibited practices.—In connection with the performance, enforcement, renewal, transfer, or termination of a franchise agreement, it shall be unlawful for a franchisor, directly or indirectly, to—

(1) engage in an act, practice, course of business, or pattern of conduct that operates as a fraud upon any person;

(2) discriminate against a franchisee by imposing a requirement not imposed on other similarly situated franchisees, unless the franchisor establishes that the distinction is reasonable, based on a legitimate business reason, and not arbitrary or intended to benefit the franchisor at the expense of the franchisee;

(3) charge a renewal fee prohibited under section 1196(b)(2);

(4) terminate, cancel, fail to renew, threaten, penalize, or otherwise take adverse action against a franchisee because the franchisee—

(A) refuses to participate in a promotional campaign that is not reasonable, implemented in good faith, and reasonably expected to promote the profitability of the franchisee's business;

(B) fails to meet a sales quota not expressly set forth in the franchise agreement;

(C) refuses to sell a product or service at a price suggested or required by the franchisor, an affiliate, or an approved supplier;

(D) refuses to operate during hours that are unprofitable to the franchisee, including between 10 p.m. and 6 a.m., unless the business is commonly recognized as an extended-hour business or the initial signed franchise agreement expressly required operation during those hours; or

(E) refuses to provide financial records that are unrelated or unnecessary to the performance of the franchisee's express obligations under the franchise agreement;

(5) require or prohibit a change in the management of a franchise except for good cause stated in writing and based on a violation of a material, reasonable, and reasonably necessary express provision of the franchise agreement;

(6) impose a standard of conduct or performance unless the franchisor establishes that the standard is reasonable, necessary, uniformly enforced, and uniformly applied throughout the franchise system, including to franchisor-owned outlets and licensees;

(7) sell, rent, or offer to sell to a franchisee, or require a franchisee to buy, a product or service for more than a fair and reasonable price or without a reasonable expectation that the transaction will support the profitable operation of the franchised business;

(8) discriminate among franchisees in charges for royalties, goods, services, equipment, rentals, advertising services, or another business dealing, unless the franchisor establishes that the distinction is reasonable, necessary to meet competition or reflect a material difference in circumstances, and does not adversely affect another franchisee;

(9) require or demand that a franchisee pay liquidated or other post-termination damages in excess of the average monthly royalty fees paid by the franchisee during the preceding 12 full calendar months, or the shorter period during which the outlet operated, multiplied by the lesser of—

(A) 6; or

(B) the number of months remaining in the term of the franchise agreement; or

(10) accomplish through a parent, subsidiary, affiliate, supplier, agent, or other intermediary any act prohibited by this subtitle.

(b) Duty of good faith.—

(1) A franchise agreement imposes on each party a duty to act in good faith in the performance and enforcement of the agreement.

(2) The duty of good faith shall—

(A) obligate a party to refrain from conduct that destroys or injures the ability of the other party to obtain and receive the expected fruits of the agreement;

(B) obligate a party to perform the acts required under the agreement to accomplish its purposes; and

(C) require honesty in fact and observance of reasonable standards of fair dealing in the trade.

(3) A provision of a franchise agreement may not be interpreted or enforced to obscure, avoid, or waive the duty to act reasonably and in good faith.

(c) Duty of due care.—

(1) A franchise agreement imposes on the franchisor a duty of due care. The franchisor shall exercise the skill and knowledge normally possessed by franchisors in good standing in the same or a similar type of business with respect to each undertaking the franchisor assumes or performs and each area in which the franchisor represents that it possesses skill or knowledge. A franchisor may conspicuously state that it does not provide advice or expertise in a specified area, but such a statement does not limit the duty of due care with respect to an undertaking the franchisor actually assumes or performs.

(2) For purposes of paragraph (1), skill or knowledge includes expertise resulting from—

(A) training and experience in the business licensed under the franchise agreement or extensive experience with the goods, services, or operating system of that business;

(B) experience organizing a franchise system and providing training, assistance, and services to franchisees; and

(C) written or oral commitments and representations upon which a prospective franchisee would reasonably rely.

(3) A franchisor may establish compliance with this subsection by showing that the franchisor contracted for, hired, or purchased the expertise necessary to perform its undertaking and incorporated, communicated, or provided that expertise to the franchisee.

(4) The duty imposed by this subsection may not be waived by agreement or conduct.

SEC. 1195. PROCEDURAL FAIRNESS AND FRANCHISEE ASSOCIATION.

(a) Franchisee association.—A franchisor may not, directly or indirectly—

(1) restrict a franchisee from associating with other franchisees or from forming, joining, leading, or participating in a trade association or other franchisee association for a lawful purpose;

(2) interfere with communications between franchisees concerning the franchise system or their common business interests; or

(3) retaliate or threaten to retaliate against a franchisee for conduct protected under paragraph (1) or (2).

(b) Unlawful contract terms.—It shall be unlawful for a franchisor, directly or indirectly, to require a term or condition in a franchise agreement or in an agreement ancillary or collateral to a franchise that directly or indirectly violates this subtitle.

(c) Waivers and releases.—

(1) A franchisor may not require a franchisee to assent to a disclaimer, waiver, release, stipulation, or other provision that purports—

(A) to relieve a person from a duty imposed by this subtitle, except as part of a settlement of a preexisting bona fide dispute; or

(B) to protect a person from liability under this subtitle arising from willful misconduct, bad faith, gross negligence, or reckless disregard of an obligation or duty.

(2) Except as provided in paragraph (1)(A), a condition, stipulation, provision, or term that purports to waive or restrict a protection or remedy under this subtitle is void and unenforceable.

(d) Gag clauses prohibited.—A franchisor may not require a franchisee, including in connection with operation, termination, cancellation, forfeiture, repurchase, resale, or departure from a franchise system, to assent to a provision that purports to prevent the franchisee from making an

oral or written statement relating to the franchise business, operation of the franchise system, or the franchisee's experience with the franchise business.

(e) Applicable law and forum.—A franchise agreement or an agreement ancillary or collateral to a franchise may not—

(1) deprive a franchisee of the application and benefits of this subtitle, another Federal law, or the law of a State in which the franchisee resides or the franchised business is located; or

(2) deprive a franchisee of the ability to commence an action against the franchisor for a violation of this subtitle or breach of an applicable agreement in a court in the State in which the franchisee's principal place of business is located.

(f) Collective proceedings.—A franchise agreement or an agreement ancillary or collateral to a franchise may not prevent a franchisee from bringing or participating in—

(1) a consolidated action;

(2) a mass action;

(3) a class action under rule 23 of the Federal Rules of Civil Procedure; or

(4) a similar consolidated, mass, or class proceeding permissible under Federal or State law.

(g) Integration clauses and evidence outside the agreement.—

(1) No avoidance.—An integration clause may not waive, excuse, or avoid compliance with this subtitle or an applicable State franchise law.

(2) Evidence outside the agreement.—In an action under this subtitle or an applicable State franchise law, an integration clause or the parol evidence rule may not be used to exclude consideration of a representation, omission, or circumstance solely because it is not contained in the franchise agreement.

(3) Other evidentiary rules preserved.—Except as provided in paragraph (2), nothing in this subsection alters the application of any rule of evidence.

SEC. 1196. TRANSFER, RENEWAL, TERMINATION, AND EFFECT OF TERMINATION.

(a) Transfer by franchisee.—

(1) Transfer permitted.—A franchisee may assign an interest in a franchised business or franchise to a transferee that satisfies the reasonable qualifications then generally applied by the franchisor in the offer and sale of franchises. A qualification is reasonable only if it is based on a legitimate business reason.

(2) Written grounds for refusal.—A franchisor may refuse to permit a transfer only if the refusal is not arbitrary or capricious and the franchisor states the grounds for refusal in writing.

(3) Notice and implied consent.—A franchisee shall give the franchisor not less than 60 days' written notice of a proposed transfer. The transfer shall be considered approved 60 days

after submission unless the franchisor provides a written refusal that complies with paragraph (2).

(4) Permissible conditions.—A franchisor may condition a transfer on—

(A) successful completion by the transferee of a reasonable training program;

(B) payment of a reasonable transfer fee that reimburses the franchisor for reasonable and actual expenses directly attributable to the transfer;

(C) payment or reasonable provision for payment of an amount due to the franchisor or an affiliate that is not subject to a bona fide dispute; or

(D) satisfaction by the transferee of the franchisor's current, reasonable financial qualifications for franchisees.

(5) Prohibited conditions.—A franchisor may not condition consent to a transfer on—

(A) forfeiture by the franchisee of an existing protection or remedy;

(B) a release of claims broader than a counterpart release offered by the franchisor; or

(C) a capital improvement, reinvestment, or purchase greater than the franchisor could reasonably require under the existing franchise agreement.

(6) Existing term preserved.—A franchisor may not require a franchisee or transferee to enter into an agreement with materially different terms or financial requirements as a condition of assigning the unexpired term of the franchise agreement.

(7) Transactions not requiring consent.—The following shall not be treated as a transfer requiring the consent of the franchisor, and the franchisor may not impose a fee exceeding its actual cost to review the matter:

(A) succession upon the death or disability of a franchisee or owner to a surviving spouse or heir, or to a partner active in management, unless the successor fails within 1 year to meet the franchisor's then current reasonable qualifications;

(B) incorporation of a proprietorship franchisee, except that the franchisor may require a personal guarantee of obligations relating to the franchise;

(C) a transfer within an existing ownership group if more than 50 percent of the franchise remains held by persons who meet the franchisor's reasonable current qualifications;

(D) a transfer of less than a controlling interest to the spouse or child of the franchisee if more than 50 percent of the franchise remains held by persons who meet the franchisor's reasonable current qualifications; or

(E) a grant or retention of a security interest in the franchised business, its assets, or an ownership interest in the franchisee, if the secured party is obligated to provide the franchisor notice of an intended foreclosure and a reasonable opportunity to satisfy the

secured obligation in exchange for an assignment of the secured obligation and security interest.

(8) Post-transfer covenant.—After transfer of the transferor's complete interest, a franchisor may not enforce a covenant that prohibits the transferor from engaging in a lawful occupation or enterprise, except a covenant protecting a trade secret, trademark, trade dress, or other intellectual property of the franchisor.

(b) Renewal.—

(1) Good cause required.—A franchisor may not fail to renew a franchise except for good cause based on a legitimate business reason, including a franchisee's refusal or failure during the preceding year substantially to comply with a material, reasonable, and reasonably necessary express obligation of the franchise agreement.

(2) Renewal fee.—A renewal fee shall not be unreasonable and shall be considered reasonable if it does not exceed 50 percent of the average initial franchise fee or other required payment then being charged to new franchisees in the same market.

(3) Notice and cure.—Before nonrenewal, the franchisor shall give the franchisee written notice at least 90 days in advance. The notice shall state each reason constituting good cause and provide the franchisee not less than 60 days to cure a claimed discrepancy and reinstate eligibility for renewal.

(4) Terms of renewal.—If a franchisor requires a new franchise agreement as a condition of renewal, the renewed agreement shall preserve the royalties, advertising fees, other fees, and protected territory in the expiring agreement and may not impose a new fee.

(c) Termination.—

(1) Good cause required.—A franchisor may not terminate or cancel a franchise, or substantially change the competitive circumstances of the franchisee, except for good cause.

(2) Cross-default prohibited.—A default under one franchise agreement does not constitute a default under another franchise agreement to which the franchisee or an affiliate is a party. A contrary cross-default provision is void and unenforceable.

(3) Notice and cure.—Except as provided in paragraphs (4) through (6), before termination or cancellation, the franchisor shall give the franchisee written notice at least 90 days in advance. The notice shall state each reason constituting good cause and provide the franchisee not less than 60 days to cure each claimed default.

(4) Abandonment.—If the ground for termination is voluntary abandonment of the franchise relationship, the franchisor may give notice 15 days before termination or cancellation.

(5) Nonpayment.—If the ground for termination is nonpayment of an amount due under the franchise agreement, the franchisee shall receive written notice and not less than 15 days to cure. A franchisee may exercise the cure provided by this paragraph not more than 3 times during any 12-month period.

(6) Imminent danger.—If the ground for termination is a violation of law or regulation that creates an imminent danger to public health or safety, the franchisee shall receive immediate written notice and 24 hours after receipt to cure the violation.

(7) Certain final convictions.—A franchisor may terminate upon written notice after a franchisee is convicted by final judgment of an offense punishable by imprisonment for more than 1 year that is directly related to operation of the franchised business or materially impairs the goodwill of the franchise or franchised trademark. The franchisor may not collect a penalty or fee as a consequence of the conviction.

(8) Termination by franchisee.—A franchisee may terminate a franchise agreement for good cause without liability for the termination, lost future royalties, or the unexpired term of the agreement, but remains liable for an accrued obligation that is not subject to a bona fide dispute. Good cause includes a change to the franchise system or competitive circumstances that causes a substantial negative impact or substantial financial hardship in operation of the franchise.

(d) Effect of termination.—

(1) Compensation.—Except in the case of voluntary relinquishment or abandonment by the franchisee or expiration where the franchisee does not elect to renew, the franchisor shall fairly compensate the franchisee or the franchisee's estate for—

(A) the fair market value at termination of inventory, supplies, equipment, and furnishings purchased from the franchisor or an approved source and reasonably required in operation of the franchised business; and

(B) the fair market value of the going-concern value and goodwill of the business, if any.

(2) Offset.—A franchisor may offset an amount mutually agreed upon and owed by the franchisee that is not subject to a bona fide dispute.

(e) Transfer by franchisor.—A franchisor may not transfer, by sale or otherwise, its interest in a franchise system unless—

(1) not less than 30 days before the effective date, the franchisor provides every franchisee notice of the proposed transfer;

(2) the notice includes a complete description of the business and financial terms of the proposed transfer; and

(3) the person assuming the franchisor's obligations has the business experience and financial means to perform all obligations of the franchisor in the ordinary course of business.

(f) Post-expiration competition.—A franchisor may not prohibit or enforce a prohibition against a former franchisee engaging in a business at any location after expiration or lawful termination of the franchise agreement or using the customer list and telephone numbers associated with the franchised business, to the extent permitted by applicable privacy law and consistent with any express customer direction regarding use or disclosure of the customer's information, except that the franchisor may enforce a provision reasonably requiring the former franchisee to—

(1) cease using a trademark, trade secret, trade dress, or other intellectual property owned by the franchisor or an affiliate;

(2) alter the appearance of the business premises to avoid substantial similarity to the standard design, decor, trade dress, or motif of the franchise system; or

(3) modify the manner or mode of operations to avoid substantial confusion with methods unique to the franchisor and commonly used by franchisees in the same market.

SEC. 1197. INDEPENDENT SOURCING, ADVERTISING, AND ENCROACHMENT.

(a) Independent sourcing.—Except as provided in subsection (e), a franchisor, directly or indirectly through an affiliate or another person, may not prohibit or restrict a franchisee from obtaining equipment, fixtures, supplies, goods, or services used in the establishment or operation of the franchised business from a source chosen by the franchisee, except that the franchisor may require such equipment, fixtures, supplies, goods, or services to meet reasonable, established, and uniformly enforced systemwide quality standards.

(b) Approved vendors.—If a franchisor approves vendors of equipment, fixtures, supplies, goods, or services—

(1) the franchisor shall provide and continuously update an inclusive list of approved vendors;

(2) the franchisor shall promptly and objectively evaluate and respond to a reasonable request by a franchisee for approval of a competitive source; and

(3) the franchisor shall approve not fewer than 2 vendors for each required category of equipment, fixture, supply, good, or service unless the franchisor and franchisees operating a majority of the outlets subject to the requirement agree otherwise.

(c) Vendor payments and benefits.—

(1) A franchisor and each affiliate shall fully disclose each rebate, commission, payment, discount, or other benefit received from a vendor as a result of a purchase of goods or services by a franchisee.

(2) A rebate, commission, payment, discount, or other benefit described in paragraph (1) shall be distributed directly to the franchisee whose purchase generated the benefit.

(d) Annual report.—Not less frequently than annually, a franchisor shall report, in accordance with generally accepted accounting principles, the amount of revenue and profit earned by the franchisor and each affiliate from the sale or provision of equipment, fixtures, supplies, goods, or services to franchisees.

(e) Intellectual property exception.—Subsection (a) does not apply to a reasonable quantity of equipment, fixtures, supplies, goods, or services that the franchisor requires a franchisee to obtain from the franchisor or an affiliate if the item or service is central to the franchised business and incorporates a trade secret, patent, copyright, trademark, or other intellectual property owned or lawfully controlled by the franchisor or affiliate. A trademark, trade name, logo, or other

source-identifying matter applied to an otherwise substitutable item does not, by itself, satisfy this subsection.

(f) Advertising, marketing, and promotional funds.—

(1) Fiduciary duty.—A franchisor has a fiduciary duty in the administration or supervision of an advertising, marketing, or promotional fund or program to which franchisees are required or routinely expected to contribute.

(2) Separate account.—A franchisor that administers or supervises a fund or program described in paragraph (1) shall keep all franchisee contributions in a separate account.

(3) Independent audit.—Not later than 60 days after the close of each fiscal year, the franchisor shall provide each contributing franchisee an audit conducted by an independent certified public accountant of the fund or program. The audit shall disclose each fee, expense, or other payment from the account to the franchisor or to a subsidiary, affiliate, or other entity controlled in whole or in part by the franchisor.

(4) Payments to fund.—The franchisor shall disclose the source and amount of, and deliver to the fund or program, each discount, rebate, compensation, or payment received from a person with whom the fund or program transacts.

(5) Use of funds.—Amounts in a fund or program described in paragraph (1) may be used only for the purposes represented to franchisees and may not be used to promote the sale of new franchises unless that use is separately disclosed and approved by a majority of contributing franchisees.

(g) Encroachment.—

(1) Prohibition.—A franchisor may not place, or license another person to place, a new outlet for a franchised business in unreasonable proximity to an established outlet of a similar kind if—

(A) the intent or probable effect is to diminish the gross sales of the established outlet by more than 5 percent during the first 12 months of public operation of the new outlet; and

(B) the established outlet offers goods or services identified by the same trademark as the new outlet or has premises identified by the same trademark.

(2) Compensation alternative.—Paragraph (1) does not apply if, before the new outlet begins public operation, the franchisor offers in writing to pay each affected franchisee an amount equal to 50 percent of the gross sales of the new outlet, net of sales taxes, returns, and allowances, during the first 24 months of public operation if the sales of the established outlet decline by more than 5 percent during the first 12 months of public operation of the new outlet as a consequence of the new outlet.

(3) Burden of proof.—The franchisor bears the burden of establishing whether and to what extent a decline in sales occurred for a reason other than establishment of the new outlet.

(4) Measurement period.—For purposes of this subsection, a period measured from the public operation of a new outlet begins on the date on which the outlet first offers goods or services for sale to the public and may not include any period before that date.

(h) No evasion.—It shall be unlawful for a franchisor to evade or attempt to evade this section through an affiliate, designated supplier, purchasing cooperative, intermediary, common ownership arrangement, or other device.

SEC. 1198. ENFORCEMENT, APPLICABILITY, AND RELATION TO OTHER LAW.

(a) Enforcement by Commission.—

(1) Treatment under Federal Trade Commission Act.—A violation of sections 1193 through 1197, or a regulation promulgated under this subtitle, shall be treated as—

(A) an unfair, deceptive, or abusive act or practice and an unfair method of competition under section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)); and

(B) a violation of a rule under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a).

(2) Powers.—The Commission shall enforce sections 1193 through 1197 and any regulation promulgated under this subtitle 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 subtitle.

(b) Enforcement by States.—

(1) Civil action.—If the attorney general of a State, or another authorized State officer, has reason to believe that an interest of the residents of the State has been or is threatened or adversely affected by a violation of this subtitle, the attorney general or officer 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 to—

(A) enjoin the violation;

(B) enforce compliance with this subtitle;

(C) obtain damages, restitution, refunds, or other compensation; or

(D) obtain any other relief the court considers appropriate.

(2) State powers preserved.—Nothing in this subsection shall prevent an attorney general or other authorized State officer from exercising powers conferred by State law to conduct investigations, administer oaths or affirmations, compel attendance of witnesses or production of evidence, or proceed under a civil or criminal statute of the State.

(c) Private cause of action.—

(1) In general.—Notwithstanding any other provision of law, a person harmed by a violation or threatened violation of this subtitle or part 436 of title 16, Code of Federal Regulations, may

bring a civil action in a State court of competent jurisdiction or a district court of the United States to—

(A) recover actual damages;

(B) obtain rescission, restitution, injunctive relief, and other equitable relief the court considers appropriate; and

(C) recover reasonable attorney's fees, expert witness fees, and costs.

(2) No exhaustion.—A plaintiff is not required to exhaust an administrative remedy before bringing an action under this subsection.

(d) Controlling-person liability.—A person that directly or indirectly controls a person liable under this subtitle, a partner in a firm so liable, a principal executive officer or director of a corporation so liable, a person performing a similar function, and an employee who materially aids the act or transaction constituting the violation shall be jointly and severally liable to the same extent, unless the person establishes that the person had no knowledge of, or reasonable grounds to know of, the facts giving rise to liability.

(e) Limitations period.—An action under subsection (c) may be commenced not later than the later of—

(1) 5 years after the date on which the violation occurred; or

(2) 3 years after the date on which the violation was discovered or reasonably should have been discovered.

(f) Venue and service.—

(1) Private action.—A private action may be brought in a State in which the claimant resides or the franchised business is located.

(2) State action.—A State action brought in a district court of the United States may be brought in a district in which the defendant is found, is an inhabitant, or transacts business, or wherever venue is proper under section 1391 of title 28, United States Code. Process may be served in any district in which the defendant is an inhabitant or may be found.

(g) Remedies cumulative.—The protections and remedies provided by this subtitle are in addition to, and not in lieu of, any protection or remedy available under Federal or State law.

(h) No preemption of stronger law.—Nothing in this subtitle shall be construed to preempt, displace, or limit a Federal, State, Tribal, or local law that provides equal or greater protection to a franchisee or prospective franchisee.

(i) Rulemaking.—

(1) Initial rules.—Not later than July 1, 2027, the Commission shall promulgate rules under section 553 of title 5, United States Code, necessary to carry out this subtitle, including rules governing historical financial performance data under section 1193(d), encroachment under section 1197(g), and prevention of evasion.

(2) Continuing authority.—The Commission may thereafter revise or supplement rules promulgated under paragraph (1) and may maintain or establish requirements that provide equal or greater protection than the protections provided by this subtitle, but may not by rule, guidance, or interpretation weaken, narrow, or create an exemption from a protection established by this subtitle unless expressly authorized by an Act of Congress enacted after the date of enactment of this Act.

(3) Statutory effectiveness.—Failure to promulgate a rule by the deadline under paragraph (1) shall not delay or otherwise affect the effective date, applicability, or enforceability of this subtitle.

(j) Effective date and applicability.—

(1) Effective date.—This subtitle shall take effect on January 1, 2027.

(2) Existing agreements.—This subtitle shall apply to conduct occurring on or after January 1, 2027, with respect to any franchise agreement in effect on or after that date, without regard to the date on which the agreement was entered into, amended, exchanged, transferred, assigned, or renewed.

(3) Early administrative action.—Notwithstanding paragraph (1), beginning on the date of enactment of this Act, the Commission may promulgate rules and take other administrative actions necessary to implement this subtitle, except that no such rule may take effect before January 1, 2027.

(4) No retroactive liability.—Nothing in this subtitle shall create liability for conduct completed before January 1, 2027.

(The POPULIST Act of 2026, TITLE XI, version 2.4, last updated August 7, 2026)

TITLE XII—STACK SUSTAINABILITY

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

SEC. 1201. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds that—

(1) The Preamble to the Constitution of the United States establishes a Constitutional duty for the people of the United States to secure the blessings of liberty to ourselves and our posterity.

(2) The posterity of the United States includes America's children, grandchildren, and generations not yet born. Those future generations are set to inherit the consequences of choices made by the United States today.

(3) The United States has too often permitted pollution, waste, monopoly power, and short-term extraction to shift costs onto children, communities, ratepayers, taxpayers, and future generations.

(4) Plastic pollution, microplastics, perfluoroalkyl and polyfluoroalkyl substances, methane waste emissions, carbon pollution, contaminated water, degraded ecosystems, and other persistent harms threaten public health and the inheritance of future generations.

(5) The electric grid of the United States is aging, congested, and insufficiently prepared for the scale of electrification, renewable generation, extreme weather, and industrial modernization required in the coming decades. Electrification presents an opportunity to lower household costs, reduce pollution, improve public health, strengthen energy independence, and build a cleaner and more resilient economy.

(6) Utility customers are frequently burdened by monopoly returns, political expenses, lobbying costs, investor relations costs, luxury executive expenses, or other nonservice costs that frequently fail to provide reliable and affordable utility service.

(7) Public lands, coastal ecosystems, working waterfronts, fisheries, rivers, watersheds, and water supplies are public inheritance systems. They should be managed for long-term public benefit rather than short-term extraction or neglect.

(8) Research funded by and through the people of the United States should produce public benefit, broad access, domestic capacity, competition, affordability, and practical application for the public good.

(9) Sustainability requires not scarcity or retreat, but the disciplined use of American ingenuity, public investment, fair markets, and responsible stewardship to build systems that can endure.

(b) Purpose.—The purpose of this title is to align public policy with the Constitutional duty to leave the United States cleaner, healthier, more resilient, and more abundant than it was when inherited, by stacking sustainability.

SEC. 1202. RESIDUAL RISK REVIEW CLARIFICATION.

Section 112(f)(2) of the Clean Air Act (42 U.S.C. 7412(f)(2)) is amended by inserting after the final sentence the following: "The Administrator shall conduct additional residual risk assessments at reasonable intervals thereafter, including whenever updated data indicate that emissions from a

source category may result in risks exceeding the acceptable risk levels applied by the Administrator under this subsection.".

SEC. 1203. COASTAL VESSEL FUEL TRANSITION AND ECOSYSTEM RESILIENCE.

(a) Transition to alternative fuel commercial fishing vessels.—

(1) Definitions.—In this subsection:

(A) Administrator.—The term "Administrator" means the Administrator of the National Oceanic and Atmospheric Administration.

(B) Alternative fuel commercial fishing vessel.—The term "alternative fuel commercial fishing vessel" means a commercial fishing vessel that runs on an energy source other than an energy source that is exclusively derived from petroleum, including a hybrid energy source.

(C) Commercial fishing vessel.—The term "commercial fishing vessel" has the meaning given the term "fishing vessel" in section 2101 of title 46, United States Code.

(D) Necessary shoreside infrastructure.—The term "necessary shoreside infrastructure" means shoreside infrastructure necessary to facilitate the transition of commercial fishing vessels to alternative fuel commercial fishing vessels, including charging stations for electric alternative fuel commercial fishing vessels and refueling stations for alternative fuel commercial fishing vessels.

(E) Pilot program.—The term "pilot program" means the pilot program established under paragraph (2)(A).

(2) Pilot program.—

(A) Establishment.—Not later than 1 year after the date of enactment of this Act, the Administrator, in consultation with the Commandant of the Coast Guard, shall establish a pilot program to facilitate the transition of United States-flagged commercial fishing vessels to alternative fuel commercial fishing vessels.

(B) Use of funds.—In carrying out the pilot program, the Administrator may make loans—

(i) to facilitate the transition from commercial fishing vessels using energy sources exclusively derived from petroleum to alternative fuel commercial fishing vessels, including loans for the building of new alternative fuel commercial fishing vessels or retrofitting existing commercial fishing vessels into alternative fuel commercial fishing vessels; and

(ii) for research and development of alternative fuel technologies for commercial fishing vessels and necessary shoreside infrastructure.

(C) Regulations.—Not later than 180 days after the date of enactment of this Act, the Administrator and the Commandant of the Coast Guard shall each promulgate regulations necessary for the implementation of the pilot program.

(3) Study.—Not later than 2 years after the date of enactment of this Act, the Administrator, jointly with the Commandant of the Coast Guard, shall carry out, and submit to Congress a report describing the results of, a study on—

(A) methods to further develop alternative fuels for use with commercial fishing vessels;

(B) how to improve existing alternative fuel technologies in commercial fishing vessels;

(C) the fuel sources available for commercial fishing vessels, and the limitations of those fuel sources; and

(D) opportunities for the use of hybrid technologies in commercial fishing vessels.

(4) Authorizations of appropriations.—

(A) In general.—There is authorized to be appropriated to the Administrator $20,000,000 for each of fiscal years 2027 through 2031 to carry out paragraph (2).

(B) Allocation of funding.—Of the amounts made available under subparagraph (A) for each fiscal year—

(i) not more than 5 percent may be used for administrative expenses of the pilot program;

(ii) 50 percent of the amounts remaining after application of clause (i) shall be used to make loans described in paragraph (2)(B)(i); and

(iii) 50 percent of the amounts remaining after application of clause (i) shall be used to make loans described in paragraph (2)(B)(ii).

(b) Vegetated coastal ecosystems and Great Lakes ecosystems.—

(1) Definitions.—In this subsection:

(A) Administrator.—The term "Administrator" means the Under Secretary of Commerce for Oceans and Atmosphere in the Under Secretary's capacity as the Administrator of the National Oceanic and Atmospheric Administration.

(B) Indian Tribe.—The term "Indian Tribe" has the meaning given that term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

(C) Interagency Working Group.—The term "Interagency Working Group" means the Interagency Working Group on Vegetated Coastal Ecosystems and Great Lakes Ecosystems established under paragraph (2)(A).

(D) Natural infrastructure.—The term "natural infrastructure" has the meaning given that term in section 101(a) of title 23, United States Code.

(E) Nonprofit organization.—The term "nonprofit organization" means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of that Code.

(F) State.—The term "State" means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States, and any other territory or possession of the United States.

(G) Vegetated coastal ecosystems.—The term "vegetated coastal ecosystems" includes mangroves, tidal marshes, seagrasses, kelp forests, and other tidal, freshwater, or salt-water wetlands.

(2) Interagency Working Group on vegetated coastal ecosystems and Great Lakes ecosystems.—

(A) Establishment.—The Subcommittee on Ocean Science and Technology of the National Science and Technology Council shall establish an interagency working group to be known as the "Interagency Working Group on Vegetated Coastal Ecosystems and Great Lakes Ecosystems".

(B) Membership.—The Interagency Working Group shall be comprised of the Ocean Policy Committee established by section 8932 of title 10, United States Code.

(C) Chairperson.—The Interagency Working Group shall be chaired by the Administrator.

(D) Responsibilities.—The Administrator, in consultation with the Interagency Working Group, shall produce, update, maintain, and use a map and inventory of vegetated coastal ecosystems and Great Lakes ecosystems as described in paragraph (3).

(3) National-level map and inventory of vegetated coastal ecosystems and Great Lakes ecosystems.—

(A) In general.—The Interagency Working Group shall produce, update, and maintain a national-level map and inventory of vegetated coastal and Great Lakes ecosystems that includes—

(i) the types of habitats and the species in such ecosystems;

(ii) the condition of such ecosystems, including whether an ecosystem is degraded, drained, eutrophic, or tidally restricted;

(iii) the type of public or private ownership and any protected status of such ecosystems;

(iv) the size of such ecosystems;

(v) the salinity boundaries of such ecosystems;

(vi) the tidal boundaries of such ecosystems;

(vii) an assessment of carbon sequestration potential, methane production, and net greenhouse gas reductions with respect to such ecosystems, including consideration of—

(I) quantification;

(II) verifiability;

(III) comparison to a historical baseline as available; and

(IV) permanence of those benefits;

(viii) the potential for landward migration within such ecosystems as a result of sea level rise;

(ix) any upstream restrictions of such ecosystems that are detrimental to the watershed process and conditions, such as dams, dikes, levees, and other water management practices;

(x) the conversion of such ecosystems to other land uses and the cause of such conversion; and

(xi) a depiction of the effects of climate change, including sea level rise, environmental stressors, and other stressors on the sequestration rate, carbon storage, and potential of such ecosystems.

(B) Data incorporation; engagement.—In carrying out subparagraph (A), the Interagency Working Group shall—

(i) incorporate, to the extent practicable, data collected—

(I) by Federal agencies, State agencies, Indian Tribes, or local agencies through research that is funded, in whole or in part, by the Federal Government; and

(II) through peer-reviewed published works; and

(ii) engage regional experts, State agencies, Indian Tribes, and additional data and information resources in order to accurately account for regional differences in vegetated coastal ecosystems and Great Lakes ecosystems.

(C) Use of map and inventory.—The Interagency Working Group shall use the national-level map and inventory produced under subparagraph (A)—

(i) to assess the carbon sequestration potential of different vegetated coastal ecosystems and Great Lakes ecosystems and account for any regional differences;

(ii) to assess and quantify emissions from degraded and destroyed vegetated coastal ecosystems and Great Lakes ecosystems;

(iii) to develop regional assessments in partnership with, or to provide technical assistance to—

(I) regional, State, and local government agencies;

(II) Indian Tribes; and

(III) regional coastal observing systems, as defined in section 12303(6) of the Integrated Coastal and Ocean Observation System Act of 2009 (33 U.S.C. 3602(6));

(iv) to assess degraded vegetated coastal ecosystems and Great Lakes ecosystems and the potential for restoration of such ecosystems, including developing scenario modeling to identify vulnerable land areas and living shorelines where management, conservation, and restoration efforts should be focused;

(v) to produce predictions relating to carbon sequestration rates in the context of climate change, environmental stressors, and other stressors;

(vi) to inform how and where coastal vegetation can serve as natural infrastructure to most effectively protect coastlines from storm surges and climate hazards; and

(vii) to further understand which types of coastal and Great Lakes vegetation can be used as natural infrastructure to protect coastlines in different climates, especially cold climates, including the Arctic region.

(4) Grants for pilot projects and research on coastal natural infrastructure in cold climates.—

(A) In general.—During fiscal years 2027 and 2028, the Administrator shall award grants through the national sea grant college program, on a competitive basis, to eligible entities to support—

(i) the implementation of coastal natural infrastructure pilot projects in cold climates, including the Arctic region of the United States, that will protect the coastline from storm surges, hazards caused by climate change, erosion, and permafrost melt; and

(ii) research on how effective coastal natural infrastructure projects can be in protecting coastlines in cold climates, including the Arctic region.

(B) Eligibility.—To be eligible to receive a grant under subparagraph (A), an entity shall be—

(i) a State or local government;

(ii) an Indian Tribe;

(iii) an academic institution;

(iv) a nonprofit organization; or

(v) a combination of entities described in clauses (i) through (iv).

(C) Authorization of appropriations.—There is authorized to be appropriated to carry out this paragraph $3,000,000 for each of fiscal years 2027 and 2028.

(D) National sea grant college program defined.—In this paragraph, the term "national sea grant college program" means the national sea grant college program maintained under section 204 of the National Sea Grant College Program Act (33 U.S.C. 1123).

(c) Ocean acidification.—

(1) Definitions in Federal Ocean Acidification Research and Monitoring Act of 2009.—Section 12403 of the Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3702) is amended—

(A) by striking paragraph (4);

(B) by redesignating paragraphs (2), (3), and (5) as paragraphs (4), (5), and (6), respectively;

(C) by inserting after paragraph (1) the following:

"(2) Indian Tribe.—The term 'Indian Tribe' has the meaning given that term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

"(3) Community-based coastal resource organization.—The term 'community-based coastal resource organization' means a nonprofit organization, fishing or seafood cooperative, community acidification network, coastal resource management organization, working waterfront organization, or other community-based organization with experience in coastal resource stewardship, coastal adaptation, fisheries, aquaculture, seafood infrastructure, ocean acidification, coastal acidification, or coastal ecosystem resilience.";

(D) in paragraph (4), as redesignated by subparagraph (B), by inserting "an increase of" before "carbon dioxide"; and

(E) by adding at the end the following:

"(7) Subcommittee.—The term 'Subcommittee' means the National Science and Technology Council Subcommittee on Ocean Science and Technology.

"(8) United States.—The term 'United States' means the States, collectively.".

(2) Improvement of collaboration on ocean acidification.—

(A) Ongoing input mechanism.—Section 12404(c)(2) of the Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3703(c)(2)) is amended—

(i) in subparagraph (B), by striking "; and" and inserting a semicolon;

(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(D) establish an ongoing mechanism, such as a liaison or other contact of the National Oceanic and Atmospheric Administration, standing meetings, or an online platform, to engage affected industry members, coastal stakeholders, community acidification networks, fishery management councils and commissions, Indian Tribes, Tribal organizations, Tribal consortia, community-based coastal resource organizations, non-Federal resource managers, and scientific experts not employed by the Federal Government to provide input on research, data, and monitoring that is necessary to support on-the-ground management, decision making, and adaptation related to ocean acidification and coastal acidification and the impacts of ocean acidification and coastal acidification.".

(B) Advisory board membership.—Section 12404(c)(3) of the Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3703(c)(3)) is amended—

(i) by redesignating subparagraphs (G) through (Q) as subparagraphs (H) through (R), respectively;

(ii) by inserting after subparagraph (F) the following:

"(G) 2 representatives from Indian Tribes, Tribal organizations, Tribal consortia, or community-based coastal resource organizations affected by ocean acidification and coastal acidification."; and

(iii) in subparagraph (H), as redesignated by clause (i), by striking "Six" and inserting "Four".

(C) Appointment of advisory board members.—Section 12404(c)(4)(C) of the Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3703(c)(4)(C)) is amended by inserting "Indian Tribes and community-based coastal resource organizations," after "managers,".

(D) Engagement and coordination with Indian Tribes and community-based coastal resource organizations.—Paragraph (9) of section 12404(c) of the Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3703(c)) is amended to read as follows:

"(9) Engagement and coordination with Indian Tribes and community-based coastal resource organizations.—

"(A) Policy required.—Not later than 1 year after the date on which the Advisory Board is established, the Advisory Board shall develop and commence maintaining a policy for engagement and coordination with Indian Tribes and community-based coastal resource organizations affected by ocean acidification and coastal acidification.

"(B) Consultation.—In developing the policy under subparagraph (A), the Advisory Board shall consult with Indian Tribes and community-based coastal resource organizations affected by ocean acidification and coastal acidification.".

(E) Collaboration on vulnerability assessments, research planning, and similar activities.—Section 12404(e)(4)(A) of the Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3703(e)(4)(A)) is amended—

(i) by redesignating clauses (ix) and (x) as clauses (x) and (xi), respectively; and

(ii) by inserting after clause (viii) the following:

"(ix) identifies the efforts of the Secretary to collaborate with State and local governments, Indian Tribes, and community-based coastal resource organizations on community vulnerability assessments, research planning, and similar activities, pursuant to section 12406(e);".

(F) Contents of strategic research plan.—Section 12405(b) of the Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3704(b)) is amended—

(i) in paragraph (10), by striking "section 12404(c)(4)" and inserting "section 12404(e)(4)"; and

(ii) in paragraph (11), by striking "potentially affected industry members, coastal stakeholders, fishery management councils and commissions, Tribal governments, non-Federal resource managers, and scientific experts" and inserting "affected industry members, coastal stakeholders, community acidification networks, fishery management councils and commissions, Indian Tribes, community-based coastal resource organizations, non-Federal resource managers, and scientific experts not employed by the Federal Government".

(G) Improving collaboration on NOAA ocean acidification activities.—Section 12406 of the Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3705) is amended—

(i) in subsection (a)—

(I) in paragraph (1)—

(aa) in subparagraph (D), by adding a semicolon at the end; and

(bb) in subparagraph (F), by striking "Tribal governments" and inserting "Indian Tribes and community-based coastal resource organizations";

(II) in paragraph (4), by striking "industry members, coastal stakeholders, fishery management councils and commissions, non-Federal resource managers, community acidification networks, indigenous knowledge groups, and scientific experts" and inserting "affected industry members, coastal stakeholders, community acidification networks, fishery management councils and commissions, Indian Tribes, community-based coastal resource organizations, non-Federal resource managers, and scientific experts not employed by the Federal Government";

(ii) in subsection (c)—

(I) in paragraph (1), by striking "State, local, and Tribal governments" and inserting "State and local governments, Indian Tribes, and community-based coastal resource organizations,";

(II) in paragraph (2)—

(aa) in subparagraph (A), by striking "; or" and inserting a semicolon;

(bb) by redesignating subparagraph (B) as subparagraph (C);

(cc) by inserting after subparagraph (A) the following:

"(B) on ocean acidification and coastal acidification research, data, and monitoring from affected industry members, coastal stakeholders, community acidification networks, fishery management councils and commissions, Indian Tribes, community-based coastal resource organizations, non-Federal resource managers, and scientific experts not employed by the Federal Government; or"; and

(dd) in subparagraph (C), as redesignated by item (bb), by striking "State governments, local governments, Tribal governments" and inserting "State and local governments, Indian Tribes, and community-based coastal resource organizations";

(iii) in subsection (d)(1)(C), by striking "Tribes or Tribal governments" and inserting "Indian Tribes, Tribal organizations, Tribal consortia, and community-based coastal resource organizations"; and

(iv) by adding at the end the following:

"(e) Better collaboration on vulnerability assessments, research planning, and similar activities.—

"(1) In general.—In carrying out the program under subsection (a), and in support of vulnerability assessments transmitted under section 12404(e)(4) and recommendations included in the strategic research plan described in section 12405(b)(10), the Secretary shall build upon existing activities and collaborate with State and local governments and Indian Tribes that are conducting or have completed vulnerability assessments, research planning, climate action plans, or other similar activities related to ocean acidification and coastal acidification and the impacts of ocean acidification and coastal acidification on coastal communities, for the purpose of—

"(A) supporting collaborative interagency relationships and information sharing at the State, local, and Tribal levels; and

"(B) assisting State and local governments and Indian Tribes in—

"(i) improving existing systems and programs to better address ocean acidification and coastal acidification; and

"(ii) identifying whether such activities can be used as a model for other communities.

"(2) Indian Tribes, Tribal organizations, Tribal consortia, and community-based coastal resource organizations.—In carrying out the program under subsection (a), and in support of vulnerability assessments transmitted under section 12404(e)(4) and recommendations included in the strategic research plan described in section 12405(b)(10), the Secretary may build upon existing activities and collaborate with Indian Tribes, Tribal organizations, Tribal consortia, and community-based coastal resource organizations that are conducting or have completed vulnerability assessments, research planning, climate action plans, or other similar activities related to ocean acidification and coastal acidification and the impacts of ocean acidification and coastal acidification on coastal communities.".

(3) Technical corrections.—The Federal Ocean Acidification Research and Monitoring Act of 2009 (33 U.S.C. 3701 et seq.) is amended—

(A) in section 12402 (33 U.S.C. 3701)—

(i) in paragraph (1), by striking "development coordination and implementation" and inserting "development, coordination, and implementation"; and

(ii) in paragraph (4), by striking "research adaptation strategies and mitigating the impacts" and inserting "research on adaptation strategies and mitigation of the impacts";

(B) in section 12404 (33 U.S.C. 3703)—

(i) in subsection (b)(5), by striking "; and" and inserting a period;

(ii) in subsection (c)(2)(A)—

(I) in clause (i), by striking "subsection (d)(2)" and inserting "subsection (e)(2)"; and

(II) in clause (ii), by striking "subsection (d)(3)" and inserting "subsection (e)(3)";

(iii) in subsection (d)(3), by striking "this section" and inserting "this subsection"; and

(iv) in subsection (e)—

(I) in paragraph (2)(B), by striking "interagency" and inserting "the"; and

(II) in paragraph (3), by striking "years until 2031 thereafter" and inserting "years thereafter until 2031";

(C) in section 12406(d)(2) (33 U.S.C. 3705(d)(2)), by striking "The Secretary to," and inserting "The Secretary, to".

(d) Coastal aquatic invasive species mitigation grant program and mitigation fund.—

(1) Transfer.—

(A) In general.—Subsection (f) of section 903 of the Vessel Incidental Discharge Act of 2018 (16 U.S.C. 4729) is—

(i) transferred to section 1202 of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C. 4722);

(ii) redesignated as subsection (l) of that section 1202; and

(iii) added at the end of that section 1202.

(B) Availability of appropriations.—Paragraph (1) shall not affect the availability of amounts made available in appropriation Acts for the purpose of carrying out the program transferred by subparagraph (A) to the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C. 4701 et seq.).

(2) Amendments.—Subsection (l) of section 1202 of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C. 4722), as transferred and redesignated under paragraph (1), is amended—

(A) in paragraph (1)—

(i) by striking subparagraph (D); and

(ii) by redesignating subparagraphs (E), (F), and (G) as subparagraphs (D), (E), and (F), respectively;

(B) in paragraph (2)—

(i) in subparagraph (A), by striking "and the Foundation" both places the term appears;

(ii) in subparagraph (C)(i)—

(I) in subclause (I), by striking "programs, including permissible State ballast water" and inserting "programs for Federal and State agencies, territories of the United States, Tribal governments or organizations, and interstate organizations, including permissible ballast water";

(II) by striking subclause (III);

(III) by redesignating subclauses (IV) and (V) as subclauses (III) and (IV), respectively; and

(IV) in subclause (IV), as redesignated by subclause (III), by striking "infrastructure, such as hydroelectric infrastructure, from aquatic invasive species" and inserting "aquaculture and associated infrastructure from aquatic invasive species with particular emphasis on underserved communities";

(iii) in subparagraph (D), by striking "Not later than 90 days after the date of enactment of this Act, the Foundation, in consultation with the Secretary" and inserting "Not later than 90 days after the date of enactment of the POPULIST Act, the Secretary";

(iv) in subparagraph (F), by striking "and the Foundation are" and inserting "is";

(C) in paragraph (3)—

(i) by striking subparagraph (B) and inserting the following:

"(B) Authorization of appropriations.—There is authorized to be appropriated to the Fund $5,000,000 for each of fiscal years 2027 through 2031."; and

(ii) in subparagraph (C), by striking "and the Foundation".

(3) Conforming amendment.—Section 903 of the Vessel Incidental Discharge Act of 2018 (16 U.S.C. 4729), as amended by paragraph (1), is further amended by redesignating subsections (g) and (h) as subsections (f) and (g), respectively.

SEC. 1204. PUBLIC ACCESS AND RETURN ON FEDERALLY FUNDED RESEARCH.

(a) Definitions.—In this section:

(1) Exclusive license.—The term "exclusive license" means any license, assignment, option, or other agreement that grants to 1 person, or to a limited class of persons, the exclusive right to make, use, sell, offer for sale, import, distribute, sublicense, commercialize, or otherwise exploit a federally supported research product.

(2) Federal research or development support.—The term "Federal research or development support" means any grant, cooperative agreement, contract, loan, loan guarantee, prize, facility access, data access, technical assistance, in-kind contribution, or other Federal financial or technical assistance for research or development.

(3) Federally supported research product.—The term "federally supported research product" means any invention, technology, software, data set, database, model, material, process, method, device, diagnostic, drug, energy technology, environmental technology, or other product developed in whole or in substantial part with Federal research or development support.

(4) Federally supported research result.—The term "federally supported research result" means any peer-reviewed manuscript, final published article, data set, software, model, protocol, method, research tool, or other research output produced in whole or in substantial part with Federal research or development support.

(5) Funding agency.—The term "funding agency" means any Federal agency that awards, administers, funds, or otherwise supports research or development.

(6) Practical application.—The term "practical application" has the meaning given such term in section 201 of title 35, United States Code.

(7) Reasonable public access.—The term "reasonable public access" means availability to the public on reasonable terms, including reasonable price, sufficient supply, nondiscriminatory access, and terms that reflect the contribution of Federal research or development support.

(b) Policy.—Each funding agency shall administer Federal research or development support to maximize public access, public benefit, domestic production, competition, affordability, and broad diffusion of knowledge and technology developed with support from the people of the United States.

(c) Public access to research results.—

(1) In general.—Each funding agency shall require, as a condition of Federal research or development support, that federally supported research results be made publicly available in a freely accessible digital repository.

(2) Peer-reviewed manuscripts and articles.—A federally supported research result consisting of a peer-reviewed manuscript or final published article shall be made publicly available not later than the date of publication.

(3) Data and supporting materials.—A federally supported research result consisting of data, software, models, protocols, methods, or other supporting research output shall be made publicly available not later than—

(A) the date of publication of a related peer-reviewed manuscript or final published article, if the federally supported research result is necessary to validate or replicate the findings in such manuscript or article; or

(B) a reasonable date established by the funding agency, if no related peer-reviewed manuscript or final published article is published.

(4) Federal license.—Each funding agency shall require each recipient of Federal research or development support to grant to the United States a nonexclusive, irrevocable, paid-up license to make federally supported research results publicly available under this subsection.

(5) Exceptions.—A funding agency may limit public access under this subsection to the extent necessary to protect—

(A) classified information;

(B) national security;

(C) cybersecurity;

(D) trade secrets or confidential commercial information not developed with Federal research or development support;

(E) personal privacy;

(F) human subjects research protections;

(G) Tribal cultural resources, sacred sites, or sensitive Tribal information;

(H) sensitive environmental, habitat, or species-location information; or

(I) any other category of information for which withholding is required by Federal law.

(d) Fair licensing of federally supported research products.—

(1) In general.—Each funding agency shall require, as a condition of Federal research or development support, that any exclusive license for a federally supported research product include terms sufficient to protect the public interest.

(2) Required terms.—Terms required under paragraph (1) shall include—

(A) a requirement that the federally supported research product be made available to the public on reasonable terms;

(B) a requirement that the licensee make diligent efforts to achieve practical application;

(C) a requirement that the licensee avoid unreasonable pricing, unreasonable scarcity, or unreasonable restrictions on access;

(D) a requirement that the licensee report such pricing, supply, sublicensing, and commercialization information as the funding agency determines necessary to enforce this section;

(E) authority sufficient to allow the funding agency to require additional licensing under subsection (f); and

(F) a requirement that domestic manufacturing and domestic supply chains be used to the maximum extent practicable.

(3) Preference for nonexclusive licensing.—A funding agency shall prefer nonexclusive licensing for research tools, enabling technologies, standards-essential technologies, platform

technologies, and other federally supported research products for which broad access would materially advance competition, follow-on innovation, public health, environmental protection, energy affordability, or public safety.

(e) Reasonable pricing and anti-gouging.—

(1) Access plan.—Before entering into or approving an exclusive license for a federally supported research product, a funding agency shall require the licensee to submit a public access and reasonable pricing plan.

(2) Contents.—A plan required under paragraph (1) shall describe—

(A) the Federal research or development support used to develop the federally supported research product;

(B) the expected public uses and public benefits of the federally supported research product;

(C) the expected price, pricing methodology, and supply plan for the federally supported research product;

(D) any expected sublicensing terms;

(E) any expected domestic manufacturing or domestic supply-chain commitments; and

(F) any measures necessary to ensure reasonable public access.

(3) Determination.—A funding agency may determine that a price, licensing term, supply practice, or commercialization practice is unreasonable after considering—

(A) the amount and importance of Federal research or development support;

(B) the cost of development, manufacturing, distribution, and regulatory compliance;

(C) the price charged to the Federal Government, State governments, consumers, researchers, small businesses, hospitals, schools, public utilities, or other affected users;

(D) the price charged in comparable foreign markets;

(E) the availability of competing products or substitute technologies;

(F) the need to permit a reasonable return on private investment not supplied by the Federal Government; and

(G) the effect of the price, term, or practice on public health, environmental protection, energy affordability, competition, public safety, or broad public access.

(f) Public interest protections.—

(1) In general.—If a funding agency determines that a recipient of Federal research or development support, contractor, assignee, or licensee has failed to provide reasonable public access to a federally supported research product, the funding agency may take 1 or more of the actions described in paragraph (2).

(2) Actions.—A funding agency may—

(A) require corrective action;

(B) require additional public reporting;

(C) require nonexclusive, partially exclusive, or exclusive licensing to responsible applicants on reasonable terms;

(D) modify or terminate an exclusive license issued by the funding agency;

(E) require sublicensing as a condition of continued Federal support;

(F) exercise march-in rights under section 203 of title 35, United States Code, if applicable;

(G) deny, suspend, or condition future Federal research or development support; or

(H) refer the matter to the Federal Trade Commission, the Attorney General, or another appropriate Federal or State enforcement authority.

(3) Procedures.—Before taking an action under paragraph (2), a funding agency shall provide notice and an opportunity to cure, except where the funding agency determines that immediate action is necessary to protect public health, safety, national security, energy reliability, environmental protection, or substantial public resources.

(g) Relation to Bayh-Dole Act.—

(1) Additional protections.—The protections, conditions, and authorities established by this section are in addition to those available to the United States under chapter 18 of title 35, United States Code.

(2) No limitation.—Nothing in this section shall be construed to limit the authority of a Federal agency to exercise march-in rights under section 203 of title 35, United States Code, require preference for United States industry under section 204 of title 35, United States Code, or impose public interest conditions under any other provision of law.

(h) Regulations.—Not later than 1 year after the date of enactment of this Act, the Director of the Office of Science and Technology Policy, in consultation with the Director of the Office of Management and Budget, the Secretary of Commerce, the Secretary of Energy, the Secretary of Health and Human Services, the Director of the National Science Foundation, the Administrator of the Environmental Protection Agency, and the heads of other funding agencies, shall issue guidance and model funding-agreement terms to carry out this section.

SEC. 1205. PLASTIC POLLUTION AND MICROPLASTICS CONTROL.

(a) Definitions.—In this section:

(1) Administrator.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(2) Plastic facility.—The term "plastic facility" means a facility that—

(A) manufactures, processes, handles, stores, or transports plastic feedstock;

(B) manufactures ethylene, propylene, or another petrochemical feedstock for conversion into plastic feedstock;

(C) manufactures, processes, or produces any plastic polymer, monomer, resin, or preproduction plastic material;

(D) depolymerizes, chemically recycles, pyrolyzes, gasifies, combusts, or otherwise chemically breaks down plastic polymers; or

(E) expands the production capacity, storage capacity, or preproduction plastic material handling capacity of a facility described in subparagraphs (A) through (D).

(3) Plastic feedstock.—The term "plastic feedstock" means ethylene, propylene, and raw plastic material in any form, including pellets, resin, nurdles, powder, flakes, and any plastic polymer identified by the Administrator.

(4) Preproduction plastic material.—The term "preproduction plastic material" means plastic resin, plastic pellets, nurdles, powders, flakes, powdered coloring for plastics, or any other plastic material intended for use in manufacturing, compounding, packaging, transporting, or processing plastic products.

(5) Secretary.—The term "Secretary" means the Secretary of Agriculture.

(6) Temporary pause period.—The term "temporary pause period" means the period—

(A) beginning on the date of enactment of this Act; and

(B) ending on the date on which the Administrator certifies that the final rules required under subsection (c) are in effect.

(b) Temporary pause on new and expanded plastic facilities.—

(1) In general.—During the temporary pause period, the Administrator may not issue, and may not approve a State or local permitting authority to issue, any new permit, renewed permit, modified permit, or other authorization under the Clean Air Act (42 U.S.C. 7401 et seq.) or the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) that would authorize the construction of a new plastic facility or the expansion of production capacity, storage capacity, or preproduction plastic material handling capacity at an existing plastic facility.

(2) Section 404 permits.—During the temporary pause period, the Secretary of the Army, acting through the Chief of Engineers, may not issue any permit under section 404 of the Federal Water Pollution Control Act (33 U.S.C. 1344) for the construction of a new plastic facility or the expansion of production capacity, storage capacity, or preproduction plastic material handling capacity at an existing plastic facility.

(3) State permits.—During the temporary pause period, the Administrator shall object to any State-issued permit described in paragraph (1) if the permit would authorize the construction of a new plastic facility or the expansion of production capacity, storage capacity, or preproduction plastic material handling capacity at an existing plastic facility.

(4) Exceptions.—This subsection shall not apply to—

(A) a material recovery facility;

(B) a mechanical recycling facility;

(C) a compost facility;

(D) a repair, maintenance, monitoring, remediation, pollution-control, or safety project that does not increase production capacity, storage capacity, or preproduction plastic material handling capacity; or

(E) a modification that the Administrator determines is necessary to prevent or reduce emissions, discharges, releases, spills, fires, explosions, or other hazards.

(c) Air, water, and fenceline protections for plastic facilities.—

(1) Rulemaking.—Not later than January 1, 2029, the Administrator shall promulgate final rules under the Clean Air Act (42 U.S.C. 7401 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), and any other applicable Federal environmental law to reduce emissions, discharges, releases, and cumulative impacts from plastic facilities.

(2) Requirements.—The rules promulgated under paragraph (1) shall include—

(A) requirements for fenceline monitoring and public reporting of air pollutants, water pollutants, preproduction plastic materials, and other hazardous releases from plastic facilities;

(B) enforceable limits on emissions, discharges, leaks, spills, and releases of pollutants and preproduction plastic materials;

(C) requirements for cumulative-impact analysis before issuance, renewal, or modification of a permit for a plastic facility;

(D) requirements for financial assurance sufficient to remediate spills, releases, contamination, and closure obligations;

(E) requirements for emergency response planning, public notice, and community notification for releases, fires, explosions, and other incidents;

(F) requirements to prevent discharge of preproduction plastic materials into wastewater, stormwater, drainage systems, runoff, or waters of the United States; and

(G) requirements to protect schools, residences, daycare centers, nursing homes, hospitals, parks, playgrounds, community centers, drinking water sources, and other sensitive community locations from the cumulative impacts of plastic facilities.

(3) No end of pause before rules are effective.—The temporary pause period may not end until the rules required under paragraph (1) are in effect.

(d) Microplastics research and mitigation.—

(1) Food and beverage study.—Not later than 2 years after the date of enactment of this Act, the Commissioner of Food and Drugs, in consultation with the Administrator, shall conduct and submit to Congress a study on—

(A) the presence of microplastics and nanoplastics in food, beverages, drinking water, food-contact materials, and food packaging;

(B) the sources and pathways through which microplastics and nanoplastics enter food, beverages, drinking water, food-contact materials, and food packaging;

(C) potential human exposure to microplastics and nanoplastics through ingestion and inhalation; and

(D) recommendations for reducing microplastics and nanoplastics in food, beverages, drinking water, food-contact materials, and food packaging.

(2) Environmental Protection Agency pilot program.—

(A) Establishment.—Not later than 1 year after the date of enactment of this Act, the Administrator shall establish a pilot program to test, evaluate, and deploy technologies and practices to prevent, capture, remove, or reduce microplastics and nanoplastics in wastewater, stormwater, drinking water, surface water, sediment, and industrial discharges.

(B) Priority.—In carrying out the pilot program under subparagraph (A), the Administrator shall prioritize projects that—

(i) reduce microplastics and nanoplastics near plastic facilities, wastewater treatment plants, stormwater outfalls, ports, rail transfer facilities, and other likely release points;

(ii) can be implemented by public water systems, publicly owned treatment works, local governments, Indian Tribes, or regional water authorities; and

(iii) generate data that can be used to develop best practices or regulatory standards.

(3) National Institutes of Health research.—The Director of the National Institutes of Health shall support research on human exposure to microplastics and nanoplastics, including research on—

(A) the presence of microplastics and nanoplastics in human tissue, organs, blood, urine, breastmilk, stool, and other biospecimens;

(B) the effects of microplastics and nanoplastics on reproductive health, fetal development, child development, immune function, endocrine function, cardiovascular health, neurological health, and cancer risk;

(C) the role of additives, absorbed pollutants, and degradation products associated with microplastics and nanoplastics; and

(D) methods to reduce human exposure to microplastics and nanoplastics.

(e) Reducing single-use plastics in agriculture.—

(1) Conservation practice.—For purposes of programs administered by the Secretary through the Natural Resources Conservation Service, including the environmental quality incentives program under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.), the replacement of plastic weed barriers, plastic mulch, plastic weed mitigants, or other single-use on-farm plastic materials with nonplastic, reusable, or biodegradable alternatives shall be treated as an eligible conservation practice.

(2) Grant program.—

(A) Establishment.—The Secretary shall establish a grant program to support producers, producer cooperatives, agricultural associations, and other eligible agricultural entities in reducing or eliminating single-use plastics from post-production distribution packaging.

(B) Uses.—A grant under this paragraph may be used for—

(i) replacing plastic clamshells, bags, liners, trays, wraps, pallet wraps, cushioning, containers, labels, or other single-use post-production distribution packaging with nonplastic, reusable, recyclable, compostable, or biodegradable alternatives;

(ii) purchasing equipment necessary to package, aggregate, store, transport, or distribute agricultural products without single-use plastics;

(iii) redesigning distribution practices to reduce single-use plastic packaging;

(iv) testing and verifying the performance of alternatives to single-use plastic packaging; and

(v) providing technical assistance to producers seeking to reduce single-use plastic packaging.

(C) Amount and term.—A grant under this paragraph may not exceed $250,000 and may be made for a period of not more than 3 years.

(D) Priority.—In awarding grants under this paragraph, the Secretary shall give priority to applications that—

(i) achieve the greatest measurable reduction in single-use plastic packaging per dollar of Federal assistance;

(ii) are submitted by a beginning farmer or rancher;

(iii) support organic or regenerative agricultural production;

(iv) are submitted by a producer cooperative or other aggregation of small or mid-sized producers; or

(v) create a replicable model for reducing single-use plastic packaging in regional food systems.

(E) Authorization of appropriations.—There is authorized to be appropriated to carry out this paragraph $25,000,000 for each of fiscal years 2027 through 2031.

(f) Plastic pellet-free waters.—

(1) Prohibition.—Beginning on the date of enactment of this Act, no person may discharge, spill, release, or allow the discharge, spill, or release of plastic pellets or other preproduction plastic material—

(A) into waters of the United States;

(B) into wastewater, stormwater, runoff, drainage systems, or other conveyances that discharge or may reasonably be expected to discharge into waters of the United States; or

(C) from any plastic facility, point source, transportation facility, packaging facility, transfer facility, port, rail facility, warehouse, or other facility that makes, uses, packages, stores, transports, or handles plastic pellets or other preproduction plastic material.

(2) Permit requirements.—The Administrator shall require each permit issued under section 402 of the Federal Water Pollution Control Act (33 U.S.C. 1342), and each other applicable Federal permit for a facility described in paragraph (1)(C), to include requirements sufficient to achieve zero discharge of plastic pellets and other preproduction plastic material.

(3) Interim final rule.—Not later than 60 days after the date of enactment of this Act, the Administrator shall issue an interim final rule to implement this subsection.

(4) Final rule.—Not later than 2 years after the date of enactment of this Act, the Administrator shall, after notice and opportunity for public comment, issue a final rule to implement this subsection.

(5) Minimum requirements.—The rules issued under paragraphs (3) and (4) shall include—

(A) best management practices for preventing the discharge, spill, or release of plastic pellets and other preproduction plastic material;

(B) containment, capture, filtration, inspection, housekeeping, loading, unloading, storage, packaging, transportation, and stormwater-control requirements;

(C) monitoring, recordkeeping, reporting, and public disclosure requirements;

(D) requirements for prompt reporting and cleanup of any discharge, spill, or release;

(E) requirements for employee training and written spill-prevention plans; and

(F) requirements for third-party transporters, packagers, warehouses, ports, rail facilities, and transfer facilities that handle plastic pellets or other preproduction plastic material.

(g) Enforcement.—

(1) Clean Water Act enforcement.—A violation of subsection (f) or a rule issued under subsection (f) shall be treated as a violation of section 301 of the Federal Water Pollution

Control Act (33 U.S.C. 1311) and shall be subject to enforcement under sections 309 and 505 of that Act (33 U.S.C. 1319, 1365).

(2) Minimum civil penalties.—In addition to any penalty otherwise authorized by law, any person that violates subsection (f) shall be subject to a civil penalty of not less than $5,000 for each day on which the violation occurs.

(3) Failure to report or remediate.—In addition to any penalty otherwise authorized by law, any person that knowingly fails to report or remediate a discharge, spill, or release of plastic pellets or other preproduction plastic material shall be subject to a civil penalty of not less than $25,000 for each day on which the failure continues.

(4) Untaxed released resin.—If plastic pellets or other preproduction plastic material released in violation of subsection (f) have not been subject to the tax imposed under section 5000L of the Internal Revenue Code of 1986, as added by section 1243, the person responsible for the release shall be subject to an additional civil penalty equal to 10 times the tax that would have been imposed if the released material had been sold on the date of release or September 30, 2027, whichever is later.

SEC. 1206. E15 REID VAPOR PRESSURE PARITY.

(a) Existing waivers.—Section 211(f)(4) of the Clean Air Act (42 U.S.C. 7545(f)(4)) is amended—

(1) by striking "(4) The Administrator, upon" and inserting the following:

"(4) Waivers.—

"(A) In general.—The Administrator, on";

(2) in subparagraph (A), as so designated—

(A) in the first sentence—

(i) by striking "of this subsection" each place it appears; and

(ii) by striking "if he determines" and inserting "if the Administrator determines"; and

(B) in the second sentence, by striking "The Administrator" and inserting the following:

"(B) Final action.—The Administrator"; and

(3) by adding at the end the following:

"(C) Reid vapor pressure.—A fuel or fuel additive may be introduced into commerce if—

"(i) the Administrator determines that—

"(I) the fuel or fuel additive is substantially similar to a fuel or fuel additive utilized in the certification of any model year vehicle pursuant to paragraph (1)(A); or

"(II) the fuel or fuel additive has been granted a waiver under subparagraph (A) and meets all of the conditions of that waiver other than any limitation of the waiver with respect to the Reid vapor pressure of the fuel or fuel additive; and

"(ii) the fuel or fuel additive meets all other applicable Reid vapor pressure requirements under subsection (h).".

(b) Reid vapor pressure limitation.—Section 211(h) of the Clean Air Act (42 U.S.C. 7545(h)) is amended—

(1) in paragraph (4), in the matter preceding subparagraph (A), by striking "10 percent" and inserting "10 to 15 percent"; and

(2) in paragraph (5)(A), by striking "10 percent" and inserting "10 to 15 percent".

Subtitle A—Power to the People

PART I—POWER GENERATION, PERMITTING, AND RATEPAYER PROTECTION

SEC. 1211. UTILITY PROFIT AND RATEPAYER PROTECTION.

(a) Federal Power Act utility profit and ratepayer protection.—Section 205 of the Federal Power Act (16 U.S.C. 824d) is amended by adding at the end the following:

"(h) Utility profit and ratepayer protection.

"(1) Definitions.—In this subsection:

"(A) Adjusted lowest market return.—The term 'adjusted lowest market return' means the lowest return on equity in the range of reasonableness established under subparagraph (H), after the downward adjustment required under subparagraph (I). Until the Commission first establishes the adjusted lowest market return, the adjusted lowest market return shall be deemed equal to the risk-free administrative rate.

"(B) Applicable benchmark return.—The term 'applicable benchmark return' means the lower of—

"(i) the risk-free administrative rate; and

"(ii) the adjusted lowest market return.

"(C) Financial academic.—The term 'financial academic' means an accredited, full-time finance teaching program that regularly publishes United States equity market expected return data and provides a curriculum in business administration or finance.

"(D) Financial institution.—The term 'financial institution' means an entity that manages not less than $2,000,000,000,000 in combined assets and regularly publishes United States equity market expected return data.

"(E) Global systemically important bank.—The term 'global systemically important bank' means an entity classified as a global systemically important bank by the Financial Stability Board that regularly publishes United States equity market expected return data.

"(F) Guaranteed cost recovery.—The term 'guaranteed cost recovery' means the regulatory framework under which a public utility is permitted to recover operating expenses and capital costs, including an authorized return on investment, through Commission-approved rates.

"(G) Prohibited cost.—The term 'prohibited cost' means any direct or indirect cost associated with—

"(i) membership dues or sponsorship fees paid, or contributions made, to an organization described in section 501(c)(6) of the Internal Revenue Code of 1986;

"(ii) lobbying or legislative action, including any expense for the purpose of directly or indirectly influencing—

"(I) the adoption, repeal, or modification of Federal, State, or local regulations, legislation, or ordinances;

"(II) elections, appointments of public officials, or referenda;

"(III) the approval, modification, or revocation of utility franchises;

"(IV) public opinion with respect to Federal, State, or local regulations, legislation, ordinances, elections, referenda, or utility rate setting; or

"(V) the decisions of Federal, State, or local government officials;

"(iii) advertising, marketing, or communications that seek to influence public opinion, unless such advertising, marketing, communications, or related cost is specifically approved or ordered by the Commission, the Secretary of Energy, or the Administrator of the Environmental Protection Agency for a public health, safety, reliability, energy-efficiency, or conservation purpose;

"(iv) travel, lodging, or food and beverage expenses for the board of directors or officers of the public utility, the public utility's holding company, or any associated company or affiliate;

"(v) entertainment or gifts;

"(vi) any owned, leased, or chartered aircraft for the board of directors or officers of the public utility, the public utility's holding company, or any associated company or affiliate;

"(vii) investor relations;

"(viii) attendance in, participation in, preparation for, or appeal of any rate proceeding conducted before the Commission pursuant to this section or section 206, including attorneys' fees, expert-witness fees, consultant fees, the portion of employee salaries associated with such attendance, participation, preparation, or appeal, and related costs identified by the Commission;

"(ix) contributions made to an organization described in paragraph (3) or (4) of section 501(c) of the Internal Revenue Code of 1986;

"(x) contributions to political candidates, political parties, campaign committees, issue committees, independent expenditure committees, political action committees, or other political expenses;

"(xi) products or services not regulated by the Commission, including marketing, administration, or customer service for such products or services;

"(xii) penalties or fines, including tax penalties or fines, issued against the public utility; or

"(xiii) payments to outside attorneys or experts representing, testifying on behalf of, or otherwise supporting the participation of the public utility in any Commission proceeding, except to the extent the Commission determines that such payments are necessary to protect reliability, public safety, or the integrity of Commission proceedings.

"(H) Range of reasonableness.—The term 'range of reasonableness' means the range of reasonableness for return on equity established by the Commission, which shall be comprised of 3 data points, each of which represents a current average expected 10-year total or large-cap United States equity market return or equivalent measure, determined as follows:

"(i) The first data point shall be determined by identifying the midpoint expected 10-year total or large-cap United States equity market return or equivalent measure estimated by financial academics for each of the previous 5 years and using the average of such midpoints.

"(ii) The second data point shall be determined by identifying the midpoint expected 10-year total or large-cap United States equity market return or equivalent measure estimated by financial institutions for each of the previous 5 years and using the average of such midpoints.

"(iii) The third data point shall be determined by identifying the midpoint expected 10-year total or large-cap United States equity market return or equivalent measure estimated by global systemically important banks for each of the previous 5 years and using the average of such midpoints.

"(I) Required downward adjustment.—The Commission shall adjust the range of reasonableness downward to account for the reduced risks of the public utility due to, as applicable—

"(i) operating as a regulated monopoly;

"(ii) guaranteed cost recovery;

"(iii) the use of formula rates, riders, trackers, regulatory assets, securitization, contemporaneous cost recovery, or other alternatives to traditional cost-of-service ratemaking;

"(iv) the provision of Federal loans, loan guarantees, grants, tax credits, credit support, or other Federal financial assistance for assets included in rate base;

"(v) participation in, or exemption from, a regional transmission planning process;

"(vi) the availability of captive ratepayers or nonbypassable charges;

"(vii) the approval or allowance of any measure that reduces the risk that the public utility will not recover prudently incurred capital investments; and

"(viii) any other factor that materially reduces the risk of the public utility relative to an entity operating in a competitive market.

"(J) Risk-free administrative rate.—The term 'risk-free administrative rate' means a baseline rate of return appropriate for an enterprise operating as a regulated monopoly with guaranteed cost recovery. The risk-free administrative rate—

"(i) shall be equal to 3 percent per annum beginning on the date of enactment of this subsection; and

"(ii) may be, by rule, adjusted periodically by the Commission to reflect long-term changes in economic conditions, provided that any such adjustment is supported by substantial evidence that considers—

"(I) capital availability for regulated public utilities;

"(II) productivity trends affecting the provision of regulated utility service;

"(III) tax liability on returns;

"(IV) the risk profile of regulated public utilities as compared to other regulated monopolies; and

"(V) inflation, solely as a contextual factor relevant to the timing and necessity of review, and not as an independent basis for increasing the risk-free administrative rate.

"(K) Utility affiliate terms.—The terms 'affiliate', 'associate company', and 'holding company' have the meanings given such terms in section 366.1 of title 18, Code of Federal Regulations, or any successor regulation.

"(2) Unreasonable return on equity.—For purposes of this section and section 206, in any proceeding in which a public utility seeks to include a return on equity in any rate, charge, classification, rule, regulation, practice, or contract subject to the jurisdiction of the Commission, such return shall be subject to a rebuttable presumption that it is unjust and unreasonable if it exceeds the applicable benchmark return.

"(3) Rebuttal.—

"(A) In general.—A public utility may rebut the presumption under paragraph (2) only by demonstrating, by clear and convincing evidence, that a return on equity exceeding the applicable benchmark return is necessary to address specific and material risks not otherwise mitigated through guaranteed cost recovery, any risk-reduction mechanism described in paragraph (1)(I), or any other Federal, State, local, or regulatory mechanism that shifts risk from shareholders to ratepayers or taxpayers.

"(B) Evaluation of evidence.—In evaluating evidence under subparagraph (A), the Commission shall consider—

"(i) the extent to which the public utility's costs are recoverable through rates;

"(ii) the stability of the public utility's revenue stream;

"(iii) whether the asserted risks are specific and material to the public utility seeking the higher return;

"(iv) whether the asserted risks are already mitigated by rates, riders, trackers, regulatory assets, securitization, grants, loans, loan guarantees, tax credits, or other cost-recovery or risk-reduction mechanisms; and

"(v) whether the higher return would require ratepayers to compensate shareholders for risks the shareholders do not bear.

"(4) Corrupt rate recovery ban.—

"(A) In general.—No public utility may recover a prohibited cost through any rate, charge, classification, rule, regulation, practice, or contract subject to the jurisdiction of the Commission.

"(B) No indirect recovery.—A public utility may not recover a prohibited cost through a rider, tracker, formula rate, regulatory asset, affiliate transaction, management fee, service company charge, general administrative account, settlement, or any other direct or indirect mechanism.

"(5) Cost-saving transmission investments.—

"(A) In general.—For purposes of this section and section 206, the Commission may consider a capital expenditure by a public utility for a transmission project prudent only if the public utility provides substantial evidence that—

"(i) the public utility prioritized grid-enhancing technologies, reconductoring, advanced conductors, advanced power-flow control, dynamic line ratings, energy storage, distributed energy resources, demand response, and other lower-cost alternatives in the planning process for the transmission project; and

"(ii) the transmission project was subject to a regional planning process determined by the Commission to be in compliance with applicable orders of the Commission, unless the Commission determines that emergency reliability needs made such process impracticable.

"(B) Rule of construction.—Nothing in this paragraph shall be construed to require the Commission to approve any capital expenditure that is imprudent, unjust, unreasonable, unduly discriminatory, or preferential.

"(6) Savings clause.—Nothing in this subsection shall be construed to require the Commission to approve any rate that is not just and reasonable or to deny a public utility a reasonable opportunity to earn a return sufficient to maintain financial integrity.

"(7) Regulations.—Not later than 180 days after the date of enactment of this subsection, the Commission shall issue regulations to carry out this subsection.

"(8) Effective date.—This subsection shall apply to any rate, charge, classification, rule, regulation, practice, or contract filed, proposed, demanded, charged, collected, approved, reviewed, or modified on or after the date of enactment of this subsection.".

(b) Eliminating FERC candy.—

(1) Repeal.—The Federal Power Act is amended by striking section 219 (16 U.S.C. 824s).

(2) Conforming amendments.—The Federal Power Act is amended—

(A) in section 201(b)(2), by striking "219," each place it appears; and

(B) in section 201(e), by striking "219,".

(c) Investor-owned utility ratepayer protection.—

(1) In general.—Title VI of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is amended by adding at the end the following:

"Sec. 610. Investor-owned utility ratepayer protection.

"(a) Definitions.—In this section:

"(1) Applicable benchmark return.—The term 'applicable benchmark return' means the lower of—

"(A) the risk-free administrative rate under section 205(h)(1)(J) of the Federal Power Act; and

"(B) the adjusted lowest market return determined under section 205(h)(1)(A) of the Federal Power Act, except that, for purposes of applying such section to an investor-owned utility, each reference to the Commission shall be treated as a reference to the applicable State regulatory authority and each reference to a public utility shall be treated as a reference to the investor-owned utility.

"(2) Guaranteed cost recovery.—The term 'guaranteed cost recovery' has the meaning given such term in section 205(h)(1)(F) of the Federal Power Act.

"(3) Investor-owned utility.—

"(A) In general.—The term 'investor-owned utility' means a utility enterprise that—

"(i) is owned, in whole or in part, by private investors;

"(ii) is engaged in the production, transmission, distribution, sale, or delivery of electricity or natural gas for use by the public; and

"(iii) is subject to rate regulation by a State regulatory authority.

"(B) Exclusions.—The term 'investor-owned utility' does not include—

"(i) an electric cooperative;

"(ii) a gas cooperative;

"(iii) an electric utility that is owned or operated by a State or political subdivision of a State;

"(iv) a gas utility that is owned or operated by a State or political subdivision of a State;

"(v) the Tennessee Valley Authority;

"(vi) a Federal power marketing administration; or

"(vii) any other Federal entity.

"(4) Prohibited cost.—The term 'prohibited cost' has the meaning given such term in section 205(h)(1)(G) of the Federal Power Act, except that, for purposes of applying such section to an investor-owned utility—

"(A) each reference to the Commission shall be treated as a reference to the applicable State regulatory authority, except with respect to costs associated with a Commission proceeding;

"(B) each reference to a public utility shall be treated as a reference to the investor-owned utility;

"(C) each reference to section 206 of the Federal Power Act shall be treated as including a rate proceeding before the applicable State regulatory authority; and

"(D) the term shall include any cost identified by the Commission by regulation as substantially similar to a cost described in section 205(h)(1)(G) of the Federal Power Act.

"(5) State.—The term 'State' means each State, the District of Columbia, each territory or possession of the United States, and each federally recognized Indian Tribe with ratemaking authority over an investor-owned utility.

"(6) State regulatory authority.—The term 'State regulatory authority' has the meaning given such term in section 3.

"(b) Return on equity limitation.—

"(1) In general.—An investor-owned utility may not file, demand, charge, collect, or receive any retail rate that includes a return on equity exceeding the applicable benchmark return.

"(2) Rebuttal.—

"(A) In general.—An investor-owned utility may rebut the limitation under paragraph (1) only by demonstrating, by clear and convincing evidence, that a return on equity exceeding the applicable benchmark return is necessary to address specific and material risks not otherwise mitigated through guaranteed cost recovery, any risk-reduction mechanism described in section 205(h)(1)(I) of the Federal Power Act, or any other Federal, State, local, or regulatory mechanism that shifts risk from shareholders to ratepayers or taxpayers.

"(B) Evaluation of evidence.—In evaluating evidence under subparagraph (A), the applicable State regulatory authority shall consider—

"(i) the extent to which the investor-owned utility's costs are recoverable through rates;

"(ii) the stability of the investor-owned utility's revenue stream;

"(iii) whether the asserted risks are specific and material to the investor-owned utility seeking the higher return;

"(iv) whether the asserted risks are already mitigated by rates, riders, trackers, regulatory assets, securitization, grants, loans, loan guarantees, tax credits, or other cost-recovery or risk-reduction mechanisms; and

"(v) whether the higher return would require ratepayers to compensate shareholders for risks the shareholders do not bear.

"(3) Public disclosure.—If an investor-owned utility seeks to include a return on equity exceeding the applicable benchmark return in a retail rate, the investor-owned utility shall make publicly available—

"(A) the applicable benchmark return;

"(B) the return on equity sought by the investor-owned utility;

"(C) the clear and convincing evidence relied on by the investor-owned utility under paragraph (2);

"(D) a quantification of the difference in the investor-owned utility's requested revenue requirement using the return on equity sought by the investor-owned utility compared to the applicable benchmark return; and

"(E) a quantification of the impact on the average residential monthly bill of using the return on equity sought by the investor-owned utility compared to the applicable benchmark return.

"(c) Corrupt rate recovery ban.—

"(1) In general.—No investor-owned utility may recover a prohibited cost through any retail rate.

"(2) No indirect recovery.—An investor-owned utility may not recover a prohibited cost through a rider, tracker, formula rate, regulatory asset, affiliate transaction, management fee, service company charge, general administrative account, settlement, or any other direct or indirect mechanism.

"(d) Enforcement.—

"(1) Federal enforcement.—A violation of this section shall be treated as a violation of a provision of part II of the Federal Power Act and enforced in accordance with section 316A of such Act.

"(2) State enforcement.—A State regulatory authority, State attorney general, or other authorized State officer may enforce this section, and any State law, regulation, order, or ratemaking requirement that is not inconsistent with this section, in any administrative or judicial proceeding.

"(e) Regulations.—Not later than 180 days after the date of enactment of this section, the Commission shall issue regulations to carry out this section.

"(f) Collective bargaining agreement.—Nothing in this section shall be construed to preempt, diminish, or interfere with a collective bargaining agreement that is in place on the date of enactment of this section.

"(g) Savings clause.—Nothing in this section shall be construed to require any State regulatory authority to approve any rate that is not just and reasonable or to deny an investor-owned utility a reasonable opportunity to earn a return sufficient to maintain financial integrity, subject to the requirements of this section.

"(h) No preemption of stronger State law.—Nothing in this section shall be construed to preempt or limit any State law, regulation, order, or ratemaking practice that establishes a lower authorized return on equity, a stricter cost-recovery limitation, or a stronger ratepayer protection than the protection established under this section.".

(2) Table of contents.—The table of contents in section 1(b) of the Public Utility Regulatory Policies Act of 1978 is amended by inserting after the item relating to section 608 the following:

"Sec. 609. Rural and remote communities electrification grants.

"Sec. 610. Investor-owned utility ratepayer protection.".

SEC. 1212. RESTORING POWER GENERATION TAX CREDITS.

(a) Restoration of residential clean energy credit.—Section 25D of the Internal Revenue Code of 1986 (26 U.S.C. 25D) is amended—

(1) in subsection (g), by striking paragraph (3) and by inserting after paragraph (2) the following new paragraphs:

"(3) in the case of property placed in service after December 31, 2021, and before January 1, 2033, 30 percent,

"(4) in the case of property placed in service after December 31, 2032, and before January 1, 2034, 26 percent, and

"(5) in the case of property placed in service after December 31, 2033, and before January 1, 2035, 22 percent."; and

(2) in subsection (h), by striking "with respect to any expenditures made after December 31, 2025" and inserting "to property placed in service after December 31, 2034".

(b) Restoration of clean electricity production credit for wind and solar.—Section 45Y of the Internal Revenue Code of 1986 (26 U.S.C. 45Y) is amended—

(1) by striking the second subsection (b)(1)(E), described as "Material assistance from prohibited foreign entities.";

(2) by striking subsection (b)(2)(C)(iii);

(3) in subsection (d)—

(A) in paragraph (1), by striking "Subject to paragraph (4), the amount of" and inserting "The amount of";

(B) by striking paragraph (4); and

(4) by striking subsections (g) and (h).

(c) Restoration of clean electricity investment credit for wind and solar.—Section 48E of the Internal Revenue Code of 1986 (26 U.S.C. 48E) is amended—

(1) in subsection (e)(1), by striking "Subject to paragraph (4), the amount of" and inserting "The amount of";

(2) by striking subsection (e)(4); and

(3) by striking subsection (i).

(d) Repeal of accuracy-related penalty for disallowed clean electricity credits.—Section 6662 of the Internal Revenue Code of 1986 (26 U.S.C. 6662) is amended by striking subsection (m).

(e) Restoration of energy efficient home improvement credit.—Section 25C of the Internal Revenue Code of 1986 (26 U.S.C. 25C) is amended—

(1) in subsection (i), by striking "December 31, 2025" and inserting "December 31, 2032";

(2) in subsection (d)(2), by striking subparagraph (C) and inserting the following:

"(C) Any oil furnace or hot water boiler which—

"(i) is placed in service after December 31, 2022, and before January 1, 2027, and—

"(I) meets or exceeds 2021 Energy Star efficiency criteria, and

"(II) is rated by the manufacturer for use with fuel blends at least 20 percent of the volume of which consists of an eligible fuel, or

"(ii) is placed in service after December 31, 2026, and—

"(I) achieves an annual fuel utilization efficiency rate of not less than 90, and

"(II) is rated by the manufacturer for use with fuel blends at least 50 percent of the volume of which consists of an eligible fuel.".

(f) Restoration of alternative fuel vehicle refueling property credit.—Section 30C(g) of the Internal Revenue Code of 1986 (26 U.S.C. 30C(g)) is amended by striking "December 31, 2025" and inserting "December 31, 2032".

(g) Restoration of new energy efficient home credit.—Section 45L(g) of the Internal Revenue Code of 1986 (26 U.S.C. 45L(g)) is amended by striking "June 30, 2026" and inserting "December 31, 2032".

(h) Restoration of previously owned clean vehicle credit.—Section 25E(g) of the Internal Revenue Code of 1986 (26 U.S.C. 25E(g)) is amended by striking "December 31, 2025" and inserting "December 31, 2032".

(i) Restoration of clean vehicle credit.—Section 30D of the Internal Revenue Code of 1986 (26 U.S.C. 30D) is amended—

(1) in subsection (i) by striking "September 30, 2025" and inserting "December 31, 2032"; and

(2) in subsection (e)—

(A) in paragraph (1)(B)—

(i) in clause (iii), by striking "and" after the comma at the end;

(ii) in clause (iv), by striking the period at the end and inserting ", and"; and

(iii) by inserting after clause (iv) the following new clause:

"(v) in the case of a vehicle placed in service after December 31, 2026, 80 percent."; and

(B) in paragraph (2)(B)—

(i) in clause (ii), by striking "and" after the comma at the end;

(ii) in clause (iii), by striking the period at the end and inserting a comma; and

(iii) by inserting after clause (iii) the following new clauses:

"(iv) in the case of a vehicle placed in service during calendar year 2027, 80 percent,

"(v) in the case of a vehicle placed in service during calendar year 2028, 90 percent, and

"(vi) in the case of a vehicle placed in service after December 31, 2028, 100 percent.".

(j) Restoration of qualified commercial clean vehicle credit.—Section 45W(g) of the Internal Revenue Code of 1986 (26 U.S.C. 45W(g)) is amended by striking "September 30, 2025" and inserting "December 31, 2032".

(k) Restoration of energy efficient commercial buildings deduction.—Section 179D of the Internal Revenue Code of 1986 (26 U.S.C. 179D) is amended by striking subsection (i).

(l) Restoration of clean hydrogen production credit.—Section 45V(c)(3)(C) of the Internal Revenue Code of 1986 (26 U.S.C. 45V(c)(3)(C)) is amended by striking "January 1, 2028" and inserting "January 1, 2033".

(m) Restoration of transferability rules.—Section 6418(g) of the Internal Revenue Code of 1986 (26 U.S.C. 6418(g)) is amended by striking paragraph (5).

(n) Restoration of statute of limitations.—Section 6501 of the Internal Revenue Code of 1986 (26 U.S.C. 6501) is amended—

(1) by striking subsection (o); and

(2) by redesignating subsection (p) as subsection (o).

(o) Repeal of supplier certification penalty.—

(1) Section 6695B of the Internal Revenue Code of 1986 (26 U.S.C. 6695B) is repealed.

