

## **Senate Amendment to House Amendment to Senate Amendment:**

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

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

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

#### **11 TABLE OF CONTENTS.**

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

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

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

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

## TITLE I—PERMANENT MIDDLE CLASS TAX RELIEF

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

## TITLE II—PERMANENT EDUCATION TAX RELIEF

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

## TITLE III—PERMANENT ESTATE TAX RELIEF

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

## TITLE IV—PERMANENT SMALL BUSINESS TAX RELIEF

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

## TITLE V—ALTERNATIVE MINIMUM TAX RELIEF

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

TITLE VI—TEMPORARY EXTENSION OF CERTAIN PROVISIONS  
EXPIRING IN 2009

## Subtitle A—Infrastructure Incentives

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

## Subtitle B—Energy

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

## Subtitle C—Individual Tax Relief

## PART I—MISCELLANEOUS PROVISIONS

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

## PART II—LOW-INCOME HOUSING CREDITS

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

## Subtitle D—Business Tax Relief

- Sec. 651. Research credit.

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

#### Subtitle E—Temporary Disaster Relief Provisions

#### PART I—NATIONAL DISASTER RELIEF

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

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## PART II—REGIONAL PROVISIONS

## SUBPART A—NEW YORK LIBERTY ZONE

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

## SUBPART B—GO ZONE

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

## TITLE VII—TECHNICAL CORRECTIONS TO PENSION FUNDING LEGISLATION

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

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

## Subtitle A—Unemployment Benefits

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

## Subtitle B—Small Business

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

## Subtitle C—Energy

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

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## Subtitle D—Education

Sec. 831. Qualified school construction bonds.

## Subtitle E—Other Employee and Housing Relief

Sec. 841. Making work pay credit.

Sec. 842. Work opportunity credit.

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

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

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

## TITLE IX—OTHER PROVISIONS

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

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

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

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

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

## TITLE X—BUDGETARY PROVISIONS

Sec. 1001. Determination of budgetary effects.

Sec. 1002. Emergency designations.

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

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

5             (a) INDIVIDUAL INCOME TAX RATES.—

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

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



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

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

9                   “(i) the applicable threshold, over

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (i) by striking subparagraph (B),

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

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

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

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

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

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

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

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

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

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

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

3 “(C) 15 percent of the lesser of—

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

8 “(ii) the excess (if any) of—

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

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

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

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

25 “(C) 15 percent of the lesser of—

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

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

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

11                  (c) CONFORMING AMENDMENTS.—

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

15                         (A) Section 531.

16                         (B) Section 541.

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

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

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

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

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

5           (d) EFFECTIVE DATES.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (2) CODIFICATION OF SUNSET.—

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

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

25 (B) ADOPTION ASSISTANCE PROGRAMS.—



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

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

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

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

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

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

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

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

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

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

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

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

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

7   **“SEC. 23. ADOPTION EXPENSES.**

8           “(a) ALLOWANCE OF CREDIT.—

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

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

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

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

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

12          “(b) LIMITATIONS.—

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

18                 “(2) INCOME LIMITATION.—

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

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

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

6                   “(ii) \$40,000.

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

11                  “(3) DENIAL OF DOUBLE BENEFIT.—

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

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

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

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

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

8           “(c) CARRYFORWARD OF UNUSED CREDIT.—

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

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

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

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

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

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

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

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

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

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

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

3           “(A) has not attained age 18, or

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

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

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

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

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

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



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

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

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

11 “(f) FILING REQUIREMENTS.—

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

16 “(2) TAXPAYER MUST INCLUDE TIN.—

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

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

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

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

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

14 “(1) such dollar amount, multiplied by

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

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

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

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

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

9 (B) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Sec. 23. Adoption expenses.”.

