

(C) only with respect to eligible employers who employed an average of not more than 200 employees on business days during the taxable year before May 4, 2007.

(4) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED ON OR AFTER MAY 5, 2007.—Section 1400N(d) of such Code—

(A) by substituting “qualified Recovery Assistance property” for “qualified Gulf Opportunity Zone property” each place it appears,

(B) by substituting “May 5, 2007” for “August 28, 2005” each place it appears,

(C) by substituting “December 31, 2008” for “December 31, 2007” in paragraph (2)(A)(v),

(D) by substituting “December 31, 2009” for “December 31, 2008” in paragraph (2)(A)(v),

(E) by substituting “May 4, 2007” for “August 27, 2005” in paragraph (3)(A),

(F) by substituting “January 1, 2009” for “January 1, 2008” in paragraph (3)(B), and

(G) determined without regard to paragraph (6) thereof.

(5) INCREASE IN EXPENSING UNDER SECTION 179.—Section 1400N(e) of such Code, by substituting “qualified section 179 Recovery Assistance property” for “qualified section 179 Gulf Opportunity Zone property” each place it appears.

(6) EXPENSING FOR CERTAIN DEMOLITION AND CLEAN-UP COSTS.—Section 1400N(f) of such Code—

(A) by substituting “qualified Recovery Assistance clean-up cost” for “qualified Gulf Opportunity Zone clean-up cost” each place it appears, and

(B) by substituting “beginning on May 4, 2007, and ending on December 31, 2009” for “beginning on August 28, 2005, and ending on December 31, 2007” in paragraph (2) thereof.

(7) TREATMENT OF PUBLIC UTILITY PROPERTY DISASTER LOSSES.—Section 1400N(o) of such Code.

(8) TREATMENT OF NET OPERATING LOSSES ATTRIBUTABLE TO STORM LOSSES.—Section 1400N(k) of such Code—

(A) by substituting “qualified Recovery Assistance loss” for “qualified Gulf Opportunity Zone loss” each place it appears,

(B) by substituting “after May 3, 2007, and before on January 1, 2010” for “after August 27, 2005, and before January 1, 2008” each place it appears,

(C) by substituting “May 4, 2007” for “August 28, 2005” in paragraph (2)(B)(ii)(I) thereof,

(D) by substituting “qualified Recovery Assistance property” for “qualified Gulf Opportunity Zone property” in paragraph (2)(B)(iv) thereof, and

(E) by substituting “qualified Recovery Assistance casualty loss” for “qualified Gulf Opportunity Zone casualty loss” each place it appears.

(9) TREATMENT OF REPRESENTATIONS REGARDING INCOME ELIGIBILITY FOR PURPOSES OF QUALIFIED RENTAL PROJECT REQUIREMENTS.—Section 1400N(n) of such Code.

(10) SPECIAL RULES FOR USE OF RETIREMENT FUNDS.—Section 1400Q of such Code—

(A) by substituting “qualified Recovery Assistance distribution” for “qualified hurricane distribution” each place it appears,

(B) by substituting “on or after May 4, 2007, and before January 1, 2009” for “on or after August 25, 2005, and before January 1, 2007” in subsection (a)(4)(A)(i),

(C) by substituting “qualified storm distribution” for “qualified Katrina distribution” each place it appears,

(D) by substituting “after November 4, 2006, and before May 5, 2007” for “after February 28, 2005, and before August 29, 2005” in subsection (b)(2)(B)(ii),

(E) by substituting “beginning on May 4, 2007, and ending on November 5, 2007” for “beginning on August 25, 2005, and ending on February 28, 2006” in subsection (b)(3)(A),

(F) by substituting “qualified storm individual” for “qualified Hurricane Katrina individual” each place it appears,

(G) by substituting “December 31, 2007” for “December 31, 2006” in subsection (c)(2)(A),

(H) by substituting “beginning on June 4, 2007, and ending on December 31, 2007” for “beginning on September 24, 2005, and ending on December 31, 2006” in subsection (c)(4)(A)(i),

(I) by substituting “May 4, 2007” for “August 25, 2005” in subsection (c)(4)(A)(ii), and

(J) by substituting “January 1, 2008” for “January 1, 2007” in subsection (d)(2)(A)(ii).

(b) EMERGENCY DESIGNATION.—For purposes of Senate enforcement, all provisions of this section are designated as emergency requirements and necessary to meet emergency needs pursuant to section 204 of S. Con. Res. 21 (110th Congress), the concurrent resolution on the budget for fiscal year 2008.

TITLE VII—EMERGENCY DESIGNATION

SEC. 701. EMERGENCY DESIGNATION.