(2) Conforming amendments.—Section 6696 of the Internal Revenue Code of 1986 (26 U.S.C. 6696) is amended—

(A) in the heading, by striking "6695A, and 6695B" and inserting "and 6695A";

(B) in subsections (a), (b), and (e), by striking "6695A, and 6695B" and inserting "and 6695A";

(C) in subsection (c), by striking "6695A, or 6695B" and inserting "or 6695A";

(D) in subsection (d)(1), by striking "(or, in the case of any penalty under section 6695B, 6 years)"; and

(E) in subsection (d)(2), by striking "(or, in the case of any claim for refund of an overpayment of any penalty assessed under section 6695B, 6 years)".

(3) Clerical amendment.—The table of sections for part I of subchapter B of chapter 68 of such Code is amended by striking the item relating to section 6695B.

(p) Restoration of advanced energy project credit program.—Section 48C(e)(3)(C) of the Internal Revenue Code of 1986 (26 U.S.C. 48C(e)(3)(C)) is amended by striking "shall not be increased" and inserting "shall be increased".

(q) Restoration of foreign feedstock eligibility rules.—Section 45Z(f)(1)(A) of the Internal Revenue Code of 1986 (26 U.S.C. 45Z(f)(1)(A)) is amended—

(1) by striking clause (iii);

(2) in clause (i)(II)(bb), by inserting "and" at the end; and

(3) in clause (ii), by striking ", and" and inserting a period.

(r) Repeal of foreign entity restrictions for clean fuel production credit.—Section 45Z(f) of the Internal Revenue Code of 1986 (26 U.S.C. 45Z(f)) is amended by striking paragraph (8).

(s) Repeal of foreign entity restrictions for carbon oxide sequestration credit.—Section 45Q(f) of the Internal Revenue Code of 1986 (26 U.S.C. 45Q(f)) is amended by striking paragraph (10).

(t) Repeal of prohibited foreign entity restrictions for zero-emission nuclear power production credit.—Section 45U(c) of the Internal Revenue Code of 1986 (26 U.S.C. 45U(c)) is amended by striking paragraph (3).

(u) Restoration of advanced manufacturing production phase-out and integrated component rules; repeal of prohibited foreign entity restrictions.—

(1) Amendments to section 45X.—Section 45X of the Internal Revenue Code of 1986 (26 U.S.C. 45X) is amended—

(A) in subsection (b)(3), by striking subparagraphs (C), (D), and (E) and inserting the following:

"(C) Exception.—For purposes of determining the amount under this subsection with respect to any applicable critical mineral, this paragraph shall not apply."; and

(B) in subsection (d)—

(i) by striking the second paragraph (4), relating to restrictions relating to prohibited foreign entities; and

(ii) by amending the first paragraph (4), relating to sale of integrated components, to read as follows:

"(4) Sale of integrated components.—For purposes of this section, a person shall be treated as having sold an eligible component to an unrelated person if such component is integrated, incorporated, or assembled into another eligible component which is sold to an unrelated person.".

(2) Delayed amendment.—Section 70514(a) of Public Law 119–21 is repealed, and the amendment made by that subsection shall not take effect and shall have no force or effect.

SEC. 1213. STANDARDIZING AND EXPEDITING PERMITTING.

(a) NEPA reform.—Section 2 of the National Environmental Policy Act of 1969 (42 U.S.C. 4321) is amended—

(1) by striking "The purposes" and inserting "(a) The purposes"; and

(2) by adding at the end the following:

"(b) This Act is a purely procedural statute intended to ensure Federal agencies consider the environmental impacts of their actions during the decision making process. This Act does not mandate particular results, and only prescribes a process. Nothing in this Act shall be construed to mandate any specific environmental outcome or result, nor shall this Act be interpreted to confer substantive rights or impose substantive duties beyond procedural requirements.".

(b) Procedure for determination of level of review.—Section 106 of the National Environmental Policy Act of 1969 (42 U.S.C. 4336) is amended—

(1) in the heading, by inserting "; SCOPE OF REVIEW" after "LEVEL OF REVIEW";

(2) in subsection (a)—

(A) in paragraph (3), by striking "or";

(B) in paragraph (4), by striking "action." and inserting "action;"; and

(C) by adding at the end the following:

"(5) the agency determines the proposed agency action is an action for which such agency's compliance with another statute's requirements serves the function of agency compliance with this Act with respect to such action; or

"(6) the proposed agency action relates to a project or action that has already been reviewed pursuant to a State environmental review statute or a Tribal environmental review statute, ordinance, resolution, regulation, or formally adopted policy and the lead agency determines such review serves the function of agency compliance with this Act.";

(3) in subsection (b)—

(A) in paragraph (2), by striking "does not" and inserting "is not likely to"; and

(B) in paragraph (3), by amending subparagraph (B) to read as follows:

"(B) is not required to—

"(i) undertake new scientific or technical research unless the new scientific or technical research is essential to a reasoned choice among alternatives, and the overall costs and time frame of obtaining it are not unreasonable; or

"(ii) undertake new scientific or technical research after the receipt of an application, as applicable, with respect to a proposed agency action."; and

(4) by adding at the end the following:

"(c) Scope of review.—In preparing an environmental document for a proposed agency action, a Federal agency—

"(1) may consider only those effects that share a reasonably close causal relationship to, and are proximately caused by, the immediate project or action under consideration; and

"(2) may not consider effects that are speculative, attenuated from the project or action, separate in time or place from the project or action, or in relation to separate existing or potential future projects or actions.

"(d) Certainty.—

"(1) Environmental documents.—A Federal agency may not rescind, withdraw, amend, alter, or otherwise render ineffective any environmental document completed under this Act for a project or action where there is an applicant unless the Federal agency has been so ordered by a court or the applicant has agreed in writing to such rescission, withdrawal, amendment, or alteration.

"(2) Authorizations.—

"(A) In general.—Except as provided in this subsection or existing law, a Federal agency may not revoke, rescind, withdraw, terminate, suspend, amend, alter, or take any other action to interfere with an authorization unless—

"(i) the Federal agency is required to take such action by order of a court of competent jurisdiction;

"(ii) the holder of the authorization has materially breached the terms of the authorization, or otherwise violated applicable law;

"(iii) the authorization was obtained through fraud, intentional concealment, or material misrepresentation;

"(iv) such action is necessary to prevent specific, immediate, substantial, and proximate harm or damage to life, property, national security, or defense that was not considered in the underlying environmental review process or final agency action for the authorization; or

"(v) the Federal agency has received a request from the holder of the authorization or project sponsor to take such action.

"(B) Requirement.—The actions described in subparagraph (A) shall be, as appropriate and where feasible, supported by clear and convincing evidence and reasonably limited in duration and scope by the agency to address the specific issue such action is intended to address.

"(C) Notice.—Before an agency takes an action described in subparagraph (A), the agency shall notify the holder of the authorization and the project sponsor in writing of such action, including by providing a detailed explanation of the action, identifying the statutory authority relied upon for the action, and providing the evidence supporting the action.

"(D) Judicial review.—

"(i) In general.—An action described in subparagraph (A) shall be subject to judicial review under chapter 7 of title 5, United States Code.

"(ii) Venue.—A person seeking judicial review of an action described in subparagraph (A) may only obtain review of such action in the United States court of appeals for any circuit wherein the project for which the authorization was issued is located.

"(iii) Petitions by Federal agencies.—No Federal agency may petition a court for vacatur or voluntary remand of an authorization unless the holder of the authorization or the project sponsor consents in writing to such a petition.

"(E) Savings clause.—Nothing in subparagraph (A) shall be construed to provide any Federal agency new, enhanced, or expanded authority concerning any authorization.

"(e) Presumption of negative impacts of taking no action relating to Tribal trust resources.—For any proposed agency action carried out on, or directly affecting, tribal trust resources (including

lands and minerals) that is initiated by the federally recognized Indian Tribe for which the United States holds the affected resources in trust, and for which an environmental document was prepared that included consideration of a no action alternative, there shall be a presumption that the effects of taking no action will be negative for the federally recognized Indian Tribe.

"(f) Effect of threshold determinations on other agencies.—If a lead agency determines an environmental document is not required to be prepared with respect to a proposed agency action under subsection (a), another agency may not prepare an environmental document with respect to such proposed agency action.".

(c) Timely and unified Federal reviews.—Section 107 of the National Environmental Policy Act of 1969 (42 U.S.C. 4336a) is amended—

(1) Lead agency.—Section 107(a) of the National Environmental Policy Act of 1969 (42 U.S.C. 4336a(a)) is amended—

(A) in paragraph (2)—

(i) in subparagraph (B), by striking "at the earliest practicable time" and inserting "in accordance with subsection (g)(2)";

(ii) in subparagraph (D), by striking "carry out the proposed agency action" and inserting "carry out the proposed agency action in compliance with the deadlines outlined in subsection (g)"; and

(iii) in subparagraph (E)—

(I) by striking "a review" and inserting "an environmental review"; and

(II) by striking "such review" and inserting "such environmental review"; and

(B) in paragraph (3)—

(i) by inserting "(including counties, boroughs, parishes, and other political subdivisions of a State)" after "local agency"; and

(ii) by adding at the end "Such comments from Federal cooperating agencies shall be limited to matters relating to the proposed agency action with respect to which such Federal cooperating agency has jurisdiction by law.".

(2) One document.—Section 107(b) of the National Environmental Policy Act of 1969 (42 U.S.C. 4336a(b)) is amended—

(A) by striking "To the extent practicable," and inserting the following:

"(1) Document.—To the extent practicable,"; and

(B) by adding at the end the following:

"(2) Consideration timing.—

"(A) In general.—In preparing an environmental document for a proposed agency action, no Federal agency shall be required to consider any scientific or technical research that becomes publicly available after the earlier of, as applicable—

"(i) the date of receipt of an application with respect to such proposed agency action; and

"(ii) the date of publication of a notice of intent or decision to prepare such environmental document for such proposed agency action.

"(B) Applicability to other law.—This paragraph does not affect any review of information required under subchapter II of chapter 5 of title 5, United States Code, with respect to comments received during the public comment period as applicable.

"(C) Delay.—A Federal agency may not delay the issuance of an environmental document or a final agency action, including any decision or determination, on the basis of awaiting new scientific or technical research or information that was not available as of the earlier of the dates described in subparagraph (A).";

(3) Statement of purpose and need.—Section 107(d) of the National Environmental Policy Act of 1969 (42 U.S.C. 4336a(d)) is amended by striking "action." and inserting "action. Where applicable, the statement of purpose and need shall meet the goals of the applicant.".

(4) Deadlines.—Section 107(g) of the National Environmental Policy Act of 1969 (42 U.S.C. 4336a(g)) is amended—

(A) by redesignating paragraphs (1), (2), and (3) as paragraphs (3), (5), and (6), respectively;

(B) by inserting before paragraph (3) (as so redesignated) the following:

"(1) Applications for authorizations.—

"(A) Notification of complete or incomplete application.—Unless a shorter deadline is specified by law, in connection with a proposed agency action for which an applicant submitted an application for an authorization to an agency, not later than 60 days after the date on which the applicant submits the application to the agency, the agency shall document the receipt of the application and—

"(i) notify the applicant that the application is complete; or

"(ii) notify the applicant that the application is incomplete and request in writing any additional information that the agency needs to determine that the application is complete and begin preparation of an environmental document.

"(B) Agency determination.—

"(i) Complete determination.—If an agency determines an application is complete under subparagraph (A)(i), the agency shall, not later than 60 days after the date on which the agency makes such determination—

"(I) notify the applicant that the agency has determined that the proposed agency action is excluded pursuant to one of the agency's categorical exclusions, is not a major Federal action, or that no further agency action is required;

"(II) issue a notice of intent to prepare an environmental impact statement for such proposed agency action; or

"(III) notify the applicant that the agency has determined that preparation of an environmental assessment is necessary.

"(ii) Incomplete determination.—If the agency requests additional information under subparagraph (A)(ii), the deadline described in clause (i) shall be based on the date on which the agency receives the additional information instead of the date on which the determination is made.

"(2) Cooperating agencies.—

"(A) In general.—Not later than 21 days after a lead agency issues a notice of intent under paragraph (1)(B)(i)(II) or notifies an applicant under paragraph (1)(B)(i)(III) with respect to a proposed agency action, the lead agency shall—

"(i) identify all agencies that are likely to have environmental review, authorization, or other responsibilities with respect to the proposed agency action; and

"(ii) invite each such agency to become a cooperating agency.

"(B) Deadline to accept invitation.—Not later than 21 days after an agency receives an invitation to become a cooperating agency under subparagraph (A)(ii), such agency shall accept or deny the invitation.

"(C) Convening of cooperating agencies.—Not later than 7 days after the deadline described in subparagraph (B) has passed for each agency that received an invitation to become a cooperating agency under subparagraph (A)(ii), the lead agency that sent each such invitation shall convene each agency that accepts such an invitation to coordinate on developing the schedule under subsection (a)(2)(D) for the applicable proposed agency action.

"(D) Unidentified agencies.—In the event that an agency that has jurisdiction by law or special expertise with respect to any environmental impact involved in a proposed agency action is not identified under subparagraph (A)(i), the lead agency with respect to the proposed agency action shall—

"(i) invite such unidentified agency to become a cooperating agency by not later than 7 days after becoming aware that the agency has jurisdiction by law or special expertise; and

"(ii) if such agency accepts the invitation, incorporate such agency into the schedule developed under subsection (a)(2)(D) and update such schedule accordingly by not later than 14 days after the date on which such agency accepts the invitation.";

(C) in paragraph (3) (as so redesignated)—

(i) by striking "In general" and inserting "Review timeline"; and

(ii) by striking "paragraph (2)" and inserting "paragraph (5)";

(D) by inserting after paragraph (3) (as so redesignated) the following:

"(4) Deadline for final agency action.—For any proposed agency action for which an applicant submitted an application for an authorization to an agency, not later than 30 days after completing an environmental impact statement or an environmental assessment that results in a finding of no significant impact for the proposed agency action, the lead agency, and any cooperating agency, shall issue a final agency action. The agency issuing such final agency action shall include in the final agency action a performance schedule for the completion of any other outstanding authorizations.";

(E) in paragraph (5) (as so redesignated)—

(i) by striking "the deadline described in paragraph (1)" and inserting "a deadline described in this subsection"; and

(ii) by striking ", in consultation with the applicant, to" and inserting "if the applicant approves such extension. If the applicant approves such extension, the lead agency shall";

(F) in paragraph (6) (as so redesignated)—

(i) by striking "A project sponsor may" and inserting "Except as provided in subparagraph (C), a project sponsor may"; and

(ii) by adding at the end the following:

"(C) Exception.—A project sponsor that approved an extension of a deadline under paragraph (5) may not obtain judicial review of a failure to act in accordance with such deadline under subparagraph (A) unless the lead agency fails to meet the new deadline or is delaying for reasons other than those necessary to complete its review."; and

(G) by adding at the end the following:

"(7) Concurrent review.—In carrying out an environmental review, the lead agency and each cooperating agency shall carry out the obligations of that agency under other applicable laws concurrently, and in conjunction, with other required reviews for the proposed agency action, pursuant to the requirements of applicable law, including, if applicable, under this Act.".

(d) Programmatic environmental documents.—Section 108 of the National Environmental Policy Act of 1969 (42 U.S.C. 4336b) is amended—

(1) by striking "When an agency prepares" and inserting the following:

"(a) Programmatic environmental documents.—When an agency prepares";

(2) in paragraph (1), by striking "5" and inserting "10";

(3) in paragraph (2), by striking "5" and inserting "10"; and

(4) by adding at the end the following:

"(b) Reliance on previously completed environmental reviews.—

"(1) Actions that are substantially the same.—A lead agency may satisfy the requirements of this Act with respect to a major Federal action by relying on an environmental assessment, environmental impact statement, or a categorical exclusion determination that the lead agency, another Federal agency, or a project sponsor under the supervision of a Federal agency completed for another major Federal action if the lead agency determines that—

"(A) the new major Federal action is substantially the same as the other major Federal action or, if applicable, an alternative analyzed in such environmental assessment or environmental impact statement; and

"(B) if applicable, the effects of the new major Federal action are substantially the same as the effects analyzed in such environmental assessment or environmental impact statement.

"(2) Actions that are not substantially the same.—If a new major Federal action is not substantially the same as another major Federal action or an alternative analyzed in an environmental assessment or environmental impact statement completed by the lead agency, another Federal agency, or a project sponsor under the supervision of a Federal agency, the lead agency may modify or augment any such previously completed environmental assessment or environmental impact statement as necessary to satisfy the requirements of this Act with respect to the new major Federal action. The lead agency shall make such modified environmental assessment or environmental impact statement publicly available as a new environmental assessment or environmental impact statement.".

(e) Adoption of categorical exclusions.—Section 109 of the National Environmental Policy Act of 1969 (42 U.S.C. 4336c) is amended in the text preceding paragraph (1), by inserting ", or that was legislatively enacted by Congress," after "procedures".

(f) Definitions.—Section 111 of the National Environmental Policy Act of 1969 (42 U.S.C. 4336e) is amended—

(1) by redesignating paragraphs (1) through (13) as paragraphs (2) through (14), respectively;

(2) by inserting before paragraph (2) (as so redesignated) the following:

"(1) Authorization.—The term 'authorization' means any lease, right-of-way, easement, license, permit, approval, finding, determination, or other administrative decision issued by an agency or any interagency consultation that is required or authorized under Federal law in order to construct, modify, or operate a project.";

(3) in paragraph (2) (as so redesignated), by inserting ", or Congress deems by statute," after "Federal agency has determined";

(4) in paragraph (11) (as so redesignated)—

(A) in subparagraph (B)—

(i) in clause (iii)—

(I) by inserting "grants (including capitalization grants), cost share awards," after "loan guarantees,";

(II) by striking "sufficient" and inserting "complete"; and

(III) by striking "subsequent use of such financial assistance or the";

(ii) by redesignating clauses (iv) through (vii) as clauses (vi) through (ix), respectively; and

(iii) by inserting after clause (iii) the following:

"(iv) farm ownership loans and operating loan guarantees by the Farm Service Agency pursuant to sections 305 and 311 through 319 of the Consolidated Farm and Rural Development Act;

"(v) the issuance of an authorization by an agency where the effects of the action or project being permitted or authorized were previously evaluated by another agency in compliance with this Act;"; and

(B) by adding at the end the following:

"(C) Additional exclusions.—An agency action may not be determined to be a major Federal action solely on the basis of the provision of Federal funds, including a grant, loan, loan guarantee, and funding assistance."; and

(5) by adding at the end the following:

"(15) Reasonably foreseeable.—The term 'reasonably foreseeable', with respect to environmental effects of a proposed agency action—

"(A) means effects that share a reasonably close causal relationship to, and are proximately caused by, the immediate project or action under consideration; and

"(B) does not include effects that are—

"(i) speculative;

"(ii) attenuated from the proposed agency action;

"(iii) separate in time or place from the proposed agency action; or

"(iv) in relation to separate existing or potential future projects.".

(g) Duties.—Section 204 of the National Environmental Policy Act of 1969 (42 U.S.C. 4344) is amended in paragraph (4) by inserting "energy," after "health,".

(h) Judicial review.—Title I of the National Environmental Policy Act of 1969 (42 U.S.C. 4331 et seq.) is amended—

(1) by redesignating section 112 as section 110A and moving such section so as to appear after section 110; and

(2) by inserting before section 111 the following:

"Sec. 110B. Judicial review.

"(a) Role of the court.—In reviewing a claim of whether a final agency action complies with the requirements of this Act, a court—

"(1) shall afford substantial deference to the agency; and

"(2) may not substitute its judgment for that of the agency regarding the environmental effects included in the final agency action or included in the environmental document.

"(b) Remand.—

"(1) In general.—If a court holds, under section 706(2)(A) of title 5, United States Code, that a final agency action does not comply with the requirements of this Act, the only remedy the court may order, notwithstanding chapter 7 of title 5, United States Code, is to remand, without vacatur or injunction, the final agency action to the agency with—

"(A) specific instruction to correct the errors or deficiencies found by the court; and

"(B) a reasonable schedule and deadline to correct such errors or deficiencies, which such deadline may not exceed—

"(i) with regard to an order entered on or after the date of enactment of this section, the date that is 180 days after the date on which the order was entered; and

"(ii) with regard to an order entered before the date of enactment of this section, the date that is 180 days after the date of enactment of this section.

"(2) Continued effect of final agency action.—A final agency action remanded under paragraph (1) shall remain in effect while the Federal agency corrects any errors or deficiencies found by the court.

"(c) Limitations on claims.—

"(1) In general.—Notwithstanding any other provision of law (except as provided in subparagraph (A) with respect to a shorter deadline), a claim described in subsection (a) shall be barred unless—

"(A) such claim is filed not later than 150 days after the final agency action is made public, unless a shorter deadline is specified under law;

"(B) in the case of a final agency action for which there was a public comment period on an environmental document, such claim—

"(i) is filed by a party that submitted a substantive and unique comment during such public comment period by the noticed comment deadline for the environmental document and such comment was sufficiently detailed to put the applicable Federal agency on notice of the issue upon which the party seeks review; and

"(ii) concerns the same subject matter raised in the comment submitted during the public comment period;

"(C) such claim is filed by a party that has suffered or imminently will suffer direct harm from the final agency action; and

"(D) such claim does not challenge the establishment of a categorical exclusion.

"(2) Supplemental environmental documents.—If an agency issues a supplemental environmental document in response to a court order remanding a final agency action, the 150-day period described in paragraph (1)(A) shall begin on the date on which the agency makes public the agency action for which the supplemental environmental document is prepared. A claim for review of such final agency action shall be limited to information contained in the final supplemental environmental document that was not contained in a previous environmental document for the final agency action.

"(3) Actions for use of tribal trust resources.—For any final agency action that authorizes or affects the use of lands, minerals, or other resources already held in trust at the time of the final agency action by the United States for the benefit of a federally recognized Indian Tribe—

"(A) except as provided in subparagraph (B), there shall be no administrative or judicial review of such final agency action based on a claim of failure to comply with the requirements of this Act; and

"(B) subparagraph (A) shall not apply to actions for administrative or judicial review—

"(i) brought by the federally recognized Indian Tribe for which the United States holds the lands, minerals, or other resources in trust; or

"(ii) that involve reasonably foreseeable effects of the final agency action that occur outside the lands, minerals, or other resources held in trust by the United States for the benefit of a federally recognized Indian Tribe.

"(d) Deadline for resolution.—

"(1) In general.—A court shall issue a final judgment on a claim described in subsection (a)—

"(A) as expeditiously as practicable; and

"(B) unless a shorter deadline is specified under Federal law, not later than the date that is 180 days after the date on which the agency record for the review is filed with the reviewing court, which shall not be more than 60 days after the filing of the claim.

"(2) Accelerated deadlines.—Nothing in this subsection may be construed to prevent a court from further expediting review of a claim described in subsection (a).

"(3) Appeals.—

"(A) Filing.—A notice of appeal of a final judgment described in this subsection shall be filed not later than 60 days after such final judgment is issued. In the case of a final agency action remanded under subsection (b), the agency and, if applicable, the applicant, may appeal during the pendency of the remand.

"(B) Deadline for review.—A court shall issue a final decision on an appeal filed under subparagraph (A)—

"(i) as expeditiously as practicable; and

"(ii) not later than the date that is 180 days after the date on which the appeal is filed.

"(e) No effect on review of compliance with other deadlines.—This section shall not affect the availability of review under section 107(g)(6).".

SEC. 1214. PUBLIC LAND RENEWABLE ENERGY DEVELOPMENT.

(a) Definitions.—In this section:

(1) Covered land.—The term "covered land" means land that is—

(A) Federal land;

(B) not excluded from the development of geothermal, solar, or wind energy under—

(i) a land use plan; or

(ii) other Federal law; and

(C) not included in an area—

(i) that is subject to the Desert Renewable Energy Conservation Plan developed by the California Energy Commission, the California Department of Fish and Wildlife, the Bureau of Land Management, and the United States Fish and Wildlife Service; or

(ii) for which the Secretary determines existing wind and solar energy land use planning meets or exceeds the standards established under subsection (c).

(2) Energy storage project.—The term "energy storage project" means equipment that—

(A) receives, stores, and delivers energy using batteries, compressed air, pumped hydropower, hydrogen storage (including hydrolysis), thermal energy storage, regenerative fuel cells, flywheels, capacitors, superconducting magnets, or other technologies identified by the Secretary of Energy; and

(B) has a storage capacity of not less than 5 kilowatt hours.

(3) Exclusion area.—The term "exclusion area" means covered land that is identified by the Bureau of Land Management as not suitable for development of renewable energy projects.

(4) Federal land.—The term "Federal land" means—

(A) public land; and

(B) National Forest System lands administered by the Department of Agriculture through the Forest Service where the Secretary has authority to issue leases for the development and utilization of geothermal resources under section 3 and section 15 of the Geothermal Steam Act of 1970 (30 U.S.C. 1002, 1014).

(5) Fund.—The term "Fund" means the Renewable Energy Resource Conservation Fund established by subsection (f)(3)(A).

(6) Land use plan.—The term "land use plan" means—

(A) with respect to public land, a land use plan established under the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.); and

(B) with respect to National Forest System land, a land management plan approved, amended, or revised under section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1604).

(7) National Forest System.—The term "National Forest System" has the meaning given the term in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)).

(8) Priority area.—The term "priority area" means covered land identified by the land use planning process of the Bureau of Land Management as being a preferred location for a renewable energy project, including an area that is identified as a designated leasing area under the rule of the Bureau of Land Management entitled "Competitive Processes, Terms, and Conditions for Leasing Public Lands for Solar and Wind Energy Development and Technical Changes and Corrections" (81 Fed. Reg. 92122 (December 19, 2016)) or a successor regulation.

(9) Public land.—The term "public land" has the meaning given the term "public lands" in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702).

(10) Renewable energy project.—The term "renewable energy project"—

(A) means a project carried out on covered land that—

(i) uses wind, solar, or geothermal energy to generate energy; or

(ii) transmits electricity to support wind, solar, or geothermal energy generation; and

(B) may include an associated energy storage project.

(11) Secretary.—The term "Secretary" means the Secretary of the Interior.

(b) Updating national goals for renewable energy production on Federal land.—Section 3104 of the Energy Act of 2020 (43 U.S.C. 3004) is amended—

(1) in subsection (b)—

(A) by striking "25" and inserting "60"; and

(B) by striking "2025" and inserting "December 31, 2030"; and

(2) by adding at the end the following:

"(c) Update.—Not later than 18 months after the date of enactment of this subsection, the Secretary, in consultation with the Secretary of Agriculture and the heads of other relevant Federal

agencies, shall update the national goals for renewable energy production on Federal land established under subsection (a).".

(c) Land use planning and updates to programmatic environmental impact statements.—

(1) Priority areas.—

(A) Establishment of priority areas; designation of areas eligible for the submission of renewable energy project applications.—

(i) In general.—For purposes of renewable energy planning, the Secretary, consistent with the requirements described in clause (ii), shall—

(I) designate areas on covered land eligible for the submission of renewable energy project applications; and

(II) consider establishing priority areas on covered land for renewable energy projects.

(ii) Requirements.—In carrying out activities under subclauses (I) and (II) of clause (i), the Secretary shall comply with—

(I) the principles of multiple use, as defined in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702); and

(II) the national goals for renewable energy production established under section 3104 of the Energy Act of 2020 (43 U.S.C. 3004), including the minimum production goal described in subsection (b) of that section.

(B) Priority for certain applications.—In considering applications for renewable energy projects on covered land, with respect to an application for a proposed renewable energy project on covered land that is to be carried out in a priority area, the Secretary shall—

(i) prioritize the application to be carried out in any identified priority area; and

(ii) on approval of the application, provide to the applicant who submitted the application the opportunity to participate in any regional mitigation plan developed for the applicable priority area.

(C) Programmatic planning.—

(i) Solar energy implementation.—Not later than 1 year after the date of enactment of this Act, the Secretary shall use the Approved Resource Management Plan Amendments and Record of Decision for Utility-Scale Solar Energy Development issued by the Bureau of Land Management in December 2024 to identify, publish, and maintain a project-ready solar development list for covered land that—

(I) is available for utility-scale solar energy development under that Record of Decision;

(II) is located within 15 miles of an existing or planned transmission line with a capacity of not less than 69 kilovolts, or is previously disturbed land identified under that Record of Decision;

(III) has comparatively low resource conflict based on the exclusion criteria, avoidance criteria, programmatic design features, and environmental evaluation processes adopted in that Record of Decision;

(IV) is suitable for site-specific environmental review, interconnection review, and right-of-way application processing; and

(V) can support responsible solar energy development without eliminating the requirement for project-specific review, public comment, consultation, mitigation, and final agency approval.

(ii) Project processing report.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit to Congress and publish on a public website a report that identifies, for covered land made available for utility-scale solar energy development under the Record of Decision described in clause (i)—

(I) the number of pending right-of-way applications;

(II) the acreage, proposed capacity, and proposed storage capacity associated with such applications;

(III) the transmission line or planned transmission line associated with each application;

(IV) the status of site-specific environmental review for each application;

(V) the expected timeline for final agency action;

(VI) any unresolved interconnection, transmission, water, wildlife, cultural-resource, Tribal consultation, or local land-use issue that may delay final agency action; and

(VII) any additional staffing, coordination, or transmission-planning action needed to convert available solar development acreage into approved, responsibly sited projects.

(iii) Wind energy implementation.—Not later than 1 year after the date of enactment of this Act, the Secretary shall use the Final Programmatic Environmental Impact Statement on Wind Energy Development on BLM-Administered Lands in the Western United States dated June 2005, the Record of Decision for the Wind Energy Development Programmatic Environmental Impact Statement signed in December 2005, the West-Wide Wind Mapping Project completed in 2016, and any updated transmission, wildlife, cultural-resource, Tribal consultation, military aviation, radar, and land-use data to identify, publish, and maintain a project-ready wind development list for covered land that—

(I) is available for wind energy development under the Wind Energy Development Programmatic Environmental Impact Statement and Record of Decision;

(II) is located within 15 miles of an existing or planned transmission line with a capacity of not less than 69 kilovolts, or is previously disturbed land suitable for wind energy development;

(III) has comparatively low resource conflict based on applicable exclusion criteria, avoidance criteria, best management practices, programmatic design features, and environmental evaluation processes;

(IV) is suitable for site-specific environmental review, interconnection review, and right-of-way application processing; and

(V) can support responsible wind energy development without eliminating the requirement for project-specific review, public comment, consultation, mitigation, and final agency approval.

(iv) Wind project processing report.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit to Congress and publish on a public website a report that identifies, for covered land identified under clause (iii)—

(I) the number of pending right-of-way applications;

(II) the acreage, proposed capacity, and proposed storage capacity associated with such applications;

(III) the transmission line or planned transmission line associated with each application;

(IV) the status of site-specific environmental review for each application;

(V) the expected timeline for final agency action;

(VI) any unresolved interconnection, transmission, wildlife, cultural-resource, Tribal consultation, military aviation, radar, local land-use, or other issue that may delay final agency action; and

(VII) any additional staffing, coordination, or transmission-planning action needed to convert available wind development acreage into approved, responsibly sited projects.

(2) Review and modification.—

(A) In general.—Subject to subparagraph (B), not less frequently than once every 10 years, the Secretary shall—

(i) after an opportunity for public comment, review the adequacy of all land allocations for renewable energy projects for the purposes of—

(I) encouraging and facilitating new renewable energy projects; and

(II) consistent with a mitigation sequence of avoiding, minimizing, and compensating for adverse impacts to other public uses and values of covered land, including—

(aa) wildlife habitat;

(bb) species listed as threatened or endangered under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

(cc) water resources;

(dd) cultural resources;

(ee) recreational uses;

(ff) land with wilderness characteristics;

(gg) land with special management designations; and

(hh) areas of Tribal importance; and

(ii) based on the review carried out under clause (i), add, modify, or eliminate priority areas, exclusion areas, and areas on covered land open or closed to solar or wind energy right-of-way applications or to geothermal leasing.

(B) Limitation.—Subparagraph (A) shall not apply to any covered land that the Secretary determines, after seeking public input, is subject to an existing land use plan that meets the purposes described in subparagraph (A)(i).

(C) Report.—If the Secretary determines, in an annual report required under subsection (i) of section 3102 of the Energy Act of 2020 (43 U.S.C. 3002), as redesignated by section 1216(d)(2), that the national goal for renewable energy production established under subsection (a) of section 3104 of that Act (43 U.S.C. 3004), including the minimum production goal established under subsection (b) of that section, may not be met, the Secretary shall act more frequently than otherwise required by this subsection to designate areas eligible for the submission of renewable energy project applications and establish additional priority areas for renewable energy projects.

(3) Compliance with the National Environmental Policy Act of 1969.—For purposes of this subsection, compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act, shall be accomplished—

(A) for geothermal energy—

(i) by updating the document entitled "Final Programmatic Environmental Impact Statement for Geothermal Leasing in the Western United States" and dated October 2008; and

(ii) by incorporating into the updated document under clause (i) any additional regional analyses completed by Federal agencies after the date on which the document described in that clause was finalized;

(B) for solar energy—

(i) by updating the document entitled "Final Programmatic Environmental Impact Statement (PEIS) for Solar Energy Development in Six Southwestern States" and dated July 2012; and

(ii) by incorporating into the updated document under clause (i) any additional regional analyses completed by Federal agencies after the date on which the document described in that clause was finalized; and

(C) for wind energy—

(i) by updating the document entitled "Final Programmatic Environmental Impact Statement on Wind Energy Development on BLM-Administered Lands in the Western United States" and dated June 2005; and

(ii) by incorporating into the updated document under clause (i) any additional regional analyses completed by Federal agencies after the date on which the document described in that clause was finalized.

(4) No effect on processing site-specific applications.—Nothing in this subsection modifies any requirement to conduct site-specific environmental reviews or process permits for proposed renewable energy projects during preparation of an updated programmatic environmental impact statement, land use plan, or amendment to a land use plan.

(5) Coordination.—In developing any update required under this subsection, the Secretary shall coordinate, on an ongoing basis, with appropriate State, Tribal, and local governments, transmission infrastructure owners, operators, and developers, renewable energy developers, and other appropriate entities to ensure that priority areas established by the Secretary under this subsection take into account—

(A) economic viability, including having access to existing or planned transmission lines;

(B) consistency with a mitigation sequence to avoid, minimize, and compensate for impacts to—

(i) fish, wildlife, or plants;

(ii) fish, wildlife, or plant habitat;

(iii) recreational uses;

(iv) land with wilderness characteristics;

(v) land with special management designations;

(vi) cultural resources;

(vii) areas of Tribal importance; and

(viii) other uses of covered land;

(C) feasibility of siting on previously disturbed land, including commercial and industrial land, mine land, and previously contaminated sites; and

(D) consistency with section 202 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712), including subsection (c)(9) of that section (43 U.S.C. 1712(c)(9)).

(6) Transmission.—In carrying out this subsection, the Secretary shall—

(A) determine whether adequate transmission exists for renewable energy projects on covered land; and

(B) if a determination is made in the negative under subparagraph (A), in coordination with the heads of other relevant Federal agencies, review existing land use plans to determine if amendments to those land use plans would be appropriate to support adequate transmission capability.

(7) Incentives for renewable energy development in priority areas.—The Secretary may establish, by regulation, incentives to be provided to individuals carrying out renewable energy projects in priority areas established under this subsection.

(d) Improving wind and solar energy project permitting.—

(1) Role of Renewable Energy Coordination Offices.—Section 3102 of the Energy Act of 2020 (43 U.S.C. 3002) is amended—

(A) by redesignating subsections (e) and (f) as subsections (f) and (g), respectively; and

(B) by inserting after subsection (d) the following:

"(e) Processing of wind and solar energy applications.—

"(1) Delegation to State Renewable Energy Coordination Offices.—

"(A) In general.—Notwithstanding any other provision of law, the Secretary may delegate to a State Renewable Energy Coordination Office the authority to process applications for eligible projects proposed to be carried out on land managed by the Bureau of Land Management in the applicable State.

"(B) Roles and responsibilities of managers.—For purposes of processing applications described in subparagraph (A), the manager of the applicable State Renewable Energy Coordination Office—

"(i) shall have the authority to issue grants or leases for eligible projects;

"(ii) with the approval of the State Director of the applicable Bureau of Land Management State Office, may use other employees in field and district offices of the applicable Bureau of Land Management State Office, or hire additional experts, to assist with timely processing of applications, with the costs of hiring additional experts to be charged to applicants; and

"(iii) shall report to the State Director of the applicable Bureau of Land Management State Office.

"(2) Prohibition of delegation to employees of field or district offices.—Except as provided in paragraph (1)(B)(ii), the Secretary may not delegate to employees of field or district offices of the Bureau of Land Management the authority to process applications for eligible projects proposed to be carried out on land managed by the Bureau of Land Management.".

(2) Cost recovery agreements.—

(A) In general.—Not later than 30 days after the date on which an applicant submits a complete application for a right-of-way for a wind or solar energy project, including submission of the filing fee required under section 2804.12 of title 43, Code of Federal Regulations, or a successor regulation, the Secretary shall provide a cost recovery agreement with respect to the application.

(B) Effect.—Issuance of a cost recovery agreement under subparagraph (A) and payment of cost recovery fees shall preclude any new claims to the use of the applicable covered land during any period in which the application is active.

(C) Conflicts; studies.—

(i) Conflicts.—To be considered complete under subparagraph (A), an application described in that subparagraph shall address any known conflicts with respect to the use of the applicable covered land, as identified in scientific literature or other studies.

(ii) Additional studies.—Additional studies shall not be required for purposes of considering an application to be complete under subparagraph (A).

(3) Environmental requirements.—

(A) Notice of intent.—

(i) In general.—Not later than 180 days after the date on which the agency notifies the applicant that the application to establish a right-of-way is complete, or a later date to be established by the Secretary under clause (ii), if an environmental impact statement is determined to be necessary, the Secretary shall issue a notice of intent to prepare an environmental impact statement with respect to the application.

(ii) Extension.—The Secretary shall establish a later date by which the notice under clause (i) shall be issued, if the Secretary determines that the 180-day period under that clause should be extended due to—

(I) the application being considered a low priority under section 2804.35 of title 43, Code of Federal Regulations, or a successor regulation;

(II) project-specific circumstances, including the need for further studies, making the 180-day deadline insufficient; or

(III) the application not meeting the requirements for approval.

(B) Categorical exclusion.—As the Secretary determines to be appropriate, the Secretary may promulgate regulations providing that preliminary geotechnical work and meteorological monitoring relating to renewable energy projects shall be categorically excluded from the requirements for an environmental assessment or environmental impact statement under section 1501.4 of title 40, Code of Federal Regulations, or a successor regulation.

(4) Processing priority.—In processing applications described in paragraph (2)(A), the Secretary shall—

(A) give priority to applications for renewable energy projects in priority areas; and

(B) process applications for renewable energy projects in areas that are not priority areas in the order in which the applications are received.

(5) Use of competitive process.—

(A) In general.—Subject to subparagraph (B), the Secretary shall not use a competitive process for the review of an application described in paragraph (2)(A), except—

(i) in a case in which 2 or more applicants file an application for the same site, or portions of the same site, not more than 15 days apart; or

(ii) as otherwise established by the Secretary through a subsequent rulemaking process delineating the instances in which the Secretary will use the competitive process.

(B) Limitation.—Subparagraph (A) shall not apply to applications for competitive right-of-way leases in priority areas.

(e) Increasing economic certainty.—

(1) Rents and fees.—

(A) In general.—In determining rental rates and other fees for renewable energy project leases or right-of-way grants, the Secretary shall ensure that the total rental rates and other fees charged do not exceed the average amount charged for similar activities on private land in the State or county in which the rental rates and other fees are charged.

(B) Individual appraisals not required.—For purposes of determining rental rates for renewable energy projects, the Secretary—

(i) shall not be required to conduct individual appraisals; and

(ii) may use average cash rents included in the Pastureland Rents Survey prepared by the National Agricultural Statistics Service, as determined for the 5-year period ending on the date on which the rental rate is determined.

(C) Increases in base rental rates.—After a base rental rate is established for a lease or right-of-way grant authorization for a renewable energy project, any increase in the base rental rate shall be limited to the percentage increase, if any, in the Gross Domestic Product: Implicit Price Deflator, as published by the Bureau of Economic Analysis of the

Department of Commerce, for the most recent 12-month period for which data are available before the date of the increase.

(D) Capacity fees.—The Secretary may consider charging a capacity fee for a renewable energy project only if the Secretary determines that capacity fees are charged within the region or State in which the renewable energy project is carried out, as part of leaseholds on State or private land.

(2) Bonds.—The Secretary shall adopt a process for establishing bond requirements for decommissioning renewable energy projects that—

(A) do not establish a minimum per acre amount; and

(B) are based on the difference between—

(i) the estimated, site-specific net costs of reclamation of the covered land; and

(ii) the salvage value of materials available after decommissioning the renewable energy project.

(f) Disposition of revenues; Renewable Energy Resource Conservation Fund.—

(1) Disposition of revenues.—

(A) Availability.—Except as provided in subparagraph (C), without further appropriation or fiscal year limitation, of the amounts collected from wind and solar energy projects as bonus bids, rentals, fees, or other payments under a right-of-way, permit, lease, or other authorization—

(i) for the period beginning on January 1, 2027, and ending on December 31, 2045—

(I) 25 percent shall be paid by the Secretary of the Treasury to the State within the boundaries of which the revenue is derived;

(II) 25 percent shall be paid by the Secretary of the Treasury to the 1 or more counties within the boundaries of which the revenue is derived, to be allocated among the counties based on the percentage of land from which the revenue is derived;

(III) 15 percent shall be deposited in the Treasury and credited to the Bureau of Land Management's Renewable Energy Management account to be made available to the Secretary to carry out subsections (c) and (d), including amendments made by those subsections, including the transfer of the funds by the Bureau of Land Management to other Federal agencies and State agencies to facilitate the processing of permits for renewable energy projects, with priority given to using the amounts, to the maximum extent practicable, without detrimental impacts to emerging markets, to expedite the issuance of permits required for the development of wind and solar energy projects in the States from which the revenues are derived; and

(IV) 35 percent shall be deposited in the Fund; and

(ii) beginning on January 1, 2046—

(I) 25 percent shall be paid by the Secretary of the Treasury to the State within the boundaries of which the revenue is derived;

(II) 25 percent shall be paid by the Secretary of the Treasury to the 1 or more counties within the boundaries of which the revenue is derived, to be allocated among the counties based on the percentage of land from which the revenue is derived;

(III) 10 percent shall be deposited in the Treasury and be made available to the Secretary to carry out subsections (c) and (d), including amendments made by those subsections, including the transfer of the funds by the Bureau of Land Management to other Federal agencies and State agencies to facilitate the processing of permits for wind and solar energy projects, with priority given to using the amounts, to the maximum extent practicable, without detrimental impacts to emerging markets, to expedite the issuance of permits required for the development of renewable energy projects in the States from which the revenues are derived; and

(IV) 40 percent shall be deposited in the Fund.

(B) Rule for projects located in multiple States.—Not later than 180 days after the date of enactment of this Act, the Secretary shall issue a proposed rule establishing a formula for the disposition of revenues under clauses (i)(I) and (ii)(I) of subparagraph (A) in a case in which a wind and solar energy project is located in more than 1 State.

(C) Filing fees.—With respect to wind and solar energy projects—

(i) subparagraph (A) does not apply to amounts collected from application filing fees authorized under section 304 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1734); and

(ii) such application filing fees may be retained by the applicable agency to recover costs associated with issuing the right-of-way, permit, or other authorization associated with the application.

(2) Payments to States and counties.—

(A) In general.—Amounts paid to States and counties under paragraph (1)(A) shall be used consistent with section 35 of the Mineral Leasing Act (30 U.S.C. 191).

(B) Payments in lieu of taxes.—A payment to a county under subclause (II) of clause (i) or (ii) of paragraph (1)(A) shall be in addition to a payment in lieu of taxes received by the county under chapter 69 of title 31, United States Code.

(3) Renewable Energy Resource Conservation Fund.—

(A) In general.—There is established in the Treasury a fund, to be known as the "Renewable Energy Resource Conservation Fund", which shall be administered by the Secretary.

(B) Use of funds.—

(i) In general.—The Secretary may make amounts in the Fund available to Federal, State, local, and Tribal agencies for distribution in regions in which renewable energy projects are located on Federal land, for the purposes described in clause (ii).

(ii) Purposes.—The purposes referred to in clause (i) are—

(I) restoring and protecting—

(aa) fish and wildlife habitat for species affected by renewable energy projects;

(bb) fish and wildlife corridors for species affected by renewable energy projects; and

(cc) wetlands, streams, rivers, and other natural water bodies in areas affected by renewable energy projects; and

(II) preserving and improving recreational access to Federal land and water in the applicable region through an easement, right-of-way, or other instrument from willing landowners for the purpose of enhancing public access to existing Federal land and water that is inaccessible or restricted due to renewable energy projects.

(C) Cooperative agreements.—The Secretary may enter into cooperative agreements with State and Tribal agencies, nonprofit organizations, and other appropriate entities to carry out the activities described in subparagraph (B).

(D) Investment of Fund.—

(i) In general.—Any amounts deposited in the Fund shall earn interest in an amount determined by the Secretary of the Treasury on the basis of the current average market yield on outstanding marketable obligations of the United States of comparable maturities.

(ii) Use.—Any interest earned under clause (i) may be deposited into the Fund and used without further appropriation.

(E) Report to Congress.—At the end of each fiscal year, the Secretary shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives a report identifying—

(i) the amounts described in paragraph (1) that were collected during that fiscal year, organized by source;

(ii) the amount and purpose of payments made to each Federal, State, local, and Tribal agency under subparagraph (B) during that fiscal year; and

(iii) the amount remaining in the Fund at the end of the fiscal year.

(F) Intent of Congress.—It is the intent of Congress that the revenues deposited and expended from the Fund shall supplement, and not supplant, annual appropriations for activities described in subparagraph (B).

(g) Savings clause.—Notwithstanding any other provision of this section, the Secretary and the Secretary of Agriculture shall continue to manage public land under the principles of multiple use and sustained yield in accordance with title I of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.) or the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1600 et seq.), as applicable, for the purposes of land use planning, permit processing, and conducting environmental reviews.

SEC. 1215. HYDROPOWER MAINTENANCE AND MODERNIZATION.

(a) Hydropower as an essential renewable resource.—

(1) Sense of Congress on the use of hydropower renewable resources.—It is the sense of Congress that—

(A) hydropower is a renewable resource for purposes of all Federal programs and is an essential source of energy in the United States; and

(B) the United States should protect existing hydropower resources and increase substantially the capacity and generation of clean, renewable hydropower resources to address a changing climate and improve environmental quality in the United States.

(2) Energy Policy Act of 2005.—Section 203 of the Energy Policy Act of 2005 (42 U.S.C. 15852) is amended—

(A) in subsection (a), by amending paragraphs (1) through (3) to read as follows:

"(1) Not less than 12 percent in fiscal years 2027 through 2028.

"(2) Not less than 16 percent in fiscal years 2029 through 2031.

"(3) Not less than 20 percent in fiscal year 2032 and each fiscal year thereafter.";

(B) in subsection (b)(2), by striking "or new hydroelectric generation capacity achieved from increased efficiency or additions of new capacity at an existing hydroelectric project" and inserting "or hydropower"; and

(C) in subsection (c)—

(i) by striking paragraph (1); and

(ii) by redesignating paragraph (2) as paragraph (1).

(3) Other Federal regulations, orders, and policies.—Not later than 180 days after the date of enactment of this Act, each Federal department and agency shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives a report demonstrating that the department or agency has amended any applicable regulation, order, or other policy of the department or agency related

to renewable energy to ensure treatment of hydropower by the Federal Government consistent with the amendments made by paragraph (2).

(4) Licenses for construction.—Section 4(e) of the Federal Power Act (16 U.S.C. 797(e)), as amended by this Act, is further amended, in the first sentence, by inserting "to mitigate the effects of the applicable project on such reservation, so as to provide" after "deem necessary" in the first proviso.

(5) Operation of navigation facilities.—Section 18 of the Federal Power Act (16 U.S.C. 811), as amended by this Act, is further amended by adding before the period at the end of the first sentence "to mitigate effects of the applicable project".

(b) Protecting and promoting small and next-generation hydropower projects.—

(1) Exemptions from licensing requirements for certain small hydroelectric power projects.—Section 405 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2705) is amended by striking subsection (d) and inserting the following:

"(d) Exemptions from licensing in certain cases.—

"(1) In general.—Subject to paragraphs (2) and (3), the Commission may in its discretion, by rule or order, upon application and on a case-by-case basis or on the basis of classes or categories of projects, grant an exemption in whole or in part from the requirements, including the licensing requirements, of part I of the Federal Power Act to any small hydroelectric power project—

"(A) having a proposed installed capacity of 40 megawatts or less; or

"(B) for which a license was issued under part I of the Federal Power Act and the licensee applies for an exemption under this subsection, if—

"(i) the license was issued after the date of enactment of the Electric Consumers Protection Act of 1986;

"(ii) the Commission determines, based on information available to the Commission, that continued operation of the project is not likely to jeopardize the continued existence of any species listed as a threatened species or an endangered species under the Endangered Species Act of 1973;

"(iii) the Commission determines, based on information available to the Commission, that continued operation of the project is not likely to result in the destruction or adverse modification of an area designated as critical habitat for any species listed as a threatened species or an endangered species under the Endangered Species Act of 1973; and

"(iv) the project has an installed capacity of 40 megawatts or less.

"(2) Requirements.—An exemption granted under paragraph (1) shall be subject to the same limitations, to ensure protection for fish and wildlife as well as other environmental concerns, as those which are set forth in subsections (c) and (d) of section 30 of the Federal Power Act with respect to determinations made and exemptions granted under subsection (b)

of such section 30 and subsections (c) and (d) of such section 30 shall apply with respect to actions taken and exemptions granted under this subsection.

"(3) Effects.—

"(A) In general.—Except as provided in subparagraph (B), the granting of an exemption to a project under this subsection shall in no case have the effect of waiving or limiting the application, to such project, of the second sentence of subsection (b) of this section.

"(B) Environmental review.—The Commission granting an exemption under paragraph (1) may not be considered a major Federal action under section 102(2)(C) of the National Environmental Policy Act of 1969.

"(4) Exemption process.—The Commission shall make a determination with respect to any application for an exemption under paragraph (1)(B) not later than 90 days after submission of such application, which period shall include notice and opportunity for public comment. Any exemption granted under paragraph (1)(B) shall become effective upon the expiration of the applicable existing license.".

(2) Expedited licensing of next-generation hydropower.—Part I of the Federal Power Act (16 U.S.C. 792 et seq.), as amended by this Act, is further amended by adding at the end the following:

"Sec. 37. Expedited licensing of next-generation hydropower projects.

"(a) In general.—The Commission shall process applications for, and take final action on, licenses for next-generation hydropower projects in accordance with this section.

"(b) Definitions.—In this section:

"(1) Emerging hydropower technology project.—The term 'emerging hydropower technology project' means a project that the Commission determines—

"(A) will produce electricity from a generator driven by a turbine that converts the potential energy of falling or flowing water;

"(B) will utilize turbine or generating technology, an energy storage method, or a measure to protect, mitigate, or enhance environmental resources, that is not in widespread, utility-scale use in the United States as of the date of enactment of this section;

"(C) will not be, based on information available to the Commission, likely to jeopardize the continued existence of any species listed as a threatened species or an endangered species under the Endangered Species Act of 1973; and

"(D) will not be, based on information available to the Commission, likely to result in the destruction or adverse modification of an area designated as critical habitat for any species listed as a threatened species or an endangered species under the Endangered Species Act of 1973.

"(2) Next-generation hydropower project.—The term 'next-generation hydropower project' means a project that—

"(A) may be licensed under this Act;

"(B) is not—

"(i) a qualifying conduit hydropower facility under section 30; or

"(ii) exempted from licensing under—

"(I) section 30; or

"(II) section 405 of the Public Utility Regulatory Policies Act of 1978; and

"(C) is—

"(i) an emerging hydropower technology project;

"(ii) a qualifying facility, as defined in section 34;

"(iii) a qualifying closed-loop pumped storage project, as defined in section 35;

"(iv) a marine or hydrokinetic project, including a project that utilizes a wave technology, tidal technology, or in-river technology; or

"(v) a hydropower facility within an irrigation, water supply, industrial, agricultural, or other open or closed water conduit system.

"(c) Expedited licensing process.—

"(1) Notification of intent.—

"(A) Filing of notification.—An applicant for any next-generation hydropower project shall commence the licensing process by filing a notification of intent with the Commission.

"(B) Deadline for filing.—Notwithstanding section 15(b)(1), an applicant for a next-generation hydropower project shall file a notification of intent at least 2 years before the expiration of the existing license, if applicable.

"(2) Filing of application.—

"(A) General deadline.—An applicant for a next-generation hydropower project shall submit to the Commission an application not later than 1 year after filing the notification of intent under paragraph (1).

"(B) Existing licensee deadline.—Notwithstanding section 15(c)(1), an application for any next-generation hydropower project shall be filed with the Commission at least 1 year before the expiration of the term of the existing license, if applicable.

"(3) Deadline for issuance.—The Commission shall take final action on a license for a next-generation hydropower project under this section not later than 2 years after the applicant notifies the Commission of its intent to file an application for a license, as provided under paragraph (1).

"(d) Requirements.—In issuing a license under this section the Commission and all resource agencies with regulatory responsibilities in the licensing process shall—

"(1) maximize reliance on existing studies and information and require any person or agency requesting a new study or information to demonstrate that collection of any new data or preparation of any new study will not jeopardize the Commission's ability to meet the licensing deadline under subsection (c)(3);

"(2) consider whether obligations under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by the POPULIST Act, may be met through preparation of an environmental assessment or supplementing a previously prepared environmental assessment or environmental impact statement;

"(3) eliminate any nonessential meetings, reports, and paperwork, including interim study reports and a draft license application or similar document, without compromising effective consultation with, and participation of, Federal and State resource agencies, Indian Tribes, and the public; and

"(4) consider existing project works and other infrastructure to be included in the environmental baseline.

"(e) Rule.—Not later than 120 days after the date of enactment of this section, and after consultation with the task force described in subsection (f), which 120 days shall include public notice and opportunity for comment, the Commission shall issue a rule implementing this section. Such rule shall include a process, not to exceed 60 days, for the Commission to determine on a case-by-case basis whether a proposed or existing project qualifies as a next-generation hydropower project prior to the initiation of the licensing or relicensing process.

"(f) Task force.—The Commission shall convene a task force, with appropriate Federal and State agencies, Indian Tribes, and licensees under this part represented, to coordinate the regulatory processes associated with the authorizations required to license next-generation hydropower projects pursuant to this section.".

(c) Identifying and removing market barriers to hydropower.—

(1) Report on hydropower barriers.—

(A) In general.—Not later than 270 days after the date of enactment of this Act, the Federal Energy Regulatory Commission, in consultation with the Secretary of Energy, shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives a report—

(i) describing any barriers to the development and proper compensation of conventional, storage, conduit, and emerging hydropower technologies caused by—

(I) rules of Transmission Organizations, as defined in section 3 of the Federal Power Act (16 U.S.C. 796);

(II) regulations or policies—

(aa) of the Commission; or

(bb) under the Federal Power Act (16 U.S.C. 791a et seq.); or

(III) other Federal and State laws and policies unique to hydropower development, operation, and regulation, as compared to other sources of electricity;

(ii) containing recommendations of the Commission for reducing barriers described in clause (i) across regulatory and market sectors;

(iii) identifying and determining any regulatory, market, procurement, or cost recovery mechanisms that would—

(I) encourage development of conventional, storage, conduit, and emerging hydropower technologies; and

(II) properly compensate conventional, storage, conduit, and emerging hydropower technologies for the full range of services provided to the electric grid, including—

(aa) balancing electricity supply and demand;

(bb) ensuring grid reliability;

(cc) providing ancillary services;

(dd) contributing to the decarbonization of the electric grid; and

(ee) integrating intermittent power sources into the grid in a cost-effective manner; and

(iv) identifying ownership and development models that could reduce barriers to the development of conventional, storage, conduit, and emerging hydropower technologies, including—

(I) opportunities for risk-sharing mechanisms and partnerships, including co-ownership models; and

(II) opportunities to foster lease-sale and lease-back arrangements with publicly owned electric utilities.

(B) Commission proceedings.—The Commission shall base the report under subparagraph (A) on the findings of the Commission in—

(i) Docket No. AD16-20;

(ii) Docket No. RM16-23; and

(iii) any other relevant proceedings.

(C) Technical conference and public comment.—In preparing the report under subparagraph (A), the Commission shall solicit public input, including by convening a technical conference and providing an opportunity for public submission of written comments on a draft report.

(2) Definitions.—In this subsection:

(A) Ancillary services.—The term "ancillary services" means the specialty services and functions provided by the electric grid that facilitate and support the continuous flow of electricity so that supply will continually meet demand, including—

(i) autonomous dynamic voltage support;

(ii) balancing;

(iii) black start capabilities;

(iv) frequency control;

(v) load following;

(vi) operating, flexibility, contingency, and other reserves;

(vii) reactive power; and

(viii) synchronized regulation.

(B) Conventional, storage, conduit, and emerging hydropower technologies.—The term "conventional, storage, conduit, and emerging hydropower technologies" means hydropower in all its forms and modes of operation, including—

(i) the use of dams or similar infrastructure to store water in a reservoir or divert flows from a waterway, and to release stored or diverted water through a turbine to generate electricity according to any mode of operation, such as run-of-river, peaking, reregulating, storage, or load following;

(ii) a configuration of 2 water reservoirs at different elevations that can generate power as water moves down through a turbine, and pump water back to the upper reservoir when the turbine operations are reversed, including both closed- and open-loop systems;

(iii) marine and hydrokinetic technologies, including wave, tidal, and in-river systems;

(iv) mini- and micro-hydropower facilities within irrigation, water supply, industrial, agricultural, or other open or closed water conduit systems; and

(v) other facilities that produce electricity from generators driven by turbines that convert the potential energy of falling or flowing water.

(d) Modernizing hydropower licensing.—Part I of the Federal Power Act (16 U.S.C. 792 et seq.), as amended by this Act, is further amended by adding at the end the following:

"Sec. 38. Licensing process coordination and improvement.

"(a) Definition of Federal authorization.—In this section, the term 'Federal authorization' means any authorization required under Federal law, including any license, condition of any license by a Secretary under section 4(e), prescription submitted by a Secretary under section 18, permit, special use authorization, certification, opinion, consultation, determination, or other approval, with respect to an application for a license under this part.

"(b) Designation as lead agency.—

"(1) In general.—The Commission shall act as the lead agency for purposes of all applicable Federal authorizations, including for purposes of complying with the National Environmental Policy Act of 1969, as amended by the POPULIST Act, and for purposes of coordinating with any required State or local environmental reviews.

"(2) Other agencies.—Each Federal, State, and local government agency considering an aspect of an application for a Federal authorization shall coordinate with the Commission and comply with the deadline established in the schedule developed for the license under this part, in accordance with the rule issued under subsection (d)(2)(C).

"(c) Use of existing studies.—

"(1) In general.—To the maximum extent practicable and in accordance with the best available science, the Commission and other Federal and State agencies with a responsibility for a Federal authorization shall—

"(A) use relevant existing studies and data; and

"(B) avoid duplicating current, existing studies that are applicable to the relevant project.

"(2) Demonstration.—When requiring any new study or collection of information, the Commission or other Federal or State agency with a responsibility for a Federal authorization shall—

"(A) explain how the new study or other information is necessary to support the agency's decision making with respect to the Federal authorization;

"(B) identify how existing information reasonably available to the agency is inadequate to support the agency's decision making with substantial evidence; and

"(C) include an analysis of how the value of the required new study or other information outweighs the cost of producing it.

"(d) Schedule.—

"(1) Timing for issuance.—It is the sense of Congress that, except as otherwise provided in this part, all Federal authorizations required for a project should be issued within a reasonable time, so as to facilitate a final Commission licensing decision within 2 years after the date on which the license application for the project under this part is considered to be complete by the Commission.

"(2) Commission schedule.—

"(A) In general.—The Commission, in accordance with the rule issued under subparagraph (C), shall—

"(i) establish a schedule for—

"(I) all filings and issuances necessary and appropriate for its issuance of a license issued under this part; and

"(II) the issuance of all Federal authorizations for the applicable project; and

"(ii) issue such schedule when the Commission determines that the license application for the project is ready for environmental analysis.

"(B) Requirements.—In establishing the schedule under subparagraph (A), the Commission shall—

"(i) consult and cooperate with the Federal and State agencies responsible for a Federal authorization;

"(ii) ensure the expeditious completion of all proceedings relating to a Federal authorization; and

"(iii) comply with applicable schedules established by Federal law with respect to a Federal authorization.

"(C) Rulemaking.—

"(i) Commission rulemaking to establish process to set schedule.—Not later than 180 days after the date of enactment of this section, the Commission, in consultation with appropriate Federal and State agencies and after providing notice and opportunity for public comment, shall issue a final rule establishing a process for setting a schedule under subparagraph (A).

"(ii) Considerations.—In issuing a rule under this subparagraph, the Commission shall ensure that the schedule for each Federal authorization—

"(I) includes deadlines for actions by—

"(aa) any Federal or State agency with responsibilities for a Federal authorization;

"(bb) the applicant;

"(cc) the Commission; and

"(dd) other agencies and participants in a proceeding;

"(II) is developed in consultation with the applicant and any Federal or State agency with responsibility for the applicable Federal authorization;

"(III) provides an opportunity for any Federal or State agency with responsibility for a Federal authorization to identify and resolve issues of concern, consistent with subsections (e) and (f);

"(IV) complies with applicable schedules established under Federal law;

"(V) ensures expeditious completion of all proceedings required under Federal and State law, to the maximum extent practicable; and

"(VI) facilitates completion of Federal and State agency studies, reviews, and any other procedures required prior to, or concurrent with, the preparation of the

environmental document of the Commission required under the National Environmental Policy Act of 1969, as amended by the POPULIST Act, to the maximum extent practicable.

"(3) Adherence to schedule.—

"(A) In general.—The Commission, Federal, and State agencies with responsibility for a Federal authorization, the license applicant, and all other agencies and other participants in proceedings for Federal authorizations for the project shall meet the deadlines established by the schedule developed under paragraph (2).

"(B) Extension of schedule deadlines.—

"(i) Federal authorizations.—A Federal or State agency that is unable to complete its disposition of a Federal authorization by the deadline set forth in the schedule established by the Commission under paragraph (2) shall, not later than 30 days prior to such deadline, file for an extension with the Commission. The Commission shall issue a one-time extension of up to 90 days to any such Federal or State agency upon a demonstration of good cause.

"(ii) Other extensions.—The Commission may grant extensions requested by the license applicant or other licensing participants to facilitate settlement, address unforeseen circumstances, or accommodate other showings of good cause if the Commission determines that any such extension would reduce the overall time period for decision making on required Federal authorizations for the project, increase the administrative efficiency of the processes for Federal authorizations, or improve the quality of information available to Federal and State agencies with a responsibility for a Federal authorization.

"(iii) Reissuance of schedule.—If the Commission grants an extension under this paragraph, the Commission shall reissue the schedule and applicable deadlines to reflect the extension of time granted.

"(C) Limitation.—Notwithstanding the Commission's authority to extend the schedule as provided in subparagraph (B), the Commission shall not grant any extension that would increase by 1 year or longer the time period in the original schedule issued under paragraph (2) for obtaining all Federal authorizations for the applicable project.

"(4) Failure to meet schedule deadlines.—

"(A) In general.—Subject to subparagraph (C), if a Federal or State agency fails to complete its disposition of a Federal authorization in accordance with the schedule deadline established under paragraph (2), as may be extended under paragraph (3)—

"(i) in the case of a Federal agency, $5,000 of unobligated funds shall be rescinded; or

"(ii) in the case of a State agency, $5,000 of unobligated funds shall be rescinded from Federal fish and wildlife or water resources funding programs to the State.

"(B) Subsequent rescission.—Subject to subparagraph (C), for each additional week after any deadline established by the Commission under paragraph (2), as may be extended under paragraph (3), remains uncompleted by a Federal or State agency with a responsibility for a Federal authorization, an additional rescission of $5,000 shall occur as provided in subparagraph (A).

"(C) Maximum annual rescission.—For each individual Federal authorization for a project, the total amounts rescinded under subparagraphs (A) and (B) shall not exceed, in any fiscal year, $100,000.

"(D) Limitation.—No head of a Federal or State department or agency shall reprogram funds from another Federal account or program for the loss of the funds under this paragraph. No head of a Federal or State agency shall report or include any rescinded funds as an administrative cost for purposes of annual charges under section 10(e).

"(E) Administration.—

"(i) Certification.—The Commission shall certify in writing each failure described in subparagraph (A) and each additional 7-day period described in subparagraph (B) to the Director of the Office of Management and Budget and the head of each relevant Federal agency.

"(ii) Federal agency rescissions.—For a failure by a Federal agency, the Director of the Office of Management and Budget shall identify unobligated balances otherwise available for salaries and expenses of that agency and shall direct the head of the agency to execute the applicable rescission from those balances.

"(iii) State agency rescissions.—For a failure by a State agency, the Director of the Office of Management and Budget, in consultation with the heads of the relevant Federal agencies, shall identify unobligated Federal fish and wildlife or water resources assistance otherwise available to that State agency and shall direct the head of the administering Federal agency to execute the applicable rescission from that assistance.

"(iv) Public notice.—The Director of the Office of Management and Budget shall publish notice of each rescission under this paragraph, including the missed deadline, the amount rescinded, and the account or program from which the rescission was made.

"(e) Inconsistent or conflicting license terms.—

"(1) Consultation to resolve inconsistency or conflict.—

"(A) In general.—If a term or condition of a Federal authorization submitted for inclusion in a license under this part conflicts or is otherwise inconsistent with another such term or condition, the Commission shall initiate and facilitate consultation between the Federal or State resource agencies submitting conflicting or inconsistent terms or conditions, to attempt to resolve the inconsistency or conflict, including with any such conditions recommended for inclusion in the license by the Commission.

"(B) Meetings.—The consultation period under this subsection shall extend up to 90 days and shall include at least 1 technical conference or similar meeting. The Commission

shall issue notice of any such conference or other consultation meeting, which shall be open to participation by the license applicant, other agencies, and other licensing participants.

"(C) Amendment and reissuance.—If the agencies submitting the terms or conditions resolve the inconsistency or conflict, the Commission and other consulting agencies shall set a reasonable schedule and deadline, that is not later than 90 days after the conclusion of the consultation, for the agencies to amend and reissue their Federal authorizations to reflect the resolution, as appropriate.

"(2) Resolution of inconsistency or conflict.—

"(A) Statements.—If agencies are unable to resolve an inconsistency or conflict under paragraph (1), not later than 30 days after the conclusion of the consultation process under such paragraph, the agencies shall submit to the public record maintained by the Commission a statement that identifies the inconsistency or conflict, explains the position taken by each agency causing the inconsistency or conflict, and provides an analysis, supported by information in the public record, of the factual basis for the inconsistent or conflicting position taken by each agency.

"(B) Referral.—Following such submission, the Commission shall refer the matter for resolution as provided in subsection (f).

"(f) Resolution of interagency disputes.—

"(1) Referral to OMB.—For any dispute under subsection (c), (d), or (e) among Federal and State agencies with responsibility for a Federal authorization, as well as any dispute between any such agency and the license applicant, the Commission may, upon its own motion or the request of the head of any such agency or the license applicant, refer the matter to the Director of the Office of Management and Budget.

"(2) Action by OMB.—With respect to any dispute referred to the Director under paragraph (1), the Director, in consultation with the Chair of the Council on Environmental Quality, shall act as appropriate—

"(A) to ensure timely participation;

"(B) to ensure a timely decision;

"(C) to mediate the dispute; or

"(D) to refer the matter to the President.

"(3) Participation.—The license applicant and other interested participants shall be provided the opportunity to participate in the resolution of any issues under this subsection.".

(e) Hydropower development at existing nonpowered dams and closed-loop pumped storage.—

(1) Promoting hydropower development at existing nonpowered dams.—Section 34 of the Federal Power Act (16 U.S.C. 823e), as amended by this Act, is further amended—

(A) by amending subsection (a) to read as follows:

"(a) In general.—The Commission may issue a license under section 37 for any facility the Commission determines is a qualifying facility.";

(B) by striking subsections (b) and (c); and

(C) by redesignating subsections (d), (e), and (f) as subsections (b), (c), and (d), respectively.

(2) Closed-loop pumped storage projects.—Section 35 of the Federal Power Act (16 U.S.C. 823f), as amended by this Act, is further amended—

(A) by amending subsection (a) to read as follows:

"(a) In general.—The Commission may issue a license under section 37 for any project the Commission determines is a qualifying closed-loop pumped storage project.";

(B) by striking subsections (b), (c), (e), (g), and (h);

(C) by redesignating subsections (d) and (f) as subsections (b) and (c), respectively; and

(D) by adding at the end the following:

"(d) No license required for certain projects.—Notwithstanding section 23(b), a closed-loop pumped storage project shall not be required to be licensed under this part if the closed-loop pumped storage project—

"(1) is not located upon any part of the public lands or reservations of the United States; and

"(2) does not use a federally owned dam or reservoir.

"(e) Definitions.—For purposes of this section:

"(1) Closed-loop pumped storage project.—The term 'closed-loop pumped storage project' means a project for the generation of electric power—

"(A) that—

"(i) is configured to use 2 or more natural or artificial reservoirs or other water bodies at different elevations; and

"(ii) can generate electric power as water moves down through a turbine and recharge by pumping water to the upper reservoir;

"(B) that will be constructed, operated, and maintained for the generation of electric power in a manner that ensures that the upper and lower reservoirs or other water bodies do not impound any stream channel of any surface body of water over which Congress has jurisdiction under its authority to regulate commerce with foreign nations and among the several States; and

"(C) in which any infrastructure connecting a project reservoir and a natural surface waterway is used for the sole purpose of the initial fill and periodic recharge of reservoirs needed for project operation.

"(2) Qualifying closed-loop pumped storage project.—The term 'qualifying closed-loop pumped storage project' means a closed-loop pumped storage project that, as of the date of enactment of the POPULIST Act, is not licensed under, or exempted from the license requirements contained in, this part.

"(f) Savings clauses.—Nothing in this section affects—

"(1) any requirement of the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), or the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by the POPULIST Act, that may apply to the construction, operation, or maintenance of a closed-loop pumped storage project; or

"(2) except as provided in subsection (d), any authority of the Commission to license a closed-loop pumped storage project under this part.".

(f) Credit for maintaining and enhancing hydroelectric facilities.—

(1) In general.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 48E the following new section:

"Sec. 48F. Credit for maintaining and enhancing hydroelectric facilities.

"(a) In general.—For purposes of section 46, the credit for maintaining and enhancing hydroelectric facilities for any taxable year is an amount equal to 30 percent of the basis of any hydropower improvement property placed in service during such taxable year.

"(b) Certain progress expenditure rules made applicable.—Rules similar to the rules of subsections (c)(4) and (d) of section 46, as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990, shall apply for purposes of subsection (a).

"(c) Hydropower improvement property.—In this section, the term 'hydropower improvement property' means property which—

"(1) adds or improves fish passage at a qualified dam,

"(2) maintains or improves the quality of the water retained or released by a qualified dam,

"(3) promotes downstream sediment transport processes and habitat maintenance with respect to a qualified dam,

"(4) is part of a marine energy technology project or a marine energy project, or

"(5) places into service an approved remote dam.

"(d) Other definitions.—In this section:

"(1) Approved remote dam.—The term 'approved remote dam' means—

"(A) a hydroelectric dam which—

"(i) exclusively services communities not interconnected to the Electric Reliability Council of Texas, the Eastern Interconnection, or the Western Interconnection,

"(ii) does not contribute to atmospheric pollution, and

"(iii) has a maximum net output of not greater than 40 megawatts, and

"(B) any interconnection property associated with a dam described in subparagraph (A).

"(2) Commission.—The term 'Commission' means the Federal Energy Regulatory Commission.

"(3) Fish passage.—The term 'fish passage' means, with respect to any qualified dam, any new or upgraded turbine, fishway, or other fish passage technology which improves fish migration and survival rates.

"(4) Interconnection property.—The term 'interconnection property' means any tangible property—

"(A) (i) with respect to any dam described in paragraph (1)(A), to enable the delivery of electricity from such dam to any customer, or

"(ii) with respect to any project described in paragraph (5)(A) or (6)(A), to enable the delivery of electricity from such project to any customer, and

"(B) which satisfies the requirements under clauses (ii) and (iii) of section 48(a)(8)(B).

"(5) Marine energy project.—The term 'marine energy project' means—

"(A) a project which produces electricity from—

"(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

"(ii) free flowing water in rivers, lakes, streams, and man-made channels,

"(iii) differentials in salinity and pressure gradients, or

"(iv) differentials in water temperature, including ocean thermal energy conversion, and

"(B) any interconnection property associated with a project described in subparagraph (A).

"(6) Marine energy technology project.—The term 'marine energy technology project' means—

"(A) a project which the Commission determines—

"(i) will produce electricity from a generator that converts the potential energy of flowing water,

"(ii) will utilize a generating technology that is not in widespread, utility-scale use in the United States as of the date of enactment of this section,

"(iii) will not be, based on information available to the Commission, likely to jeopardize the continued existence of any species listed as a threatened species or an endangered species under the Endangered Species Act of 1973, and

"(iv) will not be, based on information available to the Commission, likely to result in the destruction or adverse modification of an area designated as critical habitat for any species listed as a threatened species or an endangered species under such Act, and

"(B) any interconnection property associated with a project described in subparagraph (A).

"(7) Qualified dam.—The term 'qualified dam' means a hydroelectric dam that is licensed by the Commission or legally operating without such a license before the date of enactment of this section.".

(2) Elective payment and transfer of credit.—

(A) Elective payment.—Section 6417 of the Internal Revenue Code of 1986 is amended—

(i) in subsection (b), by adding at the end the following:

"(13) The credit for maintaining and enhancing hydroelectric facilities under section 48F.";

(ii) in subsection (d)(1)—

(I) in subparagraph (E), by striking "(C), or (D)" each place it appears and inserting "(C), (D), or (E)";

(II) by redesignating subparagraph (E), as amended by subclause (I), as subparagraph (F); and

(III) by inserting after subparagraph (D) the following:

"(E) Election with respect to credit for maintaining and enhancing hydroelectric facilities.—If a taxpayer other than an entity described in subparagraph (A) makes an election under this subparagraph with respect to any taxable year in which such taxpayer has, after December 31, 2022, placed in service hydropower improvement property, as defined in section 48F(c), such taxpayer shall be treated as an applicable entity for purposes of this section for such taxable year, but only with respect to the credit described in subsection (b)(13).".

(B) Transfer.—Section 6418(f)(1)(A) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"(xiii) The credit for maintaining and enhancing hydroelectric facilities under section 48F.".

(C) Basis reduction and recapture notification.—Section 6418(g)(3) of the Internal Revenue Code of 1986 is amended, in the matter preceding subparagraph (A), by striking "clauses (ix) through (xi)" and inserting "clauses (ix) through (xi) and (xiii)".

(3) Conforming amendments.—

(A) Section 46 of the Internal Revenue Code of 1986 is amended—

(i) in paragraph (6), by striking "and" at the end;

(ii) in paragraph (7), by striking the period at the end and inserting ", and"; and

(iii) by adding at the end the following:

"(8) the credit for maintaining and enhancing hydroelectric facilities.".

(B) Section 49(a)(1)(C) of such Code is amended—

(i) in clause (vii), by striking "and" at the end;

(ii) in clause (viii), by striking the period at the end and inserting ", and"; and

(iii) by adding at the end the following:

"(ix) the basis of any hydropower improvement property under section 48F.".

(C) Section 50 of such Code is amended—

(i) in subsection (a)(2)(E), as amended by section 13702(b) of Public Law 117-169, by striking "or 48E(e)" and inserting "48E(e), or 48F(b)"; and

(ii) in subsection (d)(2)—

(I) in the matter preceding subparagraph (A), by inserting "or any hydropower improvement property, as defined in section 48F(c)," after "any energy storage technology (as defined in section 48(c)(6))"; and

(II) in subparagraph (B), by striking "energy storage technology" each place it appears and inserting "energy storage technology or hydropower improvement property".

(D) The table of sections for subpart E of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 48E the following new item:

"Sec. 48F. Credit for maintaining and enhancing hydroelectric facilities.".

(4) Effective date.—The amendments made by this subsection shall apply to property placed in service after December 31, 2022.

SEC. 1216. GEOTHERMAL AND RENEWABLE ENERGY PERMITTING REFORM.

(a) Definitions.—In this section:

(1) Eligible project.—The term "eligible project" has the meaning given the term in section 3101 of the Energy Act of 2020 (43 U.S.C. 3001).

(2) Previously disturbed or developed.—The term "previously disturbed or developed" has the meaning given the term in section 1021.410(g)(1) of title 10, Code of Federal Regulations, or successor regulations.

(b) Deadline for consideration of applications for rights-of-way.—

(1) Completeness of review.—

(A) In general.—Not later than 30 days after the date on which the Secretary of the Interior or the Secretary of Agriculture, as applicable, receives an application for a right-of-way under section 501 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761) for an eligible project, the applicable Secretary shall—

(i) notify the applicant that the application is complete; or

(ii) notify the applicant that information is missing from the application and specify any information that is required to be submitted for the application to be complete.

(B) Environmental impact statement.—For an eligible project that requires an environmental impact statement for an application submitted under subparagraph (A), the Secretary of the Interior or the Secretary of Agriculture, as applicable, shall issue a notice of intent not later than 90 days after the date on which the applicable Secretary determines that an application is complete under subparagraph (A).

(2) Cost recovery and issuance or deferral.—

(A) In general.—Not later than 30 days after the date on which an applicant submits a complete application for a right-of-way under paragraph (1), the Secretary of the Interior or the Secretary of Agriculture, as applicable, shall, if a cost recovery agreement is required under section 2804.14 of title 43, Code of Federal Regulations, or successor regulations, or section 251.58 of title 36, Code of Federal Regulations, or successor regulations, issue a cost recovery agreement.

(B) Decision.—Not later than 30 days after the date on which an applicant submits a complete application for a right-of-way under paragraph (1), the Secretary of the Interior or the Secretary of Agriculture, as applicable, shall—

(i) grant or deny the application, if the requirements under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act, and any other applicable law have been completed; or

(ii) defer the decision on the application and provide to the applicant notice—

(I) that specifies steps that the applicant can take for the decision on the application to be issued; and

(II) of a list of actions that need to be taken by the agency in order to comply with applicable law, and timelines and deadlines for completing those actions.

(c) Low-disturbance activities for renewable energy projects.—

(1) In general.—Not later than 180 days after the date of enactment of this Act, to facilitate timely permitting of eligible projects, the Secretary of the Interior and the Secretary of Agriculture shall each develop or adopt 1 or more categorical exclusions, including allowing for extraordinary circumstances under which the categorical exclusion shall not be available, under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act, for low-disturbance activities necessary for renewable energy projects.

(2) Activities described.—Low-disturbance activities referred to in paragraph (1) are the following:

(A) Individual surface disturbances of less than 5 acres that have undergone site-specific analysis in a document prepared pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act, that has been previously completed.

(B) Activities at a location at which the same type of activity has previously occurred within 5 years prior to the date of commencement of the activity.

(C) Activities on previously disturbed or developed land for which an approved land use plan or any environmental document prepared pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act, analyzed such activity as reasonably foreseeable, so long as such plan or document was approved within 5 years prior to the date of the activity.

(D) The installation, modification, operation, or removal of commercially available solar photovoltaic systems located on—

(i) a building or other structure, including a rooftop, parking lot, or facility, or mounted to signage, lighting, gates, or fences; or

(ii) previously disturbed or developed land comprising less than 10 acres.

(E) Maintenance of a building or facility, other than construction or a major renovation.

(F) Preliminary geotechnical investigations.

(G) The construction and removal of meteorological evaluation towers.

(d) Renewable energy project review standards.—Section 3102 of the Energy Act of 2020 (43 U.S.C. 3002), as amended by this Act, is further amended—

(1) in subsection (a), in the second sentence, by inserting "sufficient to achieve goals for renewable energy production on Federal land established under section 3104" before the period at the end;

(2) by redesignating subsections (f) and (g), as redesignated by section 1214(d)(1)(A), as subsections (h) and (i), respectively; and

(3) by inserting after subsection (e), as added by section 1214(d)(1)(B), the following:

"(f) Renewable energy project review standards.—Not later than 2 years after the date of enactment of this subsection, for the purpose of encouraging standardized reviews and facilitating

the permitting of eligible projects, the National Renewable Energy Coordination Office of the Bureau of Land Management shall promulgate renewable energy project review standards to be adopted by regional renewable energy coordination offices.

"(g) Clarification of existing authority.—Under section 307 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1737), the Secretary may accept donations from renewable energy companies to improve community engagement for the permitting of energy projects.".

(e) Preliminary geothermal activities.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Interior and the Secretary of Agriculture shall each develop or adopt 1 or more categorical exclusions, including allowing for extraordinary circumstances under which the categorical exclusion shall not be available, under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act, for individual disturbances of less than 10 acres for activities required to test, monitor, calibrate, explore, or confirm geothermal resources, provided those activities do not involve—

(1) the commercial production of geothermal resources;

(2) the use of geothermal resources for commercial operations; or

(3) construction of permanent roads.

(f) Annual leasing.—Section 4(b) of the Geothermal Steam Act of 1970 (30 U.S.C. 1003(b)) is amended—

(1) in paragraph (2), by striking "every 2 years" and inserting "per year"; and

(2) by adding at the end the following:

"(5) Replacement sales.—If a lease sale under this section for a year is cancelled or delayed, the Secretary shall conduct a replacement sale not later than 180 days after the date of the cancellation or delay, as applicable, and the replacement sale may not be cancelled or delayed.".

(g) Deadlines for consideration of geothermal drilling permits.—Section 4 of the Geothermal Steam Act of 1970 (30 U.S.C. 1003) is amended by adding at the end the following:

"(h) Deadlines for consideration of geothermal drilling permits.—

"(1) In general.—Not later than 10 days after the date on which the Secretary receives an application for any geothermal drilling permit, the Secretary shall—

"(A) provide written notice to the applicant that the application is complete; or

"(B) notify the applicant that information is missing from the application and specify any information that is required to be submitted for the application to be complete.

"(2) Decision.—Not later than 30 days after the date on which an applicant submits a complete application for a geothermal drilling permit under paragraph (1), the Secretary shall—

"(A) grant or deny the application, if the requirements under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act, and any other applicable law have been completed; or

"(B) defer the decision on the application and provide to the applicant notice—

"(i) that specifies steps that the applicant can take for the decision on the application to be issued; and

"(ii) of a list of actions that need to be taken by the agency in order to comply with applicable law, and timelines and deadlines for completing those actions.".

(h) Cost recovery authority.—Section 24 of the Geothermal Steam Act of 1970 (30 U.S.C. 1023) is amended by adding at the end the following:

"The Secretary shall, not later than 180 days after the date of enactment of the POPULIST Act, promulgate rules for cost recovery, to be paid by permit applicants or lessees, to facilitate the timely coordination and processing of leases, permits, and authorizations and to reimburse the Secretary for all reasonable administrative costs incurred from the inspection and monitoring of activities thereunder.".

(i) Federal permitting process.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Interior shall promulgate regulations and establish a Federal permitting process to allow for simultaneous, concurrent consideration of multiple phases of a geothermal project, including—

(1) surface exploration;

(2) geophysical exploration, including well drilling;

(3) production well drilling; and

(4) use of geothermal resources, including power plant construction.

(j) Geothermal production parity.—Section 390 of the Energy Policy Act of 2005 (42 U.S.C. 15942) is amended—

(1) in subsection (a)—

(A) by striking "(NEPA)" and inserting "(42 U.S.C. 4321 et seq.) (referred to in this section as 'NEPA')";

(B) by inserting "(30 U.S.C. 181 et seq.)" after "Mineral Leasing Act"; and

(C) by inserting ", or the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) for the purpose of exploration or development of geothermal resources" before the period at the end; and

(2) in subsection (b)—

(A) in paragraph (2), by striking "oil or gas" and inserting "oil, gas, or geothermal resources"; and

(B) in paragraph (3), by striking "oil or gas" and inserting "oil, gas, or geothermal resources".

(k) Geothermal Ombudsman and Permitting Task Force.—

(1) Definitions.—In this subsection:

(A) Geothermal authorization.—The term "geothermal authorization" means any license, permit, approval, finding, determination, or other administrative decision issued by the Bureau of Land Management and any interagency consultation that is required or authorized under Federal law in order to site, construct, reconstruct, or commence operations of a geothermal energy project administered by the Bureau of Land Management.

(B) Geothermal energy project.—The term "geothermal energy project" means a project wholly or partially located on public land that uses geothermal energy to generate heat or electricity.

(C) Public land.—The term "public land" means land subject to geothermal leasing under section 3 of the Geothermal Steam Act of 1970 (30 U.S.C. 1002).

(D) Secretary.—The term "Secretary" means the Secretary of the Interior.

(E) Task Force.—The term "Task Force" means the Geothermal Permitting Task Force established under paragraph (3).

(2) Geothermal Ombudsman.—

(A) In general.—Not later than 60 days after the date of enactment of this Act, the Secretary shall appoint from within the Bureau of Land Management a Geothermal Ombudsman.

(B) Duties.—The Geothermal Ombudsman appointed under subparagraph (A) shall—

(i) act as a liaison between—

(I) the individual field, district, and State offices of the Bureau of Land Management;

(II) the Division Chief of the National Renewable Energy Coordination Office of the Bureau of Land Management; and

(III) the Director of the Bureau of Land Management;

(ii) provide dispute resolution services between the individual field, district, and State offices of the Bureau of Land Management and applicants for geothermal authorizations;

(iii) monitor and facilitate permit processing practices and timelines across individual field offices of the Bureau of Land Management;

(iv) develop best practices for the permitting and leasing process for geothermal resources; and

(v) coordinate with the Federal Permitting Improvement Steering Council.

(3) Geothermal Permitting Task Force.—

(A) Establishment.—Not later than 60 days after the date of enactment of this Act, the Secretary shall establish within the Bureau of Land Management a Geothermal Permitting Task Force.

(B) Leadership.—The Task Force shall be headed by the Geothermal Ombudsman appointed under paragraph (2).

(C) Permitting support.—The Task Force shall support the duties of the Geothermal Ombudsman appointed under paragraph (2).

(D) Cross-office personnel assignments.—

(i) In general.—In their capacity as head of the Task Force, the Geothermal Ombudsman may coordinate with any Departmental bureau or office to assign personnel with relevant expertise to assist with completion of geothermal authorizations in field, district, or State offices other than the official duty station where such personnel are located if—

(I) the Departmental bureau or office determines that such assignment will not materially delay ongoing completion of authorizations within the office where the employee is located; and

(II) approval is received from the head of the official duty station where the assigned employee is located.

(ii) Assigned personnel requirements.—Departmental personnel assigned to assist with completion of geothermal authorizations under clause (i) shall—

(I) work in-person full-time at an official Departmental office;

(II) if necessary as determined by the Geothermal Ombudsman, travel to the Bureau of Land Management field, district, or State office with jurisdiction over the geothermal authorization to which the employee has been assigned by the Geothermal Ombudsman;

(III) participate as part of the team of personnel working on geothermal authorizations to which the employee has been assigned by the Geothermal Ombudsman; and

(IV) regularly report to the head of the field, district, or State office of the Bureau of Land Management with jurisdiction over geothermal authorizations to which the employee has been assigned by the Geothermal Ombudsman.

