

Senate Amendment to House Amendment to Senate Amendment:

1 *Resolved*, That the bill from the House of Representa-
2 tives (H.R. 4853) entitled “An Act to amend the Internal
3 Revenue Code of 1986 to extend the funding and expendi-
4 ture authority of the Airport and Airway Trust Fund, to
5 amend title 49, United States Code, to extend authoriza-
6 tions for the airport improvement program, and for other
7 purposes.”, do pass with the following:

8 In lieu of the matter proposed to be inserted, insert
9 the following:

10 SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;

11 TABLE OF CONTENTS.

12 (a) SHORT TITLE.—This Act may be cited as the
13 “Middle Class Tax Cut Act of 2010”.

14 (b) AMENDMENT OF 1986 CODE.—Except as other-
15 wise expressly provided, whenever in this Act an amend-
16 ment or repeal is expressed in terms of an amendment
17 to, or repeal of, a section or other provision, the reference
18 shall be considered to be made to a section or other provi-
19 sion of the Internal Revenue Code of 1986.

20 (c) TABLE OF CONTENTS.—The table of contents of
21 this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.

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TITLE I—PERMANENT MIDDLE CLASS TAX RELIEF

- Sec. 101. Repeal of sunset on certain individual income tax rate relief.
- Sec. 102. Reduced rates on capital gains and dividends made permanent.
- Sec. 103. Repeal of sunset on expansion of child tax credit.
- Sec. 104. Repeal of sunset on marriage penalty relief.
- Sec. 105. Repeal of sunset on expansion of dependent care credit.
- Sec. 106. Repeal of sunset on expansion of adoption credit and adoption assistance programs.
- Sec. 107. Repeal of sunset on employer-provided child care credit.
- Sec. 108. Repeal of sunset on expansion of earned income tax credit.

TITLE II—PERMANENT EDUCATION TAX RELIEF

- Sec. 201. Repeal of sunset on education individual retirement accounts.
- Sec. 202. Repeal of sunset on employer-provided educational assistance.
- Sec. 203. Repeal of sunset on student loan interest deduction.
- Sec. 204. Repeal of sunset on exclusion of certain scholarships.
- Sec. 205. Repeal of sunset on arbitrage rebate exception for governmental bonds.
- Sec. 206. Repeal of sunset on treatment of qualified public educational facility bonds.
- Sec. 207. Repeal of sunset on American Opportunity Tax Credit.
- Sec. 208. Repeal of sunset on allowance of computer technology and equipment as a qualified higher education expense for section 529 accounts.

TITLE III—PERMANENT ESTATE TAX RELIEF

- Sec. 301. Repeal of EGTRRA sunset.
- Sec. 302. Reinstatement of estate tax; repeal of carryover basis.
- Sec. 303. Modifications to estate, gift, and generation-skipping transfer taxes.
- Sec. 304. Applicable exclusion amount increased by unused exclusion amount of deceased spouse.
- Sec. 305. Exclusion from gross estate of certain farmland so long as farmland use by family continues.
- Sec. 306. Increase in limitations on the amount excluded from the gross estate with respect to land subject to a qualified conservation easement.
- Sec. 307. Modification of rules for value of certain farm, etc., real property.
- Sec. 308. Required minimum 10-year term, etc., for grantor retained annuity trusts.
- Sec. 309. Consistent basis reporting between estate and person acquiring property from decedent.

TITLE IV—PERMANENT SMALL BUSINESS TAX RELIEF

- Sec. 401. Repeal of sunset on increased limitations on small business expensing.

TITLE V—ALTERNATIVE MINIMUM TAX RELIEF

- Sec. 501. Extension of increased alternative minimum tax exemption amount.
- Sec. 502. Extension of alternative minimum tax relief for nonrefundable personal credits.

TITLE VI—TEMPORARY EXTENSION OF CERTAIN PROVISIONS
EXPIRING IN 2009

Subtitle A—Infrastructure Incentives

- Sec. 601. Extension of Build America Bonds.
- Sec. 602. Exempt-facility bonds for sewage and water supply facilities.
- Sec. 603. Extension of exemption from alternative minimum tax treatment for certain tax-exempt bonds.
- Sec. 604. Extension and additional allocations of recovery zone bond authority.
- Sec. 605. Allowance of new markets tax credit against alternative minimum tax.
- Sec. 606. Extension of tax-exempt eligibility for loans guaranteed by Federal home loan banks.
- Sec. 607. Extension of temporary small issuer rules for allocation of tax-exempt interest expense by financial institutions.

Subtitle B—Energy

- Sec. 611. Alternative motor vehicle credit for new qualified hybrid motor vehicles other than passenger automobiles and light trucks.
- Sec. 612. Incentives for biodiesel and renewable diesel.
- Sec. 613. Credit for electricity produced at certain open-loop biomass facilities.
- Sec. 614. Credit for steel industry fuel.
- Sec. 615. Credit for producing fuel from coke or coke gas.
- Sec. 616. New energy efficient home credit.
- Sec. 617. Excise tax credits and outlay payments for alternative fuel and alternative fuel mixtures.
- Sec. 618. Special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- Sec. 619. Suspension of limitation on percentage depletion for oil and gas from marginal wells.
- Sec. 620. Credit for nonbusiness energy property.

Subtitle C—Individual Tax Relief

PART I—MISCELLANEOUS PROVISIONS

- Sec. 631. Deduction for certain expenses of elementary and secondary school teachers.
- Sec. 632. Additional standard deduction for State and local real property taxes.
- Sec. 633. Deduction of State and local sales taxes.
- Sec. 634. Contributions of capital gain real property made for conservation purposes.
- Sec. 635. Above-the-line deduction for qualified tuition and related expenses.
- Sec. 636. Tax-free distributions from individual retirement plans for charitable purposes.
- Sec. 637. Look-thru of certain regulated investment company stock in determining gross estate of nonresidents.

PART II—LOW-INCOME HOUSING CREDITS

- Sec. 641. Election for direct payment of low-income housing credit for 2010.
- Sec. 642. Low-income housing grant election.

Subtitle D—Business Tax Relief

- Sec. 651. Research credit.

- Sec. 652. Indian employment tax credit.
- Sec. 653. New markets tax credit.
- Sec. 654. Railroad track maintenance credit.
- Sec. 655. Mine rescue team training credit.
- Sec. 656. Employer wage credit for employees who are active duty members of the uniformed services.
- Sec. 657. 5-year depreciation for farming business machinery and equipment.
- Sec. 658. 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
- Sec. 659. 7-year recovery period for motorsports entertainment complexes.
- Sec. 660. Accelerated depreciation for business property on an Indian reservation.
- Sec. 661. Enhanced charitable deduction for contributions of food inventory.
- Sec. 662. Enhanced charitable deduction for contributions of book inventories to public schools.
- Sec. 663. Enhanced charitable deduction for corporate contributions of computer inventory for educational purposes.
- Sec. 664. Election to expense mine safety equipment.
- Sec. 665. Special expensing rules for certain film and television productions.
- Sec. 666. Expensing of environmental remediation costs.
- Sec. 667. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 668. Modification of tax treatment of certain payments to controlling exempt organizations.
- Sec. 669. Exclusion of gain or loss on sale or exchange of certain brownfield sites from unrelated business income.
- Sec. 670. Timber REIT modernization.
- Sec. 671. Treatment of certain dividends of regulated investment companies.
- Sec. 672. RIC qualified investment entity treatment under FIRPTA.
- Sec. 673. Exceptions for active financing income.
- Sec. 674. Look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.
- Sec. 675. Basis adjustment to stock of S corps making charitable contributions of property.
- Sec. 676. Empowerment zone tax incentives.
- Sec. 677. Tax incentives for investment in the District of Columbia.
- Sec. 678. Renewal community tax incentives.
- Sec. 679. Temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands.
- Sec. 680. American Samoa economic development credit.
- Sec. 681. Election to temporarily utilize unused AMT credits determined by domestic investment.
- Sec. 682. Reduction in corporate rate for qualified timber gain.
- Sec. 683. Study of extended tax expenditures.

Subtitle E—Temporary Disaster Relief Provisions

PART I—NATIONAL DISASTER RELIEF

- Sec. 691. Waiver of certain mortgage revenue bond requirements.
- Sec. 692. Losses attributable to federally declared disasters.
- Sec. 693. Special depreciation allowance for qualified disaster property.
- Sec. 694. Net operating losses attributable to federally declared disasters.
- Sec. 695. Expensing of qualified disaster expenses.

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PART II—REGIONAL PROVISIONS

SUBPART A—NEW YORK LIBERTY ZONE

- Sec. 696. Special depreciation allowance for nonresidential and residential real property.
- Sec. 697. Tax-exempt bond financing.

SUBPART B—GO ZONE

- Sec. 698. Increase in rehabilitation credit.
- Sec. 699. Work opportunity tax credit with respect to certain individuals affected by Hurricane Katrina for employers inside disaster areas.
- Sec. 700. Extension of low-income housing credit rules for buildings in GO zones.

TITLE VII—TECHNICAL CORRECTIONS TO PENSION FUNDING LEGISLATION

- Sec. 701. Definition of eligible plan year.
- Sec. 702. Eligible charity plans.
- Sec. 703. Suspension of certain funding level limitations.
- Sec. 704. Optional use of 30-year amortization periods.

TITLE VIII—TEMPORARY EXTENSION OF CERTAIN PROVISIONS ENDING IN 2010 OR 2011

Subtitle A—Unemployment Benefits

- Sec. 801. Extension of unemployment insurance provisions.
- Sec. 802. Temporary modification of indicators under the extended benefit program.

Subtitle B—Small Business

- Sec. 811. Temporary exclusion of 100 percent of gain on certain small business stock.
- Sec. 812. General business credits of eligible small businesses carried back 5 years.
- Sec. 813. General business credits of eligible small businesses not subject to alternative minimum tax.
- Sec. 814. Extension of increase in amount allowed as deduction for start-up expenditures.
- Sec. 815. Extension of deduction for health insurance costs in computing self-employment taxes.

Subtitle C—Energy

- Sec. 821. Alternative fuel vehicle refueling property.
- Sec. 822. Elective payment for specified energy property.
- Sec. 823. Qualifying advanced energy project credit.
- Sec. 824. New clean renewable energy bonds.
- Sec. 825. Alternative motor vehicle credit for new qualified alternative fuel vehicles.
- Sec. 826. Extension of provisions related to alcohol used as fuel.
- Sec. 827. Energy efficient appliance credit.
- Sec. 828. Reduced depreciation period for natural gas distribution facilities.

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Subtitle D—Education

Sec. 831. Qualified school construction bonds.

Subtitle E—Other Employee and Housing Relief

Sec. 841. Making work pay credit.

Sec. 842. Work opportunity credit.

Sec. 843. Exclusion from income for benefits provided to volunteer firefighters and emergency medical responders.

Sec. 844. Parity for exclusion from income for employer-provided mass transit and parking benefits.

Sec. 845. Qualified mortgage bonds for refinancing of subprime loans.

TITLE IX—OTHER PROVISIONS

Sec. 901. Repeal of expansion of information reporting requirements.

Sec. 902. Repeal of sunset on tax treatment of Alaska Native Settlement Trusts.

Sec. 903. Repeal of sunset on expansion of authority to postpone certain tax-related deadlines.

Sec. 904. Refunds disregarded in the administration of Federal programs and federally assisted programs.

Sec. 905. Treatment of securities of a controlled corporation exchanged for assets in certain reorganizations.

TITLE X—BUDGETARY PROVISIONS

Sec. 1001. Determination of budgetary effects.

Sec. 1002. Emergency designations.

1 **TITLE I—PERMANENT MIDDLE**
 2 **CLASS TAX RELIEF**

3 **SEC. 101. REPEAL OF SUNSET ON CERTAIN INDIVIDUAL IN-**
 4 **COME TAX RATE RELIEF.**

5 (a) INDIVIDUAL INCOME TAX RATES.—

6 (1) REPEAL OF SUNSET.—Section 901 of the
 7 Economic Growth and Tax Relief Reconciliation Act
 8 of 2001 shall not apply to the amendments made by
 9 section 101 of such Act.

10 (2) 25- AND 28- PERCENT RATE BRACKETS
 11 MADE PERMANENT.—Paragraph (2) of section 1(i)
 12 is amended to read as follows:

1 “(ii) the 36 percent rate of tax under
2 such subsections shall apply only to the
3 taxpayer’s taxable income in such bracket
4 in excess of the amount to which clause (i)
5 applies.

6 “(B) APPLICABLE AMOUNT.—For purposes
7 of this paragraph, the term ‘applicable amount’
8 means the excess of—

9 “(i) the applicable threshold, over

10 “(ii) the sum of the following amounts
11 in effect for the taxable year:

12 “(I) the basic standard deduction
13 (within the meaning of section
14 63(c)(2)), and

15 “(II) the exemption amount
16 (within the meaning of section
17 151(d)(1) (or, in the case of sub-
18 section (a), 2 such exemption
19 amounts).

20 “(C) APPLICABLE THRESHOLD.—For pur-
21 poses of this paragraph, the term ‘applicable
22 threshold’ means—

23 “(i) \$250,000 in the case of sub-
24 section (a),

1 “(ii) \$200,000 in the case of sub-
2 sections (b) and (c), and

3 “(iii) 1/2 the amount applicable under
4 clause (i) (after adjustment, if any, under
5 subparagraph (E)) in the case of sub-
6 section (d).

7 “(D) FOURTH RATE BRACKET.—For pur-
8 poses of this paragraph, the term ‘fourth rate
9 bracket’ means the bracket which would (deter-
10 mined without regard to this paragraph) be the
11 36-percent rate bracket.

12 “(E) INFLATION ADJUSTMENT.—For pur-
13 poses of this paragraph, a rule similar to the
14 rule of paragraph (1)(C) shall apply with re-
15 spect to taxable years beginning in calendar
16 years after 2010, applied by substituting ‘2008’
17 for ‘1992’ in subsection (f)(3)(B).”.

18 (b) PHASEOUT OF PERSONAL EXEMPTIONS AND
19 ITEMIZED DEDUCTIONS.—

20 (1) OVERALL LIMITATION ON ITEMIZED DEDUC-
21 TIONS.—Section 68 is amended—

22 (A) by striking “the applicable amount”
23 the first place it appears in subsection (a) and
24 inserting “the applicable threshold in effect
25 under section 1(i)(3)”,

1 (B) by striking “the applicable amount” in
2 subsection (a)(1) and inserting “such applicable
3 threshold”,

4 (C) by striking subsection (b) and redesignating
5 subsections (c), (d), and (e) as sub-
6 sections (b), (c), and (d), respectively, and

7 (D) by striking subsections (f) and (g).

8 (2) PHASEOUT OF DEDUCTIONS FOR PERSONAL
9 EXEMPTIONS.—

10 (A) IN GENERAL.—Paragraph (3) of sec-
11 tion 151(d) is amended—

12 (i) by striking “the threshold amount”
13 in subparagraphs (A) and (B) and insert-
14 ing “the applicable threshold in effect
15 under section 1(i)(3)”,

16 (ii) by striking subparagraph (C) and
17 redesignating subparagraph (D) as sub-
18 paragraph (C), and

19 (iii) by striking subparagraphs (E)
20 and (F).

21 (B) CONFORMING AMENDMENTS.—Para-
22 graph (4) of section 151(d) is amended—

23 (i) by striking subparagraph (B),

24 (ii) by redesignating clauses (i) and
25 (ii) of subparagraph (A) as subparagraphs

1 (A) and (B), respectively, and by indenting
2 such subparagraphs (as so redesignated)
3 accordingly, and

4 (iii) by striking all that precedes “in
5 a calendar year after 1989,” and inserting
6 the following:

7 “(4) INFLATION ADJUSTMENT.—In the case of
8 any taxable year beginning”.

9 (3) NONAPPLICATION OF EGTRRA SUNSET.—
10 Section 901 of the Economic Growth and Tax Relief
11 Reconciliation Act of 2001 shall not apply to any
12 amendment made by section 102 or 103 of such Act.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2010.

16 **SEC. 102. REDUCED RATES ON CAPITAL GAINS AND DIVI-**
17 **DENDS MADE PERMANENT.**

18 (a) IN GENERAL.—Section 303 of the Jobs and
19 Growth Tax Relief Reconciliation Act of 2003 (relating
20 to sunset of title) is hereby repealed.

21 (b) 20-PERCENT CAPITAL GAINS RATE FOR CERTAIN
22 HIGH INCOME INDIVIDUALS.—

23 (1) IN GENERAL.—Paragraph (1) of section
24 1(h) is amended by striking subparagraph (C), by
25 redesignating subparagraphs (D) and (E) as sub-

1 paragraphs (E) and (F) and by inserting after sub-
2 paragraph (B) the following new subparagraphs:

3 “(C) 15 percent of the lesser of—

4 “(i) so much of the adjusted net cap-
5 ital gain (or, if less, taxable income) as ex-
6 ceeds the amount on which a tax is deter-
7 mined under subparagraph (B), or

8 “(ii) the excess (if any) of—

9 “(I) the amount of taxable in-
10 come which would (without regard to
11 this paragraph) be taxed at a rate
12 below 36 percent, over

13 “(II) the sum of the amounts on
14 which a tax is determined under sub-
15 paragraphs (A) and (B),

16 “(D) 20 percent of the adjusted net capital
17 gain (or, if less, taxable income) in excess of the
18 sum of the amounts on which tax is determined
19 under subparagraphs (B) and (C),”.

20 (2) MINIMUM TAX.—Paragraph (3) of section
21 55(b) is amended by striking subparagraph (C), by
22 redesignating subparagraph (D) as subparagraph
23 (E), and by inserting after subparagraph (B) the
24 following new subparagraphs:

25 “(C) 15 percent of the lesser of—

1 “(i) so much of the adjusted net cap-
2 ital gain (or, if less, taxable excess) as ex-
3 ceeds the amount on which tax is deter-
4 mined under subparagraph (B), or

5 “(ii) the excess described in section
6 1(h)(1)(C)(ii), plus

7 “(D) 20 percent of the adjusted net capital
8 gain (or, if less, taxable excess) in excess of the
9 sum of the amounts on which tax is determined
10 under subparagraphs (B) and (C), plus”.

11 (c) CONFORMING AMENDMENTS.—

12 (1) The following provisions are each amended
13 by striking “15 percent” and inserting “20 per-
14 cent”:

15 (A) Section 531.

16 (B) Section 541.

17 (C) Section 1445(e)(1).

18 (D) The second sentence of section
19 7518(g)(6)(A).

20 (E) Section 53511(f)(2) of title 46, United
21 States Code.

22 (2) Sections 1(h)(1)(B) and 55(b)(3)(B) are
23 each amended by striking “5 percent (0 percent in
24 the case of taxable years beginning after 2007)” and
25 inserting “0 percent”.

1 (3) Section 1445(e)(6) is amended by striking
2 “15 percent (20 percent in the case of taxable years
3 beginning after December 31, 2010)” and inserting
4 “20 percent”.

5 (d) EFFECTIVE DATES.—

6 (1) IN GENERAL.—Except as provided in para-
7 graph (2), the amendments made by subsections (b)
8 and (c) shall apply to taxable years beginning after
9 December 31, 2010.

10 (2) WITHHOLDING.—The amendments made by
11 paragraphs (1)(C) and (3) of subsection (c) shall
12 apply to amounts paid on or after January 1, 2011.

13 **SEC. 103. REPEAL OF SUNSET ON EXPANSION OF CHILD**
14 **TAX CREDIT.**

15 (a) REPEAL OF SUNSET ON MODIFICATIONS TO
16 CREDIT.—Title IX of the Economic Growth and Tax Re-
17 lief Reconciliation Act of 2001 (relating to sunset of provi-
18 sions of such Act) shall not apply to sections 201 (relating
19 to modifications to child tax credit) and 203 (relating to
20 refunds disregarded in the administration of Federal pro-
21 grams and federally assisted programs) of such Act.

22 (b) PERMANENT INCREASE IN REFUNDABLE POR-
23 TION OF CREDIT.—

1 (1) IN GENERAL.—Clause (i) of section
2 24(d)(1)(B) is amended by striking “\$10,000” and
3 inserting “\$3,000”.

4 (2) CONFORMING AMENDMENT.—Subsection (d)
5 of section 24 is amended by striking paragraph (4).

6 (3) ELIMINATION OF INFLATION ADJUST-
7 MENT.—Subsection (d) of section 24 is amended by
8 striking paragraph (3).

9 (4) EFFECTIVE DATE.—The amendments made
10 by this subsection shall apply to taxable years begin-
11 ning after December 31, 2010.

12 **SEC. 104. REPEAL OF SUNSET ON MARRIAGE PENALTY RE-**
13 **LIEF.**

14 Title IX of the Economic Growth and Tax Relief Rec-
15 onciliation Act of 2001 (relating to sunset of provisions
16 of such Act) shall not apply to sections 301, 302, and
17 303(a) of such Act (relating to marriage penalty relief).

18 **SEC. 105. REPEAL OF SUNSET ON EXPANSION OF DEPEND-**
19 **ENT CARE CREDIT.**

20 Title IX of the Economic Growth and Tax Relief Rec-
21 onciliation Act of 2001 (relating to sunset of provisions
22 of such Act) shall not apply to section 204 of such Act
23 (relating to dependent care credit).

1 **SEC. 106. REPEAL OF SUNSET ON EXPANSION OF ADOPTION**
2 **CREDIT AND ADOPTION ASSISTANCE PRO-**
3 **GRAMS.**

4 (a) REPEAL OF EGTRRA SUNSET.—Title IX of the
5 Economic Growth and Tax Relief Reconciliation Act of
6 2001 (relating to sunset of provisions of such Act) shall
7 not apply to section 202 of such Act (relating to expansion
8 of adoption credit and adoption assistance programs).

9 (b) TECHNICAL AMENDMENTS RELATING TO EXPAN-
10 SION UNDER PPACA.—

11 (1) REPEAL OF SUNSET.—Notwithstanding sec-
12 tion 10909(c) of the Patient Protection and Afford-
13 able Care Act, title IX of the Economic Growth and
14 Tax Relief Reconciliation Act of 2001 (relating to
15 sunset of provisions of such Act) shall not apply to
16 the amendments made by section 10909 of the Pa-
17 tient Protection and Affordable Care Act.

18 (2) CODIFICATION OF SUNSET.—

19 (A) REFUNDABLE CREDIT.—Section 36C
20 is amended by adding at the end the following
21 new subsection:

22 “(j) TERMINATION.—This section shall not apply to
23 expenses paid in taxable years beginning after December
24 31, 2011.”.

25 (B) ADOPTION ASSISTANCE PROGRAMS.—

1 (i) IN GENERAL.—Section 137(b) is
2 amended by adding at the end the fol-
3 lowing new paragraph:

4 “(4) SPECIAL RULE FOR 2010 AND 2011.—In the
5 case of any taxable year beginning in 2010 or 2011,
6 paragraph (1) and subsection (a)(2) shall each be
7 applied by substituting ‘\$13,170’ for ‘\$10,000’.”.

8 (ii) INFLATION ADJUSTMENT FOR
9 YEARS TO WHICH SPECIAL RULE AP-
10 PLIES.—Paragraph (1) of section 137(f) is
11 amended—

12 (I) by inserting “FOR 2011” after
13 “LIMITATIONS” in the heading, and

14 (II) by striking “after December
15 31, 2010, each of the dollar amounts
16 in subsections (a)(2) and (b)(1)” in-
17 serting “after December 31, 2010,
18 and before January 1, 2012, the
19 \$13,170 dollar amount in subsection
20 (b)(4)”.

21 (iii) INFLATION ADJUSTMENT FOR
22 OTHER YEARS.—Paragraph (2) of section
23 137(f) is amended—

1 (I) by inserting “AND DOLLAR
2 LIMITATIONS FOR OTHER YEARS”
3 after “LIMITATION” in the heading,

4 (II) by striking “the dollar
5 amount in subsection (b)(2)(A)” and
6 inserting “each of the dollar amounts
7 in subsection (a)(2) and paragraphs
8 (1) and (2)(A) of subsection (b)”, and

9 (III) by adding at the end the
10 following new sentence: “This para-
11 graph shall not apply to the dollar
12 amounts in subsections (a)(2) and
13 (b)(1) for any taxable year to which
14 paragraph (1) applies.”.

15 (iv) CONFORMING AMENDMENTS.—
16 Subsections (a)(2) and (b)(1) of section
17 137 are each amended by striking
18 “\$13,170” each place it appears in the
19 text and in the heading and inserting
20 “\$10,000”.

21 (C) EFFECTIVE DATE.—The amendments
22 made by this paragraph shall take effect as if
23 included in section 10909 of the Patient Protec-
24 tion and Affordable Care Act.

1 (3) NON-REFUNDABLE ADOPTION CREDIT AL-
2 LOWED FOR YEARS TO WHICH REFUNDABLE CREDIT
3 NOT APPLICABLE.—

4 (A) IN GENERAL.—Part IV of subchapter
5 A of chapter 1 is amended by inserting after
6 section 22 the following new section:

7 **“SEC. 23. ADOPTION EXPENSES.**

8 “(a) ALLOWANCE OF CREDIT.—

9 “(1) IN GENERAL.—In the case of an indi-
10 vidual, there shall be allowed as a credit against the
11 tax imposed by this chapter the amount of the quali-
12 fied adoption expenses paid or incurred by the tax-
13 payer.

14 “(2) YEAR CREDIT ALLOWED.—The credit
15 under paragraph (1) with respect to any expense
16 shall be allowed—

17 “(A) in the case of any expense paid or in-
18 curred before the taxable year in which such
19 adoption becomes final, for the taxable year fol-
20 lowing the taxable year during which such ex-
21 pense is paid or incurred, and

22 “(B) in the case of an expense paid or in-
23 curred during or after the taxable year in which
24 such adoption becomes final, for the taxable
25 year in which such expense is paid or incurred.

