

109TH CONGRESS
2^D SESSION

H. R. 4866

To promote responsibility by improving development education.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2006

Mr. FORD introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Financial Services, Education and the Workforce, and Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote responsibility by improving development education.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Promote Responsibility
5 by Improving Development Education Act of 2006”.

6 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.

Sec. 2. Table of contents.

- Sec. 101. Short title.
 Sec. 102. Increased funding for Partnerships in Character Education Program.
 Sec. 103. Model State character education curriculum.

TITLE II—CHILDHOOD ADOPTION

- Sec. 201. Short title.
 Sec. 202. Increase in allowable expenses for adoption; adoption credit made refundable.
 Sec. 203. Increase in adoption incentive payments.

TITLE III—BORROWER’S BILL OF RIGHTS

- Sec. 301. Short title.
 Sec. 302. Assistant secretary of the treasury for financial education.
 Sec. 303. Financial literacy for middle and high school students.
 Sec. 304. “Plain language” disclosures.
 Sec. 305. Limitation on usurious interest rates and unfair practices.
 Sec. 306. Limitation on rollovers of payday loans.
 Sec. 307. Fair treatment of employee benefits.
 Sec. 308. Wage priority and employee benefit cap.
 Sec. 309. Subordination.

1 **TITLE I—CHARACTER** 2 **EDUCATION**

3 **SEC. 101. SHORT TITLE.**

4 This title may be cited as the “Character Education
 5 Act of 2006”.

6 **SEC. 102. INCREASED FUNDING FOR PARTNERSHIPS IN** 7 **CHARACTER EDUCATION PROGRAM.**

8 Section 5401 of the Elementary and Secondary Edu-
 9 cation Act of 1965 (20 U.S.C. 7241) is amended—

10 (1) in the matter preceding paragraph (1), by
 11 striking “There are” and inserting “(a) IN GEN-
 12 ERAL.—There are”;

13 (2) in paragraph (6), by striking
 14 “\$675,000,000 for fiscal year 2007” and inserting
 15 “\$700,000,000 for fiscal year 2007”; and

1 (3) by adding at the end the following:

2 “(b) PARTNERSHIPS IN CHARACTER EDUCATION.—
3 From the amount appropriated to carry out this part for
4 each of fiscal years 2007 and 2008, the Secretary shall
5 reserve \$50,000,000 to carry out subpart 3.”.

6 **SEC. 103. MODEL STATE CHARACTER EDUCATION CUR-**
7 **RICULUM.**

8 (a) IN GENERAL.—The Comptroller General of the
9 United States shall—

10 (1) conduct a study of best practices in the field
11 of character education; and

12 (2) develop a model State character education
13 curriculum for kindergarten through grade 12.

14 (b) MODEL STATE CHARACTER EDUCATION CUR-
15 RICULUM.—

16 (1) PRINCIPLES OF CURRICULUM.—The model
17 State character education curriculum developed
18 under this section shall embody the principles that
19 character education—

20 (A) is premised on the notion that widely
21 shared core ethical values, including honesty,
22 fairness, justice, caring, responsibility, and re-
23 spect for self and others, form the basis of good
24 character;

1 (B) by promoting the validity of these val-
2 ues and the responsibility to uphold them, af-
3 firms human dignity, promotes the development
4 and welfare of the individual, serves the com-
5 mon good, and promotes the exercise of citizen-
6 ship in a democratic society; and

7 (C) should be an integral part of the cur-
8 riculum at all grade levels, should be part of a
9 comprehensive approach that integrates char-
10 acter development into every aspect of school
11 life, and should reach out to families and in-
12 clude them in character-building efforts.

13 (2) FOCUS ON ASPECTS OF CHARACTER.—The
14 model State character education curriculum devel-
15 oped under this section shall focus on aspects of
16 character including honesty, fairness, justice, caring,
17 responsibility, and respect for self and others.

