

**AMENDMENT TO THE SENATE AMENDMENT TO
H.R. 34
OFFERED BY MR. BRADY OF TEXAS**

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

1 SECTION 1. SHORT TITLE, ETC.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Tax Increase Prevention and Real Estate Investment Act
4 of 2015”.

5 (b) AMENDMENT OF 1986 CODE.—Except as other-
6 wise expressly provided, whenever in this Act an amend-
7 ment or repeal is expressed in terms of an amendment
8 to, or repeal of, a section or other provision, the reference
9 shall be considered to be made to a section or other provi-
10 sion of the Internal Revenue Code of 1986.

11 (c) TABLE OF CONTENTS.—The table of contents for
12 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—EXTENSION OF EXPIRED PROVISIONS

Subtitle A—Individual Tax Extenders

Sec. 101. Extension and modification of deduction for certain expenses of elementary and secondary school teachers.

Sec. 102. Extension and modification of exclusion from gross income of discharge of qualified principal residence indebtedness.

Sec. 103. Extension of parity for exclusion from income for employer-provided mass transit and parking benefits.

- Sec. 104. Extension of mortgage insurance premiums treated as qualified residence interest.
- Sec. 105. Extension of deduction of State and local general sales taxes.
- Sec. 106. Extension and modification of special rule for contributions of capital gain real property made for conservation purposes.
- Sec. 107. Extension of above-the-line deduction for qualified tuition and related expenses.
- Sec. 108. Extension of tax-free distributions from individual retirement plans for charitable purposes.

Subtitle B—Business Tax Extenders

- Sec. 111. Extension and Modification of Research Credit.
- Sec. 112. Extension of temporary minimum low-income housing tax credit rate for non-federally subsidized buildings.
- Sec. 113. Extension of military housing allowance exclusion for determining whether a tenant in certain counties is low-income.
- Sec. 114. Extension of Indian employment tax credit.
- Sec. 115. Extension of new markets tax credit.
- Sec. 116. Extension and modification of railroad track maintenance credit.
- Sec. 117. Extension of mine rescue team training credit.
- Sec. 118. Extension and modification of employer wage credit for employees who are active duty members of the uniformed services.
- Sec. 119. Extension and modification of work opportunity tax credit.
- Sec. 120. Extension of qualified zone academy bonds.
- Sec. 121. Extension of classification of certain race horses as 3-year property.
- Sec. 122. Extension of 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
- Sec. 123. Extension of 7-year recovery period for motorsports entertainment complexes.
- Sec. 124. Extension and modification of accelerated depreciation for business property on an Indian reservation.
- Sec. 125. Extension and modification of bonus depreciation.
- Sec. 126. Extension and modification of charitable deduction for contributions of food inventory.
- Sec. 127. Extension and modification of increased expensing limitations and treatment of certain real property as section 179 property.
- Sec. 128. Extension of election to expense mine safety equipment.
- Sec. 129. Extension of special expensing rules for certain film and television productions.
- Sec. 130. Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 131. Extension of modification of tax treatment of certain payments to controlling exempt organizations.
- Sec. 132. Extension of treatment of certain dividends of regulated investment companies.
- Sec. 133. Extension of RIC qualified investment entity treatment under FIRPTA.
- Sec. 134. Extension of subpart F exception for active financing income.
- Sec. 135. Extension of look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.
- Sec. 136. Extension of temporary exclusion of 100 percent of gain on certain small business stock.

- Sec. 137. Extension of basis adjustment to stock of S corporations making charitable contributions of property.
- Sec. 138. Extension of reduction in S-corporation recognition period for built-in gains tax.
- Sec. 139. Extension and modification of empowerment zone tax incentives.
- Sec. 140. Extension of temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands.
- Sec. 141. Extension of American Samoa economic development credit.

Subtitle C—Energy Tax Extenders

- Sec. 151. Extension and modification of credit for nonbusiness energy property.
- Sec. 152. Extension of credit for alternative fuel vehicle refueling property.
- Sec. 153. Extension of credit for 2-wheeled plug-in electric vehicles.
- Sec. 154. Extension of second generation biofuel producer credit.
- Sec. 155. Extension of biodiesel and renewable diesel incentives.
- Sec. 156. Extension and modification of production credit for Indian coal facilities placed in service before 2009.
- Sec. 157. Extension of credits with respect to facilities producing energy from certain renewable resources.
- Sec. 158. Extension of credit for energy-efficient new homes.
- Sec. 159. Extension of special allowance for second generation biofuel plant property.
- Sec. 160. Extension of energy efficient commercial buildings deduction.
- Sec. 161. Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- Sec. 162. Extension of excise tax credits relating to alternative fuels.

TITLE II—OTHER REVENUE PROVISIONS

Subtitle A—Provisions Related to Real Estate Investment Trusts

- Sec. 201. Restriction on tax-free spinoffs involving REITs.
- Sec. 202. Limitation on fixed percentage rent and interest exceptions for REIT income tests.
- Sec. 203. Reduction in percentage limitation on assets of REIT which may be taxable REIT subsidiaries.
- Sec. 204. Prohibited transaction safe harbors.
- Sec. 205. Repeal of preferential dividend rule for publicly offered REITs.
- Sec. 206. Authority for alternative remedies to address certain REIT distribution failures.
- Sec. 207. Limitations on designation of dividends by REITs.
- Sec. 208. Debt instruments of publicly offered REITs and mortgages treated as real estate assets.
- Sec. 209. Asset and income test clarification regarding ancillary personal property.
- Sec. 210. Hedging provisions.
- Sec. 211. Modification of REIT earnings and profits calculation to avoid duplicate taxation.
- Sec. 212. Treatment of certain services provided by taxable REIT subsidiaries.
- Sec. 213. Exception from FIRPTA for certain stock of real estate investment trusts.
- Sec. 214. Exception for interests held by foreign retirement or pension funds.

Subtitle B—Internal Revenue Service Reforms

- Sec. 221. Duty to ensure that IRS employees are familiar with and act in accord with certain taxpayer rights.
- Sec. 222. IRS employees prohibited from using personal email accounts for official business.
- Sec. 223. Release of information regarding the status of certain investigations.
- Sec. 224. Administrative appeal relating to adverse determinations of tax-exempt status of certain organizations.
- Sec. 225. Organizations required to notify Secretary of intent to operate under 501(c)(4).
- Sec. 226. Declaratory judgments for 501(c)(4) and other exempt organizations.
- Sec. 227. Termination of employment of Internal Revenue Service employees for taking official actions for political purposes.
- Sec. 228. Gift tax not to apply to contributions to certain exempt organizations.

Subtitle C—United States Tax Court

PART 1—TAXPAYER ACCESS TO UNITED STATES TAX COURT

- Sec. 231. Filing period for interest abatement cases.
- Sec. 232. Small tax case election for interest abatement cases.
- Sec. 233. Venue for appeal of spousal relief and collection cases.
- Sec. 234. Suspension of running of period for filing petition of spousal relief and collection cases.
- Sec. 235. Application of Federal rules of evidence.

PART 2—UNITED STATES TAX COURT ADMINISTRATION

- Sec. 241. Judicial conduct and disability procedures.
- Sec. 242. Administration, judicial conference, and fees.

PART 3—CLARIFICATION RELATING TO UNITED STATES TAX COURT

- Sec. 251. Clarification relating to United States Tax Court.

Subtitle D—Miscellaneous Provisions

- Sec. 261. Removal of bond requirements and extending filing periods for certain taxpayers with limited excise tax liability.
- Sec. 262. Modifications to alternative tax for certain small insurance companies.
- Sec. 263. Modification of definition of hard cider.
- Sec. 264. Prevention of extension of tax collection period for members of the Armed Forces who are hospitalized as a result of combat zone injuries.
- Sec. 265. Deductibility of charitable contributions to agricultural research organizations.
- Sec. 266. Clarification of special rule for certain governmental plans.
- Sec. 267. Exclusion for amounts received under the Work Colleges Program.
- Sec. 268. Clarification of enrolled agent credentials.
- Sec. 269. Improvements to section 529 accounts.
- Sec. 270. Rollovers permitted from other retirement plans into simple retirement accounts.
- Sec. 271. Technical amendment relating to rollover of certain airline payment amounts.
- Sec. 272. Treatment of timber gains.
- Sec. 273. Exclusion for wrongfully incarcerated individuals.
- Sec. 274. Partnership audit rules.

Subtitle E—Revenue Provisions

- Sec. 281. Updated ASHRAE standards for energy efficient commercial buildings deduction.
- Sec. 282. Treatment of certain persons as employers with respect to motion picture projects.
- Sec. 283. Excise tax credit equivalency for liquified petroleum gas and liquified natural gas.
- Sec. 284. Exclusion from gross income of certain clean coal power grants to non-corporate taxpayers.

TITLE III—BUDGETARY EFFECTS

- Sec. 301. Budgetary effects.

1 **TITLE I—EXTENSION OF**
 2 **EXPIRED PROVISIONS**
 3 **Subtitle A—Individual Tax**
 4 **Extenders**

5 **SEC. 101. EXTENSION AND MODIFICATION OF DEDUCTION**
 6 **FOR CERTAIN EXPENSES OF ELEMENTARY**
 7 **AND SECONDARY SCHOOL TEACHERS.**

8 (a) **IN GENERAL.**—Section 62(a)(2)(D) is amended
 9 by striking “or 2014” and inserting “2014, 2015, or
 10 2016”.

11 (b) **INFLATION ADJUSTMENT.**—Section 62(d) is
 12 amended by adding at the end the following new para-
 13 graph:

14 “(3) **INFLATION ADJUSTMENT.**—In the case of
 15 any taxable year beginning after 2015, the \$250
 16 amount in subsection (a)(2)(D) shall be increased by
 17 an amount equal to—

18 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
2 mined under section 1(f)(3) for the calendar
3 year in which the taxable year begins, deter-
4 mined by substituting ‘calendar year 2014’ for
5 ‘calendar year 1992’ in subparagraph (B)
6 thereof.

7 Any increase determined under the preceding sen-
8 tence shall be rounded to the nearest multiple of
9 \$50.”.

10 (c) PROFESSIONAL DEVELOPMENT EXPENSES.—Sec-
11 tion 62(a)(2)(D) is amended—

12 (1) by striking “educator in connection” and all
13 that follows and inserting “educator—”, and

14 (2) by inserting at the end the following:

15 “(i) by reason of the participation of
16 the educator in professional development
17 courses related to the curriculum in which
18 the educator provides instruction or to the
19 students for which the educator provides
20 instruction, and

21 “(ii) in connection with books, sup-
22 plies (other than nonathletic supplies for
23 courses of instruction in health or physical
24 education), computer equipment (including
25 related software and services) and other

1 equipment, and supplementary materials
2 used by the eligible educator in the class-
3 room.”.

4 (b) EFFECTIVE DATES.—

5 (1) EXTENSION.—The amendments made by
6 subsection (a) shall apply to taxable years beginning
7 after December 31, 2014.

8 (2) MODIFICATIONS.—The amendments made
9 by subsections (b) and (c) shall apply to taxable
10 years beginning after December 31, 2015.

11 **SEC. 102. EXTENSION AND MODIFICATION OF EXCLUSION**
12 **FROM GROSS INCOME OF DISCHARGE OF**
13 **QUALIFIED PRINCIPAL RESIDENCE INDEBT-**
14 **EDNESS.**

15 (a) EXTENSION.—Section 108(a)(1)(E) is amended
16 by striking “January 1, 2015” and inserting “January 1,
17 2017”.

18 (b) MODIFICATION.—Section 108(a)(1)(E), as
19 amended by subsection (a), is amended by striking “dis-
20 charged before” and all that follows and inserting “dis-
21 charged—

22 “(i) before January 1, 2017, or

23 “(ii) subject to an arrangement that
24 is entered into and evidenced in writing be-
25 fore January 1, 2017.”.

1 (c) EFFECTIVE DATES.—

2 (1) EXTENSION.—The amendment made by
3 subsection (a) shall apply to discharges of indebted-
4 ness after December 31, 2014.

5 (2) MODIFICATION.—The amendment made by
6 subsection (b) shall apply to discharges of indebted-
7 ness after December 31, 2015.

8 **SEC. 103. EXTENSION OF PARITY FOR EXCLUSION FROM IN-**
9 **COME FOR EMPLOYER-PROVIDED MASS**
10 **TRANSIT AND PARKING BENEFITS.**

11 (a) EXTENSION.—Section 132(f)(2) is amended by
12 striking “January 1, 2015” and inserting “January 1,
13 2017”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a) shall apply to months after December 31,
16 2014.

17 **SEC. 104. EXTENSION OF MORTGAGE INSURANCE PRE-**
18 **MIUMS TREATED AS QUALIFIED RESIDENCE**
19 **INTEREST.**

20 (a) IN GENERAL.—Subclause (I) of section
21 163(h)(3)(E)(iv) is amended by striking “December 31,
22 2014” and inserting “December 31, 2016”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to amounts paid or accrued after
25 December 31, 2014.

1 **SEC. 105. EXTENSION OF DEDUCTION OF STATE AND LOCAL**
2 **GENERAL SALES TAXES.**

3 (a) IN GENERAL.—Subparagraph (I) of section
4 164(b)(5) is amended by striking “January 1, 2015” and
5 inserting “January 1, 2017”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to taxable years beginning after
8 December 31, 2014.

9 **SEC. 106. EXTENSION AND MODIFICATION OF SPECIAL**
10 **RULE FOR CONTRIBUTIONS OF CAPITAL**
11 **GAIN REAL PROPERTY MADE FOR CONSERVA-**
12 **TION PURPOSES.**

13 (a) EXTENSION.—

14 (1) INDIVIDUALS.—Clause (vi) of section
15 170(b)(1)(E) is amended by striking “December 31,
16 2014” and inserting “December 31, 2016”.

17 (2) CORPORATIONS.—Clause (iii) of section
18 170(b)(2)(B) is amended by striking “December 31,
19 2014” and inserting “December 31, 2016”.

20 (b) CONTRIBUTIONS OF CAPITAL GAIN REAL PROP-
21 erty MADE FOR CONSERVATION PURPOSES BY NATIVE
22 CORPORATIONS.—

23 (1) IN GENERAL.—Section 170(b)(2) is amend-
24 ed by redesignating subparagraph (C) as subpara-
25 graph (D), and by inserting after subparagraph (B)
26 the following new subparagraph:

1 “(C) QUALIFIED CONSERVATION CON-
2 TRIBUTIONS BY CERTAIN NATIVE CORPORA-
3 TIONS.—

4 “(i) IN GENERAL.—Any qualified con-
5 servation contribution (as defined in sub-
6 section (h)(1)) which—

7 “(I) is made by a Native Cor-
8 poration, and

9 “(II) is a contribution of prop-
10 erty which was land conveyed under
11 the Alaska Native Claims Settlement
12 Act,

13 shall be allowed to the extent that the ag-
14 gregate amount of such contributions does
15 not exceed the excess of the taxpayer’s tax-
16 able income over the amount of charitable
17 contributions allowable under subpara-
18 graph (A).

19 “(ii) CARRYOVER.—If the aggregate
20 amount of contributions described in clause
21 (i) exceeds the limitation of clause (i), such
22 excess shall be treated (in a manner con-
23 sistent with the rules of subsection (d)(2))
24 as a charitable contribution to which clause

1 (i) applies in each of the 15 succeeding
2 taxable years in order of time.

3 “(iii) NATIVE CORPORATION.—For
4 purposes of this subparagraph, the term
5 ‘Native Corporation’ has the meaning
6 given such term by section 3(m) of the
7 Alaska Native Claims Settlement Act.”.

8 (2) CONFORMING AMENDMENTS.—

9 (A) Section 170(b)(2)(A) is amended by
10 striking “subparagraph (B) applies” and insert-
11 ing “subparagraph (B) or (C) applies”.

12 (B) Section 170(b)(2)(B)(ii) is amended by
13 striking “15 succeeding years” and inserting
14 “15 succeeding taxable years”.

15 (3) VALID EXISTING RIGHTS PRESERVED.—

16 Nothing in this subsection (or any amendment made
17 by this subsection) shall be construed to modify the
18 existing property rights validly conveyed to Native
19 Corporations (within the meaning of section 3(m) of
20 the Alaska Native Claims Settlement Act) under
21 such Act.

22 (c) EFFECTIVE DATES.—

23 (1) EXTENSION.—The amendments made by
24 subsection (a) shall apply to contributions made in
25 taxable years beginning after December 31, 2014.

1 (2) MODIFICATION.—The amendments made by
2 subsection (b) shall apply to contributions made in
3 taxable years beginning after December 31, 2015.

4 **SEC. 107. EXTENSION OF ABOVE-THE-LINE DEDUCTION FOR**
5 **QUALIFIED TUITION AND RELATED EX-**
6 **PENSES.**

7 (a) IN GENERAL.—Section 222(e) is amended by
8 striking “December 31, 2014” and inserting “December
9 31, 2016”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 2014.

13 **SEC. 108. EXTENSION OF TAX-FREE DISTRIBUTIONS FROM**
14 **INDIVIDUAL RETIREMENT PLANS FOR CHARI-**
15 **TABLE PURPOSES.**

16 (a) IN GENERAL.—Section 408(d)(8)(F) is amended
17 by striking “December 31, 2014” and inserting “Decem-
18 ber 31, 2016”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to distributions made in taxable
21 years beginning after December 31, 2014.

1 **Subtitle B—Business Tax**
2 **Extenders**

3 **SEC. 111. EXTENSION AND MODIFICATION OF RESEARCH**
4 **CREDIT.**

5 (a) **EXTENSION.**—Section 41(h)(1) is amended by
6 striking “December 31, 2014” and inserting “December
7 31, 2016”.

8 (b) **MODIFICATION OF CREDIT DETERMINATION.**—
9 Section 41(a) is amended to read as follows:

10 “(a) **IN GENERAL.**—For purposes of section 38, the
11 research credit determined under this section for the tax-
12 able year shall be an amount equal to the sum of—

13 “(1) 20 percent of so much of the qualified re-
14 search expenses for the taxable year as exceeds 50
15 percent of the average qualified research expenses
16 for the 3 taxable years preceding the taxable year
17 for which the credit is being determined,

18 “(2) 20 percent of so much of the basic re-
19 search payments for the taxable year as exceeds 50
20 percent of the average basic research payments for
21 the 3 taxable years preceding the taxable year for
22 which the credit is being determined, plus

23 “(3) 20 percent of the amounts paid or in-
24 curred by the taxpayer in carrying on any trade or
25 business of the taxpayer during the taxable year (in-

1 including as contributions) to an energy research con-
2 sortium for energy research.”.

3 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
4 IMUM TAX IN CASE OF ELIGIBLE SMALL BUSINESS.—

5 Section 38(c)(4)(B) is amended by redesignating clauses
6 (ii) through (ix) as clauses (iii) through (x), respectively,
7 and by inserting after clause (i) the following new clause:

8 “(ii) the credit determined under sec-
9 tion 41 for the taxable year with respect to
10 an eligible small business (as defined in
11 paragraph (5)(C), after application of rules
12 similar to the rules of paragraph (5)(D)),”.

13 (d) CONFORMING AMENDMENTS.—

14 (1) Section 41(c) is amended to read as follows:

15 “(c) DETERMINATION OF AVERAGE RESEARCH EX-
16 PENSES FOR PRIOR YEARS.—

17 “(1) SPECIAL RULE IN CASE OF NO QUALIFIED
18 RESEARCH EXPENDITURES IN ANY OF 3 PRECEDING
19 TAXABLE YEARS.—In any case in which the taxpayer
20 has no qualified research expenses in any one of the
21 3 taxable years preceding the taxable year for which
22 the credit is being determined, the amount deter-
23 mined under subsection (a)(1) for such taxable year
24 shall be equal to 10 percent of the qualified research
25 expenses for the taxable year.

1 “(2) CONSISTENT TREATMENT OF EX-
2 PENSES.—

3 “(A) IN GENERAL.—Notwithstanding
4 whether the period for filing a claim for credit
5 or refund has expired for any taxable year
6 taken into account in determining the average
7 qualified research expenses, or average basic re-
8 search payments, taken into account under sub-
9 section (a), the qualified research expenses and
10 basic research payments taken into account in
11 determining such averages shall be determined
12 on a basis consistent with the determination of
13 qualified research expenses and basic research
14 payments, respectively, for the credit year.

15 “(B) PREVENTION OF DISTORTIONS.—The
16 Secretary may prescribe regulations to prevent
17 distortions in calculating a taxpayer’s qualified
18 research expenses or basic research payments
19 caused by a change in accounting methods used
20 by such taxpayer between the current year and
21 a year taken into account in determining the
22 average qualified research expenses or average
23 basic research payments taken into account
24 under subsection (a).”.

25 (2) Section 41(e) is amended—

1 (A) by striking all that precedes paragraph
2 (6) and inserting the following:

3 “(e) BASIC RESEARCH PAYMENTS.—For purposes of
4 this section—

5 “(1) IN GENERAL.—The term ‘basic research
6 payment’ means, with respect to any taxable year,
7 any amount paid in cash during such taxable year
8 by a corporation to any qualified organization for
9 basic research but only if—

10 “(A) such payment is pursuant to a writ-
11 ten agreement between such corporation and
12 such qualified organization, and

13 “(B) such basic research is to be per-
14 formed by such qualified organization.

15 “(2) EXCEPTION TO REQUIREMENT THAT RE-
16 SEARCH BE PERFORMED BY THE ORGANIZATION.—
17 In the case of a qualified organization described in
18 subparagraph (C) or (D) of paragraph (3), subpara-
19 graph (B) of paragraph (1) shall not apply.”,

20 (B) by redesignating paragraphs (6) and
21 (7) as paragraphs (3) and (4), respectively, and

22 (C) in paragraph (4), as so redesignated,
23 by striking subparagraphs (B) and (C) and by
24 redesignating subparagraphs (D) and (E) as
25 subparagraphs (B) and (C), respectively.

1 (3) Section 41(f)(3) is amended—

2 (A)(i) by striking “, and the gross re-
3 cepts” in subparagraph (A)(i) and all that fol-
4 lows through “determined under clause (iii)”,

5 (ii) by striking clause (iii) of subparagraph
6 (A) and redesignating clauses (iv), (v), and (vi),
7 thereof, as clauses (iii), (iv), and (v), respec-
8 tively,

9 (iii) by striking “and (iv)” each place it
10 appears in subparagraph (A)(iv) (as so redesign-
11 ated) and inserting “and (iii)”,

12 (iv) by striking subclause (IV) of subpara-
13 graph (A)(iv) (as so redesignated), by striking
14 “, and” at the end of subparagraph (A)(iv)(III)
15 (as so redesignated) and inserting a period, and
16 by adding “and” at the end of subparagraph
17 (A)(iv)(II) (as so redesignated),

18 (v) by striking “(A)(vi)” in subparagraph
19 (B) and inserting “(A)(v)”,

20 (vi) by striking “(A)(iv)(II)” in subpara-
21 graph (B)(i)(II) and inserting “(A)(iii)(II)”,

22 (B) by striking “, and the gross receipts of
23 the predecessor,” in subparagraph (A)(iv)(II)
24 (as so redesignated),

1 (C) by striking “, and the gross receipts
2 of,” in subparagraph (B),

3 (D) by striking “, or gross receipts of,” in
4 subparagraph (B)(i)(I), and

5 (E) by striking subparagraph (C) and in-
6 serting the following new subparagraph:

7 “(C) ADJUSTMENTS FOR BASIC RESEARCH
8 PAYMENTS.—In the case of basic research pay-
9 ments, rules similar to the rules of subpara-
10 graph (A) and (B) shall apply.”.

11 (4) Section 41(f)(4) is amended by striking
12 “and gross receipts” and inserting “and basic re-
13 search payments”.

