

In the Senate of the United States,

September 5, 1996.

Resolved, That the bill from the House of Representatives (H.R. 3666) entitled “An Act making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes.”, do pass with the following

AMENDMENTS:

1 **(1)**Page 3, line 3, strike out **【\$18,497,854,000】** and in-
2 sert: *\$18,671,259,000*

3 **(2)**Page 3, line 22, strike out **【\$1,227,000,000】** and in-
4 sert: *\$1,377,000,000*

5 **(3)**Page 6, line 22, strike out **【\$1,964,000】** and insert:
6 *\$2,822,000*

7 **(4)**Page 8, line 12, strike out **【\$570,000,000】** and insert:
8 *\$596,000,000*

1 **(5)**Page 8, line 21, strike out **【\$257,000,000】** and insert:

2 \$262,000,000

3 **(6)**Page 9, line 9, strike out **【\$59,207,000】** and insert:

4 \$62,207,000

5 **(7)**Page 10, line 10, strike out **【\$823,584,000】** and in-

6 sert: \$813,730,000

7 **(8)**Page 10, line 10, strike out **【further】**

8 **(9)**Page 11, line 19, strike out **【\$245,358,000】** and in-

9 sert: \$178,250,000

10 **(10)**Page 13, line 8, strike out **【\$160,000,000】** and in-

11 sert: \$190,000,000

12 **(11)**Page 13, line 21, strike out **【\$12,300,000, together**

13 with**】**

14 **(12)**Page 18, after line 12 insert:

15 *SEC. 108. (a) The Secretary of Veterans Affairs may*

16 *convey, without consideration, to the City of Tuscaloosa,*

17 *Alabama (in this section referred to as the “City”), all*

18 *right, title, and interest of the United States in and to a*

19 *parcel of real property, including any improvements there-*

20 *on, in the northwest quarter of section 28, township 21*

21 *south, range 9 west, of Tuscaloosa County, Alabama, com-*

22 *prising a portion of the grounds of the Department of Veter-*

1 *ans Affairs medical center, Tuscaloosa, Alabama, and con-*
 2 *sisting of approximately 9.42 acres, more or less.*

3 *(b) The conveyance under subsection (a) shall be sub-*
 4 *ject to the condition that the City use the real property con-*
 5 *veyed under that subsection in perpetuity solely for public*
 6 *park or recreational purposes.*

7 *(c) The exact acreage and legal description of the real*
 8 *property to be conveyed pursuant to this section shall be*
 9 *determined by a survey satisfactory to the Secretary of Vet-*
 10 *erans Affairs. The cost of such survey shall be borne by the*
 11 *City.*

12 *(d) The Secretary of Veterans Affairs may require such*
 13 *additional terms and conditions in connection with the con-*
 14 *veyance under this section as the Secretary considers appro-*
 15 *priate to protect the interests of the United States.*

16 **(13)**Page 18, strike out all after line 16, over to and in-
 17 cluding line 9 on page 27

18 **(14)**Page 27, after line 9 insert:

19 *DEVELOPMENT OF ADDITIONAL NEW SUBSIDIZED HOUSING*

20 *For assistance for the purchase, construction, acquisi-*
 21 *tion, or development of additional public and subsidized*
 22 *housing units for low income families under the United*
 23 *States Housing Act of 1937, as amended (“the Act” herein)*
 24 *(42 U.S.C. 1437), not otherwise provided for, \$969,464,442,*
 25 *to remain available until expended: Provided, That of the*

1 *total amount provided under this head, \$595,000,000 shall*
2 *be for capital advances, including amendments to capital*
3 *advance contracts, for housing for the elderly, as authorized*
4 *by section 202 of the Housing Act of 1959, as amended,*
5 *and for project rental assistance, and amendments to con-*
6 *tracts for project rental assistance, for supportive housing*
7 *for the elderly under section 202(c)(2) of the Housing Act*
8 *of 1959; and \$174,000,000 shall be for capital advances,*
9 *including amendments to capital advance contracts, for*
10 *supportive housing for persons with disabilities, as author-*
11 *ized by section 811 of the Cranston-Gonzalez National Af-*
12 *fordable Housing Act; and for project rental assistance, and*
13 *amendments to contracts for project rental assistance, for*
14 *supportive housing for persons with disabilities as author-*
15 *ized by section 811 of the Cranston-Gonzalez National Af-*
16 *fordable Housing Act: Provided further, That the Secretary*
17 *may designate up to 25 percent of the amounts earmarked*
18 *under this paragraph for section 811 of the Cranston-Gon-*
19 *zalez National Affordable Housing Act for tenant-based as-*
20 *sistance, as authorized under that section, which assistance*
21 *is five years in duration: Provided further, That the Sec-*
22 *retary may waive any provision of section 202 of the Hous-*
23 *ing Act of 1959 and section 811 of the National Affordable*
24 *Housing Act (including the provisions governing the terms*
25 *and conditions of project rental assistance and tenant-based*

1 assistance) that the Secretary determines is not necessary
2 to achieve the objectives of these programs, or that otherwise
3 impedes the ability to develop, operate or administer
4 projects assisted under these programs, and may make pro-
5 vision for alternative conditions or terms where appro-
6 priate: Provided further, That of the total amount provided
7 under this head, \$200,000,000 shall be for the development
8 or acquisition cost of public housing for Indian families,
9 including amounts for housing under the mutual help
10 homeownership opportunity program under section 202 of
11 the Act (42 U.S.C. 1437bb): Provided further, That of the
12 total amount provided under this head, the Secretary shall
13 provide \$464,442 to the Utah Housing Finance Agency, in
14 lieu of amounts lost to such agency in bond refinancings
15 during 1994, for its use in accordance with the immediately
16 preceding proviso.

17 *PREVENTION OF RESIDENT DISPLACEMENT*

18 *For activities and assistance to prevent the involun-*
19 *tary displacement of low-income families, the elderly and*
20 *the disabled because of the loss of affordable housing stock,*
21 *expiration of subsidy contracts or expiration of use restric-*
22 *tions, or other changes in housing assistance arrangements,*
23 *\$4,775,000,000, to remain available until expended: Pro-*
24 *vided, That of the total amount provided under this head,*
25 *\$3,800,000,000 shall be for assistance under the United*
26 *States Housing Act of 1937 (42 U.S.C. 1437) for use in*

1 connection with expiring or terminating section 8 subsidy
2 contracts: Provided further, That the Secretary may deter-
3 mine not to apply section 8(o)(6)(B) of the Act to housing
4 vouchers during fiscal year 1997: Provided further, That
5 of the total amount provided under this head, \$800,000,000
6 shall be for amendments to section 8 contracts other than
7 contracts for projects developed under section 202 of the
8 Housing Act of 1959, as amended: Provided further, That
9 of the total amount provided under this head, \$175,000,000
10 shall be for assistance under the United States Housing Act
11 of 1937 (42 U.S.C. 1437) for nonelderly disabled families
12 relocating pursuant to designation of a public housing de-
13 velopment under section 7 of such Act, for a demonstration
14 linking housing assistance to State welfare reform initia-
15 tives to help families make the transition from welfare to
16 work and for housing assistance for relocating residents of
17 properties (i) that are owned by the Secretary and being
18 disposed of; (ii) that are discontinuing section 8 project-
19 based assistance; or (iii) subject to special workout assist-
20 ance team intervention compliance actions: Provided, That
21 of the total amount made available under this head,
22 \$50,000,000 shall be made available to nonelderly disabled
23 families affected by the designation of a public housing de-
24 velopment under section 7 of such Act or the establishment
25 of preferences in accordance with section 651 of the Housing

1 *and Community Development Act of 1992 (42 U.S.C.*
2 *13611).*

3 *PRESERVING EXISTING HOUSING INVESTMENT*

4 *For operating, maintaining, revitalizing, rehabilitat-*
5 *ing, preserving, and protecting existing housing develop-*
6 *ments for low income families, the elderly and the disabled,*
7 *\$6,740,000,000, to remain available until expended: Pro-*
8 *vided, That of the total amount made available under this*
9 *head, \$2,900,000,000 shall be available for payments to*
10 *public housing agencies and Indian housing authorities for*
11 *operating subsidies for low-income housing projects as au-*
12 *thorized by section 9 of the United States Housing Act of*
13 *1937, as amended (42 U.S.C. 1437g): Provided further,*
14 *That of the total amount made available under this head,*
15 *\$2,500,000,000 shall be available for modernization of exist-*
16 *ing public housing projects as authorized under section 14*
17 *of the United States Housing Act of 1937, as amended (42*
18 *U.S.C. 1437l): Provided further, That of the total amount*
19 *made available under this head, \$550,000,000 shall be for*
20 *grants to public housing agencies for assisting in the demo-*
21 *lition of obsolete public housing projects or portions thereof,*
22 *the revitalization (where appropriate) of sites (including re-*
23 *maining public housing units) on which such projects are*
24 *located, replacement housing which will avoid or lessen con-*
25 *centrations of very low-income families, and tenant-based*
26 *assistance in accordance with section 8 of the United States*

1 *Housing Act of 1937; and for providing replacement hous-*
2 *ing and assisting tenants to be displaced by the demolition,*
3 *of which the Secretary may use up to \$2,500,000 for tech-*
4 *nical assistance, to be provided directly or indirectly by*
5 *grants, contracts or cooperative agreements, including*
6 *training and cost of necessary travel for participants in*
7 *such training, by or to officials and employees of the De-*
8 *partment and of public housing agencies and to residents:*
9 *Provided further, That of the total amount provided under*
10 *this head, \$500,000,000 shall be available for use in con-*
11 *junction with properties that are eligible for assistance*
12 *under the Low Income Housing Preservation and Resident*
13 *Homeownership Act of 1990 (LIHPRHA) or the Emergency*
14 *Low-Income Housing Preservation Act of 1987 (ELIHPA):*
15 *Provided further, That amounts recaptured from interest*
16 *reduction payment contracts for section 236 projects whose*
17 *owners prepay their mortgages during fiscal year 1997 shall*
18 *be rescinded: Provided further, That the Secretary may con-*
19 *tinue to impose a moratorium on the acceptance of initial*
20 *notices of intent by potential recipients of such funding:*
21 *Provided further, That funding shall be limited to: (1) ten-*
22 *ant-based assistance under the terms of the tenth and elev-*
23 *enth provisos of the second undesignated paragraph under*
24 *the “Annual Contributions for Assisted Housing” head of*
25 *the Departments of Veterans Affairs and Housing and*

1 *Urban Development, and Independent Agencies Appropria-*
2 *tions Act, 1996; (2) plans of action for sales of projects to*
3 *nonprofit organizations, tenant-sponsored organizations*
4 *and other priority purchasers; (3) projects that are subject*
5 *to a repayment or settlement agreement that was executed*
6 *between the owner and the Secretary prior to September*
7 *1, 1995; (4) projects for which submissions were delayed*
8 *as a result of their location in areas that were designated*
9 *as a Federal disaster area in a Presidential Disaster Dec-*
10 *laration; and (5) projects whose processing was, in fact, or*
11 *in practical effect, suspended, deferred, or interrupted for*
12 *a period of nine months or more because of differing inter-*
13 *pretations, by the Secretary and an owner concerning the*
14 *timing of the ability of an uninsured section 236 property*
15 *to prepay or by the Secretary and a State or local rent*
16 *regulatory agency, concerning the effect of a presumptively*
17 *applicable State or local rent control law or regulation on*
18 *the determination of preservation value under section 213*
19 *of LIHPRHA, as amended, if the owner of such project filed*
20 *a notice of intent to extend the low-income affordability re-*
21 *strictions of the housing, or transfer to a qualified pur-*
22 *chaser who would extend such restrictions, on or before No-*
23 *vember 1, 1993: Provided further, That priority shall be*
24 *given to funding tenant-based assistance under the terms*
25 *of the tenth and eleventh provisos of the second undesignated*

1 paragraph under the “Annual Contributions for Assisted
2 Housing” head of the Departments of Veterans Affairs and
3 Housing and Urban Development, and Independent Agen-
4 cies Appropriations Act, 1996, and plans of action for sales
5 of projects to nonprofit organizations, tenant-sponsored or-
6 ganizations, and other priority purchasers: Provided fur-
7 ther, That the Secretary may give priority to funding ap-
8 proved plans of action for the following projects: (1) projects
9 that are subject to a repayment or settlement agreement that
10 was executed between the owner and the Secretary prior to
11 September 1, 1995; (2) projects for which submissions were
12 delayed as a result of their location in areas that were des-
13 ignated as a Federal disaster area in a Presidential Disas-
14 ter Declaration; and (3) projects whose processing was, in
15 fact, or in practical effect, suspended, deferred, or inter-
16 rupted for a period of nine months or more because of differ-
17 ing interpretations, by the Secretary and an owner concern-
18 ing the timing of the ability of an uninsured section 236
19 property to prepay or by the Secretary and a State or local
20 rent regulatory agency, concerning the effect of a presump-
21 tively applicable State or local rent control law or regula-
22 tion on the determination of preservation value under sec-
23 tion 213 of LIHPRHA, as amended, if the owner of such
24 project filed a notice of intent to extend the low-income af-
25 fordability restrictions of the housing, or transfer to a quali-

1 *fied purchaser who would extend such restrictions, on or*
2 *before November 1, 1993: Provided further, That section*
3 *241(f) of the National Housing Act is repealed and insur-*
4 *ance under such section shall not be offered as an incentive*
5 *under LIHPRHA and ELIHPA: Provided further, That a*
6 *capital loan may be provided as an incentive under*
7 *LIHPRHA or ELIHPA on such terms and conditions as*
8 *the Secretary may prescribe: Provided further, That the fol-*
9 *lowing provisos under the second undesignated heading*
10 *under the “Annual Contributions for Assisted Housing”*
11 *head of the Departments of Veterans Affairs and Housing*
12 *and Urban Development, and Independent Agencies Appro-*
13 *priations Act, 1996 shall continue in effect: the fourth pro-*
14 *viso, the sixth proviso, the seventh proviso, the ninth pro-*
15 *viso, the tenth proviso, the eleventh proviso, and the twelfth*
16 *proviso: Provided further, That notwithstanding any other*
17 *provision of law, effective October 1, 1997, the Secretary*
18 *shall suspend further funding of plans of action: Provided*
19 *further, That of the total amount provided under this head*
20 *\$290,000,000 shall be for grants to public and Indian hous-*
21 *ing agencies for use in eliminating crime in public housing*
22 *projects authorized by 42 U.S.C. 11901–11908, for grants*
23 *for federally assisted low-income housing authorized by 42*
24 *U.S.C. 11909, and for drug information clearinghouse serv-*
25 *ices authorized by 42 U.S.C. 11921–11925, of which*

1 \$10,000,000 shall be for grants, technical assistance, con-
 2 tracts and other assistance training, program assessment,
 3 and execution for or on behalf of public housing agencies
 4 and resident organizations (including the cost of necessary
 5 travel for participants in such training), up to \$5,000,000
 6 of which may be used in connection with efforts to combat
 7 violent crime in public and assisted housing under the Op-
 8 eration Safe Home program administered by the Inspector
 9 General of the Department of Housing and Urban Develop-
 10 ment, and up to \$5,000,000 of which may be provided to
 11 the Office of Inspector General for Operation Safe Home:
 12 Provided further, That the term “drug-related crime”, as
 13 defined in 42 U.S.C. 11905(2), shall also include other types
 14 of crime as determined by the Secretary: Provided further,
 15 That notwithstanding section 5130(c) of the Anti-Drug
 16 Abuse Act of 1988 (42 U.S.C. 11909(c)), the Secretary may
 17 determine not to use any such funds to provide public hous-
 18 ing youth sports grants.