1 “(3) \$10,000 CREDIT FOR ADOPTION OF CHILD
2 WITH SPECIAL NEEDS REGARDLESS OF EX-
3 PENSES.—In the case of an adoption of a child with
4 special needs which becomes final during a taxable
5 year, the taxpayer shall be treated as having paid
6 during such year qualified adoption expenses with
7 respect to such adoption in an amount equal to the
8 excess (if any) of \$10,000 over the aggregate quali-
9 fied adoption expenses actually paid or incurred by
10 the taxpayer with respect to such adoption during
11 such taxable year and all prior taxable years.

12 “(b) LIMITATIONS.—

13 “(1) DOLLAR LIMITATION.—The aggregate
14 amount of qualified adoption expenses which may be
15 taken into account under subsection (a) for all tax-
16 able years with respect to the adoption of a child by
17 the taxpayer shall not exceed \$10,000.

18 “(2) INCOME LIMITATION.—

19 “(A) IN GENERAL.—The amount allowable
20 as a credit under subsection (a) for any taxable
21 year (determined without regard to subsection
22 (c)) shall be reduced (but not below zero) by an
23 amount which bears the same ratio to the
24 amount so allowable (determined without re-

1 gard to this paragraph but with regard to para-
2 graph (1)) as—

3 “(i) the amount (if any) by which the
4 taxpayer’s adjusted gross income exceeds
5 \$150,000, bears to

6 “(ii) \$40,000.

7 “(B) DETERMINATION OF ADJUSTED
8 GROSS INCOME.—For purposes of subparagraph
9 (A), adjusted gross income shall be determined
10 without regard to sections 911, 931, and 933.

11 “(3) DENIAL OF DOUBLE BENEFIT.—

12 “(A) IN GENERAL.—No credit shall be al-
13 lowed under subsection (a) for any expense for
14 which a deduction or credit is allowed under
15 any other provision of this chapter.

16 “(B) GRANTS.—No credit shall be allowed
17 under subsection (a) for any expense to the ex-
18 tent that funds for such expense are received
19 under any Federal, State, or local program.

20 “(4) LIMITATION BASED ON AMOUNT OF
21 TAX.—In the case of a taxable year to which section
22 26(a)(2) does not apply, the credit allowed under
23 subsection (a) for any taxable year shall not exceed
24 the excess of—

1 “(A) the sum of the regular tax liability
2 (as defined in section 26(b)) plus the tax im-
3 posed by section 55, over

4 “(B) the sum of the credits allowable
5 under this subpart (other than this section and
6 section 25D) and section 27 for the taxable
7 year.

8 “(c) CARRYFORWARD OF UNUSED CREDIT.—

9 “(1) RULE FOR YEARS IN WHICH ALL PER-
10 SONAL CREDITS ALLOWED AGAINST REGULAR AND
11 ALTERNATIVE MINIMUM TAX.—In the case of a tax-
12 able year to which section 26(a)(2) applies, if the
13 credit allowable under subsection (a) for any taxable
14 year exceeds the limitation imposed by section
15 26(a)(2) for such taxable year reduced by the sum
16 of the credits allowable under this subpart (other
17 than this section and sections 25D and 1400C),
18 such excess shall be carried to the succeeding tax-
19 able year and added to the credit allowable under
20 subsection (a) for such taxable year.

21 “(2) RULE FOR OTHER YEARS.—In the case of
22 a taxable year to which section 26(a)(2) does not
23 apply, if the credit allowable under subsection (a) for
24 any taxable year exceeds the limitation imposed by
25 subsection (b)(4) for such taxable year, such excess

1 shall be carried to the succeeding taxable year and
2 added to the credit allowable under subsection (a)
3 for such taxable year.

4 “(3) LIMITATION.—No credit may be carried
5 forward under this subsection to a taxable year fol-
6 lowing the fifth taxable year after the taxable year
7 in which the credit arose. For purposes of the pre-
8 ceding sentence, credits shall be treated as used on
9 a first-in first-out basis.

10 “(d) DEFINITIONS.—For purposes of this section—

11 “(1) QUALIFIED ADOPTION EXPENSES.—The
12 term ‘qualified adoption expenses’ means reasonable
13 and necessary adoption fees, court costs, attorney
14 fees, and other expenses—

15 “(A) which are directly related to, and the
16 principal purpose of which is for, the legal
17 adoption of an eligible child by the taxpayer,

18 “(B) which are not incurred in violation of
19 State or Federal law or in carrying out any sur-
20rogate parenting arrangement,

21 “(C) which are not expenses in connection
22 with the adoption by an individual of a child
23 who is the child of such individual’s spouse, and

24 “(D) which are not reimbursed under an
25 employer program or otherwise.

1 “(2) ELIGIBLE CHILD.—The term ‘eligible
2 child’ means any individual who—

3 “(A) has not attained age 18, or

4 “(B) is physically or mentally incapable of
5 caring for himself.

6 “(3) CHILD WITH SPECIAL NEEDS.—The term
7 ‘child with special needs’ means any child if—

8 “(A) a State has determined that the child
9 cannot or should not be returned to the home
10 of his parents,

11 “(B) such State has determined that there
12 exists with respect to the child a specific factor
13 or condition (such as his ethnic background,
14 age, or membership in a minority or sibling
15 group, or the presence of factors such as med-
16 ical conditions or physical, mental, or emotional
17 handicaps) because of which it is reasonable to
18 conclude that such child cannot be placed with
19 adoptive parents without providing adoption as-
20 sistance, and

21 “(C) such child is a citizen or resident of
22 the United States (as defined in section
23 217(h)(3)).

24 “(e) SPECIAL RULES FOR FOREIGN ADOPTIONS.—In
25 the case of an adoption of a child who is not a citizen

1 or resident of the United States (as defined in section
2 217(h)(3))—

3 “(1) subsection (a) shall not apply to any quali-
4 fied adoption expense with respect to such adoption
5 unless such adoption becomes final, and

6 “(2) any such expense which is paid or incurred
7 before the taxable year in which such adoption be-
8 comes final shall be taken into account under this
9 section as if such expense were paid or incurred dur-
10 ing such year.

11 “(f) FILING REQUIREMENTS.—

12 “(1) MARRIED COUPLES MUST FILE JOINT RE-
13 TURNS.—Rules similar to the rules of paragraphs
14 (2), (3), and (4) of section 21(e) shall apply for pur-
15 poses of this section.

16 “(2) TAXPAYER MUST INCLUDE TIN.—

17 “(A) IN GENERAL.—No credit shall be al-
18 lowed under this section with respect to any eli-
19 gible child unless the taxpayer includes (if
20 known) the name, age, and TIN of such child
21 on the return of tax for the taxable year.

22 “(B) OTHER METHODS.—The Secretary
23 may, in lieu of the information referred to in
24 subparagraph (A), require other information
25 meeting the purposes of subparagraph (A), in-

1 including identification of an agent assisting with
2 the adoption.

3 “(g) BASIS ADJUSTMENTS.—For purposes of this
4 subtitle, if a credit is allowed under this section for any
5 expenditure with respect to any property, the increase in
6 the basis of such property which would (but for this sub-
7 section) result from such expenditure shall be reduced by
8 the amount of the credit so allowed.

9 “(h) ADJUSTMENTS FOR INFLATION.—In the case of
10 a taxable year beginning after December 31, 2002, each
11 of the dollar amounts in subsections (a)(3) and para-
12 graphs (1) and (2)(A)(i) of subsection (b) shall be in-
13 creased by an amount equal to—

14 “(1) such dollar amount, multiplied by

15 “(2) the cost-of-living adjustment determined
16 under section 1(f)(3) for the calendar year in which
17 the taxable year begins, determined by substituting
18 ‘calendar year 2001’ for ‘calendar year 1992’ in sub-
19 paragraph (B) thereof.

20 If any amount as increased under the preceding sentence
21 is not a multiple of \$10, such amount shall be rounded
22 to the nearest multiple of \$10.

23 “(i) REGULATIONS.—The Secretary shall prescribe
24 such regulations as may be appropriate to carry out this
25 section and section 137, including regulations which treat

1 unmarried individuals who pay or incur qualified adoption
2 expenses with respect to the same child as 1 taxpayer for
3 purposes of applying the dollar amounts in subsections
4 (a)(3) and (b)(1) of this section and in section 137(b)(1).

5 “(j) APPLICABILITY.—No credit shall be allowed
6 under subsection (a) for any taxable year in which a credit
7 is allowed under subpart C with respect to qualified adop-
8 tion expenses.”.

9 (B) CONFORMING AMENDMENTS.—

10 (i) Section 24(b)(3)(B) is amended by
11 inserting “23,” before “25A(i),”.

12 (ii) Section 25(e)(1)(C) is amended—

13 (I) by inserting “23,” before
14 “25D” in clause (i), and

15 (II) by inserting “23,” before
16 “24” in clause (ii).

17 (iii) Section 25A(i)(5)(B) is amended
18 by striking “25D” and inserting “23,
19 25D,”.

20 (iv) Section 25B(g)(2) is amended by
21 inserting “23,” before “25A(i)”.

22 (v) Section 26(a)(1) is amended by in-
23 sserting “23,” before “24”.

1 (vi) Section 30(e)(2)(B)(ii) is amend-
2 ed by striking “25D” and inserting “23,
3 25D,”.

4 (vii) Section 30B(g)(2)(B)(ii) is
5 amended by inserting “23,” before “25D”.

6 (viii) Section 30D(c)(2)(B)(ii) is
7 amended by striking “sections 25D and”
8 and inserting “sections 23 and 25D”.

9 (ix) Section 137 is amended by adding
10 at the end the following new subsection:

11 “(g) TREATMENT OF REFERENCES TO SECTION
12 36C.—For purposes of this section, in the case of any tax-
13 able year with respect to which no credit is allowable under
14 subpart C with respect to qualified adoption expenses, any
15 reference to section 36C shall be treated as a reference
16 to section 23.”.

17 (x) Section 904(i) is amended by in-
18 serting “23,” before “24”.

19 (xi) Section 1016(a)(26) is amended
20 by striking “36C(g)” and inserting “23(g),
21 36C(g),”.

22 (xii) Section 1400C(d)(2) is amended
23 by inserting “23,” before “24”.

24 (xiii) The table of sections for subpart
25 C of part IV of subchapter A of chapter 1

1 is amended by inserting after the item re-
2 relating to section 22 the following new item:

“Sec. 23. Adoption expenses.”.

3 (C) EFFECTIVE DATE.—The amendments
4 made by this paragraph shall take effect on the
5 date of the enactment of this Act.

6 **SEC. 107. REPEAL OF SUNSET ON EMPLOYER-PROVIDED**
7 **CHILD CARE CREDIT.**

8 Title IX of the Economic Growth and Tax Relief Rec-
9 onciliation Act of 2001 (relating to sunset of provisions
10 of such Act) shall not apply to section 205 of such Act
11 (relating to allowance of credit for employer expenses for
12 child care assistance).

13 **SEC. 108. REPEAL OF SUNSET ON EXPANSION OF EARNED**
14 **INCOME TAX CREDIT.**

15 (a) REPEAL OF EGTRRA SUNSET.—Title IX of the
16 Economic Growth and Tax Relief Reconciliation Act of
17 2001 (relating to sunset of provisions of such Act) shall
18 not apply to subsections (b) through (h) of section 303
19 of such Act (relating to earned income tax credit).

20 (b) INCREASE IN CREDIT PERCENTAGE FOR FAMI-
21 LIES WITH 3 OR MORE CHILDREN.—Paragraph (1) of
22 section 32(b) is amended by striking subparagraphs (B)
23 and (C) and inserting the following new subparagraph:

24 “(B) INCREASED CREDIT PERCENTAGE
25 FOR FAMILIES WITH 3 OR MORE QUALIFYING

1 CHILDREN.—In the case of an eligible indi-
2 vidual with 3 or more qualifying children, the
3 table in subparagraph (A) shall be applied by
4 substituting ‘45’ for ‘40’ in the second column
5 thereof.”.

6 (c) JOINT RETURNS.—

7 (1) IN GENERAL.—Subparagraph (B) of section
8 32(b)(2) is amended by striking “increased by” and
9 all that follows and inserting “increased by \$5,000.”

10 (2) INFLATION ADJUSTMENTS.—Clause (ii) of
11 section 32(j)(1)(B) is amended—

12 (A) by striking “\$3,000” and inserting
13 “\$5,000”, and

14 (B) by striking “calendar year 2007” and
15 inserting “calendar year 2008”.

16 (d) CONFORMING AMENDMENT.—Section 32(b) is
17 amended by striking paragraph (3).

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2010.

1 **TITLE II—PERMANENT**
2 **EDUCATION TAX RELIEF**

3 **SEC. 201. REPEAL OF SUNSET ON EDUCATION INDIVIDUAL**
4 **RETIREMENT ACCOUNTS.**

5 Title IX of the Economic Growth and Tax Relief Rec-
6 conciliation Act of 2001 (relating to sunset of provisions
7 of such Act) shall not apply to section 401 of such Act
8 (relating to modifications to education individual retire-
9 ment accounts).

10 **SEC. 202. REPEAL OF SUNSET ON EMPLOYER-PROVIDED**
11 **EDUCATIONAL ASSISTANCE.**

12 Title IX of the Economic Growth and Tax Relief Rec-
13 conciliation Act of 2001 (relating to sunset of provisions
14 of such Act) shall not apply to section 411 of such Act
15 (relating to extension of exclusion for employer-provided
16 educational assistance).

17 **SEC. 203. REPEAL OF SUNSET ON STUDENT LOAN INTER-**
18 **EST DEDUCTION.**

19 Title IX of the Economic Growth and Tax Relief Rec-
20 conciliation Act of 2001 (relating to sunset of provisions
21 of such Act) shall not apply to section 412 of such Act
22 (relating to elimination of 60-month limit and increase in
23 income limitation on student loan interest deduction).

1 **SEC. 204. REPEAL OF SUNSET ON EXCLUSION OF CERTAIN**
2 **SCHOLARSHIPS.**

3 Title IX of the Economic Growth and Tax Relief Rec-
4 onciliation Act of 2001 (relating to sunset of provisions
5 of such Act) shall not apply to section 413 of such Act
6 (relating to exclusion of certain amounts received under
7 the National Health Service Corps Scholarship Program
8 and the F. Edward Hebert Armed Forces Health Profes-
9 sions Scholarship and Financial Assistance Program).

10 **SEC. 205. REPEAL OF SUNSET ON ARBITRAGE REBATE EX-**
11 **CEPTION FOR GOVERNMENTAL BONDS.**

12 Title IX of the Economic Growth and Tax Relief Rec-
13 onciliation Act of 2001 (relating to sunset of provisions
14 of such Act) shall not apply to section 421 of such Act
15 (relating to additional increase in arbitrage rebate excep-
16 tion for governmental bonds used to finance educational
17 facilities).

18 **SEC. 206. REPEAL OF SUNSET ON TREATMENT OF QUALI-**
19 **FIED PUBLIC EDUCATIONAL FACILITY**
20 **BONDS.**

21 Title IX of the Economic Growth and Tax Relief Rec-
22 onciliation Act of 2001 (relating to sunset of provisions
23 of such Act) shall not apply to section 422 of such Act
24 (relating to treatment of qualified public educational facil-
25 ity bonds as exempt facility bonds).

1 **SEC. 207. REPEAL OF SUNSET ON AMERICAN OPPORTUNITY**

2 **TAX CREDIT.**

3 (a) PERMANENT EXTENSION OF CREDIT.—Section
4 25A is amended—

5 (1) by striking “\$1,000” each place it appears
6 in subsection (b)(1) and inserting “\$2,000”,

7 (2) by striking “50 percent” in subsection
8 (b)(1)(B) and inserting “25 percent”,

9 (3) by striking “2 TAXABLE YEARS” in the
10 heading of subparagraph (A) of subsection (b)(2)
11 and inserting “4 TAXABLE YEARS”,

12 (4) by striking “2 prior taxable years” in sub-
13 section (b)(2)(A) and inserting “4 prior taxable
14 years”,

15 (5) by striking “2 YEARS” in the heading of
16 subparagraph (C) of subsection (b)(2) and inserting
17 “4 YEARS”,

18 (6) by striking “first 2 years” in subsection
19 (b)(2)(C) and inserting “first 4 years”,

20 (7) by striking “tuition and fees” in subpara-
21 graph (A) of subsection (f)(1) and inserting “tuition,
22 fees, and course materials”,

23 (8) by striking paragraphs (1) and (2) of sub-
24 section (d) and inserting the following new para-
25 graphs:

1 “(ii) \$40,000 (\$80,000 in the case of
2 a joint return), bears to

3 “(B) \$10,000 (\$20,000 in the case of a
4 joint return).”,

5 (9) by striking “DOLLAR LIMITATION ON
6 AMOUNT OF CREDIT” in the heading of paragraph
7 (1) of subsection (h) and inserting “AMERICAN OP-
8 PORTUNITY CREDIT”,

9 (10) by striking “2001” in subsection (h)(1)(A)
10 and inserting “2011”,

11 (11) by striking “the \$1,000 amounts under
12 subsection (b)(1)” in subsection (h)(1)(A) and in-
13 serting “the dollar amounts under subsections (b)(1)
14 and (d)(1)”,

15 (12) by striking “calendar year 2000” in sub-
16 section (h)(1)(A)(ii) and inserting “calendar year
17 2010”,

18 (13) by striking “If any amount” and all that
19 follows in subparagraph (B) of subsection (h)(1) and
20 inserting “If any amount under subsection (b)(1) as
21 adjusted under subparagraph (A) is not a multiple
22 of \$100, such amount shall be rounded to the next
23 lowest multiple of \$100. If any amount under sub-
24 section (d)(1) as adjusted under subparagraph (A) is

1 not a multiple of \$1,000, such amount shall be
2 rounded to the next lowest multiple of \$1,000.”,

3 (14) by inserting “OF LIFETIME LEARNING
4 CREDIT” after “INCOME LIMITS” in the heading of
5 paragraph (2) of subsection (h),

6 (15) by adding at the end of subsection (b) the
7 following new paragraphs:

8 “(4) CREDIT ALLOWED AGAINST ALTERNATIVE
9 MINIMUM TAX.—In the case of a taxable year to
10 which section 26(a)(2) does not apply, so much of
11 the credit allowed under subsection (a) as is attrib-
12 utable to the American Opportunity Credit shall not
13 exceed the excess of—

14 “(A) the sum of the regular tax liability
15 (as defined in section 26(b)) plus the tax im-
16 posed by section 55, over

17 “(B) the sum of the credits allowable
18 under this subpart (other than this subsection
19 and sections 25D, 30, 30B, and 30D) and sec-
20 tion 27 for the taxable year.

21 Any reference in this section or section 24, 25, 25B,
22 26, 904, or 1400C to a credit allowable under this
23 subsection shall be treated as a reference to so much
24 of the credit allowable under subsection (a) as is at-
25 tributable to the American Opportunity Credit.

1 “(5) PORTION OF CREDIT MADE REFUND-
2 ABLE.—40 percent of so much of the credit allowed
3 under subsection (a) as is attributable to the Amer-
4 ican Opportunity Credit (determined after the appli-
5 cation of subsection (d)(1) and without regard to
6 this paragraph and section 26(a)(2) or paragraph
7 (4), as the case may be) shall be treated as a credit
8 allowable under subpart C (and not allowed under
9 subsection (a)). The preceding sentence shall not
10 apply to any taxpayer for any taxable year if such
11 taxpayer is a child to whom subsection (g) of section
12 1 applies for such taxable year.”, and

13 (16) by striking subsection (i) and redesignig-
14 nating subsection (j) as subsection (i).

15 (b) HOPE SCHOLARSHIP CREDIT RENAMED AMER-
16 ICAN OPPORTUNITY CREDIT.—

17 (1) IN GENERAL.—Section 25A, as amended by
18 subsection (a), is amended by striking “Hope Schol-
19 arship” each place it appears in the text and in the
20 headings and inserting “American Opportunity”.

21 (2) CONFORMING AMENDMENTS.—

22 (A) The heading for section 25A is amend-
23 ment by striking “**HOPE**” and inserting
24 “**AMERICAN OPPORTUNITY**”.

1 (B) The heading for clause (v) of section
2 529(c)(3)(B) is amended by striking “HOPE”
3 and inserting “AMERICAN OPPORTUNITY”.

4 (C) The heading for subparagraph (C) of
5 section 530(d)(2) is amended by striking
6 “HOPE” and inserting “AMERICAN OPPOR-
7 TUNITY”.

8 (D) The table of sections for subpart A of
9 part IV of subchapter A of chapter 1 of the In-
10 ternal Revenue Code of 1986 is amended by
11 striking “Hope” and inserting “American Op-
12 portunity”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Section 24(b)(3)(B) is amended by striking
15 “25A(i)” and inserting “25A(b)”.

16 (2) Section 25(e)(1)(C)(ii) is amended by strik-
17 ing “25A(i)” and inserting “25A(b)”.

18 (3) Section 26(a)(1) is amended by striking
19 “25A(i)” and inserting “25A(b)”.

20 (4) Section 25B(g)(2) is amended by striking
21 “25A(i)” and inserting “25A(b)”.

22 (5) Section 904(i) is amended by striking
23 “25A(i)” and inserting “25A(b)”.

24 (6) Section 1400C(d)(2) is amended by striking
25 “25A(i)” and inserting “25A(b)”.

1 (7) Section 6211(b)(4)(A) is amended by strik-
2 ing “25A by reason of subsection (i)(6) thereof” and
3 inserting “25A by reason of subsection (b)(5) there-
4 of”.

5 (d) **EFFECTIVE DATE.**—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2010.

8 (e) **TREATMENT OF POSSESSIONS.**—Section
9 1004(c)(1) of the American Recovery and Reinvestment
10 Tax Act of 2009 is amended by striking “in 2009 and
11 2010” each place it appears and inserting “after 2008”.

12 **SEC. 208. REPEAL OF SUNSET ON ALLOWANCE OF COM-**
13 **PUTER TECHNOLOGY AND EQUIPMENT AS A**
14 **QUALIFIED HIGHER EDUCATION EXPENSE**
15 **FOR SECTION 529 ACCOUNTS.**

16 (a) **IN GENERAL.**—Clause (iii) of section
17 529(e)(3)(A) is amended by striking “in 2009 or 2010”.

18 (b) **EFFECTIVE DATE.**—The amendment made by
19 this section shall apply to expenses paid or incurred after
20 December 31, 2010.

1 **TITLE III—PERMANENT ESTATE**
2 **TAX RELIEF**

3 **SEC. 301. REPEAL OF EGTRRA SUNSET.**

4 Section 901 of the Economic Growth and Tax Relief
5 Reconciliation Act of 2001 shall not apply to title V of
6 such Act.

7 **SEC. 302. REINSTATEMENT OF ESTATE TAX; REPEAL OF**
8 **CARRYOVER BASIS.**

9 (a) IN GENERAL.—Each provision of law amended by
10 subtitle A or E of title V of the Economic Growth and
11 Tax Relief Reconciliation Act of 2001 is amended to read
12 as such provision would read if such subtitle had never
13 been enacted.

14 (b) CONFORMING AMENDMENT.—On and after the
15 date of the introduction of this Act, paragraph (1) of sec-
16 tion 2505(a) of the Internal Revenue Code of 1986 is
17 amended to read as if such paragraph would read if sec-
18 tion 521(b)(2) of the Economic Growth and Tax Relief
19 Reconciliation Act of 2001 had never been enacted.

20 (c) SPECIAL ELECTION WITH RESPECT TO ESTATES
21 OF DECEDENTS DYING BEFORE DATE OF ENACTMENT.—
22 Notwithstanding subsection (a), in the case of an estate
23 of a decedent dying after December 31, 2009, and before
24 the date of the enactment of this Act, the executor (within
25 the meaning of section 2203 of the Internal Revenue Code

1 of 1986) may elect to apply such Code as though the
2 amendments made by this section do not apply with re-
3 spect to such estate and with respect to property acquired
4 or passing from such decedent (within the meaning of sec-
5 tion 1014(b) of such Code). Such election shall be made
6 at such time and in such manner as the Secretary of the
7 Treasury or the Secretary's delegate shall provide. Such
8 an election once made shall be revocable only with the con-
9 sent of the Secretary of the Treasury or the Secretary's
10 delegate.

11 (d) EXTENSION OF TIME FOR PERFORMING CERTAIN
12 ACTS.—

13 (1) ESTATE TAX.—In the case of the estate of
14 a decedent dying after December 31, 2009, and be-
15 fore the date of the enactment of this Act, the due
16 date for—

17 (A) filing any return under section 6018 of
18 the Internal Revenue Code of 1986 (including
19 any election required to be made on such a re-
20 turn) as such section is in effect after the date
21 of the enactment of this Act without regard to
22 any election under subsection (c),

23 (B) making any payment of tax under
24 chapter 11 of such Code, and

1 (C) receiving any disclaimer described in
2 section 2518(b) of such Code,
3 shall not be earlier than the date which is 4 months
4 after the date of the enactment of this Act.

5 (2) GENERATION-SKIPPING TAX.—In the case
6 of any generation-skipping tax made after December
7 31, 2009, and before the date of the enactment of
8 this Act, the due date for filing any return under
9 section 2662 of the Internal Revenue Code of 1986
10 (including any election required to be made on such
11 a return) shall not be earlier than the date which is
12 4 months after the date of the enactment of this
13 Act.

14 (e) EFFECTIVE DATE.—Except as otherwise provided
15 in this section, the amendments made by this section shall
16 apply to estates of decedents dying, and transfers, after
17 December 31, 2009.

18 **SEC. 303. MODIFICATIONS TO ESTATE, GIFT, AND GENERA-**
19 **TION-SKIPPING TRANSFER TAXES.**

20 (a) MODIFICATIONS TO ESTATE TAX.—

21 (1) \$3,500,000 APPLICABLE EXCLUSION
22 AMOUNT.—Subsection (c) of section 2010 is amend-
23 ed to read as follows:

24 “(c) APPLICABLE CREDIT AMOUNT.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the applicable credit amount is the amount of
3 the tentative tax which would be determined under
4 section 2001(c) if the amount with respect to which
5 such tentative tax is to be computed were equal to
6 the applicable exclusion amount.

