

1                   (ii) Section 6418(g)(3) is amended by  
 2                   striking “subsection (a)(5)” each place it  
 3                   appears and inserting “subsection (a)(7)”.

4           (c) *DENIAL OF CREDIT FOR EXPENDITURES FOR CER-*  
 5 *TAIN WIND AND SOLAR LEASING ARRANGEMENTS.*—

6                   (1) *IN GENERAL.*—Section 48E is amended—

7                           (A) by redesignating subsection (i) as sub-  
 8                           section (j), and

9                           (B) by inserting after subsection (h) the fol-  
 10                          lowing new subsection:

11           “(i) *DENIAL OF CREDIT FOR EXPENDITURES FOR*  
 12 *WIND AND SOLAR LEASING ARRANGEMENTS.*—No credit  
 13 shall be determined under this section for any qualified in-  
 14 vestment during the taxable year with respect to property  
 15 described in paragraph (1) or (4) of section 25D(d) (as ap-  
 16 plied by substituting ‘lessee’ for ‘taxpayer’) if the taxpayer  
 17 rents or leases such property to a third party during such  
 18 taxable year.”.

19                   (2) *CONFORMING RULES.*—Section 50 is amend-  
 20                   ed by adding at the end the following new subsection:

21           “(e) *RULES FOR GEOTHERMAL HEAT PUMPS.*—For  
 22 purposes of this section and section 168, the ownership of  
 23 energy property described in section 48(a)(3)(A)(vii) shall  
 24 be determined without regard to whether such property is

1 *readily usable by a person other than the lessee or service*  
 2 *recipient.”.*

3 *(d) DOMESTIC CONTENT RULES.—Subparagraph (B)*  
 4 *of section 48E(a)(3) is amended to read as follows:*

5 *“(B) DOMESTIC CONTENT.—Rules similar*  
 6 *to the rules of section 48(a)(12) shall apply, ex-*  
 7 *cept that, for purposes of subparagraph (B) of*  
 8 *such section and the application of rules similar*  
 9 *to the rules of section 45(b)(9)(B), the adjusted*  
 10 *percentage (as determined under section*  
 11 *45(b)(9)(C)) shall be determined as follows:*

12 *“(i) In the case of any qualified invest-*  
 13 *ment with respect to any qualified facility*  
 14 *or energy storage technology the construc-*  
 15 *tion of which begins before June 16, 2025,*  
 16 *40 percent (or, in the case of a qualified fa-*  
 17 *cility which is an offshore wind facility, 20*  
 18 *percent).*

19 *“(ii) In the case of any qualified in-*  
 20 *vestment with respect to any qualified facil-*  
 21 *ity or energy storage technology the con-*  
 22 *struction of which begins on or after June*  
 23 *16, 2025, and before January 1, 2026, 45*  
 24 *percent (or, in the case of a qualified facil-*

ity which is an offshore wind facility, 27.5 percent).

“(iii) In the case of any qualified investment with respect to any qualified facility or energy storage technology the construction of which begins during calendar year 2026, 50 percent (or, in the case of a qualified facility which is an offshore wind facility, 35 percent).

“(iv) In the case of any qualified investment with respect to any qualified facility or energy storage technology the construction of which begins after December 31, 2026, 55 percent.”.

(e) *ELIMINATION OF ENERGY CREDIT FOR CERTAIN*

*ENERGY PROPERTY.*—Section 48(a)(2) is amended—

(1) in subparagraph (A)(ii), by striking “2 percent” and inserting “0 percent”, and

(2) by adding at the end the following new subparagraph:

“(C) *NONAPPLICATION OF INCREASES TO ENERGY PERCENTAGE.*—For purposes of energy property described in subparagraph (A)(ii), the energy percentage applicable to such property pursuant to such subparagraph shall not be in-

1           *creased or otherwise adjusted by any provision of*  
 2           *this section.”.*

3           (f) *APPLICATION OF CLEAN ELECTRICITY INVESTMENT*  
 4 *CREDIT TO QUALIFIED FUEL CELL PROPERTY.*—Section  
 5 48E, as amended by subsection (c), is amended—

6           (1) *by redesignating subsection (j) as subsection*  
 7           *(k), and*

8           (2) *by inserting after subsection (i) the following*  
 9           *new subsection:*

10          “(j) *APPLICATION TO QUALIFIED FUEL CELL PROP-*  
 11 *ERTY.*—For purposes of this section, in the case of any  
 12 *qualified fuel cell property (as defined in section 48(c)(1),*  
 13 *as applied without regard to subparagraph (E) thereof—*

14           “(1) *subsection (b)(3)(A) shall be applied with-*  
 15           *out regard to clause (iii) thereof,*

16           “(2) *for purposes of subsection (a)(1), the appli-*  
 17           *cable percentage shall be 30 percent and such percent-*  
 18           *age shall not be increased or otherwise adjusted by*  
 19           *any other provision of this section, and*

20           “(3) *subsection (g) shall not apply.”.*

21          (g) *EFFECTIVE DATES.*—

22           (1) *IN GENERAL.*—Except as provided in para-  
 23           *graphs (2), (3), (4), and (5), the amendments made*  
 24           *by this section shall apply to taxable years beginning*  
 25           *after the date of enactment of this Act.*

1           (2) *DOMESTIC CONTENT RULES.*—*The amend-*  
 2           *ment made by subsection (d) shall apply on or after*  
 3           *June 16, 2025.*

4           (3) *ELIMINATION OF ENERGY CREDIT FOR CER-*  
 5           *TAIN ENERGY PROPERTY.*—*The amendments made by*  
 6           *subsection (e) shall apply to property the construction*  
 7           *of which begins on or after June 16, 2025.*

8           (4) *APPLICATION OF CLEAN ELECTRICITY IN-*  
 9           *VESTMENT CREDIT TO QUALIFIED FUEL CELL PROP-*  
 10          *ERTY.*—*The amendments made by subsection (f) shall*  
 11          *apply to property the construction of which begins*  
 12          *after December 31, 2025.*

13          (5) *TERMINATION FOR WIND AND SOLAR FACILI-*  
 14          *TIES.*—*The amendments made by subsection (a) shall*  
 15          *apply to facilities the construction of which begins*  
 16          *after the date which is 12 months after the date of en-*  
 17          *actment of this Act.*

18   **SEC. 70514. PHASE-OUT AND RESTRICTIONS ON ADVANCED**  
 19                           **MANUFACTURING PRODUCTION CREDIT.**

20          (a) *MODIFICATION OF PROVISION RELATING TO SALE*  
 21          *OF INTEGRATED COMPONENTS.*—*Paragraph (4) of section*  
 22          *45X(d) is amended to read as follows:*

23                   “(4) *SALE OF INTEGRATED COMPONENTS.*—

24                           “(A) *IN GENERAL.*—*For purposes of this*  
 25                   *section, a person shall be treated as having sold*

1           *an eligible component to an unrelated person*  
 2           *if—*

3                   “(i) *such component (referred to in this*  
 4                   *paragraph as the ‘primary component’) is*  
 5                   *integrated, incorporated, or assembled into*  
 6                   *another eligible component (referred to in*  
 7                   *this paragraph as the ‘secondary compo-*  
 8                   *nent’) produced within the same manufac-*  
 9                   *turing facility as the primary component,*  
 10                  *and*

11                  “(ii) *the secondary component is sold*  
 12                  *to an unrelated person.*

13                  “(B) *ADDITIONAL REQUIREMENTS.—Sub-*  
 14                  *paragraph (A) shall only apply with respect to*  
 15                  *a secondary component for which not less than*  
 16                  *65 percent of the total direct material costs*  
 17                  *which are paid or incurred (within the meaning*  
 18                  *of section 461 and any regulations issued under*  
 19                  *section 263A) by the taxpayer to produce such*  
 20                  *secondary component are attributable to primary*  
 21                  *components which are mined, produced, or man-*  
 22                  *ufactured in the United States.”.*

23           (b) *PHASE OUT AND TERMINATION.—Section*  
 24   45X(b)(3) *is amended—*

1           (1) *in the heading, by inserting “AND TERMINATION” after “PHASE OUT”,*

3           (2) *in subparagraph (A), in the matter preceding clause (i), by striking “subparagraph (C)” and inserting “subparagraphs (C) and (D)”, and*

6           (3) *by striking subparagraph (C) and inserting the following:*

8                       *“(C) PHASE OUT FOR APPLICABLE CRITICAL*  
 9                       *MINERALS OTHER THAN METALLURGICAL*  
 10                      *COAL.—*

11                     *“(i) IN GENERAL.—In the case of any*  
 12                     *applicable critical mineral (other than met-*  
 13                     *allurgical coal) produced after December 31,*  
 14                     *2030, the amount determined under this*  
 15                     *subsection with respect to such mineral*  
 16                     *shall be equal to the product of—*

17                     *“(I) the amount determined under*  
 18                     *paragraph (1) with respect to such*  
 19                     *mineral, as determined without regard*  
 20                     *to this subparagraph, multiplied by*

21                     *“(II) the phase out percentage*  
 22                     *under clause (ii).*

23                     *“(ii) PHASE OUT PERCENTAGE FOR AP-*  
 24                     *PLICABLE CRITICAL MINERALS OTHER THAN*

1                    *METALLURGICAL COAL.—The phase out per-*  
 2                    *centage under this clause is equal to—*

3                    *“(I) in the case of any applicable*  
 4                    *critical mineral produced during cal-*  
 5                    *endar year 2031, 75 percent,*

6                    *“(II) in the case of any applicable*  
 7                    *critical mineral produced during cal-*  
 8                    *endar year 2032, 50 percent,*

9                    *“(III) in the case of any applica-*  
 10                    *ble critical mineral produced during*  
 11                    *calendar year 2033, 25 percent, and*

12                    *“(IV) in the case of any applica-*  
 13                    *ble critical mineral produced after De-*  
 14                    *cember 31, 2033, 0 percent.*

15                    *“(D) TERMINATION FOR WIND ENERGY COM-*  
 16                    *PONENTS.—This section shall not apply to any*  
 17                    *wind energy component produced and sold after*  
 18                    *December 31, 2027.*

19                    *“(E) TERMINATION FOR METALLURGICAL*  
 20                    *COAL.—This section shall not apply to any met-*  
 21                    *allurgical coal produced after December 31,*  
 22                    *2029.”.*

23                    *(c) RESTRICTIONS RELATING TO PROHIBITED FOR-*  
 24                    *EIGN ENTITIES.—Section 45X is amended—*



1           (1) in subsection (c)(1), by adding at the end the  
2           following new subparagraph:

3                   “(C) *MATERIAL ASSISTANCE FROM PROHIB-*  
4                   *ITED FOREIGN ENTITIES.*—*In the case of taxable*  
5                   *years beginning after the date of enactment of*  
6                   *this subparagraph, the term ‘eligible component’*  
7                   *shall not include any property which includes*  
8                   *any material assistance from a prohibited for-*  
9                   *foreign entity (as defined in section 7701(a)(52), as*  
10                   *applied by substituting ‘used in a product sold*  
11                   *before January 1, 2027’ for ‘used in a product*  
12                   *sold before January 1, 2030’ in subparagraph*  
13                   *(D)(iv)(II)(bb) thereof).”, and*

14           (2) in subsection (d), as amended by subsection  
15           (a) of this section, by adding at the end the following  
16           new paragraph:

17                   “(4) *RESTRICTIONS RELATING TO PROHIBITED*  
18                   *FOREIGN ENTITIES.*—

19                   “(A) *IN GENERAL.*—*No credit shall be deter-*  
20                   *mined under subsection (a) for any taxable year*  
21                   *if the taxpayer is—*

22                           “(i) *a specified foreign entity (as de-*  
23                           *fined in section 7701(a)(51)(B)), or*

1                   “(ii) a foreign-influenced entity (as de-  
 2                   fined in section 7701(a)(51)(D), without re-  
 3                   gard to clause (i)(II) thereof).

4                   “(B) *EFFECTIVE CONTROL*.—In the case of  
 5                   a taxpayer for which section  
 6                   7701(a)(51)(D)(i)(II) is determined to apply for  
 7                   any taxable year, no credit shall be determined  
 8                   under subsection (a) for such taxable year if such  
 9                   determination relates to an eligible component  
 10                  described in subsection (c)(1).”.

11               (d) *MODIFICATION OF DEFINITION OF BATTERY MOD-*  
 12 *ULE*.—Section 45X(c)(5)(B)(iii) is amended—

13               (1) in subclause (I)(bb), by striking “and” at the  
 14               end,

15               (2) in subclause (II), by striking the period at  
 16               the end and inserting “, and”, and

17               (3) by adding at the end the following new sub-  
 18               clause:

19                               “(III) which is comprised of all  
 20                               other essential equipment needed for  
 21                               battery functionality, such as current  
 22                               collector assemblies and voltage sense  
 23                               harnesses, or any other essential energy  
 24                               collection equipment.”.

