SEC. ____. STANDING AUTHORITY FOR CONVEYANCE AND LEASEBACK OF REAL PROPERTY WHEN ADVANTAGEOUS TO THE UNITED STATES.

Chapter 159 of title 10, United States Code, is amended by inserting after section 2665 the following new section:

"§ 2666. Conveyance and leaseback of real property when advantageous to the United States: pilot program

"(a) CONVEYANCES AUTHORIZED.—The Secretary concerned may convey all right, title, and interest of the United States in and to parcels of real property (except for land withdrawn or reserved from the public domain as identified in section 102(9)(A) of title 40) under the jurisdiction of the Secretary concerned to any private or public entity (in this section referred to as the 'grantee'), including any improvements thereon, if the Secretary concerned determines that the conveyance is advantageous to the United States. In the case of the Secretary of a military department, such a determination is effective only upon approval by the Secretary of Defense.

"(b) LEASEBACKS AUTHORIZED.—

"(1) AUTHORITY.—The Secretary concerned may lease from any private or public entity, for national defense purposes, any real property conveyed under subsection (a), including any improvements added to the property by the owner at the owner's expense.

"(2) LIMITATIONS.—A lease entered into under paragraph (1)—

"(A) may not be for a term in excess of 50 years;

"(B) may not be for a lease amount that exceeds the fair market value of the leased property, as determined by the Secretary concerned;

"(C) shall amortize and pay rent annually; and

"(D) shall include a stipulation that the obligation of the United States to make payments under the lease in any fiscal year is subject to the availability of appropriations for that purpose.

"(c) CONSIDERATION FOR CONVEYANCE.—

"(1) CONSIDERATION REQUIRED.—As consideration for a conveyance under subsection (a), a grantee shall pay to the United States, for deposit under subsection (d), an amount that is not less than the fair market value of the property conveyed, as determined by the Secretary concerned. Payment may consist of cash, the equivalent value of in-kind consideration as described in paragraph (2), or a combination thereof.

"(2) IN-KIND CONSIDERATION.—In-kind consideration provided by a grantee under paragraph (1) may include any service, supply, resource, support, system, or infrastructure related to the needs of the Department of Defense that the Secretary of Defense considers acceptable. Any such in-kind consideration may not require or be contingent upon an obligation of funds or payments by the United States.

"(d) DEPOSIT, USE, AND TRANSFER OF PROCEEDS.—

"(1) DEPOSIT.—The Secretary concerned shall deposit in a special account in the Treasury established for the purposes of this section all cash received as consideration for a conveyance under this section.

"(2) USE.—The proceeds deposited in the special account established under paragraph (1) are hereby made available to the Secretary of Defense—

"(A) for the purposes stated in section 2667(e)(1)(C) of this title; and

"(B) for transfers under paragraph (4).

"(3) TRANSFER.—(A) The Secretary of Defense may transfer amounts in the special account established under paragraph (1) to the following accounts:

"(i) Missile Procurement, Army.

"(ii) Missile Procurement, Air Force.

"(iii) Weapons Procurement, Navy.

"(iv) Procurement, Defense-Wide.

"(v) Research, Development, Test and Evaluation, Defense-Wide.

"(vi) Defense Production Act Purchases.

"(vii) Defense Strategic Capital Credit Program.

"(B) Any amount so transferred shall be merged with, and be available for the same purposes as, the account to which transferred.

"(C) The authority provided by this paragraph is in addition to any other authority provided by law authorizing the transfer of amounts available to the Department of Defense.

"(e) ACCEPTANCE OF FUNDS TO COVER ADMINISTRATIVE EXPENSES OF CONVEYANCE.—The Secretary concerned may accept amounts provided as payment to cover administrative expenses incurred by the Secretary concerned in entering into a transaction under subsection (a) in the same manner as applies under section 2695 of this title to a transaction to which that section applies.

"(f) INAPPLICABILITY OF CERTAIN PROVISIONS OF LAW.—A transaction of real property under this section shall not be subject to the following:

"(1) Section 2696(b) of this title.

"(2) Section 501 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11411).

"(3) Subtitle I of title 40.

"(g) WAIVER AUTHORITY.—

"(1) SALE AND CONVEYANCE.—In connection with a sale and conveyance of real property under this section, the Secretary concerned may waive any provision of law otherwise applicable to the conveyance of Federal real property to the extent the Secretary determines necessary to ensure the expeditious sale and conveyance of such real property.

"(2) LEASE.—The Secretary concerned may waive any provision of law applicable to a lease under this section to the extent the Secretary determines necessary.

"(h) ADDITIONAL TERMS AND CONDITIONS.—The Secretary concerned may require such additional terms and conditions in connection with a transaction under subsections (a) or (b) as the Secretary considers appropriate to protect the interests of the United States.

"(i) NOTICE OF USE OF AUTHORITY.—The Secretary concerned may not enter into a transaction under this section until 14 days after the date on which the Secretary concerned submits, in an electronic medium pursuant to section 480 of this title, to the congressional defense committees a description of the proposed transaction together with notice that the Secretary of Defense has determined that the transaction is advantageous to the United States.

"(j) DEFINITIONS.—In this section:

"(1) The term 'Secretary concerned' means—

"(A) The Secretary of Defense;

"(B) The Secretary of the Army, with respect to matters concerning the Army;

"(C) the Secretary of the Navy, with respect to matters concerning the Navy, the Marine Corps, and the Coast Guard when it is operating as a service in the Department of the Navy; and

"(D) the Secretary of the Air Force, with respect to matters concerning the Air Force and the Space Force.

"(2) The term 'transaction' means any conveyance of interest in real property under this section.

"(k) SUNSET.—The authority of the Secretary concerned to enter into a transaction under this section shall expire at the end of the fifth year beginning on or after the date of the enactment of this section.".

Section-by-Section Analysis

This proposal would provide authority to the Secretary of Defense and the Secretaries of the military departments (Secretaries concerned) to convey, for not less than fair market value, Department of Defense real property (except for land withdrawn or reserved from the public domain as identified in section 102(9)(A) of title 40, United States Code) to any private or public entity, provided that the conveyance of real property is determined by the Secretary of Defense to be advantageous to the United States.

The proposal would also authorize the Secretary concerned to enter into a long-term (up to 50 years) leaseback of the real property sold, including any new improvements constructed thereon. The proposal requires that the Secretary concerned pay rent for a leaseback annually; however, depending on the structure of any given transaction, the triparty lease scorekeeping rule developed under the Budget Enforcement Act of 1990 may require upfront funding for the full amount of the government's leaseback obligations (see further discussion below).

This proposal would also create a special account in the Treasury for the deposit of cash proceeds from such sales and make those proceeds available for use by the Secretary of Defense for any installation management or infrastructure related purpose that the Secretary of Defense determines is in the interest of national defense. The proposal would also authorize the Secretary to transfer any of those proceeds to specified existing procurement, research, development, test, and evaluation, and strategic accounts. The proposal would allow for in-kind consideration to provide any service, supply, resource, support, system, or infrastructure related to the needs of the Department of Defense that the Secretary of Defense considers acceptable, except that such in-kind consideration may not require or be contingent upon an obligation of funds or payments by the Department of Defense.

Currently, the Department lacks authority to directly sell or dispose of its real property other than through the General Services Administration's (GSA) title 40 real property disposal process. Title 40 authorizes a special treasury account for deposit and use of sale proceeds for military real property, and this legislative proposal similarly establishes a special treasury account. First, this legislative proposal seeks to streamline requirements in the disposal process for military real property while maximizing the allowable uses within DoD of the fair market value return to the Department by directly selling its real property outside of the GSA disposal process. Second, the proposal authorizes the Secretary concerned to transfer and leaseback the real property conveyed in a manner that reduces potential budget scoring implications under the Budget Enforcement Act of 1990. Leasebacks entered into as part of a single transaction along with disposal of an asset would be scored upfront as capital leases under the triparty scorekeeping rule. Such leasebacks would be eligible to be scored on an annual basis (i.e., as operating leases) if completed a later date, as the result of a separate, full and open competition, and meet the criteria for an operating lease.

The proposal exempts the conveyance of the Department's real property from screening under 10 U.S.C. 2696, "Real property: transfer between armed forces and screening requirements for other Federal use", section 501 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11411), and subtitle 1 of title 40, United States Code, which prevents the Department from losing the property to reduced or no-cost transfers to Federal agencies, homeless assistance providers, and other public claimants, and authorizes the Department to rapidly proceed to direct negotiated or competitive sale that will maximize DoD's fair market value proceeds. Additionally, the proposal authorizes the Secretary concerned to waive any provision of law applicable to the conveyance of Federal real property, or a leaseback of the conveyed property, that the Secretary determines necessary to ensure an expeditious transaction under this section.

The Department needs this authority to: 1) rapidly, on a pay-as-you-go basis, upgrade and modernize infrastructure such as barracks, ordnance magazine storage, port infrastructure, sensitive compartmented information facility and special access program facility space; and 2) to help fund the cost of DoD priorities including, but not limited to, the Golden Dome missile defense system (Executive Order (EO) 14186) and securing operational control of the southern border (EO 14165), in addition to development and operation of artificial intelligence data centers (EO 14141) and critical mineral production (EO 14241).

The added flexibility for the Secretary of Defense to retain and use the cash proceeds for any installation management or infrastructure related purpose or to transfer the proceeds to specific existing Defense accounts that the Secretary of Defense elects provides the Secretary of Defense with the ability to best utilize Department resources to facilitate Administration priorities.

Resource Information: This proposal has no impact on the use of resources requested within the Fiscal Year (FY) 2026 President's Budget.

Changes to Existing Law: This proposal would add a new section to title 10, United States Code, as set forth in the legislative text above.