18 (c) REPORT.—Not later than 1 year after the date
19 of the enactment of this Act, the Comptroller General of
20 the United States shall submit to the Congress a report
21 containing—

22 (1) the results of the study conducted under
23 this section; and

24 (2) the model State character education cur-
25 riculum developed under this section.

TITLE II—CHILDHOOD ADOPTION

SEC. 201. SHORT TITLE.

This title may be cited as the “Childhood Adoption Act of 2006”.

SEC. 202. INCREASE IN ALLOWABLE EXPENSES FOR ADOPTION; ADOPTION CREDIT MADE REFUNDABLE.

(a) INCREASE IN DOLLAR LIMITATION.—

(1) ADOPTION CREDIT.—

(A) IN GENERAL.—Paragraph (1) of section 23(b) of the Internal Revenue Code of 1986 (relating to dollar limitation) is amended by striking “\$10,000” and inserting “\$15,000”.

(B) CHILD WITH SPECIAL NEEDS.—Paragraph (3) of section 23(a) of such Code (relating to \$10,000 credit for adoption of child with special needs regardless of expenses) is amended—

(i) in the text by striking “\$10,000” and inserting “\$15,000”, and

(ii) in the heading by striking “\$10,000” and inserting “\$15,000”.

(C) CONFORMING AMENDMENT TO INFLATION ADJUSTMENT.—Subsection (h) of section

1 23 of such Code (relating to adjustments for in-
2 flation) is amended to read as follows:

3 “(h) ADJUSTMENTS FOR INFLATION.—

4 “(1) DOLLAR LIMITATIONS.—In the case of a
5 taxable year beginning after December 31, 2006,
6 each of the dollar amounts in subsections (a)(3) and
7 (b)(1) shall be increased by an amount equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-
10 mined under section 1(f)(3) for the calendar
11 year in which the taxable year begins, deter-
12 mined by substituting ‘calendar year 2005’ for
13 ‘calendar year 1992’ in subparagraph (B)
14 thereof.

15 If any amount as increased under the preceding sen-
16 tence is not a multiple of \$10, such amount shall be
17 rounded to the nearest multiple of \$10.

18 “(2) INCOME LIMITATION.—In the case of a
19 taxable year beginning after December 31, 2002, the
20 dollar amount in subsection (b)(2)(A)(i) shall be in-
21 creased by an amount equal to—

22 “(A) such dollar amount, multiplied by

23 “(B) the cost-of-living adjustment deter-
24 mined under section 1(f)(3) for the calendar
25 year in which the taxable year begins, deter-

1 mined by substituting ‘calendar year 2001’ for
2 ‘calendar year 1992’ in subparagraph (B)
3 thereof.

4 If any amount as increased under the preceding sen-
5 tence is not a multiple of \$10, such amount shall be
6 rounded to the nearest multiple of \$10.”.

7 (2) ADOPTION ASSISTANCE PROGRAMS.—

8 (A) IN GENERAL.—Paragraph (1) of sec-
9 tion 137(b) of the Internal Revenue Code of
10 1986 (relating to dollar limitation) is amended
11 by striking “\$10,000” and inserting “\$15,000”.

12 (B) CHILD WITH SPECIAL NEEDS.—Para-
13 graph (2) of section 137(a) of such Code (relat-
14 ing to \$10,000 exclusion for adoption of child
15 with special needs regardless of expenses) is
16 amended—

17 (i) in the text by striking “\$10,000”
18 and inserting “\$15,000”, and

19 (ii) in the heading by striking
20 “\$10,000” and inserting “\$15,000”.

21 (C) CONFORMING AMENDMENT TO INFLA-
22 TION ADJUSTMENT.—Subsection (f) of section
23 137 of such Code (relating to adjustments for
24 inflation) is amended to read as follows:

25 “(f) ADJUSTMENTS FOR INFLATION.—

1 “(1) DOLLAR LIMITATIONS.—In the case of a
2 taxable year beginning after December 31, 2006,
3 each of the dollar amounts in subsections (a)(2) and
4 (b)(1) shall be increased by an amount equal to—

5 “(A) such dollar amount, multiplied by

6 “(B) the cost-of-living adjustment deter-
7 mined under section 1(f)(3) for the calendar
8 year in which the taxable year begins, deter-
9 mined by substituting ‘calendar year 2005’ for
10 ‘calendar year 1992’ in subparagraph (B)
11 thereof.