14 (5) Section 41(h), as amended by subsection
15 (a), is amended by striking all that follows para-
16 graph (1) and by adding at the end the following
17 new paragraph:

18 “(2) COMPUTATION FOR TAXABLE YEAR IN
19 WHICH CREDIT TERMINATES.—In the case of any
20 taxable year with respect to which this section ap-
21 plies to a number of days which is less than the total
22 number of days in such taxable year, for purposes
23 of paragraphs (1) and (2) of subsection (a), the av-
24 erage qualified research expenses and the average
25 basic research payments for the preceding 3 taxable

1 years shall be the amount which bears the same
2 ratio to such average qualified research expenses or
3 average basic research payments (as the case may
4 be, each determined without regard to this para-
5 graph) as the number of days in such taxable year
6 to which this section applies bears to the total num-
7 ber of days in such taxable year.”.

8 (6) Section 45C(e)(2) is amended—

9 (A) by striking “base period research ex-
10 penses” and inserting “average qualified re-
11 search expenses”, and

12 (B) by striking “BASE PERIOD RESEARCH
13 EXPENSES” in the heading and inserting “AV-
14 ERAGE QUALIFIED RESEARCH EXPENSES”.

15 (7) Section 280C(e) is amended—

16 (A) by striking “basic research expenses
17 (as defined in section 41(e)(2))” in paragraph
18 (1) and inserting “basic research payments (as
19 defined in section 41(e)(1))”, and

20 (B) by striking “basic research expenses”
21 in paragraph (2)(B) and inserting “basic re-
22 search payments”.

23 (e) EFFECTIVE DATES.—

1 (1) EXTENSION.—The amendment made by
2 subsection (a) shall apply to shall apply to amounts
3 paid or incurred after December 31, 2014.

4 (2) MODIFICATIONS.—The amendments made
5 by subsections (b), (c), and (d) shall apply to taxable
6 years beginning after December 31, 2015.

7 **SEC. 112. EXTENSION OF TEMPORARY MINIMUM LOW-IN-**
8 **COME HOUSING TAX CREDIT RATE FOR NON-**
9 **FEDERALLY SUBSIDIZED BUILDINGS.**

10 (a) IN GENERAL.—Section 42(b)(2)(A) is amended
11 by striking “January 1, 2015” and inserting “January 1,
12 2017”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 subsection (a) shall take effect on January 1, 2015.

15 **SEC. 113. EXTENSION OF MILITARY HOUSING ALLOWANCE**
16 **EXCLUSION FOR DETERMINING WHETHER A**
17 **TENANT IN CERTAIN COUNTIES IS LOW-IN-**
18 **COME.**

19 (a) IN GENERAL.—Section 3005(b) of the Housing
20 Assistance Tax Act of 2008 is amended by striking “Janu-
21 ary 1, 2015” each place it appears and inserting “January
22 1, 2017”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect as if included in the enact-

1 ment of section 3005 of the Housing Assistance Tax Act
2 of 2008.

3 **SEC. 114. EXTENSION OF INDIAN EMPLOYMENT TAX CRED-**
4 **IT.**

5 (a) IN GENERAL.—Section 45A(f) is amended by
6 striking “December 31, 2014” and inserting “December
7 31, 2016”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 December 31, 2014.

11 **SEC. 115. EXTENSION OF NEW MARKETS TAX CREDIT.**

12 (a) IN GENERAL.—Section 45D(f)(1)(G) is amended
13 by striking “and 2014” and inserting “2014, 2015, and
14 2016”.

15 (b) CARRYOVER OF UNUSED LIMITATION.—Section
16 45D(f)(3) is amended by striking “2019” and inserting
17 “2021”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to calendar years beginning after
20 December 31, 2014.

21 **SEC. 116. EXTENSION AND MODIFICATION OF RAILROAD**
22 **TRACK MAINTENANCE CREDIT.**

23 (a) EXTENSION.—Section 45G(f) is amended by
24 striking “January 1, 2015” and inserting “January 1,
25 2017”.

1 (b) MODIFICATION.—Section 45G(d) is amended by
2 striking “January 1, 2005,” and inserting “January 1,
3 2015,”.

4 (c) EFFECTIVE DATES.—

5 (1) EXTENSION.—The amendment made by
6 subsection (a) shall apply to expenditures paid or in-
7 curred in taxable years beginning after December
8 31, 2014.

9 (2) MODIFICATION.—The amendment made by
10 subsection (b) shall apply to expenditures paid or in-
11 curred in taxable years beginning after December
12 31, 2015.

13 **SEC. 117. EXTENSION OF MINE RESCUE TEAM TRAINING**
14 **CREDIT.**

15 (a) IN GENERAL.—Section 45N(e) is amended by
16 striking “December 31, 2014” and inserting “December
17 31, 2016”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to taxable years beginning after
20 December 31, 2014.

1 **SEC. 118. EXTENSION AND MODIFICATION OF EMPLOYER**
2 **WAGE CREDIT FOR EMPLOYEES WHO ARE AC-**
3 **TIVE DUTY MEMBERS OF THE UNIFORMED**
4 **SERVICES.**

5 (a) IN GENERAL.—Section 45P(f) is amended by
6 striking “December 31, 2014” and inserting “December
7 31, 2016”.

8 (b) APPLICABILITY TO ALL EMPLOYERS.—

9 (1) IN GENERAL.—Section 45P(a) is amended
10 by striking “, in the case of an eligible small busi-
11 ness employer”.

12 (2) CONFORMING AMENDMENT.—Section
13 45P(b)(3) is amended to read as follows:

14 “(3) CONTROLLED GROUPS.—All persons treat-
15 ed as a single employer under subsection (b), (c),
16 (m), or (o) of section 414 shall be treated as a single
17 employer.”.

18 (b) EFFECTIVE DATE.—

19 (1) EXTENSION.—The amendments made by
20 subsection (a) shall apply to payments made after
21 December 31, 2014.

22 (2) MODIFICATION.—The amendments made by
23 subsection (b) shall apply to taxable years beginning
24 after December 31, 2015.

1 **SEC. 119. EXTENSION AND MODIFICATION OF WORK OP-**
2 **PORTUNITY TAX CREDIT.**

3 (a) IN GENERAL.—Section 51(c)(4) is amended by
4 striking “December 31, 2014” and inserting “December
5 31, 2016”.

6 (b) CREDIT FOR HIRING LONG-TERM UNEMPLOY-
7 MENT RECIPIENTS.—

8 (1) IN GENERAL.—Section 51(d)(1) is amended
9 by striking “or” at the end of subparagraph (H), by
10 striking the period at the end of subparagraph (I)
11 and inserting “, or”, and by adding at the end the
12 following new subparagraph:

13 “(J) a qualified long-term unemployment
14 recipient.”.

15 (2) QUALIFIED LONG-TERM UNEMPLOYMENT
16 RECIPIENT.—Section 51(d) is amended by adding at
17 the end the following new paragraph:

18 “(15) QUALIFIED LONG-TERM UNEMPLOYMENT
19 RECIPIENT.—The term ‘qualified long-term unem-
20 ployment recipient’ means any individual who is cer-
21 tified by the designated local agency as being in a
22 period of unemployment which—

23 “(A) is not less than 27 consecutive weeks,
24 and

1 “(B) includes a period in which the indi-
2 vidual was receiving unemployment compensa-
3 tion under State or Federal law.”.

4 (c) EFFECTIVE DATES.—

5 (1) EXTENSION.—The amendment made by
6 subsection (a) shall apply to individuals who begin
7 work for the employer after December 31, 2014.

8 (2) MODIFICATION.—The amendments made by
9 subsection (b) shall apply to individuals who begin
10 work for the employer after December 31, 2015.

11 **SEC. 120. EXTENSION OF QUALIFIED ZONE ACADEMY**
12 **BONDS.**

13 (a) EXTENSION.—Section 54E(c)(1) is amended by
14 striking “and 2014” and inserting “2014, 2015, and
15 2016”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to obligations issued after Decem-
18 ber 31, 2014.

19 **SEC. 121. EXTENSION OF CLASSIFICATION OF CERTAIN**
20 **RACE HORSES AS 3-YEAR PROPERTY.**

21 (a) IN GENERAL.—Section 168(e)(3)(A)(i) is amend-
22 ed—

23 (1) by striking “January 1, 2015” in subclause
24 (I) and inserting “January 1, 2017”, and

1 (2) by striking “December 31, 2014” in sub-
2 clause (II) and inserting “December 31, 2016”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to property placed in service after
5 December 31, 2014.

6 **SEC. 122. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RE-**
7 **COVERY FOR QUALIFIED LEASEHOLD IM-**
8 **PROVEMENTS, QUALIFIED RESTAURANT**
9 **BUILDINGS AND IMPROVEMENTS, AND**
10 **QUALIFIED RETAIL IMPROVEMENTS.**

11 (a) IN GENERAL.—Clauses (iv), (v), and (ix) of sec-
12 tion 168(e)(3)(E) are each amended by striking “January
13 1, 2015” and inserting “January 1, 2017”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to property placed in service after
16 December 31, 2014.

17 **SEC. 123. EXTENSION OF 7-YEAR RECOVERY PERIOD FOR**
18 **MOTORSPORTS ENTERTAINMENT COM-**
19 **PLEXES.**

20 (a) IN GENERAL.—Section 168(i)(15)(D) is amended
21 by striking “December 31, 2014” and inserting “Decem-
22 ber 31, 2016”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to property placed in service after
25 December 31, 2014.

1 **SEC. 124. EXTENSION AND MODIFICATION OF ACCELER-**
2 **ATED DEPRECIATION FOR BUSINESS PROP-**
3 **ERTY ON AN INDIAN RESERVATION.**

4 (a) IN GENERAL.—Section 168(j)(8) is amended by
5 striking “December 31, 2014” and inserting “December
6 31, 2016”.

7 (b) ELECTION TO HAVE SPECIAL RULES NOT
8 APPLY.—Section 168(j) is amended by redesignating
9 paragraph (8), as amended by subsection (a), as para-
10 graph (9), and by inserting after paragraph (7) the fol-
11 lowing new paragraph:

12 “(8) ELECTION OUT.—If a taxpayer makes an
13 election under this paragraph with respect to any
14 class of property for any taxable year, this sub-
15 section shall not apply to all property in such class
16 placed in service during such taxable year. Such
17 election, once made, shall be irrevocable.”.

18 (c) EFFECTIVE DATES.—

19 (1) EXTENSION.—The amendments made by
20 subsection (a) shall apply to property placed in serv-
21 ice after December 31, 2014.

22 (2) MODIFICATION.—The amendment made by
23 subsection (b) shall apply to taxable years beginning
24 after December 31, 2015.

1 **SEC. 125. EXTENSION AND MODIFICATION OF BONUS DE-**
2 **PRECIATION.**

3 (a) EXTENDED FOR 2015.—

4 (1) IN GENERAL.—Section 168(k)(2) is amend-
5 ed—

6 (A) by striking “January 1, 2016” in sub-
7 paragraph (A)(iv) and inserting “January 1,
8 2017”, and

9 (B) by striking “January 1, 2015” each
10 place it appears and inserting “January 1,
11 2016”.

12 (2) SPECIAL RULE FOR FEDERAL LONG-TERM
13 CONTRACTS.—Section 460(c)(6)(B)(ii) is amended
14 by striking “January 1, 2015 (January 1, 2016”
15 and inserting “January 1, 2016 (January 1, 2017”.

16 (3) EXTENSION OF ELECTION TO ACCELERATE
17 THE AMT CREDIT IN LIEU OF BONUS DEPRECI-
18 A-TION.—

19 (A) IN GENERAL.—Section
20 168(k)(4)(D)(iii)(II) is amended by striking
21 “January 1, 2015” and inserting “January 1,
22 2016”.

23 (B) ROUND 5 EXTENSION PROPERTY.—
24 Section 168(k)(4) is amended by adding at the
25 end the following new subparagraph:

1 “(L) SPECIAL RULES FOR ROUND 5 EX-
2 TENSION PROPERTY.—

3 “(i) IN GENERAL.—In the case of
4 round 5 extension property, in applying
5 this paragraph to any taxpayer—

6 “(I) the limitation described in
7 subparagraph (B)(i) and the business
8 credit increase amount under sub-
9 paragraph (E)(iii) thereof shall not
10 apply, and

11 “(II) the bonus depreciation
12 amount, maximum amount, and max-
13 imum increase amount shall be com-
14 puted separately from amounts com-
15 puted with respect to eligible qualified
16 property which is not round 5 exten-
17 sion property.

18 “(ii) ELECTION.—

19 “(I) A taxpayer who has an elec-
20 tion in effect under this paragraph for
21 round 4 extension property shall be
22 treated as having an election in effect
23 for round 5 extension property unless
24 the taxpayer elects to not have this

1 paragraph apply to round 5 extension
2 property.

3 “(II) A taxpayer who does not
4 have an election in effect under this
5 paragraph for round 4 extension prop-
6 erty may elect to have this paragraph
7 apply to round 5 extension property.

8 “(iii) ROUND 5 EXTENSION PROP-
9 erty.—For purposes of this subpara-
10 graph, the term ‘round 5 extension prop-
11 erty’ means property which is eligible
12 qualified property solely by reason of the
13 extension of the application of the special
14 allowance under paragraph (1) pursuant to
15 the amendments made by section
16 125(a)(1) of the Tax Increase Prevention
17 and Real Estate Investment Act of 2015
18 (and the application of such extension to
19 this paragraph pursuant to the amendment
20 made by section 125(a)(3) of such Act).”.

21 (4) CONFORMING AMENDMENTS.—

22 (A) The heading for section 168(k) is
23 amended by striking “JANUARY 1, 2015” and
24 inserting “JANUARY 1, 2016”.

1 (B) The heading for section
2 168(k)(2)(B)(ii) is amended by striking “PRE-
3 JANUARY 1, 2015” and inserting “PRE-JANUARY
4 1, 2016”.

5 (5) EFFECTIVE DATE.—The amendments made
6 by this subsection shall apply to property placed in
7 service after December 31, 2014, in taxable years
8 ending after such date.

9 (b) EXTENDED AND MODIFIED FOR 2016.—

10 (1) IN GENERAL.—Section 168(k)(2), as
11 amended by subsection (a), is amended to read as
12 follows:

13 “(2) QUALIFIED PROPERTY.—For purposes of
14 this subsection—

15 “(A) IN GENERAL.—The term ‘qualified
16 property’ means property—

17 “(i)(I) to which this section applies
18 which has a recovery period of 20 years or
19 less,

20 “(II) which is computer software (as
21 defined in section 167(f)(1)(B)) for which
22 a deduction is allowable under section
23 167(a) without regard to this subsection,

24 “(III) which is water utility property,
25 or

1 “(IV) which is qualified improvement
2 property,

3 “(ii) the original use of which com-
4 mences with the taxpayer, and

5 “(iii) which is placed in service by the
6 taxpayer before January 1, 2017.

7 “(B) CERTAIN PROPERTY HAVING LONGER
8 PRODUCTION PERIODS TREATED AS QUALIFIED
9 PROPERTY.—

10 “(i) IN GENERAL.—The term ‘quali-
11 fied property’ includes any property if such
12 property—

13 “(I) meets the requirements of
14 clauses (i) and (ii) of subparagraph
15 (A),

16 “(II) is placed in service by the
17 taxpayer before January 1, 2018,

18 “(III) is acquired by the taxpayer
19 (or acquired pursuant to a written
20 contract entered into) before January
21 1, 2017,

22 “(IV) has a recovery period of at
23 least 10 years or is transportation
24 property,

1 “(V) is subject to section 263A,
2 and

3 “(VI) meets the requirements of
4 clause (iii) of section 263A(f)(1)(B)
5 (determined as if such clause also ap-
6 plies to property which has a long
7 useful life (within the meaning of sec-
8 tion 263A(f)).

9 “(ii) ONLY PRE-JANUARY 1, 2017
10 BASIS ELIGIBLE FOR ADDITIONAL ALLOW-
11 ANCE.—In the case of property which is
12 qualified property solely by reason of
13 clause (i), paragraph (1) shall apply only
14 to the extent of the adjusted basis thereof
15 attributable to manufacture, construction,
16 or production before January 1, 2017.

17 “(iii) TRANSPORTATION PROPERTY.—
18 For purposes of this subparagraph, the
19 term ‘transportation property’ means tan-
20 gible personal property used in the trade
21 or business of transporting persons or
22 property.

23 “(iv) APPLICATION OF SUBPARA-
24 GRAPH.—This subparagraph shall not

1 apply to any property which is described in
2 subparagraph (C).

3 “(C) CERTAIN AIRCRAFT.—The term
4 ‘qualified property’ includes property—

5 “(i) which meets the requirements of
6 subparagraph (A)(ii) and subclauses (II)
7 and (III) of subparagraph (B)(i),

8 “(ii) which is an aircraft which is not
9 a transportation property (as defined in
10 subparagraph (B)(iii)) other than for agri-
11 cultural or firefighting purposes,

12 “(iii) which is purchased and on which
13 such purchaser, at the time of the contract
14 for purchase, has made a nonrefundable
15 deposit of the lesser of—

16 “(I) 10 percent of the cost, or

17 “(II) \$100,000, and

18 “(iv) which has—

19 “(I) an estimated production pe-
20 riod exceeding 4 months, and

21 “(II) a cost exceeding \$200,000.

22 “(D) EXCEPTION FOR ALTERNATIVE DE-
23 PRECIATION PROPERTY.—The term ‘qualified
24 property’ shall not include any property to

1 which the alternative depreciation system under
2 subsection (g) applies, determined—

3 “(i) without regard to paragraph (7)
4 of subsection (g) (relating to election to
5 have system apply), and

6 “(ii) after application of section
7 280F(b) (relating to listed property with
8 limited business use).

9 “(E) SPECIAL RULES.—

10 “(i) SELF-CONSTRUCTED PROP-
11 ERTY.—In the case of a taxpayer manufac-
12 turing, constructing, or producing property
13 for the taxpayer’s own use, the require-
14 ments of subclause (III) of subparagraph
15 (B)(i) shall be treated as met if the tax-
16 payer begins manufacturing, constructing,
17 or producing the property before January
18 1, 2017.

19 “(ii) SALE-LEASEBACKS.—For pur-
20 poses of clause (iii) and subparagraph
21 (A)(ii), if property is—

22 “(I) originally placed in service
23 by a person, and

24 “(II) sold and leased back by
25 such person within 3 months after the

1 date such property was originally
2 placed in service,
3 such property shall be treated as originally
4 placed in service not earlier than the date
5 on which such property is used under the
6 leaseback referred to in subclause (II).

7 “(iii) SYNDICATION.—For purposes of
8 subparagraph (A)(ii), if—

9 “(I) property is originally placed
10 in service by the lessor of such prop-
11 erty,

12 “(II) such property is sold by
13 such lessor or any subsequent pur-
14 chaser within 3 months after the date
15 such property was originally placed in
16 service (or, in the case of multiple
17 units of property subject to the same
18 lease, within 3 months after the date
19 the final unit is placed in service, so
20 long as the period between the time
21 the first unit is placed in service and
22 the time the last unit is placed in
23 service does not exceed 12 months),
24 and

1 “(III) the user of such property
2 after the last sale during such 3-
3 month period remains the same as
4 when such property was originally
5 placed in service,
6 such property shall be treated as originally
7 placed in service not earlier than the date
8 of such last sale.

9 “(F) COORDINATION WITH SECTION
10 280F.—For purposes of section 280F—

11 “(i) AUTOMOBILES.—In the case of a
12 passenger automobile (as defined in section
13 280F(d)(5)) which is qualified property,
14 the Secretary shall increase the limitation
15 under section 280F(a)(1)(A)(i) by \$8,000.

16 “(iii) LISTED PROPERTY.—The deduc-
17 tion allowable under paragraph (1) shall be
18 taken into account in computing any re-
19 capture amount under section 280F(b)(2).

20 “(ii) INFLATION ADJUSTMENT.—In
21 the case of any taxable year beginning in
22 a calendar year after 2015, the \$8,000
23 amount in clause (i) shall be increased by
24 an amount equal to—

1 “(I) such dollar amount, multi-
2 plied by

3 “(II) the automobile price infla-
4 tion adjustment determined under sec-
5 tion 280F(d)(7)(B)(i) for the calendar
6 year in which such taxable year begins
7 by substituting ‘2014’ for ‘1987’ in
8 subclause (II) thereof.

9 If any increase under the preceding sen-
10 tence is not a multiple of \$100, such in-
11 crease shall be rounded to the nearest mul-
12 tiple of \$100.

13 “(G) DEDUCTION ALLOWED IN COMPUTING
14 MINIMUM TAX.—For purposes of determining
15 alternative minimum taxable income under sec-
16 tion 55, the deduction under section 167 for
17 qualified property shall be determined without
18 regard to any adjustment under section 56.”.

19 (2) QUALIFIED IMPROVEMENT PROPERTY.—
20 Section 168(k)(3) is amended to read as follows:

21 “(3) QUALIFIED IMPROVEMENT PROPERTY.—

22 For purposes of this subsection—

23 “(A) IN GENERAL.—The term ‘qualified
24 improvement property’ means any improvement
25 to an interior portion of a building which is

1 nonresidential real property if such improve-
2 ment is placed in service after the date such
3 building was first placed in service.

4 “(B) CERTAIN IMPROVEMENTS NOT IN-
5 CLUDED.—Such term shall not include any im-
6 provement for which the expenditure is attrib-
7 utable to—

8 “(i) the enlargement of the building,

9 “(ii) any elevator or escalator, or

10 “(iii) the internal structural frame-
11 work of the building.”.

12 (3) EXPANSION OF ELECTION TO ACCELERATE
13 AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—
14 Section 168(k)(4), as amended by subsection (a), is
15 amended to read as follows:

16 “(4) ELECTION TO ACCELERATE AMT CREDITS
17 IN LIEU OF BONUS DEPRECIATION.—

18 “(A) IN GENERAL.—If a corporation elects
19 to have this paragraph apply for any taxable
20 year—

21 “(i) paragraphs (1) and (2)(F) shall
22 not apply to any qualified property placed
23 in service during such taxable year,

24 “(ii) the applicable depreciation meth-
25 od used under this section with respect to

1 such property shall be the straight line
2 method, and

3 “(iii) the limitation imposed by section
4 53(c) for such taxable year shall be in-
5 creased by the bonus depreciation amount
6 which is determined for such taxable year
7 under subparagraph (B).

8 “(B) BONUS DEPRECIATION AMOUNT.—
9 For purposes of this paragraph—

10 “(i) IN GENERAL.—The bonus depre-
11 ciation amount for any taxable year is an
12 amount equal to 20 percent of the excess
13 (if any) of—

14 “(I) the aggregate amount of de-
15 preciation which would be allowed
16 under this section for qualified prop-
17 erty placed in service by the taxpayer
18 during such taxable year if paragraph
19 (1) applied to all such property (and,
20 in the case of any such property which
21 is a passenger automobile (as defined
22 in section 280F(d)(5)), if paragraph
23 (2)(F) applied to such automobile),
24 over

1 “(II) the aggregate amount of
2 depreciation which would be allowed
3 under this section for qualified prop-
4 erty placed in service by the taxpayer
5 during such taxable year if para-
6 graphs (1) and (2)(F) did not apply
7 to any such property.

8 The aggregate amounts determined under
9 subclauses (I) and (II) shall be determined
10 without regard to any election made under
11 subparagraph (A) or subsection (b)(2)(D),
12 (b)(3)(D), or (g)(7).

13 “(ii) LIMITATION.—The bonus depre-
14 ciation amount for any taxable year shall
15 not exceed the lesser of—

16 “(I) 50 percent of the minimum
17 tax credit under section 53(b) for the
18 first taxable year ending after Decem-
19 ber 31, 2015, or

20 “(II) the minimum tax credit
21 under section 53(b) for such taxable
22 year determined by taking into ac-
23 count only the adjusted net minimum
24 tax for taxable years ending before
25 January 1, 2016 (determined by

1 treating credits as allowed on a first-
2 in, first-out basis).