SEC .___. EXTENSION OF AUTHORITY TO PROVIDE ASSISTANCE TO VETTED SYRIAN GROUPS AND INDIVIDUALS AND REPEAL OF REDUNDANT CONGRESSIONAL NOTIFICATION REQUIREMENT.

(a) EXTENSION.—Subsection (a) of section 1209 of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (Public Law 113–291; 128 Stat. 3559), as most recently amended by section 1223 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119-60), is amended by striking "December 31, 2026" and inserting "December 31, 2027".

(b) REPEAL OF REDUNDANT REQUIREMENT FOR NOTIFICATION OF CONGRESSIONAL COMMITTEES BEFORE PROVISION OF ASSISTANCE.—Such section is further amended by striking subsections (b) and (c).

[Note: The "Changes to Existing Law" section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would extend existing authority to provide assistance to the vetted Syrian opposition as authorized under section 1209 of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2015 (Public Law 113-291). The proposal would also repeal a redundant congressional notification requirement under that section.

Continued use of the authority under section 1209 would be informed by lessons learned to date from countering the Islamic State of Iraq and Syria (ISIS) in Syria and Iraq and will provide continued assistance to maintain continuity in the campaign to defeat ISIS, maintain cohesion with partners and allies in the Global Coalition to Defeat ISIS, and respond effectively to any ISIS resurgence.

Extension of this authority would afford the necessary resources required to counter ISIS in Syria. This authority provides the means to train and equip vetted Syrian groups and individuals (VSGI) to accomplish U.S. counterterrorism goals. This authority continues to serve as the principal means for continuing counterterrorism and related operations "by, with, and through" VSGI to achieve the enduring defeat of ISIS. The extension reflects Department of Defense (DoD) requirements in the current operational environment and the continuing need to enable VSGI to ensure the defeat of ISIS and prevent its re-emergence.

The ISIS "caliphate" in Syria still exists with the intent to regroup, rebuild, and to continue the battle in the future. Countering ISIS now, and in the years ahead, requires assistance that creates an environment in which local partner forces can respond effectively to ISIS, as it shifts its operations to insurgent warfare. ISIS remains focused on maintaining a clandestine, long-term insurgency to undermine local and regional governments, and support its global ambitions. This authority supports building the capacity and improving operational capabilities of our vetted partners to defeat ISIS and deliver security to liberated areas in Syria. Additionally, this assistance provides our vetted local forces with essential security components that otherwise would not be available under any existing U.S. program.

Subsection (a) of the proposal would extend the authority under section 1209 by another year.

Subsection (b) of the proposal would repeal subsections (b) and (c) of section 1209. Those subsections were modified by the NDAA for FY 2020 to require the Secretary of Defense to notify the congressional defense committees of select information prior to expenditure of funds for VSGI assistance. This notification requirement is largely redundant since the Secretary already reports the same level of information in the financial and activity plans (FAPs) required by appropriations acts. Information required in this report that is not already reported in FAPs can be added to the quarterly reports that are required in subsection (d) of section 1209. Repealing this notification requirement would reduce reporting and expedite funding for VSGI support without withholding information from the congressional defense committees.

Approximately 9,000 ISIS fighters remain in partner-run detention facilities in Syria. As the January 2022 attack in Hasakah demonstrates, these facilities remain vulnerable to ISIS efforts to break out of those facilities. Guard training and enhanced security measures provided to the vetted partner forces pursuant to section 1209 remain imperative to maintaining the security of these facilities and keeping those ISIS fighters off the battlefield. Continuing the authority to waive limitations on the cost of construction and renovation projects would enable expedited implementation of projects to renovate existing detention facilities and improve security conditions at these facilities.

These capabilities can only be built by strengthening the security capabilities of our vetted partners in securing territory liberated from ISIS and countering any future ISIS threats. The authority to provide training, equipment, and operational support, allows these partners to consolidate the gains achieved against ISIS and help prevent its reemergence. This authority is instrumental and cost-effective in improving the stability and security of areas liberated from ISIS, as well as the detention of ISIS fighters. Doing so helps reduce malign influence by other actors in liberated areas. The extension proposed here is intended to increase the effectiveness of our partners in continuing this campaign, in particular, their efforts to detain ISIS fighters in a safe, secure, and humane manner and to eliminate redundant reporting requirements.

Since the inception of our efforts to train and equip the vetted partner forces in Syria, together with our partners, ISIS has lost all the territory it once held in its so-called caliphate, but we must remain vigilant of any possible resurgence of ISIS and similar organizations. Without these authorities and support to local partners' counter-ISIS operations, our partners will be challenged to address evolving ISIS threats, maintain sufficient border security, and protect their population, which would result in an environment that fuels instability, exacerbates sectarian divisions, contributes to extremism, and allows outside actors to destabilize the region and places our Homeland (and those of our partners and allies) at future risk.

Resource Information: The resources affected by this proposal are reflected in the table below and are included within the Fiscal Year 2027 President's Budget request.

RESOURCE IMPACT ($MILLIONS)									
Program	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	**Appropriation**	**Budget Activity**	**BLI/SAG**	**Program Element (for all RDT&E programs)**
CTEF – Syria	$130	$134	$134	$134	$135	CTEF	04	4GTD0000	1002200T
Total	$130	$134	$134	$134	$135				

Changes to Existing Law: This proposal would make the following changes to section 1209 of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (Public Law 113-291), as amended by section 1223 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119-60):

SEC. 1209. AUTHORITY TO PROVIDE ASSISTANCE TO VETTED SYRIAN GROUPS AND INDIVIDUALS.

(a) IN GENERAL.—The Secretary of Defense is authorized, in coordination with the Secretary of State, to provide assistance, including training, equipment, supplies, stipends, construction and repair of training and associated facilities or other facilities necessary to meet urgent military operational requirements of a temporary nature and sustainment to appropriately vetted Syrian groups and individuals through ~~December 31, 2026~~ December 31, 2027, for the following purposes:

(1) Defending the Syrian people from attacks by the Islamic State of Iraq and Syria.

(2) Securing territory formerly controlled by the Islamic State of Iraq and Syria.

(3) Protecting the United States and its partners and allies from the threats posed by the Islamic State of Iraq and Syria, al Qaeda, and associated forces in Syria.

(4) Providing appropriate support to vetted Syrian groups and individuals to conduct temporary and humane detention and repatriation of Islamic State of Iraq and Syria foreign terrorist fighters in accordance with all laws and obligations related to the conduct of such operations, including, as applicable—

(A) the law of armed conflict;

(B) internationally recognized human rights;

(C) the principle of non-refoulement;

(D) the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (done at New York on December 10, 1984); and

(E) the United Nations Convention Relating to the Status of Refugees, done at Geneva July 28, 1951 (as made applicable by the Protocol Relating to the Status of Refugees, done at New York January 31, 1967 (19 UST 6223)).

~~(b) NOTICE BEFORE PROVISION OF ASSISTANCE.—~~

~~(1) IN GENERAL.—In accordance with the requirements under paragraph (2), the Secretary of Defense shall notify the congressional defense committees in writing of the use of the relevant authority to provide assistance and include the following:~~

~~(A) The requirements and process used to determine appropriately vetted recipients, including any modifications made to the vetting process in order to determine whether Syrian groups or individuals associated with the Government of Syria are eligible recipients.~~

~~(B) The mechanisms and procedures that will be used to monitor and report to the appropriate congressional committees and leadership of the House of Representatives and Senate on unauthorized end-use of provided training and equipment or other violations of relevant law by appropriately vetted recipients.~~

~~(C) The amount, type, and purpose of assistance to be funded and the recipient of the assistance.~~

~~(D) The goals and objectives of the assistance.~~

~~(E) The number and role of United States Armed Forces personnel involved.~~

~~(F) Any other relevant details.~~

~~(2) TIMING OF REQUIRED NOTICE.—A notice described in paragraph (1) shall be required—~~

~~(A) not later than 15 days before the expenditure of each 25 percent of the total amount authorized to be appropriated in any fiscal year under this section; or~~

~~(B) not later than 48 hours after such an expenditure, if the Secretary determines that extraordinary circumstances that affect the national security of the United States exist.~~

~~(c) FORM.—The notifications required under subsection (b) shall be submitted in unclassified form but may include a classified annex.~~

(d) QUARTERLY PROGRESS REPORTS.—

(1) IN GENERAL.—Beginning on January 15, 2020, and every 90 days thereafter, the Secretary of Defense, in coordination with the Secretary of State, shall submit to the appropriate congressional committees and leadership of the House of Representatives and the Senate a progress report.

(2) MATTERS TO BE INCLUDED.—Each progress report under paragraph (1) shall include, based on the most recent quarterly information, the following:

(A) A description of the appropriately vetted recipients receiving assistance under subsection (a), including a description of their geographical locations, demographic profiles, political affiliations, and current capabilities.

(B) A description of training, equipment, supplies, stipends, and other support provided to appropriately vetted recipients under subsection (a) and a statement of the amount of funds expended for such purposes during the period covered by the report.

(C) Any misuse or loss of provided training and equipment and how such misuse or loss is being mitigated.

(D) An assessment of the recruitment, throughput, and retention rates of appropriately vetted recipients.

(E) An assessment of the operational effectiveness of appropriately vetted recipients in meeting the purposes specified in subsection (a).

(F) A description of the current and planned posture of United States forces and the planned level of engagement by such forces with appropriately vetted recipients, including the oversight of equipment provided under this section and the activities conducted by such appropriately vetted recipients.

(G) A detailed explanation of the relationship between appropriately vetted recipients and civilian governance authorities, including a description of efforts to ensure appropriately vetted recipients are subject to the control of competent civilian authorities.