1       (e) *INCLUSION OF METALLURGICAL COAL AS AN AP-*  
 2       *PLICABLE CRITICAL MINERAL FOR PURPOSES OF THE AD-*  
 3       *VANCED MANUFACTURING PRODUCTION CREDIT.*—

4               (1) *IN GENERAL.*—Section 45X(c)(6) is amend-  
 5       *ed—*

6                       (A) *by redesignating subparagraphs (R)*  
 7                       *through (Z) as subparagraphs (S) through (AA),*  
 8                       *respectively, and*

9                       (B) *by inserting after subparagraph (Q) the*  
 10                      *following new subparagraph:*

11                      “(R) *METALLURGICAL COAL.*—*Metallurgical*  
 12                      *coal which is suitable for use in the production*  
 13                      *of steel (within the meaning of the notice pub-*  
 14                      *lished by the Department of Energy entitled*  
 15                      *‘Critical Material List; Addition of Metallurgical*  
 16                      *Coal Used for Steelmaking’ (90 Fed. Reg. 22711*  
 17                      *(May 29, 2025))), regardless of whether such pro-*  
 18                      *duction occurs inside or outside of the United*  
 19                      *States.”.*

20               (2) *CREDIT AMOUNT.*—Section 45X(b)(1)(M) is  
 21       *amended by inserting “(2.5 percent in the case of*  
 22       *metallurgical coal)” after “10 percent”.*

23       (f) *EFFECTIVE DATES.*—

24               (1) *IN GENERAL.*—*Except as provided in para-*  
 25       *graph (2), the amendments made by this section shall*

1       *apply to taxable years beginning after the date of en-*  
 2       *actment of this Act.*

3               (2) *MODIFICATION OF PROVISION RELATING TO*  
 4       *SALE OF INTEGRATED COMPONENTS.—The amend-*  
 5       *ment made by subsection (a) shall apply to compo-*  
 6       *nents sold during taxable years beginning after De-*  
 7       *cember 31, 2026.*

8       **SEC. 70515. RESTRICTION ON THE EXTENSION OF AD-**  
 9               **VANCED ENERGY PROJECT CREDIT PRO-**  
 10              **GRAM.**

11       (a) *IN GENERAL.—Section 48C(e)(3)(C) is amended*  
 12       *by striking “shall be increased” and inserting “shall not*  
 13       *be increased”.*

14       (b) *EFFECTIVE DATE.—The amendment made by this*  
 15       *section shall take effect on the date of enactment of this Act.*

16       **Subchapter B—Enhancement of America-first**  
 17              **Energy Policy**

18       **SEC. 70521. EXTENSION AND MODIFICATION OF CLEAN**  
 19              **FUEL PRODUCTION CREDIT.**

20       (a) *PROHIBITION ON FOREIGN FEEDSTOCKS.—*

21               (1) *IN GENERAL.—Section 45Z(f)(1)(A) is*  
 22       *amended—*

23                       (A) *in clause (i)(II)(bb), by striking “and”*  
 24                       *at the end,*

1           (B) in clause (ii), by striking the period at  
2           the end and inserting “, and”, and

3           (C) by adding at the end the following new  
4           clause:

5                   “(iii) such fuel is exclusively derived  
6                   from a feedstock which was produced or  
7                   grown in the United States, Mexico, or  
8                   Canada.”.

9           (2) *EFFECTIVE DATE.*—The amendments made  
10          by this subsection shall apply to transportation fuel  
11          produced after December 31, 2025.

12          (b) *PROHIBITION ON NEGATIVE EMISSION RATES.*—

13               (1) *IN GENERAL.*—Section 45Z(b)(1) is amend-  
14          ed—

15                   (A) by striking subparagraph (C) and in-  
16                   serting the following:

17                           “(C) *ROUNDING OF EMISSIONS RATE.*—The  
18                           Secretary may round the emissions rates under  
19                           subparagraph (B) to the nearest multiple of 5  
20                           kilograms of CO<sub>2</sub>e per mmBTU.”, and

21                   (B) by adding at the end the following new  
22                   subparagraph:

23                           “(E) *PROHIBITION ON NEGATIVE EMISSION*  
24                           *RATES.*—For purposes of this section, the emis-

1           sions rate for a transportation fuel may not be  
2           less than zero.”.

3           (2) *EFFECTIVE DATE.*—*The amendments made*  
4           *by this subsection shall apply to emissions rates pub-*  
5           *lished for transportation fuel produced after December*  
6           *31, 2025.*

7           (c) *DETERMINATION OF EMISSIONS RATE.*—

8           (1) *IN GENERAL.*—*Section 45Z(b)(1)(B) is*  
9           *amended by adding at the end the following new*  
10          *clauses:*

11                   “(iv) *EXCLUSION OF INDIRECT LAND*  
12                   *USE CHANGES.*—*Notwithstanding clauses*  
13                   *(i), (ii), and (iii), the emissions rate shall*  
14                   *be adjusted as necessary to exclude any*  
15                   *emissions attributed to indirect land use*  
16                   *change. Any such adjustment shall be based*  
17                   *on regulations or methodologies determined*  
18                   *by the Secretary.*

19                   “(v) *ANIMAL MANURES.*—*With respect*  
20                   *to any transportation fuel which is derived*  
21                   *from animal manure, the Secretary—*

22                           “(I) *shall provide a distinct emis-*  
23                           *sions rate with respect to such fuel*  
24                           *based on the specific animal manure*  
25                           *feedstock, which may include dairy*

1                    *manure, swine manure, poultry ma-*  
 2                    *nure, or any other sources as are deter-*  
 3                    *mined appropriate by the Secretary,*  
 4                    *and*

5                    *“(II) notwithstanding subpara-*  
 6                    *graph (E), may provide an emissions*  
 7                    *rate that is less than zero.”.*

8                    (2)        *CONFORMING        AMENDMENT.—Section*  
 9                    *45Z(b)(1)(B)(i) is amended by striking “clauses (ii)*  
 10                    *and (iii)” and inserting “clauses (ii), (iii), (iv), and*  
 11                    *(v)”.*

12                    (3)        *EFFECTIVE DATE.—The amendments made*  
 13                    *by this subsection shall apply to emissions rates pub-*  
 14                    *lished for transportation fuel produced after December*  
 15                    *31, 2025.*

16                    (d)        *EXTENSION OF CLEAN FUEL PRODUCTION CRED-*  
 17                    *IT.—Section 45Z(g) is amended by striking “December 31,*  
 18                    *2027” and inserting “December 31, 2029”.*

19                    (e)        *PREVENTING DOUBLE CREDIT.—Section 45Z(d)(5)*  
 20                    *is amended—*

21                    (1)        *in subparagraph (A)—*

22                    (A)        *in clause (ii), by striking “and” at the*  
 23                    *end,*

24                    (B)        *in clause (iii), by striking the period at*  
 25                    *the end and inserting “, and”, and*

1                   (C) by adding at the end the following new  
2                   clause:

3                   “(iv) is not produced from a fuel for  
4                   which a credit under this section is allow-  
5                   able.”, and

6                   (2) by adding at the end the following new sub-  
7                   paragraph:

8                   “(C) *REGULATIONS AND GUIDANCE.*—The  
9                   Secretary shall issue such regulations or other  
10                  guidance as the Secretary determines necessary  
11                  to carry out the purposes of subparagraph  
12                  (A)(iv).”.

13               (f) *SALES TO UNRELATED PERSONS.*—Section  
14               45Z(f)(3) is amended by adding at the end the following:  
15               “The Secretary may prescribe additional related person  
16               rules similar to the rule described in the preceding sentence  
17               for entities which are not described in such sentence, includ-  
18               ing rules for related persons with respect to which the tax-  
19               payer has reason to believe will sell fuel to an unrelated  
20               person in a manner described in subsection (a)(4).”.

21               (g) *TREATMENT OF SUSTAINABLE AVIATION FUEL.*—

22                   (1) *COORDINATION OF CREDITS.*—

23                   (A) *IN GENERAL.*—Section 6426(k) is  
24                   amended by adding at the end the following new  
25                   paragraph:



1           “(4) *COORDINATION OF CREDITS.*—With respect  
 2           to any gallon of sustainable aviation fuel in a quali-  
 3           fied mixture, this subsection shall not apply to any  
 4           such gallon for which a credit under section 45Z is  
 5           allowable (as determined without regard to subsection  
 6           (a)(1)(A) of such section).”.

7           (B) *EFFECTIVE DATE.*—The amendment  
 8           made by this paragraph shall apply to—

9                   (i) fuel sold or used on or after the date  
 10                  of the enactment of this Act, and

11                  (ii) fuel sold or used before the date of  
 12                  enactment of this Act, but only to the extent  
 13                  that claims for the credit under section  
 14                  6426(k) of the Internal Revenue Code of  
 15                  1986 with respect to such sale or use have  
 16                  not been paid or allowed as of such date.

17           (2) *ELIMINATION OF SPECIAL RATE.*—

18                  (A) *IN GENERAL.*—Paragraph (3) of section  
 19                  45Z(a) is amended to read as follows:

20                  “(3) *DEFINITION OF SUSTAINABLE AVIATION*  
 21                  *FUEL.*—For purposes of this section, the term ‘sus-  
 22                  tainable aviation fuel’ means liquid fuel, the portion  
 23                  of which is not kerosene, which is sold for use in an  
 24                  aircraft and which—

25                   “(A) meets the requirements of—

1                   “(i) *ASTM International Standard*  
2                   *D7566, or*

3                   “(ii) *the Fischer Tropsch provisions of*  
4                   *ASTM International Standard D1655,*  
5                   *Annex A1, and*

6                   “(B) *is not derived from palm fatty acid*  
7                   *distillates or petroleum.*”.

8                   (B) *CONFORMING AMENDMENT.*—Section  
9                   45Z(c)(1) *is amended by striking “, the \$1.00*  
10                  *amount in subsection (a)(2)(B), the 35 cent*  
11                  *amount in subsection (a)(3)(A)(i), and the \$1.75*  
12                  *amount in subsection (a)(3)(A)(ii)” and insert-*  
13                  *ing “and the \$1.00 amount in subsection*  
14                  *(a)(2)(B)”.*

15                  (C) *EFFECTIVE DATE.*—The amendments  
16                  *made by this paragraph shall apply to fuel pro-*  
17                  *duced after December 31, 2025.*

18                  (h) *SUSTAINABLE AVIATION FUEL CREDIT.*—Section  
19                  6426(k), *as amended by the preceding provisions of this Act,*  
20                  *is amended by adding at the end the following new para-*  
21                  *graph:*

22                  “(5) *TERMINATION.*—This subsection shall not  
23                  *apply to any sale or use for any period after Sep-*  
24                  *tember 30, 2025.*”.

1       *(i) REGISTRATION OF PRODUCERS OF FUEL ELIGIBLE*  
 2       *FOR CLEAN FUEL PRODUCTION CREDIT.—*

3               *(1) IN GENERAL.—Section 13704(b)(5) of Public*  
 4       *Law 117-169 is amended by striking “after ‘section*  
 5       *6426(k)(3),’” and inserting “after ‘section 40B),’”.*

6               *(2) EFFECTIVE DATE.—The amendment made by*  
 7       *this subsection shall apply to transportation fuel pro-*  
 8       *duced after December 31, 2024.*

9       *(j) EXTENSION AND MODIFICATION OF SMALL AGRI-*  
 10       *BIODIESEL PRODUCER CREDIT.—*

11               *(1) IN GENERAL.—Section 40A is amended—*

12                       *(A) in subsection (b)(4)—*

13                               *(i) in subparagraph (A), by striking*  
 14                       *“10 cents” and inserting “20 cents”,*

15                               *(ii) in subparagraph (B), by inserting*  
 16                       *“in a manner which complies with the re-*  
 17                       *quirements under section 45Z(f)(1)(A)(iii)”*  
 18                       *after “produced by an eligible small agri-*  
 19                       *biodiesel producer”, and*

20                               *(iii) by adding at the end the following*  
 21                       *new subparagraph:*

22                       *“(D) COORDINATION WITH CLEAN FUEL*  
 23       *PRODUCTION CREDIT.—The credit determined*  
 24       *under this paragraph with respect to any gallon*  
 25       *of fuel shall be in addition to any credit deter-*

1           mined under section 45Z with respect to such  
2           gallon of fuel.”, and

3                   (B) in subsection (g), by inserting “(or, in  
4           the case of the small agri-biodiesel producer cred-  
5           it, any sale or use after December 31, 2026)”  
6           after “December 31, 2024”.

7           (2)       TRANSFER       OF       CREDIT.—Section  
8           6418(f)(1)(A) is amended by adding at the end the  
9           following new clause:

10                   “(xii) So much of the biodiesel fuels  
11           credit determined under section 40A which  
12           consists of the small agri-biodiesel producer  
13           credit determined under subsection (b)(4) of  
14           such section.”.

15           (3) EFFECTIVE DATE.—The amendments made  
16           by this subsection shall apply to fuel sold or used  
17           after June 30, 2025.

18           (k) RESTRICTIONS RELATING TO PROHIBITED FOR-  
19 EIGN ENTITIES.—

20                   (1) IN GENERAL.—Section 45Z(f) is amended by  
21           adding at the end the following new paragraph:

22                   “(8) RESTRICTIONS RELATING TO PROHIBITED  
23 FOREIGN ENTITIES.—

24                   “(A) IN GENERAL.—No credit shall be deter-  
25           mined under subsection (a) for any taxable year

1        *beginning after the date of enactment of this*  
 2        *paragraph if the taxpayer is a specified foreign*  
 3        *entity (as defined in section 7701(a)(51)(B)).*

4                *“(B) OTHER PROHIBITED FOREIGN ENTI-*  
 5        *TIES.—No credit shall be determined under sub-*  
 6        *section (a) for any taxable year beginning after*  
 7        *the date which is 2 years after the date of enact-*  
 8        *ment of this paragraph if the taxpayer is a for-*  
 9        *foreign-influenced entity (as defined in section*  
 10        *7701(a)(51)(D), without regard to clause (i)(II)*  
 11        *thereof).”.*

12                *(2) EFFECTIVE DATE.—The amendment made by*  
 13        *this subsection shall apply to taxable years beginning*  
 14        *after the date of enactment of this Act.*

15    **SEC. 70522. RESTRICTIONS ON CARBON OXIDE SEQUESTRA-**  
 16                **TION CREDIT.**

17        *(a) RESTRICTIONS RELATING TO PROHIBITED FOR-*  
 18        *EIGN ENTITIES.—Section 45Q(f) is amended by adding at*  
 19        *the end the following new paragraph:*

20                *“(10) RESTRICTIONS RELATING TO PROHIBITED*  
 21        *FOREIGN ENTITIES.—No credit shall be determined*  
 22        *under subsection (a) for any taxable year beginning*  
 23        *after the date of enactment of this paragraph if the*  
 24        *taxpayer is—*

1           “(A) a specified foreign entity (as defined  
2           in section 7701(a)(51)(B)), or

3           “(B) a foreign-influenced entity (as defined  
4           in section 7701(a)(51)(D), determined without  
5           regard to clause (i)(II) thereof).”.