19 **(15)**Page 28, line 5, strike out all after “1999,” down
 20 to and including “and” in line 7

21 **(16)**Page 28, line 7, strike out **【\$61,400,000】** and insert:
 22 \$68,500,000

23 **(17)**Page 28, line 11, strike out **【\$1,000,000】** and insert:
 24 \$1,500,000

1 **(18)**Page 29, after line 6 insert:

2 *Of the amount provided under this heading, the Sec-*
3 *retary of Housing and Urban Development may use up to*
4 *\$50,000,000 for grants to public housing agencies (includ-*
5 *ing Indian housing authorities), nonprofit corporations,*
6 *and other appropriate entities for a supportive services pro-*
7 *gram to assist residents of public and assisted housing,*
8 *former residents of such housing receiving tenant-based as-*
9 *sistance under section 8 of such Act (42 U.S.C. 1437f), and*
10 *other low-income families and individuals to become self-*
11 *sufficient: Provided, That the program shall provide sup-*
12 *portive services, principally for the benefit of public housing*
13 *residents, to the elderly and the disabled, and to families*
14 *with children where the head of household would benefit*
15 *from the receipt of supportive services and is working, seek-*
16 *ing work, or is preparing for work by participating in job*
17 *training or educational programs: Provided further, That*
18 *the supportive services shall include congregate services for*
19 *the elderly and disabled, service coordinators, and coordi-*
20 *nated educational, training, and other supportive services,*
21 *including academic skills training, job search assistance,*
22 *assistance related to retaining employment, vocational and*
23 *entrepreneurship development and support programs,*
24 *transportation, and child care: Provided further, That the*
25 *Secretary shall require applications to demonstrate firm*

1 *commitments of funding or services from other sources: Pro-*
2 *vided further, That the Secretary shall select public and In-*
3 *dian housing agencies to receive assistance under this head*
4 *on a competitive basis, taking into account the quality of*
5 *the proposed program (including any innovative ap-*
6 *proaches), the extent of the proposed coordination of sup-*
7 *portive services, the extent of commitments of funding or*
8 *services from other sources, the extent to which the proposed*
9 *program includes reasonably achievable, quantifiable goals*
10 *for measuring performance under the program over a three-*
11 *year period, the extent of success an agency has had in car-*
12 *rying out other comparable initiatives, and other appro-*
13 *priate criteria established by the Secretary.*

14 **(19)**Page 29, after line 6 insert:

15 *Of the amount made available under this heading, not-*
16 *withstanding any other provision of law, \$20,000,000 shall*
17 *be available for grants to entities managing or operating*
18 *public housing developments, federally-assisted multifam-*
19 *ily-housing developments, or other multifamily-housing de-*
20 *velopments for low-income families supported by non-Fed-*
21 *eral governmental entities or similar housing developments*
22 *supported by nonprofit private sources, to reimburse local*
23 *law enforcement entities for additional police presence in*
24 *and around such housing developments; to provide or aug-*
25 *ment such security services by other entities or employees*

1 *of the recipient agency; to assist in the investigation and/*
 2 *or prosecution of drug related criminal activity in and*
 3 *around such developments; and to provide assistance for the*
 4 *development of capital improvements at such developments*
 5 *directly relating to the security of such developments: Pro-*
 6 *vided, That such grants shall be made on a competitive*
 7 *basis as specified in section 102 of the HUD Reform Act.*

8 **(20)**Page 29, line 8, strike out **【\$20,000,000】** and insert:
 9 *\$40,000,000*

10 **(21)**Page 30, line 8, after “for” insert: *departmental*

11 **(22)**Page 32, line 19, strike out **【\$341,595,000】** and in-
 12 sert: *\$350,595,000*

13 **(23)**Page 32, line 22, strike out **【\$334,483,000】** and in-
 14 sert: *\$343,483,000*

15 **(24)**Page 34, line 16, strike out **【\$202,470,000, of which**
 16 **\$198,299,000】** and insert: *\$207,470,000, of which*
 17 *\$203,299,000*

18 **(25)**Page 34, line 17, after “for” insert: *departmental*

19 **(26)**Page 35, line 5, strike out **【\$9,101,000】** and insert:
 20 *\$9,383,000*

21 **(27)**Page 35, line 7, strike out **【\$9,101,000】** and insert:
 22 *\$9,383,000*

1 **(28)**Page 35, line 8, after “for” insert: *departmental*

2 **(29)**Page 36, line 13, strike out all after “penses,” down
3 to and including “\$42,00,000)” in line 14 and insert:
4 \$976,840,000

5 **(30)**Page 36, line 14, strike out **【\$532,782,000】** and in-
6 sert: \$546,782,000

7 **(31)**Page 36, line 16, strike out **【\$9,101,000】** and insert:
8 \$9,383,000

9 **(32)**Page 37, line 1, strike out **【provided】** and insert:
10 *transferred*

11 **(33)**Page 37, line 8, strike out **【\$14,895,000】** and insert:
12 \$15,751,000

13 **(34)**Page 37, strike out all after line 14, over to and in-
14 cluding line 11 on page 38 and insert:

15 *SEC. 201. EXTENDERS.—(a) PUBLIC HOUSING FUND-*
16 *ING FLEXIBILITY.—Section 201(a)(2) of the Departments of*
17 *Veterans Affairs and Housing and Urban Development, and*
18 *Independent Agencies Appropriations Act, 1996 is amended*
19 *by striking “1996” and inserting “1997”.*

20 *(b) ONE-FOR-ONE REPLACEMENT OF PUBLIC AND IN-*
21 *DIAN HOUSING.—Section 1002(d) of Public Law 104–19 is*
22 *amended by striking “before September 30, 1996” and in-*
23 *serting “on or before September 30, 1997”.*

1 (c) *PUBLIC AND ASSISTED HOUSING RENTS, INCOME*
2 *ADJUSTMENTS, AND PREFERENCES.*—(1) *Section 402(a) of*
3 *the Balanced Budget Downpayment Act, I is amended by*
4 *inserting after “1995” the following: “, and effective for fis-*
5 *cal year 1997”.*

6 (2) *Section 402(f) of such Act is amended by striking*
7 *“fiscal year 1996” and inserting “fiscal years 1996 and*
8 *1997”.*

9 (3) *The second sentence of section 230 of the Depart-*
10 *ments of Veterans Affairs and Housing and Urban Develop-*
11 *ment, and Independent Agencies Appropriations Act, 1996*
12 *is amended by inserting before the period the following:*
13 *“during the entire time the family receives assistance under*
14 *the United States Housing Act of 1937”.*

15 (d) *APPLICABILITY TO IHAS.*—*In accordance with*
16 *section 201(b)(2) of the United States Housing Act of 1937,*
17 *the amendments made by subsections (a), (b), and (c) shall*
18 *apply to public housing developed or operated pursuant to*
19 *a contract between the Secretary of Housing and Urban De-*
20 *velopment and an Indian housing authority.*

21 (e) *STREAMLINING SECTION 8 TENANT-BASED ASSIST-*
22 *ANCE.*—*Section 203(d) of the Departments of Veterans Af-*
23 *fairs and Housing and Urban Development, and Independ-*
24 *ent Agencies Appropriations Act, 1996 is amended by strik-*

1 ing “fiscal year 1996” and inserting “fiscal years 1996 and
2 1997”.

3 (f) SECTION 8 FAIR MARKET RENTALS AND DELAY IN
4 REISSUANCE.—(1) The first sentence of section 403(a) of
5 the Balanced Budget Downpayment Act, I, is amended by
6 striking “1996” and inserting “1997”.

7 (2) Section 403(c) of such Act is amended—

8 (A) by striking “fiscal year 1996” and inserting
9 “fiscal years 1996 and 1997”; and

10 (B) by inserting before the semicolon the follow-
11 ing: “for assistance made available during fiscal year
12 1996 and October 1, 1997 for assistance made avail-
13 able during fiscal year 1997”.

14 (g) SECTION 8 RENT ADJUSTMENTS.—Section
15 8(c)(2)(A) of the United States Housing Act of 1937 is
16 amended—

17 (1) in the third sentence by inserting “, fiscal
18 year 1996 prior to April 26, 1996, and fiscal year
19 1997” after “1995”;

20 (2) in the fourth sentence, by striking “For” and
21 inserting “Except for assistance under the certificate
22 program, for”;

23 (3) after the fourth sentence, by inserting the fol-
24 lowing new sentence: “In the case of assistance under
25 the certificate program, 0.01 shall be subtracted from

1 *the amount of the annual adjustment factor (except*
 2 *that the factor shall not be reduced to less than 1.0),*
 3 *and the adjusted rent shall not exceed the rent for a*
 4 *comparable unassisted unit of similar quality, type,*
 5 *and age in the market area.”; and*

6 *(4) in the last sentence, by—*

7 *(A) striking “sentence” and inserting “two*
 8 *sentences”; and*

9 *(B) inserting “, fiscal year 1996 prior to*
 10 *April 26, 1996, and fiscal year 1997” after*
 11 *“1995”.*

12 **(35)**Page 41, after line 8 insert:

13 *SEC. 205. USE OF AVAILABLE FUNDING FOR HOME-*
 14 *OWNERSHIP.—Up to \$20,000,000 of amounts of unobligated*
 15 *balances that are or become available from the Nehemiah*
 16 *Housing Opportunity Grant program, repealed under sec-*
 17 *tion 289(b) of the Cranston-Gonzalez National Affordable*
 18 *Housing Act, Public Law 101–625, shall be available for*
 19 *use for activities relating to promotion and implementation*
 20 *of homeownership in targeted geographic areas, as deter-*
 21 *mined by the Secretary.*

22 **(36)**Page 41, after line 8 insert:

23 *SEC. 206. DEBT FORGIVENESS.—The Secretary of*
 24 *Housing and Urban Development shall cancel the indebted-*
 25 *ness of the Greene County Rural Health Center relating to*

1 *a loan received under the Public Facility Loan program*
2 *to establish the health center (Loan #Mis-22-PFL0096).*
3 *The Greene County Rural Health Center is hereby relieved*
4 *of all liability to the Federal Government for such loan and*
5 *any fees and charges payable in connection with such loan.*

6 **(37)**Page 41, after line 8 insert:

7 *SEC. 207. FLEXIBLE SUBSIDY FUND.—From the fund*
8 *established by section 236(g) of the National Housing Act,*
9 *as amended, all uncommitted balances of excess rental*
10 *charges as of September 30, 1996, and any collection during*
11 *fiscal year 1997, shall be transferred, as authorized under*
12 *such section, to the fund authorized under section 201(j)*
13 *of the Housing and Community Development Amendments*
14 *of 1978, as amended.*

15 **(38)**Page 41, after line 8 insert:

16 *SEC. 208. RENTAL HOUSING ASSISTANCE.—The limi-*
17 *tation otherwise applicable to the maximum payments that*
18 *may be required in any fiscal year by all contracts entered*
19 *into under section 236 of the National Housing Act (12*
20 *U.S.C. 1715z-1) is reduced in fiscal year 1997 by not more*
21 *than \$2,000,000 in uncommitted balances of authorizations*
22 *provided for this purpose in appropriations Acts.*

23 **(39)**Page 41, after line 8 insert:

1 *SEC. 209. D.C. MODERNIZATION FUNDING.—Notwith-*
2 *standing the provisions of section 14(k)(5)(D) of the United*
3 *States Housing Act of 1937, the withheld modernization*
4 *funds that became credited in fiscal years 1993, 1994 and*
5 *1995, due to the troubled status of the former Department*
6 *of Public and Assisted Housing of the District of Columbia,*
7 *shall be made available without diminution to its successor,*
8 *the District of Columbia Housing Authority, at such time*
9 *between the effective date of this Act and the end of fiscal*
10 *year 1998 as the District of Columbia Housing Authority*
11 *is no longer deemed “mod-troubled” under section*
12 *6(j)(2)(A)(i) of such Act; after fiscal year 1998, the District*
13 *of Columbia Housing Authority shall become subject to the*
14 *provisions of section 14(k)(5)(D) of such Act should it re-*
15 *main mod-troubled.*

16 **(40)**Page 41, after line 8 insert:

17 *SEC. 210. FINANCING ADJUSTMENT FACTORS.—Fifty*
18 *per centum of the amounts of budget authority, or in lieu*
19 *thereof 50 per centum of the cash amounts associated with*
20 *such budget authority, that are recaptured from projects de-*
21 *scribed in section 1012(a) of the Stewart B. McKinney*
22 *Homeless Assistance Amendments Act of 1988 (Public Law*
23 *100–628, 102 Stat. 3224, 3268) shall be rescinded, or in*
24 *the case of cash, shall be remitted to the Treasury, and such*
25 *amounts of budget authority or cash recaptured and not*

1 *rescinded or remitted to the Treasury shall be used by State*
2 *housing finance agencies or local governments or local hous-*
3 *ing agencies with projects approved by the Secretary of*
4 *Housing and Urban Development for which settlement oc-*
5 *curred after January 1, 1992, in accordance with such sec-*
6 *tion.*

7 **(41)**Page 41, after line 8 insert:

8 **SEC. 211. SECTION 8 CONTRACT RENEWAL AUTHORITY.**

9 *(a) DEFINITIONS.—For purposes of this section—*

10 *(1) the term “expiring contract” means a con-*
11 *tract for project-based assistance under section 8 of*
12 *the United States Housing Act of 1937 that expires*
13 *during fiscal year 1997;*

14 *(2) the term “family” has the same meaning as*
15 *in section 3(b) of the United States Housing Act of*
16 *1937;*

17 *(3) the term “multifamily housing project”*
18 *means a property consisting of more than 4 dwelling*
19 *units that is covered in whole or in part by a con-*
20 *tract for project-based assistance under section 8 of*
21 *the United States Housing Act of 1937;*

22 *(4) the term “owner” has the same meaning as*
23 *in section 8(f) of the United States Housing Act of*
24 *1937;*

1 (5) *the term “project-based assistance” means*
2 *rental assistance under section 8 of the United States*
3 *Housing Act of 1937 that is attached to a multifam-*
4 *ily housing project;*

5 (6) *the term “public agency” means a State*
6 *housing finance agency, a local housing agency, or*
7 *other agency with a public purpose and status;*

8 (7) *the term “Secretary” means the Secretary of*
9 *Housing and Urban Development; and*

10 (8) *the term “tenant-based assistance” has the*
11 *same meaning as in section 8(f) of the United States*
12 *Housing Act of 1937.*

13 **(b) SECTION 8 CONTRACT RENEWAL AUTHORITY.—**

14 (1) *IN GENERAL.—Notwithstanding section*
15 *405(a) of the Balanced Budget Downpayment Act, I,*
16 *upon the request of the owner of a multifamily hous-*
17 *ing project that is covered by an expiring contract,*
18 *the Secretary shall use amounts made available for*
19 *the renewal of assistance under section 8 of the Unit-*
20 *ed States Housing Act of 1937 to renew the expiring*
21 *contract as project-based assistance for a period of not*
22 *more than 1 year, at rent levels that are equal to*
23 *those under the expiring contract as of the date on*
24 *which the contract expires, only if those rent levels do*

1 *not exceed 120 percent of fair market rent for the*
2 *market area in which the project is located.*

3 (2) *EXEMPTION FOR STATE AND LOCAL HOUSING*
4 *AGENCY PROJECTS.—Notwithstanding paragraph (1),*
5 *upon the expiration of an expiring contract with rent*
6 *levels that exceed the percentage described in that*
7 *paragraph, if the Secretary determines that the pri-*
8 *mary financing or mortgage insurance for the multi-*
9 *family housing project that is covered by that expir-*
10 *ing contract was provided by a public agency, the*
11 *Secretary shall, upon the request of the public agency,*
12 *renew the expiring contract—*

13 (A) *for a period of not more than 1 year;*

14 *and*

15 (B) *at rent levels that are equal to those*
16 *under the expiring contract as of the date on*
17 *which the contract expires.*

18 (3) *INELIGIBLE CONTRACTS.—*

19 (A) *PARTICIPATION IN DEMONSTRATION.—*
20 *For contracts covering a multifamily housing*
21 *project that expire during fiscal year 1997 with*
22 *rent levels that exceed the percentage described in*
23 *paragraph (1), the Secretary shall, at the request*
24 *of the owner of the project, include that multi-*
25 *family housing project in the demonstration pro-*

1 *gram under section 212 of this Act. The Sec-*
2 *retary shall ensure, to the maximum extent prac-*
3 *ticable, that a project in the demonstration is*
4 *maintained as affordable for low-income families*
5 *for the maximum feasible period of time.*

6 (B) *EFFECT OF MATERIAL ADVERSE AC-*
7 *TIONS OR OMISSIONS.—Notwithstanding para-*
8 *graph (1) or any other provision of law, the Sec-*
9 *retary shall not renew an expiring contract if*
10 *the Secretary determines that the owner of the*
11 *multifamily housing project has engaged in ma-*
12 *terial adverse financial or managerial actions or*
13 *omissions with regard to the project (or with re-*
14 *gard to other similar projects if the Secretary de-*
15 *termines that such actions or omissions con-*
16 *stitute a pattern of mismanagement that would*
17 *warrant suspension or debarment by the Sec-*
18 *retary).*