(H) A description of United States Government stabilization objectives and activities carried out in areas formerly controlled by the Islamic State of Iraq and Syria, including significant projects and funding associated with such projects.

(I) A description of coalition contributions to the purposes specified in subsection (a) and other related stabilization activities.

(J) With respect to Islamic State of Iraq and Syria foreign terrorist fighters—

(i) an estimate of the number of such individuals being detained by appropriately vetted Syrian groups and individuals;

(ii) an estimate of the number of such individuals that have been repatriated and the countries to which such individuals have been repatriated; and

(iii) a description of United States Government support provided to facilitate the repatriation of such individuals.

(K) An assessment of the extent to which appropriately vetted Syrian groups and individuals have enabled progress toward establishing inclusive, representative, accountable, and civilian-led governance and security structures in territories liberated from the Islamic State of Iraq and Syria.

(e) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) The term “appropriately vetted” means, with respect to Syrian groups and individuals, at a minimum—

(A) assessments of such elements, groups, and individuals for associations with terrorist groups, Islamist extremist organizations, Shia militias, proxy forces, or groups otherwise associated with the Government of Iran. Such groups include the Islamic State of Iraq and Syria, al-Qaeda and associated and successor groups, and Hezbollah; and

(B) a commitment from such elements, groups, and individuals to promoting the respect for human rights and the rule of law.

(2) The term “appropriate congressional committees” means—

(A) the Committee on Armed Services, the Committee on Foreign Affairs, the Committee on Appropriations, and the Permanent Select Committee on Intelligence of the House of Representatives; and

(B) the Committee on Armed Services, the Committee on Foreign Relations, the Committee on Appropriations, and the Select Committee on Intelligence of the Senate.

(f) RESTRICTION ON SCOPE OF ASSISTANCE IN THE FORM OF WEAPONS.—

(1) IN GENERAL.—The Secretary may only provide assistance in the form of weapons pursuant to the authority under subsection (a) if such weapons are small arms or light weapons.

(2) WAIVER.—The Secretary may waive the restriction under paragraph (1) upon certification to the appropriate congressional committees that such provision of law would (but for the waiver) impede national security objectives of the United States by prohibiting, restricting, delaying, or otherwise limiting the provision of assistance.

(g) AUTHORITY TO ACCEPT CONTRIBUTIONS.—The Secretary of Defense may accept and retain contributions, including assistance in-kind, from foreign governments to provide assistance as authorized by this section, at the end of the 15-day period beginning on the date the Secretary notifies the congressional defense committees of the amount, source, and intended purpose of such contributions. Any funds so accepted by the Secretary shall be credited to appropriations for the appropriate accounts.

(h) CONSTRUCTION OF AUTHORIZATION.—Nothing in this section shall be construed to constitute a specific statutory authorization for the introduction of United States Armed Forces into hostilities or into situations wherein hostilities are clearly indicated by the circumstances.

(i) WAR POWERS RESOLUTION MATTERS.—Nothing in this section supersedes or alters the continuing obligations of the President to report to Congress pursuant to section 4 of the War Powers Resolution (50 U.S.C. 1543) regarding the use of United States Armed Forces abroad.

(j) WAIVER AUTHORITY.—For purposes of the provision of assistance pursuant to subsection (a), the President may waive any provision of law if the President determines that such provision of law would (but for the waiver) impede national security objectives of the United States by prohibiting, restricting, delaying, or otherwise limiting the provision of such assistance. Such waiver shall not take effect until 30 days after the date on which the President notifies the appropriate congressional committees of such determination and the provision of law to be waived.

(k) ASSISTANCE TO THIRD COUNTRIES IN PROVISION OF ASSISTANCE.—The Secretary may provide assistance to third countries for purposes of the provision of assistance authorized under this section.

(l) LIMITATION ON COST OF CONSTRUCTION AND REPAIR PROJECTS.—

(1) IN GENERAL.—The cost of construction and repair projects carried out under this section may not exceed, in any fiscal year—

(A) $6,000,000 per project; or

(B) $20,000,000 in the aggregate.

(2) FOREIGN CONTRIBUTIONS.—The limitation under paragraph (1) shall not apply to the expenditure of foreign contributions in excess of the per-project or aggregate limitation set forth in that paragraph.

amended by adding at the end the following:

(3) WAIVER AUTHORITY.—

(A) AUTHORITY OF PRESIDENT.—The President may waive the limitation under paragraph (1)(A) on a per project basis for the purposes of providing support authorized under subsection (a)(4) if the President—

(i) determines that the waiver is in the national security interest of the United States; and

(ii) submits to the appropriate congressional committees a notification of the exercise of the waiver.

(B) AUTHORITY OF SECRETARY OF DEFENSE.—

(i) IN GENERAL.—The Secretary of Defense may further adjust the total cost of a project subsequent to a waiver by the President of the limitation under paragraph (1)(A) if—

(I) such total cost does not exceed the sum of—

(aa) the cost estimate for the project as required by subparagraph (C)(ii)(I) that is included in the notification submitted by the President pursuant to such waiver; and

(bb) the amount that is 50 percent of such cost estimate; and

(II) the Secretary submits to the appropriate congressional committees a notification of the exercise of the adjustment.

(ii) SCOPE.—The Secretary may modify the scope of a project subsequent to a waiver by the President of the limitation under paragraph (1)(A) if the Secretary submits to the appropriate congressional committees a notification of the exercise of the modification.

(C) NOTICE AND WAIT.—

(i) IN GENERAL.—A project with respect to which the exercise of a waiver under subparagraph (A) applies may only be carried out after the end of a 15-day period beginning at the date on which the appropriate congressional committees receive the notification required by subparagraph (A)(ii). A project with respect to which the exercise of a further adjustment to the total cost of the project under subparagraph (B)(i) applies or with respect to which the exercise of a modification to the scope of the project under subparagraph (B)(ii) applies may only be carried out after the end of a 15-day period beginning on the date on which the appropriate congressional committees receive the notification required by subparagraph (B)(i) or (B)(ii), as the case may be.

(ii) MATTERS TO BE INCLUDED.—The notification required by subparagraph (A)(ii), (B)(i), or (B)(ii) shall include the following:

(I) A detailed plan and cost estimate for the project.

(II) A certification by the President that facilities and activities relating to the project comply with—

(aa) the law of armed conflict;

(bb) internationally recognized human rights;

(cc) the principle of non-refoulement;

(dd) the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (done at New York on December 10, 1984); and

(ee) the United Nations Convention Relating to the Status of Refugees, done at Geneva July 28, 1951 (as made applicable by the Protocol Relating to the Status of Refugees, done at New York January 31, 1967 (19 UST6223)).

(III) An explanation of the national security interest addressed by the project.

(iii) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this subparagraph, the term "appropriate congressional committees" means—

(I) the congressional defense committees; and

(II) the Committee on Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.

(D) UPDATE TO PLAN AND COST ESTIMATE.—Upon obligation of any funds to carry out a project with respect to which the exercise of a waiver under subparagraph (A) applies, the Secretary of Defense shall submit to the congressional defense committees an update to the plan and cost estimate for the project as required by subparagraph (B)(ii)(I).

(E) SUNSET.—The waiver and other authorities under this paragraph shall expire on the date specified in the matter preceding paragraph (1) of subsection (a).

(m) APPROVAL AND NOTICE BEFORE CERTAIN CONSTRUCTION AND REPAIR PROJECTS.—

(1) APPROVAL.—A construction or repair project costing more than $1,000,000 may not be carried out under this section unless approved in advance by the Commander of the United States Central Command.

(2) NOTICE.—When a decision is made to carry out a construction or repair project to which paragraph (1) applies, the Commander of the United States Central Command shall notify in writing the appropriate committees of Congress of that decision, including the justification for the project and the estimated cost of the project. The project may be carried out only after the end of the 21-day period beginning on the date the notification is received by the committees or, if earlier, the end of the 14-day period beginning on the date on which a copy of the notification is provided in an electronic medium pursuant to section 480 of title 10, United States Code.

(n) LIMITATION ON USE OF FUNDS.—Funds made available to carry out this section may not be used to provide assistance pursuant to subsection (a)—

(1) to any entity that is not an appropriately vetted Syrian group or individual; or

(2) to forces associated with any other government or nation.

SEC. ___. IMPROVEMENTS TO TRANSITIONAL COMPENSATION BENEFITS FOR DEPENDENTS OF MEMBERS SEPARATED FOR DEPENDENT ABUSE.

(a) TIMING AND DURATION OF TRANSITIONAL COMPENSATION BENEFITS.—

(1) COMMENCEMENT AND CESSATION OF PAYMENTS.—Subsection (e) of section 1059 of title 10, United States Code, is amended—

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

"(1) Payment of transitional compensation under this section shall commence on the first day of the first month beginning at least 30 days after the date of separation from active duty or the forfeiture of all pay and allowances of a member described in subsection (b)."; and

(B) in paragraph (3)—

(i) by amending subparagraph (A) to read as follows:

"(A) If the separation or forfeiture of all pay and allowances of a member described in subsection (b) is disapproved or otherwise reversed, payment of transitional compensation in such case shall cease.";

(ii) by striking subparagraph (B);

(iii) by redesignating subparagraph (C) as subparagraph (B); and

(iv) in subparagraph (B), as so redesignated, by striking "subparagraph (A) or (B)" and inserting "subparagraph (A)".

(2) REQUIREMENT TO ENSURE FULL BENEFITS ARE RECEIVED BY ELIGIBLE DEPENDENTS.—Subsection (e) of such section is further amended by adding at the end the following new paragraph (4):

"(4) If any compensation or benefit required under this section is not received by the dependent beginning on the applicable date described in paragraph (1), the Secretary shall make adjustments to the commencement and duration of the compensation or benefit to ensure that the dependent receives the compensation or benefit in an amount equivalent to the full period the dependent is entitled to as described in paragraph (2).".