6           (b) *PARITY FOR DIFFERENT USES AND UTILIZATIONS*  
7 *OF QUALIFIED CARBON OXIDE.*—Section 45Q is amend-  
8 ed—

9           (1) in subsection (a)—

10           (A) in paragraph (2)(B)(ii), by adding  
11           “and” at the end,

12           (B) in paragraph (3), by striking subpara-  
13 graph (B) and inserting the following:

14           “(B)(i) disposed of by the taxpayer in se-  
15 cure geological storage and not used by the tax-  
16 payer as described in clause (ii) or (iii),

17           “(ii) used by the taxpayer as a tertiary  
18 injectant in a qualified enhanced oil or natural  
19 gas recovery project and disposed of by the tax-  
20 payer in secure geological storage, or

21           “(iii) utilized by the taxpayer in a manner  
22 described in subsection (f)(5).”, and

23           (C) by striking paragraph (4),

24           (2) in subsection (b)—

25           (A) in paragraph (1)—

1                   (i) by striking subparagraph (A) and  
2                   inserting the following:

3                   “(A) *IN GENERAL.*—*Except as provided in*  
4                   *subparagraph (B) or (C), the applicable dollar*  
5                   *amount shall be an amount equal to—*

6                   “(i) *for any taxable year beginning in*  
7                   *a calendar year after 2024 and before 2027,*  
8                   *\$17, and*

9                   “(ii) *for any taxable year beginning in*  
10                  *a calendar year after 2026, an amount*  
11                  *equal to the product of \$17 and the infla-*  
12                  *tion adjustment factor for such calendar*  
13                  *year determined under section 43(b)(3)(B)*  
14                  *for such calendar year, determined by sub-*  
15                  *stituting ‘2025’ for ‘1990’.*”, and

16                  (ii) *in subparagraph (B), by striking*  
17                  *“shall be applied” and all that follows*  
18                  *through the period and inserting “shall be*  
19                  *applied by substituting “\$36” for “\$17” each*  
20                  *place it appears.”,*

21                  (B) *in paragraph (2)(B), by striking*  
22                  *“paragraphs (3)(A) and (4)(A)” and inserting*  
23                  *“paragraph (3)(A)”*, and

24                  (C) *in paragraph (3), by striking “the dol-*  
25                  *lar amounts applicable under paragraph (3) or*

1           (4)” and inserting “the dollar amount applicable  
2           under paragraph (3)”,

3           (3) in subsection (f)—

4                 (A) in paragraph (5)(B)(i), by striking  
5           “(4)(B)(ii)” and inserting “(3)(B)(iii)”, and

6                 (B) in paragraph (9), by striking “para-  
7           graphs (3) and (4) of subsection (a)” and insert-  
8           ing “subsection (a)(3)”, and

9           (4) in subsection (h)(3)(A)(ii), by striking  
10          “paragraph (3)(A) or (4)(A) of subsection (a)” and  
11          inserting “subsection (a)(3)(A)”.

12          (c)           CONFORMING           AMENDMENT.—Section  
13          6417(d)(3)(C)(i)(II)(bb) is amended by striking “para-  
14          graph (3)(A) or (4)(A) of section 45Q(a)” and inserting  
15          “section 45Q(a)(3)(A)”.

16          (d) *EFFECTIVE DATES.*—

17                 (1) *RESTRICTIONS RELATING TO PROHIBITED*  
18          *FOREIGN ENTITIES.*—The amendment made by sub-  
19          section (a) shall apply to taxable years beginning  
20          after the date of enactment of this Act.

21                 (2) *PARITY FOR DIFFERENT USES AND UTILIZA-*  
22          *TIONS OF QUALIFIED CARBON OXIDE.*—The amend-  
23          ments made subsections (b) and (c) shall apply to fa-  
24          cilities or equipment placed in service after the date  
25          of enactment of this Act.



1 **SEC. 70523. INTANGIBLE DRILLING AND DEVELOPMENT**  
 2 **COSTS TAKEN INTO ACCOUNT FOR PURPOSES**  
 3 **OF COMPUTING ADJUSTED FINANCIAL**  
 4 **STATEMENT INCOME.**

5 (a) *IN GENERAL.*—Section 56A(c)(13) is amended—  
 6 (1) by striking subparagraph (A) and inserting  
 7 the following:

8 “(A) reduced by—

9 “(i) depreciation deductions allowed  
 10 under section 167 with respect to property  
 11 to which section 168 applies to the extent of  
 12 the amount allowed as deductions in com-  
 13 puting taxable income for the year, and

14 “(ii) any deduction allowed for ex-  
 15 penses under section 263(c) (including any  
 16 deduction for such expenses under section  
 17 59(e) or 291(b)(2)) with respect to property  
 18 described therein to the extent of the amount  
 19 allowed as deductions in computing taxable  
 20 income for the year, and”, and

21 (2) by striking subparagraph (B)(i) and insert-  
 22 ing the following:

23 “(i) to disregard any amount of—

24 “(I) depreciation expense that is  
 25 taken into account on the taxpayer’s

1 applicable financial statement with re-  
 2 spect to such property, and

3 “(II) depletion expense that is  
 4 taken into account on the taxpayer’s  
 5 applicable financial statement with re-  
 6 spect to the intangible drilling and de-  
 7 velopment costs of such property, and”.

8 (b) *EFFECTIVE DATE.*—The amendments made by this  
 9 section shall apply to taxable years beginning after Decem-  
 10 ber 31, 2025.

11 **SEC. 70524. INCOME FROM HYDROGEN STORAGE, CARBON**  
 12 **CAPTURE, ADVANCED NUCLEAR, HYDRO-**  
 13 **POWER, AND GEOTHERMAL ENERGY ADDED**  
 14 **TO QUALIFYING INCOME OF CERTAIN PUB-**  
 15 **LICLY TRADED PARTNERSHIPS.**

16 (a) *IN GENERAL.*—Section 7704(d)(1)(E) is amend-  
 17 ed—

18 (1) by striking “income and gains derived from  
 19 the exploration” and inserting the following: “income  
 20 and gains derived from—

21 “(i) the exploration”.

22 (2) by inserting “or” before “industrial source”,  
 23 and

24 (3) by striking “or the transportation or storage”  
 25 and all that follows and inserting the following:

1 “(ii) the transportation or storage of—

2 “(I) any fuel described in sub-  
3 section (b), (c), (d), (e), or (k) of sec-  
4 tion 6426, or any alcohol fuel defined  
5 in section 6426(b)(4)(A) or any bio-  
6 diesel fuel as defined in section  
7 40A(d)(1) or sustainable aviation fuel  
8 as defined in section 40B(d)(1), or

9 “(II) liquified hydrogen or com-  
10 pressed hydrogen,

11 “(iii) in the case of a qualified facility  
12 (as defined in section 45Q(d), without re-  
13 gard to any date by which construction of  
14 the facility or equipment is required to  
15 begin) not less than 50 percent of the total  
16 carbon oxide production of which is quali-  
17 fied carbon oxide (as defined in section  
18 45Q(c))—

19 “(I) the generation, availability  
20 for such generation, or storage of elec-  
21 tric power at such facility, or

22 “(II) the capture of carbon diox-  
23 ide by such facility,

1 “(iv) the production of electricity from  
 2 any advanced nuclear facility (as defined in  
 3 section 45J(d)(2)),

4 “(v) the production of electricity or  
 5 thermal energy exclusively using a qualified  
 6 energy resource described in subparagraph  
 7 (D) or (H) of section 45(c)(1), or

8 “(vi) the operation of energy property  
 9 described in clause (iii) or (vii) of section  
 10 48(a)(3)(A) (determined without regard to  
 11 any requirement under such section with re-  
 12 spect to the date on which construction of  
 13 property begins).”.

14 (b) *EFFECTIVE DATE.*—The amendments made by this  
 15 section shall apply to taxable years beginning after Decem-  
 16 ber 31, 2025.

17 **SEC. 70525. ALLOW FOR PAYMENTS TO CERTAIN INDIVID-**  
 18 **UALS WHO DYE FUEL.**

19 (a) *IN GENERAL.*—Subchapter B of chapter 65, as  
 20 amended by the preceding provisions of this Act, is amended  
 21 by adding at the end the following new section:

22 **“SEC. 6435. DYED FUEL.**

23 “(a) *IN GENERAL.*—If a person establishes to the satis-  
 24 faction of the Secretary that such person meets the require-  
 25 ments of subsection (b) with respect to diesel fuel or ker-

1 osene, then the Secretary shall pay to such person an  
 2 amount (without interest) equal to the tax described in sub-  
 3 section (b)(2)(A) with respect to such diesel fuel or kerosene.

4 “(b) *REQUIREMENTS.*—

5 “(1) *IN GENERAL.*—A person meets the require-  
 6 ments of this subsection with respect to diesel fuel or  
 7 kerosene if such person removes from a terminal eligi-  
 8 ble indelibly dyed diesel fuel or kerosene.

9 “(2) *ELIGIBLE INDELIBLY DYED DIESEL FUEL*  
 10 *OR KEROSENE DEFINED.*—The term ‘eligible indelibly  
 11 dyed diesel fuel or kerosene’ means diesel fuel or ker-  
 12 osene—

13 “(A) with respect to which a tax under sec-  
 14 tion 4081 was previously paid (and not credited  
 15 or refunded), and

16 “(B) which is exempt from taxation under  
 17 section 4082(a).

18 “(c) *CROSS REFERENCE.*—For civil penalty for exces-  
 19 sive claims under this section, see section 6675.”.

20 (b) *CONFORMING AMENDMENTS.*—

21 (1) Section 6206 is amended—

22 (A) by striking “or 6427” each place it ap-  
 23 pears and inserting “6427, or 6435”, and

24 (B) by striking “6420 and 6421” and in-  
 25 serting “6420, 6421, and 6435”.

1           (2) *Section 6430 is amended—*

2                   (A) *by striking “or” at the end of para-*  
 3 *graph (2), by striking the period at the end of*  
 4 *paragraph (3) and inserting “, or”, and by add-*  
 5 *ing at the end the following new paragraph:*

6           “(4) *which are removed as eligible indelibly dyed*  
 7 *diesel fuel or kerosene under section 6435.”.*

8           (3) *Section 6675 is amended—*

9                   (A) *in subsection (a), by striking “or 6427*  
 10 *(relating to fuels not used for taxable purposes)”*  
 11 *and inserting “6427 (relating to fuels not used*  
 12 *for taxable purposes), or 6435 (relating to eligi-*  
 13 *ble indelibly dyed fuel)”*, and

14                  (B) *in subsection (b)(1), by striking “6421,*  
 15 *or 6427,” and inserting “6421, 6427, or 6435.”.*

16           (4) *The table of sections for subchapter B of*  
 17 *chapter 65, as amended by the preceding provisions*  
 18 *of this Act, is amended by adding at the end the fol-*  
 19 *lowing new item:*

“Sec. 6435. *Dyed fuel.*”.

20           (c) *EFFECTIVE DATE.—The amendments made by this*  
 21 *section shall apply to eligible indelibly dyed diesel fuel or*  
 22 *kerosene removed on or after the date that is 180 days after*  
 23 *the date of the enactment of this section.*

1                   ***Subchapter C—Other Reforms***

2   ***SEC. 70531. MODIFICATIONS TO DE MINIMIS ENTRY PRIVI-***  
 3                   ***LEGE FOR COMMERCIAL SHIPMENTS.***

4           (a) *CIVIL PENALTY.*—

5                   (1) *ADDITIONAL PENALTY IMPOSED.*—*Section*  
 6           *321 of the Tariff Act of 1930 (19 U.S.C. 1321) is*  
 7           *amended by adding at the end the following new sub-*  
 8           *section:*

9           “(c) *Any person who enters, introduces, facilitates, or*  
 10   *attempts to introduce an article into the United States*  
 11   *using the privilege of this section, the importation of which*  
 12   *violates any other provision of United States customs law,*  
 13   *shall be assessed, in addition to any other penalty permitted*  
 14   *by law, a civil penalty of up to \$5,000 for the first violation*  
 15   *and up to \$10,000 for each subsequent violation.”.*

16                   (2) *EFFECTIVE DATE.*—*The amendment made by*  
 17   *paragraph (1) shall take effect 30 days after the date*  
 18   *of the enactment of this Act.*

19           (b) *REPEAL OF COMMERCIAL SHIPMENT EXCEP-*  
 20   *TION.*—

21                   (1) *REPEAL.*—*Section 321(a)(2) of such Act (19*  
 22   *U.S.C. 1321(a)(2)) is amended by striking “of this*  
 23   *Act, or” and all that follows through “subdivision (2);*  
 24   *and” and inserting “of this Act; and”.*

1           (2) *CONFORMING REPEAL.*—Subsection (c) of  
 2           such section 321, as added by subsection (a) of this  
 3           section, is repealed.

4           (3) *EFFECTIVE DATE.*—The amendments made  
 5           by this subsection shall take effect on July 1, 2027.

6       **CHAPTER 6—ENHANCING DEDUCTION**  
 7       **AND INCOME TAX CREDIT GUARD-**  
 8       **RAILS, AND OTHER REFORMS**

9       **SEC. 70601. MODIFICATION AND EXTENSION OF LIMITATION**  
 10       **ON EXCESS BUSINESS LOSSES OF NONCOR-**  
 11       **PORATE TAXPAYERS.**

12       (a) *RULE MADE PERMANENT.*—Section 461(l)(1) is  
 13       amended by striking “and before January 1, 2029,” each  
 14       place it appears.

15       (b) *ADJUSTMENT OF AMOUNTS FOR CALCULATION OF*  
 16       *EXCESS BUSINESS LOSS.*—Section 461(l)(3)(C) is amend-  
 17       ed—

18           (1) in the matter preceding clause (i), by strik-  
 19           ing “December 31, 2018” and inserting “December  
 20           31, 2025”, and

21           (2) in clause (ii), by striking “2017” and insert-  
 22           ing “2024”.