(iii) Retention allowances.—

(I) In general.—Subject to the availability of appropriations, the Geothermal Ombudsman may pay a retention allowance to an employee assigned to assist with

the completion of geothermal authorizations under clause (i). Retention allowances—

(aa) shall be stated as the percentage of the rate of basic pay of an employee, and may not exceed 25 percent of such rate of basic pay;

(bb) may not be considered to be part of the basic pay of an employee, and the reduction or elimination of a retention allowance may not be appealed; and

(cc) shall be paid at the same time and in the same manner as the employee's basic pay is paid.

(II) Considerations.—In exercising the retention allowance authority described in subclause (I), the Geothermal Ombudsman shall consider—

(aa) an employee's specialized expertise related to geothermal authorizations;

(bb) the demonstrated need to retain an employee to meet the performance improvement objectives for geothermal authorization timelines and develop best practices for completion of geothermal authorizations; and

(cc) the difficulty in recruiting or replacing qualified personnel with relevant expertise related to geothermal authorizations.

(iv) Savings clause.—Cross-office personnel assignments carried out under this subparagraph shall not alter the underlying jurisdiction of other offices of the Bureau of Land Management over applicable geothermal authorizations.

(4) Report.—The Geothermal Ombudsman shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives an annual report that describes the activities of the Task Force and evaluates the effectiveness of geothermal permit processing during the preceding 1-year period.

SEC. 1217. ADVANCED NUCLEAR FLEET LICENSING.

(a) Definitions.—In this section:

(1) Advanced nuclear reactor.—The term "advanced nuclear reactor" has the meaning given such term in section 3 of the Nuclear Energy Innovation and Modernization Act (42 U.S.C. 2215 note; Public Law 115–439).

(2) Approved standard design.—The term "approved standard design" means a standard design for a nuclear reactor that has received a standard design approval, standard design certification, manufacturing license, or other approval from the Commission under the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.) or regulations issued under that Act that expressly resolves generic design issues for repeated construction, manufacturing, deployment, or operation.

(3) Commission.—The term "Commission" means the Nuclear Regulatory Commission.

(4) Complete application.—The term "complete application" means an application that the Commission determines contains sufficient information for the Commission to begin safety, security, environmental, and technical review.

(5) Fleet license.—The term "fleet license" means a license, approval, permit, certification, or other authorization issued by the Commission that authorizes, or establishes a standardized process for authorizing, construction or operation of multiple nuclear reactors using the same approved standard design.

(6) Material safety information.—The term "material safety information" means information that was not available to the Commission at the time an approved standard design was approved and that demonstrates a specific and significant risk to public health, safety, common defense and security, or the environment.

(7) Site-specific safety review.—The term "site-specific safety review" means the portion of Commission review that evaluates whether a nuclear reactor using an approved standard design may be safely and securely constructed or operated at a particular site.

(8) Standard design.—The term "standard design" means a nuclear reactor design intended for repeated construction, manufacturing, deployment, or operation at more than 1 site.

(b) Fleet licensing pathway.—

(1) In general.—Not later than 180 days after the date of enactment of this Act, the Commission shall establish, by rule, order, guidance, or other appropriate regulatory action, a fleet licensing pathway for advanced nuclear reactors using an approved standard design.

(2) Requirements.—The fleet licensing pathway established under paragraph (1) shall—

(A) allow an applicant to seek approval for multiple reactors using the same approved standard design;

(B) allow an applicant to reference an approved standard design in an application for a construction permit, operating license, combined license, manufacturing license, early site permit, standard design approval, standard design certification, or other authorization;

(C) establish standardized application requirements for repeat deployment of an approved standard design;

(D) identify the generic design issues that shall be resolved through approval of the standard design;

(E) identify the site-specific issues that shall remain subject to site-specific safety review;

(F) minimize duplication of review for reactors using an approved standard design;

(G) provide for coordinated review of related applications submitted by the same applicant or by affiliated applicants; and

(H) preserve the authority of the Commission to impose any condition necessary to protect public health, safety, common defense and security, or the environment.

(3) Nonproliferation and fuel-cycle considerations.—In establishing and implementing the fleet licensing pathway under paragraph (1), the Commission shall, consistent with the protection of public health, safety, common defense and security, and the environment, consider whether an approved standard design minimizes weapons-proliferation risk, safeguards-sensitive material handling, and unnecessary production, separation, or accumulation of weapons-usable nuclear material.

(c) Design-once rule.—

(1) In general.—In reviewing an application for a reactor using an approved standard design, the Commission may not require relitigation, reconsideration, duplication, or repetition of a generic design issue resolved in the approval of the approved standard design.

(2) Exception.—The Commission may reconsider a generic design issue described in paragraph (1) only if the Commission determines, based on material safety information and supported by substantial evidence, that reconsideration is necessary to protect public health, safety, common defense and security, or the environment.

(3) Scope.—Nothing in this subsection shall limit the authority of the Commission to conduct a site-specific safety review.

(d) Site-specific review preserved.—

(1) In general.—Each reactor authorized through the fleet licensing pathway established under subsection (b) shall remain subject to a site-specific safety review.

(2) Contents.—A site-specific safety review under paragraph (1) shall include review of—

(A) seismic, flooding, wildfire, extreme weather, hydrological, geological, and other site hazards;

(B) emergency planning and emergency preparedness requirements applicable to the site;

(C) physical security, cybersecurity, and common defense and security requirements applicable to the site;

(D) cooling, water availability, water discharge, and thermal-impact issues applicable to the site;

(E) offsite power, electrical interconnection, and grid-reliability issues relevant to safe construction or operation of the reactor at the site;

(F) environmental impacts required to be considered under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act;

(G) population, land use, evacuation, and surrounding-infrastructure characteristics applicable to the site; and

(H) any other site-specific matter the Commission determines necessary to protect public health, safety, common defense and security, or the environment.

(e) Licensing deadlines.—

(1) Completeness determination.—Not later than 60 days after receiving an application under the fleet licensing pathway established under subsection (b), the Commission shall determine whether the application is complete.

(2) Final action.—Except as provided in paragraph (3), not later than 18 months after determining that an application under paragraph (1) is complete, the Commission shall issue a final decision approving, approving with conditions, or denying the application.

(3) Extension.—The Commission may extend the deadline under paragraph (2) for not more than 180 days if the Commission determines, in writing and based on substantial evidence, that additional time is necessary to resolve a specific safety, security, environmental, or technical issue that cannot reasonably be resolved within the deadline under paragraph (2).

(4) Applicant delay.—Any period during which the Commission is unable to proceed because the applicant has failed to provide information requested by the Commission shall not count toward the deadline under paragraph (2).

(f) Use of Federal demonstration and testing information.—

(1) In general.—In reviewing an application under this section, the Commission shall, to the maximum extent practicable, rely on safety, security, performance, fuel, materials, operational, and testing information developed through a reactor demonstration, test reactor, prototype, pilot project, or fuel qualification activity carried out by or in partnership with the Department of Energy, the Department of Defense, a National Laboratory, or another Federal agency.

(2) Limitation.—Nothing in this subsection shall be construed to require the Commission to accept information that the Commission determines is inadequate, incomplete, unreliable, or insufficient to protect public health, safety, common defense and security, or the environment.

(g) Environmental review coordination.—

(1) Generic environmental issues.—The Commission shall, to the maximum extent practicable, resolve generic environmental issues associated with an approved standard design through programmatic environmental documents, generic environmental impact statements, environmental assessments, or other reusable environmental review documents.

(2) Site-specific environmental issues.—The Commission shall limit site-specific environmental review for a reactor using an approved standard design to environmental issues that are specific to the site or that were not previously resolved in a document described in paragraph (1).

(3) No waiver of environmental law.—Nothing in this subsection shall be construed to waive the requirements of the National Environmental Policy Act of 1969, as amended by this Act, or any other Federal environmental law.

(h) No safety override.—Nothing in this section shall be construed to limit the authority of the Commission to deny, condition, suspend, modify, or revoke any license, permit, certification, approval, or other authorization if the Commission determines such action is necessary to protect public health, safety, common defense and security, or the environment.

(i) Annual report.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Commission shall submit to Congress and make publicly available a report that—

(1) identifies each application submitted under the fleet licensing pathway established under subsection (b);

(2) identifies each application approved, approved with conditions, denied, withdrawn, or pending during the preceding calendar year;

(3) identifies the average and median time required for completeness determinations and final decisions;

(4) identifies each instance in which the Commission extended a deadline under subsection (e)(3);

(5) identifies the principal causes of delay in licensing reactors using approved standard designs;

(6) identifies staffing, technical, regulatory, fuel, supply-chain, or other barriers to timely review of applications under this section; and

(7) recommends any administrative or legislative action necessary to improve safe and timely deployment of advanced nuclear reactors using approved standard designs.

PART II—TRANSMISSION, GRID MODERNIZATION, AND DISTRIBUTED POWER

SEC. 1221. STREAMLINING INTERSTATE TRANSMISSION OF ELECTRICITY.

Part II of the Federal Power Act (16 U.S.C. 824 et seq.) is amended by adding at the end the following:

"Sec. 224. Siting of certain interstate electric transmission facilities.

"(a) Definitions.—In this section:

"(1) Affected landowner.—

"(A) In general.—The term 'affected landowner' includes each owner of a property interest in land or other property described in subparagraph (B), including—

"(i) the Federal Government;

"(ii) a State or local government; and

"(iii) each owner noted in the most recent county or city tax record as receiving the relevant tax notice with respect to that interest.

"(B) Land and other property described.—The land or other property referred to in subparagraph (A) is any land or other property—

"(i) that is or will be crossed by the energy transmission facility proposed to be constructed or modified under the applicable certificate of public convenience and necessity;

"(ii) that is or will be used as a facility site with respect to the energy transmission facility proposed to be constructed or modified under the applicable certificate of public convenience and necessity;

"(iii) that abuts any boundary of an existing right-of-way or other facility site that—

"(I) is owned by an electric utility; and

"(II) is located not more than 500 feet from the energy transmission facility to be constructed or modified under the applicable certificate of public convenience and necessity;

"(iv) that abuts the boundary of a proposed facility site for the energy transmission facility proposed to be constructed or modified under the applicable certificate of public convenience and necessity;

"(v) that is crossed by, or abuts any boundary of, an existing or proposed right-of-way that—

"(I) will be used for the energy transmission facility to be constructed or modified under the applicable certificate of public convenience and necessity; and

"(II) is located not more than 500 feet from the proposed location of that energy transmission facility; or

"(vi) on which a residence is located not more than 500 feet from the boundary of any right-of-way for that energy transmission facility.

"(2) Alternating current transmission facility.—The term 'alternating current transmission facility' means a transmission facility that uses alternating current for the bulk transmission of electric energy.

"(3) Energy transmission facility.—The term 'energy transmission facility' means, as applicable—

"(A) an alternating current transmission facility; or

"(B) a high-voltage, direct current transmission facility.

"(4) Facility site.—The term 'facility site' includes—

"(A) a right-of-way;

"(B) an access road;

"(C) a contractor yard; and

"(D) any temporary workspace.

"(5) High-voltage, direct current transmission facility.—The term 'high-voltage, direct current transmission facility' means a transmission facility that uses direct current for the bulk transmission of electric energy.

"(6) Tribal land.—The term 'Tribal land' has the meaning given the term 'Indian land' in section 2601 of the Energy Policy Act of 1992 (25 U.S.C. 3501).

"(b) Certificate of public convenience and necessity.—

"(1) In general.—On receipt of an application under subsection (c)(1) relating to an energy transmission facility described in paragraph (2), the Commission, after making the finding described in paragraph (3) with respect to that energy transmission facility, shall issue to any person, by publication in the Federal Register, a certificate of public convenience and necessity for the construction, modification, operation, or abandonment of that energy transmission facility, subject to such reasonable terms and conditions as the Commission determines to be appropriate.

"(2) Energy transmission facility described.—An energy transmission facility referred to in paragraph (1) is an energy transmission facility that—

"(A) traverses or, on construction or modification in accordance with a certificate of public convenience and necessity issued under that paragraph, will traverse not fewer than 2 States; and

"(B) is not less than 1,000 megawatts or 1,000 megavolt-amperes in power capacity.

"(3) Finding described.—The finding referred to in paragraph (1) is a finding that—

"(A) the applicant for a certificate of public convenience and necessity is able and willing—

"(i) to carry out the activities and perform the services proposed in the application in a manner determined to be appropriate by the Commission; and

"(ii) to achieve compliance with the applicable requirements of—

"(I) this part; and

"(II) any rules and regulations promulgated by the Commission pursuant to this part;

"(B) the energy transmission facility to be constructed, modified, or operated under the certificate of public convenience and necessity will—

"(i) traverse not fewer than 2 States;

"(ii) be used for the transmission of electric energy in interstate commerce; and

"(iii) have a power capacity of not less than 1,000 megawatts or 1,000 megavolt-amperes; and

"(C) operation of the energy transmission facility as proposed in the application—

"(i) will—

"(I) enable the use of renewable energy;

"(II) reduce congestion;

"(III) improve the reliability of the transmission system; or

"(IV) increase interregional transfer capability;

"(ii) will maximize, to the extent reasonable and economical, the use of—

"(I) existing facility sites; and

"(II) the transmission capabilities of existing energy transmission facilities; and

"(iii) will, to the extent practicable, minimize the use of eminent domain.

"(4) Rulemaking.—Not later than 18 months after the date of enactment of this section, the Commission shall issue rules specifying—

"(A) a pre-filing process during which a person described in subsection (c)(1) and the Commission shall consult with—

"(i) the appropriate State agencies, State public utility commissions, and State energy offices in each State the proposed project traverses;

"(ii) appropriate Federal agencies; and

"(iii) each Indian Tribe that may be affected by the proposed project;

"(B) the form of, and information to be contained in, an application submitted under subsection (c)(1);

"(C) requirements for determining whether the applicable energy transmission facility will be constructed or modified—

"(i) to traverse not fewer than 2 States;

"(ii) to be used for the transmission of electric energy in interstate commerce; and

"(iii) to have a power capacity of not less than 1,000 megawatts or 1,000 megavolt-amperes;

"(D) criteria for determining the reasonable and economical use of—

"(i) existing rights-of-way; and

"(ii) the transmission capabilities of existing towers or structures;

"(E) the manner in which an application submitted under subsection (c)(1) and any proposal for the construction or modification of an energy transmission facility shall be considered, which, to the extent practicable, shall be consistent with State statutory and regulatory policies concerning generation and retail sales of electricity in the States in which the electric energy transmitted by the energy transmission facility will be generated or sold; and

"(F) the manner in which the Commission will consider the needs of communities that will be impacted directly by the proposed energy transmission facility, including how any impacts of the proposed energy transmission facility could be mitigated or offset.

"(5) Public notice, comment, and opportunity for a hearing on certain draft documents.—

"(A) In general.—The Commission shall provide not less than 90 days for public comment on any initial scoping document or draft environmental impact statement prepared for an energy transmission facility with respect to which an application for a certificate of public convenience and necessity has been submitted under subsection (c)(1).

"(B) Notice and opportunity for hearing.—The Commission shall—

"(i) publish in the Federal Register a notice of the filing of each draft scoping document or draft environmental impact statement described in subparagraph (A); and

"(ii) provide to the individuals and entities described in paragraph (6)(B) notice and reasonable opportunity for the presentation of any views and recommendations with respect to the initial scoping document or draft environmental impact statement.

"(C) Tribal consent.—With respect to an Indian Tribe that may be affected by a potential project, the Commission—

"(i) shall provide notice to the appropriate Tribal officials and an opportunity for public comment in accordance with subparagraph (A); and

"(ii) shall not approve a scoping document or draft environmental impact statement unless consent has been obtained from the proper Tribal officials in a manner consistent with the requirements of section 2 of the Act of February 5, 1948 (62 Stat. 18, chapter 45; 25 U.S.C. 324).

"(6) Notice and opportunity for a hearing on applications.—

"(A) In general.—In any proceeding before the Commission to consider an application for a certificate of public convenience and necessity under this section, the Commission shall—

"(i) publish a notice of the application in the Federal Register; and

"(ii) provide to the individuals and entities described in subparagraph (B) a notice and reasonable opportunity for the presentation of any views and recommendations with respect to the need for, and impact of, the construction or modification of the energy transmission facility proposed to be constructed or modified under the certificate.

"(B) Individuals and entities described.—The individuals and entities referred to in subparagraph (A) are—

"(i) an agency, selected by the Governor (or equivalent official) of the applicable State, of each State in which the energy transmission facility proposed to be constructed or modified under the applicable certificate of public convenience and necessity is or will be located;

"(ii) each affected landowner; and

"(iii) as determined by the Commission—

"(I) each affected Federal agency; and

"(II) each Indian Tribe that may be affected by the proposed construction or modification.

"(C) Prohibition.—The Commission may not—

"(i) require an applicant for a certificate of public convenience and necessity under this section to provide any notice required under this section; or

"(ii) enter into a contract to provide any notice required under this section with—

"(I) the applicant for the applicable certificate of public convenience and necessity; or

"(II) any other person that has a financial interest in the project proposed in the application for that certificate.

"(c) Applications.—

"(1) In general.—A person desiring a certificate of public convenience and necessity under this section shall submit to the Commission an application at such time, in such manner, and containing such information as the Commission may require.

"(2) Requirement.—An application submitted to the Commission under paragraph (1) shall include all information necessary for the Commission to make the finding described in subsection (b)(3).

"(d) Notice to affected landowners.—

"(1) In general.—The Commission shall provide written notice of an application submitted under subsection (c)(1) to all affected landowners in accordance with this subsection.

"(2) Requirements.—Any notice provided to an affected landowner under paragraph (1) shall include the following:

"(A) The following statement in 14-point bold typeface:

"'The [name of applicant] has proposed building power lines that will cross your property, and may also require building transmission towers on your property. If the Federal Energy Regulatory Commission approves [applicant]'s proposed project, then [applicant] may be authorized to build transmission towers on, and power lines over, your property, or use your property to construct the proposed project, subject to paying you just compensation for the loss of your property. If you want to raise objections to this, or otherwise comment on this project, you can do so by submitting written comments to the Federal Energy Regulatory Commission Docket No. [___]. You can do this electronically or by

mail. To do so electronically [to be inserted by the Commission]. To do so by mail [to be inserted by the Commission].'.

"(B) A description of the proposed project, including—

"(i) the location of the proposed project (including a general location map);

"(ii) the purpose of the proposed project; and

"(iii) the timing of the proposed project.

"(C) The name of, and the location in the docket of the Commission at which may be found, each submission by the applicant to the Commission relating to the proposed project.

"(D) A general description of what the applicant will need from the landowner if the proposed project is approved, including the activities the applicant may undertake and the facilities that the applicant may seek to construct on the property of the landowner.

"(E) A description of how the landowner may contact the applicant, including—

"(i) a website; and

"(ii) a local or toll-free telephone number and the name of a specific person to contact who is knowledgeable about the proposed project.

"(F) A description of how the landowner may contact the Commission, including—

"(i) a website; and

"(ii) a local or toll-free telephone number and the name of a specific person to contact who is knowledgeable about the proposed project.

"(G) A summary of the protections and remedies available to the landowner—

"(i) before the Commission; and

"(ii) in other proceedings under—

"(I) the Federal Rules of Civil Procedure; and

"(II) the eminent domain rules of the relevant State.

"(H) Any other information that the Commission determines to be appropriate.

"(3) Obligation of applicant.—An applicant for a certificate of public convenience and necessity under this section shall submit to the Commission, together with the application for the certificate, the name and address of each affected landowner.

"(e) Regulatory jurisdiction.—

"(1) In general.—Except as provided in paragraph (2), the Commission shall have exclusive jurisdiction over, and no State shall regulate any aspect of, the siting or permitting of an energy

transmission facility constructed, modified, or operated under a certificate of public convenience and necessity issued under this section.

"(2) Savings clause.—Nothing in this section affects the authority of States under—

"(A) the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.);

"(B) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

"(C) the Clean Air Act (42 U.S.C. 7401 et seq.); or

"(D) division A of subtitle III of title 54, United States Code (formerly known as the 'National Historic Preservation Act').

"(f) Judicial review.—

"(1) In general.—Any person aggrieved by an order issued by the Commission under this section may obtain review of the order in—

"(A) the court of appeals of the United States for any judicial circuit in which the energy transmission facility to be constructed or modified under the applicable certificate of public convenience and necessity is or will be located; or

"(B) the United States Court of Appeals for the District of Columbia Circuit.

"(2) Petition for review.—

"(A) In general.—A person may obtain review under paragraph (1) by filing in the applicable court a written petition praying that the order of the Commission be modified or set aside in whole or in part.

"(B) Timing.—A petition under subparagraph (A) shall be filed by not later than 60 days after the date on which the applicable order of the Commission is published in the Federal Register.

"(3) Person aggrieved.—Notwithstanding any other provision of this Act, a person aggrieved by an order of the Commission issued under this section need not—

"(A) have been a party to the proceedings before the Commission in which that order was issued in order to obtain judicial review of the order under this subsection; or

"(B) have requested rehearing before the Commission prior to seeking judicial review.

"(g) Power of eminent domain for energy transmission facilities.—

"(1) In general.—The holder of a certificate of public convenience and necessity may acquire through the exercise of the power of eminent domain in a court described in paragraph (2) any right-of-way, land, or other property that is necessary to construct, modify, operate, or maintain an energy transmission facility in accordance with that certificate if the holder—

"(A) cannot acquire the necessary right-of-way, land, or other property by contract;

"(B) is unable to agree with the owner of the right-of-way, land, or other property with respect to the compensation to be paid for that right-of-way, land, or other property; or

"(C) cannot clear defective title with respect to the right-of-way, land, or other property.

"(2) Court described.—A court referred to in paragraph (1) is—

"(A) the district court of the United States for the district in which the applicable land or other property is located; or

"(B) the appropriate State court.

"(3) Notice of decision to issue certificate.—The holder of a certificate of public convenience and necessity may not exercise the power of eminent domain under this subsection with respect to any property covered by the certificate unless the Commission has first, in addition to publishing the notice of certificate of public convenience and necessity in the Federal Register, provided all affected landowners with notice of—

"(A) the decision of the Commission to grant the certificate; and

"(B) the procedures for obtaining judicial review of that decision under subsection (f), including a description of the time period for seeking judicial review under that subsection.

"(h) Condemnation procedures.—

"(1) Appraisals.—

"(A) In general.—A holder of, or applicant for, a certificate of public convenience and necessity shall have any property that the holder or applicant seeks to acquire through the exercise of the power of eminent domain under subsection (g) appraised in accordance with generally accepted appraisal standards by an appraiser selected by the owner of the property, subject to subparagraph (D).

"(B) Requirements.—

"(i) Costs.—The applicable holder of, or applicant for, a certificate of public convenience and necessity shall pay for each appraisal carried out under subparagraph (A).

"(ii) Inspections.—The owner of the applicable property (or a designated representative of the owner) shall be given the opportunity to accompany the appraiser during any inspection of the property that is part of an appraisal under subparagraph (A).

"(C) Timing.—An appraisal under subparagraph (A) shall be carried out before the holder of, or applicant for, the certificate of public convenience and necessity—

"(i) makes an offer of just compensation under paragraph (2); or

"(ii) commences an action or proceeding to exercise the power of eminent domain under subsection (g).

"(D) Selection of appraiser.—If the owner of the applicable property does not select an appraiser under subparagraph (A) by the date that is 60 days after the date on which the holder of, or applicant for, the applicable certificate of public convenience and necessity requests that the owner do so, the holder or applicant may select the appraiser.

"(2) Offers of just compensation.—

"(A) In general.—Any offer of just compensation made to an affected landowner of property that is covered by a certificate of public convenience and necessity—

"(i) shall be made in writing;

"(ii) may not be for an amount less than the fair market value of the property, as determined by an appraisal carried out under paragraph (1); and

"(iii) shall include compensation for—

"(I) any lost income from the property; and

"(II) any damages to any other property of the owner.

"(B) Timing.—The holder of, or applicant for, a certificate of public convenience and necessity may not make an offer of just compensation to an affected landowner until the date that is 30 days after the date on which the Commission provides a notice to the affected landowner under subsection (g)(3).

"(3) Jurisdictional limitations.—

"(A) Minimum jurisdictional amount.—A district court of the United States shall only have jurisdiction of an action or proceeding to exercise the power of eminent domain under subsection (g) if the amount claimed by the owner of the property to be condemned exceeds $3,000.

"(B) State ownership interests.—

"(i) In general.—Except as provided in clause (ii), a district court of the United States shall have no jurisdiction to condemn any interest owned by a State.

"(ii) Exception.—Notwithstanding clause (i), a district court of the United States shall have jurisdiction—

"(I) to condemn any existing utility or transportation easement or right-of-way that—

"(aa) is on State property; or

"(bb) is on private property and is owned by a State; and

"(II) to condemn any real property conveyed to a State for the purpose of obstructing the construction, modification, or operation of an energy transmission facility in accordance with a certificate of public convenience and necessity issued under this section.

"(C) Tribal land.—A district court of the United States shall have no jurisdiction to condemn any interest in Tribal land.

"(4) Limitation on condemnation.—In any action or proceeding to exercise the power of eminent domain under subsection (g), a court—

"(A) may condemn an interest in property only to the extent necessary for the specific facilities described in the applicable certificate of public convenience and necessity; and

"(B) may not—

"(i) condemn any other interest; or

"(ii) condemn an interest for any purpose not described in that certificate.

"(5) Surrender of possession.—With respect to any action or proceeding to exercise the power of eminent domain under subsection (g), an owner of property covered by the applicable certificate of public convenience and necessity shall not be required to surrender possession of that property unless the holder of the certificate—

"(A) has paid to the owner the award of compensation in the action or proceeding; or

"(B) has deposited the amount of that award with the court.

"(6) Litigation costs.—

"(A) In general.—A holder of a certificate of public convenience and necessity that commences an action or proceeding to exercise the power of eminent domain under subsection (g) shall be liable to the owner of any property condemned in that proceeding for the costs described in subparagraph (B) if the amount awarded to that owner for the property condemned is more than 125 percent of the amount offered to the owner by the holder before the commencement of that action or proceeding.

"(B) Costs described.—The costs referred to in subparagraph (A) are litigation costs incurred for the action or proceeding described in that subparagraph by the owner of the property condemned, including—

"(i) reasonable attorney fees; and

"(ii) expert witness fees and costs.

"(i) Enforcement of conditions.—

"(1) In general.—An affected landowner the property of which has been acquired by eminent domain under subsection (g) may—

"(A) to enforce any condition in the applicable certificate of public convenience and necessity; and

"(B) to seek damages for a violation of any condition described in subparagraph (A).

"(2) Jurisdiction.—The district courts of the United States shall have jurisdiction over any action arising under paragraph (1).

"(j) Other landowner protections and remedies.—

"(1) Failure to timely complete projects.—

"(A) Surrender of condemned property.—

"(i) In general.—An individual or entity from which an interest in property is acquired through the exercise of the power of eminent domain under subsection (g) by the holder of a certificate of public convenience and necessity that is issued for the construction, modification, or operation of an energy transmission facility may demand that the holder of the certificate surrender that interest to that individual or entity if—

"(I) (aa) the energy transmission facility is not in operation (as modified, in the case of a modification of an energy transmission facility) by the date specified in the certificate (including any modification of the certificate by the Commission); and

"(bb) there is no request for the extension of that date pending before the Commission; or

"(II) subject to clause (ii), the holder of the certificate, with the approval of the Commission, abandons the portion of the energy transmission facility that is located on the applicable property relating to that interest.

"(ii) Requirement.—The Commission may not approve in a certificate of public convenience and necessity issued under this section or in any subsequent proceeding the abandonment of all or any part of an energy transmission facility unless the Commission requires the holder of the applicable certificate of public convenience and necessity to offer to each individual or entity described in clause (i) the option of having the property acquired from that individual or entity as described in that clause restored to the condition that the property was in prior to the issuance of the certificate.

"(B) Repayment of condemnation award.—If an individual or entity described in subparagraph (A)(i) demands the surrender of an interest under that subparagraph, the holder of the applicable certificate of public convenience and necessity shall be entitled to repayment of an amount equal to not more than 50 percent of the condemnation award relating to the interest.

"(C) Jurisdiction.—The district courts of the United States shall have jurisdiction over any action arising under this paragraph.

"(2) Material misrepresentations.—

"(A) Rescission of transaction.—

"(i) In general.—An affected landowner that proves, by a preponderance of the evidence, that the affected landowner has granted a right-of-way or any other interest based on a material misrepresentation made by or on behalf of an applicant for, or holder of, a certificate of public convenience and necessity under this section may rescind the transaction.

"(ii) Jurisdiction.—The district courts of the United States shall have jurisdiction over any action arising under clause (i).

"(B) Civil penalties.—

"(i) In general.—If an applicant for, or holder of, a certificate of public convenience and necessity makes a material misrepresentation, or if a material misrepresentation is made on behalf of such an applicant or holder, to an affected landowner concerning the energy transmission facility to be constructed or modified under the certificate, the applicant or holder shall be subject to a civil penalty, to be assessed by the Commission, in an amount not to exceed $10,000 per affected landowner to which the misrepresentation was made.

"(ii) Procedure.—The penalty described in clause (i) shall be assessed by the Commission after providing notice and an opportunity for a public hearing.

"(iii) Requirement.—In determining the amount of a penalty under clause (i), the Commission shall take into consideration the nature and seriousness of the violation.".

SEC. 1222. INTERREGIONAL TRANSFER CAPACITY AND GRID MODERNIZATION.

(a) Minimum interregional transfer capabilities and requirements.—Part II of the Federal Power Act (16 U.S.C. 824 et seq.), as amended by this Act, is further amended by adding at the end the following:

"Sec. 225. Interregional reliability.

"(a) Definitions.—In this section:

"(1) Coincident interregional transfer capability.—The term 'coincident interregional transfer capability', with respect to an interregional transmission planning region, means the ability of the interconnected electrical system to coincidently move electric energy reliably between the interregional transmission planning region in question and the rest of the interconnected electrical system.

"(2) Commission.—The term 'Commission' means the Federal Energy Regulatory Commission.

"(3) Interregional transfer capability.—The term 'interregional transfer capability' means the ability of the interconnected electrical system to move electric energy reliably between 2 or more interregional transmission planning regions.

"(4) Interregional transmission planning region.—The term 'interregional transmission planning region' means a region for which electric energy transmission planning is appropriate, as determined by the Commission, such as a region approved by the Commission to meet the requirements of the final rule of the Commission entitled Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities (Docket No. RM10-23).

"(5) Minimum interregional transfer capability.—The term 'minimum interregional transfer capability' means, as applicable—

"(A) the coincident interregional transfer capability described in subsection (b)(1)(A); or

"(B) a higher coincident interregional transfer capability established in accordance with subsection (b)(1)(B).

"(6) Minimum interregional transfer requirement.—The term 'minimum interregional transfer requirement' means any requirement to meet or maintain a minimum interregional transfer capability.

"(b) Establishment of minimum interregional transfer capabilities.—

"(1) In general.—Not later than 18 months after the date of enactment of this section, the Commission shall promulgate a final rule that—

"(A) requires each interregional transmission planning region to establish or increase interregional transfer capabilities such that the coincident interregional transfer capability of each interregional transmission planning region is not less than the lesser of—

"(i) 30 percent of its own present-day coincident peak load; and

"(ii) the sum obtained by adding—

"(I) the present-day coincident interregional transfer capability of the interregional transmission planning region; and

"(II) 15 percent of its own present-day coincident peak load;

"(B) on a showing of net benefits, may require 1 or more interregional transmission planning regions to meet or maintain a coincident interregional transfer capability that exceeds the applicable minimum interregional transfer capability described in subparagraph (A);

"(C) based on the applicable minimum interregional transfer capability, shall govern the establishment of minimum interregional transfer requirements for interconnections between interregional transmission planning regions;

"(D) calculates the present-day coincident interregional transfer capabilities of the interregional transmission planning regions by—

"(i) defining the present-day coincident interregional transfer capability of each interregional transmission planning region as being equal to the greater of—

"(I) the coincident import capability of the interregional transmission planning region; and

"(II) the coincident export capability of the interregional transmission planning region;

"(ii) defining the coincident import capability of each interregional transmission planning region as being equal to the absolute value of the first 1/10 of the first percentile (0.1th percentile) of the coincident hourly electrical transfers of that interregional transmission planning region;

"(iii) defining the coincident export capability of the interregional transmission planning region as being equal to the absolute value of the last 1/10 of the 99th percentile (99.9th percentile) of the coincident hourly electrical transfers of that interregional transmission planning region;

"(iv) defining the coincident hourly electrical transfers of each interregional transmission planning region as being equal to the sum obtained by adding, with respect to each hour, the hourly electrical transfers of all balancing authorities that, in the determination of the Commission, most closely correspond to the interregional transmission planning region in question using data from Form EIA-930 of the Energy Information Administration for the 5-year period ending on—

"(I) for each plan described in subparagraph (G) that is required to be submitted by the date described in that subparagraph, the date that is 1 year before the date of enactment of this section; and

"(II) for each plan submitted under paragraph (4)(A) and each updated plan submitted under paragraph (4)(B), the date that is 1 year before the deadline for submission of that plan; and

"(v) defining the hourly electrical transfers of each interregional transmission planning region as being equal to, for each hour—

"(I) the hourly exports of that interregional transmission planning region; minus

"(II) the hourly imports of that interregional transmission planning region;

"(E) calculates the present-day coincident peak loads of the interregional transmission planning regions by—

"(i) defining the present-day coincident peak load of each interregional transmission planning region as being equal to the last 1/10 of the 99th percentile (99.9th percentile) of the coincident hourly load of that interregional transmission planning region; and

"(ii) defining the coincident hourly load of each interregional transmission planning region as being equal to the sum obtained by adding, with respect to each hour, the hourly loads of all balancing authorities that, in the determination of the Commission, most closely correspond to the interregional transmission planning region in question using data from Form EIA-930 of the Energy Information Administration for the 5-year period ending on—

"(I) for each plan described in subparagraph (G) that is required to be submitted by the date described in that subparagraph, the date that is 1 year before the date of enactment of this section; and

"(II) for each plan submitted under paragraph (4)(A) and each updated plan submitted under paragraph (4)(B), the date that is 1 year before the deadline for submission of that plan;

"(F) for purposes of determining the adequacy of a plan described in subparagraph (G) to provide for the achievement of the minimum interregional transfer capability applicable to

an interregional transmission planning region, describes and employs a clear methodology for calculating anticipated changes to the coincident peak load and coincident interregional transfer capability of an interregional transmission planning region designed to correspond approximately to what would be reasonably expected to be calculated under subparagraphs (D) and (E) at a future date based on—

"(i) the construction or modification of new or existing transmission facilities, including facilities built between interregional transmission planning regions and facilities within interregional transmission planning regions that impact the ability of the interregional transmission planning regions to move electric energy between themselves and neighboring interregional transmission planning regions;

"(ii) the use of nontransmission alternatives, including grid-enhancing technologies;

"(iii) changes to generation or load within interregional transmission planning regions, including energy efficiency and demand response programs; and

"(iv) other changes to the bulk-power system, as defined in section 215(a), or the operation of the bulk-power system that are expected to meaningfully alter coincident peak loads or coincident interregional transfer capabilities, as determined by the Commission;

"(G) establishes a process for each interregional transmission planning region to submit, jointly with each other interregional transmission planning region with which the interregional transmission planning region has, or plans to establish, an interregional transfer capability, not later than 2 years after the effective date of the final rule, a plan that—

"(i) designates 1 or more entities for construction of new facilities or modification of existing facilities to achieve the applicable minimum interregional transfer capability in an efficient and timely manner for the benefit of ultimate consumers;

"(ii) allocates the costs of the facilities described in clause (i); and

"(iii) includes a timeline for the construction of the facilities described in clause (i)—

"(I) by December 31, 2035; or

"(II) if any construction will extend beyond that date, that includes an explanation of the reasons for that construction extending beyond that date; and

"(H) explains how the Commission will designate 1 or more entities to construct or modify, and how the Commission will allocate the costs of, the facilities described in clause (i) of subparagraph (G) in the event that an interregional transmission planning region fails to submit a plan in accordance with that subparagraph.

"(2) Presumptions; consultation.—In establishing the methodology under paragraph (1)(F), the Commission may—

"(A) establish and use simplified, rebuttable presumptions relating to the extent to which coincident interregional transfer capabilities or coincident peak loads will be anticipated to

be altered by facilities, technologies, or programs described in clauses (i) through (iv) of that paragraph; and

"(B) consult with appropriate officials of the Department of Energy.

"(3) Considerations.—In carrying out paragraph (1), the Commission shall consider and determine the role of transfer capabilities between interregional transmission planning regions and other electrical systems in North America in meeting the requirements of that paragraph.

"(4) Plans.—

"(A) New interregional transmission planning regions.—Not later than 2 years after the establishment of any new interregional transmission planning region, the new interregional transmission planning region and each interregional transmission planning region with which the new interregional transmission planning region has, or plans to establish, an interregional transfer capability, shall jointly submit to the Commission a plan described in paragraph (1)(G) to meet the minimum interregional transfer capability applicable to that new interregional transmission planning region.

"(B) Updates.—

"(i) In general.—The Commission shall require each plan submitted in accordance with paragraph (1)(G) or subparagraph (A) to be updated, and the updated plan submitted to the Commission, every 5 years after the deadline for submission of the initial plan.

"(ii) Requirement.—An updated plan submitted in accordance with clause (i) shall, at a minimum, account for any changes in regional coincident peak load since the most recent previous submission.

"(C) Review.—The Commission shall review each plan submitted in accordance with paragraph (1)(G) or subparagraph (A) or (B) in a manner consistent with—

"(i) the principles described in subsection (g); and

"(ii) sections 205 and 206, with respect to the requirement that all rates, charges, terms, and conditions be just and reasonable and not unduly discriminatory or preferential.

"(c) Equal application.—In carrying out this section, including with respect to the imposition of, and assessing compliance with, any minimum interregional transfer requirement, the Commission shall apply all provisions of this section, and any regulations promulgated under this section, equally to all interregional transmission planning regions, including by using the same terms, definitions, and standards with respect to each interregional transmission planning region.

"(d) Commission jurisdiction.—The Commission shall have jurisdiction within the United States over all transmitting utilities for the purposes of establishing minimum interregional transfer capabilities in accordance with this section and establishing and enforcing compliance with minimum interregional transfer requirements.

"(e) Electric Reliability Council of Texas.—

"(1) In general.—The Public Utility Commission of Texas may, at its sole discretion, choose to support the reliability and affordability of the ERCOT system by voluntarily complying with a minimum interregional transfer requirement relating to a coincident interregional transfer capability that is equal to a percentage, determined by ERCOT, of the coincident peak load of ERCOT.

"(2) Savings clause.—

"(A) In general.—The construction or operation of an interregional facility, or the allocation of costs for that construction, to meet a minimum interregional transfer capability shall not affect the jurisdiction of the Commission with respect to—

"(i) ERCOT; or

"(ii) any ERCOT utility.

"(B) Not public utilities.—The construction or operation of a facility described in subparagraph (A), or the allocation of costs for that construction, shall not render ERCOT or any ERCOT utility a public utility.

"(f) Data quality.—

"(1) In general.—Not later than 180 days after the date of enactment of this section, the Administrator of the Energy Information Administration shall submit to the Commission an updated version of the data from Form EIA-930 for use in accordance with subparagraphs (D) and (E) of subsection (b)(1).

"(2) Errors.—In updating the Form EIA-930 data for purposes of paragraph (1), the Administrator of the Energy Information Administration, to the maximum extent practicable, shall control for the quality of the data by—

"(A) identifying any suspected erroneous values; and

"(B) removing those suspected erroneous values or overwriting those suspected erroneous values with data that, in the determination of the Administrator, is likely to be more accurate.

"(g) Requirement.—In carrying out this section, the Commission shall endeavor—

"(1) to improve the reliability and resilience of the electric grid of the United States, including during—

"(A) extreme weather scenarios;

"(B) physical attacks; and

"(C) cyber attacks; and

"(2) to reduce the cost of delivered power to ultimate consumers by increasing access to low-cost generating resources.".

(b) Electric grid and storage categorical exclusions.—

(1) Definition of previously disturbed or developed.—In this subsection, the term "previously disturbed or developed" has the meaning given the term in section 1021.410(g)(1) of title 10, Code of Federal Regulations, or successor regulations.

(2) Rulemaking.—Not later than 180 days after the date of enactment of this Act, to facilitate timely permitting, the Secretary of the Interior and the Secretary of Agriculture shall each develop or adopt 1 or more categorical exclusions, including allowing for extraordinary circumstances under which the categorical exclusion shall not be available, under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended by this Act, for the following activities:

(A) Placement of an electric transmission or distribution facility in an approved right-of-way corridor, if the corridor was approved during the 5-year period ending on the date of placement of the facility.

(B) Any repair, maintenance, replacement, upgrade, modification, optimization, or minor relocation of, or addition to, an existing electric transmission or distribution facility or associated infrastructure, including electrical substations, within an existing right-of-way or on otherwise previously disturbed or developed land, including reconductoring and installation of grid-enhancing technologies.

(C) Construction, operation, upgrade, or decommissioning of a battery or other energy storage technology on previously disturbed or developed land.

(c) Conforming amendments.—Section 201 of the Federal Power Act (16 U.S.C. 824) is amended—

(1) in subsection (b)(2)—

(A) in the first sentence—

(i) by striking "section 201(f)" and inserting "subsection (f)"; and

(ii) by striking "and 222" and inserting "222, 224, and 225"; and

(B) in the second sentence, by striking "or 222" and inserting "222, 224, or 225"; and

(2) in subsection (e)—

(A) by striking "206(f),"; and

(B) by striking "or 222" and inserting "222, 224, or 225".

SEC. 1223. NATIONAL HIGH-VOLTAGE DIRECT CURRENT CORRIDORS.

(a) Definitions.—In this section:

(1) Associated interconnection facility.—The term "associated interconnection facility" means any alternating-current transmission facility, substation, switchyard, control system, communications system, grid-enhancing technology, protection system, or other facility necessary to interconnect an eligible high-voltage direct current project with the bulk-power system.

(2) Commission.—The term "Commission" means the Federal Energy Regulatory Commission.

(3) Converter station.—The term "converter station" means a facility that converts electric energy between alternating current and direct current for purposes of transmitting electric energy through a high-voltage direct current transmission facility.

(4) Covered Federal land.—The term "covered Federal land" means any land or interest in land owned by the United States, administered by a Federal agency, or subject to a right-of-way, easement, lease, permit, reservation, or other authorization issued by a Federal agency.

(5) Eligible high-voltage direct current project.—The term "eligible high-voltage direct current project" means a high-voltage direct current transmission facility that—

(A) is located substantially within, or has a substantial segment located within, a national high-voltage direct current corridor designated under subsection (b);

(B) is designed to transmit electric energy in interstate commerce;

(C) has a power capacity of not less than 1,000 megawatts; and

(D) includes any converter station or associated interconnection facility necessary to construct, interconnect, operate, or maintain such facility.

(6) High-voltage direct current transmission facility.—The term "high-voltage direct current transmission facility" has the meaning given such term in section 224(a) of the Federal Power Act.

(7) Indian Tribe.—The term "Indian Tribe" has the meaning given that term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304).

(8) National high-voltage direct current corridor.—The term "national high-voltage direct current corridor" means a geographic area designated by the Secretary under subsection (b) as a priority area for the siting, permitting, construction, operation, and maintenance of eligible high-voltage direct current projects.

(9) National Transmission Needs Study.—The term "National Transmission Needs Study" means the most recent study issued by the Department of Energy identifying transmission needs, congestion, reliability constraints, or transfer-capacity limitations in the United States.

(10) National Transmission Planning Study.—The term "National Transmission Planning Study" means the most recent national transmission planning study issued by the Department of Energy to evaluate interregional transmission, transfer capacity, reliability, resilience, and resource adequacy needs in the United States.

(11) Secretary.—The term "Secretary" means the Secretary of Energy.

(b) Designation of national high-voltage direct current corridors.—

(1) In general.—Not later than 18 months after the date of enactment of this Act, the Secretary, in consultation with the Commission, the Secretary of the Interior, the Secretary of

Agriculture, the Secretary of Defense, affected Indian Tribes, affected States, and affected transmission planning entities, shall designate national high-voltage direct current corridors sufficient to advance the purposes described in subsection (c).

(2) Basis for designation.—In designating national high-voltage direct current corridors under paragraph (1), the Secretary shall consider—

(A) the National Transmission Planning Study;

(B) the National Transmission Needs Study;

(C) minimum interregional transfer requirements established under section 225 of the Federal Power Act;

(D) existing or proposed National Interest Electric Transmission Corridors;

(E) renewable energy priority areas on Federal land;

(F) regions with substantial solar, wind, geothermal, hydropower, or other low-cost generation potential;

(G) major load centers and regions with substantial projected load growth;

(H) interconnection seams between regions of the bulk-power system;

(I) existing transmission congestion, curtailment, and reliability constraints;

(J) opportunities to co-locate new transmission with existing transmission, highway, rail, pipeline, utility, or other infrastructure corridors;

(K) opportunities to use previously disturbed or developed land; and

(L) impacts to Indian Tribes, landowners, local communities, habitat, water resources, cultural resources, military readiness, and other public uses and values.

(3) Priority corridors.—In carrying out paragraph (1), the Secretary shall prioritize designation of corridors that—

(A) connect high-quality renewable energy resource areas to major load centers;

(B) increase interregional transfer capability;

(C) reduce transmission congestion and curtailment;

(D) improve grid reliability and resilience during extreme weather, physical attacks, cyber attacks, or fuel-supply disruptions;

(E) connect or strengthen the Eastern Interconnection, Western Interconnection, ERCOT, or other regional electric systems, to the extent authorized by law;

(F) enable development of renewable energy projects on covered Federal land; or

(G) reduce the delivered cost of electric energy to ultimate consumers.

(4) Updates.—Not less frequently than once every 5 years, the Secretary shall review and, as appropriate, update the designations made under this subsection.

(c) Purposes.—The purposes of national high-voltage direct current corridors are—

(1) to create a national backbone for long-distance bulk transmission of electric energy;

(2) to connect low-cost generation resources with regions of high demand;

(3) to increase interregional transfer capability;

(4) to reduce congestion, curtailment, and reliability constraints;

(5) to support development of renewable energy and energy storage resources on covered Federal land;

(6) to improve the reliability, resilience, and affordability of the electric grid; and

(7) to reduce the cost of delivered power to ultimate consumers.

(d) Federal land rights-of-way.—

(1) Priority for covered Federal land.—The Secretary of the Interior, the Secretary of Agriculture, the Secretary of Defense, and the head of any other Federal agency with jurisdiction over covered Federal land shall prioritize, expedite, and coordinate consideration of any right-of-way, easement, lease, permit, or other authorization necessary for an eligible high-voltage direct current project located within a national high-voltage direct current corridor.

(2) Co-location preference.—In carrying out paragraph (1), each Federal agency shall, to the maximum extent practicable, prioritize routing that co-locates an eligible high-voltage direct current project with existing transmission, highway, rail, pipeline, utility, or other infrastructure corridors, or with previously disturbed or developed land.

(3) Corridor coordination.—Not later than 1 year after the date on which a national high-voltage direct current corridor is designated under subsection (b), the Secretary, in consultation with the heads of relevant Federal land management agencies, shall identify covered Federal land within the corridor that may be suitable for rights-of-way for eligible high-voltage direct current projects.

(4) Military readiness and national security.—Nothing in this subsection shall be construed to require the Secretary of Defense to approve any right-of-way, easement, lease, permit, or other authorization if the Secretary of Defense determines that such approval would materially impair military readiness, national security, installation operations, training, testing, or operational security.

(5) Rule of construction.—Nothing in this subsection shall be construed to waive any requirement for consultation with an Indian Tribe or to authorize the taking of Tribal land without the consent of the affected Indian Tribe.

(e) Converter stations and associated interconnection facilities.—

(1) Treatment as part of project.—For purposes of Federal siting, permitting, environmental review, financing, and the application of any Commission-approved cost-allocation rule, tariff, or order, a converter station or associated interconnection facility shall be treated as part of the eligible high-voltage direct current project with which such converter station or associated interconnection facility is associated.

(2) Standardized review.—Not later than 18 months after the date of enactment of this Act, the Commission, in consultation with the Secretary, shall establish standardized procedures for review of converter stations and associated interconnection facilities needed for eligible high-voltage direct current projects.

(f) Coordination with Federal Power Act certificate process.—

(1) Priority processing.—The Commission shall prioritize the processing of an application under section 224 of the Federal Power Act for an eligible high-voltage direct current project located within a national high-voltage direct current corridor.

(2) Presumption of interregional benefit.—For purposes of section 224(b)(3)(C)(i) of the Federal Power Act, an eligible high-voltage direct current project located within a national high-voltage direct current corridor shall be presumed to enable renewable energy use, reduce congestion, improve reliability, or increase interregional transfer capability.

(3) Preservation of certificate standards.—Nothing in this subsection shall be construed to require the Commission to issue a certificate under section 224 of the Federal Power Act for a project that does not satisfy the requirements of that section.

(g) Federal financing eligibility.—

(1) In general.—An eligible high-voltage direct current project shall be deemed to be an infrastructure project of national significance and shall be eligible for Federal financing, credit support, loan guarantees, grants, or other assistance under any otherwise applicable Federal infrastructure, energy, transmission, resilience, or economic development program.

(2) Specific eligibility.—An eligible high-voltage direct current project shall be eligible for assistance under the National Infrastructure Bank, the American Industrial Reconstruction Trust Fund, and any successor Federal infrastructure financing program, to the extent otherwise authorized by law.

(3) No limitation.—Nothing in this subsection shall be construed to limit the eligibility of an eligible high-voltage direct current project for any other Federal financing, credit support, loan guarantee, grant, tax credit, or other assistance.

(h) Annual report.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary, in consultation with the Commission, shall submit to Congress and make publicly available a report that—

(1) identifies each national high-voltage direct current corridor designated under subsection (b);

(2) identifies each eligible high-voltage direct current project proposed, permitted, under construction, or placed in service within each such corridor;

(3) identifies the number of miles of high-voltage direct current transmission facilities permitted, under construction, and placed in service during the preceding calendar year;

(4) estimates the interregional transfer capability added during the preceding calendar year;

(5) estimates congestion reductions, curtailment reductions, reliability benefits, and delivered-cost savings attributable to eligible high-voltage direct current projects;

(6) identifies barriers to timely siting, permitting, financing, construction, interconnection, or operation of eligible high-voltage direct current projects; and

(7) recommends any administrative or legislative action necessary to accelerate development of national high-voltage direct current corridors.

SEC. 1224. EXPEDITING GENERATOR INTERCONNECTION PROCEDURES.

(a) Definitions.—In this section:

(1) Commission.—The term "Commission" means the Federal Energy Regulatory Commission.

(2) Energy storage project.—The term "energy storage project" means—

(A) any equipment that receives, stores, and delivers energy using batteries, compressed air, pumped hydropower, hydrogen storage (including hydrolysis), thermal energy storage, regenerative fuel cells, flywheels, capacitors, superconducting magnets, or other technologies identified by the Commission; and

(B) any project for the construction or modification of equipment described in subparagraph (A) as part of an effort to build-out transmission interconnection opportunities.

(3) Generation project.—The term "generation project" means—

(A) any facility—

(i) that generates or injects electricity; and

(ii) for which an interconnection request is subject to the jurisdiction of the Commission; and

(B) any project for the construction or modification of a facility described in subparagraph (A).

(4) Interconnection customer.—The term "interconnection customer" means a person or entity that has submitted an interconnection request.

(5) Interconnection request.—The term "interconnection request" means a request submitted to a public utility to interconnect a new generation project or energy storage project to the electric system of a public utility for the purposes of transmission of electric energy in interstate commerce or the sale of electric energy at wholesale.

(6) Public utility.—The term "public utility" has the meaning given the term in section 201(e) of the Federal Power Act (16 U.S.C. 824(e)).

(7) Transmission facility.—The term "transmission facility" means a facility that is used for the transmission of electric energy in interstate commerce.

(8) Transmission provider.—The term "transmission provider" means a public utility that owns, operates, or controls 1 or more transmission facilities.

(9) Transmission system.—The term "transmission system" means a network of transmission facilities used for the transmission of electric energy in interstate commerce.

(b) Rulemaking to expedite generator interconnection procedures.—

(1) In general.—Not later than 180 days after the date of enactment of this Act, the Commission shall initiate a rulemaking—

(A) to address the inefficiencies and ineffectiveness of existing procedures for processing interconnection requests to ensure that new generation projects and energy storage projects can interconnect quickly, cost-effectively, and reliably; and

(B) to revise the pro forma Large Generator Interconnection Procedures and, as appropriate, the pro forma Large Generator Interconnection Agreement, promulgated pursuant to section 35.28(f) of title 18, Code of Federal Regulations, or successor regulations, to require transmission providers—

(i) to develop and employ modeling assumptions for each resource type based on actual operating abilities and practices, for the purposes of studying an interconnection request;

(ii) to study interconnection requests in a manner consistent with the risk tolerance of the interconnection customer;

(iii) to select, as appropriate, 1 or more cost-effective solutions to address network reliability needs that may be identified while studying an interconnection request;

(iv) to provide sufficient information to interconnection customers for the interconnection customers to understand how a transmission provider has implemented the assumptions and solutions described in clauses (i) and (iii);

(v) to share and employ, as appropriate, queue management best practices, including with respect to the use of advanced computing technologies, automation, and standardized study criteria, in evaluating interconnection requests, in order to expedite study results; and

(vi) to implement transparency and performance-enhancing measures to ensure timely and cost-conscious construction of necessary network upgrades once an interconnection agreement has been executed.

(2) Deadline for final rule.—Not later than 18 months after the date of enactment of this Act, the Commission shall promulgate a final rule to complete the rulemaking initiated under paragraph (1).

(3) Savings clause.—Nothing in this subsection alters, or may be construed to alter, the allocation of costs of the transmission system pursuant to the ratemaking authority of the Commission under section 205 of the Federal Power Act (16 U.S.C. 824d).

SEC. 1225. GRID-ENHANCING TECHNOLOGIES AND CONGESTION TRANSPARENCY.

(a) Definitions.—In this section:

(1) Commission.—The term "Commission" means the Federal Energy Regulatory Commission.

(2) Grid-enhancing technology.—The term "grid-enhancing technology" means any hardware or software that—

(A) increases the capacity, efficiency, reliability, resilience, or safety of transmission facilities and transmission technologies; and

(B) is installed in addition to transmission facilities and transmission technologies—

(i) to give operators of the transmission facilities and transmission technologies more situational awareness and control over the electric grid;

(ii) to make the transmission facilities and transmission technologies more efficient; or

(iii) to increase the transfer capacity of the transmission facilities and transmission technologies.

(3) Secretary.—The term "Secretary" means the Secretary of Energy.

(b) Shared savings incentive for grid-enhancing technologies.—

(1) Definition of developer.—In this subsection, the term "developer", with respect to grid-enhancing technology, means the entity that pays to install the grid-enhancing technology.

(2) Establishment of shared savings incentive.—Not later than 18 months after the date of enactment of this Act, the Commission shall promulgate a final rule providing a shared savings incentive that returns a portion of the savings attributable to an investment in grid-enhancing technology to the developer of that grid-enhancing technology, in accordance with this subsection.

(3) Requirements.—

(A) In general.—The Commission shall determine the percentage of savings attributable to an investment in grid-enhancing technology that can be returned to the developer of that grid-enhancing technology pursuant to the shared savings incentive established under paragraph (2), subject to the conditions that the percentage—

(i) is not less than 10 percent and not more than 25 percent;

(ii) is not determined on a per-project, per-investment, or case-by-case basis; and

(iii) is applied consistently to all investments in grid-enhancing technology eligible for the shared savings incentive, regardless of the type of grid-enhancing technology installed.

(B) Time period for recovery.—The shared savings incentive established under paragraph (2) shall return a percentage, determined in accordance with subparagraph (A), of the applicable savings to the developer of the applicable grid-enhancing technology over a period of 3 years.

(4) Eligibility.—Subject to paragraph (5), the shared savings incentive established under paragraph (2) shall apply with respect to—

(A) any developer, with respect to the investment of that developer in grid-enhancing technology that is installed as described in subsection (a)(2)(B); and

(B) any grid-enhancing technology, including—

(i) grid-enhancing technology that relates to new transmission facilities or transmission technologies; and

(ii) grid-enhancing technology that relates to existing transmission facilities or transmission technologies.

(5) Limitations.—

(A) Minimum savings.—

(i) In general.—The shared savings incentive established under paragraph (2) shall apply with respect to an investment in grid-enhancing technology only if the expected savings attributable to the investment over the 3-year period described in paragraph (3)(B), as determined by the Commission, are at least 4 times the cost of the investment.

(ii) Determination.—The Commission shall determine how to quantify the cost of an investment and the expected savings attributable to an investment for purposes of clause (i).

(iii) Costs.—For purposes of clause (i), the cost of an investment may include any costs associated with the permitting, installation, or purchase of the applicable grid-enhancing technology.

(B) Already installed grid-enhancing technologies.—The shared savings incentive established under paragraph (2) may not be applied with respect to grid-enhancing technology that is already installed as of the date of enactment of this Act.

(C) Consumer protection.—The Commission shall determine appropriate consumer protections for the shared savings incentive established under paragraph (2).

(6) Evaluation and sunset of shared savings incentive.—

(A) Evaluation.—Not earlier than 7 years, and not later than 10 years, after the shared savings incentive is established under paragraph (2), the Commission shall—

(i) evaluate the necessity and efficacy of the shared savings incentive; and

(ii) determine whether to maintain, revise, or suspend the shared savings incentive.

(B) Consideration of Order No. 1920.—In conducting the evaluation under subparagraph (A)(i), the Commission shall consider—

(i) how the shared savings incentive aligns with the requirement that grid-enhancing technologies be considered in long-term regional transmission planning under Order No. 1920 of the Commission, entitled "Building for the Future Through Electric Regional Transmission Planning and Cost Allocation" (89 Fed. Reg. 49280 (June 11, 2024)), or a successor order;

(ii) whether and how the shared savings incentive should be revised to further align with that requirement; and

(iii) whether, in light of that requirement, the shared savings incentive should be maintained or suspended.

(C) Public comment.—In conducting the evaluation under subparagraph (A)(i), the Commission shall provide an opportunity for public comment, including by stakeholders.

(c) Congestion reporting.—

(1) Annual reports.—

(A) In general.—Beginning on the date that is 1 year after the effective date of the rule promulgated under paragraph (2), all operators of transmission facilities or transmission technologies shall submit to the Commission annual reports containing data on the costs associated with congestion management with respect to the transmission facilities or transmission technologies, including all relevant constraints.

(B) Requirement.—Each annual report submitted under subparagraph (A) shall identify—

(i) with respect to each reported constraint that caused more than $500,000 in associated costs—

(I) the cause of the constraint, including physical infrastructure and transient disruptions; and

(II) the next limiting element type and its identified rating limit; and

(ii) each constraint that will be addressed by planned future upgrades to infrastructure and facilities.

(2) Rulemaking.—Not later than 18 months after the date of enactment of this Act, the Commission shall promulgate a final rule establishing a universal metric and protocol for the measuring and reporting of data under paragraph (1).

(3) Uses of data.—

(A) Analyses.—

(i) In general.—The Commission and the Secretary shall each use the data submitted under paragraph (1) to conduct analyses, as the Commission or the Secretary, as applicable, determines to be appropriate.

(ii) Coordination.—The Commission and the Secretary may coordinate with respect to any analyses conducted using the data submitted under paragraph (1).

(B) Map.—The Commission and the Secretary, acting jointly, shall—

(i) use the data submitted under paragraph (1) to create a map of costs associated with congestion management in the transmission system; and

(ii) update that map not less frequently than once each year.

(4) Publication of data and map.—The Commission and the Secretary shall make the data submitted under paragraph (1) and the map described in paragraph (3)(B) publicly available on the websites of—

(A) the Commission; and

(B) the Department of Energy.

(d) Grid-enhancing technology application guide.—

(1) Definition of developer.—In this subsection, the term "developer" means a developer of transmission facilities or transmission technologies, including a developer of transmission facilities or transmission technologies that pays to install grid-enhancing technology with respect to those transmission facilities or transmission technologies.

(2) Establishment of application guide.—Not later than 18 months after the date of enactment of this Act, the Secretary shall establish an application guide for utilities and developers seeking to implement grid-enhancing technologies.

(3) Updates.—The guide established under paragraph (2) shall be reviewed and updated annually.

(4) Technical assistance.—

(A) In general.—On request of a utility or developer using the guide established under paragraph (2), the Secretary shall provide technical assistance to that utility or developer with respect to the use of grid-enhancing technologies for particular applications.

(B) Clearinghouse.—In carrying out subparagraph (A), the Secretary shall establish a clearinghouse of previously completed grid-enhancing technology projects that the Secretary, utilities, and developers may use to identify issues and solutions relating to the use of grid-enhancing technologies for particular applications.

(5) Authorization of appropriations.—There are authorized to be appropriated to carry out this subsection, to remain available until expended—

(A) $5,000,000 for fiscal year 2027; and

(B) $1,000,000 for each of fiscal years 2028 through 2036.

SEC. 1226. COMMUNITY SOLAR CONSUMER CHOICE.

(a) Definitions.—In this section:

(1) Community solar facility; community solar program; subscriber.—The terms "community solar facility", "community solar program", and "subscriber" have the meanings given those terms in paragraph (22)(A) of section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)), as added by subsection (d).

(2) National Laboratory.—The term "National Laboratory" has the meaning given the term in section 2 of the Energy Policy Act of 2005 (42 U.S.C. 15801).

(3) Secretary.—The term "Secretary" means the Secretary of Energy.

(b) Establishment of community solar consumer choice program.—

(1) In general.—Not later than 1 year after the date of enactment of this Act, the Secretary shall establish a program to increase access to community solar programs for—

(A) individuals, particularly individuals that do not have regular access to onsite solar, including low- and moderate-income individuals;

(B) businesses;

(C) nonprofit organizations; and

(D) States and local and Tribal governments.

(2) Alignment with existing Federal programs.—The Secretary shall align the program established under paragraph (1) with existing Federal programs that serve low-income communities.

(3) Assistance to State, local, and Tribal governments.—In carrying out the program established under paragraph (1), the Secretary shall—

(A) provide technical assistance to State, local, and Tribal governments, and other entities, for projects to increase access to community solar programs;

(B) assist State, local, and Tribal governments in the development of new and innovative financial and business models, including affordable rate structures, that leverage competition in the energy marketplace in order to serve subscribers; and

(C) use National Laboratories to collect and disseminate data to assist private entities in the financing of, subscription to, and operation of community solar facilities and community solar programs.

(c) Federal Government participation in community solar programs.—The Secretary, to the extent practicable, shall expand the existing grant, loan, and financing programs of the Department of Energy to include community solar programs.

(d) Establishment of community solar programs.—

(1) In general.—Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by adding at the end the following:

"(22) Community solar programs.—

"(A) Definitions.—In this paragraph:

"(i) Community solar facility.—The term 'community solar facility' means a solar photovoltaic system that—

"(I) allocates electricity to multiple electric consumers served by an electric utility;

"(II) is connected to local distribution infrastructure of the electric utility;

"(III) is located either on or off the property of 1 or more subscribers; and

"(IV) may be owned by an electric utility, 1 or more subscribers, or a third party.

"(ii) Community solar program.—The term 'community solar program' means a service provided by an electric utility to an electric consumer served by the electric utility through which the value of electricity generated by a community solar facility may be used to offset charges billed to the electric consumer by the electric utility.

"(iii) Subscriber.—The term 'subscriber' means an electric consumer who participates in a community solar program.

"(B) Standard.—

"(i) Non-Tribal utilities.—Each electric utility that is not a Tribal utility shall offer a community solar program to which all ratepayers of the electric utility, including low-income ratepayers, have equitable and demonstrable access.

"(ii) Tribal utilities.—

"(I) In general.—A Tribal utility may offer a community solar program.

"(II) Resources.—A Tribal utility that offers a community solar program may leverage resources made available under Federal law to carry out that community solar program.

"(C) Ownership of community solar facilities.—A community solar program established pursuant to this paragraph shall include a mechanism to allow electric utilities, non-utilities, and other appropriate entities to assume complete or partial ownership of relevant community solar facilities, as necessary to deliver customer benefits and mitigate the impacts of market concentration.

"(D) Technical assistance and other guidance.—The Secretary shall provide technical assistance and other guidance necessary to carry out a community solar program pursuant to this paragraph, including to State, local, and Tribal governments, as appropriate.".

(2) Compliance.—

(A) Time limitations.—Section 112(b) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2622(b)) is amended—

(i) by indenting paragraphs (4) through (8), and any subparagraphs within those paragraphs, appropriately; and

(ii) by adding at the end the following:

"(9) (A) Not later than 1 year after the date of enactment of this paragraph, each State regulatory authority, with respect to each electric utility for which the State has ratemaking authority, and each nonregulated electric utility shall commence consideration under section 111, or set a hearing date for consideration, with respect to the standard established by paragraph (22) of section 111(d).

"(B) Not later than 2 years after the date of enactment of this paragraph, each State regulatory authority, with respect to each electric utility for which the State has ratemaking authority, and each nonregulated electric utility shall complete the consideration and make the determination under section 111 with respect to the standard established by paragraph (22) of section 111(d).".

(B) Failure to comply.—Section 112(c) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2622(c)) is amended—

(i) in the first sentence, by striking "subsection (b)(2)" and inserting "subsection (b)"; and

(ii) by adding at the end the following: "In the case of the standard established by paragraph (22) of section 111(d), the reference contained in this subsection to the date of enactment of this Act shall be deemed to be a reference to the date of enactment of that paragraph (22).".

(C) Prior State actions.—Section 112 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2622) is amended—

(i) in subsection (h), in the subsection heading, by striking "Other"; and

(ii) by adding at the end the following:

"(i) Prior State actions.—Subsections (b) and (c) shall not apply to the standard established by paragraph (22) of section 111(d) in the case of any electric utility in a State if, before the date of enactment of this subsection—

"(1) the State has implemented for the electric utility the standard, or a comparable standard;

"(2) the State regulatory authority for the State or the relevant nonregulated electric utility has conducted a proceeding to consider implementation of the standard, or a comparable standard, for the electric utility; or

"(3) the State legislature has voted on the implementation of the standard, or a comparable standard, for the electric utility.".

(D) Cross-reference.—Section 124 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2634) is amended by adding at the end the following: "In the case of the standard established by paragraph (22) of section 111(d), the reference contained in this section to the date of enactment of this Act shall be deemed to be a reference to the date of enactment of that paragraph (22).".

(e) Federal contracts for public utility services.—Section 501(b)(1) of title 40, United States Code, is amended by striking subparagraph (B) and inserting the following:

"(B) Public utility contracts.—A contract under this paragraph for public utility services may be for a period of not more than 30 years.".

SEC. 1227. RENEWABLE ENERGY FOR UNITED STATES TERRITORIES.

(a) Definitions.—In this section:

(1) Covered entity.—The term "covered entity" means a not-for-profit organization determined eligible by the Secretary for purposes of this section.

(2) Department of Energy National Laboratories.—The term "Department of Energy National Laboratories" has the same meaning as the term "National Laboratory" under section 2 of the Energy Policy Act of 2005 (42 U.S.C. 15801).

(3) Microgrid.—The term "microgrid" means an electric system—

(A) that serves the local community with a power generation and distribution system; and

(B) that has the ability—

(i) to disconnect from a traditional electric grid; and

(ii) to operate autonomously when disconnected.

(4) Renewable energy; renewable energy system.—The terms "renewable energy" and "renewable energy system" have the meanings given those terms in section 9001 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101).

(5) Secretary.—The term "Secretary" means the Secretary of Agriculture.

(6) Smart grid.—The term "smart grid" means an intelligent electric grid that uses digital communications technology, information systems, and automation to, while maintaining high system reliability—

(A) detect and react to local changes in usage;

(B) improve system operating efficiency; and

(C) reduce operating costs.

(7) Territory of the United States.—The term "territory of the United States" means the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(b) Renewable energy grant program.—

(1) Establishment.—Not later than 180 days after the date of enactment of this Act, the Secretary shall establish a renewable energy program under which the Secretary may award grants to covered entities to facilitate projects, in territories of the United States, described in subsection (c).

(2) Applications.—To be eligible for a grant under the program established under paragraph (1), a covered entity shall submit to the Secretary an application at such time, in such form, and containing such information as the Secretary may require.

(c) Grant uses.—

(1) In general.—A covered entity receiving a grant under the program established under subsection (b) may use grant funds for a project, in a territory of the United States—

(A) to develop or construct a renewable energy system;

(B) to carry out an activity to increase energy efficiency;

(C) to develop or construct an energy storage system or device for—

(i) a system developed or constructed under subparagraph (A); or

(ii) an activity carried out under subparagraph (B);

(D) to develop or construct—

(i) a smart grid; or

(ii) a microgrid; or

(E) to train residents of the territory of the United States to develop, construct, maintain, or operate a renewable energy system.

(2) Limitation.—A covered entity receiving a grant under the program established under subsection (b) may not use grant funds to develop or construct a facility that generates electricity using energy derived from—

(A) fossil fuels; or

(B) nuclear power.

(d) Technical assistance.—The Secretary of Energy shall ensure that Department of Energy National Laboratories offer to provide technical assistance to each covered entity carrying out a project assisted with a grant under the program established under subsection (b).

(e) Report.—Not later than 2 years after the establishment of the program under subsection (b), and on an annual basis thereafter, the Secretary shall submit to Congress a report containing—

(1) an estimate of the amount of funds disbursed under the program;

(2) an estimate of the energy conservation achieved as a result of the program;

(3) a description of challenges encountered in implementing projects described in subsection (c)(1); and

(4) recommendations as to additional legislative measures to increase the use of renewable energy in territories of the United States, as appropriate.

(f) GAO study and report.—

(1) Study and report.—Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall—

(A) conduct a study regarding renewable energy and energy efficiency in territories of the United States; and

(B) submit to Congress a report containing—

(i) the findings of the study; and

(ii) related recommendations.

(2) Components.—The study conducted under paragraph (1) shall consider, in relation to each territory of the United States, the potential—

(A) to modify existing electric power systems to use renewable energy sources;

(B) to expand the use of microgrids; and

(C) to improve energy resiliency.

(3) Authorization of appropriations.—There is authorized to be appropriated $1,500,000 to carry out this subsection.

(g) Authorization of appropriations.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 1228. STREAMLINING HOME INSTALLATION OF NEW ENERGIES.

(a) Definitions.—In this section:

(1) Authority having jurisdiction.—The term "authority having jurisdiction" means any State, county, local, or Tribal office or official with jurisdiction—

(A) to issue permits relating to qualifying distributed energy systems;

(B) to conduct inspections to enforce the requirements of a relevant code or standard relating to qualifying distributed energy systems; or

(C) to approve the installation of, or the equipment and materials used in the installation of, qualifying distributed energy systems.

(2) Electric utility.—The term "electric utility" has the meaning given the term in section 3 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602).

(3) Nationally recognized testing laboratory.—The term "nationally recognized testing laboratory" means a testing laboratory recognized under section 1910.7 of title 29, Code of Federal Regulations, or successor regulations.

(4) Notice-only registration.—The term "notice-only registration" means an online registration that is required solely to record the installation and operation of plug-in solar systems and to inform the applicable electric utility, authority having jurisdiction, or residential property controller.

(5) Plug-in solar system.—The term "plug-in solar system" means photovoltaic equipment that—

(A) is intended for connection to a premises wiring system through a cord-and-plug connection to an existing receptacle;

(B) does not require modification of premises wiring for installation or operation;

(C) has an alternating-current output of not more than 1.2 kilowatts, or such higher output as the Secretary determines appropriate by rule; and

(D) is certified by a nationally recognized testing laboratory to comply with UL 3700, UL 1741, or a successor safety standard recognized by the Secretary.

(6) Residential property controller.—The term "residential property controller" means a landlord, homeowners' association, condominium association, cooperative housing corporation, manufactured housing community owner, property manager, or other person with authority under a lease, covenant, deed restriction, master deed, declaration, bylaw, rule, regulation, or other governing document to prohibit, approve, or restrict the placement or use of a plug-in solar system on or within residential premises.

(7) Qualifying distributed energy system.—The term "qualifying distributed energy system" means any equipment or materials installed in, on, or near a residential building to support onsite or local energy use, including—

(A) to generate electricity from distributed renewable energy sources, including from—

(i) solar photovoltaic systems or similar solar energy technologies, including plug-in solar systems; and

(ii) wind power systems;

(B) to store and discharge electricity from batteries with a capacity of at least 2 kilowatt hours;

(C) to charge a plug-in electric drive vehicle at a power rate of at least 2 kilowatts; or

(D) to refuel a hydrogen fuel cell electric vehicle.

(8) Secretary.—The term "Secretary" means the Secretary of Energy.

(b) Program.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with trade associations and other entities representing distributed energy system

installers and organizations representing State, local, and Tribal governments engaged in permitting, shall carry out a program to further develop, expand, and support the adoption of a voluntary streamlined permitting and inspection process for authorities having jurisdiction to use for the permitting of qualifying distributed energy systems.

(c) Activities of the program.—In carrying out the program established under subsection (b), the Secretary shall—

(1) further develop and expand an exemplary streamlined permitting process that includes an online permitting platform—

(A) for expediting, standardizing, and streamlining permitting; and

(B) that authorities having jurisdiction may voluntarily use to receive, review, and approve permit applications relating to qualifying distributed energy systems;

(2) establish targets for the adoption of a streamlined, expedited permitting process by authorities having jurisdiction;

(3) provide technical assistance and training directly or indirectly to authorities having jurisdiction on using and adopting the exemplary streamlined permitting process described in paragraph (1), including the adoption of any necessary building codes;

(4) develop a voluntary inspection protocol and related tools to expedite, standardize, and streamline the inspection of qualifying distributed energy systems, including—

(A) by investigating the potential for using remote inspections;

(B) by investigating the potential for sample-based inspection for distributed energy system installers with a demonstrated track record of high-quality work; and

(C) by investigating opportunities to integrate the voluntary inspection protocol into the online permitting platform described in paragraph (1) and the platforms of government software providers;

(5) develop voluntary model permitting, inspection, safety, and interconnection guidance for plug-in solar systems, including guidance addressing equipment certification, labeling, receptacle compatibility, anti-islanding protection, ground-fault protection, export limitation, consumer notice, and circumstances under which no modification of premises wiring is required; and

(6) take any other action to expedite, standardize, streamline, or improve the process for permitting, inspecting, or interconnecting qualifying distributed energy systems.

(d) Support services.—The Secretary shall—

(1) support the provision of technical assistance to authorities having jurisdiction, any administrator of the online permitting platform described in subsection (c)(1), government software providers, and any other entity determined appropriate by the Secretary in carrying out the activities described in subsection (c); and

(2) provide such financial assistance as the Secretary determines appropriate from any funds appropriated to carry out this section.

(e) Authority having jurisdiction certification program.—

(1) In general.—The Secretary may certify authorities having jurisdiction that implement the exemplary streamlined permitting process described in subsection (c)(1).

(2) Process.—The Secretary may confer a certification under paragraph (1) through existing programs within the Department of Energy.

(3) Prizes.—The Secretary may award prizes to authorities having jurisdiction, using funds appropriated to the Secretary to carry out this section, to encourage authorities having jurisdiction to adopt the exemplary streamlined permitting process or the voluntary inspection protocol established under paragraphs (1) and (4) of subsection (c), respectively.

(f) Plug-in solar systems.—

(1) Authority to install and operate.—A person may install and operate plug-in solar systems in accordance with this subsection without obtaining a permit, inspection, interconnection study, interconnection application approval, equipment upgrade approval, or other discretionary approval from an authority having jurisdiction or electric utility.

(2) Notice-only registration.—

(A) In general.—An authority having jurisdiction, electric utility, or residential property controller may require notice-only registration for plug-in solar systems.

(B) Contents.—A notice-only registration under subparagraph (A) may require only—

(i) the installation address;

(ii) the rated alternating-current output;

(iii) the inverter or system certification;

(iv) the electric utility account number;

(v) the meter number, if known to the customer; and

(vi) owner or operator contact information.

(C) Timing.—A notice-only registration under subparagraph (A) may be submitted before or after installation, except that an authority having jurisdiction, electric utility, or residential property controller may require submission not later than 7 days after the date on which the plug-in solar system begins operation.

(D) No discretionary approval.—A notice-only registration under subparagraph (A) shall not be treated as a request for discretionary approval.

(3) Prohibition on obstruction.—An authority having jurisdiction or electric utility may not prohibit, delay, or impose materially more burdensome permitting, inspection, notification, registration, interconnection, equipment, operation, or fee requirements on plug-in solar

systems that comply with this subsection, including by requiring additional controls, dedicated circuits, equipment, customer charges, or other requirements not required by the product listing, an applicable safety standard, or this subsection, unless the authority having jurisdiction or electric utility identifies a documented, site-specific safety or reliability risk that cannot be addressed by compliance with this subsection.

(4) Utility notice and meter treatment.—

(A) Utility notice.—If a notice-only registration is submitted to an authority having jurisdiction other than the applicable electric utility, the authority having jurisdiction shall transmit the registration information to the applicable electric utility.

(B) Meter replacement.—If operation of a plug-in solar system requires replacement of an electric meter to accurately record electricity consumption or reverse power flows, the applicable electric utility shall replace the meter without charge to the customer.

(C) No delay.—An electric utility may not prohibit or delay installation or operation of a plug-in solar system pending replacement of an electric meter unless the utility identifies a documented, site-specific safety or reliability risk that cannot be addressed by compliance with this subsection.

(5) Ordinary safety enforcement.—Nothing in this subsection shall limit the authority of an authority having jurisdiction or electric utility to enforce generally applicable safety requirements against plug-in solar systems that are installed, modified, or operated in a manner that does not comply with this subsection.

(6) Private restrictions.—

(A) In general.—A residential property controller may not prohibit, unreasonably delay, or impose materially more burdensome restrictions on the placement or use of a plug-in solar system that complies with this subsection.

(B) Reasonable restrictions.—A residential property controller may impose reasonable restrictions concerning the physical dimensions, placement, attachment, manner of placement, safety, or removal of a plug-in solar system, if such restrictions do not effectively prohibit use of the plug-in solar system or require installation, modification, or operation inconsistent with the product listing, an applicable safety standard, or this subsection.

(C) Void restrictions.—Any lease term, covenant, deed restriction, master deed, declaration, bylaw, rule, regulation, or other governing document inconsistent with this paragraph shall be void and unenforceable.

(D) Liability and damage.—A residential property controller may require a tenant, unit owner, or occupant to be responsible for damage to the premises caused by negligent installation, maintenance, removal, or use of a plug-in solar system by the tenant, unit owner, occupant, or the contractor or agent of such tenant, unit owner, or occupant.

(7) Guidance.—Not later than 180 days after the date of enactment of this Act, the Secretary shall publish guidance to assist authorities having jurisdiction, electric utilities, residential property controllers, renters, multifamily housing owners, manufacturers, and consumers in carrying out this subsection.

(g) Authorization of appropriations.—There is authorized to be appropriated to the Secretary to carry out this section $20,000,000 for each of fiscal years 2027 through 2030.

Subtitle B—Addressing PFAS

SEC. 1231. FINDINGS AND PURPOSES.

(a) Findings.—Congress finds the following:

(1) Perfluoroalkyl and polyfluoroalkyl substances (PFAS) are a class of synthetic chemicals that have been used in firefighting foam, carpeting, packaging, cookware, textiles, furniture, industrial processes, and other products since the 1940s.

(2) PFAS persist in the environment, can accumulate in the human body, and have been detected in air, water, soil, food, biosolids, consumer products, wildlife, and human blood.

(3) PFAS are not naturally occurring and enter the environment through manufacturing, processing, distribution, use, release, disposal, and degradation of substances and products containing such chemicals.

(4) Exposure to PFAS has been associated with serious health risks, including cancer, reproductive and developmental harms, immune system effects, liver and kidney effects, and low infant birthweight.

(5) PFAS have been detected in drinking water used by millions of individuals in the United States.

(6) Federal regulation of PFAS has expanded, but remains incomplete, fragmented across multiple environmental statutes, and insufficient to address the full lifecycle of production, use, release, exposure, treatment, destruction, and accountability.

(7) Regulatory action, cleanup, exposure reduction, safer alternatives, and medical monitoring depend on scientific analysis of toxicity, exposure pathways, environmental fate and transport, treatment methods, destruction methods, and health effects.

(8) Federal research efforts relating to PFAS have been fragmented across agencies and should be coordinated to support public health, environmental protection, safer substitutes, treatment technology, destruction technology, and implementation by Federal, State, Tribal, and local governments.

(9) Removing PFAS from water imposes significant capital, operation, maintenance, monitoring, disposal, and compliance costs on community water systems, treatment works, schools, households, and affected communities.

(10) Such costs are currently borne in significant part by public water systems, treatment works, taxpayers, and ratepayers, even though such contamination resulted from the manufacture, processing, distribution, use, release, and disposal of PFAS in commerce.

(11) Manufacturers and other responsible parties should bear a fair share of the costs of testing, monitoring, treatment, cleanup, disposal, medical monitoring, research, and public accountability associated with PFAS.

(12) Individuals significantly exposed to PFAS should have access to appropriate legal and equitable remedies, including medical monitoring where warranted.

(b) Purposes.—The purposes of this subtitle are—

(1) to reduce exposure to PFAS in air, water, soil, food, consumer products, workplaces, schools, and communities;

(2) to codify, preserve, and strengthen Federal protections for drinking water, cleanup, testing, disclosure, treatment, and control of PFAS;

(3) to require testing, analytical standards, reporting, and controls for PFAS throughout their lifecycle;

(4) to protect drinking water systems, treatment works, schools, households, and disproportionately exposed communities from PFAS;

(5) to reduce Federal procurement and food-packaging exposure to PFAS;

(6) to ensure that manufacturers and responsible parties bear a fair share of the costs of contamination, treatment, cleanup, medical monitoring, research, and accountability; and

(7) to coordinate Federal research, development, and implementation of safer alternatives, treatment methods, destruction methods, exposure protections, and health protections.

SEC. 1232. SUPERFUND DESIGNATION AND CLEANUP ACCOUNTABILITY.

(a) Codification of CERCLA hazardous substance designation for PFOA and PFOS.—

(1) Incorporation of rule.—The provisions of the final rule promulgated by the Environmental Protection Agency, entitled "Designation of Perfluorooctanoic Acid (PFOA) and Perfluorooctanesulfonic Acid (PFOS) as CERCLA Hazardous Substances", as published in the Federal Register on May 8, 2024 (89 Fed. Reg. 39124), are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection.

(2) Effect of incorporation.—The regulations incorporated under paragraph (1) are established as minimum hazardous substance designations by this Act, and may be weakened only by means of an Act of Congress. To the extent that any provision of such regulations does not conform with this Act, the provisions of this Act shall govern.

(3) Rule of construction.—Nothing in this subsection shall be construed to limit any existing authority of the Environmental Protection Agency to designate additional perfluoroalkyl or polyfluoroalkyl substances as hazardous substances under section 102(a) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9602(a)) or to impose stricter cleanup, reporting, remediation, or enforcement requirements.

(b) Deadline for additional determinations.—Not later than July 1, 2029, the Administrator of the Environmental Protection Agency shall determine whether to designate all perfluoroalkyl and polyfluoroalkyl substances, other than those perfluoroalkyl and polyfluoroalkyl substances designated pursuant to subsection (a), as hazardous substances under section 102(a) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9602(a)) individually or in groups.

(c) Review.—

(1) In general.—Not later than July 1, 2029, the Administrator of the Environmental Protection Agency shall submit to the appropriate congressional committees a report containing a review of actions by the Environmental Protection Agency to clean up contamination of the substances designated pursuant to subsection (a).

(2) Matters included.—The report under paragraph (1) shall include an assessment of cleanup progress and effectiveness, including the following:

(A) The number of sites where the Environmental Protection Agency has acted to remediate contamination of the substances designated pursuant to subsection (a).

(B) Which types of chemicals relating to such substances were present at each site and the extent to which each site was contaminated.

(C) An analysis of discrepancies in cleanup between Federal and non-Federal contamination sites.

(D) Any other elements the Administrator may determine necessary.

(3) Appropriate congressional committees defined.—In this subsection, the term "appropriate congressional committees" means the following:

(A) The Committee on Energy and Commerce of the House of Representatives.

(B) The Committee on the Environment and Public Works of the Senate.

SEC. 1233. TESTING, ANALYTICAL STANDARDS, AND CHEMICAL CONTROLS.

(a) Testing requirements.—Section 4(a) of the Toxic Substances Control Act (15 U.S.C. 2603(a)) is amended by adding at the end the following:

"(5) Perfluoroalkyl and polyfluoroalkyl substances rule.—

"(A) Rule.—Notwithstanding paragraphs (1) through (3), the Administrator shall, by rule, require that comprehensive toxicity testing be conducted on all chemical substances that are perfluoroalkyl or polyfluoroalkyl substances.

"(B) Requirements.—In issuing a rule under subparagraph (A), the Administrator—

"(i) may establish categories of perfluoroalkyl and polyfluoroalkyl substances based on hazard characteristics or chemical properties;

"(ii) shall require the development of information relating to perfluoroalkyl and polyfluoroalkyl substances that the Administrator determines is likely to be useful in evaluating the hazard and risk posed by such substances in land, air, and water (including drinking water and water used for agricultural purposes), as well as in products; and

"(iii) may allow for varied or tiered testing requirements based on hazard characteristics or chemical properties of perfluoroalkyl and polyfluoroalkyl substances or categories of perfluoroalkyl and polyfluoroalkyl substances.

"(C) Deadlines.—The Administrator shall issue—

"(i) a proposed rule under subparagraph (A) not later than 6 months after the date of enactment of this paragraph; and

"(ii) a final rule under subparagraph (A) not later than 2 years after the date of enactment of this paragraph.".

(b) Persons subject to rule.—Section 4(b)(3) of the Toxic Substances Control Act (15 U.S.C. 2603(b)(3)) is amended—

(1) in subparagraph (A), by striking "subparagraph (B) or (C)" and inserting "subparagraph (B), (C), or (D)"; and

(2) by adding at the end the following:

"(D) A rule under subsection (a)(5) shall require the development of information by any person who manufactures or processes, or intends to manufacture or process, a chemical substance that is a perfluoroalkyl or polyfluoroalkyl substance.".

(c) Perfluoroalkyl and polyfluoroalkyl substances.—Section 4 of the Toxic Substances Control Act (15 U.S.C. 2603) is amended by adding at the end the following:

"(i) Perfluoroalkyl and polyfluoroalkyl substances.—

"(1) Testing requirement rule.—

"(A) Protocols and methodologies.—In determining the protocols and methodologies to be included pursuant to subsection (b)(1) in a rule under subsection (a)(5), the Administrator shall allow for protocols and methodologies that test chemical substances that are perfluoroalkyl and polyfluoroalkyl substances as a class.

"(B) Period.—In determining the period to be included pursuant to subsection (b)(1) in a rule under subsection (a)(5), the Administrator shall ensure that the period is as short as possible while allowing for completion of the required testing.