3 “(iii) AGGREGATION RULE.—All cor-
4 porations which are treated as a single em-
5 ployer under section 52(a) shall be treat-
6 ed—

7 “(I) as 1 taxpayer for purposes
8 of this paragraph, and

9 “(II) as having elected the appli-
10 cation of this paragraph if any such
11 corporation so elects.

12 “(C) CREDIT REFUNDABLE.—For pur-
13 poses of section 6401(b), the aggregate increase
14 in the credits allowable under part IV of sub-
15 chapter A for any taxable year resulting from
16 the application of this paragraph shall be treat-
17 ed as allowed under subpart C of such part
18 (and not any other subpart).

19 “(D) OTHER RULES.—

20 “(i) ELECTION.—Any election under
21 this paragraph may be revoked only with
22 the consent of the Secretary.

23 “(ii) PARTNERSHIPS WITH ELECTING
24 PARTNERS.—In the case of a corporation
25 which is a partner in a partnership and

1 which makes an election under subpara-
2 graph (A) for the taxable year, for pur-
3 poses of determining such corporation's
4 distributive share of partnership items
5 under section 702 for such taxable year—

6 “(I) paragraphs (1) and (2)(F)
7 shall not apply to any qualified prop-
8 erty placed in service during such tax-
9 able year, and

10 “(II) the applicable depreciation
11 method used under this section with
12 respect to such property shall be the
13 straight line method.

14 “(iii) CERTAIN PARTNERSHIPS.—In
15 the case of a partnership in which more
16 than 50 percent of the capital and profits
17 interests are owned (directly or indirectly)
18 at all times during the taxable year by 1
19 corporation (or by corporations treated as
20 1 taxpayer under subparagraph (B)(iii)),
21 each partner shall compute its bonus de-
22 preciation amount under clause (i) of sub-
23 paragraph (B) by taking into account its
24 distributive share of the amounts deter-
25 mined by the partnership under subclauses

1 (I) and (II) of such clause for the taxable
2 year of the partnership ending with or
3 within the taxable year of the partner.”.

4 (4) SPECIAL RULES FOR CERTAIN PLANTS
5 BEARING FRUITS AND NUTS.—Section 168(k) is
6 amended—

7 (A) by striking paragraph (5), and

8 (B) by inserting after paragraph (4) the
9 following new paragraph:

10 “(5) SPECIAL RULES FOR CERTAIN PLANTS
11 BEARING FRUITS AND NUTS.—

12 “(A) IN GENERAL.—In the case of any
13 specified plant which is planted before January
14 1, 2017, or is grafted before such date to a
15 plant that has already been planted, by the tax-
16 payer in the ordinary course of the taxpayer’s
17 farming business (as defined in section
18 263A(e)(4)) during a taxable year for which the
19 taxpayer has elected the application of this
20 paragraph—

21 “(i) a depreciation deduction equal to
22 50 percent of the adjusted basis of such
23 specified plant shall be allowed under sec-
24 tion 167(a) for the taxable year in which

1 such specified plant is so planted or graft-
2 ed, and

3 “(ii) the adjusted basis of such speci-
4 fied plant shall be reduced by the amount
5 of such deduction.

6 “(B) SPECIFIED PLANT.—For purposes of
7 this paragraph, the term ‘specified plant’
8 means—

9 “(i) any tree or vine which bears
10 fruits or nuts, and

11 “(ii) any other plant which will have
12 more than one yield of fruits or nuts and
13 which generally has a pre-productive period
14 of more than 2 years from the time of
15 planting or grafting to the time at which
16 such plant begins bearing fruits or nuts.

17 Such term shall not include any property which
18 is planted or grafted outside of the United
19 States.

20 “(C) ELECTION REVOCABLE ONLY WITH
21 CONSENT.—An election under this paragraph
22 may be revoked only with the consent of the
23 Secretary.

24 “(D) ADDITIONAL DEPRECIATION MAY BE
25 CLAIMED ONLY ONCE.—If this paragraph ap-

1 plies to any specified plant, such specified plant
2 shall not be treated as qualified property in the
3 taxable year in which placed in service.

4 “(E) DEDUCTION ALLOWED IN COMPUTING
5 MINIMUM TAX.—Rules similar to the rules of
6 paragraph (2)(G) shall apply for purposes of
7 this paragraph.”.

8 (5) CONFORMING AMENDMENTS.—

9 (A) Section 168(e)(6) is amended—

10 (i) by redesignating subparagraphs
11 (A) and (B) as subparagraphs (D) and
12 (E), respectively,

13 (ii) by striking all that precedes sub-
14 paragraph (D) (as so redesignated) and in-
15 serting the following:

16 “(6) QUALIFIED LEASEHOLD IMPROVEMENT
17 PROPERTY.—For purposes of this subsection—

18 “(A) IN GENERAL.—The term ‘qualified
19 leasehold improvement property’ means any im-
20 provement to an interior portion of a building
21 which is nonresidential real property if—

22 “(i) such improvement is made under
23 or pursuant to a lease (as defined in sub-
24 section (h)(7))—

1 “(I) by the lessee (or any sublessee)
2 see) of such portion, or

3 “(II) by the lessor of such portion,
4 tion,

5 “(ii) such portion is to be occupied exclusively
6 by the lessee (or any sublessee) of
7 such portion, and

8 “(iii) such improvement is placed in
9 service more than 3 years after the date
10 the building was first placed in service.

11 “(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

12 “(i) the enlargement of the building,

13 “(ii) any elevator or escalator,

14 “(iii) any structural component benefiting a common area, or

15 “(iv) the internal structural framework of the building.

16 “(C) DEFINITIONS AND SPECIAL RULES.—

17 For purposes of this paragraph—

18 “(i) COMMITMENT TO LEASE TREATED AS LEASE.—A commitment to enter
19 into a lease shall be treated as a lease, and
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1 the parties to such commitment shall be
2 treated as lessor and lessee, respectively.

3 “(ii) RELATED PERSONS.—A lease be-
4 tween related persons shall not be consid-
5 ered a lease. For purposes of the preceding
6 sentence, the term ‘related persons’
7 means—

8 “(I) members of an affiliated
9 group (as defined in section 1504),
10 and

11 “(II) persons having a relation-
12 ship described in subsection (b) of
13 section 267; except that, for purposes
14 of this clause, the phrase ‘80 percent
15 or more’ shall be substituted for the
16 phrase ‘more than 50 percent’ each
17 place it appears in such subsection.”,
18 and

19 (iii) by striking “subparagraph (A)”
20 in subparagraph (E) (as so redesignated)
21 and inserting “subparagraph (D)”.

22 (B) Section 168(e)(7)(B) is amended by
23 striking “qualified leasehold improvement prop-
24 erty” and inserting “qualified improvement
25 property”.

1 (C) Section 168(e)(8) is amended by strik-
2 ing subparagraph (D).

3 (D) Section 168(k), as amended by para-
4 graph (4), is amended by adding at the end the
5 following new paragraph:

6 “(6) ELECTION OUT.—If a taxpayer makes an
7 election under this paragraph with respect to any
8 class of property for any taxable year, paragraphs
9 (1) and (2)(D) shall not apply to any qualified prop-
10 erty in such class placed in service during such tax-
11 able year. An election under this paragraph may be
12 revoked only with the consent of the Secretary.”.

13 (E) Section 168(l)(3) is amended—

14 (i) by striking “section 168(k)” in
15 subparagraph (A) and inserting “sub-
16 section (k)”, and

17 (ii) by striking “section
18 168(k)(2)(D)(i)” in subparagraph (B) and
19 inserting “subsection (k)(2)(D)”.

20 (F) Section 168(l)(4) is amended by strik-
21 ing “subparagraph (E) of section 168(k)(2)”
22 and all that follows and inserting “subsection
23 (k)(2)(E) shall apply.”.

1 (G) Section 168(l)(5) is amended by strik-
2 ing “section 168(k)(2)(G)” and inserting “sub-
3 section (k)(2)(G)”.

4 (H) Section 263A(c) is amended by adding
5 at the end the following new paragraph:

6 “(7) COORDINATION WITH SECTION
7 168(k)(5).—This section shall not apply to any
8 amount allowed as a deduction by reason of section
9 168(k)(5) (relating to special rules for certain plants
10 bearing fruits and nuts).”.

11 (I) Section 460(c)(6)(B)(ii), as amended
12 by subsection (a), is amended to read as fol-
13 lows:

14 “(ii) is placed in service before Janu-
15 ary 1, 2017 (January 1, 2018 in the case
16 of property described in section
17 168(k)(2)(B)).”.

18 (J) Section 168(k), as amended by sub-
19 section (a), is amended by striking “AND BE-
20 FORE JANUARY 1, 2016” in the heading thereof
21 and inserting “AND BEFORE JANUARY 1,
22 2017”.

23 (6) EFFECTIVE DATES.—

24 (A) IN GENERAL.—Except as otherwise
25 provided in this paragraph, the amendments

1 made by this subsection shall apply to property
2 placed in service after December 31, 2015, in
3 taxable years ending after such date.

4 (B) EXPANSION OF ELECTION TO ACCEL-
5 ERATE AMT CREDITS IN LIEU OF BONUS DE-
6 PRECIATION.—The amendments made by para-
7 graph (3) shall apply to taxable years ending
8 after December 31, 2015, except that in the
9 case of any taxable year beginning before Janu-
10 ary 1, 2016, and ending after December 31,
11 2015, the limitation under section
12 168(k)(4)(B)(ii) of the Internal Revenue Code
13 of 1986 (as amended by this section) shall be
14 the sum of—

15 (i) the product of—

16 (I) the maximum increase
17 amount (within the meaning of sec-
18 tion 168(k)(4)(C)(iii) of such Code, as
19 in effect before the amendments made
20 by this subsection), multiplied by

21 (II) a fraction the numerator of
22 which is the number of days in the
23 taxable year before January 1, 2016,
24 and the denominator of which is the

1 number of days in the taxable year,
2 plus

3 (ii) the product of—

4 (I) such limitation (determined
5 without regard to this subparagraph),
6 multiplied by

7 (II) a fraction the numerator of
8 which is the number of days in the
9 taxable year after December 31, 2015,
10 and the denominator of which is the
11 number of days in the taxable year.

12 (C) SPECIAL RULES FOR CERTAIN PLANTS
13 BEARING FRUITS AND NUTS.—The amendments
14 made by paragraph (4) (other than subpara-
15 graph (A) thereof) shall apply to specified
16 plants (as defined in section 168(k)(5)(B) of
17 the Internal Revenue Code of 1986, as amended
18 by this subsection) planted or grafted after De-
19 cember 31, 2015.

20 **SEC. 126. EXTENSION AND MODIFICATION OF CHARITABLE**
21 **DEDUCTION FOR CONTRIBUTIONS OF FOOD**
22 **INVENTORY.**

23 (a) EXTENSION.—Section 170(e)(3)(C)(iv) is amend-
24 ed by striking “December 31, 2014” and inserting “De-
25 cember 31, 2016”.

1 (b) MODIFICATIONS.—Section 170(e)(3)(C), as
2 amended by subsection (a), is amended by striking clause
3 (ii), by redesignating clauses (iii) and (vii) as clauses (viii),
4 respectively, and by inserting after clause (i) the following
5 new clauses:

6 “(ii) LIMITATION.—The aggregate
7 amount of such contributions for any tax-
8 able year which may be taken into account
9 under this section shall not exceed—

10 “(I) in the case of any taxpayer
11 other than a C corporation, 15 per-
12 cent of the taxpayer’s aggregate net
13 income for such taxable year from all
14 trades or businesses from which such
15 contributions were made for such
16 year, computed without regard to this
17 section, and

18 “(II) in the case of a C corpora-
19 tion, 15 percent of taxable income (as
20 defined in subsection (b)(2)(C)).

21 “(iii) RULES RELATED TO LIMITA-
22 TION.—

23 “(I) CARRYOVER.—If such aggre-
24 gate amount exceeds the limitation
25 imposed under clause (ii), such excess

1 shall be treated (in a manner con-
2 sistent with the rules of subsection
3 (d)) as a charitable contribution de-
4 scribed in clause (i) in each of the 5
5 succeeding taxable years in order of
6 time.

7 “(II) COORDINATION WITH OVER-
8 ALL CORPORATE LIMITATION.—In the
9 case of any charitable contribution al-
10 lowable under clause (ii)(II), sub-
11 section (b)(2)(A) shall not apply to
12 such contribution, but the limitation
13 imposed by such subsection shall be
14 reduced (but not below zero) by the
15 aggregate amount of such contribu-
16 tions. For purposes of subsection
17 (b)(2)(B), such contributions shall be
18 treated as allowable under subsection
19 (b)(2)(A).

20 “(iv) DETERMINATION OF BASIS FOR
21 CERTAIN TAXPAYERS.—If a taxpayer—

22 “(I) does not account for inven-
23 tories under section 471, and

24 “(II) is not required to capitalize
25 indirect costs under section 263A,

1 the taxpayer may elect, solely for purposes
2 of subparagraph (B), to treat the basis of
3 any apparently wholesome food as being
4 equal to 25 percent of the fair market
5 value of such food.

6 “(vi) DETERMINATION OF FAIR MAR-
7 KET VALUE.—In the case of any such con-
8 tribution of apparently wholesome food
9 which cannot or will not be sold solely by
10 reason of internal standards of the tax-
11 payer, lack of market, or similar cir-
12 cumstances, or by reason of being pro-
13 duced by the taxpayer exclusively for the
14 purposes of transferring the food to an or-
15 ganization described in subparagraph (A),
16 the fair market value of such contribution
17 shall be determined—

18 “(I) without regard to such inter-
19 nal standards, such lack of market,
20 such circumstances, or such exclusive
21 purpose, and

22 “(II) by taking into account the
23 price at which the same or substan-
24 tially the same food items (as to both
25 type and quality) are sold by the tax-

1 payer at the time of the contribution
2 (or, if not so sold at such time, in the
3 recent past).”

4 (c) EFFECTIVE DATES.—

5 (1) EXTENSION.—The amendment made by
6 this section shall apply to contributions made after
7 December 31, 2014.

8 (2) MODIFICATIONS.—The amendments made
9 by subsections (b) shall apply to taxable years begin-
10 ning after December 31, 2015.

11 **SEC. 127. EXTENSION AND MODIFICATION OF INCREASED**
12 **EXPENSING LIMITATIONS AND TREATMENT**
13 **OF CERTAIN REAL PROPERTY AS SECTION**
14 **179 PROPERTY.**

15 (a) IN GENERAL.—

16 (1) DOLLAR LIMITATION.—Section 179(b)(1) is
17 amended—

18 (A) by striking “2015” in subparagraph

19 (B) and inserting “2017”, and

20 (B) by striking “2014” in subparagraph

21 (C) and inserting “2016”.

22 (2) REDUCTION IN LIMITATION.—Section
23 179(b)(2) is amended—

24 (A) by striking “2015” in subparagraph

25 (B) and inserting “2017”, and

1 (B) by striking “2014” in subparagraph
2 (C) and inserting “2016”.

3 (b) COMPUTER SOFTWARE.—Section
4 179(d)(1)(A)(ii) is amended by striking “2015” and in-
5 serting “2017”.

6 (c) SPECIAL RULES FOR TREATMENT OF QUALIFIED
7 REAL PROPERTY.—

8 (1) IN GENERAL.—Section 179(f)(1) is amend-
9 ed by striking “2015” and inserting “2017”.

10 (2) LIMITATIONS.—Section 179(f) is amended
11 by striking paragraphs (3) and (4).

12 (d) ELECTION.—Section 179(e)(2) of such Code is
13 amended—

14 (1) by striking “may not be revoked” and all
15 that follows through “and before 2015”, and

16 (2) by striking “IRREVOCABLE” in the heading
17 thereof.

18 (e) AIR CONDITIONING AND HEATING UNITS.—Sec-
19 tion 179(d)(1) is amended by striking “and shall not in-
20 clude air conditioning or heating units”.

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

24 “(6) INFLATION ADJUSTMENT.—

1 “(A) IN GENERAL.—In the case of any
2 taxable year beginning after 2015, the dollar
3 amounts in paragraphs (1) and (2) shall each
4 be increased by an amount equal to—

5 “(i) such dollar amount, multiplied by

6 “(ii) the cost-of-living adjustment de-
7 termined under section 1(f)(3) for the cal-
8 endar year in which the taxable year be-
9 gins, determined by substituting ‘calendar
10 year 2014’ for ‘calendar year 1992’ in sub-
11 paragraph (B) thereof.

12 “(B) ROUNDING.—The amount of any in-
13 crease under subparagraph (A) shall be round-
14 ed to the nearest multiple of \$10,000.”.

15 (g) EFFECTIVE DATES.—

16 (1) EXTENSION.—Except as provided in para-
17 graph (2), the amendments made by this section
18 shall apply to taxable years beginning after Decem-
19 ber 31, 2014.

20 (2) MODIFICATIONS.—The amendments made
21 by subsections (c)(2), (d), (e) and (f) shall apply to
22 taxable years beginning after December 31, 2015.

1 **SEC. 128. EXTENSION OF ELECTION TO EXPENSE MINE**
2 **SAFETY EQUIPMENT.**

3 (a) IN GENERAL.—Section 179E(g) is amended by
4 striking “December 31, 2014” and inserting “December
5 31, 2016”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to property placed in service after
8 December 31, 2014.

9 **SEC. 129. EXTENSION OF SPECIAL EXPENSING RULES FOR**
10 **CERTAIN FILM AND TELEVISION PRODUC-**
11 **TIONS.**

12 (a) IN GENERAL.—Section 181(f) is amended by
13 striking “December 31, 2014” and inserting “December
14 31, 2016”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to productions commencing after
17 December 31, 2014.

18 **SEC. 130. EXTENSION OF DEDUCTION ALLOWABLE WITH**
19 **RESPECT TO INCOME ATTRIBUTABLE TO DO-**
20 **MESTIC PRODUCTION ACTIVITIES IN PUERTO**
21 **RICO.**

22 (a) IN GENERAL.—Section 199(d)(8)(C) is amend-
23 ed—

24 (1) by striking “first 9 taxable years” and in-
25 serting “first 11 taxable years”, and

1 (2) by striking “January 1, 2015” and insert-
2 ing “January 1, 2017”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2014.

6 **SEC. 131. EXTENSION OF MODIFICATION OF TAX TREAT-**
7 **MENT OF CERTAIN PAYMENTS TO CONTROL-**
8 **LING EXEMPT ORGANIZATIONS.**

9 (a) IN GENERAL.—Section 512(b)(13)(E)(iv) is
10 amended by striking “December 31, 2014” and inserting
11 “December 31, 2016”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to payments received or accrued
14 after December 31, 2014.

15 **SEC. 132. EXTENSION OF TREATMENT OF CERTAIN DIVI-**
16 **DENDS OF REGULATED INVESTMENT COMPA-**
17 **NIES.**

18 (a) IN GENERAL.—Paragraphs (1)(C)(v) and
19 (2)(C)(v) of section 871(k) are each amended by striking
20 “December 31, 2014” and inserting “December 31,
21 2016”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2014.

1 **SEC. 133. EXTENSION OF RIC QUALIFIED INVESTMENT EN-**
2 **TITY TREATMENT UNDER FIRPTA.**

3 (a) IN GENERAL.—Section 897(h)(4)(A)(ii) is
4 amended by striking “December 31, 2014” and inserting
5 “December 31, 2016”.

6 (b) EFFECTIVE DATE.—

7 (1) IN GENERAL.—The amendment made by
8 this section shall take effect on January 1, 2015.
9 Notwithstanding the preceding sentence, such
10 amendment shall not apply with respect to the with-
11 holding requirement under section 1445 of the Inter-
12 nal Revenue Code of 1986 for any payment made
13 before the date of the enactment of this Act.

14 (2) AMOUNTS WITHHELD ON OR BEFORE DATE
15 OF ENACTMENT.—In the case of a regulated invest-
16 ment company—

17 (A) which makes a distribution after De-
18 cember 31, 2014, and before the date of the en-
19 actment of this Act, and

20 (B) which would (but for the second sen-
21 tence of paragraph (1)) have been required to
22 withhold with respect to such distribution under
23 section 1445 of such Code,

24 such investment company shall not be liable to any
25 person to whom such distribution was made for any

1 amount so withheld and paid over to the Secretary
2 of the Treasury.

3 **SEC. 134. EXTENSION OF SUBPART F EXCEPTION FOR AC-**
4 **TIVE FINANCING INCOME.**

5 (a) EXEMPT INSURANCE INCOME.—Section
6 953(e)(10) is amended—

7 (1) by striking “January 1, 2015” and insert-
8 ing “January 1, 2017”, and

9 (2) by striking “December 31, 2014” and in-
10 sserting “December 31, 2016”.

11 (b) SPECIAL RULE FOR INCOME DERIVED IN THE
12 ACTIVE CONDUCT OF BANKING, FINANCING, OR SIMILAR
13 BUSINESSES.—Section 954(h)(9) is amended by striking
14 “January 1, 2015” and inserting “January 1, 2017”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years of foreign corpora-
17 tions beginning after December 31, 2014, and to taxable
18 years of United States shareholders with or within which
19 any such taxable year of such foreign corporation ends.

1 **SEC. 135. EXTENSION OF LOOK-THRU TREATMENT OF PAY-**
2 **MENTS BETWEEN RELATED CONTROLLED**
3 **FOREIGN CORPORATIONS UNDER FOREIGN**
4 **PERSONAL HOLDING COMPANY RULES.**

5 (a) **IN GENERAL.**—Section 954(c)(6)(C) is amended
6 by striking “January 1, 2015” and inserting “January 1,
7 2017”.

8 (b) **EFFECTIVE DATE.**—The amendment made by
9 this section shall apply to taxable years of foreign corpora-
10 tions beginning after December 31, 2014, and to taxable
11 years of United States shareholders with or within which
12 such taxable years of foreign corporations end.

13 **SEC. 136. EXTENSION OF TEMPORARY EXCLUSION OF 100**
14 **PERCENT OF GAIN ON CERTAIN SMALL BUSI-**
15 **NESS STOCK.**

16 (a) **IN GENERAL.**—Section 1202(a)(4) is amended—

17 (1) by striking “January 1, 2015” and insert-
18 ing “January 1, 2017”, and

19 (2) by striking “AND 2014” in the heading and
20 inserting “2014, 2015, AND 2016”.

21 (b) **EFFECTIVE DATE.**—The amendments made by
22 this section shall apply to stock acquired after December
23 31, 2014.

1 **SEC. 137. EXTENSION OF BASIS ADJUSTMENT TO STOCK OF**
2 **S CORPORATIONS MAKING CHARITABLE CON-**
3 **TRIBUTIONS OF PROPERTY.**

4 (a) IN GENERAL.—Section 1367(a)(2) is amended by
5 striking “December 31, 2014” and inserting “December
6 31, 2016”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to contributions made in taxable
9 years beginning after December 31, 2014.

10 **SEC. 138. EXTENSION OF REDUCTION IN S-CORPORATION**
11 **RECOGNITION PERIOD FOR BUILT-IN GAINS**
12 **TAX.**

13 (a) IN GENERAL.—Section 1374(d)(7)(C) is amend-
14 ed—

15 (1) by striking “or 2014” and inserting “2014,
16 2015, or 2016”, and

17 (2) by striking “AND 2014” in the heading and
18 inserting “2014, 2015, AND 2016”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2014.