23       (c) *EFFECTIVE DATES.*—



1           (1) *RULE MADE PERMANENT.*—*The amendments*  
 2           *made by subsection (a) shall apply to taxable years*  
 3           *beginning after December 31, 2026.*

4           (2) *ADJUSTMENT OF AMOUNTS FOR CALCULATION*  
 5           *OF EXCESS BUSINESS LOSS.*—*The amendments made*  
 6           *by subsection (b) shall apply to taxable years begin-*  
 7           *ning after December 31, 2025.*

8   **SEC. 70602. TREATMENT OF PAYMENTS FROM PARTNER-**  
 9                           **SHIPS TO PARTNERS FOR PROPERTY OR**  
 10                          **SERVICES.**

11          (a) *IN GENERAL.*—*Section 707(a)(2) is amended by*  
 12          *striking “Under regulations prescribed” and inserting “Ex-*  
 13          *cept as provided”.*

14          (b) *EFFECTIVE DATE.*—*The amendment made by this*  
 15          *section shall apply to services performed, and property*  
 16          *transferred, after the date of the enactment of this Act.*

17          (c) *RULE OF CONSTRUCTION.*—*Nothing in this section,*  
 18          *or the amendments made by this section, shall be construed*  
 19          *to create any inference with respect to the proper treatment*  
 20          *under section 707(a) of the Internal Revenue Code of 1986*  
 21          *with respect to payments from a partnership to a partner*  
 22          *for services performed, or property transferred, on or before*  
 23          *the date of the enactment of this Act.*

1 **SEC. 70603. EXCESSIVE EMPLOYEE REMUNERATION FROM**  
 2 **CONTROLLED GROUP MEMBERS AND ALLOCA-**  
 3 **TION OF DEDUCTION.**

4 (a) *APPLICATION OF AGGREGATION RULES.*—Section  
 5 162(m) is amended by adding at the end the following new  
 6 paragraph:

7 “(7) *REMUNERATION FROM CONTROLLED GROUP*  
 8 *MEMBERS.*—

9 “(A) *IN GENERAL.*—In the case of any pub-  
 10 licly held corporation which is a member of a  
 11 controlled group—

12 “(i) paragraph (1) shall be applied by  
 13 substituting ‘specified covered employee’ for  
 14 ‘covered employee’, and

15 “(ii) if any person which is a member  
 16 of such controlled group (other than such  
 17 publicly held corporation) provides applica-  
 18 ble employee remuneration to an individual  
 19 who is a specified covered employee of such  
 20 controlled group and the aggregate amount  
 21 described in subparagraph (B)(ii) with re-  
 22 spect to such specified covered employee ex-  
 23 ceeds \$1,000,000—

24 “(I) paragraph (1) shall apply to  
 25 such person with respect to such remu-  
 26 nation, and

1                   “(II) paragraph (1) shall apply to  
 2                   such publicly held corporation and to  
 3                   each such related person by sub-  
 4                   stituting ‘the allocable limitation  
 5                   amount’ for ‘\$1,000,000’.

6                   “(B) *ALLOCABLE LIMITATION AMOUNT.*—  
 7                   For purposes of this paragraph, the term ‘allo-  
 8                   cable limitation amount’ means, with respect to  
 9                   any member of the controlled group referred to  
 10                  in subparagraph (A) with respect to any speci-  
 11                  fied covered employee of such controlled group,  
 12                  the amount which bears the same ratio to  
 13                  \$1,000,000 as—

14                  “(i) the amount of applicable employee  
 15                  remuneration provided by such member  
 16                  with respect to such specified covered em-  
 17                  ployee, bears to

18                  “(ii) the aggregate amount of applica-  
 19                  ble employee remuneration provided by all  
 20                  such members with respect to such specified  
 21                  covered employee.

22                  “(C) *SPECIFIED COVERED EMPLOYEE.*—For  
 23                  purposes of this paragraph, the term ‘specified  
 24                  covered employee’ means, with respect to any  
 25                  controlled group—

1 “(i) any employee described in sub-  
 2 paragraph (A), (B), or (D) of paragraph  
 3 (3), with respect to the publicly held cor-  
 4 poration which is a member of such con-  
 5 trolled group, and

6 “(ii) any employee who would be de-  
 7 scribed in subparagraph (C) of paragraph  
 8 (3) if such subparagraph were applied by  
 9 taking into account the employees of all  
 10 members of the controlled group.

11 “(D) CONTROLLED GROUP.—For purposes  
 12 of this paragraph, the term ‘controlled group’  
 13 means any group treated as a single employer  
 14 under subsection (b), (c), (m), or (o) of section  
 15 414.”.

16 (b) EFFECTIVE DATE.—The amendment made by this  
 17 section shall apply to taxable years beginning after Decem-  
 18 ber 31, 2025.

19 **SEC. 70604. EXCISE TAX ON CERTAIN REMITTANCE TRANS-**  
 20 **FERS.**

21 (a) IN GENERAL.—Chapter 36 is amended by insert-  
 22 ing after subchapter B the following new subchapter:

23 **“Subchapter C—Remittance Transfers**

“Sec. 4475. Imposition of tax.

1 **“SEC. 4475. IMPOSITION OF TAX.**

2       “(a) *IN GENERAL.*—*There is hereby imposed on any*  
3 *remittance transfer a tax equal to 1 percent of the amount*  
4 *of such transfer.*

5       “(b) *PAYMENT OF TAX.*—

6               “(1) *IN GENERAL.*—*The tax imposed by this sec-*  
7 *tion with respect to any remittance transfer shall be*  
8 *paid by the sender with respect to such transfer.*

9               “(2) *COLLECTION OF TAX.*—*The remittance*  
10 *transfer provider with respect to any remittance*  
11 *transfer shall collect the amount of the tax imposed*  
12 *under subsection (a) with respect to such transfer*  
13 *from the sender and remit such tax quarterly to the*  
14 *Secretary at such time and in such manner as pro-*  
15 *vided by the Secretary,*

16               “(3) *SECONDARY LIABILITY.*—*Where any tax im-*  
17 *posed by subsection (a) is not paid at the time the*  
18 *transfer is made, then to the extent that such tax is*  
19 *not collected, such tax shall be paid by the remittance*  
20 *transfer provider.*

21       “(c) *TAX LIMITED TO CASH AND SIMILAR INSTRU-*  
22 *MENTS.*—*The tax imposed under subsection (a) shall apply*  
23 *only to any remittance transfer for which the sender pro-*  
24 *vides cash, a money order, a cashier’s check, or any other*  
25 *similar physical instrument (as determined by the Sec-*  
26 *retary) to the remittance transfer provider.*

1       “(d) *NONAPPLICATION TO CERTAIN NONCASH REMIT-*  
 2       *TANCE TRANSFERS.*—*Subsection (a) shall not apply to any*  
 3       *remittance transfer for which the funds being transferred*  
 4       *are—*

5               “(1) *withdrawn from an account held in or by*  
 6       *a financial institution—*

7                       “(A) *which is described in subparagraphs*  
 8               *(A) through (H) of section 5312(a)(2) of title 31,*  
 9               *United States Code, and*

10                      “(B) *that is subject to the requirements*  
 11               *under subchapter II of chapter 53 of such title,*  
 12               *or*

13               “(2) *funded with a debit card or a credit card*  
 14       *which is issued in the United States.*

15       “(e) *DEFINITIONS.*—*For purposes of this section—*

16               “(1) *IN GENERAL.*—*The terms ‘remittance trans-*  
 17       *fer’, ‘remittance transfer provider’, and ‘sender’ shall*  
 18       *each have the respective meanings given such terms by*  
 19       *section 919(g) of the Electronic Fund Transfer Act*  
 20       *(15 U.S.C. 1693o–1(g)).*

21               “(2) *CREDIT CARD.*—*The term ‘credit card’ has*  
 22       *the same meaning given such term under section*  
 23       *920(c)(3) of the Electronic Fund Transfer Act (15*  
 24       *U.S.C. 1693o–2(c)(3)).*

1           “(3) *DEBIT CARD*.—The term ‘debit card’ has the  
 2           same meaning given such term under section  
 3           920(c)(2) of the *Electronic Fund Transfer Act* (15  
 4           U.S.C. 1693o–2(c)(2)), without regard to subpara-  
 5           graph (B) of such section.

6           “(f) *APPLICATION OF ANTI-CONDUIT RULES*.—For  
 7           purposes of section 7701(l), with respect to any multiple-  
 8           party arrangements involving the sender, a remittance  
 9           transfer shall be treated as a financing transaction.”.

10          (b) *CONFORMING AMENDMENT*.—The table of sub-  
 11          chapters for chapter 36 is amended by inserting after the  
 12          item relating to subchapter B the following new item:

                  “SUBCHAPTER C—REMITTANCE TRANSFERS”.

13          (c) *EFFECTIVE DATE*.—The amendments made by this  
 14          section shall apply to transfers made after December 31,  
 15          2025.

16   **SEC. 70605. ENFORCEMENT PROVISIONS WITH RESPECT TO**  
 17                   **COVID-RELATED EMPLOYEE RETENTION**  
 18                   **CREDITS.**

19          (a) *ASSESSABLE PENALTY FOR FAILURE TO COMPLY*  
 20          *WITH DUE DILIGENCE REQUIREMENTS*.—

21               (1) *IN GENERAL*.—Any *COVID–ERTC* promoter  
 22               which provides aid, assistance, or advice with respect  
 23               to any *COVID–ERTC* document and which fails to  
 24               comply with due diligence requirements imposed by  
 25               the Secretary with respect to determining eligibility

1     *for, or the amount of, any credit or advance payment*  
 2     *of a credit under section 3134 of the Internal Revenue*  
 3     *Code of 1986, shall pay a penalty of \$1,000 for each*  
 4     *such failure.*

5           (2) *DUE DILIGENCE REQUIREMENTS.—The due*  
 6     *diligence requirements referred to in paragraph (1)*  
 7     *shall be similar to the due diligence requirements im-*  
 8     *posed under section 6695(g) of the Internal Revenue*  
 9     *Code of 1986.*

10          (3) *RESTRICTION TO DOCUMENTS USED IN CON-*  
 11     *NECTION WITH RETURNS OR CLAIMS FOR REFUND.—*  
 12     *Paragraph (1) shall not apply with respect to any*  
 13     *COVID–ERTC document unless such document con-*  
 14     *stitutes, or relates to, a return or claim for refund.*

15          (4) *TREATMENT AS ASSESSABLE PENALTY,*  
 16     *ETC.—For purposes of the Internal Revenue Code of*  
 17     *1986, the penalty imposed under paragraph (1) shall*  
 18     *be treated as a penalty which is imposed under sec-*  
 19     *tion 6695(g) of such Code and assessed under section*  
 20     *6201 of such Code.*

21          (5) *SECRETARY.—For purposes of this sub-*  
 22     *section, the term “Secretary” means the Secretary of*  
 23     *the Treasury or the Secretary’s delegate.*

24          (b) *COVID–ERTC PROMOTER.—For purposes of this*  
 25     *section—*



1           (1) *IN GENERAL.*—*The term “COVID-ERTC*  
2           *promoter” means, with respect to any COVID-ERTC*  
3           *document, any person which provides aid, assistance,*  
4           *or advice with respect to such document if—*

5                   (A) *such person charges or receives a fee for*  
6                   *such aid, assistance, or advice which is based on*  
7                   *the amount of the refund or credit with respect*  
8                   *to such document and, with respect to such per-*  
9                   *son’s taxable year in which such person provided*  
10                  *such assistance or the preceding taxable year, the*  
11                  *aggregate of the gross receipts of such person for*  
12                  *aid, assistance, and advice with respect to all*  
13                  *COVID-ERTC documents exceeds 20 percent of*  
14                  *the gross receipts of such person for such taxable*  
15                  *year, or*

16                  (B) *with respect to such person’s taxable*  
17                  *year in which such person provided such assist-*  
18                  *ance or the preceding taxable year—*

19                       (i) *the aggregate of the gross receipts of*  
20                       *such person for aid, assistance, and advice*  
21                       *with respect to all COVID-ERTC docu-*  
22                       *ments exceeds 50 percent of the gross re-*  
23                       *ceipts of such person for such taxable year,*  
24                       *or*

25                       (ii) *both—*

1                   (I) such aggregate gross receipts  
 2                   exceed 20 percent of the gross receipts  
 3                   of such person for such taxable year,  
 4                   and

5                   (II) the aggregate of the gross re-  
 6                   ceipts of such person for aid, assist-  
 7                   ance, and advice with respect to all  
 8                   COVID–ERTC documents (determined  
 9                   after application of paragraph (3)) ex-  
 10                  ceeds \$500,000.

11               (2) *EXCEPTION FOR CERTIFIED PROFESSIONAL*  
 12               *EMPLOYER ORGANIZATIONS.*—The term “COVID–  
 13               *ERTC promoter*” shall not include a certified profes-  
 14               sional employer organization (as defined in section  
 15               7705 of the Internal Revenue Code of 1986).

16               (3) *AGGREGATION RULE.*—For purposes of para-  
 17               graph (1), all persons treated as a single employer  
 18               under subsection (a) or (b) of section 52 of the Inter-  
 19               nal Revenue Code of 1986, or subsection (m) or (o)  
 20               of section 414 of such Code, shall be treated as 1 per-  
 21               son.

22               (4) *SHORT TAXABLE YEARS.*—In the case of any  
 23               taxable year of less than 12 months, a person shall be  
 24               treated as a COVID–ERTC promoter if such person is  
 25               described in paragraph (1) either with respect to such

1       taxable year or by treating any reference to such tax-  
 2       able year as a reference to the calendar year in which  
 3       such taxable year begins.

4       (c) *COVID-ERTC DOCUMENT*.—For purposes of this  
 5       section, the term “COVID-ERTC document” means any re-  
 6       turn, affidavit, claim, or other document related to any  
 7       credit or advance payment of a credit under section 3134  
 8       of the Internal Revenue Code of 1986, including any docu-  
 9       ment related to eligibility for, or the calculation or deter-  
 10      mination of any amount directly related to, any such credit  
 11      or advance payment.

12      (d) *LIMITATION ON CREDITS AND REFUNDS*.—Not-  
 13      withstanding section 6511 of the Internal Revenue Code of  
 14      1986, no credit under section 3134 of the Internal Revenue  
 15      Code of 1986 shall be allowed, and no refund with respect  
 16      to any such credit shall be made, after the date of the enact-  
 17      ment of this Act, unless a claim for such credit or refund  
 18      was filed by the taxpayer on or before January 31, 2024.