"(2) Exemptions.—In carrying out subsection (c) with respect to a chemical substance that is a perfluoroalkyl or polyfluoroalkyl substance, the Administrator—

"(A) may only determine under subsection (c)(2) that information would be duplicative if the chemical substance with respect to which the application for exemption is submitted is in the same category, as established under subsection (a)(5)(B)(i), as a chemical substance for which information has been submitted to the Administrator in accordance with a rule, order, or consent agreement under subsection (a) or for which information is being developed pursuant to such a rule, order, or consent agreement; and

"(B) shall publish a list of all such chemical substances for which an exemption under subsection (c) is granted.

"(j) Analytical reference standards for PFAS.—

"(1) Submission.—

"(A) In general.—Not later than April 1, 2027, the Administrator shall, by order or rule, require persons who manufacture or process a covered chemical substance to—

"(i) submit to the Administrator an analytical reference standard for, or sample of, such covered chemical substance, including any such covered chemical substance manufactured or processed by the person during the 10-year period ending on the date of enactment of this subsection; and

"(ii) periodically resubmit such an analytical reference standard or sample, as determined appropriate by the Administrator.

"(B) Mixtures.—The Administrator may, by order or rule, require persons who manufacture or process a mixture containing a covered chemical substance to submit to the Administrator an analytical reference standard for, or sample of, such mixture.

"(2) Uses.—The Administrator may use an analytical reference standard or sample submitted under this subsection or provide an analytical reference standard or sample submitted under this subsection to a State, research institution, or another Federal agency, for—

"(A) the development of information, protocols, and methodologies, which may be carried out by an entity determined appropriate by the Administrator; and

"(B) activities relating to the implementation or enforcement of Federal or State requirements.

"(3) Prioritization.—In carrying out this subsection, the Administrator shall—

"(A) prioritize covered chemical substances that are included in the list of toxic chemicals subject to the requirements of section 313(c) of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11023(c)); and

"(B) for covered chemical substances not described in subparagraph (A), prioritize covered chemical substances based on production volume.

"(4) Prohibition.—No person receiving an analytical reference standard or sample submitted under this subsection may use or transfer the analytical reference standard or sample for a commercial purpose.

"(5) Definition.—In this subsection, the term 'covered chemical substance' means a perfluoroalkyl or polyfluoroalkyl substance with at least one fully fluorinated carbon atom that is included in the chemical substance list compiled and published under section 8(b).".

(d) Manufacturing and processing notices for perfluoroalkyl and polyfluoroalkyl substances.—Section 5 of the Toxic Substances Control Act (15 U.S.C. 2604) is amended—

(1) in subsection (h), by adding at the end the following:

"(7) PFAS.—

"(A) In general.—Except as provided in subparagraph (B), this subsection does not apply to any chemical substance that is a perfluoroalkyl or polyfluoroalkyl substance.

"(B) Drugs and devices.—Paragraph (3) applies to a chemical substance that is a perfluoroalkyl or polyfluoroalkyl substance which is manufactured or processed, or proposed to be manufactured or processed, solely for purposes of—

"(i) scientific experimentation or analysis with respect to a drug or device (as such terms are defined in section 201 of the Federal Food, Drug, and Cosmetic Act) or personal protective equipment (as such term is defined in section 20005 of the CARES Act); or

"(ii) chemical research on, or analysis of, such a chemical substance for the development of a drug or device (as such terms are defined in section 201 of the Federal Food, Drug, and Cosmetic Act) or personal protective equipment (as such term is defined in section 20005 of the CARES Act).''; and

(2) by adding at the end the following:

"(j) Perfluoroalkyl and polyfluoroalkyl substances.—

"(1) Determination.—For a period of 5 years beginning on the date of enactment of this subsection, any chemical substance that is a perfluoroalkyl or polyfluoroalkyl substance for which a notice is submitted under subsection (a) shall be deemed to have been determined by the Administrator to present an unreasonable risk of injury to health or the environment under paragraph (3)(A) of such subsection.

"(2) Order.—Notwithstanding subsection (a)(3)(A), for a chemical substance described in paragraph (1) of this subsection, the Administrator shall issue an order under subsection (f)(3) to prohibit the manufacture, processing, and distribution in commerce of such chemical substance.''.

(e) PFAS data call.—Section 8(a)(7) of the Toxic Substances Control Act (15 U.S.C. 2607(a)(7)) is amended by inserting "that contains at least 1 fully fluorinated carbon atom," after "perfluoroalkyl or polyfluoroalkyl substance".

SEC. 1234. DRINKING WATER PROTECTIONS AND COMMUNITY ASSISTANCE.

(a) Codification of PFAS national primary drinking water regulation.—

(1) Incorporation of rule.—The provisions of the final rule promulgated by the Environmental Protection Agency, entitled "PFAS National Primary Drinking Water Regulation", as published in the Federal Register on April 26, 2024 (89 Fed. Reg. 32532), are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection.

(2) Effect of incorporation.—The regulations incorporated under paragraph (1) are established as the minimum national primary drinking water regulation for PFAS by this Act, and may be weakened only by means of an Act of Congress. To the extent that any provision of such regulations does not conform with this Act, the provisions of this Act shall govern.

(3) Rule of construction.—Nothing in this subsection shall be construed to limit any existing authority of the Environmental Protection Agency to impose stricter national primary drinking water regulations, monitoring requirements, treatment requirements, public notification

requirements, health advisories, or other requirements relating to perfluoroalkyl or polyfluoroalkyl substances under the Safe Drinking Water Act (42 U.S.C. 300f et seq.).

(b) Additional PFAS drinking water regulations and health advisories.—

(1) Regulation of additional substances.—

(A) Determination.—The Administrator of the Environmental Protection Agency shall make a determination under section 1412(b)(1)(A) of the Safe Drinking Water Act (42 U.S.C. 300g–1(b)(1)(A)), using the criteria described in clauses (i) through (iii) of that section, whether to regulate a perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances not subject to the national primary drinking water regulation incorporated under subsection (a) not later than 18 months after the later of—

(i) the date on which the perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances is listed on the list of contaminants for consideration of regulation under section 1412(b)(1)(B)(i) of the Safe Drinking Water Act (42 U.S.C. 300g–1(b)(1)(B)(i)); and

(ii) the date on which—

(I) the Administrator has received the results of monitoring under section 1445(a)(2)(B) of the Safe Drinking Water Act (42 U.S.C. 300j–4(a)(2)(B)) for the perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances; or

(II) the Administrator has received reliable water data or water monitoring surveys for the perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances from a Federal or State agency that the Administrator determines to be of a quality sufficient to make a determination under section 1412(b)(1)(A) of the Safe Drinking Water Act (42 U.S.C. 300g–1(b)(1)(A)).

(B) Primary drinking water regulations.—

(i) In general.—For each perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances that the Administrator determines to regulate under subparagraph (A), the Administrator—

(I) not later than 18 months after the date on which the Administrator makes the determination, shall propose a national primary drinking water regulation for the perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances; and

(II) may publish the proposed national primary drinking water regulation described in subclause (I) concurrently with the publication of the determination to regulate the perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances.

(ii) Deadline.—

(I) In general.—Not later than 1 year after the date on which the Administrator publishes a proposed national primary drinking water regulation under clause (i)(I), and subject to subclause (II), the Administrator shall take final action on the proposed national primary drinking water regulation.

(II) Extension.—The Administrator, on publication of notice in the Federal Register, may extend the deadline under subclause (I) by not more than 6 months.

(2) Health advisory.—

(A) In general.—Subject to subparagraph (B), the Administrator shall publish a health advisory under section 1412(b)(1)(F) of the Safe Drinking Water Act (42 U.S.C. 300g–1(b)(1)(F)) for a perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances not subject to a national primary drinking water regulation not later than 1 year after the later of—

(i) the date on which the Administrator finalizes a toxicity value for the perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances; and

(ii) the date on which the Administrator validates an effective quality control and testing procedure for the perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances.

(B) Waiver.—The Administrator may waive the requirements of subparagraph (A) with respect to a perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl and polyfluoroalkyl substances if the Administrator determines that there is a substantial likelihood that the perfluoroalkyl or polyfluoroalkyl substance or class of perfluoroalkyl or polyfluoroalkyl substances will not occur in drinking water with sufficient frequency to justify the publication of a health advisory, and publishes such determination, including the information and analysis used, and basis for, such determination, in the Federal Register.

(c) Assistance to Territories for addressing emerging contaminants, with a focus on perfluoroalkyl and polyfluoroalkyl substances.—Section 1452(t) of the Safe Drinking Water Act (42 U.S.C. 300j–12(t)) is amended—

(1) in paragraph (1), by striking "Amounts" and inserting "Subject to paragraph (2)";

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following new paragraph:

"(2) Assistance to territories.—The Administrator shall reserve not less than 2 percent of the amounts made available under this subsection to provide grants to the Virgin Islands, the Commonwealth of the Northern Mariana Islands, American Samoa, and Guam for the purpose of addressing emerging contaminants, with a focus on perfluoroalkyl and polyfluoroalkyl substances.".

(d) Establishment of PFAS infrastructure grant program.—Part E of the Safe Drinking Water Act (42 U.S.C. 300j et seq.) is amended by adding at the end the following new section:

"Sec. 1459H. Assistance for community water systems affected by PFAS.

"(a) Establishment.—Not later than 180 days after the date of enactment of this section, the Administrator shall establish a program to award grants to affected community water systems to pay for capital costs associated with the implementation of eligible treatment technologies.

"(b) Applications.—

"(1) Guidance.—Not later than 12 months after the date of enactment of this section, the Administrator shall publish guidance describing the form and timing for community water systems to apply for grants under this section.

"(2) Required information.—The Administrator shall require a community water system applying for a grant under this section to submit—

"(A) information showing the presence of PFAS in water of the community water system; and

"(B) except in the case of an application solely for capital costs described in subsection (f)(2), a certification that the treatment technology in use by the community water system at the time of application is not sufficient to meet all applicable Federal and State standards, and all applicable health advisories published pursuant to section 1412(b)(1)(F), for PFAS.

"(c) List of eligible treatment technologies.—Not later than 150 days after the date of enactment of this section, and every 2 years thereafter, the Administrator shall publish a list of treatment technologies that the Administrator determines are the most effective at removing PFAS from drinking water.

"(d) Priority for funding.—In awarding grants under this section, the Administrator shall prioritize an affected community water system that—

"(1) serves a disadvantaged community;

"(2) will provide at least a 10-percent cost share for the cost of implementing an eligible treatment technology;

"(3) demonstrates the capacity to maintain the eligible treatment technology to be implemented using the grant; or

"(4) is located within an area with respect to which the Administrator has published a determination under the first sentence of section 1424(e) relating to an aquifer that is the sole or principal drinking water source for the area.

"(e) No increased bonding authority.—Amounts awarded to affected community water systems under this section may not be used as a source of payment of, or security for (directly or indirectly), in whole or in part, any obligation the interest on which is exempt from the tax imposed under chapter 1 of the Internal Revenue Code of 1986.

"(f) Authorization of appropriations.—

"(1) In general.—There is authorized to be appropriated to carry out this section $500,000,000 for each of fiscal years 2027 through 2031.

"(2) Special rule.—Of the amounts authorized to be appropriated by paragraph (1), $25,000,000 are authorized to be appropriated for each of fiscal years 2027 and 2028 for grants under subsection (a) to pay for capital costs associated with the implementation of eligible treatment technologies during the period beginning on October 1, 2017, and ending on the date of enactment of this section.

"(g) Definitions.—In this section:

"(1) Affected community water system.—The term 'affected community water system' means a community water system that is affected by the presence of PFAS in the water in the community water system.

"(2) Disadvantaged community.—The term 'disadvantaged community' has the meaning given that term in section 1452.

"(3) Eligible treatment technology.—The term 'eligible treatment technology' means a treatment technology included on the list published under subsection (c).

"(4) PFAS.—The term 'PFAS' means a perfluoroalkyl or polyfluoroalkyl substance with at least one fully fluorinated carbon atom.".

(e) School drinking water testing and filtration grant program.—Part F of the Safe Drinking Water Act (42 U.S.C. 300j–21 et seq.) is amended by adding at the end the following:

"Sec. 1466. School PFAS testing and filtration grant program.

"(a) In general.—Not later than 1 year after the date of enactment of this section, the Administrator shall establish a program to make grants to States and Indian Tribes to assist local educational agencies, public water systems that serve schools and child care programs under the jurisdiction of those local educational agencies, and qualified nonprofit organizations in—

"(1) testing for perfluoroalkyl and polyfluoroalkyl substances in drinking water at such schools and child care program facilities that is conducted by a qualified entity, as determined by the Administrator or the applicable State;

"(2) installation, maintenance, and repair of water filtration systems effective for reducing perfluoroalkyl and polyfluoroalkyl substances in drinking water at such schools and child care program facilities that contain a level of any perfluoroalkyl or polyfluoroalkyl substance that exceeds—

"(A) an applicable maximum contaminant level established by the Administrator under section 1412; or

"(B) an applicable standard established by the applicable State that is more stringent than the level described in subparagraph (A); or

"(3) safe disposal of spent water filtration equipment used to reduce perfluoroalkyl and polyfluoroalkyl substances in drinking water at schools and child care program facilities.

"(b) Direct grants.—The Administrator may make a grant for activities described in subsection (a) directly available to—

"(1) a local educational agency or public water system that is located in a State that does not participate in the grant program established under subsection (a); or

"(2) a qualified nonprofit organization, as determined by the Administrator.

"(c) Application.—To be eligible to receive a grant under this section, a State, Indian Tribe, local educational agency, public water system, or qualified nonprofit organization shall submit to the Administrator an application at such time, in such manner, and containing such information as the Administrator may require.

"(d) Guidance; public availability.—As a condition of receiving a grant under this section, a State, Indian Tribe, local educational agency, public water system, or qualified nonprofit organization shall—

"(1) expend grant funds in accordance with any applicable State regulation or guidance regarding the reduction of perfluoroalkyl and polyfluoroalkyl substances in drinking water at schools or child care program facilities that is not less stringent than any applicable guidance issued by the Administrator;

"(2) make publicly available, including, to the maximum extent practicable, on the website of the State, Indian Tribe, local educational agency, public water system, or qualified nonprofit organization, a copy of the results of any testing carried out with grant funds received under this section; and

"(3) notify parent, teacher, and employee organizations of the availability of the results described in paragraph (2).

"(e) Limitation.—Not more than 5 percent of the grant funds accepted by a State, Indian Tribe, local educational agency, public water system, or qualified nonprofit organization for a fiscal year under this section may be used to pay the administrative costs of carrying out activities described in subsection (a).

"(f) Definitions.—In this section, the terms 'child care program' and 'local educational agency' have the meaning given such terms in section 1464(d).

"(g) Authorization of appropriation.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2027 through 2031, to remain available until expended.".

(f) Household well water testing website.—

(1) In general.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall establish a website containing information relating to the testing of household well water.

(2) Contents.—The Administrator shall include on the website established under paragraph (1) the following:

(A) Information on how to have an inspector, who is certified by a qualified third party, test the groundwater that is the source for a household water well.

(B) A list of laboratories that analyze water samples and are certified by a State or the Administrator.

(C) State-specific information, developed in coordination with each State, on naturally occurring and human-induced contaminants.

(D) Information that, using accepted risk communication techniques, clearly communicates whether a test result value exceeds a level determined by the Administrator or the applicable State to pose a health risk.

(E) Information on treatment options, including information relating to water treatment systems certified to the relevant NSF/ANSI American National Standard for drinking water treatment units by a third-party certification body accredited by the ANSI National Accreditation Board.

(F) A directory of whom to contact to report a test result value that exceeds a level determined by the Administrator or the applicable State to pose a health risk.

(G) Information on financial assistance that is available for homeowners to support water treatment, including grants under section 306E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926e) and State resources.

(H) Information about the health risks associated with consuming water contaminated with perfluoroalkyl and polyfluoroalkyl substances as well as recommendations for individuals who believe they may have consumed such contaminated water.

(I) Any other information the Administrator considers appropriate.

(3) Access.—The Administrator shall ensure information on the website established under paragraph (1) is presented in a manner that provides meaningful access to such information for individuals with limited English proficiency.

(4) Coordination.—The Administrator shall coordinate with the Secretary of Health and Human Services, the Secretary of Agriculture, and appropriate State agencies in carrying out this subsection.

(5) Authorization of appropriations.—There is authorized to be appropriated to carry out this subsection $1,000,000 for fiscal year 2027.

SEC. 1235. AIR, WASTEWATER, DISPOSAL, AND INDUSTRIAL DISCLOSURE.

(a) Listing of perfluoroalkyl and polyfluoroalkyl substances as hazardous air pollutants.—

(1) Listing.—

(A) Initial listing.—Not later than 180 days after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall issue a final rule adding perfluorooctanoic acid and its salts, and perfluorooctanesulfonic acid and its salts, to the list of hazardous air pollutants under section 112(b) of the Clean Air Act (42 U.S.C. 7412(b)).

(B) Additional listings.—Not later than 5 years after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall determine whether to issue,

in accordance with section 112 of the Clean Air Act (42 U.S.C. 7412), any final rules adding perfluoroalkyl and polyfluoroalkyl substances, other than those perfluoroalkyl and polyfluoroalkyl substances listed pursuant to subparagraph (A), to the list of hazardous air pollutants under section 112(b) of such Act.

(2) Source categories.—Not later than 365 days after any final rule is issued pursuant to paragraph (1), the Administrator of the Environmental Protection Agency shall revise the list under section 112(c)(1) of the Clean Air Act (42 U.S.C. 7412(c)(1)) to include categories and subcategories of major sources and area sources of perfluoroalkyl and polyfluoroalkyl substances listed pursuant to such final rule.

(b) Prohibition on unsafe waste incineration of PFAS.—Section 3004 of the Solid Waste Disposal Act (42 U.S.C. 6924) is amended by adding at the end the following new subsection:

"(z) PFAS wastes.—

"(1) Firefighting foam.—Not later than 6 months after the date of enactment of this subsection, the Administrator shall promulgate regulations requiring that when materials containing perfluoroalkyl and polyfluoroalkyl substances are disposed or are designated for disposal—

"(A) all incineration is conducted in a manner that eliminates perfluoroalkyl and polyfluoroalkyl substances while also minimizing perfluoroalkyl and polyfluoroalkyl substances emitted into the air to the extent feasible;

"(B) all such materials that are designated for disposal are stored in accordance with the requirement under part 264 of title 40, Code of Federal Regulations; and

"(C) all incineration is conducted at a facility that has been permitted to receive waste regulated under this subtitle.

"(2) Penalties.—For purposes of section 3008(d), a material subject to a requirement under this subsection shall be considered a hazardous waste identified or listed under this subtitle.".

(c) Disclosure of introductions of PFAS.—

(1) In general.—The introduction of any perfluoroalkyl or polyfluoroalkyl substance by the owner or operator of an industrial source shall be unlawful unless such owner or operator first notifies the owner or operator of the applicable treatment works of—

(A) the identity and quantity of such substance;

(B) whether such substance is susceptible to treatment by such treatment works; and

(C) whether such substance would interfere with the operation of the treatment works.

(2) Violations.—A violation of this subsection shall be treated in the same manner as a violation of a regulation promulgated under subsection 307(b) of the Federal Water Pollution Control Act (33 U.S.C. 1317(b)).

(3) Definitions.—In this subsection:

(A) Introduction.—The term "introduction" means the introduction of pollutants into treatment works, as described in section 307(b) of the Federal Water Pollution Control Act (33 U.S.C. 1317(b)).

(B) Treatment works.—The term "treatment works" has the meaning given that term in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).

(d) Risk-communication strategy.—The Administrator of the Environmental Protection Agency shall develop a risk-communication strategy to inform the public about the hazards or potential hazards of perfluoroalkyl and polyfluoroalkyl substances, or categories of perfluoroalkyl and polyfluoroalkyl substances, by—

(1) disseminating information about the risks or potential risks posed by such substances or categories in land, air, water (including drinking water and water used for agricultural purposes), and products;

(2) notifying the public about exposure pathways and mitigation measures through outreach and educational resources; and

(3) consulting with States that have demonstrated effective risk-communication strategies for best practices in developing a national risk-communication strategy.

(e) Clean Water Act effluent limitations guidelines and standards and water quality criteria for PFAS.—

(1) Deadlines.—

(A) Water quality criteria.—Not later than 3 years after the date of enactment of this subsection, the Administrator shall publish in the Federal Register human health water quality criteria under section 304(a)(1) of the Federal Water Pollution Control Act (33 U.S.C. 1314) for each measurable perfluoroalkyl substance, polyfluoroalkyl substance, and class of such substances.

(B) Effluent limitations guidelines and standards for priority industry categories.—As soon as practicable, but not later than 4 years after the date of enactment of this subsection, the Administrator shall publish in the Federal Register a final rule establishing, for each priority industry category, effluent limitations guidelines and standards, in accordance with the Federal Water Pollution Control Act, for the discharge (including a discharge into a publicly owned treatment works) of each measurable perfluoroalkyl substance, polyfluoroalkyl substance, and class of such substances.

(2) Notification.—The Administrator shall notify the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate of each publication made under this subsection.

(3) Implementation assistance for publicly owned treatment works.—

(A) In general.—The Administrator shall award grants to owners and operators of publicly owned treatment works, to be used to implement effluent limitations guidelines and standards developed by the Administrator for a perfluoroalkyl substance, polyfluoroalkyl substance, or class of such substances.

(B) Authorization of appropriations.—There is authorized to be appropriated to the Administrator to carry out this paragraph $200,000,000 for each of fiscal years 2027 through 2031, to remain available until expended.

(4) No increased bonding authority.—Amounts awarded to an owner or operator of a publicly owned treatment works under this subsection may not be used as a source of payment of, or security for (directly or indirectly), in whole or in part, any obligation the interest on which is exempt from the tax imposed under chapter 1 of the Internal Revenue Code of 1986.

(5) Definitions.—In this subsection:

(A) Administrator.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(B) Effluent limitation.—The term "effluent limitation" has the meaning given that term in section 502 of the Federal Water Pollution Control Act (33 U.S.C. 1362).

(C) Measurable.—The term "measurable" means, with respect to a chemical substance or class of chemical substances, capable of being measured using test procedures established under section 304(h) of the Federal Water Pollution Control Act (33 U.S.C. 1314).

(D) Perfluoroalkyl substance.—The term "perfluoroalkyl substance" means a chemical of which all of the carbon atoms are fully fluorinated carbon atoms.

(E) Polyfluoroalkyl substance.—The term "polyfluoroalkyl substance" means a chemical containing at least 1 fully fluorinated carbon atom and at least 1 carbon atom that is not a fully fluorinated carbon atom.

(F) Priority industry category.—The term "priority industry category" means the following point source categories:

(i) Organic chemicals, plastics, and synthetic fibers, as identified in part 414 of title 40, Code of Federal Regulations (or successor regulations).

(ii) Pulp, paper, and paperboard, as identified in part 430 of title 40, Code of Federal Regulations (or successor regulations).

(iii) Textile mills, as identified in part 410 of title 40, Code of Federal Regulations (or successor regulations).

(iv) Electroplating, as identified in part 413 of title 40, Code of Federal Regulations (or successor regulations).

(v) Metal finishing, as identified in part 433 of title 40, Code of Federal Regulations (or successor regulations).

(vi) Leather tanning and finishing, as identified in part 425 of title 40, Code of Federal Regulations (or successor regulations).

(vii) Paint formulating, as identified in part 446 of title 40, Code of Federal Regulations (or successor regulations).

(viii) Electrical and electronic components, as identified in part 469 of title 40, Code of Federal Regulations (or successor regulations).

(ix) Plastics molding and forming, as identified in part 463 of title 40, Code of Federal Regulations (or successor regulations).

(G) Treatment works.—The term "treatment works" has the meaning given that term in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).

(f) Investigation of prevention of contamination by GenX.—The Administrator of the Environmental Protection Agency shall investigate methods and means to prevent contamination by GenX of ground and surface waters, including source waters used for drinking water purposes.

SEC. 1236. PFAS-FREE PRODUCTS STANDARDS AND FEDERAL PROCUREMENT.

(a) Definitions.—In this section:

(1) Covered item.—The term "covered item" means—

(A) nonstick cookware and a cooking utensil; and

(B) furniture, carpet, and any rug treated with stain-resistant coating.

(2) Covered product.—The term "covered product" means—

(A) a pot;

(B) a pan;

(C) a cooking utensil;

(D) carpet;

(E) a rug;

(F) clothing;

(G) upholstered furniture;

(H) a stain resistant, water resistant, or grease resistant coating not subject to requirements under section 409 of the Federal Food, Drug, and Cosmetic Act;

(I) food packaging material;

(J) an umbrella;

(K) luggage; or

(L) a cleaning product.

(3) Executive agency.—The term "executive agency" has the meaning given the term in section 133 of title 41, United States Code.

(4) PFAS.—The term "PFAS" means a perfluoroalkyl or polyfluoroalkyl substance with at least 1 fully fluorinated carbon atom.

(5) PFOA.—The term "PFOA" means perfluorooctanoic acid.

(6) PFOS.—The term "PFOS" means perfluorooctane sulfonate.

(b) Label for PFAS-free products.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall—

(1) revise the Safer Choice Standard of the Safer Choice Program to identify the requirements for a covered product to meet in order to be labeled with a Safer Choice label, including a requirement that any such covered product does not contain any PFAS; or

(2) establish a voluntary label that is available to be used by any manufacturer of any covered product that the Administrator has reviewed and found does not contain any PFAS.

(c) Prohibition against food packaging containing intentionally added PFAS.—

(1) In general.—Section 301 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 331) is amended by adding at the end the following:

"(fff) (1) The introduction or delivery for introduction into interstate commerce of food packaging containing intentionally added PFAS.

"(2) The term 'PFAS' means a perfluoroalkyl substance or a polyfluoroalkyl substance that is man-made with at least 1 fully fluorinated carbon atom.".

(2) Applicability.—The amendment made by paragraph (1) applies beginning on July 1, 2027.

(d) Prohibition on procurement of certain items containing PFOS or PFOA.—

(1) Prohibition.—The head of an executive agency may not renew or enter into a contract for the procurement of a covered item that contains PFOS or PFOA.

(2) Priority procurement of products not containing PFAS.—The head of an executive agency shall prioritize the procurement of covered items, where available and practicable, that do not contain PFAS.

(3) Federal facility contracts.—A contract entered into by the head of an executive agency for the operation, management, maintenance, food service, custodial service, or supply of a Federal facility shall require the contractor to comply with paragraphs (1) and (2) with respect to any covered item purchased, supplied, used, or made available under the contract.

(4) Effective date.—This subsection shall take effect on April 1, 2027.

SEC. 1237. RESEARCH, EVALUATION, AND COORDINATION.

(a) Definitions.—In this section:

(1) National Academies.—The term "National Academies" means the National Academies of Sciences, Engineering, and Medicine.

(2) PFAS.—The term "PFAS" means per- and polyfluoroalkyl substances, including mixtures of such substances.

(b) PFAS interagency working group.—Section 332(b) of William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (15 U.S.C. 8963(b)) is amended—

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

(2) by redesignating paragraph (20) as paragraph (21); and

(3) by inserting after paragraph (19) the following:

"(20) the Consumer Product Safety Commission; and".

(c) Research assessments of PFAS.—

(1) In general.—Not later than 90 days after the date on which amounts are appropriated for fiscal year 2027 to carry out this subsection, the Administrator of the Environmental Protection Agency, in consultation with the Director of the National Science Foundation, the Secretary of Defense, the Director of the National Institutes of Health, and other Federal agencies with expertise relevant to understanding PFAS exposure, behavior, and toxicity, shall enter into an agreement with the National Academies to conduct a study and submit a report in accordance with this subsection to further address research and knowledge gaps identified by the Federal Government Human Health PFAS Research Workshop held on October 26 and 27, 2020, and identify research and development needed to identify, categorize, evaluate, and address individual or total PFAS.

(2) Study and report on human exposure estimation.—

(A) In general.—The study required to be conducted under paragraph (1) shall, at a minimum—

(i) consider lifecycle information on the manufacture, use, and disposal of PFAS-containing products to identify potential human exposure sources, including occupational exposures, and potential exposure pathways for the public;

(ii) evaluate the fate and transport of PFAS and their breakdown products;

(iii) if feasible, estimate human exposure to individual or total PFAS to determine relative source contributions for various exposure pathways (such as air, water, soil, or food);

(iv) determine the range of solubility, stability, and volatility of PFAS most likely to be found in the environment and the resulting prevalence in animals and humans;

(v) give consideration as to whether chemical category-based approaches would be appropriate for evaluating PFAS toxicity and exposure;

(vi) identify research needed to advance exposure estimation to individual or total PFAS; and

(vii) identify research needed to advance toxicity and hazard assessment of individual or total PFAS.

(B) Report.—Not later than 540 days after the date on which the agreement described in paragraph (1) is finalized, the National Academies shall submit to Congress a report containing the findings and recommendations of the study described in subparagraph (A) and shall make such report available on a publicly accessible website.

(d) Research assessment of management and treatment alternatives for PFAS contamination in the environment.—

(1) In general.—Not later than 90 days after the date on which amounts are appropriated for fiscal year 2027 to carry out this subsection, the Administrator of the Environmental Protection Agency and the Director of the National Science Foundation, in consultation with the Secretary of Defense and other Federal agencies with expertise relevant to the development of PFAS alternatives and the management and treatment of PFAS, shall jointly enter into an agreement with the National Academies to conduct a study and submit a report in accordance with this subsection to better understand the research and development needed to advance the understanding of the extent and implications of human and environmental contamination by PFAS, how to manage and treat such contamination, and the development of safe alternatives.

(2) Scope of study.—The study described in paragraph (1) shall, at a minimum, include the following:

(A) An assessment of the best available strategies for PFAS treatment, site remediation, and safe disposal, including demonstration or pilot projects related to destruction methods and alternative materials or tools for firefighters.

(B) A description of the research gaps relating to such issues, including consideration of emerging or future PFAS and potential classification methods.

(C) Recommendations on how the Federal Government can best address the research needs identified pursuant to subparagraph (B) through increased collaboration or coordination of existing and new programs.

(D) Recommendations on how research can best incorporate considerations of socioeconomic issues into the development of research proposals and the conduct of research.

(3) Report.—Not later than 540 days after the date on which the agreement described in paragraph (1) is finalized, the National Academies shall submit to Congress a report containing the findings and recommendations of the study described in paragraph (2) and shall make such report available on a publicly accessible website.

(e) Implementation plan.—Not later than 180 days after submission to Congress of the latest of the National Academies reports under subsections (c) and (d), the Director of the Office of Science and Technology Policy, in coordination with all relevant Federal agencies, shall submit to Congress an implementation plan for increased collaboration and coordination of Federal PFAS research, development, and demonstration activities. In preparing such an implementation plan, the Director shall take into consideration the recommendations included in the reports under subsections (c) and (d).

(f) Authorization of appropriations for National Academies reports.—There is authorized to be appropriated for fiscal year 2027 $3,000,000 to the Administrator of the Environmental Protection Agency to carry out subsections (c) and (d).

(g) Extension of authorization for PFAS research and development.—Section 7362(b) of the National Defense Authorization Act for Fiscal Year 2020 (15 U.S.C. 8962(b)) is amended by striking "2024" and inserting "2030".

SEC. 1238. MANUFACTURER USER FEES AND TREATMENT TRUST FUND.

(a) Definitions.—In this section:

(1) Administrator.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(2) Affected facility.—The term "affected facility" means—

(A) a community water system that has operation and maintenance costs associated with the removal of PFAS from water of the community water system; or

(B) a treatment works that has operation and maintenance costs associated with the removal of PFAS from effluent prior to discharge from the treatment works.

(3) Community water system.—The term "community water system" has the meaning given that term in section 1401 of the Safe Drinking Water Act (42 U.S.C. 300f).

(4) Disadvantaged community.—The term "disadvantaged community" has the meaning given that term in section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j–12).

(5) Manufacture.—The term "manufacture" has the meaning given that term in section 3 of the Toxic Substances Control Act (15 U.S.C. 2602).

(6) PFAS.—The term "PFAS" means a perfluoroalkyl or polyfluoroalkyl substance with at least one fully fluorinated carbon atom.

(7) Treatment works.—The term "treatment works" has the meaning given that term in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).

(b) PFAS manufacturer user fee.—

(1) In general.—The Administrator shall, by rule, establish fees for the manufacture of PFAS, which shall be assessed to each person manufacturing PFAS based on the amount of PFAS manufactured by the person.

(2) Initial fee.—Not later than 12 months after the date of enactment of this Act, the Administrator shall establish fees under paragraph (1) that are sufficient to ensure the collection of not less than $2,000,000,000 per year.

(3) Review and update.—Not less frequently than every 2 years, the Administrator shall review the fees established under paragraph (1) and update such fees as necessary to ensure that the fee collections are—

(A) not less than the amount required under paragraph (2); and

(B) sufficient to cover at least 25 percent of the operation and maintenance costs associated with the removal of PFAS by affected facilities.

(c) PFAS Treatment Trust Fund.—

(1) Establishment.—There is established in the Treasury of the United States a trust fund to be known as the "PFAS Treatment Trust Fund", consisting of such amounts as may be appropriated to such Trust Fund.

(2) Transfer to Trust Fund of amounts equivalent to user fees.—There are hereby appropriated to the PFAS Treatment Trust Fund amounts equivalent to the fees collected under subsection (b).

(3) Expenditures from Trust Fund.—Amounts in the PFAS Treatment Trust Fund shall be available, without further appropriation, only for purposes of making expenditures to carry out subsection (d).

(d) Support for operation and maintenance of community water systems and treatment works.—

(1) Grants.—The Administrator shall make grants to affected facilities to pay for operation and maintenance costs associated with the removal of PFAS.

(2) Applications.—

(A) Guidance.—Not later than 12 months after the date of enactment of this Act, the Administrator shall publish guidance describing the form and timing for affected facilities to apply for grants under this subsection.

(B) Required information.—The Administrator shall require an affected facility applying for a grant under this subsection to submit information showing the presence of PFAS in water at the facility.

(3) Priority.—The Administrator shall prioritize for funding grants to affected facilities serving disadvantaged communities.

SEC. 1239. ACCOUNTABILITY AND MEDICAL MONITORING.

(a) Cause of action and remedies.—The Toxic Substances Control Act is amended by inserting after section 24 (15 U.S.C. 2623) the following:

"Sec. 25. Individuals exposed to perfluoroalkyl and polyfluoroalkyl substances.

"(a) Definition of PFAS.—In this section, the term 'PFAS' means a perfluoroalkyl or polyfluoroalkyl substance with at least 1 fully fluorinated carbon atom.

"(b) Cause of action.—An individual who is significantly exposed to PFAS or has reasonable grounds to suspect that the individual was significantly exposed to PFAS may bring a claim, individually or on behalf of a class of similarly situated individuals, in any district court of the United States for appropriate legal and equitable relief against any person that—

"(1) engaged in any portion of a manufacturing process that created the PFAS to which the individual was significantly exposed, including any telomer, fluorosurfactant, or toll manufacturing process leading to the creation of the PFAS to which the individual was significantly exposed; and

"(2) foresaw or reasonably should have foreseen that the creation or use of PFAS would result in human exposure to PFAS.

"(c) Medical monitoring.—

"(1) In general.—A court may award medical monitoring to an individual or class of individuals bringing a claim under subsection (b) if—

"(A) the individual or class has been significantly exposed to PFAS;

"(B) as a result of that exposure, the individual or class has suffered an increased risk of developing a disease associated with exposure to PFAS;

"(C) as a result of that increased risk, there is a reasonable basis for the individual or class to undergo periodic diagnostic medical examinations of a nature or frequency that is different from or additional to what would be prescribed in the absence of the exposure; and

"(D) those medical examinations are effective in detecting a disease associated with exposure to PFAS.

"(2) Presumption of significant exposure.—

"(A) Individuals.—An individual plaintiff shall be presumed to have been significantly exposed to PFAS under paragraph (1)(A) if the individual—

"(i) demonstrates that—

"(I) the defendant engaged in any portion of a manufacturing process that created the PFAS to which the individual was exposed, including any telomer, fluorosurfactant, or toll manufacturing process leading to the creation of the PFAS to which the individual was exposed; and

"(II) the PFAS described in subclause (I) were released into 1 or more areas where the individual would have been exposed for a cumulative period of not less than 1 year; or

"(ii) offers testing results that demonstrate that PFAS or metabolites of PFAS have been or are currently detected in the body or blood serum of the individual.

"(B) Class actions.—In a class action, a presumption of significant exposure to PFAS under paragraph (1)(A) shall be established for the class by—

"(i) demonstrating that—

"(I) the defendant engaged in any portion of a manufacturing process that created the PFAS to which the class members were exposed, including any telomer,

fluorosurfactant, or toll manufacturing process leading to the creation of the PFAS to which the class members were exposed; and

"(II) the PFAS described in subclause (I) were released into 1 or more areas where a representative portion of the class members would have been exposed for a cumulative period of not less than 1 year; or

"(ii) offering testing results that demonstrate that PFAS or metabolites of PFAS have been or are currently detected in the bodies of a representative portion of class members that share sufficient common exposure characteristics with the class.

"(3) Rebutting the presumption.—

"(A) In general.—A defendant may rebut a presumption of significant exposure with respect to an individual plaintiff or class member for which testing results are not offered under subparagraph (A)(ii) or (B)(ii) of paragraph (2) by offering results for that individual or class member of testing that—

"(i) uses a generally accepted method for detecting the particular PFAS or metabolites of PFAS at issue;

"(ii) is performed by an independent provider agreed on by both parties; and

"(iii) confirms that the relevant PFAS or metabolites of PFAS likely were not present in the body of the individual or class member at the relevant time in a sufficient quantity to qualify as significant exposure under paragraph (1)(A).

"(B) Costs.—A defendant shall be responsible for the costs of testing under subparagraph (A).

"(C) Independent provider.—If both parties cannot agree on an independent provider under subparagraph (A)(ii), the court shall appoint an independent provider.

"(4) Increased risk of developing disease.—

"(A) In general.—If there is insufficient toxicological data to reasonably determine whether an individual or class has suffered an increased risk of developing a disease associated with exposure to any individual PFAS or group of PFAS under paragraph (1)(B), a court may lower the standard for scientific proof with regard to the increased risk of developing that disease until independent and reliable toxicological data is available with respect to that individual PFAS or group of PFAS.

"(B) Ordering studies.—To make available independent and reliable toxicological data described in subparagraph (A) with respect to an individual PFAS or group of PFAS, a court may order new or additional epidemiological, toxicological, or other studies or investigations of that individual PFAS or group of PFAS as part of a medical monitoring remedy awarded under paragraph (1).

"(d) Sense of Congress.—It is the sense of Congress that courts should encourage more reliable and independent research into the latent health effects of PFAS.

"(e) Effect on State law claims and remedies.—Nothing in this section—

"(1) preempts, alters, bars, or precludes any State law claims or remedies, including any State law claims or remedies for an injury addressed by this section; or

"(2) provides an exclusive claim or remedy.".

(b) Clerical amendment.—The table of contents for the Toxic Substances Control Act (Public Law 94–469; 90 Stat. 2003) is amended by inserting after the item relating to section 24 the following:

"25. Individuals exposed to perfluoroalkyl and polyfluoroalkyl substances.".

Subtitle C—Pollution Fees

SEC. 1241. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds that—

(1) Americans have a Constitutional duty to secure the blessings of liberty to ourselves and our posterity. America's children are our posterity, and they are on track to inherit avoidable pollution, depleted resources, and degraded environmental systems unless public policy changes course.

(2) Responsible adults clean up their messes, and responsible lawmakers try to prevent those messes from being made in the first place. Pollution fees create a market incentive to pollute less, waste less, conserve more, and place the cost of pollution on the persons that profit from polluting activities rather than on children, communities, taxpayers, workers, or future generations.

(3) Pollution fees also serve as clawbacks to the payments made under the American Union Jobs Program. By reducing excess purchasing power in pollution-intensive sectors, such fees can help reduce inflation while supporting the long-term goal of improving the inheritance of future generations.

(4) Greenhouse gas pollution imposes costs on public health, infrastructure, agriculture, ecosystems, oceans, national security, and future generations. A carbon fee is a widely recognized way to account for the external costs of fossil fuel use and to encourage the transition to cleaner energy, cleaner industry, and lower-emission consumption.

(5) Carbon border fee adjustments can protect domestic producers from unfair competition by imported goods made in jurisdictions with weaker greenhouse gas controls. Carbon border fee adjustments can also encourage international cooperation to reduce global greenhouse gas emissions.

(6) Plastic pollution and microplastics impose persistent costs on human health, water systems, oceans, wildlife, soils, food systems, and waste-management systems. A tax on virgin plastic resin and plastic products can reduce unnecessary plastic use, encourage reuse and substitution, and increase demand for recovered and nonpersistent materials.

(7) Methane is a powerful greenhouse gas, and emissions from venting, flaring, leakage, and other avoidable releases impose public costs. A methane waste emissions fee would encourage capture and use instead of meaningless release to the atmosphere.

(8) Data centers can impose substantial demands on water supplies, electric systems, watersheds, aquifers, and local infrastructure. A data center water accountability tax can encourage water conservation, recognize the higher public cost of water use in drought-stressed areas, and support water resilience in communities affected by large-scale data center development.

(9) Pollution fees should not be understood as permission to pollute. They should operate alongside performance standards, reporting requirements, permitting requirements, cleanup obligations, stronger State law, and other protections necessary to preserve public health and the environment.

(10) Sustainability requires not scarcity or retreat, but the disciplined use of American ingenuity, fair markets, public accountability, and responsible stewardship to build systems that can endure.

(b) Purpose.—The purpose of this subtitle is to preserve the environment for ourselves and our posterity.

SEC. 1242. CARBON FEE.

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

"SUBTITLE L—POLLUTION FEES

"CHAPTER 101. CARBON FEES.

"CHAPTER 102. CARBON BORDER FEE ADJUSTMENT.

"CHAPTER 101—CARBON FEES

"SEC. 9901. Definitions.

"SEC. 9902. Carbon fee.

"SEC. 9903. Emissions reduction schedule.

"SEC. 9904. Prospective decommissioning of carbon administration.

"SEC. 9905. Carbon capture and sequestration.

"SEC. 9906. Administrative authority.

"SEC. 9907. Revenues.

"Sec. 9901. Definitions.

"(a) Definitions.—For purposes of this subtitle:

"(1) Administrator.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(2) Carbon dioxide equivalent or CO2-e.—The term 'carbon dioxide equivalent' or 'CO2-e' means the number of metric tons of carbon dioxide emissions with the same global warming potential as one metric ton of another greenhouse gas.

"(3) Carbon-intensive product.—The term 'carbon-intensive product' means, as identified by the Secretary by rule—

"(A) for purposes of this chapter—

"(i) any manufactured or agricultural product which the Secretary in consultation with the Administrator determines is emissions-intensive and trade-exposed, except that no covered fuel is a carbon-intensive product, and

"(ii) until such time that the Secretary promulgates rules identifying carbon-intensive products, the following shall be considered carbon-intensive products: iron, steel, steel mill products (including pipe and tube), aluminum, cement, glass (including flat, container, and specialty glass and fiberglass), pulp, paper, chemicals, or industrial ceramics, and

"(B) for purposes of chapter 102, any economic sector, or product from that sector, which the Secretary in consultation with the Administrator determines is prone to carbon leakage because it is emissions-intensive and trade-exposed, along with other pertinent criteria, except that no covered fuel is a carbon-intensive product.

"(4) Carbon leakage.—The term 'carbon leakage' means an increase of global greenhouse gas emissions which are substantially due to the relocation of greenhouse gas sources from the United States to jurisdictions which lack comparable controls upon greenhouse gas emissions.

"(5) Cost of carbon or carbon costs.—The term 'cost of carbon' or 'carbon costs' means a national or sub-national government policy which explicitly places a price on greenhouse gas pollution and shall be limited to either a tax on greenhouse gases or a system of cap-and-trade. The cost of carbon is expressed as the price per metric ton of CO2-e.

"(6) Covered entity.—The term 'covered entity' means—

"(A) in the case of crude oil—

"(i) a refinery operating in the United States, and

"(ii) any importer of any petroleum or petroleum product into the United States,

"(B) in the case of coal—

"(i) any coal mining operation in the United States, and

"(ii) any importer of coal into the United States,

"(C) in the case of natural gas—

"(i) any entity entering pipeline quality natural gas into the natural gas transmission system, and

"(ii) any importer of natural gas into the United States,

"(D) any entity or class of entities which, as determined by the Secretary, is transporting, selling, or otherwise using a covered fuel in a manner which emits a greenhouse gas to the atmosphere and which has not been covered by the carbon fee or the carbon border fee adjustment.

"(7) Covered fuel.—The term 'covered fuel' means crude oil, natural gas, coal, or any other product derived from crude oil, natural gas, or coal which shall be used so as to emit greenhouse gases to the atmosphere.

"(8) Crude oil.—The term 'crude oil' means unrefined petroleum.

"(9) Export.—The term 'export' means to transport a product from within the jurisdiction of the United States to persons outside the United States.

"(10) Fossil fuel.—The term 'fossil fuel' means coal, coal products, petroleum, petroleum products, or natural gas.

"(11) Full fuel cycle greenhouse gas emissions.—The term 'full fuel cycle greenhouse gas emissions' means the greenhouse gas content of a covered fuel plus that covered fuel's upstream greenhouse gas emissions.

"(12) Global warming potential.—The term 'global warming potential' means the ratio of the time-integrated radiative forcing from the instantaneous release of one kilogram of a trace substance relative to that of one kilogram of carbon dioxide.

"(13) Greenhouse gas.—The term 'greenhouse gas' means carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and other gases as defined by rule of the Administrator.

"(14) Greenhouse gas content.—The term 'greenhouse gas content' means the amount of greenhouse gases, expressed in metric tons of CO_2-e using a 100-year global warming potential, which would be emitted to the atmosphere by the use of a covered fuel and shall include, nonexclusively, emissions of carbon dioxide (CO_2), nitrous oxide (N_2O), methane (CH_4), and other greenhouse gases as identified by rule of the Administrator.

"(15) Greenhouse gas effect.—The term 'greenhouse gas effect' means the adverse effects of greenhouse gases on health or welfare caused by the greenhouse gas's heat-trapping potential or its effect on ocean acidification.

"(16) Import.—Irrespective of any other definition in law or treaty, the term 'import' means to land on, bring into, or introduce into any place subject to the jurisdiction of the United States.

"(17) Petroleum.—The term 'petroleum' means oil removed from the earth or the oil derived from tar sands or shale.

"(18) Production greenhouse gas emissions.—The term 'production greenhouse gas emissions' means the quantity of greenhouse gases, expressed in metric tons of CO_2-e, emitted to the atmosphere resulting from, nonexclusively, the production, manufacture, assembly, transportation, or financing of a product.

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

"(20) Upstream greenhouse gas emissions.—The term 'upstream greenhouse gas emissions' means the quantity of greenhouse gases, expressed in metric tons of CO2-e, emitted to the atmosphere resulting from, nonexclusively, the extraction, processing, transportation, financing, or other preparation of a covered fuel for use.

"Sec. 9902. Carbon fee.

"(a) Carbon fee.—There is hereby imposed a carbon fee on any covered entity's emitting use, or sale or transfer for an emitting use, of any covered fuel.

"(b) Amount of the carbon fee.—The carbon fee imposed by this section is an amount equal to—

"(1) the full fuel cycle greenhouse gas emissions of the covered fuel, multiplied by

"(2) the carbon fee rate.

"(c) Carbon fee rate.—For purposes of this section—

"(1) In general.—The carbon fee rate, with respect to any use, sale, or transfer during a calendar year, shall be—

"(A) in the case of calendar year 2027, $25, and

"(B) except as provided in paragraph (2), in the case of any calendar year thereafter—

"(i) the carbon fee rate in effect under this subsection for the preceding calendar year, plus

"(ii) $10.

"(2) Exceptions.—

"(A) Increased carbon fee rate after missed annual emissions reduction target.—In the case of any year immediately following a year for which the Secretary determines under section 9903(b) that the actual emissions of greenhouse gases from covered fuels exceeded the emissions reduction target for the previous year, paragraph (1)(B)(ii) shall be applied by substituting '$15' for the dollar amount otherwise in effect for the calendar year under such paragraph.

"(B) Cessation of carbon fee rate increase after certain emission reductions achieved.—In the case of any year immediately following a year for which the Secretary determines under section 9903(b) that actual emissions of greenhouse gases from covered fuels are not more than 10 percent of the greenhouse gas emissions from covered fuels during the year 2010, paragraph (1)(B)(ii) shall be applied by substituting '$0' for the dollar amount otherwise in effect for the calendar year under such paragraph.

"(3) Inflation adjustment.—In the case of any calendar year after 2027, each of the dollar amounts in paragraphs (1)(B) and (2)(A) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(d) Exemption and refund.—The Secretary shall prescribe such rules as are necessary to ensure the fee imposed by this section is not imposed with respect to any nonemitting use, or any sale or transfer for a nonemitting use, including rules providing for the refund of any carbon fee paid under this section with respect to any such use, sale, or transfer.

"Sec. 9903. Emissions reduction schedule.

"(a) In general.—An emissions reduction schedule for greenhouse gas emissions from covered fuels is hereby established, as follows:

"(1) Reference year.—The greenhouse gas emissions from covered fuels during the year 2010 shall be the reference amount of emissions and shall be determined from the 'Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2010' published by the Environmental Protection Agency in April of 2012.

"(2) Emissions reduction target.—The emissions reduction target for 2029 shall be 95 percent of the reference amount. The emissions reduction target for each year thereafter shall be the previous year's target emissions minus a percentage of emissions during the reference year determined in accordance with the following table:

"Year	Emissions Reduction Target
2010	Reference year
2027 to 2028	No emissions reduction target
2029 to 2037	5 percent of 2010 emissions per year
2038 to 2055	3 percent of 2010 emissions per year

"(b) Administrative determination.—Not later than 60 days after the beginning of calendar year 2030, and not later than 60 days after the beginning of each calendar year thereafter, the Secretary, in consultation with the Administrator, shall determine whether actual emissions of greenhouse gases from covered fuels exceeded the emissions reduction target for the preceding calendar year. The Secretary shall make such determination using the same greenhouse gas accounting method as was used to determine the greenhouse gas emissions in the 'Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2010' published by the Environmental Protection Agency in April of 2012.

"Sec. 9904. Prospective decommissioning of carbon administration.

"At such time as the Secretary determines under section 9903(b) that actual emissions of greenhouse gases from covered fuels are not more than 25 percent of the greenhouse gas emissions from covered fuels during the year 2010, the Secretary, in consultation with the Administrator and the United States Trade Representative, shall, not later than January 1 of the

calendar year following the calendar year in which the determination is made, submit to Congress proposed legislation providing for the orderly wind-down and termination of the carbon fee and carbon border fee adjustment upon a determination under section 9903(b) that actual emissions of greenhouse gases from covered fuels are not more than 10 percent of the greenhouse gas emissions from covered fuels during the year 2010. The proposed legislation shall address the prevention of a material rebound in emissions, the treatment of outstanding liabilities, refunds, and payments, and the orderly decommissioning of the bureaus and programs administering the carbon fee and carbon border fee adjustment.

"Sec. 9905. Carbon capture and sequestration.

"(a) In general.—The Secretary, in consultation with the Administrator and the Secretary of Energy, shall prescribe regulations for making payments as provided in subsection (b) to qualified facilities that—

"(1) capture and sequester qualified carbon dioxide; or

"(2) sequester qualified carbon dioxide obtained from 1 or more other qualified facilities.

"(b) Payment amounts.—

"(1) In general.—The Secretary shall make payments to a qualified facility in the same manner as if such payment was a refund of an overpayment of the carbon fee imposed by section 9902 if—

"(A) in the case of a qualified facility described in subsection (a)(1), such qualified facility—

"(i) uses any covered fuel—

"(I) with respect to which the carbon fee has been paid; and

"(II) which results in the emission of qualified carbon dioxide;

"(ii) captures such emitted, or an equivalent amount of, qualified carbon dioxide; and

"(iii) sequesters such qualified carbon dioxide in a manner which is safe, permanent, and in compliance with any applicable local, State, and Federal laws, or utilizes such qualified carbon dioxide in a manner provided in paragraph (3)(C); or

"(B) in the case of a qualified facility described in subsection (a)(2), such qualified facility—

"(i) receives qualified carbon dioxide captured at 1 or more other qualified facilities from emissions attributable to covered fuel with respect to which the carbon fee has been paid; and

"(ii) sequesters such qualified carbon dioxide in a manner described in paragraph (3)(D).

"(2) Amount of refund.—The aggregate amount of payments determined under this section with respect to any quantity of qualified carbon dioxide shall be an amount equal to the lesser of—

"(A) the adjusted total metric tons of qualified carbon dioxide captured and sequestered or utilized, multiplied by the carbon fee rate during the year in which the carbon fee was imposed by section 9902 upon the covered fuel to which such carbon dioxide relates, or

"(B) the amount of the carbon fee imposed by section 9902 with respect to such covered fuel.

"(3) Definitions and special rules.—For purposes of this section—

"(A) Qualified carbon dioxide; qualified facility.—

"(i) Qualified carbon dioxide.—The term 'qualified carbon dioxide' has the same meaning given such term under section 45Q(c).

"(ii) Qualified facility.—The term 'qualified facility' means a facility at which—

"(I) carbon capture equipment is placed in service; or

"(II) qualified carbon dioxide captured at a facility described in subclause (I) is received for sequestration.

"(B) Adjusted total metric tons.—The adjusted total metric tons of qualified carbon dioxide captured and sequestered or utilized shall be the total metric tons of qualified carbon dioxide captured and sequestered or utilized, reduced by the amount of any carbon dioxide likely to escape and be emitted into the atmosphere due to imperfect storage technology or otherwise, as determined by the Secretary in consultation with the Administrator.

"(C) Utilization.—The Secretary, in consultation with the Administrator, shall establish regulations providing for the methods and processes by which qualified carbon dioxide may be utilized so as to remove that qualified carbon dioxide safely and permanently from the atmosphere. The production of substances such as, but not limited to, plastics and chemicals shall not be considered utilization. Such regulations shall minimize the escape or further emission of the qualified carbon dioxide into the atmosphere.

"(D) Sequestration.—Not later than January 1, 2028, the Secretary, in consultation with the Administrator, shall prescribe regulations identifying the conditions under which carbon dioxide may be safely and permanently sequestered.

"(4) Coordination with credit for carbon dioxide sequestration.—At such time that the Secretary prescribes regulations implementing this section, no payment under this section shall be allowed to a taxpayer to whom a credit has been allowed for any taxable year under section 45Q.

"Sec. 9906. Administrative authority.

"(a) In general.—Not later than 270 days after the date of enactment of this chapter, the Secretary in consultation with the Administrator shall prescribe such regulations, and other

guidance, as may be necessary to carry out the purposes of this subtitle and assess and collect the carbon fee imposed by section 9902.

"(b) Specifically.—Such regulations and guidance shall include—

"(1) the identification of an effective point in the production, distribution, or use of a covered fuel for collecting such carbon fee, in such a manner so as to minimize administrative burden and maximize the extent to which full fuel cycle greenhouse gas emissions from covered fuels have the carbon fee levied upon them,

"(2) the identification of covered entities which shall be liable for the payment of the carbon fee,

"(3) requirements for the monthly payment of such fees,

"(4) as may be necessary or convenient, rules for distinguishing between different types of covered fuels,

"(5) as may be necessary or convenient, rules for distinguishing between a covered fuel's greenhouse gas content and its upstream greenhouse gas emissions,

"(6) rules to ensure that no covered fuel has the carbon fee or carbon border fee adjustment imposed upon it more than once, and

"(7) rules to ensure that the domestic implementation of the carbon fee coordinates with the implementation of the carbon border fee adjustment of chapter 102.

"Sec. 9907. Revenues.

"All amounts collected under this chapter shall be deposited into the general fund of the Treasury and credited to the American Value Fund established under section 623(b)(5) of the POPULIST Act.".

"CHAPTER 102—CARBON BORDER FEE ADJUSTMENT

"SEC. 9911. Carbon border fee adjustment.

"SEC. 9912. Administration of the carbon border fee adjustment.

"SEC. 9913. Allocation of carbon border fee adjustment revenues.

"SEC. 9914. Treaties and international negotiations.

"Sec. 9911. Carbon border fee adjustment.

"(a) In general.—The fees imposed by, and refunds allowed under, this section shall be referred to as 'the carbon border fee adjustment'.

"(b) Purpose.—The purpose of the carbon border fee adjustment is to protect animal, plant, and human life and health, to conserve exhaustible natural resources by preventing carbon leakage, and to facilitate the creation of international agreements.

"(c) Imports to the United States.—

"(1) Imported covered fuels fee.—In the case of any person that imports into the United States any covered fuel, there shall be imposed a fee equal to the total carbon fee that would be imposed on the fuel's greenhouse gas content under the domestic carbon fee, including processing emissions.

"(2) Imported carbon-intensive products fee.—In the case of any person that imports into the United States any carbon-intensive product, there shall be imposed a fee equal to the total carbon fee which would have accumulated upon the greenhouse gas content of the imported carbon-intensive product had the imported carbon-intensive product been produced domestically and subject to the domestic carbon fee.

"(3) Modifications.—The Secretary shall make an administrative determination of whether any class of imported covered fuels or class of imported carbon-intensive product is carrying any total foreign carbon cost. The Secretary shall make a determination of whether international law or the enhancement of global greenhouse gas mitigation efforts require that those foreign costs of carbon be deducted from the carbon border fee adjustment determined under paragraph (1) or (2).

"(4) Foreign cost of carbon; foreign carbon costs.—For purposes of this subsection, the term 'foreign cost of carbon' or 'foreign carbon cost' means the explicit price a foreign jurisdiction places upon the emission of greenhouse gas pollution to the atmosphere through law or regulation. Such price shall be expressed as the price per metric ton of CO_2-e.

"(d) Refund on exports from United States.—

"(1) Covered fuels.—Under regulations prescribed by the Secretary, in the case of a covered fuel produced in the United States with respect to which the fee under section 9902 was paid, there shall be allowed as a credit or refund (without interest) to any exporter of such covered fuels an amount equal to the total carbon fee levied upon the exported covered fuel up to the time of its exportation, including processing emissions. Any such credit or refund shall be allowed in the same manner as if it were an overpayment of tax imposed by section 9902.

"(2) Carbon-intensive products.—

"(A) In general.—Under regulations prescribed by the Secretary, there shall be allowed a credit or refund (without interest) to exporters of carbon-intensive products manufactured or produced in the United States in an amount equal to 75 percent of the total carbon fees accumulated upon the greenhouse gas content of the exported carbon-intensive product up to the time of exportation. Any such credit or refund shall be allowed in the same manner as if it were an overpayment of the fee imposed by section 9902.

"(B) Election for reduced refund.—An exporter eligible for a credit or refund under subparagraph (A) may elect, at such time and in such manner as the Secretary may prescribe, to receive a credit or refund in an amount less than the amount otherwise

allowed under subparagraph (A), including no credit or refund, with respect to any shipment or class of shipments of carbon-intensive products.

"(C) Certification of unrefunded amount.—If an exporter makes an election under subparagraph (B), the Secretary shall, upon request of the exporter and in such form and manner as the Secretary may prescribe, provide a certification that identifies—

"(i) the exported carbon-intensive product;

"(ii) the export shipment or class of shipments covered by the election;

"(iii) the total carbon fees accumulated upon the greenhouse gas content of the exported carbon-intensive product up to the time of exportation;

"(iv) the amount of the credit or refund allowed under this paragraph after application of the election; and

"(v) the amount of carbon fees that remain unrefunded by reason of the election.

"Sec. 9912. Administration of the carbon border fee adjustment.

"(a) Generally.—The Secretary in consultation with the Administrator shall prescribe regulations and guidance which implement the carbon border fee adjustment under section 9911.

"(b) Collaboration.—In administering the carbon border fee adjustment, it is the sense of Congress that the Secretary should collaborate with authorized officers of any jurisdiction, including sub-national governments, affected by the carbon border fee adjustment.

"(c) Methodology.—In determining the carbon border fee adjustment, the Secretary shall use methodologies, procedures, and data which, as may be necessary or convenient—

"(1) disaggregate a product's greenhouse gas content;

"(2) are consistent with international law and facilitate international cooperation;

"(3) in the case of incomplete data, use customary methods of interpolation that favor enhanced mitigation and facilitate international cooperation;

"(4) avoid the double pricing of greenhouse gas emissions; and

"(5) harmonize the carbon border fee adjustment with the domestic carbon fee so as to ensure all covered fuels used in the United States are subject to the carbon fee.

"(d) Schedule.—The Secretary shall—

"(1) begin implementation of the carbon border fee adjustment for covered fuels at the same time as the implementation of the carbon fee; and

"(2) begin implementation of the carbon border fee adjustment for carbon-intensive products no later than January 1, 2028.

"(e) Procedure.—The Secretary shall—

"(1) establish fair, timely, impartial, and as necessary confidential procedures by which the importer of any carbon-intensive product or any covered fuel may petition the Secretary to revise the Secretary's determination of its carbon border fee adjustment liability calculated under section 9911(c);

"(2) establish fair, timely, impartial, and as necessary confidential procedures by which any exporter of any product from the United States may petition the Secretary to include that exported product on the list of carbon-intensive products; and

"(3) establish fair, timely, impartial, and as necessary confidential procedures by which the exporter of any carbon-intensive product or any covered fuel may petition the Secretary to revise the Secretary's determination of its carbon border fee adjustment refund calculated under section 9911(d).

"(f) Shipments from the United States to the territories of the United States.—Notwithstanding any other treaty, law, or policy, shipments of covered fuels or carbon-intensive products from the United States to American Samoa shall be eligible for a refund of the carbon fee under section 9911(d), until such time as the people of American Samoa are recognized as U.S. citizens and become eligible for American Union Jobs.

"(g) Imports to the territories of the United States.—Notwithstanding any other treaty, law, or policy, imports of covered fuels or carbon-intensive products to Guam, the United States Virgin Islands, American Samoa, Puerto Rico, and the Northern Mariana Islands shall not be subject to section 9911(c).

"Sec. 9913. Allocation of carbon border fee adjustment revenues.

"(a) Account.—There is established in the Treasury an account to be known as the 'Carbon Border Fee Adjustment Account'.

"(b) Appropriation and transfer.—There are appropriated to the Carbon Border Fee Adjustment Account, out of amounts in the Treasury not otherwise appropriated, amounts equivalent to the net revenues received in the Treasury under this chapter.

"(c) Availability and use.—Amounts in the Carbon Border Fee Adjustment Account shall be available without further appropriation and until expended—

"(1) first, to U.S. Customs and Border Protection, in such amounts as are necessary to administer and enforce the carbon border fee adjustment; and

"(2) after application of paragraph (1), for transfer by the Secretary to the Green Climate Fund, created by decision 3/CP.17 adopted at the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change held in Durban, November 28 to December 11, 2011.

"Sec. 9914. Treaties and international negotiations.

"(a) Conformance with international treaties.—In the case that the Appellate Body of the World Trade Organization, or any other authoritative international treaty interpreter, shall find any portion of the carbon border fee adjustment under this chapter to violate any treaty to which the United States is a party, the Secretary of State is authorized to alter that aspect of such carbon border fee

adjustment found to violate a treaty obligation so as to bring the carbon border fee adjustment into conformance with international law.

"(b) International negotiations.—The Congress finds the international mitigation of greenhouse gas emissions to be of national importance. Therefore, the Congress encourages the Secretary of State, or the Secretary's designee, to commence and complete negotiations with other nations with the goal of forming treaties, environmental agreements, accords, partnerships or any other instrument that effectively reduces global greenhouse gas emissions to zero percent of 2010 levels by 2050 and which respect the principle of common but differentiated responsibilities and respective capabilities.

"(c) Suspension of the carbon border fee adjustment.—The Secretary may suspend the carbon border fee adjustment, in whole or in part—

"(1) when, in the determination of the Secretary, a country has implemented greenhouse gas mitigation policies sufficient to contribute to a global net reduction of greenhouse gas emissions to zero by 2050. In making such determination, the Secretary may partially suspend particular provisions of the carbon border fee adjustment. In making the determination, the Secretary shall consult with the importing country. In making the determination, the Secretary shall follow all existing treaty obligations. The Secretary shall review any carbon border fee adjustment suspension at least every 5 years, or

"(2) by treaty or other international agreement that meets the criteria of section 9914(c)(1) and includes provisions for the suspension of the carbon border fee adjustment.".

(b) Coordination with carbon oxide sequestration credit.—Section 45Q(f) of the Internal Revenue Code of 1986 (26 U.S.C. 45Q(f)) is amended by adding at the end the following new paragraph:

"(8) Coordination with carbon capture and sequestration payments.—No credit shall be allowed under this section to a taxpayer which has received any payment under section 9905.".

(c) The amendments made by this section shall take effect on the date of enactment of this Act, except the carbon fee under section 9902 of the Internal Revenue Code of 1986 shall apply to uses, sales, or transfers after September 30, 2027.

(d) In the case of ambiguity within the express text of this section and the amendments made by this section, the texts of this section and its amending texts shall be interpreted so as to allow for the most effective abatement of greenhouse gas emissions.

(e) No preemption of stronger State law.—Nothing in this section or the amendments made by this section shall be construed to preempt or limit any State law or regulation that imposes a stricter greenhouse gas emissions standard, a higher carbon price, a more protective pollution control requirement, or any other requirement that is more protective of public health, the climate, or the environment than the requirements of this section or the amendments made by this section.

SEC. 1243. PLASTIC TAXES.

(a) In general.—Subtitle D of the Internal Revenue Code of 1986, as amended by this Act, is further amended by adding at the end the following new chapter:

"CHAPTER 50E—PLASTIC TAXES

"SEC. 5000K. Definitions.

"SEC. 5000L. Virgin plastic resin.

"SEC. 5000M. Plastic products.

"SEC. 5000N. Administrative authority.

"SEC. 5000O. Revenues.

"Sec. 5000K. Definitions.

"(a) Definitions.—In this chapter:

"(1) Administrator.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(2) Applicable entity.—The term 'applicable entity' means any manufacturer, producer, or importer of taxable virgin plastic resin.

"(A) Exemption.—The term 'applicable entity' shall not include any manufacturer, producer, or importer of taxable virgin plastic resin which, with respect to any taxable year, meets the gross receipts test of section 448(c) for such taxable year; and

"(i) in the case of a manufacturer or producer, manufactured or produced not greater than 10 tons of taxable virgin plastic resin during the taxable year preceding such taxable year, or

"(ii) in the case of an importer, imported not greater than 10 tons of taxable virgin plastic resin during the taxable year preceding such taxable year.

"(3) Covered manufacturer.—

"(A) In general.—The term 'covered manufacturer' means any person that—

"(i) produces, assembles, or causes to be produced or assembled a plastic product, including through contract manufacturing or outsourcing arrangements, or

"(ii) imports into the United States a plastic product.

"(B) Exemption.—The term 'covered manufacturer' shall not include any person which, with respect to any taxable year, meets the gross receipts test of section 448(c) for such taxable year; and

"(i) in the case of a manufacturer or producer, manufactured or produced not greater than 20,000 plastic products during the taxable year preceding such taxable year, or

"(ii) in the case of an importer, imported not greater than 20,000 plastic products during the taxable year preceding such taxable year.

"(4) Import.—The term 'import' means to enter taxable virgin plastic resin or plastic product into the United States for consumption, sale, use, or warehousing.

"(5) Microplastic.—The term 'microplastic' means any solid or particulate material composed of synthetic polymer chains that—

"(A) results from the fragmentation, degradation, or erosion of plastic; and

"(B) retains polymeric structure and environmental persistence, regardless of particle size.

"(6) Multipack.—The term 'multipack' means a product containing multiple items, usually identical, which are intended for individual use. 'Multipack' does not include items, sets, or kits which contain plastic products intended to be assembled or otherwise used together.

"(7) Plastic.—

"(A) In general.—The term 'plastic' means a material commonly composed from petrochemicals which—

"(i) is composed of synthetic or semi-synthetic polymer chains; and

"(ii) degrades into microplastics.

"(B) Bioplastics.—The substitution of other production materials for conventional petrochemicals shall not disqualify an item or material from inclusion under this definition if microplastics remain a probable result.

"(C) Exclusions.—The term 'plastic' does not include materials that fully disassemble through chemical or biological processes into non-polymeric substances such that no persistent polymer chains remain under reasonably foreseeable conditions of disposal or environmental exposure. The Administrator may further clarify this exception by rule.

"(8) Plastic product.—The term 'plastic product' means any good which contains, or is packaged in, plastic, and is intended for public sale, distribution, or use.

"(A) Exceptions.—Plastic product shall not include a medical product regulated under the Federal Food, Drug, and Cosmetic Act or the Public Health Service Act.

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

"(10) Taxable virgin plastic resin.—The term 'taxable virgin plastic resin' means any plastic resin which is manufactured or produced in the United States or entered into the United States for consumption, use, or warehousing.

"(A) Exception.—The term 'taxable virgin plastic resin' shall not include resin reprocessed from recovered material. The Administrator may further clarify this exception by rule.

"(11) United States.—The term 'United States' has the meaning given such term by section 4612(a)(4).

"Sec. 5000L. Virgin plastic resin.

"(a) General rule.—There is hereby imposed a tax on—

"(1) the entry into the United States of any taxable virgin plastic resin for consumption, use, or warehousing, and

"(2) the sale of any taxable virgin plastic resin sold by an applicable entity.

"(b) Amount of tax.—

"(1) Taxable virgin plastic resin.—The amount of the tax imposed under subsection (a) with respect to taxable virgin plastic resin shall be determined on a per-pound basis, as follows:

"(A) In the case of calendar year 2027, 10 cents per pound.

"(B) In the case of each of calendar years 2028 through 2031, an amount equal to the rate in effect for the preceding calendar year, plus 5 cents per pound.

"(C) In the case of calendar year 2032 and each calendar year thereafter, an amount equal to the rate in effect for the preceding calendar year, increased by an amount equal to—

"(i) such rate, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(D) Rounding.—

"(i) Of calculated rate.—If any amount determined under subparagraph (C) is not a multiple of 1 cent, such amount shall be increased to the nearest multiple of 1 cent.

"(ii) Of weight.—In the case of a fraction of a pound, the tax imposed shall be the same as such tax imposed on a whole pound.

"(c) Single incidence and prevention of double taxation.—

"(1) In general.—The tax imposed under subsection (a) shall be imposed only once with respect to any unit of taxable virgin plastic resin.

"(2) Imported resin.—If the tax is imposed under subsection (a)(1) with respect to any taxable virgin plastic resin upon entry into the United States, no tax shall be imposed under subsection (a)(2) with respect to any subsequent sale of such resin.

"(3) Domestic resin.—If the tax is imposed under subsection (a)(2), no tax shall be imposed with respect to any subsequent sale of such resin.

"(4) Certification and tracing.—The Secretary may require such certifications, records, and tracing mechanisms as are necessary to ensure that taxable virgin plastic resin with respect to which tax has been imposed is not subject to additional tax under this section.

"(5) Aggregation rule.—All persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single applicable entity for purposes of this section.

"(d) Use treated as sale.—If any applicable entity manufactures, produces, or imports any taxable virgin plastic resin and uses such resin, then such person shall be liable for tax under this section in the same manner as if such resin were sold by such entity.

"Sec. 5000M. Plastic products.

"(a) General rule.—There is hereby imposed on a covered manufacturer a tax on the manufacture in the United States, or the import into the United States, of a plastic product.

"(b) Amount of tax.—The amount of the tax imposed under subsection (a) shall be determined on a per-item basis, as follows:

"(1) Before January 1, 2032, 5 cents for each plastic product.

"(2) On and after January 1, 2032, 10 cents for each plastic product.

"(c) Special cases.—

"(1) Single good.—A good intended for public sale, distribution, or use as a single unit, together with any plastic packaging in which the good is sold or distributed, shall be treated as 1 plastic product.

"(2) Multipacks.—For purposes of subsection (a), the tax shall be imposed for each individual plastic product contained in a multipack.

"(3) Sets and kits.—Items, sets, or kits containing components intended to be assembled or otherwise used together as a single finished good shall be treated as 1 plastic product.

"(4) Bulk quantities.—In the case of plastic products sold in bulk quantities and of minimal functionality in single units, the Secretary may by rule establish a weight or measure, of which the quantity shall be considered a single unit under subsection (a).

"(d) No credit or offset.—The tax imposed by this section shall apply without regard to whether any tax has been imposed under section 5000L or any other provision of law with respect to the materials used to produce such plastic product.

"(e) Single incidence.—The tax imposed under this section shall be imposed only once with respect to the same plastic product.

"Sec. 5000N. Administrative authority.

"(a) In general.—Not later than 210 days after the date of enactment of this chapter, the Secretary in consultation with the Administrator shall promulgate rules, guidance, and regulations useful and necessary to carry out the purposes of this chapter.

"(b) Specifically.—Such regulations and guidance shall include—

"(1) the identification of effective points in the production and manufacturing process for collecting such taxes, in such a manner so as to minimize administrative burdens,

"(2) the identification of the entities which shall be liable for the payment of the taxes,

"(3) requirements for the monthly payment of such taxes, and

"(4) as may be necessary or convenient, rules for distinguishing between different types of plastic.

"Sec. 5000O. Revenues.

"All amounts collected under this chapter shall be deposited into the general fund of the Treasury and credited to the American Value Fund established under section 623(b)(5) of the POPULIST Act.".

(b) Clerical amendment.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"CHAPTER 50E. PLASTIC TAXES.".

(c) No preemption of stronger State law.—Nothing in this section or the amendments made by this section shall be construed to preempt or limit any State law or regulation that imposes a stricter plastic pollution standard, a higher fee or tax on plastic resin or plastic products, a more protective product, packaging, recycling, waste reduction, or pollution control requirement, or any other requirement that is more protective of public health or the environment than the requirements of this section or the amendments made by this section.

(d) Effective date.—This section shall be effective September 30, 2027.

SEC. 1244. METHANE WASTE EMISSIONS FEE.

(a) Definitions.—In this section:

(1) Carbon dioxide equivalent.—The term "carbon dioxide equivalent" or "CO2e" has the meaning given such term in section 9901 of title 26, United States Code.

(2) Carbon fee.—The term "carbon fee" means the amount calculated under section 9902(b) of title 26, United States Code.

(3) Covered facility.—The term "covered facility" means any oil or gas facility subject to greenhouse gas reporting requirements under section 114 of the Clean Air Act (42 U.S.C. 7414).

(4) Methane.—The term "methane" means the greenhouse gas CH4.

(5) Methane waste emissions.—The term "methane waste emissions" means methane emissions resulting from venting, flaring, leakage, or other releases of methane to the atmosphere in excess of applicable standards.

(6) Regulation.—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.

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

(b) Codification of methane emissions performance standards.—

(1) Incorporation of rule.—The provisions of the final rule promulgated by the Environmental Protection Agency, entitled "Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review", as published in the Federal Register on March 8, 2024 (89 Fed. Reg. 16820), and subsequently corrected on August 1, 2024 (89 Fed. Reg. 62872), are incorporated into this Act and shall be treated as though such provisions are set forth in this subsection.

(2) Effect of incorporation.—The regulations incorporated under paragraph (1) are established as the minimum methane emissions performance standards by this Act, and may be weakened only by means of an Act of Congress. To the extent that any provision of such regulations does not conform with this Act, the provisions of this Act shall govern.

(3) Rule of construction.—Nothing in this subsection shall be construed to limit any existing authority of the Environmental Protection Agency to impose stricter regulations, standards, or fees.

(c) Imposition of methane waste emissions fee.—Beginning April 1, 2027, there is imposed on methane waste emissions from each covered facility a methane waste emissions fee. Such fee shall be in addition to any fee imposed on methane emissions under chapter 101 of subtitle L of title 26.

(d) Calculation of fee.—The methane waste emissions fee imposed under subsection (c) with respect to any quantity of methane shall be equal to the carbon fee that would be imposed on such quantity of methane under section 9902 of title 26, United States Code.

(e) Exceptions.—No methane waste emissions fee shall apply to methane that is captured, reinjected, converted, destroyed, sold, or otherwise managed in a manner that prevents release of such methane to the atmosphere, as determined in accordance with regulations promulgated by the Environmental Protection Agency.

(f) Administration, collection, and enforcement.—

(1) In general.—The Administrator of the Environmental Protection Agency shall administer and enforce this section with respect to measurement, reporting, monitoring, verification, applicability, exceptions, compliance, and determination of methane waste emissions, and the Secretary shall collect the methane waste emissions fee imposed under subsection (c).

(2) Returns and payment.—Each owner or operator of a covered facility subject to the fee imposed under subsection (c) shall file a return with the Secretary, at such time and in such manner as the Secretary may prescribe, and shall pay the fee imposed under subsection (c) at the time such return is due.

(3) EPA determination.—The Administrator shall determine, for each covered facility and each applicable reporting period, the quantity of methane waste emissions subject to the fee imposed under subsection (c), after applying the exceptions under subsection (e), and shall provide such determination to the Secretary in such form and manner as the Secretary and the Administrator jointly prescribe.

(4) Coordination with existing reporting.—To the maximum extent practicable, the Administrator shall coordinate measurement, reporting, monitoring, verification, and compliance under this section with greenhouse gas reporting requirements under section 114 of the Clean Air Act (42 U.S.C. 7414), regulations incorporated under subsection (b), and any other applicable methane emissions reporting requirements.

(5) Treatment for purposes of tax administration.—For purposes of subtitle F of the Internal Revenue Code of 1986, the fee imposed under subsection (c) shall be treated as a tax imposed by subtitle D of such Code.

(6) Penalties.—

(A) In general.—Any person that fails to file a return required under paragraph (2), fails to pay the fee imposed under subsection (c), or submits materially false, incomplete, or misleading information for purposes of this section shall be subject to penalties under the Internal Revenue Code of 1986 in the same manner as if the fee imposed under subsection (c) were a tax imposed by subtitle D of such Code.

(B) Additional civil penalty.—In addition to any penalty otherwise authorized by law, any person that knowingly underreports methane waste emissions subject to the fee imposed under subsection (c) shall be subject to a civil penalty of not more than 3 times the amount of the fee that should have been paid with respect to such underreported emissions.

(7) Deposit of revenues.—Amounts collected under this section shall be deposited into the general fund of the Treasury and credited to the American Value Fund.

(8) Regulations.—

(A) Interim final rules.—Not later than 90 days after the date of enactment of this section, the Administrator and the Secretary shall issue interim final regulations, guidance, forms, and procedures necessary to carry out this section.

(B) Effect.—The interim final regulations issued under subparagraph (A) shall take effect upon publication in the Federal Register and shall have the force and effect of law.

(C) Procedure.—The Administrator and the Secretary may issue an interim final regulation under subparagraph (A) without prior notice and opportunity for public comment under section 553 of title 5, United States Code.

(D) Use of prior administrative work.—Notwithstanding Public Law 119–2 or section 801(b)(2) of title 5, United States Code, the Administrator and the Secretary may use or adapt any procedure, method, form, or other administrative mechanism developed for the rule disapproved by that Public Law, to the extent consistent with this section.

(E) Public comment and final rules.—

(i) Public comment.—The Administrator and the Secretary shall provide a period of not less than 60 days after publication of an interim final regulation under subparagraph (A) for public comment.

(ii) Final rules.—Not later than September 30, 2027, the Administrator and the Secretary shall issue final regulations, guidance, forms, and procedures necessary to carry out this section after consideration of comments received under clause (i).

(F) No delay.—Failure to issue or finalize a regulation, guidance, form, or procedure under this paragraph shall not delay, limit, extinguish, or reduce—

(i) the fee imposed under subsection (c) beginning on April 1, 2027;

(ii) the standards incorporated under subsection (b); or

(iii) the authority of the Administrator or the Secretary to administer or enforce this section.

SEC. 1245. DATA CENTER WATER ACCOUNTABILITY TAX.

(a) Data center water accountability tax.—

(1) In general.—Chapter 38 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

"SUBCHAPTER F—DATA CENTER WATER ACCOUNTABILITY TAX

"SEC. 4692. Data center water accountability tax.

"Sec. 4692. Data center water accountability tax.

"(a) Definitions.—In this section:

"(1) Administrator.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(2) Alternative nonpotable water source.—The term 'alternative nonpotable water source' means reclaimed wastewater, captured stormwater, industrial reuse water, graywater, brackish water, seawater, produced water, or another source of water that is not potable water, groundwater, or surface freshwater.

"(3) Captured stormwater.—The term 'captured stormwater' means precipitation or storm runoff that is collected, stored, and used for cooling, humidification, or other data center operations without first being treated as potable water.

"(4) Chargeable water use.—The term 'chargeable water use' means—

"(A) with respect to potable water or groundwater, the total amount of such water withdrawn, purchased, received, or otherwise used by a data center, reduced only by the metered amount of such water returned directly to the public water system or reinjected into the same aquifer in compliance with applicable water quality requirements;

"(B) with respect to surface freshwater, the total amount of such water withdrawn, purchased, received, or otherwise used by a data center, reduced by the metered amount of such water returned to the same source or watershed in a condition that is substantially equivalent in quality and temperature; and

"(C) with respect to an alternative nonpotable water source, the total amount of such water withdrawn, purchased, received, or otherwise used by a data center, reduced by the metered amount of such water transferred for further nonpotable reuse or returned for further nonpotable use in a condition that is substantially equivalent in quality.

"(5) Data center.—The term 'data center' means any facility described in section 453(a)(1) of the Energy Independence and Security Act of 2007 (42 U.S.C. 17112(a)(1)) that—

"(A) has an actual peak electrical demand of not less than 25 megawatts;

"(B) is reasonably projected by the data center operator to have a peak electrical demand of not less than 25 megawatts; or

"(C) is part of a campus, phased development, or group of commonly controlled or commonly operated data centers that, in the aggregate, has or is reasonably projected to have a peak electrical demand of not less than 25 megawatts.

"(6) Data center operator.—The term 'data center operator' means the person with primary operational control over a data center.

"(7) Groundwater.—The term 'groundwater' means water located beneath the surface of the ground, including water withdrawn from an aquifer, well, spring, or other subsurface source.

"(8) Potable water.—The term 'potable water' means water that is treated, distributed, or otherwise made available for human consumption.

"(9) Reclaimed wastewater.—The term 'reclaimed wastewater' means municipal, industrial, or other wastewater that has been treated for reuse and is supplied for nonpotable use.

"(10) Surface freshwater.—The term 'surface freshwater' means water withdrawn from a river, stream, lake, reservoir, pond, wetland, or other surface water body, and does not include potable water, groundwater, or an alternative nonpotable water source.

"(b) Imposition of tax.—Beginning July 1, 2027, there is imposed on each data center operator a tax for each calendar month on the chargeable water use of each data center to which this section applies during such month.

"(c) Amount of tax.—The amount of the tax imposed under subsection (b) for a calendar month shall equal the sum of—

"(1) $26 for each 1,000 gallons of chargeable water use attributable to potable water or groundwater;

"(2) $18 for each 1,000 gallons of chargeable water use attributable to surface freshwater; and

"(3) $10 for each 1,000 gallons of chargeable water use attributable to an alternative nonpotable water source.

"(d) Drought and water-stress multiplier.—

"(1) In general.—The tax imposed under subsection (b) shall be increased by the applicable percentage under paragraph (2) with respect to chargeable water use by a data center located in an area classified as D1, D2, D3, or D4 by the United States Drought Monitor for any week during the calendar month for which the tax is imposed.

"(2) Applicable percentage.—The applicable percentage under paragraph (1) shall be the greatest of the following:

"(A) For a classification of D1, 50 percent.

"(B) For a classification of D2, 100 percent.

"(C) For a classification of D3, 150 percent.

"(D) For a classification of D4, 200 percent.

"(3) Additional water-stressed areas.—The Secretary of Energy, in consultation with the Administrator and the Director of the United States Geological Survey, may designate additional water-stressed areas by regulation based on groundwater depletion, surface water scarcity, public water supply constraints, aquifer stress, or other water-availability factors.

"(4) Treatment of additional water-stressed areas.—An area designated under paragraph (3) shall be treated as an area classified as D2 under the United States Drought Monitor unless the Secretary of Energy determines by regulation that conditions in such area warrant treatment as D1, D3, or D4.

"(e) Returns and payment.—

"(1) Quarterly estimated payments.—Each data center operator subject to the tax imposed under subsection (b) shall make quarterly estimated payments of such tax at such time and in such manner as the Secretary shall prescribe.

"(2) Annual reconciliation.—Each data center operator subject to the tax imposed under subsection (b) shall file an annual return reconciling quarterly estimated payments with actual chargeable water use for the calendar year.

"(3) Coordination with reporting.—The Secretary shall coordinate the timing and content of returns under this subsection with the reporting requirements under section 1245(b) of the POPULIST Act, to the maximum extent practicable.

"(f) Inflation adjustment.—For each calendar year after 2027, each dollar amount in subsection (c) shall be increased by an amount equal to—

"(1) such dollar amount, multiplied by

"(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(g) Anti-evasion.—For purposes of this section, the Secretary, in consultation with the Secretary of Energy, shall treat commonly controlled, colocated, phased, affiliated, or operationally

integrated data centers as a single data center if such treatment is necessary to prevent evasion of the threshold under subsection (a)(5).

"(h) Regulations.—Not later than 210 days after the date of enactment of this section, the Secretary shall issue such regulations or other guidance as are necessary to carry out this section.".

(2) Clerical amendment.—The table of subchapters for chapter 38 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"SUBCHAPTER F. DATA CENTER WATER ACCOUNTABILITY TAX".

(b) Reporting.—

(1) Definitions.—In this subsection:

(A) Terms defined in Internal Revenue Code.—The terms "alternative nonpotable water source", "chargeable water use", "data center", "data center operator", "groundwater", "potable water", "reclaimed wastewater", and "surface freshwater" have the meanings given such terms in section 4692 of the Internal Revenue Code of 1986.

(B) Water usage effectiveness.—The term "water usage effectiveness" means the ratio of annual site water use to annual information technology equipment energy use, expressed in liters per kilowatt-hour, as determined under ISO/IEC 30134-9:2022 or any successor standard recognized by the Secretary of Energy.

(2) Annual report.—Beginning July 1, 2027, each data center operator subject to section 4692 of the Internal Revenue Code of 1986 shall submit an annual report to the Secretary of Energy, the Administrator of the Environmental Protection Agency, the Secretary of the Treasury, and each State in which the data center is located.

(3) Contents.—Each report under paragraph (2) shall include, for each month of the preceding calendar year—

(A) total electricity use;

(B) peak electrical demand;

(C) total water withdrawn, purchased, received, or otherwise used;

(D) total water use by source category, including potable water, groundwater, surface freshwater, and alternative nonpotable water sources;

(E) chargeable water use by source category;

(F) water returned, reinjected, discharged, or transferred for further nonpotable reuse, by source category;

(G) water usage effectiveness;

(H) the cooling technology or technologies used at the data center, including whether waste heat is recovered or made available for district heating, domestic hot water, industrial process heat, greenhouse agriculture, or another productive thermal use; and

(I) the identity of each water provider, water district, Tribal water authority, regional water authority, watershed, aquifer, or other water source serving or supplying the data center, and the chargeable water use attributable to each such provider, authority, watershed, aquifer, or source; and

(J) such other information as the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of the Treasury, determines necessary to carry out this section and section 4692 of the Internal Revenue Code of 1986.