(3) CONFORMING AMENDMENT TO EXCEPTIONAL ELIGIBILITY DISCRETIONARY AUTHORITY.—Subsection (l)(3) of such section is amended to read as follows:

"(3) For purposes of the provision of benefits under this section pursuant to this subsection, a member may be considered separated from active duty on the date the member's term of service expires.".

(4) INCREASE IN AGE IN DEFINITION OF DEPENDENT.—Subsection (n) of such section is amended by striking "18" each place it appears and inserting "21".

(b) CONFORMING AMENDMENT TO PERIOD OF ELIGIBILITY FOR MEDICAL AND DENTAL CARE.—Section 1076(e)(1) of such title is amended by striking "transitional compensation" and inserting "benefits".

(c) PROSPECTIVE APPLICABILITY.—No benefits shall accrue by reason of the amendments made by this section for any month that begins before the date of the enactment of this Act.

[Note: The "Changes to Existing Law" section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would amend sections 1059 and 1076 of title 10, United States Code, to streamline the administration of the Transitional Compensation for Abused Dependents (TCAD) program by creating a simplified benefit commencement date provision and by authorizing and requiring the Secretary concerned to adjust the period of benefits whenever necessary to ensure TCAD recipients receive the full benefits they are entitled to. The proposal would also increase the age of eligible dependent children from 18 to 21 to provide additional TCAD benefits to dependents who delay or forgo full-time enrollment in an institution of higher learning.

Subsection (a)(1) of the proposal would consolidate the TCAD payment commencement date for all instances of TCAD to the first day of the first month beginning 30 days after the triggering event. It would unify the triggering event to be the date of the member's separation or the date of an agreement or order that forfeits all pay and allowances of the member, irrespective of whether the separation was administrative or court martial in nature. This would improve the clarity of requirements of the statute for fair and accurate administration of the TCAD program and would allow the Secretary concerned a predictable period of time to validate both the triggering event and the TCAD recipient's information prior to initiating payment.

Subsection (a)(2) of the proposal would remove surplus language to conform to the consolidation described above.

Subsection (a)(2) of the proposal would provide the Secretary concerned with authority and requirement to adjust the commencement and duration of Transitional Compensation for Abused Dependents (TCAD) benefits for all eligible recipients when necessary to ensure recipients receive the full benefits they are entitled to, similar to the existing authority of the Secretary to adjust such periods for recipients determined to have "exceptional eligibility" under section 1059(l)(2).

Currently, the Secretary does not have authority to correct for a period of benefits that were not received by an a dependent under the TCAD program during the period starting at the statutorily required date of commencement, except in cases of exceptional eligibility. There are multiple reasons that benefits may not be provided on the commencement date required by the statute, such as delays in certifying dependent eligibility; difficulty verifying dependent financial accounts, addresses, or benefit delivery methods; and administrative errors. While the Secretaries concerned make every effort to provide TCAD benefits in a timely manner, this proposal would authorize the Secretaries to remedy loss of TCAD benefits if a loss occurs for any reason.

The strict reading of sections 1059 and 1076 ties an eligible TCAD recipient's entitlement to commissary and exchange store access, lodging expenses, and medical and dental care benefits directly to the period of payment of the monthly transitional compensation benefit, which must begin on applicable date of commencement required under section 1059(e)(1). Adding the proposed authority to adjust commencement and duration for all TCAD recipients would allow the Secretary to provide non-monetary benefits to TCAD recipients over a separate period of time (as needed) to ensure the recipient receives an equivalent period of those benefits as the monetary benefit, as can already be done under TCAD's exceptional eligibility authority. Amending section 1076 to refer to "benefits" rather than "compensation" (subsection (b) of the proposal) will align the medical and dental benefits with the period of commissary and exchange benefits, allowing it to align with any adjusted benefits period.

Subsection (a)(3) of the proposal amends the exceptional eligibility authority in section 1059(l) to conform with the amendments to 1059(e), removing the unnecessary language related to separation, but expressly retaining (as a discretionary authority) the Secretary concerned's ability to consider the date the member's term of service expires to be a "date of separation" for purposes of exceptional eligibility.

Subsection (a)(4) of the proposal increases the age of eligibility for dependents who may receive TCAD program benefits. Current law also makes dependent children who are aged 18-22 ineligible to receive TCAD benefits if they are not attending college. Children often delay the reporting of child abuse and have no control over the length of time the Government takes to investigate/prosecute an abuse case. Children may also simply be unable to attend college because of the costs or because of the effects of the abuse. This proposal would modify the age requirements such that eligibility for dependents not enrolled in college would be extended from age 18 to age 21. This change would be consistent with way dependents are defined in the medical eligibility statutes and would recognize the evolving economic practices of our society.

If enacted, this proposal will help ensure that eligible Department of Defense families who have suffered from domestic violence and child abuse will have full access to the transitional compensation benefits they are entitled to, including medical benefits.

Budget Implications: This proposal has no significant budgetary impact. Resources impacted are incidental in nature and amount and are included within the Fiscal Year (FY) 2027 President's Budget request.

§1059. Dependents of members separated for dependent abuse: transitional compensation; commissary and exchange benefits; lodging expenses

(a) AUTHORITY TO PAY COMPENSATION.—The Secretary of Defense, with respect to the armed forces (other than the Coast Guard when it is not operating as a service in the Navy), and the Secretary of Homeland Security, with respect to the Coast Guard when it is not operating as a service in the Navy, may each establish a program to pay monthly transitional compensation in accordance with this section to dependents or former dependents of a member of the armed forces described in subsection (b). Upon establishment of such a program, the program shall apply in the case of each such member described in subsection (b) who is under the jurisdiction of the Secretary establishing the program.

(b) PUNITIVE AND OTHER ADVERSE ACTIONS COVERED.—This section applies in the case of a member of the armed forces on active duty for a period of more than 30 days—

(1) who is convicted of a dependent-abuse offense (as defined in subsection (c)) and whose conviction results in the member—

(A) being separated from active duty pursuant to a sentence of a court-martial; or

(B) forfeiting all pay and allowances pursuant to a sentence of a court-martial;

(2) who is administratively separated, voluntarily or involuntarily, from active duty in accordance with applicable regulations if the basis for the separation includes a dependent-abuse offense; or

(3) who is—

(A) convicted of a dependent-abuse offense in a district court of the United States or a State court; and

(B) separated from active duty pursuant to a sentence of a court-martial, or administratively separated, voluntarily or involuntarily, from active duty, for an offense other than the dependent-abuse offense.

(c) DEPENDENT-ABUSE OFFENSES.—For purposes of this section, a dependent-abuse offense is conduct by an individual while a member of the armed forces on active duty for a period of more than 30 days—

(1) that involves abuse of the spouse or a dependent child of the member; and

(2) that is a criminal offense specified in regulations prescribed by the Secretary of Defense under subsection (m).

(d) RECIPIENTS OF PAYMENTS.—In the case of any individual described in subsection (b), the Secretary shall pay such compensation to dependents or former dependents of the individual as follows:

(1) If the individual was married at the time of the commission of the dependent-abuse offense resulting in the separation, such compensation shall be paid to the spouse or former spouse to whom the individual was married at that time, including an amount (determined under subsection (f)(2)) for each, if any, dependent child of the individual described in subsection (b) who resides in the same household as that spouse or former spouse.

(2) If there is a spouse or former spouse who is or, but for subsection (g), would be eligible for compensation under this section and if there is a dependent child of the individual described in subsection (b) who does not reside in the same household as that spouse or former spouse, compensation under this section shall be paid to each such dependent child of the individual described in subsection (b) who does not reside in that household.

(3) If there is no spouse or former spouse who is (or but for subsection (g) would be) eligible under paragraph (1), such compensation shall be paid to the dependent children of the individual described in subsection (b).

(4) For purposes of this subsection, an individual's status as a "dependent child" shall be determined as of the date on which the individual described in subsection (b) is convicted of the dependent-abuse offense or, in a case described in subsection (b)(2), as of the date on which the separation action is initiated by a commander of the individual described in subsection (b).

(e) COMMENCEMENT AND DURATION OF PAYMENT.—(1) Payment of transitional compensation under this section shall commence on the first day of the first month beginning at least 30 days after the date of separation from active duty or the forfeiture of all pay and allowances of a member described in subsection (b).~~—~~

~~(A) in the case of a member convicted by a court-martial for a dependent-abuse offense or an offense described in subsection (b)(3)(B), shall commence—~~

~~(i) as of the date the court-martial sentence is adjudged if the sentence, as adjudged, includes a dismissal, dishonorable discharge, bad conduct discharge, or forfeiture of all pay and allowances; or~~

~~(ii) if there is a pretrial agreement that provides for disapproval or suspension of the dismissal, dishonorable discharge, bad conduct discharge, or forfeiture of all pay and allowances, as of the date of entry of judgment under section 860c of this title (article 60c of the Uniform Code of Military Justice) if the sentence includes an unsuspended dismissal, dishonorable discharge, bad conduct discharge, or forfeiture of all pay and allowances;~~

~~(B) in the case of a member being considered under applicable regulations for administrative separation from active duty in accordance with such regulations, shall commence as of the date on which the separation action is initiated by a commander of the member pursuant to such regulations, as determined by the Secretary concerned.~~

(2) Transitional compensation with respect to a member shall be paid for a period of not less than 12 months and not more than 36 months, as established in policies prescribed by the Secretary concerned.