22 **SEC. 139. EXTENSION AND MODIFICATION OF EMPOWER-**
23 **MENT ZONE TAX INCENTIVES.**

24 (a) IN GENERAL.—

1 (1) EXTENSION.—Section 1391(d)(1)(A)(i) is
2 amended by striking “December 31, 2014” and in-
3 serting “December 31, 2016”.

4 (2) TREATMENT OF CERTAIN TERMINATION
5 DATES SPECIFIED IN NOMINATIONS.—In the case of
6 a designation of an empowerment zone the nomina-
7 tion for which included a termination date which is
8 contemporaneous with the date specified in subpara-
9 graph (A)(i) of section 1391(d)(1) of the Internal
10 Revenue Code of 1986 (as in effect before the enact-
11 ment of this Act), subparagraph (B) of such section
12 shall not apply with respect to such designation if,
13 after the date of the enactment of this section, the
14 entity which made such nomination amends the
15 nomination to provide for a new termination date in
16 such manner as the Secretary of the Treasury (or
17 the Secretary’s designee) may provide.

18 (b) MODIFICATION.—Section 1394(b)(3)(B)(i) is
19 amended—

20 (1) by striking “References” and inserting the
21 following:

22 “(I) IN GENERAL.—Except as
23 provided in subclause (II), ref-
24 erences”, and

1 (2) by adding at the end the following new sub-
2 clause:

3 “(II) SPECIAL RULE FOR EM-
4 PLOYEE RESIDENCE TEST.—For pur-
5 poses of subsection (b)(6) and (c)(5)
6 of section 1397C, an employee shall
7 be treated as a resident of an em-
8 powerment zone if such employee is a
9 resident of an empowerment zone, an
10 enterprise community, or a qualified
11 low-income community within an ap-
12 plicable nominating jurisdiction.”.

13 (c) DEFINITIONS.—

14 (1) QUALIFIED LOW-INCOME COMMUNITY.—
15 Section 1394(b)(3) is amended by redesignating sub-
16 paragraphs (C) and (D) as subparagraphs (D) and
17 (E), respectively, and by inserting after subpara-
18 graph (B) the following new subparagraph:

19 “(C) QUALIFIED LOW-INCOME COMMU-
20 NITY.—For purposes of subparagraph (B)—

21 “(i) IN GENERAL.—The term ‘quali-
22 fied low-income community’ means any
23 population census tract if—

24 “(I) the poverty rate for such
25 tract is at least 20 percent, or

1 “(II) the median family income
2 for such tract does not exceed 80 per-
3 cent of statewide median family in-
4 come (or, in the case of a tract lo-
5 cated within a metropolitan area, met-
6 ropolitan area median family income
7 if greater).

8 Subclause (II) shall be applied using
9 possessionwide median family income in
10 the case of census tracts located within a
11 possession of the United States.

12 “(ii) TARGETED POPULATIONS.—The
13 Secretary shall prescribe regulations under
14 which 1 or more targeted populations
15 (within the meaning of section 103(20) of
16 the Riegle Community Development and
17 Regulatory Improvement Act of 1994) may
18 be treated as qualified low-income commu-
19 nities.

20 “(iii) AREAS NOT WITHIN CENSUS
21 TRACTS.—In the case of an area which is
22 not tracted for population census tracts,
23 the equivalent county divisions (as defined
24 by the Bureau of the Census for purposes
25 of defining poverty areas) shall be used for

1 purposes of determining poverty rates and
2 median family income.

3 “(iv) MODIFICATION OF INCOME RE-
4 QUIREMENT FOR CENSUS TRACTS WITHIN
5 HIGH MIGRATION RURAL COUNTIES.—

6 “(I) IN GENERAL.—In the case
7 of a population census tract located
8 within a high migration rural county,
9 clause (i)(II) shall be applied to areas
10 not located within a metropolitan area
11 by substituting ‘85 percent’ for ‘80
12 percent’.

13 “(II) HIGH MIGRATION RURAL
14 COUNTY.—For purposes of this
15 clause, the term ‘high migration rural
16 county’ means any county which, dur-
17 ing the 20-year period ending with the
18 year in which the most recent census
19 was conducted, has a net out-migra-
20 tion of inhabitants from the county of
21 at least 10 percent of the population
22 of the county at the beginning of such
23 period.”.

24 (2) APPLICABLE NOMINATING JURISDICTION.—

25 Section 1394(b)(3)(D), as redesignated by para-

1 graph (1), is amended by adding at the end the fol-
2 lowing new clause:

3 “(iii) APPLICABLE NOMINATING JU-
4 RISDICTION.—The term ‘applicable nomi-
5 nating jurisdiction’ means, with respect to
6 any empowerment zone or enterprise com-
7 munity, any local government that nomi-
8 nated such community for designation
9 under section 1391.”.

10 (d) CONFORMING AMENDMENTS.—

11 (1) Section 1394(b)(3)(B)(iii) is amended by
12 striking “or an enterprise community” and inserting
13 “, an enterprise community, or a qualified low-in-
14 come community within an applicable nominating ju-
15 risdiction”.

16 (2) Section 1394(b)(3)(D), as redesignated by
17 subsection (c)(1), is amended by striking “DEFINI-
18 TIONS” and inserting “OTHER DEFINITIONS”.

19 (e) EFFECTIVE DATES.—

20 (1) EXTENSIONS.—The amendments made by
21 subsection (a) shall apply to taxable years beginning
22 after December 31, 2014.

23 (2) MODIFICATIONS.—The amendments made
24 by subsections (b), (c), and (d) shall apply to bonds
25 issued after December 31, 2015.

1 **SEC. 140. EXTENSION OF TEMPORARY INCREASE IN LIMIT**
2 **ON COVER OVER OF RUM EXCISE TAXES TO**
3 **PUERTO RICO AND THE VIRGIN ISLANDS.**

4 (a) IN GENERAL.—Section 7652(f)(1) is amended by
5 striking “January 1, 2015” and inserting “January 1,
6 2017”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to distilled spirits brought into the
9 United States after December 31, 2014.

10 **SEC. 141. EXTENSION OF AMERICAN SAMOA ECONOMIC DE-**
11 **VELOPMENT CREDIT.**

12 (a) IN GENERAL.—Section 119(d) of division A of
13 the Tax Relief and Health Care Act of 2006 is amended—

14 (1) by striking “January 1, 2015” each place
15 it appears and inserting “January 1, 2017”,

16 (2) by striking “first 9 taxable years” in para-
17 graph (1) and inserting “first 11 taxable years”,
18 and

19 (3) by striking “first 3 taxable years” in para-
20 graph (2) and inserting “first 5 taxable years”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2014.

1 **Subtitle C—Energy Tax Extenders**

2 **SEC. 151. EXTENSION AND MODIFICATION OF CREDIT FOR** 3 **NONBUSINESS ENERGY PROPERTY.**

4 (a) EXTENSION.—Section 25C(g)(2) is amended by
5 striking “December 31, 2014” and inserting “December
6 31, 2016”.

7 (b) UPDATED ENERGY STAR REQUIREMENTS.—

8 (1) IN GENERAL.—Section 25C(c)(1) is amend-
9 ed by striking “which meets” and all that follows
10 through “requirements”).

11 (2) ENERGY EFFICIENT BUILDING ENVELOPE
12 COMPONENT.—Section 25C(c) is amended by redesi-
13 gnating paragraphs (2) and (3) as paragraphs (3)
14 and (4), respectively, and by inserting after para-
15 graph (1) the following new paragraph:

16 “(2) ENERGY EFFICIENT BUILDING ENVELOPE
17 COMPONENT.—The term ‘energy efficient building
18 envelope component’ means a building envelope com-
19 ponent which meets—

20 “(A) applicable Energy Star program re-
21 quirements, in the case of a roof or roof prod-
22 ucts,

23 “(B) version 6.0 Energy Star program re-
24 quirements, in the case of an exterior window,
25 a skylight, or an exterior door, and

1 “(C) the prescriptive criteria for such com-
2 ponent established by the 2009 International
3 Energy Conservation Code, as such Code (in-
4 cluding supplements) is in effect on the date of
5 the enactment of the American Recovery and
6 Reinvestment Tax Act of 2009, in the case of
7 any other component.”.

8 (c) EFFECTIVE DATES.—

9 (1) EXTENSION.—The amendments made by
10 subsection (a) shall apply to property placed in serv-
11 ice after December 31, 2014.

12 (2) MODIFICATION.—The amendments made by
13 subsection (b) shall apply to property placed in serv-
14 ice after December 31, 2015.

15 **SEC. 152. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL**
16 **VEHICLE REFUELING PROPERTY.**

17 (a) IN GENERAL.—Section 30C(g) is amended by
18 striking “December 31, 2014” and inserting “December
19 31, 2016”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to property placed in service after
22 December 31, 2014.

1 **SEC. 153. EXTENSION OF CREDIT FOR 2-WHEELED PLUG-IN**
2 **ELECTRIC VEHICLES.**

3 (a) IN GENERAL.—Section 30D(g)(3)(E) is amended
4 by striking “acquired” and all that follows and inserting
5 the following: “acquired—

6 “(i) after December 31, 2011, and be-
7 fore January 1, 2014, or

8 “(ii) in the case of a vehicle that has
9 2 wheels, after December 31, 2014, and
10 before January 1, 2017.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to vehicles acquired after Decem-
13 ber 31, 2014.

14 **SEC. 154. EXTENSION OF SECOND GENERATION BIOFUEL**
15 **PRODUCER CREDIT.**

16 (a) IN GENERAL.—Section 40(b)(6)(J)(i) is amended
17 by striking “January 1, 2015” and inserting “January 1,
18 2017”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this subsection shall apply to qualified second generation
21 biofuel production after December 31, 2014.

22 **SEC. 155. EXTENSION OF BIODIESEL AND RENEWABLE DIE-**
23 **SEL INCENTIVES.**

24 (a) INCOME TAX CREDIT.—

1 (1) IN GENERAL.—Subsection (g) of section
2 40A is amended by striking “December 31, 2014”
3 and inserting “December 31, 2016”.

4 (2) EFFECTIVE DATE.—The amendment made
5 by this paragraph shall apply to fuel sold or used
6 after December 31, 2014.

7 (b) EXCISE TAX INCENTIVES.—

8 (1) IN GENERAL.—Section 6426(c)(6) is
9 amended by striking “December 31, 2014” and in-
10 serting “December 31, 2016”.

11 (2) PAYMENTS.—Section 6427(e)(6)(B) is
12 amended by striking “December 31, 2014” and in-
13 serting “December 31, 2016”.

14 (3) EFFECTIVE DATE.—The amendments made
15 by this paragraph shall apply to fuel sold or used
16 after December 31, 2014.

17 (4) SPECIAL RULE FOR CERTAIN PERIODS DUR-
18 ING 2015.—Notwithstanding any other provision of
19 law, in the case of any biodiesel mixture credit prop-
20 erly determined under section 6426(c) of the Inter-
21 nal Revenue Code of 1986 for periods after Decem-
22 ber 31, 2014, and on or before the last day of the
23 first calendar quarter ending after the date of the
24 enactment of this Act, such credit shall be allowed,
25 and any refund or payment attributable to such

1 credit (including any payment under section 6427(e)
2 of such Code) shall be made, only in such manner
3 as the Secretary of the Treasury (or the Secretary's
4 delegate) shall provide. Such Secretary shall issue
5 guidance within 30 days after the date of the enact-
6 ment of this Act providing for a one-time submission
7 of claims covering periods described in the preceding
8 sentence. Such guidance shall provide for a 180-day
9 period for the submission of such claims (in such
10 manner as prescribed by such Secretary) to begin
11 not later than 30 days after such guidance is issued.
12 Such claims shall be paid by such Secretary not
13 later than 60 days after receipt. If such Secretary
14 has not paid pursuant to a claim filed under this
15 subsection within 60 days after the date of the filing
16 of such claim, the claim shall be paid with interest
17 from such date determined by using the overpay-
18 ment rate and method under section 6621 of such
19 Code.

20 **SEC. 156. EXTENSION AND MODIFICATION OF PRODUCTION**
21 **CREDIT FOR INDIAN COAL FACILITIES**
22 **PLACED IN SERVICE BEFORE 2009.**

23 (a) IN GENERAL.—Section 45(e)(10)(A) is amended
24 by striking “9-year period” each place it appears and in-
25 serting “11-year period”.

1 (b) REPEAL OF LIMITATION BASED ON DATE FACIL-
2 ITY IS PLACED IN SERVICE.—Section 45(d)(10) is amend-
3 ed to read as follows:

4 “(10) INDIAN COAL PRODUCTION FACILITY.—
5 The term ‘Indian coal production facility’ means a
6 facility that produces Indian coal.”.

7 (c) REPEAL OF LIMITATION ON PERIOD DURING
8 WHICH COAL MUST BE PRODUCED AND SOLD; TREAT-
9 MENT OF SALES TO RELATED PARTIES.—Section
10 45(e)(10)(A) is amended by striking “per ton of Indian
11 coal—” and all that follows and inserting the following:
12 “per ton of Indian coal—

13 “(i) produced by the taxpayer at an
14 Indian coal production facility, and

15 “(ii) sold (either directly by the tax-
16 payer or after sale or transfer to one or
17 more related persons) to an unrelated per-
18 son.”.

19 (d) REPEAL OF LIMITATION ON TREATMENT AS A
20 SPECIFIED CREDIT.—

21 (1) IN GENERAL.—Section 38(c)(4)(B) is
22 amended by redesignating clauses (iv) through (ix)
23 as clauses (v) through (x), respectively, and by in-
24 serting after clause (iii) the following new clause:

1 “(iv) the credit determined under sec-
2 tion 45 to the extent that such credit is at-
3 tributable to section 45(e)(10) (relating to
4 Indian coal production facilities),”.

5 (2) CONFORMING AMENDMENT.—Section
6 45(e)(10) is amended by striking subparagraph (D).
7 (e) EFFECTIVE DATES.—

8 (1) EXTENSION.—The amendment made by
9 subsection (a) shall apply to coal produced after De-
10 cember 31, 2014.

11 (2) MODIFICATION.—The amendments made by
12 subsections (b), (c), and (d) shall apply to coal pro-
13 duced and sold after the date of the enactment of
14 this Act, in taxable years ending after such date

15 **SEC. 157. EXTENSION OF CREDITS WITH RESPECT TO FA-**
16 **CILITIES PRODUCING ENERGY FROM CER-**
17 **TAIN RENEWABLE RESOURCES.**

18 (a) IN GENERAL.—The following provisions of sec-
19 tion 45(d) are each amended by striking “January 1,
20 2015” each place it appears and inserting “January 1,
21 2017”:

22 (1) Paragraph (1).

23 (2) Paragraph (2)(A).

24 (3) Paragraph (3)(A).

25 (4) Paragraph (4)(B).

1 (5) Paragraph (6).

2 (6) Paragraph (7).

3 (7) Paragraph (9).

4 (8) Paragraph (11)(B).

5 (b) EXTENSION OF ELECTION TO TREAT QUALIFIED
6 FACILITIES AS ENERGY PROPERTY.—Section
7 48(a)(5)(C)(ii) is amended by striking “January 1, 2015”
8 and inserting “January 1, 2017”.

9 (c) EFFECTIVE DATES.—The amendments made by
10 this section shall take effect on January 1, 2015.

11 **SEC. 158. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**
12 **NEW HOMES.**

13 (a) IN GENERAL.—Section 45L(g) is amended by
14 striking “December 31, 2014” and inserting “December
15 31, 2016”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to homes acquired after December
18 31, 2014.

19 **SEC. 159. EXTENSION OF SPECIAL ALLOWANCE FOR SEC-**
20 **OND GENERATION BIOFUEL PLANT PROP-**
21 **ERTY.**

22 (a) IN GENERAL.—Section 168(l)(2)(D) is amended
23 by striking “January 1, 2015” and inserting “January 1,
24 2017”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to property placed in service after
3 December 31, 2014.

4 **SEC. 160. EXTENSION OF ENERGY EFFICIENT COMMERCIAL**
5 **BUILDINGS DEDUCTION.**

6 (a) IN GENERAL.—Section 179D(h) is amended by
7 striking “December 31, 2014” and inserting “December
8 31, 2016”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall apply to property placed in service
11 after December 31, 2014.

12 **SEC. 161. EXTENSION OF SPECIAL RULE FOR SALES OR DIS-**
13 **POSITIONS TO IMPLEMENT FERC OR STATE**
14 **ELECTRIC RESTRUCTURING POLICY FOR**
15 **QUALIFIED ELECTRIC UTILITIES.**

16 (a) IN GENERAL.—Section 451(i)(3) is amended by
17 striking “January 1, 2015” and inserting “January 1,
18 2017”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to dispositions after December 31,
21 2014.

22 **SEC. 162. EXTENSION OF EXCISE TAX CREDITS RELATING**
23 **TO ALTERNATIVE FUELS.**

24 (a) EXTENSION OF ALTERNATIVE FUELS EXCISE
25 TAX CREDITS.—

1 (1) IN GENERAL.—Sections 6426(d)(5) and
2 6426(e)(3) are each amended by striking “December
3 31, 2014” and inserting “December 31, 2016”.

4 (2) OUTLAY PAYMENTS FOR ALTERNATIVE
5 FUELS.—Section 6427(e)(6)(C) is amended by strik-
6 ing “December 31, 2014” and inserting “December
7 31, 2016”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to fuel sold or used after December
10 31, 2014.

11 (c) SPECIAL RULE FOR CERTAIN PERIODS DURING
12 2015.—Notwithstanding any other provision of law, in the
13 case of any alternative fuel credit properly determined
14 under section 6426(d) of such Code for such periods, such
15 credit shall be allowed, and any refund or payment attrib-
16 utable to such credit (including any payment under section
17 6427(e) of such Code) shall be made, only in such manner
18 as the Secretary of the Treasury (or the Secretary’s dele-
19 gate) shall provide. Such Secretary shall issue guidance
20 within 30 days after the date of the enactment of this Act
21 providing for a one-time submission of claims covering pe-
22 riods described in the preceding sentence. Such guidance
23 shall provide for a 180-day period for the submission of
24 such claims (in such manner as prescribed by such Sec-
25 retary) to begin not later than 30 days after such guidance

1 is issued. Such claims shall be paid by such Secretary not
2 later than 60 days after receipt. If such Secretary has not
3 paid pursuant to a claim filed under this subsection within
4 60 days after the date of the filing of such claim, the claim
5 shall be paid with interest from such date determined by
6 using the overpayment rate and method under section
7 6621 of such Code.

8 **TITLE II—OTHER REVENUE**
9 **PROVISIONS**

10 **Subtitle A—Provisions Related to**
11 **Real Estate Investment Trusts**

12 **SEC. 201. RESTRICTION ON TAX-FREE SPINOFFS INVOLV-**
13 **ING REITS.**

14 (a) IN GENERAL.—Section 355 is amended by adding
15 at the end the following new subsection:

16 “(h) RESTRICTION ON DISTRIBUTIONS INVOLVING
17 REAL ESTATE INVESTMENT TRUSTS.—

18 “(1) IN GENERAL.—This section (and so much
19 of section 356 as relates to this section) shall not
20 apply to any distribution if either the distributing
21 corporation or controlled corporation is a real estate
22 investment trust.

23 “(2) EXCEPTIONS FOR CERTAIN SPINOFFS.—

24 “(A) SPINOFFS OF A REAL ESTATE IN-
25 VESTMENT TRUST BY ANOTHER REAL ESTATE

1 INVESTMENT TRUST.—Paragraph (1) shall not
2 apply to any distribution if, immediately after
3 the distribution, the distributing corporation
4 and the controlled corporation are both real es-
5 tate investment trusts.

6 “(B) SPINOFFS OF CERTAIN TAXABLE
7 REIT SUBSIDIARIES.—Paragraph (1) shall not
8 apply to any distribution if—

9 “(i) the distributing corporation has
10 been a real estate investment trust at all
11 times during the 3-year period ending on
12 the date of such distribution,

13 “(ii) the controlled corporation is a
14 taxable REIT subsidiary (as defined in
15 section 856(l)) of the distributing corpora-
16 tion at all times during such period, and

17 “(iii) the distributing corporation had
18 control (within the meaning of section
19 368(c)) of the controlled corporation at all
20 times during such period.”.

21 (b) PREVENTION OF REIT ELECTION FOLLOWING
22 TAX-FREE SPIN OFF.—Section 856(c) is amended by re-
23 designating paragraph (8) as paragraph (9) and by insert-
24 ing after paragraph (7) the following new paragraph:

1 “(8) ELECTION AFTER TAX-FREE REORGANIZA-
2 TION.—If a corporation was a distributing corpora-
3 tion or a controlled corporation (other than a con-
4 trolled corporation with respect to a distribution de-
5 scribed in section 355(h)(2)(A)) with respect to any
6 distribution to which section 355 (or so much of sec-
7 tion 356 as relates to section 355) applied, such cor-
8 poration (and any successor corporation) shall not
9 be eligible to make any election under paragraph (1)
10 for any taxable year beginning before the end of the
11 10-year period beginning on the date of such dis-
12 tribution.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to distributions on or after Decem-
15 ber 7, 2015.

16 **SEC. 202. LIMITATION ON FIXED PERCENTAGE RENT AND**
17 **INTEREST EXCEPTIONS FOR REIT INCOME**
18 **TESTS.**

19 (a) IN GENERAL.—Section 856 is amended by adding
20 at the end the following new subsection:

21 “(o) LIMITATION ON FIXED PERCENTAGE RENT AND
22 INTEREST EXCEPTIONS.—

23 “(1) IN GENERAL.—If the fixed percentage rent
24 and interest income received or accrued by a real es-
25 tate investment trust from any C corporation (other

1 than a taxable REIT subsidiary of such real estate
2 investment trust) for any taxable year exceeds 25
3 percent of the combined rent and interest income re-
4 ceived or accrued by such real estate investment
5 trust for such taxable year, then—

6 “(A) notwithstanding subsection (d)(2),
7 none of the fixed percentage rent income re-
8 ceived or accrued from such corporation which
9 is attributable to leases entered into after De-
10 cember 31, 2015, shall be treated as rents from
11 real property, and

12 “(B) notwithstanding subsection (f), none
13 of the fixed percentage interest income received
14 or accrued from such corporation which is at-
15 tributable to debt instruments acquired after
16 December 31, 2015, shall be treated as interest.

17 “(2) DEFINITIONS.—For purposes of this sub-
18 section—

19 “(A) FIXED PERCENTAGE RENT AND IN-
20 TEREST INCOME.—The term ‘fixed percentage
21 rent and interest income’ means the sum of the
22 fixed percentage rent income plus the fixed per-
23 centage interest income.

24 “(B) FIXED PERCENTAGE RENT IN-
25 COME.—The term ‘fixed percentage rent in-

1 come’ means amounts described in subsection
2 (d)(2)(A) which are based on a fixed percentage
3 or percentages of receipts or sales.

4 “(C) FIXED PERCENTAGE INTEREST IN-
5 COME.—The term ‘fixed percentage interest in-
6 come’ means amounts described in subsection
7 (f)(1) which are based on a fixed percentage or
8 percentages of receipts or sales.

9 “(D) COMBINED RENT AND INTEREST IN-
10 COME.—The term ‘combined rent and interest
11 income’ means the sum of the amounts de-
12 scribed in subparagraphs (B) and (C) of sub-
13 sections (c)(2).

14 “(3) AGGREGATION RULE.—Members of the
15 same affiliated group (as defined in section 1504,
16 applied by substituting ‘50 percent’ for ‘80 percent’
17 each place it appears therein) shall be treated as 1
18 corporation for purposes of paragraph (1).

19 “(4) TREATMENT OF MODIFICATIONS.—For
20 purposes of paragraph (1), any material modifica-
21 tion (including any extension of the term) of a lease
22 or debt instrument shall be treated as a new lease
23 or debt instrument, as the case may be, entered into
24 on the date of such modification.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years ending after De-
3 cember 31, 2015.