(4) Transition rule.—For the annual report due on July 1, 2027, the report shall include only calendar months beginning more than 60 days after the date of enactment of this Act.

(c) State and local access; public reporting.—

(1) Governmental access to reports.—The Secretary of Energy shall make reports submitted under subsection (b) available to any State, Indian Tribe, local government, public utility, water provider, water district, or regional water authority with jurisdiction over the siting, permitting, water supply, wastewater service, or electric service of the data center.

(2) Public reports.—The Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of Agriculture, shall publish on the Department of Energy website annual reports, both regional and national, summarizing water and energy use by data centers.

(3) Aggregation.—Public reports under paragraph (2) may aggregate data to protect confidential business information, except that nothing in this paragraph shall authorize withholding from the public the identity, location, peak electrical demand, total annual water withdrawn, purchased, received, or otherwise used, total annual chargeable water use, or water source categories of a data center subject to this section.

(d) Data Center Water Resilience Fund.—

(1) Establishment.—There is established in the Treasury of the United States a fund to be known as the "Data Center Water Resilience Fund".

(2) Deposits.—There are appropriated to the Fund, out of amounts in the Treasury not otherwise appropriated, amounts equivalent to the revenues received in the Treasury from the tax imposed under section 4692 of the Internal Revenue Code of 1986.

(3) Availability.—Amounts deposited into the Fund shall be available without further appropriation to carry out this subsection.

(4) Distribution.—For each fiscal year, amounts in the Fund shall be distributed as follows:

(A) Local and regional share.—50 percent of the amounts attributable to tax paid with respect to each data center shall be made available to the water provider, water district, Tribal water authority, regional water authority, or other public or Tribal authority serving or having water-resource jurisdiction over the provider, watershed, aquifer, or other source from which the chargeable water use is obtained. If chargeable water use is attributable to more than 1 such provider, authority, watershed, aquifer, or source, the amount shall be

allocated among the applicable recipients in proportion to the chargeable water use attributable to each.

(B) State share.—25 percent of the amounts attributable to tax paid with respect to each data center shall be made available to the State in which the data center is located for water conservation, reclaimed water infrastructure, groundwater recharge, leak reduction, watershed restoration, or drought resilience. If a data center campus or operationally integrated group is located in more than 1 State, the amount shall be allocated among the States in proportion to the chargeable water use attributable to operations in each State.

(C) Federal share.—25 percent shall remain available to the Secretary of Energy, as lead administrator, to administer and enforce this section and section 4692 of the Internal Revenue Code of 1986. The Secretary of Energy may transfer amounts under this subparagraph to the Secretary of the Treasury, the Administrator of the Environmental Protection Agency, or the Secretary of Agriculture as necessary to carry out such administration and enforcement.

(D) Allocation rules.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Energy, the Administrator of the Environmental Protection Agency, and the Secretary of Agriculture, shall issue rules for attributing and allocating amounts under this paragraph, including rules for data centers using multiple providers or water sources, self-supplied water, multistate campuses, and changes in providers or water sources during a fiscal year.

(e) Administration and enforcement coordination.—

(1) Tax administration.—The Secretary of the Treasury shall administer and collect the tax imposed under section 4692 of the Internal Revenue Code of 1986.

(2) Measurement and reporting rules.—Not later than 180 days after the date of enactment of this Act, the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of the Treasury, shall establish rules and procedures for measurement, reporting, verification, and audit of water use, chargeable water use, water sources, discharges, and water usage effectiveness under this section and section 4692 of the Internal Revenue Code of 1986.

(f) Penalties.—

(1) Failure to report.—Any data center operator that fails to submit a report required under subsection (b) shall be liable for a civil penalty of not more than $20,000 for each day during which such failure continues.

(2) False or incomplete report.—Any data center operator that knowingly submits materially false, incomplete, or misleading information under subsection (b) shall be liable for a civil penalty of not more than $20,000 for each day during which such violation continues.

(3) Tax penalties.—Nothing in this subsection shall limit the application of any penalty under the Internal Revenue Code of 1986 with respect to a failure to file a return, failure to pay tax, underpayment, false statement, fraud, or other violation relating to the tax imposed under section 4692 of such Code.

(g) No preemption.—Nothing in this section shall be construed to preempt or limit any State, Tribal, or local law, regulation, fee, charge, reporting requirement, water-use restriction, or permitting condition that is more protective of water resources or ratepayers than this section.

(The POPULIST Act of 2026, TITLE XII, version 2.6, last updated August 7, 2026)

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

SEC. 1301. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) The concept of a Jubilee recognizes that societies accumulate not only financial obligations, but also moral debts, inherited hostilities, and relationships shaped by fear, coercion, and injustice. As the United States marks its 250th anniversary, a national Jubilee provides an opportunity to address debts, repair harms, and reconsider relationships that no longer serve peace, justice, or human dignity.

(2) Dr. Martin Luther King Jr. taught that "peace is not merely the absence of tension, but the presence of justice" and identified poverty, racism, and militarism as interrelated evils. The militarization of local law enforcement lies at the junction of those evils, bringing weapons and methods of war into communities already burdened by poverty and racial injustice. With the centenary of his birth approaching on January 15, 2029, the United States has an opportunity to honor his work by promoting peace as the presence of justice at home and abroad.

(3) For generations, the United States has institutionalized preparation for war, while diplomacy, mediation, and peacebuilding have not received comparable permanence or public investment. Peacebuilding is productive public investment that can prevent violence, reduce suffering, and promote the security of the United States.

(4) Defense expenditures and military service perform valuable economic functions by distributing Federal resources and providing employment, education, and health care. These benefits support workers, local economies, and communities with limited civilian opportunities, but can create economic dependence on continued military expenditure.

(5) The American Union Jobs Program, the employment access guarantee, and the industrial reconstruction initiatives established under title VIII, along with other investments throughout the POPULIST Act, provide practical means to reduce reliance on military spending as a primary channel of economic opportunity.

(6) In his April 16, 1953, "Chance for Peace" address, President Dwight D. Eisenhower, who later warned the nation of the growth of the military-industrial complex, observed that producing "every gun that is made, every warship launched, every rocket fired" diverts labor and resources from human needs. Reductions in unnecessary military expenditure are more

durable and publicly legitimate when the resulting peace dividends are visible and reinvested in productive civilian purposes.

(7) Across the planet, humanity shares a common desire for peace, justice, and prosperity. Disputes among governments must not convert entire peoples into permanent enemies. Accountability for wrongful conduct should be directed toward responsible persons and institutions rather than civilian populations. Collective punishment is not justice.

(8) The use of nuclear weapons would constitute one of the most extreme forms of collective punishment, causing catastrophic destruction that cannot be confined to combatants. On January 3, 2022, the leaders of the 5 nuclear-weapon states recognized under the Treaty on the Non-Proliferation of Nuclear Weapons jointly affirmed that "a nuclear war cannot be won and must never be fought" and committed to preventing nuclear war and avoiding arms races. The United States has an opportunity to lead by example in reducing nuclear danger through restraint, arms control, and diplomacy toward disarmament.

(9) For more than a century, countries across the planet have established international rules restricting inhumane weapons, including chemical weapons and, more recently, anti-personnel landmines and cluster munitions. The United States recognizes that fellowship among nations requires respect for shared humanitarian norms and that new frameworks are needed for 21st-century dangers, particularly lethal autonomous weapons.

(10) Arms transfers and security cooperation must be judged by their foreseeable consequences for civilians.

(11) Democratic self-government requires Congressional control over war. Decisions to begin, continue, expand, and finance hostilities are among the gravest exercises of governmental power and must be made through clear, current, and publicly accountable action by Congress.

(b) Purpose.—The purposes of this title are—

(1) to mark a national Jubilee by reassessing relationships, repairing harms, and redirecting public power toward peace, justice, prosperity, and human dignity;

(2) to reorient public institutions toward fellowship among nations, diplomacy, peacebuilding, and prevention of violence at home and abroad;

(3) to restore clear, current, and democratic congressional control over the use of military force and restrain weapons and policies that impose unacceptable harm on civilians;

(4) to reduce reliance on unnecessary military expenditure while protecting workers and communities through public employment, industrial reconstruction, and visible reinvestment of peace dividends; and

(5) to promote peace.

SEC. 1302. ENDING MILITARY EQUIPMENT DONATIONS TO LAW ENFORCEMENT.

(a) In general.—Chapter 153 of title 10, United States Code, is amended by striking section 2576a.

(b) Clerical amendment.—The table of sections at the beginning of such chapter is amended by striking the item relating to section 2576a.

Subtitle A—Establishing a Department of Peacebuilding

SEC. 1311. DEFINITIONS.

(a) Definitions.—In this subtitle:

(1) Committee.—The term "Committee" means the Federal Interagency Committee on Peace established under section 1315(b).

(2) Council.—The term "Council" means the Intergovernmental Advisory Council on Peace established under section 1315(a).

(3) Culture of peace.—The term "culture of peace" means social, civic, educational, economic, and governmental conditions that support nonviolent conflict resolution, civic dignity, democratic participation, fair economic opportunity, public safety, and respect for civil rights and civil liberties.

(4) Department.—The term "Department" means the Department of Peacebuilding established under section 1312(a).

(5) Elementary school.—The term "elementary school" has the meaning given that term in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(6) Federal agency.—The term "Federal agency" has the meaning given the term "agency" in section 551(1) of title 5, United States Code.

(7) Institution of higher education.—The term "institution of higher education" has the meaning given that term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

(8) Nonprofit organization.—The term "nonprofit organization" means an entity that—

(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)); and

(B) is exempt from tax under section 501(a) of such Code.

(9) Peacebuilding.—The term "peacebuilding" means policies, programs, practices, and institutions that prevent, reduce, or repair violence, address the causes of conflict, strengthen nonviolent conflict resolution, and support conditions of civic dignity, economic security, democratic participation, and public safety.

(10) Peacemaking.—The term "peacemaking" means diplomatic, civic, community-based, or other nonviolent action to prevent, de-escalate, mediate, resolve, or repair conflict.

(11) Secondary school.—The term "secondary school" has the meaning given that term in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(12) Secretary.—The term "Secretary" means the Secretary of Peacebuilding appointed under section 1312(b).

(13) State educational agency.—The term "State educational agency" has the meaning given that term in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

SEC. 1312. ESTABLISHMENT, MISSION, LEADERSHIP, AND STAFF.

(a) Establishment.—There is established in the executive branch of the Federal Government a Department of Peacebuilding.

(b) Secretary of Peacebuilding.—There shall be at the head of the Department a Secretary of Peacebuilding, who shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary shall be compensated at the rate provided for level I of the Executive Schedule under section 5312 of title 5, United States Code.

(c) Mission.—The Department shall—

(1) cultivate peace, peacebuilding, and a culture of peace as strategic national policy objectives;

(2) prevent, reduce, and repair violence domestically and internationally through evidence-based peacebuilding, peacemaking, mediation, and nonviolent conflict resolution;

(3) strengthen nonmilitary means of preventing, de-escalating, and resolving conflict;

(4) analyze and address the relationships between peacebuilding and access to justice, public health, education, economic security, democratic self-government, environmental sustainability, civil rights, and civil liberties;

(5) identify, support, evaluate, replicate, and expand effective community-based and nongovernmental initiatives to prevent and reduce violence; and

(6) serve as an institutional center for peacebuilding expertise, research, policy development, interagency coordination, and measurement of progress toward peace.

(d) Under Secretary of Peacebuilding.—

(1) In general.—The President shall appoint an Under Secretary of Peacebuilding in the Department, by and with the advice and consent of the Senate. During the absence or disability of the Secretary, or in the event of a vacancy in the office of the Secretary, the Under Secretary shall act as Secretary.

(2) Compensation.—The Under Secretary shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.

(e) Order of succession.—The Secretary shall designate the order in which other officials of the Department shall act and perform the functions of the Secretary during the absence or disability of both the Secretary and the Under Secretary or in the event of vacancies in both offices.

(f) Assistant Secretaries and General Counsel.—

(1) In general.—The President shall appoint in the Department, by and with the advice and consent of the Senate—

(A) an Assistant Secretary for Peace Education, Training, and Research;

(B) an Assistant Secretary for Domestic Peacebuilding and Community Safety;

(C) an Assistant Secretary for International Peacebuilding and Human Security;

(D) an Assistant Secretary for Technology, Media, and Democratic Resilience;

(E) an Assistant Secretary for Arms Control and Disarmament;

(F) an Assistant Secretary for Civic Dignity and Economic Security; and

(G) a General Counsel.

(2) Compensation.—Each Assistant Secretary and the General Counsel shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(g) Inspector General.—Chapter 4 of title 5, United States Code, commonly referred to as the Inspector General Act of 1978, as amended by this Act, is further amended—

(1) in section 401—

(A) in paragraph (1), by inserting "Peacebuilding," after "Homeland Security,"; and

(B) in paragraph (3), by inserting "Peacebuilding," after "Homeland Security,"; and

(2) in section 409(a), by inserting before the period at the end ", but does not include the Department of Peacebuilding".

(h) Additional officers.—The Secretary may appoint, in accordance with applicable law, such additional officers as are necessary to carry out congressional relations, public affairs, management and budget, and planning, evaluation, and policy development functions.

(i) Authority of Secretary.—Except as otherwise provided by law, each officer appointed under subsection (d), (f), or (h) shall report directly to the Secretary and shall, in addition to any functions vested in or required to be delegated to such officer, perform such additional functions as the Secretary may prescribe.

(j) Staff.—The Secretary may appoint and fix the compensation of such employees as may be necessary to carry out the functions of the Secretary and the Department. Except as otherwise provided by law, such employees shall be appointed in accordance with applicable laws and the compensation of such employees fixed in accordance with title 5, United States Code.

(k) Conforming amendments.—

(1) Executive department.—Section 101 of title 5, United States Code, is amended by adding at the end the following:

"The Department of Peacebuilding.".

(2) Executive Schedule level I.—Section 5312 of title 5, United States Code, is amended by adding at the end the following:

"Secretary of Peacebuilding.".

(3) Executive Schedule level III.—Section 5314 of title 5, United States Code, is amended by adding at the end the following:

"Under Secretary of Peacebuilding.".

(4) Executive Schedule level IV.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

"Assistant Secretaries of Peacebuilding (6).

"General Counsel, Department of Peacebuilding.".

(5) Presidential succession.—Section 19(d)(1) of title 3, United States Code, is amended by inserting ", Secretary of Peacebuilding" after "Secretary of Homeland Security".

SEC. 1313. RESPONSIBILITIES AND POWERS.

(a) In general.—The Secretary shall—

(1) advise the President, coordinate with Federal agencies, and consult with Congress on policies relating to peacebuilding and conditions of peace;

(2) consult with public, private, academic, and nongovernmental experts and with communities affected by the policies and programs of the Department;

(3) research and analyze the causes and conditions of conflict, violence, and peace, including the effects of economic insecurity, deprivation, exploitation, predatory debt, wage suppression, concentrated economic power, and coercive extraction of income or wealth;

(4) identify, evaluate, and disseminate effective violence prevention, peacebuilding, peacemaking, and conflict resolution practices; and

(5) develop metrics for measuring progress toward peace in the United States and submit annually to the President and Congress, and make publicly available on the website of the Department, a report on such progress.

(b) Domestic responsibilities.—The Secretary shall collaborate with governmental and nongovernmental organizations and individuals to promote personal and community safety and peace by—

(1) developing and supporting evidence-based policies and programs to prevent and reduce personal, family, school, workplace, police, and community violence, including suicide, domestic violence, child abuse, elder abuse, hate crimes, gang violence, human trafficking, and substance-related harm;

(2) analyzing policies and developing nonviolent approaches concerning firearms and other instruments of violence;

(3) addressing economic conditions that contribute to violence, including poverty, homelessness, predatory debt, wage theft, unemployment, and lack of access to health care, child care, transportation, and other basic needs;

(4) making policy recommendations to the Attorney General and other appropriate officials regarding civil rights, labor law, community safety, and police-community relations;

(5) supporting community-based violence prevention, violence interruption, peer mediation, unarmed civilian peacekeeping, crisis mitigation, restorative practices, and other nonmilitary public safety strategies;

(6) supporting counseling, advocacy, and trauma-informed services for people harmed by violence;

(7) supporting public education that promotes human dignity, nonviolence, mutual respect, civil rights, and civil liberties; and

(8) supporting community-led initiatives that address historical and structural sources of conflict and use local experience to inform national policy.

(c) International responsibilities.—The Secretary shall—

(1) advise the Secretary of State, the Secretary of Defense, and other appropriate officials regarding conflict prevention and de-escalation, civilian protection, civil rights, civil liberties, and nonmilitary alternatives to armed conflict;

(2) support the development of peacebuilding and conflict prevention training for United States personnel engaged in diplomacy, humanitarian response, demobilization, post-conflict reconstruction, or related civilian activities;

(3) sponsor and coordinate conflict prevention, mediation, reconciliation, dispute resolution, and peace summit initiatives and special task forces, drawing on affected communities and local, regional, and national expertise;

(4) support counseling, advocacy, trauma recovery, and civilian protection for victims and survivors of armed conflict, human trafficking, sexual violence, and other severe abuses;

(5) support international exchanges, sister-city programs, and other civic, cultural, educational, and faith-based initiatives that advance peace;

(6) support the training and deployment of unarmed civilian peacekeepers and the development of multinational civilian peacekeeping capacity;

(7) in consultation with the Secretary of State and the Secretary of the Treasury, support civilian monitoring and investigation of international arms embargoes and analyze the effects of United States arms transfers on peace and security;

(8) recommend reductions in and elimination of weapons of mass destruction and other appropriate arms-control and disarmament measures;

(9) through the BREAD program and in consultation with the Secretary of State, support nonviolent strategies addressing poverty, debt distress, labor exploitation, resource extraction, food insecurity, and other economic conditions that contribute to conflict, displacement, or violence;

(10) in consultation with the Secretary of State, advise the United States Permanent Representative to the United Nations on peacebuilding matters and support nonpartisan international election monitoring, democratic-transition assistance, and civilian protection; and

(11) encourage the creation of infrastructures for peace and the implementation of international strategies centered on peacebuilding, reconciliation, diplomacy, development, and nonviolent civilian protection.

(d) Membership of the Secretary of Peacebuilding on the National Security Council.—Section 101(c) of the National Security Act of 1947 (50 U.S.C. 3021(c)) is amended by inserting ", the Secretary of Peacebuilding" after "Treasury".

(e) Human security responsibilities.—The Secretary shall identify and offer nonviolent conflict resolution strategies and appropriate civilian peacebuilding resources to parties affected by conflict or crisis.

(f) Educational responsibilities.—The Secretary shall, in consultation with the United States Institute of Peace, the Department of Education, educators, and other appropriate individuals and organizations—

(1) support the development and dissemination of voluntary peace education curricula at the early-childhood, elementary, secondary, and postsecondary levels that address—

(A) civil rights and civil liberties movements in the United States and throughout the world, with particular attention to the role of nonviolence;

(B) the causes of violence and conditions of peace;

(C) nonviolent conflict resolution, mediation, restorative practices, and de-escalation;

(D) peace agreements and circumstances in which peaceful intervention has helped prevent or end conflict; and

(E) the relationships among economic conditions, democratic participation, civil rights, civil liberties, environmental sustainability, and peace;

(2) provide grants, training, and technical assistance to State educational agencies, school districts, schools, and institutions of higher education to develop and implement peace education, anti-bullying, restorative practice, and nonviolent conflict resolution programs;

(3) support educators and students in developing critical-thinking, civic education, democratic participation, reflection, mediation, and peaceful conflict resolution skills;

(4) support schools and communities in creating safe, nonviolent educational environments free from bullying and harassment;

(5) maintain a public website to disseminate peace education resources and solicit ideas from students, educators, and the public; and

(6) provide grants for peace studies and related programs in institutions of higher education.

(g) Peace Academy.—

(1) Establishment.—Not later than 3 years after the date of enactment of this Act, the Secretary, in consultation with the Secretary of Education, the Secretary of State, the United States Institute of Peace, institutions of higher education, and other appropriate Federal agencies and educational institutions, shall establish a Peace Academy.

(2) Purpose and course of instruction.—The Peace Academy shall provide a 4-year course of instruction to prepare individuals for public service in domestic and international peacebuilding, nonviolent conflict resolution, mediation, civilian protection, violence prevention, humanitarian response, democratic resilience, and post-conflict reconstruction, including instruction in—

(A) nonviolent conflict resolution, mediation, restorative practices, and de-escalation;

(B) diplomacy, international relations, civil rights, civil liberties, rule of law, and public administration;

(C) public health, humanitarian response, foreign languages, and cross-cultural communication; and

(D) the economic, environmental, technological, and social causes of conflict and violence.

(3) Degree authority.—The Peace Academy may confer a baccalaureate degree on a graduate who completes the course of instruction required under paragraph (2), subject to such accreditation requirements as the Secretary of Education determines appropriate.

(4) Tuition and support.—The Secretary may provide tuition-free instruction, room, board, books, supplies, and other support to students enrolled in the Peace Academy, subject to an agreement to satisfy the public service obligation under paragraph (5).

(5) Public service obligation.—A graduate of the Peace Academy who received tuition-free instruction or other support under paragraph (4) shall serve for 5 years in public service in an approved position dedicated to domestic or international peacebuilding, nonviolent conflict resolution, violence prevention, civilian protection, humanitarian response, democratic resilience, post-conflict reconstruction, or related work.

(6) Approved placements.—The Secretary may approve public-service placements for purposes of paragraph (5) with Federal agencies, State, Tribal, and local governments, international organizations, nonprofit organizations, nongovernmental organizations, and other entities that carry out work consistent with the purposes of the Peace Academy.

(7) Service agreements.—Before receiving support under paragraph (4), a student shall enter into a written agreement to complete the course of instruction and satisfy the public-service obligation under paragraph (5) or repay an appropriate portion of the value of the support received. The Secretary may waive repayment, in whole or in part, because of death, disability, extreme hardship, or another circumstance specified by regulation.

(8) Regulations.—The Secretary, in consultation with the Secretary of Education and the Director of the Office of Personnel Management, shall prescribe regulations governing

admissions, academic standards, accreditation, service agreements, approved placements, deferments, waivers, repayment, and enforcement of the public-service obligation.

(h) Relationship to BREAD program.—Any civilian international assistance provided by the Department shall be administered through the BREAD program established under section 1316. Nothing in this section may be construed to authorize a separate civilian international assistance program outside the BREAD program.

SEC. 1314. FUNCTIONS OF ASSISTANT SECRETARIES.

(a) Functions.—Subject to the direction of the Secretary and without limiting section 1313, each Assistant Secretary appointed under section 1312(f) shall have primary responsibility for the functions assigned to that Assistant Secretary under this subsection:

(1) Assistant Secretary for Peace Education, Training, and Research.—The Assistant Secretary for Peace Education, Training, and Research shall carry out functions relating to—

(A) peace education and training at the pre-kindergarten, elementary, secondary, university, and postgraduate levels;

(B) in consultation with the Secretary of Education, the United States Institute of Peace, institutions of higher education, and other appropriate entities, development, support, and dissemination of peace education curricula and materials, including—

(i) historical and contemporary examples of nonviolent peacebuilding; and

(ii) lessons that foster empathy, mutual respect, nonviolent conflict resolution, and reconciliation;

(C) instruction and training in nonviolent conflict resolution, mediation, restorative practices, de-escalation, civic education, democratic participation, civil rights, civil liberties, and the economic, environmental, technological, and social causes of conflict and violence;

(D) school-based restorative practices and programs to prevent the school-to-prison pipeline through training for teachers, staff, students, families, and communities;

(E) coordination of approved placements for graduates of the Peace Academy with the Assistant Secretary for Domestic Peacebuilding and Community Safety and the Assistant Secretary for International Peacebuilding and Human Security;

(F) commissioning, compiling, publishing, and disseminating research on war, violence, peacebuilding, nonviolent conflict resolution, public health, economic security, education, democratic participation, rule of law, and other conditions affecting peace;

(G) developing metrics to measure progress toward peace, violence prevention, and nonviolent conflict resolution;

(H) promoting voluntary educational observances and public discussions concerning peacebuilding; and

(I) maintaining public access to reports, studies, data, and compiled research developed or supported by the Department.

(2) Assistant Secretary for Domestic Peacebuilding and Community Safety.—The Assistant Secretary for Domestic Peacebuilding and Community Safety shall carry out functions relating to—

(A) prevention and reduction of domestic violence, community violence, hate crimes, gang violence, substance abuse, animal cruelty, suicide, and other forms of interpersonal violence;

(B) violence interruption, civilian community peacekeeping, crisis mitigation, de-escalation training, restorative justice, restorative practices, trauma healing, reentry, and other nonmilitary public safety strategies;

(C) community-based policing practices that reduce targeting and harassment and strengthen de-escalation, transparency, accountability, and police-community relations;

(D) nonviolent resolution of labor disputes, collective bargaining, workplace democracy, and protection against coercion, retaliation, wage theft, predatory debt, and other economic conditions that contribute to domestic conflict;

(E) mediation of local disputes and support for community programs that reduce conflict, build trust across neighborhoods and communities, and promote nonviolent civic participation; and

(F) approved domestic placements for graduates of the Peace Academy.

(3) Assistant Secretary for International Peacebuilding and Human Security.—The Assistant Secretary for International Peacebuilding and Human Security shall carry out functions relating to—

(A) conflict prevention, mediation, civilian protection, nonviolent democratic transitions, election monitoring, humanitarian response, post-conflict reconstruction, and cross-border cooperation;

(B) training and deployment of graduates of the Peace Academy and other nonmilitary conflict prevention and peacebuilding personnel in approved international placements, including support for the creation, training, and coordination of multinational nonviolent peace forces and civilian peacekeeping teams;

(C) national and regional conflict prevention, de-escalation, and peaceful dispute resolution initiatives in nations experiencing social, political, environmental, medical, or economic strife;

(D) strategies to reduce poverty, debt distress, labor exploitation, resource extraction, food insecurity, and other economic conditions that contribute to conflict, displacement, or violence;

(E) efforts to prevent genocide, human trafficking, child labor, slave labor, and other severe abuses; and

(F) coordination, in consultation with the Secretary of State, with the United Nations, international organizations, and appropriate interagency bodies relating to atrocity prevention, civilian protection, humanitarian response, and peacebuilding.

(4) Assistant Secretary for Technology, Media, and Democratic Resilience.—The Assistant Secretary for Technology, Media, and Democratic Resilience shall carry out functions relating to—

(A) the effect of artificial intelligence, mobile technologies, social media, recommendation algorithms, digital advertising systems, drones, data science, and information systems on domestic and international peace;

(B) the role of social media, digital platforms, algorithmic amplification, misinformation, disinformation, fear-inducing content, hate-inducing content, and engagement-based business models in escalating or de-escalating conflict;

(C) policies and best practices to protect civil rights, civil liberties, privacy, free expression, democratic participation, and public safety in the use of technologies affecting peacebuilding; and

(D) research and development of technologies that support peacebuilding, humanitarian response, democratic resilience, conflict prevention, environmental sustainability, and other nonviolent public purposes.

(5) Assistant Secretary for Arms Control and Disarmament.—The Assistant Secretary for Arms Control and Disarmament shall carry out functions relating to—

(A) interagency discussions and international negotiations relating to arms control, disarmament, weapons of mass destruction, nuclear weapons, weaponized drones, and other weapons systems;

(B) policy development, interagency coordination, and support for the implementation of agreements and treaties addressing the reduction and elimination of nuclear weapons and other weapons of mass destruction and the protection of space from militarization;

(C) policy development, interagency coordination, and oversight relating to cleanup and remediation of nuclear contamination at nuclear test sites, nuclear research facilities and laboratories, present and former military installations, Superfund sites, and adjacent lands, waters, and air; and

(D) support for voluntary programs for the safe surrender, purchase, disabling, recycling, destruction, or secure storage of firearms and ammunition, including public education on nonviolent conflict resolution and safe alternatives to firearm possession.

(6) Assistant Secretary for Civic Dignity and Economic Security.—The Assistant Secretary for Civic Dignity and Economic Security shall carry out functions relating to—

(A) civic dignity, economic security, fair labor conditions, democratic participation, access to justice, and protection against exploitation, coercion, deprivation, and violence;

(B) economic analyses of poverty, scarcity, misdistribution of resources, predatory debt, labor exploitation, wage suppression, concentrated economic power, and coercive extraction of income or wealth as sources of conflict and violence;

(C) nonviolent strategies to prevent, reduce, or repair conflict caused by economic insecurity, human displacement, criminalization, vilification, or mistreatment of people seeking safety or economic opportunity;

(D) strategies regarding international assistance, development, peacebuilding, reconstruction funds, labor standards, and the impact of such policies on peace and stability, in consultation with the Secretary of State, the Secretary of the Treasury, and the Secretary of Labor; and

(E) ensuring that the Department's domestic and international policies account for the relationship between economic security, civic dignity, democratic participation, and peace.

(b) Grants, contracts, and cooperative agreements.—The Secretary may make grants, enter into contracts, and enter into cooperative agreements with Federal agencies, State, Tribal, and local governments, international organizations, institutions of higher education, nonprofit organizations, nongovernmental organizations, labor organizations, mediation organizations, community violence prevention organizations, and other appropriate entities to carry out sections 1313 and 1314, except that civilian international assistance shall be administered in accordance with section 1316.

(c) Coordination.—The Secretary shall coordinate the functions carried out under this section across the Department, including with the BREAD program, and shall prevent unnecessary duplication, fragmentation, or conflict among such functions.

SEC. 1315. ADVISORY, INTERAGENCY, CONSULTATION, AND COLLABORATION FUNCTIONS.

(a) Intergovernmental Advisory Council on Peace.—

(1) Establishment.—There shall be in the Department an advisory committee known as the Intergovernmental Advisory Council on Peace.

(2) Functions.—The Council shall provide assistance and make recommendations to the President and the Secretary concerning intergovernmental policies relating to peace and nonviolent conflict resolution.

(3) Responsibilities.—The Council shall—

(A) provide a forum for representatives of international bodies, the Federal Government, Tribal governments, and State and local governments to discuss practices, traditions, and policies that promote peacebuilding, community safety, and well-being;

(B) promote better intergovernmental relations and offer professional mediation services to prevent or resolve intergovernmental and intragovernmental conflict, including by reducing inflammatory rhetoric and improving communication; and

(C) submit biennially, or more frequently if determined necessary by the Council, a report to the President, the Secretary, and Congress reviewing the impact of Federal peace activities on the Federal Government and on State and local governments.

(4) Membership.—The Council shall be composed of members appointed by the Secretary, including representatives of Federal agencies, State governments, Tribal governments, local governments, and, as appropriate, international bodies, regional organizations, peacebuilding organizations, mediation organizations, labor organizations, community violence prevention organizations, and institutions of higher education.

(b) Federal Interagency Committee on Peace.—

(1) Establishment.—There is established a Federal Interagency Committee on Peace.

(2) Functions.—The Committee shall—

(A) assist the Secretary in ensuring that the procedures and actions of the Department and other Federal agencies are coordinated; and

(B) study and recommend improvements in the coordination of Federal programs, policies, and administrative practices affecting peacebuilding, violence prevention, conflict resolution, public safety, and well-being.

(3) Membership.—The Committee shall be composed of representatives designated by the heads of Federal agencies whose programs, policies, or administrative practices affect peacebuilding, violence prevention, conflict resolution, public safety, education, labor, housing, health, foreign policy, national security, or economic security, including the Department of State, the Department of Defense, the Department of Justice, the Department of Education, the Department of Health and Human Services, the Department of Labor, the Department of Housing and Urban Development, the Department of the Treasury, and the Department of Homeland Security.

(c) Consultation in cases of conflict and violence prevention.—

(1) In general.—In any case in which a conflict between the United States and any other government or entity is foreseeable, imminent, or occurring, the Secretary of Defense and the Secretary of State shall consult with the Secretary concerning violence prevention, nonviolent means of conflict resolution, and peacebuilding.

(2) Review and assessment.—In any case in which a conflict described in paragraph (1) is ongoing or recently concluded, the Secretary shall independently review diplomatic and other nonviolent initiatives undertaken by the United States and other parties to the conflict, assess the effectiveness of such initiatives, and recommend improvements.

(3) Consultation process.—The Secretary shall establish a formal and timely process of consultation with the Secretary of State, the Secretary of Defense, and the National Security Council—

(A) before the United States initiates a policy or withdraws resources in a manner that could reasonably be expected to create a substantial risk of armed conflict or other violence involving the United States; and

(B) for any matter involving—

(i) the use of Department of Defense personnel within the United States; or

(ii) the proposed or actual distribution, transfer, sale, or donation of equipment, weapons, vehicles, surveillance tools, or other property of the Department of Defense to Federal, State, Tribal, or local law enforcement entities under any provision of law.

(d) Consultation in drafting treaties and agreements.—The Secretary of State and the head of any other Federal agency participating in the negotiation or drafting of a treaty or peace agreement relating to conflict prevention, peacebuilding, arms control, or post-conflict recovery shall consult with the Secretary regarding peacebuilding, conflict prevention, and implementation matters.

(e) Collaboration.—The Secretary shall collaborate with Federal agencies, relevant experts, nongovernmental and nonprofit organizations, State, Tribal, and local governments, and people and communities materially affected by relevant programs in designing, implementing, and evaluating such programs.

SEC. 1316. BASIC RELIEF, ECONOMIC ASSISTANCE, AND DEVELOPMENT PROGRAM.

(a) In general.—Title 22, United States Code, is amended by adding at the end the following:

"CHAPTER 115—BASIC RELIEF, ECONOMIC ASSISTANCE, AND DEVELOPMENT

"SUBCHAPTER I—BASIC RELIEF, ECONOMIC ASSISTANCE, AND DEVELOPMENT

"SEC. 10801. Definitions.

"SEC. 10802. Establishment and purpose.

"SEC. 10803. Administration and coordination.

"SEC. 10804. Core civilian international assistance authorities.

"SEC. 10805. Local agency and noncoercion.

"SEC. 10806. Continuity of life-saving assistance.

"SEC. 10807. Oversight, transparency, and congressional notification.

"SEC. 10808. BREAD Fund.

"SEC. 10809. Authorization of appropriations and budget account.

"Subchapter I—Basic Relief, Economic Assistance, and Development

"Sec. 10801. Definitions.

"In this chapter:

"(1) Appropriate congressional committees.—The term 'appropriate congressional committees' means—

"(A) the Committee on Foreign Relations of the Senate;

"(B) the Committee on Appropriations of the Senate;

"(C) the Committee on Homeland Security and Governmental Affairs of the Senate;

"(D) the Committee on Foreign Affairs of the House of Representatives;

"(E) the Committee on Appropriations of the House of Representatives; and

"(F) the Committee on Oversight and Government Reform of the House of Representatives.

"(2) BREAD program.—The term 'BREAD program' means the Basic Relief, Economic Assistance, and Development program established under section 10802.

"(3) Civilian international assistance.—The term 'civilian international assistance' means assistance provided to support civilian needs, systems, institutions, or capacities outside the United States, including humanitarian assistance, disaster response, food security, health care, education, water and sanitation, housing, transportation, energy, communications, public administration, anti-corruption systems, labor standards, local productive capacity, reconstruction, development, peacemaking, peacebuilding, nonviolent conflict prevention, civilian protection, or other non-security civilian purposes, and does not include any function excluded under section 10832.

"(4) Department.—The term 'Department' means the Department of Peacebuilding established under section 1312 of the POPULIST Act.

"(5) Excluded function.—The term 'excluded function' means a function excluded from transfer to, administration by, or funding through the BREAD program under section 10832.

"(6) Fund.—The term 'Fund' means the BREAD Fund established under section 10808.

"(7) Intelligence community.—The term 'intelligence community' has the meaning given such term in section 3 of the National Security Act of 1947 (50 U.S.C. 3003).

"(8) Local partner.—The term 'local partner' means a nonviolent local or regional entity operating in a country or region receiving assistance under this chapter, including a local or regional government, civic organization, cooperative, labor organization, educational institution, health care institution, public health institution, agricultural association, small business association, humanitarian organization, community-based organization, or nonprofit organization.

"(9) Secretary.—The term 'Secretary' means the Secretary of Peacebuilding.

"(10) Transferred civilian assistance function.—The term 'transferred civilian assistance function' means a function transferred to the Department for administration through the BREAD program under section 10831.

"(11) USAID legacy authority.—The term 'USAID legacy authority' means the United States Agency for International Development, the Administrator of the United States Agency for International Development, the Agency for International Development, AID, USAID, and any component or officer of the Department of State or any other Federal agency that has assumed, administers, or exercises a civilian international assistance function formerly administered by the United States Agency for International Development.

"Sec. 10802. Establishment and purpose.

"(a) Establishment.—There is established in the Department a program to be known as the 'Basic Relief, Economic Assistance, and Development program' or the 'BREAD program'.

"(b) Purpose.—The purpose of the BREAD program is to establish a civilian, non-security framework for international assistance that—

"(1) administers civilian international assistance through the Department;

"(2) serves as the successor framework for transferred civilian assistance functions;

"(3) preserves and rebuilds civilian capacity for humanitarian assistance, disaster response, food security, public health, education, reconstruction, development, and nonviolent conflict prevention;

"(4) supports peacebuilding, peacemaking, and nonviolent alternatives to militarized foreign policy;

"(5) strengthens local productive capacity, fair labor conditions, cooperative development, small business development, agricultural resilience, public benefit systems, and nonextractive economic development;

"(6) reduces conditions that contribute to conflict, including poverty, debt distress, predatory lending, labor exploitation, wage suppression, food insecurity, resource extraction, corruption, concentrated economic power, and coercive extraction of income or wealth;

"(7) preserves local agency, supports locally driven solutions, promotes mutual accountability with local, national, and regional civilian partners, and avoids coercive economic or political conditionality;

"(8) provides civilian assistance capacity to support peace and stability partnerships established under section 1326 of the POPULIST Act, the sovereign debt relief, responsible lending, and peacebuilding conference required under section 1365 of such Act, and peace congresses convened under section 1362 of such Act;

"(9) ensures that civilian international assistance is not administered through military, intelligence, covert action, law enforcement, prison, border security, internal security, or security-force channels; and

"(10) requires defined metrics, monitoring of program outputs and policy outcomes, local partner feedback, affected community feedback, learning, and adaptive management.

"(c) Chapter-wide limitation.—No authority under this chapter, and no funds made available to carry out this chapter, may be used for an excluded function.

"Sec. 10803. Administration and coordination.

"(a) Administration by Secretary.—The Secretary shall administer the BREAD program and shall carry out the authorities of the Department under this chapter.

"(b) Lead officer.—The Assistant Secretary for International Peacebuilding and Human Security shall serve as the lead officer of the Department for the BREAD program.

"(c) Departmental consultation.—The Secretary shall consult, as appropriate, with the Assistant Secretaries of the Department on programs relating to economic security, education, training, research, technology, media, democratic resilience, arms control, disarmament, demining, public administration, monitoring, evaluation, and the civilian consequences of conflict.

"(d) Coordination with Secretary of State.—

"(1) In general.—The Secretary shall consult with the Secretary of State in administering the BREAD program.

"(2) Diplomatic coordination.—The Secretary shall coordinate with the Secretary of State and, where applicable, the chief of mission for the relevant country to ensure that assistance under this chapter is consistent with United States diplomatic relations, treaty obligations, and lawful foreign policy commitments.

"(3) Rule of construction.—Nothing in this chapter may be construed to limit the authority of the Secretary of State to conduct diplomacy or the authority of a chief of mission under section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927).

"(e) Coordination with civilian Federal agencies.—The Secretary may coordinate with the heads of the Department of the Treasury, the Department of Agriculture, the Department of Commerce, the Department of Education, the Department of Energy, the Department of Health and Human Services, the Department of Housing and Urban Development, the Department of Labor, and other civilian Federal agencies as appropriate to carry out this chapter.

"(f) Federal Interagency Committee on Peace.—The Secretary may use the Federal Interagency Committee on Peace established under section 1315(b) of the POPULIST Act to coordinate civilian agency participation under this chapter.

"(g) Relationship to other peacebuilding authorities.—The Secretary may use the authorities under this chapter to support—

"(1) peace and stability partnerships under section 1326 of the POPULIST Act;

"(2) technical, research, economic-security, and peacebuilding support for the conference required under section 1365 of such Act; and

"(3) technical, mediation, research, translation, facilitation, logistical, planning, and other civilian support for peace congresses convened under section 1362 of such Act.

"(h) No duplication.—The Secretary shall administer this chapter in a manner that avoids unnecessary duplication of programs carried out under sections 1326, 1365, and 1362 of the POPULIST Act.

"Sec. 10804. Core civilian international assistance authorities.

"(a) Assistance authorities.—The Secretary may provide civilian international assistance through grants, contracts, cooperative agreements, technical assistance, training, research support, field support, public administration support, mediation support, planning support, emergency assistance, in-kind assistance, local procurement, or other civilian assistance mechanisms.

"(b) Eligible recipients.—Assistance under this chapter may be provided to foreign governments, regional organizations, local governments, international organizations, nonprofit organizations, nongovernmental organizations, humanitarian organizations, mediation organizations, labor organizations, cooperatives, educational institutions, health care institutions, public health institutions, community organizations, small business associations, agricultural associations, and other appropriate nonviolent entities.

"(c) Direct local assistance.—To the greatest extent practicable, the Secretary shall make assistance available directly to local partners that have demonstrated capacity to carry out the purposes of this chapter.

"(d) Core program lanes.—The Secretary may carry out programs and activities relating to—

"(1) humanitarian assistance, disaster response, disaster resilience, emergency civilian relief, food security, water, sanitation, shelter, energy, communications, transportation, and other essential civilian infrastructure;

"(2) health care, public health, disability services, trauma recovery, mental health services, education, vocational training, workforce development, and public administration;

"(3) anti-corruption systems, public accountability, transparent budgeting, procurement integrity, independent auditing, public records, competition policy, anti-monopoly enforcement, and accountable public institutions;

"(4) labor standards, workplace democracy, cooperatives, small business development, agricultural resilience, local ownership, local productive capacity, and nonextractive economic development;

"(5) debt-distress response, public banking, monetary reform, nonextractive finance, household financial stability, public benefit systems, and transparent stewardship of land, water, forests, minerals, ports, infrastructure, and other essential resources;

"(6) post-conflict reconstruction, restoration of public services, repair of civilian infrastructure, humanitarian access, displacement response, safe return or resettlement of displaced people, family reunification, and local economic recovery;

"(7) civilian protection, unarmed civilian peacekeeping, conflict analysis, early warning, early action, mediation, de-escalation, reconciliation, and nonviolent conflict prevention; and

"(8) other civilian, non-security assistance consistent with the purposes of this chapter.

"(e) Field capacity.—The Secretary may establish, maintain, deploy, or support civilian field offices, field teams, technical experts, emergency response personnel, local partner support

systems, conflict analysis capacity, monitoring and evaluation capacity, and adaptive-management capacity as necessary to carry out this chapter.

"(f) No entitlement.—Nothing in this chapter may be construed to create an entitlement to assistance for any foreign government, organization, entity, or person.

"Sec. 10805. Local agency and noncoercion.

"(a) Local agency.—Assistance under this chapter shall be designed and administered, to the greatest extent practicable—

"(1) in consultation with affected communities and local partners;

"(2) in a manner that preserves local agency, supports practical capacity, strengthens civilian systems, and accounts for local conflict dynamics; and

"(3) avoids coercive economic or political conditionality.

"(b) Prohibited conditions.—Assistance under this chapter may not be conditioned on—

"(1) privatization of public assets;

"(2) austerity measures;

"(3) increased charges for basic public services;

"(4) reductions in essential public employment;

"(5) elimination of labor protections;

"(6) preferential treatment for United States corporations; or

"(7) adoption of a constitution, electoral system, central banking structure, public finance system, industrial policy, trade policy, resource-governance system, or development model designed by the United States.

"(c) Needs-based assistance.—Nothing in this section may be construed to prohibit assistance from being targeted on the basis of need, exposure to harm, displacement, disability, age, medical condition, disaster impact, food insecurity, poverty, direct effect of conflict, or other measure of vulnerability or need.

"(d) Technical assistance.—Nothing in this section may be construed to prohibit the Department from offering technical assistance, research, model policies, comparative analysis, or administrative support at the request of a participating partner or recipient.

"(e) Local procurement and local capacity.—To the greatest extent practicable, the Secretary shall administer assistance under this chapter in a manner that supports local procurement, local employment, local productive capacity, cooperative development, small business development, public administration, and long-term civilian capacity.

"(f) Nonextraction rule.—Assistance under this chapter shall not be used to facilitate predatory lending, coercive extraction of income or wealth, forced displacement, exploitative resource extraction, or the transfer of public assets to private or foreign control as a condition of assistance.

"Sec. 10806. Continuity of life-saving assistance.

"(a) Continuity required.—The Secretary shall carry out this chapter in a manner that, to the greatest extent practicable, prevents interruption of life-saving humanitarian assistance, disaster response, food assistance, public health assistance, medical assistance, water and sanitation assistance, shelter assistance, and other essential civilian assistance.

"(b) Transition continuity.—During the transfer of functions under section 10831, the Secretary, the Secretary of State, the Director of the Office of Management and Budget, and the head of any Federal agency from which a function is transferred shall take all lawful steps necessary to preserve continuity of assistance described in subsection (a).

"(c) No blanket pause.—No officer or employee of the United States may impose a blanket pause, freeze, suspension, or termination of assistance described in subsection (a) except pursuant to an Act of Congress or a written determination by the Secretary that the pause, freeze, suspension, or termination is necessary to comply with law, prevent imminent misuse of funds, protect human life, or address a specific and substantial risk of fraud, corruption, diversion, violence, or coercion.

"(d) Case-specific action preserved.—Nothing in subsection (c) may be construed to prohibit the Secretary from suspending, redirecting, or terminating a specific award, program, activity, shipment, payment, or partner relationship if the Secretary determines that such action is necessary to comply with law, prevent misuse of funds, protect human life, respond to changed conditions, or carry out the purposes of this chapter.

"(e) Written justification.—A determination under subsection (c) or (d) shall be in writing and shall identify the legal, factual, and programmatic basis for the action, except that the Secretary may withhold from public disclosure information that would endanger a person, compromise humanitarian operations, disclose protected personal information, or reveal law enforcement-sensitive, procurement-sensitive, or security-sensitive information.

"(f) Congressional notice.—Not later than 7 days after making a determination under subsection (c), the Secretary shall submit to the appropriate congressional committees a notice describing the determination, the assistance affected, the expected duration of the pause, freeze, suspension, or termination, and the steps being taken to mitigate harm to recipients and affected communities.

"(g) Rule of construction.—Nothing in this section may be construed to require the continuation of assistance that is unlawful, impossible to administer, materially diverted, or being used to support violence, repression, corruption, coercion, exploitation, or severe labor abuses.

"Sec. 10807. Oversight, transparency, and congressional notification.

"(a) Oversight system.—The Secretary shall establish and maintain an oversight system for the BREAD program to ensure that assistance under this chapter is used for the purposes for which such assistance is provided.

"(b) Elements.—The oversight system required under subsection (a) shall include—

"(1) transparent accounting of funds obligated and expended under this chapter;

"(2) anti-corruption, conflict-of-interest, ethics, and revolving-door controls and protections for whistleblowers and other persons who report misconduct;

"(3) procurement integrity rules, including competition requirements, written justification and approval for sole-source or other noncompetitive awards, and heightened review of awards that receive fewer than 2 responsive bids;

"(4) beneficial ownership, subcontract, and subaward transparency requirements, including identification, to the greatest extent practicable, of pass-through layers, fees, overhead, indirect costs, and amounts retained by intermediaries, subject to appropriate protections for safety, privacy, and humanitarian operations;

"(5) partner and subaward vetting, sanctions screening, and diversion-risk review procedures, with safeguards to prevent such procedures from blocking lawful life-saving humanitarian assistance;

"(6) independent monitoring and evaluation, where practicable, including evaluation of program outputs, policy outcomes, and unintended effects;

"(7) field monitoring; local partner and affected-community feedback and complaint mechanisms; and conflict sensitivity review procedures to assess whether assistance may reinforce corruption, coercion, exploitation, exclusion, violence, or conflict dynamics;

"(8) procedures to modify, redesign, redirect, suspend, or terminate programs that are not producing measurable progress or are causing material harm, and to suspend, terminate, or recover funds that are stolen, diverted, materially misused, or used in a manner inconsistent with this chapter;

"(9) procedures for preserving records, award files, monitoring reports, partner information, and program data during any reorganization, transition, suspension, or termination of assistance; and

"(10) procedures for emergency action when delay would threaten human life, humanitarian access, or the integrity of funds.

"(c) Inspector General.—The Inspector General of the Department shall conduct, supervise, and coordinate audits and investigations of programs and activities carried out under this chapter.

"(d) Audit plan.—Not later than 180 days after the date of enactment of this chapter, the Inspector General of the Department shall submit to the Secretary and the appropriate congressional committees an audit and oversight plan for programs and activities carried out under this chapter.

"(e) Public database.—The Secretary shall establish and maintain a public, searchable database of grants, contracts, cooperative agreements, and other awards made under this chapter.

"(f) Contents of database.—The database required under subsection (e) shall include, for each award, to the greatest extent practicable—

"(1) the recipient, amount obligated, amount disbursed, country, region, program area, purpose, and period of performance;

"(2) major subawards, subcontractors, and pass-through layers between the Department and the ultimate implementing partner or local partner;

"(3) whether the award was made through full and open competition, limited competition, sole-source award, emergency award, or another noncompetitive procedure;

"(4) a written justification for any sole-source award, emergency award, or other noncompetitive award;

"(5) beneficial ownership information for major contractors, grantees, and implementing partners, subject to subsection (g);

"(6) fees, overhead, indirect costs, and amounts retained by intermediaries, to the extent practicable;

"(7) whether the award is made directly to a local partner;

"(8) any suspension, termination, or material modification of the award; and

"(9) such additional information as the Secretary determines appropriate to promote transparency and accountability.

"(g) Protection of sensitive information.—The Secretary may withhold from the database required under subsection (e) information that would endanger a person, compromise humanitarian operations, disclose protected personal information, reveal procurement-sensitive information, or materially increase the risk of violence, coercion, retaliation, corruption, or diversion.

"(h) Congressional notification for major organizational actions.—Not later than 30 days before carrying out a major reorganization, mass termination of awards, closure of a field office, transfer of a major function, elimination of a major program lane, or other material restructuring of the BREAD program, the Secretary shall submit to the appropriate congressional committees a written notice describing the proposed action, the legal basis for the action, the funds and programs affected, the expected effect on life-saving assistance, and the steps planned to preserve continuity of assistance.

"(i) Emergency exception.—If the Secretary determines that an action described in subsection (h) must be carried out before the end of the 30-day period to comply with law, protect human life, prevent imminent misuse of funds, or respond to a specific and substantial risk of fraud, corruption, diversion, violence, or coercion, the Secretary may carry out the action after submitting the notice required under subsection (h).

"(j) Annual report.—Not later than 1 year after the date of enactment of this chapter, and annually thereafter, the Secretary shall submit to the appropriate congressional committees and make publicly available a report on programs and activities carried out under this chapter.

"(k) Contents.—Each report required under subsection (j) shall include—

"(1) a description of programs and activities carried out under this chapter, including the countries and regions served, the amount and form of assistance provided, the categories of recipients receiving assistance, the civilian systems supported, and the Federal agencies involved;

"(2) the metrics used to evaluate program outputs and policy outcomes;

"(3) significant findings from monitoring, evaluation, affected-community feedback, local partner feedback, and conflict sensitivity reviews;

"(4) programmatic course corrections made based on changed conditions, failure to produce measurable progress, feedback, conflict sensitivity review, misuse, diversion, corruption, coercion, exploitation, or severe labor abuses;

"(5) the share of assistance provided directly to local partners and the share provided through intermediaries;

"(6) the number and value of sole-source awards, emergency awards, other noncompetitive awards, and awards that received fewer than 2 responsive bids;

"(7) the concentration of awards among major contractors, grantees, implementing partners, and intermediaries;

"(8) available information on pass-through layers, fees, overhead, indirect costs, and amounts retained by intermediaries;

"(9) any known material misuse, diversion, corruption, coercion, obstruction, severe labor abuse, major suspension, redirection, termination, or recovery of assistance under this chapter;

"(10) a description of how assistance under this chapter supported peacebuilding, humanitarian response, disaster response, food security, health care, education, economic security, reconstruction, development, and nonviolent conflict prevention; and

"(11) recommendations for legislation or administrative action to improve the BREAD program.

"Sec. 10808. BREAD Fund.

"(a) Establishment.—There is established in the Treasury a fund to be known as the 'BREAD Fund'.

"(b) Use of Fund.—Amounts in the Fund shall be available to the Secretary to carry out this chapter.

"(c) Peace dividend appropriation.—There is appropriated to the Fund, out of any money in the Treasury not otherwise appropriated, $50,000,000,000 for fiscal year 2027, to remain available through September 30, 2029.

"(d) Intent of Congress.—It is the intent of Congress that the appropriation under subsection (c) be treated as a peace dividend from reductions in national defense budget function 050 under section 1342 of the POPULIST Act.

"(e) Availability.—Amounts in the Fund shall remain available only for civilian international assistance and may not be transferred to, administered by, or used by the Department of Defense, any element of the intelligence community, or any military, paramilitary, police, prison, intelligence, border-security, internal security, or coercive-security entity.

"(f) Supplement not supplant.—Amounts appropriated under subsection (c) shall supplement and not supplant amounts otherwise made available for assistance described in section 10806(a).

"Sec. 10809. Authorization of appropriations and budget account.

"(a) Authorization of appropriations.—In addition to amounts appropriated under section 10808(c), there are authorized to be appropriated such sums as may be necessary for each fiscal year after fiscal year 2027 to carry out this chapter.

"(b) Separate budget account.—For each fiscal year beginning after fiscal year 2027, the President shall include in the budget submitted under section 1105 of title 31, United States Code, a separate account for Basic Relief, Economic Assistance, and Development.

"(c) Annual justification.—The budget materials submitted for the account required under subsection (b) shall include a detailed justification of amounts requested for—

"(1) humanitarian assistance and disaster response;

"(2) food security, water, sanitation, public health, medical assistance, shelter, and other essential civilian assistance;

"(3) reconstruction, development, local productive capacity, labor standards, cooperatives, small business development, agricultural resilience, and nonextractive economic development;

"(4) peacebuilding, peacemaking, mediation, civilian protection, unarmed civilian peacekeeping, and nonviolent conflict prevention;

"(5) oversight, auditing, monitoring, evaluation, transparency, and anti-corruption controls;

"(6) field capacity, local partner support systems, technical expertise, and administrative capacity; and

"(7) support for peace and stability partnerships under section 1326 of the POPULIST Act, the sovereign debt relief, responsible lending, and peacebuilding conference required under section 1365 of such Act, and peace congresses convened under section 1362 of such Act.

"(d) Limitation on reprogramming.—No funds made available to carry out this chapter may be reprogrammed for a purpose outside the scope of this chapter.

"SUBCHAPTER II—TRANSITION

"PART A—REORGANIZATION PLAN

"SEC. 10821. Reorganization plan.

"SEC. 10822. Transitional leadership and continued administration.

"Part A—Reorganization plan

"Sec. 10821. Reorganization plan.

"(a) Submission.—Not later than 180 days after the date of enactment of this chapter, the President shall submit to the appropriate congressional committees and make publicly available a reorganization plan for carrying out this chapter.

"(b) Preparation.—The President shall prepare the reorganization plan required under subsection (a) acting through the Secretary, in consultation with the Secretary of State, the Director of the Office of Management and Budget, and the heads of affected Federal agencies.

"(c) Contents.—The reorganization plan required under subsection (a) shall—

"(1) identify the civilian international assistance functions, authorities, personnel, accounts, appropriations, allocations, contracts, grants, cooperative agreements, interagency agreements, records, property, facilities, assets, liabilities, unobligated balances, and other resources of any USAID legacy authority that are to be transferred to the Department under this subchapter;

"(2) identify the steps necessary to separate transferred civilian assistance functions from excluded functions described in section 10832;

"(3) specify the proposed allocation and disposition of funds, property, facilities, contracts, grants, cooperative agreements, interagency agreements, records, assets, liabilities, personnel, and positions affected by the transfer;

"(4) provide a schedule for completing the reorganization, transfer of functions, transfer and allocation of appropriations, personnel transition, regulatory transition, and other administrative actions required under this subchapter;

"(5) describe the administrative, regulatory, contractual, grant management, procurement, oversight, information technology, financial management, human resources, field capacity, personnel safety, facility security, information security, and operational security actions necessary to implement this chapter;

"(6) describe the steps necessary to preserve continuity of life-saving assistance during the transition;

"(7) identify statutory, appropriations, and regulatory references requiring revision, transfer, redesignation, repeal, replacement, or conforming amendment to carry out this chapter;

"(8) describe the steps necessary to preserve technical expertise, local partner relationships, institutional knowledge, award files, monitoring records, program data, field offices, field personnel, conflict-analysis capacity, monitoring and evaluation capacity, adaptive-management capacity, procurement integrity capacity, diversion-risk review capacity, and local partner support systems;

"(9) describe the steps necessary to coordinate transferred civilian assistance functions with the Department of State, chiefs of mission, the Department of the Treasury, and other civilian Federal agencies;

"(10) describe the steps necessary to establish the systems required under section 10807;

"(11) identify duplicative awards, overlapping intermediaries, redundant field structures, unnecessary pass-through layers, and other administrative structures that may be consolidated without disrupting life-saving assistance, local partner relationships, or affected-community access;

"(12) include recommendations for technical and conforming amendments to chapter 32, chapter 74, the Foreign Assistance Act of 1961, annual appropriations Acts, and any other provision of law necessary to carry out this chapter; and

"(13) include recommendations for additional legislation or appropriations necessary to carry out this chapter.

"(d) No delay.—The submission, completion, or implementation of the reorganization plan required under subsection (a) shall not limit, delay, or condition the transfer of functions required under section 10831.

"(e) Updates.—The President shall submit to the appropriate congressional committees and make publicly available an updated reorganization plan not later than 1 year after the date of enactment of this chapter and annually thereafter until the President certifies that the transition required under this subchapter is complete.

"Sec. 10822. Transitional leadership and continued administration.

"(a) Acting Secretary.—During the transition period and pending the appointment and qualification of the Secretary, the President may designate an officer of the United States whose appointment was made by and with the advice and consent of the Senate to act as Secretary.

"(b) Continued administration by predecessor officials.—Until the operational transfer of a transferred civilian assistance function is completed under the schedule required by section 10821(c)(4), the officer, office, agency, or other USAID legacy authority that administered the function immediately before the date of enactment of this chapter shall continue to administer the function on behalf of the Department, using the personnel, information systems, records, accounts, delegations, contracts, grants, cooperative agreements, facilities, and administrative procedures available immediately before such date, subject to the direction of the Secretary or Acting Secretary.

"(c) Legal effect.—An action taken under subsection (b) shall be deemed an action of the Department and shall have the same legal force and effect as an action taken directly by the Secretary.

"(d) No delay in legal transfer.—Continued administration under subsection (b) shall not delay or otherwise affect the legal transfer of a function under section 10831.

"(e) Continuity and limitations.—An official administering a function under subsection (b)—

"(1) shall preserve continuity of life-saving assistance and existing awards to the greatest extent practicable;

"(2) may exercise only authority relating to the transferred civilian assistance function; and

"(3) may not administer, fund, or carry out an excluded function described in section 10832.

"(f) Completion.—The operational transfer of each transferred civilian assistance function shall be completed as soon as practicable and not later than 1 year after the date of enactment of this chapter.

"(g) Definition.—In this section, the term 'transition period' means the 1-year period beginning on the date of enactment of this chapter.

"PART B—REORGANIZATION AUTHORITY

"SEC. 10831. Transfer of civilian international assistance functions.

"SEC. 10832. Excluded functions.

"SEC. 10833. Transfer and allocation of appropriations.

"SEC. 10834. Transfer, appointment, and assignment of personnel.

"SEC. 10835. Incidental transfers.

"SEC. 10836. Savings provisions.

"SEC. 10837. Regulatory transition and references.

"SEC. 10838. Implementation report, completion report, and conforming amendments.

"Part B—Reorganization authority

"Sec. 10831. Transfer of civilian international assistance functions.

"(a) Transfer.—Except as provided in section 10832 and notwithstanding chapter 74 or any other provision of law, there are transferred to the Department, for administration through the BREAD program, all functions, authorities, personnel, assets, liabilities, contracts, grants, cooperative agreements, interagency agreements, records, property, facilities, unobligated balances of appropriations, allocations, and other resources of any USAID legacy authority that relate primarily to civilian international assistance.

"(b) Sources of authority.—The transfer under subsection (a) applies to functions, authorities, and resources described in such subsection without regard to whether such functions, authorities, or resources arise under statute, reorganization plan, executive order, delegation, regulation, appropriation, grant, contract, cooperative agreement, interagency agreement, memorandum of understanding, or administrative practice.

"(c) Successor authority.—With respect to a transferred civilian assistance function, the Department shall be the successor agency, and the Secretary shall be the successor officer, to the applicable USAID legacy authority.

"(d) Mixed functions.—If a function, office, account, award, contract, grant, cooperative agreement, interagency agreement, record, property, facility, asset, liability, or administrative action relates partly to civilian international assistance and partly to an excluded function described in section 10832, only the portion that relates to civilian international assistance shall be transferred to the Department under this section.

"(e) No delay.—The transfer required under subsection (a) shall take effect on the date of enactment of this chapter and shall not be limited, delayed, or conditioned on the completion, submission, or implementation of the reorganization plan required under section 10821. The operational transfer of personnel, information systems, records, contracts, grants, cooperative agreements, property, facilities, and other administrative resources may be carried out in accordance with the schedule required under section 10821(c)(4) to the extent necessary to preserve continuity of assistance and comply with law.

"(f) Allocation within Department.—Subject to the requirements of this chapter, the Secretary may allocate or reallocate a transferred civilian assistance function within the BREAD program or among organizational entities of the Department that administer or support the BREAD program, and may establish, consolidate, alter, or discontinue such organizational entities as necessary to carry out this chapter.

"(g) Limitation.—Subsection (f) does not authorize the Secretary to modify the terms of any statute that establishes or defines the functions of an office or officer of the Department, except to the extent expressly provided in this chapter.

"Sec. 10832. Excluded functions.

"(a) Excluded functions.—The following functions are excluded from transfer to, administration by, or funding through the BREAD program:

"(1) Weapons transfers.

"(2) Foreign military financing.

"(3) Foreign military sales.

"(4) Security-force assistance.

"(5) Military training, equipping, advising, logistics, intelligence support, operational support, or maintenance support.

"(6) Police, prison, border-security, internal security, paramilitary, or intelligence training, equipping, advising, logistics, operational support, or maintenance support.

"(7) Intelligence activities.

"(8) Covert action.

"(9) Regime-change operations.

"(10) Military occupation.

"(11) Construction, operation, or support of military, paramilitary, police, prison, intelligence, border-security, or internal security facilities.

"(12) Assistance to any unit of a military, paramilitary, police, prison, intelligence, border-security, or internal security force that has committed an atrocity crime, as defined in section 1337 of the POPULIST Act, or a serious violation of international humanitarian law.

"(13) Any other military, paramilitary, police, prison, intelligence, border-security, internal security, or coercive-security function.

"(b) No Department of Defense administration.—No function, program, account, grant, contract, cooperative agreement, or other activity carried out under this chapter may be transferred to, administered by, or carried out through the Department of Defense.

"(c) No intelligence or covert-action administration.—No function, program, account, grant, contract, cooperative agreement, or other activity carried out under this chapter may be transferred to, administered by, or carried out through any element of the intelligence community.

"(d) Civilian savings rule.—A function shall not be excluded under this section solely because civilian personnel, civilian contractors, humanitarian organizations, development organizations, or local partners operate in a country or region affected by armed conflict, political instability, disaster, famine, displacement, or public health emergency.

"(e) Rule of construction.—Nothing in this chapter may be construed to authorize the use of military force, covert action, intelligence activities, weapons transfers, security-force assistance, law enforcement assistance, prison assistance, border-security assistance, or internal security assistance.

"Sec. 10833. Transfer and allocation of appropriations.

"(a) Transfer.—Except as provided in section 10832, the assets, liabilities, contracts, grants, cooperative agreements, interagency agreements, property, facilities, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to, or to be made available in connection with a transferred civilian assistance function shall be transferred to the Department for appropriate allocation by the Secretary.

"(b) Use of transferred funds.—Except as provided in subsection (c), funds transferred under subsection (a) shall be used only for the purposes for which the funds were originally authorized and appropriated.

"(c) Transition use.—

"(1) In general.—Funds transferred under subsection (a) may be used for the purposes of reorganization, transfer, integration, continuity of assistance, oversight, field capacity preservation, regulatory transition, personnel transition, grant administration, contract administration, and other administrative actions necessary to carry out this chapter, if the Secretary submits notice to the appropriate congressional committees not later than 15 days before the obligation or expenditure of such funds, in the same manner as notice of a reprogramming of funds under section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706).

"(2) Exception.—The Secretary may waive the 15-day advance notice requirement under this subsection if the Secretary determines that delay would pose a substantial risk to human health or welfare, except that the Secretary shall submit notice as soon as practicable and not later than 3 days after taking the action to which the notice requirement applies.

"(d) Period of availability.—Funds transferred under subsection (a) shall retain the period of availability applicable to such funds on the day before transfer, unless otherwise provided by law.

"(e) Limitation.—No funds transferred under subsection (a), and no funds made available to carry out this chapter, may be used for any function excluded under section 10832.

"(f) No diversion from life-saving assistance.—The Secretary shall allocate transferred funds in a manner that, to the greatest extent practicable, prevents interruption of assistance described in section 10806(a).

"Sec. 10834. Transfer, appointment, and assignment of personnel.

"(a) Transfer of personnel.—Except as provided in section 10832, personnel and positions of any USAID legacy authority that perform, administer, support, oversee, or are associated with a transferred civilian assistance function shall be transferred to the Department in accordance with the schedule required under section 10821(c)(4), provided that such transfer shall begin as soon as practicable and shall be completed not later than 1 year after the date of enactment of this chapter.

"(b) Status preserved.—Personnel transferred under subsection (a) shall be transferred at the same grade or class, rate of basic pay or basic salary rate, and tenure held immediately before transfer.

"(c) Assignment authority.—For a period of not more than 1 year after the date on which the affected personnel are transferred under subsection (a), the Secretary may assign personnel transferred under subsection (a) to any position or set of duties in the Department necessary to carry out this chapter, except that such assignment may not reduce the grade or class, rate of basic pay or basic salary rate, or tenure of such personnel.

"(d) Consultation with employee representatives.—The Secretary shall consult with the relevant exclusive representatives, as defined in section 1002 of the Foreign Service Act of 1980 (22 U.S.C. 4102) and section 7103 of title 5, with respect to the exercise of authority under this section.

"(e) Presidential appointment limitation.—Nothing in this section authorizes the Secretary to assign any individual to any position that by law requires appointment by the President, by and with the advice and consent of the Senate.

"(f) No transfer of excluded personnel.—Personnel and positions that perform, administer, support, oversee, or are associated primarily with an excluded function described in section 10832 shall not be transferred to the Department under this section.

"(g) Superseding authority.—This section shall apply notwithstanding any other provision of law, except that nothing in this section may be construed to limit any greater protection provided to an employee under any other provision of law.

"(h) Foreign Service personnel system.—For purposes of section 202(b)(2) of the Foreign Service Act of 1980 (22 U.S.C. 3922(b)(2)), the Secretary is authorized to utilize the Foreign Service personnel system with respect to personnel and positions transferred under this section. The Secretary shall exercise that authority subject to sections 201(b) and 207 of such Act (22 U.S.C. 3921(b) and 3927).

"Sec. 10835. Incidental transfers.

"(a) Incidental dispositions.—The Director of the Office of Management and Budget, when requested by the Secretary, is authorized to make such incidental dispositions of personnel, assets, liabilities, grants, contracts, cooperative agreements, interagency agreements, property, facilities, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with a transferred civilian assistance function as may be necessary to carry out this chapter.

"(b) Consultation.—The Director of the Office of Management and Budget shall carry out subsection (a) in consultation with the Secretary, the Secretary of State, and the head of any affected Federal agency.

"(c) Excluded functions.—No incidental disposition under this section may transfer to the Department any function, personnel, asset, liability, grant, contract, cooperative agreement, interagency agreement, property, facility, record, appropriation, allocation, or other resource that relates primarily to a function excluded under section 10832.

"Sec. 10836. Savings provisions.

"(a) Existing rights, duties, and obligations.—Except as otherwise provided in this chapter, the transfer of a function under section 10831 shall not affect the validity of any right, duty, obligation, penalty, claim, contract, grant, cooperative agreement, interagency agreement, proceeding, administrative action, or other legal effect existing before the transfer.

"(b) Existing legal instruments.—A contract, grant, cooperative agreement, interagency agreement, memorandum of understanding, permit, license, certificate, approval, or other legal instrument relating to a transferred civilian assistance function and in effect on the day before the transfer shall continue in effect according to its terms until modified, replaced, terminated, or superseded by the Secretary in accordance with law.

"(c) Existing administrative actions.—A rule, regulation, order, determination, directive, delegation, guidance, policy, approval, authorization, or other administrative action relating to a transferred civilian assistance function and in effect on the day before the transfer shall continue in effect until modified, replaced, terminated, or superseded by the Secretary in accordance with law.

"(d) Pending proceedings.—A proceeding, application, request, investigation, audit, claim, enforcement action, personnel action, procurement matter, grant matter, or other administrative matter relating to a transferred civilian assistance function and pending on the date of transfer shall continue before the Department unless the Secretary determines that transfer, consolidation, dismissal, or other disposition is necessary to carry out this chapter and is consistent with law.

"(e) Judicial proceedings.—Nothing in this chapter may be construed to abate, discontinue, or otherwise affect a civil action, criminal action, petition for review, appeal, or other judicial proceeding pending on the date of transfer under section 10831.

"(f) Substitution of parties.—If, before the transfer of a function under section 10831, an officer or agency from which a transferred civilian assistance function is transferred is a party to a judicial or administrative proceeding in an official capacity, the Secretary or the Department, as appropriate, shall be substituted or added as a party with respect to the transferred civilian assistance function.

"(g) Orders and appeals.—An order issued, appeal taken, or judgment rendered with respect to a transferred civilian assistance function before the date of transfer shall continue in effect and shall be subject to further proceedings, review, or enforcement by or against the Department or the Secretary, as appropriate.

"(h) No impairment of claims.—Nothing in this chapter may be construed to impair a claim or remedy that existed before the transfer of a function under section 10831.

"(i) Excluded functions.—This section does not preserve, continue, transfer, or validate any use of funds, function, program, activity, legal instrument, administrative action, or proceeding in a manner that would violate section 10832.

"Sec. 10837. Regulatory transition and references.

"(a) Regulatory transition.—Except as otherwise provided in this chapter, a regulation in chapter II of title 22, Code of Federal Regulations, or any other regulation relating to a transferred civilian assistance function, shall continue in effect until modified, replaced, redesignated, repealed, or superseded by the Secretary in accordance with law.

"(b) Conforming regulations.—Not later than 2 years after the date of enactment of this chapter, the Secretary shall issue such regulations, rules, directives, delegations, and guidance as are necessary to conform regulations and administrative materials to this chapter.

"(c) Regulatory transition table.—Not later than 1 year after the date of enactment of this chapter, the Secretary shall publish a regulatory transition table identifying—

"(1) each part of chapter II of title 22, Code of Federal Regulations, that relates to a transferred civilian assistance function;

"(2) each part of chapter II of title 22, Code of Federal Regulations, that relates primarily to an excluded function described in section 10832;

"(3) each part, subpart, section, or provision of chapter II of title 22, Code of Federal Regulations, that requires revision, redesignation, repeal, replacement, or transfer to carry out this chapter; and

"(4) the planned disposition of each regulation identified under this subsection.

"(d) References to USAID legacy authority.—With respect to a transferred civilian assistance function, a reference in any statute, reorganization plan, executive order, regulation, rule, order, determination, directive, delegation, guidance, policy, permit, license, certificate, approval, contract, grant, cooperative agreement, interagency agreement, memorandum of understanding, appropriation, report, or other legal or administrative instrument to a USAID legacy authority shall be deemed to refer to the Department or the Secretary, as appropriate.

"(e) References to excluded functions.—Subsection (d) shall not apply to a reference that relates primarily to a function excluded under section 10832.

"(f) References to Department of State authority preserved.—Nothing in this section may be construed to transfer to the Department a diplomatic function of the Department of State, the

authority of the Secretary of State to conduct diplomacy, or the authority of a chief of mission under section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927).

"(g) No delay.—The continuation of regulations under subsection (a), the issuance of conforming regulations under subsection (b), the publication of the regulatory transition table under subsection (c), or the operation of the reference rule under subsection (d) shall not limit, delay, or condition the transfer of functions required under section 10831.

"Sec. 10838. Implementation report, completion report, and conforming amendments.

"(a) Implementation report.—Not later than 3 years after the date of enactment of this chapter, the President shall submit to the appropriate congressional committees and make publicly available an implementation report on the transition required under this subchapter.

"(b) Contents of implementation report.—The implementation report required under subsection (a) shall include—

"(1) a description of each function transferred to the Department under section 10831 and each function reviewed but not transferred because the function was excluded under section 10832 or otherwise determined not to relate primarily to civilian international assistance;

"(2) an accounting of appropriations, allocations, personnel, assets, liabilities, grants, contracts, cooperative agreements, interagency agreements, records, property, facilities, regulations, administrative materials, and legal references affected by the transition;

"(3) a description of actions taken to preserve continuity of life-saving assistance, separate civilian assistance functions from excluded functions, and preserve technical expertise, local partner relationships, institutional knowledge, field capacity, award files, monitoring records, and program data;

"(4) a description of actions taken to establish the systems required under section 10807;

"(5) a description of actions taken to identify and reduce duplicative awards, overlapping intermediaries, redundant field structures, unnecessary pass-through layers, contractor concentration, and other administrative structures that may increase cost, reduce transparency, or weaken local agency;

"(6) an assessment of whether additional administrative action is necessary to complete the transition required under this subchapter;

"(7) an assessment of whether additional appropriations are necessary to carry out this chapter; and

"(8) recommendations for legislation necessary to complete the transition required under this subchapter.

"(c) Completion certification.—Upon completing the transition required under this subchapter, the President shall submit to the appropriate congressional committees and make publicly available a certification that the transition is complete.

"(d) Completion report.—Not later than 90 days after submitting the certification required under subsection (c), the President shall submit to the appropriate congressional committees and make

publicly available a completion report describing the final disposition of functions, personnel, appropriations, allocations, assets, liabilities, grants, contracts, cooperative agreements, interagency agreements, records, property, facilities, regulations, administrative materials, and legal references affected by the transition required under this subchapter.

"(e) Conforming amendments report.—Not later than 1 year after the date of enactment of this chapter, the President shall submit to the appropriate congressional committees proposed legislation containing technical and conforming amendments necessary to carry out this chapter.

"(f) Contents of conforming amendments report.—The proposed legislation required under subsection (e) shall include amendments to—

"(1) chapter 32 of this title;

"(2) chapter 74 of this title;

"(3) the Foreign Assistance Act of 1961;

"(4) annual appropriations Acts;

"(5) provisions of law referring to a USAID legacy authority with respect to civilian international assistance; and

"(6) any other provision of law necessary to carry out this chapter.

"(g) No delay.—The submission, consideration, or enactment of legislation described in subsection (e) shall not limit, delay, or condition the transfer of functions required under section 10831.

"(h) Continuing updates.—If the President determines that additional conforming amendments are necessary after submitting the proposed legislation required under subsection (e), the President shall submit supplemental proposed legislation to the appropriate congressional committees.".

(b) Clerical amendment.—The table of chapters for title 22, United States Code, is amended by inserting after the item relating to chapter 114 the following:

"115. Basic Relief, Economic Assistance, and Development.....10801".

SEC. 1317. LEGISLATIVE RECOMMENDATIONS AND APPROPRIATIONS.

(a) Legislative recommendations.—Not later than 1 year after the date on which the first Secretary is appointed, the Secretary shall prepare and submit to Congress proposed legislation containing any necessary and appropriate amendments to the laws of the United States to carry out the purposes of this subtitle.

(b) Peacebuilding Fund.—

(1) Establishment.—There is established in the Treasury a fund to be known as the Peacebuilding Fund.

(2) Peace dividend appropriation.—There is appropriated to the Peacebuilding Fund, out of any money in the Treasury not otherwise appropriated, $20,000,000,000 for fiscal year 2027, to remain available through September 30, 2029.

(3) Intent of Congress.—It is the intent of Congress that the appropriation under paragraph (2) be treated as a peace dividend from reductions in national defense budget function 050 under section 1342.

(4) Use of funds.—Amounts in the Peacebuilding Fund shall be available to the Secretary to carry out sections 1312 through 1315, including the Peace Academy established under section 1313(g), and may not be used to carry out section 1316.

(5) Spending plan.—

(A) Initial plan.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to Congress and make publicly available an initial spending plan for amounts in the Peacebuilding Fund, including the planned use of such amounts during fiscal year 2027.

(B) Annual plans.—Not later than 30 days before the beginning of each fiscal year after fiscal year 2027 for which amounts in the Peacebuilding Fund remain available, the Secretary shall submit to Congress and make publicly available an annual spending plan for such fiscal year.

(C) Contents.—Each spending plan required under this paragraph shall describe planned allocations by office and program, amounts for personnel and administration, amounts for grants, contracts, and cooperative agreements, the expected schedule of obligations, and the intended outcomes of the planned expenditures.

(c) Authorization of appropriations.—In addition to amounts appropriated under subsection (b), there are authorized to be appropriated such sums as may be necessary for each fiscal year to carry out sections 1312 through 1315.

Subtitle B—The Nuclear Overproduction Being Eliminated, Landmine Prohibition, Easing of Armed Conflict, Elevating Peace, Restraining Intervention, and Zero Escalation Act

PART I—FELLOWSHIP AMONG NATIONS

Subpart A—Diplomacy and Peaceful Economic Relations

SEC. 1321. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Alfred Nobel's will identified three essential components for striving toward peace. The first of these was "fellowship between nations."

(2) As a major actor on the world stage, the United States has an opportunity and duty to lead by example in promoting fellowship among nations through diplomacy, peaceful economic relations, and restraint with respect to weaponry.

(3) Fellowship among nations begins with recognition of equal human dignity and the understanding that longstanding hostility between governments need not become permanent hostility between peoples.

(4) Broad unilateral economic sanctions operate as collective punishment by depriving ordinary people, disproportionately the weakest and most vulnerable members of society, of the necessities for a dignified life. Such collective punishment rarely changes the conduct of those responsible for the underlying dispute. A commitment to fellowship among nations must minimize the use of deprivation as an instrument of policy.

(5) The United States can promote fellowship among nations by leading efforts to avoid a new arms race in the 21st century and exercising restraint with respect to weaponry. Human dignity is diminished by the deployment of weapons that inflict indiscriminate or enduring civilian harm or delegate decisions to use lethal force to machines rather than accountable human beings.

(6) Fellowship among nations must not become indifference to injustice. Nations are communities of people, and respect for nations requires respect for the dignity and safety of the people who compose them and noncooperation with governments responsible for atrocity crimes.

(b) Purpose.—The purposes of this part are—

(1) to promote peaceful and mutually beneficial relations among nations through diplomacy, economic cooperation, restraint in the use of unilateral economic sanctions, weapons restraint, civilian protection, and international partnerships that respect the dignity and self-government of all peoples; and

(2) to carry out the principle expressed in Alfred Nobel's will concerning fellowship between nations.

SEC. 1322. RESTRICTIONS ON UNILATERAL ECONOMIC SANCTIONS.

(a) Definitions.—Section 7201 of title 22, United States Code, is amended—

(1) in paragraph (3) to read as follows:

"(3) Joint resolution.—The term 'joint resolution' means—

"(A) in the case of section 7202(a)(1), only a joint resolution introduced within 10 session days of Congress after the date on which the report of the President under section 7202(a)(1) is received by Congress, the matter after the resolving clause of which is as follows: 'That Congress approves the report of the President pursuant to section 7202(a)(1), transmitted on _____.', with the blank completed with the appropriate date;

"(B) in the case of section 7204(1), only a joint resolution introduced within 10 session days of Congress after the date on which the report of the President under section 7204(1) is received by Congress, the matter after the resolving clause of which is as follows: 'That Congress approves the report of the President pursuant to section 7204(1), transmitted on _____.', with the blank completed with the appropriate date; and

"(C) in the case of section 7204A(f), only a joint resolution introduced within 10 session days of Congress after the date on which the determination described in section 7204A(f) is received by Congress, the matter after the resolving clause of which is as follows: 'That Congress approves continuation of the sanction described in the determination submitted pursuant to section 7204A(f), transmitted on _____.', with the blank completed with the appropriate date."; and

(2) by adding at the end the following:

"(8) Essential civilian goods and services.—The term 'essential civilian goods and services' means—

"(A) food, agricultural commodities, medicine, medical devices, medical equipment, health care goods or services, public health goods or services, or veterinary medicines;

"(B) goods, services, technology, software, or financial services necessary for water, sanitation, sewage, waste management, civilian energy, civilian transportation, civilian aviation safety, or civilian telecommunications infrastructure;

"(C) goods, services, technology, software, or financial services necessary for personal communications, internet access, education, humanitarian assistance, peacebuilding, disaster response, refugee assistance, or migration-related assistance;

"(D) personal, noncommercial remittances; or

"(E) any transaction, service, payment, financing, insurance, transportation, logistics, communications, or professional service ordinarily incident to an activity described in subparagraphs (A) through (D).

"(9) Targeted sanction.—The term 'targeted sanction' means a prohibition, restriction, condition, or penalty imposed only against a specifically identified person, government official, military unit, security force, intelligence service, armed group, corporation, financial institution, vessel, aircraft, or other entity that is responsible for, complicit in, or knowingly materially assists the conduct giving rise to the sanction.

"(10) Unilateral economic sanction.—The term 'unilateral economic sanction' means a prohibition, restriction, condition, penalty, licensing requirement, or other limitation imposed by the United States principally to compel, punish, deter, or change foreign conduct and applied generally to commercial or economic activity with a foreign country, geographic region, economic sector, or civilian population, except in a case in which the United States imposes the measure—

"(A) as a targeted sanction;

"(B) pursuant to a multilateral regime and the other member countries of that regime have agreed to impose substantially equivalent measures; or

"(C) pursuant to a mandatory decision of the United Nations Security Council.".

(b) Restriction and termination.—Section 7202 of title 22, United States Code, is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking "a unilateral agricultural sanction or unilateral medical sanction" and inserting "a unilateral agricultural sanction, unilateral economic sanction, or unilateral medical sanction";

(2) by striking subsection (b) and inserting the following:

"(b) Existing sanctions.—

"(1) Termination.—Except as provided in section 7203, and notwithstanding any other provision of law, any unilateral agricultural sanction, unilateral economic sanction, or unilateral medical sanction in effect on the date of enactment of the POPULIST Act shall terminate effective 180 days after that date, unless, before the effective date of the termination, Congress enacts a law that expressly approves continuation of the sanction for a period not exceeding 2 years.

"(2) Implementation.—The President shall take all actions necessary to carry out paragraph (1), including by repealing or revising any regulation, order, license, directive, or guidance implementing a sanction that terminates under that paragraph.

"(3) Inventory and recommendations.—Not later than 60 days after the date of enactment of the POPULIST Act, the President shall submit to Congress and make publicly available a report identifying—

"(A) each sanction subject to termination under paragraph (1);

"(B) the statutory or executive authority for the sanction;

"(C) the scope and principal restrictions of the sanction;

"(D) the actions necessary to terminate the sanction; and

"(E) whether the President recommends that Congress approve continuation of the sanction and the reasons for the recommendation.

"(4) Continued sanctions.—A sanction continued by law under paragraph (1) shall be subject to section 7204 as if imposed pursuant to subsection (a)."; and

(3) by adding at the end the following:

"(c) Targeted sanctions.—Nothing in this section may be construed to prohibit the President from imposing or continuing a targeted sanction, except that a targeted sanction may not be implemented in a manner that materially impairs access by a civilian population to essential civilian goods and services.".

(c) Essential civilian goods and services.—Section 7202 of title 22, United States Code, as amended by subsection (b), is amended by adding at the end the following:

"(d) Essential civilian goods and services.—

"(1) Prohibition.—Notwithstanding any other provision of law, and except as provided in paragraph (4), no unilateral agricultural sanction, unilateral economic sanction, or unilateral

medical sanction may prohibit, restrict, condition, penalize, or require a specific license for a transaction involving essential civilian goods and services.

"(2) General licenses.—If the President imposes or continues a sanction under any provision of law that could reasonably be construed to prohibit, restrict, condition, penalize, or require a specific license for a transaction involving essential civilian goods and services, the President shall issue and maintain any general license necessary to ensure that such transaction is not prohibited, restricted, conditioned, penalized, or delayed by the sanction.

"(3) Financial and logistical services.—A general license required under paragraph (2) shall authorize any payment, financing, banking, insurance, transportation, logistics, communications, professional service, or other service ordinarily incident to a transaction involving essential civilian goods and services.

"(4) Specific-license exception.—The President may require a specific license for a transaction involving essential civilian goods and services only if the President certifies to Congress that the specific transaction would directly and materially facilitate—

"(A) the design, development, production, acquisition, or use of a chemical, biological, radiological, nuclear, or conventional weapon;

"(B) malicious cyber activity;

"(C) genocide, crimes against humanity, war crimes, torture, extrajudicial killing, or forced disappearance;

"(D) a military or intelligence operation presenting a substantial risk of serious harm to civilians; or

"(E) knowing diversion to a person against whom a targeted sanction may be imposed.

"(5) Anti-diversion authority.—Nothing in this subsection may be construed to prohibit the President from imposing reasonable recordkeeping, reporting, end-use certification, or anti-diversion requirements, or from imposing a targeted sanction against a person who knowingly diverts essential civilian goods and services for a use or to a recipient described in paragraph (4).

"(6) Reasonable-reliance safe harbor.—A financial institution or other person that facilitates a transaction in reliance on a general license issued under paragraph (2) may reasonably rely on information obtained in the ordinary course of business and may not be subject to a civil or criminal penalty under a provision of law administered or enforced as part of the sanction unless the institution or person knew or had reason to know that the transaction was outside the scope of the general license.

"(7) Public guidance.—At the time a general license required under paragraph (2) is issued or materially revised, the Secretary of the Treasury shall issue public guidance describing the scope and application of the license, including examples of permissible financial and logistical services and the due diligence sufficient to qualify for paragraph (6).

"(8) Rule of construction.—Nothing in this subsection may be construed to limit the application or scope of section 7210 or to authorize a transaction that is prohibited under section 2339A or 2339B of title 18, United States Code.".

(d) Conforming protections for essential civilian goods and services.—

(1) Exceptions.—Section 7203 of title 22, United States Code, is amended, in the matter preceding paragraph (1), by inserting "Except as provided in section 7202(d), " before "Section 7202".

(2) State sponsors of international terrorism.—Section 7205(a)(1) of title 22, United States Code, is amended by striking "other than section 7203 of this title" and inserting "other than sections 7202(d) and 7203 of this title".