19      (e) *EXTENSION OF LIMITATION ON ASSESSMENT*.—  
 20      Section 3134(l) is amended to read as follows:

21      “(l) *EXTENSION OF LIMITATION ON ASSESSMENT*.—

22           “(1) *IN GENERAL*.—Notwithstanding section  
 23       6501, the limitation on the time period for the assess-  
 24       ment of any amount attributable to a credit claimed

1        *under this section shall not expire before the date that*  
 2        *is 6 years after the latest of—*

3                *“(A) the date on which the original return*  
 4                *which includes the calendar quarter with respect*  
 5                *to which such credit is determined is filed,*

6                *“(B) the date on which such return is treat-*  
 7                *ed as filed under section 6501(b)(2), or*

8                *“(C) the date on which the claim for credit*  
 9                *or refund with respect to such credit is made.*

10               *“(2) DEDUCTION FOR WAGES TAKEN INTO AC-*  
 11               *COUNT IN DETERMINING IMPROPERLY CLAIMED CRED-*  
 12               *IT.—*

13               *“(A) IN GENERAL.—Notwithstanding sec-*  
 14               *tion 6511, in the case of an assessment attrib-*  
 15               *utable to a credit claimed under this section, the*  
 16               *limitation on the time period for credit or refund*  
 17               *of any amount attributable to a deduction for*  
 18               *improperly claimed ERTC wages shall not ex-*  
 19               *pire before the time period for such assessment*  
 20               *expires under paragraph (1).*

21               *“(B) IMPROPERLY CLAIMED ERTC WAGES.—*  
 22               *For purposes of this paragraph, the term ‘im-*  
 23               *properly claimed ERTC wages’ means, with re-*  
 24               *spect to an assessment attributable to a credit*  
 25               *claimed under this section, the wages with re-*

1           *spect to which a deduction would not have been*  
 2           *allowed if the portion of the credit to which such*  
 3           *assessment relates had been properly claimed.”.*

4           (f) *AMENDMENT TO PENALTY FOR ERRONEOUS CLAIM*  
 5           *FOR REFUND OR CREDIT.*—Section 6676(a) is amended by  
 6           striking “income tax” and inserting “income or employ-  
 7           ment tax”.

8           (g) *EFFECTIVE DATES.*—

9                 (1) *IN GENERAL.*—The provisions of this section  
 10           shall apply to aid, assistance, and advice provided  
 11           after the date of the enactment of this Act.

12                (2) *LIMITATION ON CREDITS AND REFUNDS.*—  
 13           Subsection (d) shall apply to credits and refunds al-  
 14           lowed or made after the date of the enactment of this  
 15           Act.

16                (3) *EXTENSION OF LIMITATION ON ASSESS-*  
 17           *MENT.*—The amendment made by subsection (e) shall  
 18           apply to assessments made after the date of the enact-  
 19           ment of this Act.

20                (4) *AMENDMENT TO PENALTY FOR ERRONEOUS*  
 21           *CLAIM FOR REFUND OR CREDIT.*—The amendment  
 22           made by subsection (f) shall apply to claims for credit  
 23           or refund after the date of the enactment of this Act.

24           (h) *REGULATIONS.*—The Secretary (as defined in sub-  
 25           section (a)(5)) shall issue such regulations or other guidance

1 *as may be necessary or appropriate to carry out the pur-*  
 2 *poses of this section (and the amendments made by this sec-*  
 3 *tion).*

4 **SEC. 70606. SOCIAL SECURITY NUMBER REQUIREMENT FOR**  
 5 **AMERICAN OPPORTUNITY AND LIFETIME**  
 6 **LEARNING CREDITS.**

7 (a) *SOCIAL SECURITY NUMBER OF TAXPAYER RE-*  
 8 *QUIRED.*—Section 25A(g)(1) is amended to read as follows:

9 “(1) *IDENTIFICATION REQUIREMENT.*—

10 “(A) *SOCIAL SECURITY NUMBER REQUIRE-*  
 11 *MENT.*—No credit shall be allowed under sub-  
 12 *section (a) to an individual unless the indi-*  
 13 *vidual includes on the return of tax for the tax-*  
 14 *able year—*

15 “(i) *such individual’s social security*  
 16 *number, and*

17 “(ii) *in the case of a credit with re-*  
 18 *spect to the qualified tuition and related ex-*  
 19 *penses of an individual other than the tax-*  
 20 *payer or the taxpayer’s spouse, the name*  
 21 *and social security number of such indi-*  
 22 *vidual.*

23 “(B) *INSTITUTION.*—No American Oppor-  
 24 *tunity Tax Credit shall be allowed under this*  
 25 *section unless the taxpayer includes the employer*

“(C) SOCIAL SECURITY NUMBER DEFINED.—For purposes of this paragraph, the term ‘social security number’ shall have the meaning given such term in section 24(h)(7).”.

9 (b) OMISSION TREATED AS MATHEMATICAL OR CLER-  
10 ICAL ERROR.—Section 6213(g)(2)(J) is amended by strik-  
11 ing “TIN” and inserting “social security number or em-  
12 ployer identification number”.

13 (c) *EFFECTIVE DATE.*—*The amendments made by this*  
14 *section shall apply to taxable years beginning after Decem-*  
15 *ber 31, 2025.*

18        *Out of any money in the Treasury not otherwise ap-*  
19   *propriated, there is hereby appropriated for the fiscal year*  
20   *ending September 30, 2026, \$15,000,000, to remain avail-*  
21   *able until September 30, 2026, for necessary expenses of the*  
22   *Department of the Treasury to deliver to Congress, within*  
23   *90 days following the date of the enactment of this Act, a*  
24   *report on—*

1           (1) *the cost of enhancing and establishing public-*  
2           *private partnerships which provide for free tax filing*  
3           *for up to 70 percent of all taxpayers calculated by ad-*  
4           *justed gross income, and to replace any direct e-file*  
5           *programs run by the Internal Revenue Service;*

6           (2) *taxpayer opinions and preferences regarding*  
7           *a taxpayer-funded, government-run service or a free*  
8           *service provided by the private sector;*

9           (3) *assessment of the feasibility of a new ap-*  
10          *proach, how to make the options consistent and sim-*  
11          *ple for taxpayers across all participating providers,*  
12          *and how to provide features to address taxpayer*  
13          *needs; and*

14          (4) *the cost (including options for differential*  
15          *coverage based on taxpayer adjusted gross income and*  
16          *return complexity) of developing and running a free*  
17          *direct e-file tax return system, including costs to*  
18          *build and administer each release.*



***Subtitle B—Health***

***CHAPTER 1—MEDICAID***

***Subchapter A—Reducing Fraud and  
Improving Enrollment Processes***

***SEC. 71101. MORATORIUM ON IMPLEMENTATION OF RULE  
RELATING TO ELIGIBILITY AND ENROLLMENT  
IN MEDICARE SAVINGS PROGRAMS.***

(a) *IN GENERAL.*—The Secretary of Health and Human Services shall not, during the period beginning on the date of the enactment of this section and ending September 30, 2034, implement, administer, or enforce the amendments made by the provisions of the final rule published by the Centers for Medicare & Medicaid Services on September 21, 2023, and titled “Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment” (88 Fed. Reg. 65230) to the following sections of title 42, Code of Federal Regulations:

(1) Section 406.21(c).

(2) Section 435.4.

(3) Section 435.601.

(4) Section 435.911.

(5) Section 435.952.

(b) *IMPLEMENTATION FUNDING.*—For the purposes of carrying out the provisions of this section and section 71102, there are appropriated, out of any monies in the

1 *Treasury not otherwise appropriated, to the Administrator*  
 2 *of the Centers for Medicare & Medicaid Services, \$1,000,000*  
 3 *for fiscal year 2026, to remain available until expended.*

4 **SEC. 71102. MORATORIUM ON IMPLEMENTATION OF RULE**  
 5 **RELATING TO ELIGIBILITY AND ENROLLMENT**  
 6 **FOR MEDICAID, CHIP, AND THE BASIC**  
 7 **HEALTH PROGRAM.**

8 *The Secretary of Health and Human Services shall*  
 9 *not, during the period beginning on the date of the enact-*  
 10 *ment of this section and ending September 30, 2034, imple-*  
 11 *ment, administer, or enforce the amendments made by the*  
 12 *provisions of the final rule published by the Centers for*  
 13 *Medicare & Medicaid Services on April 2, 2024, and titled*  
 14 *“Medicaid Program; Streamlining the Medicaid, Children’s*  
 15 *Health Insurance Program, and Basic Health Program Ap-*  
 16 *plication, Eligibility Determination, Enrollment, and Re-*  
 17 *newal Processes” (89 Fed. Reg. 22780) to the following sec-*  
 18 *tions of title 42, Code of Federal Regulations:*

19 (1) *PART 431.—*

20 (A) *Section 431.213(d).*

21 (2) *PART 435.—*

22 (A) *Section 435.222.*

23 (B) *Section 435.407.*

24 (C) *Section 435.907.*

25 (D) *Section 435.911(c).*

1                   (E) Section 435.912.

2                   (F) Section 435.916.

3                   (G) Section 435.919.

4                   (H) Section 435.1200(b)(3)(i)-(v).

5                   (I) Section 435.1200(e)(1)(ii).

6                   (J) Section 435.1200(h)(1).

7                   (3) PART 447.—Section 447.56(a)(1)(v).

8                   (4) PART 457.—

9                   (A) Section 457.344.

10                  (B) Section 457.960.

11                  (C) Section 457.1140(d)(4).

12                  (D) Section 457.1170.

13                  (E) Section 457.1180.

14   **SEC. 71103. REDUCING DUPLICATE ENROLLMENT UNDER**  
 15                   **THE MEDICAID AND CHIP PROGRAMS.**

16                  (a) MEDICAID.—

17                   (1) IN GENERAL.—Section 1902 of the Social Se-  
 18                   curity Act (42 U.S.C. 1396a) is amended—

19                   (A) in subsection (a)—

20                   (i) in paragraph (86), by striking  
 21                   “and” at the end;

22                   (ii) in paragraph (87), by striking the  
 23                   period and inserting “; and”; and

24                   (iii) by inserting after paragraph (87)  
 25                   the following new paragraph:

1 “(88) provide—

2 “(A) beginning not later than January 1,  
3 2027, in the case of 1 of the 50 States and the  
4 District of Columbia, for a process to regularly  
5 obtain address information for individuals en-  
6 rolled under such plan (or a waiver of such  
7 plan) in accordance with subsection (vv); and

8 “(B) beginning not later than October 1,  
9 2029—

10 “(i) for the State to submit to the sys-  
11 tem established by the Secretary under sub-  
12 section (uu), with respect to an individual  
13 enrolled or seeking to enroll under such  
14 plan, not less frequently than once each  
15 month and during each determination or  
16 redetermination of the eligibility of such in-  
17 dividual for medical assistance under such  
18 plan (or waiver of such plan)—

19 “(I) the social security number of  
20 such individual, if such individual has  
21 a social security number and is re-  
22 quired to provide such number to en-  
23 roll under such plan (or waiver); and

24 “(II) such other information with  
25 respect to such individual as deter-

1                    *mined necessary by the Secretary for*  
 2                    *purposes of preventing individuals*  
 3                    *from simultaneously being enrolled*  
 4                    *under State plans (or waivers of such*  
 5                    *plans) of multiple States;*

6                    *“(ii) for the use of such system to pre-*  
 7                    *vent such simultaneous enrollment; and*

8                    *“(iii) in the case that such system in-*  
 9                    *dicates that an individual enrolled or seek-*  
 10                    *ing to enroll under such plan (or waiver of*  
 11                    *such plan) is enrolled under a State plan*  
 12                    *(or waiver of such a plan) of another State,*  
 13                    *for the taking of appropriate action (as de-*  
 14                    *termined by the Secretary) to identify*  
 15                    *whether such an individual resides in the*  
 16                    *State and disenroll an individual from the*  
 17                    *State plan of such State if such individual*  
 18                    *does not reside in such State (unless such*  
 19                    *individual meets such an exception as the*  
 20                    *Secretary may specify).”; and*

21                    *(B) by adding at the end the following new*  
 22                    *subsections:*

23                    *“(uu) PREVENTION OF ENROLLMENT UNDER MUL-*  
 24                    *TIPLE STATE PLANS.—*

1           “(1) *IN GENERAL.*—Not later than October 1,  
 2           2029, the Secretary shall establish a system to be uti-  
 3           lized by the Secretary and States to prevent an indi-  
 4           vidual from being simultaneously enrolled under the  
 5           State plans (or waivers of such plans) of multiple  
 6           States. Such system shall—

7                   “(A) provide for the receipt of information  
 8                   submitted by a State under subsection  
 9                   (a)(88)(B)(i); and

10                   “(B) not less than once each month, trans-  
 11                   mit information to a State (or allow the Sec-  
 12                   retary to transmit information to a State) re-  
 13                   garding whether an individual enrolled or seek-  
 14                   ing to enroll under the State plan of such State  
 15                   (or waiver of such plan) is enrolled under the  
 16                   State plan (or waiver of such plan) of another  
 17                   State.

18           “(2) *STANDARDS.*—The Secretary shall establish  
 19           such standards as determined necessary by the Sec-  
 20           retary to limit and protect information submitted  
 21           under such system and ensure the privacy of such in-  
 22           formation, consistent with subsection (a)(7).

23           “(3) *IMPLEMENTATION FUNDING.*—There are ap-  
 24           propriated to the Administrator of the Centers for  
 25           Medicare & Medicaid Services, out of amounts in the

1       *Treasury not otherwise appropriated, in addition to*  
 2       *amounts otherwise available—*

3               “(A) for fiscal year 2026, \$10,000,000 for  
 4               purposes of establishing the system and stand-  
 5               ards required under this subsection, to remain  
 6               available until expended; and

7               “(B) for fiscal year 2029, \$20,000,000 for  
 8               purposes of maintaining such system, to remain  
 9               available until expended.

10       “(vv) *PROCESS TO OBTAIN ENROLLEE ADDRESS IN-*  
 11       *FORMATION.—*

12               “(1) *IN GENERAL.—*For purposes of subsection  
 13       (a)(88)(A), a process to regularly obtain address in-  
 14       formation for individuals enrolled under a State plan  
 15       (or a waiver of such plan) shall obtain address infor-  
 16       mation from reliable data sources described in para-  
 17       graph (2) and take such actions as the Secretary shall  
 18       specify with respect to any changes to such address  
 19       based on such information.