4 **SEC. 203. REDUCTION IN PERCENTAGE LIMITATION ON AS-**
5 **SETS OF REIT WHICH MAY BE TAXABLE REIT**
6 **SUBSIDIARIES.**

7 (a) IN GENERAL.—Section 856(c)(4)(B)(ii) is
8 amended by striking “25 percent” and inserting “20 per-
9 cent”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2017.

13 **SEC. 204. PROHIBITED TRANSACTION SAFE HARBORS.**

14 (a) ALTERNATIVE 3-YEAR AVERAGING TEST FOR
15 PERCENTAGE OF ASSETS THAT CAN BE SOLD ANNU-
16 ALLY.—

17 (1) IN GENERAL.—Clause (iii) of section
18 857(b)(6)(C) is amended by inserting before the
19 semicolon at the end the following: “, or (IV) the
20 trust satisfies the requirements of subclause (II) ap-
21 plied by substituting ‘20 percent’ for ‘10 percent’
22 and the 3-year average adjusted bases percentage
23 for the taxable year (as defined in subparagraph
24 (G)) does not exceed 10 percent, or (V) the trust
25 satisfies the requirements of subclause (III) applied

1 by substituting ‘20 percent’ for ‘10 percent’ and the
2 3-year average fair market value percentage for the
3 taxable year (as defined in subparagraph (H)) does
4 not exceed 10 percent”.

5 (2) 3-YEAR AVERAGE ADJUSTED BASES AND
6 FAIR MARKET VALUE PERCENTAGES.—Paragraph
7 (6) of section 857(b) is amended by redesignating
8 subparagraphs (G) and (H) as subparagraphs (I)
9 and (J), respectively, and by inserting after subpara-
10 graph (F) the following new subparagraphs:

11 “(G) 3-YEAR AVERAGE ADJUSTED BASES
12 PERCENTAGE.—The term ‘3-year average ad-
13 justed bases percentage’ means, with respect to
14 any taxable year, the ratio (expressed as a per-
15 centage) of—

16 “(i) the aggregate adjusted bases (as
17 determined for purposes of computing
18 earnings and profits) of property (other
19 than sales of foreclosure property or sales
20 to which section 1033 applies) sold during
21 the 3 taxable year period ending with such
22 taxable year, divided by

23 “(ii) the sum of the aggregate ad-
24 justed bases (as so determined) of all of
25 the assets of the trust as of the beginning

1 of each of the 3 taxable years which are
2 part of the period referred to in clause (i).

3 “(H) 3-YEAR AVERAGE FAIR MARKET
4 VALUE PERCENTAGE.—The term ‘3-year aver-
5 age fair market value percentage’ means, with
6 respect to any taxable year, the ratio (expressed
7 as a percentage) of—

8 “(i) the fair market value of property
9 (other than sales of foreclosure property or
10 sales to which section 1033 applies) sold
11 during the 3 taxable year period ending
12 with such taxable year, divided by

13 “(ii) the sum of the fair market value
14 of all of the assets of the trust as of the
15 beginning of each of the 3 taxable years
16 which are part of the period referred to in
17 clause (i).”.

18 (3) CONFORMING AMENDMENTS.—Clause (iv)
19 of section 857(b)(6)(D) is amended by adding “or”
20 at the end of subclause (III) and by adding at the
21 end the following new subclauses:

22 “(IV) the trust satisfies the re-
23 quirements of subclause (II) applied
24 by substituting ‘20 percent’ for ‘10
25 percent’ and the 3-year average ad-

1 justed bases percentage for the tax-
2 able year (as defined in subparagraph
3 (G)) does not exceed 10 percent, or
4 “(V) the trust satisfies the re-
5 quirements of subclause (III) applied
6 by substituting ‘20 percent’ for ‘10
7 percent’ and the 3-year average fair
8 market value percentage for the tax-
9 able year (as defined in subparagraph
10 (H)) does not exceed 10 percent.”.

11 (b) APPLICATION OF SAFE HARBORS INDEPENDENT
12 OF DETERMINATION WHETHER REAL ESTATE ASSET IS
13 INVENTORY PROPERTY.—

14 (1) IN GENERAL.—Subparagraphs (C) and (D)
15 of section 857(b)(6) are each amended by striking
16 “and which is described in section 1221(a)(1)” in
17 the matter preceding clause (i).

18 (2) NO INFERENCE FROM SAFE HARBORS.—
19 Subparagraph (F) of section 857(b)(6) is amended
20 to read as follows:

21 “(F) NO INFERENCE WITH RESPECT TO
22 TREATMENT AS INVENTORY PROPERTY.—The
23 determination of whether property is described
24 in section 1221(a)(1) shall be made without re-
25 gard to this paragraph.”.

1 (c) EFFECTIVE DATES.—

2 (1) IN GENERAL.—The amendments made by
3 subsection (a) shall apply to taxable years beginning
4 after the date of the enactment of this Act.

5 (2) APPLICATION OF SAFE HARBORS.—

6 (A) IN GENERAL.—Except as provided in
7 subparagraph (B), the amendments made by
8 subsection (b) shall take effect as if included in
9 section 3051 of the Housing Assistance Tax
10 Act of 2008.

11 (B) RETROACTIVE APPLICATION OF NO IN-
12 FERENCE NOT APPLICABLE TO CERTAIN TIM-
13 BER PROPERTY PREVIOUSLY TREATED AS NOT
14 INVENTORY PROPERTY.—The amendment made
15 by subsection (b)(2) shall not apply to any sale
16 of property to which section 857(b)(6)(G) of the
17 Internal Revenue Code of 1986 (as in effect on
18 the day before the date of the enactment of this
19 Act) applies.

20 **SEC. 205. REPEAL OF PREFERENTIAL DIVIDEND RULE FOR**
21 **PUBLICLY OFFERED REITS.**

22 (a) IN GENERAL.—Section 562(c) is amended by in-
23 serting “or a publicly offered REIT” after “a publicly of-
24 fered regulated investment company (as defined in section
25 67(c)(2)(B))”.

1 (b) PUBLICLY OFFERED REIT.—Section 562(c), as
2 amended by subsection (a), is amended—

3 (1) by striking “Except in the case of” and in-
4 serting the following:

5 “(1) IN GENERAL.—Except in the case of”, and

6 (2) by adding at the end the following new
7 paragraph:

8 “(2) PUBLICLY OFFERED REIT.—For purposes
9 of this subsection, the term ‘publicly offered REIT’
10 means a real estate investment trust which is re-
11 quired to file annual and periodic reports with the
12 Securities and Exchange Commission under the Se-
13 curities Exchange Act of 1934.”.

14 (c) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to distributions in taxable years
16 beginning after December 31, 2014.

17 **SEC. 206. AUTHORITY FOR ALTERNATIVE REMEDIES TO AD-**
18 **DRESS CERTAIN REIT DISTRIBUTION FAIL-**
19 **URES.**

20 (a) IN GENERAL.—Subsection (e) of section 562 is
21 amended—

22 (1) by striking “In the case of a real estate in-
23 vestment trust” and inserting the following:

24 “(1) DETERMINATION OF EARNINGS AND PROF-
25 ITS FOR PURPOSES OF DIVIDENDS PAID DEDUC-

1 TION.—In the case of a real estate investment
2 trust”, and

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

5 “(2) AUTHORITY TO PROVIDE ALTERNATIVE
6 REMEDIES FOR CERTAIN FAILURES.—In the case of
7 a failure of a distribution by a real estate investment
8 trust to comply with the requirements of subsection
9 (c), the Secretary may provide an appropriate rem-
10 edy to cure such failure in lieu of not considering
11 the distribution to be a dividend for purposes of
12 computing the dividends paid deduction if—

13 “(A) the Secretary determines that such
14 failure is inadvertent or is due to reasonable
15 cause and not due to willful neglect, or

16 “(B) such failure is of a type of failure
17 which the Secretary has identified for purposes
18 of this paragraph as being described in sub-
19 paragraph (A).”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to distributions in taxable years
22 beginning after December 31, 2015.

1 **SEC. 207. LIMITATIONS ON DESIGNATION OF DIVIDENDS BY**
2 **REITS.**

3 (a) **IN GENERAL.**—Section 857 is amended by redес-
4 ignating subsection (g) as subsection (h) and by inserting
5 after subsection (f) the following new subsection:

6 “(g) **LIMITATIONS ON DESIGNATION OF DIVI-**
7 **DENDS.**—

8 “(1) **OVERALL LIMITATION.**—The aggregate
9 amount of dividends designated by a real estate in-
10 vestment trust under subsections (b)(3)(C) and
11 (c)(2)(A) with respect to any taxable year may not
12 exceed the dividends paid by such trust with respect
13 to such year. For purposes of the preceding sen-
14 tence, dividends paid after the close of the taxable
15 year described in section 858 shall be treated as
16 paid with respect to such year.

17 “(2) **PROPORTIONALITY.**—The Secretary may
18 prescribe regulations or other guidance requiring the
19 proportionality of the designation of particular types
20 of dividends among shares or beneficial interests of
21 a real estate investment trust.”.

22 (b) **EFFECTIVE DATE.**—The amendments made by
23 this section shall apply to distributions in taxable years
24 beginning after December 31, 2015.

1 **SEC. 208. DEBT INSTRUMENTS OF PUBLICLY OFFERED**
2 **REITS AND MORTGAGES TREATED AS REAL**
3 **ESTATE ASSETS.**

4 (a) DEBT INSTRUMENTS OF PUBLICLY OFFERED
5 REITS TREATED AS REAL ESTATE ASSETS.—

6 (1) IN GENERAL.—Subparagraph (B) of section
7 856(c)(5) is amended—

8 (A) by striking “and shares” and inserting
9 “, shares”, and

10 (B) by inserting “, and debt instruments
11 issued by publicly offered REITs” before the
12 period at the end of the first sentence.

13 (2) INCOME FROM NONQUALIFIED DEBT IN-
14 STRUMENTS OF PUBLICLY OFFERED REITS NOT
15 QUALIFIED FOR PURPOSES OF SATISFYING THE 75
16 PERCENT GROSS INCOME TEST.—Subparagraph (H)
17 of section 856(c)(3) is amended by inserting “(other
18 than a nonqualified publicly offered REIT debt in-
19 strument)” after “real estate asset”.

20 (3) 25 PERCENT ASSET LIMITATION ON HOLD-
21 ING OF NONQUALIFIED DEBT INSTRUMENTS OF PUB-
22 LICLY OFFERED REITS.—Subparagraph (B) of sec-
23 tion 856(c)(4) is amended by redesignating clause
24 (iii) as clause (iv) and by inserting after clause (ii)
25 the following new clause:

1 “(iii) not more than 25 percent of the
2 value of its total assets is represented by
3 nonqualified publicly offered REIT debt in-
4 struments, and”.

5 (4) DEFINITIONS RELATED TO DEBT INSTRU-
6 MENTS OF PUBLICLY OFFERED REITS.—Paragraph
7 (5) of section 856(c) is amended by adding at the
8 end the following new subparagraph:

9 “(L) DEFINITIONS RELATED TO DEBT IN-
10 STRUMENTS OF PUBLICLY OFFERED REITS.—

11 “(i) PUBLICLY OFFERED REIT.—The
12 term ‘publicly offered REIT’ has the
13 meaning given such term by section
14 562(c)(2).

15 “(ii) NONQUALIFIED PUBLICLY OF-
16 FERED REIT DEBT INSTRUMENT.—The
17 term ‘nonqualified publicly offered REIT
18 debt instrument’ means any real estate
19 asset which would cease to be a real estate
20 asset if subparagraph (B) were applied
21 without regard to the reference to ‘debt in-
22 struments issued by publicly offered
23 REITs’.”.

24 (b) INTERESTS IN MORTGAGES ON INTERESTS IN
25 REAL PROPERTY TREATED AS REAL ESTATE ASSETS.—

1 Subparagraph (B) of section 856(c)(5) is amended by in-
2 serting “or on interests in real property” after “interests
3 in mortgages on real property”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2015.

7 **SEC. 209. ASSET AND INCOME TEST CLARIFICATION RE-**
8 **GARDING ANCILLARY PERSONAL PROPERTY.**

9 (a) IN GENERAL.—Subsection (c) of section 856, as
10 amended by the preceding provisions of this Act, is amend-
11 ed by redesignating paragraph (9) as paragraph (10) and
12 by inserting after paragraph (8) the following new para-
13 graph:

14 “(9) SPECIAL RULES FOR CERTAIN PERSONAL
15 PROPERTY WHICH IS ANCILLARY TO REAL PROP-
16 ERTY.—

17 “(A) CERTAIN PERSONAL PROPERTY
18 LEASED IN CONNECTION WITH REAL PROP-
19 ERTY.—Personal property shall be treated as a
20 real estate asset for purposes of paragraph
21 (4)(A) to the extent that rents attributable to
22 such personal property are treated as rents
23 from real property under subsection (d)(1)(C).

24 “(B) CERTAIN PERSONAL PROPERTY
25 MORTGAGED IN CONNECTION WITH REAL PROP-

1 ERTY.—In the case of an obligation secured by
2 a mortgage on both real property and personal
3 property, if the fair market value of such per-
4 sonal property does not exceed 15 percent of
5 the total fair market value of all such property,
6 such obligation shall be treated—

7 “(i) for purposes of paragraph (3)(B),
8 as an obligation described therein, and

9 “(ii) for purposes of paragraph
10 (4)(A), as a real estate asset.

11 For purposes of the preceding sentence, the fair
12 market value of all such property shall be deter-
13 mined in the same manner as the fair market
14 value of real property is determined for pur-
15 poses of apportioning interest income between
16 real property and personal property under para-
17 graph (3)(B).”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2015.

21 **SEC. 210. HEDGING PROVISIONS.**

22 (a) MODIFICATION TO PERMIT THE TERMINATION
23 OF A HEDGING TRANSACTION USING AN ADDITIONAL
24 HEDGING INSTRUMENT.—Subparagraph (G) of section
25 856(c)(5) is amended by striking “and” at the end of

1 clause (i), by striking the period at the end of clause (ii)
2 and inserting “, and”, and by adding at the end the fol-
3 lowing new clause:

4 “(iii) if—

5 “(I) a real estate investment
6 trust enters into one or more positions
7 described in clause (i) with respect to
8 indebtedness described in clause (i) or
9 one or more positions described in
10 clause (ii) with respect to property
11 which generates income or gain de-
12 scribed in paragraph (2) or (3),

13 “(II) any portion of such indebt-
14 edness is extinguished or any portion
15 of such property is disposed of, and

16 “(III) in connection with such ex-
17 tinguishment or disposition, such
18 trust enters into one or more trans-
19 actions which would be hedging trans-
20 actions described in clause (ii) or (iii)
21 of section 1221(b)(2)(A) with respect
22 to any position referred to in sub-
23 clause (I) if such position were ordi-
24 nary property,

1 any income of such trust from any position
2 referred to in subclause (I) and from any
3 transaction referred to in subclause (III)
4 (including gain from the termination of
5 any such position or transaction) shall not
6 constitute gross income under paragraphs
7 (2) and (3) to the extent that such trans-
8 action hedges such position.”.

9 (b) IDENTIFICATION REQUIREMENTS.—

10 (1) IN GENERAL.—Subparagraph (G) of section
11 856(c)(5), as amended by subsection (a), is amended
12 by striking “and” at the end of clause (ii), by strik-
13 ing the period at the end of clause (iii) and inserting
14 “, and”, and by adding at the end the following new
15 clause:

16 “(iv) clauses (i), (ii), and (iii) shall
17 not apply with respect to any transaction
18 unless such transaction satisfies the identi-
19 fication requirement described in section
20 1221(a)(7) (determined after taking into
21 account any curative provisions provided
22 under the regulations referred to there-
23 in).”.

24 (2) CONFORMING AMENDMENTS.—Subpara-
25 graph (G) of section 856(c)(5) is amended—

1 (A) by striking “which is clearly identified
2 pursuant to section 1221(a)(7)” in clause (i),
3 and

4 (B) by striking “, but only if such trans-
5 action is clearly identified as such before the
6 close of the day on which it was acquired, origi-
7 nated, or entered into (or such other time as
8 the Secretary may prescribe)” in clause (ii).

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2015.

12 **SEC. 211. MODIFICATION OF REIT EARNINGS AND PROFITS**
13 **CALCULATION TO AVOID DUPLICATE TAX-**
14 **ATION.**

15 (a) EARNINGS AND PROFITS NOT INCREASED BY
16 AMOUNTS ALLOWED IN COMPUTING TAXABLE INCOME IN
17 PRIOR YEARS.—Section 857(d) is amended—

18 (1) by amending paragraph (1) to read as fol-
19 lows:

20 “(1) IN GENERAL.—The earnings and profits of
21 a real estate investment trust for any taxable year
22 (but not its accumulated earnings) shall not be re-
23 duced by any amount which—

24 “(A) is not allowable in computing its tax-
25 able income for such taxable year, and

1 “(B) was not allowable in computing its
2 taxable income for any prior taxable year.”, and
3 (2) by adding at the end the following new
4 paragraphs:

5 “(4) REAL ESTATE INVESTMENT TRUST.—For
6 purposes of this subsection, the term ‘real estate in-
7 vestment trust’ includes a domestic corporation,
8 trust, or association which is a real estate invest-
9 ment trust determined without regard to the require-
10 ments of subsection (a).

11 “(5) SPECIAL RULES FOR DETERMINING EARN-
12 INGS AND PROFITS FOR PURPOSES OF THE DEDUC-
13 TION FOR DIVIDENDS PAID.—For special rules for
14 determining the earnings and profits of a real estate
15 investment trust for purposes of the deduction for
16 dividends paid, see section 562(e)(1).”.

17 (b) EXCEPTION FOR PURPOSES OF DETERMINING
18 DIVIDENDS PAID DEDUCTION.—Section 562(e)(1), as
19 amended by the preceding provisions of this Act, is amend-
20 ed by striking “deduction, the earnings” and all that fol-
21 lows and inserting the following: “deduction—

22 “(A) the earnings and profits of such trust
23 for any taxable year (but not its accumulated
24 earnings) shall be increased by the amount of
25 gain (if any) on the sale or exchange of real

1 property which is taken into account in deter-
2 mining the taxable income of such trust for
3 such taxable year (and not otherwise taken into
4 account in determining such earnings and prof-
5 its), and

6 “(B) section 857(d)(1) shall be applied
7 without regard to subparagraph (B) thereof.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2015.

11 **SEC. 212. TREATMENT OF CERTAIN SERVICES PROVIDED**
12 **BY TAXABLE REIT SUBSIDIARIES.**

13 (a) TAXABLE REIT SUBSIDIARIES TREATED IN
14 SAME MANNER AS INDEPENDENT CONTRACTORS FOR
15 CERTAIN PURPOSES.—

16 (1) MARKETING AND DEVELOPMENT EXPENSES
17 UNDER RENTAL PROPERTY SAFE HARBOR.—Clause
18 (v) of section 857(b)(6)(C) is amended by inserting
19 “or by a taxable REIT subsidiary” before the period
20 at the end.

21 (2) FORECLOSURE PROPERTY GRACE PERIOD.—
22 Subparagraph (C) of section 856(e)(4) is amended
23 by inserting “or through a taxable REIT subsidiary”
24 after “receive any income”.

1 (b) TAX ON REDETERMINED TRS SERVICE IN-
2 COME.—

3 (1) IN GENERAL.—Subparagraph (A) of section
4 857(b)(7) is amended by striking “and excess inter-
5 est” and inserting “excess interest, and redeter-
6 mined TRS service income”.

7 (2) REDETERMINED TRS SERVICE INCOME.—
8 Paragraph (7) of section 857(b) is amended by re-
9 designating subparagraphs (E) and (F) as subpara-
10 graphs (F) and (G), respectively, and inserting after
11 subparagraph (D) the following new subparagraph:

12 “(E) REDETERMINED TRS SERVICE IN-
13 COME.—

14 “(i) IN GENERAL.—The term ‘redeter-
15 mined TRS service income’ means gross
16 income of a taxable REIT subsidiary of a
17 real estate investment trust attributable to
18 services provided to, or on behalf of, such
19 trust (less deductions properly allocable
20 thereto) to the extent the amount of such
21 income (less such deductions) would (but
22 for subparagraph (F)) be increased on dis-
23 tribution, apportionment, or allocation
24 under section 482.

1 trust, paragraphs (3) and (6)(C) of subsection
2 (e) shall each be applied by substituting ‘more
3 than 10 percent’ for ‘more than 5 percent’.

4 “(B) DISTRIBUTIONS.—In the case of any
5 distribution from a real estate investment trust,
6 subsection (h)(1) shall be applied by sub-
7 stituting ‘10 percent’ for ‘5 percent’.

8 “(2) STOCK HELD BY QUALIFIED SHARE-
9 HOLDERS NOT TREATED AS USRPI.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B)—

12 “(i) stock of a real estate investment
13 trust which is held directly (or indirectly
14 through 1 or more partnerships) by a
15 qualified shareholder shall not be treated
16 as a United States real property interest,
17 and

18 “(ii) notwithstanding subsection
19 (h)(1), any distribution to a qualified
20 shareholder shall not be treated as gain
21 recognized from the sale or exchange of a
22 United States real property interest to the
23 extent the stock of the real estate invest-
24 ment trust held by such qualified share-

1 holder is not treated as a United States
2 real property interest under clause (i).

3 “(B) EXCEPTION.—In the case of a quali-
4 fied shareholder with 1 or more applicable in-
5 vestors—

6 “(i) subparagraph (A)(i) shall not
7 apply to so much of the stock of a real es-
8 tate investment trust held by a qualified
9 shareholder as bears the same ratio to the
10 value of the interests (other than interests
11 held solely as a creditor) held by such ap-
12 plicable investors in the qualified share-
13 holder bears to value of all interests (other
14 than interests held solely as a creditor) in
15 the qualified shareholder, and

16 “(ii) a percentage equal to the ratio
17 determined under clause (i) of the amounts
18 realized by the qualified shareholder with
19 respect to any disposition of stock in the
20 real estate investment trust or with respect
21 to any distribution from the real estate in-
22 vestment trust attributable to gain from
23 sales or exchanges of a United States real
24 property interest shall be treated as

1 amounts realized from the disposition of
2 United States real property interests.

3 “(C) SPECIAL RULE FOR CERTAIN DIS-
4 TRIBUTIONS TREATED AS SALE OR EX-
5 CHANGE.—If a distribution by a real estate in-
6 vestment trust is treated as a sale or exchange
7 of stock under section 301(e)(3), 302, or 331
8 with respect to a qualified shareholder—

9 “(i) in the case of an applicable inves-
10 tor, subparagraph (B) shall apply with re-
11 spect to such distribution, and

12 “(ii) in the case of any other person,
13 such distribution shall be treated under
14 section 857(b)(3)(F) as a dividend from a
15 real estate investment trust notwith-
16 standing any other provision of this title.

17 “(D) APPLICABLE INVESTOR.—For pur-
18 poses of this paragraph, the term ‘applicable in-
19 vestor’ means, with respect to any qualified
20 shareholder holding stock in a real estate in-
21 vestment trust, a person (other than a qualified
22 shareholder) which—

23 “(i) holds an interest (other than an
24 interest solely as a creditor) in such quali-
25 fied shareholder, and

1 “(ii) holds more than 10 percent of
2 the stock of such real estate investment
3 trust (whether or not by reason of the per-
4 son’s ownership interest in the qualified
5 shareholder).

6 “(E) CONSTRUCTIVE OWNERSHIP
7 RULES.—For purposes of subparagraphs (B)(i)
8 and (C) and paragraph (4), the constructive
9 ownership rules under subsection (c)(6)(C) shall
10 apply.