For purposes of Senate enforcement, all provisions of this Act are designated as emergency requirements and necessary to meet emergency needs pursuant to section 204 of S. Con. Res. 21 (110th Congress), the concurrent resolution on the budget for fiscal year 2008.

TITLE VIII—REIT INVESTMENT

DIVERSIFICATION AND EMPOWERMENT

SEC. 801. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This title may be cited as the “REIT Investment Diversification and Empowerment Act of 2008”.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Taxable REIT Subsidiaries

SEC. 811. CONFORMING TAXABLE REIT SUBSIDIARY ASSET TEST.

Section 856(c)(4)(B)(ii) is amended by striking “20 percent” and inserting “25 percent”.

Subtitle B—Dealer Sales

SEC. 821. HOLDING PERIOD UNDER SAFE HARBOR.

Section 857(b)(6) (relating to income from prohibited transactions) is amended—

(1) by striking “4 years” in subparagraphs (C)(i), (C)(iv), and (D)(i) and inserting “2 years”;

(2) by striking “4-year period” in subparagraphs (C)(ii), (D)(ii), and (D)(iii) and inserting “2-year period”, and

(3) by striking “real estate asset” and all that follows through “if” in the matter preceding clause (i) of subparagraphs (C) and (D), respectively, and inserting “real estate asset (as defined in section 856(c)(5)(B)) and which is described in section 1221(a)(1) if”.

SEC. 822. DETERMINING VALUE OF SALES UNDER SAFE HARBOR.

Section 857(b)(6) is amended—

(1) by striking the semicolon at the end of subparagraph (C)(iii) and inserting “, or (III) the fair market value of property (other than sales of foreclosure property or sales to which section 1033 applies) sold during the taxable year does not exceed 10 percent of the fair market value of all of the assets of the trust as of the beginning of the taxable year.”; and

(2) by adding “or” at the end of subclause (II) of subparagraph (D)(iv) and by adding at the end of such subparagraph the following new subclause:

“(III) the fair market value of property (other than sales of foreclosure property or sales to which section 1033 applies) sold during the taxable year does not exceed 10 percent of the fair market value of all of the assets of the trust as of the beginning of the taxable year.”.

Subtitle C—Health Care REITs

SEC. 831. CONFORMITY FOR HEALTH CARE FACILITIES.

(a) RELATED PARTY RENTALS.—Subparagraph (B) of section 856(d)(8) (relating to special rule

for taxable REIT subsidiaries) is amended to read as follows:

“(B) EXCEPTION FOR CERTAIN LODGING FACILITIES AND HEALTH CARE PROPERTY.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility (as defined in paragraph (9)(D)) or a qualified health care property (as defined in subsection (e)(6)(D)(i)) leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor. For purposes of this section, a taxable REIT subsidiary is not considered to be operating or managing a qualified health care property or qualified lodging facility solely because it—

“(i) directly or indirectly possesses a license, permit, or similar instrument enabling it to do so, or

“(ii) employs individuals working at such property or facility located outside the United States, but only if an eligible independent contractor is responsible for the daily supervision and direction of such individuals on behalf of the taxable REIT subsidiary pursuant to a management agreement or similar service contract.”.

(b) ELIGIBLE INDEPENDENT CONTRACTOR.—Subparagraphs (A) and (B) of section 856(d)(9) (relating to eligible independent contractor) are amended to read as follows:

“(A) IN GENERAL.—The term ‘eligible independent contractor’ means, with respect to any qualified lodging facility or qualified health care property (as defined in subsection (e)(6)(D)(i)), any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate such qualified lodging facility or qualified health care property, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities or qualified health care properties, respectively, for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

“(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility or qualified health care property (as so defined) by reason of the following:

“(i) The taxable REIT subsidiary bears the expenses for the operation of such qualified lodging facility or qualified health care property pursuant to the management agreement or other similar service contract.

“(ii) The taxable REIT subsidiary receives the revenues from the operation of such qualified lodging facility or qualified health care property, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

“(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as of the later of—

“(I) January 1, 1999, or

“(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility or qualified health care property.”.

(c) TAXABLE REIT SUBSIDIARIES.—The last sentence of section 856(l)(3) is amended—

(1) by inserting “or a health care facility” after “a lodging facility”, and

(2) by inserting “or health care facility” after “such lodging facility”.

Subtitle D—Effective Dates and Sunset

SEC. 841. EFFECTIVE DATES AND SUNSET.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this title shall apply to taxable years beginning after the date of the enactment of this Act.

(b) REIT INCOME TESTS.—

(1) The amendment made by section 801(a) and (b) shall apply to gains and items of income recognized after the date of the enactment of this Act.