(e) Termination of approved sanctions.—Section 7204 of title 22, United States Code, is amended—

(1) by striking "Any unilateral agricultural sanction or unilateral medical sanction" and inserting "Any unilateral agricultural sanction, unilateral economic sanction, or unilateral medical sanction"; and

(2) by striking "the sanction" each place it appears and inserting "the unilateral agricultural sanction, unilateral economic sanction, or unilateral medical sanction".

(f) Sanctions impact and effectiveness reports.—Chapter 79 of title 22, United States Code, is amended by inserting after section 7204 the following:

"Sec. 7204A. Sanctions impact and effectiveness reports.

"(a) Pre-imposition impact assessment.—In addition to the report required under section 7202(a)(1), the President shall submit to Congress an impact assessment for any proposed unilateral agricultural sanction, unilateral economic sanction, or unilateral medical sanction.

"(b) Matters included.—The impact assessment required under subsection (a) shall include—

"(1) the specific foreign policy or national security objective of the proposed sanction;

"(2) a description of the conduct by the foreign country or foreign entity that the proposed sanction is intended to change, deter, or remedy;

"(3) a description of the targeted sanctions, diplomatic measures, legal measures, multilateral measures, and other alternatives considered by the President;

"(4) an explanation of why targeted sanctions or non-economic measures would not be adequate to achieve the objective described in paragraph (1);

"(5) an assessment of whether the proposed sanction is likely to materially impair access by a civilian population to essential civilian goods and services;

"(6) an assessment of the likely impact of the proposed sanction on humanitarian organizations, peacebuilding organizations, medical providers, personal, noncommercial

remittances, financial channels, civilian infrastructure, and the economy of the affected civilian population;

"(7) a description of any general license, safe harbor, guidance, or other measure that will be used to ensure compliance with section 7202(d);

"(8) a description of whether the United Nations Security Council or a multilateral regime has adopted, or is considering, substantially equivalent measures; and

"(9) specific, measurable criteria for terminating the proposed sanction.

"(c) Public availability.—The President shall make each impact assessment required under subsection (a) available to the public in unclassified form not later than 7 days after submitting the impact assessment to Congress, but may include a classified annex only to the extent necessary to protect the national security of the United States.

"(d) Consultation.—In preparing an impact assessment under subsection (a), the President shall consult, as appropriate, with humanitarian organizations, peacebuilding organizations, medical and public health organizations, financial institutions, remittance providers, and nongovernmental organizations with substantial experience in the affected foreign country or civilian population.

"(e) Comptroller General review.—

"(1) Initial review.—Not later than 180 days after a unilateral agricultural sanction, unilateral economic sanction, or unilateral medical sanction becomes effective, the Comptroller General of the United States shall submit to Congress a report assessing the actual humanitarian, economic, diplomatic, and national security effects of the sanction.

"(2) Continuation review.—Not later than 90 days before the date on which a unilateral agricultural sanction, unilateral economic sanction, or unilateral medical sanction would terminate under section 7204, the Comptroller General of the United States shall submit to Congress a report assessing whether the sanction—

"(A) achieved, or made substantial progress toward achieving, the objective identified under subsection (b)(1);

"(B) materially impaired access by a civilian population to essential civilian goods and services;

"(C) impeded humanitarian assistance, peacebuilding activity, medical care, public health, personal, noncommercial remittances, or civilian infrastructure; or

"(D) produced humanitarian, economic, diplomatic, or national security effects that outweigh the benefit of continuing the sanction.

"(f) Termination for civilian harm.—

"(1) Presidential determination.—If the President determines, and submits the determination to Congress, that a unilateral agricultural sanction, unilateral economic sanction, or unilateral medical sanction materially impairs access by a civilian population to essential civilian goods and services, the President shall terminate the sanction not later than 30 days after submitting

the determination unless, before the date of termination, Congress enacts a joint resolution approving continuation of the sanction.

"(2) Comptroller General finding.—If a report of the Comptroller General of the United States under subsection (e) finds that a sanction materially impairs access by a civilian population to essential civilian goods and services, the finding shall create a rebuttable presumption of material impairment. Not later than 30 days after the report is submitted, the President shall—

"(A) terminate the sanction; or

"(B) submit to Congress and make publicly available a contrary determination, based on substantial evidence, that the sanction does not materially impair such access, together with a detailed explanation of the determination and a description of any measures necessary to prevent material impairment.

"(3) Continuation following contrary determination.—A sanction continued pursuant to paragraph (2)(B) shall terminate 60 days after the contrary determination is submitted unless, before the date of termination, Congress enacts a joint resolution approving continuation of the sanction.

"(g) Information accompanying continuation request.—A report or determination submitted by the President under section 7204(1) or subsection (f) in connection with continuation of a sanction shall include—

"(1) an updated impact assessment containing the information described in subsection (b);

"(2) a response to each finding in the most recent report of the Comptroller General of the United States under subsection (e); and

"(3) a description of any additional general license, safe harbor, guidance, or other measure necessary to ensure compliance with section 7202(d) and prevent material impairment of access by a civilian population to essential civilian goods and services.".

(g) Congressional procedures.—Section 7206 of title 22, United States Code, is amended—

(1) in subsection (a), by striking "section 7202(a)(1) or 7204(1)" and inserting "section 7202(a)(1), 7204(1), or a determination described in section 7204A(f)"; and

(2) in subsection (b)(1), by striking "Committee on International Relations" and inserting "Committee on Foreign Affairs".

(h) Rule of construction.—Nothing in this section, or the amendments made by this section, may be construed—

(1) to prohibit a targeted sanction;

(2) to limit any authority to impose a targeted sanction against a person who knowingly diverts essential civilian goods and services for a use or to a recipient described in section 7202(d)(4), or for corrupt commercial use;

(3) to limit the application or scope of section 7210 or to authorize a transaction prohibited under section 2339A or 2339B of title 18, United States Code; or

(4) to authorize the export, reexport, or transfer of any item controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. 2778), or any transaction that the President may subject to a specific license under section 7202(d)(4).

SEC. 1323. UNITED STATES–IRAN MANUFACTURING AND NONPROLIFERATION DEAL.

(a) Findings.—Congress finds the following:

(1) Iran has established a national objective of expanding its electricity supply through approximately 20,000 megawatts of nuclear generating capacity over the coming decades. Reliable, affordable, and abundant electricity is a legitimate development objective for the people of Iran.

(2) The United States has established through the POPULIST Act a national objective of expanding its industrial manufacturing base and commercial shipping capacity, as well as an international objective of expanding fellowship among nations.

(3) Iran possesses abundant solar resources and a substantial domestic engineering, construction, and electrical workforce capable of siting, installing, connecting, operating, and maintaining large-scale civilian electricity infrastructure. Harnessing Iran's solar resources could make the development of nuclear generating capacity unnecessary.

(4) The United States possesses substantial technical expertise and the ability to expand domestic manufacturing capacity for solar modules and cells, electricity storage cells and systems, inverters, transformers, switchgear, mounting structures, electrical components, control systems, and related equipment.

(5) Approximately 100 gigawatts of utility-scale solar generating capacity, paired with approximately 240 gigawatt-hours of usable electricity storage capacity and appropriate power conversion and facility-level electrical equipment, provides a reasonable initial planning benchmark for replacing the annual electricity production and reliability anticipated from 20,000 megawatts of nuclear generating capacity.

(6) A 10-year Federal purchase commitment for such equipment would create stable public demand, incentivize the expansion of productive capacity in the United States, create high-quality employment, strengthen domestic supply chains, support the Strategic Commercial Fleet, and convert a peace dividend into visible productive investment.

(7) A deal in which the United States manufactures and delivers civilian solar generation and electricity storage equipment, while Iran provides land, local labor, construction, installation, inland transportation, grid connection, operation, and maintenance, can help both nations advance their objectives.

(8) A negotiated exchange of permanent and verifiable nuclear restraints for a material United States clean energy contribution can further promote fellowship among nations, reduce the risk of nuclear proliferation, and respect the dignity and legitimate development aspirations of the people of both nations.

(b) Definitions.—In this section:

(1) Agreement.—The term "agreement" means the United States–Iran Manufacturing and Nonproliferation Deal authorized under subsection (c).

(2) Appropriate congressional committees.—The term "appropriate congressional committees" means—

(A) the Committee on Foreign Relations, the Committee on Banking, Housing, and Urban Affairs, the Committee on Energy and Natural Resources, the Committee on Commerce, Science, and Transportation, and the Committee on Appropriations of the Senate; and

(B) the Committee on Foreign Affairs, the Committee on Financial Services, the Committee on Energy and Commerce, the Committee on Science, Space, and Technology, the Committee on Transportation and Infrastructure, and the Committee on Appropriations of the House of Representatives.

(3) Clean energy contribution.—The term "clean energy contribution" means covered equipment, inspection, export packaging, insurance, ocean transportation, warranties, spare equipment, training, documentation, and technical assistance provided by the United States under the agreement.

(4) Covered equipment.—The term "covered equipment" means equipment described in subsection (e)(3) that is procured, manufactured, or delivered under the agreement.

(5) Designated civilian entity.—The term "designated civilian entity" means a civilian ministry, public electric utility, special-purpose public authority, cooperative, municipality, or other civilian entity designated under the agreement to receive, hold, operate, or oversee covered equipment and certified by the President not to be owned, controlled, or materially directed by an excluded entity.

(6) Electricity-equivalent target.—The term "electricity-equivalent target" means the combination of annual net electricity generation, usable electricity storage capacity, power conversion capability, and facility-level grid reliability services reasonably necessary to replace the annual electricity production and reliability anticipated from 20,000 megawatts of nuclear generating capacity.

(7) Excluded entity.—The term "excluded entity" means—

(A) the Islamic Revolutionary Guard Corps;

(B) an armed forces, intelligence, or internal-security entity of Iran; or

(C) a person subject to a targeted sanction imposed by the United States for terrorism, gross violations of internationally recognized human rights, significant corruption, or proliferation of weapons of mass destruction.

(8) First material performance.—The term "first material performance" means the performance required under subsection (j)(2).

(9) Fund.—The term "Fund" means the United States–Iran Manufacturing and Nonproliferation Fund established under subsection (m).

(10) IAEA.—The term "IAEA" means the International Atomic Energy Agency.

(11) Local cost.—The term "local cost" means a cost incurred in Iran for land, a right-of-way, unloading, customs processing, inland transportation, storage after delivery, local labor, local construction material, site preparation, civil construction, installation, permitting, security, interconnection, transmission or distribution infrastructure beyond the project boundary, operation, maintenance, decommissioning, or another locally furnished good or service.

(12) Manufactured in the United States.—The term "manufactured in the United States" means, with respect to a manufactured product, that each major manufacturing process for the product occurs in the United States and the cost of domestic components satisfies subsection (g)(2).

(13) Planning benchmark.—The term "planning benchmark" means 100 gigawatts of nameplate direct-current solar generating capacity and 240 gigawatt-hours of usable electricity storage capacity, together with associated power conversion and facility-level electrical equipment.

(14) Verification Account.—The term "Verification Account" means the United States–Iran Nonproliferation Verification Account established under subsection (n).

(c) Congressional authorization and purposes.—

(1) Authority.—The President is authorized, but not required, to negotiate, conclude, enter into, and carry out an agreement with Iran that satisfies this section.

(2) Congressional authorization.—An agreement satisfying this section is specifically authorized by Congress and may take effect in accordance with its terms after the President has satisfied the requirements of subsection (l) applicable before entry into force. Congressional review of the agreement shall be conducted in accordance with subsection (l)(9), and no additional approval of the agreement by Congress is required.

(3) Public designation.—The President may publicly designate the agreement as the "United States–Iran Manufacturing and Nonproliferation Deal" or by another public name consistent with this section.

(4) Purposes.—The purposes of the agreement shall be—

(A) to end permanently and verifiably domestic uranium enrichment, reprocessing, and nuclear-weapons-related activity in Iran;

(B) to avoid the construction or operation of additional nuclear power reactors in Iran by providing a peaceful, nonnuclear means of meeting Iran's stated electricity objective;

(C) to provide the people of Iran with civilian solar generation, electricity storage, power conversion, and associated electrical equipment sufficient to achieve the electricity-equivalent target;

(D) to establish reciprocal, phased, enforceable, and independently verifiable performance, with the United States undertaking first material performance;

(E) to create stable demand for American-made products that rebuilds and expands domestic manufacturing capacity, supports maritime demand, and creates high-quality employment in the United States;

(F) to support locally rooted employment, construction, installation, operation, and maintenance capacity in Iran without directing the expenditure of Iranian money; and

(G) to strengthen peace, nonproliferation, human security, and fellowship among the people of the United States and Iran.

(5) Lead officials.—The Secretary of State shall lead negotiation and diplomatic implementation of the agreement. The Secretary of Energy shall lead domestic production planning, procurement, domestic-manufacturing compliance, technical evaluation, and delivery of the clean energy contribution. Those Secretaries shall consult the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Labor, the Secretary of Transportation, the Secretary of Peacebuilding, the Maritime Administrator, the United States Trade Representative, the Nuclear Regulatory Commission, and the heads of other relevant Federal agencies.

(6) Determination to pursue agreement.—If the President determines that the United States intends to pursue negotiation of the agreement, the President shall submit to the appropriate congressional committees a written determination stating that intention. Submission of the determination shall trigger the planning and program-readiness authorities specified in subsections (g)(4) and (m)(5) but shall not obligate the President to conclude or enter into the agreement.

(d) Required structure of agreement.—The agreement shall—

(1) establish a 10-year period for production and delivery of the clean energy contribution, to be known as the "clean energy delivery period", beginning on a date specified in the agreement and not later than the date of the first physical delivery under subsection (j)(2)(C), subject to reasonable adjustment for verified force majeure, material supply chain disruption, or mutual agreement;

(2) provide that—

(A) the commitment required under subsection (i)(5) remains in effect throughout the agreement and during any suspension, dispute, or orderly wind-down;

(B) the safeguards, transparency, and anti-diversion commitments required under subsection (i), the preservation commitments required under subsection (j)(1), the civilian-control and nondiscriminatory-access commitments required under paragraphs (5) and (9), and the maintenance, cybersecurity, safety, and warranty commitments applicable to covered equipment already delivered remain in effect during a suspension, dispute, or orderly wind-down;

(C) the nuclear commitments required under subsection (i) become permanent upon substantial completion of the clean energy contribution, as defined by objective milestones in the agreement; and

(D) before substantial completion, the continuation of the commitments described in subparagraph (C) following termination shall be governed by the reciprocal wind-down provisions of the agreement, except that no such provision may authorize nuclear-weapons-related activity or diversion of nuclear material;

(3) establish a schedule of reciprocal milestones for production, ocean transportation, delivery, installation, verification, nuclear restraint, dismantlement, and sanctions relief;

(4) require first material performance by the United States before Iran is required to complete an irreversible nuclear step;

(5) establish designated civilian entities and safeguards sufficient to prevent ownership, possession, or operational control of covered equipment or a project by an excluded entity and to prevent knowing diversion of covered equipment to a nuclear fuel cycle or weapons-related end use;

(6) provide that the clean energy contribution is a grant to the people of Iran and shall not create sovereign debt, a repayment obligation, a lien, a security interest, a claim to Iranian land or natural resources, or ownership or control by the United States in Iran's electrical system;

(7) provide for public disclosure of the agreement, implementation plans, aggregate production and purchase information, delivery milestones, and verification findings, subject to protection of classified information, proprietary information, physical-security information, and information the disclosure of which would materially impair verification or implementation;

(8) establish consultation, technical dispute resolution, cure of noncompliance, proportional suspension, resumption of performance, and orderly termination procedures, including reciprocal treatment of completed or irreversible performance and of covered equipment in production, in transit, delivered, installed, or commissioned;

(9) prohibit any party from conditioning civilian access to electricity generated or stored using covered equipment on political, religious, ethnic, gender-based, or military affiliation; and

(10) permit equipment, services, or financing from another country or an international organization only as a supplement to the United States commitment, and provide that such contribution may not reduce the amount, domestic manufacturing requirements, or delivery obligations of the United States unless Iran expressly agrees in writing.

(e) United States clean energy contribution.—

(1) Performance target.—The agreement shall commit the United States to cause covered equipment to be produced in the United States and delivered to Iran in quantities sufficient, together with Iran's performance of the responsibilities required under subsection (f), to achieve the electricity-equivalent target, and to provide the related support required under the agreement.

(2) Planning benchmark and technical adjustment.—

(A) Initial basis.—The implementation plan shall use the planning benchmark as the initial basis for design, domestic production planning, purchase commitments, and reciprocal scheduling.

(B) Adjustment.—The President may approve an increase, decrease, or reallocation between solar generation capacity, storage capacity, and associated power conversion or facility-level electrical equipment if the Secretary of Energy, based on an independent engineering analysis made publicly available to the extent practicable, certifies that the adjusted plan—

(i) is reasonably expected to achieve or exceed the electricity-equivalent target;

(ii) provides comparable or greater evening, overnight, and grid reliability capability;

(iii) does not materially reduce the value of the agreement to domestic manufacturing, employment, and maritime demand;

(iv) is expected to reduce lifecycle cost, improve safety or reliability, or accommodate verified conditions of Iran's electric grid; and

(v) does not substitute fossil fuel generation or fossil fuel infrastructure for solar generation, electricity storage, or another nonnuclear, nonfossil clean energy technology.

(C) Material adjustment after entry into force.—Not less than 30 days before approving, after the agreement enters into force, an adjustment that materially changes solar generating capacity, electricity storage capacity, expected annual electricity generation, evening or overnight capability, or the technology mix, the President shall submit to the appropriate congressional committees—

(i) the independent engineering analysis supporting the adjustment;

(ii) a description of the adjustment and the reasons for the adjustment;

(iii) an assessment of the effect of the adjustment on domestic production, employment, and demand for the Strategic Commercial Fleet; and

(iv) if the adjustment would decrease the clean energy contribution, the written concurrence of Iran.

(3) Covered equipment.—Covered equipment may include—

(A) photovoltaic modules, cells, and related module components;

(B) fixed-tilt or tracking mounting structures, torque tubes, fasteners, foundations manufactured as part of a modular mounting system, and related mechanical components;

(C) direct-current collection equipment, combiner equipment, conductors, cables, connectors, disconnects, grounding equipment, and protective equipment;

(D) solar inverters and associated power electronics;

(E) battery cells, battery modules, battery packs, battery cabinets, thermal management systems, fire suppression systems, battery management systems, and other electricity storage equipment;

(F) bidirectional inverters, storage power conversion systems, and energy management systems;

(G) plant-level transformers, substations, switchgear, relays, meters, control systems, cybersecurity equipment, and supervisory control and data acquisition equipment;

(H) replacement parts, specialized tools, commissioning equipment, diagnostic equipment, and safety equipment;

(I) packaging, cargo handling equipment, and other equipment reasonably necessary for safe ocean transportation and delivery; and

(J) another nonnuclear, nonfossil clean energy generation, electricity storage, power conversion, or facility-level electrical technology manufactured in the United States that the Secretary of Energy determines will improve reliability, reduce lifecycle cost, or advance the electricity-equivalent target.

(4) Equipment boundary.—Except as otherwise agreed for a particular project, the United States contribution for each generating or storage facility shall extend through the high-voltage side of the facility's main transformer. Iran shall be responsible for transmission, distribution, and grid infrastructure beyond that point.

(5) International delivery point.—The United States shall be responsible for inspection, export packaging, insurance, and ocean transportation of covered equipment to 1 or more Iranian ports or other international delivery points specified in the agreement. Iran shall be responsible for unloading, customs processing, storage after delivery, inland transportation, and transportation to project sites.

(6) Title and risk of loss.—The agreement shall identify the point at which title and risk of loss pass to a designated civilian entity and shall provide commercially reasonable inspection, acceptance, warranty, and replacement procedures.

(7) Spares, warranties, and maintenance independence.—The clean energy contribution shall include—

(A) spare equipment and components in quantities determined by the independent engineering assessment to be reasonably necessary for reliable operation, taking into account expected failure rates, warranties, replacement lead times, environmental conditions, and the availability of replacement equipment;

(B) manufacturer warranties customary for comparable utility-scale equipment; and

(C) technical documentation, diagnostic tools, repair information, durable software licenses, locally controlled administrative credentials, security updates, diagnostic access, interoperability information, and training sufficient to permit Iranian civilian personnel to operate, maintain, and repair the equipment without continuing dependence on United States personnel.

(8) No remote coercive control.—Covered equipment may not include a concealed access mechanism or a remote disabling function controlled solely by the United States Government or a United States contractor. This paragraph does not prohibit a transparent and mutually agreed cybersecurity, safety, warranty, or emergency shutdown capability.

(9) No financing of local costs.—No amount appropriated or otherwise made available under this section may be used to pay or reimburse a local cost.

(f) Responsibilities of Iran.—The agreement shall require Iran to—

(1) provide suitable land and legally sufficient rights of access for each project without charge to the United States;

(2) conduct or obtain siting, environmental, water use, land use, cultural resource, construction, and operating approvals under Iranian law;

(3) provide roads, grading, drainage, fencing, ordinary civil works, foundations not included as covered equipment, buildings, trenches, site utilities, construction machinery, and other site preparation;

(4) provide the labor, contractors, construction management, installation, testing, and commissioning necessary to place covered equipment in service, with technical assistance from United States manufacturers as provided under the agreement;

(5) unload covered equipment, complete customs processing, provide inland transportation and storage, and transport the equipment to project sites;

(6) construct, upgrade, operate, and maintain transmission, distribution, dispatch, and grid infrastructure beyond the equipment boundary described in subsection (e)(4);

(7) retain sole authority over selection and payment of Iranian contractors and expenditure of Iranian public or private money for local costs, subject only to mutually agreed technical-interface, end-use, safety, verification, anti-corruption, anti-diversion, labor, and excluded-entity requirements, including a prohibition on use of an excluded entity as a project contractor or subcontractor;

(8) provide physical security that protects workers and equipment without placing an excluded entity in ownership or operational control of a project;

(9) operate and maintain each project, bear ordinary operating and maintenance costs after commissioning, and establish reserves for replacement and decommissioning;

(10) ensure transparent metering, dispatch, and accounting sufficient to verify civilian use and public benefit;

(11) avoid forced displacement to the maximum extent practicable and provide fair notice, consultation, and compensation when displacement cannot reasonably be avoided;

(12) apply occupational-safety protections, prohibit forced labor and child labor, and permit workers lawfully to organize and bargain collectively in connection with projects carried out under the agreement; and

(13) provide the IAEA and other monitors established under the agreement such access, information, and cooperation as are necessary to verify compliance.

(g) Domestic manufacturing and procurement.—

(1) Final manufacture.—Except as provided in paragraph (5), covered equipment shall be finally manufactured in the United States, and each major manufacturing process for such equipment shall occur in the United States. The Secretary of Energy shall define by regulation the major manufacturing processes applicable to each category of covered equipment.

(2) Domestic-content schedule.—The cost of components manufactured, mined, produced, processed, or recycled in the United States shall be—

(A) not less than 80 percent of the total cost of all components for equipment delivered during the first through third years of the clean energy delivery period;

(B) not less than 90 percent of the total cost of all components for equipment delivered during the fourth through seventh years of that period; and

(C) not less than 95 percent of the total cost of all components for equipment delivered during the eighth through tenth years of that period.

(3) Critical components and maximum practicable domestic content.—The percentages in paragraph (2) are minimum requirements. The Secretary of Energy shall require the maximum practicable quantity and value of domestic components, subcomponents, materials, and critical minerals and shall establish a procurement schedule that increases domestic content as additional domestic production becomes commercially available in sufficient quantity and satisfactory quality. The Secretary shall establish product-specific or component-specific domestic-content requirements for critical components, including photovoltaic cells, battery cells, utility-scale inverters, power semiconductors, transformers, and switchgear, sufficient to prevent compliance through domestic content concentrated principally in less critical components.

(4) Domestic manufacturing procurement plan.—Not later than 180 days after the President submits the determination required under subsection (c)(6), the Secretary of Energy, in consultation with the Secretary of Commerce and the Secretary of Labor, shall publish a plan for using procurement specifications, phased domestic-content requirements, multi-year contracts, advance purchase commitments, long-term offtake agreements, capacity reservations, and delivery schedules under this section to create predictable demand for domestic production of photovoltaic cells, wafers, ingots, polysilicon, glass, encapsulants, backsheets, frames, junction boxes, battery cells, cathode and anode materials, electrolytes, separators, battery management systems, thermal management systems, utility-scale inverters, power semiconductors, transformers, switchgear, relays, meters, control systems, and other components critical to the clean energy contribution.

(5) Limited waiver.—The Secretary of Energy may waive paragraph (1) or (2), or make a corresponding adjustment to a requirement established under paragraph (3), with respect to a particular component or product only if—

(A) the Secretary determines in writing that the component or product is not produced in the United States in sufficient and reasonably available quantity or satisfactory quality;

(B) the Secretary determines in writing that a temporary waiver is necessary to prevent a material delay that would jeopardize verified reciprocal performance under the agreement; or

(C) the Secretary—

(i) determines in writing that—

(I) application of the requirement would increase the total cost of the relevant procurement by more than 25 percent compared with an otherwise acceptable offer that does not satisfy the requirement; or

(II) no responsive domestic offer represents a fair and reasonable price; and

(ii) before making such determination—

(I) seeks full and open competition to the maximum extent practicable and conducts negotiations, as appropriate;

(II) prepares or obtains an independent Government cost estimate and conducts price analysis; and

(III) if fewer than 2 responsive domestic offers from responsible offerors are received, obtains certified cost or pricing data from each domestic offeror under consideration and conducts cost analysis.

(6) Conditions on waiver.—A waiver or adjustment under paragraph (5)—

(A) shall be limited in scope and duration;

(B) shall be published with a nonproprietary explanation not later than 15 days after issuance;

(C) may not be based solely on administrative convenience or a contractor's failure to plan for the domestic-content schedule;

(D) shall, when practicable, be accompanied by a solicitation, advance purchase commitment, long-term offtake agreement, or other procurement action designed to establish predictable demand for domestic production of the waived component or product; and

(E) in the case of an adjustment to a requirement established under paragraph (3), shall apply only to the component or product covered by the waiver and only to the extent and for the duration necessary to give effect to the waiver.

(7) Coordination with title VIII.—To the maximum extent practicable, the Secretary of Energy shall coordinate procurement under this section with industrial reconstruction activities carried out under sections 843 through 846 and 848 to align predictable demand with domestic supply, avoid duplication, and coordinate production and maritime delivery. Amounts in the Fund may not be used to provide a grant, loan, loan guarantee, cooperative agreement, factory construction or conversion assistance, tooling assistance, workforce development assistance, or other direct industrial investment under those sections.

(8) Multi-year production and purchase commitments.—

(A) Authority.—Subject to the availability of appropriations and the agreement, and notwithstanding any otherwise applicable limitation on the duration of a multi-year contract, the Secretary of Energy may enter into contracts and commitments having a period of performance not exceeding 10 years, including multi-year production and procurement contracts, advance purchase commitments, long-term offtake agreements, capacity reservations, milestone payment contracts, and other purchase commitments necessary to cause covered equipment to be produced in the United States and to provide stable demand.

(B) Advance payments.—Notwithstanding section 3324 of title 31, United States Code, the Secretary may make an advance payment under a contract or commitment described in subparagraph (A) only to the extent necessary to reserve production capacity or finance contract performance and only under terms providing adequate security, repayment or recoupment, financial controls, and audit access for the United States.

(C) Commitments counted toward first material performance.—A contract or commitment counted toward first material performance under subsection (j)(2) shall be binding, shall be supported by amounts legally available for obligation, and shall provide for any minimum purchase, cancellation, or termination liability necessary to make the commitment commercially reliable.

(9) Labor standards.—Each contract exceeding $5,000,000 for covered equipment shall require compliance with applicable Federal labor, employment, nondiscrimination, workplace safety, and prevailing wage laws; a plan for recruitment, training, and retention of a skilled domestic workforce; disclosure and remediation of forced labor or child labor in the supply chain; neutrality with respect to lawful worker organizing; and no expenditure of Federal funds to interfere with such organizing.

(10) Competition and regional diversity.—The Secretary shall promote competition, avoid unnecessary concentration among contractors, provide meaningful opportunities for small and medium-sized manufacturers, cooperatives, and worker-owned enterprises, and seek geographic diversity in manufacturing awards and production.

(h) Strategic Commercial Fleet delivery.—

(1) Exclusive requirement.—Ocean transportation of covered equipment and materials procured under this section shall be provided exclusively on vessels enrolled in the Strategic Commercial Fleet established under chapter 536 of title 46, United States Code. No waiver, exception, or alternative vessel authority may be used to transport such equipment or materials.

(2) Coordination and capacity planning.—The Maritime Administrator and the Secretary of Energy shall coordinate procurement and delivery schedules with the Ship America Office, cargo preference requirements, port priority requirements, operating agreements, and demand-signal requirements established under title VIII and shall provide sufficient advance notice of anticipated cargo volumes and routes to permit the Strategic Commercial Fleet to maintain or develop the capacity necessary to carry out this subsection.

(3) Multi-year transportation contracting.—Subject to the availability of appropriations and the agreement, and notwithstanding any otherwise applicable limitation on the duration of a multi-year contract, the Secretary of Energy or the Maritime Administrator may enter into contracts and commitments having a period of performance not exceeding 10 years, including multi-year transportation-service contracts, advance commitments, capacity reservations, milestone payment contracts, and other purchase commitments necessary to secure Strategic Commercial Fleet capacity for transportation under this section. Notwithstanding section 3324 of title 31, United States Code, an advance payment may be made under such a contract or commitment only to the extent necessary to reserve or expand transportation-service capacity and only under terms providing adequate security, repayment or recoupment, financial controls, and audit access for the United States. This paragraph does not authorize a grant, loan, loan guarantee, or direct capital investment in a vessel, shipyard, or maritime carrier.

(4) Insufficient Fleet capacity.—Lack of available Strategic Commercial Fleet capacity does not authorize transportation on another vessel. To the extent such lack of capacity causes the United States to miss a performance milestone, the delay shall be treated as a failure by the United States under subsection (j)(6), the corresponding Iranian performance deadline shall be tolled, and the corrective action plan required under that subsection shall include measures to secure sufficient Strategic Commercial Fleet capacity.

(i) Required nuclear commitments.—

(1) Enrichment and reprocessing.—The agreement shall require Iran, throughout the period in which the agreement is in effect and thereafter as provided in subsection (d)(2), to cease and refrain from—

(A) enriching uranium or possessing, producing, acquiring, importing, or receiving enriched uranium, except fabricated nuclear fuel (including fuel assemblies) or target material supplied from outside Iran for an activity expressly permitted under paragraph (3) or (4);

(B) conducting research, development, design, modeling, experimentation, testing, or manufacturing principally directed toward uranium enrichment or the development or production of centrifuges, centrifuge components, or other enrichment equipment;

(C) reprocessing spent nuclear fuel or separating plutonium; and

(D) constructing, acquiring, operating, or maintaining a facility or equipment designed or principally used for uranium enrichment, spent-fuel reprocessing, plutonium separation, or production of heavy water for a prohibited nuclear activity.

(2) Nuclear materials and equipment.—The agreement shall provide for verified removal from Iran, conversion to a form that cannot readily be used for further enrichment or weapons purposes, or other verified disposition of—

(A) stocks of enriched uranium, except enriched uranium—

(i) contained in or constituting fabricated nuclear fuel (including fuel assemblies) permitted under paragraph (3) or (4); or

(ii) contained in or constituting target material permitted under paragraph (4);

(B) stocks of separated plutonium;

(C) all centrifuges and centrifuge components designed or principally used for uranium enrichment;

(D) enrichment and reprocessing equipment; and

(E) other material or equipment the IAEA determines necessary to verify compliance.

(3) Nuclear reactors.—The agreement shall require Iran to refrain from constructing or operating an additional nuclear power reactor after the agreement enters into force and shall establish a reasonable schedule for the verified abandonment, securing, and disposition of any additional nuclear power reactor that is under construction on that date, together with related reactor components or nuclear material. The agreement may permit continued operation of Unit 1 of the Bushehr Nuclear Power Plant if—

(A) all fuel is fabricated and supplied from outside Iran;

(B) all spent fuel is removed from Iran promptly after discharge under an IAEA-approved schedule; and

(C) the reactor and related nuclear material and activities remain subject to continuous IAEA safeguards and monitoring.

(4) Peaceful nonpower uses.—The agreement may permit peaceful medical, agricultural, industrial, and scientific uses of nuclear material at a facility specifically identified or approved under the agreement if—

(A) fuel and target material are supplied from outside Iran in a form and enrichment level specified under the agreement and subject to IAEA safeguards;

(B) no activity involves domestic enrichment or reprocessing;

(C) imported fuel and target material are, as applicable, removed or otherwise subject to verified disposition after use;

(D) the activity remains subject to IAEA safeguards and enhanced monitoring, including verified accounting for imported fuel and target material; and

(E) in the case of a new facility, the President—

(i) determines, based on an independent technical assessment and after consultation with the IAEA, that the facility—

(I) serves a demonstrated peaceful civilian need;

(II) uses the least proliferation-sensitive technology reasonably capable of meeting that need;

(III) is not designed or intended for electricity generation; and

(IV) will not materially increase Iran's capacity to produce or separate weapons-usable nuclear material or conduct an activity prohibited under this subsection; and

(ii) submits the determination and technical assessment to the appropriate congressional committees not less than 30 days before construction or operation of the facility begins, whichever occurs first.

(5) Nuclear-weapons-related activity.—The agreement shall require Iran, without time limitation, to refrain from designing, developing, producing, acquiring, possessing, testing, or seeking a nuclear explosive device and from research, modeling, experimentation, procurement, or other activity principally directed toward a nuclear explosive device.

(6) Safeguards and transparency.—The agreement shall require Iran to remain a party to and comply fully with the Treaty on the Non-Proliferation of Nuclear Weapons and shall provide that a notice by Iran of withdrawal from that Treaty constitutes a material breach of the agreement. The agreement shall further require Iran to maintain and fully implement its comprehensive safeguards agreement with the IAEA; ratify, bring into force, and fully implement an Additional Protocol; implement modified Code 3.1; provide timely access to locations, persons, records, equipment, environmental samples, and supply chain information reasonably necessary to verify declared and undeclared nuclear activities; permit continuous or near-continuous monitoring of sensitive material and locations; and preserve and restore monitoring continuity.

(7) Procurement and transfer controls.—The agreement shall establish monitored procurement channels and end-use verification sufficient to prevent acquisition or transfer of equipment, material, software, or technology for a prohibited nuclear activity.

(8) No military control.—The agreement shall prohibit ownership or operational control by a military or intelligence entity over a nuclear activity permitted under the agreement.

(j) Sequencing, reciprocal milestones, and remedies.—

(1) Initial Iranian measures.—The agreement shall require Iran, upon entry into force and before first material performance by the United States—

(A) to freeze expansion of sensitive nuclear activities;

(B) to preserve relevant equipment and records;

(C) to provide a complete baseline declaration;

(D) to grant verification access sufficient to begin establishing a verified nuclear baseline; and

(E) to refrain from increasing stocks of enriched uranium, except through receipt from outside Iran of—

(i) fabricated nuclear fuel (including fuel assemblies) for an activity expressly permitted under subsection (i)(3) or (4); or

(ii) target material for an activity expressly permitted under subsection (i)(4).

Such measures shall be reversible or preservative rather than destructive.

(2) First material performance by United States.—Before Iran is required to destroy, export, or permanently disable more than a de minimis portion, as objectively defined in the agreement, of its enrichment infrastructure or enriched uranium stockpile, the United States shall—

(A) enter into binding procurement or manufacturing contracts, advance purchase commitments, long-term offtake agreements, or other purchase commitments representing not less than 10 percent of the estimated value of the clean energy contribution stated in the preliminary implementation plan required under subsection (l)(1) and supported as required under subsection (g)(8)(C);

(B) make the initial disbursements required under such commitments; and

(C) complete 1 or more physical deliveries to 1 or more agreed international delivery points that, in the aggregate, include solar generation and electricity storage equipment representing not less than 2 percent of the planned total capacity of each category in the preliminary implementation plan required under subsection (l)(1) or, after its approval, the final implementation plan required under subsection (l)(4), unless Iran agrees in writing to another measure that the President certifies to Congress is at least equivalent in value and materiality as evidence of United States performance.

(3) Verified baseline and reciprocal milestones.—No irreversible Iranian step beyond the de minimis portion described in paragraph (2) may be required until the IAEA has reported that Iran has provided a baseline declaration and access sufficient to establish a verified baseline for measuring Iran's performance and any material discrepancy identified in establishing that baseline has been resolved or is subject to an agreed, time-limited resolution plan. After first material performance and establishment of that baseline, the agreement shall pair each principal United States production or delivery tranche with a verified Iranian nuclear milestone and shall pair each irreversible Iranian deadline with a corresponding verified United States production or delivery milestone.

(4) Certification before delivery tranche.—Before authorizing each annual delivery tranche or another delivery tranche paired with an irreversible Iranian milestone, the President shall certify to the appropriate congressional committees that the IAEA has reported that Iran is implementing the nuclear commitments within the IAEA's verification responsibilities applicable at that stage; the President has determined, based on IAEA findings and other reliable evidence, that Iran is implementing the remaining nuclear commitments applicable at that stage; the United States is materially performing its obligations applicable at that stage; the covered equipment complies with subsection (g), subject to a published waiver; and the designated civilian entities and anti-diversion controls remain adequate.

(5) Iranian material breach.—If the President determines, based substantially on IAEA findings with respect to a nuclear commitment or on reliable evidence, including findings of the joint implementation commission or independent technical experts, with respect to another commitment, that Iran has materially breached the agreement, the President—

(A) may suspend the corresponding future delivery, production or purchase obligation, or sanctions relief after providing notice and a reasonable opportunity to cure, except that

immediate suspension may occur when necessary to prevent a material proliferation risk, diversion, fraud, or imminent danger; and

(B) shall, not later than 10 days after determining that the material breach has occurred, notify the appropriate congressional committees and describe the affected obligations, the evidence relied upon, the opportunity to cure, and the expected civilian and contractual effects.

(6) United States material breach.—If the United States materially fails to meet a production, purchase, ocean-transportation, delivery, licensing, sanctions-relief, warranty, replacement-equipment, technical-assistance, software-access, or other performance milestone, the corresponding Iranian performance deadline shall be tolled until the United States cures the failure or the parties agree to an adjusted schedule. Not later than 30 days after the missed milestone, the President shall submit to Congress and provide to Iran a corrective action plan and revised completion date. If the failure continues for more than 90 days or materially frustrates the value of an irreversible measure already completed by Iran, the agreement shall require the parties to adopt a reciprocal adjustment that restores the balance of remaining performance, including accelerated, substitute, or additional United States performance, as appropriate. Neither tolling nor an adjustment may authorize nuclear-weapons-related activity or diversion of nuclear material.

(7) Proportionality and civilian safety.—A suspension shall be proportionate to the breach and, to the maximum extent practicable, may not interrupt technical assistance, replacement equipment, cybersecurity support, fire safety support, warranty service, or other action necessary to prevent injury, environmental harm, damage to installed equipment, or destabilization of the civilian electrical grid.

(8) Dispute resolution.—The agreement shall establish an expedited technical and diplomatic dispute resolution process, including consultation with the IAEA on nuclear verification disputes, use of independent technical experts on energy production, delivery, or transportation disputes, and, for a dispute not resolved through consultation, mediation by a neutral state, international organization, or panel mutually agreed to by the United States and Iran.

(9) Resumption.—Performance suspended under the agreement shall resume promptly after verified cure or a mutually agreed resolution.

(10) Termination.—The President may terminate the agreement only after determining that a material breach has not been cured or that the purposes of the agreement can no longer reasonably be achieved; consulting Iran, the IAEA as appropriate to the nature of the dispute, and any neutral mediator then involved in the dispute; submitting to Congress, not less than 30 days before termination, a detailed explanation and wind-down plan, except when immediate termination is necessary to prevent an imminent proliferation or security risk; and taking reasonable steps to protect human life, safely wind down projects, preserve installed civilian infrastructure, preserve safeguards and monitoring, provide reciprocal treatment of completed or irreversible performance and of covered equipment in production, in transit, delivered, installed, or commissioned, and satisfy lawful contractual obligations.

(k) Sanctions and authorized transactions.—

(1) Coordination with section 1322.—To the extent that a sanction or transaction restriction remains in effect after application of section 1322, the President shall use the authorities provided under this subsection and any other applicable provision of law to waive, suspend, modify, terminate, license, or otherwise authorize the sanction or transaction to the extent necessary to negotiate, conclude, or carry out the agreement.

(2) Implementation authority.—Subject to paragraphs (4) through (7), and notwithstanding a provision of law that would otherwise prohibit or restrict the activity, the President may authorize a transaction, export, import, financial service, insurance service, ocean transportation service, customs service, software update, warranty service, replacement part shipment, verification activity, or other activity that is directly necessary or ordinarily incident to the agreement.

(3) Necessary channels.—The President shall ensure that lawful channels are available for procurement, contracting, banking, payment to United States suppliers and carriers, insurance, shipping, customs processing, technical services, software updates, warranties, replacement parts, maintenance support, verification, refunds, recoveries, and other transactions necessary to carry out the agreement.

(4) Limitations.—An authorization under this subsection shall be limited to the persons, transactions, goods, services, time periods, and conditions necessary to carry out the agreement and shall be subject to recordkeeping, end-use, anti-diversion, and audit requirements established by the President.

(5) Excluded items and activities.—Nothing in this section authorizes—

(A) the export, reexport, or transfer of a defense article or defense service on the United States Munitions List;

(B) the transfer of nuclear material, production or utilization equipment, sensitive nuclear technology, or Restricted Data;

(C) the transfer of an item for a military, intelligence, internal security, nuclear fuel cycle, or weapons-related end use;

(D) a transaction with an excluded entity; or

(E) a transaction prohibited under section 2339A or 2339B of title 18, United States Code.

(6) No nuclear cooperation agreement.—The agreement authorized by this section is not an agreement for cooperation under section 123 of the Atomic Energy Act of 1954 (42 U.S.C. 2153) and shall not include or authorize the transfer of nuclear material, production or utilization equipment, sensitive nuclear technology, Restricted Data, or other cooperation subject to that section.

(7) Targeted sanctions.—Nothing in this section requires termination of a targeted sanction imposed on a person for terrorism, gross violations of internationally recognized human rights, significant corruption, or proliferation of weapons of mass destruction.

(l) Administration, congressional notice, and oversight.—

(1) Preliminary technical and implementation assessment.—After the President submits the determination required under subsection (c)(6) and before the agreement enters into force, the Secretary of Energy shall complete an independent engineering assessment and a preliminary implementation plan addressing the technical sufficiency, lifecycle cost, planning benchmark, domestic production and procurement strategy, division of responsibilities, reciprocal milestones, estimated annual and total Federal obligations, including separate estimates of obligations under subsections (m) and (n), and, based on information provided by Iran, the credibility of Iran's plans for site readiness, local financing, construction, transmission, distribution, grid integration, operation, maintenance, replacement, and decommissioning.

(2) Notice before entry into force.—Not later than 5 calendar days after reaching the agreement and not less than 30 days before the agreement enters into force, the President shall submit to the appropriate congressional committees and to each committee and congressional leader specified in section 135(h)(3) of the Atomic Energy Act of 1954 (42 U.S.C. 2160e(h)(3))—

(A) the complete text of the agreement and each annex, side agreement, implementation arrangement, and technical protocol;

(B) the assessment and preliminary implementation plan required under paragraph (1);

(C) an assessment by the Secretary of State, in consultation with the Director of National Intelligence and the Secretary of Energy, of the adequacy and verifiability of the nuclear commitments;

(D) an estimate of aggregate and annual obligations of the United States under subsections (m) and (n), stated separately;

(E) the domestic production, procurement, and maritime delivery plan;

(F) a description of sanctions, export, import, and financial authorities expected to be exercised;

(G) the verification assessment report required under section 135(a)(2) of the Atomic Energy Act of 1954 (42 U.S.C. 2160e(a)(2)); and

(H) the certification required under section 135(a)(1)(C) of that Act.

(3) Certification.—The agreement may not enter into force unless the President certifies to Congress that the agreement contains the required terms of this section, is technically feasible, is reasonably designed to achieve the electricity-equivalent target within the authorized funding, provides adequate verification of the required nuclear commitments, has legally available funding sufficient to initiate such verification, includes a credible plan for Iran to perform the responsibilities required under subsection (f), and will, upon entry into force, be supported by amounts legally available and contracting authority sufficient for first material performance by the United States.

(4) Final implementation plan.—Not later than 180 days after the agreement enters into force, the President shall approve, with the concurrence of Iran, and submit to Congress and make publicly available a final implementation plan that includes the final technical design basis; the 10-year domestic production, purchase, ocean transportation, delivery, installation,

and verification schedule; projected annual and total Federal obligations; domestic production and critical-component procurement strategy; division of responsibilities; Iran's site-readiness, local-financing, construction, and grid-integration plan; nuclear milestones and reciprocal sequencing; anti-diversion, cybersecurity, worker safety, environmental, and anti-corruption controls; and performance metrics.

(5) Joint implementation commission.—The agreement shall establish a joint implementation commission composed of representatives of the United States and Iran, with appropriate participation or observation by the IAEA for nuclear verification matters. The commission shall not limit the independent authority or reporting of the IAEA.

(6) Annual report.—Not later than 90 days after the end of each fiscal year during which the agreement is in effect, the President shall submit to the appropriate congressional committees and make publicly available a report describing—

(A) Federal obligations and expenditures; production and purchase awards; domestic-content performance and waivers; domestic production performance; estimated domestic employment; and anticipated actions and obligations for the following 2 fiscal years;

(B) equipment manufactured, shipped, delivered, accepted, installed, commissioned, and operating, and Strategic Commercial Fleet transportation performance;

(C) Iranian performance of the responsibilities required under subsection (f), to the extent information is available, and electricity generation and storage performance;

(D) IAEA findings, sanctions relief, and licenses; and

(E) disputes, breaches, suspensions, cures, and resumed performance.

(7) Inspectors general.—The inspectors general of the Department of State, Department of Energy, Department of Commerce, and Department of Transportation shall coordinate oversight of production and purchase contracts, ocean transportation, delivery, anti-corruption controls, and Federal administration under this section.

(8) Comptroller General.—The Comptroller General of the United States may audit and evaluate the program and shall have timely access to relevant Federal records, contractors, and subcontractors, subject to applicable protections for classified and proprietary information. The Comptroller General may not audit or direct expenditure of money supplied by Iran for local costs.

(9) Coordination with Iran Nuclear Agreement Review Act of 2015.—

(A) Application.—The agreement shall be subject to section 135 of the Atomic Energy Act of 1954 (42 U.S.C. 2160e).

(B) Concurrent submission and review.—A submission made under paragraph (2) that includes the materials required under section 135(a) of that Act shall constitute the transmission required under that section. The period preceding entry into force required under paragraph (2) shall run concurrently with the applicable review period under section 135(b) of that Act.

(C) Effect of review.—The agreement may not enter into force before the expiration of the applicable review period and any additional period during which action involving statutory sanctions relief is prohibited under section 135(b) of that Act. Any statutory sanctions relief provided under the agreement shall remain subject to section 135(c) of that Act.

(D) Coordinated oversight.—A report or certification under this subsection may be submitted jointly with a report or certification required under section 135(d) of that Act if the submission separately satisfies each applicable requirement.

(m) United States–Iran Manufacturing and Nonproliferation Fund.—

(1) Establishment.—There is established in the Treasury of the United States a fund to be known as the "United States–Iran Manufacturing and Nonproliferation Fund".

(2) Deposits.—The Fund shall consist of—

(A) amounts appropriated to the Fund; and

(B) refunds, recoveries, warranty payments, insurance proceeds, damages, proceeds from disposition of rejected or excess equipment, and other amounts received in connection with activities carried out under this subsection.

(3) Availability and use.—

(A) Availability.—Amounts deposited in the Fund are appropriated to the Fund and, without further appropriation, shall remain available until expended.

(B) Authorized uses.—Amounts in the Fund may be used only to—

(i) purchase, inspect, package, insure, transport, deliver, replace, and support covered equipment;

(ii) enter into and finance production and transportation-service contracts and purchase commitments authorized under subsections (g)(8) and (h)(3);

(iii) provide training, documentation, technical assistance, commissioning, warranties, cybersecurity support, and safety support;

(iv) administer and oversee activities financed under this subsection;

(v) carry out audit and anti-corruption activities relating to such activities; and

(vi) using amounts appropriated under paragraph (5)(A), carry out the activities described in that subparagraph.

(C) Prohibited uses.—Amounts in the Fund may not be used for a grant, loan, loan guarantee, cooperative agreement, direct capital investment, factory construction or conversion, tooling assistance, workforce development assistance, vessel construction or conversion, or shipyard investment.

(4) Funding after entry into force.—

(A) Initial appropriation.—There is appropriated, out of any money in the Treasury not otherwise appropriated, to the Fund $23,750,000,000, to remain available until expended, beginning on the date on which the agreement enters into force.

(B) Subsequent authorizations.—There are authorized to be appropriated to the Fund $14,000,000,000 for each of the 9 consecutive fiscal years beginning with the first fiscal year after the fiscal year in which the agreement enters into force.

(5) Program readiness expenditures.—

(A) Appropriation.—Upon submission of the determination required under subsection (c)(6), there is appropriated, out of any money in the Treasury not otherwise appropriated, to the Fund $250,000,000, to remain available until expended, for negotiation, independent engineering, technical design, domestic supply-chain assessment, procurement preparation, maritime capacity planning, and program readiness.

(B) Unused readiness amounts.—If the President withdraws the determination required under subsection (c)(6), or if the agreement has not entered into force by the date that is 3 years after submission of that determination, the unobligated balance of amounts appropriated under subparagraph (A) shall be transferred to the general fund of the Treasury.

(6) Federal administration.—Not more than 1 percent of amounts appropriated under paragraph (4) may be used for Federal administrative expenses, excluding inspection, technical assistance, and audit costs directly attributable to the procurement, transportation, delivery, or support of covered equipment.

(7) Condition on delivery obligations.—Other than amounts reasonably necessary for the activities described in paragraph (5), no amount may be obligated for equipment delivery until the agreement has entered into force.

(8) No local costs.—No amount in the Fund may be used for a local cost.

(9) Return of unobligated balance.—The unobligated balance of the Fund shall be transferred to the general fund of the Treasury on the date that is 3 years after the end of the clean energy delivery period, except for amounts the Secretary of Energy certifies are necessary for outstanding warranties, claims, audits, safety obligations, or orderly wind-down.

(10) Separation of funds.—No amount in the Fund may be transferred to the Verification Account or used for an activity authorized to be financed from that account.

(n) United States–Iran Nonproliferation Verification Account.—

(1) Establishment.—The Secretary of State shall establish within the Nonproliferation and Disarmament Fund authorized under section 504 of the FREEDOM Support Act (22 U.S.C. 5854) a separate account to be known as the "United States–Iran Nonproliferation Verification Account".

(2) Deposits.—The Verification Account shall consist of—

(A) amounts specifically appropriated or otherwise made available to the Verification Account;

(B) contributions from a foreign government or international organization accepted by the President for the Verification Account; and

(C) refunds, recoveries, and other amounts received in connection with activities financed from the Verification Account.

(3) Availability.—Amounts deposited in the Verification Account are appropriated to the Verification Account and, without further appropriation, shall remain available until expended.

(4) Authorized uses.—Amounts in the Verification Account may be used only to—

(A) make voluntary contributions to the IAEA for verification and monitoring under the agreement;

(B) support establishment and verification of the nuclear baseline, implementation of safeguards and enhanced monitoring, verification of declared and undeclared nuclear activities, monitoring of procurement and transfer controls, and other activities necessary to verify the nuclear commitments required under subsection (i);

(C) support United States participation in nuclear-verification activities of the joint implementation commission and independent technical analysis of nuclear-verification disputes;

(D) support mediation or other dispute-resolution activities concerning nuclear verification; and

(E) carry out reporting, audit, oversight, and Federal administration directly related to activities financed under this subsection.

(5) International contributions.—

(A) Solicitation.—Upon submission of the determination required under subsection (c)(6), the President shall seek contributions from foreign governments and international organizations to share the costs of verification and monitoring under the agreement.

(B) Supplementation.—A contribution accepted under paragraph (2)(B) shall supplement amounts made available by the United States and may not be treated as a condition of carrying out verification or monitoring required under the agreement.

(C) Independence.—The President may not accept a contribution subject to a condition that would limit or direct the scope, methods, findings, or reporting of the IAEA or another independent verifier.

(6) Authorization of appropriations.—There are authorized to be appropriated to the Verification Account such sums as may be necessary, beginning with the fiscal year in which the President submits the determination required under subsection (c)(6) and for each fiscal year thereafter during which activities authorized under this subsection are carried out. The President shall request amounts sufficient to prevent an interruption of required verification or

monitoring without regard to whether anticipated contributions under paragraph (2)(B) have been received.

(7) Other legally available amounts.—Amounts otherwise legally available to the Nonproliferation and Disarmament Fund or for voluntary contributions to the IAEA may be used, as necessary, to prevent or address an interruption of verification or monitoring required under the agreement. The availability or use of such amounts may not be treated as a substitute for seeking contributions under paragraph (5) or requesting amounts specifically for the Verification Account under paragraph (6).

(8) Separation from manufacturing commitment.—No amount in the Verification Account may be transferred to the Fund or used to purchase, manufacture, transport, deliver, replace, or support covered equipment or to pay a local cost.

(9) Return of unobligated balance.—On the date that is 3 years after the President certifies to Congress that all verification and monitoring activities authorized under this subsection have concluded, the unobligated balance of the Verification Account shall be transferred to the general fund of the Treasury.

(o) Rules of construction.—Nothing in this section may be construed—

(1) to require the President to negotiate, conclude, or enter into the agreement;

(2) as an authorization for the use of military force against Iran or any other country or person;

(3) to authorize the transfer of a nuclear weapon, nuclear explosive device, nuclear material, sensitive nuclear technology, production facility, utilization facility, or Restricted Data;

(4) to create a private cause of action;

(5) to require the United States to finance a local cost;

(6) to require Iran to repay the value of covered equipment delivered in accordance with the agreement;

(7) to limit the authority of the IAEA or alter Iran's obligations under the Treaty on the Non-Proliferation of Nuclear Weapons or its safeguards agreement with the IAEA;

(8) to authorize ownership or control by the United States of land or civilian electricity infrastructure in Iran;

(9) to require general normalization of relations with Iran or termination of a sanction unrelated to the agreement;

(10) to prevent the United States and Iran from agreeing to additional peaceful, nonnuclear energy cooperation consistent with this section; or

(11) to require the United States to provide, finance, arrange, or guarantee reactor fuel, medical isotopes, target material, or other nuclear material for Iran.

SEC. 1324. PEACE ON THE KOREAN PENINSULA.

(a) Findings.—Congress finds the following:

(1) On July 27, 1953, the commander in chief of the United Nations Command signed an armistice agreement with the supreme commander of the North Korean People's Army and the commander of the Chinese People's Volunteers, aiming to "insure a complete cessation of hostilities and of all acts of armed force in Korea until a final peaceful settlement is achieved".

(2) The armistice agreement neither formally ended the war nor represented a final peaceful settlement. After 7 decades, and as part of a commitment to fellowship among nations, the United States should pursue a sustained and credible diplomatic process to achieve an end to the Korean War.

(3) One major consequence of the continuation of the Korean War is that the United States does not have formal relations with North Korea. Approximately 100,000 Americans have relatives in North Korea, and diplomatic difficulties can prevent them from seeing their families.

(4) On April 27, 2018, in Panmunjom, the leaders of South Korea and North Korea declared that "a new era of peace has begun on the Korean peninsula", and committed "to declare the end of war" on the Korean peninsula 65 years after the signing of the armistice agreement.

(5) The United States and the Republic of Korea have continued to identify implementation of the framework established by the joint statement signed by the United States and North Korea in Singapore on June 12, 2018, meaningful dialogue, peace and stability on the Korean peninsula, and denuclearization as legitimate and related objectives.

(6) At the Hanoi Summit in February 2019, the United States and North Korea discussed formally ending the Korean War and exchanging diplomatic liaison offices, but those discussions did not advance because of a stalemate concerning nuclear and missile issues.

(7) In 2025 and 2026, the Government of the Republic of Korea renewed a policy of peaceful coexistence and shared growth on the Korean peninsula, including the institutionalization of peaceful coexistence, progress toward a permanent peace regime, practical efforts to resolve the nuclear issue, and attention to humanitarian concerns arising from division.

(8) The ongoing nuclear- and ballistic-missile-related activities of North Korea continue to pose a threat to international peace and security. Diplomatic efforts to establish a permanent peace regime on the Korean peninsula and diplomatic efforts to achieve denuclearization should proceed on parallel and mutually reinforcing tracks.

(b) Establishing liaison offices.—

(1) Negotiations required.—The Secretary of State shall seek to enter into and sustain negotiations with the Democratic People's Republic of Korea to establish liaison offices of North Korea and the United States in the respective capitals of each country.

(2) Functions.—The negotiations under paragraph (1) should address the use of liaison offices to support diplomatic communication, consular communication, family reunification,

humanitarian coordination, de-escalation, and the negotiation and implementation of agreements concerning peace and denuclearization.

(3) Report.—The Secretary of State shall include in the report required under subsection (e)(3) a description of actions taken and progress made under this subsection.

(c) Validity of United States passports for travel to North Korea.—

(1) Termination of existing restriction.—Notwithstanding section 211a of title 22, United States Code, section 51.63 of title 22, Code of Federal Regulations, or any other provision of law, any determination, public notice, restriction, extension, or other action in effect on the date of enactment of this Act that makes a United States passport invalid for travel to, in, or through the Democratic People's Republic of Korea shall cease to have force or effect on that date.

(2) Future countrywide restriction.—The Secretary of State may not designate a United States passport as restricted for travel to or for use in the Democratic People's Republic of Korea before January 1, 2027. On or after January 1, 2027, the Secretary may make such a designation only if—

(A) the Secretary determines, based on materially changed circumstances occurring on or after January 1, 2027, that a condition described in the last sentence of section 211a of title 22, United States Code, exists;

(B) the determination is not based solely or substantially on conduct, facts, or circumstances occurring before January 1, 2027; and

(C) the Secretary publishes in the Federal Register the determination, the specific factual basis for the determination, and the scope and duration of the restriction.

(3) Family reunification and humanitarian travel.—The Secretary of State shall seek to facilitate bona fide travel by United States nationals for—

(A) visiting relatives residing in North Korea;

(B) attending or witnessing funerals, burials, religious commemorations, or family commemorations of relatives; and

(C) participating in organized family-reunification programs or other humanitarian activities directly related to the separation of families by the division of the Korean peninsula.

(4) Travel advisories and warnings.—The Secretary of State may issue, maintain, or strengthen a travel advisory, warning, or other public notice concerning the risks of travel to North Korea.

(5) Rule of construction.—Nothing in this subsection may be construed—

(A) to require North Korea or any transit country to admit a United States national;

(B) to limit the application of any otherwise applicable sanctions, export-control, customs, or criminal law; or

(C) to create a guarantee by the United States of the safety, consular access, release, or return of a traveler.

(d) Roadmap for phased sanctions relief.—

(1) In general.—Not later than 180 days after the date of enactment of this Act, the Secretary of State, in consultation with the Secretary of the Treasury and the Secretary of Commerce, shall submit to the committees specified in subsection (e)(3)(A) a roadmap for phased sanctions relief concerning North Korea.

(2) Contents.—The roadmap required under paragraph (1) shall—

(A) identify North Korea–related unilateral economic sanctions scheduled to terminate under section 7202(b) of title 22, United States Code, as amended by section 1322;

(B) identify any such sanction for which the President recommends temporary continuation by Congress and state the specific objective and measurable termination criteria for that sanction;

(C) distinguish targeted sanctions against specifically identified persons or entities from countrywide or sectorwide restrictions;

(D) identify sanctions imposed pursuant to a mandatory decision of the United Nations Security Council or a substantially equivalent multilateral regime and describe the diplomacy necessary to modify or terminate such sanctions;

(E) describe reciprocal, verifiable, and proportionate steps through which sanctions relief may support progress concerning peace, denuclearization, humanitarian access, family reunification, and reduced military tension; and

(F) ensure that sanctions implementation does not materially impair access by the civilian population of North Korea to essential civilian goods and services, as defined in section 7201 of title 22, United States Code, as amended by section 1322.

(3) Form and public availability.—The roadmap required under paragraph (1) shall be submitted in unclassified form, may contain a classified annex, and shall be made publicly available on the website of the Department of State on the date on which it is submitted, except for the classified annex.

(4) State Sponsor of Terrorism designation unaffected.—Nothing in this section may be construed to rescind or require the rescission of a determination that the Government of North Korea has repeatedly provided support for acts of international terrorism.

(e) Formal end to the Korean War.—

(1) Diplomatic engagement required.—The Secretary of State shall seek to initiate and sustain serious and urgent diplomatic engagement with North Korea and South Korea, in consultation with such other parties as the Secretary determines necessary or appropriate, in pursuit of—

(A) a binding peace agreement constituting a formal and final end to the state of war between North Korea, South Korea, and the United States; and

(B) such related agreements or arrangements involving other necessary parties as may be required to replace or supersede the Armistice Agreement and establish a permanent and stable peace regime on the Korean peninsula.

(2) Parallel tracks.—Diplomatic efforts to establish a permanent peace regime and diplomatic efforts to achieve denuclearization shall proceed on parallel and mutually reinforcing tracks. Neither objective shall be treated as a categorical precondition to beginning or sustaining diplomatic engagement concerning the other objective.

(3) Report.—

(A) Initial report.—Not later than 180 days after the date of enactment of this Act, the Secretary of State shall submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report describing a clear roadmap for achieving a permanent peace agreement on the Korean peninsula.

(B) Contents.—The report required under subparagraph (A) shall—

(i) contain an accounting of the steps necessary to enter into and sustain negotiations with North Korea and South Korea to conclude a binding peace agreement;

(ii) identify the parties and other key stakeholders whose participation or consultation may be necessary or appropriate;

(iii) describe the challenges concerning the ability of the United States to achieve a binding peace agreement constituting a formal and final end to the state of war between North Korea, South Korea, and the United States;

(iv) describe how peace regime negotiations and denuclearization negotiations can proceed on parallel and mutually reinforcing tracks; and

(v) identify practical confidence-building, humanitarian, communication, and de-escalation measures that could support the diplomatic process.

(C) Form and public availability.—The report required under subparagraph (A) shall be submitted in unclassified form, may contain a classified annex, and shall be made publicly available on the website of the Department of State on the date on which it is submitted, except for the classified annex.

(D) Annual reports.—Not later than 1 year after the date on which the report required under subparagraph (A) is submitted, and annually thereafter for 4 years, the Secretary of State shall submit to the committees specified in subparagraph (A) and make publicly available an updated report describing—

(i) actions taken and progress made with respect to each matter described in subparagraph (B);

(ii) actions taken and progress made to establish liaison offices under subsection (b);

(iii) progress in peace regime and denuclearization diplomacy;

(iv) efforts relating to family reunification and humanitarian concerns arising from the division of the Korean peninsula; and

(v) progress in carrying out the roadmap required under subsection (d).

(f) Rule of construction.—Nothing in this section may be construed to affect the status of United States armed forces stationed in South Korea or any other foreign country.

SEC. 1325. REMOVAL OF PROVISIONS RELATING TO CUBA.

(a) Sense of Congress.—

(1) In general.—It is the sense of Congress that—

(A) the United States should promote democratic change and economic reform by normalizing trade relations with Cuba; and

(B) upon the enactment of this Act, it will no longer be necessary for the United States to continue to use article XXI of the GATT 1994 with respect to Cuba, understanding that the President retains full authority to invoke article XXI of the GATT 1994 and comparable provisions in other Uruguay Round Agreements in the future in all appropriate circumstances.

(2) Definitions.—In this subsection, the terms "GATT 1994" and "Uruguay Round Agreements" have the meanings given those terms in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501).

(b) Extension of nondiscriminatory treatment to the products of Cuba.—

(1) Harmonized Tariff Schedule amendments.—Subdivision (b) of general note 3 of the Harmonized Tariff Schedule of the United States is amended—

(A) by striking "to section 401 of the Tariff Classification Act of 1962,"; and

(B) by striking "Cuba".

(2) Repeal of section 401 of the Tariff Classification Act of 1962.—Section 401 of the Tariff Classification Act of 1962 (Public Law 87–456; 76 Stat. 78) is repealed.

(3) Termination of application of title IV of the Trade Act of 1974 to Cuba.—

(A) Extension of nondiscriminatory treatment.—Nondiscriminatory treatment (normal trade relations treatment) shall apply to the products of Cuba.

(B) Termination of application of title IV.—Title IV of the Trade Act of 1974 (19 U.S.C. 2431 et seq.) shall cease to apply to Cuba.

(4) Effective date.—This subsection, and the amendments made by this subsection, shall apply with respect to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of enactment of this Act.

(5) Report to Congress.—The President shall submit to Congress, not later than 18 months after the date of enactment of this Act, a report on trade relations between the United States and Cuba.

(c) Authority for embargo and sugar quota.—

(1) In general.—Section 620(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2370(a)) is repealed.

(2) Conforming amendment.—Section 1610(f)(1)(A) of title 28, United States Code, is amended by striking "section 620(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2370(a)),".

(d) Trading with the Enemy Act.—

(1) In general.—The authorities conferred upon the President by section 5(b) of the Trading With the Enemy Act (50 U.S.C. 4305(b)), which were being exercised with respect to Cuba on July 1, 1977, as a result of a national emergency declared by the President before that date, and are being exercised on the day before the effective date of this section, may not be exercised on or after such effective date with respect to Cuba.

(2) Regulations.—Any regulation in effect on the day before the effective date of this section pursuant to the exercise of authorities described in paragraph (1) shall cease to be effective on such effective date.

(e) Exercise of authorities under other provisions of law.—

(1) Removal of prohibitions.—Any prohibition on exports to Cuba that is in effect on the day before the effective date of this section under the Export Administration Act of 1979 (Public Law 96–72; 93 Stat. 503) or the Export Control Reform Act of 2018 (50 U.S.C. 4801 et seq.) shall cease to be effective on such effective date.

(2) Authority for new restrictions.—The President may, on and after the effective date of this section—

(A) impose export controls with respect to Cuba under the Export Control Reform Act of 2018 (50 U.S.C. 4801 et seq.); and

(B) exercise the authorities the President has under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) with respect to Cuba pursuant to a declaration of national emergency required by that Act that is made on account of an unusual and extraordinary threat to the national security, foreign policy, or economy of the United States that is independently supported by conduct or circumstances occurring on or after the date of enactment of this Act, including continuing conduct to the extent that it continues on or after that date or a material change or intensification occurring on or after that date, and that is not based solely or substantially on conduct or circumstances occurring before that date.

(3) Termination of Cuba-specific national emergencies.—Pursuant to section 202 of the National Emergencies Act (50 U.S.C. 1622), each national emergency in effect on the date of

enactment of this Act that was declared specifically with respect to Cuba, the Government of Cuba, or conduct by the Government of Cuba is terminated on the effective date of this section.

(4) Executive actions.—Executive Order 14380 of January 29, 2026, Executive Order 14404 of May 1, 2026, and any Executive order, proclamation, presidential memorandum, directive, determination, or other presidential action issued before the effective date of this section that implements, continues, expands, or relies solely or principally on a national emergency terminated under paragraph (3) shall have no force or effect on or after such effective date.

(5) Implementing measures.—Notwithstanding section 101(a) of Public Law 95–223 (50 U.S.C. 1706(a)), any regulation, order, directive, license restriction, designation, blocking action, tariff, sanction, or other restriction imposed solely pursuant to a national emergency terminated under paragraph (3) or a presidential action described in paragraph (4) shall cease to have force or effect on the effective date of this section.

(6) Regulatory implementation.—Not later than the effective date of this section, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of State, the Secretary of Homeland Security, the United States Trade Representative, and the head of each other relevant Federal department or agency shall—

(A) rescind, revoke, or revise each regulation, order, directive, list, licensing requirement, and guidance document that is inconsistent with this section or an amendment made by this section;

(B) publish consolidated public guidance describing the trade, travel, financial, telecommunications, remittance, and other transactions that are lawful on and after the effective date of this section;

(C) establish procedures for the prompt release of property and authorization of transactions blocked solely under an authority terminated by paragraph (3), (4), or (5), except for property subject to attachment, execution, or other judicial process under otherwise applicable law; and

(D) certify to the appropriate committees of Congress that the department or agency has completed the actions required by this paragraph.

(7) No delay in statutory effect.—Failure or delay by an executive department or agency in carrying out paragraph (6) does not delay, limit, extinguish, or reduce the effect of paragraphs (1) through (5).

(8) Preservation of generally applicable targeted authorities.—Nothing in paragraphs (3) through (6) may be construed to limit the authority of the United States to impose a sanction, export control, visa restriction, blocking action, or other targeted measure against a particular individual or entity under an authority that applies without regard to Cuba, based on the individualized findings required by that authority, for conduct involving terrorism, proliferation of weapons of mass destruction, narcotics trafficking, malicious cyber activity, corruption, serious human rights abuse, transnational crime, or another specifically identified threat.

(9) Prior conduct and accrued liabilities.—Except as otherwise expressly provided in this section, the termination of an emergency, authority, or executive action under this subsection

shall not affect a final judgment, a penalty incurred, an enforcement action based on conduct occurring before the effective date of this section, or a right or duty that matured before such effective date.

(f) Repeal of Cuban Democracy Act of 1992.—The Cuban Democracy Act of 1992 (22 U.S.C. 6001 et seq.) is repealed.

(g) Repeal of Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996.—

(1) Repeal.—The Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6021 et seq.) is repealed.

(2) Conforming amendments.—

(A) Visa revocation.—Section 428(c)(2) of the Homeland Security Act of 2002 (6 U.S.C. 236(c)(2)) is amended—

(i) by striking subparagraph (K); and

(ii) by redesignating subparagraphs (L) through (P) as subparagraphs (K) through (O), respectively.

(B) Effect of determination.—Section 606 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; 8 U.S.C. 1255 note) is repealed.

(C) Property immune from attachment.—Section 1611 of title 28, United States Code, is amended by striking subsection (c).

(D) International claims.—Sections 514 and 515 of the International Claims Settlement Act of 1949 (22 U.S.C. 1643l and 1643m) are repealed.

(h) Repeal of provisions imposing certain restrictions on assistance to former Soviet countries.—

(1) In general.—Section 498A of the Foreign Assistance Act of 1961 (22 U.S.C. 2295a) is amended—

(A) in subsection (a)(11), by striking "and intelligence facilities, including the military and intelligence facilities at Lourdes and Cienfuegos," and inserting "facilities,";

(B) in subsection (b)—

(i) in paragraph (4), by inserting "or" after the semicolon;

(ii) by striking paragraph (5); and

(iii) by redesignating paragraph (6) as paragraph (5); and

(C) by striking subsection (d).

(2) Definitions.—Section 498B(k) of the Foreign Assistance Act of 1961 (22 U.S.C. 2295b(k)) is amended by striking paragraphs (3) and (4).

(i) Trade Sanctions Reform and Export Enhancement Act of 2000.—The Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. 7201 et seq.) is amended—

(1) in section 906(a)(1) (22 U.S.C. 7205(a)(1)), as amended by section 1322, by striking "Cuba,";

(2) in section 908 (22 U.S.C. 7207)—

(A) by striking subsection (b);

(B) in subsection (a)—

(i) by striking "Prohibition" and all that follows through "(1) In general.—Notwithstanding" and inserting "In general.—Notwithstanding";

(ii) by striking "for exports to Cuba or";

(iii) by striking paragraph (2); and

(iv) by redesignating paragraph (3) as subsection (b) and by moving such subsection, as so redesignated, 2 ems to the left; and

(C) in subsection (b), as redesignated by subparagraph (B)(iv), by striking "paragraph (1)" and inserting "subsection (a)";

(3) by striking section 909 (22 U.S.C. 7208);

(4) by striking section 910 (22 U.S.C. 7209); and

(5) by redesignating section 911 (Public Law 106–387; 114 Stat. 1549A–72) as section 909.

(j) Repeal of prohibition on transactions or payments with respect to certain United States intellectual property.—Section 211 of the Department of Commerce and Related Agencies Appropriations Act, 1999 (as contained in section 101(b) of division A of Public Law 105–277; 112 Stat. 2681–88) is repealed.

(k) Sugar quota prohibition under Food Security Act of 1985.—Subsection (c) of section 902 of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1444) is repealed.

(l) Telecommunications equipment and facilities.—

(1) In general.—Any common carrier, as defined in section 3 of the Communications Act of 1934 (47 U.S.C. 153), may install, maintain, and repair telecommunications equipment and facilities in Cuba, and otherwise provide telecommunications services between the United States and Cuba.

(2) Upgrade of facilities and equipment.—The authority under paragraph (1) includes the authority to upgrade facilities and equipment.

(m) Travel.—

(1) In general.—Travel to and from Cuba by individuals who are citizens or residents of the United States, and any transactions ordinarily incident to such travel, may not be regulated or prohibited if that travel would be lawful in the United States.

(2) Transactions incident to travel.—Transactions ordinarily incident to travel that may not be regulated or prohibited under paragraph (1) include the following:

(A) Transactions ordinarily incident to travel or maintenance in Cuba.

(B) Normal banking transactions involving foreign currency drafts, traveler's checks, or other negotiable instruments incident to that travel.

(n) Negotiations with Cuba.—

(1) Negotiations.—The President should take all necessary steps to advance negotiations with the Government of Cuba—

(A) for the purpose of settling claims of nationals of the United States against the Government of Cuba for the taking of property by such government; and

(B) for the purpose of securing the protection of internationally recognized human rights.

(2) Definitions.—In this subsection, the terms "national of the United States" and "property" have the meanings given those terms in section 502 of the International Claims Settlement Act of 1949 (22 U.S.C. 1643a).

(o) Prohibition on limiting annual remittances.—

(1) In general.—Except as provided in paragraph (2), the Secretary of the Treasury may not limit the amount of remittances to Cuba that may be made by any person who is subject to the jurisdiction of the United States, and the Secretary shall rescind all regulations in effect on the date of enactment of this Act that limit the amount of those remittances.

(2) Rule of construction.—Nothing in paragraph (1) may be construed to prohibit the prosecution or conviction of any person committing an offense described in section 1956 of title 18, United States Code, relating to the laundering of monetary instruments, or section 1957 of such title, relating to engaging in monetary transactions in property derived from specified unlawful activity.

(p) Rescission of determinations relating to support for international terrorism.—

(1) Rescission.—Notwithstanding any other provision of law, each determination in effect on the date of enactment of this Act that the Government of Cuba has repeatedly provided support for acts of international terrorism, including a determination in effect for purposes of section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371), section 40 of the Arms Export Control Act (22 U.S.C. 2780), section 1754(c) of the Export Control Reform Act of 2018 (50 U.S.C. 4813(c)), or any predecessor, successor, or other provision of law, is rescinded on that date.

(2) Foreign-tax-credit certification.—Not later than 7 days after the date of enactment of this Act, the Secretary of State shall certify to the Secretary of the Treasury, for purposes of section 901(j)(2)(B)(ii) of the Internal Revenue Code of 1986, that Cuba is no longer described in

section 901(j)(2)(A) of such Code, unless the Secretary of State determines and reports to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate that Cuba remains described in such section on a basis independent of a determination rescinded under paragraph (1).

(3) Future determination.—After the date of enactment of this Act, a determination described in paragraph (1) may be made with respect to Cuba only if—

(A) acts or omissions of the Government of Cuba occurring on or after that date independently establish that the Government of Cuba has repeatedly provided support for acts of international terrorism under the applicable provision of law; and

(B) the determination is not based solely or substantially on conduct occurring before that date.

(4) Continuing conduct.—Conduct that began before the date of enactment of this Act and continues on or after that date may be considered under paragraph (3) only to the extent that the conduct continues on or after that date.

(5) Report and public availability.—At the time a determination described in paragraph (3) is made, the Secretary of State shall—

(A) submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate an unclassified report identifying the specific post-enactment conduct supporting the determination, which may contain a classified annex; and

(B) make the unclassified report publicly available on the website of the Department of State.

(q) Requirement to report to Congress prior to denial of foreign tax credit with respect to certain foreign countries.—

(1) In general.—Subclause (II) of section 901(j)(2)(B)(i) of the Internal Revenue Code of 1986 is amended by striking "such country becomes" and inserting "the date on which the President reports to Congress that such country has been determined to be".

(2) Effective date.—

(A) In general.—Subject to subparagraph (B), the amendment made by paragraph (1) shall apply to any determination regarding whether a foreign country is described in subparagraph (A) of section 901(j)(2) of the Internal Revenue Code of 1986 that is made after the date of enactment of this Act.

(B) Nonapplication to countries subject to denial of foreign tax credit.—Nothing in this subsection, or the amendment made by this subsection, may be construed to alter, amend, or otherwise affect the application of subsection (j) of section 901 of such Code to any country that has been determined to be a country described in paragraph (2)(A) of such subsection on or before the date of enactment of this Act.

(r) Effective date.—Except as provided in subsection (b) or (p), this section and the amendments made by this section shall take effect on December 31, 2026.

SEC. 1326. FELLOWSHIP AMONG NATIONS AND PEACE AND STABILITY PARTNERSHIPS.

(a) Findings.—Congress finds the following:

(1) Violent conflict, state collapse, famine, displacement, organized corruption, predatory debt, labor exploitation, concentrated economic power, and coercive extraction of income or wealth contribute to human suffering, regional instability, and long-term insecurity.

(2) Preventing conflict through diplomacy, peacebuilding, civilian assistance, fair economic development, and locally rooted institutions is less costly, less destructive, and more consistent with the interests of the United States than responding to war after violence has erupted.

(3) The Global Fragility Act of 2019 recognized that the United States should pursue a long-term strategy to prevent conflict, promote stability, support locally driven solutions, and measure outcomes rather than merely program outputs.

(4) Peace and stability are strengthened when nations and communities have the practical capacity to resolve disputes without violence, provide essential services, prevent corruption, limit concentrated economic power, protect local productive capacity, and maintain public systems that serve ordinary people.

(5) The United States should practice fellowship among nations by offering voluntary civilian partnership, technical assistance, and nonviolent support without imposing political, constitutional, or economic models on other nations.

(b) Purpose.—The purpose of this section is to establish a civilian framework for voluntary peace and stability partnerships that help willing nations, regions, local governments, and civic institutions prevent conflict, reduce fragility, strengthen public systems, combat corruption, build productive and competitive economies, and resolve disputes without war.

(c) Definitions.—In this section:

(1) Civilian non-security assistance.—The term "civilian non-security assistance" means assistance that is not administered by the Department of Defense and does not provide weapons, military equipment, intelligence support, covert operational support, combat support, or training, equipping, or operational support for military, paramilitary, police, prison, intelligence, or internal security forces.

(2) Participating partner.—The term "participating partner" means a foreign government, regional organization, local government, civic institution, labor organization, cooperative, educational institution, health care institution, humanitarian organization, religious institution, mediation organization, nonprofit organization, nongovernmental organization, small business association, agricultural association, or other nonviolent entity that participates in a peace and stability partnership.

(3) Peace and stability partnership.—The term "peace and stability partnership" means a voluntary partnership established under subsection (e) to support civilian, nonviolent, locally

rooted efforts to prevent conflict, reduce fragility, strengthen public systems, and promote peaceful cooperation.

(d) Administration.—

(1) In general.—The Secretary of State, in consultation with the Secretary of Peacebuilding, may establish and administer peace and stability partnerships in accordance with this section.

(2) Department of Peacebuilding participation.—The Secretary of Peacebuilding shall support the administration of peace and stability partnerships through—

(A) the Assistant Secretary for International Peacebuilding and Human Security;

(B) the Assistant Secretary for Civic Dignity and Economic Security;

(C) the Assistant Secretary for Technology, Media, and Democratic Resilience;

(D) the Assistant Secretary for Peace Education, Training, and Research; and

(E) such other officers of the Department of Peacebuilding as the Secretary of Peacebuilding determines appropriate.

(3) Lead office.—The Assistant Secretary for International Peacebuilding and Human Security shall serve as the lead officer of the Department of Peacebuilding for purposes of coordination under this section.

(4) Economic systems consultation.—The Assistant Secretary for Civic Dignity and Economic Security shall advise the Secretary of State and the Secretary of Peacebuilding regarding the relationship between peace and economic security, including poverty, debt distress, labor exploitation, resource extraction, wage suppression, concentrated economic power, and coercive extraction of income or wealth.

(e) Peace and stability partnerships authorized.—

(1) In general.—The Secretary of State, in consultation with the Secretary of Peacebuilding, may establish peace and stability partnerships with 1 or more participating partners.

(2) Voluntary nature.—A peace and stability partnership shall be voluntary and shall be developed through consultation with participating partners.

(3) Local agency.—To the greatest extent practicable, a peace and stability partnership shall be designed with meaningful participation by national, regional, local, and civic partners in the country or region in which the partnership will operate.

(4) No imposed model.—Assistance under this section may not be conditioned on the adoption of a political, constitutional, monetary, financial, industrial, or economic model designed by the United States.

(f) Partnership objectives.—A peace and stability partnership shall be based on a written plan developed under subsection (g), which should contain some or all of the following provisions:

(1) The partnership may support peaceful dispute resolution, mediation, reconciliation, nonviolent political settlement, de-escalation, civilian protection, and local capacity to prevent violence.

(2) The partnership may support essential services, including food, water, housing, transportation, energy, communications, sanitation, emergency response, and disaster resilience.

(3) The partnership may support health care, public health, trauma recovery, mental health services, disability services, maternal and child health, disease prevention, and humanitarian medical response.

(4) The partnership may support education, vocational training, civic capacity, public administration, workforce development, peace education, and training in nonviolent conflict resolution.

(5) The partnership may support anti-corruption systems, public accountability, transparent budgeting, procurement integrity, public records, independent auditing, and rule of law.

(6) The partnership may support natural resource, land, water, forest, mineral, port, and infrastructure governance, including transparent public stewardship of resources essential to peace, economic security, and community survival.

(7) The partnership may support labor standards, workplace democracy, cooperatives, small business development, agricultural development, local ownership, productive capacity, and fair participation by workers and producers in economic life.

(8) The partnership may support competition policy, anti-monopoly enforcement, prevention of concentrated control over essential markets, and protection against economic coercion by dominant firms, cartels, oligarchs, or foreign monopolies.

(9) The partnership may support debt relief, public banking, monetary reform, nonextractive finance, payment systems, household financial stability, and public benefit systems designed to reduce conflict arising from economic insecurity.

(10) The partnership may support post-conflict reconstruction, restoration of public services, repair of civilian infrastructure, reintegration of people affected by conflict, and local economic recovery.

(11) The partnership may support technology, media, communications, digital public infrastructure, information integrity, democratic resilience, and protection against disinformation or propaganda that incites violence.

(12) The partnership may support humanitarian access, displacement response, safe return or resettlement of displaced people, family reunification, and the restoration of community life after conflict or disaster.

(g) Partnership plans.—

(1) In general.—Each peace and stability partnership shall be carried out under a written partnership plan.

(2) Contents.—A partnership plan shall include—

(A) the participating partners;

(B) the objectives selected under subsection (f);

(C) the forms of civilian non-security assistance to be provided;

(D) the expected contributions of participating partners, if any;

(E) the expected contributions of the United States;

(F) the process for consultation with local governments, civic institutions, workers, producers, affected communities, and other participating partners;

(G) safeguards against corruption, diversion, coercion, violence, and misuse of funds;

(H) metrics for evaluating progress toward the objectives selected under subsection (f);

(I) procedures for revising the plan at the request of participating partners; and

(J) procedures for suspending, redirecting, or terminating assistance in accordance with subsection (k).

(3) No mandatory cost-sharing.—A partnership plan may include cost-sharing or in-kind contributions by participating partners, but assistance under this section may not be denied solely because a participating partner lacks financial resources to provide cost-sharing.

(4) Revision.—A participating partner may request revision of a partnership plan based on changed conditions, local experience, implementation challenges, or a determination that a different approach would better serve the purposes of this section.

(h) Civilian non-security assistance.—

(1) In general.—The Secretary of State, in consultation with the Secretary of Peacebuilding, may provide civilian non-security assistance to carry out a peace and stability partnership.

(2) Forms of assistance.—Assistance under paragraph (1) may include—

(A) grants;

(B) cooperative agreements;

(C) technical assistance;

(D) training;

(E) research and data support;

(F) mediation support;

(G) public administration support;

(H) humanitarian and disaster response support;

(I) planning and implementation support for reconstruction and restoration of public services;

(J) support for anti-corruption, public accountability, and independent auditing systems;

(K) support for nonextractive economic development, competition policy, and local productive capacity; and

(L) support for education, health care, public health, communications, transportation, energy, water, food, and other civilian systems that reduce conflict and strengthen peace.

(i) Coordination.—

(1) Department of Peacebuilding.—The Secretary of State and the Secretary of Peacebuilding shall coordinate assistance under this section with the Department of Peacebuilding.

(2) Federal Interagency Committee on Peace.—The Secretary of Peacebuilding may use the Federal Interagency Committee on Peace established under section 1315(b) to coordinate civilian agency participation in peace and stability partnerships.

(3) Civilian agencies.—The Secretary of State and the Secretary of Peacebuilding may coordinate with the heads of the Department of the Treasury, the Department of Commerce, the Department of Agriculture, the Department of Energy, the Department of Health and Human Services, the Department of Education, the Department of Labor, and other civilian Federal agencies as appropriate.

(4) Department of Defense limitation.—No funds made available to carry out this section may be transferred to, administered by, or used by the Department of Defense.

(j) Local agency and noncoercion.—

(1) In general.—A peace and stability partnership shall preserve the agency of participating partners and shall be implemented in a manner that supports local responsibility, practical capacity, and voluntary cooperation.

(2) Prohibited conditions.—Assistance under this section may not be conditioned on—

(A) privatization of public assets;

(B) austerity measures;

(C) elimination of labor protections;

(D) preferential treatment for United States corporations;

(E) adoption of a United States-designed constitution, electoral system, central banking structure, public finance system, industrial policy, or trade policy; or

(F) exclusion of nonviolent civic participants based on demographic preference.

(3) Construction.—Nothing in this subsection may be construed to prohibit the United States from offering technical assistance, research, model policies, or comparative analysis at the request of a participating partner.

(k) Accountability and stewardship.—

(1) In general.—The Secretary of State and the Secretary of Peacebuilding shall establish safeguards to ensure that assistance under this section is used for the purposes of the applicable partnership plan.

(2) Safeguards.—Safeguards under paragraph (1) shall include—

(A) transparent accounting;

(B) public reporting, to the greatest extent consistent with safety and diplomatic necessity;

(C) anti-corruption controls;

(D) independent monitoring, where practicable;

(E) procedures for receiving information from participating partners and affected communities;

(F) procedures for revising partnership plans based on evidence and local experience; and

(G) procedures for suspending, redirecting, or terminating assistance under paragraph (3).

(3) Suspension, redirection, or termination.—The Secretary of State, in consultation with the Secretary of Peacebuilding, may suspend, redirect, or terminate assistance under this section if—

(A) funds are stolen, diverted, or materially misused;

(B) assistance is used to support violence, repression, corruption, coercion, or exploitation;

(C) a participating partner knowingly provides materially false accounting or reporting;

(D) implementation of the partnership plan becomes impossible because of armed conflict, disaster, or collapse of local administration;

(E) continued assistance would materially undermine the purposes of this section; or

(F) the United States and 1 or more participating partners jointly determine that suspension, redirection, or termination would better serve the purposes of this section.