19 (C) *TRANSFER OF PROPERTY.—For prop-*
20 *erties disqualified from the demonstration pro-*
21 *gram because of actions by an owner or pur-*
22 *chaser in accordance with subparagraph (B), the*
23 *Secretary shall establish procedures to facilitate*
24 *the voluntary sale or transfer of the property,*
25 *with a preference for tenant organizations and*

1 *tenant-endorsed community-based nonprofit and*
2 *public agency purchasers meeting such reason-*
3 *able qualifications as may be established by the*
4 *Secretary.*

5 (4) *TENANT PROTECTIONS.*—*To the extent pro-*
6 *vided in advance in an appropriations Act, any fam-*
7 *ily residing in an assisted unit in a multifamily*
8 *housing project that is covered by an expiring con-*
9 *tract that is not renewed, shall be offered tenant-based*
10 *assistance before the date on which the contract ex-*
11 *pires or is not renewed.*

12 **SEC. 212. FHA MULTIFAMILY DEMONSTRATION AUTHORITY.**

13 (a) *IN GENERAL.*—

14 (1) *REPEAL.*—

15 (A) *IN GENERAL.*—*Section 210 of the De-*
16 *partments of Veterans Affairs and Housing and*
17 *Urban Development and Independent Agencies*
18 *Appropriations Act, 1996 (110 Stat. 1321) is re-*
19 *pealed.*

20 (B) *EXCEPTION.*—*Notwithstanding the re-*
21 *peal under subparagraph (A), amounts made*
22 *available under section 210(f) the Departments*
23 *of Veterans Affairs and Housing and Urban De-*
24 *velopment and Independent Agencies Appropria-*
25 *tions Act, 1996 shall remain available for the*

1 *demonstration program under this section*
2 *through the end of fiscal year 1997.*

3 (2) *SAVINGS PROVISIONS.—Nothing in this sec-*
4 *tion shall be construed to affect any commitment en-*
5 *tered into before the date of enactment of this Act*
6 *under the demonstration program under section 210*
7 *of the Departments of Veterans Affairs and Housing*
8 *and Urban Development and Independent Agencies*
9 *Appropriations Act, 1996.*

10 (3) *DEFINITIONS.—For purposes of this sec-*
11 *tion—*

12 (A) *the term “affordable” means, with re-*
13 *spect to a dwelling unit, a unit for which the*
14 *rents are restricted to the rent levels established*
15 *under a mortgage restructuring;*

16 (B) *the term “demonstration program”*
17 *means the program established under subsection*
18 *(b);*

19 (C) *the term “designee” means a third-*
20 *party public agency that enters into an arrange-*
21 *ment with the Secretary under subsection (b)(3);*

22 (D) *the term “expiring contract” means a*
23 *contract for project-based assistance under sec-*
24 *tion 8 of the United States Housing Act of 1937*
25 *that expires during fiscal year 1997;*

1 (E) the term “family” has the same mean-
2 ing as in section 3(b) of the United States Hous-
3 ing Act of 1937;

4 (F) the term “multifamily housing project”
5 means a property consisting of more than 4
6 dwelling units that is covered in whole or in
7 part by a contract for project-based assistance;

8 (G) the term “owner” has the same meaning
9 as in section 8(f) of the United States Housing
10 Act of 1937;

11 (H) the term “project-based assistance”
12 means rental assistance under section 8 of the
13 United States Housing Act of 1937 that is at-
14 tached to a multifamily housing project;

15 (I) the term “Secretary” means the Sec-
16 retary of Housing and Urban Development; and

17 (J) the term “tenant-based assistance” has
18 the same meaning as in section 8(f) of the Unit-
19 ed States Housing Act of 1937.

20 (b) DEMONSTRATION AUTHORITY.—

21 (1) IN GENERAL.—The Secretary shall admin-
22 ister a demonstration program with respect to multi-
23 family projects—

24 (A) whose owners agree to participate;

1 (B) with rents on units assisted under sec-
2 tion 8 of the United States Housing Act of 1937
3 that are, in the aggregate, in excess of 120 per-
4 cent of the fair market rent of the market area
5 in which the project is located; and

6 (C) the mortgages of which are insured
7 under the National Housing Act.

8 (2) *PURPOSE.*—The demonstration program
9 shall be designed to test the feasibility and desirabil-
10 ity of—

11 (A) ensuring, to the maximum extent prac-
12 ticable, that the debt service and operating ex-
13 penses, including adequate reserves, attributable
14 to such multifamily projects can be supported at
15 the comparable market rent with or without
16 mortgage insurance under the National Housing
17 Act and with or without additional subsidies;

18 (B) utilizing project-based assistance, while
19 taking into account the capital needs of the
20 projects and the need for assistance to low- and
21 very low-income families in such projects; and

22 (C) preserving low-income rental housing
23 affordability and availability while reducing the
24 long-term cost of project-based assistance.

1 (3) *DESIGNEES.*—*In carrying out the dem-*
2 *onstration program, the Secretary may enter into ar-*
3 *rangements with one or more third-party public enti-*
4 *ties, under which the Secretary may provide for the*
5 *assumption by the designee (by delegation, by con-*
6 *tract, or otherwise) of some or all of the functions, ob-*
7 *ligations, and benefits of the Secretary.*

8 (c) *GOALS.*—

9 (1) *IN GENERAL.*—*The Secretary shall carry out*
10 *the demonstration program in a manner that will*
11 *protect the financial interests of the Federal Govern-*
12 *ment through debt restructuring and subsidy reduc-*
13 *tion and, in the least costly fashion, address the goals*
14 *of—*

15 (A) *maintaining existing affordable housing*
16 *stock in a decent, safe, and sanitary condition;*

17 (B) *minimizing the involuntary displace-*
18 *ment of tenants;*

19 (C) *taking into account housing market*
20 *conditions;*

21 (D) *encouraging responsible ownership and*
22 *management of property;*

23 (E) *minimizing any adverse income tax*
24 *impact on property owners; and*

1 (F) *minimizing any adverse impacts on*
2 *residential neighborhoods and local communities.*

3 (2) *BALANCE OF COMPETING GOALS.—In deter-*
4 *mining the manner in which a mortgage is to be re-*
5 *structured or a subsidy reduced under this subsection,*
6 *the Secretary may balance competing goals relating to*
7 *individual projects in a manner that will further the*
8 *purposes of this section.*

9 (d) *JOINT VENTURE ARRANGEMENTS.—*

10 (1) *IN GENERAL.—In carrying out the dem-*
11 *onstration program, the Secretary may enter into*
12 *joint venture arrangements with designees, under*
13 *which the Secretary may provide for the assumption*
14 *by the third parties (by delegation, by contract, or*
15 *otherwise) of some or all of the functions, obligations,*
16 *and benefits of the Secretary.*

17 (2) *PREFERENCE.—In entering into any ar-*
18 *rangement under this subsection, the Secretary shall*
19 *give preference to State housing finance agencies and*
20 *local housing agencies to act as designees to the extent*
21 *such agencies are determined to be qualified by the*
22 *Secretary.*

23 (3) *PUBLIC AGENCIES.—Each joint venture ar-*
24 *rangement entered into under this subsection shall in-*
25 *clude a public agency as the primary partner.*

1 (4) *DESIGNEE PARTNERSHIPS.*—For purposes of
2 any joint venture arrangement under this subsection,
3 designees are encouraged to develop partnerships with
4 each other, and to contract or subcontract with other
5 entities, including—

6 (A) public housing agencies;

7 (B) financial institutions;

8 (C) mortgage servicers;

9 (D) nonprofit and for-profit housing orga-
10 nizations;

11 (E) the Federal National Mortgage Associa-
12 tion;

13 (F) the Federal Home Loan Mortgage Cor-
14 poration;

15 (G) Federal Home Loan Banks; and

16 (H) other State or local mortgage insurance
17 companies or bank lending consortia.

18 (e) *LONG-TERM AFFORDABILITY.*—After the renewal of
19 a section 8 contract pursuant to a restructuring under this
20 section, the owner shall accept each offer to renew the section
21 8 contract, for a period of 20 years from the date of the
22 renewal under the demonstration, if the offer to renew is
23 on terms and conditions, as agreed to by the Secretary or
24 designee and the owner under a restructuring.

25 (f) *PROCEDURES.*—

1 (1) *NOTICE OF PARTICIPATION IN DEMONSTRATION.*—Not later than 45 days before the date of expiration of an expiring contract (or such later date, as determined by the Secretary, for good cause), the owner of the multifamily housing project covered by that expiring contract shall notify the Secretary or designee of the owner’s intent to participate in the demonstration program.

9 (2) *DEMONSTRATION CONTRACT.*—Upon receipt of a notice under paragraph (1), the owner and the Secretary or designee shall enter into a demonstration contract, which shall provide for initial section 8 project-based rents at the same rent levels as those under the expiring contract or, if practical, the budget-based rent to cover debt service, reasonable operating expenses (including reasonable and appropriate services), and a reasonable return on equity, as determined solely by the Secretary. The demonstration contract shall be for the minimum term necessary for the rents and mortgages of the multifamily housing project to be restructured under the demonstration program.

23 (g) *HUD-OWNED AND HUD-HELD MORTGAGES.*—For
24 purposes of carrying out the demonstration program—

1 (1) *the Secretary may manage and dispose of*
2 *multifamily properties owned by the Secretary and*
3 *multifamily mortgages held by the Secretary, on such*
4 *terms and conditions as the Secretary may determine,*
5 *without regard to any other provision of law; and*

6 (2) *as provided under subsection (b)(3), the Sec-*
7 *retary may delegate to one or more designees the au-*
8 *thority to carry out some or all of the functions and*
9 *responsibilities of the Secretary in connection with*
10 *mortgages held by the Secretary under the National*
11 *Housing Act.*

12 (h) *DEMONSTRATION ACTIONS.—For purposes of car-*
13 *rying out the demonstration program, and in order to en-*
14 *sure that contract rights are not abrogated, subject to such*
15 *third party consents as are necessary (if any), including*
16 *consent by the Government National Mortgage Association*
17 *if it owns a mortgage insured by the Secretary, consent by*
18 *an issuer under the mortgage-backed securities program of*
19 *the Association, subject to the responsibilities of the issuer*
20 *to its security holders and the Association under such pro-*
21 *gram, and consent by parties to any contractual agreement*
22 *which the Secretary proposes to modify or discontinue, the*
23 *Secretary or, except with respect to paragraph (2), designee,*
24 *shall take not less than 1 of the actions specified in para-*

1 *graphs (6), (7), and (8) and may take any of the following*
2 *actions:*

3 (1) *REMOVAL OF RESTRICTIONS.—*

4 (A) *IN GENERAL.—Notwithstanding any*
5 *other provision of law, and subject to the agree-*
6 *ment of the owner of the project and after con-*
7 *sultation with the tenants of the project, the Sec-*
8 *retary or designee may remove, relinquish, extin-*
9 *guish, modify, or agree to the removal of any*
10 *mortgage, regulatory agreement, project-based as-*
11 *sistance contract, use agreement, or restriction*
12 *that had been imposed or required by the Sec-*
13 *retary, including restrictions on distributions of*
14 *income which the Secretary or designee deter-*
15 *mines would interfere with the ability of the*
16 *project to operate without above-market rents.*

17 (B) *ACCUMULATED RESIDUAL RECEIPTS.—*
18 *The Secretary or designee may require an owner*
19 *of a property assisted under the section 8 new*
20 *construction/substantial rehabilitation program*
21 *under the United States Housing Act of 1937 to*
22 *apply any accumulated residual receipts toward*
23 *effecting the purposes of this section.*

24 (2) *REINSURANCE.—With respect to not more*
25 *than 5,000 units during fiscal year 1997, the Sec-*

1 *retary may enter into contracts to purchase reinsur-*
2 *ance, or enter into participations or otherwise trans-*
3 *fer economic interest in contracts of insurance or in*
4 *the premiums paid, or due to be paid, on such insur-*
5 *ance to the designee, on such terms and conditions as*
6 *the Secretary may determine.*

7 (3) *INDUCE PARTICIPATION OF THIRD PAR-*
8 *TIES.—Notwithstanding any other provision of law,*
9 *of amounts made available under appropriations*
10 *Acts, including amounts made available under this*
11 *section, the Secretary or designee may enter into such*
12 *agreements, provide such concessions, incur such costs,*
13 *make such grants (including grants to cover all or a*
14 *portion of the rehabilitation costs for a project) and*
15 *other payments, and provide other valuable consider-*
16 *ation, as may reasonably be necessary to induce par-*
17 *ticipation of owners, lenders, servicers, third parties,*
18 *and other entities in the demonstration program, in-*
19 *cluding the use of fees for contract administration*
20 *under section 8 of the United States Housing Act of*
21 *1937 for purposes of any contract restructured or re-*
22 *newed under the demonstration program.*

23 (4) *FULL OR PARTIAL PAYMENT OF CLAIM.—Not-*
24 *withstanding any other provision of law, the Sec-*

1 *retary may make a full payment of claim or partial*
2 *payment of claim prior to default.*

3 (5) *CREDIT ENHANCEMENT.*—

4 (A) *IN GENERAL.*—*The Secretary or des-*
5 *ignee may provide FHA multifamily mortgage*
6 *insurance, reinsurance, or other credit enhance-*
7 *ment alternatives, including retaining the exist-*
8 *ing FHA mortgage insurance on a restructured*
9 *first mortgage at market value or using the mul-*
10 *tifamily risk-sharing mortgage programs, as pro-*
11 *vided under section 542 of the Housing and*
12 *Community Development Act of 1992.*

13 (B) *EFFECT OF LIMITATIONS.*—*Any limita-*
14 *tions on the number of units available for mort-*
15 *gage insurance under section 542 shall not apply*
16 *to insurance issued for purposes of the dem-*
17 *onstration program.*

18 (C) *MAXIMUM PERCENTAGE.*—*During fiscal*
19 *year 1997, not more than 10 percent of multi-*
20 *family housing projects with expiring contracts*
21 *may be restructured without FHA insurance,*
22 *unless otherwise agreed by the owner of a project.*

23 (D) *CREDIT SUBSIDY.*—*Subject to the fund-*
24 *ing restrictions under subsection (l), any credit*
25 *subsidy costs of providing mortgage insurance*

1 shall be paid from the General Insurance Fund
2 and the Special Risk Insurance Fund.

3 (6) *MORTGAGE RESTRUCTURING.*—

4 (A) *IN GENERAL.*—The Secretary or des-
5 ignee may restructure mortgages to provide a re-
6 structured first mortgage to cover debt service
7 and operating expenses at the market rent, and
8 a second mortgage equal to the difference between
9 the restructured first mortgage and the mortgage
10 balance of the eligible multifamily housing
11 project at the time of restructuring.

12 (B) *INTEREST RATE ON SECOND MORT-*
13 *GAGE.*—The second mortgage shall bear interest
14 at a rate not to exceed the applicable Federal
15 rate for a term not to exceed 40 years.

16 (C) *TIMING OF PAYMENTS.*—If the first
17 mortgage remains outstanding, payments of in-
18 terest and principal on the second mortgage shall
19 be made from all excess project income only after
20 the payment of all reasonable and necessary op-
21 erating expenses (including deposits in a reserve
22 for replacement), debt service on the first mort-
23 gage, and such other expenditures as may be ap-
24 proved by the Secretary.