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

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

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

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

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

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

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

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

6 (c) JOINT RETURNS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

2 **TAX CREDIT.**

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

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

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

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

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

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

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

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

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

1           “(1) AMERICAN OPPORTUNITY CREDIT.—The  
2 amount which would (but for this paragraph) be  
3 taken into account under paragraph (1) of sub-  
4 section (a) for the taxable year shall be reduced (but  
5 not below zero) by the amount which bears the same  
6 ratio to the amount which would be so taken into ac-  
7 count as—

8                   “(A) the excess of—

9                           “(i) the taxpayer’s modified adjusted  
10 gross income for such taxable year, over

11                           “(ii) \$80,000 (\$160,000 in the case of  
12 a joint return), bears to

13                   “(B) \$10,000 (\$20,000 in the case of a  
14 joint return).

15           “(2) LIFETIME LEARNING CREDIT.—The  
16 amount which would (but for this paragraph) be  
17 taken into account under paragraph (2) of sub-  
18 section (a) for the taxable year shall be reduced (but  
19 not below zero) by the amount which bears the same  
20 ratio to the amount which would be so taken into ac-  
21 count as—

22                   “(A) the excess of—

23                           “(i) the taxpayer’s modified adjusted  
24 gross income for such taxable year, over

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21           (2) CONFORMING AMENDMENTS.—

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

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

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

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

13 (c) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

20 (a) MODIFICATIONS TO ESTATE TAX.—

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

24 “(c) APPLICABLE CREDIT AMOUNT.—

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

7           “(2) APPLICABLE EXCLUSION AMOUNT.—

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

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

15                 “(i) such dollar amount, multiplied by

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

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

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

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

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

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

9                   (D) by striking paragraph (2).

10          (b) MODIFICATIONS TO GIFT TAX.—

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

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

18                   “(1) such dollar amount, multiplied by

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

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

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

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

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

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

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

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

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

10           (1) ESTATE TAX.—

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

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

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

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

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

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

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

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

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

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

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

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

10 “(A) the basic exclusion amount, and

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

13 “(3) BASIC EXCLUSION AMOUNT.—

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

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

21 “(i) such dollar amount, multiplied by

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



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

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

12                   “(A) the basic exclusion amount, or

13                   “(B) the excess of—

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

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

21          “(5) SPECIAL RULES.—

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

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

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

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

24 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

9 “(1) the executor—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11       “(e) IMPOSITION OF RECAPTURE TAX.—

12           “(1) IN GENERAL.—If—

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

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

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

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

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

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

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

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

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



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

4 “(3) AMOUNT OF RECAPTURE TAX, ETC.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 “(1) IN GENERAL.—For purposes of”;

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

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

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

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

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

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

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



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

4 (a) CONSISTENT USE OF BASIS.—

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

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

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

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

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

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

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

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

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

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

25           (b) INFORMATION REPORTING.—

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

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

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

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

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

24          “(3) TIME FOR FURNISHING STATEMENT.—

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

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

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

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

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

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

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

7               “(2) TIME FOR FURNISHING STATEMENT.—

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

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

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

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

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

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

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

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

13           (2) PENALTY FOR FAILURE TO FILE.—

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

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

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

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

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

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

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

9 (c) PENALTY FOR INCONSISTENT REPORTING.—

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

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

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

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

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

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

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

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

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

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

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

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

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

22               “(6) INFLATION ADJUSTMENT.—

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



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

3                   “(i) such dollar amount, multiplied by

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

10           “(B) ROUNDING.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (b) EXTENSION OF PAYMENTS TO ISSUERS.—

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

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

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

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

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

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

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

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

5 “(1) IN GENERAL.—The Secretary”;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

20 “(3) ALLOCATIONS BY STATES.—

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

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

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

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

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

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

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

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

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

25 “(5) 2010 NATIONAL LIMITATIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

14 **Subtitle B—Energy**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (a) CREDIT PERIOD.—

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

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



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

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

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

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

9           (c) CLARIFICATIONS.—

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

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

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

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

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

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

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

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

3 (e) EFFECTIVE DATES.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (c) PAYMENT AUTHORITY.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8           (c) EFFECTIVE DATE.—

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

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

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

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

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

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

25          (a) EXTENSION.—

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

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

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

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

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

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

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



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

## 4           **Subtitle C—Individual Tax Relief**

### 5           **PART I—MISCELLANEOUS PROVISIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (b) EFFECTIVE DATE; SPECIAL RULE.—

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

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

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

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

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

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

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

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

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

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

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

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

22                                   “(i) the sum of—

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

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

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

20 “(ii) 10.