11 “(3) QUALIFIED SHAREHOLDER.—For purposes
12 of this subsection—

13 “(A) IN GENERAL.—The term ‘qualified
14 shareholder’ means a foreign person which—

15 “(i)(I) is eligible for benefits of a com-
16 prehensive income tax treaty with the
17 United States which includes an exchange
18 of information program and the principal
19 class of interests of which is listed and reg-
20 ularly traded on 1 or more recognized
21 stock exchanges (as defined in such com-
22 prehensive income tax treaty), or

23 “(II) is a foreign partnership that is
24 created or organized under foreign law as
25 a limited partnership in a jurisdiction that

1 has an agreement for the exchange of in-
2 formation with respect to taxes with the
3 United States and has a class of limited
4 partnership units which is regularly traded
5 on the New York Stock Exchange or
6 Nasdaq Stock Market and such class of
7 limited partnership units value is greater
8 than 50 percent of the value of all the
9 partnership units,

10 “(ii) is a qualified collective invest-
11 ment vehicle, and

12 “(iii) maintains records on the iden-
13 tity of each person who, at any time during
14 the foreign person’s taxable year, holds di-
15 rectly 5 percent or more of the class of in-
16 terest described in subclause (I) or (II) of
17 clause (i), as the case may be.

18 “(B) QUALIFIED COLLECTIVE INVEST-
19 MENT VEHICLE.—For purposes of this sub-
20 section, the term ‘qualified collective investment
21 vehicle’ means a foreign person—

22 “(i) which, under the comprehensive
23 income tax treaty described in subpara-
24 graph (A)(i), is eligible for a reduced rate
25 of withholding with respect to ordinary

1 dividends paid by a real estate investment
2 trust even if such person holds more than
3 10 percent of the stock of such real estate
4 investment trust,

5 “(ii) which—

6 “(I) is a publicly traded partner-
7 ship (as defined in section 7704(b)) to
8 which subsection (a) of section 7704
9 does not apply,

10 “(II) is a withholding foreign
11 partnership for purposes of chapters
12 3, 4, and 61,

13 “(III) if such foreign partnership
14 were a United States corporation,
15 would be a United States real prop-
16 erty holding corporation (determined
17 without regard to paragraph (1)) at
18 any time during the 5-year period
19 ending on the date of disposition of,
20 or distribution with respect to, such
21 partnership’s interests in a real estate
22 investment trust, or

23 “(iii) which is designated as a quali-
24 fied collective investment vehicle by the
25 Secretary and is either—

1 “(I) fiscally transparent within
2 the meaning of section 894, or

3 “(II) required to include divi-
4 dends in its gross income, but entitled
5 to a deduction for distributions to per-
6 sons holding interests (other than in-
7 terests solely as a creditor) in such
8 foreign person.

9 “(4) PARTNERSHIP ALLOCATIONS.—

10 “(A) IN GENERAL.—For the purposes of
11 this subsection, in the case of an applicable in-
12 vestor who is a nonresident alien individual or
13 a foreign corporation and is a partner in a part-
14 nership that is a qualified shareholder, if such
15 partner’s proportionate share of USRPI gain
16 for the taxable year exceeds such partner’s dis-
17 tributive share of USRPI gain for the taxable
18 year, then

19 “(i) such partner’s distributive share
20 of the amount of gain taken into account
21 under subsection (a)(1) by the partner for
22 the taxable year (determined without re-
23 gard to this paragraph) shall be increased
24 by the amount of such excess, and

1 “(ii) such partner’s distributive share
2 of items of income or gain for the taxable
3 year that are not treated as gain taken
4 into account under subsection (a)(1) (de-
5 termined without regard to this paragraph)
6 shall be decreased (but not below zero) by
7 the amount of such excess.

8 “(B) **USRPI GAIN.**—For the purposes of
9 this paragraph, the term ‘USRPI gain’ means
10 the excess (if any) of—

11 “(i) the sum of—

12 “(I) any gain recognized from
13 the disposition of a United States real
14 property interest, and

15 “(II) any distribution by a real
16 estate investment trust that is treated
17 as gain recognized from the sale or
18 exchange of a United States real
19 property interest, over

20 “(ii) any loss recognized from the dis-
21 position of a United States real property
22 interest.

23 “(C) **PROPORTIONATE SHARE OF USRPI**
24 **GAIN.**—For purposes of this paragraph, an ap-
25 plicable investor’s proportionate share of

1 USRPI gain shall be determined on the basis of
2 such investor's share of partnership items of in-
3 come or gain (excluding gain allocated under
4 section 704(c)), whichever results in the largest
5 proportionate share. If the investor's share of
6 partnership items of income or gain (excluding
7 gain allocated under section 704(c)) may vary
8 during the period such investor is a partner in
9 the partnership, such share shall be the highest
10 share such investor may receive.”.

11 (2) CONFORMING AMENDMENTS.—

12 (A) Section 897(c)(1)(A) is amended by in-
13 serting “or subsection (k)” after “subparagraph
14 (B)” in the matter preceding clause (i).

15 (B) Section 857(b)(3)(F) is amended by
16 inserting “or subparagraph (A)(ii) or (C) of
17 section 897(k)(2)” after “897(h)(1)”.

18 (b) DETERMINATION OF DOMESTIC CONTROL.—

19 (1) SPECIAL OWNERSHIP RULES.—

20 (A) IN GENERAL.—Section 897(h)(4) is
21 amended by adding at the end the following
22 new subparagraph:

23 “(E) SPECIAL OWNERSHIP RULES.—For
24 purposes of determining the holder of stock
25 under subparagraphs (B) and (C)—

1 “(i) in the case of any class of stock
2 of the qualified investment entity which is
3 regularly traded on an established securi-
4 ties market in the United States, a person
5 holding less than 5 percent of such class of
6 stock at all times during the testing period
7 shall be treated as a United States person
8 unless the qualified investment entity has
9 actual knowledge that such person is not a
10 United States person,

11 “(ii) any stock in the qualified invest-
12 ment entity held by another qualified in-
13 vestment entity—

14 “(I) any class of stock of which
15 is regularly traded on an established
16 securities market, or

17 “(II) which is a regulated invest-
18 ment company which issues redeem-
19 able securities (within the meaning of
20 section 2 of the Investment Company
21 Act of 1940),

22 shall be treated as held by a foreign per-
23 son, except that if such other qualified in-
24 vestment entity is domestically controlled
25 (determined after application of this sub-

1 paragraph), such stock shall be treated as
2 held by a United States person, and

3 “(iii) any stock in the qualified invest-
4 ment entity held by any other qualified in-
5 vestment entity not described in subclause
6 (I) or (II) of clause (ii) shall only be treat-
7 ed as held by a United States person in
8 proportion to the stock of such other quali-
9 fied investment entity which is (or is treat-
10 ed under clause (ii) or (iii) as) held by a
11 United States person.”.

12 (B) CONFORMING AMENDMENT.—The
13 heading for paragraph (4) of section 897(h) is
14 amended by inserting “AND SPECIAL RULES”
15 after “DEFINITIONS”.

16 (2) TECHNICAL AMENDMENT.—Clause (ii) of
17 section 897(h)(4)(A) is amended by inserting “and
18 for purposes of determining whether a real estate in-
19 vestment trust is a domestically controlled qualified
20 investment entity under this subsection” after “real
21 estate investment trust”.

22 (c) EFFECTIVE DATES.—

23 (1) IN GENERAL.—The amendments made by
24 subsection (a) shall take effect on the date of enact-
25 ment and shall apply to—

1 (A) any disposition on and after the date
2 of the enactment of this Act, and

3 (B) any distribution by a real estate in-
4 vestment trust on or after the date of the en-
5 actment of this Act which is treated as a deduc-
6 tion for a taxable year of such trust ending
7 after such date.

8 (2) DETERMINATION OF DOMESTIC CONTROL.—
9 The amendments made by subsection (b)(1) shall
10 take effect on the date of the enactment of this Act.

11 (3) TECHNICAL AMENDMENT.—The amendment
12 made by subsection (b)(2) shall take effect on Janu-
13 ary 1, 2015.

14 **SEC. 214. EXCEPTION FOR INTERESTS HELD BY FOREIGN**
15 **RETIREMENT OR PENSION FUNDS.**

16 (a) IN GENERAL.—Section 897, as amended by the
17 preceding provisions of this Act, is amended by adding at
18 the end the following new subsection:

19 “(1) EXCEPTION FOR INTERESTS HELD BY FOREIGN
20 PENSION FUNDS.—

21 “(1) IN GENERAL.—This section shall not apply
22 to any United States real property interest held
23 by—

24 “(A) a qualified foreign pension fund, or

1 “(B) any entity all of the interests of
2 which are held by a qualified foreign pension
3 fund.

4 “(2) QUALIFIED FOREIGN PENSION FUND.—
5 For purposes of this subsection, the term ‘qualified
6 foreign pension fund’ means any trust, corporation,
7 or other organization or arrangement—

8 “(A) which is created or organized under
9 the law of a country other than the United
10 States,

11 “(B) which is established to provide retire-
12 ment or pension benefits to participants or
13 beneficiaries that are current or former employ-
14 ees (or persons designated by such employees)
15 of one or more employers in consideration for
16 services rendered,

17 “(C) which does not have a single partici-
18 pant or beneficiary with a right to more than
19 five percent of its assets or income,

20 “(D) which is subject to government regu-
21 lation and provides annual information report-
22 ing about its beneficiaries to the relevant tax
23 authorities in the country in which it is estab-
24 lished or operates, and

1 “(E) with respect to which, under the laws
2 of the country in which it is established or oper-
3 ates—

4 “(i) contributions to such trust, cor-
5 poration, organization, or arrangement
6 which would otherwise be subject to tax
7 under such laws are deductible or excluded
8 from the gross income of such entity or
9 taxed at a reduced rate, or

10 “(ii) taxation of any investment in-
11 come of such trust, corporation, organiza-
12 tion or arrangement is deferred or such in-
13 come is taxed at a reduced rate.

14 “(3) REGULATIONS.—The Secretary shall pre-
15 scribe such regulations as may be necessary or ap-
16 propriate to carry out the purposes of this sub-
17 section.”.

18 (b) EXEMPTION FROM WITHHOLDING.—Section
19 1445(f)(3) is amended by striking “any person” and all
20 that follows and inserting the following: “any person other
21 than—

22 “(A) a United States person, and

23 “(B) except as otherwise provided by the
24 Secretary, an entity with respect to which sec-

1 tion 897 does not apply by reason of subsection
2 (1) thereof.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to dispositions and distributions
5 after the date of the enactment of this Act.

6 **Subtitle B—Internal Revenue**
7 **Service Reforms**

8 **SEC. 221. DUTY TO ENSURE THAT IRS EMPLOYEES ARE FA-**
9 **MILIAR WITH AND ACT IN ACCORD WITH CER-**
10 **TAIN TAXPAYER RIGHTS.**

11 (a) IN GENERAL.—Section 7803(a) is amended by
12 redesignating paragraph (3) as paragraph (4) and by in-
13 serting after paragraph (2) the following new paragraph:

14 “(3) EXECUTION OF DUTIES IN ACCORD WITH
15 TAXPAYER RIGHTS.—In discharging his duties, the
16 Commissioner shall ensure that employees of the In-
17 ternal Revenue Service are familiar with and act in
18 accord with taxpayer rights as afforded by other
19 provisions of this title, including—

20 “(A) the right to be informed,

21 “(B) the right to quality service,

22 “(C) the right to pay no more than the
23 correct amount of tax,

24 “(D) the right to challenge the position of
25 the Internal Revenue Service and be heard,

1 “(E) the right to appeal a decision of the
2 Internal Revenue Service in an independent
3 forum,

4 “(F) the right to finality,

5 “(G) the right to privacy,

6 “(H) the right to confidentiality,

7 “(I) the right to retain representation, and

8 “(J) the right to a fair and just tax sys-
9 tem.”.

10 (b) **EFFECTIVE DATE.**—The amendments made by
11 this section shall take effect on the date of the enactment
12 of this Act.

13 **SEC. 222. IRS EMPLOYEES PROHIBITED FROM USING PER-**
14 **SONAL EMAIL ACCOUNTS FOR OFFICIAL**
15 **BUSINESS.**

16 No officer or employee of the Internal Revenue Serv-
17 ice may use a personal email account to conduct any offi-
18 cial business of the Government.

19 **SEC. 223. RELEASE OF INFORMATION REGARDING THE STA-**
20 **TUS OF CERTAIN INVESTIGATIONS.**

21 (a) **IN GENERAL.**—Section 6103(e) is amended by
22 adding at the end the following new paragraph:

23 “(11) **DISCLOSURE OF INFORMATION REGARD-**
24 **ING STATUS OF INVESTIGATION OF VIOLATION OF**
25 **THIS SECTION.**—In the case of a person who pro-

1 vides to the Secretary information indicating a viola-
2 tion of section 7213, 7213A, or 7214 with respect
3 to any return or return information of such person,
4 the Secretary may disclose to such person (or such
5 person's designee)—

6 “(A) whether an investigation based on the
7 person's provision of such information has been
8 initiated and whether it is open or closed,

9 “(B) whether any such investigation sub-
10 stantiated such a violation by any individual,
11 and

12 “(C) whether any action has been taken
13 with respect to such individual (including
14 whether a referral has been made for prosecu-
15 tion of such individual).”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to disclosures made on or after
18 the date of the enactment of this Act.

19 **SEC. 224. ADMINISTRATIVE APPEAL RELATING TO AD-**
20 **VERSE DETERMINATIONS OF TAX-EXEMPT**
21 **STATUS OF CERTAIN ORGANIZATIONS.**

22 (a) IN GENERAL.—Section 7123 is amended by add-
23 ing at the end of the following:

1 “(c) ADMINISTRATIVE APPEAL RELATING TO AD-
2 VERSE DETERMINATION OF TAX-EXEMPT STATUS OF
3 CERTAIN ORGANIZATIONS.—

4 “(1) IN GENERAL.—The Secretary shall pre-
5 scribe procedures under which an organization which
6 claims to be described in section 501(c) may request
7 an administrative appeal (including a conference re-
8 lating to such appeal if requested by the organiza-
9 tion) to the Internal Revenue Service Office of Ap-
10 peals of an adverse determination described in para-
11 graph (2).

12 “(2) ADVERSE DETERMINATIONS.—For pur-
13 poses of paragraph (1), an adverse determination is
14 described in this paragraph if such determination is
15 adverse to an organization with respect to—

16 “(A) the initial qualification or continuing
17 qualification of the organization as exempt from
18 tax under section 501(a) or as an organization
19 described in section 170(c)(2),

20 “(B) the initial classification or continuing
21 classification of the organization as a private
22 foundation under section 509(a), or

23 “(C) the initial classification or continuing
24 classification of the organization as a private

1 operating foundation under section
2 4942(j)(3).”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to determinations made on or
5 after May 19, 2014.

6 **SEC. 225. ORGANIZATIONS REQUIRED TO NOTIFY SEC-**
7 **RETARY OF INTENT TO OPERATE UNDER**
8 **501(c)(4).**

9 (a) IN GENERAL.—Part I of subchapter F of chapter
10 1 is amended by adding at the end the following new sec-
11 tion:

12 **“SEC. 506. ORGANIZATIONS REQUIRED TO NOTIFY SEC-**
13 **RETARY OF INTENT TO OPERATE UNDER**
14 **501(c)(4).**

15 “(a) IN GENERAL.—An organization described in
16 section 501(c)(4) shall, not later than 60 days after the
17 organization is established, notify the Secretary (in such
18 manner as the Secretary shall by regulation prescribe)
19 that it is operating as such.

20 “(b) CONTENTS OF NOTICE.—The notice required
21 under subsection (a) shall include the following informa-
22 tion:

23 “(1) The name, address, and taxpayer identi-
24 fication number of the organization.

1 “(2) The date on which, and the State under
2 the laws of which, the organization was organized.

3 “(3) A statement of the purpose of the organi-
4 zation.

5 “(c) ACKNOWLEDGMENT OF RECEIPT.—Not later
6 than 60 days after receipt of such a notice, the Secretary
7 shall send to the organization an acknowledgment of such
8 receipt.

9 “(d) EXTENSION FOR REASONABLE CAUSE.—The
10 Secretary may, for reasonable cause, extend the 60-day
11 period described in subsection (a).

12 “(e) USER FEE.—The Secretary shall impose a rea-
13 sonable user fee for submission of the notice under sub-
14 section (a).

15 “(f) REQUEST FOR DETERMINATION.—Upon request
16 by an organization to be treated as an organization de-
17 scribed in section 501(c)(4), the Secretary may issue a de-
18 termination with respect to such treatment. Such request
19 shall be treated for purposes of section 6104 as an applica-
20 tion for exemption from taxation under section 501(a).”.

21 (b) SUPPORTING INFORMATION WITH FIRST RE-
22 TURN.—Section 6033(f) is amended—

23 (1) by striking the period at the end and insert-
24 ing “, and”,

1 (2) by striking “include on the return required
2 under subsection (a) the information” and inserting
3 the following: “include on the return required under
4 subsection (a)—

5 “(1) the information”, and

6 (3) by adding at the end the following new
7 paragraph:

8 “(2) in the case of the first such return filed by
9 such an organization after submitting a notice to the
10 Secretary under section 506(a), such information as
11 the Secretary shall by regulation require in support
12 of the organization’s treatment as an organization
13 described in section 501(c)(4).”.

14 (c) FAILURE TO FILE INITIAL NOTIFICATION.—Sec-
15 tion 6652(c) is amended by redesignating paragraphs (4),
16 (5), and (6) as paragraphs (5), (6), and (7), respectively,
17 and by inserting after paragraph (3) the following new
18 paragraph:

19 “(4) NOTICES UNDER SECTION 506.—

20 “(A) PENALTY ON ORGANIZATION.—In the
21 case of a failure to submit a notice required
22 under section 506(a) (relating to organizations
23 required to notify Secretary of intent to operate
24 as 501(c)(4)) on the date and in the manner
25 prescribed therefor, there shall be paid by the

1 organization failing to so submit \$20 for each
2 day during which such failure continues, but
3 the total amount imposed under this subpara-
4 graph on any organization for failure to submit
5 any one notice shall not exceed \$5,000.

6 “(B) MANAGERS.—The Secretary may
7 make written demand on an organization sub-
8 ject to penalty under subparagraph (A) speci-
9 fying in such demand a reasonable future date
10 by which the notice shall be submitted for pur-
11 poses of this subparagraph. If such notice is not
12 submitted on or before such date, there shall be
13 paid by the person failing to so submit \$20 for
14 each day after the expiration of the time speci-
15 fied in the written demand during which such
16 failure continues, but the total amount imposed
17 under this subparagraph on all persons for fail-
18 ure to submit any one notice shall not exceed
19 \$5,000.”.

20 (d) CLERICAL AMENDMENT.—The table of sections
21 for part I of subchapter F of chapter 1 is amended by
22 adding at the end the following new item:

“Sec. 506. Organizations required to notify Secretary of intent to operate under
501(c)(4).”.

23 (e) LIMITATION.—Notwithstanding any other provi-
24 sion of law, any fees collected pursuant to section 506(e)

1 of the Internal Revenue Code of 1986, as added by sub-
2 section (a), shall not be expended by the Secretary of the
3 Treasury or the Secretary's delegate unless provided by
4 an appropriations Act.

5 (f) EFFECTIVE DATE.—

6 (1) IN GENERAL.—The amendments made by
7 this section shall apply to organizations which are
8 described in section 501(c)(4) of the Internal Rev-
9 enue Code of 1986 and organized after the date of
10 the enactment of this Act.

11 (2) CERTAIN EXISTING ORGANIZATIONS.—In
12 the case of any other organization described in sec-
13 tion 501(c)(4) of such Code, the amendments made
14 by this section shall apply to such organization only
15 if, on or before the date of the enactment of this
16 Act—

17 (A) such organization has not applied for
18 a written determination of recognition as an or-
19 ganization described in section 501(c)(4) of
20 such Code, and

21 (B) such organization has not filed at least
22 one annual return or notice required under sub-
23 section (a)(1) or (i) (as the case may be) of sec-
24 tion 6033 of such Code.

1 In the case of any organization to which the amend-
2 ments made by this section apply by reason of the
3 preceding sentence, such organization shall submit
4 the notice required by section 506(a) of such Code,
5 as added by this Act, not later than 180 days after
6 the date of the enactment of this Act.

7 **SEC. 226. DECLARATORY JUDGMENTS FOR 501(c)(4) AND**
8 **OTHER EXEMPT ORGANIZATIONS.**

9 (a) IN GENERAL.—Section 7428(a)(1) is amended by
10 striking “or” at the end of subparagraph (C) and by in-
11 serting after subparagraph (D) the following new subpara-
12 graph:

13 “(E) with respect to the initial qualifica-
14 tion or continuing qualification of an organiza-
15 tion as an organization described in section
16 501(c) (other than paragraph (3)) or 501(d)
17 and exempt from tax under section 501(a), or”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to pleadings filed after the date
20 of the enactment of this Act.

1 **SEC. 227. TERMINATION OF EMPLOYMENT OF INTERNAL**
2 **REVENUE SERVICE EMPLOYEES FOR TAKING**
3 **OFFICIAL ACTIONS FOR POLITICAL PUR-**
4 **POSES.**

5 (a) IN GENERAL.—Paragraph (10) of section
6 1203(b) of the Internal Revenue Service Restructuring
7 and Reform Act of 1998 is amended to read as follows:

8 “(10) performing, delaying, or failing to per-
9 form (or threatening to perform, delay, or fail to
10 perform) any official action (including any audit)
11 with respect to a taxpayer for purpose of extracting
12 personal gain or benefit or for a political purpose.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall take effect on the date of the enactment
15 of this Act.

16 **SEC. 228. GIFT TAX NOT TO APPLY TO CONTRIBUTIONS TO**
17 **CERTAIN EXEMPT ORGANIZATIONS.**

18 (a) IN GENERAL.—Section 2501(a) of the Internal
19 Revenue Code of 1986 is amended by adding at the end
20 the following new paragraph:

21 “(6) TRANSFERS TO CERTAIN EXEMPT ORGANI-
22 ZATIONS.—Paragraph (1) shall not apply to the
23 transfer of money or other property to an organiza-
24 tion described in paragraph (4), (5), or (6) of sec-
25 tion 501(c) and exempt from tax under section
26 501(a), for the use of such organization.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to gifts made after the date of
3 the enactment of this Act.

4 (c) NO INFERENCE.—Nothing in the amendment
5 made by subsection (a) shall be construed to create any
6 inference with respect to whether any transfer of property
7 (whether made before, on, or after the date of the enact-
8 ment of this Act) to an organization described in para-
9 graph (4), (5), or (6) of section 501(c) of the Internal
10 Revenue Code of 1986 is a transfer of property by gift
11 for purposes of chapter 12 of such Code.

12 **Subtitle C—United States Tax** 13 **Court**

14 **PART 1—TAXPAYER ACCESS TO UNITED STATES** 15 **TAX COURT**

16 **SEC. 231. FILING PERIOD FOR INTEREST ABATEMENT** 17 **CASES.**

18 (a) IN GENERAL.—Subsection (h) of section 6404 is
19 amended—

20 (1) by striking “REVIEW OF DENIAL” in the
21 heading and inserting “JUDICIAL REVIEW”, and

22 (2) by striking “if such action is brought” and
23 all that follows in paragraph (1) and inserting “if
24 such action is brought—

25 “(A) at any time after the earlier of—

1 “(i) the date of the mailing of the
2 Secretary’s final determination not to
3 abate such interest, or

4 “(ii) the date which is 180 days after
5 the date of the filing with the Secretary (in
6 such form as the Secretary may prescribe)
7 of a claim for abatement under this sec-
8 tion, and

9 “(B) not later than the date which is 180
10 days after the date described in subparagraph
11 (A)(i).”.