1 (D) *ASSUMPTION OF SECOND MORTGAGE.*—

2 *The second mortgage shall be assumable by any*
3 *subsequent purchaser of the multifamily housing*
4 *project.*

5 (E) *DISPOSITION OF PROPERTY.*—*The bal-*
6 *ance of the principal and accrued interest due*
7 *under the second mortgage shall be fully payable*
8 *upon disposition of the property, unless the*
9 *mortgage is assumed under subparagraph (D).*

10 (F) *SECOND MORTGAGE REPAYMENT.*—*The*
11 *owner shall begin repayment of the second mort-*
12 *gage upon full payment of the first mortgage in*
13 *equal monthly installments in an amount equal*
14 *to the monthly principal and interest payments*
15 *formerly paid under the first mortgage.*

16 (G) *FAILURE TO COMPLY.*—*The principal*
17 *and interest of a second mortgage shall be imme-*
18 *diately due and payable upon a finding by the*
19 *Secretary that an owner has failed to materially*
20 *comply with this section or any applicable re-*
21 *quirement of the United States Housing Act of*
22 *1937 in relation to the project at issue.*

23 (H) *CREDIT SUBSIDY.*—*Subject to the fund-*
24 *ing restrictions under subsection (l), any credit*
25 *subsidy costs of providing a second mortgage*

1 *shall be paid from the General Insurance Fund*
2 *and the Special Risk Insurance Fund.*

3 (7) *DEBT FORGIVENESS.*—*The Secretary or des-*
4 *ignee, for good cause and at the request of the owner*
5 *of a multifamily housing project, may forgive at the*
6 *time of the restructuring of a mortgage any portion*
7 *of a debt on the project that exceeds the market value*
8 *of the project. In exchange for debt forgiveness under*
9 *this paragraph, the project shall remain affordable to*
10 *low-income families for a period of 20 years, unless*
11 *otherwise provided by the Secretary.*

12 (8) *BUDGET-BASED RENTS.*—*During fiscal year*
13 *1997, the Secretary or designee may renew an expir-*
14 *ing contract, for a period of not more than 1 year,*
15 *at a budget-based rent that covers debt service, reason-*
16 *able operating expenses (including all reasonable and*
17 *appropriate services), and a reasonable return on eq-*
18 *uity, as determined solely by the Secretary, but that*
19 *does not exceed the rent levels under the expiring con-*
20 *tract. The Secretary may establish a preference under*
21 *the demonstration program for budget-based rents for*
22 *unique housing projects, such as projects designated*
23 *for occupancy by elderly families in rural areas.*

24 (i) *COMMUNITY AND TENANT INPUT.*—*In carrying out*
25 *this section, the Secretary shall develop procedures to pro-*

1 *vide appropriate and timely notice, including an oppor-*
2 *tunity for comment, to officials of the unit of general local*
3 *government affected, the community in which the project*
4 *is situated, and the tenants of the project.*

5 (j) *LIMITATION ON DEMONSTRATION AUTHORITY.—*
6 *The Secretary shall carry out the demonstration program*
7 *with respect to mortgages not to exceed 50,000 units.*

8 (k) *PRIORITY FOR PARTICIPATION.—The Secretary or*
9 *designee shall give priority for participation in the dem-*
10 *onstration program to any owner of an eligible multifamily*
11 *housing project with an expiring contract for project-based*
12 *assistance.*

13 (l) *FUNDING.—In addition to the \$30,000,000 made*
14 *available under section 210 of the Departments of Veterans*
15 *Affairs and Housing and Urban Development and Inde-*
16 *pendent Agencies Appropriations Act, 1996 (110 Stat.*
17 *1321), for the costs (including any credit subsidy costs asso-*
18 *ciated with providing direct loans or mortgage insurance)*
19 *of modifying and restructuring loans held or guaranteed*
20 *by the Federal Housing Administration, as authorized*
21 *under this section, \$10,000,000, are hereby appropriated,*
22 *to remain available until September 30, 1998.*

23 (m) *REPORT TO CONGRESS.—*

24 (1) *IN GENERAL.—*

1 (A) *BIANNUAL REPORTS.*—Not less than bi-
2 annually, the Secretary shall submit to the Con-
3 gress a report describing and assessing the pro-
4 grams carried out under the demonstration pro-
5 gram.

6 (B) *FINAL REPORT.*—Not later than 6
7 months after the end of the demonstration pro-
8 gram, the Secretary shall submit to the Congress
9 a final report on the demonstration program.

10 (2) *CONTENTS.*—Each report submitted under
11 paragraph (1) shall include—

12 (A) any findings and recommendations for
13 legislative action; and

14 (B) a description of the status of each mul-
15 tifamily housing project selected for the dem-
16 onstration program.

17 (3) *CONTENTS OF FINAL REPORT.*—The report
18 submitted under paragraph (1)(B) may include—

19 (A) with respect to each multifamily hous-
20 ing project participating in the demonstration
21 program, information relating to—

22 (i) the size of the project;

23 (ii) the geographic locations of the
24 project, by State and region;

1 (iii) the physical and financial condi-
2 tion of the project;

3 (iv) the occupancy profile of the
4 project, including the income, family size,
5 race, and ethnic origin of the tenants, and
6 the rents paid by those tenants;

7 (v) a description of actions undertaken
8 pursuant to this section, including a de-
9 scription of the effectiveness of such actions
10 and any impediments to the transfer or sale
11 of the projects;

12 (vi) a description of the extent to
13 which the demonstration program has dis-
14 placed tenants of the project;

15 (vii) a description of the impact to
16 which the demonstration program has af-
17 fected the localities and communities in
18 which the projects are located; and

19 (viii) a description of the extent to
20 which the demonstration program has af-
21 fected the owners of the projects; and

22 (B) a description of any of the functions
23 performed in connection with this section that
24 are transferred or contracted out to public or
25 private entities or to State entities.

1 **(42)**Page 41, after line 8 insert:

2 *SEC. 213. HAWAIIAN HOME LANDS.—Section 282 of*
3 *the Cranston-Gonzalez National Affordable Housing Act (42*
4 *U.S.C. 12832) is amended by adding at the end the follow-*
5 *ing new sentence: “The Secretary may waive this section*
6 *in connection with the use of funds made available under*
7 *this title on lands set aside under the Hawaiian Homes*
8 *Commission Act, 1920 (42 Stat. 108).”.*

9 **(43)**Page 41, after line 8 insert:

10 *SEC. 214. INVOLUNTARY SEPARATIONS.—In order to*
11 *avoid or minimize the need for involuntary separations due*
12 *to a reduction in force, departmental restructuring, reorga-*
13 *nization, transfer of function, or similar action affecting*
14 *the Department of Housing and Urban Development, the*
15 *Secretary shall establish a program under which separation*
16 *pay, subject to the availability of appropriated funds, may*
17 *be offered to encourage employees to separate from service*
18 *voluntarily, whether by retirement or resignation: Provided,*
19 *That payments to individual employees shall not exceed*
20 *\$25,000: Provided further, That in addition to any other*
21 *payments which it is required to make under subchapter*
22 *III of chapter 83 or chapter 84 of title 5, United States*
23 *Code, HUD shall remit to the Office of Personnel Manage-*
24 *ment for deposit in the Treasury of the United States to*
25 *the credit of the Civil Service Retirement and Disability*

1 *Fund on amount equal to 15 percent of the final basic pay*
 2 *of each employee who is covered under subchapter III of*
 3 *chapter 83 or chapter 84 of title 5 to whom a voluntary*
 4 *separation incentive has been paid under this paragraph.*

5 **(44)**Page 41, after line 8 insert:

6 *SEC. 215. REQUIREMENT FOR HUD TO MAINTAIN*
 7 *PUBLIC NOTICE AND COMMENT RULEMAKING.—The Sec-*
 8 *retary of Housing and Urban Development shall maintain*
 9 *all current requirements under part 10 of the Department*
 10 *of Housing and Urban Development’s regulations (24 CFR*
 11 *part 10) with respect to the Department’s policies and pro-*
 12 *cedures for the promulgation and issuance of rules, includ-*
 13 *ing the use of public participation in the rulemaking proc-*
 14 *ess.*

15 **(45)**Page 41, after line 8 insert:

16 **SEC. 216. COMMUNITY DEVELOPMENT BLOCK GRANTS.**

17 *Section 102(a)(6)(D) of the Housing and Community*
 18 *Development Act of 1974 (42 U.S.C. 5302(a)(6)(D)) is*
 19 *amended—*

20 (1) *in clause (iv), by striking “or” at the end;*

21 (2) *in clause (v), by striking the period at the*
 22 *end and inserting “; or”; and*

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

1 “(vi) has entered into a local cooperation
2 agreement with a metropolitan city that received
3 assistance under section 106 because of such clas-
4 sification, and has elected under paragraph (4)
5 to have its population included with the popu-
6 lation of the county for the purposes of qualify-
7 ing as an urban county, except that to qualify
8 as an urban county under this clause, the county
9 must—

10 “(I) have a combined population of not
11 less than 210,000, excluding any metropoli-
12 tan city located in the county that is not re-
13 linquishing its metropolitan city classifica-
14 tion, according to the 1990 decennial census
15 of the Bureau of the Census of the Depart-
16 ment of Commerce;

17 “(II) including any metropolitan cities
18 located in the county, have had a decrease
19 in population of 10,061 from 1992 to 1994,
20 according to the estimates of the Bureau of
21 the Census of the Department of Commerce;
22 and

23 “(III) have had a Federal naval instal-
24 lation that was more than 100 years old
25 closed by action of the Base Closure and Re-

1 *alignment Commission appointed for 1993*
2 *under the Base Closure and Realignment*
3 *Act of 1990, directly resulting in a loss of*
4 *employment by more than 7,000 Federal*
5 *Government civilian employees and more*
6 *than 15,000 active duty military personnel,*
7 *which naval installation was located within*
8 *1 mile of an enterprise community des-*
9 *ignated by the Secretary pursuant to section*
10 *1391 of the Internal Revenue Code of 1986,*
11 *which enterprise community has a popu-*
12 *lation of not less than 20,000, according to*
13 *the 1990 decennial census of the Bureau of*
14 *the Census of the Department of Com-*
15 *merce.”.*

16 **(46)**Page 41, after line 8 insert:

17 **SEC. 217. FAIR HOUSING AND FREE SPEECH.**

18 *None of the amounts made available under this Act*
19 *may be used during fiscal year 1997 to investigate or pros-*
20 *ecute under the Fair Housing Act any otherwise lawful ac-*
21 *tivity engaged in by one or more persons, including the fil-*
22 *ing or maintaining of a nonfrivolous legal action, that is*
23 *engaged in solely for the purpose of achieving or preventing*
24 *action by a government official or entity, or a court of com-*
25 *petent jurisdiction.*

1 **(47)**Page 41, after line 8 insert:

2 **SEC. 218. MORTGAGE INSURANCE.**

3 *None of the funds appropriated under this Act may*
 4 *be used to give final approval to any proposal to provide*
 5 *mortgage insurance having a value in excess of*
 6 *\$250,000,000 for any project financing for which may be*
 7 *guaranteed under section 220 of the National Housing Act*
 8 *(12 U.S.C. 1715k), unless the Secretary has transmitted to*
 9 *the President pro tempore of the Senate and the Speaker*
 10 *of the House the Secretary's justification for such guarantee*
 11 *and no final approval shall be given until the justification*
 12 *has laid before the Congress for a period of not less than*
 13 *30 days.*

14 **(48)**Page 44, line 2, strike out **【\$365,000,000】** and in-
 15 sert: *\$400,500,000*

16 **(49)**Page 44, line 10, strike out **【\$40,000,000】** and in-
 17 sert: *\$59,000,000*

18 **(50)**Page 44, line 14, strike out **【\$201,000,000】** and in-
 19 sert: *\$215,000,000*

20 **(51)**Page 44, line 19, after “program)” insert: *, of which*
 21 *not more than \$40,000,000 may be used to administer, re-*
 22 *imburse or support any national service program author-*
 23 *ized under section 121(d)(2) of such Act (42 U.S.C.*
 24 *12581(d)(2))*

1 **(52)**Page 44, line 20, strike out **【\$5,000,000】** and insert:

2 *\$5,500,000*

3 **(53)**Page 45, line 7, strike out **【\$17,500,000】** and insert:

4 *\$18,000,000*

5 **(54)**Page 45, line 12, strike out **【\$41,500,000】** and in-

6 sert: *\$43,000,000*

7 **(55)**Page 46, lines 21 and 22, strike out **【(increased by**

8 **\$1,411,000)】**

9 **(56)**Page 46, line 22, strike out **【\$634,000】** and insert:

10 *\$700,000*

11 **(57)**Page 48, lines 3 and 4, strike out **【\$540,000,000 (re-**

12 **duced by \$1,500,000)】** and insert: *\$545,000,000*

13 **(58)**Page 48, lines 21 and 22, strike out

14 **【\$1,703,000,000 (increased by \$1,500,000)】** and insert:

15 *\$1,713,000,000*

16 **(59)**Page 49, line 11, strike out **【\$107,220,000】** and in-

17 sert: *\$27,220,000*

18 **(60)**Page 49, line 11, strike out all after “expended”

19 down to and including “limitation” in line 24

1 **(61)**Page 50, line 9, strike out **【\$2,201,200,000】** and in-
2 sert: *\$1,394,245,000 (of which \$100,000,000 shall not be-*
3 *come available until September 1, 1997)*

4 **(62)**Page 50, line 10, strike out **【\$1,951,200,000】** and
5 insert: *\$1,144,245,000*

6 **(63)**Page 50, line 24, strike out **【\$59,000,000】** and in-
7 sert: *\$64,000,000*

8 **(64)**Page 51, line 13, strike out all after “1997” down
9 to and including “obligation” in line 17

10 **(65)**Page 51, line 17, strike out all after “obligation”
11 down to and including “Jersey” in line 22

12 **(66)**Page 52, lines 8 and 9, strike out **【\$46,500,000 (in-**
13 **creased by \$20,000,000)】** and insert: *\$60,000,000*

14 **(67)**Page 53, line 5, strike out **【\$2,768,207,000】** and in-
15 sert: *\$2,815,207,000*

16 **(68)**Page 53, line 6, strike out **【\$1,800,000,000】** and in-
17 sert: *\$1,976,000,000*

18 **(69)**Page 53, line 19, after “address” insert: *water sup-*
19 *ply and*

20 **(70)**Page 53, line 20, strike out all after “Villages;” down
21 to and including “Act;” in line 24

1 **(71)**Page 54, line 7, after “programs” insert: : *Provided*
2 *further, That notwithstanding any other provision of law,*
3 *beginning in fiscal year 1997 the Administrator may make*
4 *grants to States, from funds available for obligation in the*
5 *State under title II of the Federal Water Pollution Control*
6 *Act, as amended, for administering the completion and*
7 *closeout of the State’s construction grants program, based*
8 *on a budget annually negotiated with the State*

9 **(72)**Page 54, line 8, strike out **【\$1,800,000,000】** and in-
10 sert: *\$1,976,000,000*

11 **(73)**Page 54, line 10, strike out **【\$450,000,000】** and in-
12 sert: *\$1,275,000,000*

13 **(74)**Page 54, line 11, strike out all after “funds” down
14 to and including “amended” in line 15

15 **(75)**Page 54, line 15, after “amended” insert: : *Provided*
16 *further, That the funds made available in Public Law 103–*
17 *327 for a grant to the City of Bangor, Maine, in accordance*
18 *with House Report 103–715, shall be available for a grant*
19 *to that city for meeting combined sewer overflow require-*
20 *ments*

21 **(76)**Page 54, line 15, after “amended” insert: : *Provided*
22 *further, That, notwithstanding any other provision of law,*
23 *a State that did not receive, in fiscal year 1996, grants*

1 *under title VI of the Federal Water Pollution Control Act,*
2 *as amended, that obligated all the funds allotted to it from*
3 *the \$725,000,000 that became available for that purpose on*
4 *August 1, 1996, may receive reallocated funds from the fiscal*
5 *year 1996 appropriation, provided the State receives such*
6 *grants in fiscal year 1997*

7 **(77)**Page 56, strike out lines 3 through 9

8 **(78)**Page 57, line 2, strike out **【\$2,250,000】** and insert:
9 *\$2,436,000*

10 **(79)**Page 57, line 7, strike out **【\$1,120,000,000】** and in-
11 sert: *\$1,320,000,000*

12 **(80)**Page 57, line 10, after “expended” insert: *: Provided,*
13 *That no money appropriated for the Federal Emergency*
14 *Management Agency may be expended for the repair of*
15 *yacht harbors or golf courses except for debris removal: Pro-*
16 *vided further, That no money appropriated for the Federal*
17 *Emergency Management Agency may be expended for tree*
18 *or shrub replacement except in public parks: Provided fur-*
19 *ther, That any funds used for repair of any recreational*
20 *facilities shall be limited to debris removal and the repair*
21 *of recreational buildings only*

22 **(81)**Page 58, line 12, strike out **【\$168,000,000】** and in-
23 sert: *\$166,733,000*

1 **(82)**Page 58, line 16, strike out **【\$4,533,000】** and insert:

2 \$4,673,000

3 **(83)**Page 59, line 5, strike out **【\$209,101,000】** and in-

4 sert: \$199,101,000

5 **(84)**Page 59, line 21, after “1998.” insert: *The first sen-*

6 *tence of section 1376(c) of the National Flood Insurance Act*

7 *of 1968, as amended (42 U.S.C. 4026), is amended by strik-*

8 *ing all after “this subchapter” and inserting “such sums*

9 *as may be necessary through September 30, 1997 for studies*

10 *under this title.”.*

11 **(85)**Page 60, line 4, after “1994.” insert: *Section 1319*

12 *of the National Flood Insurance Act of 1968, as amended*

13 *(42 U.S.C. 4026), is amended by striking out September*

14 *30, 1996.” and inserting “September 30, 1997.”.*

15 **(86)**Page 62, strike out lines 18 and 19

16 **(87)**Page 62, line 23, strike out all after “Acts” over to

17 and including “Acts” in line 8 on page 63 and insert: :

18 *Provided further, That notwithstanding any other provision*

19 *of law, the Consumer Information Center may accept and*

20 *deposit to this account, during fiscal year 1997 and here-*

21 *after, gifts for the purpose of defraying its costs of printing,*

22 *publishing, and distributing consumer information and*

23 *educational materials and undertaking other consumer in-*

1 *formation activities; may expend those gifts for those pur-*
2 *poses, in addition to amounts appropriated or otherwise*
3 *made available; and the balance shall remain available for*
4 *expenditure for such purpose*

5 **(88)**Page 64, line 10, strike out **【\$5,662,100,000】** and
6 insert: *\$5,762,100,000*

7 **(89)**Page 66, after line 19 insert:

8 *In order to avoid or minimize the need for involuntary*
9 *separations due to a reduction in force, installation closure,*
10 *reorganization, transfer of function, or similar action af-*
11 *fecting the National Aeronautics and Space Administra-*
12 *tion, the Administrator shall establish a program under*
13 *which separation pay, subject to the availability of appro-*
14 *priated funds, may be offered to encourage employees to sep-*
15 *arate from service voluntarily, whether by retirement or res-*
16 *ignation: Provided, That payments to individual employees*
17 *shall not exceed \$25,000: Provided further, That in addition*
18 *to any other payments which it is required to make under*
19 *subchapter III of chapter 83 or chapter 84 of title 5, United*
20 *States Code, NASA shall remit to the Office of Personnel*
21 *Management for deposit in the Treasury of the United*
22 *States to the credit of the Civil Service Retirement and Dis-*
23 *ability Fund an amount equal to 15 percent of the final*
24 *basic pay of each employee who is covered under subchapter*
25 *III of chapter 83 or chapter 84 of title 5 to whom a vol-*

1 *untary separation incentive has been paid under this para-*
2 *graph.*

3 **(90)**Page 67, lines 16 and 17, strike out
4 **【\$2,422,000,000 (increased by \$9,110,000)】** and insert:
5 *\$2,432,000,000*

6 **(91)**Page 68, line 20, strike out **【\$612,000,000】** and in-
7 sert: *\$624,000,000*

8 **(92)**Page 69, line 13, strike out **【(reduced by**
9 **\$9,110,000)】**

10 **(93)**Page 70, line 7, strike out **【\$50,000,000】** and insert:
11 *\$49,900,000*

12 **(94)**Page 71, line 4, after “*Provided,*” insert: *That this*
13 *provision does not apply to accounts that do not contain*
14 *an object classification for travel: Provided further,*

15 **(95)**Page 78, after line 15 insert:

16 *SEC. 421. (a) The purpose of this section is to provide*
17 *for the special needs of certain children of Vietnam veterans*
18 *who were born with the birth defect spina bifida, possibly*
19 *as the result of the exposure of one or both parents to herbi-*
20 *cides during active service in the Republic of Vietnam dur-*
21 *ing the Vietnam era, through the provision of health care*
22 *and monetary benefits.*

1 (b)(1) *Part II of title 38, United States Code, is*
 2 *amended by inserting after chapter 17 the following new*
 3 *chapter:*

4 **“CHAPTER 18—BENEFITS FOR CHILDREN**
 5 **OF VIETNAM VETERANS WHO ARE**
 6 **BORN WITH SPINA BIFIDA**

“Sec.

“1801. *Definitions.*

“1802. *Spina bifida conditions covered.*

“1803. *Health care.*

“1804. *Vocational training and rehabilitation.*

“1805. *Monetary allowance.*

“1806. *Effective date of awards.*

7 **“§ 1801. Definitions**

8 *“For the purposes of this chapter—*

9 *“(1) The term ‘child’, with respect to a Vietnam*
 10 *veteran, means a natural child of the Vietnam vet-*
 11 *eran, regardless of age or marital status, who was*
 12 *conceived after the date on which the veteran first en-*
 13 *tered the Republic of Vietnam during the Vietnam*
 14 *era.*

15 *“(2) The term ‘Vietnam veteran’ means a vet-*
 16 *eran who performed active military, naval, or air*
 17 *service in the Republic of Vietnam during the Viet-*
 18 *nam era.*

19 **“§ 1802. Spina bifida conditions covered**

20 *“This chapter applies with respect to all forms and*
 21 *manifestations of spina bifida except spina bifida occulta.*

1 **“§ 1803. Health care**

2 “(a) *In accordance with regulations which the Sec-*
3 *retary shall prescribe, the Secretary shall provide a child*
4 *of a Vietnam veteran who is suffering from spina bifida*
5 *with such health care as the Secretary determines is needed*
6 *by the child for the spina bifida or any disability that is*
7 *associated with such condition.*

8 “(b) *The Secretary may provide health care under this*
9 *section directly or by contract or other arrangement with*
10 *any health care provider.*

11 “(c) *For the purposes of this section—*

12 “(1) *The term ‘health care’—*

13 “(A) *means home care, hospital care, nurs-*
14 *ing home care, outpatient care, preventive care,*
15 *habilitative and rehabilitative care, case man-*
16 *agement, and respite care; and*

17 “(B) *includes—*

18 “(i) *the training of appropriate mem-*
19 *bers of a child’s family or household in the*
20 *care of the child; and*

21 “(ii) *the provision of such pharma-*
22 *ceuticals, supplies, equipment, devices, ap-*
23 *pliances, assistive technology, direct trans-*
24 *portation costs to and from approved*
25 *sources of health care, and other materials*
26 *as the Secretary determines necessary.*

1 “(2) The term ‘health care provider’ includes
2 specialized spina bifida clinics, health care plans, in-
3 surers, organizations, institutions, and any other en-
4 tity or individual who furnishes health care that the
5 Secretary determines authorized under this section.

6 “(3) The term ‘home care’ means outpatient
7 care, habilitative and rehabilitative care, preventive
8 health services, and health-related services furnished
9 to an individual in the individual’s home or other
10 place of residence.

11 “(4) The term ‘hospital care’ means care and
12 treatment for a disability furnished to an individual
13 who has been admitted to a hospital as a patient.

14 “(5) The term ‘nursing home care’ means care
15 and treatment for a disability furnished to an indi-
16 vidual who has been admitted to a nursing home as
17 a resident.

18 “(6) The term ‘outpatient care’ means care and
19 treatment of a disability, and preventive health serv-
20 ices, furnished to an individual other than hospital
21 care or nursing home care.

22 “(7) The term ‘preventive care’ means care and
23 treatment furnished to prevent disability or illness,
24 including periodic examinations, immunizations, pa-
25 tient health education, and such other services as the

1 *Secretary determines necessary to provide effective*
2 *and economical preventive health care.*

3 *“(8) The term ‘habilitative and rehabilitative*
4 *care’ means such professional, counseling, and guid-*
5 *ance services and treatment programs (other than vo-*
6 *catiional training under section 1804 of this title) as*
7 *are necessary to develop, maintain, or restore, to the*
8 *maximum extent practicable, the functioning of a dis-*
9 *abled person.*

10 *“(9) The term ‘respite care’ means care furnished*
11 *on an intermittent basis for a limited period to an*
12 *individual who resides primarily in a private resi-*
13 *dence when such care will help the individual to con-*
14 *tinue residing in such private residence.*

15 **“§ 1804. Vocational training and rehabilitation**

16 *“(a) Pursuant to such regulations as the Secretary*
17 *may prescribe, the Secretary may provide vocational train-*
18 *ing under this section to a child of a Vietnam veteran who*
19 *is suffering from spina bifida if the Secretary determines*
20 *that the achievement of a vocational goal by such child is*
21 *reasonably feasible.*

22 *“(b) Any program of vocational training for a child*
23 *under this section shall be designed in consultation with*
24 *the child in order to meet the child’s individual needs and*

1 *shall be set forth in an individualized written plan of voca-*
2 *tional rehabilitation.*

3 “(c)(1) *A vocational training program for a child*
4 *under this section—*

5 “(A) *shall consist of such vocationally oriented*
6 *services and assistance, including such placement and*
7 *post-placement services and personal and work ad-*
8 *justment training, as the Secretary determines are*
9 *necessary to enable the child to prepare for and par-*
10 *ticipate in vocational training or employment; and*

11 “(B) *may include a program of education at an*
12 *institution of higher education if the Secretary deter-*
13 *mines that the program of education is predomi-*
14 *nantly vocational in content.*

15 “(2) *A vocational training program under this sub-*
16 *section may not include the provision of any loan or sub-*
17 *sistence allowance or any automobile adaptive equipment.*

18 “(d)(1) *Except as provided in paragraph (2) and sub-*
19 *ject to subsection (e)(2), a vocational training program*
20 *under this section may not exceed 24 months.*

21 “(2) *The Secretary may grant an extension of a voca-*
22 *tional training program for a child under this section for*
23 *up to 24 additional months if the Secretary determines that*
24 *the extension is necessary in order for the child to achieve*
25 *a vocational goal identified (before the end of the first 24*

1 months of such program) in the written plan of vocational
2 rehabilitation formulated for the child pursuant to sub-
3 section (b).

4 “(e)(1) A child who is pursuing a program of voca-
5 tional training under this section and is also eligible for
6 assistance under a program under chapter 35 of this title
7 may not receive assistance under both such programs con-
8 currently. The child shall elect (in such form and manner
9 as the Secretary may prescribe) the program under which
10 the child is to receive assistance.

11 “(2) The aggregate period for which a child may re-
12 ceive assistance under this section and chapter 35 of this
13 title may not exceed 48 months (or the part-time equivalent
14 thereof).

15 **“§ 1805. Monetary allowance**

16 “(a) The Secretary shall pay a monthly allowance
17 under this chapter to any child of a Vietnam veteran for
18 any disability resulting from spina bifida suffered by such
19 child.

20 “(b)(1) The amount of the allowance paid to a child
21 under this section shall be based on the degree of disability
22 suffered by the child, as determined in accordance with such
23 schedule for rating disabilities resulting from spina bifida
24 as the Secretary may prescribe.

1 “(2) The Secretary shall, in prescribing the rating
2 schedule for the purposes of this section, establish three levels
3 of disability upon which the amount of the allowance pro-
4 vided by this section shall be based.

5 “(3) The amounts of the allowance shall be \$200 per
6 month for the lowest level of disability prescribed, \$700 per
7 month for the intermediate level of disability prescribed,
8 and \$1,200 per month for the highest level of disability pre-
9 scribed. Such amounts are subject to adjustment under sec-
10 tion 5312 of this title.

11 “(c) Notwithstanding any other provision of law, re-
12 ceipt by a child of an allowance under this section shall
13 not impair, infringe, or otherwise affect the right of the
14 child to receive any other benefit to which the child may
15 otherwise be entitled under any law administered by the
16 Secretary, nor shall receipt of such an allowance impair,
17 infringe, or otherwise affect the right of any individual to
18 receive any benefit to which the individual is entitled under
19 any law administered by the Secretary that is based on the
20 child’s relationship to the individual.

21 “(d) Notwithstanding any other provision of law, the
22 allowance paid to a child under this section shall not be
23 considered income or resources in determining eligibility for
24 or the amount of benefits under any Federal or federally
25 assisted program.

1 **“§ 1806. Effective date of awards**

2 *“The effective date for an award of benefits under this*
 3 *chapter shall be fixed in accordance with the facts found,*
 4 *but shall not be earlier than the date of receipt of applica-*
 5 *tion for the benefits.”.*

6 *(2) The tables of chapters before part I and at the be-*
 7 *ginning of part II of such title are each amended by insert-*
 8 *ing after the item referring to chapter 17 the following new*
 9 *item:*

**“18. Benefits for Children of Vietnam Veterans Who Are
 Born With Spina Bifida 1801”.**

10 *(c) Section 5312 of title 38, United States Code, is*
 11 *amended—*

12 *(1) in subsection (a)—*

13 *(A) by striking out “and the rate of in-*
 14 *creased pension” and inserting in lieu thereof “,*
 15 *the rate of increased pension”; and*

16 *(B) by inserting after “on account of chil-*
 17 *dren,” the following: “and each rate of monthly*
 18 *allowance paid under section 1805 of this title,”;*
 19 *and*

20 *(2) in subsection (c)(1), by striking out “and*
 21 *1542” and inserting in lieu thereof “1542, and 1805”.*

22 *(d) This section and the amendments made by this sec-*
 23 *tion shall take effect on January 1, 1997.*

1 *SEC. 422. (a) Section 1151 of title 38, United States*
2 *Code, is amended—*

3 *(1) by striking out the first sentence and insert-*
4 *ing in lieu thereof the following:*

5 *“(a) Compensation under this chapter and dependency*
6 *and indemnity compensation under chapter 13 of this title*
7 *shall be awarded for a qualifying additional disability or*
8 *a qualifying death of a veteran in the same manner as if*
9 *such additional disability or death were service-connected.*
10 *For purposes of this section, a disability or death is a quali-*
11 *fying additional disability or qualifying death if the dis-*
12 *ability or death was not the result of the veteran’s willful*
13 *misconduct and—*

14 *“(1) the disability or death was caused by hos-*
15 *pital care, medical or surgical treatment, or examina-*
16 *tion furnished the veteran under any law adminis-*
17 *tered by the Secretary, either by a Department em-*
18 *ployee or in a Department facility as defined in sec-*
19 *tion 1701(3)(A) of this title, and the proximate cause*
20 *of the disability or death was—*

21 *“(A) carelessness, negligence, lack of proper*
22 *skill, error in judgment, or similar instance of*
23 *fault on the part of the Department in furnish-*
24 *ing the hospital care, medical or surgical treat-*
25 *ment, or examination; or*

1 “(B) an event not reasonably foreseeable; or
2 “(2) the disability or death was proximately
3 caused by the provision of training and rehabilitation
4 services by the Secretary (including by a service-pro-
5 vider used by the Secretary for such purpose under
6 section 3115 of this title) as part of an approved re-
7 habilitation program under chapter 31 of this title.”;
8 and

9 (2) in the second sentence—

10 (A) by redesignating that sentence as sub-
11 section (b);

12 (B) by striking out “, aggravation,” both
13 places it appears; and

14 (C) by striking out “sentence” and sub-
15 stituting in lieu thereof “subsection”.

16 (b)(1) The amendments made by subsection (a) shall
17 take effect on October 1, 1996.