7 “(2) APPLICABLE EXCLUSION AMOUNT.—

8 “(A) IN GENERAL.—For purposes of this
9 subsection, the applicable exclusion amount is
10 \$3,500,000.

11 “(B) INFLATION ADJUSTMENT.—In the
12 case of any decedent dying in a calendar year
13 after 2010, the dollar amount in subparagraph
14 (A) shall be increased by an amount equal to—

15 “(i) such dollar amount, multiplied by

16 “(ii) the cost-of-living adjustment de-
17 termined under section 1(f)(3) for such
18 calendar year by substituting ‘calendar
19 year 2009’ for ‘calendar year 1992’ in sub-
20 paragraph (B) thereof.

21 If any amount as adjusted under the preceding
22 sentence is not a multiple of \$10,000, such
23 amount shall be rounded to the nearest multiple
24 of \$10,000.”.

1 (2) MAXIMUM ESTATE TAX RATE EQUAL TO 45
2 PERCENT.—Subsection (c) of section 2001 is amend-
3 ed—

4 (A) by striking “but not over \$2,000,000”
5 in the table contained in paragraph (1),

6 (B) by striking the last 2 items in such
7 table,

8 (C) by striking “(1) IN GENERAL.—”, and

9 (D) by striking paragraph (2).

10 (b) MODIFICATIONS TO GIFT TAX.—

11 (1) INFLATION ADJUSTMENT FOR APPLICABLE
12 EXCLUSION AMOUNT FOR GIFT TAX.—Section 2505
13 is amended by adding at the end the following new
14 subsection:

15 “(d) INFLATION ADJUSTMENT.—In the case of any
16 calendar year after 2010, the dollar amount in subsection
17 (a)(1) shall be increased by an amount equal to—

18 “(1) such dollar amount, multiplied by

19 “(2) the cost-of-living adjustment determined
20 under section 1(f)(3) for such calendar year by sub-
21 stituting ‘calendar year 2009’ for ‘calendar year
22 1992’ in subparagraph (B) thereof.

23 If any amount as adjusted under the preceding sentence
24 is not a multiple of \$10,000, such amount shall be round-
25 ed to the nearest multiple of \$10,000.”.

1 (2) MODIFICATION OF GIFT TAX RATE.—On
2 and after the date of the introduction of this Act,
3 subsection (a) of section 2502 of the Internal Rev-
4 enue Code of 1986 is amended to read as such sub-
5 section would read if section 511(d) of the Economic
6 Growth and Tax Relief Reconciliation Act of 2001
7 had never been enacted.

8 (3) CONFORMING AMENDMENT.—Section 2511
9 of the Internal Revenue Code of 1986 is amended by
10 striking subsection (c).

11 (4) PERIOD OF REPEAL TREATED AS SEPARATE
12 CALENDAR YEAR.—

13 (A) IN GENERAL.—For purposes of apply-
14 ing sections 1015, 2502, and 2505 of the Inter-
15 nal Revenue Code of 1986, calendar year 2010
16 shall be treated as 2 separate calendar years
17 one of which ends on the day before the date
18 of the introduction of this Act and the other of
19 which begins on such date of introduction.

20 (B) APPLICATION OF SECTION 2504(b).—
21 For purposes of applying section 2504(b) of the
22 Internal Revenue Code of 1986, calendar year
23 2010 shall be treated as one preceding calendar
24 period.

1 (c) MODIFICATION OF GENERATION-SKIPPING
2 TRANSFER TAX.—In the case of any generation-skipping
3 transfer made after December 31, 2009, and before the
4 date of the introduction of this Act, the applicable rate
5 determined under section 2641(a) of the Internal Revenue
6 Code of 1986 shall be zero.

7 (d) MODIFICATIONS OF ESTATE AND GIFT TAXES TO
8 REFLECT DIFFERENCES IN CREDIT RESULTING FROM
9 DIFFERENT TAX RATES.—

10 (1) ESTATE TAX.—

11 (A) IN GENERAL.—Section 2001(b)(2) is
12 amended by striking “if the provisions of sub-
13 section (c) (as in effect at the decedent’s
14 death)” and inserting “if the modifications de-
15 scribed in subsection (g)”.

16 (B) MODIFICATIONS.—Section 2001 is
17 amended by adding at the end the following
18 new subsection:

19 “(g) MODIFICATIONS TO GIFT TAX PAYABLE TO RE-
20 FLECT DIFFERENT TAX RATES.—For purposes of apply-
21 ing subsection (b)(2) with respect to 1 or more gifts, the
22 rates of tax under subsection (c) in effect at the decedent’s
23 death shall, in lieu of the rates of tax in effect at the time
24 of such gifts, be used both to compute—

1 “(1) the tax imposed by chapter 12 with respect
2 to such gifts, and

3 “(2) the credit allowed against such tax under
4 section 2505, including in computing—

5 “(A) the applicable credit amount under
6 section 2505(a)(1), and

7 “(B) the sum of the amounts allowed as a
8 credit for all preceding periods under section
9 2505(a)(2).”.

10 (2) GIFT TAX.—Section 2505(a) is amended by
11 adding at the end the following new flush sentence:
12 “For purposes of applying paragraph (2) for any calendar
13 year, the rates of tax in effect under section 2502(a)(2)
14 for such calendar year shall, in lieu of the rates of tax
15 in effect for preceding calendar periods, be used in deter-
16 mining the amounts allowable as a credit under this sec-
17 tion for all preceding calendar periods.”.

18 (e) EFFECTIVE DATE.—Except as otherwise pro-
19 vided, the amendments made by this section shall apply
20 to estates of decedents dying, generation-skipping trans-
21 fers, and gifts made, after December 31, 2009.

1 **SEC. 304. APPLICABLE EXCLUSION AMOUNT INCREASED BY**
2 **UNUSED EXCLUSION AMOUNT OF DECEASED**
3 **SPOUSE.**

4 (a) IN GENERAL.—Section 2010(c), as amended by
5 section 303(a), is amended by striking paragraph (2) and
6 inserting the following new paragraphs:

7 “(2) APPLICABLE EXCLUSION AMOUNT.—For
8 purposes of this subsection, the applicable exclusion
9 amount is the sum of—

10 “(A) the basic exclusion amount, and

11 “(B) in the case of a surviving spouse, the
12 deceased spousal unused exclusion amount.

13 “(3) BASIC EXCLUSION AMOUNT.—

14 “(A) IN GENERAL.—For purposes of this
15 subsection, the basic exclusion amount is
16 \$3,500,000.

17 “(B) INFLATION ADJUSTMENT.—In the
18 case of any decedent dying in a calendar year
19 after 2010, the dollar amount in subparagraph
20 (A) shall be increased by an amount equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-
23 termined under section 1(f)(3) for such
24 calendar year by substituting ‘calendar
25 year 2009’ for ‘calendar year 1992’ in sub-
26 paragraph (B) thereof.

1 If any amount as adjusted under the preceding
2 sentence is not a multiple of \$10,000, such
3 amount shall be rounded to the nearest multiple
4 of \$10,000.

5 “(4) DECEASED SPOUSAL UNUSED EXCLUSION
6 AMOUNT.—For purposes of this subsection, with re-
7 spect to a surviving spouse of a deceased spouse
8 dying on or after the date of the enactment of
9 the Middle Class Tax Cut Act of 2010, the term ‘de-
10 ceased spousal unused exclusion amount’ means the
11 lesser of—

12 “(A) the basic exclusion amount, or

13 “(B) the excess of—

14 “(i) the basic exclusion amount of the
15 last such deceased spouse of such surviving
16 spouse, over

17 “(ii) the amount with respect to which
18 the tentative tax is determined under sec-
19 tion 2001(b)(1) on the estate of such de-
20 ceased spouse.

21 “(5) SPECIAL RULES.—

22 “(A) ELECTION REQUIRED.—A deceased
23 spousal unused exclusion amount may not be
24 taken into account by a surviving spouse under
25 paragraph (2) unless the executor of the estate

1 of the deceased spouse files an estate tax return
2 on which such amount is computed and makes
3 an election on such return that such amount
4 may be so taken into account. Such election,
5 once made, shall be irrevocable. No election
6 may be made under this subparagraph if such
7 return is filed after the time prescribed by law
8 (including extensions) for filing such return.

9 “(B) EXAMINATION OF PRIOR RETURNS
10 AFTER EXPIRATION OF PERIOD OF LIMITATIONS
11 WITH RESPECT TO DECEASED SPOUSAL UN-
12 USED EXCLUSION AMOUNT.—Notwithstanding
13 any period of limitation in section 6501, after
14 the time has expired under section 6501 within
15 which a tax may be assessed under chapter 11
16 or 12 with respect to a deceased spousal unused
17 exclusion amount, the Secretary may examine a
18 return of the deceased spouse to make deter-
19 minations with respect to such amount for pur-
20 poses of carrying out this subsection.

21 “(6) REGULATIONS.—The Secretary shall pre-
22 scribe such regulations as may be necessary or ap-
23 propriate to carry out this subsection.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Paragraph (1) of section 2505(a) is amend-
2 ed to read as follows:

3 “(1) the applicable credit amount in effect
4 under section 2010(c) (determined as if the applica-
5 ble exclusion amount were \$1,000,000) which would
6 apply if the donor died as of the end of the calendar
7 year, reduced by”.

8 (2) Section 2631(c) is amended by striking “the
9 applicable exclusion amount” and inserting “the
10 basic exclusion amount”.

11 (3) Section 6018(a)(1) is amended by striking
12 “applicable exclusion amount” and inserting “basic
13 exclusion amount”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to estates of decedents dying, gen-
16 eration-skipping transfers, and gifts made, on and after
17 the date of the enactment of this Act.

18 **SEC. 305. EXCLUSION FROM GROSS ESTATE OF CERTAIN**
19 **FARMLAND SO LONG AS FARMLAND USE BY**
20 **FAMILY CONTINUES.**

21 (a) IN GENERAL.—Part III of subchapter A of chap-
22 ter 11 is amended by inserting after section 2033 the fol-
23 lowing new section:

1 **“SEC. 2033A. EXCLUSION OF CERTAIN FARMLAND SO LONG**
2 **AS FARMLAND USE BY FAMILY CONTINUES.**

3 “(a) IN GENERAL.—In the case of an estate of a de-
4 cedent to which this section applies, the value of the gross
5 estate shall not include the adjusted value of qualified
6 farmland included in the estate.

7 “(b) ESTATES TO WHICH SECTION APPLIES.—This
8 section shall apply to an estate if—

9 “(1) the executor—

10 “(A) elects the application of this section,

11 “(B) files an agreement referred to in sec-
12 tion 2032A(d)(2), and

13 “(C) obtains a qualified appraisal (as de-
14 fined in section 170(f)(11)(E)(i)) of the quali-
15 fied farmland to which the election applies and
16 attaches such appraisal to the return of the tax
17 imposed by section 2001,

18 “(2) the decedent was (at the date of the dece-
19 dent’s death) a citizen or resident of the United
20 States,

21 “(3) the decedent for the 3-taxable-year period
22 (10-taxable-year period in the case of any qualified
23 farmland which is qualified woodland described in
24 section 2032A(e)(2)(F)(i)) preceding the date of the
25 decedent’s death had an average modified adjusted

1 gross income (as defined in section 86(b)(2)) not ex-
2 ceeding \$750,000,

3 “(4) 60 percent or more of the adjusted value
4 of the gross estate at the date of the decedent’s
5 death consists of the adjusted value of real or per-
6 sonal property which is used as a farm for farming
7 purposes (within the meaning of section 2032A(e)),

8 “(5) 50 percent or more of the adjusted value
9 of the gross estate consists of the adjusted value of
10 qualified farmland which is real property, and

11 “(6) during the 10-year period ending on the
12 date of the decedent’s death—

13 “(A) the qualified farmland which is such
14 real property was owned by the decedent or a
15 member of the decedent’s family, and

16 “(B) there was material participation
17 (within the meaning of section 469(h)) by the
18 decedent or a member of the decedent’s family
19 in the operation of such farmland.

20 “(c) DEFINITIONS.—For purposes of this section—

21 “(1) QUALIFIED FARMLAND.—The term ‘quali-
22 fied farmland’ means any real property—

23 “(A) which is located in the United States,

1 “(B) which is used as a farm for farming
2 purposes (within the meaning of section
3 2032A(e)),

4 “(C) such use of which is not an activity
5 not engaged in for profit (within the meaning
6 of section 183),

7 “(D) which was acquired from or passed
8 from the decedent to a qualified heir of the de-
9 cedent and which, on the date of the decedent’s
10 death, was being so used by the decedent or a
11 member of the decedent’s family, and

12 “(E) which is property designated in the
13 agreement filed under subsection (b)(1).

14 “(2) ADJUSTED VALUE.—The term ‘adjusted
15 value’ means the value of farmland for purposes of
16 this chapter (determined without regard to this sec-
17 tion), reduced by any amounts allowable as a deduc-
18 tion in respect to such farmland under paragraph
19 (3) or (4) of section 2053(a).

20 “(3) OTHER TERMS.—Any other term used in
21 this section which is also used in section 2032A shall
22 have the same meaning given such term by section
23 2032A.

24 “(d) ANNUAL INFORMATION RETURN TO THE SEC-
25 RETARY.—

1 “(1) IN GENERAL.—The qualified heir of any
2 qualified farmland shall file an information return
3 (at such time and in such form and manner as the
4 Secretary prescribes) for each calendar year.

5 “(2) CONTENTS OF RETURN.—The information
6 return required under paragraph (1) shall set forth
7 any disposition of any interest in such farmland or
8 any cessation of use of such farmland as a farm for
9 farming purposes and such other information as the
10 Secretary may require.

11 “(e) IMPOSITION OF RECAPTURE TAX.—

12 “(1) IN GENERAL.—If—

13 “(A) at any time after the decedent’s
14 death and before the death of the qualified
15 heir—

16 “(i) the qualified heir disposes of any
17 interest in qualified farmland (other than
18 by a disposition to a member of the quali-
19 fied heir’s family),

20 “(ii) the qualified heir or member
21 ceases to use the qualified farmland as a
22 farm for farming purposes,

23 “(iii) the qualified heir or member in-
24 curs a nonrecourse indebtedness secured in

1 whole or in part by a portion of the quali-
2 fied farmland, or

3 “(iv) the qualified heir or member
4 fails to file the information return with re-
5 spect to the qualified farmland required
6 under subsection (d) for 3 successive cal-
7 endar years, or

8 “(B) upon the death of the qualified heir
9 or member, the executor of the estate of such
10 heir or member does not elect the application of
11 this section with respect to the qualified farm-
12 land,

13 then, there is hereby imposed a recapture tax with
14 respect to such qualified farmland or such interest
15 in or portion of such qualified farmland.

16 “(2) APPLICATION OF RECAPTURE TAX TO EAR-
17 LIER GENERATIONS.—Upon the imposition of a re-
18 capture tax under paragraph (1) with respect to
19 such qualified farmland or such interest in or por-
20 tion of such qualified farmland, there is also im-
21 posed an aggregate amount of any recapture tax
22 which would have been determined under this sub-
23 section with respect to such farmland, interest, or
24 portion if the such tax had been imposed and paid
25 on the date of death of the decedent and on the date

1 of death of any qualified heir (or member) of such
2 farmland, interest, or portion in any intervening
3 generation.

4 “(3) AMOUNT OF RECAPTURE TAX, ETC.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraph (B), rules similar to the rules of
7 section 2032A(c) (other than paragraphs (1)
8 and (2)(E) thereof) with respect to the addi-
9 tional estate tax shall apply for purposes of this
10 subsection with respect to each recapture tax.

11 “(B) ADJUSTMENTS TO RECAPTURE
12 TAX.—

13 “(i) ADJUSTMENT TO REFLECT IN-
14 CREASE IN VALUE OF INTEREST.—Subject
15 to clause (ii), the amount of the recapture
16 tax otherwise determined under rules de-
17 scribed in subparagraph (A) shall be in-
18 creased by the percentage (if any) by
19 which the value of the interest in the quali-
20 fied farmland at the time of the imposition
21 of such tax is greater than the adjusted
22 value of such farmland at the time such
23 farmland would have been included in the
24 estate if no election under this section had
25 been made.

1 “(ii) ADJUSTMENTS TO VALUE OF IN-
2 TEREST AT TIME OF TAX IMPOSITION.—
3 For purposes of determining the value of
4 the interest in the qualified farmland at
5 the time of the imposition of such tax,
6 such value shall be reduced (under rules
7 prescribed by the Secretary) by—

8 “(I) the basis of any substantial
9 improvements made with respect to
10 such interest by the qualified heir or
11 member, and

12 “(II) the aggregate amount of
13 any recapture tax imposed under
14 paragraph (2).

15 “(f) APPLICATION OF OTHER RULES.—Rules similar
16 to the rules of subsections (d), (e) (other than paragraphs
17 (6) and (13) thereof), (f), (g), (h), and (i) of section
18 2032A shall apply for purposes of this section.

19 “(g) REGULATIONS.—The Secretary may issue such
20 regulations or other guidance as may be necessary or ap-
21 propriate to carry out the purposes of this section, includ-
22 ing the application of this section in the case of multiple
23 interests in qualified farmland, and to prevent fraud and
24 abuse under this section.”.

1 (b) BASIS OF QUALIFIED FARMLAND FOR PURPOSES
2 OF DEPRECIATION OR DEPLETION BY QUALIFIED
3 HEIR.—Section 1014 is amended by adding at the end
4 the following new subsection:

5 “(f) BASIS OF QUALIFIED FARMLAND FOR PUR-
6 POSES OF DEPRECIATION OR DEPLETION BY QUALIFIED
7 HEIR.—For purposes of the allowance to any qualified
8 heir of any depreciation or depletion deduction with re-
9 spect to any interest in property acquired from a decedent
10 and subject to an election under section 2033A, the basis
11 of such property in the hands of such qualified heir (or
12 member of the qualified heir’s family after a disposition
13 described in section 2033A(e)(1)(A)(i)) shall be the ad-
14 justed basis of such property in the hands of the decedent
15 immediately before the death of such decedent.”.

16 (c) PENALTY FOR FAILURE TO FILE ANNUAL INFOR-
17 MATION RETURN.—Section 6652 is amended by redesi-
18 gnating subsection (m) as subsection (n) and by adding at
19 the end the following new subsection:

20 “(m) FAILURE TO FILE ANNUAL INFORMATION RE-
21 TURN.—In the case of each failure to provide an informa-
22 tion return as required under section 2033A(d) at the time
23 prescribed therefor, unless it is shown that such failure
24 is due to reasonable cause and not to willful neglect, there
25 shall be paid, on notice and demand of the Secretary and

1 in the same manner as tax, by the person failing to provide
2 such return, an amount equal to \$250 for each such fail-
3 ure.”.

4 (d) WOODLANDS SUBJECT TO MANAGEMENT
5 PLAN.—Paragraph (2) of section 2032A(c) is amended by
6 adding at the end the following new subparagraph:

7 “(F) EXCEPTION FOR WOODLANDS SUB-
8 JECT TO FOREST STEWARDSHIP PLAN.—

9 “(i) IN GENERAL.—Subparagraph (E)
10 shall not apply to any disposition or sever-
11 ance of standing timber on a qualified
12 woodland that is made pursuant to a forest
13 stewardship plan developed under the Co-
14 operative Forestry Assistance Act of 1978
15 (16 U.S.C. 2103a) or an equivalent plan
16 approved by the State Forester.

17 “(ii) COMPLIANCE WITH FOREST
18 STEWARDSHIP PLAN.—Clause (i) shall not
19 apply if, during the 10-year period under
20 paragraph (1), the qualified heir fails to
21 comply with such forest stewardship plan
22 or equivalent plan.”.

23 (e) CERTAIN CONSERVATION TRANSACTIONS NOT
24 TREATED AS DISPOSITIONS.—Paragraph (8) of section
25 2032A(c) is amended to read as follows:

1 “(8) CERTAIN CONSERVATION TRANSACTIONS
2 NOT TREATED AS DISPOSITIONS.—

3 “(A) QUALIFIED CONSERVATION CON-
4 TRIBUTIONS.—A qualified conservation con-
5 tribution by gift or otherwise shall not be
6 deemed a disposition under subsection
7 (c)(1)(A).

8 “(B) QUALIFIED CONSERVATION EASE-
9 MENT SOLD TO QUALIFIED ORGANIZATION.—A
10 sale of a qualified conservation easement to a
11 qualified organization shall not be deemed a
12 disposition under subsection (c)(1)(A).

13 “(C) DEFINITIONS.—For purposes of this
14 paragraph—

15 “(i) the terms ‘qualified conservation
16 contribution’ and ‘qualified organization’
17 have the meanings given such terms by
18 section 170(h), and

19 “(ii) the term ‘qualified conservation
20 easement’ has the meaning given such
21 term by section 2031(c)(8).”.

22 (f) CLERICAL AMENDMENT.—The table of sections
23 for part III of subchapter A of chapter 11 is amended
24 by inserting after the item relating to section 2033 the
25 following new item:

“Sec. 2033A. Exclusion of certain farmland so long as use as farmland continues.”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to estates of decedents dying after
3 the date of the enactment of this Act.

4 **SEC. 306. INCREASE IN LIMITATIONS ON THE AMOUNT EX-**
5 **CLUDED FROM THE GROSS ESTATE WITH RE-**
6 **SPECT TO LAND SUBJECT TO A QUALIFIED**
7 **CONSERVATION EASEMENT.**

8 (a) INCREASE IN DOLLAR LIMITATION ON EXCLU-
9 SION.—Paragraph (3) of section 2031(c) is amended by
10 striking “the exclusion limitation is” and all that follows
11 and inserting “the exclusion limitation is \$5,000,000.”.

12 (b) INCREASE IN PERCENTAGE OF VALUE OF LAND
13 WHICH IS EXCLUDABLE.—Paragraph (2) of section
14 2031(c) is amended—

15 (1) by striking “40 percent” and inserting “50
16 percent”, and

17 (2) by striking “2 percentage points” and in-
18 serting “2.5 percentage points”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to the estates of decedents dying
21 after the date of the enactment of this Act.

1 **SEC. 307. MODIFICATION OF RULES FOR VALUE OF CER-**
2 **TAIN FARM, ETC., REAL PROPERTY.**

3 (a) IN GENERAL.—Paragraph (2) of section
4 2032A(a) is amended by striking “\$750,000” and insert-
5 ing “\$3,500,000”.

6 (b) INFLATION ADJUSTMENT.—Paragraph (3) of sec-
7 tion 2032A(a) is amended—

8 (1) by striking “1998” and inserting “2010”,

9 (2) by striking “\$750,000” and inserting
10 “\$3,500,000” in subparagraph (A), and

11 (3) by striking “calendar year 1997” and in-
12 sserting “calendar year 2009” in subparagraph (B).

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to estates of decedents dying, and
15 gifts made, after December 31, 2009.

16 **SEC. 308. REQUIRED MINIMUM 10-YEAR TERM, ETC., FOR**
17 **GRANTOR RETAINED ANNUITY TRUSTS.**

18 (a) IN GENERAL.—Subsection (b) of section 2702 is
19 amended—

20 (1) by redesignating paragraphs (1), (2), and
21 (3) as subparagraphs (A), (B), and (C), respectively,
22 and by moving such subparagraphs (as so redesign-
23 nated) 2 ems to the right;

24 (2) by striking “For purposes of” and inserting
25 the following:

26 “(1) IN GENERAL.—For purposes of”;

1 (3) by striking “paragraph (1) or (2)” in para-
2 graph (1)(C) (as so redesignated) and inserting
3 “subparagraph (A) or (B)”; and

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

6 “(2) ADDITIONAL REQUIREMENTS WITH RE-
7 SPECT TO GRANTOR RETAINED ANNUITIES.—For
8 purposes of subsection (a), in the case of an interest
9 described in paragraph (1)(A) (determined without
10 regard to this paragraph) which is retained by the
11 transferor, such interest shall be treated as de-
12 scribed in such paragraph only if—

13 “(A) the right to receive the fixed amounts
14 referred to in such paragraph is for a term of
15 not less than 10 years,

16 “(B) such fixed amounts, when determined
17 on an annual basis, do not decrease relative to
18 any prior year during the first 10 years of the
19 term referred to in subparagraph (A), and

20 “(C) the remainder interest has a value
21 greater than zero determined as of the time of
22 the transfer.”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to transfers made after the date
25 of the enactment of this Act.

1 **SEC. 309. CONSISTENT BASIS REPORTING BETWEEN ES-**
2 **TATE AND PERSON ACQUIRING PROPERTY**
3 **FROM DECEDENT.**

4 (a) CONSISTENT USE OF BASIS.—

5 (1) PROPERTY ACQUIRED FROM A DECE-
6 DENT.—Section 1014 is amended by adding at the
7 end the following new subsection:

8 “(f) BASIS MUST BE CONSISTENT WITH ESTATE
9 TAX VALUE.—

10 “(1) IN GENERAL.—For purposes of this sec-
11 tion, the value used to determine the basis of any in-
12 terest in property in the hands of the person acquir-
13 ing such property shall not exceed the value of such
14 interest as finally determined for purposes of chap-
15 ter 11.

16 “(2) SPECIAL RULE WHERE NO FINAL DETER-
17 MINATION.—In any case in which the value of prop-
18 erty has not been finally determined under chapter
19 11 and there has been a statement furnished under
20 section 6035(a), the value used to determine the
21 basis of any interest in property in the hands of the
22 person acquiring such property shall not exceed the
23 amount reported on the statement furnished under
24 section 6035(a).

1 “(3) REGULATIONS.—The Secretary may by
2 regulations provide exceptions to the application of
3 this subsection.”.