12 If any amount as increased under the preceding sen-
13 tence is not a multiple of \$10, such amount shall be
14 rounded to the nearest multiple of \$10.

15 “(2) INCOME LIMITATION.—In the case of a
16 taxable year beginning after December 31, 2002, the
17 dollar amount in subsection (b)(2)(A)(i) shall be in-
18 creased by an amount equal to—

19 “(A) such dollar amount, multiplied by

20 “(B) the cost-of-living adjustment deter-
21 mined under section 1(f)(3) for the calendar
22 year in which the taxable year begins, deter-
23 mined by substituting ‘calendar year 2001’ for
24 ‘calendar year 1992’ in subparagraph (B)
25 thereof.

1 If any amount as increased under the preceding sen-
2 tence is not a multiple of \$10, such amount shall be
3 rounded to the nearest multiple of \$10.”.

4 (b) CREDIT MADE REFUNDABLE.—

5 (1) CREDIT MOVED TO SUBPART RELATING TO
6 REFUNDABLE CREDITS.—The Internal Revenue
7 Code of 1986 is amended—

8 (A) by redesignating section 36 as section
9 37,

10 (B) by redesignating section 23, as amend-
11 ed by subsection (a), as section 36, and

12 (C) by moving section 36 (as so redesign-
13 ated) from subpart A of part IV of subchapter
14 A of chapter 1 to the location immediately be-
15 fore section 37 (as so redesignated) in subpart
16 C of part IV of subchapter A of chapter 1.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 24(b)(3)(B) of such Code is
19 amended by striking “and sections 23” and in-
20 serting “section”.

21 (B) Section 25(e)(1)(C) of such Code is
22 amended by striking “23,”.

23 (C) Section 25B(g)(2) of such Code is
24 amended by striking “and section 23”.

1 (D) Section 137 of such Code is amend-
2 ed—

3 (i) in subsection (d) by striking “sec-
4 tion 23(d)” and inserting “section 36(d)”,
5 and

6 (ii) in subsection (e) by striking “sec-
7 tion 23” and inserting “section 36”.

8 (E) Section 1400C(d) of such Code is
9 amended by striking “23, 24,” and inserting
10 “24”.

11 (F) The table of sections for subpart A of
12 part IV of subchapter A of chapter 1 of such
13 Code of 1986 is amended by striking the item
14 relating to section 23.

15 (G) Paragraph (2) of section 1324(b) of
16 title 31, United States Code, is amended by in-
17 serting “or 36” after “section 35”.

18 (H) The table of sections for subpart C of
19 part IV of subchapter A of chapter 1 of the In-
20 ternal Revenue Code of 1986 is amended by
21 striking the last item and inserting the fol-
22 lowing new items:

“Sec. 36. Adoption expenses.

“Sec. 37. Overpayments of tax.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2005.

4 **SEC. 203. INCREASE IN ADOPTION INCENTIVE PAYMENTS.**

5 (a) IN GENERAL.—Section 473A(d)(1) of the Social
6 Security Act (42 U.S.C. 673a(d)(1)) is amended—

7 (1) in subparagraph (A), by striking “\$4,000”
8 and inserting “\$8,000”;

9 (2) in subparagraph (B), by striking “\$2,000”
10 and inserting “\$8,000”; and

11 (3) in subparagraph (C), by striking “\$4,000”
12 and inserting “\$8,000”.

13 (b) INCREASED PROGRAM FUNDING.—Section
14 473A(h)(1) of such Act (42 U.S.C. 673a(h)(1)) is amend-
15 ed—

16 (1) in subparagraph (C), by striking “and”;

17 (2) in subparagraph (D), by striking “through
18 2008.” and inserting “and 2005; and”; and

19 (3) by adding at the end the following:

20 “(E) \$86,000,000 for each of fiscal years
21 2006 through 2008.”.