12 (b) **EFFECTIVE DATE.**—The amendments made by
13 this section shall apply to claims for abatement of interest
14 filed with the Secretary of the Treasury after the date of
15 the enactment of this Act.

16 **SEC. 232. SMALL TAX CASE ELECTION FOR INTEREST**
17 **ABATEMENT CASES.**

18 (a) **IN GENERAL.**—Subsection (f) of section 7463 is
19 amended—

20 (1) by striking “and” at the end of paragraph
21 (1),

22 (2) by striking the period at the end of para-
23 graph (2) and inserting “, and”, and

24 (3) by adding at the end the following new
25 paragraph:

1 “(ii) the principal place of business or
2 principal office or agency if the petitioner
3 is an entity other than an individual.”.

4 (b) EFFECTIVE DATE.—

5 (1) IN GENERAL.—The amendments made by
6 this section shall apply to petitions filed after the
7 date of enactment of this Act.

8 (2) EFFECT ON EXISTING PROCEEDINGS.—
9 Nothing in this section shall be construed to create
10 any inference with respect to the application of sec-
11 tion 7482 of the Internal Revenue Code of 1986
12 with respect to court proceedings filed on or before
13 the date of the enactment of this Act.

14 **SEC. 234. SUSPENSION OF RUNNING OF PERIOD FOR FIL-**
15 **ING PETITION OF SPOUSAL RELIEF AND COL-**
16 **LECTION CASES.**

17 (a) PETITIONS FOR SPOUSAL RELIEF.—

18 (1) IN GENERAL.—Subsection (e) of section
19 6015 is amended by adding at the end the following
20 new paragraph:

21 “(6) SUSPENSION OF RUNNING OF PERIOD FOR
22 FILING PETITION IN TITLE 11 CASES.—In the case
23 of a person who is prohibited by reason of a case
24 under title 11, United States Code, from filing a pe-
25 tition under paragraph (1)(A) with respect to a final

1 determination of relief under this section, the run-
2 ning of the period prescribed by such paragraph for
3 filing such a petition with respect to such final de-
4 termination shall be suspended for the period during
5 which the person is so prohibited from filing such a
6 petition, and for 60 days thereafter.”.

7 (2) EFFECTIVE DATE.—The amendment made
8 by this subsection shall apply to petitions filed under
9 section 6015(e) of the Internal Revenue Code of
10 1986 after the date of the enactment of this Act.

11 (b) COLLECTION PROCEEDINGS.—

12 (1) IN GENERAL.—Subsection (d) of section
13 6330 is amended—

14 (A) by striking “appeal such determination
15 to the Tax Court” in paragraph (1) and insert-
16 ing “petition the Tax Court for review of such
17 determination”,

18 (B) by striking “JUDICIAL REVIEW OF DE-
19 TERMINATION” in the heading of paragraph (1)
20 and inserting “PETITION FOR REVIEW BY TAX
21 COURT”,

22 (C) by redesignating paragraph (2) as
23 paragraph (3), and

24 (D) by inserting after paragraph (1) the
25 following new paragraph:

1 “(2) SUSPENSION OF RUNNING OF PERIOD FOR
2 FILING PETITION IN TITLE 11 CASES.—In the case
3 of a person who is prohibited by reason of a case
4 under title 11, United States Code, from filing a pe-
5 tition under paragraph (1) with respect to a deter-
6 mination under this section, the running of the pe-
7 riod prescribed by such subsection for filing such a
8 petition with respect to such determination shall be
9 suspended for the period during which the person is
10 so prohibited from filing such a petition, and for 30
11 days thereafter, and”.

12 (2) EFFECTIVE DATE.—The amendments made
13 by this subsection shall apply to petitions filed under
14 section 6330 of the Internal Revenue Code of 1986
15 after the date of the enactment of this Act.

16 (c) CONFORMING AMENDMENT.—Subsection (c) of
17 section 6320 is amended by striking “(2)(B)” and insert-
18 ing “(3)(B)”.

19 **SEC. 235. APPLICATION OF FEDERAL RULES OF EVIDENCE.**

20 (a) IN GENERAL.—Section 7453 is amended by strik-
21 ing “the rules of evidence applicable in trials without a
22 jury in the United States District Court of the District
23 of Columbia” and inserting “the Federal Rules of Evi-
24 dence”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to proceedings commenced after
3 the date of the enactment of this Act and, to the extent
4 that it is just and practicable, to all proceedings pending
5 on such date.

6 **PART 2—UNITED STATES TAX COURT**

7 **ADMINISTRATION**

8 **SEC. 241. JUDICIAL CONDUCT AND DISABILITY PROCE-**
9 **DURES.**

10 (a) IN GENERAL.—Part II of subchapter C of chap-
11 ter 76 is amended by adding at the end the following new
12 section:

13 **“SEC. 7466. JUDICIAL CONDUCT AND DISABILITY PROCE-**
14 **DURES.**

15 “(a) IN GENERAL.—The Tax Court shall prescribe
16 rules, consistent with the provisions of chapter 16 of title
17 28, United States Code, establishing procedures for the
18 filing of complaints with respect to the conduct of any
19 judge or magistrate judge of the Tax Court and for the
20 investigation and resolution of such complaints. In inves-
21 tigating and taking action with respect to any such com-
22 plaint, the Tax Court shall have the powers granted to
23 a judicial council under such chapter.

24 “(b) JUDICIAL COUNCIL.—The provisions of sections
25 354(b) through 360 of title 28, United States Code, re-

1 garding referral or certification to, and petition for review
2 in the Judicial Conference of the United States, and action
3 thereon, shall apply to the exercise by the Tax Court of
4 the powers of a judicial council under subsection (a). The
5 determination pursuant to section 354(b) or 355 of title
6 28, United States Code, shall be made based on the
7 grounds for removal of a judge from office under section
8 7443(f), and certification and transmittal by the Con-
9 ference of any complaint shall be made to the President
10 for consideration under section 7443(f).

11 “(c) HEARINGS.—

12 “(1) IN GENERAL.—In conducting hearings
13 pursuant to subsection (a), the Tax Court may exer-
14 cise the authority provided under section 1821 of
15 title 28, United States Code, to pay the fees and al-
16 lowances described in that section.

17 “(2) REIMBURSEMENT FOR EXPENSES.—The
18 Tax Court shall have the power provided under sec-
19 tion 361 of such title 28 to award reimbursement for
20 the reasonable expenses described in that section.
21 Reimbursements under this paragraph shall be made
22 out of any funds appropriated for purposes of the
23 Tax Court.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for part II of subchapter C of chapter 76 is amended by
3 adding at the end the following new item:

“Sec. 7466. Judicial conduct and disability procedures.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to proceedings commenced after
6 the date which is 180 days after the date of the enactment
7 of this Act and, to the extent just and practicable, all pro-
8 ceedings pending on such date.

9 **SEC. 242. ADMINISTRATION, JUDICIAL CONFERENCE, AND**
10 **FEEES.**

11 (a) IN GENERAL.—Part III of subchapter C of chap-
12 ter 76 is amended by inserting before section 7471 the
13 following new sections:

14 **“SEC. 7470. ADMINISTRATION.**

15 “Notwithstanding any other provision of law, the Tax
16 Court may exercise, for purposes of management, adminis-
17 tration, and expenditure of funds of the Court, the au-
18 thorities provided for such purposes by any provision of
19 law (including any limitation with respect to such provi-
20 sion of law) applicable to a court of the United States (as
21 that term is defined in section 451 of title 28, United
22 States Code), except to the extent that such provision of
23 law is inconsistent with a provision of this subchapter.

1 **“SEC. 7470A. JUDICIAL CONFERENCE.**

2 “(a) JUDICIAL CONFERENCE.—The chief judge may
3 summon the judges and magistrate judges of the Tax
4 Court to an annual judicial conference, at such time and
5 place as the chief judge shall designate, for the purpose
6 of considering the business of the Tax Court and recom-
7 mending means of improving the administration of justice
8 within the jurisdiction of the Tax Court. The Tax Court
9 shall provide by its rules for representation and active par-
10 ticipation at such conferences by persons admitted to prac-
11 tice before the Tax Court and by other persons active in
12 the legal profession.

13 “(b) REGISTRATION FEE.—The Tax Court may im-
14 pose a reasonable registration fee on persons (other than
15 judges and magistrate judges of the Tax Court) partici-
16 pating at judicial conferences convened pursuant to sub-
17 section (a). Amounts so received by the Tax Court shall
18 be available to the Tax Court to defray the expenses of
19 such conferences.”.

20 (b) DISPOSITION OF FEES.—Section 7473 is amend-
21 ed to read as follows:

22 **“SEC. 7473. DISPOSITION OF FEES.**

23 “Except as provided in sections 7470A and 7475, all
24 fees received by the Tax Court pursuant to this title shall
25 be deposited into a special fund of the Treasury to be

1 available to offset funds appropriated for the operation
2 and maintenance of the Tax Court.”.

3 (c) CLERICAL AMENDMENTS.—The table of sections
4 for part III of subchapter C of chapter 76 is amended
5 by inserting before the item relating to section 7471 the
6 following new items:

“Sec. 7470. Administration.

“Sec. 7470A. Judicial conference.”.

7 **PART 3—CLARIFICATION RELATING TO UNITED**
8 **STATES TAX COURT**

9 **SEC. 251. CLARIFICATION RELATING TO UNITED STATES**
10 **TAX COURT.**

11 Section 7441 is amended by adding at the end the
12 following: “The Tax Court is not an agency of, and shall
13 be independent of, the executive branch of the Govern-
14 ment.”.

15 **Subtitle D—Miscellaneous**
16 **Provisions**

17 **SEC. 261. REMOVAL OF BOND REQUIREMENTS AND EX-**
18 **TENDING FILING PERIODS FOR CERTAIN**
19 **TAXPAYERS WITH LIMITED EXCISE TAX LI-**
20 **ABILITY.**

21 (a) FILING REQUIREMENTS.—Paragraph (4) of sec-
22 tion 5061(d) is amended—

23 (1) in subparagraph (A)—

1 (A) by striking “In the case of” and in-
2 serting the following:

3 “(i) MORE THAN \$1,000 AND NOT
4 MORE THAN \$50,000 IN TAXES.—Except as
5 provided in clause (ii), in the case of”,

6 (B) by striking “under bond for deferred
7 payment”, and

8 (C) by adding at the end the following new
9 clause:

10 “(ii) NOT MORE THAN \$1,000 IN
11 TAXES.—In the case of any taxpayer who
12 reasonably expects to be liable for not
13 more than \$1,000 in taxes imposed with
14 respect to distilled spirits, wines, and beer
15 under subparts A, C, and D and section
16 7652 for the calendar year and who was
17 liable for not more than \$1,000 in such
18 taxes in the preceding calendar year, the
19 last day for the payment of tax on with-
20 drawals, removals, and entries (and arti-
21 cles brought into the United States from
22 Puerto Rico) shall be the 14th day after
23 the last day of the calendar year during
24 which the action giving rise to the imposi-
25 tion of such tax occurs.”, and

1 (2) in subparagraph (B)—

2 (A) by striking “Subparagraph (A)” and
3 inserting the following:

4 “(i) EXCEEDS \$50,000 LIMIT.—Sub-
5 paragraph (A)(i)”, and

6 (B) by adding at the end the following new
7 clause:

8 “(ii) EXCEEDS \$1,000 LIMIT.—Sub-
9 paragraph (A)(ii) shall not apply to any
10 taxpayer for any portion of the calendar
11 year following the first date on which the
12 aggregate amount of tax due under sub-
13 parts A, C, and D and section 7652 from
14 such taxpayer during such calendar year
15 exceeds \$1,000, and any tax under such
16 subparts which has not been paid on such
17 date shall be due on the 14th day after the
18 last day of the calendar quarter in which
19 such date occurs.”.

20 (b) BOND REQUIREMENTS.—

21 (1) IN GENERAL.—Section 5551 is amended—

22 (A) in subsection (a), by striking “No indi-
23 vidual” and inserting “Except as provided
24 under subsection (d), no individual”, and

1 (B) by adding at the end the following new
2 subsection:

3 “(d) REMOVAL OF BOND REQUIREMENTS.—

4 “(1) IN GENERAL.—During any period to which
5 subparagraph (A) of section 5061(d)(4) applies to a
6 taxpayer (determined after application of subpara-
7 graph (B) thereof), such taxpayer shall not be re-
8 quired to furnish any bond covering operations or
9 withdrawals of distilled spirits, wines, or beer.

10 “(2) SATISFACTION OF BOND REQUIRE-
11 MENTS.—Any taxpayer for any period described in
12 paragraph (1) shall be treated as if sufficient bond
13 has been furnished for purposes of covering oper-
14 ations and withdrawals of distilled spirits, wines, or
15 beer for purposes of any requirements relating to
16 bonds under this chapter.”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) BONDS FOR DISTILLED SPIRITS
19 PLANTS.—Section 5173(a) is amended—

20 (i) in paragraph (1), by striking “No
21 person” and inserting “Except as provided
22 under section 5551(d), no person”, and

23 (ii) in paragraph (2), by striking “No
24 distilled spirits” and inserting “Except as

1 provided under section 5551(d), no dis-
2 tilled spirits”.

3 (B) BONDED WINE CELLARS.—Section
4 5351 is amended—

5 (i) by striking “Any person” and in-
6 serting the following:

7 “(a) IN GENERAL.—Any person”,

8 (ii) by inserting “, except as provided
9 under section 5551(d),” before “file bond”,

10 (iii) by striking “Such premises shall”
11 and all that follows through the period,
12 and

13 (iv) by adding at the end the following
14 new subsection:

15 “(b) DEFINITIONS.—For purposes of this chapter—

16 “(1) BONDED WINE CELLAR.—The term ‘bond-
17 ed wine cellar’ means any premises described in sub-
18 section (a), including any such premises established
19 by a taxpayer described in section 5551(d).

20 “(2) BONDED WINERY.—At the discretion of
21 the Secretary, any bonded wine cellar engaging in
22 production operations may be designated as a ‘bond-
23 ed winery’.”.

1 (C) BONDS FOR BREWERIES.—Section
2 5401 is amended by adding at the end the fol-
3 lowing new subsection:

4 “(c) EXCEPTION FROM BOND REQUIREMENTS FOR
5 CERTAIN BREWERIES.—Subsection (b) shall not apply to
6 any taxpayer for any period described in section
7 5551(d).”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect on the date that is 90 days
10 after the date of the enactment of this Act.

11 **SEC. 262. MODIFICATIONS TO ALTERNATIVE TAX FOR CER-**
12 **TAIN SMALL INSURANCE COMPANIES.**

13 (a) ADDITIONAL REQUIREMENT FOR COMPANIES TO
14 WHICH ALTERNATIVE TAX APPLIES.—

15 (1) ADDED REQUIREMENT.—

16 (A) IN GENERAL.—Subparagraph (A) of
17 section 831(b)(2) is amended—

18 (i) by striking “(including inter-
19 insurers and reciprocal underwriters)”, and

20 (ii) by striking “and” at the end of
21 clause (i), by redesignating clause (ii) as
22 clause (iii), and by inserting after clause
23 (i) the following new clause:

1 “(ii) such company meets the diver-
2 sification requirements of subparagraph
3 (B), and”.

4 (B) DIVERSIFICATION REQUIREMENT.—
5 Paragraph (2) of section 831(b) is amended by
6 redesignating subparagraphs (B) as subpara-
7 graph (C) and by inserting after subparagraph
8 (A) the following new subparagraph:

9 “(B) DIVERSIFICATION REQUIREMENTS.—

10 “(i) IN GENERAL.—An insurance com-
11 pany meets the requirements of this sub-
12 paragraph if no more than 20 percent of
13 the net written premiums (or, if greater,
14 direct written premiums) of such company
15 for the taxable year is attributable to any
16 one policyholder.

17 “(ii) ALTERNATIVE DIVERSIFICATION
18 REQUIREMENT.—An insurance company
19 meets the requirements of this subpara-
20 graph if—

21 “(I) such insurance company
22 does not meet the requirement of
23 clause (i),

24 “(II) no person who holds (di-
25 rectly or indirectly) an interest in

1 such insurance company is a specified
2 holder who holds (directly or indi-
3 rectly) aggregate interests in such in-
4 surance company which constitute a
5 percentage of the entire interests in
6 such insurance company which is
7 more than a de minimis percentage
8 higher than the percentage of inter-
9 ests in the specified assets with re-
10 spect to such insurance company held
11 (directly or indirectly) by such speci-
12 fied holder.

13 “(iii) DEFINITIONS.—For purposes of
14 clause (ii)—

15 “(I) SPECIFIED HOLDER.—The
16 term ‘specified holder’ means, with re-
17 spect to any insurance company, any
18 individual who holds (directly or indi-
19 rectly) an interest in such insurance
20 company and who is a spouse or lineal
21 descendant (including by adoption) of
22 an individual who holds an interest
23 (directly or indirectly) in the specified
24 assets with respect to such insurance
25 company.

1 “(II) SPECIFIED ASSETS.—The
2 term ‘specified assets’ means, with re-
3 spect to any insurance company, the
4 trades or businesses, rights, or assets
5 with respect to which the net written
6 premiums (or direct written pre-
7 miums) of such insurance company
8 are paid.

9 “(III) INDIRECT INTEREST.—An
10 indirect interest includes any interest
11 held through a trust, estate, partner-
12 ship, or corporation.

13 “(IV) DE MINIMIS.—Except as
14 otherwise provided by the Secretary in
15 regulations or other guidance, 2 per-
16 centage points or less shall be treated
17 as de minimis.”.

18 (C) CONFORMING AMENDMENTS.—The
19 second sentence section 831(b)(2)(A) is amend-
20 ed—

21 (i) by striking “clause (ii)” and in-
22 serting “clause (iii)”, and

23 (ii) by striking “clause (i)” and in-
24 serting “clauses (i) and (ii)”.

1 (2) TREATMENT OF RELATED POLICY-
2 HOLDERS.—Clause (i) of section 831(b)(2)(C), as
3 redesignated by paragraph (1)(B), is amended—

4 (A) by striking “For purposes of subpara-
5 graph (A), in determining” and inserting “For
6 purposes of this paragraph—

7 “(I) in determining”,

8 (B) by striking the period at the end and
9 inserting “, and”, and

10 (C) by adding at the end the following new
11 subclause:

12 “(II) in determining the attribu-
13 tion of premiums to any policyholder
14 under subparagraph (B)(i), all policy-
15 holders which are related (within the
16 meaning of section 267(b) or 707(b))
17 or are members of the same controlled
18 group shall be treated as one policy-
19 holder.”.

20 (3) REPORTING.—Section 831 is amended by
21 redesignating subsection (d) as subsection (e) and by
22 inserting after subsection (c) the following new sub-
23 section:

24 “(d) REPORTING.—Every insurance company for
25 which an election is in effect under subsection (b) for any

1 taxable year shall furnish to the Secretary at such time
2 and in such manner as the Secretary shall prescribe such
3 information for such taxable year as the Secretary shall
4 require with respect to the requirements of subsection
5 (b)(2)(A)(ii).”.

6 (b) INCREASE IN LIMITATION ON PREMIUMS.—

7 (1) IN GENERAL.—Clause (i) of section
8 831(b)(2)(A) is amended by striking “\$1,200,000”
9 and inserting “\$2,200,000”.

10 (2) INFLATION ADJUSTMENT.—Paragraph (2)
11 of section 831(b), as amended by subsection
12 (a)(1)(B), is amended by adding at the end the fol-
13 lowing new subparagraph:

14 “(D) INFLATION ADJUSTMENT.—In the
15 case of any taxable year beginning in a calendar
16 year after 2015, the dollar amount set forth in
17 subparagraph (A)(i) shall be increased by an
18 amount equal to—

19 “(i) such dollar amount, multiplied by

20 “(ii) the cost-of-living adjustment de-
21 termined under section 1(f)(3) for such
22 calendar year by substituting ‘calendar
23 year 2013’ for ‘calendar year 1992’ in sub-
24 paragraph (B) thereof.

1 If the amount as adjusted under the preceding
2 sentence is not a multiple of \$50,000, such
3 amount shall be rounded to the next lowest
4 multiple of \$50,000.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2016.

8 **SEC. 263. MODIFICATION OF DEFINITION OF HARD CIDER.**

9 (a) IN GENERAL.—Section 5041 is amended by add-
10 ing at the end the following new subsection:

11 “(g) HARD CIDER.—For purposes of subsection
12 (b)(6), the term ‘hard cider’ means a wine—

13 “(1) containing not more than 0.64 gram of
14 carbon dioxide per hundred milliliters of wine, except
15 that the Secretary may by regulations prescribe such
16 tolerances to this limitation as may be reasonably
17 necessary in good commercial practice,

18 “(2) which is derived primarily from—

19 “(A) apples, apple juice concentrate, pears,
20 or pear juice concentrate, and

21 “(B) water,

22 “(3) which contains no fruit product or fruit
23 flavoring other than apple or pear, and

24 “(4) which contains at least one-half of 1 per-
25 cent and less than 8.5 percent alcohol by volume.”.

1 (b) CONFORMING AMENDMENT.—Paragraph (6) of
2 section 5041(b) is amended by striking “which is a still
3 wine” and all that follows through “alcohol by volume”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to articles removed during calendar
6 years beginning after December 31, 2015.

7 **SEC. 264. PREVENTION OF EXTENSION OF TAX COLLEC-**
8 **TION PERIOD FOR MEMBERS OF THE ARMED**
9 **FORCES WHO ARE HOSPITALIZED AS A RE-**
10 **SULT OF COMBAT ZONE INJURIES.**

11 (a) IN GENERAL.—Section 7508(e) is amended by
12 adding at the end the following new paragraph:

13 “(3) COLLECTION PERIOD AFTER ASSESSMENT
14 NOT EXTENDED AS A RESULT OF HOSPITALIZA-
15 TION.—With respect to any period of continuous
16 qualified hospitalization described in subsection (a)
17 and the next 180 days thereafter, subsection (a)
18 shall not apply in the application of section 6502.”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to taxes assessed before, on, or
21 after the date of the enactment of this Act.

1 **SEC. 265. DEDUCTIBILITY OF CHARITABLE CONTRIBU-**
2 **TIONS TO AGRICULTURAL RESEARCH ORGA-**
3 **NIZATIONS.**

4 (a) IN GENERAL.—Subparagraph (A) of section
5 170(b)(1) is amended by striking “or” at the end of clause
6 (vii), by striking the comma at the end of clause (viii) and
7 inserting “, or”, and by inserting after clause (viii) the
8 following new clause:

9 “(ix) an agricultural research organi-
10 zation directly engaged in the continuous
11 active conduct of agricultural research (as
12 defined in section 1404 of the Agricultural
13 Research, Extension, and Teaching Policy
14 Act of 1977) in conjunction with a land-
15 grant college or university (as defined in
16 such section) or a non-land grant college of
17 agriculture (as defined in such section),
18 and during the calendar year in which the
19 contribution is made such organization is
20 committed to spend such contribution for
21 such research before January 1 of the fifth
22 calendar year which begins after the date
23 such contribution is made.”.

24 (b) EXPENDITURES TO INFLUENCE LEGISLATION.—
25 Paragraph (4) of section 501(h) is amended by redesi-
26 gnating subparagraphs (E) and (F) as subparagraphs (F)

1 and (G), respectively, and by inserting after subparagraph
2 (D) the following new subparagraph:

3 “(E) section 170(b)(1)(A)(ix) (relating to
4 agricultural research organizations),”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to contributions made on and after
7 the date of the enactment of this Act.