4 (2) PROPERTY ACQUIRED BY GIFTS AND
5 TRANSFERS IN TRUST.—Section 1015 is amended by
6 adding at the end the following new subsection:

7 “(f) BASIS MUST BE CONSISTENT WITH GIFT TAX
8 VALUE.—

9 “(1) IN GENERAL.—For purposes of this sec-
10 tion, the fair market value of any interest in prop-
11 erty at the time of the gift of that interest shall not
12 exceed the value of such interest as finally deter-
13 mined for purposes of chapter 12.

14 “(2) SPECIAL RULE WHERE NO FINAL DETER-
15 MINATION.—In any case in which the value of prop-
16 erty has not been finally determined under chapter
17 12 and there has been a statement furnished under
18 section 6035(b), the fair market value of any inter-
19 est in property at the time of the gift of that inter-
20 est shall not exceed the amount reported on the
21 statement furnished under section 6035(b).

22 “(3) REGULATIONS.—The Secretary may by
23 regulations provide exceptions to the application of
24 this subsection.”.

25 (b) INFORMATION REPORTING.—

1 (1) IN GENERAL.—Subpart A of part III of
2 subchapter A of chapter 61 is amended by inserting
3 after section 6034A the following new section:

4 **“SEC. 6035. BASIS INFORMATION TO PERSONS ACQUIRING**
5 **PROPERTY FROM DECEDENT OR BY GIFT.**

6 “(a) INFORMATION WITH RESPECT TO PROPERTY
7 ACQUIRED FROM DECEDENTS.—

8 “(1) IN GENERAL.—The executor of any estate
9 required to file a return under section 6018(a) shall
10 furnish to the Secretary and to each person acquir-
11 ing any interest in property included in the dece-
12 dent’s gross estate for Federal estate tax purposes
13 a statement identifying the value of each interest in
14 such property as reported on such return and such
15 other information with respect to such interest as
16 the Secretary may prescribe.

17 “(2) STATEMENTS BY BENEFICIARIES.—Each
18 person required to file a return under section
19 6018(b) shall furnish to the Secretary and to each
20 other person who holds a legal or beneficial interest
21 in the property to which such return relates a state-
22 ment identifying the information described in para-
23 graph (1).

24 “(3) TIME FOR FURNISHING STATEMENT.—

1 “(A) IN GENERAL.—Each statement re-
2 quired to be furnished under paragraph (1) or
3 (2) shall be furnished at such time as the Sec-
4 retary may prescribe, but in no case at a time
5 later than the earlier of—

6 “(i) the date which is 30 days after
7 the date on which the return under section
8 6018 was required to be filed (including
9 extensions, if any), or

10 “(ii) the date which is 30 days after
11 the date such return is filed.

12 “(B) ADJUSTMENTS.—In any case in
13 which there is an adjustment to the information
14 required to be included on a statement filed
15 under paragraph (1) or (2) after such state-
16 ment has been filed, a supplemental statement
17 under such paragraph shall be filed not later
18 than the date which is 30 days after such ad-
19 justment is made.

20 “(b) INFORMATION WITH RESPECT TO PROPERTY
21 ACQUIRED BY GIFT.—

22 “(1) IN GENERAL.—Each person making a
23 transfer by gift who is required to file a return
24 under section 6019 with respect to such transfer
25 shall furnish to the Secretary and to each person ac-

1 quiring any interest in property by reason of such
2 transfer a statement identifying the fair market
3 value of each interest in such property as reported
4 on such return and such other information with re-
5 spect to such interest as the Secretary may pre-
6 scribe.

7 “(2) TIME FOR FURNISHING STATEMENT.—

8 “(A) IN GENERAL.—Each statement re-
9 quired to be furnished under paragraph (1)
10 shall be furnished at such time as the Secretary
11 may prescribe, but in no case at a time later
12 than the earlier of—

13 “(i) the date which is 30 days after
14 the date on which the return under section
15 6019 was required to be filed (including
16 extensions, if any), or

17 “(ii) the date which is 30 days after
18 the date such return is filed.

19 “(B) ADJUSTMENTS.—In any case in
20 which there is an adjustment to the information
21 required to be included on a statement filed
22 under paragraph (1) after such statement has
23 been filed, a supplemental statement under
24 such paragraph shall be filed not later than the

1 date which is 30 days after such adjustment is
2 made.

3 “(c) REGULATIONS.—The Secretary shall prescribe
4 such regulations as necessary to carry out this section, in-
5 cluding regulations relating to—

6 “(1) applying this section to property with re-
7 gard to which no estate or gift tax return is required
8 to be filed, and

9 “(2) situations in which the surviving joint ten-
10 ant or other recipient may have better information
11 than the executor regarding the basis or fair market
12 value of the property.”.

13 (2) PENALTY FOR FAILURE TO FILE.—

14 (A) RETURN.—Section 6724(d)(1) is
15 amended by striking “and” at the end of sub-
16 paragraph (B), by striking the period at the
17 end of subparagraph (C) and inserting “, and”,
18 and by adding at the end the following new sub-
19 paragraph:

20 “(D) any statement required to be filed
21 with the Secretary under section 6035.”.

22 (B) STATEMENT.—Section 6724(d)(2) is
23 amended by striking “or” at the end of sub-
24 paragraph (GG), by striking the period at the
25 end of subparagraph (HH) and inserting “,

1 or”, and by adding at the end the following new
2 subparagraph:

3 “(II) section 6035 (other than a statement
4 described in paragraph (1)(D)).”.

5 (3) CLERICAL AMENDMENT.—The table of sec-
6 tions for subpart A of part III of subchapter A of
7 chapter 61 is amended by inserting after the item
8 relating to section 6034A the following new item:

“Sec. 6035. Basis information to persons acquiring property from decedent or
by gift.”.

9 (c) PENALTY FOR INCONSISTENT REPORTING.—

10 (1) IN GENERAL.—Subsection (b) of section
11 6662 is amended by inserting after paragraph (7)
12 the following new paragraph:

13 “(8) Any inconsistent estate or gift basis.”.

14 (2) INCONSISTENT BASIS REPORTING.—Section
15 6662 is amended by adding at the end the following
16 new subsection:

17 “(k) INCONSISTENT ESTATE OR GIFT BASIS RE-
18 PORTING.—For purposes of this section, the term ‘incon-
19 sistent estate or gift basis’ means—

20 “(1) in the case of property acquired from a de-
21 cedent, a basis determination with respect to such
22 property which is not consistent with the require-
23 ments of section 1014(f), and

1 “(2) in the case of property acquired by gift, a
 2 basis determination with respect to such property
 3 which is not consistent with the requirements of sec-
 4 tion 1015(f).”.

5 (d) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to transfers for which returns are
 7 filed after the date of the enactment of this Act.

8 **TITLE IV—PERMANENT SMALL**
 9 **BUSINESS TAX RELIEF**

10 **SEC. 401. REPEAL OF SUNSET ON INCREASED LIMITATIONS**
 11 **ON SMALL BUSINESS EXPENSING.**

12 (a) IN GENERAL.—Subsection (b) of section 179, as
 13 amended by the Small Business Jobs Act of 2010, is
 14 amended—

15 (1) by striking “\$25,000” in paragraph (1)(C)
 16 and inserting “\$125,000.”, and

17 (2) by striking “\$200,000” in paragraph (2)(C)
 18 and inserting “\$500,000.”.

19 (b) INFLATION ADJUSTMENT.—Section 179(b) is
 20 amended by adding at the end the following new para-
 21 graph:

22 “(6) INFLATION ADJUSTMENT.—

23 “(A) IN GENERAL.—In the case of any
 24 taxable year beginning after 2011, the
 25 \$125,000 amount in paragraph (1)(C) and the

1 \$500,000 amount in paragraph (2)(C) shall
2 each be increased by an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-
5 termined under section 1(f)(3) for the cal-
6 endar year in which the taxable year be-
7 gins, by substituting ‘calendar year 2006’
8 for ‘calendar year 1992’ in subparagraph
9 (B) thereof.

10 “(B) ROUNDING.—

11 “(i) DOLLAR LIMITATION.—If the
12 amount in paragraph (1) as increased
13 under subparagraph (A) is not a multiple
14 of \$1,000, such amount shall be rounded
15 to the nearest multiple of \$1,000.

16 “(ii) PHASEOUT AMOUNT.—If the
17 amount in paragraph (2) as increased
18 under subparagraph (A) is not a multiple
19 of \$10,000, such amount shall be rounded
20 to the nearest multiple of \$10,000.”.

21 (c) PERMANENT EXPENSING OF COMPUTER SOFT-
22 WARE.—Section 179(d)(1)(A)(ii), as amended by the
23 Small Business Jobs Act of 2010, is amended by striking
24 “and before 2012”.

1 (d) REVOCATION OF ELECTION MADE PERMA-
2 NENT.—Section 179(e)(2), as amended by the Small Busi-
3 ness Jobs Act of 2010, is amended to read as follows:

4 “(2) REVOCATION OF ELECTION.—Any election
5 made under this section, and any specification con-
6 tained in any such election, may be revoked by the
7 taxpayer with respect to any property, and such rev-
8 ocation, once made, shall be irrevocable.”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2011.

12 **TITLE V—ALTERNATIVE** 13 **MINIMUM TAX RELIEF**

14 **SEC. 501. EXTENSION OF INCREASED ALTERNATIVE MIN-**
15 **IMUM TAX EXEMPTION AMOUNT.**

16 (a) IN GENERAL.—Paragraph (1) of section 55(d) is
17 amended—

18 (1) by striking “\$70,950” and all that follows
19 through “2009” in subparagraph (A) and inserting
20 “\$72,450 in the case of taxable years beginning in
21 2010 and \$74,450 in the case of taxable years be-
22 ginning in 2011”, and

23 (2) by striking “\$46,700” and all that follows
24 through “2009” in subparagraph (B) and inserting
25 “\$47,450 in the case of taxable years beginning in

1 2010 and \$48,450 in the case of taxable years be-
2 ginning in 2011”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2009.

6 **SEC. 502. EXTENSION OF ALTERNATIVE MINIMUM TAX RE-**
7 **LIEF FOR NONREFUNDABLE PERSONAL**
8 **CREDITS.**

9 (a) IN GENERAL.—Paragraph (2) of section 26(a) is
10 amended—

11 (1) by striking “or 2009” and inserting “2009,
12 2010, or 2011”, and

13 (2) by striking “2009” in the heading thereof
14 and inserting “2011”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2009.

1 **TITLE VI—TEMPORARY EXTEN-**
2 **SION OF CERTAIN PROVI-**
3 **SIONS EXPIRING IN 2009**

4 **Subtitle A—Infrastructure**
5 **Incentives**

6 **SEC. 601. EXTENSION OF BUILD AMERICA BONDS.**

7 (a) IN GENERAL.—Subparagraph (B) of section
8 54AA(d)(1) is amended by striking “January 1, 2011”
9 and inserting “January 1, 2012”.

10 (b) EXTENSION OF PAYMENTS TO ISSUERS.—

11 (1) IN GENERAL.—Section 6431 is amended—

12 (A) by striking “January 1, 2011” in sub-
13 section (a) and inserting “January 1, 2012”;
14 and

15 (B) by striking “January 1, 2011” in sub-
16 section (f)(1)(B) and inserting “a particular
17 date”.

18 (2) CONFORMING AMENDMENTS.—Subsection
19 (g) of section 54AA is amended—

20 (A) by striking “January 1, 2011” and in-
21 serting “January 1, 2012”; and

22 (B) by striking “QUALIFIED BONDS
23 ISSUED BEFORE 2011” in the heading and in-
24 serting “CERTAIN QUALIFIED BONDS”.

1 (c) REDUCTION IN PERCENTAGE OF PAYMENTS TO
2 ISSUERS.—Subsection (b) of section 6431 is amended—

3 (1) by striking “The Secretary” and inserting
4 the following:

5 “(1) IN GENERAL.—The Secretary”;

6 (2) by striking “35 percent” and inserting “the
7 applicable percentage”; and

8 (3) by adding at the end the following new
9 paragraph:

10 “(2) APPLICABLE PERCENTAGE.—For purposes
11 of this subsection, the term ‘applicable percentage’
12 means the percentage determined in accordance with
13 the following table:

| “In the case of a qualified bond issued during cal- endar year: | The applicable percentage is: |
|--|----------------------------------|
| 2009 or 2010 | 35 percent |
| 2011 | 32 percent.”. |

14 (d) CURRENT REFUNDINGS PERMITTED.—Sub-
15 section (g) of section 54AA is amended by adding at the
16 end the following new paragraph:

17 “(3) TREATMENT OF CURRENT REFUNDING
18 BONDS.—

19 “(A) IN GENERAL.—For purposes of this
20 subsection, the term ‘qualified bond’ includes
21 any bond (or series of bonds) issued to refund
22 a qualified bond if—

1 “(i) the average maturity date of the
2 issue of which the refunding bond is a part
3 is not later than the average maturity date
4 of the bonds to be refunded by such issue,

5 “(ii) the amount of the refunding
6 bond does not exceed the outstanding
7 amount of the refunded bond, and

8 “(iii) the refunded bond is redeemed
9 not later than 90 days after the date of the
10 issuance of the refunding bond.

11 “(B) APPLICABLE PERCENTAGE.—In the
12 case of a refunding bond referred to in subpara-
13 graph (A), the applicable percentage with re-
14 spect to such bond under section 6431(b) shall
15 be the lowest percentage specified in paragraph
16 (2) of such section.

17 “(C) DETERMINATION OF AVERAGE MATU-
18 RITY.—For purposes of subparagraph (A)(i),
19 average maturity shall be determined in accord-
20 ance with section 147(b)(2)(A).”.

21 **SEC. 602. EXEMPT-FACILITY BONDS FOR SEWAGE AND**
22 **WATER SUPPLY FACILITIES.**

23 (a) BONDS FOR WATER AND SEWAGE FACILITIES
24 EXEMPT FROM VOLUME CAP ON PRIVATE ACTIVITY
25 BONDS.—

1 (1) IN GENERAL.—Paragraph (3) of section
2 146(g) is amended by inserting “(4), (5),” after
3 “(2),”.

4 (2) CONFORMING AMENDMENT.—Paragraphs
5 (2) and (3)(B) of section 146(k) are both amended
6 by striking “(4), (5), (6),” and inserting “(6)”.

7 (b) TAX-EXEMPT ISSUANCE BY INDIAN TRIBAL GOV-
8 ERNMENTS.—

9 (1) IN GENERAL.—Subsection (c) of section
10 7871 is amended by adding at the end the following
11 new paragraph:

12 “(4) EXCEPTION FOR BONDS FOR WATER AND
13 SEWAGE FACILITIES.—Paragraph (2) shall not apply
14 to an exempt facility bond 95 percent or more of the
15 net proceeds (as defined in section 150(a)(3)) of
16 which are to be used to provide facilities described
17 in paragraph (4) or (5) of section 142(a).”.

18 (2) CONFORMING AMENDMENT.—Paragraph (2)
19 of section 7871(c) is amended by striking “para-
20 graph (3)” and inserting “paragraphs (3) and (4)”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to obligations issued after the date
23 of the enactment of this Act.

1 **SEC. 603. EXTENSION OF EXEMPTION FROM ALTERNATIVE**
2 **MINIMUM TAX TREATMENT FOR CERTAIN**
3 **TAX-EXEMPT BONDS.**

4 (a) IN GENERAL.—Clause (vi) of section 57(a)(5)(C)
5 is amended—

6 (1) by striking “January 1, 2011” in subclause
7 (I) and inserting “January 1, 2012”; and

8 (2) by striking “AND 2010” in the heading and
9 inserting “, 2010, AND 2011”.

10 (b) ADJUSTED CURRENT EARNINGS.—Clause (iv) of
11 section 56(g)(4)(B) is amended—

12 (1) by striking “January 1, 2011” in subclause
13 (I) and inserting “January 1, 2012”; and

14 (2) by striking “AND 2010” in the heading and
15 inserting “, 2010, AND 2011”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to obligations issued after Decem-
18 ber 31, 2010.

19 **SEC. 604. EXTENSION AND ADDITIONAL ALLOCATIONS OF**
20 **RECOVERY ZONE BOND AUTHORITY.**

21 (a) EXTENSION OF RECOVERY ZONE BOND AUTHOR-
22 ITY.—Section 1400U-2(b)(1) and section 1400U-
23 3(b)(1)(B) are each amended by striking “January 1,
24 2011” and inserting “January 1, 2012”.

25 (b) ADDITIONAL ALLOCATIONS OF RECOVERY ZONE
26 BOND AUTHORITY BASED ON UNEMPLOYMENT.—Section

1 1400U–1 is amended by adding at the end the following
2 new subsection:

3 “(c) ALLOCATION OF 2010 RECOVERY ZONE BOND
4 LIMITATIONS BASED ON UNEMPLOYMENT.—

5 “(1) IN GENERAL.—The Secretary shall allo-
6 cate the 2010 national recovery zone economic devel-
7 opment bond limitation and the 2010 national recov-
8 ery zone facility bond limitation among the States in
9 the proportion that each such State’s 2009 unem-
10 ployment number bears to the aggregate of the 2009
11 unemployment numbers for all of the States.

12 “(2) MINIMUM ALLOCATION.—The Secretary
13 shall adjust the allocations under paragraph (1) for
14 each State to the extent necessary to ensure that no
15 State (prior to any reduction under paragraph (3))
16 receives less than 0.9 percent of the 2010 national
17 recovery zone economic development bond limitation
18 and 0.9 percent of the 2010 national recovery zone
19 facility bond limitation.

20 “(3) ALLOCATIONS BY STATES.—

21 “(A) IN GENERAL.—Each State with re-
22 spect to which an allocation is made under
23 paragraph (1) shall reallocate such allocation
24 among the counties and large municipalities (as
25 defined in subsection (a)(3)(B)) in such State

1 in the proportion that each such county's or
2 municipality's 2009 unemployment number
3 bears to the aggregate of the 2009 unemploy-
4 ment numbers for all the counties and large
5 municipalities (as so defined) in such State.

6 “(B) 2010 ALLOCATION REDUCED BY
7 AMOUNT OF PREVIOUS ALLOCATION.—Each
8 State shall reduce (but not below zero)—

9 “(i) the amount of the 2010 national
10 recovery zone economic development bond
11 limitation allocated to each county or large
12 municipality (as so defined) in such State
13 by the amount of the national recovery
14 zone economic development bond limitation
15 allocated to such county or large munic-
16 ipality under subsection (a)(3)(A) (deter-
17 mined without regard to any waiver there-
18 of), and

19 “(ii) the amount of the 2010 national
20 recovery zone facility bond limitation allo-
21 cated to each county or large municipality
22 (as so defined) in such State by the
23 amount of the national recovery zone facil-
24 ity bond limitation allocated to such county
25 or large municipality under subsection

1 (a)(3)(A) (determined without regard to
2 any waiver thereof).

3 “(C) WAIVER OF SUBALLOCATIONS.—A
4 county or municipality may waive any portion
5 of an allocation made under this paragraph. A
6 county or municipality shall be treated as hav-
7 ing waived any portion of an allocation made
8 under this paragraph which has not been allo-
9 cated to a bond issued before May 1, 2011. Any
10 allocation waived (or treated as waived) under
11 this subparagraph may be used or reallocated
12 by the State.

13 “(D) SPECIAL RULE FOR A MUNICIPALITY
14 IN A COUNTY.—In the case of any large munici-
15 pality any portion of which is in a county, such
16 portion shall be treated as part of such munici-
17 pality and not part of such county.

18 “(4) 2009 UNEMPLOYMENT NUMBER.—For
19 purposes of this subsection, the term ‘2009 unem-
20 ployment number’ means, with respect to any State,
21 county or municipality, the number of individuals in
22 such State, county, or municipality who were deter-
23 mined to be unemployed by the Bureau of Labor
24 Statistics for December 2009.

25 “(5) 2010 NATIONAL LIMITATIONS.—

1 “(A) RECOVERY ZONE ECONOMIC DEVEL-
2 OPMENT BONDS.—The 2010 national recovery
3 zone economic development bond limitation is
4 \$10,000,000,000. Any allocation of such limita-
5 tion under this subsection shall be treated for
6 purposes of section 1400U–2 in the same man-
7 ner as an allocation of national recovery zone
8 economic development bond limitation.

9 “(B) RECOVERY ZONE FACILITY BONDS.—
10 The 2010 national recovery zone facility bond
11 limitation is \$15,000,000,000. Any allocation of
12 such limitation under this subsection shall be
13 treated for purposes of section 1400U–3 in the
14 same manner as an allocation of national recov-
15 ery zone facility bond limitation.”.

16 (c) AUTHORITY OF STATE TO WAIVE CERTAIN 2009
17 ALLOCATIONS.—Subparagraph (A) of section 1400U–
18 1(a)(3) is amended by adding at the end the following:
19 “A county or municipality shall be treated as having
20 waived any portion of an allocation made under this sub-
21 paragraph which has not been allocated to a bond issued
22 before May 1, 2011. Any allocation waived (or treated as
23 waived) under this subparagraph may be used or reallo-
24 cated by the State.”.

1 **SEC. 605. ALLOWANCE OF NEW MARKETS TAX CREDIT**
2 **AGAINST ALTERNATIVE MINIMUM TAX.**

3 (a) IN GENERAL.—Subparagraph (B) of section
4 38(c)(4), as amended by the Patient Protection and Af-
5 fordable Care Act, is amended by redesignating clauses
6 (v) through (ix) as clauses (vi) through (x), respectively,
7 and by inserting after clause (iv) the following new clause:

8 “(v) the credit determined under sec-
9 tion 45D, but only with respect to credits
10 determined with respect to qualified equity
11 investments (as defined in section 45D(b))
12 initially made before January 1, 2013.”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to credits determined with respect
15 to qualified equity investments (as defined in section
16 45D(b) of the Internal Revenue Code of 1986) initially
17 made after March 15, 2010.

18 **SEC. 606. EXTENSION OF TAX-EXEMPT ELIGIBILITY FOR**
19 **LOANS GUARANTEED BY FEDERAL HOME**
20 **LOAN BANKS.**

21 Clause (iv) of section 149(b)(3)(A) is amended by
22 striking “December 31, 2010” and inserting “December
23 31, 2011”.

1 **SEC. 607. EXTENSION OF TEMPORARY SMALL ISSUER**
2 **RULES FOR ALLOCATION OF TAX-EXEMPT IN-**
3 **TEREST EXPENSE BY FINANCIAL INSTITU-**
4 **TIONS.**

5 (a) IN GENERAL.—Clauses (i), (ii), and (iii) of sec-
6 tion 265(b)(3)(G) are each amended by striking “or
7 2010” and inserting “, 2010, or 2011”.

8 (b) CONFORMING AMENDMENT.—Subparagraph (G)
9 of section 265(b)(3) is amended by striking “AND 2010”
10 in the heading and inserting “, 2010, AND 2011”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to obligations issued after Decem-
13 ber 31, 2010.

14 **Subtitle B—Energy**

15 **SEC. 611. ALTERNATIVE MOTOR VEHICLE CREDIT FOR NEW**
16 **QUALIFIED HYBRID MOTOR VEHICLES**
17 **OTHER THAN PASSENGER AUTOMOBILES**
18 **AND LIGHT TRUCKS.**

19 (a) IN GENERAL.—Paragraph (3) of section 30B(k)
20 is amended by striking “December 31, 2009” and insert-
21 ing “December 31, 2011”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to property purchased after De-
24 cember 31, 2009.

1 **SEC. 612. INCENTIVES FOR BIODIESEL AND RENEWABLE**
2 **DIESEL.**

3 (a) CREDITS FOR BIODIESEL AND RENEWABLE DIE-
4 SEL USED AS FUEL.—Subsection (g) of section 40A is
5 amended by striking “December 31, 2009” and inserting
6 “December 31, 2011”.

7 (b) EXCISE TAX CREDITS AND OUTLAY PAYMENTS
8 FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIX-
9 TURES.—

10 (1) Paragraph (6) of section 6426(c) is amend-
11 ed by striking “December 31, 2009” and inserting
12 “December 31, 2011”.

13 (2) Subparagraph (B) of section 6427(e)(6) is
14 amended by striking “December 31, 2009” and in-
15 serting “December 31, 2011”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to fuel sold or used after December
18 31, 2009.

19 **SEC. 613. CREDIT FOR ELECTRICITY PRODUCED AT CER-**
20 **TAIN OPEN-LOOP BIOMASS FACILITIES.**

21 (a) IN GENERAL.—Clause (ii) of section 45(b)(4)(B)
22 is amended—

23 (1) by striking “5-year period” and inserting
24 “7-year period”; and

25 (2) by adding at the end the following: “In the
26 case of the next-to-last year of the 7-year period de-

1 scribed in the preceding sentence, the credit deter-
2 mined under subsection (a) with respect to elec-
3 tricity produced during such year shall not exceed
4 80 percent of such credit determined without regard
5 to this sentence. In the case of the last year of such
6 7-year period, the credit determined under sub-
7 section (a) with respect to electricity produced dur-
8 ing such year shall not exceed 60 percent of such
9 credit determined without regard to this sentence.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to electricity produced and sold
12 after December 31, 2009.

13 **SEC. 614. CREDIT FOR STEEL INDUSTRY FUEL.**

14 (a) CREDIT PERIOD.—

15 (1) IN GENERAL.—Subclause (II) of section
16 45(e)(8)(D)(ii) is amended to read as follows:

17 “(II) CREDIT PERIOD.—In lieu
18 of the 10-year period referred to in
19 clauses (i) and (ii)(II) of subpara-
20 graph (A), the credit period shall be
21 the period beginning on the date that
22 the facility first produces steel indus-
23 try fuel that is sold to an unrelated
24 person after September 30, 2008, and
25 ending 2 years after such date.”.

1 (2) CONFORMING AMENDMENT.—Section
2 45(e)(8)(D) is amended by striking clause (iii) and
3 by redesignating clause (iv) as clause (iii).

4 (b) EXTENSION OF PLACED-IN-SERVICE DATE.—
5 Subparagraph (A) of section 45(d)(8) is amended—

6 (1) by striking “(or any modification to a facil-
7 ity)”; and

8 (2) by striking “2010” and inserting “2012”.