20               “(2) *RELIABLE DATA SOURCES DESCRIBED.—*  
 21       For purposes of paragraph (1), the reliable data  
 22       sources described in this paragraph are the following:

23               “(A) Mail returned to the State by the  
 24               United States Postal Service with a forwarding  
 25               address.

1           “(B) *The National Change of Address Data-*  
 2           *base maintained by the United States Postal*  
 3           *Service.*

4           “(C) *A managed care entity (as defined in*  
 5           *section 1932(a)(1)(B)) or prepaid inpatient*  
 6           *health plan or prepaid ambulatory health plan*  
 7           *(as such terms are defined in section*  
 8           *1903(m)(9)(D)) that has a contract under the*  
 9           *State plan if the address information is provided*  
 10           *to such entity or plan directly from, or verified*  
 11           *by such entity or plan directly with, such indi-*  
 12           *vidual.*

13           “(D) *Other data sources as identified by the*  
 14           *State and approved by the Secretary.”.*

15           (2) *CONFORMING AMENDMENTS.—*

16           (A) *PARIS.—Section 1903(r)(3) of the So-*  
 17           *cial Security Act (42 U.S.C. 1396b(r)(3)) is*  
 18           *amended—*

19                   (i) *by striking “In order” and insert-*  
 20                   *ing “(A) In order”;*

21                   (ii) *by striking “through the Public”*  
 22                   *and inserting “through—*

23                   *“(i) the Public”;*

24                   (iii) *by striking the period at the end*  
 25                   *and inserting “; and*



1                   “(ii) beginning October 1, 2029, the system  
2                   established by the Secretary under section  
3                   1902(uu).”; and

4                   (iv) by adding at the end the following  
5                   new subparagraph:

6                   “(B) Beginning October 1, 2029, the Secretary  
7                   may determine that a State is not required to have  
8                   in operation an eligibility determination system  
9                   which provides for data matching (for purposes of ad-  
10                  dress verification under section 1902(vv)) through the  
11                  system described in subparagraph (A)(i) to meet the  
12                  requirements of this paragraph.”.

13                  (B) *MANAGED CARE*.—Section 1932 of the  
14                  Social Security Act (42 U.S.C. 1396u–2) is  
15                  amended by adding at the end the following new  
16                  subsection:

17                  “(j) *TRANSMISSION OF ADDRESS INFORMATION*.—Be-  
18                  ginning January 1, 2027, each contract under a State plan  
19                  with a managed care entity (as defined in section  
20                  1932(a)(1)(B)) or with a prepaid inpatient health plan or  
21                  prepaid ambulatory health plan (as such terms are defined  
22                  in section 1903(m)(9)(D)), shall provide that such entity  
23                  or plan shall promptly transmit to the State any address  
24                  information for an individual enrolled with such entity or  
25                  plan that is provided to such entity or plan directly from,

1 *or verified by such entity or plan directly with, such indi-*  
 2 *vidual.”.*

3 *(b) CHIP.—*

4 *(1) IN GENERAL.—Section 2107(e)(1) of the So-*  
 5 *cial Security Act (42 U.S.C. 1397gg(e)(1)) is amend-*  
 6 *ed—*

7 *(A) by redesignating subparagraphs (H)*  
 8 *through (U) as subparagraphs (I) through (V),*  
 9 *respectively; and*

10 *(B) by inserting after subparagraph (G) the*  
 11 *following new subparagraph:*

12 *“(H) Section 1902(a)(88) (relating to ad-*  
 13 *dress information for enrollees and prevention of*  
 14 *simultaneous enrollments).”.*

15 *(2) MANAGED CARE.—Section 2103(f)(3) of the*  
 16 *Social Security Act (42 U.S.C. 1397cc(f)(3)) is*  
 17 *amended by striking “and (e)” and inserting “(e),*  
 18 *and (j)”.*

19 **SEC. 71104. ENSURING DECEASED INDIVIDUALS DO NOT RE-**  
 20 **MAIN ENROLLED.**

21 *Section 1902 of the Social Security Act (42 U.S.C.*  
 22 *1396a), as amended by section 71103, is further amended—*

23 *(1) in subsection (a)—*

24 *(A) in paragraph (87), by striking “; and”*  
 25 *and inserting a semicolon;*

1                   (B) in paragraph (88), by striking the pe-  
2                   riod at the end and inserting “; and”; and

3                   (C) by inserting after paragraph (88) the  
4                   following new paragraph:

5                   “(89) provide that the State shall comply with  
6                   the eligibility verification requirements under sub-  
7                   section (ww), except that this paragraph shall apply  
8                   only in the case of the 50 States and the District of  
9                   Columbia.”; and

10                  (2) by adding at the end the following new sub-  
11                  section:

12                  “(ww) VERIFICATION OF CERTAIN ELIGIBILITY CRI-  
13                  TERIA.—

14                   “(1) IN GENERAL.—For purposes of subsection  
15                   (a)(89), the eligibility verification requirements, be-  
16                   ginning January 1, 2027, are as follows:

17                   “(A) QUARTERLY SCREENING TO VERIFY  
18                   ENROLLEE STATUS.—The State shall, not less  
19                   frequently than quarterly, review the Death Mas-  
20                   ter File (as such term is defined in section  
21                   203(d) of the Bipartisan Budget Act of 2013) or  
22                   a successor system that provides such informa-  
23                   tion needed to determine whether any individ-  
24                   uals enrolled for medical assistance under the  
25                   State plan (or waiver of such plan) are deceased.

1           “(B) *DISENROLLMENT UNDER STATE*  
 2           *PLAN.—If the State determines, based on infor-*  
 3           *mation obtained from the Death Master File,*  
 4           *that an individual enrolled for medical assist-*  
 5           *ance under the State plan (or waiver of such*  
 6           *plan) is deceased, the State shall—*

7                   “(i) *treat such information as factual*  
 8                   *information confirming the death of a bene-*  
 9                   *ficiary;*

10                  “(ii) *disenroll such individual from the*  
 11                  *State plan (or waiver of such plan) in ac-*  
 12                  *cordance with subsection (a)(3); and*

13                  “(iii) *discontinue any payments for*  
 14                  *medical assistance under this title made on*  
 15                  *behalf of such individual (other than pay-*  
 16                  *ments for any items or services furnished to*  
 17                  *such individual prior to the death of such*  
 18                  *individual).*

19           “(C) *REINSTATEMENT OF COVERAGE IN THE*  
 20           *EVENT OF ERROR.—If a State determines that*  
 21           *an individual was misidentified as deceased*  
 22           *based on information obtained from the Death*  
 23           *Master File and was erroneously disenrolled*  
 24           *from medical assistance under the State plan (or*  
 25           *waiver of such plan) based on such*

1           *misidentification, the State shall immediately re-*  
 2           *enroll such individual under the State plan (or*  
 3           *waiver of such plan), retroactive to the date of*  
 4           *such disenrollment.*

5           “(2) *RULE OF CONSTRUCTION.*—*Nothing under*  
 6           *this subsection shall be construed to preclude the abil-*  
 7           *ity of a State to use other electronic data sources to*  
 8           *timely identify potentially deceased beneficiaries, so*  
 9           *long as the State is also in compliance with the re-*  
 10          *quirements of this subsection (and all other require-*  
 11          *ments under this title relating to Medicaid eligibility*  
 12          *determination and redetermination).’’.*

13   **SEC. 71105. ENSURING DECEASED PROVIDERS DO NOT RE-**  
 14           **MAIN ENROLLED.**

15          *Section 1902(kk)(1) of the Social Security Act (42*  
 16    *U.S.C. 1396a(kk)(1)) is amended—*

17           *(1) by striking “The State” and inserting:*

18                   *“(A) IN GENERAL.—The State”; and*

19           *(2) by adding at the end the following new sub-*  
 20    *paragraph:*

21                   *“(B) PROVIDER SCREENING AGAINST DEATH*  
 22           *MASTER FILE.—Beginning January 1, 2028, as*  
 23           *part of the enrollment (or reenrollment or re-*  
 24           *validation of enrollment) of a provider or sup-*  
 25           *plier under this title, and not less frequently*

1 *than quarterly during the period that such pro-*  
 2 *vider or supplier is so enrolled, the State con-*  
 3 *ducts a check of the Death Master File (as such*  
 4 *term is defined in section 203(d) of the Bipar-*  
 5 *tisan Budget Act of 2013) to determine whether*  
 6 *such provider or supplier is deceased.”.*

7 **SEC. 71106. PAYMENT REDUCTION RELATED TO CERTAIN**  
 8 **ERRONEOUS EXCESS PAYMENTS UNDER MED-**  
 9 **ICAID.**

10 *(a) IN GENERAL.—Section 1903(u)(1) of the Social Se-*  
 11 *curity Act (42 U.S.C. 1396b(u)(1)) is amended—*

12 *(1) in subparagraph (A)—*

13 *(A) by inserting “for audits conducted by*  
 14 *the Secretary, or, at the option of the Secretary,*  
 15 *audits conducted by the State” after “exceeds*  
 16 *0.03”; and*

17 *(B) by inserting “, to the extent prac-*  
 18 *ticable” before the period at the end;*

19 *(2) in subparagraph (B)—*

20 *(A) by striking “The Secretary” and insert-*  
 21 *ing “(i) Subject to clause (ii), the Secretary”;*  
 22 *and*

23 *(B) by adding at the end the following new*  
 24 *clause:*

1           “(ii) *The amount waived under clause (i) for a*  
 2           *fiscal year may not exceed an amount equal to the er-*  
 3           *roneous excess payments for medical assistance de-*  
 4           *scribed in subparagraph (D)(i)(II) made for such fis-*  
 5           *cal year that exceed the allowable error rate of 0.03.”.*

6           (3) *in subparagraph (C), by striking “he” in*  
 7           *each place it appears and inserting “the Secretary”*  
 8           *in each such place; and*

9           (4) *in subparagraph (D)(i)—*

10           (A) *in subclause (I), by striking “and” at*  
 11           *the end;*

12           (B) *in subclause (II), by striking the period*  
 13           *at the end and inserting “, or payments where*  
 14           *insufficient information is available to confirm*  
 15           *eligibility, and”; and*

16           (C) *by adding at the end the following new*  
 17           *subclause:*

18           “(III) *payments (other than payments described*  
 19           *in subclause (I)) for items and services furnished to*  
 20           *an individual who is not eligible for medical assist-*  
 21           *ance under the State plan (or a waiver of such plan)*  
 22           *with respect to such items and services, or payments*  
 23           *where insufficient information is available to confirm*  
 24           *eligibility.”.*

1       (b) *EFFECTIVE DATE.*—*The amendments made by sub-*  
 2 *section (a) shall apply beginning with respect to fiscal year*  
 3 *2030.*

4 **SEC. 71107. ELIGIBILITY REDETERMINATIONS.**

5       (a) *IN GENERAL.*—*Section 1902(e)(14) of the Social*  
 6 *Security Act (42 U.S.C. 1396a(e)(14)) is amended by add-*  
 7 *ing at the end the following new subparagraph:*

8                       “(L) *FREQUENCY OF ELIGIBILITY REDETER-*  
 9 *MINATIONS FOR CERTAIN INDIVIDUALS.*—

10                      “(i) *IN GENERAL.*—*Subject to clause*  
 11 *(ii), with respect to redeterminations of eli-*  
 12 *gibility for medical assistance under a State*  
 13 *plan (or waiver of such plan) scheduled on*  
 14 *or after the first day of the first quarter*  
 15 *that begins after December 31, 2026, a State*  
 16 *shall make such a redetermination once*  
 17 *every 6 months for the following individ-*  
 18 *uals:*

19                      “(I) *Individuals enrolled under*  
 20 *subsection (a)(10)(A)(i)(VIII).*

21                      “(II) *Individuals described in*  
 22 *such subsection who are otherwise en-*  
 23 *rolled under a waiver of such plan that*  
 24 *provides coverage that is equivalent to*  
 25 *minimum essential coverage (as de-*



1                   scribed in section 5000A(f)(1)(A) of the  
 2                   Internal Revenue Code of 1986 and de-  
 3                   termined in accordance with standards  
 4                   prescribed by the Secretary in regula-  
 5                   tions) to all individuals described in  
 6                   subsection (a)(10)(A)(i)(VIII).

7                   “(ii) *EXEMPTION.*—The requirements  
 8                   described in clause (i) shall not apply to  
 9                   any individual described in subsection  
 10                  (xx)(9)(A)(ii)(II).

11                  “(iii) *STATE DEFINED.*—For purposes  
 12                  of this subparagraph, the term ‘State’  
 13                  means 1 of the 50 States or the District of  
 14                  Columbia.”.

15           (b) *GUIDANCE.*—Not later than 180 days after the date  
 16           of enactment of this section, the Secretary of Health and  
 17           Human Services, acting through the Administrator of the  
 18           Centers for Medicare & Medicaid Services, shall issue guid-  
 19           ance relating to the implementation of the amendments  
 20           made by this section.

21           (c) *IMPLEMENTATION FUNDING.*—For the purposes of  
 22           carrying out the provisions of, and the amendments made  
 23           by, this section, there are appropriated, out of any monies  
 24           in the Treasury not otherwise appropriated, to the Admin-  
 25           istrator of the Centers for Medicare & Medicaid Services,

1 \$75,000,000 for fiscal year 2026, to remain available until  
 2 expended.