(l) Reports to Congress.—

(1) Annual report.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary of State and the Secretary of Peacebuilding shall submit to Congress a report on peace and stability partnerships carried out under this section.

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

(A) a list of peace and stability partnerships in effect during the reporting period;

(B) the participating partners for each partnership;

(C) the objectives selected under subsection (f);

(D) the amount and form of assistance provided;

(E) the Federal agencies involved;

(F) the metrics used to evaluate progress;

(G) any known misuse, diversion, or corruption involving funds provided under this section;

(H) any suspension, redirection, or termination of assistance under subsection (k);

(I) any request by a participating partner to revise a partnership plan; and

(J) recommendations for legislation or administrative action to improve civilian peacebuilding, conflict prevention, and fellowship among nations.

(m) Limitations.—

(1) Prohibited uses.—No funds made available to carry out this section may be used for—

(A) military occupation;

(B) regime-change operations;

(C) covert action;

(D) intelligence activities;

(E) weapons transfers;

(F) security-force assistance;

(G) construction, operation, or support of military, paramilitary, police, prison, intelligence, or internal security facilities;

(H) demographic preference programs; or

(I) assistance to any unit of a military, paramilitary, police, prison, intelligence, or internal security force that has committed an atrocity crime, as defined in section 1337, or a serious violation of international humanitarian law.

(2) Rule of construction.—Nothing in this section may be construed to authorize the use of military force, covert action, intelligence activities, weapons transfers, or security-force assistance.

(n) Authorization of appropriations.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

Subpart B—Weapons Restraint and Civilian Protection

SEC. 1331. PROHIBITION ON FIRST PLACEMENT OF WEAPONS IN OUTER SPACE AND ON SPACE-BASED MISSILE DEFENSE WEAPONS.

(a) Statement of policy.—It is the policy of the United States—

(1) to refrain from being the first country to place a weapon in outer space;

(2) to seek to prevent an arms race in outer space and preserve outer space for peaceful use; and

(3) to seek to negotiate and conclude a legally binding international agreement that—

(A) includes effective verification and compliance mechanisms;

(B) prohibits the placement of weapons in outer space;

(C) prohibits the threat or use of force against outer space objects;

(D) prohibits a party to the agreement from assisting or inducing another country or person to engage in conduct prohibited under subparagraph (B) or (C); and

(E) preserves the inherent right of individual or collective self-defense, as recognized by Article 51 of the Charter of the United Nations.

(b) Prohibition on first placement of weapons in outer space and on space-based missile defense weapons.—Chapter 135 of title 10, United States Code, is amended by adding at the end the following new section:

"Sec. 2280. Prohibition on first placement of weapons in outer space and on space-based missile defense weapons.

"(a) Definitions.—In this section:

"(1) Federal funds.—The term 'Federal funds' means amounts appropriated or otherwise made available to a department, agency, or instrumentality of the United States.

"(2) Outer space object.—The term 'outer space object' means an object, including any component thereof, that has been placed in outer space.

"(3) Place or placement in outer space.—The terms 'place in outer space' and 'placement in outer space' mean, with respect to an object, to cause the object to—

"(A) enter an orbit around Earth, whether or not the object completes a full revolution before leaving the orbit;

"(B) be positioned for sustained operation elsewhere in outer space; or

"(C) be installed on a celestial body other than Earth.

"(4) Space-based missile defense weapon.—The term 'space-based missile defense weapon' means a space weapon designed or modified to intercept, destroy, damage, disable, or disrupt a missile or its payload.

"(5) Space weapon.—The term 'space weapon' means an object, including any component thereof, designed or modified for placement in outer space to destroy, damage, disable, disrupt, or materially interfere with the normal functioning of a person or object in outer space, in Earth's atmosphere, or on Earth.

"(6) Weapon in outer space.—The term 'weapon in outer space' means a space weapon that has been placed in outer space.

"(b) No first placement of weapons in outer space.—No Federal funds may be obligated or expended to place a space weapon in outer space or to operate or maintain a weapon in outer space unless—

"(1) the President submits to Congress a written certification, in unclassified form but which may include a classified annex, that—

"(A) a foreign country, directly or through an agency, instrumentality, or person acting on behalf of or under the direction or control of the foreign country, has placed and continues to operate or maintain a weapon in outer space; and

"(B) the certification identifies the foreign country responsible, describes the weapon, and states the factual basis for the certification; and

"(2) after receiving the certification, Congress enacts a law that expressly refers to this section and specifically authorizes the placement, operation, or maintenance.

"(c) No first use of weapons against outer space objects.—No Federal funds may be obligated or expended to use a ground-based, sea-based, or air-based weapon to destroy, damage, disable, or materially disrupt the normal functioning of an outer space object under the jurisdiction or control of another country unless—

"(1) the action is undertaken in individual or collective self-defense consistent with Article 51 of the Charter of the United Nations; or

"(2) Congress enacts a law that expressly refers to this section and specifically authorizes the action.

"(d) No space-based missile defense weapons.—No Federal funds may be obligated or expended for research, development, test, evaluation, production, procurement, deployment, operation, or sustainment of a space-based missile defense weapon.

"(e) No space weapons component of Golden Dome.—No Federal funds may be obligated or expended to develop, test, produce, procure, deploy, operate, sustain, or otherwise carry out the Golden Dome for America program, formerly known as the Iron Dome for America initiative

established under Executive Order 14186 (90 Fed. Reg. 8767), or any successor or substantially similar program, regardless of designation, to the extent that the program includes—

"(1) a space weapon, including a space-based missile defense weapon; or

"(2) a battle management, targeting, command and control, or fire control system specifically designed or modified to direct, control, or enable the placement or use of a space weapon.

"(f) Rule of construction.—Nothing in this section may be construed to prohibit—

"(1) a ground-based, sea-based, or air-based missile defense system that is not specifically designed or modified to direct, control, or enable the placement or use of a space weapon;

"(2) an outer space object, sensor, communications system, or data processing system that is not a space weapon and is not specifically designed or modified to direct, control, or enable the placement or use of a space weapon; or

"(3) activities and expenditures strictly necessary to safely terminate, deactivate, dismantle, deorbit, dispose of, or otherwise eliminate a weapon, component, program, or system prohibited under this section.".

(c) Conforming amendments.—

(1) Space systems for space warfighting and control.—Section 2275d(a) of title 10, United States Code, is amended by striking "The Secretary of Defense" and inserting "Subject to section 2280, the Secretary of Defense".

(2) Table of sections.—The table of sections at the beginning of chapter 135 of title 10, United States Code, is amended by adding at the end the following new item:

"2280. Prohibition on first placement of weapons in outer space and on space-based missile defense weapons.".

(d) Application to previously available amounts.—The amendments made by this section shall apply to amounts appropriated or otherwise made available before, on, or after the date of enactment of this Act.

SEC. 1332. PROHIBITION ON LETHAL AUTONOMOUS WEAPON SYSTEMS.

(a) Statement of policy.—It is the policy of the United States to prohibit lethal autonomous weapon systems that operate without meaningful human control and to pursue, through diplomatic channels, a legally binding international instrument that prohibits such systems and ensures that all countries retain human decision making authority over decisions to use lethal force.

(b) Findings.—Congress finds the following:

(1) Human dignity requires that decisions to use lethal force against a human being remain under the conscience and judgment of accountable human beings, and delegating those decisions to machines undermines that dignity.

(2) Fully autonomous weapon systems that select and engage targets without meaningful human control raise grave legal, moral, strategic, and security concerns, including the risk of unlawful killings, violations of the laws of armed conflict, the erosion of accountability, and the destabilizing potential for rapid escalation.

(3) Advances in autonomy, machine learning, computer vision, and sensor fusion have outpaced the development of binding domestic and international rules to ensure that human beings retain ultimate authority over lethal force.

(4) The United Nations General Assembly and the Group of Governmental Experts on Lethal Autonomous Weapons Systems have recognized the urgent need to ensure meaningful human involvement in decisions to use force and have called for the development of a normative and operational framework to address the risks posed by such systems.

(5) The United States has a responsibility to provide for the common defense in a manner consistent with Constitutional values and with international humanitarian law, including the principles of distinction, proportionality, and precaution.

(6) By adopting a clear prohibition on lethal autonomous weapon systems and prohibiting the creation of platforms that could be converted into lethal autonomous weapon systems through software modification alone, the United States can restore moral leadership and advance diplomatic efforts to prevent the development, deployment, or proliferation of such weapons.

(c) Definitions.—In this section:

(1) Appropriate congressional committees.—The term "appropriate congressional committees" means—

(A) the Committee on Armed Services, the Committee on Foreign Affairs, and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Armed Services, the Committee on Foreign Relations, and the Committee on Appropriations of the Senate.

(2) Defined terms.—The terms "lethal autonomous weapon system" and "meaningful human control" have the meanings given those terms in section 229F of title 18, United States Code.

(d) Prohibition on Federal activities.—No department, agency, or other entity of the United States may engage in, authorize, direct, or knowingly facilitate conduct that would violate section 229(a) of title 18, United States Code, if engaged in by a person, to the extent the conduct involves a lethal autonomous weapon system.

(e) Permitted autonomous functions.—Nothing in subsection (d) or chapter 11B of title 18, United States Code, may be construed to prohibit—

(1) autonomous or semi-autonomous navigation, guidance, or station keeping;

(2) autonomous defensive measures directed exclusively against incoming munitions or vehicles, provided that—

(A) the system is designed, tested, and reviewed to minimize risk to human beings and to comply with the laws of armed conflict; and

(B) if the application of force is known or reasonably likely to cause the death of a human being, including where human beings are being used as human shields, human authorization is required before lethal force is applied whenever time and circumstances reasonably permit; or

(3) autonomous or semi-autonomous functions that do not involve selecting human beings as targets or applying lethal force, provided that such functions are subject to meaningful human control and to legal review under subsection (g).

(f) Prohibition on funds.—No funds appropriated or otherwise made available to any department or agency of the United States may be obligated or expended to engage in, authorize, direct, or knowingly facilitate conduct that would violate section 229(a) of title 18, United States Code, if engaged in by a person, to the extent the conduct involves a lethal autonomous weapon system.

(g) Autonomous Weapons Review Board.—

(1) Establishment.—There is established within the Department of Defense an Autonomous Weapons Review Board (in this subsection referred to as the "Board").

(2) Composition.—The Board shall be composed of—

(A) not fewer than 11 and not more than 19 members;

(B) at least 4 technical experts in autonomy, machine learning, or robotics;

(C) at least 3 legal experts in the laws of armed conflict or human rights law, including at least 1 civilian expert not employed by the United States;

(D) at least 2 operational military officers with experience in weapons employment or targeting; and

(E) at least 2 representatives of the Department of State with expertise in arms control or weapons governance.

(3) Appointment.—Members of the Board shall be appointed by the Secretary of Defense, except that the civilian legal expert described in paragraph (2)(C) shall be appointed by the Secretary of State. The Secretary of Defense shall designate 1 member of the Board as Chair.

(4) Terms.—Members shall serve renewable terms of 3 years.

(5) Meetings.—The Board shall meet not fewer than 4 times per year and may convene additional meetings as determined necessary by the Chair.

(6) Duties.—The Board shall conduct legal, technical, and operational reviews of any weapon system that incorporates autonomous or semi-autonomous target selection or force application functions, determine compliance with this section, chapter 11B of title 18, United States Code, and international humanitarian law, and certify compliance before any such system is fielded, deployed, or used.

(7) Reports.—The Board shall submit an annual unclassified report, which may include a classified annex, to the appropriate congressional committees describing all systems reviewed, certified, rejected, or modified under this subsection.

(h) Chemical weapons and lethal autonomous weapon systems offenses.—

(1) Chapter heading.—

(A) Table of chapters.—The table of chapters for part I of title 18, United States Code, is amended by striking the item relating to chapter 11B and inserting the following:

"11B. Chemical weapons and lethal autonomous weapon systems.....229".

(B) Chapter heading.—The heading for chapter 11B of title 18, United States Code, is amended to read as follows:

"CHAPTER 11B—CHEMICAL WEAPONS AND LETHAL AUTONOMOUS WEAPON SYSTEMS".

(2) Prohibited activities.—Section 229 of title 18, United States Code, is amended—

(A) in subsection (a)(1)—

(i) by inserting "test," after "produce,"; and

(ii) by inserting "or lethal autonomous weapon system" after "chemical weapon";

(B) in subsection (b)(1)—

(i) by inserting "or lethal autonomous weapon system" after "chemical weapon"; and

(ii) by striking "the weapon" and inserting "the weapon or system"; and

(C) by amending subsection (c) to read as follows:

"(c) Jurisdiction.—Conduct prohibited by subsection (a) is within the jurisdiction of the United States if—

"(1) in the case of conduct involving a chemical weapon, the prohibited conduct takes place in the United States;

"(2) in the case of conduct involving a lethal autonomous weapon system—

"(A) the prohibited conduct takes place in the United States and occurs in or affects interstate or foreign commerce; or

"(B) the prohibited conduct is carried out by or on behalf of a department or agency of the United States, uses Federal funds or property, or is carried out under a Federal contract, grant, or cooperative agreement;

"(3) the prohibited conduct takes place outside of the United States and is committed by a national of the United States;

"(4) the prohibited conduct is committed against a national of the United States while the national is outside the United States; or

"(5) the prohibited conduct is committed against property owned, leased, or used by the United States or by any department or agency of the United States, whether the property is within or outside the United States.".

(3) Criminal forfeitures and destruction.—Section 229B of title 18, United States Code, is amended—

(A) in subsection (c), by striking "It is an affirmative defense" and inserting "In the case of property alleged to be a chemical weapon, it is an affirmative defense"; and

(B) by amending subsection (d) to read as follows:

"(d) Destruction.—The Attorney General shall provide for the destruction of any chemical weapon or lethal autonomous weapon system seized and forfeited pursuant to this section.".

(4) Individual self-defense devices.—Section 229C of title 18, United States Code, is amended to read as follows:

"Sec. 229C. Individual self-defense devices.

"Nothing in this chapter may be construed to prohibit an individual self-defense device solely because the device uses a chemical substance, including pepper spray or chemical mace.".

(5) Injunctions.—Section 229D of title 18, United States Code, is amended to read as follows:

"Sec. 229D. Injunctions.

"The United States may obtain in a civil action an injunction against—

"(1) conduct prohibited under section 229 of this title; or

"(2) preparation or solicitation to engage in conduct prohibited under section 229 of this title.".

(6) Emergency military assistance.—

(A) Section 229E of title 18, United States Code, is amended—

(i) by striking "section 382 of title 10" and inserting "section 282 of title 10";

(ii) by striking "a chemical weapon" and inserting "a chemical weapon or a lethal autonomous weapon system"; and

(iii) by striking "section 382(f)(2) of title 10" and inserting "section 282(f)(2) of title 10".

(B) Section 282(b) of title 10, United States Code, is amended, in the matter preceding paragraph (1), by inserting " or a lethal autonomous weapon system (as defined in section 229F of title 18)" after "means a circumstance involving a weapon of mass destruction".

(7) Definitions.—Section 229F of title 18, United States Code, is amended by adding at the end the following:

"(10) Lethal autonomous weapon system.—The term 'lethal autonomous weapon system' means a weapon system, platform, subsystem, or combination thereof that—

"(A) once activated, is designed, expected, or reasonably likely to select 1 or more human beings as targets and apply lethal force to such human beings without meaningful human control over each individual engagement; or

"(B) is designed, configured, or equipped so that the capability described in subparagraph (A) may be enabled without substantial physical modification, including through a change to software, firmware, algorithms, machine learning functions, or other digital functionality.

"(11) Meaningful human control.—The term 'meaningful human control' means a level of human involvement in decisions to use force that ensures that—

"(A) a human commander or operator has sufficient information about the target, the weapon system, and the operational context to make a judgment specific to the context as to the lawfulness, necessity, and proportionality of each individual use of lethal force;

"(B) the commander or operator has a genuine opportunity to approve or withhold approval of each individual engagement before lethal force is applied; and

"(C) the commander or operator retains the ability to supervise the weapon system, to intervene, and to deactivate or abort an attack in real time when technologically feasible.".

(i) Debarment.—

(1) Contractors.—Any contractor that knowingly engages in conduct that violates section 229(a) of title 18, United States Code, with respect to a lethal autonomous weapon system shall be debarred from eligibility for Federal contracts for not less than 5 years.

(2) Responsible individuals.—Any officer or employee of a contractor who knowingly participates in conduct described in paragraph (1) shall be debarred and excluded, for not less than 5 years, from participating in any Federal contract or subcontract, including as an officer, employee, agent, representative, consultant, or principal of a contractor or subcontractor.

(j) Transition.—Not later than July 1, 2027, the Secretary of Defense shall certify to the appropriate congressional committees that any existing lethal autonomous weapon system has been retired and destroyed.

SEC. 1333. PROHIBITION ON CLUSTER MUNITIONS.

(a) Statement of policy.—It is the policy of the United States—

(1) to phase out the use, transfer, export, production, acquisition, and stockpiling of cluster munitions;

(2) to pursue alternatives to cluster munitions that are consistent with the protection of civilians and the laws of armed conflict;

(3) to support clearance of unexploded cluster munitions and explosive submunitions in areas affected by armed conflict; and

(4) to take the steps necessary to enable the United States to accede to the Convention on Cluster Munitions.

(b) Definitions.—In this section:

(1) Appropriate congressional committees.—The term "appropriate congressional committees" means—

(A) the Committee on Armed Services, the Committee on Foreign Affairs, and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Armed Services, the Committee on Foreign Relations, and the Committee on Appropriations of the Senate.

(2) Cluster munition.—

(A) In general.—The term "cluster munition" means a conventional munition that is designed to disperse or release explosive submunitions, each weighing less than 20 kilograms, and includes such explosive submunitions. For purposes of this section, the term also includes a dispenser and any explosive bomblet designed to be dispersed or released by the dispenser.

(B) Exclusions.—The term "cluster munition" does not include—

(i) a mine;

(ii) a munition or submunition designed to dispense flares, smoke, pyrotechnics, or chaff;

(iii) a munition or submunition designed exclusively for an air defense role;

(iv) a munition or submunition designed to produce electrical or electronic effects; or

(v) a munition that, to avoid indiscriminate area effects and the risks posed by unexploded submunitions, has each of the following characteristics:

(I) The munition contains fewer than 10 explosive submunitions.

(II) Each explosive submunition weighs more than 4 kilograms.

(III) Each explosive submunition is designed to detect and engage a single target object.

(IV) Each explosive submunition is equipped with an electronic self-destruction mechanism.

(V) Each explosive submunition is equipped with an electronic self-deactivation feature.

(3) Convention on Cluster Munitions.—The term "Convention on Cluster Munitions" means the Convention on Cluster Munitions, done at Dublin May 30, 2008, and opened for signature at Oslo December 3, 2008.

(4) Dispenser.—The term "dispenser" means a container designed to disperse or release explosive bomblets and affixed to an aircraft at the time of dispersal or release.

(5) Explosive bomblet.—The term "explosive bomblet" means a conventional munition weighing less than 20 kilograms that is not self-propelled, is dispersed or released by a dispenser to perform its task, and is designed to function by detonating an explosive charge prior to, on, or after impact.

(6) Explosive submunition.—The term "explosive submunition" means a conventional munition that, in order to perform its task, is dispersed or released by a cluster munition and is designed to function by detonating an explosive charge prior to, on, or after impact.

(7) Self-deactivating.—The term "self-deactivating" means automatically rendering a munition inoperable by means of the irreversible exhaustion of a component, for example a battery, that is essential to the operation of the munition.

(8) Self-destruction mechanism.—The term "self-destruction mechanism" means an incorporated automatically functioning mechanism that is in addition to the primary initiating mechanism of the munition and that secures the destruction of the munition into which it is incorporated.

(9) Transfer.—The term "transfer" means, in addition to the physical movement of a cluster munition or explosive submunition into or from territory under the jurisdiction or control of the United States, the transfer of title to or control over such a munition or submunition, but does not include the transfer of territory containing cluster munition remnants.

(c) Transitional limitation on Federal funds.—Until fiscal year 2030, no funds appropriated or otherwise made available to any department or agency of the United States may be obligated or expended to purchase, acquire, produce, retain, transfer, export, issue a license for the export of, or use any cluster munition unless—

(1) the cluster munition, after arming, does not result in more than 1 percent unexploded ordnance across the range of intended operational environments;

(2) the cluster munition will only be used against clearly defined military targets;

(3) the cluster munition will not be used where civilians are known to be present or in areas normally inhabited by civilians; and

(4) in the case of a transfer, export, or license for export, the recipient has entered into a binding end-use agreement that prohibits use inconsistent with paragraphs (1), (2), and (3).

(d) Prohibition after transition period.—Beginning with fiscal year 2030, no funds appropriated or otherwise made available to any department or agency of the United States may be obligated or expended—

(1) to develop, purchase, acquire, produce, use, transfer, export, issue a license for the export of, or otherwise obtain any cluster munition, except as provided in subsection (e); or

(2) to retain any cluster munition except solely pending destruction under subsection (f).

(e) Limited exceptions for detection, clearance, destruction training, countermeasures, and destruction.—

(1) Limited retention and acquisition for training and countermeasures.—Notwithstanding subsections (c), (d), and (h), the Secretary of Defense may retain or acquire a limited number of cluster munitions and explosive submunitions solely for—

(A) the development of, and training in, cluster munition and explosive submunition detection, clearance, or destruction techniques; or

(B) the development of cluster munition countermeasures.

(2) Minimum number.—The number of cluster munitions and explosive submunitions retained or acquired under paragraph (1) may not exceed the minimum number absolutely necessary for the purposes described in such paragraph.

(3) Transfer for training or countermeasure purposes.—The Secretary of Defense may transfer cluster munitions or explosive submunitions retained or acquired under paragraph (1) only if the recipient provides written assurances that the cluster munitions or explosive submunitions will be used only for a purpose described in paragraph (1) and will not be further transferred except for such a purpose.

(4) Activities for destruction.—Notwithstanding subsections (c), (d), and (h), the Secretary of Defense may authorize the possession, retention, storage, transportation, or transfer of cluster munitions or explosive submunitions solely to the minimum extent necessary to carry out subsection (f), except that a transfer may be made only if the recipient provides written assurances that the cluster munitions or explosive submunitions will be destroyed and will not be further transferred except for destruction.

(5) No operational use.—A cluster munition or explosive submunition retained, acquired, or transferred under this subsection may not be used for operational purposes.

(f) Stockpile destruction and reporting.—

(1) Destruction plan.—Not later than 270 days after the date of enactment of this Act, the Secretary of Defense shall submit to the appropriate congressional committees a plan to destroy all cluster munitions and explosive submunitions under the jurisdiction or control of the United States, except for the minimum number retained under subsection (e)(1).

(2) Completion.—The Secretary of Defense shall complete the destruction required under paragraph (1) not later than September 30, 2031.

(3) Annual report.—Not later than April 30 of each year during which the United States retains, acquires, or transfers cluster munitions or explosive submunitions under subsection (e), the Secretary of Defense shall submit to the appropriate congressional committees a report describing—

(A) the planned and actual use of such cluster munitions and explosive submunitions;

(B) the type, quantity, and lot numbers of such cluster munitions and explosive submunitions;

(C) the number destroyed during the preceding calendar year and the number remaining under the jurisdiction or control of the United States;

(D) in the case of any transfer, the recipient, quantity, purpose, and written assurances required under subsection (e)(3) or (4), as applicable; and

(E) the basis for determining that the number retained or acquired does not exceed the minimum number absolutely necessary under subsection (e)(2).

(g) Report after use, transfer, export, or export licensing.—

(1) In general.—Not later than 30 days after any use, transfer, export, or issuance of a license for the export of cluster munitions under subsection (c) by or on behalf of the United States, the President shall submit to the appropriate congressional committees a report describing—

(A) the legal authority for the use, transfer, export, or license;

(B) the military target and operational necessity, if applicable;

(C) the type and quantity of cluster munitions used, transferred, exported, or licensed;

(D) the basis for determining compliance with subsection (c);

(E) the measures taken to avoid civilian harm;

(F) any known civilian harm or unexploded ordnance resulting from the use; and

(G) any plan for clearance, remediation, warnings to civilians, medical assistance, and assistance to affected communities.

(2) Form.—The report required under paragraph (1) shall be submitted in unclassified form, but may include a classified annex.

(h) Prohibition.—Beginning with fiscal year 2030, it shall be unlawful for any person, in or affecting interstate or foreign commerce, to use, develop, produce, acquire, possess, retain, sell, broker, export, transfer, or stockpile a cluster munition, or to assist, encourage, or induce another person to engage in such an activity, except as authorized by the Secretary of Defense under subsection (e).

(i) Military cooperation.—Participation in military cooperation or operations with a country not party to the Convention on Cluster Munitions shall not, by itself, constitute assistance, encouragement, or inducement prohibited under subsection (h), except that no person may, in such cooperation or operations—

(1) use, develop, produce, acquire, possess, retain, sell, broker, export, transfer, or stockpile a cluster munition; or

(2) expressly request the use of a cluster munition if the choice of munitions used is within the exclusive control of the United States.

(j) Criminal penalties.—Any person who knowingly and willfully violates subsection (h) shall be subject to the criminal penalties provided in section 2778(c) of title 22, United States Code.

(k) Contractor ineligibility.—Any contractor that knowingly—

(1) produces, sells, transfers, exports, brokers, or otherwise provides a cluster munition in connection with an obligation or expenditure prohibited under subsection (c) or (d);

(2) violates a condition imposed under subsection (e); or

(3) violates subsection (h),

shall be debarred from eligibility for Federal contracts for not less than 5 years.

SEC. 1334. PROHIBITION ON ANTI-PERSONNEL LANDMINES.

(a) Statement of policy.—It is the policy of the United States—

(1) to protect civilians and support post-conflict recovery by phasing out the use, export, transfer, production, acquisition, possession, retention, and stockpiling of anti-personnel landmines in accordance with this section;

(2) to provide for the common defense through alternatives to anti-personnel landmines that are consistent with the protection of civilians and the laws of armed conflict;

(3) to support the clearance of anti-personnel landmines and other explosive remnants of war in areas affected by armed conflict; and

(4) to acknowledge the international community's moral judgment that the use of anti-personnel landmines is unacceptable and incompatible with the protection of civilians and to take the steps necessary to accede to the Ottawa Convention.

(b) Definitions.—In this section:

(1) Anti-handling device.—The term "anti-handling device" means a device intended to protect a mine that is part of, linked to, attached to, or placed under the mine and that activates when an attempt is made to tamper with or otherwise intentionally disturb the mine.

(2) Anti-personnel landmine.—The term "anti-personnel landmine" means a mine designed to be exploded by the presence, proximity, or contact of a person and that will incapacitate, injure, or kill 1 or more persons. The term does not include a mine designed to be detonated by the presence, proximity, or contact of a vehicle rather than a person solely because the mine is equipped with an anti-handling device.

(3) Mine.—The term "mine" means a munition designed to be placed under, on, or near the ground or another surface area and to be exploded by the presence, proximity, or contact of a person or vehicle.

(4) Ottawa Convention.—The term "Ottawa Convention" means the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (1997).

(5) Secretary.—The term "Secretary" means the Secretary of Defense.

(6) Transfer.—The term "transfer" includes the physical movement of an anti-personnel landmine into or from territory under the jurisdiction or control of the United States and the transfer of title to or control over an anti-personnel landmine, but does not include the transfer of territory containing an emplaced anti-personnel landmine.

(c) Prohibitions on Federal funds.—No Federal funds may be obligated or expended to—

(1) develop or produce anti-personnel landmines;

(2) acquire anti-personnel landmines;

(3) export or transfer anti-personnel landmines, except as permitted under subsection (d) or (f);

(4) use anti-personnel landmines, except as temporarily permitted under subsection (f);

(5) assist, encourage, or induce any person to engage in conduct prohibited by the Ottawa Convention, except as temporarily permitted under subsection (f); or

(6) possess or stockpile anti-personnel landmines, except as permitted under subsection (d) or (f).

(d) Limited exceptions for mine detection, clearance, destruction training, and destruction.—

(1) Limited retention for training.—Notwithstanding subsection (c), the Secretary may retain a limited number of anti-personnel landmines solely for the development of, and training in, mine detection, mine clearance, or mine destruction techniques.

(2) Minimum number.—The number of anti-personnel landmines retained under paragraph (1) may not exceed the minimum number absolutely necessary for the purposes described in such paragraph.

(3) Transfer for training purposes.—The Secretary may transfer anti-personnel landmines retained under paragraph (1) only if the recipient provides written assurances that the anti-personnel landmines will be used only for a purpose described in paragraph (1) and will not be further transferred except for such a purpose.

(4) Transfer for destruction.—Notwithstanding subsection (c), the Secretary may transfer anti-personnel landmines solely for destruction.

(5) Activities necessary for destruction.—Notwithstanding subsections (c) and (e), the Secretary may authorize the possession, retention, storage, transportation, or transfer of anti-personnel landmines to the minimum extent necessary to carry out subsection (g).

(6) No operational use.—An anti-personnel landmine retained, transferred, or otherwise handled under this subsection may not be used for operational purposes.

(e) Prohibition.—It shall be unlawful for any person, in or affecting interstate or foreign commerce, to use, develop, produce, acquire, possess, retain, sell, broker, export, transfer, or stockpile an anti-personnel landmine, or to assist, encourage, or induce another person to engage in an activity described in this subsection, except as authorized by the Secretary under subsection (d) or (f).

(f) Temporary exception for the Korean Peninsula.—Notwithstanding subsection (c), the Secretary may, until September 30, 2029, authorize, to the minimum extent necessary for the defense of the Republic of Korea, the possession, stockpiling, export, transfer, or use of anti-personnel landmines by the United States or by a person acting under the direction or control of the United States.

(g) Destruction of anti-personnel landmines.—Not later than September 30, 2031, the Secretary shall destroy or ensure the destruction of all anti-personnel landmines owned or possessed by the United States or under the jurisdiction or control of the United States, except for the minimum number retained under subsection (d)(1).

(h) Criminal penalties.—Any person who knowingly and willfully violates subsection (e) shall be subject to the criminal penalties provided in section 2778(c) of title 22, United States Code.

(i) Debarment.—Any contractor, and any officer or employee of a contractor, who knowingly violates subsection (c) or (e) shall be debarred from eligibility for Federal contracts for not less than 5 years.

SEC. 1335. CIVILIAN HARM REVIEW AND REASSESSMENT.

(a) Definitions.—In this section:

(1) Civilian harm.—The term "civilian harm" has the meaning given the term in section 1336(b)(2).

(2) Congressional defense committees.—The term "congressional defense committees" means—

(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

(B) the Committee on Armed Services and the Committee on Appropriations of the House of Representatives.

(b) Procedures required.—Not later than 180 days after the date of enactment of this Act, the Secretary of Defense, in consultation with the Secretary of Peacebuilding and nongovernmental organizations that focus on civilian harm, shall establish procedures for identifying, reviewing, and reinvestigating allegations of civilian harm resulting from military operations involving the United States armed forces conducted between 2011 and 2026. The procedures shall require the review and reinvestigation of an allegation if—

(1) the Secretary of Defense finds that the allegation was dismissed, found not credible, administratively closed, closed without a complete investigation, or otherwise rejected or left unsubstantiated because of investigative error or incomplete information; or

(2) the Secretary of Peacebuilding submits to the Secretary of Defense a written recommendation, supported by specific and credible information, recommending the review and reinvestigation of an allegation that may have been disposed of in a manner described in paragraph (1).

(c) Reports.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary of Defense shall submit to the congressional defense committees a report that includes—

(1) the number and status of reviews and reinvestigations conducted under subsection (b), including the number completed and pending and the number of recommendations submitted under subsection (b)(2);

(2) an identification of any revised credibility assessments and new credibility findings;

(3) a description of steps taken in response to new credibility findings, including any offers of ex gratia payments;

(4) a description of any errors identified during the review and reinvestigation process required under subsection (b);

(5) recommended steps to prevent similar errors in the assessment, investigation, or disposition of civilian-harm allegations and to address recurring operational patterns associated with civilian harm identified through the reviews and reinvestigations.

SEC. 1336. ARMS SALES MODERNIZATION AND CIVILIAN HARM MONITORING.

(a) Statement of policy.—It is the policy of the United States to ensure that arms transfers advance peace and fellowship among nations, protect civilians, and do not enable serious violations of international humanitarian law or internationally recognized human rights.

(b) Definitions.—In this section:

(1) Appropriate congressional committees.—The term "appropriate congressional committees" means—

(A) the Committee on Foreign Affairs, the Committee on Armed Services, and the Committee on Appropriations of the House of Representatives, or any successor committee having substantially the same jurisdiction; and

(B) the Committee on Foreign Relations, the Committee on Armed Services, and the Committee on Appropriations of the Senate, or any successor committee having substantially the same jurisdiction.

(2) Civilian harm.—The term "civilian harm" means civilian casualties, damage to or destruction of civilian objects, and significant adverse effects on the civilian population and the personnel, organizations, resources, infrastructure, essential services, and systems on which civilian life depends resulting from military operations.

(3) Defense article; defense service.—The terms "defense article" and "defense service" have the meanings given those terms in section 47 of the Arms Export Control Act (22 U.S.C. 2794).

(4) Operational end-use monitoring.—The term "operational end-use monitoring" means gathering and assessing information regarding the actual use of a defense article or defense service after delivery.

(5) Responsible recipient or end user.—The term "responsible recipient or end user" means—

(A) if the conduct was committed or materially facilitated by the government of a foreign country or by an officer, employee, military unit, agency, instrumentality, or other person acting on behalf of or under the direction or control of such government, the government of that foreign country; and

(B) in any other case, the foreign recipient or end user that possessed, controlled, directed, authorized, or used the defense article or defense service in connection with the conduct, including any successor, renamed, reorganized, or substantially equivalent entity.

(6) Serious violation of law.—The term "serious violation of law" means—

(A) conduct described in section 1091(a), 2441(c), or 2442(a) of title 18, United States Code, without regard to the jurisdictional requirements applicable to an offense under the applicable section; or

(B) a gross violation of internationally recognized human rights described in section 502B(d)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2304(d)(1)).

(c) Establishment.—Not later than 1 year after the date of enactment of this Act, the President shall establish in the Department of State a program, to be known as the Silver Shield program, to provide for operational end-use monitoring of defense articles and defense services sold, leased, loaned, transferred, or exported to a foreign government, international organization, or other foreign recipient or end user under the Arms Export Control Act (22 U.S.C. 2751 et seq.) or the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.). The requirements of subsections (d) through (g) shall apply beginning on the date on which the program is established.

(d) Monitoring and review by Silver Shield program.—

(1) Monitoring.—Beginning on the date on which the Silver Shield program is established, the program shall monitor information concerning whether a foreign recipient or end user used a United States–origin defense article or defense service in connection with civilian harm or conduct that may constitute a serious violation of law.

(2) Initiation and conduct of review.—The Secretary of State, acting through the Silver Shield program, shall initiate and conduct a review if—

(A) the Secretary identifies specific and credible information indicating that a United States–origin defense article or defense service may have been used—

(i) in a manner that caused civilian harm and materially violated international humanitarian law or an applicable transfer agreement; or

(ii) in connection with conduct constituting a serious violation of law; or

(B) the Secretary of Peacebuilding submits to the Secretary of State a written recommendation, supported by specific and credible information, to initiate a review of conduct described in subparagraph (A).

(3) Sources.—In conducting a review, the Silver Shield program may consider reports of United States Government personnel, eyewitness interviews, publicly available evidence, satellite imagery, credible reporting by nongovernmental organizations or the media, intelligence information, forensic investigations, site visits, and any other credible source.

(4) Review standards.—Each review shall—

(A) evaluate, to the maximum extent practicable, the reliability, authenticity, provenance, and corroboration of material evidence, including whether evidence has been materially altered, manipulated, or synthetically generated;

(B) require the affected foreign government and affected foreign recipient or end user to provide records, access, and other cooperation reasonably necessary to complete the review;

(C) provide the affected foreign government and, where practicable, the affected foreign recipient or end user reasonable notice of the material allegation and a reasonable opportunity to submit responsive information, unless the Secretary of State determines in writing that notice would create a substantial risk to the safety of a person or to an intelligence source or method;

(D) be completed not later than 180 days after initiation; and

(E) result in a written determination stating the factual and legal basis for the determination.

(5) Coordination.—The Secretary of State shall carry out the program in coordination with the Secretary of Defense, the Director of National Intelligence, the Secretary of Peacebuilding, and any other relevant Federal official.

(e) Temporary hold on a proposed transaction.—

(1) In general.—If information under review under subsection (d) materially concerns the proposed recipient, end user, or intended use of a particular proposed sale, export, lease, loan, or other transfer, the Secretary of State shall place that proposed transaction on temporary hold pending completion of the review.

(2) Effect.—The hold shall prevent issuance of the applicable letter of offer, license, lease, loan agreement, or other authorization but shall not cancel the proposed transaction.

(3) Limitation.—A hold under this subsection shall apply only to the particular proposed transaction to which the information relates and shall not, by itself, impose a countrywide restriction.

(f) Determinations and consequences.—

(1) No adverse determination.—If the Secretary of State does not make an affirmative determination under paragraph (2), the hold shall terminate and the proposed transaction may proceed subject to otherwise applicable law.

(2) Affirmative determination.—The Secretary shall issue an affirmative determination stating the factual and legal basis for the determination if—

(A) a United States–origin defense article or defense service was used in a manner described in subsection (d)(2)(A); or

(B) the affected foreign government or affected foreign recipient or end user, after reasonable notice and an opportunity to cooperate, materially failed to provide records, access, or other cooperation reasonably necessary to complete the review.

(3) Consequences.—Beginning on the date of an affirmative determination—

(A) any proposed transaction on hold under subsection (e) shall be denied;

(B) the following entities shall be ineligible for 2 years to receive any defense article or defense service under the Arms Export Control Act or the Foreign Assistance Act of 1961, including by delivery, performance, or other provision under an existing agreement:

(i) in the case of a determination under paragraph (2)(A), the responsible recipient or end user; and

(ii) in the case of a determination under paragraph (2)(B), each affected foreign government, foreign recipient, or end user that materially failed to provide the required cooperation; and

(C) the Secretary may require the return of a United States–origin defense article provided to an entity made ineligible under subparagraph (B), to the extent permitted by the applicable transfer agreement and law.

(4) Scope.—An affirmative determination shall not, by itself, cancel a completed transfer or terminate an existing agreement, except that paragraph (3)(B) applies to any delivery, performance, or other provision under an existing agreement.

(5) Early restoration.—The Secretary may restore eligibility before the end of the 2-year period if—

(A) in the case of an affirmative determination under paragraph (2)(A), the Secretary determines that—

(i) the conduct has ceased;

(ii) the responsible authority has taken reasonable and effective lawful steps to investigate the conduct and, where the evidence warrants, to prosecute, discipline, remove, or otherwise impose lawful accountability on responsible persons;

(iii) measures reasonably designed to prevent recurrence have been implemented; and

(iv) appropriate remedies have been or are being provided to victims, surviving family members, and affected communities; or

(B) in the case of an affirmative determination based solely on paragraph (2)(B), each entity made ineligible under paragraph (3)(B)(ii) has provided the cooperation reasonably necessary to complete the review and the completed review does not support an affirmative determination under paragraph (2)(A).

(6) New determination after cooperation.—If, after an affirmative determination based solely on paragraph (2)(B), the completed review supports an affirmative determination under paragraph (2)(A), the Secretary shall issue a new affirmative determination under paragraph (2)(A), and the 2-year period under paragraph (3)(B) shall begin on the date of the new determination.

(7) Fair proceedings and unavailable persons.—For purposes of paragraph (5)(A)(ii), an acquittal or other disposition following a credible and fair process does not prevent restoration, and the death or genuine unavailability of a responsible person does not prevent restoration if reasonable lawful steps have been taken with respect to that person and other responsible persons.

(8) Expiration.—An ineligibility determination under paragraph (3) shall terminate at the end of the 2-year period unless new or continuing conduct supports a new determination under this section.

(g) Transfer agreements.—Before authorizing or licensing a sale, export, lease, loan, or other transfer of a defense article or defense service, the President shall ensure that the applicable agreement, letter of offer and acceptance, license, end-use assurance, or other authorization—

(1) prohibits use of the article or service—

(A) to commit or facilitate a serious violation of law; or

(B) in a manner that causes civilian harm and materially violates international humanitarian law or an applicable transfer agreement;

(2) requires the recipient or end user to take feasible precautions to prevent and minimize civilian harm;

(3) authorizes operational end-use monitoring sufficient to carry out this section; and

(4) provides that the United States may require the return of the article if the Secretary of State makes an affirmative determination under subsection (f).

(h) Policy updates.—

(1) Secretary of State.—The Secretary of State shall incorporate into the Silver Shield program the Civilian Harm Incident Response Guidance issued by the Department of State in August 2023, or any successor to that guidance, and revise relevant policy and doctrine as necessary to carry out this section.

(2) Secretary of Defense.—The Secretary of Defense shall reissue Department of Defense Instruction 4140.66 and revise relevant policy and doctrine as necessary to carry out this section.

(i) Funding.—

(1) Startup appropriation.—In addition to amounts otherwise available, there is appropriated to the Department of State, out of any money in the Treasury not otherwise appropriated, $30,000,000, to remain available through September 30, 2029, for establishment and initial operation of the Silver Shield program.

(2) Continuing authorization.—There are authorized to be appropriated such sums as may be necessary to carry out the Silver Shield program.

(3) Foreign Military Sales Administrative Surcharge.—The Silver Shield program shall be considered an administrative service in the administration of sales under section 21(e)(1) of the Arms Export Control Act (22 U.S.C. 2761(e)(1)).

(4) Foreign Military Financing administrative funds.—The Silver Shield program shall be considered an administrative and operational cost of the Department of State related to military assistance and sales for purposes of funds appropriated under the heading "Foreign Military Financing Program".

(j) Reports.—

(1) Required resources.—Not later than 180 days after the date of enactment of this Act, the Secretary of State shall submit to the appropriate congressional committees a report on the resources, staffing, and authorities necessary to implement the Silver Shield program, including whether the amount appropriated under subsection (i)(1) is sufficient.

(2) Annual report.—Not later than 1 year after establishment of the program, and annually thereafter, the President shall submit to the appropriate congressional committees a report describing—

(A) the costs and personnel associated with the program;

(B) the number and status of reviews, including any failure to meet the 180-day deadline;

(C) the number and disposition of determinations;

(D) the number of temporary holds imposed and released;

(E) the number of recipients and end users determined ineligible; and

(F) each restoration under this section and the basis for the decision.

(3) Form.—Each report under this subsection shall be submitted in unclassified form but may include a classified annex. The unclassified portion shall be made publicly available.

(k) Prior conduct.—The Secretary of State may review conduct occurring before the date of enactment of this Act if the conduct is materially relevant to a proposed transaction or to the current eligibility of a foreign recipient or end user.

SEC. 1337. PROHIBITED SECURITY COOPERATION WITH GOVERNMENTS RESPONSIBLE FOR ATROCITY CRIMES.

(a) Statement of policy.—It is the policy of the United States to refrain from arming, training, or financing a foreign government responsible for atrocity crimes, sharing intelligence with such a government, or maintaining an institutional security partnership with such a government.

(b) Definitions.—In this section:

(1) Appropriate congressional committees.—The term "appropriate congressional committees" has the meaning given the term in section 1336(b)(1).

(2) Atrocity crime.—The term "atrocity crime" means—

(A) conduct described in section 1091(a), 2441(c), or 2442(a) of title 18, United States Code, without regard to the jurisdictional requirements applicable to an offense under the applicable section; or

(B) any of the following acts, when knowingly committed as part of a widespread or systematic attack directed against a civilian population:

(i) Murder, extermination, enslavement, deportation or forcible transfer of population, imprisonment or other severe deprivation of physical liberty in violation of fundamental rules of international law, torture, or enforced disappearance of persons.

(ii) Rape, sexual slavery, enforced prostitution, forced pregnancy, enforced sterilization, or another form of sexual violence of comparable gravity.

(iii) Persecution against an identifiable group or collectivity on political, racial, national, ethnic, cultural, religious, gender, disability, or other grounds universally recognized as impermissible under international law, in connection with conduct described in subparagraph (A) or another act described in this subparagraph.

(iv) The crime of apartheid, meaning inhumane acts of a character similar to the acts described in this subparagraph, committed in the context of an institutionalized regime of systematic oppression and domination by one racial group over one or more other racial groups and with the intention of maintaining that regime.

(3) Restricted foreign government.—The term "restricted foreign government" means the government of a foreign country with respect to which an affirmative determination under subsection (d)(5) is in effect.

(4) Secretary.—The term "Secretary" means the Secretary of State.

(c) Initiation of review.—The Secretary shall initiate a review under subsection (d) if either of the following applies:

(1) the Secretary identifies specific and credible information indicating that the government of a foreign country committed or materially facilitated an atrocity crime, or knowingly failed to take reasonable measures within its power to prevent an atrocity crime; or

(2) the Secretary of Peacebuilding submits to the Secretary a written recommendation to initiate a review, supported by specific and credible information indicating conduct described in paragraph (1).

(d) Review and determination.—

(1) Evidence.—The Secretary shall evaluate, to the maximum extent practicable, the reliability, authenticity, provenance, and corroboration of material evidence, including whether evidence has been materially altered, manipulated, or synthetically generated.

(2) Notice and response.—Not later than 90 days after initiating a review, the Secretary shall provide the government of the foreign country written notice of the material allegations and, to the maximum extent consistent with the protection of persons and intelligence sources and methods, a summary of the principal evidence supporting the allegations. The government shall have 30 days after receiving the notice to submit responsive information. The Secretary may shorten the response period to not less than 10 days upon a written finding that delay would create a substantial risk of continuing civilian harm or another atrocity crime. The Secretary may withhold or redact information to the extent necessary to protect a person or an intelligence source or method.

(3) Consultation.—The Secretary shall consult with the Secretary of Defense, the Director of National Intelligence, the Secretary of Peacebuilding, and any other relevant Federal official.

(4) Deadline.—The Secretary shall complete the review not later than 180 days after initiation.

(5) Determination.—If the Secretary determines, based on specific, credible, and corroborated information, that the government of the foreign country engaged in conduct described in subsection (c)(1), the Secretary shall issue an affirmative determination that states the factual and legal basis for the determination.

(6) Submission and publication.—The Secretary shall promptly submit a determination under paragraph (5) to the appropriate congressional committees and make the determination publicly available in unclassified form, but may include a classified annex.

(7) No interim countrywide restriction.—Initiation of a review under this subsection shall not, by itself, impose the restrictions under subsection (e).

(e) Restrictions.—Notwithstanding any other provision of law, during the period in which an affirmative determination under subsection (d)(5) is in effect—

(1) the President may not provide a restricted foreign government, or an agent or instrumentality of that government, with security assistance, intelligence, training, equipment, maintenance, testing, technical data, a defense article, a defense service, a design and construction service, or other defense cooperation;

(2) no Federal funds may be obligated or expended to establish, maintain, or carry out a bilateral defense-technology, defense-industrial, intelligence-sharing, joint-training, technical-data-sharing, or other institutional security-cooperation program with the restricted foreign government or an agent or instrumentality of that government; and

(3) no letter of offer, export license, lease, loan, or other authorization for a defense article or defense service may be issued to the restricted foreign government or an agent or instrumentality of that government.

(f) Limited exception.—The President may authorize narrowly tailored assistance otherwise prohibited under subsection (e) only to—

(1) protect or evacuate United States personnel or other persons under United States protection; or

(2) secure, recover, disable, remove, or destroy a United States–origin defense article or other item presenting a substantial risk to civilians.

(g) Notice and assistance.—Upon issuing an affirmative determination under subsection (d)(5), the Secretary shall—

(1) promptly inform the restricted foreign government of the basis for the determination and the restrictions imposed under this section; and

(2) in consultation with the Secretary of Peacebuilding, make technical and other appropriate assistance available to the restricted foreign government to support satisfaction of the requirements of subsection (h)(2).

(h) Duration, review, termination, and renewal.—

(1) Duration and periodic review.—

(A) Duration.—An affirmative determination shall remain in effect for 2 years after issuance unless the determination is terminated early under paragraph (2), renewed under paragraph (4), or superseded under paragraph (5).

(B) Periodic review.—Not less frequently than once every 180 days, the Secretary shall review each affirmative determination in effect under subsection (d)(5).

(2) Early termination.—The Secretary shall terminate an affirmative determination if the Secretary determines that—

(A) the conduct that formed the basis for the determination has ceased;

(B) the government of the foreign country has taken reasonable and effective lawful steps to investigate the conduct and, where the evidence warrants, to prosecute, discipline, remove, or otherwise impose lawful accountability on responsible persons;

(C) the government of the foreign country has implemented structural, legal, institutional, or other measures reasonably designed to prevent recurrence; and

(D) appropriate remedies have been or are being provided to victims, surviving family members, and affected communities.

(3) Additional considerations.—

(A) Fair proceedings.—For purposes of paragraph (2)(B), an acquittal or other disposition following a credible and fair process does not prevent termination. Summary or extrajudicial punishment does not satisfy paragraph (2)(B).

(B) Unavailable persons.—The death or genuine unavailability of a responsible person does not prevent termination if reasonable lawful steps have been taken with respect to that person and other responsible persons.

(C) Change in government.—The Secretary shall consider any change in the government of the foreign country and the conduct and capacity of that government.

(4) Renewal for insufficient progress.—

(A) In general.—Before an affirmative determination expires, the Secretary may renew the determination for 1 additional 2-year period if—

(i) the conduct that formed the basis for the determination has ceased; and

(ii) the government of the foreign country has failed to make reasonable and demonstrable progress toward satisfying the requirements of subparagraphs (B) through (D) of paragraph (2).

(B) Effective period.—A renewal under this paragraph shall take effect on the date on which the determination would otherwise expire and shall remain in effect for 2 years.

(C) Limitation.—An affirmative determination may be renewed only once under this paragraph.

(D) Submission and publication.—A renewal determination shall be submitted and made public in the manner required under subsection (d)(6).

(5) Superseding determination based on new or continuing conduct.—

(A) New review.—If, while an affirmative determination is in effect, the Secretary identifies specific and credible information indicating new or continuing conduct described in subsection (c)(1), the Secretary shall initiate a new review under subsection (d).

(B) Supersession and new period.—A new affirmative determination issued as a result of a review under subparagraph (A) shall supersede each affirmative determination then in effect with respect to the same foreign government, and the 2-year period under paragraph (1)(A) shall begin on the date of issuance of the new determination.

(C) Prior conduct and remedial obligations.—In determining whether to terminate or renew the new affirmative determination, the Secretary shall consider the conduct and the progress of the foreign government toward satisfying the requirements of paragraph (2) with respect to the conduct underlying the new determination and each superseded determination.

(i) Annual report.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit to the appropriate congressional committees and make publicly available a report identifying—

(1) the status and disposition of each review initiated under subsection (c), including each review completed without an affirmative determination;

(2) each affirmative determination, termination, expiration, supersession, or renewal under this section;

(3) each use of the exception under subsection (f); and

(4) the assistance made available under subsection (g)(2).

(j) State and local security-cooperation programs.—During the period in which an affirmative determination under subsection (d)(5) is in effect, a State, unit of local government, or law enforcement agency thereof may not use public funds to establish, maintain, or participate in a

training, exchange, intelligence sharing, technical assistance, or other institutional security-cooperation program with the restricted foreign government or an agent or instrumentality of that government.

PART II—ABOLITION OR REDUCTION OF STANDING ARMIES

Subpart A—Military Spending, Foreign Installations, and War Powers

SEC. 1341. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Alfred Nobel's will identified three essential components for striving toward peace. The second of these was "the abolition or reduction of standing armies."

(2) In the modern world, standing armies consist not only of armed forces, but also of the infrastructure of warfare, including the budgets, bases, authorities, and arsenals that sustain a permanent capacity for war.

(3) The military budget of the United States and its extensive standing military establishment command immense public resources. Military spending substantially in excess of legitimate national defense needs can divert public resources from diplomacy, peacebuilding, shared prosperity, and other investments that strengthen lasting security.

(4) Open-ended authorizations for use of military force and the initiation or continuation of hostilities without meaningful Congressional approval weaken democratic accountability and the Constitutional allocation of war powers.

(5) Nuclear weapons represent the most destructive component of the standing military power of the United States. Policies permitting first-use nuclear strikes or renewed explosive nuclear testing increase the risk of catastrophic escalation, weaken international restraints on nuclear weapons, and encourage other nations to pursue or expand similar capabilities.

(6) The Jubilee established by this Act provides an opportunity for the United States to demonstrate leadership in slowing or halting a renewed nuclear arms race.

(7) The security of the United States can be strengthened through a smaller and more disciplined military posture, renewed Congressional control over war, diplomacy, arms control, nuclear restraint, and the redirection of public resources toward the conditions of a durable peace.

(b) Purpose.—The purposes of this part are—

(1) to reduce the scale and reach of the standing military establishment of the United States by reducing military budgets, foreign military bases, standing war authorizations, and nuclear arsenals, and by restoring Congress's Constitutional role in decisions to initiate and continue hostilities; and

(2) to carry out the principle expressed in Alfred Nobel's will concerning the abolition or reduction of standing armies.

SEC. 1342. REDUCTION OF NATIONAL DEFENSE BUDGET AUTHORITY BY ONE-QUARTER.

(a) Definitions.—In this section:

(1) Applicable limit.—The term "applicable limit" means—

(A) for fiscal year 2027, 93.75 percent of the baseline amount;

(B) for fiscal year 2028, 87.5 percent of the baseline amount;

(C) for fiscal year 2029, 81.25 percent of the baseline amount; and

(D) for fiscal year 2030, 75 percent of the baseline amount.

(2) Baseline amount.—The term "baseline amount" means the total new budget authority for fiscal year 2026 classified in national defense budget function 050, calculated net of rescissions and negative budget authority.

(3) New budget authority.—The term "new budget authority" has the meaning given that term in section 3(2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(2)).

(b) Aggregate limits.—For each of fiscal years 2027 through 2030—

(1) the total new budget authority provided for national defense budget function 050 may not exceed the applicable limit; and

(2) the total amount authorized to be appropriated for national defense budget function 050 may not exceed the applicable limit.

(c) Determination of baseline amount.—

(1) Initial estimate.—Not later than 15 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall determine and publish an initial estimate of the baseline amount based on laws enacted through the date of the estimate.

(2) Final determination.—Not later than 30 days after the later of September 30, 2026, or the date of enactment of this Act, the Director shall determine and publish the final baseline amount.

(3) Contents.—Each estimate or determination under this subsection shall—

(A) identify the new budget authority included in the baseline amount by account and source of authority;

(B) identify discretionary and mandatory new budget authority separately;

(C) identify amounts provided through regular appropriations, supplemental appropriations, emergency legislation, reconciliation legislation, continuing resolutions, authorization Acts, and other provisions of law;

(D) identify rescissions and negative budget authority deducted from the baseline amount;

(E) explain the treatment of transfers, reappropriations, offsetting collections, borrowing authority, contract authority, and changes in the availability of unobligated balances; and

(F) describe the functional classification methodology used to determine whether an amount is classified in national defense budget function 050.

(4) Subsequent revision.—If a law enacted after the final determination under paragraph (2) changes the amount of new budget authority for fiscal year 2026 classified in national defense budget function 050, the Director shall publish a revised final baseline amount not later than 15 days after the date of enactment of that law.

(5) Comptroller General review.—

(A) In general.—Not later than 30 days after the Director publishes a final or revised final baseline amount, the Comptroller General of the United States shall review the determination and submit to Congress and make publicly available a report evaluating the completeness, accuracy, and consistency of the determination with this section and generally applicable Federal budget classification principles.

(B) Response to material error.—Not later than 15 days after the Comptroller General submits a report identifying a material error, the Director shall—

(i) correct the error and publish a revised determination; or

(ii) submit to Congress and make publicly available a detailed explanation of why the Director has not made the correction.

(d) Provisional administration for fiscal year 2027.—

(1) In general.—Until the final baseline amount is determined under subsection (c)(2), the initial estimate under subsection (c)(1) shall be used to administer the applicable limit for fiscal year 2027.

(2) Reservation from obligation.—The Director of the Office of Management and Budget shall reserve from obligation, on a proportionate basis, such amounts of new budget authority for fiscal year 2027 as the Director determines necessary to prevent obligations from being incurred against amounts that would cause total new budget authority provided for national defense budget function 050 to exceed the applicable limit calculated using the initial estimate.

(3) No premature cancellation.—An amount reserved under paragraph (2) shall remain available in accordance with the law providing the amount and may not be permanently cancelled under this section before the final baseline amount is determined.

(4) Final adjustment.—Upon publication of the final baseline amount, the Director shall release any amount reserved in excess of the amount necessary to comply with the applicable limit for fiscal year 2027 and shall carry out subsection (e) with respect to any remaining excess.

(e) Automatic cancellation of excess budget authority.—

(1) Determination of excess.—Not later than 15 days after—

(A) publication of the final baseline amount under subsection (c)(2); or

(B) enactment of a law that provides additional new budget authority for an applicable fiscal year,

the Director of the Office of Management and Budget shall determine whether the total new budget authority provided for that fiscal year for national defense budget function 050 exceeds the applicable limit.

(2) Automatic cancellation.—If the Director determines that the total new budget authority exceeds the applicable limit, an amount of the unobligated balances of new budget authority for that fiscal year equal to the excess is hereby permanently cancelled, without further action by Congress.

(3) Proportional application.—

(A) Accounts.—The cancellation required under paragraph (2) shall be applied by a uniform percentage to the unobligated balances of new budget authority for the applicable fiscal year in each account classified in national defense budget function 050.

(B) Programs, projects, and activities.—Within each account, the same percentage reduction shall apply to each program, project, and activity, as identified in the applicable appropriations Act or accompanying report or, for an account not included in an appropriations Act, in the most recently submitted budget of the President.

(4) Implementation.—The Director shall publish the amount of the excess, the uniform percentage reduction, and the amount cancelled from each account, and shall revise applicable apportionments to reflect the cancellation.

(5) Existing obligations.—A cancellation under this subsection may not affect an obligation validly incurred before the date on which the Director publishes the uniform percentage reduction.

(6) Application to previously enacted funding.—This subsection applies to new budget authority provided before, on, or after the date of enactment of this Act.

(f) Automatic reduction of excess authorizations.—

(1) In general.—If the aggregate amount authorized to be appropriated for an applicable fiscal year for national defense budget function 050 exceeds the applicable limit, each amount authorized to be appropriated for that fiscal year for that budget function is reduced by the uniform percentage necessary to eliminate the excess.

(2) Determination and publication.—The Director of the Office of Management and Budget shall determine and publish the uniform percentage reduction and identify each authorization affected by the reduction.

(3) Application to previously enacted authorizations.—This subsection applies to amounts authorized to be appropriated before, on, or after the date of enactment of this Act.

(g) Scope and prevention of evasion.—

(1) Sources of budget authority.—The limits under this section apply to new budget authority and authorizations provided through—

(A) a regular or supplemental appropriations Act;

(B) an emergency, disaster, or national-security designation;

(C) a reconciliation Act;

(D) a continuing resolution or continuing appropriation;

(E) an authorization Act;

(F) a transfer, reappropriation, advance appropriation, change in availability, or other provision of law; or

(G) any other legislative vehicle or source of Federal budget authority.

(2) Discretionary and mandatory amounts.—The limits apply to both discretionary and mandatory new budget authority.

(3) Transfers.—

(A) A transfer of budget authority from a budget function other than national defense budget function 050 into national defense budget function 050 shall be included in the total for the fiscal year in which the transferred authority first becomes available for obligation in budget function 050.

(B) A transfer between accounts within national defense budget function 050 shall not be counted more than once.

(C) A transfer out of national defense budget function 050 shall reduce the total only to the extent that the transferred amount is no longer available for an activity classified in that budget function.

(4) Successive continuing and regular appropriations.—If new budget authority made available under a continuing resolution or other continuing appropriation for an account, program, project, benefit payment, or activity is charged against or superseded by a subsequently enacted appropriation for the same fiscal year, the budget authority made available under the continuing appropriation shall be treated as included in, and not in addition to, the amount provided by the subsequently enacted appropriation. Multiple continuing appropriations for the same period or activity may not be counted more than once.

(5) Prior-year unobligated balances.—Except for a change in availability that constitutes new budget authority under section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, an unobligated balance of budget authority first made available before an applicable fiscal year shall not be included in the total for that fiscal year solely because the balance remains available for obligation and shall not be cancelled under subsection (e).

(6) Functional classification.—An amount shall be classified for purposes of this section according to the same functional classification principles used in preparation of the budget of the United States Government and may not be excluded from national defense budget function 050 solely because the amount is provided to a department or agency other than the Department of Defense or is labeled as emergency, supplemental, mandatory, or temporary funding.

(h) Subsequent congressional adjustments.—

(1) Adjustments within aggregate limit.—Nothing in this section may be construed to prohibit Congress, by an Act enacted after the date of enactment of this Act, from rescinding, transferring, or reallocating amounts among accounts, programs, projects, or activities within national defense budget function 050, if the total new budget authority for the applicable fiscal year does not exceed the applicable limit.

(2) Express amendment required.—A law enacted after the date of enactment of this Act may not be construed to increase an applicable limit unless that law expressly refers to this section and states the revised applicable limit or the amount by which the applicable limit is increased.

(i) Rule of the House of Representatives and Senate.—

(1) Unless the measure expressly amends the applicable limit in accordance with subsection (h)(2), it shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, amendment between the Houses, motion, or conference report if enactment of the measure would cause—

(A) the total new budget authority for an applicable fiscal year for national defense budget function 050 to exceed the applicable limit; or

(B) the total amount authorized to be appropriated for an applicable fiscal year for national defense budget function 050 to exceed the applicable limit.

(2) Paragraph (1) may be waived or suspended in the House of Representatives or the Senate only by a roll call vote of not less than two-thirds of the Members voting, a quorum being present.

(3) This subsection is enacted by Congress as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House.

SEC. 1343. REDUCTION OF FOREIGN MILITARY INSTALLATIONS.

(a) Findings and purpose.—

(1) Findings.—Congress finds the following:

(A) A Jubilee provides an opportunity to reestablish relationships on a foundation of justice and mutual respect.

(B) The stationing of United States armed forces can contribute to collective security while also imposing significant effects on the communities in which military installations are located.

(C) Fellowship among nations requires the United States to respect the consent of communities directly and materially affected by the presence of the United States armed forces.

(2) Purpose.—As part of the Jubilee, the purpose of this section is to provide host nations and local communities a one-time opportunity to affirm or withdraw consent for the continued presence of the United States armed forces at existing foreign military installations.

(b) Definitions.—In this section:

(1) Close; closure.—The terms "close" and "closure", with respect to a foreign military installation, mean the termination of Department of Defense ownership, operation, control, permanent or standing access to, and regular use of the installation and the removal of United States armed forces from the installation, except for activities necessary to carry out a closure and transition plan under subsection (h).

(2) Eligible local participant.—The term "eligible local participant", with respect to a foreign military installation, means an adult citizen of the host nation who satisfies 1 or more of the following criteria:

(A) The individual is a resident of the local impact area.

(B) The individual owns or operates a business located within the installation or not more than 5 miles from the perimeter of the installation.

(C) The individual works at the installation and resides in the host nation.

(D) The individual has another direct and material connection to the installation, as determined by the Secretary of State.

(3) Foreign military installation.—The term "foreign military installation" means any fixed base, installation, site, facility, airfield, port facility, training range, logistics site, prepositioning site, or other real property site, including an overseas military location described in section 2687a(a)(3)(A) of title 10, United States Code, or a site identified in the Base Structure Report, the real property inventory of the Department of Defense, the Enduring Location Master List, or any successor inventory or report, that—

(A) is located outside the United States, its territories, or its possessions; and

(B) on the date of enactment of this Act, is owned, operated, controlled, or regularly used by the Department of Defense.

(4) Host nation.—The term "host nation" means the foreign country in which a foreign military installation is located.

(5) Independent survey.—The term "independent survey" means a survey of eligible local participants that—

(A) is conducted by a public-opinion research entity that has demonstrated experience conducting representative surveys in the host nation or a comparable setting and is independent of the Department of Defense and the government of the host nation;

(B) uses a representative sampling method designed to produce a reliable estimate of how eligible local participants would vote on the question described in paragraph (7)(A);

(C) is conducted in the local language or languages and protects the confidentiality of respondents;

(D) includes reasonable measures to protect respondents against intimidation, coercion, and reprisal; and

(E) publicly reports the methodology, sample size, results, margin of error, and confidence level, except for information withheld to protect respondents or classified information.

(6) Local impact area.—The term "local impact area" means—

(A) the area within 5 miles of the perimeter of a foreign military installation;

(B) any village, town, city, municipality, or comparable municipal jurisdiction any part of which is located not more than 15 miles from the perimeter of the installation; and

(C) any additional area that the Secretary of State determines is directly and materially affected by the operations of the installation.

(7) Local referendum.—The term "local referendum" means a referendum or plebiscite conducted in the local impact area that—

(A) asks substantially the following question: "Should the United States armed forces continue their military presence at this installation?";

(B) includes all eligible local participants in the franchise, to the greatest extent practicable;

(C) permits each eligible local participant to cast 1 ballot;

(D) uses secret ballots, to the greatest extent practicable;

(E) provides ballots in the local language or languages;

(F) is publicized for not less than 60 days before voting concludes;

(G) protects participants against intimidation, coercion, and reprisal;

(H) produces a publicly reported result; and

(I) is certified by the Secretary of State under subsection (f)(4).

(8) Unit of local government.—The term "unit of local government" means—

(A) a village, town, city, municipality, or comparable general-purpose municipal government that has a governing body elected by residents of its jurisdiction; or

(B) for an area not within the jurisdiction of a unit described in subparagraph (A), a county, district, or comparable general-purpose political subdivision that has a governing body elected by residents of its jurisdiction.

The term does not include the host nation or a State, province, region, or other first-order political subdivision of the host nation.

(c) Installations subject to closure.—The Secretary of Defense shall prepare for and carry out the closure of a foreign military installation if—

(1) the host nation publicly requests closure of the installation not later than May 1, 2027, in accordance with subsection (d);

(2) units of local government adopt resolutions opposing the continued presence of the United States armed forces at the installation in accordance with subsection (e), unless a local referendum completed under subsection (f) subsequently establishes majority support for the continued presence of the United States armed forces at the installation;

(3) a local referendum completed under subsection (f) fails to establish majority support for the continued presence of the United States armed forces at the installation; or

(4) no local referendum is completed by August 31, 2027, and—

(A) an independent survey completed under subsection (g) fails to establish majority support for the continued presence of the United States armed forces at the installation; or

(B) no independent survey is completed by October 30, 2027.

(d) Host nation requests for closure.—

(1) Request.—The condition described in subsection (c)(1) is satisfied if, not later than May 1, 2027, the host nation requests closure of the installation through a law, treaty, agreement, diplomatic note, or other official public act.

(2) Rescission.—The condition described in subsection (c)(1) is not satisfied if, not later than May 1, 2027, the host nation rescinds the request through a law, treaty, agreement, diplomatic note, or other official public act that, under the law of the host nation, has authority to rescind the act through which the request was made.

(e) Local government resolutions.—

(1) In general.—The condition described in subsection (c)(2) is satisfied if, before completion of a local referendum and not later than August 31, 2027—

(A) units of local government adopt resolutions opposing the continued presence of the United States armed forces at the installation; and

(B) the resident population represented by the adopting units, as calculated under paragraph (2), exceeds 50 percent of the resident population of the local impact area.

(2) Population represented.—For purposes of paragraph (1)—

(A) an adopting unit described in subsection (b)(8)(A) represents each resident of the local impact area who resides within its jurisdiction;

(B) an adopting unit described in subsection (b)(8)(B) represents each resident of the local impact area who resides within its jurisdiction and outside the jurisdiction of every unit described in subsection (b)(8)(A); and

(C) each resident shall be counted not more than once, regardless of the number of adopting units whose jurisdictions include the resident.

(f) Local referenda.—

(1) In general.—For each foreign military installation not subject to closure under subsection (c)(1), the Secretary of Defense and the Secretary of State shall take all practicable steps to organize and conduct a local referendum not later than August 31, 2027, including by affirmatively seeking the cooperation and approval of the host nation and appropriate local authorities.

(2) Advance designation.—Before the 60-day publicization period required under subsection (b)(7)(F) begins, the Secretary of State shall fix and publicly identify the local impact area and the criteria used to identify eligible local participants for the referendum.

(3) Majority defined.—A local referendum establishes majority support for the continued presence of the United States armed forces only if more than 50 percent of the ballots cast are in favor of the question described in subsection (b)(7)(A).

(4) Certification.—Not later than 3 days after voting concludes, the Secretary of State shall ensure that the result of the referendum is publicly reported. Not later than 10 days after the result is publicly reported, the Secretary of State shall—

(A) certify that the referendum satisfies subsection (b)(7); or

(B) issue and make publicly available a written determination identifying each requirement of subsection (b)(7) that was not satisfied and the factual basis for the determination.

(5) A referendum is completed for purposes of this section only upon certification under subparagraph (A). Upon such certification, the referendum shall be deemed to have been completed on the date voting concluded. For purposes of subsections (c)(4) and (g)(1), a referendum for which voting concluded not later than August 31, 2027, shall not be treated as uncompleted while the period for a certification decision under this paragraph remains open.

(g) Fallback independent surveys.—

(1) In general.—If no local referendum has been completed for a foreign military installation by August 31, 2027, and the installation is not subject to closure under subsection (c)(1) or (2), the Secretary of State may commission an independent survey to be completed not later than October 30, 2027.

(2) Survey population.—An independent survey shall use the local impact area and eligibility criteria fixed under subsection (f)(2). If no such designation was made, the Secretary of State shall fix the local impact area and eligibility criteria before survey fieldwork begins.

(3) Majority-support standard.—For purposes of subsection (c)(4)(A), an independent survey establishes majority support for the continued presence of the United States armed forces at the installation only if the estimated percentage of eligible local participants supporting continued presence exceeds 50 percent by more than the survey's reported margin of error, calculated at a 95-percent confidence level.

(4) Classified information.—An independent survey under paragraph (1) shall be designed to avoid disclosure of classified information. To the extent necessary, the survey may identify the installation by a general description of its location and operations sufficient to permit eligible local participants to express an informed opinion. The classified status of an installation does not excuse compliance with this subsection.

(h) Closure and transition plans.—

(1) Applicable closure determination date.—For purposes of this section, the applicable closure determination date for a foreign military installation is—

(A) for closure under subsection (c)(1), the date of the host nation request, unless the request is timely rescinded under subsection (d)(2);

(B) for closure under subsection (c)(2), August 31, 2027, if no local referendum is completed by that date;

(C) for closure under subsection (c)(3), the date on which the Secretary of State certifies the result of the local referendum under subsection (f)(4);

(D) for closure under subsection (c)(4)(A), the date on which the result of the independent survey is publicly reported; and

(E) for closure under subsection (c)(4)(B), October 30, 2027.

(2) In general.—Not later than 90 days after the applicable closure determination date for a foreign military installation, and in no event later than January 15, 2028, the Secretary of Defense, in consultation with the Secretary of State and the Secretary of Peacebuilding, shall submit to Congress a plan to close the installation.

(3) Contents.—For each foreign military installation included in a plan required under paragraph (2), the plan shall include—

(A) the schedule for closure and, as applicable, the return, transfer, disposition, termination of a lease, license, or access agreement, or other relinquishment of United States rights in land, facilities, or infrastructure;

(B) the estimated cost of closure and the estimated annual savings after closure;

(C) the diplomatic, administrative, legislative, and legal steps necessary to carry out the closure and the actions described in subparagraph (A), including steps required under a

treaty, status of forces agreement, lease, license, access agreement, or other international agreement;

(D) the treatment of residual value, improvements, personal property, and other property interests of the United States;

(E) the steps required to remediate environmental contamination, if any; and

(F) the steps required for worker transition and compliance with applicable severance, pension, and other employment obligations.

(4) Completion.—Except as provided in paragraph (5), each closure included in a plan required under paragraph (2) shall be completed not later than 1 year after the applicable closure determination date for the foreign military installation.

(5) Extension.—On a case-by-case basis, the President may extend the deadline under paragraph (4) for a foreign military installation for not more than 90 days, but in no case beyond January 15, 2029, if the President certifies to Congress that additional time is necessary to—

(A) protect members of the United States armed forces, civilian employees, contractors, or other persons during an orderly withdrawal from the installation;

(B) safely remove classified, sensitive, hazardous, or explosive material;

(C) comply with a binding international agreement or host nation legal requirement governing the disposition of land, facilities, infrastructure, or property interests; or

(D) complete environmental remediation or another action necessary to carry out the closure safely and lawfully.

(i) Limitation on funds.—

(1) In general.—Beginning on the date on which closure of a foreign military installation is required to be completed under subsection (h)(4) or (5), no funds appropriated or otherwise made available by any provision of law may be obligated or expended by any Federal department or agency to enable the Department of Defense or the United States armed forces to—

(A) own, operate, control, maintain permanent or standing access to, or regularly use the installation;

(B) station, assign, or deploy members of the United States armed forces at the installation; or

(C) directly or indirectly support an activity described in subparagraph (A) or (B).

(2) Closure activities.—The limitation under paragraph (1) does not apply to funds used solely for closure, removal of United States armed forces, cleanup, environmental remediation, worker transition, protection of persons during closure, or the return, transfer, disposition, termination of a lease, license, or access agreement, or other relinquishment of United States rights in land, facilities, infrastructure, or property.

(j) Relation to other law.—

(1) Closure requirement.—Notwithstanding any other provision of law, the Secretary of Defense shall carry out each closure required under this section.

(2) European installations.—Section 2828 of the Military Construction Authorization Act for Fiscal Year 2021 (division B of Public Law 116–283; 10 U.S.C. 2687a note) shall not apply to a closure required under this section.

(3) Property and settlement requirements.—Except to the extent directly inconsistent with the duty and deadline to complete a closure under this section, nothing in this section may be construed to alter the requirements of subsections (b) through (g) of section 2687a of title 10, United States Code, or another provision of law governing residual value, settlement review, environmental remediation, property disposition, payments-in-kind, or the treatment of nonappropriated-fund property.

(k) Reports.—

(1) Initial report.—Not later than July 1, 2027, the Secretary of Defense, the Secretary of State, and the Secretary of Peacebuilding shall jointly submit to Congress and make publicly available a report on implementation of this section.

(2) Subsequent reports.—Not less frequently than once every 6 months after submission of the report required under paragraph (1), and until each closure required under subsection (c) is complete, the Secretary of Defense, the Secretary of State, and the Secretary of Peacebuilding shall jointly submit to Congress and make publicly available an updated report on implementation of this section.

(3) Contents.—Each report required under this subsection shall include, as applicable—

(A) a list of foreign military installations for which local referenda were conducted;

(B) the certified results of each local referendum;

(C) a list of foreign military installations subject to closure under subsection (c)(2), including the local government resolutions and the resident population represented by the adopting units under subsection (e)(2);

(D) a list of foreign military installations for which independent surveys were conducted and, for each survey, the methodology, sample size, result, margin of error, confidence level, and whether the survey established majority support under subsection (g)(3);

(E) a list of foreign military installations for which no local referendum or independent survey was completed and the reason the determination was not completed;

(F) a list of foreign military installations subject to closure under subsection (c);

(G) the status of each closure, removal of United States armed forces, environmental remediation, and return, transfer, disposition, termination of a lease, license, or access agreement, or other relinquishment of United States rights in land, facilities, or infrastructure;

(H) the estimated closure costs and annual savings associated with each installation subject to closure; and

(I) recommendations for legislation or administrative action.

(4) Classified annex.—A report required under this subsection may include a classified annex, but the unclassified portion of the report shall include, to the maximum extent practicable, the information necessary for Congress and the public to evaluate compliance with this section.

SEC. 1344. SUNSET OF EXISTING AUTHORIZATIONS FOR USE OF MILITARY FORCE.

(a) Sunset.—Effective 180 days after the date of enactment of this Act, the following laws are repealed:

(1) The 2001 Authorization for Use of Military Force (Public Law 107–40; 50 U.S.C. 1541 note).

(2) The 1957 Authorization for Use of Military Force in the Middle East (Public Law 85–7; 71 Stat. 5; 22 U.S.C. 1961 et seq.).

(b) Rule of construction.—Nothing in this section may be construed to prohibit Congress from passing a new Authorization for Use of Military Force pursuant to the War Powers Resolution (50 U.S.C. 1541 et seq.).

SEC. 1345. WAR POWERS MODERNIZATION.

(a) Purpose and policy.—Section 2 of the War Powers Resolution (50 U.S.C. 1541) is amended—

(1) in subsection (b), by adding at the end the following: "Congress has the sole authority to authorize the obligation or expenditure of funds for the introduction or continued use of armed forces in hostilities or in situations in which imminent involvement in hostilities is clearly indicated by the circumstances. The temporary emergency authority provided by section 5(a) constitutes an exercise by Congress of that authority."; and

(2) in subsection (c), by striking paragraph (3) and inserting the following:

"(3) the temporary emergency authority provided by section 5(a).".

(b) Definitions.—The War Powers Resolution (50 U.S.C. 1541 et seq.) is amended by inserting after section 2 the following:

"Sec. 2A. Definitions.

"(a) Definitions.—For purposes of this joint resolution and section 1549 of title 50, United States Code:

"(1) Appropriate congressional committees.—The term 'appropriate congressional committees' means—

"(A) the Committee on Armed Services, the Committee on Appropriations, the Committee on Foreign Relations, and the Select Committee on Intelligence of the Senate, or any successor committee having substantially the same jurisdiction; and

"(B) the Committee on Armed Services, the Committee on Appropriations, the Committee on Foreign Affairs, and the Permanent Select Committee on Intelligence of the House of Representatives, or any successor committee having substantially the same jurisdiction.

"(2) Armed forces.—The term 'armed forces' has the meaning given the term in section 101(a)(4) of title 10.

"(3) Congressional defense committees.—The term 'congressional defense committees' has the meaning given the term in section 101(a)(16) of title 10.

"(4) Congressional foreign affairs committee.—The term 'congressional foreign affairs committee' means, with respect to a House of Congress, the Committee on Foreign Affairs of the House of Representatives or the Committee on Foreign Relations of the Senate, or any successor committee of that House having substantially the same jurisdiction.

"(5) Congressional leadership.—The term 'congressional leadership' means the Speaker and minority leader of the House of Representatives and the majority leader and minority leader of the Senate.

"(6) Consultation.—The term 'consultation' means a meaningful exchange, before or after the introduction of armed forces as required by this joint resolution, between the President and the congressional leadership and, to the greatest extent practicable, the chairs and ranking minority members of the congressional foreign affairs committees and congressional defense committees, which includes the legal basis, factual basis, mission objectives, estimated scope, anticipated duration, countries or geographic areas involved, and the nature of any planned or ongoing hostilities.

"(7) Reserved.

"(8) Hostilities.—The term 'hostilities' includes any use of lethal or potentially lethal force by or against armed forces, and any situation in which armed forces are actively coordinating, directing, participating in, or providing operational support for the use of such force by another state, group, or person.

"(9) Immediate self-defense.—The term 'immediate self-defense' means force used only to repel or prevent an imminent armed attack against armed forces, United States civilian personnel, or United States diplomatic personnel, and does not include retaliatory, punitive, deterrent, preemptive, or continuing offensive operations.

"(10) Introduction of armed forces.—The term 'introduction of armed forces' includes—

"(A) the assignment of members of the armed forces to command, coordinate, participate in the movement of, or accompany the regular or irregular military forces of any foreign country or government when such military forces are engaged, or there exists an imminent threat that such forces will become engaged, in hostilities; and

"(B) the provision of operational support for the use of force by such regular or irregular military forces.

"(11) Operational support for the use of force.—The term 'operational support for the use of force' includes selecting or identifying targets, providing tactical or operational intelligence for strikes or raids, command and control, mission planning, refueling aircraft conducting strikes, cyber operations integral to kinetic operations, and accompanying foreign forces that are engaged or are likely to become engaged in hostilities.

"(12) Safe and orderly withdrawal.—The term 'safe and orderly withdrawal' means actions strictly necessary to remove armed forces, United States civilian personnel, or United States diplomatic personnel from actual or imminent danger, including force protection, extraction, transportation, medical care, communications, intelligence, surveillance, and rescue directly incident to such removal.

"(13) Specific statutory authorization.—The term 'specific statutory authorization' means a provision of Federal law that—

"(A) expressly authorizes the introduction or continued use of armed forces in hostilities or in situations in which imminent involvement in hostilities is clearly indicated by the circumstances;

"(B) identifies, by name or objective limiting criteria, the foreign state, organization, alliance or coalition, person, or class of forces against which such authority may be used;

"(C) identifies the mission and military objectives authorized by the law and identifies the theater of operations by name, geographic description, or objective limiting criteria;

"(D) states that it is intended to constitute specific statutory authorization within the meaning of this joint resolution; and

"(E) terminates not later than 2 years after the date of enactment unless renewed by a subsequent provision of Federal law that satisfies this paragraph.

"(14) Substantially enlarge.—The term 'substantially enlarge' means, during any 30-day period, an increase in the overall number of armed forces equipped for combat in a foreign nation, including members present on temporary duty or rotational deployment, that equals or exceeds the lesser of—

"(A) 25 percent of the number present at the beginning of the period; or

"(B) 1,000 members of the armed forces.

"(15) Substantially related forces.—The term 'substantially related forces' means forces acting in coordination with, under the direction of, in material support of, or as a co-belligerent with a foreign state, organization, or person against whom hostilities were previously conducted.

"(16) Theater of operations.—The term 'theater of operations' means the foreign country, countries, airspace, waters, or other geographic area in which hostilities are occurring or from which hostilities are being launched or materially supported.

"(17) War powers measure.—The term 'war powers measure' means a bill or joint resolution—

"(A) the sole purpose of which is—

"(i) to declare war or provide specific statutory authorization;

"(ii) to extend by law the 60-day period under section 5(a); or

"(iii) to direct removal under section 5(d); and

"(B) that contains no provision not directly related to the declaration, authorization, extension, or removal described in subparagraph (A).

"(b) Rule of construction.—For purposes of this joint resolution, whether hostilities exist shall be determined based on the facts and circumstances and shall not depend solely on the characterization of such actions by the executive branch.".

(c) Consultation.—Section 3 of the War Powers Resolution (50 U.S.C. 1542) is amended to read as follows:

"Sec. 3. Consultation; condition of temporary emergency authority.

"(a) Prior consultation.—The President may exercise the temporary emergency authority provided by section 5(a) only after engaging in consultation with Congress in every possible instance before introducing armed forces into hostilities or into situations in which imminent involvement in hostilities is clearly indicated by the circumstances.

"(b) Consultation after emergency introduction.—If the President determines that circumstances do not permit consultation before such introduction, the President shall engage in consultation with Congress as soon as practicable after such introduction, but not later than 24 hours after such introduction.

"(c) Renewed consultation.—The President shall renew consultation before any material expansion in the scope, mission, geographic area, or expected duration of such introduction, including the use of force against an additional foreign state, organization, or person.

"(d) Continuing consultation.—After any such introduction, the President shall engage in regular consultation with Congress until armed forces are no longer engaged in the hostilities or have been removed from the situation.".

(d) Reporting requirement.—Section 4 of the War Powers Resolution (50 U.S.C. 1543) is amended to read as follows:

"Sec. 4. Reporting requirement.

"(a) Initial report.—In the absence of a declaration of war, the President shall, not later than 48 hours after introducing armed forces in any manner described in paragraph (1), (2), or (3), submit to Congress a written report that satisfies subsection (b):

"(1) Introduction into hostilities or into situations in which imminent involvement in hostilities is clearly indicated by the circumstances.

"(2) Introduction into the territory, airspace, or waters of a foreign nation while equipped for combat, except for deployments that relate solely to the supply, replacement, repair, or training of such forces.

"(3) Introduction in numbers that substantially enlarge armed forces equipped for combat already located in a foreign nation.

"(b) Contents of initial report.—Each report required by subsection (a) shall—

"(1) be transmitted on the same calendar day to the Speaker of the House of Representatives and the President pro tempore of the Senate;

"(2) be referred to the appropriate congressional committees; and

"(3) set forth—

"(A) the circumstances necessitating the introduction of armed forces;

"(B) the constitutional and statutory authority under which the introduction took place, including whether the President is acting pursuant to section 5(a);

"(C) the foreign state, organization, or person against which force has been used, is being used, or is reasonably anticipated to be used;

"(D) each country or geographic area in which such forces have been introduced or in which hostilities have occurred or are reasonably anticipated to occur;

"(E) the mission objectives and the nature of the hostilities or likely hostilities involved;

"(F) the estimated scope and duration of the hostilities or involvement;

"(G) whether consultation with Congress occurred before the introduction and, if not, the reasons prior consultation did not occur;

"(H) if, at the time the report is transmitted, Congress has adjourned sine die or for a period exceeding 3 calendar days, whether the President has exercised or intends to exercise the authority under Article II, Section 3 of the Constitution of the United States to convene both Houses and, if not, the reasons therefor; and

"(I) such other matters as are necessary to inform Congress of the factual and legal basis, scope, and anticipated consequences of the introduction, including any information then available concerning amounts obligated or expended and any reasonably available estimate of amounts expected to be obligated or expended during the period of temporary emergency authority.

"(c) Additional information.—The President shall provide such other information as Congress may request in the fulfillment of its constitutional responsibilities with respect to war, the use of armed forces abroad, and the authorization of appropriations.

"(d) Periodic reports.—

"(1) Hostilities and imminent hostilities.—Whenever armed forces are introduced into hostilities or into a situation described in subsection (a)(1), the President shall, for so long as

such forces remain engaged in such hostilities or situation, submit to Congress periodic reports on the status, scope, duration, and legal and factual basis of such hostilities or situation, including any funds obligated or expended, but in no event less often than once every 30 days.

"(2) Other deployments.—Whenever armed forces are introduced in a manner described in paragraph (2) or (3) of subsection (a), but are not engaged in hostilities or in a situation described in subsection (a)(1), the President shall, for so long as such forces remain so deployed, submit to Congress the information described in paragraph (1), but in no event less often than once every 180 days.

"(e) Supplemental reports on material changes.—

"(1) In general.—Not later than 48 hours after any material expansion in the scope, mission, geographic area, expected duration, or additional foreign state, organization, or person involved in hostilities or likely hostilities, the President shall submit a supplemental report containing the information required under subsection (b), as updated to reflect such change.

"(2) Separate introduction.—If a material expansion independently constitutes an introduction described in subsection (a)(1), including an introduction into hostilities against an additional foreign state, organization, or person, the President shall submit a new initial report under subsection (a). If the President claims that a separate period applies, the report shall state that claim and set forth the facts supporting the conclusion that the later hostilities are distinct. Subject to section 8(d), the separate introduction shall be subject to a separate 60-day period under section 5(a).

"(3) Existing periods unaffected.—A supplemental report under paragraph (1) does not extend or restart any period under section 5. A separate period arising under paragraph (2) does not extend or restart the period applicable to any hostilities previously reported.