(2) The amendment made by section 801(c) shall apply to transactions entered into after the date of the enactment of this Act.

(3) The amendment made by section 801(d) shall apply after the date of the enactment of this Act.

(c) CONFORMING FOREIGN CURRENCY REVISIONS.—

(1) The amendment made by section 803(a) shall apply to gains recognized after the date of the enactment of this Act.

(2) The amendment made by section 803(b) shall apply to gains and deductions recognized after the date of the enactment of this Act.

(d) DEALER SALES.—The amendments made by subtitle C shall apply to sales made after the date of the enactment of this Act.

(e) SUNSET.—All amendments made by this title shall not apply to taxable years beginning after the date which is 5 years after the date of the enactment of this Act. The Internal Revenue Code of 1986 shall be applied and administered to taxable years described in the preceding sentence as if the amendments so described had never been enacted.

TITLE IX—VETERANS HOUSING MATTERS**SEC. 901. HOME IMPROVEMENTS AND STRUCTURAL ALTERATIONS FOR TOTALLY DISABLED MEMBERS OF THE ARMED FORCES BEFORE DISCHARGE OR RELEASE FROM THE ARMED FORCES.**

Section 1717 of title 38, United States Code, is amended by adding at the end the following new subsection:

“(d)(1) In the case of a member of the Armed Forces who, as determined by the Secretary, has a disability permanent in nature incurred or aggravated in the line of duty in the active military, naval, or air service, the Secretary may furnish improvements and structural alterations for such member for such disability or as otherwise described in subsection (a)(2) while such member is hospitalized or receiving outpatient medical care, services, or treatment for such disability if the Secretary determines that such member is likely to be discharged or released from the Armed Forces for such disability.

“(2) The furnishing of improvements and alterations under paragraph (1) in connection with the furnishing of medical services described in subparagraph (A) or (B) of subsection (a)(2) shall be subject to the limitation specified in the applicable subparagraph.”.

SEC. 902. ELIGIBILITY FOR SPECIALLY ADAPTED HOUSING BENEFITS AND ASSISTANCE FOR MEMBERS OF THE ARMED FORCES WITH SERVICE-CONNECTED DISABILITIES AND INDIVIDUALS RESIDING OUTSIDE THE UNITED STATES.

(a) ELIGIBILITY.—Chapter 21 of title 38, United States Code, is amended by inserting after section 2101 the following new section:

“§2101A. Eligibility for benefits and assistance: members of the Armed Forces with service-connected disabilities; individuals residing outside the United States

“(a) MEMBERS WITH SERVICE-CONNECTED DISABILITIES.—(1) The Secretary may provide assistance under this chapter to a member of the Armed Forces serving on active duty who is suffering from a disability that meets applicable criteria for benefits under this chapter if the disability is incurred or aggravated in line of duty in the active military, naval, or air service. Such assistance shall be provided to the same extent as assistance is provided under this chapter to veterans eligible for assistance under this chapter and subject to the same requirements as veterans under this chapter.

“(2) For purposes of this chapter, any reference to a veteran or eligible individual shall be treated as a reference to a member of the Armed

Forces described in subsection (a) who is similarly situated to the veteran or other eligible individual so referred to.

“(b) BENEFITS AND ASSISTANCE FOR INDIVIDUALS RESIDING OUTSIDE THE UNITED STATES.—(1) Subject to paragraph (2), the Secretary may, at the Secretary's discretion, provide benefits and assistance under this chapter (other than benefits under section 2106 of this title) to any individual otherwise eligible for such benefits and assistance who resides outside the United States.

“(2) The Secretary may provide benefits and assistance to an individual under paragraph (1) only if—

“(A) the country or political subdivision in which the housing or residence involved is or will be located permits the individual to have or acquire a beneficial property interest (as determined by the Secretary) in such housing or residence; and

“(B) the individual has or will acquire a beneficial property interest (as so determined) in such housing or residence.

“(c) REGULATIONS.—Benefits and assistance under this chapter by reason of this section shall be provided in accordance with such regulations as the Secretary may prescribe.”.

(b) CONFORMING AMENDMENTS.—

(1) REPEAL OF SUPERSEDED AUTHORITY.—Section 2101 of such title is amended—

(A) by striking subsection (c); and

(B) by redesignating subsection (d) as subsection (c).

(2) LIMITATIONS ON ASSISTANCE.—Section 2102 of such title is amended—

(A) in subsection (a)—

(i) by striking “veteran” each place it appears and inserting “individual”; and

(ii) in paragraph (3), by striking “veteran's” and inserting “individual's”; and

(B) in subsection (b)(1), by striking “a veteran” and inserting “an individual”; and

(C) in subsection (c)—

(i) by striking “a veteran” and inserting “an individual”; and

(ii) by striking “the veteran” each place it appears and inserting “the individual”; and

(D) in subsection (d), by striking “a veteran” each place it appears and inserting “an individual”.