9 (c) CLARIFICATIONS.—

10 (1) STEEL INDUSTRY FUEL.—Subclause (I) of
11 section 45(c)(7)(C)(i) is amended by inserting “, a
12 blend of coal and petroleum coke, or other coke feed-
13 stock” after “on coal”.

14 (2) OWNERSHIP INTEREST.—Section 45(d)(8)
15 is amended by adding at the end the following new
16 flush sentence:

17 “With respect to a facility producing steel industry
18 fuel, no person (including a ground lessor, customer,
19 supplier, or technology licensor) shall be treated as
20 having an ownership interest in the facility or as
21 otherwise entitled to the credit allowable under sub-
22 section (a) with respect to such facility if such per-
23 son’s rent, license fee, or other entitlement to net
24 payments from the owner of such facility is meas-
25 ured by a fixed dollar amount or a fixed amount per

1 ton, or otherwise determined without regard to the
2 profit or loss of such facility.”.

3 (3) PRODUCTION AND SALE.—Subparagraph
4 (D) of section 45(e)(8), as amended by subsection
5 (a)(2), is amended by redesignating clause (iii) as
6 clause (iv) and by inserting after clause (ii) the fol-
7 lowing new clause:

8 “(iii) PRODUCTION AND SALE.—The
9 owner of a facility producing steel industry
10 fuel shall be treated as producing and sell-
11 ing steel industry fuel where that owner
12 manufactures such steel industry fuel from
13 coal, a blend of coal and petroleum coke,
14 or other coke feedstock to which it has
15 title. The sale of such steel industry fuel
16 by the owner of the facility to a person
17 who is not the owner of the facility shall
18 not fail to qualify as a sale to an unrelated
19 person solely because such purchaser may
20 also be a ground lessor, supplier, or cus-
21 tomer.”.

22 (d) SPECIFIED CREDIT FOR PURPOSES OF ALTER-
23 NATIVE MINIMUM TAX EXCLUSION.—Subclause (II) of
24 section 38(c)(4)(B)(iii) is amended by inserting “(in the
25 case of a refined coal production facility producing steel

1 industry fuel, during the credit period set forth in section
2 45(e)(8)(D)(ii)(II))” after “service”.

3 (e) EFFECTIVE DATES.—

4 (1) IN GENERAL.—The amendments made by
5 subsections (a), (b), and (d) shall apply to fuel pro-
6 duced and sold after September 30, 2008.

7 (2) CLARIFICATIONS.—The amendments made
8 by subsection (c) shall take effect as if included in
9 the amendments made by the Energy Improvement
10 and Extension Act of 2008.

11 **SEC. 615. CREDIT FOR PRODUCING FUEL FROM COKE OR**
12 **COKE GAS.**

13 (a) IN GENERAL.—Paragraph (1) of section 45K(g)
14 is amended by striking “January 1, 2010” and inserting
15 “January 1, 2012”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to facilities placed in service after
18 December 31, 2009.

19 **SEC. 616. NEW ENERGY EFFICIENT HOME CREDIT.**

20 (a) IN GENERAL.—Subsection (g) of section 45L is
21 amended by striking “December 31, 2009” and inserting
22 “December 31, 2011”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to homes acquired after December
25 31, 2009.

1 **SEC. 617. EXCISE TAX CREDITS AND OUTLAY PAYMENTS**
2 **FOR ALTERNATIVE FUEL AND ALTERNATIVE**
3 **FUEL MIXTURES.**

4 (a) ALTERNATIVE FUEL CREDIT.—Paragraph (5) of
5 section 6426(d) is amended by striking “after December
6 31, 2009” and all that follows and inserting “after—

7 “(A) September 30, 2014, in the case of
8 liquefied hydrogen,

9 “(B) December 31, 2011, in the case of
10 fuels described in subparagraph (A), (C), (F),
11 or (G) of paragraph (2), and

12 “(C) December 31, 2009, in any other
13 case.”.

14 (b) ALTERNATIVE FUEL MIXTURE CREDIT.—Para-
15 graph (3) of section 6426(e) is amended by striking “after
16 December 31, 2009” and all that follows and inserting
17 “after—

18 “(A) September 30, 2014, in the case of
19 liquefied hydrogen,

20 “(B) December 31, 2011, in the case of
21 fuels described in subparagraph (A), (C), (F),
22 or (G) of subsection (d)(2), and

23 “(C) December 31, 2009, in any other
24 case.”.

25 (c) PAYMENT AUTHORITY.—

1 (1) IN GENERAL.—Paragraph (6) of section
2 6427(e) is amended by striking “and” at the end of
3 subparagraph (C), by striking the period at the end
4 of subparagraph (D) and inserting “, and”, and by
5 adding at the end the following new subparagraph:

6 “(E) any alternative fuel or alternative fuel
7 mixture (as so defined) involving fuel described
8 in subparagraph (A), (C), (F), or (G) of section
9 6426(d)(2) sold or used after December 31,
10 2011.”.

11 (2) CONFORMING AMENDMENT.—Subparagraph
12 (C) of section 6427(e)(6) is amended by inserting
13 “or (E)” after “subparagraph (D)”.

14 (d) EXCLUSION OF BLACK LIQUOR FROM CREDIT
15 ELIGIBILITY.—The last sentence of section 6426(d)(2) is
16 amended by striking “or biodiesel” and inserting “bio-
17 diesel, or any fuel (including lignin, wood residues, or
18 spent pulping liquors) derived from the production of
19 paper or pulp”.

20 (e) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to fuel sold or used after December
22 31, 2009.

1 **SEC. 618. SPECIAL RULE FOR SALES OR DISPOSITIONS TO**
2 **IMPLEMENT FERC OR STATE ELECTRIC RE-**
3 **STRUCTURING POLICY FOR QUALIFIED ELEC-**
4 **TRIC UTILITIES.**

5 (a) IN GENERAL.—Paragraph (3) of section 451(i)
6 is amended by striking “January 1, 2010” and inserting
7 “January 1, 2012”.

8 (b) MODIFICATION OF DEFINITION OF INDE-
9 PENDENT TRANSMISSION COMPANY.—

10 (1) IN GENERAL.—Clause (i) of section
11 451(i)(4)(B) is amended to read as follows:

12 “(i) who the Federal Energy Regu-
13 latory Commission determines in its au-
14 thorization of the transaction under section
15 203 of the Federal Power Act (16 U.S.C.
16 824b) or by declaratory order—

17 “(I) is not itself a market partici-
18 pant as determined by the Commis-
19 sion, and also is not controlled by any
20 such market participant, or

21 “(II) to be independent from
22 market participants or to be an inde-
23 pendent transmission company within
24 the meaning of such Commission’s
25 rules applicable to independent trans-
26 mission providers, and”.

1 (2) RELATED PERSONS.—Paragraph (4) of sec-
2 tion 451(i) is amended by adding at the end the fol-
3 lowing flush sentence:

4 “For purposes of subparagraph (B)(i)(I), a person
5 shall be treated as controlled by another person if
6 such persons would be treated as a single employer
7 under section 52.”.

8 (c) EFFECTIVE DATE.—

9 (1) IN GENERAL.—The amendment made by
10 subsection (a) shall apply to dispositions after De-
11 cember 31, 2009.

12 (2) MODIFICATIONS.—The amendments made
13 by subsection (b) shall apply to dispositions after the
14 date of the enactment of this Act.

15 **SEC. 619. SUSPENSION OF LIMITATION ON PERCENTAGE**
16 **DEPLETION FOR OIL AND GAS FROM MAR-**
17 **GINAL WELLS.**

18 (a) IN GENERAL.—Clause (ii) of section
19 613A(c)(6)(H) is amended by striking “January 1, 2010”
20 and inserting “January 1, 2012”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years beginning after
23 December 31, 2009.

24 **SEC. 620. CREDIT FOR NONBUSINESS ENERGY PROPERTY.**

25 (a) EXTENSION.—

1 (1) IN GENERAL.—Section 25C(g)(2) is amend-
2 ed by striking “2010” and inserting “2011”.

3 (2) LIMITATION.—Section 25C(b) is amended
4 by striking “and 2010” and inserting “, 2010, and
5 2011”.

6 (3) EFFECTIVE DATE.—The amendments made
7 by this subsection shall apply to property placed in
8 service after December 31, 2010.

9 (b) MODIFICATION OF STANDARDS FOR WINDOWS,
10 DOORS, AND SKYLIGHTS.—

11 (1) IN GENERAL.—Paragraph (4) of section
12 25C(e) is amended by striking “unless” and all that
13 follows and inserting “unless—

14 “(A) such component meets the criteria for
15 such components established by the 2010 En-
16 ergy Star Program Requirements for Residen-
17 tial Windows, Doors, and Skylights, Version 5.0
18 (or any subsequent version of such require-
19 ments which is in effect after January 4, 2010),
20 and

21 “(B) in the case of any component which
22 is a garage door, such component is equal to or
23 below a U factor of 0.30 and SHGC of 0.30.”.

1 (2) EFFECTIVE DATE.—The amendment made
 2 by this subsection shall apply to property placed in
 3 service after December 31, 2010.

4 **Subtitle C—Individual Tax Relief**

5 **PART I—MISCELLANEOUS PROVISIONS**

6 **SEC. 631. DEDUCTION FOR CERTAIN EXPENSES OF ELE-** 7 **MENTARY AND SECONDARY SCHOOL TEACH-** 8 **ERS.**

9 (a) IN GENERAL.—Subparagraph (D) of section
 10 62(a)(2) is amended by striking “or 2009” and inserting
 11 “2009, 2010, or 2011”.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2009.

15 **SEC. 632. ADDITIONAL STANDARD DEDUCTION FOR STATE** 16 **AND LOCAL REAL PROPERTY TAXES.**

17 (a) IN GENERAL.—Subparagraph (C) of section
 18 63(c)(1) is amended by striking “or 2009” and inserting
 19 “2009, 2010, or 2011”.

20 (b) EFFECTIVE DATE.—The amendment made by
 21 this section shall apply to taxable years beginning after
 22 December 31, 2009.

1 **SEC. 633. DEDUCTION OF STATE AND LOCAL SALES TAXES.**

2 (a) IN GENERAL.—Subparagraph (I) of section
3 164(b)(5) is amended by striking “January 1, 2010” and
4 inserting “January 1, 2012”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years beginning after
7 December 31, 2009.

8 **SEC. 634. CONTRIBUTIONS OF CAPITAL GAIN REAL PROP-**
9 **ERTY MADE FOR CONSERVATION PURPOSES.**

10 (a) IN GENERAL.—Clause (vi) of section
11 170(b)(1)(E) is amended by striking “December 31,
12 2009” and inserting “December 31, 2011”.

13 (b) CONTRIBUTIONS BY CERTAIN CORPORATE FARM-
14 ERS AND RANCHERS.—Clause (iii) of section 170(b)(2)(B)
15 is amended by striking “December 31, 2009” and insert-
16 ing “December 31, 2011”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to contributions made in taxable
19 years beginning after December 31, 2009.

20 **SEC. 635. ABOVE-THE-LINE DEDUCTION FOR QUALIFIED**
21 **TUITION AND RELATED EXPENSES.**

22 (a) IN GENERAL.—Subsection (e) of section 222 is
23 amended by striking “December 31, 2009” and inserting
24 “December 31, 2011”.

25 (b) APPLICATION AND EXTENSION OF EGTRRA
26 SUNSET.—Notwithstanding section 901 of the Economic

1 Growth and Tax Relief Reconciliation Act of 2001, such
2 section shall apply to the amendments made by this sec-
3 tion and the amendments made by section 431 of such
4 Act by substituting “December 31, 2011” for “December
5 31, 2010” in subsection (a)(1) thereof.

6 (c) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to taxable years beginning after
8 December 31, 2009.

9 (d) TEMPORARY COORDINATION WITH SECTION
10 25A.—In the case of any taxpayer for any taxable year
11 beginning in 2010 or 2011, no deduction shall be allowed
12 under section 222 of the Internal Revenue Code of 1986
13 if—

14 (1) the taxpayer’s net Federal income tax re-
15 duction which would be attributable to such deduc-
16 tion for such taxable year, is less than

17 (2) the credit which would be allowed to the
18 taxpayer for such taxable year under section 25A of
19 such Code (determined without regard to sections
20 25A(e) and 26 of such Code).

1 **SEC. 636. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
2 **TIREMENT PLANS FOR CHARITABLE PUR-**
3 **POSES.**

4 (a) IN GENERAL.—Subparagraph (F) of section
5 408(d)(8) is amended by striking “December 31, 2009”
6 and inserting “December 31, 2011”.

7 (b) EFFECTIVE DATE; SPECIAL RULE.—

8 (1) EFFECTIVE DATE.—The amendment made
9 by this section shall apply to distributions made in
10 taxable years beginning after December 31, 2009.

11 (2) SPECIAL RULE.—For purposes of qualified
12 charitable distributions under section 408(d)(8) of
13 the Internal Revenue Code of 1986 with respect to
14 taxable years beginning in 2010, a taxpayer shall be
15 deemed to have made such a distribution on the last
16 day of such taxable year if the distribution is made
17 not later than January 31, 2011.

18 **SEC. 637. LOOK-THRU OF CERTAIN REGULATED INVEST-**
19 **MENT COMPANY STOCK IN DETERMINING**
20 **GROSS ESTATE OF NONRESIDENTS.**

21 (a) IN GENERAL.—Paragraph (3) of section 2105(d)
22 is amended by striking “December 31, 2009” and insert-
23 ing “December 31, 2011”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall apply to estates of decedents dying after
26 December 31, 2009.

1 **PART II—LOW-INCOME HOUSING CREDITS**

2 **SEC. 641. ELECTION FOR DIRECT PAYMENT OF LOW-IN-**
3 **COME HOUSING CREDIT FOR 2010.**

4 (a) IN GENERAL.—Section 42 is amended by redesi-
5 nating subsection (n) as subsection (o) and by inserting
6 after subsection (m) the following new subsection:

7 “(n) ELECTION FOR DIRECT PAYMENT OF CRED-
8 IT.—

9 “(1) IN GENERAL.—The housing credit agency
10 of each State shall be allowed a credit in an amount
11 equal to such State’s low-income housing refundable
12 credit election amount for the applicable calendar
13 year, which shall be payable by the Secretary as pro-
14 vided in paragraph (5).

15 “(2) LOW-INCOME HOUSING GRANT ELECTION
16 AMOUNT.—For purposes of this subsection—

17 “(A) IN GENERAL.—The term ‘low-income
18 housing grant election amount’ means, with re-
19 spect to any State for any applicable calendar
20 year, such amount as the State may elect which
21 does not exceed 85 percent of the product of—

22 “(i) the sum of—

23 “(I) 100 percent of the State
24 housing credit ceiling for such applica-
25 ble calendar year which is attributable
26 to amounts described in clauses (i)

1 and (iii) of subsection (h)(3)(C), plus
2 any increase for such applicable cal-
3 endar year attributable to section
4 1400N(c) (including credits made
5 available under such section as ap-
6 plied by reason of sections 702(d)(2)
7 and 704(b) of the Tax Extenders and
8 Alternative Minimum Tax Relief Act
9 of 2008), and

10 “(II) 40 percent of the State
11 housing credit ceiling for such applica-
12 ble calendar year which is attributable
13 to amounts described in clauses (ii)
14 and (iv) of such subsection, plus any
15 credits for the calendar year preceding
16 such applicable calendar year attrib-
17 utable to the application of such sec-
18 tion 702(d)(2) and 704(b), multiplied
19 by

20 “(ii) 10.

21 For purposes of subparagraph (A)(ii), in the
22 case of any area to which section 702(d)(2) or
23 704(b) of the Tax Extenders and Alternative
24 Minimum Tax Relief Act of 2008 applies, sec-

1 tion 1400N(c)(1)(A) of such Code shall be ap-
2 plied without regard to clause (i).

3 “(B) APPLICABLE CALENDAR YEAR.—The
4 term ‘applicable calendar year’ means calendar
5 years 2010 and 2011.

6 “(3) COORDINATION WITH NON-REFUNDABLE
7 CREDIT.—For purposes of this section, the amounts
8 described in clauses (i) through (iv) of subsection
9 (h)(3)(C) with respect to any State for 2010 shall
10 each be reduced by so much of such amount as is
11 taken into account in determining the amount of the
12 credit allowed with respect to such State under para-
13 graph (1).

14 “(4) SPECIAL RULE FOR BASIS.—Basis of a
15 qualified low-income building shall not be reduced by
16 the amount of any payment made under this sub-
17 section.

18 “(5) PAYMENT OF CREDIT; USE TO FINANCE
19 LOW-INCOME BUILDINGS.—The Secretary shall pay
20 to the housing credit agency of each State an
21 amount equal to the credit allowed under paragraph
22 (1). Rules similar to the rules of subsections (c) and
23 (d) of section 1602 of the American Recovery and
24 Reinvestment Tax Act of 2009 shall apply with re-
25 spect to any payment made under this paragraph,

1 except that such subsection (d) shall be applied by
2 substituting ‘January 1 of the second calendar year
3 after the applicable calendar year’ for ‘January 1,
4 2011’.”.

5 (b) CONFORMING AMENDMENT.—Section 1324(b)(2)
6 of title 31, United States Code, is amended by inserting
7 “42(n),” after “36C,”.

8 **SEC. 642. LOW-INCOME HOUSING GRANT ELECTION.**

9 (a) CLARIFICATION OF ELIGIBILITY OF LOW-INCOME
10 HOUSING CREDITS FOR LOW-INCOME HOUSING GRANT
11 ELECTION.—Paragraph (1) of section 1602(b) of the
12 American Recovery and Reinvestment Tax Act of 2009 is
13 amended—

14 (1) by inserting “, plus any increase for 2009
15 or 2010 attributable to section 1400N(c) of such
16 Code (including credits made available under such
17 section as applied by reason of sections 702(d)(2)
18 and 704(b) of the Tax Extenders and Alternative
19 Minimum Tax Relief Act of 2008)” after “1986” in
20 subparagraph (A), and

21 (2) by inserting “, plus any credits for 2009 at-
22 tributable to the application of such section
23 702(d)(2) and 704(b)” after “such section” in sub-
24 paragraph (B).

1 (b) APPLICATION OF ADDITIONAL HOUSING CREDIT
2 AMOUNT FOR PURPOSES OF 2009 GRANT ELECTION.—
3 Subsection (b) of section 1602 of the American Recovery
4 and Reinvestment Tax Act of 2009, as amended by sub-
5 section (a), is amended by adding at the end the following
6 flush sentence:

7 “For purposes of paragraph (1)(B), in the case of any
8 area to which section 702(d)(2) or 704(b) of the Tax Ex-
9 tenders and Alternative Minimum Tax Relief Act of 2008
10 applies, section 1400N(c)(1)(A) of such Code shall be ap-
11 plied without regard to clause (i).”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply as if included in the enactment
14 of section 1602 of the American Recovery and Reinvest-
15 ment Tax Act of 2009.

16 **Subtitle D—Business Tax Relief**

17 **SEC. 651. RESEARCH CREDIT.**

18 (a) IN GENERAL.—Subparagraph (B) of section
19 41(h)(1) is amended by striking “December 31, 2009”
20 and inserting “December 31, 2011”.

21 (b) CONFORMING AMENDMENT.—Subparagraph (D)
22 of section 45C(b)(1) is amended by striking “December
23 31, 2009” and inserting “December 31, 2011”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts paid or incurred after
3 December 31, 2009.

4 **SEC. 652. INDIAN EMPLOYMENT TAX CREDIT.**

5 (a) IN GENERAL.—Subsection (f) of section 45A is
6 amended by striking “December 31, 2009” and inserting
7 “December 31, 2011”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 December 31, 2009.

11 **SEC. 653. NEW MARKETS TAX CREDIT.**

12 (a) IN GENERAL.—Subparagraph (F) of section
13 45D(f)(1) is amended by inserting “, 2010, and 2011”
14 after “2009”.

15 (b) CONFORMING AMENDMENT.—Paragraph (3) of
16 section 45D(f) is amended by striking “2014” and insert-
17 ing “2016”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to calendar years beginning after
20 2009.

21 **SEC. 654. RAILROAD TRACK MAINTENANCE CREDIT.**

22 (a) IN GENERAL.—Subsection (f) of section 45G is
23 amended by striking “January 1, 2010” and inserting
24 “January 1, 2012”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to expenditures paid or incurred
3 in taxable years beginning after December 31, 2009.

4 **SEC. 655. MINE RESCUE TEAM TRAINING CREDIT.**

5 (a) IN GENERAL.—Subsection (e) of section 45N is
6 amended by striking “December 31, 2009” and inserting
7 “December 31, 2011”.

8 (b) CREDIT ALLOWABLE AGAINST AMT.—Subpara-
9 graph (B) of section 38(c)(4), as amended by section 105,
10 is amended—

11 (1) by redesignating clauses (vii) through (x) as
12 clauses (viii) through (xi), respectively; and

13 (2) by inserting after clause (vi) the following
14 new clause:

15 “(vii) the credit determined under sec-
16 tion 45N,”.

17 (c) EFFECTIVE DATE.—

18 (1) IN GENERAL.—Except as provided in para-
19 graph (2), the amendments made by this section
20 shall apply to taxable years beginning after Decem-
21 ber 31, 2009.

22 (2) ALLOWANCE AGAINST AMT.—The amend-
23 ments made by subsection (b) shall apply to credits
24 determined for taxable years beginning after Decem-
25 ber 31, 2009, and to carrybacks of such credits.

1 **SEC. 656. EMPLOYER WAGE CREDIT FOR EMPLOYEES WHO**
2 **ARE ACTIVE DUTY MEMBERS OF THE UNI-**
3 **FORMED SERVICES.**

4 (a) IN GENERAL.—Subsection (f) of section 45P is
5 amended by striking “December 31, 2009” and inserting
6 “December 31, 2011”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to payments made after December
9 31, 2009.

10 **SEC. 657. 5-YEAR DEPRECIATION FOR FARMING BUSINESS**
11 **MACHINERY AND EQUIPMENT.**

12 (a) IN GENERAL.—Clause (vii) of section
13 168(e)(3)(B) is amended by striking “January 1, 2010”
14 and inserting “January 1, 2012”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to property placed in service after
17 December 31, 2009.

18 **SEC. 658. 15-YEAR STRAIGHT-LINE COST RECOVERY FOR**
19 **QUALIFIED LEASEHOLD IMPROVEMENTS,**
20 **QUALIFIED RESTAURANT BUILDINGS AND IM-**
21 **PROVEMENTS, AND QUALIFIED RETAIL IM-**
22 **PROVEMENTS.**

23 (a) IN GENERAL.—Clauses (iv), (v), and (ix) of sec-
24 tion 168(e)(3)(E) are each amended by striking “January
25 1, 2010” and inserting “January 1, 2012”.

26 (b) CONFORMING AMENDMENTS.—

1 (1) Clause (i) of section 168(e)(7)(A) is amend-
2 ed by striking “if such building is placed in service
3 after December 31, 2008, and before January 1,
4 2010,”.

5 (2) Paragraph (8) of section 168(e) is amended
6 by striking subparagraph (E).

7 (3) Section 179(f)(2) is amended—

8 (A) by striking “(without regard to the
9 dates specified in subparagraph (A)(i) thereof)”
10 in subparagraph (B), and

11 (B) by striking “(without regard to sub-
12 paragraph (E) thereof)” in subparagraph (C).

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to property placed in service after
15 December 31, 2009.

16 **SEC. 659. 7-YEAR RECOVERY PERIOD FOR MOTORSPORTS**
17 **ENTERTAINMENT COMPLEXES.**

18 (a) IN GENERAL.—Subparagraph (D) of section
19 168(i)(15) is amended by striking “December 31, 2009”
20 and inserting “December 31, 2011”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to property placed in service after
23 December 31, 2009.

1 **SEC. 660. ACCELERATED DEPRECIATION FOR BUSINESS**
2 **PROPERTY ON AN INDIAN RESERVATION.**

3 (a) IN GENERAL.—Paragraph (8) of section 168(j)
4 is amended by striking “December 31, 2009” and insert-
5 ing “December 31, 2011”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to property placed in service after
8 December 31, 2009.

9 **SEC. 661. ENHANCED CHARITABLE DEDUCTION FOR CON-**
10 **TRIBUTIONS OF FOOD INVENTORY.**

11 (a) IN GENERAL.—Clause (iv) of section
12 170(e)(3)(C) is amended by striking “December 31,
13 2009” and inserting “December 31, 2011”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to contributions made after De-
16 cember 31, 2009.

17 **SEC. 662. ENHANCED CHARITABLE DEDUCTION FOR CON-**
18 **TRIBUTIONS OF BOOK INVENTORIES TO PUB-**
19 **LIC SCHOOLS.**

20 (a) IN GENERAL.—Clause (iv) of section
21 170(e)(3)(D) is amended by striking “December 31,
22 2009” and inserting “December 31, 2011”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to contributions made after De-
25 cember 31, 2009.

1 **SEC. 663. ENHANCED CHARITABLE DEDUCTION FOR COR-**
2 **PORATE CONTRIBUTIONS OF COMPUTER IN-**
3 **VENTORY FOR EDUCATIONAL PURPOSES.**

4 (a) IN GENERAL.—Subparagraph (G) of section
5 170(e)(6) is amended by striking “December 31, 2009”
6 and inserting “December 31, 2011”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to contributions made in taxable
9 years beginning after December 31, 2009.

10 **SEC. 664. ELECTION TO EXPENSE MINE SAFETY EQUIP-**
11 **MENT.**

12 (a) IN GENERAL.—Subsection (g) of section 179E is
13 amended by striking “December 31, 2009” and inserting
14 “December 31, 2011”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to property placed in service after
17 December 31, 2009.

18 **SEC. 665. SPECIAL EXPENSING RULES FOR CERTAIN FILM**
19 **AND TELEVISION PRODUCTIONS.**

20 (a) IN GENERAL.—Subsection (f) of section 181 is
21 amended by striking “December 31, 2009” and inserting
22 “December 31, 2011”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to productions commencing after
25 December 31, 2009.