(3)(A) ~~If a member is sentenced by a court-martial to receive punishment that includes a dismissal, dishonorable discharge, bad conduct discharge, or forfeiture of all pay and allowances as a result of a conviction for a dependent-abuse offense and the conviction is disapproved or is otherwise not part of the judgment under section 860c of this title (article 60c of the Uniform Code of Military Justice) or the punishment is disapproved or is otherwise not part of the judgment under such section (article), any payment of transitional compensation that has commenced under this section on the basis of such sentence in that case shall cease.~~

~~(B) If administrative separation of a member from active duty is proposed on a basis that includes a dependent-abuse offense and the proposed administrative separation is disapproved by competent authority under applicable regulations~~ If the separation or forfeiture of all pay and allowances of a member described in paragraph (b) is disapproved or otherwise reversed, payment of transitional compensation in such case shall cease.

(~~C~~B) Cessation of payments under subparagraph (A) ~~or (B)~~ shall be effective as of the first day of the first month following the month in which the Secretary concerned notifies the recipient of such transitional compensation in writing that payment of the transitional compensation will cease. The recipient may not be required to repay amounts of transitional compensation received before that effective date (except to the extent necessary to recoup any amount that was erroneous when paid).

(4) If any compensation or benefit required under this section is not received by the dependent beginning on the applicable date described in paragraph (1), the Secretary shall make adjustments to the commencement and duration of the compensation or benefit to ensure that the dependent receives the compensation or benefit in an amount equivalent to the full period the dependent is entitled to as described in paragraph (2).

(f) AMOUNT OF PAYMENT.—(1) Payment to a spouse or former spouse under this section for any month shall be at the rate in effect for that month for the payment of dependency and indemnity compensation under section 1311(a)(1) of title 38.

(2) If a spouse or former spouse to whom compensation is paid under this section has custody of a dependent child of the member who resides in the same household as that spouse or former spouse, the amount of such compensation paid for any month shall be increased for each such dependent child by the amount in effect for that month under section 1311(b) of title 38.

(3) If compensation is paid under this section to a child or children pursuant to subsection (d)(2) or (d)(3), such compensation shall be paid in equal shares, with the amount of such compensation for any month determined in accordance with the rates in effect for that month under section 1313 of title 38.

(4) Payment to a child under this section shall not cover any period before the birth of the child.

(g) SPOUSE AND FORMER SPOUSE FORFEITURE PROVISIONS.—(1) If a former spouse receiving compensation under this section remarries, the Secretary shall terminate payment of such compensation, effective as of the date of such marriage. The Secretary may not renew payment of compensation under this section to such former spouse in the event of the termination of such subsequent marriage.

(2) If after a punitive or other adverse action is executed in the case of a former member as described in subsection (b) the former member resides in the same household as the spouse or

former spouse, or dependent child, to whom compensation is otherwise payable under this section, the Secretary shall terminate payment of such compensation, effective as of the time the former member begins residing in such household. Compensation paid for a period after the former member's separation, but before the former member resides in the household, shall not be recouped. If the former member subsequently ceases to reside in such household before the end of the period of eligibility for such payments, the Secretary may not resume such payments.

(3) In a case in which the victim of the dependent-abuse offense resulting in a punitive or other adverse action described in subsection (b) was a dependent child, the Secretary concerned may not pay compensation under this section to a spouse or former spouse who would otherwise be eligible to receive such compensation if the Secretary determines (under regulations prescribed under subsection (m)) that the spouse or former spouse was an active participant in the conduct constituting the dependent-abuse offense.

(h) EFFECT OF CONTINUATION OF MILITARY PAY.—In the case of payment of transitional compensation by reason of a total forfeiture of pay and allowances pursuant to a sentence of a court-martial, payment of transitional compensation shall not be made for any period for which an order—

(1) suspends, in whole or in part, that part of a sentence that includes forfeiture of the member's pay and allowance; or

(2) otherwise results in continuation, in whole or in part, of the member's pay and allowances.

(i) COORDINATION OF BENEFITS.—The Secretary concerned may not make payments to a spouse or former spouse under both this section and section 1408(h)(1) of this title. In the case of a spouse or former spouse for whom a court order provides for payments by the Secretary pursuant to section 1408(h)(1) of this title and to whom the Secretary offers payments under this section, the spouse or former spouse shall elect which to receive.

(j) COMMISSARY AND EXCHANGE BENEFITS.—(1) A dependent or former dependent entitled to payment of monthly transitional compensation under this section shall, while receiving payments in accordance with this section, be entitled to use commissary and exchange stores to the same extent and in the same manner as a dependent of a member of the armed forces on active duty for a period of more than 30 days.

(2) If a dependent or former dependent eligible or entitled to use commissary and exchange stores under paragraph (1) is eligible or entitled to use commissary and exchange stores under another provision of law, the eligibility or entitlement of that dependent or former dependent to use commissary and exchange stores shall be determined under such other provision of law rather than under paragraph (1).

(k) LODGING EXPENSES.—A dependent or former dependent entitled to payment of monthly transitional compensation under this section shall, while receiving payments in accordance with this section, be entitled to lodging expenses for a period not longer than 30 days.

(l) EXCEPTIONAL ELIGIBILITY FOR DEPENDENTS OF MEMBERS OR FORMER MEMBERS.—(1) The Secretary concerned, under regulations prescribed under subsection (m), may authorize eligibility for benefits under this section for dependents and former dependents of a member or former member of the armed forces in a case in which the dependents or former dependents are not otherwise eligible for such benefits and the Secretary concerned determines that the member or former member engaged in conduct that is a dependent-abuse offense under this section and the member or former member was separated from active duty other than as described in subsection (b).

(2) In a case in which the Secretary concerned, under the authority of paragraph (1), authorizes benefits to be provided under this section, such benefits shall be provided in the same manner as if the member or former member were an individual described in subsection (b), except that, under regulations prescribed under subsection (m), the Secretary shall make such adjustments to the commencement and duration of payment provisions of subsection (e), and may make adjustments to other provisions of this section, as the Secretary considers necessary in light of the circumstances in order to provide benefits substantially equivalent to the benefits provided in the case of an individual described in subsection (b).

(3) For purposes of the provision of benefits under this section pursuant to this subsection, a member may be considered separated from active duty ~~upon the earliest of—~~

~~(A) the date an administrative separation is initiated by a commander of the member;~~

~~(B) the date the court-martial sentence is adjudged if the sentence, as adjudged, includes a dismissal, dishonorable discharge, bad conduct discharge, or forfeiture of all pay and allowances; or~~

~~(C)~~ on the date the member's term of service expires.

(4) The Secretary concerned may delegate the authority under paragraph (1) to authorize eligibility for benefits under this section for dependents and former dependents of a member or former member to the first general or flag officer (or civilian equivalent) in the chain of command of the member.

(m) REGULATIONS.—(1) The Secretary of Defense shall prescribe regulations to carry out this section with respect to the armed forces (other than the Coast Guard when it is not operating as a service in the Navy). The Secretary of Homeland Security shall prescribe regulations to carry out this section with respect to the Coast Guard when it is not operating as a service in the Navy.

(2) Regulations prescribed under paragraph (1) shall include the criminal offenses, or categories of offenses, under the Uniform Code of Military Justice (chapter 47 of this title), Federal criminal law, the criminal laws of the States and other jurisdictions of the United States, and the laws of other nations that are to be considered to be dependent-abuse offenses for the purposes of this section.

(n) DEPENDENT CHILD DEFINED.—In this section, the term “dependent child”, with respect to a member or former member of the armed forces referred to in subsection (b), means an unmarried child, including an adopted child or a stepchild, who was residing with the member or eligible spouse at the time of the dependent-abuse offense referred to in subsection (b) or who was carried during pregnancy at the time of the dependent-abuse offense and was subsequently born alive to the eligible spouse or former spouse and—

(1) who is under ~~18~~21 years of age;

(2) who is ~~18~~21 years of age or older and is incapable of self-support because of a mental or physical incapacity that existed before the age of ~~18~~21 and who is (or, at the time a punitive or other adverse action was executed in the case of the former member as described in subsection (b), was) dependent on the former member for over one-half of the child's support; or

(3) who is ~~18~~21 years of age or older but less than 23 years of age, is enrolled in a full-time course of study in an institution of higher learning approved by the Secretary of Defense and who is (or, at the time a punitive or other adverse action was executed in the

case of the former member as described in subsection (b), was) dependent on the former member for over one-half of the child's support.

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§1076. Medical and dental care for dependents: general rule

(a)(1) A dependent described in paragraph (2) is entitled, upon request, to the medical and dental care prescribed by section 1077 of this title in facilities of the uniformed services, subject to the availability of space and facilities and the capabilities of the medical and dental staff.

(2) A dependent referred to in paragraph (1) is a dependent of a member of a uniformed service described in one of the following subparagraphs:

(A) A member who is on active duty for a period of more than 30 days or died while on that duty.

(B) A member who died from an injury, illness, or disease incurred or aggravated-

(i) while the member was on active duty under a call or order to active duty of 30 days or less, on active duty for training, or on inactive-duty training; or

(ii) while the member was traveling to or from the place at which the member was to perform, or had performed, such active duty, active duty for training, or inactive-duty training.

(C) A member who died from an injury, illness, or disease incurred or aggravated in the line of duty while the member remained overnight immediately before the commencement of inactive-duty training, or while the member remained overnight between successive periods of inactive-duty training, at or in the vicinity of the site of the inactive-duty training.

(D) A member on active duty who is entitled to benefits under subsection (e) of section 1074a of this title by reason of paragraph (1), (2), or (3) of subsection (a) of such section.

(E) A member who died from an injury, illness, or disease incurred or aggravated while the member—

(i) was serving on funeral honors duty under section 12503 of this title or section 115 of title 32;

(ii) was traveling to or from the place at which the member was to so serve; or

(iii) remained overnight at or in the vicinity of that place immediately before so serving, if the place is outside reasonable commuting distance from the member's residence.