(3) ASSISTANCE FOR INDIVIDUALS TEMPORARILY RESIDING IN HOUSING OF FAMILY MEMBER.—Section 2102A of such title is amended—

(A) by striking “veteran” each place it appears (other than in subsection (b)) and inserting “individual”; and

(B) in subsection (a), by striking “veteran's” each place it appears and inserting “individual's”; and

(C) in subsection (b), by striking “a veteran” each place it appears and inserting “an individual”.

(4) FURNISHING OF PLANS AND SPECIFICATIONS.—Section 2103 of such title is amended by striking “veterans” both places it appears and inserting “individuals”.

(5) CONSTRUCTION OF BENEFITS.—Section 2104 of such title is amended—

(A) in subsection (a), by striking “veteran” each place it appears and inserting “individual”; and

(B) in subsection (b)—

(i) in the first sentence, by striking “A veteran” and inserting “An individual”; and

(ii) in the second sentence, by striking “a veteran” and inserting “an individual”; and

(iii) by striking “such veteran” each place it appears and inserting “such individual”.

(6) VETERANS' MORTGAGE LIFE INSURANCE.—Section 2106 of such title is amended—

(A) in subsection (a)—

(i) by striking “any eligible veteran” and inserting “any eligible individual”; and

(ii) by striking “the veterans” and inserting “the individual's”; and

(B) in subsection (b), by striking “an eligible veteran” and inserting “an eligible individual”;

(C) in subsection (e), by striking “an eligible veteran” and inserting “an individual”;

(D) in subsection (h), by striking “each veteran” and inserting “each individual”;

(E) in subsection (i), by striking “the veteran's” each place it appears and inserting “the individual's”;

(F) by striking “the veteran” each place it appears and inserting “the individual”; and

(G) by striking “a veteran” each place it appears and inserting “an individual”.

(7) HEADING AMENDMENTS.—(A) The heading of section 2101 of such title is amended to read as follows:

“§2101. Acquisition and adaptation of housing: eligible veterans”.

(B) The heading of section 2102A of such title is amended to read as follows:

“§2102A. Assistance for individuals residing temporarily in housing owned by a family member”.

(8) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 21 of such title is amended—

(A) by striking the item relating to section 2101 and inserting the following new item:

“2101. Acquisition and adaptation of housing: eligible veterans.”;

(B) by inserting after the item relating to section 2101, as so amended, the following new item:

“2101A. Eligibility for benefits and assistance: members of the Armed Forces with service-connected disabilities; individuals residing outside the United States.”;

and

(C) by striking the item relating to section 2102A and inserting the following new item:

“2102A. Assistance for individuals residing temporarily in housing owned by a family member.”.

SEC. 903. SPECIALLY ADAPTED HOUSING ASSISTANCE FOR INDIVIDUALS WITH SEVERE BURN INJURIES.

Section 2101 of title 38, United States Code, is amended—

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

“(E) The disability is due to a severe burn injury (as determined pursuant to regulations prescribed by the Secretary).”; and

(2) in subsection (b)(2)—

(A) by striking “either” and inserting “any”; and

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

“(C) The disability is due to a severe burn injury (as so determined).”.

SEC. 904. EXTENSION OF ASSISTANCE FOR INDIVIDUALS RESIDING TEMPORARILY IN HOUSING OWNED BY A FAMILY MEMBER.

Section 2102A(e) of title 38, United States Code, is amended by striking “after the end of the five-year period that begins on the date of the enactment of the Veterans' Housing Opportunity and Benefits Improvement Act of 2006” and inserting “after December 31, 2011”.

SEC. 905. INCREASE IN SPECIALLY ADAPTED HOUSING BENEFITS FOR DISABLED VETERANS.

(a) IN GENERAL.—Section 2102 of title 38, United States Code, is amended—

(1) in subsection (b)(2), by striking “\$10,000” and inserting “\$12,000”; and

(2) in subsection (d)—

(A) in paragraph (1), by striking “\$50,000” and inserting “\$60,000”; and

(B) in paragraph (2), by striking “\$10,000” and inserting “\$12,000”; and

(3) by adding at the end the following new subsection:

“(e)(1) Effective on October 1 of each year (beginning in 2009), the Secretary shall increase the amounts described in subsection (b)(2) and paragraphs (1) and (2) of subsection (d) in accordance with this subsection.