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

## 16 **Subtitle D—Business Tax Relief**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (c) EFFECTIVE DATE.—

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

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

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

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

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

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

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

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

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

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

26 (b) CONFORMING AMENDMENTS.—

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

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

7           (3) Section 179(f)(2) is amended—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

17 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

23           (b) EFFECTIVE DATE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5           (2) LIMITATION ON PERIOD OF GAINS.—

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

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

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

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

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

19           (e) EFFECTIVE DATES.—

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

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

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

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

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

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

11 (a) IN GENERAL.—Subsection (b) of section 1400E  
12 is amended—

13 (1) by striking “December 31, 2009” in para-  
14 graphs (1)(A) and (3) and inserting “December 31,  
15 2011”; and

16 (2) by striking “January 1, 2010” in paragraph  
17 (3) and inserting “January 1, 2012”.

18 (b) ZERO-PERCENT CAPITAL GAINS RATE.—

19 (1) ACQUISITION DATE.—Paragraphs (2)(A)(i),  
20 (3)(A), (4)(A)(i), and (4)(B)(i) of section 1400F(b)  
21 are each amended by striking “January 1, 2010”  
22 and inserting “January 1, 2012”.

23 (2) LIMITATION ON PERIOD OF GAINS.—Para-  
24 graph (2) of section 1400F(c) is amended—



1 (A) by striking “December 31, 2014” and  
2 inserting “December 31, 2016”; and

3 (B) by striking “2014” in the heading and  
4 inserting “2016”.

5 (3) CLERICAL AMENDMENT.—Subsection (d) of  
6 section 1400F is amended by striking “and ‘Decem-  
7 ber 31, 2014’ for ‘December 31, 2014’”.

8 (c) COMMERCIAL REVITALIZATION DEDUCTION.—

9 (1) IN GENERAL.—Subsection (g) of section  
10 1400I is amended by striking “December 31, 2009”  
11 and inserting “December 31, 2010”.

12 (2) CONFORMING AMENDMENT.—Subparagraph  
13 (A) of section 1400I(d)(2) is amended by striking  
14 “after 2001 and before 2010” and inserting “which  
15 begins after 2001 and before the date referred to in  
16 subsection (g)”.

17 (d) INCREASED EXPENSING UNDER SECTION 179.—  
18 Subparagraph (A) of section 1400J(b)(1) is amended by  
19 striking “January 1, 2010” and inserting “January 1,  
20 2012”.

21 (e) TREATMENT OF CERTAIN TERMINATION DATES  
22 SPECIFIED IN NOMINATIONS.—In the case of a designa-  
23 tion of a renewal community the nomination for which in-  
24 cluded a termination date which is contemporaneous with  
25 the date specified in subparagraph (A) of section

1 1400E(b)(1) of the Internal Revenue Code of 1986 (as  
2 in effect before the enactment of this Act), subparagraph  
3 (B) of such section shall not apply with respect to such  
4 designation unless, after the date of the enactment of this  
5 section, the entity which made such nomination reconfirms  
6 such termination date, or amends the nomination to pro-  
7 vide for a new termination date, in such manner as the  
8 Secretary of the Treasury (or the Secretary's designee)  
9 may provide.

10 (f) EFFECTIVE DATES.—

11 (1) IN GENERAL.—Except as otherwise pro-  
12 vided in this subsection, the amendments made by  
13 this section shall apply to periods after December  
14 31, 2009.

15 (2) ACQUISITIONS.—The amendments made by  
16 subsections (b)(1) and (d) shall apply to acquisitions  
17 after December 31, 2009.