3 **SEC. 71108. REVISING HOME EQUITY LIMIT FOR DETER-**  
 4 **MINING ELIGIBILITY FOR LONG-TERM CARE**  
 5 **SERVICES UNDER THE MEDICAID PROGRAM.**

6 (a) *REVISING HOME EQUITY LIMIT.*—Section  
 7 1917(f)(1) of the Social Security Act (42 U.S.C.  
 8 1396p(f)(1)) is amended—

9 (1) in subparagraph (B)—

10 (A) by striking “A State” and inserting  
 11 “(i) A State”;

12 (B) in clause (i), as inserted by subpara-  
 13 graph (A)—

14 (i) by striking “\$500,000” and in-  
 15 serting “the amount specified in subpara-  
 16 graph (A)”; and

17 (ii) by inserting “, in the case of an  
 18 individual’s home that is located on a lot  
 19 that is zoned for agricultural use,” after  
 20 “apply subparagraph (A)”; and

21 (C) by adding at the end the following new  
 22 clause:

23 “(ii) A State may elect, without regard to the re-  
 24 quirements of section 1902(a)(1) (relating to  
 25 statewideness) and section 1902(a)(10)(B) (relating to

1       *comparability), to apply subparagraph (A), in the*  
 2       *case of an individual's home that is not described in*  
 3       *clause (i), by substituting for the amount specified in*  
 4       *such subparagraph, an amount that exceeds such*  
 5       *amount, but does not exceed \$1,000,000.”; and*

6               *(2) in subparagraph (C)—*

7                       *(A) by inserting “(other than the amount*  
 8                       *specified in subparagraph (B)(ii) (relating to*  
 9                       *certain non-agricultural homes))” after “speci-*  
 10                      *fied in this paragraph”; and*

11                      *(B) by adding at the end the following new*  
 12                      *sentence: “In the case that application of the pre-*  
 13                      *ceding sentence would result in a dollar amount*  
 14                      *(other than the amount specified in subpara-*  
 15                      *graph (B)(i) (relating to certain agricultural*  
 16                      *homes)) exceeding \$1,000,000, such amount shall*  
 17                      *be deemed to be equal to \$1,000,000.”.*

18       *(b) CLARIFICATION.—Section 1902 of the Social Secu-*  
 19       *rity Act (42 U.S.C. 1396a) is amended—*

20               *(1) in subsection (r)(2), by adding at the end the*  
 21       *following new subparagraph:*

22                       *“(C) This paragraph shall not be construed as permit-*  
 23                       *ting a State to determine the eligibility of an individual*  
 24                       *for medical assistance with respect to nursing facility serv-*

1 *ices or other long-term care services without application of*  
 2 *the limit under section 1917(f)(1).”; and*

3 *(2) in subsection (e)(14)(D)(iv)—*

4 *(A) by striking “Subparagraphs” and in-*  
 5 *serting*

6 *“(I) IN GENERAL.—Subpara-*  
 7 *graphs”; and*

8 *(B) by adding at the end the following new*  
 9 *subclause:*

10 *“(II) APPLICATION OF HOME EQ-*  
 11 *UITY INTEREST LIMIT.—Section*  
 12 *1917(f) shall apply for purposes of de-*  
 13 *termining the eligibility of an indi-*  
 14 *vidual for medical assistance with re-*  
 15 *spect to nursing facility services or*  
 16 *other long-term care services.”.*

17 *(c) EFFECTIVE DATE.—The amendments made by sub-*  
 18 *section (a) shall apply beginning on January 1, 2028.*

19 **SEC. 71109. ALIEN MEDICAID ELIGIBILITY.**

20 *(a) MEDICAID.—Section 1903(v) of the Social Security*  
 21 *Act (42 U.S.C. 1396b(v)) is amended—*

22 *(1) in paragraph (1), by striking “and (4)”and*  
 23 *inserting “, (4), and (5)”; and*

24 *(2) by adding at the end the following new para-*  
 25 *graph:*

1       “(5) Notwithstanding the preceding paragraphs of this  
2 subsection, beginning on October 1, 2026, except as provided  
3 in paragraphs (2) and (4), in no event shall payment be  
4 made to a State under this section for medical assistance  
5 furnished to an individual unless such individual is—

6               “(A) a resident of 1 of the 50 States, the District  
7 of Columbia, or a territory of the United States; and

8               “(B) either—

9                       “(i) a citizen or national of the United  
10 States;

11                      “(ii) an alien lawfully admitted for perma-  
12 nent residence as an immigrant as defined by  
13 sections 101(a)(15) and 101(a)(20) of the Immi-  
14 gration and Nationality Act, excluding, among  
15 others, alien visitors, tourists, diplomats, and  
16 students who enter the United States temporarily  
17 with no intention of abandoning their residence  
18 in a foreign country;

19                      “(iii) an alien who has been granted the  
20 status of Cuban and Haitian entrant, as defined  
21 in section 501(e) of the Refugee Education As-  
22 sistance Act of 1980 (Public Law 96–422); or

23                      “(iv) an individual who lawfully resides in  
24 the United States in accordance with a Compact  
25 of Free Association referred to in section

1           402(b)(2)(G) of the *Personal Responsibility and*  
 2           *Work Opportunity Reconciliation Act of 1996*.”.

3           (b) *CHIP*.—Section 2107(e)(1) of the *Social Security*  
 4 *Act*, as amended by section 71103(b), is further amended—

5           (1) by redesignating subparagraphs (R) through  
 6           (V) as paragraphs (S) through (W), respectively; and

7           (2) by inserting after paragraph (Q) the fol-  
 8           lowing:

9                   “(R) Section 1903(v)(5) (relating to pay-  
 10                   ments for medical assistance furnished to aliens),  
 11                   except in relation to payments for services pro-  
 12                   vided under section 2105(a)(1)(D)(ii).”.

13           (c) *IMPLEMENTATION FUNDING*.—For the purposes of  
 14 carrying out the provisions of, and the amendments made  
 15 by, this section, there are appropriated, out of any monies  
 16 in the Treasury not otherwise appropriated, to the Admin-  
 17 istrator of the Centers for Medicare & Medicaid Services,  
 18 \$15,000,000 for fiscal year 2026, to remain available until  
 19 expended.

20 **SEC. 71110. EXPANSION FMAP FOR EMERGENCY MEDICAID.**

21           (a) *IN GENERAL*.—Section 1905 of the *Social Security*  
 22 *Act* (42 U.S.C. 1396d) is amended by adding at the end  
 23 the following new subsection:

24                   “(kk) *FMAP FOR TREATMENT OF AN EMERGENCY*  
 25 *MEDICAL CONDITION*.—Notwithstanding subsection (y) and

1 (z), beginning on October 1, 2026, the Federal medical as-  
 2 sistance percentage for payments for care and services de-  
 3 scribed in paragraph (2) of subsection 1903(v) furnished  
 4 to an alien described in paragraph (1) of such subsection  
 5 shall not exceed the Federal medical assistance percentage  
 6 determined under subsection (b) for such State.”.

7 (b) *IMPLEMENTATION FUNDING.*—For the purposes of  
 8 carrying out the provisions of, and the amendments made  
 9 by this section, there are appropriated, out of any monies  
 10 in the Treasury not otherwise appropriated, to the Admin-  
 11 istrator of the Centers for Medicare & Medicaid Services,  
 12 \$1,000,000 for fiscal year 2026, to remain available until  
 13 expended.

14 ***Subchapter B—Preventing Wasteful Spending***

15 ***SEC. 71111. MORATORIUM ON IMPLEMENTATION OF RULE***  
 16 ***RELATING TO STAFFING STANDARDS FOR***  
 17 ***LONG-TERM CARE FACILITIES UNDER THE***  
 18 ***MEDICARE AND MEDICAID PROGRAMS.***

19 *The Secretary of Health and Human Services shall*  
 20 *not, during the period beginning on the date of the enact-*  
 21 *ment of this section and ending September 30, 2034, imple-*  
 22 *ment, administer, or enforce the amendments made by the*  
 23 *provisions of the final rule published by the Centers for*  
 24 *Medicare & Medicaid Services on May 10, 2024, and titled*  
 25 *“Medicare and Medicaid Programs; Minimum Staffing*

1 *Standards for Long-Term Care Facilities and Medicaid In-*  
 2 *stitutional Payment Transparency Reporting” (89 Fed.*  
 3 *Reg. 40876) to the following sections of part 483 of title*  
 4 *42, Code of Federal Regulations:*

5 (1) *Section 483.5.*

6 (2) *Section 483.35.*

7 **SEC. 71112. REDUCING STATE MEDICAID COSTS.**

8 (a) *IN GENERAL.*—Section 1902(a)(34) of the Social  
 9 Security Act (42 U.S.C. 1396a(a)(34)) is amended to read  
 10 as follows:

11 “(34) provide that in the case of any individual  
 12 who has been determined to be eligible for medical as-  
 13 sistance under the plan and—

14 “(A) is enrolled under paragraph  
 15 (10)(A)(i)(VIII), such assistance will be made  
 16 available to the individual for care and services  
 17 included under the plan and furnished in or  
 18 after the month before the month in which the  
 19 individual made application (or application was  
 20 made on the individual’s behalf in the case of a  
 21 deceased individual) for such assistance if such  
 22 individual was (or upon application would have  
 23 been) eligible for such assistance at the time such  
 24 care and services were furnished; or



1           “(B) is not described in subparagraph (A),  
 2           such assistance will be made available to the in-  
 3           dividual for care and services included under the  
 4           plan and furnished in or after the second month  
 5           before the month in which the individual made  
 6           application (or application was made on the in-  
 7           dividual’s behalf in the case of a deceased indi-  
 8           vidual) for such assistance if such individual  
 9           was (or upon application would have been) eligi-  
 10          ble for such assistance at the time such care and  
 11          services were furnished;”.

12          (b) *DEFINITION OF MEDICAL ASSISTANCE.*—Section  
 13   1905(a) of the Social Security Act (42 U.S.C. 1396d(a))  
 14   is amended by striking “in or after the third month before  
 15   the month in which the recipient makes application for as-  
 16   sistance” and inserting “, with respect to an individual de-  
 17   scribed in section 1902(a)(34)(A), in or after the month be-  
 18   fore the month in which the recipient makes application  
 19   for assistance, and with respect to an individual described  
 20   in section 1902(a)(34)(B), in or after the second month be-  
 21   fore the month in which the recipient makes application  
 22   for assistance”.

23          (c) *CHIP.*—Section 2102(b)(1)(B) of the Social Secu-  
 24   rity Act (42 U.S.C. 1397bb(b)(1)(B)) is amended—

25           (1) in clause (iv), by striking “and” at the end;

1           (2) *in clause (v), by striking the period and in-*  
2           *serting “; and”; and*

3           (3) *by adding at the end the following new*  
4           *clause:*

5                       “(vi) *shall, in the case that the State*  
6                       *elects to provide child health or pregnancy-*  
7                       *related assistance to an individual for any*  
8                       *period prior to the month in which the in-*  
9                       *dividual made application for such assist-*  
10                      *ance (or application was made on behalf of*  
11                      *the individual), provide that such assistance*  
12                      *is not made available to such individual for*  
13                      *items and services included under the State*  
14                      *child health plan (or waiver of such plan)*  
15                      *that are furnished before the second month*  
16                      *preceding the month in which such indi-*  
17                      *vidual made application (or application*  
18                      *was made on behalf of such individual) for*  
19                      *assistance.”.*

20           (d) *EFFECTIVE DATE.—The amendments made by this*  
21           *section shall apply to medical assistance, child health as-*  
22           *sistance, and pregnancy-related assistance with respect to*  
23           *individuals whose eligibility for such medical assistance,*  
24           *child health assistance, or pregnancy-related assistance is*

1 *based on an application made on or after the first day of*  
 2 *the first quarter that begins after December 31, 2026.*

3 *(e) IMPLEMENTATION FUNDING.—For the purposes of*  
 4 *carrying out the provisions of, and the amendments made*  
 5 *by, this section, there are appropriated, out of any monies*  
 6 *in the Treasury not otherwise appropriated, to the Admin-*  
 7 *istrator of the Centers for Medicare & Medicaid Services,*  
 8 *\$10,000,000 for fiscal year 2026, to remain available until*  
 9 *expended.*

10 **SEC. 71113. FEDERAL PAYMENTS TO PROHIBITED ENTITIES.**

11 *(a) IN GENERAL.—No Federal funds that are consid-*  
 12 *ered direct spending and provided to carry out a State plan*  
 13 *under title XIX of the Social Security Act or a waiver of*  
 14 *such a plan shall be used to make payments to a prohibited*  
 15 *entity for items and services furnished during the 1-year*  
 16 *period beginning on the date of the enactment of this Act,*  
 17 *including any payments made directly to the prohibited en-*  
 18 *tity or under a contract or other arrangement between a*  
 19 *State and a covered organization.*

20 *(b) DEFINITIONS.—In this section:*

21 *(1) PROHIBITED ENTITY.—The term “prohibited*  
 22 *entity” means an entity, including its affiliates, sub-*  
 23 *sidaries, successors, and clinics—*

1           (A) that, as of the first day of the first  
2           quarter beginning after the date of enactment of  
3           this Act—

4                   (i) is an organization described in sec-  
5                   tion 501(c)(3) of the Internal Revenue Code  
6                   of 1986 and exempt from tax under section  
7                   501(a) of such Code;

8                   (ii) is an essential community provider  
9                   described in section 156.235 of title 45,  
10                  Code of Federal Regulations (as in effect on  
11                  the date of enactment of this Act), that is  
12                  primarily engaged in family planning serv-  
13                  ices, reproductive health, and related med-  
14                  ical care; and

15                  (iii) provides for abortions, other than  
16                  an abortion—

17                           (I) if the pregnancy is the result  
18                           of an act of rape or incest; or

19                           (II) in the case where a woman  
20                           suffers from a physical disorder, phys-  
21                           ical injury, or physical illness, includ-  
22                           ing a life-endangering physical condi-  
23                           tion caused by or arising from the  
24                           pregnancy itself, that would, as cer-  
25                           tified by a physician, place the woman

1                   *in danger of death unless an abortion*  
 2                   *is performed; and*

3                   *(B) for which the total amount of Federal*  
 4                   *and State expenditures under the Medicaid pro-*  
 5                   *gram under title XIX of the Social Security Act*  
 6                   *for medical assistance furnished in fiscal year*  
 7                   *2023 made directly, or by a covered organiza-*  
 8                   *tion, to the entity or to any affiliates, subsidi-*  
 9                   *aries, successors, or clinics of the entity, or made*  
 10                   *to the entity or to any affiliates, subsidiaries,*  
 11                   *successors, or clinics of the entity as part of a*  
 12                   *nationwide health care provider network, exceed-*  
 13                   *ed \$800,000.*

14                   *(2) DIRECT SPENDING.—The term “direct spend-*  
 15                   *ing” has the meaning given that term under section*  
 16                   *250(c) of the Balanced Budget and Emergency Deficit*  
 17                   *Control Act of 1985 (2 U.S.C. 900(c)).*