18 (2) Section 1151 of title 38, United States Code (as
19 amended by subsection (a)), shall govern all administrative
20 and judicial determinations of eligibility for benefits under
21 such section that are made with respect to claims filed on
22 or after the effective date set forth in paragraph (1), includ-
23 ing those based on original applications and applications
24 seeking to reopen, revise, reconsider, or otherwise readju-
25 dicate on any basis claims for benefits under such section

1 *1151 or any provision of law that is a predecessor of such*
 2 *section.*

3 **(96)**Page 78, strike out lines 16 through 25

4 **(97)**Page 79, strike out lines 1 through 5

5 **(98)**Page 79, strike out all after line 5, over to and in-
 6 cluding line 9 on page 80

7 **(99)**Page 80, strike out all after line 9, over to and in-
 8 cluding line 14 on page 81

9 **(100)**Page 81, strike out all after line 14, over to and
 10 including line 4 on page 82

11 **(101)**Page 82, strike out lines 5 through 17

12 **(102)**Page 82, strike out all after line 17, over to and
 13 including line 4 on page 83

14 **(103)**Page 83, strike out lines 5 through 16

15 **(104)**Page 83, strike out lines 17 through 22

16 **(105)**Page 85, strike out lines 18 through 20 and insert:

17 ***SEC. 432. CALCULATION OF DOWNPAYMENT.***

18 *Section 203(b) of the National Housing Act (12 U.S.C.*
 19 *1709(b)) is amended by adding at the end the following new*
 20 *paragraph:*

21 *“(10) ALASKA AND HAWAII.—*

1 “(A) *IN GENERAL.*—*Notwithstanding any*
2 *other provision of this subsection, with respect to*
3 *a mortgage originated in the State of Alaska or*
4 *the State of Hawaii, involve a principal obliga-*
5 *tion not in excess of the sum of—*

6 “(i) *the amount of the mortgage insur-*
7 *ance premium paid at the time the mort-*
8 *gage is insured; and*

9 “(ii)(I) *in the case of a mortgage for a*
10 *property with an appraised value equal to*
11 *or less than \$50,000, 98.75 percent of the*
12 *appraised value of the property;*

13 “(II) *in the case of a mortgage for a*
14 *property with an appraised value in excess*
15 *of \$50,000 but not in excess of \$125,000,*
16 *97.65 percent of the appraised value of the*
17 *property;*

18 “(III) *in the case of a mortgage for a*
19 *property with an appraised value in excess*
20 *of \$125,000, 97.15 percent of the appraised*
21 *value of the property; or*

22 “(IV) *notwithstanding subclauses (II)*
23 *and (III), in the case of a mortgage for a*
24 *property with an appraised value in excess*
25 *of \$50,000 that is located in an area of the*

1 *property upon which there is located a dwelling designed*
2 *principally for occupancy by 1 to 4 families.*

3 “(b) *CONSIDERATIONS.—In determining whether to*
4 *delegate authority to a mortgagee under this section, the*
5 *Secretary shall consider the experience and performance of*
6 *the mortgagee compared to the default rate of all insured*
7 *mortgages in comparable markets, and such other factors*
8 *as the Secretary determines appropriate to minimize risk*
9 *of loss to the insurance funds under this Act.*

10 “(c) *ENFORCEMENT OF INSURANCE REQUIREMENTS.—*

11 “(1) *IN GENERAL.—If the Secretary determines*
12 *that a mortgage insured by a mortgagee pursuant to*
13 *delegation of authority under this section was not*
14 *originated in accordance with the requirements estab-*
15 *lished by the Secretary, and the Secretary pays an in-*
16 *surance claim with respect to the mortgage within a*
17 *reasonable period specified by the Secretary, the Sec-*
18 *retary may require the mortgagee approved under*
19 *this section to indemnify the Secretary for the loss.*

20 “(2) *FRAUD OR MISREPRESENTATION.—If fraud*
21 *or misrepresentation was involved in connection with*
22 *the origination, the Secretary may require the mort-*
23 *gagee approved under this section to indemnify the*
24 *Secretary for the loss regardless of when an insurance*
25 *claim is paid.*

1 “(d) *TERMINATION OF MORTGAGEE’S AUTHORITY.*—If
 2 a mortgagee to which the Secretary has made a delegation
 3 under this section violates the requirements and procedures
 4 established by the Secretary or the Secretary determines
 5 that other good cause exists, the Secretary may cancel a
 6 delegation of authority under this section to the mortgagee
 7 by giving notice to the mortgagee. Such a cancellation shall
 8 be effective upon receipt of the notice by the mortgagee or
 9 at a later date specified by the Secretary. A decision by
 10 the Secretary to cancel a delegation shall be final and con-
 11 clusive and shall not be subject to judicial review.

12 “(e) *REQUIREMENTS AND PROCEDURES.*—Before ap-
 13 proving a delegation under this section, the Secretary shall
 14 issue regulations establishing appropriate requirements and
 15 procedures, including requirements and procedures govern-
 16 ing the indemnification of the Secretary by the Mortgagee.”.

17 **(106)**Page 85, strike out lines 21 through 24

18 **(107)**Page 85, after line 24 insert:

19 **SEC. 434. SENSE OF THE SENATE WITH REGARD TO COMPLI-**
 20 **ANCE WITH INTERNATIONAL OBLIGATIONS.**

21 (a) *FINDINGS.*—Congress finds that—

22 (1) in response to a dispute settlement finding
 23 against the United States by the World Trade Orga-
 24 nization, the United States informed the World Trade
 25 Organization on June 19, 1996, that the United

1 *States intends to meet its international obligations to*
2 *the World Trade Organization with respect to the En-*
3 *vironmental Protection Agency’s requirements on im-*
4 *ported reformulated and conventional gasoline;*

5 *(2) the Environmental Protection Agency has*
6 *initiated an open process to examine any and all op-*
7 *tions for compliance with international obligations of*
8 *the United States in which a key criterion will be*
9 *fully protecting public health and the environment;*
10 *and*

11 *(3) many United States environmental and in-*
12 *dustrial organizations are concerned about the “Regu-*
13 *lation of Fuels and Fuel Additives: Individual For-*
14 *foreign Refinery Baseline Requirements for Reformu-*
15 *lated Gasoline” proposed on May 3, 1994 (59 Fed.*
16 *Reg. 84).*

17 *(b) SENSE OF THE SENATE.—It is the sense of the Sen-*
18 *ate that, in evaluating any option for compliance with*
19 *international obligations, the Administrator of the Envi-*
20 *ronmental Protection Agency should—*

21 *(1) take fully into account the protection of pub-*
22 *lic health and the environment and the international*
23 *obligations of the United States as a member of the*
24 *World Trade Organization;*

1 (2) *ensure that the compliance review process not*
2 *result in the degradation of the gasoline quality re-*
3 *quired by the Clean Air Act (42 U.S.C. 7401 et seq.)*
4 *with respect to conventional and reformulated gaso-*
5 *line;*

6 (3) *not recognize individual foreign refiner base-*
7 *lines unless the Administrator determines that the is-*
8 *ssues of auditing, inspection of foreign facilities, and*
9 *enforcement have been adequately addressed; and*

10 (4) *provide a full and open administrative proc-*
11 *ess in the formulation of any final rule.*

12 **(108)**Page 85, after line 24 insert:

13 **SEC. 435. IMPLEMENTATION OF COMPREHENSIVE CON-**
14 **SERVATION AND MANAGEMENT PLANS.**

15 *Notwithstanding section 320(g) of the Federal Water*
16 *Pollution Control Act (33 U.S.C. 1330(g)), funds made*
17 *available pursuant to authorization under such section for*
18 *fiscal year 1997 and prior fiscal years may be used for im-*
19 *plementing comprehensive conservation and management*
20 *plans.*

21 **(109)**Page 85, after line 24 insert:

22 **SEC. 436. (a) PLAN.**—(1) *The Secretary of Veterans*
23 *Affairs shall develop a plan for the allocation of health care*
24 *resources (including personnel and funds) of the Depart-*
25 *ment of Veterans Affairs among the health care Networks*

1 *of the Department so as to ensure that veterans who have*
2 *similar economic status and eligibility priority and who*
3 *are eligible for medical care have similar access to such care*
4 *regardless of the region of the United States in which such*
5 *veterans reside.*

6 (2) *The plan shall—*

7 (A) *reflect, to the maximum extent possible, the*
8 *Veterans Integrated Service Network developed by the*
9 *Department to account for forecasts in expected work-*
10 *load and to ensure fairness to facilities that provide*
11 *cost-efficient health care; and*

12 (B) *include—*

13 (i) *procedures to identify reasons for vari-*
14 *ations in operating costs among similar facilities*
15 *where Network allocations are based on similar*
16 *unit costs for similar services and workload;*

17 (ii) *ways to improve the allocation of re-*
18 *sources so as to promote efficient use of resources*
19 *and provision of quality health care;*

20 (iii) *adjustments to unit costs in subsection*
21 *(a) to reflect factors which directly influence the*
22 *cost of health care delivery within each Network*
23 *and where such factors are not under the control*
24 *of Network or Department management; and*

1 (iv) include forecasts in expected workload
2 and consideration of the demand for VA health
3 care that may not be reflected in current work-
4 load projections.

5 (3) The Secretary shall prepare the plan in consulta-
6 tion with the Under Secretary of Health of the Department
7 of Veterans Affairs.

8 (b) *PLAN ELEMENTS.*—The plan under subsection (a)
9 shall set forth—

10 (1) milestones for achieving the goal referred to
11 in paragraph (1) of that subsection; and

12 (2) a means of evaluating the success of the Sec-
13 retary in meeting the goal.

14 (c) *SUBMITTAL TO CONGRESS.*—The Secretary shall
15 submit to Congress the plan developed under subsection (a)
16 not later than 180 days after the date of the enactment of
17 this Act.

18 (d) *IMPLEMENTATION.*—The Secretary shall imple-
19 ment the plan developed under subsection (a) not later than
20 60 days after submitting the plan to Congress under sub-
21 section (c), unless within that time the Secretary notifies
22 Congress that the plan will not be implemented in that time
23 and includes with the notification an explanation why the
24 plan will not be implemented in that time.

25 **(110)**Page 85, after line 24 insert:

1 *SEC. 437. GAO AUDIT ON STAFFING AND CONTRACT-*
2 *ING.—The Comptroller General shall audit the operations*
3 *of the Office of Federal Housing Enterprise Oversight con-*
4 *cerning staff organization, expertise, capacity, and con-*
5 *tracting authority to ensure that the office resources and*
6 *contract authority are adequate and that they are being*
7 *used appropriately to ensure that the Federal National*
8 *Mortgage Association and the Federal Home Loan Mortgage*
9 *Corporation are adequately capitalized and operating safe-*
10 *ly.*

11 **(111)**Page 85, after line 24 insert:

12 *SEC. 438. None of the funds appropriated or otherwise*
13 *made available to the National Aeronautics and Space Ad-*
14 *ministration by this Act, or any other Act enacted before*
15 *the date of the enactment of this Act, may be used by the*
16 *Administrator of the National Aeronautics and Space Ad-*
17 *ministration to relocate aircraft of the National Aero-*
18 *nautics and Space Administration to Dryden Flight Re-*
19 *search Center, California, for purposes of the consolidation*
20 *of such aircraft.*

21 **(112)**Page 85, after line 24 insert:

22 *SEC. 439. REVISION OF NAME OF JAPAN–UNITED*
23 *STATES FRIENDSHIP COMMISSION.—(1)(A) The first sen-*
24 *tence of section 4(a) of the Japan–United States Friendship*
25 *Act (22 U.S.C. 2903(a)) is amended by striking out*

1 *“Japan–United States Friendship Commission” and in-*
2 *serting in lieu thereof “United States–Japan Commission”.*

3 *(B) The section heading of such section is amended to*
4 *read as follows:*

5 ***“UNITED STATES–JAPAN COMMISSION”.***

6 *(2) Subsection (c) of section 3 of that Act (22 U.S.C.*
7 *2902) is amended by striking out “Japan–United States*
8 *Friendship Commission” and inserting in lieu thereof*
9 *“United States–Japan Commission”.*

10 *(3) Any reference to the Japan–United States Friend-*
11 *ship Commission in any Federal law, Executive order, reg-*
12 *ulation, delegation of authority, or other document shall be*
13 *deemed to refer to the United States–Japan Commission.*

14 **(113)**Page 85, after line 24 insert:

15 *SEC. 440. (a) Subject to the concurrence of the Admin-*
16 *istrator of the General Services Administration (GSA) and*
17 *notwithstanding section 707 of Public Law 103–433, the*
18 *Administrator of the National Aeronautics and Space Ad-*
19 *ministration may convey to the city of Downey, California,*
20 *all right, title, and interest of the United States in and to*
21 *a parcel of real property, including improvements thereon,*
22 *consisting of approximately 60 acres and known as Parcels*
23 *III, IV, V, and VI of the NASA Industrial Plant, Downey,*
24 *California.*

1 (b)(1) *DELAY IN PAYMENT OF CONSIDERATION.*—After
2 *the end of the 20-year period beginning on the date on*
3 *which the conveyance under subsection (a) is completed, the*
4 *City of Downey shall pay to the United States an amount*
5 *equal to fair market value of the conveyed property as of*
6 *the date of the conveyance from NASA.*

7 (2) *EFFECT OF RECONVEYANCE BY THE CITY.*—If the
8 *City of Downey reconveys all or any part of the conveyed*
9 *property during such 20-year period, the City shall pay to*
10 *the United States an amount equal to the fair market value*
11 *of the reconveyed property as of the time of the reconvey-*
12 *ance, excluding the value of any improvements made to the*
13 *property by the City.*

14 (3) *DETERMINATION OF FAIR MARKET VALUE.*—The
15 *Administrator of NASA shall determine fair market value*
16 *in accordance with Federal appraisal standards and proce-*
17 *dures.*

18 (4) *TREATMENT OF LEASES.*—The Administrator of
19 *NASA may treat a lease of the property within such 20-*
20 *year period as a reconveyance if the Administrator deter-*
21 *mines that the lease is being used to avoid application of*
22 *paragraph (b)(2).*

23 (5) *DEPOSIT OF PROCEEDS.*—The Administrator of
24 *NASA shall deposit any proceeds received under this sub-*
25 *section in the special account established pursuant to sec-*

1 *tion 204(h)(2) of the Federal Property and Administrative*
 2 *Services Act of 1949 (40 U.S.C. 485(h)(2)).*

3 *(c) The exact acreage and legal description of the real*
 4 *property to be conveyed under subsection (a) shall be deter-*
 5 *mined by a survey satisfactory to the Administrator. The*
 6 *cost of the survey shall be borne by the City of Downey,*
 7 *California.*

8 *(d) The Administrator may require such additional*
 9 *terms and conditions in connection with the conveyance*
 10 *under subsection (a) as the Administrator considers appro-*
 11 *priate to protect the interests of the United States.*

12 *(e) If the City at any time after the conveyance of the*
 13 *property under subsection (a) notifies the Administrator*
 14 *that the City no longer wishes to retain the property, it*
 15 *may convey the property under the terms of subsection (b),*
 16 *or, it may revert all right, title, and interest in and to the*
 17 *property (including any facilities, equipment, or fixtures*
 18 *conveyed, but excluding the value of any improvements*
 19 *made to the property by the City) to the United States, and*
 20 *the United States shall have the right of immediate entry*
 21 *onto the property.*

22 **(114)**Page 85, after line 24 insert:

23

TITLE V

24

SUPPLEMENTAL

25 **(115)**Page 85, after line 24 insert:

1 *DEPARTMENT OF VETERANS AFFAIRS*
 2 *VETERANS BENEFITS ADMINISTRATION*
 3 *COMPENSATION AND PENSIONS*

4 *For an additional amount for “Compensation and*
 5 *Pensions”, \$100,000,000, to be made available upon enact-*
 6 *ment of this Act, to remain available until expended.*

7 **(116)**Page 85, after line 24 insert:

8 *DEPARTMENT OF HOUSING AND URBAN*
 9 *DEVELOPMENT*
 10 *GOVERNMENT NATIONAL MORTGAGE ASSOCIATION*
 11 *GUARANTEES OF MORTGAGE BACKED SECURITIES LOAN*
 12 *GUARANTEE PROGRAM ACCOUNT*

13 *During fiscal year 1996 and in addition to commit-*
 14 *ments previously provided, additional commitments to issue*
 15 *guarantees to carry out section 306 of the National Housing*
 16 *Act, as amended (12 U.S.C. 1721(g)), shall not exceed*
 17 *\$20,000,000,000.*

18 **(117)**Page 85, after line 24 insert:

19 ***TITLE VI—NEWBORNS’ AND***
 20 ***MOTHERS’ HEALTH PROTEC-***
 21 ***TION ACT OF 1996***

22 ***SEC. 601. SHORT TITLE.***

23 *This title may be cited as the “Newborns’ and Mothers’*
 24 *Health Protection Act of 1996”.*

1 **SEC. 602. FINDINGS.**

2 *Congress finds that—*

3 *(1) the length of post-delivery inpatient care*
4 *should be based on the unique characteristics of each*
5 *mother and her newborn child, taking into consider-*
6 *ation the health of the mother, the health and stability*
7 *of the newborn, the ability and confidence of the*
8 *mother and father to care for the newborn, the ade-*
9 *quacy of support systems at home, and the access of*
10 *the mother and newborn to appropriate follow-up*
11 *health care; and*

12 *(2) the timing of the discharge of a mother and*
13 *her newborn child from the hospital should be made*
14 *by the attending provider in consultation with the*
15 *mother.*

16 **SEC. 603. REQUIRED COVERAGE FOR MINIMUM HOSPITAL**
17 **STAY FOLLOWING BIRTH.**

18 *(a) IN GENERAL.—Except as provided in subsection*
19 *(b), a health plan or an employee health benefit plan that*
20 *provides maternity benefits, including benefits for child-*
21 *birth, shall ensure that coverage is provided with respect*
22 *to a mother who is a participant, beneficiary, or policy-*
23 *holder under such plan and her newborn child for a mini-*
24 *imum of 48 hours of inpatient length of stay following a*
25 *normal vaginal delivery, and a minimum of 96 hours of*
26 *inpatient length of stay following a caesarean section, with-*

1 out requiring the attending provider to obtain authoriza-
2 tion from the health plan or employee health benefit plan.