1 **TITLE III—BORROWER’S BILL OF**
2 **RIGHTS**

3 **SEC. 301. SHORT TITLE.**

4 This title may be cited as the “Borrower’s Bill of
5 Rights Act”.

6 **SEC. 302. ASSISTANT SECRETARY OF THE TREASURY FOR**
7 **FINANCIAL EDUCATION.**

8 Section 301(e) of title 31, United States Code, is
9 amended—

10 (1) by striking “7 Assistant Secretaries” and
11 inserting “8 Assistant Secretaries”; and

12 (2) by inserting after the 2nd sentence the fol-
13 lowing new sentence: “One of the Assistant Secre-
14 taries shall be the Assistant Secretary for Financial
15 Education.”.

16 **SEC. 303. FINANCIAL LITERACY FOR MIDDLE AND HIGH**
17 **SCHOOL STUDENTS.**

18 The Financial Literacy and Education Improvement
19 Act (20 U.S.C. 9701, et seq.) is amended—

20 (1) by redesignating section 519 as section 520;
21 and

22 (2) by inserting after section 518 the following
23 new section:

1 **“SEC. 519. FINANCIAL LITERACY FOR MIDDLE AND HIGH**
2 **SCHOOL STUDENTS.**

3 “(a) PILOT PROGRAM.—The Assistant Secretary for
4 Financial Education (hereafter in this section referred to
5 as the ‘Assistant Secretary’ shall establish a 2-year pilot
6 financial literacy pilot program for middle and high school
7 students.

8 “(b) REQUIREMENTS.—The pilot program estab-
9 lished by the Assistant Secretary shall comply with the
10 following requirements:

11 “(1) The pilot program shall be implemented in
12 10 middle schools and 10 high schools, selected by
13 the Assistant Secretary based on such criteria as the
14 Assistant Secretary may determine to be appro-
15 priate, in 10 different school systems and provided
16 to 8th grade students at the middle schools selected
17 and 12th grade students at the high schools selected.

18 “(2) The program shall use as guidance the fi-
19 nancial education program in the secondary schools
20 of the State of Delaware called the ‘Keys to Finan-
21 cial Success’.

22 “(3) The program shall be funded by the Sec-
23 retary of the Treasury, out of funds appropriated to
24 the Secretary, and administered by the State and
25 the local school administration of each school se-
26 lected, based on criteria established by the Assistant

1 Secretary, including an annual update of the mate-
2 rials used in the curriculum.

3 “(c) REPORT.—Upon the completion of the 2-year
4 pilot program, the Assistant Secretary shall submit to the
5 Secretary of the Treasury and the Congress a report con-
6 taining a detailed description of the findings and conclu-
7 sions of the Assistant Secretary with respect to the pilot
8 program.”.

9 **SEC. 304. “PLAIN LANGUAGE” DISCLOSURES.**

10 Section 122 of the Truth in Lending Act (15 U.S.C.
11 1632) is amended by adding at the end the following new
12 subsection:

13 “(d) PLAIN AND SIMPLE LANGUAGE DISCLOSURES
14 REQUIRED FOR ALL DISCLOSURES.—The Board shall
15 take such action as may be necessary to ensure that all
16 disclosures that are required to be provided under this title
17 with respect to any consumer credit transaction, including
18 all the disclosures required under section 129, shall be
19 simple and easy to understand and in a language under-
20 stood by the consumer.”.

21 **SEC. 305. LIMITATION ON USURIOUS INTEREST RATES AND**
22 **UNFAIR PRACTICES.**

23 (a) REPEAL OF PREEMPTION OF STATE MORTGAGE
24 USURY LAWS.—

1 (1) IN GENERAL.—Sections 501, 511, 512, 525,
2 526, 527, 528, and 529 of the Depository Institu-
3 tions Deregulation and Monetary Control Act of
4 1980 are hereby repealed.