(b) Under regulations to be prescribed jointly by the administering Secretaries, a dependent of a member or former member—

(1) who is, or (if deceased) was at the time of his death, entitled to retired or retainer pay or equivalent pay; or

(2) who died before attaining age 60 and at the time of his death would have been eligible for retired pay under chapter 1223 of this title (or under chapter 67 of this title as in effect before December 1, 1994) but for the fact that he was under 60 years of age;

may, upon request, be given the medical and dental care prescribed by section 1077 of this title in facilities of the uniformed services, subject to the availability of space and facilities and the capabilities of the medical and dental staff, except that a dependent of a member or former member described in paragraph (2) may not be given such medical or dental care until the date on which such member or former member would have attained age 60.

(c) A determination by the medical or dental officer in charge, or the contract surgeon in charge, or his designee, as to the availability of space and facilities and to the capabilities of the medical and dental staff is conclusive. Care under this section may not be permitted to interfere with the primary mission of those facilities.

(d) To utilize more effectively the medical and dental facilities of the uniformed services, the administering Secretaries shall prescribe joint regulations to assure that dependents entitled to medical or dental care under this section will not be denied equal opportunity for that care because the facility concerned is that of a uniformed service other than that of the member.

(e)(1) Subject to paragraph (3), the administering Secretary shall furnish an abused dependent of a former member of a uniformed service described in paragraph (4), during that period that the abused dependent is in receipt of ~~transitional compensation~~ benefits under section 1059 of this title, with medical and dental care, including mental health services, in facilities of the uniformed services in accordance with the same eligibility and benefits as were applicable for that abused dependent during the period of active service of the former member.

(2) Subject to paragraph (3), upon request of any dependent of a former member of a uniformed service punished for an abuse described in paragraph (4), the administering Secretary for such uniformed service may furnish medical care in facilities of the uniformed services to the dependent for the treatment of any adverse health condition resulting from such dependent's knowledge of (A) the abuse, or (B) any injury or illness suffered by the abused person as a result of such abuse.

(3) Medical and dental care furnished to a dependent of a former member of the uniformed services in facilities of the uniformed services under paragraph (1) or (2)-

(A) shall be limited to the health care prescribed by section 1077 of this title; and

(B) shall be subject to the availability of space and facilities and the capabilities of the medical and dental staff.

(4)(A) A former member of a uniformed service referred to in paragraph (1) is a member who-

(i) received a dishonorable or bad-conduct discharge or was dismissed from a uniformed service as a result of a court-martial conviction for an offense, under either military or civil law, involving abuse of a dependent of the member; or

(ii) was administratively discharged from a uniformed service as a result of such an offense.

(B) A determination of whether an offense involved abuse of a dependent of the member shall be made in accordance with regulations prescribed by the administering Secretary for such uniformed service.

(f)(1) The administering Secretaries shall furnish an eligible dependent a physical examination that is required by a school in connection with the enrollment of the dependent as a student in that school.

(2) A dependent is eligible for a physical examination under paragraph (1) if the dependent—

(A) is entitled to receive medical care under subsection (a) or is authorized to receive medical care under subsection (b); and

(B) is at least 5 years of age and less than 12 years of age.

(3) Nothing in paragraph (2) may be construed to prohibit the furnishing of a school-required physical examination to any dependent who, except for not satisfying the age requirement under that paragraph, would otherwise be eligible for a physical examination required to be furnished under this subsection.

SEC. ___. MODIFICATION OF AUTHORIZATION OF SALE TO AUSTRALIA OF IN-SERVICE VIRGINIA CLASS SUBMARINES TO PROVIDE FOR SALE OF ADDITIONAL IN-SERVICE SUBMARINE IN LIEU OF NEW CONSTRUCTION SUBMARINE.

(a) MODIFICATION OF AUTHORIZATION.—Subsection (a) of section 1352 of the AUKUS Submarine Transfer Authorization Act (part 3 of subtitle B of title XIII of Public Law 118-31; 22 U.S.C. 10431(a)) is amended—

(1) by striking “two” and inserting “three”; and

(2) by striking “, and transfer not more than one additional Virginia Class submarine to the Government of Australia on a sale basis”.

(b) TECHNICAL AMENDMENTS.—Such section is further amended—

(1) in subsection (a)—

(A) by striking “Effective beginning on” and all the follows through “The President” and inserting “The President”; and

(B) by striking “20-year period beginning on the date of the enactment of this Act” and inserting “20-year period beginning on December 22, 2023”;

(2) in subsection (d)(4), by striking “the date of the enactment of this Act” and inserting “December 22, 2023”; and

(3) in subsection (i)(1)—

(A) in the matter preceding subparagraph (A), by striking “Not later than” and all that follows through “15 years” and inserting “Not later than July 1 of each year through 2039”; and

(B) in subparagraph (D), by striking “over the” and all that follows through “this Act” and inserting “through December 22, 2038”.

[Note: The “Changes to Existing Law” section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would amend subsection (a) of section 1352 of the AUKUS Submarine Transfer Authorization Act (part 3 of subtitle B of title XIII of Public Law 118-31; 22 U.S.C. 10431(a)) (Section 1352) to modify the authorization to transfer up to three Virginia-class submarines from Department of the Navy inventory on a sale basis to the Government of Australia. The vessels would be transferred under the foreign military sales program under the section 21 of the Arms Export Control Act (22 U.S.C. 2761) concerning sales from stocks and upon satisfaction of the requirements in subsection (d) of Section 1352 (22 U.S.C. 10431(d)).

In March 2023, the United States committed to support Australia’s acquisition of conventionally armed, nuclear-powered submarines under Pillar 1 of the Australia-United Kingdom-United States (AUKUS) partnership, which would include the sale to Australia of up to five Virginia-class submarines beginning in the early 2030s. Congress endorsed the AUKUS partnership by enacting Section 1352 and authorizing the transfer of up to two in-service Virginia-class submarines and one other (e.g. new construction) Virginia-class submarine to the Government of Australia on a sale basis.

In July 2025, the Department of War initiated a review of AUKUS to ensure it aligns with the President’s commonsense, America First, Peace Through Strength agenda. The AUKUS Review, signed on December 1, 2025, recommends the United States only transfer in-service Virginia-class submarines to the Government of Australia, thereby minimizing any impact on United States submarine operational availability and preserving the United States’s asymmetric undersea advantage while still providing Australia with a capability far superior to any alternative. This proposal would implement this recommendation.

Transfer of Virginia-class submarines to the Government of Australia will continue to be predicated on a conditions-based approach to ensure Australia is capable of safely operating, stewarding, regulating, and sustaining a conventionally armed, nuclear-powered submarine. Transferring only one nuclear-powered submarine variant would reduce Australia’s acquisition and life-cycle costs by simplifying its maintenance, sustainment, training, and related expenditures.

Resource Information: This proposal has no impact on the use of resources requested within the Fiscal Year 2027 President’s Budget.

Changes to Existing Law: This proposal would amend section 1352 of the AUKUS Submarine Transfer Authorization Act (part 3 of subtitle B of title XIII of Public Law 118-31; 22 U.S.C. 10431) as follows:

SEC. 1352. AUTHORIZATION OF SALES OF VIRGINIA CLASS SUBMARINES TO AUSTRALIA.

(a) IN GENERAL.~~—Effective beginning on the date that is one year after the enactment of this Act, t~~The President is authorized to transfer up to ~~two~~ three Virginia Class submarines from the inventory of the Department of the Navy to the Government of Australia on a sale basis~~, and transfer not more than one additional Virginia Class submarine to the Government of Australia on a sale basis~~ pursuant to section 21 of the Arms Export Control Act (22 U.S.C. 2761) during the 20-year period beginning on ~~the date of the enactment of this Act~~ December 22, 2023, to implement the trilateral security partnership between Australia, the United Kingdom, and the United States (in this section referred to as the "AUKUS partnership").

(b) PROVISIONS OF LAW SUPERSEDED.—The transfer of a vessel authorized under subsection (a) shall not be subject to the requirements of—

(1) section 36 of the Arms Export Control Act (22 U.S.C. 2776); or

(2) section 8677 of title 10, United States Code.

(c) COSTS OF TRANSFERS.—***

(d) CERTIFICATIONS AND OTHER REQUIREMENTS.—

(1) IN GENERAL.—Not later than 270 days prior to the transfer of a vessel authorized under subsection (a), the President shall submit to the appropriate congressional committees and leadership a certification that—

(A) the transfer of such vessels—

(i) will not degrade the United States undersea capabilities;

(ii) is consistent with United States foreign policy and national security interests; and

(iii) is in furtherance of the AUKUS partnership;

(B) the United States is making sufficient submarine production and maintenance investments to meet the combination of United States military requirements and the requirements under subparagraph (A);

(C) the Government of Australia has provided the appropriate funds and support for the additional capacity required to meet the requirements identified in this section; and

(D) the Government Australia has the capability to host and fully operate the vessels authorized to be transferred.

(2) WAIVER OF CHIEF OF NAVAL OPERATIONS CERTIFICATION.—The requirement for the Chief of Naval Operations to make a certification under section 8678 of title 10, United States Code, shall not apply to the transfer of a vessel authorized under subsection (a).

(3) REQUIRED MUTUAL DEFENSE AGREEMENT.—

(A) IN GENERAL.—The President may not provide for the transfer of a vessel authorized under subsection (a) unless the United States and Australia have entered into a mutual defense agreement that meets the requirements of subparagraph (B) and such agreement is in effect.

(B) REQUIREMENTS.—A mutual defense agreement meets the requirements described in this subparagraph if the agreement—

(i) provides a clear legal framework for the sole purpose of Australia's acquisition of conventionally armed, nuclear-powered submarines; and

(ii) meets the highest nonproliferation standards for the exchange of nuclear materials, technology, equipment, and information between the United States and Australia.