18 (3) COMMERCIAL REVITALIZATION DEDUC-  
19 TION.—

20 (A) IN GENERAL.—The amendment made  
21 by subsection (c)(1) shall apply to buildings  
22 placed in service after December 31, 2009.

23 (B) CONFORMING AMENDMENT.—The  
24 amendment made by subsection (c)(2) shall

1 apply to calendar years beginning after Decem-  
2 ber 31, 2009.

3 **SEC. 679. TEMPORARY INCREASE IN LIMIT ON COVER OVER**  
4 **OF RUM EXCISE TAXES TO PUERTO RICO AND**  
5 **THE VIRGIN ISLANDS.**

6 (a) IN GENERAL.—Paragraph (1) of section 7652(f)  
7 is amended by striking “January 1, 2010” and inserting  
8 “January 1, 2012”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 this section shall apply to distilled spirits brought into the  
11 United States after December 31, 2009.

12 **SEC. 680. AMERICAN SAMOA ECONOMIC DEVELOPMENT**  
13 **CREDIT.**

14 (a) IN GENERAL.—Subsection (d) of section 119 of  
15 division A of the Tax Relief and Health Care Act of 2006  
16 is amended—

17 (1) by striking “first 4 taxable years” and in-  
18 serting “first 6 taxable years”, and

19 (2) by striking “January 1, 2010” and insert-  
20 ing “January 1, 2012”.

21 (b) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2009.

1 **SEC. 681. ELECTION TO TEMPORARILY UTILIZE UNUSED**  
2 **AMT CREDITS DETERMINED BY DOMESTIC IN-**  
3 **VESTMENT.**

4 (a) IN GENERAL.—Section 53 is amended by adding  
5 at the end the following new subsection:

6 “(g) ELECTION FOR CORPORATIONS WITH NEW DO-  
7 MESTIC INVESTMENTS.—

8 “(1) IN GENERAL.—If a corporation elects to  
9 have this subsection apply for its first taxable year  
10 beginning after December 31, 2009, the limitation  
11 imposed by subsection (c) for such taxable year shall  
12 be increased by the AMT credit adjustment amount.

13 “(2) AMT CREDIT ADJUSTMENT AMOUNT.—  
14 For purposes of paragraph (1), the term ‘AMT cred-  
15 it adjustment amount’ means, the lesser of—

16 “(A) 50 percent of a corporation’s min-  
17 imum tax credit for its first taxable year begin-  
18 ning after December 31, 2009, determined  
19 under subsection (b), or

20 “(B) 10 percent of new domestic invest-  
21 ments made during such taxable year.

22 “(3) NEW DOMESTIC INVESTMENTS.—For pur-  
23 poses of this subsection, the term ‘new domestic in-  
24 vestments’ means the cost of qualified property (as  
25 defined in section 168(k)(2)(A)(i))—

1           “(A) the original use of which commences  
2           with the taxpayer during the taxable year, and

3           “(B) which is placed in service in the  
4           United States by the taxpayer during such tax-  
5           able year.

6           “(4) CREDIT REFUNDABLE.—For purposes of  
7           subsection (b) of section 6401, the aggregate in-  
8           crease in the credits allowable under this part for  
9           any taxable year resulting from the application of  
10          this subsection shall be treated as allowed under  
11          subpart C (and not under any other subpart). For  
12          purposes of section 6425, any amount treated as so  
13          allowed shall be treated as a payment of estimated  
14          income tax for the taxable year.

15          “(5) ELECTION.—An election under this sub-  
16          section shall be made at such time and in such man-  
17          ner as prescribed by the Secretary, and once made,  
18          may be revoked only with the consent of the Sec-  
19          retary. Not later than 90 days after the date of the  
20          enactment of this subsection, the Secretary shall  
21          issue guidance specifying such time and manner.