18                   *(3) COVERED ORGANIZATION.—The term “cov-*  
 19                   *ered organization” means a managed care entity (as*  
 20                   *defined in section 1932(a)(1)(B) of the Social Secu-*  
 21                   *rity Act (42 U.S.C. 1396u–2(a)(1)(B))) or a prepaid*  
 22                   *inpatient health plan or prepaid ambulatory health*  
 23                   *plan (as such terms are defined in section*  
 24                   *1903(m)(9)(D) of such Act (42 U.S.C.*  
 25                   *1396b(m)(9)(D))).*

1           (4) *STATE*.—*The term “State” has the meaning*  
 2           *given such term in section 1101 of the Social Security*  
 3           *Act (42 U.S.C. 1301).*

4           (c) *IMPLEMENTATION FUNDING*.—*For the purposes of*  
 5           *carrying out this section, there are appropriated, out of any*  
 6           *monies in the Treasury not otherwise appropriated, to the*  
 7           *Administrator of the Centers for Medicare & Medicaid Serv-*  
 8           *ices, \$1,000,000 for fiscal year 2026, to remain available*  
 9           *until expended.*

10       ***Subchapter C—Stopping Abusive Financing***  
 11                               ***Practices***

12       ***SEC. 71114. SUNSETTING INCREASED FMAP INCENTIVE.***

13           *Section 1905(ii)(3) of the Social Security Act (42*  
 14           *U.S.C. 1396d(ii)(3)) is amended—*

15               (1) *by striking “which has not” and inserting*  
 16               *the following: “which—*

17                               *“(A) has not”;*

18               (2) *in subparagraph (A), as so inserted, by strik-*  
 19               *ing the period at the end and inserting “; and”; and*

20               (3) *by adding at the end the following new sub-*  
 21               *paragraph:*

22                               *“(B) begins to expend amounts for all such*  
 23                               *individuals prior to January 1, 2026.”.*

1 **SEC. 71115. PROVIDER TAXES.**

2       (a) *CHANGE IN THRESHOLD FOR HOLD HARMLESS*  
 3 *PROVISION OF BROAD-BASED HEALTH CARE RELATED*  
 4 *TAXES.*—Section 1903(w)(4) of the Social Security Act (42  
 5 U.S.C. 1396b(w)(4)) is amended—

6           (1) in subparagraph (C)(ii), by inserting “, and  
 7       for fiscal years beginning on or after October 1, 2026,  
 8       the applicable percent determined under subpara-  
 9       graph (D) shall be substituted for ‘6 percent’ each  
 10      place it appears” after “each place it appears”; and

11          (2) by inserting after subparagraph (C)(ii), the  
 12      following new subparagraph:

13           “(D)(i) For purposes of subparagraph (C)(ii),  
 14      the applicable percent determined under this subpara-  
 15      graph is—

16           “(I) in the case of a non-expansion State or  
 17      unit of local government in such State and a  
 18      class of health care items or services described in  
 19      section 433.56(a) of title 42, Code of Federal  
 20      Regulations (as in effect on May 1, 2025)—

21           “(aa) if, on the date of enactment of  
 22      this subparagraph, the non-expansion State  
 23      or unit of local government in such State  
 24      has enacted a tax and imposes such tax on  
 25      such class and the Secretary determines that  
 26      the tax is within the hold harmless threshold

1           *as of that date, the applicable percent of net*  
 2           *patient revenue attributable to such class*  
 3           *that has been so determined; and*

4           “(bb) *if, on the date of enactment of*  
 5           *this subparagraph, the non-expansion State*  
 6           *or unit of local government in such State*  
 7           *has not enacted or does not impose a tax*  
 8           *with respect to such class, 0 percent; and*

9           “(II) *in the case of an expansion State or*  
 10          *unit of local government in such State and a*  
 11          *class of health care items or services described in*  
 12          *section 433.56(a) of title 42, Code of Federal*  
 13          *Regulations (as in effect on May 1, 2025), sub-*  
 14          *ject to clause (iv)—*

15          “(aa) *if, on the date of enactment of*  
 16          *this subparagraph, the expansion State or*  
 17          *unit of local government in such State has*  
 18          *enacted a tax and imposes such tax on such*  
 19          *class and the Secretary determines that the*  
 20          *tax is within the hold harmless threshold as*  
 21          *of that date, the lower of—*

22          “(AA) *the applicable percent of*  
 23          *net patient revenue attributable to such*  
 24          *class that has been so determined; and*



1 “(BB) the applicable percent spec-  
 2 ified in clause (ii) for the fiscal year;  
 3 and

4 “(bb) if, on the date of enactment of  
 5 this subparagraph, the expansion State or  
 6 unit of local government in such State has  
 7 not enacted or does not impose a tax with  
 8 respect to such class, 0 percent.

9 “(ii) For purposes of clause (i)(II)(aa)(BB),  
 10 the applicable percent is—

11 “(I) for fiscal year 2028, 5.5 percent;

12 “(II) for fiscal year 2029, 5 percent;

13 “(III) for fiscal year 2030, 4.5 percent;

14 “(IV) for fiscal year 2031, 4 percent;

15 and

16 “(V) for fiscal year 2032 and each sub-  
 17 sequent fiscal year, 3.5 percent.

18 “(iii) For purposes of clause (i):

19 “(I) *EXPANSION STATE*.—The term ‘ex-  
 20 pansion State’ means a State that, begin-  
 21 ning on January 1, 2014, or on any date  
 22 thereafter, elects to provide medical assist-  
 23 ance to all individuals described in section  
 24 1902(a)(10)(A)(i)(VIII) under the State

1                    *plan under this title or under a waiver of*  
 2                    *such plan.*

3                    “(II) *NON-EXPANSION STATE.*—*The*  
 4                    *term ‘non-expansion State’ means a State*  
 5                    *that is not an expansion State.*

6                    “(iv) *In the case of a tax of an expansion*  
 7                    *State or unit of local government in such State*  
 8                    *in effect on the date of enactment of this clause,*  
 9                    *that applies to a class of health care items or*  
 10                    *services that is described in paragraph (3) or (4)*  
 11                    *of section 433.56(a) of title 42, Code of Federal*  
 12                    *Regulations (as in effect on May 1, 2025), and*  
 13                    *for which, on such date of enactment, is within*  
 14                    *the hold harmless threshold (as determined by the*  
 15                    *Secretary), the applicable percent of net patient*  
 16                    *revenue attributable to such class that has been*  
 17                    *so determined shall apply for a fiscal year in-*  
 18                    *stead of the applicable percent specified in clause*  
 19                    *(ii) for the fiscal year.”.*

20                    (b) *NON-APPLICATION TO TERRITORIES.*—*The amend-*  
 21                    *ments made by this section shall only apply with respect*  
 22                    *to a State that is 1 of the 50 States or the District of Colum-*  
 23                    *bia.*

24                    (c) *IMPLEMENTATION FUNDING.*—*For the purposes of*  
 25                    *carrying out the provisions of, and the amendments made*

1 *by, this section, there are appropriated, out of any monies*  
 2 *in the Treasury not otherwise appropriated, to the Admin-*  
 3 *istrator of the Centers for Medicare & Medicaid Services,*  
 4 *\$20,000,000 for fiscal year 2026, to remain available until*  
 5 *expended.*

6 **SEC. 71116. STATE DIRECTED PAYMENTS.**

7       (a) *IN GENERAL.*—Subject to subsection (b), the Sec-  
 8 *retary of Health and Human Services (in this section re-*  
 9 *ferred to as the Secretary) shall revise section*  
 10 *438.6(c)(2)(iii) of title 42, Code of Federal Regulations (or*  
 11 *a successor regulation) such that, with respect to a payment*  
 12 *described in such section made for a service furnished dur-*  
 13 *ing a rating period beginning on or after the date of the*  
 14 *enactment of this Act, the total payment rate for such serv-*  
 15 *ice is limited to—*

16               (1) *in the case of a State that provides coverage*  
 17 *to all individuals described in section*  
 18 *1902(a)(10)(A)(i)(VIII) of the Social Security Act (42*  
 19 *U.S.C. 1396a(a)(10)(A)(i)(VIII)) that is equivalent to*  
 20 *minimum essential coverage (as described in section*  
 21 *5000A(f)(1)(A) of the Internal Revenue Code of 1986*  
 22 *and determined in accordance with standards pre-*  
 23 *scribed by the Secretary in regulations) under the*  
 24 *State plan (or waiver of such plan) of such State*  
 25 *under title XIX of such Act, 100 percent of the speci-*

1 *fied total published Medicare payment rate (or, in the*  
 2 *absence of a specified total published Medicare pay-*  
 3 *ment rate, the payment rate under a Medicaid State*  
 4 *plan (or under a waiver of such plan)); or*

5 *(2) in the case of a State other than a State de-*  
 6 *scribed in paragraph (1), 110 percent of the specified*  
 7 *total published Medicare payment rate (or, in the ab-*  
 8 *sence of a specified total published Medicare payment*  
 9 *rate, the payment rate under a Medicaid State plan*  
 10 *(or under a waiver of such plan)).*

11 *(b) GRANDFATHERING CERTAIN PAYMENTS.—In the*  
 12 *case of a payment described in section 438.6(c)(2)(iii) of*  
 13 *title 42, Code of Federal Regulations (or a successor regula-*  
 14 *tion) for which written prior approval (or a good faith ef-*  
 15 *fort to receive such approval, as determined by the Sec-*  
 16 *retary) was made before May 1, 2025, or a payment de-*  
 17 *scribed in such section for a rural hospital (as defined in*  
 18 *subsection (d)(2)) for which written prior approval (or a*  
 19 *good faith effort to receive such approval, as determined by*  
 20 *the Secretary) was made by the date of enactment of this*  
 21 *Act, for the rating period occurring within 180 days of the*  
 22 *date of the enactment of this Act, or a payment so described*  
 23 *for such rating period for which a completed preprint was*  
 24 *submitted to the Secretary prior to the date of enactment*  
 25 *of this Act, beginning with the rating period on or after*

1 *January 1, 2028, the total amount of such payment shall*  
 2 *be reduced by 10 percentage points each year until the total*  
 3 *payment rate for such service is equal to the rate for such*  
 4 *service specified in subsection (a).*

5 *(c) TREATMENT OF EXPANSION STATES.—The revi-*  
 6 *sions described in subsection (a) shall provide that, with*  
 7 *respect to a State that begins providing the coverage de-*  
 8 *scribed in paragraph (1) of such subsection on or after the*  
 9 *date of the enactment of this Act, the limitation described*  
 10 *in such paragraph shall apply to such State with respect*  
 11 *to a payment described in section 438.6(c)(2)(iii) of title*  
 12 *42, Code of Federal Regulations (or a successor regulation)*  
 13 *for a service furnished during a rating period beginning*  
 14 *on or after the date of enactment of this Act.*

15 *(d) DEFINITIONS.—In this section:*

16 *(1) RATING PERIOD.—The term “rating period”*  
 17 *has the meaning given such term in section 438.2 of*  
 18 *title 42, Code of Federal Regulations (or a successor*  
 19 *regulation).*

20 *(2) RURAL HOSPITAL.—The term “rural hos-*  
 21 *pital” means the following:*

22 *(A) A subsection (d) hospital (as defined in*  
 23 *paragraph (1)(B) of section 1886(d) of the Social*  
 24 *Security Act (42 U.S.C. 1395ww(d))) that—*

1                   (i) is located in a rural area (as de-  
2                   fined in paragraph (2)(D) of such section);

3                   (ii) is treated as being located in a  
4                   rural area pursuant to paragraph (8)(E) of  
5                   such section; or

6                   (iii) is located in a rural census tract  
7                   of a metropolitan statistical area (as deter-  
8                   mined under the most recent modification of  
9                   the Goldsmith Modification, originally pub-  
10                  lished in the Federal Register on February  
11                  27, 1992 (57 Fed. Reg. 6725)).

12                (B) A critical access hospital (as defined in  
13                section 1861(mm)(1) of such Act (42 U.S.C.  
14                1395x(mm)(1))).

15                (C) A sole community hospital (as defined  
16                in section 1886(d)(5)(D)(iii) of such Act (42  
17                U.S.C. 1395ww(d)(5)(D)(iii))).

18                (D) A Medicare-dependent, small rural hos-  
19                pital (as defined in section 1886(d)(5)(G)(iv) of  
20                such Act (42 U.S.C. 1395ww(d)(5)(G)(iv))).

21                (E) A low-volume hospital (as defined in  
22                section 1886(d)(12)(C) of such Act (42 U.S.C.  
23                1395ww(d)(12)(C))).

1           (F) *A rural emergency hospital (as defined*  
 2           *in section 1861(kkk)(2) of such Act (42 U.S.C.*  
 3           *1395x(kkk)(2))).*

4           (3) *STATE.—The term “State” means 1 of the 50*  
 5           *States or the District of Columbia.*

6           (4) *TOTAL PUBLISHED MEDICARE PAYMENT*  
 7           *RATE.—The term “total published Medicare payment*  
 8           *rate” has the meaning given to such term in section*  
 9           *438.6(a) of title 42, Code of Federal Regulations (or*  
 10          *a successor regulation).*

11          (5) *WRITTEN PRIOR APPROVAL.—The term*  
 12          *“written prior approval” has the meaning given to*  
 13          *such term in section 438.6(c)(2)(i) of title 42, Code of*  
 14          *Federal Regulations (or a successor regulation).*

15          (e) *FUNDING.—There are appropriated out of any*  
 16          *monies in the Treasury not otherwise appropriated*  
 17          *\$7,000,000 for each of fiscal years 2026 through 2033 for*  
 18          *purposes of carrying out this section, to remain available*  
 19          *until expended.*

20       **SEC. 71117. REQUIREMENTS REGARDING WAIVER OF UNI-**  
 21                       **FORM TAX REQUIREMENT FOR MEDICAID**  
 22                       **PROVIDER TAX.**

23          (a) *IN GENERAL.—Section 1903(w) of the Social Secu-*  
 24          *rity Act (42 U.S.C. 1396b(w)) is amended—*