(4) SUBSEQUENT SALES.—A transfer of vessel that is a Virginia class submarine on a sale basis other than a transfer described in subsection (a) may occur only if such transfer is explicitly authorized pursuant to a law enacted after ~~the date of the enactment of this Act~~ December 22, 2023.

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(i) REPORT.—

(1) IN GENERAL.—Not later than July 1 of each year through 2039 ~~180 days after the date of the enactment of this Act, and annually thereafter for 15 years~~, the President shall submit to the appropriate congressional committees and leadership a report describing—

(A) the status of the transfer of vessels authorized under subsection (a);

(B) the implementation of submarine security cooperation under the AUKUS partnership and challenges towards its implementation;

(C) expansion of the public and private Virginia class submarine production and repair facilities, to include proposed work conducted in Australia and the United Kingdom to meet the additional work required by commitments under the AUKUS partnership;

(D) an annual procurement schedule for the total quantity of submarines the Department of Defense plans to procure ~~over the 15 years following the date of the enactment of this Act~~ through December 22, 2038; and

(E) a list of transfers or exports of defense services authorized under subsection (h) and the private-sector personnel of Australia or the private-sector personnel of the United Kingdom to whom the defense services were exported.

(2) FORM.—The report required by this subsection shall be submitted in classified form.

SEC. ___. REVISION OF CERTAIN AUTHORITIES RELATING TO DEPARTMENT OF DEFENSE LEASING OF NON-EXCESS PROPERTY.

(a) ELIMINATION OF LEASEBACK ANNUAL PAYMENT OR DEPARTMENT OF DEFENSE ANNUAL PAYMENT LIMIT.—Subsection (b) of section 2667 of title 10, United States Code, is amended—

(1) by inserting "and" at the end of paragraph (6);

(2) by striking paragraph (7); and

(3) by redesignating paragraph (8) as paragraph (7).

(b) DEPOSIT AND USE OF PROCEEDS.—Such section is further amended by adding at the end the following new subsection:

"(l) PILOT PROGRAM FOR ENHANCED FLEXIBILITY FOR USE OF FUNDS RECEIVED FROM REAL PROPERTY RENTALS AND EASEMENTS.—

"(1) SPECIAL ACCOUNT.—There shall be established in the Treasury a special account for the purposes of this subsection.

"(2) DEPOSIT OF FUNDS.—At the direction of the Secretary of Defense, the Secretary of a military department shall deposit into the special account established under paragraph (1) amounts received by that Secretary that are described in clauses (i) and (ii) of subsection (e)(1)(A) and that otherwise would be deposited in accordance with that subsection.

"(3) USE OF FUNDS.—The proceeds deposited in the special account established under paragraph (1) are hereby made available to the Secretary of Defense for the purposes stated in subparagraph (C) of subsection (e)(1).

“(4) TRANSFER OF FUNDS.—The Secretary may transfer amounts in the special account established under paragraph (1) to the following accounts:

“(A) Missile Procurement, Army.

“(B) Missile Procurement, Air Force.

“(C) Weapons Procurement, Navy.

“(D) Procurement, Defense-Wide.

“(E) Research, Development, Test and Evaluation, Defense-Wide.

“(F) Defense Production Act Purchases.

“(G) Defense Strategic Capital Credit Program.

“Amounts so transferred shall be merged with and be available for the same purposes as the accounts to which transferred. The authority provided by this paragraph is in addition to any other authority provided by law authorizing the transfer of amounts available to the Department of Defense.

“(5) SUNSET.—This subsection shall expire at the end of the fifth year beginning on or after the date of the enactment of this subsection. Any funds remaining upon the expiration of this subsection in the special account established under paragraph (1) shall be transferred to the special accounts established for the Secretaries of the military departments under subsection (e)(1)(A),with such funds to be distributed among such accounts, as determined by the Secretary of Defense, based upon the relative cumulative deposits of the Secretaries of the military departments to the special account established under paragraph (1).”.

[Note: The “Changes to Existing Law” section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would repeal the $500,000 leaseback annual payment limit contained in section 2667(b)(7) of title 10, United States Code. Repealing the leaseback annual payment limit would enable the Department to expand the development potential of military lands in the public interest through enhanced use leases (EUL) at a more significant scale, thereby increasing the benefits the Department and U.S. could derive from EULs, as further described below.

This proposal would also establish a special Treasury account for five years for the deposit of cash proceeds from leases to make those proceeds available for use by the Secretary of Defense for any installation management or infrastructure related purpose that the Secretary determines is in the interest of national defense. The proposal would also authorize the Secretary to transfer any of those proceeds to specified existing procurement, research, development, test, and evaluation, and strategic accounts.

10 U.S.C. 2667 has been amended numerous times over the past 35 years in an effort to provide the Secretaries of the military departments increased authority to lease non-excess real property in a manner advantageous to the United States. Examples include authorizing the Secretaries to 1) when promoting the national defense or being in the public interest, enter into long-term lease terms (more than five years); 2) accept various forms of in-kind consideration in lieu of cash; 3) retain all of the cash proceeds to be available for military installation needs versus deposit into the General Treasury Fund; and 4) omit the right to revoke a lease at any time if doing so will promote the national defense or be in the public interest. Those collective amendments to 10 U.S.C. 2667 enabled the Department to pursue leases commonly referred to within the Department as EULs, inferring that Congress intended to provide the Department with significant flexibility to realize the maximum benefits of outleasing its real property portfolio.

Conversely, the leaseback restriction contained in paragraph (7) of 10 U.S.C. 2667(b) acts to diminish the Department's authority and benefit with regards to EULs. That paragraph provides that a lease under 10 U.S.C. 2667(a) "may not provide for a leaseback by the Secretary concerned with an annual payment in excess of $500,000, or otherwise commit the Secretary concerned or the Department of Defense to annual payments in excess of such amount." The $500,000 low-cost threshold has served as an effective bar to the Department pursuing leasebacks from EUL developers. Despite operational requirements for space on a military installation, over the past 15 years, only a handful of low-cost leasebacks have been executed due to the $500,000 limit.

Prior to the FY2009 National Defense Authorization Act, there was no express statutory prohibition or limitation on the Department's authority to leaseback real property from an EUL tenant/developer, and the Department could lease property from an EUL developer, provided that the lease met the scoring instructions of Office of Management and Budget (OMB) Circular A-11, Appendix B.

Under Circular A-11, OMB views EULs as complex financing transactions warranting increased budgetary oversight, and therefore reviews all proposed Federal agency EULs with leasebacks. Additionally, OMB analyzes each EUL with a leaseback to determine whether a proposed leaseback should be treated as a capital or operating lease. OMB classifies any lease to an EUL developer that contains a Federally funded leaseback for new or renovated infrastructure and with full or substantial Federal Government occupancy as a capital lease, to be scored at time of inception. However, OMB may view subsequent agency leasebacks from an EUL developer as operating leases if such leasebacks are completed via a competitive acquisition process by the government and meet the criteria for an operating lease. Repealing the leaseback limitation in 10 U.S.C. 2667(b)(7) will provide the Department the greater potential to pursue leasebacks that will address OMB budget scoring concerns.

The ability of the Department to outlease land and then leaseback from an EUL developer has significant advantages. First, a leaseback eliminates or reduces the cost of ownership of an installation or facility, including operations, maintenance, sustainment, repair, recapitalization, and other costs. Second, a leaseback leverages private investment, obviating the requirement to obtain upfront military construction funding and permitting the Department a more flexible use of its operations and maintenance funding. Third, a leaseback potentially eliminates or shifts the responsibility for Federal permitting from the Department to the EUL developer. Fourth, the timeframe to obtain new or renovated infrastructure that can provide benefit to the Department and/or to the public interest is significantly reduced by leveraging the EUL developer's commercial contracting and construction practices vice the traditional military construction budget process. Fifth, in the event of a divestiture scenario, a leaseback may simplify the process of property disposal for the government. Sixth, leasebacks allow the Department to acquire services beyond the forms of in-kind consideration under 10 U.S.C. 2667(c).

The added flexibility for the Secretary of Defense to retain and use the cash proceeds generated from leases for any installation management or infrastructure related purpose or to transfer the proceeds to specific existing Defense accounts that the Secretary of Defense elects provides the Department with the flexibility to best utilize these funds where the Department needs them the most.

Resource Information: This proposal has no impact on the use of resources requested within the Fiscal Year (FY) 2027 President's Budget.

Changes to Existing Law: This proposal would amend section 2667 of title 10, United States Code, as follows:

§2667. Leases: non-excess property of military departments and Defense Agencies.

(a) LEASE AUTHORITY.—Whenever the Secretary concerned considers it advantageous to the United States, the Secretary concerned may lease to such lessee and upon such terms as the Secretary concerned considers will promote the national defense or to be in the public interest, real or personal property that—

(1) is under the control of the Secretary concerned;

(2) is not for the time needed for public use; and

(3) is not excess property, as defined by section 102 of title 40.