5 (2) TECHNICAL AND CONFORMING AMEND-
6 MENTS.—

7 (A) INSURED DEPOSITORY INSTITU-
8 TIONS.—Section 27 of the Federal Deposit In-
9 surance Act (12 U.S.C. 1831d) is amended to
10 read as follows:

11 **“SEC. 27. UNIFORM APPLICABILITY OF STATE LAW.**

12 “In order to prevent discrimination against State-
13 chartered insured depository institutions, including in-
14 sured savings banks and insured branches of foreign
15 banks and notwithstanding any other provision of Federal
16 law, the provision of the constitution or the laws of any
17 State expressly limiting the rate or amount of interest,
18 discount points, finance charges, or other charges which
19 may be charged, taken, received, or reserved shall apply
20 to all depository institutions that are located in, have any
21 branch in, or do business in such State with respect to
22 customers of any such institution which reside in or are
23 located in such State.”.

1 (B) INSURED CREDIT UNIONS.—Section
2 205(g) of the Federal Credit Union Act (12
3 U.S.C. 1785(g)) is amended to read as follows:

4 “(g) UNIFORM APPLICABILITY OF STATE LAW.—In
5 order to prevent discrimination against State-chartered in-
6 sured credit unions and notwithstanding any other provi-
7 sion of Federal law, the provision of the constitution or
8 the laws of any State expressly limiting the rate or amount
9 of interest, discount points, finance charges, or other
10 charges which may be charged, taken, received, or re-
11 served shall apply to all credit unions that are located in,
12 have any branch in, or do business in such State with re-
13 spect to customers of any such credit union which reside
14 in or are located in such State.”.

15 (b) PROHIBITION ON LOAN “FLIPPING” AND MAN-
16 DATORY ARBITRATION.—

17 (1) IN GENERAL.—Chapter 2 of the Truth in
18 Lending Act (15 U.S.C. 1631 et seq.) is amended by
19 inserting after section 129 the following new section:

20 **“§ 129A. Protections for all loans**

21 “(a) FLIPPING.—

22 “(1) IN GENERAL.—No creditor may knowingly
23 or intentionally engage in the unfair act or practice
24 of flipping.

1 “(2) FLIPPING DEFINED.—For purposes of this
2 subsection, the term ‘flipping’ means the making of
3 a loan or extension of credit to a consumer which re-
4 finances an existing loan or other extension of credit
5 when the new loan or extension of credit does not
6 have reasonable, tangible net benefit to the con-
7 sumer considering all of the circumstances, including
8 the terms of both the new and the refinanced loans
9 or credit, the cost of the new loan or credit, and the
10 consumer’s circumstances.

11 “(3) TANGIBLE NET BENEFIT.—The Board
12 may prescribe regulations, in the discretion of the
13 Board, defining the term ‘tangible net benefit’ for
14 purposes of this subsection.

15 “(b) ARBITRATION.—

16 “(1) IN GENERAL.—A loan or other extension
17 of credit subject to this title may not include terms
18 which require arbitration or any other nonjudicial
19 procedure as the method for resolving any con-
20 troversy or settling any claims arising out of the
21 transaction.

22 “(2) POST-CONTROVERSY AGREEMENTS.—Sub-
23 ject to paragraph (3), paragraph (1) shall not be
24 construed as limiting the right of the consumer and
25 the creditor to agree to arbitration or any other non-

1 judicial procedure as the method for resolving any
2 controversy at any time after a dispute or claim
3 under the transaction arises.

4 “(3) NO WAIVER OF STATUTORY CAUSE OF AC-
5 TION.—No provision of any loan or other extension
6 of credit or any agreement between the consumer
7 and the creditor shall be applied or interpreted so as
8 to bar a consumer from bringing an action in an ap-
9 propriate district court of the United States, or any
10 other court of competent jurisdiction, pursuant to
11 section 130 or any other provision of law, for dam-
12 ages or other relief in connection with any alleged
13 violation of this section, any other provision of this
14 title, or any other Federal law.”.