22          “(6) TREATMENT OF CERTAIN PARTNERSHIP  
23          INVESTMENTS.—For purposes of this subsection, a  
24          corporation shall take into account its allocable  
25          share of any new domestic investments by a partner-

1 ship for any taxable year if, and only if, more than  
2 90 percent of the capital and profits interests in  
3 such partnership are owned by such corporation (di-  
4 rectly or indirectly) at all times during such taxable  
5 year.

6 “(7) NO DOUBLE BENEFIT.—

7 “(A) IN GENERAL.—A corporation making  
8 an election under this subsection may not make  
9 an election under subparagraph (H) of section  
10 172(b)(1).

11 “(B) SPECIAL RULES WITH RESPECT TO  
12 TAXPAYERS PREVIOUSLY ELECTING APPLICA-  
13 BLE NET OPERATING LOSSES.—In the case of a  
14 corporation which made an election under sub-  
15 paragraph (H) of section 172(b)(1) and elects  
16 the application of this subsection—

17 “(i) ELECTION OF APPLICABLE NET  
18 OPERATING LOSS TREATED AS RE-  
19 VOKED.—The election under such subpara-  
20 graph (H) shall (notwithstanding clause  
21 (iii)(II) of such subparagraph) be treated  
22 as having been revoked by the taxpayer.

23 “(ii) COORDINATION WITH PROVISION  
24 FOR EXPEDITED REFUND.—The amount  
25 otherwise treated as a payment of esti-

1 mated income tax under the last sentence  
2 of paragraph (4) shall be reduced (but not  
3 below zero) by the aggregate increase in  
4 unpaid tax liability determined under this  
5 chapter by reason of the revocation of the  
6 election under clause (i).

7 “(iii) APPLICATION OF STATUTE OF  
8 LIMITATIONS.—With respect to the revoca-  
9 tion of an election under clause (i)—

10 “(I) the statutory period for the  
11 assessment of any deficiency attrib-  
12 utable to such revocation shall not ex-  
13 pire before the end of the 3-year pe-  
14 riod beginning on the date of the elec-  
15 tion to have this subsection apply, and

16 “(II) such deficiency may be as-  
17 sessed before the expiration of such 3-  
18 year period notwithstanding the provi-  
19 sions of any other law or rule of law  
20 which would otherwise prevent such  
21 assessment.

22 “(C) EXCEPTION FOR ELIGIBLE SMALL  
23 BUSINESSES.—Subparagraphs (A) and (B)  
24 shall not apply to an eligible small business as  
25 defined in section 172(b)(1)(H)(v)(II).

1           “(8) REGULATIONS.—The Secretary may issue  
2 such regulations or other guidance as may be nec-  
3 essary or appropriate to carry out the purposes of  
4 this subsection, including to prevent fraud and abuse  
5 under this subsection.”.

6           (b) CONFORMING AMENDMENTS.—

7           (1) Section 6211(b)(4)(A) is amended by insert-  
8 ing “53(g),” after “53(e),”.

9           (2) Section 1324(b)(2) of title 31, United  
10 States Code, is amended by inserting “53(g),” after  
11 “53(e),”.

12           (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2009.

15 **SEC. 682. REDUCTION IN CORPORATE RATE FOR QUALI-**  
16 **FIED TIMBER GAIN.**

17           (a) IN GENERAL.—Paragraph (1) of section 1201(b)  
18 is amended by striking “‘ending’” and all that follows  
19 through “‘such date’”.

20           (b) CONFORMING AMENDMENT.—Paragraph (3) of  
21 section 1201(b) is amended to read as follows:

22           “(3) APPLICATION OF SUBSECTION.—The  
23 qualified timber gain for any taxable year shall not  
24 exceed the qualified timber gain which would be de-



1       terminated by not taking into account any portion of  
2       such taxable year after December 31, 2011.”.

3       (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years ending after May  
5 22, 2009.

6 **SEC. 683. STUDY OF EXTENDED TAX EXPENDITURES.**

7       (a) FINDINGS.—Congress finds the following:

8           (1) Currently, the aggregate cost of Federal tax  
9       expenditures rivals, or even exceeds, the amount of  
10      total Federal discretionary spending.