1 **SEC. 666. EXPENSING OF ENVIRONMENTAL REMEDIATION**
2 **COSTS.**

3 (a) IN GENERAL.—Subsection (h) of section 198 is
4 amended by striking “December 31, 2009” and inserting
5 “December 31, 2011”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to expenditures paid or incurred
8 after December 31, 2009.

9 **SEC. 667. DEDUCTION ALLOWABLE WITH RESPECT TO IN-**
10 **COME ATTRIBUTABLE TO DOMESTIC PRO-**
11 **DUCTION ACTIVITIES IN PUERTO RICO.**

12 (a) IN GENERAL.—Subparagraph (C) of section
13 199(d)(8) is amended—

14 (1) by striking “first 4 taxable years” and in-
15 serting “first 6 taxable years”; and

16 (2) by striking “January 1, 2010” and insert-
17 ing “January 1, 2012”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2009.

21 **SEC. 668. MODIFICATION OF TAX TREATMENT OF CERTAIN**
22 **PAYMENTS TO CONTROLLING EXEMPT ORGA-**
23 **NIZATIONS.**

24 (a) IN GENERAL.—Clause (iv) of section
25 512(b)(13)(E) is amended by striking “December 31,
26 2009” and inserting “December 31, 2011”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to payments received or accrued
3 after December 31, 2009.

4 **SEC. 669. EXCLUSION OF GAIN OR LOSS ON SALE OR EX-**
5 **CHANGE OF CERTAIN BROWNFIELD SITES**
6 **FROM UNRELATED BUSINESS INCOME.**

7 (a) IN GENERAL.—Subparagraph (K) of section
8 512(b)(19) is amended by striking “December 31, 2009”
9 and inserting “December 31, 2011”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to property acquired after Decem-
12 ber 31, 2009.

13 **SEC. 670. TIMBER REIT MODERNIZATION.**

14 (a) IN GENERAL.—Paragraph (8) of section 856(c)
15 is amended by striking “means” and all that follows and
16 inserting “means December 31, 2011.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) Subparagraph (I) of section 856(c)(2) is
19 amended by striking “the first taxable year begin-
20 ning after the date of the enactment of this subpara-
21 graph” and inserting “a taxable year beginning on
22 or before the termination date”.

23 (2) Clause (iii) of section 856(c)(5)(H) is
24 amended by inserting “in taxable years beginning”
25 after “dispositions”.

1 (3) Clause (v) of section 857(b)(6)(D) is
2 amended by inserting “in a taxable year beginning”
3 after “sale”.

4 (4) Subparagraph (G) of section 857(b)(6) is
5 amended by inserting “in a taxable year beginning”
6 after “In the case of a sale”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years ending after May
9 22, 2009.

10 **SEC. 671. TREATMENT OF CERTAIN DIVIDENDS OF REGU-**
11 **LATED INVESTMENT COMPANIES.**

12 (a) IN GENERAL.—Paragraphs (1)(C) and (2)(C) of
13 section 871(k) are each amended by striking “December
14 31, 2009” and inserting “December 31, 2011”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2009.

18 **SEC. 672. RIC QUALIFIED INVESTMENT ENTITY TREATMENT**
19 **UNDER FIRPTA.**

20 (a) IN GENERAL.—Clause (ii) of section
21 897(h)(4)(A) is amended by striking “December 31,
22 2009” and inserting “December 31, 2011”.

23 (b) EFFECTIVE DATE.—

24 (1) IN GENERAL.—The amendment made by
25 subsection (a) shall take effect on January 1, 2010.

1 Notwithstanding the preceding sentence, such
2 amendment shall not apply with respect to the with-
3 holding requirement under section 1445 of the Inter-
4 nal Revenue Code of 1986 for any payment made
5 before the date of the enactment of this Act.

6 (2) AMOUNTS WITHHELD ON OR BEFORE DATE
7 OF ENACTMENT.—In the case of a regulated invest-
8 ment company—

9 (A) which makes a distribution after De-
10 cember 31, 2009, and before the date of the en-
11 actment of this Act; and

12 (B) which would (but for the second sen-
13 tence of paragraph (1)) have been required to
14 withhold with respect to such distribution under
15 section 1445 of such Code,

16 such investment company shall not be liable to any
17 person to whom such distribution was made for any
18 amount so withheld and paid over to the Secretary
19 of the Treasury.

20 **SEC. 673. EXCEPTIONS FOR ACTIVE FINANCING INCOME.**

21 (a) IN GENERAL.—Sections 953(e)(10) and
22 954(h)(9) are each amended by striking “January 1,
23 2010” and inserting “January 1, 2012”.

1 (b) CONFORMING AMENDMENT.—Section 953(e)(10)
2 is amended by striking “December 31, 2009” and insert-
3 ing “December 31, 2011”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years of foreign corpora-
6 tions beginning after December 31, 2009, and to taxable
7 years of United States shareholders with or within which
8 any such taxable year of such foreign corporation ends.

9 **SEC. 674. LOOK-THRU TREATMENT OF PAYMENTS BE-**
10 **TWEEN RELATED CONTROLLED FOREIGN**
11 **CORPORATIONS UNDER FOREIGN PERSONAL**
12 **HOLDING COMPANY RULES.**

13 (a) IN GENERAL.—Subparagraph (C) of section
14 954(e)(6) is amended by striking “January 1, 2010” and
15 inserting “January 1, 2012”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years of foreign corpora-
18 tions beginning after December 31, 2009, and to taxable
19 years of United States shareholders with or within which
20 any such taxable year of such foreign corporation ends.

1 **SEC. 675. BASIS ADJUSTMENT TO STOCK OF S CORPS MAK-**
2 **ING CHARITABLE CONTRIBUTIONS OF PROP-**
3 **ERTY.**

4 (a) IN GENERAL.—Paragraph (2) of section 1367(a)
5 is amended by striking “December 31, 2009” and insert-
6 ing “December 31, 2011”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to contributions made in taxable
9 years beginning after December 31, 2009.

10 **SEC. 676. EMPOWERMENT ZONE TAX INCENTIVES.**

11 (a) IN GENERAL.—Section 1391 is amended—

12 (1) by striking “December 31, 2009” in sub-
13 section (d)(1)(A)(i) and inserting “December 31,
14 2011”; and

15 (2) by striking the last sentence of subsection
16 (h)(2).

17 (b) INCREASED EXCLUSION OF GAIN ON STOCK OF
18 EMPOWERMENT ZONE BUSINESSES.—Subparagraph (C)
19 of section 1202(a)(2) is amended—

20 (1) by striking “December 31, 2014” and in-
21 serting “December 31, 2016”; and

22 (2) by striking “2014” in the heading and in-
23 serting “2016”.

24 (c) TREATMENT OF CERTAIN TERMINATION DATES
25 SPECIFIED IN NOMINATIONS.—In the case of a designa-
26 tion of an empowerment zone the nomination for which

1 included a termination date which is contemporaneous
2 with the date specified in subparagraph (A)(i) of section
3 1391(d)(1) of the Internal Revenue Code of 1986 (as in
4 effect before the enactment of this Act), subparagraph (B)
5 of such section shall not apply with respect to such des-
6 ignation unless, after the date of the enactment of this
7 section, the entity which made such nomination reconfirms
8 such termination date, or amends the nomination to pro-
9 vide for a new termination date, in such manner as the
10 Secretary of the Treasury (or the Secretary's designee)
11 may provide.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to periods after December 31,
14 2009.

15 **SEC. 677. TAX INCENTIVES FOR INVESTMENT IN THE DIS-**
16 **TRICT OF COLUMBIA.**

17 (a) IN GENERAL.—Subsection (f) of section 1400 is
18 amended by striking “December 31, 2009” each place it
19 appears and inserting “December 31, 2011”.

20 (b) TAX-EXEMPT DC EMPOWERMENT ZONE
21 BONDS.—Subsection (b) of section 1400A is amended by
22 striking “December 31, 2009” and inserting “December
23 31, 2011”.

24 (c) ZERO-PERCENT CAPITAL GAINS RATE.—

1 (1) ACQUISITION DATE.—Paragraphs (2)(A)(i),
2 (3)(A), (4)(A)(i), and (4)(B)(i)(I) of section
3 1400B(b) are each amended by striking “January 1,
4 2010” and inserting “January 1, 2012”.

5 (2) LIMITATION ON PERIOD OF GAINS.—

6 (A) IN GENERAL.—Paragraph (2) of sec-
7 tion 1400B(e) is amended—

8 (i) by striking “December 31, 2014”
9 and inserting “December 31, 2016”; and

10 (ii) by striking “2014” in the heading
11 and inserting “2016”.

12 (B) PARTNERSHIPS AND S-CORPS.—Para-
13 graph (2) of section 1400B(g) is amended by
14 striking “December 31, 2014” and inserting
15 “December 31, 2016”.

16 (d) FIRST-TIME HOMEBUYER CREDIT.—Subsection
17 (i) of section 1400C is amended by striking “January 1,
18 2010” and inserting “January 1, 2012”.

19 (e) EFFECTIVE DATES.—

20 (1) IN GENERAL.—Except as otherwise pro-
21 vided in this subsection, the amendments made by
22 this section shall apply to periods after December
23 31, 2009.

24 (2) TAX-EXEMPT DC EMPOWERMENT ZONE
25 BONDS.—The amendment made by subsection (b)

1 shall apply to bonds issued after December 31,
2 2009.

3 (3) ACQUISITION DATES FOR ZERO-PERCENT
4 CAPITAL GAINS RATE.—The amendments made by
5 subsection (c) shall apply to property acquired or
6 substantially improved after December 31, 2009.

7 (4) HOMEBUYER CREDIT.—The amendment
8 made by subsection (d) shall apply to homes pur-
9 chased after December 31, 2009.

10 **SEC. 678. RENEWAL COMMUNITY TAX INCENTIVES.**

11 (a) IN GENERAL.—Subsection (b) of section 1400E
12 is amended—

13 (1) by striking “December 31, 2009” in para-
14 graphs (1)(A) and (3) and inserting “December 31,
15 2011”; and

16 (2) by striking “January 1, 2010” in paragraph
17 (3) and inserting “January 1, 2012”.

18 (b) ZERO-PERCENT CAPITAL GAINS RATE.—

19 (1) ACQUISITION DATE.—Paragraphs (2)(A)(i),
20 (3)(A), (4)(A)(i), and (4)(B)(i) of section 1400F(b)
21 are each amended by striking “January 1, 2010”
22 and inserting “January 1, 2012”.

23 (2) LIMITATION ON PERIOD OF GAINS.—Para-
24 graph (2) of section 1400F(c) is amended—

1 (A) by striking “December 31, 2014” and
2 inserting “December 31, 2016”; and

3 (B) by striking “2014” in the heading and
4 inserting “2016”.

5 (3) CLERICAL AMENDMENT.—Subsection (d) of
6 section 1400F is amended by striking “and ‘Decem-
7 ber 31, 2014’ for ‘December 31, 2014’”.

8 (c) COMMERCIAL REVITALIZATION DEDUCTION.—

9 (1) IN GENERAL.—Subsection (g) of section
10 1400I is amended by striking “December 31, 2009”
11 and inserting “December 31, 2010”.

12 (2) CONFORMING AMENDMENT.—Subparagraph
13 (A) of section 1400I(d)(2) is amended by striking
14 “after 2001 and before 2010” and inserting “which
15 begins after 2001 and before the date referred to in
16 subsection (g)”.

17 (d) INCREASED EXPENSING UNDER SECTION 179.—
18 Subparagraph (A) of section 1400J(b)(1) is amended by
19 striking “January 1, 2010” and inserting “January 1,
20 2012”.

21 (e) TREATMENT OF CERTAIN TERMINATION DATES
22 SPECIFIED IN NOMINATIONS.—In the case of a designa-
23 tion of a renewal community the nomination for which in-
24 cluded a termination date which is contemporaneous with
25 the date specified in subparagraph (A) of section

1 1400E(b)(1) of the Internal Revenue Code of 1986 (as
2 in effect before the enactment of this Act), subparagraph
3 (B) of such section shall not apply with respect to such
4 designation unless, after the date of the enactment of this
5 section, the entity which made such nomination reconfirms
6 such termination date, or amends the nomination to pro-
7 vide for a new termination date, in such manner as the
8 Secretary of the Treasury (or the Secretary's designee)
9 may provide.

10 (f) EFFECTIVE DATES.—

11 (1) IN GENERAL.—Except as otherwise pro-
12 vided in this subsection, the amendments made by
13 this section shall apply to periods after December
14 31, 2009.

15 (2) ACQUISITIONS.—The amendments made by
16 subsections (b)(1) and (d) shall apply to acquisitions
17 after December 31, 2009.

18 (3) COMMERCIAL REVITALIZATION DEDUC-
19 TION.—

20 (A) IN GENERAL.—The amendment made
21 by subsection (c)(1) shall apply to buildings
22 placed in service after December 31, 2009.

23 (B) CONFORMING AMENDMENT.—The
24 amendment made by subsection (c)(2) shall

1 apply to calendar years beginning after Decem-
2 ber 31, 2009.

3 **SEC. 679. TEMPORARY INCREASE IN LIMIT ON COVER OVER**
4 **OF RUM EXCISE TAXES TO PUERTO RICO AND**
5 **THE VIRGIN ISLANDS.**

6 (a) IN GENERAL.—Paragraph (1) of section 7652(f)
7 is amended by striking “January 1, 2010” and inserting
8 “January 1, 2012”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to distilled spirits brought into the
11 United States after December 31, 2009.

12 **SEC. 680. AMERICAN SAMOA ECONOMIC DEVELOPMENT**
13 **CREDIT.**

14 (a) IN GENERAL.—Subsection (d) of section 119 of
15 division A of the Tax Relief and Health Care Act of 2006
16 is amended—

17 (1) by striking “first 4 taxable years” and in-
18 serting “first 6 taxable years”, and

19 (2) by striking “January 1, 2010” and insert-
20 ing “January 1, 2012”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2009.

1 **SEC. 681. ELECTION TO TEMPORARILY UTILIZE UNUSED**
2 **AMT CREDITS DETERMINED BY DOMESTIC IN-**
3 **VESTMENT.**

4 (a) IN GENERAL.—Section 53 is amended by adding
5 at the end the following new subsection:

6 “(g) ELECTION FOR CORPORATIONS WITH NEW DO-
7 MESTIC INVESTMENTS.—

8 “(1) IN GENERAL.—If a corporation elects to
9 have this subsection apply for its first taxable year
10 beginning after December 31, 2009, the limitation
11 imposed by subsection (c) for such taxable year shall
12 be increased by the AMT credit adjustment amount.

13 “(2) AMT CREDIT ADJUSTMENT AMOUNT.—
14 For purposes of paragraph (1), the term ‘AMT cred-
15 it adjustment amount’ means, the lesser of—

16 “(A) 50 percent of a corporation’s min-
17 imum tax credit for its first taxable year begin-
18 ning after December 31, 2009, determined
19 under subsection (b), or

20 “(B) 10 percent of new domestic invest-
21 ments made during such taxable year.

22 “(3) NEW DOMESTIC INVESTMENTS.—For pur-
23 poses of this subsection, the term ‘new domestic in-
24 vestments’ means the cost of qualified property (as
25 defined in section 168(k)(2)(A)(i))—

1 “(A) the original use of which commences
2 with the taxpayer during the taxable year, and

3 “(B) which is placed in service in the
4 United States by the taxpayer during such tax-
5 able year.

6 “(4) CREDIT REFUNDABLE.—For purposes of
7 subsection (b) of section 6401, the aggregate in-
8 crease in the credits allowable under this part for
9 any taxable year resulting from the application of
10 this subsection shall be treated as allowed under
11 subpart C (and not under any other subpart). For
12 purposes of section 6425, any amount treated as so
13 allowed shall be treated as a payment of estimated
14 income tax for the taxable year.

15 “(5) ELECTION.—An election under this sub-
16 section shall be made at such time and in such man-
17 ner as prescribed by the Secretary, and once made,
18 may be revoked only with the consent of the Sec-
19 retary. Not later than 90 days after the date of the
20 enactment of this subsection, the Secretary shall
21 issue guidance specifying such time and manner.

22 “(6) TREATMENT OF CERTAIN PARTNERSHIP
23 INVESTMENTS.—For purposes of this subsection, a
24 corporation shall take into account its allocable
25 share of any new domestic investments by a partner-

1 ship for any taxable year if, and only if, more than
2 90 percent of the capital and profits interests in
3 such partnership are owned by such corporation (di-
4 rectly or indirectly) at all times during such taxable
5 year.

6 “(7) NO DOUBLE BENEFIT.—

7 “(A) IN GENERAL.—A corporation making
8 an election under this subsection may not make
9 an election under subparagraph (H) of section
10 172(b)(1).

11 “(B) SPECIAL RULES WITH RESPECT TO
12 TAXPAYERS PREVIOUSLY ELECTING APPLICA-
13 BLE NET OPERATING LOSSES.—In the case of a
14 corporation which made an election under sub-
15 paragraph (H) of section 172(b)(1) and elects
16 the application of this subsection—

17 “(i) ELECTION OF APPLICABLE NET
18 OPERATING LOSS TREATED AS RE-
19 VOKED.—The election under such subpara-
20 graph (H) shall (notwithstanding clause
21 (iii)(II) of such subparagraph) be treated
22 as having been revoked by the taxpayer.

23 “(ii) COORDINATION WITH PROVISION
24 FOR EXPEDITED REFUND.—The amount
25 otherwise treated as a payment of esti-

1 mated income tax under the last sentence
2 of paragraph (4) shall be reduced (but not
3 below zero) by the aggregate increase in
4 unpaid tax liability determined under this
5 chapter by reason of the revocation of the
6 election under clause (i).

7 “(iii) APPLICATION OF STATUTE OF
8 LIMITATIONS.—With respect to the revoca-
9 tion of an election under clause (i)—

10 “(I) the statutory period for the
11 assessment of any deficiency attrib-
12 utable to such revocation shall not ex-
13 pire before the end of the 3-year pe-
14 riod beginning on the date of the elec-
15 tion to have this subsection apply, and

16 “(II) such deficiency may be as-
17 sessed before the expiration of such 3-
18 year period notwithstanding the provi-
19 sions of any other law or rule of law
20 which would otherwise prevent such
21 assessment.

22 “(C) EXCEPTION FOR ELIGIBLE SMALL
23 BUSINESSES.—Subparagraphs (A) and (B)
24 shall not apply to an eligible small business as
25 defined in section 172(b)(1)(H)(v)(II).

1 terminated by not taking into account any portion of
2 such taxable year after December 31, 2011.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years ending after May
5 22, 2009.

6 **SEC. 683. STUDY OF EXTENDED TAX EXPENDITURES.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) Currently, the aggregate cost of Federal tax
9 expenditures rivals, or even exceeds, the amount of
10 total Federal discretionary spending.

11 (2) Given the escalating public debt, a critical
12 examination of this use of taxpayer dollars is essen-
13 tial.

14 (3) Additionally, tax expenditures can com-
15 plicate the Internal Revenue Code of 1986 for tax-
16 payers and complicate tax administration for the In-
17 ternal Revenue Service.

18 (4) To facilitate a better understanding of tax
19 expenditures in the future, it is constructive for leg-
20 islation extending these provisions to include a study
21 of such provisions.

22 (b) REQUIREMENT TO REPORT.—Not later than De-
23 cember 15, 2011, the Chief of Staff of the Joint Com-
24 mittee on Taxation, in consultation with the Comptroller
25 General of the United States, shall submit to the Com-

1 mittee on Ways and Means of the House of Representa-
2 tives and the Committee on Finance of the Senate a report
3 on each tax expenditure (as defined in section 3(3) of the
4 Congressional Budget Impoundment Control Act of 1974
5 (2 U.S.C. 622(3)) extended by this title.

6 (c) ROLLING SUBMISSION OF REPORTS.—The Chief
7 of Staff of the Joint Committee on Taxation shall initially
8 submit the reports for each such tax expenditure enacted
9 in this subtitle (relating to business tax relief) and subtitle
10 A (relating to energy) in order of the tax expenditure in-
11 curring the least aggregate cost to the greatest aggregate
12 cost (determined by reference to the cost estimate of this
13 Act by the Joint Committee on Taxation). Thereafter,
14 such reports may be submitted in such order as the Chief
15 of Staff determines appropriate.

16 (d) CONTENTS OF REPORT.—Such reports shall con-
17 tain the following:

18 (1) An explanation of the tax expenditure and
19 any relevant economic, social, or other context under
20 which it was first enacted.

21 (2) A description of the intended purpose of the
22 tax expenditure.

23 (3) An analysis of the overall success of the tax
24 expenditure in achieving such purpose, and evidence
25 supporting such analysis.

1 (4) An analysis of the extent to which further
2 extending the tax expenditure, or making it perma-
3 nent, would contribute to achieving such purpose.

4 (5) A description of the direct and indirect
5 beneficiaries of the tax expenditure, including identi-
6 fying any unintended beneficiaries.

7 (6) An analysis of whether the tax expenditure
8 is the most cost-effective method for achieving the
9 purpose for which it was intended, and a description
10 of any more cost-effective methods through which
11 such purpose could be accomplished.

12 (7) A description of any unintended effects of
13 the tax expenditure that are useful in understanding
14 the tax expenditure's overall value.

15 (8) An analysis of how the tax expenditure
16 could be modified to better achieve its original pur-
17 pose.

18 (9) A brief description of any interactions (ac-
19 tual or potential) with other tax expenditures or di-
20 rect spending programs in the same or related budg-
21 et function worthy of further study.

22 (10) A description of any unavailable informa-
23 tion the staff of the Joint Committee on Taxation
24 may need to complete a more thorough examination

1 and analysis of the tax expenditure, and what must
2 be done to make such information available.

3 (e) **MINIMUM ANALYSIS BY DEADLINE.**—In the event
4 the Chief of Staff of the Joint Committee on Taxation
5 concludes it will not be feasible to complete all reports by
6 the date specified in subsection (a), at a minimum, the
7 reports for each tax expenditure enacted in this subtitle
8 (relating to business tax relief) and subtitle A (relating
9 to energy) shall be completed by such date.

10 **Subtitle E—Temporary Disaster** 11 **Relief Provisions**

12 **PART I—NATIONAL DISASTER RELIEF**

13 **SEC. 691. WAIVER OF CERTAIN MORTGAGE REVENUE BOND** 14 **REQUIREMENTS.**

15 (a) **IN GENERAL.**—Paragraph (11) of section 143(k)
16 is amended by striking “January 1, 2010” and inserting
17 “January 1, 2012”.

18 (b) **SPECIAL RULE FOR RESIDENCES DESTROYED IN**
19 **FEDERALLY DECLARED DISASTERS.**—Paragraph (13) of
20 section 143(k), as redesignated by subsection (c), is
21 amended by striking “January 1, 2010” in subparagraphs
22 (A)(i) and (B)(i) and inserting “January 1, 2012”.

23 (c) **TECHNICAL AMENDMENT.**—Subsection (k) of sec-
24 tion 143 is amended by redesignating the second para-

1 graph (12) (relating to special rules for residences de-
2 stroyed in federally declared disasters) as paragraph (13).

3 (d) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, the amendment made by
6 this section shall apply to bonds issued after Decem-
7 ber 31, 2009.

8 (2) RESIDENCES DESTROYED IN FEDERALLY
9 DECLARED DISASTERS.—The amendments made by
10 subsection (b) shall apply with respect to disasters
11 occurring after December 31, 2009.

12 (3) TECHNICAL AMENDMENT.—The amendment
13 made by subsection (c) shall take effect as if in-
14 cluded in section 709 of the Tax Extenders and Al-
15 ternative Minimum Tax Relief Act of 2008.

16 **SEC. 692. LOSSES ATTRIBUTABLE TO FEDERALLY DE-**
17 **CLARED DISASTERS.**

18 (a) IN GENERAL.—Subclause (I) of section
19 165(h)(3)(B)(i) is amended by striking “January 1,
20 2010” and inserting “January 1, 2012”.

21 (b) \$500 LIMITATION.—Paragraph (1) of section
22 165(h) is amended by striking “December 31, 2009” and
23 inserting “December 31, 2011”.

24 (c) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendment made by
2 subsection (a) shall apply to federally declared disas-
3 ters occurring after December 31, 2009.

4 (2) \$500 LIMITATION.—The amendment made
5 by subsection (b) shall apply to taxable years begin-
6 ning after December 31, 2009.

7 **SEC. 693. SPECIAL DEPRECIATION ALLOWANCE FOR QUALI-**
8 **FIED DISASTER PROPERTY.**

9 (a) IN GENERAL.—Subclause (I) of section
10 168(n)(2)(A)(ii) is amended by striking “January 1,
11 2010” and inserting “January 1, 2012”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to disasters occurring after Decem-
14 ber 31, 2009.

15 **SEC. 694. NET OPERATING LOSSES ATTRIBUTABLE TO FED-**
16 **ERALLY DECLARED DISASTERS.**

17 (a) IN GENERAL.—Subclause (I) of section
18 172(j)(1)(A)(i) is amended by striking “January 1, 2010”
19 and inserting “January 1, 2012”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to losses attributable to disasters
22 occurring after December 31, 2009.

1 **SEC. 695. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

2 (a) IN GENERAL.—Subparagraph (A) of section
3 198A(b)(2) is amended by striking “January 1, 2010”
4 and inserting “January 1, 2012”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to expenditures on account of dis-
7 asters occurring after December 31, 2009.

8 **PART II—REGIONAL PROVISIONS**

9 **Subpart A—New York Liberty Zone**

10 **SEC. 696. SPECIAL DEPRECIATION ALLOWANCE FOR NON-**

11 **RESIDENTIAL AND RESIDENTIAL REAL PROP-**
12 **ERTY.**

13 (a) IN GENERAL.—Subparagraph (A) of section
14 1400L(b)(2) is amended by striking “December 31, 2009”
15 and inserting “December 31, 2010”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to property placed in service after
18 December 31, 2009.