8 **SEC. 266. CLARIFICATION OF SPECIAL RULE FOR CERTAIN**
9 **GOVERNMENTAL PLANS.**

10 (a) IN GENERAL.—Paragraph (1) of section 105(j)
11 is amended—

12 (1) by striking “the taxpayer” and inserting “a
13 qualified taxpayer”, and

14 (2) by striking “deceased plan participant’s
15 beneficiary” and inserting “deceased employee’s ben-
16 eficiary (other than an individual described in para-
17 graph (3)(B))”.

18 (b) QUALIFIED TAXPAYER.—Subsection (j) of section
19 105 is amended by adding at the end the following new
20 paragraph:

21 “(3) QUALIFIED TAXPAYER.—For purposes of
22 paragraph (1), with respect to an accident or health
23 plan described in paragraph (2), the term ‘qualified
24 taxpayer’ means a taxpayer who is—

25 “(A) an employee, or

1 “(B) the spouse, dependent (as defined for
2 purposes of subsection (b)), or child (as defined
3 for purposes of such subsection) of an em-
4 ployee.”.

5 (c) APPLICATION TO POLITICAL SUBDIVISIONS OF
6 STATES.—Paragraph (2) of section 105(j) is amended—

7 (1) by inserting “or established by or on behalf
8 of a State or political subdivision thereof” after
9 “public retirement system”, and

10 (2) by inserting “or 501(e)(9)” after “section
11 115” in subparagraph (B).

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to payments after the date of the
14 enactment of this Act.

15 **SEC. 267. EXCLUSION FOR AMOUNTS RECEIVED UNDER**
16 **THE WORK COLLEGES PROGRAM.**

17 (a) IN GENERAL.—Paragraph (2) of section 117(c)
18 is amended by striking “or” at the end of subparagraph
19 (A), by striking the period at the end of subparagraph
20 (B) and inserting “, or”, and by adding at the end the
21 following new subparagraph:

22 “(C) a comprehensive student work-learn-
23 ing-service program (as defined in section
24 448(e) of the Higher Education Act of 1965)

1 operated by a work college (as defined in such
2 section).”.

3 (b) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to amounts received in taxable
5 years beginning after the date of the enactment of this
6 Act.

7 **SEC. 268. CLARIFICATION OF ENROLLED AGENT CREDEN-**
8 **TIALS.**

9 Section 330 of title 31, United States Code, is
10 amended—

11 (1) by redesignating subsections (b), (c), and
12 (d) as subsections (c), (d), and (e), respectively, and

13 (2) by inserting after subsection (a) the fol-
14 lowing new subsection:

15 “(b) Any enrolled agents properly licensed to practice
16 as required under rules promulgated under subsection (a)
17 shall be allowed to use the credentials or designation of
18 ‘enrolled agent’, ‘EA’, or ‘E.A.’.”.

19 **SEC. 269. IMPROVEMENTS TO SECTION 529 ACCOUNTS.**

20 (a) **COMPUTER TECHNOLOGY AND EQUIPMENT PER-**
21 **MANENTLY ALLOWED AS A QUALIFIED HIGHER EDU-**
22 **CATION EXPENSE FOR SECTION 529 ACCOUNTS.**—

23 (1) **IN GENERAL.**—Section 529(e)(3)(A)(iii) is
24 amended to read as follows:

1 “(iii) expenses for the purchase of
2 computer or peripheral equipment (as de-
3 fined in section 168(i)(2)(B)), computer
4 software (as defined in section
5 197(e)(3)(B)), or Internet access and re-
6 lated services, if such equipment, software,
7 or services are to be used primarily by the
8 beneficiary during any of the years the
9 beneficiary is enrolled at an eligible edu-
10 cational institution.”.

11 (2) EFFECTIVE DATE.—The amendment made
12 by this subsection shall apply to taxable years begin-
13 ning after December 31, 2014.

14 (b) ELIMINATION OF DISTRIBUTION AGGREGATION
15 REQUIREMENTS.—

16 (1) IN GENERAL.—Section 529(c)(3) is amend-
17 ed by striking subparagraph (D).

18 (2) EFFECTIVE DATE.—The amendment made
19 by this subsection shall apply to distributions after
20 December 31, 2014.

21 (c) RECONTRIBUTION OF REFUNDED AMOUNTS.—

22 (1) IN GENERAL.—Section 529(c)(3), as
23 amended by subsection (b), is amended by adding at
24 the end the following new subparagraph:

1 “(D) SPECIAL RULE FOR CONTRIBUTIONS
2 OF REFUNDED AMOUNTS.—In the case of a
3 beneficiary who receives a refund of any quali-
4 fied higher education expenses from an eligible
5 educational institution, subparagraph (A) shall
6 not apply to that portion of any distribution for
7 the taxable year which is recontributed to a
8 qualified tuition program of which such indi-
9 vidual is a beneficiary, but only to the extent
10 such recontribution is made not later than 60
11 days after the date of such refund and does not
12 exceed the refunded amount.”.

13 (2) EFFECTIVE DATE.—

14 (A) IN GENERAL.—The amendment made
15 by this subsection shall apply with respect to
16 refunds of qualified higher education expenses
17 after December 31, 2014.

18 (B) TRANSITION RULE.—In the case of a
19 refund of qualified higher education expenses
20 received after December 31, 2014, and before
21 the date of the enactment of this Act, section
22 529(c)(3)(D) of the Internal Revenue Code of
23 1986 (as added by this subsection) shall be ap-
24 plied by substituting “not later than 60 days
25 after the date of the enactment of this subpara-

1 graph” for “not later than 60 days after the
2 date of such refund”.

3 **SEC. 270. ROLLOVERS PERMITTED FROM OTHER RETIRE-**
4 **MENT PLANS INTO SIMPLE RETIREMENT AC-**
5 **COUNTS.**

6 (a) IN GENERAL.—Section 408(p)(1)(B) is amended
7 by inserting “except in the case of a rollover contribution
8 described in subsection (d)(3)(G) or a rollover contribution
9 otherwise described in subsection (d)(3) or in section
10 402(c), 403(a)(4), 403(b)(8), or 457(e)(16), which is
11 made after the 2-year period described in section
12 72(t)(6),” before “with respect to which the only contribu-
13 tions allowed”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to contributions made after the
16 date of the enactment of this Act.

17 **SEC. 271. TECHNICAL AMENDMENT RELATING TO ROLL-**
18 **OVER OF CERTAIN AIRLINE PAYMENT**
19 **AMOUNTS.**

20 (a) IN GENERAL.—Section 1106(a) of the FAA Mod-
21 ernization and Reform Act of 2012 (26 U.S.C. 408 note)
22 is amended by adding at the end the following new para-
23 graph:

24 “(6) SPECIAL RULE FOR CERTAIN AIRLINE PAY-
25 MENT AMOUNTS.—In the case of any amount which

1 became an airline payment amount by reason of the
2 amendments made by section 1(b) of Public Law
3 113–243 (26 U.S.C. 408 note), paragraph (1) shall
4 be applied by substituting ‘(or, if later, within the
5 period beginning on December 18, 2014, and ending
6 on the date which is 180 days after the date of en-
7 actment of the Tax Increase Prevention and Real
8 Estate Investment Act of 2015)’ for ‘(or, if later,
9 within 180 days of the date of the enactment of this
10 Act)’.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall take effect as if included in Public Law
13 113–243 (26 U.S.C. 408 note).

14 **SEC. 272. TREATMENT OF TIMBER GAINS.**

15 (a) IN GENERAL.—Section 1201(b) is amended to
16 read as follows:

17 “(b) SPECIAL RATE FOR QUALIFIED TIMBER
18 GAINS.—

19 “(1) IN GENERAL.—If, for any taxable year be-
20 ginning in 2016, a corporation has both a net cap-
21 ital gain and qualified timber gain—

22 “(A) subsection (a) shall apply to such cor-
23 poration for the taxable year without regard to
24 whether the applicable tax rate exceeds 35 per-
25 cent, and

1 “(B) the tax computed under subsection
2 (a)(2) shall be equal to the sum of—

3 “(i) 23.8 percent of the least of—

4 “(I) qualified timber gain,

5 “(II) net capital gain, or

6 “(III) taxable income, plus

7 “(ii) 35 percent of the excess (if any)
8 of taxable income over the sum of the
9 amounts for which a tax was determined
10 under subsection (a)(1) and clause (i).

11 “(2) QUALIFIED TIMBER GAIN.—For purposes
12 of this section, the term ‘qualified timber gain’
13 means, with respect to any taxpayer for any taxable
14 year, the excess (if any) of—

15 “(A) the sum of the taxpayer’s gains de-
16 scribed in subsections (a) and (b) of section 631
17 for such year, over

18 “(B) the sum of the taxpayer’s losses de-
19 scribed in such subsections for such year.

20 For purposes of subparagraphs (A) and (B), only
21 timber held more than 15 years shall be taken into
22 account.”.

23 (b) CONFORMING AMENDMENT.—Section 55(b) is
24 amended by striking paragraph (4).

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2015.

4 **SEC. 273. EXCLUSION FOR WRONGFULLY INCARCERATED**
5 **INDIVIDUALS.**

6 (a) IN GENERAL.—Part III of subchapter B of chap-
7 ter 1 is amended by inserting before section 140 the fol-
8 lowing new section:

9 **“SEC. 139F. CERTAIN AMOUNTS RECEIVED BY WRONG-**
10 **FULLY INCARCERATED INDIVIDUALS.**

11 “(a) EXCLUSION FROM GROSS INCOME.—In the case
12 of any wrongfully incarcerated individual, gross income
13 shall not include any civil damages, restitution, or other
14 monetary award (including compensatory or statutory
15 damages and restitution imposed in a criminal matter) re-
16 lating to the incarceration of such individual for the cov-
17 ered offense for which such individual was convicted.

18 “(b) WRONGFULLY INCARCERATED INDIVIDUAL.—
19 For purposes of this section, the term ‘wrongfully incar-
20 cerated individual’ means an individual—

21 “(1) who was convicted of a covered offense,

22 “(2) who served all or part of a sentence of im-
23 prisonment relating to that covered offense, and

24 “(3)(A) who was pardoned, granted clemency,
25 or granted amnesty for that covered offense because

1 that individual was innocent of that covered offense,
2 or

3 “(B)(i) for whom the judgment of conviction for
4 that covered offense was reversed or vacated, and

5 “(ii) for whom the indictment, information, or
6 other accusatory instrument for that covered offense
7 was dismissed or who was found not guilty at a new
8 trial after the judgment of conviction for that cov-
9 ered offense was reversed or vacated.

10 “(c) COVERED OFFENSE.—For purposes of this sec-
11 tion, the term ‘covered offense’ means any criminal offense
12 under Federal or State law, and includes any criminal of-
13 fense arising from the same course of conduct as that
14 criminal offense.”.

15 (b) CONFORMING AMENDMENT.—The table of sec-
16 tions for part III of subchapter B of chapter 1 is amended
17 by inserting after the item relating to section 139E the
18 following new item:

“Sec. 139F. Certain amounts received by wrongfully incarcerated individuals.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning before,
21 on, or after the date of the enactment of this Act.

22 (d) WAIVER OF LIMITATIONS.—If the credit or re-
23 fund of any overpayment of tax resulting from the applica-
24 tion of this Act to a period before the date of enactment
25 of this Act is prevented as of such date by the operation

1 of any law or rule of law (including res judicata), such
2 credit or refund may nevertheless be allowed or made if
3 the claim therefor is filed before the close of the 1-year
4 period beginning on the date of the enactment of this Act.

5 **SEC. 274. PARTNERSHIP AUDIT RULES.**

6 (a) CORRECTION AND CLARIFICATION TO MODIFICA-
7 TIONS TO IMPUTED UNDERPAYMENTS.—

8 (1) Section 6225(c)(4)(A)(i) is amended by
9 striking “in the case of ordinary income,”.

10 (2) Section 6225(c) is amended by redesignig-
11 nating paragraphs (5) through (7) as paragraphs
12 (6) through (8), respectively, and by inserting after
13 paragraph (4) the following new paragraph:

14 “(5) CERTAIN PASSIVE LOSSES OF PUBLICLY
15 TRADED PARTNERSHIPS.—

16 “(A) IN GENERAL.—In the case of a pub-
17 licly traded partnership (as defined in section
18 469(k)(2)), such procedures shall provide—

19 “(i) for determining the imputed un-
20 derpayment without regard to the portion
21 thereof that the partnership demonstrates
22 is attributable to a net decrease in a speci-
23 fied passive activity loss which is allocable
24 to a specified partner, and

1 “(ii) for the partnership to take such
2 net decrease into account as an adjustment
3 in the adjustment year with respect to the
4 specified partners to which such net de-
5 crease relates.

6 “(B) SPECIFIED PASSIVE ACTIVITY
7 LOSS.—For purposes of this paragraph, the
8 term ‘specified passive activity loss’ means, with
9 respect to any specified partner of such publicly
10 traded partnership, the lesser of—

11 “(i) the passive activity loss of such
12 partner which is separately determined
13 with respect to such partnership under sec-
14 tion 469(k) with respect to such partner’s
15 taxable year in which or with which the re-
16 viewed year of such partnership ends, or

17 “(ii) such passive activity loss so de-
18 termined with respect to such partner’s
19 taxable year in which or with which the ad-
20 justment year of such partnership ends.

21 “(C) SPECIFIED PARTNER.—For purposes
22 of this paragraph, the term ‘specified partner’
23 means any person if such person—

1 “(i) is a partner of the publicly traded
2 partnership referred to in subparagraph
3 (A),

4 “(ii) is described in section 469(a)(2),
5 and

6 “(iii) has a specified passive activity
7 loss with respect to such publicly traded
8 partnership,
9 with respect to each taxable year of such person
10 which is during the period beginning with the
11 taxable year of such person in which or with
12 which the reviewed year of such publicly traded
13 partnership ends and ending with the taxable
14 year of such person in which or with which the
15 adjustment year of such publicly traded part-
16 nership ends.”.

17 (b) CORRECTION TO JUDICIAL REVIEW OF PARTNER-
18 SHIP ADJUSTMENT.—

19 (1) Subsections (a)(3), (b)(1), and (d) of sec-
20 tion 6234 are each amended by striking “the Claims
21 Court” and inserting “the Court of Federal Claims”.

22 (2) The heading for section 6234(b) is amended
23 by striking “CLAIMS COURT” and inserting “COURT
24 OF FEDERAL CLAIMS”.

1 (c) CORRECTION AND CLARIFICATION TO PERIOD OF
2 LIMITATIONS ON MAKING ADJUSTMENTS.—

3 (1) Section 6235(a)(2) is amended by striking
4 “paragraph (4)” and inserting “paragraph (7)”.

5 (2) Section 6235(a)(3) is amended by striking
6 “270 days” and inserting “330 days (plus the num-
7 ber of days of any extension consented to by the
8 Secretary under section 6225(c)(7)”.

9 (d) TECHNICAL AMENDMENT.—Section 6031(b) is
10 amended by striking the last sentence and inserting the
11 following: “Except as provided in the procedures under
12 section 6225(c), with respect to statements under section
13 6226, or as otherwise provided by the Secretary, informa-
14 tion required to be furnished by the partnership under this
15 subsection may not be amended after the due date of the
16 return under subsection (a) to which such information re-
17 lates.”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect as if included in section 1101
20 of the Bipartisan Budget Act of 2015.

1 **Subtitle E—Revenue Provisions**

2 **SEC. 281. UPDATED ASHRAE STANDARDS FOR ENERGY EF-** 3 **FICIENT COMMERCIAL BUILDINGS DEDUC-** 4 **TION.**

5 (a) IN GENERAL.—Paragraph (1) of section 179D(c)
6 is amended by striking “Standard 90.1–2001” each place
7 it appears and inserting “Standard 90.1–2007”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Paragraph (2) of section 179D(c) is amend-
10 ed to read as follows:

11 “(2) STANDARD 90.1–2007.—The term ‘Stand-
12 ard 90.1–2007’ means Standard 90.1–2007 of the
13 American Society of Heating, Refrigerating, and Air
14 Conditioning Engineers and the Illuminating Engi-
15 neering Society of North America (as in effect on
16 the day before the date of the adoption of Standard
17 90.1–2010 of such Societies).”.

18 (2) Subsection (f) of section 179D is amended
19 by striking “Standard 90.1–2001” each place it ap-
20 pears in paragraphs (1) and (2)(C)(i) and inserting
21 “Standard 90.1–2007”.

22 (3) Paragraph (1) of section 179D(f) is amend-
23 ed—

24 (A) by striking “Table 9.3.1.1” and insert-
25 ing “Table 9.5.1”, and

1 (B) by striking “Table 9.3.1.2” and insert-
2 ing “Table 9.6.1”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this subsection shall apply to property placed in service
5 after December 31, 2015.

6 **SEC. 282. TREATMENT OF CERTAIN PERSONS AS EMPLOY-**
7 **ERS WITH RESPECT TO MOTION PICTURE**
8 **PROJECTS.**

9 (a) IN GENERAL.—Chapter 25 (relating to general
10 provisions relating to employment taxes) is amended by
11 adding at the end the following new section:

12 **“SEC. 3512. TREATMENT OF CERTAIN PERSONS AS EMPLOY-**
13 **ERS WITH RESPECT TO MOTION PICTURE**
14 **PROJECTS.**

15 “(a) IN GENERAL.—For purposes of sections
16 3121(a)(1) and 3306(b)(1), remuneration paid to a mo-
17 tion picture project worker by a motion picture project em-
18 ployer during a calendar year shall be treated as remu-
19 neration paid with respect to employment of such worker
20 by such employer during the calendar year. The identity
21 of such employer for such purposes shall be determined
22 as set forth in this section and without regard to the usual
23 common law rules applicable in determining the employer-
24 employee relationship.

25 “(b) DEFINITIONS.—For purposes of this section—

1 “(1) MOTION PICTURE PROJECT EMPLOYER.—

2 The term ‘motion picture project employer’ means
3 any person if—

4 “(A) such person (directly or through af-
5 filiates)—

6 “(i) is a party to a written contract
7 covering the services of motion picture
8 project workers with respect to motion pic-
9 ture projects in the course of a client’s
10 trade or business,

11 “(ii) is contractually obligated to pay
12 remuneration to the motion picture project
13 workers without regard to payment or re-
14 imbursement by any other person,

15 “(iii) controls the payment (within the
16 meaning of section 3401(d)(1)) of remu-
17 neration to the motion picture project
18 workers and pays such remuneration from
19 its own account or accounts,

20 “(iv) is a signatory to one or more
21 collective bargaining agreements with a
22 labor organization (as defined in 29 U.S.C.
23 152(5)) that represents motion picture
24 project workers, and

1 “(v) has treated substantially all mo-
2 tion picture project workers that such per-
3 son pays as employees and not as inde-
4 pendent contractors during such calendar
5 year for purposes of determining employ-
6 ment taxes under this subtitle, and

7 “(B) at least 80 percent of all remunera-
8 tion (to which section 3121 applies) paid by
9 such person in such calendar year is paid to
10 motion picture project workers.

11 “(2) MOTION PICTURE PROJECT WORKER.—
12 The term ‘motion picture project worker’ means any
13 individual who provides services on motion picture
14 projects for clients who are not affiliated with the
15 motion picture project employer.

16 “(3) MOTION PICTURE PROJECT.—The term
17 ‘motion picture project’ means the production of any
18 property described in section 168(f)(3). Such term
19 does not include property with respect to which
20 records are required to be maintained under section
21 2257 of title 18, United States Code.

22 “(4) AFFILIATE; AFFILIATED.—A person shall
23 be treated as an affiliate of, or affiliated with, an-
24 other person if such persons are treated as a single

1 employer under subsection (b) or (c) of section
2 414.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for such chapter 25 is amended by adding at the end the
5 following new item:

“Sec. 3512. Treatment of certain persons as employers with respect to motion
picture projects.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to remuneration paid after Decem-
8 ber 31, 2015.

9 (d) NO INFERENCE.—Nothing in the amendments
10 made by this section shall be construed to create any infer-
11 ence on the law before the date of the enactment of this
12 Act.

13 **SEC. 283. EXCISE TAX CREDIT EQUIVALENCY FOR**
14 **LIQUIFIED PETROLEUM GAS AND LIQUIFIED**
15 **NATURAL GAS.**

16 (a) IN GENERAL.—Section 6426 is amended by add-
17 ing at the end the following new subsection:

18 “(j) ENERGY EQUIVALENCY DETERMINATIONS FOR
19 LIQUEFIED PETROLEUM GAS AND LIQUEFIED NATURAL
20 GAS.—For purposes of determining any credit under this
21 section, any reference to the number of gallons of an alter-
22 native fuel or the gasoline gallon equivalent of such a fuel
23 shall be treated as a reference to—

1 “(1) in the case of liquefied petroleum gas, the
2 energy equivalent of a gallon of gasoline, as defined
3 in section 4041(a)(2)(C), and

4 “(2) in the case of liquefied natural gas, the en-
5 ergy equivalent of a gallon of diesel, as defined in
6 section 4041(a)(2)(D).”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to fuel sold or used after December
9 31, 2015.

10 **SEC. 284. EXCLUSION FROM GROSS INCOME OF CERTAIN**
11 **CLEAN COAL POWER GRANTS TO NON-COR-**
12 **PORATE TAXPAYERS.**

13 (a) GENERAL RULE.—In the case of an eligible tax-
14 payer other than a corporation, gross income for purposes
15 of the Internal Revenue Code of 1986 shall not include
16 any amount received under section 402 of the Energy Pol-
17 icy Act of 2005.

18 (b) REDUCTION IN BASIS.—The basis of any prop-
19 erty subject to the allowance for depreciation under the
20 Internal Revenue Code of 1986 which is acquired with any
21 amount to which subsection (a) applies during the 12-
22 month period beginning on the day such amount is re-
23 ceived shall be reduced by an amount equal to such
24 amount. The excess (if any) of such amount over the
25 amount of the reduction under the preceding sentence

1 shall be applied to the reduction (as of the last day of
2 the period specified in the preceding sentence) of the basis
3 of any other property held by the taxpayer. The particular
4 properties to which the reductions required by this sub-
5 section are allocated shall be determined by the Secretary
6 of the Treasury (or the Secretary's delegate) under regula-
7 tions similar to the regulations under section 362(c)(2) of
8 such Code.

9 (c) LIMITATION TO AMOUNTS WHICH WOULD BE
10 CONTRIBUTIONS TO CAPITAL.—Subsection (a) shall not
11 apply to any amount unless such amount, if received by
12 a corporation, would be excluded from gross income under
13 section 118 of the Internal Revenue Code of 1986.

14 (d) ELIGIBLE TAXPAYER.—For purposes of this sec-
15 tion, with respect to any amount received under section
16 402 of the Energy Policy Act of 2005, the term “eligible
17 taxpayer” means a taxpayer that makes a payment to the
18 Secretary of the Treasury (or the Secretary's delegate)
19 equal to 1.18 percent of the amount so received. Such pay-
20 ment shall be made at such time and in such manner as
21 such Secretary (or the Secretary's delegate) shall pre-
22 scribe. In the case of a partnership, such Secretary (or
23 the Secretary's delegate) shall prescribe regulations to de-
24 termine the allocation of such payment amount among the
25 partners.

1 (e) EFFECTIVE DATE.—This section shall apply to
2 amounts received under section 402 of the Energy Policy
3 Act of 2005 in taxable years beginning after December
4 31, 2011.

5 **TITLE III—BUDGETARY EFFECTS**

6 **SEC. 301. BUDGETARY EFFECTS.**

7 (a) PAYGO SCORECARD.—The budgetary effects of
8 this Act shall not be entered on either PAYGO scorecard
9 maintained pursuant to section 4(d) of the Statutory Pay-
10 As-You-Go Act of 2010.

11 (b) SENATE PAYGO SCORECARD.—The budgetary ef-
12 fects of this Act shall not be entered on any PAYGO score-
13 card maintained for purposes of section 201 of S. Con.
14 Res. 21 (110th Congress).