3 (b) *EXCEPTION.*—Notwithstanding subsection (a), a
4 health plan or an employee health benefit plan shall not
5 be required to provide coverage for post-delivery inpatient
6 length of stay for a mother who is a participant, bene-
7 ficiary, or policyholder under such plan and her newborn
8 child for the period referred to in subsection (a) if—

9 (1) a decision to discharge the mother and her
10 newborn child prior to the expiration of such period
11 is made by the attending provider in consultation
12 with the mother; and

13 (2) the health plan or employee health benefit
14 plan provides coverage for post-delivery follow-up care
15 as described in section 604.

16 **SEC. 604. POST-DELIVERY FOLLOW-UP CARE.**

17 (a) *IN GENERAL.*—

18 (1) *GENERAL RULE.*—In the case of a decision to
19 discharge a mother and her newborn child from the
20 inpatient setting prior to the expiration of 48 hours
21 following a normal vaginal delivery or 96 hours fol-
22 lowing a caesarean section, the health plan or em-
23 ployee health benefit plan shall provide coverage for
24 timely post-delivery care. Such health care shall be
25 provided to a mother and her newborn child by a reg-

1 *istered nurse, physician, nurse practitioner, nurse*
2 *midwife or physician assistant experienced in mater-*
3 *nal and child health in—*

4 *(A) the home, a provider’s office, a hospital,*
5 *a birthing center, an intermediate care facility,*
6 *a federally qualified health center, a federally*
7 *qualified rural health clinic, or a State health*
8 *department maternity clinic; or*

9 *(B) another setting determined appropriate*
10 *under regulations promulgated by the Secretary,*
11 *in consultation with the Secretary of Health and*
12 *Human Services.*

13 *The attending provider in consultation with the*
14 *mother shall decide the most appropriate location for*
15 *follow-up care.*

16 *(2) CONSIDERATIONS BY SECRETARY.—In pro-*
17 *mulgating regulations under paragraph (1)(B), the*
18 *Secretary shall consider telemedicine and other inno-*
19 *vative means to provide follow-up care and shall con-*
20 *sider care in both urban and rural settings.*

21 *(b) TIMELY CARE.—As used in subsection (a), the term*
22 *“timely post-delivery care” means health care that is pro-*
23 *vided—*

24 *(1) following the discharge of a mother and her*
25 *newborn child from the inpatient setting; and*

1 (2) *in a manner that meets the health care needs*
2 *of the mother and her newborn child, that provides for*
3 *the appropriate monitoring of the conditions of the*
4 *mother and child, and that occurs not later than the*
5 *72-hour period immediately following discharge.*

6 (c) *CONSISTENCY WITH STATE LAW.—The Secretary*
7 *shall, with respect to regulations promulgated under sub-*
8 *section (a) concerning appropriate post-delivery care set-*
9 *tings, ensure that, to the extent practicable, such regulations*
10 *are consistent with State licensing and practice laws.*

11 **SEC. 605. PROHIBITIONS.**

12 *In implementing the requirements of this title, a health*
13 *plan or an employee health benefit plan may not—*

14 (1) *deny enrollment, renewal, or continued cov-*
15 *erage to a mother and her newborn child who are*
16 *participants, beneficiaries or policyholders based on*
17 *compliance with this title;*

18 (2) *provide monetary payments or rebates to*
19 *mothers to encourage such mothers to request less than*
20 *the minimum coverage required under this title;*

21 (3) *penalize or otherwise reduce or limit the re-*
22 *imbursement of an attending provider because such*
23 *provider provided treatment to an individual patient*
24 *in accordance with this title; or*

1 (4) *provide incentives (monetary or otherwise) to*
 2 *an attending provider to induce such provider to pro-*
 3 *vide treatment to an individual policyholder, partici-*
 4 *part, or beneficiary in a manner inconsistent with*
 5 *this title.*

6 **SEC. 606. NOTICE.**

7 (a) *EMPLOYEE HEALTH BENEFIT PLAN.*—*An em-*
 8 *ployee health benefit plan shall provide conspicuous notice*
 9 *to each participant regarding coverage required under this*
 10 *Act not later than 120 days after the date of enactment*
 11 *of this title, and as part of its summary plan description.*

12 (b) *HEALTH PLAN.*—*A health plan shall provide notice*
 13 *to each policyholder regarding coverage required under this*
 14 *title. Such notice shall be in writing, prominently posi-*
 15 *tioned, and be transmitted—*

16 (1) *in a mailing made within 120 days of the*
 17 *date of enactment of this title by such plan to the pol-*
 18 *icyholder; and*

19 (2) *as part of the annual informational packet*
 20 *sent to the policyholder.*

21 **SEC. 607. APPLICABILITY.**

22 (a) *CONSTRUCTION.*—

23 (1) *IN GENERAL.*—*A requirement or standard*
 24 *imposed under this title on a health plan shall be*
 25 *deemed to be a requirement or standard imposed on*

1 *the health plan issuer. Such requirements or stand-*
2 *ards shall be enforced by the State insurance commis-*
3 *sioner for the State involved or the official or officials*
4 *designated by the State to enforce the requirements of*
5 *this title. In the case of a health plan offered by a*
6 *health plan issuer in connection with an employee*
7 *health benefit plan, the requirements or standards im-*
8 *posed under this title shall be enforced with respect to*
9 *the health plan issuer by the State insurance commis-*
10 *sioner for the State involved or the official or officials*
11 *designated by the State to enforce the requirements of*
12 *this title.*

13 (2) *LIMITATION.—Except as provided in section*
14 *608(c), the Secretary shall not enforce the require-*
15 *ments or standards of this title as they relate to*
16 *health plan issuers or health plans. In no case shall*
17 *a State enforce the requirements or standards of this*
18 *title as they relate to employee health benefit plans.*

19 (b) *ERISA.—Nothing in this title shall be construed*
20 *to affect or modify the provisions of section 514 of the Em-*
21 *ployee Retirement Income Security Act of 1974 (29 U.S.C.*
22 *1144).*

23 (c) *EFFECT ON MOTHER.—Nothing in this title shall*
24 *be construed to require that a mother who is a participant,*
25 *beneficiary, or policyholder covered under this title—*

1 (1) *give birth in a hospital; or*

2 (2) *stay in the hospital for a fixed period of time*
3 *following the birth of her child.*

4 (d) *LEVEL AND TYPE OF REIMBURSEMENTS.—Nothing*
5 *in this title shall be construed to prevent a health plan or*
6 *an employee health benefit plan from negotiating the level*
7 *and type of reimbursement with an attending provider for*
8 *care provided in accordance with this title.*

9 **SEC. 608. ENFORCEMENT.**

10 (a) *HEALTH PLAN ISSUERS.—Each State shall require*
11 *that each health plan issued, sold, renewed, offered for sale*
12 *or operated in such State by a health plan issuer meet the*
13 *standards established under this title. A State shall submit*
14 *such information as required by the Secretary demonstrat-*
15 *ing effective implementation of the requirements of this*
16 *title.*

17 (b) *EMPLOYEE HEALTH BENEFIT PLANS.—With re-*
18 *spect to employee health benefit plans, the standards estab-*
19 *lished under this title shall be enforced in the same manner*
20 *as provided for under sections 502, 504, 506, and 510 of*
21 *the Employee Retirement Income Security Act of 1974 (29*
22 *U.S.C. 1132, 1134, 1136, and 1140). The civil penalties*
23 *contained in paragraphs (1) and (2) of section 502(c) of*
24 *such Act (29 U.S.C. 1132(c)(1) and (2)) shall apply to any*

1 *information required by the Secretary to be disclosed and*
2 *reported under this section.*

3 (c) *FAILURE TO ENFORCE.*—*In the case of the failure*
4 *of a State to substantially enforce the standards and re-*
5 *quirements set forth in this title with respect to health*
6 *plans, the Secretary, in consultation with the Secretary of*
7 *Health and Human Services, shall enforce the standards*
8 *of this title in such State. In the case of a State that fails*
9 *to substantially enforce the standards set forth in this title,*
10 *each health plan issuer operating in such State shall be sub-*
11 *ject to civil enforcement as provided for under sections 502,*
12 *504, 506, and 510 of the Employee Retirement Income Se-*
13 *curity Act of 1974 (29 U.S.C. 1132, 1134, 1136, and 1140).*
14 *The civil penalties contained in paragraphs (1) and (2) of*
15 *section 502(c) of such Act (29 U.S.C. 1132(c)(1) and (2))*
16 *shall apply to any information required by the Secretary*
17 *to be disclosed and reported under this section.*

18 (d) *REGULATIONS.*—*The Secretary, in consultation*
19 *with the Secretary of Health and Human Services, may*
20 *promulgate such regulations as may be necessary or appro-*
21 *priate to carry out this title.*

22 **SEC. 609. DEFINITIONS.**

23 *As used in this title:*

24 (1) *ATTENDING PROVIDER.*—*The term “attend-*
25 *ing provider” shall include—*

1 (A) *the obstetrician-gynecologists, pediatri-*
2 *cians, family physicians, and other physicians*
3 *primarily responsible for the care of a mother*
4 *and newborn; and*

5 (B) *the nurse midwives and nurse practi-*
6 *tioners primarily responsible for the care of a*
7 *mother and her newborn child in accordance*
8 *with State licensure and certification laws.*

9 (2) *BENEFICIARY.*—*The term “beneficiary” has*
10 *the meaning given such term under section 3(8) of the*
11 *Employee Retirement Income Security Act of 1974*
12 *(29 U.S.C. 1002(8)).*

13 (3) *EMPLOYEE HEALTH BENEFIT PLAN.*—

14 (A) *IN GENERAL.*—*The term “employee*
15 *health benefit plan” means any employee welfare*
16 *benefit plan, governmental plan, or church plan*
17 *(as defined under paragraphs (1), (32), and (33)*
18 *of section 3 of the Employee Retirement Income*
19 *Security Act of 1974 (29 U.S.C. 1002 (1), (32),*
20 *and (33))) that provides or pays for health bene-*
21 *fits (such as provider and hospital benefits) for*
22 *participants and beneficiaries whether—*

23 (i) *directly;*

1 (ii) through a health plan offered by a
2 health plan issuer as defined in paragraph
3 (4); or

4 (iii) otherwise.

5 (B) *RULE OF CONSTRUCTION.*—An em-
6 ployee health benefit plan shall not be construed
7 to be a health plan or a health plan issuer.

8 (C) *ARRANGEMENTS NOT INCLUDED.*—Such
9 term does not include the following, or any com-
10 bination thereof:

11 (i) Coverage only for accident, or dis-
12 ability income insurance, or any combina-
13 tion thereof.

14 (ii) Medicare supplemental health in-
15 surance (as defined under section
16 1882(g)(1) of the Social Security Act).

17 (iii) Coverage issued as a supplement
18 to liability insurance.

19 (iv) Liability insurance, including
20 general liability insurance and automobile
21 liability insurance.

22 (v) Workers compensation or similar
23 insurance.

24 (vi) Automobile medical payment in-
25 surance.

1 (vii) Coverage for a specified disease or
2 illness.

3 (viii) Hospital or fixed indemnity in-
4 surance.

5 (ix) Short-term limited duration insur-
6 ance.

7 (x) Credit-only, dental-only, or vision-
8 only insurance.

9 (xi) A health insurance policy provid-
10 ing benefits only for long-term care, nursing
11 home care, home health care, community-
12 based care, or any combination thereof.

13 (4) *GROUP PURCHASER.*—The term “group pur-
14 chaser” means any person (as defined under para-
15 graph (9) of section 3 of the Employee Retirement In-
16 come Security Act of 1974 (29 U.S.C. 1002(9)) or en-
17 tity that purchases or pays for health benefits (such
18 as provider or hospital benefits) on behalf of partici-
19 pants or beneficiaries in connection with an employee
20 health benefit plan.

21 (5) *HEALTH PLAN.*—

22 (A) *IN GENERAL.*—The term “health plan”
23 means any group health plan or individual
24 health plan.

1 (B) *GROUP HEALTH PLAN.*—The term
2 “group health plan” means any contract, policy,
3 certificate or other arrangement offered by a
4 health plan issuer to a group purchaser that pro-
5 vides or pays for health benefits (such as pro-
6 vider and hospital benefits) in connection with
7 an employee health benefit plan.

8 (C) *INDIVIDUAL HEALTH PLAN.*—The term
9 “individual health plan” means any contract,
10 policy, certificate or other arrangement offered to
11 individuals by a health plan issuer that provides
12 or pays for health benefits (such as provider and
13 hospital benefits) and that is not a group health
14 plan.

15 (D) *ARRANGEMENTS NOT INCLUDED.*—Such
16 term does not include the following, or any com-
17 bination thereof:

18 (i) Coverage only for accident, or dis-
19 ability income insurance, or any combina-
20 tion thereof.

21 (ii) Medicare supplemental health in-
22 surance (as defined under section
23 1882(g)(1) of the Social Security Act).

24 (iii) Coverage issued as a supplement
25 to liability insurance.

1 (iv) *Liability insurance, including*
2 *general liability insurance and automobile*
3 *liability insurance.*

4 (v) *Workers compensation or similar*
5 *insurance.*

6 (vi) *Automobile medical payment in-*
7 *surance.*

8 (vii) *Coverage for a specified disease or*
9 *illness.*

10 (viii) *Hospital or fixed indemnity in-*
11 *surance.*

12 (ix) *Short-term limited duration insur-*
13 *ance.*

14 (x) *Credit-only, dental-only, or vision-*
15 *only insurance.*

16 (xi) *A health insurance policy provid-*
17 *ing benefits only for long-term care, nursing*
18 *home care, home health care, community-*
19 *based care, or any combination thereof.*

20 (E) *CERTAIN PLANS INCLUDED.—Such term*
21 *includes any plan or arrangement not described*
22 *in any clause of subparagraph (D) which pro-*
23 *vides for benefit payments, on a periodic basis,*
24 *for—*

25 (i) *a specified disease or illness, or*

1 (ii) a period of hospitalization,
2 without regard to the costs incurred or services
3 rendered during the period to which the pay-
4 ments relate.

5 (6) *HEALTH PLAN ISSUER.*—The term “health
6 plan issuer” means any entity that is licensed (prior
7 to or after the date of enactment of this title) by a
8 State to offer a health plan.

9 (7) *PARTICIPANT.*—The term “participant” has
10 the meaning given such term under section 3(7) of the
11 Employee Retirement Income Security Act of 1974
12 (29 U.S.C. 1002(7)).

13 (8) *SECRETARY.*—The term “Secretary” unless
14 otherwise specified means the Secretary of Labor.

15 **SEC. 610. PREEMPTION.**

16 (a) *IN GENERAL.*—The provisions of sections 603, 605,
17 and 606 relating to inpatient care shall not preempt a State
18 law or regulation—

19 (1) that provides greater protections to patients
20 or policyholders than those required in this title;

21 (2) that requires health plans to provide coverage
22 for at least 48 hours of inpatient length of stay fol-
23 lowing a normal vaginal delivery, and at least 96
24 hours of inpatient length of stay following a caesar-
25 ean section;

1 *postpartum period, and a longer period of adjustment*
2 *for the newborn, the mother, and the family;*

3 *(2) health care practices across this continuum*
4 *are changing in response to health care financing and*
5 *delivery system changes, science and clinical research,*
6 *and patient preferences; and*

7 *(3) there is a need to—*

8 *(A) examine the issues and consequences as-*
9 *sociated with the length of hospital stays follow-*
10 *ing childbirth;*

11 *(B) examine the follow-up practices for*
12 *mothers and newborns used in conjunction with*
13 *shorter hospital stays;*

14 *(C) identify appropriate health care prac-*
15 *tices and procedures with regard to the hospital*
16 *discharge of newborns and mothers;*

17 *(D) examine the extent to which such care*
18 *is affected by family and environmental factors;*
19 *and*

20 *(E) examine the content of care during hos-*
21 *pital stays following childbirth.*

22 *(b) ADVISORY PANEL.—*

23 *(1) IN GENERAL.—Not later than 90 days after*
24 *the date of enactment of this title, the Secretary of*
25 *Health and Human Services shall establish an advi-*

1 sory panel (hereafter referred to in this section as the
2 “advisory panel”) to—

3 (A) guide and review methods, procedures,
4 and data collection necessary to conduct the
5 study described in subsection (c) that is intended
6 to enhance the quality, safety, and effectiveness
7 of health care services provided to mothers and
8 newborns;

9 (B) develop a consensus among the members
10 of the advisory panel regarding the appropriate-
11 ness of the specific requirements of this title; and

12 (C) prepare and submit to the Secretary of
13 Health and Human Services, as part of the re-
14 port of the Secretary submitted under subsection
15 (d), a report summarizing the consensus devel-
16 oped under subparagraph (B) if any, including
17 the reasons for not reaching such a consensus.