19 **SEC. 697. TAX-EXEMPT BOND FINANCING.**

20 (a) IN GENERAL.—Subparagraph (D) of section
21 1400L(d)(2) is amended by striking “January 1, 2010”
22 and inserting “January 1, 2012”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to bonds issued after December
25 31, 2009.

1 **TITLE VII—TECHNICAL CORREC-**
2 **TIONS TO PENSION FUNDING**
3 **LEGISLATION**

4 **SEC. 701. DEFINITION OF ELIGIBLE PLAN YEAR.**

5 (a) AMENDMENT TO ERISA.—Clause (v) of section
6 303(c)(2)(D) of the Employee Retirement Income Secu-
7 rity Act of 1974 (29 U.S.C. 1083(c)(2)(D)), as added by
8 section 201(a)(1) of the Preservation of Access to Care
9 for Medicare Beneficiaries and Pension Relief Act of 2010,
10 is amended—

11 (1) by striking “on or after the date of the en-
12 actment of this subparagraph” and inserting “on or
13 after June 25, 2010 (March 10, 2010, in the case
14 of an eligible plan)”, and

15 (2) by adding at the end the following new sen-
16 tence: “For purposes of the preceding sentence, a
17 plan shall be treated as an eligible plan only if, as
18 of the date of the election with respect to the plan
19 under clause (i)—

20 “(A) the plan sponsor is not a debtor in a
21 case under title 11, United States Code, or
22 similar Federal or State law,

23 “(B) there are no unpaid minimum re-
24 quired contributions with respect to the plan for
25 purposes of section 4971 of the Internal Rev-

1 enue Code of 1986 (imposing an excise tax
2 when minimum required contributions are not
3 paid by the due date for the plan year),

4 “(C) there are no outstanding liens in
5 favor of the plan under subsection (k), and

6 “(D) the plan sponsor has not initiated a
7 distress termination of the plan under section
8 4041.”.

9 (b) AMENDMENT TO INTERNAL REVENUE CODE OF
10 1986.—Clause (v) of section 430(c)(2)(D) of the Internal
11 Revenue Code of 1986, as added by section 201(b)(1) of
12 the Preservation of Access to Care for Medicare Bene-
13 ficiaries and Pension Relief Act of 2010, is amended—

14 (1) by striking “on or after the date of the en-
15 actment of this subparagraph” and inserting “on or
16 after June 25, 2010 (March 10, 2010, in the case
17 of an eligible plan)”, and

18 (2) by adding at the end the following new sen-
19 tence: “For purposes of the preceding sentence, a
20 plan shall be treated as an eligible plan only if, as
21 of the date of the election with respect to the plan
22 under clause (i)—

23 “(A) the plan sponsor is not a debtor in a
24 case under title 11, United States Code, or
25 similar Federal or State law,

1 “(B) there are no unpaid minimum re-
2 quired contributions with respect to the plan for
3 purposes of section 4971 (imposing an excise
4 tax when minimum required contributions are
5 not paid by the due date for the plan year),

6 “(C) there are no outstanding liens in
7 favor of the plan under subsection (k), and

8 “(D) the plan sponsor has not initiated a
9 distress termination of the plan under section
10 4041 of the Employee Retirement Income Secu-
11 rity Act of 1974.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall take effect as if included in the amend-
14 ments made by the provisions of the Preservation of Ac-
15 cess to Care for Medicare Beneficiaries and Pension Relief
16 Act of 2010 to which the amendments relate.

17 **SEC. 702. ELIGIBLE CHARITY PLANS.**

18 (a) DEFINITION OF ELIGIBLE CHARITY PLANS.—

19 (1) IN GENERAL.—Section 104(d) of the Pen-
20 sion Protection Act of 2006, as added by section
21 202(b) of the Preservation of Access to Care for
22 Medicare Beneficiaries and Pension Relief Act of
23 2010, is amended to read as follows:

1 “(d) ELIGIBLE CHARITY PLAN DEFINED.—For pur-
2 poses of this section, a plan shall be treated as an eligible
3 charity plan for a plan year if—

4 “(1) the plan is maintained by one or more em-
5 ployers employing employees who are accruing bene-
6 fits based on service for the plan year,

7 “(2) such employees are employed in at least 20
8 States,

9 “(3) more than 98 percent of such employees
10 are employed by an employer described in section
11 501(c)(3) of such Code and the primary exempt pur-
12 pose of each such employer is to provide services
13 with respect to children, and

14 “(4) the plan sponsor elects (at such time and
15 in such form and manner as shall be prescribed by
16 the Secretary of the Treasury) to be so treated.

17 Any election under this subsection may be revoked only
18 with the consent of the Secretary of the Treasury.”.

19 (2) EFFECTIVE DATE.—The amendment made
20 by this subsection shall take effect as if included in
21 the amendment made by the provision of the Preser-
22 vation of Access to Care for Medicare Beneficiaries
23 and Pension Relief Act of 2010 to which the amend-
24 ment relates (determined after application of the
25 amendment made by subsection (c)), except that a

1 plan sponsor may elect to apply such amendment to
2 plan years beginning on or after January 1, 2011.

3 (b) REGULATIONS.—The Secretary of the Treasury
4 may prescribe such regulations as may be necessary to
5 carry out the purposes of the amendments made by section
6 202(b) of the Preservation of Access to Care for Medicare
7 Beneficiaries and Pension Relief Act of 2010 and the
8 amendment made by subsection (a).

9 (c) APPLICATION OF NEW RULES TO ELIGIBLE
10 CHARITY PLANS.—

11 (1) IN GENERAL.—Paragraph (2) of section
12 202(c) of the Preservation of Access to Care for
13 Medicare Beneficiaries and Pension Relief Act of
14 2010 is amended to read as follows:

15 “(2) ELIGIBLE CHARITY PLANS.—The amend-
16 ments made by subsection (b) shall apply to plan
17 years beginning after December 31, 2010, except
18 that a plan sponsor may elect to apply such amend-
19 ments to plan years beginning after an earlier
20 date.”.

21 (2) EFFECTIVE DATE.—The amendment made
22 by this subsection shall take effect as if included in
23 the amendment made by the provision of the Preser-
24 vation of Access to Care for Medicare Beneficiaries

1 and Pension Relief Act of 2010 to which the amend-
2 ment relates.

3 **SEC. 703. SUSPENSION OF CERTAIN FUNDING LEVEL LIM-**
4 **TATIONS.**

5 (a) LIMITATIONS ON BENEFIT ACCRUALS.—Section
6 203 of the Worker, Retiree, and Employer Recovery Act
7 of 2008 (Public Law 110–458; 122 Stat. 5118) is amend-
8 ed—

9 (1) by striking “the first plan year beginning
10 during the period beginning on October 1, 2008, and
11 ending on September 30, 2009” and inserting “any
12 plan year beginning during the period beginning on
13 October 1, 2008, and ending on December 31,
14 2011”;

15 (2) by striking “substituting” and all that fol-
16 lows through “for such plan year” and inserting
17 “substituting for such percentage the plan’s ad-
18 justed funding target attainment percentage for the
19 last plan year ending before September 30, 2009,”;
20 and

21 (3) by striking “for the preceding plan year is
22 greater” and inserting “for such last plan year is
23 greater”.

24 (b) SOCIAL SECURITY LEVEL-INCOME OPTIONS.—

1 (1) ERISA AMENDMENT.—Section
2 206(g)(3)(E) of the Employee Retirement Income
3 Security Act of 1974 is amended by adding at the
4 end the following new sentence: “For purposes of
5 applying clause (i) in the case of payments the an-
6 nuity starting date for which occurs on or before De-
7 cember 31, 2011, payments under a social security
8 leveling option shall be treated as not in excess of
9 the monthly amount paid under a single life annuity
10 (plus an amount not in excess of a social security
11 supplement described in the last sentence of section
12 204(b)(1)(G)).”.

13 (2) IRC AMENDMENT.—Section 436(d)(5) of
14 the Internal Revenue Code of 1986 is amended by
15 adding at the end the following new sentence: “For
16 purposes of applying subparagraph (A) in the case
17 of payments the annuity starting date for which oc-
18 curs on or before December 31, 2011, payments
19 under a social security leveling option shall be treat-
20 ed as not in excess of the monthly amount paid
21 under a single life annuity (plus an amount not in
22 excess of a social security supplement described in
23 the last sentence of section 411(a)(9)).”.

24 (3) EFFECTIVE DATE.—

1 (A) IN GENERAL.—The amendments made
2 by this subsection shall apply to annuity pay-
3 ments the annuity starting date for which oc-
4 curs on or after January 1, 2011.

5 (B) PERMITTED APPLICATION.—A plan
6 shall not be treated as failing to meet the re-
7 quirements of sections 206(g) of the Employee
8 Retirement Income Security Act of 1974 (as
9 amended by this subsection) and section 436(d)
10 of the Internal Revenue Code of 1986 (as so
11 amended) if the plan sponsor elects to apply the
12 amendments made by this subsection to pay-
13 ments the annuity starting date for which oc-
14 curs before January 1, 2011.

15 (c) REPEAL OF RELATED PROVISIONS.—The provi-
16 sions of, and the amendments made by, section 203 of
17 the Preservation of Access to Care for Medicare Bene-
18 ficiaries and Pension Relief Act of 2010 are repealed and
19 the Employee Retirement Income Security Act of 1974,
20 the Internal Revenue Code of 1986, and the Worker, Re-
21 tiree, and Employer Recovery Act of 2008 (Public Law
22 110–458; 122 Stat. 5118) shall be applied as if such sec-
23 tion had never been enacted.

1 **SEC. 704. OPTIONAL USE OF 30-YEAR AMORTIZATION PERI-**
2 **ODS.**

3 (a) AMENDMENT TO ERISA.—Paragraph (8) of sec-
4 tion 304(b) of the Employee Retirement Income Security
5 Act of 1974, as amended by the Preservation of Access
6 to Care for Medicare Beneficiaries and Pension Relief Act
7 of 2010, is amended by striking “after August 31, 2008”
8 each place it appears in subparagraphs (A)(i), (B)(i)(I),
9 and (B)(i)(II), and inserting “on or after June 30, 2008”.

10 (b) AMENDMENT TO INTERNAL REVENUE CODE OF
11 1986.—Paragraph (8) of section 431(b) of the Internal
12 Revenue Code of 1986, as amended by the Preservation
13 of Access to Care for Medicare Beneficiaries and Pension
14 Relief Act of 2010, is amended by striking “after August
15 31, 2008” each place it appears in subparagraphs (A)(i)
16 and (B)(i)(I) and inserting “on or after June 30, 2008”.

17 (c) EFFECTIVE DATE AND SPECIAL RULES.—The
18 amendments made by this section shall take effect as of
19 the first day of the first plan year beginning on or after
20 June 30, 2008, except that any election a plan sponsor
21 makes pursuant to this section or the amendments made
22 thereby that affects the plan’s funding standard account
23 for any plan year beginning before October 1, 2009, shall
24 be disregarded for purposes of applying the provisions of
25 section 305 of the Employee Retirement Income Security

1 Act of 1974 and section 432 of the Internal Revenue Code
2 of 1986 to that plan year.

3 **TITLE VIII—TEMPORARY EXTEN-**
4 **SION OF CERTAIN PROVI-**
5 **SIONS ENDING IN 2010 OR**
6 **2011**

7 **Subtitle A—Unemployment**
8 **Benefits**

9 **SEC. 801. EXTENSION OF UNEMPLOYMENT INSURANCE**
10 **PROVISIONS.**

11 (a) IN GENERAL.—(1) Section 4007 of the Supple-
12 mental Appropriations Act, 2008 (Public Law 110–252;
13 26 U.S.C. 3304 note) is amended—

14 (A) by striking “November 30, 2010” each
15 place it appears and inserting “January 3, 2012”;

16 (B) in the heading for subsection (b)(2), by
17 striking “NOVEMBER 30, 2010” and inserting “JANU-
18 ARY 3, 2012”; and

19 (C) in subsection (b)(3), by striking “April 30,
20 2011” and inserting “June 9, 2012”.

21 (2) Section 2005 of the Assistance for Unemployed
22 Workers and Struggling Families Act, as contained in
23 Public Law 111–5 (26 U.S.C. 3304 note; 123 Stat. 444),
24 is amended—

1 (A) by striking “December 1, 2010” each place
2 it appears and inserting “January 4, 2012”; and

3 (B) in subsection (c), by striking “May 1,
4 2011” and inserting “June 11, 2012”.

5 (3) Section 5 of the Unemployment Compensation
6 Extension Act of 2008 (Public Law 110–449; 26 U.S.C.
7 3304 note) is amended by striking “April 30, 2011” and
8 inserting “June 10, 2012”.

9 (b) FUNDING.—Section 4004(e)(1) of the Supple-
10 mental Appropriations Act, 2008 (Public Law 110–252;
11 26 U.S.C. 3304 note) is amended—

12 (1) in subparagraph (E), by striking “and” at
13 the end; and

14 (2) by inserting after subparagraph (F) the fol-
15 lowing:

16 “(G) the amendments made by section
17 2(a)(1) of the ; and”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect as if included in the enact-
20 ment of the Unemployment Compensation Extension Act
21 of 2010 (Public Law 111–205).

22 **SEC. 802. TEMPORARY MODIFICATION OF INDICATORS**
23 **UNDER THE EXTENDED BENEFIT PROGRAM.**

24 (a) INDICATOR.—Section 203(d) of the Federal-State
25 Extended Unemployment Compensation Act of 1970 (26

1 U.S.C. 3304 note) is amended, in the flush matter fol-
2 lowing paragraph (2), by inserting after the first sentence
3 the following sentence: “Effective with respect to com-
4 pensation for weeks of unemployment beginning after the
5 date of enactment of the (or, if later, the date established
6 pursuant to State law), and ending on or before December
7 31, 2011, the State may by law provide that the deter-
8 mination of whether there has been a state ‘on’ or ‘off’
9 indicator beginning or ending any extended benefit period
10 shall be made under this subsection as if the word ‘two’
11 were ‘three’ in subparagraph (1)(A).”.

12 (b) ALTERNATIVE TRIGGER.—Section 203(f) of the
13 Federal-State Extended Unemployment Compensation Act
14 of 1970 (26 U.S.C. 3304 note) is amended—

15 (1) by redesignating paragraph (2) as para-
16 graph (3); and

17 (2) by inserting after paragraph (1) the fol-
18 lowing new paragraph:

19 “(2) Effective with respect to compensation for weeks
20 of unemployment beginning after the date of enactment
21 of the (or, if later, the date established pursuant to State
22 law), and ending on or before December 31, 2011, the
23 State may by law provide that the determination of wheth-
24 er there has been a state ‘on’ or ‘off’ indicator beginning
25 or ending any extended benefit period shall be made under

1 this subsection as if the word ‘either’ were ‘any’, the word
2 “both” were ‘all’, and the figure ‘2’ were ‘3’ in clause
3 (1)(A)(ii).”.

4 **Subtitle B—Small Business**

5 **SEC. 811. TEMPORARY EXCLUSION OF 100 PERCENT OF** 6 **GAIN ON CERTAIN SMALL BUSINESS STOCK.**

7 (a) IN GENERAL.—Paragraph (4) of section 1202(a)
8 is amended—

9 (1) by striking “January 1, 2011” and insert-
10 ing “January 1, 2012”, and

11 (2) by inserting “AND 2011” after “2010” in the
12 heading thereof.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to stock acquired after December
15 31, 2010.

16 **SEC. 812. GENERAL BUSINESS CREDITS OF ELIGIBLE** 17 **SMALL BUSINESSES CARRIED BACK 5 YEARS.**

18 (a) IN GENERAL.—Subparagraph (A) of section
19 39(a)(4) is amended by inserting “or 2011” after “2010”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to credits determined in taxable
22 years beginning after December 31, 2010.

1 **SEC. 813. GENERAL BUSINESS CREDITS OF ELIGIBLE**
2 **SMALL BUSINESSES NOT SUBJECT TO ALTER-**
3 **NATIVE MINIMUM TAX.**

4 (a) **IN GENERAL.**—Paragraph (5) of section 38(c) is
5 amended—

6 (1) by inserting “or 2011” after “2010” in sub-
7 paragraph (A), and

8 (2) by inserting “OR 2011” after “2010” in the
9 heading thereof.

10 (b) **EFFECTIVE DATE.**—The amendments made by
11 this section shall apply to credits determined in taxable
12 years beginning after December 31, 2010, and to
13 carrybacks of such credits.

14 **SEC. 814. EXTENSION OF INCREASE IN AMOUNT ALLOWED**
15 **AS DEDUCTION FOR START-UP EXPENDI-**
16 **TURES.**

17 (a) **START-UP EXPENDITURES.**—Paragraph (3) of
18 section 195(b) is amended—

19 (1) by inserting “or 2011” after “2010”, and

20 (2) by inserting “OR 2011” after “2010” in the
21 heading thereof.

22 (b) **EFFECTIVE DATE.**—The amendments made by
23 this section shall apply to amounts paid or incurred in tax-
24 able years beginning after December 31, 2010.

1 **SEC. 815. EXTENSION OF DEDUCTION FOR HEALTH INSUR-**
2 **ANCE COSTS IN COMPUTING SELF-EMPLOY-**
3 **MENT TAXES.**

4 (a) **IN GENERAL.**—Paragraph (4) of section 162(l)
5 is amended by striking “December 31, 2010” and insert-
6 ing “December 31, 2011”.

7 (b) **EFFECTIVE DATE.**—The amendment made by
8 this section shall apply to taxable years beginning after
9 December 31, 2010.

10 **Subtitle C—Energy**

11 **SEC. 821. ALTERNATIVE FUEL VEHICLE REFUELING PROP-**
12 **ERTY.**

13 (a) **EXTENSION OF CREDIT.**—Paragraph (2) of sec-
14 tion 30C(g) is amended by striking “December 31, 2010”
15 and inserting “December 31, 2011.”.

16 (b) **CLARIFICATION OF DEFINITION OF ELECTRIC**
17 **REFUELING PROPERTY.**—Subparagraph (B) of section
18 179A(d)(3) is amended to read as follows:

19 “(B) exclusively used for the recharging of
20 motor vehicles propelled by electricity (other
21 than property used for the generation of elec-
22 tricity).”.

23 (c) **EFFECTIVE DATES.**—

24 (1) **EXTENSION.**—The amendment made by
25 subsection (a) shall apply to property placed in serv-
26 ice after December 31, 2010.

1 (2) CLARIFICATION.—The amendment made by
2 subsection (b) shall apply to property placed in serv-
3 ice after the date of the enactment of this Act.

4 **SEC. 822. ELECTIVE PAYMENT FOR SPECIFIED ENERGY**
5 **PROPERTY.**

6 (a) IN GENERAL.—Chapter 65 is amended by adding
7 at the end the following new subchapter:

8 **“Subchapter C—Direct Payment Provisions**

 “Sec. 6451. Elective payment for specified energy property.

9 **“SEC. 6451. ELECTIVE PAYMENT FOR SPECIFIED ENERGY**
10 **PROPERTY.**

11 “(a) ELECTIVE PAYMENT.—

12 “(1) IN GENERAL.—Any eligible person electing
13 the application of this section with respect to any
14 specified energy property originally placed in service
15 by such person during the taxable year shall be
16 treated as making a payment against the tax im-
17 posed by subtitle A for the taxable year equal to the
18 applicable percentage of the basis of such property.
19 Such payment shall be treated as made on the later
20 of the due date of the return of such tax or the date
21 on which such return is filed.

22 “(2) ELIGIBILITY.—A person shall not be eligi-
23 ble to elect the application of this section unless
24 such person has been certified as eligible by the Sec-

1 retary, under such rules as the Secretary, in con-
2 sultation with the Secretary of Energy, may pre-
3 scribe.

4 “(b) APPLICABLE PERCENTAGE.—For purposes of
5 this section, the term ‘applicable percentage’ means—

6 “(1) 30 percent in the case of any property de-
7 scribed in paragraph (2)(A)(i) or (5) of section
8 48(a), and

9 “(2) 10 percent in the case of any other prop-
10 erty.

11 “(c) DOLLAR LIMITATIONS.—In the case of property
12 described in paragraph (1), (2), or (3) of section 48(e),
13 the payment otherwise treated as made under subsection
14 (a) with respect to such property shall not exceed the limi-
15 tation applicable to such property under such paragraph.

16 “(d) SPECIFIED ENERGY PROPERTY.—For purposes
17 of this section—

18 “(1) IN GENERAL.—The term ‘specified energy
19 property’ means energy property (within the mean-
20 ing of section 48) which—

21 “(A) is originally placed in service before
22 January 1, 2012, or

23 “(B) is originally placed in service on or
24 after such date and before the credit termi-
25 nation date with respect to such property, but

1 only if the construction of such property began
2 before January 1, 2012.

3 “(2) CREDIT TERMINATION DATE.—The term
4 ‘credit termination date’ means—

5 “(A) in the case of any energy property
6 which is part of a facility described in para-
7 graph (1) of section 45(d), January 1, 2013,

8 “(B) in the case of any energy property
9 which is part of a facility described in para-
10 graph (2), (3), (4), (6), (7), (9), or (11) of sec-
11 tion 45(d), January 1, 2014, and

12 “(C) in the case of any energy property de-
13 scribed in section 48(a)(3), January 1, 2017.

14 In the case of any property which is described in
15 subparagraph (C) and also in another subparagraph
16 of this paragraph, subparagraph (C) shall apply with
17 respect to such property.

18 “(e) COORDINATION WITH PRODUCTION AND IN-
19 VESTMENT CREDITS.—In the case of any property with
20 respect to which an election is made under this section—

21 “(1) DENIAL OF PRODUCTION AND INVEST-
22 MENT CREDITS.—No credit shall be determined
23 under section 45 or 48 with respect to such property
24 for the taxable year in which such property is origi-

1 nally placed in service or any subsequent taxable
2 year.

3 “(2) REDUCTION OF PAYMENT BY PROGRESS
4 EXPENDITURES ALREADY TAKEN INTO ACCOUNT.—

5 The amount of the payment treated as made under
6 subsection (a) with respect to such property shall be
7 reduced by the aggregate amount of credits deter-
8 mined under section 48 with respect to such prop-
9 erty for all taxable years preceding the taxable year
10 in which such property is originally placed in service.

11 “(f) SPECIAL RULES FOR CERTAIN NON-TAX-
12 PAYERS.—

13 “(1) DENIAL OF PAYMENT.—Subsection (a)
14 shall not apply with respect to any property origi-
15 nally placed in service by—

16 “(A) any governmental entity other than a
17 governmental unit which is a State utility with
18 a service obligation (as such terms are defined
19 in section 217 of the Federal Power Act), or

20 “(B) any organization described in section
21 501(c) (other than a mutual or cooperative elec-
22 tric company described in section 501(c)(12))
23 or 401(a) and exempt from tax under section
24 501(a).

1 “(2) EXCEPTION FOR PROPERTY USED IN UN-
2 RELATED TRADE OR BUSINESS.—Paragraph (1)
3 shall not apply with respect to any property origi-
4 nally placed in service by an entity described in sec-
5 tion 511(a)(2) if substantially all of the income de-
6 rived from such property by such entity is unrelated
7 business taxable income (as defined in section 512).

8 “(3) SPECIAL RULES FOR PARTNERSHIPS AND
9 S CORPORATIONS.—In the case of property originally
10 placed in service by a partnership or an S corpora-
11 tion—

12 “(A) the election under subsection (a) may
13 be made only by such partnership or S corpora-
14 tion,

15 “(B) such partnership or S corporation
16 shall be treated as making the payment referred
17 to in subsection (a) only to the extent of the
18 proportionate share of such partnership or S
19 corporation as is owned by persons who would
20 be treated as making such payment if the prop-
21 erty were originally placed in service by such
22 persons, and

23 “(C) the return required to be made by
24 such partnership or S corporation under section
25 6031 or 6037 (as the case may be) shall be

1 treated as a return of tax for purposes of sub-
2 section (a).

3 For purposes of subparagraph (B), rules similar to the
4 rules of section 168(h)(6) (other than subparagraph (F)
5 thereof) shall apply. For purposes of applying such rules,
6 the term ‘tax-exempt entity’ shall not include any entity
7 which is a governmental unit which is a State utility with
8 a service obligation (as such terms are defined in section
9 217 of the Federal Power Act) or which is a mutual or
10 cooperative electric company described in section
11 501(c)(12).

12 “(g) OTHER DEFINITIONS AND SPECIAL RULES.—
13 For purposes of this section—

14 “(1) OTHER DEFINITIONS.—Terms used in this
15 section which are also used in section 45 or 48 shall
16 have the same meanings for purposes of this section
17 as when used in such sections.

18 “(2) APPLICATION OF RECAPTURE RULES,
19 ETC.—Except as otherwise provided by the Sec-
20 retary, rules similar to the rules of section 50 (other
21 than paragraphs (1) and (2) of subsection (d) there-
22 of), and section 1603 of the American Recovery and
23 Reinvestment Act of 2009, shall apply.

24 “(3) EXCLUSION FROM GROSS INCOME.—Any
25 credit or refund allowed or made by reason of this

1 section shall not be includible in gross income or al-
2 ternative minimum taxable income.

3 “(4) EXCEPTION FOR CERTAIN PROJECTS.—

4 Subsection (a) shall not apply to any governmental
5 unit or cooperative electric company (as defined in
6 section 54(j)(1)) with respect to any specified energy
7 property which is described in section 48(a)(5)(D) if
8 such entity has issued any bond—

9 “(A) which is designated as a clean renew-
10 able energy bond under section 54 of the Inter-
11 nal Revenue Code of 1986 or as a new clean re-
12 newable energy bond under section 54C of such
13 Code, and

14 “(B) the proceeds of which are used for ex-
15 penditures in connection with the same quali-
16 fied facility with respect to which such specified
17 energy property is a part.