"(f) Incident reports.—

"(1) In general.—Not later than 48 hours after any incident in which armed forces are involved in an attack or hostilities, whether in an offensive or defensive capacity, the President shall submit to the congressional defense committees and the congressional foreign affairs committees a report on the incident, unless—

"(A) the President submits a report under subsection (a) or (e) within the same 48-hour period that includes the information required by paragraph (2); or

"(B) before the incident, the President determined in an annual report, semiannual update, or notice submitted under section 1549 of title 50, United States Code, that the armed forces involved would be operating pursuant to specific statutory authorization, the determination remained current at the time of the incident, and the incident falls within the scope of the authority and operations described in that report, update, or notice.

"(2) Contents.—Each report required by paragraph (1) shall include—

"(A) the authority or authorities under which armed forces were operating when the incident occurred;

"(B) the date, location, and duration of the incident and the other parties involved;

"(C) a description of the armed forces involved in the incident and the mission of those forces;

"(D) the number of combatant casualties and civilian casualties resulting from the incident; and

"(E) any other information the President determines appropriate.".

(e) Repeal of separate incident-reporting provision.—Section 1543a of title 50, United States Code, is repealed.

(f) Temporary emergency authority and congressional action.—Section 5 of the War Powers Resolution (50 U.S.C. 1544) is amended to read as follows:

"Sec. 5. Temporary emergency authority; congressional action.

"(a) Temporary emergency authority.—Subject to compliance with sections 3 and 4, the President may obligate or expend funds appropriated or otherwise made available under any law for the introduction or use of armed forces in hostilities, or in a situation in which imminent involvement in hostilities is clearly indicated by the circumstances, for a period not exceeding 60 calendar days beginning on the date on which a report concerning such introduction is submitted or required to be submitted under section 4(a)(1), whichever occurs first. After the expiration of that period, no funds appropriated or otherwise made available under any law may be obligated or expended for the continued use of such forces except as provided in subsections (b) and (c).

"(b) Exceptions to termination.—The prohibition in the second sentence of subsection (a) shall not apply if Congress—

"(1) has declared war or has enacted a specific statutory authorization for such use of armed forces;

"(2) has extended by law the 60-day period under subsection (a); or

"(3) is unable, as a direct result of an armed attack upon the United States, to convene or complete action on a measure described in paragraph (1) or (2), but only for so long as that inability continues.

"(c) Limited authority for withdrawal.—Before the expiration of the 60-day period under subsection (a), the President may certify to Congress in writing that unavoidable military necessity respecting the safety of armed forces, United States civilian personnel, or United States diplomatic personnel requires the continued use of such forces solely to carry out a safe and orderly withdrawal and immediate self-defense during such withdrawal. Upon submission of the certification, the authority under subsection (a) shall continue for an additional period not exceeding 30 calendar days. No funds appropriated or otherwise made available under any law may be obligated or expended during the additional 30-day period to initiate a new mission, materially expand the hostilities, or conduct retaliatory operations not necessary to the withdrawal or immediate self-defense.

"(d) Earlier removal by law.—At any time that armed forces are engaged in hostilities outside the territory of the United States, its possessions, and its territories without a declaration of war or specific statutory authorization, Congress may by law direct the removal of such forces.

"(e) Protection of personnel compensation and benefits.—Nothing in this section may be construed to prohibit the obligation or expenditure of funds for pay or benefits owed to members of the armed forces or their survivors, or for military funeral honors.".

(g) Congressional priority procedures.—Section 6 of the War Powers Resolution (50 U.S.C. 1545) is amended to read as follows:

"Sec. 6. Congressional priority procedures for war powers measures.

"(a) Introduction.—A war powers measure may be introduced in either House of Congress by any Member of that House.

"(b) Committee consideration.—

"(1) Referral.—A war powers measure introduced in either House shall be referred to the congressional foreign affairs committee of that House.

"(2) Report or discharge.—Not later than 7 calendar days after the first war powers measure addressing particular hostilities is referred to the committee, the committee shall report 1 war powers measure addressing those hostilities. If the committee has not reported such a measure by the end of that period, the committee shall be automatically discharged from further consideration of the first such measure.

"(3) Pending business.—Only the war powers measure reported or discharged under paragraph (2) shall become the pending business of that House and receive expedited consideration under this section.

"(4) Other measures.—Any other war powers measure addressing the same hostilities that was referred before the report or discharge under paragraph (2) shall remain referred to the committee under otherwise applicable rules. After that House has finally disposed of the measure described in paragraph (3), a war powers measure addressing the same hostilities referred thereafter shall be treated as the first such measure for purposes of paragraph (2).

"(c) Accelerated consideration near expiration.—

"(1) Recorded approval required.—If, on the date a war powers measure is introduced in a House, not more than 15 calendar days remain before the expiration of the 60-day period applicable to the hostilities addressed by the measure under section 5(a), or if, on the date a war powers measure passed by one House is received by the other House, not more than 8 calendar days remain before that expiration, the accelerated procedures under paragraph (2) shall apply in that House only upon adoption of a motion to apply such procedures. The motion shall be privileged, shall not be debatable, and shall be determined by the yeas and nays.

"(2) Accelerated procedures.—Upon adoption of a motion under paragraph (1)—

"(A) if the committee to which 1 or more war powers measures addressing the same hostilities are referred has not reported 1 such measure at the end of 48 hours after the first such measure is referred, the committee shall be automatically discharged from further consideration of the first such measure;

"(B) the measure reported or discharged under subparagraph (A) shall become the pending business of that House immediately;

"(C) debate shall be limited as provided in subsection (d)(2); and

"(D) the vote on passage shall be determined by the yeas and nays and shall occur immediately after the conclusion of debate.

"(3) Failure to approve accelerated consideration.—Failure to adopt a motion under paragraph (1) shall not prevent continued consideration of the war powers measure under the otherwise applicable procedures of this section.

"(4) Expiration during consideration.—Expiration of the applicable period under section 5(a) shall not terminate or suspend consideration of a war powers measure.

"(d) Floor consideration.—

"(1) Pending business.—A war powers measure that becomes the pending business of a House under subsection (b) or (c) shall be considered immediately. All points of order against the war powers measure and against consideration of the war powers measure are waived. Consideration of the measure shall not be subject to a motion to postpone or to proceed to the consideration of other business.

"(2) Debate.—Debate on a war powers measure and all amendments thereto shall be limited to 10 hours in each House, divided equally between proponents and opponents of the measure.

"(3) Amendments and motions.—Amendments to a war powers measure shall be in order, but each amendment shall be directly related to the declaration, authorization, extension, or removal addressed by the war powers measure. No motion to postpone or recommit a war powers measure shall be in order.

"(4) Vote.—Except as provided in subsection (c)(2)(D), a vote on passage of a war powers measure shall be determined by the yeas and nays and shall occur immediately after the conclusion of debate and not later than 3 calendar days after the measure becomes the pending business of that House. A motion to reconsider the vote on passage shall not be in order.

"(e) Consideration by other House.—A war powers measure passed by one House shall be referred to the congressional foreign affairs committee of the other House. The procedures and deadlines under subsections (b) through (d) shall apply in the other House beginning on the date the measure is received.

"(f) Disagreement between Houses.—If the Houses pass different versions of a war powers measure, conferees shall be appointed not later than 24 hours after passage of the second version. The committee of conference shall, not later than 48 hours after the conferees are appointed, file a conference report or report to the respective Houses in disagreement. A conference report filed under this subsection shall be considered under subsection (d), except that, notwithstanding any rule in either House concerning the printing of conference reports in the Congressional Record or concerning any delay in the consideration of such reports, each House shall vote on the conference report not later than 48 hours after the report is filed.

"(g) Veto message.—If the President vetoes a war powers measure, debate on the veto message shall be limited to 10 hours in each House, divided equally between proponents and opponents of overriding the veto, and a vote on overriding the veto shall occur not later than 3 calendar days after the veto message is received by that House.

"(h) Rules of the House of Representatives and Senate.—This section is enacted by Congress—

"(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a war powers measure and supersedes other rules only to the extent of any inconsistency with this section; and

"(2) with full recognition of the constitutional right of either House to change the rules, so far as relating to the procedure of that House, at any time, in the same manner and to the same extent as in the case of any other rule of that House.".

(h) Repeal of concurrent-resolution procedures.—Section 7 of the War Powers Resolution (50 U.S.C. 1546) is amended to read as follows:

"Sec. 7. Reserved.".

(i) Repeal of additional expedited procedures.—Section 1546a of title 50, United States Code, is repealed.

(j) Interpretation and rules of construction.—Section 8 of the War Powers Resolution (50 U.S.C. 1547) is amended to read as follows:

"Sec. 8. Interpretation and rules of construction.

"(a) Funding not authorization or ratification.—Except for the temporary emergency authority provided by section 5(a), neither the enactment or availability of any appropriation, authorization, transfer, reprogramming, or other funding provision nor the obligation or expenditure of funds under such a provision may be construed—

"(1) to constitute or imply specific statutory authorization for hostilities;

"(2) to ratify hostilities undertaken without a declaration of war or specific statutory authorization;

"(3) to extend or restart any period under section 5; or

"(4) to cure a failure to comply with this joint resolution.

"(b) Scope of declarations and authorizations.—

"(1) General rule.—No provision of law may be construed to authorize the introduction or continued use of armed forces in hostilities or in situations in which imminent involvement in hostilities is clearly indicated by the circumstances unless the provision is a declaration of war or constitutes specific statutory authorization within the meaning of this joint resolution.

"(2) Limits on construction.—No declaration of war, authorization for use of military force, specific statutory authorization, or other provision of law may be construed to—

"(A) authorize hostilities against a foreign state, organization, alliance or coalition, person, or class of forces not identified in such law by name or objective limiting criteria; or

"(B) in the case of any such law other than a declaration of war, authorize a mission, military objective, or theater of operations not identified in such law by name, geographic description, or objective limiting criteria.

"(c) International sources.—Authority to introduce or continue the use of armed forces in hostilities or in situations in which imminent involvement in hostilities is clearly indicated by the circumstances shall not be inferred from any treaty, international agreement, resolution of the United Nations Security Council, or other source of international law unless implemented by legislation constituting specific statutory authorization within the meaning of this joint resolution.

"(d) Continuity of hostilities; separate hostilities; anti-evasion.—

"(1) Totality of circumstances.—Whether a later introduction or use of armed forces constitutes part of the same hostilities as, or hostilities separate from, an earlier introduction or use shall be determined from the totality of the facts and circumstances. No single factor described in paragraph (2) or (3) is controlling.

"(2) Factors indicating the same hostilities.—Factors indicating that later operations are part of the same hostilities include whether the later operations—

"(A) pursue the same or substantially related military objectives;

"(B) are part of the same military campaign, armed conflict, or operational plan;

"(C) are conducted against the same foreign state, organization, alliance or coalition, person, or substantially related forces as part of the same armed conflict;

"(D) share command, logistics, intelligence, targeting, or operational support with the earlier hostilities;

"(E) were contemplated or reasonably foreseeable when the earlier hostilities began; or

"(F) advance, protect, sustain, or facilitate the earlier hostilities.

"(3) Factors indicating separate hostilities.—Factors indicating that later operations constitute separate hostilities include whether the later operations—

"(A) arise from a distinct armed attack or other separate emergency;

"(B) are conducted against a different adversary that is not acting in coordination with, under the direction of, in material support of, or as a co-belligerent with an adversary in the earlier hostilities;

"(C) pursue a substantially distinct military objective;

"(D) are independently planned, commanded, supplied, and conducted;

"(E) do not depend operationally on the earlier hostilities; or

"(F) are not a contemplated or reasonably foreseeable expansion of the earlier hostilities.

"(4) Changes insufficient.—A change in the name, legal characterization, stated mission, military objective, command structure, composition of forces, weapons, tactics, operational tempo, location, foreign country, theater of operations, political leadership, government, or identity of any person shall not, by itself, establish separate hostilities, including when the change results from the earlier hostilities.

"(5) Effect on periods.—Hostilities treated as part of the same hostilities under this subsection shall not create new temporary emergency authority or start, extend, or restart a period under section 5. Hostilities treated as separate under this subsection shall be subject to a separate 60-day period under section 5(a), and that separate period shall not extend or restart the period applicable to earlier hostilities.

"(6) Presidential characterization not controlling.—A statement or determination by the President that later hostilities are separate shall not be controlling.

"(e) Joint headquarters operations of high-level military commands.—Nothing in this joint resolution may be construed to require any further specific statutory authorization to permit members of the armed forces to participate jointly with members of the armed forces of 1 or more foreign countries in the headquarters operations of high-level military commands that were established before November 7, 1973, pursuant to the United Nations Charter or any treaty ratified by the United States before that date.

"(f) Constitutional authorities and treaties.—Nothing in this joint resolution is intended to alter the constitutional authority of Congress or the President or the legal effect of any treaty, except that no treaty shall itself constitute specific statutory authorization within the meaning of this joint resolution.

"(g) No additional presidential authority.—This joint resolution does not confer on the President any authority to introduce or continue the use of armed forces in hostilities or in situations in which imminent involvement in hostilities is clearly indicated by the circumstances, except for the temporary emergency authority provided by section 5(a).".

(k) Comprehensive reports and briefings on use of military force.—Section 1549 of title 50, United States Code, is amended to read as follows:

"Sec. 1549. Comprehensive reports and briefings on use of military force.

"(a) Annual comprehensive report.—

"(1) In general.—Not later than March 1 of each year, the President shall submit to the appropriate congressional committees a report setting forth the complete legal and policy frameworks for the use of military force and related national security operations that are in effect on the date of submission and describing operations conducted during the preceding calendar year.

"(2) Complete current framework.—The report required by paragraph (1) shall describe the entire current framework and shall not consist solely of changes made since a previous report.

"(b) Matters to be included.—The report required by subsection (a) shall include—

"(1) Authorities.—A list of each declaration of war, specific statutory authorization, exercise of temporary emergency authority under section 1544, or other constitutional authority under which the President claims that armed forces have been or may be introduced or used in hostilities, together with the legal, factual, and policy basis for each claim and the limits the executive branch considers applicable to that authority.

"(2) Adversaries and targeting criteria.—

"(A) a list of each foreign state, organization, alliance or coalition, person, or class of forces against which the executive branch considers force authorized or against which force was used during the reporting period;

"(B) the legal and factual basis for each determination described in subparagraph (A); and

"(C) the criteria used to determine whether a state, organization, alliance or coalition, person, or class of forces falls within an authority described in paragraph (1), including any criteria for determining membership, affiliation, co-belligerency, material support, or lawful targetability.

"(3) Geographic scope and operations.—A list of each country, geographic area, airspace, or waters in which operations were conducted or in which the executive branch considers operations authorized, including the circumstances necessitating the use of force, the mission and military objectives, the status and scope of operations, the anticipated duration, and whether the area has been designated as an area of active hostilities.

"(4) Threat assessments.—An intelligence assessment of the risk to the United States posed by each adversary identified under paragraph (2).

"(5) Partner forces.—A list of each partner force and country with respect to which armed forces commanded, coordinated, participated in the movement of, accompanied, trained, or provided operational support to regular or irregular forces that were engaged, or were likely to become engaged, in hostilities, including the authority claimed for such activity and the nature and extent of the United States role.

"(6) Coalition contributions.—A description of the actual and proposed contributions, including financing, equipment, intelligence, training, troops, and logistical support, provided by each foreign country participating in an international coalition with the United States in connection with operations described in the report.

"(7) Changes.—A description of each material change made since the preceding annual or semiannual report to any legal or policy framework, targetability criterion, operational scope, mission, adversary, partner-force relationship, or geographic area described in this subsection, together with the legal, factual, and policy justification for the change.

"(c) Semiannual update.—Not later than September 1 of each year, the President shall submit to the appropriate congressional committees an update describing each material change and each operation described in subsection (b) that commenced after submission of the annual report. If no such change occurred and no such operation commenced, the President shall submit a statement to that effect.

"(d) Notice of material changes.—Not later than 30 days after a material change is made to a legal or policy framework described in subsection (a), the President shall notify the appropriate congressional committees of the change and provide the legal, factual, and policy justification for the change.

"(e) Briefings.—At least once during each 180-day period, the President, acting through 1 or more appropriate senior officials of the executive branch, shall provide to the appropriate congressional committees a briefing on the matters required to be reported under this section.

"(f) Form and public availability.—Each report, update, and notice required by this section shall be submitted in unclassified form, but may contain a classified annex. The unclassified portion shall include, to the maximum extent practicable, the information required by this section and shall be made available to the public at the same time it is submitted to Congress.

"(g) Incorporation of other reports.—A report under this section may incorporate by reference information submitted under section 1543 or another provision of law, but the annual report required by subsection (a) shall remain a complete and comprehensible statement of the current framework and operations.".

(l) Conforming amendments.—

(1) Sinai early warning system.—

(A) Congressional termination.—The first section of the joint resolution entitled "Joint resolution to implement the United States proposal for the early-warning system in Sinai" (Public Law 94–110; 89 Stat. 572) is amended by striking "if the Congress by concurrent resolution determines" and inserting "if a joint resolution is enacted into law determining".

(B) Expedited procedures.—Section 2 of such joint resolution is amended to read as follows:

"Sec. 2. Expedited consideration.

"(a) In general.—A joint resolution introduced in either House of Congress, the sole purpose of which is to make a determination described in the first section and which contains no provision not directly related to that determination or the resulting removal of United States civilian personnel assigned to Sinai, shall be treated as a war powers measure for purposes of section 6 of the War Powers Resolution.

"(b) Application.—In applying section 6 of the War Powers Resolution to a joint resolution described in subsection (a)—

"(1) subsection (c) of such section shall not apply;

"(2) references in subsection (b) of such section to particular hostilities, those hostilities, or the same hostilities shall be treated as references to the grounds for removal addressed by the joint resolution; and

"(3) paragraph (3) of subsection (d) of such section shall be applied by substituting 'the determination or removal addressed by the joint resolution' for 'the declaration, authorization, extension, or removal addressed by the war powers measure'.".

(2) Support of special operations for irregular warfare.—Section 127d of title 10, United States Code, is amended—

(A) by striking "section 8(c) of the War Powers Resolution (50 U.S.C. 1547(c))" each place it appears and inserting "section 2A(a)(10) of the War Powers Resolution"; and

(B) by striking "section 5(b) of such Resolution (50 U.S.C. 1544(b))" and inserting "section 2A(a)(13) of such Resolution".

(3) Support of special operations to combat terrorism.—Section 127e(g)(2) of title 10, United States Code, is amended—

(A) by striking "section 8(c) of the War Powers Resolution (50 U.S.C. 1547(c))" and inserting "section 2A(a)(10) of the War Powers Resolution"; and

(B) by striking "section 5(b) of such Resolution (50 U.S.C. 1544(b))" and inserting "section 2A(a)(13) of such Resolution".

(4) Repeal of duplicative reporting provision.—Section 1550 of title 50, United States Code, is repealed.

(m) Transitional treatment of existing authorizations.—

(1) Continuation during transition.—During the period described in section 1344(a), each law identified in that subsection shall continue to have the same force, effect, and lawful scope that the law had immediately before the date of enactment, notwithstanding the amendments made by this section.

(2) Application of procedural requirements.—During the period described in paragraph (1), the consultation, reporting, congressional-notification, and congressional-procedure requirements of the War Powers Resolution, as amended by this section, shall apply to hostilities conducted under a law identified in section 1344(a).

(3) No expansion or renewal.—Nothing in this subsection may be construed to expand the scope of an authorization, authorize force against an additional state, organization, alliance or coalition, person, or class of forces, authorize operations in an additional theater of operations, or extend, renew, or restart an authorization or a period under the War Powers Resolution.

SEC. 1346. PROHIBITION ON FIRST-USE NUCLEAR STRIKES.

(a) Definition.—Section 2A(a) of the War Powers Resolution, as inserted by section 1345, is amended by striking paragraph (7) and inserting the following:

"(7) First-use nuclear strike.—The term 'first-use nuclear strike' means an attack using a nuclear weapon against an enemy conducted without prior joint confirmation to the President by the Secretary of Defense and the Chairman of the Joint Chiefs of Staff that the enemy has used a nuclear weapon against the United States, a territory or possession of the United States, or the armed forces.".

(b) No funding authority.—Section 7 of the War Powers Resolution, as amended by section 1345, is amended to read as follows:

"Sec. 7. No funding authority for first-use nuclear strikes.

"Funds appropriated or otherwise made available under any law may be obligated or expended to conduct a first-use nuclear strike only pursuant to a declaration of war enacted by Congress that expressly authorizes the strike.".

Subpart B—Restricting the Supply of Nuclear Weapons

SEC. 1351. PROHIBITION ON EXPLOSIVE NUCLEAR TESTING BY THE UNITED STATES.

(a) Statement of policy.—It is the policy of the United States—

(1) to seek the advice and consent of the Senate to ratification of the Comprehensive Nuclear-Test-Ban Treaty, adopted by the United Nations General Assembly on September 10, 1996 (in this section referred to as the "CTBT"), and, upon receiving such advice and consent, promptly deposit the instrument of ratification of the United States;

(2) to support the prompt entry into force and full implementation of the CTBT; and

(3) to encourage each other State listed in Annex 2 to the CTBT that has not signed or ratified the CTBT, or has withdrawn or revoked its ratification, to sign, ratify, or restore its ratification, as applicable.

(b) Prohibition on explosive nuclear testing.—Section 6121 of title 10, United States Code, is amended to read as follows:

"Sec. 6121. Prohibition on explosive nuclear testing.

"(a) Prohibition.—No nuclear weapon test explosion or any other nuclear explosion may be conducted by the United States. No department or agency of the United States, and no officer, employee, or contractor thereof acting under color of Federal authority, may make preparations for or maintain readiness to conduct any such explosion.

"(b) Limitation on availability of funds.—None of the funds authorized to be appropriated or otherwise made available for fiscal year 2027 or any fiscal year thereafter may be obligated or expended to conduct, make preparations for, or maintain readiness to conduct any nuclear weapon test explosion or any other nuclear explosion.

"(c) Rule of construction.—Nothing in this section may be construed to limit nuclear stockpile stewardship activities, including subcritical experiments, that are consistent with the zero-yield standard and other requirements of law.

"(d) Subcritical experiment defined.—In this section, the term 'subcritical experiment' means an experiment involving fissile material that is conducted under conditions that do not permit a self-sustaining, supercritical nuclear fission chain reaction.".

(c) Nuclear weapons stockpile plan.—Section 6114 of title 10, United States Code, is amended—

(1) in subsection (a), by striking "and nuclear test readiness" and inserting "and compliance with section 6121"; and

(2) in subsection (c), by amending paragraph (5) to read as follows:

"(5) With respect to compliance with section 6121—

"(A) a description of actions taken to eliminate capabilities maintained solely to conduct a nuclear weapon test explosion or any other nuclear explosion; and

"(B) an assessment of the stockpile stewardship capabilities necessary to maintain the safety, security, and reliability of the nuclear weapons stockpile without explosive nuclear testing.".

(d) Annual stockpile assessments.—Section 6117(e)(2) of title 10, United States Code, is amended to read as follows:

"(2) Such official's determination as to whether an issue identified in the assessments requires corrective action and, if so, identification of the stockpile stewardship, repair, refurbishment, retirement, dismantlement, or other action consistent with section 6121 that is necessary to resolve the issue.".

SEC. 1352. SMARTER APPROACH TO NUCLEAR EXPENDITURES.

(a) Limits on nuclear-capable delivery platforms.—Notwithstanding any other provision of law, no Federal funds may be obligated or expended to procure, acquire, or place into service—

(1) more than 6 Columbia-class ballistic missile submarines;

(2) more than 50 B-21 long-range penetrating bomber aircraft; or

(3) any F-35 aircraft capable of carrying a nuclear weapon.

(b) Reduction and consolidation of land-based intercontinental ballistic missile forces.—

(1) Force cap and single missile field.—Beginning on October 30, 2028, the intercontinental ballistic missile forces of the Air Force shall include not more than 150 intercontinental ballistic missiles confined to a single missile field.

(2) Designated missile field and deactivation of other missile fields.—Except as provided in paragraph (3), not later than October 30, 2028—

(A) the single missile field described in paragraph (1) shall consist of launch facilities assigned to the 341st Missile Wing at Malmstrom Air Force Base, Montana;

(B) no operational intercontinental ballistic missile or nuclear warhead may remain assigned to, deployed within, or maintained for operational use by the 90th Missile Wing at Francis E. Warren Air Force Base or the 91st Missile Wing at Minot Air Force Base; and

(C) each launch facility assigned to either wing, and each launch control center and other facility used principally to command, control, maintain, secure, or support the intercontinental ballistic missile mission of either wing, shall be permanently deactivated and rendered incapable of launching, commanding, controlling, maintaining, securing, or supporting an intercontinental ballistic missile.

(3) Alternative single missile field designated by Congress.—Congress may, by an Act enacted after the date of enactment of this Act, designate a different single missile field and make corresponding substitutions for the retained and deactivated missile fields identified in paragraph (2).

(4) Consolidation and disposition.—In carrying out paragraphs (1) and (2), the Secretary of Defense may relocate intercontinental ballistic missiles, nuclear warheads, and components among or from the missile fields identified in paragraph (2) as necessary to select the 150 intercontinental ballistic missiles and associated nuclear warheads to be retained at the single missile field. Each intercontinental ballistic missile not retained under paragraph (1) shall be retired and dismantled, demilitarized, or otherwise permanently rendered incapable of use as a nuclear delivery system. Each nuclear warhead removed from the intercontinental ballistic missile force to comply with paragraph (1) shall be retired and placed on a binding dismantlement schedule under section 1353(c)(3).

(c) Prohibition on nuclear missile and cruise-missile programs.—Notwithstanding any other provision of law, no Federal funds may be obligated or expended for the research, development, test, evaluation, production, procurement, deployment, sustainment, or life extension of—

(1) the LGM-35 Sentinel intercontinental ballistic missile (previously known as the ground-based strategic deterrent) or any other new intercontinental ballistic missile;

(2) the long-range stand-off weapon or any other new air-launched cruise missile; or

(3) a new submarine-launched cruise missile capable of carrying a low-yield or nonstrategic nuclear warhead.

(d) Prohibition on nuclear warheads, bombs, and life extension programs.—Notwithstanding any other provision of law, no Federal funds may be obligated or expended for the research, development, test, evaluation, production, procurement, deployment, sustainment, or life extension of—

(1) the W87-1 warhead or any other new nuclear warhead associated with an intercontinental ballistic missile;

(2) the W80-4 life extension program or any other nuclear warhead life extension program associated with a new air-launched cruise missile;

(3) the W93 warhead on a submarine-launched ballistic missile;

(4) the W76-2 warhead or any other low-yield or nonstrategic nuclear warhead; or

(5) the B83-1 bomb.

(e) Anti-evasion.—Notwithstanding any other provision of law, no Federal funds may be obligated or expended for any program, contract, transaction, or other arrangement that knowingly evades or attempts to evade this section, including by replacing, renaming, dividing, transferring, or otherwise carrying out an activity prohibited under subsection (a), (b), (c), or (d).

(f) Transfer of unobligated balances.—Unexpired unobligated balances made available for an activity prohibited under this section shall be identified and transferred in accordance with section 1353(f).

(g) Rule of construction.—Nothing in this section may be construed to prohibit the orderly termination of an activity prohibited under this section, including the payment of legally required termination costs, or activities necessary to safely deactivate, secure, dismantle, or dispose of a nuclear weapon, delivery system, facility, or component or otherwise carry out section 1353, if such activities do not continue or expand the prohibited activity.

SEC. 1353. NUCLEAR PRODUCTION AND STOCKPILE REDUCTION.

(a) Definitions.—In this section:

(1) Deployed nuclear warhead.—The term "deployed nuclear warhead" means a nuclear warhead that meets 1 or more of the following conditions:

(A) The warhead is mounted on or loaded on a nuclear-capable delivery system.

(B) The warhead is located outside the 50 States and the District of Columbia.

(C) The warhead is assigned to, stored for, or otherwise maintained for use by a military unit equipped with an operational nuclear-capable delivery system.

(2) Military capability increase.—The term "military capability increase" means an improvement or expansion of the operational capabilities of a nuclear warhead or nuclear delivery system, and does not include a change made solely to improve safety, security, reliability, or use control.

(3) New nuclear delivery system.—The term "new nuclear delivery system" means a nuclear-capable delivery system not in operational service on the date of enactment of this Act, including a replacement, modification, or redesign of an existing system that materially changes its operational capabilities.

(4) New nuclear warhead type.—The term "new nuclear warhead type" means a nuclear warhead type not in the nuclear weapons stockpile on the date of enactment of this Act, including a replacement, modification, or redesign of an existing warhead type that materially changes its operational capabilities.

(5) Nuclear weapons stockpile.—The term "nuclear weapons stockpile" means the active and inactive nuclear weapons stockpile of the United States, excluding a retired nuclear warhead that satisfies the requirements of subsection (c)(3).

(b) Deployed nuclear warhead reduction.—

(1) Beginning on October 30, 2028, the United States shall maintain not more than 1,300 deployed nuclear warheads.

(2) Beginning on October 30, 2030, the United States shall maintain not more than 999 deployed nuclear warheads.

(c) Nuclear weapons stockpile reduction.—

(1) Beginning on October 30, 2028, the number of nuclear warheads in the nuclear weapons stockpile of the United States shall not exceed 70 percent of the number of nuclear warheads in the nuclear weapons stockpile on the date of enactment of this Act.

(2) Beginning on October 30, 2031, the number of nuclear warheads in the nuclear weapons stockpile of the United States shall not exceed 40 percent of the number of nuclear warheads in the nuclear weapons stockpile on the date of enactment of this Act.

(3) Exclusion for retired warheads.—A retired nuclear warhead is excluded from the nuclear weapons stockpile only if the warhead has been—

(A) removed from any operational assignment; and

(B) placed on a binding dismantlement schedule administered by the National Nuclear Security Administration through the Weapons Dismantlement and Disposition program.

(d) Prohibition on new nuclear weapons programs.—

(1) No Federal funds may be obligated or expended for the development, production, procurement, deployment, or life extension of—

(A) a new nuclear warhead type;

(B) a new nuclear delivery system;

(C) a nuclear weapons component for a new nuclear warhead type or new nuclear delivery system; or

(D) a life extension program that results in a military capability increase.

(2) Paragraph (1) does not apply to an activity necessary to maintain the safety, security, reliability, or use control of an existing nuclear warhead or nuclear delivery system, or to dismantle or dispose of a nuclear warhead or component, if the activity does not result in a military capability increase.

(3) Paragraph (1) does not apply to activities relating to Columbia-class ballistic missile submarines or B-21 long-range penetrating bomber aircraft to the extent such activities are consistent with subsection (a) of section 1352.

(e) Plutonium pit capability and manufacturing infrastructure.—

(1) Plutonium pit capability.—Section 6128 of title 10, United States Code, is amended to read as follows:

"Sec. 6128. Plutonium pit capability.

"(a) Requirement.—Consistent with statutory requirements for nuclear weapons stockpile reduction, the Secretary of Energy shall ensure that the nuclear security enterprise maintains only such plutonium pit inspection, testing, certification, reacceptance, reuse, refurbishment, requalification, disassembly, and disposition capability as is necessary for safety, security, stockpile surveillance, dismantlement, verification, and compliance with law.

"(b) Prohibition on new fabrication.—No Federal funds may be obligated or expended to fabricate any new war reserve plutonium pit.

"(c) Savannah River Site.—No Federal funds may be obligated or expended to establish, construct, operate, or support plutonium pit production at the Savannah River Plutonium Processing Facility at the Savannah River Site, Aiken, South Carolina.

"(d) Los Alamos National Laboratory.—Nothing in this section may be construed to prohibit the inspection, testing, certification, reacceptance, reuse, refurbishment, or requalification at Los Alamos National Laboratory of a plutonium pit.

"(e) Rule of construction.—Nothing in this section may be construed to prohibit activities necessary for dismantlement, waste disposition, environmental remediation, worker safety, nuclear material security, or compliance with statutory nuclear weapons stockpile reduction requirements.".

(2) Manufacturing infrastructure.—Section 6122 of title 10, United States Code, is amended—

(A) in subsection (a)(1)(C), by striking "To fabricate and certify new nuclear warheads, as necessary" and inserting "To dismantle and dispose of retired nuclear warheads and components"; and

(B) in subsection (b)(4), by striking "The fissile material component processing and fabrication capabilities of the Savannah River Plutonium Processing Facility and the Los Alamos National Laboratory" and inserting "The plutonium pit capabilities authorized under section 6128".

(3) Workforce development and training.—Section 6130(c)(2) of title 10, United States Code, is amended by striking "to support plutonium pit production at a covered facility" and inserting "to support a capability authorized under section 6128 at a covered facility".

(f) Transfer of funds.—

(1) Identification.—Not later than 90 days after the date of enactment of this Act, the Secretary of Energy, in consultation with the Secretary of Defense and the Director of the Office of Management and Budget, shall identify unexpired unobligated balances made available for activities prohibited under section 1352 or subsection (d), or rendered unnecessary by the amendments made by subsection (e).

(2) Dismantlement transfer.—Not later than 30 days after the identification required under paragraph (1), the Director of the Office of Management and Budget shall transfer the lesser of $1,000,000,000 or the total amount of the balances identified under paragraph (1) to the Weapons Dismantlement and Disposition program of the National Nuclear Security Administration.

(3) Availability and use.—Amounts transferred under paragraph (2) shall remain available until expended for dismantlement, retired component disposition, waste disposition, verification, environmental remediation, safety analysis, and workforce transition, and may not be used to support an activity prohibited under section 1352 or subsection (d), or inconsistent with the amendments made by subsection (e).

(4) Peace dividend.—After making the transfer required under paragraph (2), the Director of the Office of Management and Budget shall transfer any remaining balances identified under paragraph (1) to the BREAD Fund established under section 10808 of title 22, United States Code, to remain available until expended.

(5) Report.—Not later than 30 days after each transfer under paragraph (2) or (4), the Director of the Office of Management and Budget shall submit to Congress a report identifying the source account, amount transferred, destination account, and planned use of the transferred funds.

(g) Implementation schedule.—

(1) Not later than 180 days after the date of enactment of this Act, the Secretary of Energy, acting through the Administrator for Nuclear Security and in consultation with the Secretary of Defense and the Secretary of Peacebuilding, shall submit to Congress a schedule for achieving the reductions required under this section.

(2) The schedule required under paragraph (1) shall include—

(A) the baseline number of deployed nuclear warheads and nuclear warheads in the nuclear weapons stockpile on the date of enactment of this Act;

(B) annual deployed nuclear warhead reduction targets;

(C) annual nuclear weapons stockpile reduction targets;

(D) annual dismantlement targets;

(E) the capacity and resources required for dismantlement, retired component disposition, waste disposition, verification, environmental remediation, safety analysis, and workforce transition;

(F) any statutory, administrative, logistical, workforce, environmental, or security barriers to timely implementation; and

(G) recommendations for additional legislation necessary to carry out this section.

(3) The schedule required under paragraph (1) shall be submitted in unclassified form, but may include a classified annex.

(h) Nuclear Weapons Council.—Section 179 of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) by striking "the Department of Defense and the Department of Energy" each place it appears and inserting "the Department of Defense, the Department of Energy, and the Department of Peacebuilding"; and

(B) by striking "nuclear deterrence related activities" and inserting "nuclear weapons stockpile reduction, dismantlement, safety, security, and stewardship activities";

(2) in subsection (a), by adding after paragraph (6) the following new paragraph:

"(7) The Assistant Secretary for Arms Control and Disarmament of the Department of Peacebuilding.";

(3) in subsection (d)(1)—

(A) by striking "nuclear deterrence activities" and inserting "nuclear activities"; and

(B) by striking "the deterrence posture" and inserting "the nuclear weapons posture";

(4) in subsection (d)(3), by striking "Developing nuclear weapons stockpiles options and the costs of such options and alternatives" and inserting "Developing nuclear weapons stockpile reduction, dismantlement, safety, security, and stewardship options and the costs of such options and alternatives";

(5) in subsection (d)(5), by striking "nuclear weapons production" and inserting "nuclear weapons stockpile reduction, dismantlement, safety, security, and stewardship";

(6) in subsection (d)(6), by striking "for existing weapons and for proposed new weapon program starts" and inserting "for existing weapons and for activities necessary to meet statutory nuclear weapons stockpile reduction and dismantlement requirements";

(7) in subsection (d)(7), by striking "Overseeing the approval of design, performance, and cost tradeoffs for all proposed new nuclear weapons programs" and inserting "Overseeing design, performance, and cost tradeoffs for nuclear weapons stockpile reduction, dismantlement, safety, security, and stewardship activities";

(8) in subsection (d)(8)(B), by striking "including production, surveillance, research, construction," and inserting "including stockpile reduction, dismantlement, production, surveillance, research,";

(9) in subsection (d)(9), by striking "study, development, production, and retirement of nuclear warheads and weapon systems, including concept definition studies, feasibility studies, engineering development, hardware component fabrication, warhead and weapon system production, and warhead retirement" and inserting "study, surveillance, safety, security, stewardship, dismantlement, and retirement of nuclear warheads and weapon systems, including activities necessary for compliance with statutory nuclear weapons stockpile reduction requirements";

(10) in subsection (f)(1), by striking "requirements relating to nuclear weapons and related weapon systems supporting nuclear deterrence missions" and inserting "requirements relating to nuclear weapons stockpile reduction, dismantlement, safety, security, and stewardship";

(11) in subsection (f)(2)(B)(i)—

(A) by striking "the objectives of the Department of Defense with respect to nuclear weapons" and inserting "statutory nuclear weapons stockpile reduction, dismantlement, safety, security, and stewardship requirements"; and

(B) by striking "those objectives" and inserting "those requirements";

(12) in subsection (f)(2)(B)(ii), by striking "the objectives described in clause (i)" and inserting "the requirements described in clause (i)";

(13) in subsection (f)(3)(B)(ii)—

(A) in subclause (I)—

(i) by striking "the requirements to produce war reserve plutonium pits under section 4219(a) of such Act (50 U.S.C. 2538a(a))" and inserting "the requirements relating to plutonium pit capability under section 6128 of this title"; and

(ii) by striking "and" at the end;

(B) by redesignating subclause (II) as subclause (III); and

(C) by inserting after subclause (I) the following:

"(II) the requirements relating to nuclear weapons stockpile reduction and dismantlement; and";

(14) in subsection (f)(3)(C), by striking "the requirements to produce war reserve plutonium pits under section 6218" and inserting "the requirements relating to plutonium pit capability under section 6128 of this title";

(15) in subsection (f)(5)(A)(i), by striking "nuclear stockpile and stockpile stewardship program requirements" and inserting "nuclear stockpile reduction, dismantlement, and stewardship program requirements"; and

(16) in subsection (f)(6), by striking "section 231(f)" and inserting "section 231(h)".

PART III—HOLDING AND PROMOTION OF PEACE CONGRESSES

SEC. 1361. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Alfred Nobel's will identified "the holding and promotion of peace congresses" as an essential component of striving toward peace.

(2) As Dr. Martin Luther King Jr. observed, "Peace is not merely the absence of tension, but it is the presence of justice." Durable peace depends on institutions, relationships, and material conditions that enable people and nations to resolve disputes without violence and live with dignity, security, and democratic self-government, rather than on military force or coercion alone.

(3) People and communities directly affected by a conflict, injustice, shared threat, or other matter addressed by a peace congress possess knowledge, experience, and a stake in the

outcome that are indispensable to legitimate, practical, and durable peace, and should have meaningful opportunities to participate in the processes through which peace is pursued.

(4) Peace processes should be capable of addressing immediate violence and the underlying conditions that sustain or renew it, including economic injustice, sovereign debt distress, predatory lending, and the concentration or exploitation of political and economic power.

(5) Peace congresses can also provide forums for arms-control negotiations, disarmament summits, sovereign-debt relief, responsible lending, and other forms of international cooperation that reduce shared dangers and prevent future conflict.

(6) The United States advances its own security and the security of others by supporting peace congresses that are locally rooted, meaningfully inclusive, sustained beyond a single meeting, and designed to supplement rather than displace existing peace efforts.

(7) A Department of Peacebuilding can provide the expertise, continuity, coordination, and public accountability necessary to make the holding and promotion of peace congresses an enduring responsibility of the Federal Government.

(b) Purpose.—The purposes of this part are—

(1) to establish durable civilian capacity within the Federal Government to convene, support, and promote peace congresses and continuing dialogue and cooperation to prevent, de-escalate, resolve, and repair conflict and address shared international problems through peaceful means; and

(2) to carry out the principle expressed in Alfred Nobel's will concerning the holding and promotion of peace congresses.

SEC. 1362. PEACE CONGRESSES FOR CONFLICT PREVENTION AND STABILIZATION.

(a) Establishment.—The Secretary of Peacebuilding, in consultation with the Secretary of State, may convene peace congresses for a foreign country or region, or for an international or transnational conflict or substantial risk of such a conflict, for the purpose of supporting nonviolent dispute resolution, promoting humanitarian access, protecting people and communities, and cultivating locally rooted processes for peace and stabilization.

(b) Administration.—

(1) Lead officer.—The Assistant Secretary for International Peacebuilding and Human Security shall serve as the lead officer of the Department of Peacebuilding for purposes of this section.

(2) Consultation.—In carrying out this section, the Secretary of Peacebuilding shall consult, as appropriate, with—

(A) the Secretary of State;

(B) the Secretary of the Treasury;

(C) the Attorney General;

(D) the Secretary of Homeland Security;

(E) the Assistant Secretary for Civic Dignity and Economic Security;

(F) the Assistant Secretary for Technology, Media, and Democratic Resilience;

(G) the Assistant Secretary for Peace Education, Training, and Research;

(H) the Federal Interagency Committee on Peace established under section 1315(b);

(I) regional organizations, international organizations, and multilateral institutions;

(J) national, regional, and local governments willing to participate peacefully;

(K) civil society institutions and community organizations in affected areas; and

(L) other stakeholders directly affected by the relevant conflict or risk of conflict that are willing to participate peacefully.

(3) Diplomatic coordination.—In convening and administering a peace congress, the Secretary of Peacebuilding shall coordinate with the Secretary of State regarding United States diplomatic relations, treaty obligations, recognition questions, sanctions administered by the United States, and entry into the United States.

(4) Chief of mission coordination.—If a peace congress or related activity under this section is conducted in a foreign country, the Secretary of Peacebuilding shall coordinate with the chief of mission for that country in accordance with section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927).

(5) Preservation of diplomatic authority.—Nothing in this section may be construed to limit the authority of the Secretary of State to conduct diplomacy or the authority of a chief of mission under section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927).

(c) Triggering conditions and responses.—

(1) Conditions.—The Secretary of Peacebuilding may convene a peace congress under this section if the Secretary determines that 1 or more of the following conditions exist:

(A) Violent conflict is ongoing, recently concluded, likely to recur, or substantially threatened, or an opportunity exists to prevent, de-escalate, resolve, or stabilize such a conflict, including through a ceasefire, peace agreement, political transition, humanitarian access agreement, or local stabilization process.

(B) Economic injustice, including labor exploitation, severe unemployment, predatory debt, corruption, resource extraction, concentration of economic power, or deprivation of essential services, is contributing to conflict, displacement, instability, or violence.

(C) Disinformation, propaganda, incitement, or media or technology systems are increasing the risk of violence or undermining peaceful dispute resolution.

(D) A regional or international organization, foreign or local government, civic institution, group of affected communities, or committee of Congress with jurisdiction over the relevant matter submits a written request for assistance in convening or evaluating a peace congress.

(2) Response to requests.—Not later than 60 days after receiving a written request described in paragraph (1)(D), the Secretary of Peacebuilding shall provide the requesting entity a written response stating whether the Secretary intends to convene or further evaluate a peace congress and briefly stating the reasons for the determination. The Secretary may provide a classified or confidential annex if necessary to protect diplomatic negotiations or the safety of any person.

(3) Congressional direction.—Congress may direct by law that the Secretary convene a peace congress under this section. The Secretary shall convene the congress in accordance with that law.

(d) Participants.—

(1) In general.—The Secretary of Peacebuilding shall take reasonable steps to ensure meaningful participation by people and communities directly affected by the conflict or risk of conflict and may invite any government, organization, movement, belligerent, institution, community, or person that is willing to participate peacefully and either is directly involved in or affected by the conflict or risk of conflict or has a direct interest in its peaceful resolution.

(2) Participation standards.—The Secretary of Peacebuilding may establish reasonable participation standards to ensure that a peace congress is conducted in a manner consistent with the principles and practice of nonviolence, the protection of people and communities, humanitarian principles, and the safety of participants.

(3) Rule of construction.—Participation in a peace congress—

(A) does not constitute diplomatic recognition of a government, organization, movement, or person;

(B) does not alter the legal status of a participant or remove, suspend, or otherwise affect a sanction, designation, or other restriction applicable to the participant, except to the extent expressly authorized under subsection (h);

(C) does not constitute endorsement by the United States of a participant or of conduct by the participant;

(D) does not confer immunity from criminal or civil liability, arrest, detention, extradition, or other lawful process;

(E) does not create an entitlement to participate in a peace congress or to enter or remain in the United States; and

(F) does not limit, supersede, or otherwise affect the restrictions under section 1337.

(e) Preparation.—Before convening a peace congress, the Secretary of Peacebuilding shall take reasonable steps to protect participants, preserve appropriate confidentiality, ensure lawful

participation, and determine whether a peace and stability partnership under section 1326 may be appropriate.

(f) Peace and stabilization outcomes.—

(1) Agenda.—A peace congress convened under this section shall seek to develop a written peace and stabilization agenda containing 1 or more of the following provisions:

(A) recommendations for ceasefires, de-escalation, mediation, nonviolent political settlement, local reconciliation, and peaceful dispute resolution;

(B) recommendations to secure humanitarian access to people in need, protect people and communities, reunify families, support the safe return or resettlement of displaced people, and safeguard essential civilian systems;

(C) recommendations for truth and reconciliation committees, local justice mechanisms, transitional justice, restorative justice, reparative processes, and accountability for severe abuses;

(D) recommendations for disarmament, demobilization, reintegration, unarmed civilian peacekeeping, community safety, and reduction of the destabilizing influence of armed groups;

(E) recommendations for monitoring, verification, sequencing, protection against retaliation, continued dialogue, and benchmarks for compliance; and

(F) recommendations for the establishment of a peace and stability partnership under section 1326.

(2) Forms of outcome.—The outcome of a peace congress may include an agreed, interim, partial, or nonconsensus agenda, agreements among some participants, a statement of areas of agreement and disagreement, or a report of a mediator or facilitator.

(3) Local agency.—A recommendation under this subsection shall preserve the agency of participating partners and may not condition further assistance on adoption of a political, constitutional, monetary, financial, industrial, or economic model designed by the United States.

(4) Legal effect.—An agenda, agreement, statement, recommendation, or report developed under this subsection is not binding on the United States or any participant unless adopted or carried out under independent legal authority.

(g) Assistance for peace congresses.—

(1) Authorized assistance.—The Secretary of Peacebuilding, in consultation with the Secretary of State, may provide technical assistance, mediation, research, translation, interpretation, accessibility, facilitation, logistical, and planning assistance necessary to convene a peace congress, facilitate participation, and develop an outcome under subsection (f).

(2) No separate authority for further assistance.—This section does not authorize assistance to carry out a recommendation, agreement, agenda, or other outcome of a peace

congress. Any such assistance may be provided only under section 1326 or another provision of law.

(3) Method of furnishing assistance.—To the greatest extent practicable, assistance under paragraph (1) that is provided to facilitate participation shall be furnished in kind or paid directly to a vendor. A reimbursement or controlled per diem may be provided only for a documented, reasonable, and necessary expense and may not be provided as unrestricted financial support.

(h) Lawful participation by sanctioned, designated, or inadmissible persons.—

(1) Peacebuilding determination.—The Secretary of Peacebuilding may determine in writing that the participation of a person, including a person subject to a sanction administered by the United States, affiliated with or acting on behalf of an organization designated under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189), or inadmissible under section 212(a) of such Act (8 U.S.C. 1182(a)), is reasonably necessary or materially useful to a peace congress and consistent with the purposes and safeguards of this section.

(2) Sanctions licenses.—Upon a determination under paragraph (1), and after consultation with the Secretary of State, the Secretary of the Treasury shall issue or amend such general or specific licenses under sanctions authorities administered by the Department of the Treasury as are necessary to authorize transactions ordinarily incident and necessary to participation in the peace congress. A license under this paragraph shall be limited to the congress and period identified in the determination and shall include reasonable recordkeeping, reporting, and anti-diversion safeguards.

(3) Material-support exception.—Section 2339B(j) of title 18, United States Code, is amended to read as follows:

"(j) Exceptions.—

"(1) Existing approval authority.—No person may be prosecuted under this section in connection with the term 'personnel', 'training', or 'expert advice or assistance' if the provision of that material support or resources to a foreign terrorist organization was approved by the Secretary of State with the concurrence of the Attorney General.

"(2) Peace congresses.—No person may be prosecuted under this section for providing material support or resources to a foreign terrorist organization if—

"(A) the material support or resources are provided solely to convene a peace congress under section 1362 of the POPULIST Act, facilitate participation in the congress, or develop a peace and stabilization agenda or other outcome under such section;

"(B) the provision is approved in writing by the Secretary of Peacebuilding with the concurrence of the Attorney General and after consultation with the Secretary of State;

"(C) the approval identifies the recipient, the material support or resources authorized, the safeguards imposed, and the duration of the approval; and

"(D) the provision complies with subsections (g) and (h) of such section 1362.

"(3) Prohibited approvals.—Neither the Secretary of State under paragraph (1) nor the Secretary of Peacebuilding under paragraph (2) may approve the provision of any material support that may be used to carry out terrorist activity (as defined in section 212(a)(3)(B)(iii) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)(iii))).

"(4) Scope.—An approval under paragraph (2) does not—

"(A) alter the designation or legal status of a foreign terrorist organization or any person;

"(B) provide immunity for conduct outside the scope of the approval; or

"(C) bar prosecution of a person who knowingly facilitates terrorist activity.".

(4) Consideration for temporary parole.—Section 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)) is amended by adding at the end the following:

"(D) Peace congresses.—Upon a written request from the Secretary of Peacebuilding identifying an alien whose temporary presence in the United States is reasonably necessary or materially useful to a peace congress under section 1362 of the POPULIST Act, the Secretary of Homeland Security shall expeditiously consider, on a case-by-case basis, whether parole under subparagraph (A), solely to participate in the congress and related travel, would constitute a significant public benefit. The request shall identify the proposed duration and any recommended conditions of parole. Nothing in this subparagraph creates an entitlement to parole, limits the discretion of the Secretary of Homeland Security under subparagraph (A), alters a ground of inadmissibility, or causes parole to be regarded as an admission.".

(5) Conditions, suspension, and revocation.—

(A) A determination, license, approval, or grant of parole under this subsection or an amendment made by this subsection shall be limited to the person, congress, activities, and period identified.

(B) An official exercising authority under this subsection or an amendment made by this subsection may—

(i) impose conditions reasonably necessary for participant safety, public safety, recordkeeping, reporting, anti-diversion, or compliance with law; or

(ii) suspend or revoke the action for a material violation of its terms or conditions, a material misrepresentation, misuse or diversion of authorized assistance, or conduct that threatens participant or public safety or facilitates violence or terrorist activity.

(i) Reports to Congress.—

(1) Final and interim reports.—Not later than 180 days after a peace congress concludes, the Secretary of Peacebuilding, in consultation with the Secretary of State, shall submit to Congress a final report on the peace congress. If the peace congress has not concluded within 180 days after it is first convened, the Secretary shall submit an interim report not later than 60 days after the end of that 180-day period and, annually thereafter, shall submit an additional interim report until the final report is submitted.

(2) Contents.—Each report required under paragraph (1) shall include, as applicable—

(A) the foreign country or region, or international or transnational conflict or risk of conflict, addressed by the peace congress;

(B) the triggering conditions under subsection (c);

(C) a description of the consultation and peace-congress process;

(D) any peace and stabilization agenda or other outcome developed under subsection (f);

(E) any Federal funds obligated to convene or support the peace congress;

(F) safeguards used to protect the safety and agency of participants;

(G) a summary of sanctions licenses, material-support approvals, and parole requests associated with the congress;

(H) any known misuse, diversion, coercion, intimidation, or obstruction relating to the peace congress; and

(I) recommendations for legislation or administrative action to improve conflict prevention, civilian peacebuilding, and nonviolent stabilization.

(3) Public availability and protection of sensitive information.—Each report required under paragraph (1) shall be submitted in unclassified form and made publicly available in an accessible format. The Secretary of Peacebuilding may include a classified annex and may withhold, aggregate, or anonymize information if disclosure would endanger a person, violate a lawful confidentiality commitment, or materially harm an active peace process.

(j) Civilian control.—

(1) In general.—The Department of Defense may not exercise programmatic control over a peace congress, including by determining its location, schedule, agenda, mediator or facilitator, or substantive proceedings. No funds made available to carry out this section may be transferred to or administered by the Department of Defense, except to reimburse logistical support provided under paragraph (2).

(2) Department of Defense logistical support.—At the request of the Secretary of Peacebuilding, the Department of Defense may provide transportation, facilities, communications, medical services, protective services, or other logistical support for a peace congress, on a reimbursable basis or without reimbursement as otherwise authorized by law.

(3) Department of Defense participation.—Nothing in this section prohibits the Department of Defense or an element of the armed forces from participating in a peace congress, or from designating its own representatives, if invited by the Secretary of Peacebuilding.

(k) Limitations.—

(1) Prohibited authority.—Nothing in this section may be construed to authorize the use of military force, including military occupation or regime change operations, or to authorize covert action, intelligence activities, or weapons transfers.

(2) Prohibited assistance.—No assistance or funds under this section may be used to train, arm, equip, or provide operational support to a military, paramilitary, police, intelligence, or other security force, or be intended or reasonably expected to facilitate violence or terrorist activity.

(3) Protection of confidential information.—Information provided in confidence for purposes of a peace congress may not be used for an unrelated military, intelligence, law enforcement, or immigration enforcement purpose. This paragraph does not prohibit identity verification, threat assessment, or protective measures reasonably necessary to protect participants or the public, or the use of information necessary to prevent an imminent threat of death or serious bodily harm, comply with a court order, or enforce a condition of parole granted pursuant to subsection (h)(4).

(l) Authorization of appropriations.—There are authorized to be appropriated $50,000,000 for each of fiscal years 2027 through 2036 to carry out this section.

SEC. 1363. SUDAN PEACE PROCESS AND HUMANITARIAN ACCESS.

(a) Statement of policy.—It is the policy of the United States—

(1) to support inclusive, Sudanese-led and African-led diplomatic processes to establish a comprehensive ceasefire and sustainable peace agreement in Sudan;

(2) to facilitate unrestricted delivery of humanitarian assistance throughout Sudan, across military lines and across international borders, including through local mutual-aid organizations, emergency response rooms, and other grassroots organizations;

(3) to support civilian protection, atrocity prevention, ceasefire monitoring, and nonviolent conflict resolution in Sudan;

(4) to support an inclusive civilian political dialogue aimed at establishing a civilian-led transition and durable constitutional framework;

(5) to support accountability for genocide, war crimes, crimes against humanity, violations of international humanitarian law, conflict-related sexual violence, and other severe abuses committed by armed actors in Sudan; and

(6) to prevent United States–origin weapons or military equipment from being used by belligerents in Sudan.

(b) Definitions.—In this section:

(1) Appropriate congressional committees.—The term "appropriate congressional committees" means—

(A) the Committee on Foreign Affairs, the Committee on Armed Services, and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Foreign Relations, the Committee on Armed Services, and the Committee on Appropriations of the Senate.

(2) Major defense equipment.—The term "major defense equipment" has the meaning given the term in section 47(6) of the Arms Export Control Act (22 U.S.C. 2794(6)).

(c) Strategy.—

(1) In general.—Not later than 120 days after the date of enactment of this Act, the President shall submit to the appropriate congressional committees a strategy to support civilian protection, humanitarian access, ceasefire negotiations, and progress toward a sustainable peace in Sudan.

(2) Matters included.—The strategy required under paragraph (1) shall include—

(A) plans to support, supplement, or help consolidate existing Sudanese-led, African-led, United Nations-led, regional, local, or other diplomatic processes toward a comprehensive ceasefire and sustainable peace agreement, without displacing or unnecessarily duplicating such processes;

(B) an assessment of whether and how a peace congress under section 1362 could support the processes described in subparagraph (A), including by facilitating participation, coordination, or agreement among parties and affected communities;

(C) actions in multilateral fora and with regional institutions to support civilian protection, sustained and unimpeded humanitarian access, enforcement of the United Nations arms embargo on Darfur, and expansion of such embargo to include all of Sudan;

(D) plans to support an inclusive civilian political dialogue with safe and meaningful leadership and participation by Sudanese people and communities directly affected by the conflict, including through local mutual-aid organizations, civic organizations, labor organizations, professional associations, local peace committees, and other representative community institutions;

(E) efforts to support grassroots organizations providing humanitarian and peacebuilding assistance in conflict-affected areas that traditional implementing partners cannot reach, including mechanisms to fund such organizations and facilitate secure communications;

(F) efforts to provide training and other support for doctors, lawyers, journalists, civic leaders, humanitarian workers, local mutual-aid organizations, and other persons working at the grassroots level to—

(i) preserve witness testimony, forensic evidence, medical evidence, and other information relating to genocide, war crimes, crimes against humanity, violations of international humanitarian law, conflict-related sexual violence, and other severe abuses; and

(ii) provide psychosocial support for Sudanese civilians who have experienced violence, including conflict-related sexual violence;

(G) a targeted accountability and anti-diversion strategy to deter atrocities, support accountability, end hostilities, and restrict arms, materiel, financial support, resources, and equipment that materially support military operations of the Rapid Support Forces or the Sudanese Armed Forces;

(H) an identification of foreign countries, foreign persons, and other entities knowingly providing support described in subparagraph (G); and

(I) an assessment of whether conduct identified under subparagraph (G) or (H) warrants a determination or other action under section 1337.

(3) Implementation reports.—Not later than 180 days after the date on which the strategy required under paragraph (1) is submitted, and every 180 days thereafter for 4 years, the Secretary of State shall submit to the appropriate congressional committees a report on implementation of the strategy that includes substantive updates on the matters described in paragraph (2).

(d) Special Envoy for Sudan.—

(1) Appointment and extension.—Section 7204 of the National Defense Authorization Act for Fiscal Year 2025 (Public Law 118–159; 22 U.S.C. 10001 note) is amended—

(A) in subsection (a), by striking "with the advice and consent of the Senate" and inserting "consistent with section 1(j) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a(j))"; and

(B) in subsection (d), by striking "2 years" and inserting "5 years".

(2) Coordination.—The Special Envoy for Sudan shall coordinate implementation of the strategy required under subsection (c) with the Secretary of State, the Secretary of Peacebuilding, and other relevant Federal officials.

(3) Peace dividend appropriation.—There is appropriated to the Secretary of State, out of any money in the Treasury not otherwise appropriated, $4,000,000 for each of fiscal years 2027 through 2029, to remain available until expended, to carry out section 7204 of the National Defense Authorization Act for Fiscal Year 2025, as amended by paragraph (1). It is the intent of Congress that amounts appropriated under this paragraph be treated as a peace dividend from reductions in national defense budget function 050 under section 1342.

(e) Multilateral implementation.—The Secretary of State and the United States Permanent Representative to the United Nations shall use the voice, vote, and influence of the United States at the United Nations and other multilateral bodies to advance the policies described in subsection (a) and implement the strategy required under subsection (c), including by supporting unimpeded humanitarian access, documentation of atrocity crimes, civilian protection, and an end to hostilities in Sudan.

(f) Civilian protection and ceasefire monitoring.—

(1) In general.—The Secretary of Peacebuilding, in consultation with the Secretary of State, shall engage the United Nations, the African Union, and relevant international, regional, local,

and community participants to develop and support locally rooted, nonviolent civilian protection, humanitarian access, and ceasefire monitoring mechanisms in Sudan.

(2) Civilian administration.—The Department of Defense and the intelligence community may not exercise programmatic control over a mechanism supported under paragraph (1).

(g) International protection force.—

(1) Assistance under independent authority.—The Secretary of State may, under authority otherwise available under law, provide assistance to deploy and sustain a protection force authorized by the United Nations, the African Union, or another competent multilateral body to protect civilians, facilitate humanitarian operations, and monitor a ceasefire in Sudan.

(2) End-use and retransfer assurances.—Assistance under paragraph (1) may be provided only after the force provides written assurances that the force will not—

(A) transfer the assistance to a person who is not an officer, employee, or agent of the force without the prior consent of the President; or

(B) use or permit the use of the assistance for a purpose other than the purpose for which it was furnished without the prior consent of the President.

(3) Congressional notification.—If the President provides consent described in paragraph (2), the President shall promptly notify the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 634A of the Foreign Assistance Act of 1961 (22 U.S.C. 2394-1).

(4) Planning assistance.—At the request of the Secretary of State and under authority otherwise available under law, the Secretary of Defense and the Director of National Intelligence may detail personnel or provide technical assistance to the African Union or another competent multilateral body solely to assess conditions and plan for the possible establishment of a protection force described in paragraph (1).

(5) Exclusion of civilian peacebuilding funds.—No amounts made available to the Basic Relief, Economic Assistance, and Development program or the Peacebuilding Fund may be used to deploy, sustain, arm, train, equip, or provide operational support to a force described in paragraph (1).

(h) Participation in peacebuilding, relief, and recovery.—The Secretary of State and the Secretary of Peacebuilding, in coordination with the heads of other relevant Federal agencies, shall take available measures to facilitate safe and meaningful leadership and participation by Sudanese people and communities directly affected by the conflict, including through local mutual-aid organizations, civic organizations, labor organizations, professional associations, local peace committees, and other representative community institutions, in—

(1) formal and informal conflict prevention and conflict resolution processes to address the conflict in Sudan;

(2) post-conflict relief, recovery, accountability, reconstruction, and civilian governance efforts;

(3) prevention, mitigation, and response efforts relating to conflict-related sexual violence; and

(4) planning and delivery of humanitarian relief and civilian protection efforts.

(i) Prohibition on sale or licensing of major defense equipment.—

(1) In addition to other restrictions.—In addition to any restriction applicable under section 1337, the United States may not issue a license or other approval for, authorize, or carry out a sale, export, or transfer of major defense equipment to a foreign country that the President identifies under subsection (c)(2)(H) or an implementation report under subsection (c)(3) as knowingly providing support described in subsection (c)(2)(G).

(2) Waiver.—The President may waive the prohibition under paragraph (1) on a case-by-case basis if the President—

(A) determines that the waiver is vital to the national interests of the United States; and

(B) not later than 15 days after issuing the waiver, submits to the appropriate congressional committees a notification of the waiver and a detailed description and justification for the waiver.

(3) Termination.—The prohibition under paragraph (1) shall cease to apply to a country on the date on which the President determines that the country no longer knowingly provides support described in subsection (c)(2)(G). The President shall promptly submit the determination and its factual basis to the appropriate congressional committees and make the determination publicly available in unclassified form, but may include a classified annex.

(j) Assessment of restrictions on United States humanitarian assistance.—

(1) In general.—Not later than 90 days after the date of enactment of this Act, the President shall submit to the appropriate congressional committees a certification and report consistent with the requirements of section 620I(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2378-1(a)) describing and assessing the extent to which a foreign country prohibits or otherwise restricts, directly or indirectly, the transport or delivery of United States humanitarian assistance in Sudan, including a United States Government-supported international effort to provide such humanitarian assistance.

(2) Use of exception.—The certification and report required under paragraph (1) shall include a description of any use of the authority described in section 620I(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2378-1(b)) and the date such authority was exercised in the continued provision of assistance to such foreign country.

(3) Relationship to strategy.—The strategy required under subsection (c) shall incorporate the findings of the certification and report required under paragraph (1).

(4) Form.—The certification and report required under paragraph (1) shall be submitted in unclassified form but may include a classified annex.

(k) Report on United States–origin weapons being used in Sudan.—

(1) In general.—Not later than 180 days after the date of enactment of this Act, the Secretary of State, in consultation with the Secretary of Defense and the Director of National Intelligence, shall submit to the appropriate congressional committees a report on United States–origin weapons or military equipment being used by belligerents in Sudan.

(2) Matters included.—The report required under paragraph (1) shall include—

(A) an assessment of whether United States–origin weapons or military equipment have been or are being used by belligerents in Sudan and by which actors;

(B) a list of the types of United States–origin weapons or military equipment identified as having been used by belligerents in Sudan;

(C) an analysis of the chain of control for United States–origin weapons or military equipment identified as having been used by belligerents in Sudan;

(D) a summary of actions taken, and steps necessary, to prevent United States–origin weapons or military equipment from being used by belligerents in Sudan; and

(E) an assessment of whether the findings of the report warrant a determination or other action under section 1337 or investigation, monitoring, suspension, or other action under section 1336.

(3) Form.—The report required under paragraph (1) shall be submitted in unclassified form but may include a classified annex.

(l) Rule of construction.—Nothing in this section may be construed as congressional authorization for the use of military force or as independent authority to provide security force assistance.

SEC. 1364. NUCLEAR ARMS CONTROL TALKS AND DISARMAMENT SUMMITS.

(a) Findings.—Congress finds the following:

(1) Nuclear weapons pose an existential threat to humanity, a fact affirmed on January 3, 2022, when the leaders of the People's Republic of China, France, the Russian Federation, the United Kingdom, and the United States (commonly referred to as the "P5") issued a joint statement declaring that "a nuclear war cannot be won and must never be fought".

(2) Since the advent of nuclear weapons in 1945, millions of people around the world have demanded meaningful international action to halt, reduce, and eliminate the threats posed by nuclear weapons, nuclear weapons testing, and nuclear war.

(3) The Treaty on the Non-Proliferation of Nuclear Weapons (21 UST 483), entered into force March 5, 1970, includes a binding obligation to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race and to nuclear disarmament.

(4) Bipartisan United States global leadership has curbed the growth in the number of countries possessing nuclear weapons and slowed vertical proliferation among countries already possessing nuclear weapons, as shown by a reduction of approximately 90 percent in the United States nuclear weapons stockpile from its Cold War height of 31,255 in 1967.

(5) Despite progress made to reduce the number and role of, and risks posed by, nuclear weapons, tensions among nuclear-armed countries are increasing, key nuclear risk-reduction treaties are under threat or have expired, significant stockpiles of weapons-usable fissile material remain, and a qualitative global nuclear arms race may be beginning.

(6) On September 23, 2025, President Trump stated before the United Nations General Assembly, "We want to have a cessation of the development of nuclear weapons . . . . If we ever use them, the world literally might come to an end."

(7) A nuclear freeze and reduction by the United States would seek to halt the new nuclear arms race and renew a comprehensive and verifiable global freeze on the testing, deployment, and production of nuclear weapons and delivery vehicles for such weapons.

(8) Through this title, the United States builds on decades-long bipartisan efforts to reduce the number and salience of nuclear weapons by prohibiting first-use nuclear strikes by the United States, prohibiting explosive nuclear testing by the United States, and directing renewed international nuclear arms control talks, treaty negotiations, and disarmament summits.

(b) Statement of policy.—It is the policy of the United States—

(1) to seek to build upon its decades-long, bipartisan efforts to reduce the number and salience of nuclear weapons by leading international negotiations on specific arms-reduction measures as part of a 21st-century global denuclearization movement;

(2) to seek to engage with all other countries that possess nuclear weapons, including the People's Republic of China and the Democratic People's Republic of Korea, to negotiate and conclude future multilateral arms control, disarmament, and risk-reduction agreements, which should contain some or all of the following provisions:

(A) an agreement by the United States and the Russian Federation on a resumption of onsite inspections and verification measures formerly provided under the New START Treaty and a follow-on treaty or agreement that lowers central limits and covers new kinds of strategic delivery vehicles or non-strategic nuclear weapons;

(B) an agreement on a verifiable freeze on the testing, production, and further deployment of all nuclear weapons and delivery vehicles for such weapons;

(C) an agreement that establishes, to the extent practicable, a verifiable numerical ceiling on the deployed shorter-range and intermediate-range delivery systems, as defined by the Intermediate-Range Nuclear Forces Treaty (TIAS No. 12101), and strategic delivery systems, as defined by the New START Treaty (TIAS No. 11-205), and the nuclear warheads associated with such systems for all countries that possess nuclear weapons, using August 2, 2019, the date on which the Intermediate-Range Nuclear Forces Treaty terminated, as the baseline;

(D) an agreement by each country to adopt a policy of no first use of nuclear weapons or provide transparency into its nuclear declaratory policy;

(E) an agreement on a proactive United Nations Security Council resolution that expands access by the International Atomic Energy Agency to any country found by the

Board of Governors of that Agency to be noncompliant with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons;

(F) an agreement to refrain from configuring nuclear forces in a "launch on warning" or "launch under warning" nuclear posture, which may prompt a nuclear-armed country to launch a ballistic missile attack in response to detection by an early-warning satellite or sensor of a suspected incoming ballistic missile;

(G) an agreement not to target or interfere with the nuclear command, control, and communications infrastructure of another country through a kinetic attack or a cyberattack;

(H) an agreement on transparency measures or verifiable limits, or both, on hypersonic cruise missiles and glide vehicles that are fired from sea-based, ground, and air platforms; and

(I) an agreement to provide a baseline and continuous exchanges detailing the aggregate number of active nuclear weapons and associated systems possessed by each country.

(3) to seek to rejuvenate efforts in the United Nations Conference on Disarmament toward the negotiation of a verifiable Fissile Material Treaty or Fissile Material Cutoff Treaty, or to move negotiations to another international body or forum, such as a meeting of the P5, to verifiably prevent the production by any country of highly enriched uranium and plutonium for use in nuclear weapons;

(4) to seek to convene a series of head-of-state-level summits on nuclear disarmament modeled on the Nuclear Security Summits process, which saw the elimination of the equivalent of 150 nuclear weapons; and

(5) to refrain from developing new designs for nuclear warheads or bombs and to seek reciprocal commitments from other nuclear-armed countries.

SEC. 1365. SOVEREIGN DEBT RELIEF, RESPONSIBLE LENDING, AND PEACEBUILDING CONFERENCE.

(a) Statement of policy.—It is the policy of the United States—

(1) to support sovereign debt relief for low-income countries, conflict-affected countries, and other countries experiencing unsustainable debt burdens;

(2) to support responsible lending and borrowing standards that reduce the risk of future debt crises;

(3) to oppose debt-relief conditions that require privatization of public resources, increased costs for basic public services, reductions in essential public employment, or austerity measures that deepen poverty, food insecurity, displacement, or conflict;

(4) to support transparent, participatory, and accountable use of savings generated by debt relief for health care, education, food security, housing, public infrastructure, environmental restoration, post-conflict recovery, and other peacebuilding purposes;

(5) to support orderly, fair, timely, and predictable sovereign debt restructuring mechanisms; and

(6) to oppose predatory collection of sovereign debt by creditors that acquire distressed debt for the purpose of extracting excessive returns from countries experiencing debt distress.

(b) Findings.—Congress finds the following:

(1) Sovereign debt distress can contribute to armed conflict, forced displacement, food insecurity, austerity, political instability, predatory resource extraction, and weakened democratic self-government.

(2) In 1996, the International Monetary Fund and the World Bank launched the Heavily Indebted Poor Countries Initiative to reduce unsustainable debt burdens on low-income countries, and, in 2005, that initiative was supplemented by the Multilateral Debt Relief Initiative to provide deeper cancellation of eligible debts owed to multilateral institutions.

(3) Debt relief can free public resources for health care, education, food security, infrastructure, environmental restoration, post-conflict recovery, and other investments that reduce the conditions that contribute to violence and instability.

(4) Debt relief that is conditioned on privatization of public resources, increased costs for basic public services, reductions in essential public employment, or austerity measures that deepen poverty can undermine peacebuilding and democratic stability.

(5) A durable international debt framework should promote responsible lending and borrowing, transparent debt contracting, meaningful public accountability, orderly sovereign debt workouts, and protection against predatory debt collection.

(6) The United States can promote peace by convening debtor countries, creditor countries, international financial institutions, regional development banks, the United Nations, civil society organizations, labor organizations, anti-corruption experts, debt justice experts, and communities affected by debt distress to develop a fair, transparent framework centered on peacebuilding for sovereign debt relief.

(c) Definitions.—In this section:

(1) Eligible bilateral debt.—The term "eligible bilateral debt" means any loan, credit, guarantee, insurance claim, concessional financing obligation, development assistance debt, export credit, food assistance credit, or other sovereign obligation owed by an eligible country to the United States.

(2) Eligible country.—The term "eligible country" means a foreign country that—

(A) is a low-income country;

(B) is experiencing sovereign debt distress;

(C) is affected by armed conflict, recent armed conflict, mass displacement, famine, or severe political instability; or

(D) is determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Secretary of Peacebuilding, to be a country for which debt relief would materially advance peacebuilding, civilian welfare, democratic stability, or economic self-determination.

(3) Fund.—The term "Fund" means the Sovereign Debt Relief and Peacebuilding Fund established under subsection (g).

(d) Peacebuilding conference on sovereign debt relief and responsible lending.—

(1) In general.—Not later than 1 year after the date of enactment of this Act, the President, acting through the Secretary of the Treasury and the Secretary of State, and in consultation with the Secretary of Peacebuilding, acting through the Assistant Secretary for Civic Dignity and Economic Security, and the Assistant Secretary for International Peacebuilding and Human Security, shall convene an international conference on sovereign debt relief, monetary reform, responsible lending, and peacebuilding.

(2) Participation.—The conference required under paragraph (1) shall seek participation from—

(A) debtor countries experiencing unsustainable debt burdens or debt distress;

(B) creditor countries;

(C) the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, regional development banks, and other international financial institutions;

(D) the United Nations Conference on Trade and Development and other appropriate bodies of the United Nations;

(E) labor organizations, civil society organizations, anti-corruption experts, debt justice experts, public finance experts, and other nongovernmental stakeholders with relevant expertise; and

(F) communities directly affected by debt distress, austerity measures, resource extraction, forced displacement, or conflict.

(3) Purpose.—The purpose of the conference required under paragraph (1) shall be to develop a framework for sovereign debt relief, responsible lending and borrowing, and orderly sovereign debt restructuring that supports peacebuilding, democratic accountability, and economic self-determination, including monetary reform.

(e) Negotiating objectives.—In carrying out subsection (d), the United States shall seek international agreement on—

(1) cancellation or reduction of unsustainable bilateral and multilateral debts owed by low-income countries, conflict-affected countries, and other countries experiencing debt distress;

(2) use of grants, rather than new loans, for development assistance to countries for which additional borrowing would create or deepen debt distress;

(3) responsible lending and borrowing standards requiring that sovereign loans—

(A) be publicly disclosed in accessible form;

(B) include the principal amount, interest rate, fees, maturity, collateral, governing law, and material repayment terms;

(C) comply with applicable domestic and international law;

(D) be approved through transparent and accountable domestic legal processes;

(E) include an assessment of debt sustainability and the likely effect of the loan on public services, labor conditions, food security, environmental sustainability, and conflict risk; and

(F) not finance corruption, repression, forced displacement, severe labor exploitation, resource theft, or violations of international humanitarian law;

(4) debt-relief standards that prohibit conditions requiring privatization of public resources, increased costs for basic public services, reductions in essential public employment, or austerity measures that deepen poverty, food insecurity, displacement, or conflict;

(5) debt portfolio audits to identify debts that are odious, illegal, fraudulent, corrupt, predatory, unconscionable, or inconsistent with responsible lending and borrowing standards;

(6) an orderly, fair, timely, and predictable sovereign debt workout mechanism, which may include arbitration, mediation, a standing international sovereign debt restructuring process, or another neutral mechanism capable of binding public and private creditors;

(7) measures to prevent predatory collection of distressed sovereign debt, including litigation or enforcement practices that undermine debt relief, humanitarian assistance, or peacebuilding;

(8) international monetary reform, public payment systems, nonextractive finance, and other public finance tools that reduce reliance on predatory debt and support peaceful economic development;

(9) disclosure and public accountability requirements for the use of savings generated by debt cancellation or debt reduction; and

(10) mechanisms to ensure that debt relief does not reduce other forms of development assistance, humanitarian assistance, or peacebuilding assistance.

(f) Use of voice, vote, and influence.—The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution to use the voice, vote, and influence of the United States to support—

(1) debt cancellation, debt reduction, and debt restructuring consistent with this section;

(2) responsible lending and borrowing standards consistent with subsection (e)(3);

(3) limits on harmful conditionality consistent with subsection (e)(4);

(4) debt portfolio audits consistent with subsection (e)(5);

(5) orderly sovereign debt workout mechanisms consistent with subsection (e)(6);

(6) measures to prevent predatory collection of distressed sovereign debt consistent with subsection (e)(7);

(7) international monetary reform, public payment systems, nonextractive finance, and other public finance tools consistent with subsection (e)(8); and

(8) grant-based assistance for countries for which additional borrowing would create or deepen debt distress.

(g) Sovereign Debt Relief and Peacebuilding Fund.—

(1) Establishment.—There is established in the Treasury a fund to be known as the Sovereign Debt Relief and Peacebuilding Fund.

(2) Peace dividend appropriation.—There is appropriated to the Fund, out of any money in the Treasury not otherwise appropriated, $5,000,000,000 for fiscal year 2027, to remain available until expended. It is the intent of Congress that the appropriation under this paragraph be treated as a peace dividend from reductions in national defense budget function 050 under section 1342.

(3) Administration.—The Secretary of the Treasury shall administer the Fund in consultation with the Secretary of State and the Secretary of Peacebuilding.

(h) Use of Fund.—Amounts in the Fund shall be available to the Secretary of the Treasury for—

(1) the cost, as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a), of modifying, reducing, cancelling, or otherwise forgiving eligible bilateral debts owed to the United States;

(2) contributions by the United States to multilateral debt cancellation, debt reduction, or debt restructuring arrangements negotiated through international financial institutions;

(3) transfers to the Comptroller General of the United States for debt portfolio audits described in subsection (k);

(4) support for responsible lending and borrowing standards described in subsection (e)(3);

(5) support for orderly sovereign debt workout mechanisms described in subsection (e)(6); and

(6) administrative costs necessary to carry out this section.

(i) Bilateral debt cancellation authority.—

(1) In general.—The President, acting through the Secretary of the Treasury, may modify, reduce, cancel, or otherwise forgive any eligible bilateral debt owed to the United States by an eligible country, to the extent amounts are available in the Fund for the cost of such modification, reduction, cancellation, or forgiveness.

(2) No refund of amounts previously paid.—Cancellation of an eligible bilateral debt under this subsection shall not require the United States to refund principal, interest, fees, or charges paid before the date of cancellation, unless expressly provided by a subsequent Act of Congress.

(j) Multilateral debt cancellation authority.—The Secretary of the Treasury may use amounts in the Fund to support a multilateral debt cancellation, debt reduction, or debt restructuring arrangement if—

(1) the arrangement reduces or cancels debts owed by 1 or more eligible countries to an international financial institution;

(2) the arrangement is consistent with the policy and negotiating objectives described in subsections (a) and (e);

(3) the arrangement does not condition debt relief on privatization of public resources, increased costs for basic public services, reductions in essential public employment, or austerity measures that deepen poverty, food insecurity, displacement, or conflict; and

(4) the Secretary of the Treasury determines that the contribution would support peacebuilding, civilian welfare, democratic stability, or economic self-determination.

(k) Debt portfolio audits.—

(1) In general.—The Comptroller General of the United States shall conduct audits of eligible bilateral debts and, to the extent practicable, debts owed by eligible countries to international financial institutions or private creditors, to identify debts that are odious, illegal, fraudulent, corrupt, predatory, unconscionable, or inconsistent with responsible lending and borrowing standards.

(2) Matters included.—An audit under paragraph (1) shall assess—

(A) the origin, purpose, principal amount, interest rate, fees, maturity, collateral, governing law, and repayment terms of the debt;

(B) whether the debt complied with applicable domestic and international law at the time it was incurred;

(C) whether the proceeds of the debt were used for the stated public purpose;

(D) whether the debt financed corruption, repression, forced displacement, severe labor exploitation, resource theft, or violations of international humanitarian law;

(E) whether the debt materially contributed to debt distress, austerity, economic instability, conflict, displacement, or deprivation of essential services; and

(F) whether cancellation, reduction, restructuring, or other remedial action would advance the purposes of this section.

(3) Consultation.—In conducting audits under this subsection, the Comptroller General may consult with the Secretary of the Treasury, the Secretary of State, the Secretary of Peacebuilding, international financial institutions, debtor governments, civil society

organizations, labor organizations, anti-corruption experts, debt justice experts, and communities affected by debt distress.

(4) Prioritization, initial audit, and public availability.—

(A) Prioritization.—In selecting debts for audit, the Comptroller General shall give priority to—

(i) eligible bilateral debts for which action under subsection (i) is under consideration;

(ii) debts of eligible countries experiencing acute debt distress, armed conflict, post-conflict recovery, or humanitarian crisis;

(iii) debts for which credible information indicates the presence of 1 or more conditions described in paragraph (1); and

(iv) debts for which an audit is likely to materially inform action under subsection (i) or (j), or negotiations or international action under subsection (e) or (f).

(B) Initial audit.—Not later than 18 months after the date of enactment of this Act, the Comptroller General shall complete at least 1 audit under this subsection.

(C) Public availability.—Upon completion of an audit under this subsection, the Comptroller General shall submit the audit to Congress and make the audit publicly available in unclassified form, but may include a classified annex and may omit information prohibited from disclosure by law.

(l) Relationship to fellowship among nations and peace congresses.—

(1) Peace and stability partnerships.—A framework developed under this section may inform the establishment of a peace and stability partnership under section 1326, including partnership objectives relating to debt relief, public banking, monetary reform, nonextractive finance, public benefit systems, anti-corruption, labor standards, natural resource governance, and local productive capacity.

(2) Peace congresses.—A framework developed under this section may inform a peace and stabilization agenda developed under section 1362 if sovereign debt distress, austerity, predatory lending, predatory resource extraction, concentrated economic power, or deprivation of essential services contributes to the conflict or potential conflict addressed by the peace congress.

(3) No merger of authorities.—Nothing in this subsection may be construed to authorize assistance, grants, cooperative agreements, debt cancellation, or debt restructuring except as otherwise authorized by law.

(m) Report to Congress.—

(1) Report required.—Not later than 180 days after the conclusion of the conference required under subsection (d), the Secretary of the Treasury, the Secretary of State, and the Secretary of Peacebuilding shall jointly submit to Congress a report on the conference.

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

(A) a description of the participants in the conference;

(B) a summary of any framework, recommendations, or agreements developed through the conference;

(C) a description of progress toward the negotiating objectives described in subsection (e);

(D) an assessment of how sovereign debt distress, predatory lending, predatory collection, austerity, resource extraction, and harmful conditionality affect peacebuilding, democratic accountability, economic self-determination, forced displacement, food security, public health, education, and conflict risk;

(E) an assessment of how debt relief and responsible lending standards may support peace and stability partnerships under section 1326;

(F) an assessment of how sovereign debt relief and responsible lending standards may support peace congresses under section 1362;

(G) a description of actions taken by the United States Executive Director at each international financial institution pursuant to subsection (f); and

(H) recommendations for legislation or administrative action to advance sovereign debt relief, responsible lending, orderly sovereign debt workouts, limits on harmful conditionality, and protection against predatory collection of distressed sovereign debt.

(3) Public availability.—The report required under paragraph (1) shall be made publicly available in an accessible format, except that the Secretary of the Treasury, the Secretary of State, and the Secretary of Peacebuilding may withhold information if public disclosure would materially harm an ongoing diplomatic negotiation.

Subtitle C—Presidential Address on Peace and Populism

SEC. 1371. PRESIDENTIAL ADDRESS ON PEACE AND POPULISM.

(a) Address.—Not later than July 4, 2027, the President shall deliver to Congress and the people of the United States an address describing progress made through the Jubilee, in carrying out the POPULIST Act, and in advancing peace, justice, prosperity, democratic self-government, and dignity for all.

(b) Consultation.—The President shall prepare the address in consultation with members of the Cabinet and the heads of other relevant Federal departments and agencies.

(c) Public availability.—At the time the address is delivered, the President shall make the text of the address and supporting data and sources sufficient to substantiate its principal factual claims publicly available without charge in accessible and searchable formats.

(d) Matters addressed.—The address shall describe, in clear language and using concrete measures and examples to the extent practicable—

(1) progress in the lives of ordinary people, including changes in health care coverage and costs, poverty, employment, wages, education, housing, household debt, the cost of living, and access to essential public systems;

(2) progress in ensuring that people working in the United States are authorized for employment, that all workers are protected from exploitation and unfair competition, and that workers are empowered to meaningfully participate in collective bargaining;

(3) progress in reducing concentrations of economic and political power, including actions by the Federal Trade Commission and other Federal agencies to promote competition, limit algorithmic price coordination, safeguard against mega-mergers, and prevent unfair, deceptive, and abusive acts or practices;

(4) progress toward establishing justice, including changes in incarceration, community safety, access to legal services, de-escalation of the war on drugs, promoting government accountability, immigration reform, the establishment of complaints.gov, and rebuilding public trust;

(5) progress toward democratic self-government, including the principle of one citizen, one vote, reducing the influence of political spending, addressing gerrymandering with fair redistricting standards, expanding representation, and statehood for Washington, D.C.;

(6) progress in building a better food system, including reductions in child hunger and food insecurity, implementation of universal free school meals, stronger enforcement against unfair agricultural practices, restoration of country-of-origin labeling, and rebuilding public capacity in the Department of Agriculture;

(7) progress in reining in Big Tech and regulating artificial intelligence, including breaking up dominant digital platforms, protecting data privacy, restricting surveillance advertising and surveillance pricing, protecting consumers from addictive product designs, limiting children's access to social media, and ensuring that technology serves human dignity;

(8) progress in making housing affordable, including restrictions on excessive institutional ownership of homes, preservation of rural and farmworker housing, reductions in homelessness and housing cost burdens, rehabilitation and expansion of public housing, and the status of the study on a modern metropolis in the heartland of the nation;

(9) progress in reforming the monetary and banking system to reduce dependence on money created through private debt and support broad-based economic abundance, including through sovereign money, public banking and Treasury transaction accounts, the National Infrastructure Bank, and the Strategic Public Production Corporation;

(10) progress in advancing fellowship among nations, including diplomatic engagement and normalization, restraint of broad economic sanctions, humanitarian access, family reunification, clean energy and nonproliferation cooperation, peace and stability partnerships, civilian international assistance, sovereign debt relief, and other peaceful economic and civic cooperation;

(11) progress in the abolition or reduction of standing armies, including reductions in the national defense budget, the ending of forever wars, restoration of congressional control over

war powers, progress toward nuclear disarmament, prevention of first-use nuclear strikes, and protection of outer space from weaponization;

(12) progress in the holding and promotion of peace congresses, including peace congresses for conflict prevention and stabilization, the Sudan peace process, nuclear arms-control talks and disarmament summits, and the sovereign debt relief, responsible lending, and peacebuilding conference; and

(13) priorities for continuing the work begun under the POPULIST Act of 2026, including legislative provisions for consideration in the legislative package to be bargained for in 2028, as part of the larger goal of making America a great country in which the majority of citizens no longer feel that the political and economic systems are stacked against them.

(The POPULIST Act of 2026, TITLE XIII, version 2.1, last updated August 7, 2026)