11          (2) Given the escalating public debt, a critical  
12      examination of this use of taxpayer dollars is essen-  
13      tial.

14          (3) Additionally, tax expenditures can com-  
15      plicate the Internal Revenue Code of 1986 for tax-  
16      payers and complicate tax administration for the In-  
17      ternal Revenue Service.

18          (4) To facilitate a better understanding of tax  
19      expenditures in the future, it is constructive for leg-  
20      islation extending these provisions to include a study  
21      of such provisions.

22       (b) REQUIREMENT TO REPORT.—Not later than De-  
23      cember 15, 2011, the Chief of Staff of the Joint Com-  
24      mittee on Taxation, in consultation with the Comptroller  
25      General of the United States, shall submit to the Com-

1 mittee on Ways and Means of the House of Representa-  
2 tives and the Committee on Finance of the Senate a report  
3 on each tax expenditure (as defined in section 3(3) of the  
4 Congressional Budget Impoundment Control Act of 1974  
5 (2 U.S.C. 622(3)) extended by this title.

6 (c) ROLLING SUBMISSION OF REPORTS.—The Chief  
7 of Staff of the Joint Committee on Taxation shall initially  
8 submit the reports for each such tax expenditure enacted  
9 in this subtitle (relating to business tax relief) and subtitle  
10 A (relating to energy) in order of the tax expenditure in-  
11 curring the least aggregate cost to the greatest aggregate  
12 cost (determined by reference to the cost estimate of this  
13 Act by the Joint Committee on Taxation). Thereafter,  
14 such reports may be submitted in such order as the Chief  
15 of Staff determines appropriate.

16 (d) CONTENTS OF REPORT.—Such reports shall con-  
17 tain the following:

18 (1) An explanation of the tax expenditure and  
19 any relevant economic, social, or other context under  
20 which it was first enacted.

21 (2) A description of the intended purpose of the  
22 tax expenditure.

23 (3) An analysis of the overall success of the tax  
24 expenditure in achieving such purpose, and evidence  
25 supporting such analysis.

1           (4) An analysis of the extent to which further  
2           extending the tax expenditure, or making it perma-  
3           nent, would contribute to achieving such purpose.

4           (5) A description of the direct and indirect  
5           beneficiaries of the tax expenditure, including identi-  
6           fying any unintended beneficiaries.

7           (6) An analysis of whether the tax expenditure  
8           is the most cost-effective method for achieving the  
9           purpose for which it was intended, and a description  
10          of any more cost-effective methods through which  
11          such purpose could be accomplished.

12          (7) A description of any unintended effects of  
13          the tax expenditure that are useful in understanding  
14          the tax expenditure's overall value.

15          (8) An analysis of how the tax expenditure  
16          could be modified to better achieve its original pur-  
17          pose.

18          (9) A brief description of any interactions (ac-  
19          tual or potential) with other tax expenditures or di-  
20          rect spending programs in the same or related budg-  
21          et function worthy of further study.

22          (10) A description of any unavailable informa-  
23          tion the staff of the Joint Committee on Taxation  
24          may need to complete a more thorough examination

1 and analysis of the tax expenditure, and what must  
2 be done to make such information available.

3 (e) **MINIMUM ANALYSIS BY DEADLINE.**—In the event  
4 the Chief of Staff of the Joint Committee on Taxation  
5 concludes it will not be feasible to complete all reports by  
6 the date specified in subsection (a), at a minimum, the  
7 reports for each tax expenditure enacted in this subtitle  
8 (relating to business tax relief) and subtitle A (relating  
9 to energy) shall be completed by such date.

## 10 **Subtitle E—Temporary Disaster** 11 **Relief Provisions**

### 12 **PART I—NATIONAL DISASTER RELIEF**

#### 13 **SEC. 691. WAIVER OF CERTAIN MORTGAGE REVENUE BOND** 14 **REQUIREMENTS.**

15 (a) **IN GENERAL.**—Paragraph (11) of section 143(k)  
16 is amended by striking “January 1, 2010” and inserting  
17 “January 1, 2012”.