18 “(5) COORDINATION WITH GRANT PROGRAM.—

19 If a grant under section 1603 of the American Re-
20 covery and Reinvestment Tax Act of 2009 is made
21 with respect to any specified energy property—

22 “(A) no election may be made under sub-
23 section (a) with respect to such property on or
24 after the date of such grant, and

1 “(B) if such grant is made after such elec-
2 tion, such property shall be treated as having
3 ceased to be specified energy property imme-
4 diately after such property was originally placed
5 in service.”.

6 (b) TREATMENT OF GRANTS FOR COOPERATIVE
7 ELECTRIC COMPANIES.—Section 501(c)(12) is amended
8 by adding at the end the following new subparagraph:

9 “(I) In the case of a mutual or cooperative
10 electric company described in this paragraph or
11 an organization described in section
12 1381(a)(2)(C), subparagraph (A) shall be ap-
13 plied without taking into account any payment
14 made by reason of section 6452.”.

15 (c) CONFORMING AMENDMENTS RELATED TO DI-
16 RECT PAYMENT.—

17 (1) Subparagraph (A) of section 6211(b)(4)(A)
18 is amended by inserting “and subchapter C of chap-
19 ter 65 (including any payment treated as made
20 under such subchapter)” after “6431”.

21 (2) Subparagraph (B) of section 6425(c)(1) is
22 amended—

23 (A) by striking “the credits” and inserting
24 “the sum of—
25 “(i) the credits”,

1 (B) by striking the period at the end of
2 clause (i) thereof (as amended by this para-
3 graph) and inserting “, plus”, and

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

6 “(ii) the payments treated as made
7 under subchapter C of chapter 65.”.

8 (3) Paragraph (3) of section 6654(f) is amend-
9 ed—

10 (A) by striking “the credits” and inserting
11 “the sum of—

12 “(A) the credits”,

13 (B) by striking the period at the end of
14 subparagraph (A) thereof (as amended by this
15 paragraph) and inserting “, and”, and

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

18 “(B) the payments treated as made under
19 subchapter C of chapter 65.”.

20 (4) Subparagraph (B) of section 6655(g)(1) is
21 amended—

22 (A) by striking “the credits” and inserting
23 “the sum of—

24 “(i) the credits”,

1 (B) by striking the period at the end of
2 clause (i) thereof (as amended by this para-
3 graph) and inserting “, plus”, and

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

6 “(ii) the payments treated as made
7 under subchapter C of chapter 65.”.

8 (5) Paragraph (2) of section 1324(b) of title
9 31, United States Code, is amended by inserting “,
10 or from the provisions of subchapter C of chapter 65
11 of such Code” before the period at the end.

12 (6) The table of subchapters for chapter 65 is
13 amended by adding at the end the following new
14 item:

“SUBCHAPTER C. DIRECT PAYMENT PROVISIONS.”.

15 (d) CLARIFICATION OF APPLICATION OF GRANTS
16 FOR SPECIFIED ENERGY PROPERTY TO CERTAIN REGU-
17 LATED COMPANIES.—The first sentence of section 1603(f)
18 of the American Recovery and Reinvestment Tax Act of
19 2009 is amended by inserting “(other than subsection
20 (d)(2) thereof)” after “section 50 of the Internal Revenue
21 Code of 1986”.

22 (e) TECHNICAL AMENDMENTS.—

23 (1) Paragraphs (1) and (2) of section 1603(a)
24 of the American Recovery and Reinvestment Tax
25 Act of 2009 are each amended by striking “is placed

1 in service” and inserting “is originally placed in
2 service by such person”.

3 (2) Paragraph (1) of section 1603(d) of such
4 Act is amended—

5 (A) by striking “(within the meaning of
6 section 45 of such Code)”, and

7 (B) by inserting before the period at the
8 end the following: “which would (but for section
9 48(d)(1) of such Code) be eligible for credit
10 under section 45 of such Code (determined
11 without regard to subsection (a)(2)(B) there-
12 of)”.

13 (3) Subsection (f) of section 1603 of such Act,
14 as amended by subsection (d), is amended—

15 (A) by striking the second sentence and in-
16 serting the following: “In applying such rules,
17 any increase in tax under chapter 1 of such
18 Code by reason of the property being disposed
19 of (or otherwise ceasing to be specified energy
20 property) shall be imposed on the person to
21 whom the grant was made.”,

22 (B) by striking “In making grants under”
23 and inserting the following:

24 “(1) IN GENERAL.—In making grants under”,

25 and

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

3 “(2) SPECIAL RULES.—

4 “(A) RECAPTURE OF EXCESSIVE GRANT
5 AMOUNTS.—If the amount of a grant made
6 under this section exceeds the amount allowable
7 as a grant under this section, such excess shall
8 be recaptured under paragraph (1) as if the
9 property to which such grant relates were dis-
10 posed of immediately after such grant was
11 made.

12 “(B) GRANT INFORMATION NOT TREATED
13 AS RETURN INFORMATION.—For purposes of
14 section 6103 of the Internal Revenue Code of
15 1986, in no event shall any of the following be
16 treated as return information:

17 “(i) The amount of a grant made
18 under subsection (a).

19 “(ii) The identity of the person to
20 whom the grant was made.

21 “(iii) A description of the property
22 with respect to which the grant was made.

23 “(iv) The fact and amount of any re-
24 capture.

1 “(B) UNRELATED TRADE OR BUSINESS
2 PROPERTY.—For purposes of this paragraph,
3 the term ‘unrelated trade or business property’
4 means any property with respect to which sub-
5 stantially all of the income derived therefrom by
6 an organization described in section 511(a)(2)
7 of the Internal Revenue Code of 1986 is subject
8 to tax under section 511 of such Code.

9 “(C) INFORMATION WITH RESPECT TO
10 PASS-THRU.—In the case of a partnership or
11 other pass-thru entity, partners or other holders
12 of an equity or profits interest must provide to
13 such partnership or entity such information as
14 the Secretary may require to carry out the pur-
15 poses of this subsection.”.

16 (f) EFFECTIVE DATES.—

17 (1) IN GENERAL.—Except as provided in para-
18 graph (2), the amendments made by this section
19 shall apply to property originally placed in service
20 after the date of the enactment of this Act.

21 (2) CLARIFICATION AND TECHNICAL AMEND-
22 MENTS.—The amendments made by subsections (d)
23 and (e) shall take effect as if included in section
24 1603 of the American Recovery and Reinvestment
25 Tax Act of 2009.

1 **SEC. 823. QUALIFYING ADVANCED ENERGY PROJECT CRED-**
2 **IT.**

3 (a) IN GENERAL.—Section 48C(d)(1)(B) is amended
4 by striking “\$2,300,000,000” and inserting
5 “\$4,800,000,000”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to allocations for applications sub-
8 mitted after December 31, 2010.

9 **SEC. 824. NEW CLEAN RENEWABLE ENERGY BONDS.**

10 (a) IN GENERAL.—Subsection (c) of section 54C is
11 amended by adding at the end the following new para-
12 graph:

13 “(5) SECOND ADDITIONAL LIMITATION.—Sub-
14 ject to paragraph (4), the national new clean renew-
15 able energy bond limitation shall be increased by
16 \$1,600,000,000. Such increase shall be allocated by
17 the Secretary consistent with the rules of para-
18 graphs (2) and (3).”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to allocations after December 31,
21 2010.

22 **SEC. 825. ALTERNATIVE MOTOR VEHICLE CREDIT FOR NEW**
23 **QUALIFIED ALTERNATIVE FUEL VEHICLES.**

24 (a) IN GENERAL.—Paragraph (4) of section 30B(k)
25 is amended by striking “December 31, 2010” and insert-
26 ing “December 31, 2011”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to property purchased after De-
 3 cember 31, 2010.

4 **SEC. 826. EXTENSION OF PROVISIONS RELATED TO ALCO-**
 5 **HOL USED AS FUEL.**

6 (a) EXTENSION OF INCOME TAX CREDIT FOR ALCO-
 7 HOL USED AS FUEL.—

8 (1) IN GENERAL.—Paragraph (1) of section
 9 40(e) is amended—

10 (A) by striking “December 31, 2010” in
 11 subparagraph (A) and inserting “December 31,
 12 2011”, and

13 (B) by striking “January 1, 2011” in sub-
 14 paragraph (B) and inserting “January 1,
 15 2012”.

16 (2) REDUCED AMOUNT FOR ETHANOL BLEND-
 17 ERS.—Subsection (h) of section 40 is amended—

18 (A) by striking “2010” in paragraph (1)
 19 and inserting “2011”, and

20 (B) by striking the period at the end of the
 21 table contained in paragraph (2) and adding
 22 the following new item:

“2011 36 cents 26.66 cents.”.

1 (3) REDUCED RATE FOR SMALL ETHANOL PRO-
2 DUCERS.—Section 40(b)(4)(A) is amended by strik-
3 ing “10 cents” and inserting “8 cents”.

4 (4) EFFECTIVE DATE.—

5 (A) IN GENERAL.—Except as provided in
6 subparagraph (B), the amendments made by
7 this subsection shall apply to periods after De-
8 cember 31, 2010.

9 (B) RATE FOR SMALL ETHANOL PRO-
10 DUCERS.—The amendment made by paragraph
11 (3) shall apply to the sale or use of alcohol
12 after December 31, 2010.

13 (b) EXTENSION OF EXCISE TAX CREDIT FOR ALCO-
14 HOL USED AS FUEL.—

15 (1) IN GENERAL.—Paragraph (6) of section
16 6426(b) is amended by striking “December 31,
17 2010” and inserting “December 31, 2011”.

18 (2) REDUCED APPLICABLE AMOUNT FOR ETH-
19 ANOL.—Subparagraph (A) of section 6426(b)(2) is
20 amended—

21 (A) by striking “and” at the end of clause

22 (i),

23 (B) in clause (ii)—

24 (i) by inserting “and before 2011”

25 after “after 2008”, and

1 (ii) by striking the period and insert-
2 ing “, and”, and

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

5 “(iii) in the case of calendar years be-
6 ginning after 2010, 36 cents.”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to periods after De-
9 cember 31, 2010.

10 (c) EXTENSION OF PAYMENT FOR ALCOHOL FUEL
11 MIXTURE.—

12 (1) IN GENERAL.—Subparagraph (A) of section
13 6427(e)(6) is amended by striking “December 31,
14 2010” and inserting “December 31, 2011”.

15 (2) EFFECTIVE DATE.—The amendment made
16 by this subsection shall apply to sales and uses after
17 December 31, 2010.

18 (d) EXTENSION OF ADDITIONAL DUTIES ON ETH-
19 ANOL.—

20 (1) IN GENERAL.—Headings 9901.00.50 and
21 9901.00.52 of the Harmonized Tariff Schedule of
22 the United States are each amended in the effective
23 period column by striking “1/1/2011” and inserting
24 “1/1/2012”.

1 (2) EFFECTIVE DATE.—The amendments made
2 by this subsection shall take effect on January 1,
3 2011.

4 **SEC. 827. ENERGY EFFICIENT APPLIANCE CREDIT.**

5 (a) DISHWASHERS.—Paragraph (1) of section
6 45M(b) is amended by striking “and” at the end of sub-
7 paragraph (A), by striking the period at the end of sub-
8 paragraph (B) and inserting a comma, and by adding at
9 the end the following new subparagraphs:

10 “(C) \$25 in the case of a dishwasher which
11 is manufactured in calendar year 2011 and
12 which uses no more than 307 kilowatt hours
13 per year and 5.0 gallons per cycle (5.5 gallons
14 per cycle for dishwashers designed for greater
15 than 12 place settings),

16 “(D) \$50 in the case of a dishwasher
17 which is manufactured in calendar year 2011
18 and which uses no more than 295 kilowatt
19 hours per year and 4.25 gallons per cycle (4.75
20 gallons per cycle for dishwashers designed for
21 greater than 12 place settings), and

22 “(E) \$75 in the case of a dishwasher
23 which is manufactured in calendar year 2011
24 and which uses no more than 280 kilowatt
25 hours per year and 4 gallons per cycle (4.5 gal-

1 lons per cycle for dishwashers designed for
2 greater than 12 place settings).”.

3 (b) CLOTHES WASHERS.—Paragraph (2) of section
4 45M(b) is amended by striking “and” at the end of sub-
5 paragraph (C), by striking the period at the end of sub-
6 paragraph (D) and inserting a comma, and by adding at
7 the end the following new subparagraphs:

8 “(E) \$175 in the case of a top-loading
9 clothes washer manufactured in calendar year
10 2011 which meets or exceeds a 2.2 modified en-
11 ergy factor and does not exceed a 4.5 water
12 consumption factor, and

13 “(F) \$225 in the case of a clothes washer
14 manufactured in calendar year 2011—

15 “(i) which is a top-loading clothes
16 washer and which meets or exceeds a 2.4
17 modified energy factor and does not exceed
18 a 4.2 water consumption factor, or

19 “(ii) which is a front-loading clothes
20 washer and which meets or exceeds a 2.8
21 modified energy factor and does not exceed
22 a 3.5 water consumption factor.”.

23 (c) REFRIGERATORS.—Paragraph (3) of section
24 45M(b) is amended by striking “and” at the end of sub-
25 paragraph (C), by striking the period at the end of sub-

1 paragraph (D) and inserting a comma, and by adding at
2 the end the following new subparagraphs:

3 “(E) \$150 in the case of a refrigerator
4 manufactured in calendar year 2011 which con-
5 sumes at least 30 percent less energy than the
6 2001 energy conservation standards, and

7 “(F) \$200 in the case of a refrigerator
8 manufactured in calendar year 2011 which con-
9 sumes at least 35 percent less energy than the
10 2001 energy conservation standards.”.

11 (d) REBASING OF LIMITATIONS.—

12 (1) IN GENERAL.—Paragraph (1) of section
13 45M(e) is amended by striking “December 31,
14 2007” and inserting “December 31, 2010”.

15 (2) EXCEPTION FOR CERTAIN REFRIGERATORS
16 AND CLOTHES WASHERS.—Paragraph (2) of section
17 45M(e) is amended—

18 (A) by striking “subsection (b)(3)(D)” and
19 inserting “subsection (b)(3)(F)”, and

20 (B) by striking “subsection (b)(2)(D)” and
21 inserting “subsection (b)(2)(F)”.

22 (3) GROSS RECEIPTS LIMITATION.—Paragraph
23 (3) of section 45M(e) is amended by striking “2 per-
24 cent” and inserting “4 percent”.

1 (e) DIRECT PAYMENT OF ENERGY EFFICIENT AP-
2 PLIANCES TAX CREDIT.—In the case of any taxable year
3 which includes the last day of calendar year 2009 or cal-
4 endar year 2010, a taxpayer who elects to waive the credit
5 which would otherwise be determined with respect to the
6 taxpayer under section 45M of the Internal Revenue Code
7 of 1986 for such taxable year shall be treated as making
8 a payment against the tax imposed under subtitle A of
9 such Code for such taxable year in an amount equal to
10 85 percent of the amount of the credit which would other-
11 wise be so determined. Such payment shall be treated as
12 made on the later of the due date of the return of such
13 tax or the date on which such return is filed. Elections
14 under this section may be made separately for 2009 and
15 2010, but once made shall be irrevocable. No amount shall
16 be includible in gross income or alternative minimum tax-
17 able income by reason of this section.

18 (f) EFFECTIVE DATES.—

19 (1) IN GENERAL.—The amendments made by
20 subsections (a), (b), and (c) shall apply to appliances
21 produced after December 31, 2010.

22 (2) LIMITATIONS.—The amendments made by
23 subsection (d) shall apply to taxable years beginning
24 after December 31, 2010.

1 **SEC. 828. REDUCED DEPRECIATION PERIOD FOR NATURAL**
2 **GAS DISTRIBUTION FACILITIES.**

3 (a) IN GENERAL.—Clause (viii) of section
4 168(e)(3)(E) is amended by striking “January 1, 2011”
5 and inserting “January 1, 2012”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to property placed in service after
8 December 31, 2010.

9 **Subtitle D—Education**

10 **SEC. 831. QUALIFIED SCHOOL CONSTRUCTION BONDS.**

11 (a) IN GENERAL.—Subsection (c) of section 54F is
12 amended—

13 (1) by striking “and” at the end of paragraph

14 (2),

15 (2) by redesignating paragraph (3) as para-
16 graph (4),

17 (3) by inserting after paragraph (2) the fol-
18 lowing new paragraph:

19 “(3) \$11,000,000,000 for 2011, and”, and

20 (4) by striking “2010” in paragraph (4) (as re-
21 designated by paragraph (2)) and inserting “2011”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to obligations issued after Decem-
24 ber 31, 2010.

1 **Subtitle E—Other Employee and**
2 **Housing Relief**

3 **SEC. 841. MAKING WORK PAY CREDIT.**

4 (a) IN GENERAL.—Section 36A(e) is amended by
5 striking “December 31, 2010” and inserting “December
6 31, 2011”.

7 (b) TREATMENT OF POSSESSIONS.—Section
8 1001(b)(1) of the American Recovery and Reinvestment
9 Tax Act of 2009 is amended by striking “2009 and 2010”
10 both places it appears and inserting “2009, 2010, and
11 2011”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2010.

15 **SEC. 842. WORK OPPORTUNITY CREDIT.**

16 (a) IN GENERAL.—Subparagraph (B) of section
17 51(c)(4) is amended by striking “August 31, 2011” and
18 inserting “December 31, 2011”.

19 (b) UNEMPLOYED VETERANS AND DISCONNECTED
20 YOUTH.—Paragraph (14) of section 51(d) is amended—

21 (1) by striking “2009 or 2010” in subpara-
22 graph (A) and inserting “2009, 2010, or 2011”, and

23 (2) by striking “2009 OR 2010” in the heading
24 thereof and inserting “2009, 2010, OR 2011”.

25 (c) EFFECTIVE DATES.—

1 (1) IN GENERAL.—The amendment made by
2 subsection (a) shall apply to individuals who begin
3 work for the employer after the date of the enact-
4 ment of this Act.

5 (2) UNEMPLOYED VETERANS AND DISCON-
6 NECTED YOUTH.—The amendments made by sub-
7 section (b) shall apply to individuals who begin work
8 for the employer after December 31, 2010.

9 **SEC. 843. EXCLUSION FROM INCOME FOR BENEFITS PRO-**
10 **VIDED TO VOLUNTEER FIREFIGHTERS AND**
11 **EMERGENCY MEDICAL RESPONDERS.**

12 (a) IN GENERAL.—Subsection (d) of section 139B is
13 amended by striking “December 31, 2010” and inserting
14 “December 31, 2011”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to taxable years beginning after
17 December 31, 2010.

18 **SEC. 844. PARITY FOR EXCLUSION FROM INCOME FOR EM-**
19 **PLOYER-PROVIDED MASS TRANSIT AND**
20 **PARKING BENEFITS.**

21 (a) IN GENERAL.—Paragraph (2) of section 132(f)
22 is amended by striking “January 1, 2011” and inserting
23 “January 1, 2012”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to months after December 31,
3 2010.

4 **SEC. 845. QUALIFIED MORTGAGE BONDS FOR REFI-**
5 **NANCING OF SUBPRIME LOANS.**

6 (a) IN GENERAL.—Subparagraph (D) of section
7 143(k)(12) is amended by striking “December 31, 2010”
8 and inserting “December 31, 2011”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to bonds issued after December
11 31, 2010.

12 **TITLE IX—OTHER PROVISIONS**

13 **SEC. 901. REPEAL OF EXPANSION OF INFORMATION RE-**
14 **PORTING REQUIREMENTS.**

15 (a) REPEAL OF PAYMENTS FOR PROPERTY AND
16 OTHER GROSS PROCEEDS.—Subsection (b) of section
17 9006 of the Patient Protection and Affordable Care Act,
18 and the amendments made thereby, are hereby repealed;
19 and the Internal Revenue Code of 1986 shall be applied
20 as if such subsection, and amendments, had never been
21 enacted.

22 (b) REPEAL OF APPLICATION TO CORPORATIONS;
23 APPLICATION OF REGULATORY AUTHORITY.—

24 (1) IN GENERAL.—Section 6041 of the Internal
25 Revenue Code of 1986, as amended by section

1 9006(a) of the Patient Protection and Affordable
2 Care Act and section 2101 of the Small Business
3 Jobs Act of 2010, is amended by striking sub-
4 sections (i) and (j) and inserting the following new
5 subsection:

6 “(i) REGULATIONS.—The Secretary may prescribe
7 such regulations and other guidance as may be appro-
8 priate or necessary to carry out the purposes of this sec-
9 tion, including rules to prevent duplicative reporting of
10 transactions.”.

11 (2) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply to payments made
13 after December 31, 2010.

14 **SEC. 902. REPEAL OF SUNSET ON TAX TREATMENT OF**
15 **ALASKA NATIVE SETTLEMENT TRUSTS.**

16 Title IX of the Economic Growth and Tax Relief Rec-
17 onciliation Act of 2001 (relating to sunset of provisions
18 of such Act) shall not apply to section 671 of such Act
19 (relating to tax treatment and information requirements
20 of Alaska Native Settlement Trusts).

21 **SEC. 903. REPEAL OF SUNSET ON EXPANSION OF AUTHOR-**
22 **ITY TO POSTPONE CERTAIN TAX-RELATED**
23 **DEADLINES.**

24 Title IX of the Economic Growth and Tax Relief Rec-
25 onciliation Act of 2001 (relating to sunset of provisions

1 of such Act) shall not apply to section 802 of such Act
2 (relating to expansion of authority to postpone certain tax-
3 related deadlines by reason of Presidentially declared dis-
4 aster).

5 **SEC. 904. REFUNDS DISREGARDED IN THE ADMINISTRA-**
6 **TION OF FEDERAL PROGRAMS AND FEDER-**
7 **ALLY ASSISTED PROGRAMS.**

8 (a) IN GENERAL.—Subchapter A of chapter 65 is
9 amended by adding at the end the following new section:

10 **“SEC. 6409. REFUNDS DISREGARDED IN THE ADMINISTRA-**
11 **TION OF FEDERAL PROGRAMS AND FEDER-**
12 **ALLY ASSISTED PROGRAMS.**

13 “Notwithstanding any other provision of law, any re-
14 fund (or advance payment with respect to a refundable
15 credit) made to any individual under this title shall not
16 be taken into account as income, and shall not be taken
17 into account as resources for a period of 12 months from
18 receipt, for purposes of determining the eligibility of such
19 individual (or any other individual) for benefits or assist-
20 ance (or the amount or extent of benefits or assistance)
21 under any Federal program or under any State or local
22 program financed in whole or in part with Federal
23 funds.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for such subchapter is amended by adding at the end the
3 following new item:

“Sec. 6409. Refunds disregarded in the administration of Federal programs
and federally assisted programs.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to amounts received after Decem-
6 ber 31, 2009.

7 **SEC. 905. TREATMENT OF SECURITIES OF A CONTROLLED**
8 **CORPORATION EXCHANGED FOR ASSETS IN**
9 **CERTAIN REORGANIZATIONS.**

10 (a) IN GENERAL.—Section 361 (relating to non-
11 recognition of gain or loss to corporations; treatment of
12 distributions) is amended by adding at the end the fol-
13 lowing new subsection:

14 “(d) SPECIAL RULES FOR TRANSACTIONS INVOLVING
15 SECTION 355 DISTRIBUTIONS.—In the case of a reorga-
16 nization described in section 368(a)(1)(D) with respect to
17 which stock or securities of the corporation to which the
18 assets are transferred are distributed in a transaction
19 which qualifies under section 355—

20 “(1) this section shall be applied by substituting
21 ‘stock other than nonqualified preferred stock (as
22 defined in section 351(g)(2))’ for ‘stock or securities’
23 in subsections (a) and (b)(1), and

1 “(2) the first sentence of subsection (b)(3) shall
2 apply only to the extent that the sum of the money
3 and the fair market value of the other property
4 transferred to such creditors does not exceed the ad-
5 justed bases of such assets transferred (reduced by
6 the amount of the liabilities assumed (within the
7 meaning of section 357(c)).”.

8 (b) CONFORMING AMENDMENT.—Paragraph (3) of
9 section 361(b) is amended by striking the last sentence.

10 (c) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as provided in para-
12 graph (2), the amendments made by this section
13 shall apply to exchanges after December 31, 2010.

14 (2) TRANSITION RULE.—The amendments
15 made by this section shall not apply to any exchange
16 pursuant to a transaction which is—

17 (A) made pursuant to a written agreement
18 which was binding on December 31, 2010, and
19 at all times thereafter,

20 (B) described in a ruling request submitted
21 to the Internal Revenue Service on or before
22 December 2, 2010, or

23 (C) described on or before December 31,
24 2010, in a public announcement or in a filing
25 with the Securities and Exchange Commission.

1 **TITLE X—BUDGETARY**
2 **PROVISIONS**

3 **SEC. 1001. DETERMINATION OF BUDGETARY EFFECTS.**

4 The budgetary effects of this Act, for the purpose of
5 complying with the Statutory Pay-As-You-Go Act of 2010,
6 shall be determined by reference to the latest statement
7 titled ‘Budgetary Effects of PAYGO Legislation’ for this
8 Act, submitted for printing in the Congressional Record
9 by the Chairman of the Senate Budget Committee, pro-
10 vided that such statement has been submitted prior to the
11 vote on passage.

12 **SEC. 1002. EMERGENCY DESIGNATIONS.**

13 (a) **STATUTORY PAYGO.**—The provisions of this Act
14 other than those that qualify for the current policy adjust-
15 ments under section 7 of the Statutory Pay-As-You-Go
16 Act of 2010 (Public Law 111-139; 2 U.S.C. 933(g)) are
17 designated as an emergency requirement pursuant to sec-
18 tion 4(g) of such Act (Public Law 111-139; 2 U.S.C.
19 933(g)).

20 (b) **HOUSE OF REPRESENTATIVES.**—In the House of
21 Representatives, this Act is designated as an emergency
22 for purposes of pay-as-you-go principles.

23 (c) **SENATE.**—In the Senate, this Act is designated
24 as an emergency requirement pursuant to section 403(a)

1 of S. Con. Res. 13 (111th Congress), the concurrent reso-
2 lution on the budget for fiscal year 2010.