(b) CONDITIONS ON LEASES.—A lease under subsection (a)—

(1) may not be for more than five years, unless the Secretary concerned determines that a lease for a longer period will promote the national defense or be in the public interest;

(2) may give the lessee the first right to buy the property if the lease is revoked to allow the United States to sell the property under any other provision of law;

(3) shall permit the Secretary to revoke the lease at any time, unless he determines that the omission of such a provision will promote the national defense or be in the public interest;

(4) shall provide for the payment (in cash or in kind) by the lessee of consideration in an amount that is not less than the fair market value of the lease interest, as determined by the Secretary;

(5) may provide, notwithstanding section 1302 of title 40 or any other provision of law, for the alteration, repair, or improvement, by the lessee, of the property leased as the payment of part or all of the consideration for the lease;

(6) except as otherwise provided in subsection (d), shall require the lessee to provide the covered entities specified in paragraph (1) of that subsection the right to establish and operate a community support facility or provide community support services, or seek equitable compensation for morale, welfare, and recreation programs of the Department of Defense in lieu of the operation of such a facility or the provision of such services, if the Secretary determines that the lessee will provide merchandise or services in direct competition with covered entities through the lease; and

~~(7) may not provide for a leaseback by the Secretary concerned with an annual payment in excess of $500,000, or otherwise commit the Secretary concerned or the Department of Defense to annual payments in excess of such amount; and~~

~~(8)~~ (7) shall provide that any facilities constructed on the property may be constructed using commercial standards in a manner that provides force protection safeguards appropriate to the activities conducted in, and the location of, such facilities.

(c) TYPES OF IN-KIND CONSIDERATION.—(1) In addition to any in-kind consideration accepted under subsection (b)(5), in-kind consideration accepted with respect to a lease under this section may include the following:

(A) Maintenance, protection, alteration, repair, improvement, or restoration (including environmental restoration) of property or facilities under the control of the Secretary concerned, whether or not needed for the functionality of the property or facility leased.

(B) Construction of new facilities for the Secretary concerned.

(C) Provision of facilities for use by the Secretary concerned.

(D) Provision or payment of utility services for the Secretary concerned, which shall prioritize energy resilience in the event of commercial grid outages.

(E) Provision of real property maintenance services for the Secretary concerned.

(F) Provision of such other services relating to activities that will occur on the leased property as the Secretary concerned considers appropriate, which may include industrial process optimization.

(G) Refurbishment of existing industrial plant equipment on the leased property.

(H) Removal and replacement of industrial plant equipment on the leased property that is at or near end-of-life.

(I) Provision of new industrial plant equipment on the leased property (including new technology), installation of such equipment, and maintenance of such equipment, but only if the title to such equipment passes to the Federal Government.

(2) In-kind consideration under paragraph (1) may be accepted at any property or facilities under the control of the Secretary concerned that are selected for that purpose by the Secretary concerned.

(3) Sections 2662 and 2802 of this title shall not apply to any new facilities whose construction is accepted as in-kind consideration under this subsection.

(d) COMMUNITY SUPPORT FACILITIES AND COMMUNITY SUPPORT SERVICES UNDER LEASE; WAIVER.—(1) In this subsection and subsection (b)(6), the term "covered entity" means each of the following:

(A) The Army and Air Force Exchange Service.

(B) The Navy Exchange Service Command.

(C) The Marine Corps exchanges.

(D) The Defense Commissary Agency.

(E) The revenue-generating nonappropriated fund activities of the Department of Defense conducted for the morale, welfare, and recreation of members of the armed forces.

(2) The Secretary concerned may waive the requirement in subsection (b)(6) with respect to a lease if—

(A) the lease is entered into under subsection (g); or

(B) the Secretary determines that the waiver is in the best interests of the Government.

(3) The Secretary concerned shall submit, in an electronic medium pursuant to section 480 of this title, to the congressional defense committees a notice of each waiver under paragraph (2), including the reasons for the waiver.

(4) The covered entities shall exercise the right provided in subsection (b)(6) with respect to a lease, if at all, not later than 90 days after receiving notice from the Secretary concerned regarding the opportunity to exercise such right with respect to the lease. The Secretary may, at the discretion of the Secretary, extend the period under this paragraph for the exercise of the right with respect to a lease for such additional period as the Secretary considers appropriate.

(5) The Secretary of Defense shall prescribe in regulations uniform procedures and criteria for the evaluation of proposals for enhanced use leases involving the operation of community support facilities or the provision of community support services by either a lessee under this section or a covered entity.

(e) DEPOSIT AND USE OF PROCEEDS.—(1)(A) The Secretary concerned shall deposit in a special account in the Treasury established for that Secretary the following:

(i) All money rentals received pursuant to leases entered into by that Secretary under this section.

(ii) All proceeds received pursuant to the granting of easements by that Secretary under section 2668 of this title.

(iii) All proceeds received by that Secretary from authorizing the temporary use of other property under the control of that Secretary.

(B) Subparagraph (A) does not apply to the following proceeds:

(i) Amounts paid for utilities and services furnished lessees by the Secretary concerned pursuant to leases entered into under this section.

(ii) Money rentals referred to in paragraph (3), (4), or (5).

(C) Subject to subparagraphs (D) and (E), the proceeds deposited in the special account established for the Secretary concerned-shall be available to the Secretary, in such amounts as provided in appropriation Acts, for the following:

(i) Maintenance, protection, alteration, repair, improvement, or restoration (including environmental restoration) of property or facilities.

(ii) Construction or acquisition of new facilities.

(iii) Lease of facilities.

(iv) Payment of utility services.

(v) Real property maintenance services.

(vi) Administrative expenses incurred by the Secretary concerned under this section and for easements under section 2668 of this title.

(D) At least 50 percent of the proceeds deposited in the special account established for the Secretary concerned shall be available for activities described in subparagraph (C) only at the military installation or Defense Agency location where the proceeds were derived.

(E) If the proceeds deposited in the special account established for the Secretary concerned are derived from activities associated with a military museum, the proceeds shall be available for activities described in subparagraph (C) only at that museum.

(2) Payments for utilities and services furnished lessees pursuant to leases entered into under this section shall be credited to the appropriation account or working capital fund from which the cost of furnishing the utilities and services was paid.

(3) Money rentals received by the United States directly from a lease under this section for agricultural or grazing purposes of lands under the control of the Secretary concerned (other than lands acquired by the United States for flood control or navigation purposes or any related purpose, including the development of hydroelectric power) may be retained and spent by the Secretary concerned in such amounts as the Secretary considers necessary to cover the administrative expenses of leasing for such purposes and to cover the financing of multiple-land use management programs at any installation under the jurisdiction of the Secretary.

(4) Money rentals received by the United States from a lease under subsection (g) at a military installation approved for closure or realignment under a base closure law shall be deposited into the Department of Defense Base Closure Account established under section 2906(a) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

(f) TREATMENT OF LESSEE INTEREST IN PROPERTY.—The interest of a lessee of property leased under this section may be taxed by State or local governments. A lease under this section shall provide that, if and to the extent that the leased property is later made taxable by State or local governments under an Act of Congress, the lease shall be renegotiated.

(g) SPECIAL RULES FOR BASE CLOSURE AND REALIGNMENT PROPERTY.—***

(h) COMPETITIVE PROCEDURES FOR SELECTION OF CERTAIN LESSEES; EXCEPTION.—***

(i) DEFINITIONS.—In this section:

(1) The term "administrative expenses" means only those expenses related to assessing, negotiating, executing, and managing lease and easement transactions. The term does not include any Government personnel costs.

(2) The term "community support facility" includes an ancillary supporting facility (as that term is defined in section 2871(1) of this title).

(3) The term "community support services" includes revenue-generating food, recreational, lodging support services, and resale operations and other retail facilities and services intended to support a community.

(4) The term "military installation" has the meaning given such term in section 2687 of this title.

(5) The term "Secretary concerned" means—

(A) the Secretary of a military department, with respect to matters concerning that military department; and

(B) the Secretary of Defense, with respect to matters concerning the Defense Agencies.

(j) EXCLUSION OF CERTAIN LANDS.—This section does not apply to oil, mineral, or phosphate lands.

(k) LEASES FOR EDUCATION.—Notwithstanding subsection (b)(4), the Secretary concerned may accept consideration in an amount that is less than the fair market value of the lease, if the lease is to a local education agency or an elementary or secondary school (as those terms are defined in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)).

<u>(l) PILOT PROGRAM FOR ENHANCED FLEXIBILITY FOR USE OF FUNDS RECEIVED FROM REAL PROPERTY RENTALS AND EASEMENTS.—</u>

<u>(1) SPECIAL ACCOUNT.—There shall be established in the Treasury a special account for the purposes of this subsection.</u>

<u>(2) DEPOSIT OF FUNDS.—At the direction of the Secretary of Defense, the Secretary of a military department shall deposit into the special account established under paragraph (1) amounts received by that Secretary that are described in clauses (i) and (ii) of subsection (e)(1)(A) and that otherwise would be deposited in accordance with that subsection.</u>

<u>(3) USE OF FUNDS.—The proceeds deposited in the special account established under paragraph (1) are hereby made available to the Secretary of Defense for the purposes stated in subparagraph (C) of subsection (e)(1).</u>

<u>(4) TRANSFER OF FUNDS.—The Secretary may transfer amounts in the special account established under paragraph (1) to the following accounts:</u>

<u>(A) Missile Procurement, Army.</u>

<u>(B) Missile Procurement, Air Force.</u>

<u>(C) Weapons Procurement, Navy.</u>

<u>(D) Procurement, Defense-Wide.</u>

(E) Research, Development, Test and Evaluation, Defense-Wide.
(F) Defense Production Act Purchases.
(G) Defense Strategic Capital Credit Program.

Amounts so transferred shall be merged with and be available for the same purposes as the accounts to which transferred. The authority provided by this paragraph is in addition to any other authority provided by law authorizing the transfer of amounts available to the Department of Defense.

(5) SUNSET.—This subsection shall expire at the end of the fifth year beginning on or after the date of the enactment of this subsection. Any funds remaining upon the expiration of this subsection in the special account established under paragraph (1) shall be transferred to the special accounts established for the Secretaries of the military departments under subsection (e)(1)(A),with such funds to be distributed among such accounts, as determined by the Secretary of Defense, based upon the relative cumulative deposits of the Secretaries of the military departments to the special account established under paragraph (1).