15 (2) CLERICAL AMENDMENT.—The table of sec-
16 tions for chapter 2 of the Truth in Lending Act is
17 amended by inserting after the item relating to sec-
18 tion 129 the following new item:

“129A. Protections for all loans.”.

19 (3) REGULATIONS.—The Board of Governors of
20 the Federal Reserve System shall publish regulations
21 implementing the amendments made by this section
22 in final form before the end of the 6-month period
23 beginning on the date of enactment of this Act.

24 (c) AMENDMENT TO DEFINITION OF HIGH COST
25 MORTGAGES.—Subparagraph (A) of section 103(aa)(1) of

1 the Truth in Lending Act (15 U.S.C. 1602(aa)(1)(A)) is
2 amended by striking “10 percentage points” and inserting
3 “8 percentage points”.

4 (d) PRE-LOAN COUNSELING REQUIRED FOR HIGH
5 COST MORTGAGES.—Section 129 of the Truth in Lending
6 Act (15 U.S.C. 1639) is amended by inserting after sub-
7 section (l) the following new subsection:

8 “(m) PRE-LOAN COUNSELING.—

9 “(1) IN GENERAL.—A creditor may not extend
10 credit to a consumer under a mortgage referred to
11 in section 103(aa) without first receiving certifi-
12 cation from a counselor that is approved by the Sec-
13 retary of Housing and Urban Development, that the
14 consumer has received—

15 “(A) and successfully completed coun-
16 seling, in person or by telephone, on the advis-
17 ability of the loan transaction; and

18 “(B) a general range of interest rates that
19 the applicant qualifies for given their credit
20 score.

21 “(2) NONAFFILIATION RULE FOR COUN-
22 SELORS.—A counselor providing a certification to a
23 creditor under paragraph (1) may not be employed
24 by the creditor or an affiliate of the creditor or be

1 affiliated with the creditor in any other manner (in-
2 cluding any referral agreement).

3 “(3) DISCLOSURES REQUIRED PRIOR TO COUN-
4 SELING.—No counselor may certify that a borrower
5 has received counseling on the advisability of the
6 loan transaction unless the counselor can verify that
7 the consumer has received each statement required
8 (in connection with such loan) by this section, or by
9 the Real Estate Settlement Procedures Act of 1974,
10 with respect to the transaction.

11 “(4) REGULATIONS.—The Secretary of Housing
12 and Urban Development may prescribe such regula-
13 tions as the Secretary determines to be appropriate
14 to carry out the requirements of paragraph (1).”.

15 **SEC. 306. LIMITATION ON ROLLOVERS OF PAYDAY LOANS.**

16 Section 128 of the Truth in Lending Act (15 U.S.C.
17 1638) is amended by adding at the end the following new
18 subsection:

19 “(e) LIMITATIONS ON ROLLOVERS OR REFINANCING
20 OF PAYDAY LOANS WITH THE SAME CREDITOR.—

21 “(1) IN GENERAL.—A payday lender—

22 “(A) may not refinance or roll over any
23 payday loan made by such lender, or any affil-
24 iate or other associate of the payday lender, to

1 any consumer with another payday loan more
2 than 3 times; and

3 “(B) shall provide a consumer who seeks
4 to refinance or roll over any payday loan made
5 by such lender, or any affiliate or other asso-
6 ciate of the payday lender, to the consumer
7 with another payday loan more than 2 times
8 with a disclosure notice, which the Board shall
9 prescribe by regulation, regarding the hazards
10 of payday lending and the benefits of banking
11 traditionally, in prominent format and type-size,
12 that is separate from the disclosures required
13 under subsection (a) with regard to such exten-
14 sion of credit.

15 “(2) DEFINITIONS.—

16 “(A) CHECK.—The term ‘check’ means
17 any negotiable demand draft drawn on or pay-
18 able through an office of a depository institu-
19 tion (as defined in section 19(b)(1)(A) of the
20 Federal Reserve Act) located in any State.

21 “(B) PAYDAY LENDER.—The term ‘payday
22 lender’ means any person who extends credit to
23 any other person through a payday loan.