18 (2) *PARTICIPATION.*—

19 (A) *DEPARTMENT REPRESENTATIVES.*—The
20 Secretary of Health and Human Services shall
21 ensure that representatives from within the De-
22 partment of Health and Human Services that
23 have expertise in the area of maternal and child
24 health or in outcomes research are appointed to

1 *the advisory panel established under paragraph*
2 *(1).*

3 *(B) REPRESENTATIVES OF PUBLIC AND PRI-*
4 *VATE SECTOR ENTITIES.—*

5 *(i) IN GENERAL.—The Secretary of*
6 *Health and Human Services shall ensure*
7 *that members of the advisory panel include*
8 *representatives of public and private sector*
9 *entities having knowledge or experience in*
10 *one or more of the following areas:*

11 *(I) Patient care.*

12 *(II) Patient education.*

13 *(III) Quality assurance.*

14 *(IV) Outcomes research.*

15 *(V) Consumer issues.*

16 *(ii) REQUIREMENT.—The panel shall*
17 *include representatives from each of the fol-*
18 *lowing categories:*

19 *(I) Health care practitioners.*

20 *(II) Health plans.*

21 *(III) Hospitals.*

22 *(IV) Employers.*

23 *(V) States.*

24 *(VI) Consumers.*

25 *(c) STUDIES.—*

1 (1) *IN GENERAL.*—*The Secretary of Health and*
2 *Human Services shall conduct a study of—*

3 (A) *the factors affecting the continuum of*
4 *care with respect to maternal and child health*
5 *care, including outcomes following childbirth;*

6 (B) *the factors determining the length of*
7 *hospital stay following childbirth;*

8 (C) *the diversity of negative or positive out-*
9 *comes affecting mothers, infants, and families;*

10 (D) *the manner in which post natal care*
11 *has changed over time and the manner in which*
12 *that care has adapted or related to changes in*
13 *the length of hospital stay, taking into account—*

14 (i) *the types of post natal care avail-*
15 *able and the extent to which such care is*
16 *accessed; and*

17 (ii) *the challenges associated with pro-*
18 *viding post natal care to all populations,*
19 *including vulnerable populations, and solu-*
20 *tions for overcoming these challenges; and*

21 (E) *the financial incentives that may—*

22 (i) *impact the health of newborns and*
23 *mothers; and*

24 (ii) *influence the clinical decisionmak-*
25 *ing of health care providers.*

1 (2) *RESOURCES.*—*The Secretary of Health and*
2 *Human Services shall provide to the advisory panel*
3 *the resources necessary to carry out the duties of the*
4 *advisory panel.*

5 (d) *REPORTS.*—

6 (1) *IN GENERAL.*—*The Secretary of Health and*
7 *Human Services shall prepare and submit to the*
8 *Committee on Labor and Human Resources of the*
9 *Senate and the Committee on Commerce of the House*
10 *of Representatives a report that contains—*

11 (A) *a summary of the study conducted*
12 *under subsection (c);*

13 (B) *a summary of the best practices used in*
14 *the public and private sectors for the care of*
15 *newborns and mothers;*

16 (C) *recommendations for improvements in*
17 *prenatal care, post natal care, delivery and fol-*
18 *low-up care, and whether the implementation of*
19 *such improvements should be accomplished by*
20 *the private health care sector, Federal or State*
21 *governments, or any combination thereof; and*

22 (D) *limitations on the databases in exist-*
23 *ence on the date of enactment of this title.*

1 (2) *SUBMISSION OF REPORTS.*—*The Secretary of*
2 *Health and Human Services shall prepare and sub-*
3 *mit to the Committees referred to in paragraph (1)—*

4 (A) *an initial report concerning the study*
5 *conducted under subsection (c) and the report re-*
6 *quired under subsection (d), not later than 18*
7 *months after the date of enactment of this title;*

8 (B) *an interim report concerning such*
9 *study and report not later than 3 years after the*
10 *date of enactment of this title; and*

11 (C) *a final report concerning such study*
12 *and report not later than 5 years after the date*
13 *of enactment of this title.*

14 (e) *TERMINATION OF PANEL.*—*The advisory panel*
15 *shall terminate on the date that occurs 60 days after the*
16 *date on which the last report is submitted under this sec-*
17 *tion.*

18 **SEC. 612. SALE OF GOVERNORS ISLAND, NEW YORK.**

19 (a) *IN GENERAL.*—*Notwithstanding any other provi-*
20 *sion of law, the Administrator of General Services shall dis-*
21 *pose of by sale at fair market value all rights, title, and*
22 *interests of the United States in and to the land of, and*
23 *improvements to, Governors Island, New York.*

24 (b) *RIGHT OF FIRST REFUSAL.*—*Before a sale is made*
25 *under subsection (a) to any other parties, the State of New*

1 *York and the city of New York shall be given the right of*
2 *first refusal to purchase all or part of Governors Island.*
3 *Such right may be exercised by either the State of New York*
4 *or the city of New York or by both parties acting jointly.*

5 (c) *PROCEEDS.*—*Proceeds from the disposal of Gov-*
6 *ernors Island under subsection (a) shall be deposited in the*
7 *general fund of the Treasury and credited as miscellaneous*
8 *receipts.*

9 **SEC. 613. SALE OF AIR RIGHTS.**

10 (a) *IN GENERAL.*—*Notwithstanding any other provi-*
11 *sion of law, the Administrator of General Services shall sell,*
12 *at fair market value and in a manner to be determined*
13 *by the Administrator, the air rights adjacent to Washington*
14 *Union Station described in subsection (b), including air*
15 *rights conveyed to the Administrator under subsection (d).*
16 *The Administrator shall complete the sale by such date as*
17 *is necessary to ensure that the proceeds from the sale will*
18 *be deposited in accordance with subsection (c).*

19 (b) *DESCRIPTION.*—*The air rights referred to in sub-*
20 *section (a) total approximately 16.5 acres and are depicted*
21 *on the plat map of the District of Columbia as follows:*

22 (1) *Part of lot 172, square 720.*

23 (2) *Part of lots 172 and 823, square 720.*

24 (3) *Part of lot 811, square 717.*

1 (c) *PROCEEDS*.—*Before September 30, 1997, proceeds*
2 *from the sale of air rights under subsection (a) shall be de-*
3 *posited in the general fund of the Treasury and credited*
4 *as miscellaneous receipts.*

5 (d) *CONVEYANCE OF AMTRAK AIR RIGHTS*.—

6 (1) *GENERAL RULE*.—*As a condition of future*
7 *Federal financial assistance, Amtrak shall convey to*
8 *the Administrator of General Services on or before*
9 *December 31, 1996, at no charge, all of the air rights*
10 *of Amtrak described in subsection (b).*

11 (2) *FAILURE TO COMPLY*.—*If Amtrak does not*
12 *meet the condition established by paragraph (1), Am-*
13 *trak shall be prohibited from obligating Federal funds*
14 *after March 1, 1997.*

15 **SEC. 614. EFFECTIVE DATE.**

16 *Except as otherwise provided for in this title, the pro-*
17 *visions of this title shall apply as follows:*

18 (1) *With respect to health plans, such provisions*
19 *shall apply to such plans on the first day of the con-*
20 *tract year beginning on or after January 1, 1998.*

21 (2) *With respect to employee health benefit plans,*
22 *such provisions shall apply to such plans on the first*
23 *day of the first plan year beginning on or after Janu-*
24 *ary 1, 1998.*

25 **(118)**Page 85, after line 24 insert:

1 **TITLE VII—MENTAL HEALTH**
2 **PARITY**

3 **SEC. 701. SHORT TITLE.**

4 *This title may be cited as the “Mental Health Parity*
5 *Act of 1996”.*

6 **SEC. 702. PLAN PROTECTIONS FOR INDIVIDUALS WITH A**
7 **MENTAL ILLNESS.**

8 *(a) PERMISSIBLE COVERAGE LIMITS UNDER A GROUP*
9 *HEALTH PLAN.—*

10 *(1) AGGREGATE LIFETIME LIMITS.—*

11 *(A) IN GENERAL.—With respect to a group*
12 *health plan offered by a health insurance issuer,*
13 *that applies an aggregate lifetime limit to plan*
14 *payments for medical or surgical services covered*
15 *under the plan, if such plan also provides a*
16 *mental health benefit such plan shall—*

17 *(i) include plan payments made for*
18 *mental health services under the plan in*
19 *such aggregate lifetime limit; or*

20 *(ii) establish a separate aggregate life-*
21 *time limit applicable to plan payments for*
22 *mental health services under which the dol-*
23 *lar amount of such limit (with respect to*
24 *mental health services) is equal to or greater*
25 *than the dollar amount of the aggregate life-*

1 *time limit on plan payments for medical or*
2 *surgical services.*

3 *(B) NO LIFETIME LIMIT.—With respect to a*
4 *group health plan offered by a health insurance*
5 *issuer, that does not apply an aggregate lifetime*
6 *limit to plan payments for medical or surgical*
7 *services covered under the plan, such plan may*
8 *not apply an aggregate lifetime limit to plan*
9 *payments for mental health services covered*
10 *under the plan.*

11 *(2) ANNUAL LIMITS.—*

12 *(A) IN GENERAL.—With respect to a group*
13 *health plan offered by a health insurance issuer,*
14 *that applies an annual limit to plan payments*
15 *for medical or surgical services covered under the*
16 *plan, if such plan also provides a mental health*
17 *benefit such plan shall—*

18 *(i) include plan payments made for*
19 *mental health services under the plan in*
20 *such annual limit; or*

21 *(ii) establish a separate annual limit*
22 *applicable to plan payments for mental*
23 *health services under which the dollar*
24 *amount of such limit (with respect to men-*
25 *tal health services) is equal to or greater*

1 *than the dollar amount of the annual limit*
2 *on plan payments for medical or surgical*
3 *services.*

4 *(B) NO ANNUAL LIMIT.—With respect to a*
5 *group health plan offered by a health insurance*
6 *issuer, that does not apply an annual limit to*
7 *plan payments for medical or surgical services*
8 *covered under the plan, such plan may not apply*
9 *an annual limit to plan payments for mental*
10 *health services covered under the plan.*

11 *(b) RULE OF CONSTRUCTION.—*

12 *(1) IN GENERAL.—Nothing in this section shall*
13 *be construed as prohibiting a group health plan of-*
14 *fered by a health insurance issuer, from—*

15 *(A) utilizing other forms of cost contain-*
16 *ment not prohibited under subsection (a); or*

17 *(B) applying requirements that make dis-*
18 *tinctions between acute care and chronic care.*

19 *(2) NONAPPLICABILITY.—This section shall not*
20 *apply to—*

21 *(A) substance abuse or chemical dependency*
22 *benefits; or*

23 *(B) health benefits or health plans paid for*
24 *under title XVIII or XIX of the Social Security*
25 *Act.*

1 (3) *STATE LAW.*—*Nothing in this section shall be*
2 *construed to preempt any State law that provides for*
3 *greater parity with respect to mental health benefits*
4 *than that required under this section.*

5 (c) *SMALL EMPLOYER EXEMPTION.*—

6 (1) *IN GENERAL.*—*This section shall not apply*
7 *to plans maintained by employers that employ less*
8 *than 26 employees.*

9 (2) *APPLICATION OF CERTAIN RULES IN DETER-*
10 *MINATION OF EMPLOYER SIZE.*—*For purposes of this*
11 *subsection—*

12 (A) *APPLICATION OF AGGREGATION RULE*
13 *FOR EMPLOYERS.*—*All persons treated as a sin-*
14 *gle employer under subsection (b), (c), (m), or*
15 *(o) of section 414 of the Internal Revenue Code*
16 *of 1986 shall be treated as 1 employer.*

17 (B) *EMPLOYERS NOT IN EXISTENCE IN PRE-*
18 *CEDING YEAR.*—*In the case of an employer which*
19 *was not in existence throughout the preceding*
20 *calendar year, the determination of whether such*
21 *employer is a small employer shall be based on*
22 *the average number of employees that it is rea-*
23 *sonably expected such employer will employ on*
24 *business days in the current calendar year.*

1 (C) *PREDECESSORS*.—Any reference in this
2 subsection to an employer shall include a ref-
3 erence to any predecessor of such employer.

4 **SEC. 703. DEFINITIONS.**

5 For purposes of this title:

6 (1) *GROUP HEALTH PLAN*.—

7 (A) *IN GENERAL*.—The term “group health
8 plan” means an employee welfare benefit plan
9 (as defined in section 3(1) of the *Employee Re-*
10 *retirement Income Security Act of 1974*) to the ex-
11 tent that the plan provides medical care (as de-
12 fined in paragraph (2)) and including items and
13 services paid for as medical care) to employees or
14 their dependents (as defined under the terms of
15 the plan) directly or through insurance, reim-
16 bursement, or otherwise.

17 (B) *MEDICAL CARE*.—The term “medical
18 care” means amounts paid for—

19 (i) the diagnosis, cure, mitigation,
20 treatment, or prevention of disease, or
21 amounts paid for the purpose of affecting
22 any structure or function of the body,

23 (ii) amounts paid for transportation
24 primarily for and essential to medical care
25 referred to in clause (i), and

1 (iii) amounts paid for insurance cover-
2 ing medical care referred to in clauses (i)
3 and (ii).

4 (2) *HEALTH INSURANCE COVERAGE.*—The term
5 “health insurance coverage” means benefits consisting
6 of medical care (provided directly, through insurance
7 or reimbursement, or otherwise and including items
8 and services paid for as medical care) under any hos-
9 pital or medical service policy or certificate, hospital
10 or medical service plan contract, or health mainte-
11 nance organization contract offered by a health insur-
12 ance issuer.

13 (3) *HEALTH INSURANCE ISSUER.*—The term
14 “health insurance issuer” means an insurance com-
15 pany, insurance service, or insurance organization
16 (including a health maintenance organization, as de-
17 fined in paragraph (4)) which is licensed to engage
18 in the business of insurance in a State and which is
19 subject to State law which regulates insurance (with-
20 in the meaning of section 514(b)(2) of the Employee
21 Retirement Income Security Act of 1974), and in-
22 cludes a plan sponsor described in section 3(16)(B) of
23 the Employee Retirement Income Security Act of
24 1974 in the case of a group health plan which is an
25 employee welfare benefit plan (as defined in section

1 3(1) of such Act). Such term does not include a group
2 health plan.

3 (4) *HEALTH MAINTENANCE ORGANIZATION.*—The
4 term “health maintenance organization” means—

5 (A) a federally qualified health maintenance
6 organization (as defined in section 1301(a) of the
7 Public Health Service Act),

8 (B) an organization recognized under State
9 law as a health maintenance organization, or

10 (C) a similar organization regulated under
11 State law for solvency in the same manner and
12 to the same extent as such a health maintenance
13 organization.

14 (5) *STATE.*—The term “State” means each of the
15 several States, the District of Columbia, Puerto Rico,
16 the Virgin Islands, Guam, American Samoa, and the
17 Northern Mariana Islands.

18 **SEC. 704. SUNSET.**

19 Sections 701 through 703 shall cease to be effective on
20 September 30, 2001.

21 **SEC. 705. FEDERAL EMPLOYEE HEALTH BENEFIT PROGRAM.**

22 For the Federal Employee Health Benefit Program,
23 sections 701 through 703 will take effect on October 1, 1997.

1 **SEC. 706. EXEMPTION.**

2 *Notwithstanding the provisions of this title, if the pro-*
3 *visions of this title result in a 1 percent or greater increase*
4 *in the cost of a group health plan's premiums, the purchaser*
5 *is exempt from the provisions of this title.*

Attest:

Secretary.

104TH CONGRESS
2^D SESSION

H. R. 3666

AMENDMENTS

HR 3666 EAS—2
HR 3666 EAS—3
HR 3666 EAS—4
HR 3666 EAS—5
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HR 3666 EAS—10