24 “(C) PAYDAY LOAN.—The term ‘payday
25 loan’ means means a transaction in which cred-

1 it is extended by a payday lender, for a speci-
2 fied period of time, upon receipt by the lender
3 of—

4 “(i) a check made by the borrower for
5 the amount of the credit extended, the pre-
6 sentment or negotiation of which, by mu-
7 tual agreement of the lender and borrower,
8 will be deferred for such specified period;
9 or

10 “(ii) authorization from the borrower
11 for the payday lender to initiate an elec-
12 tronic fund transfer at the end of the spec-
13 ified period from the account of the bor-
14 rower for the amount of the credit ex-
15 tended.”.

16 **SEC. 307. FAIR TREATMENT OF EMPLOYEE BENEFITS.**

17 (a) DEFINITION OF CLAIM.—Section 101(5) of title
18 11, United States Code, is amended—

19 (1) in subparagraph (A), by striking “or” at
20 the end;

21 (2) in subparagraph (B), by inserting “or”
22 after the semicolon; and

23 (3) by adding at the end the following:

24 “(C) right or interest in equity securities
25 of the debtor, or an affiliate of the debtor, held

1 in a pension plan (within the meaning of sec-
2 tion 3(2) of the Employee Retirement Income
3 Security Act of 1974 (29 U.S.C. 1002(2))) for
4 the benefit of an individual who is not an offi-
5 cer or director of the debtor, if such securities
6 were attributable to—

7 “(i) employer contributions by the
8 debtor or an affiliate of the debtor other
9 than elective deferrals (within the meaning
10 of section 402(g) of the Internal Revenue
11 Code of 1986), and any earnings thereon;
12 and

13 “(ii) elective deferrals (and any earn-
14 ings thereon) that are required to be in-
15 vested in such securities under the terms
16 of the plan or at the direction of a person
17 other than the individual or any bene-
18 ficiary,

19 except that this subparagraph shall not apply to
20 any such securities during any period during
21 which the individual or any beneficiary has the
22 right to direct the plan to divest such securities
23 and to reinvest an equivalent amount in other
24 investment options of the plan;”.

1 (b) PRIORITIES.—Section 507(a)(4) of title 11,
2 United States Code, is amended—

3 (1) in subparagraph (B), by indenting the left
4 margin of clauses (i) and (ii) 2 ems to the right and
5 redesignating such clauses as subclauses (I) and
6 (II), respectively;

7 (2) by indenting the left margin of subpara-
8 graphs (A) and (B) 2 ems to the right and redesign-
9 ating such subparagraphs as clauses (i) and (ii),
10 respectively;

11 (3) in the matter preceding clause (i), as so re-
12 designated, by striking “Fourth” and all that follows
13 through “plan—” and inserting the following:
14 “Fourth—

15 “(A) allowed unsecured claims for con-
16 tributions to an employee benefit plan—”.

17 (4) by striking the period at the end and insert-
18 ing the following: “or”; and

19 (5) by adding at the end the following:

20 “(B) allowed unsecured claims with respect
21 to rights or interests in equity securities of the
22 debtor, or an affiliate of the debtor, that are
23 held in a pension plan (within the meaning of
24 section 3(2) of the Employee Retirement In-
25 come Security Act of 1974), without regard to

1 when services were rendered or limitation in
2 amount, and measured by the market value of
3 the stock at the time the stock was contributed
4 to, or purchased by, the plan.”.

5 **SEC. 308. WAGE PRIORITY AND EMPLOYEE BENEFIT CAP.**

6 Section 507(a) of title 11, United States Code, is
7 amended—

8 (1) in paragraph (3), by striking “\$4,000” and
9 inserting “\$13,500”; and

10 (2) in paragraph (4)(B)(i), by striking
11 “\$4,000” and inserting “\$13,500”.

12 **SEC. 309. SUBORDINATION.**

13 Section 510(b) of title 11, United States Code, is
14 amended by inserting “, other than a claim described in
15 section 105(5)(C).” after “claim” the 1st place it appears.

○