18 (b) **SPECIAL RULE FOR RESIDENCES DESTROYED IN**  
19 **FEDERALLY DECLARED DISASTERS.**—Paragraph (13) of  
20 section 143(k), as redesignated by subsection (c), is  
21 amended by striking “January 1, 2010” in subparagraphs  
22 (A)(i) and (B)(i) and inserting “January 1, 2012”.

23 (c) **TECHNICAL AMENDMENT.**—Subsection (k) of sec-  
24 tion 143 is amended by redesignating the second para-

1 graph (12) (relating to special rules for residences de-  
2 stroyed in federally declared disasters) as paragraph (13).

3 (d) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as otherwise pro-  
5 vided in this subsection, the amendment made by  
6 this section shall apply to bonds issued after Decem-  
7 ber 31, 2009.

8 (2) RESIDENCES DESTROYED IN FEDERALLY  
9 DECLARED DISASTERS.—The amendments made by  
10 subsection (b) shall apply with respect to disasters  
11 occurring after December 31, 2009.

12 (3) TECHNICAL AMENDMENT.—The amendment  
13 made by subsection (c) shall take effect as if in-  
14 cluded in section 709 of the Tax Extenders and Al-  
15 ternative Minimum Tax Relief Act of 2008.

16 **SEC. 692. LOSSES ATTRIBUTABLE TO FEDERALLY DE-**  
17 **CLARED DISASTERS.**

18 (a) IN GENERAL.—Subclause (I) of section  
19 165(h)(3)(B)(i) is amended by striking “January 1,  
20 2010” and inserting “January 1, 2012”.

21 (b) \$500 LIMITATION.—Paragraph (1) of section  
22 165(h) is amended by striking “December 31, 2009” and  
23 inserting “December 31, 2011”.

24 (c) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendment made by  
2           subsection (a) shall apply to federally declared disas-  
3           ters occurring after December 31, 2009.

4           (2) \$500 LIMITATION.—The amendment made  
5           by subsection (b) shall apply to taxable years begin-  
6           ning after December 31, 2009.

7   **SEC. 693. SPECIAL DEPRECIATION ALLOWANCE FOR QUALI-**  
8                                   **FIED DISASTER PROPERTY.**

9           (a) IN GENERAL.—Subclause (I) of section  
10          168(n)(2)(A)(ii) is amended by striking “January 1,  
11          2010” and inserting “January 1, 2012”.

12          (b) EFFECTIVE DATE.—The amendment made by  
13          this section shall apply to disasters occurring after Decem-  
14          ber 31, 2009.

15   **SEC. 694. NET OPERATING LOSSES ATTRIBUTABLE TO FED-**  
16                                   **ERALLY DECLARED DISASTERS.**

17          (a) IN GENERAL.—Subclause (I) of section  
18          172(j)(1)(A)(i) is amended by striking “January 1, 2010”  
19          and inserting “January 1, 2012”.

20          (b) EFFECTIVE DATE.—The amendment made by  
21          this section shall apply to losses attributable to disasters  
22          occurring after December 31, 2009.

1 **SEC. 695. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

2 (a) IN GENERAL.—Subparagraph (A) of section  
3 198A(b)(2) is amended by striking “January 1, 2010”  
4 and inserting “January 1, 2012”.

5 (b) EFFECTIVE DATE.—The amendment made by  
6 this section shall apply to expenditures on account of dis-  
7 asters occurring after December 31, 2009.

8 **PART II—REGIONAL PROVISIONS**

9 **Subpart A—New York Liberty Zone**

10 **SEC. 696. SPECIAL DEPRECIATION ALLOWANCE FOR NON-**

11 **RESIDENTIAL AND RESIDENTIAL REAL PROP-**  
12 **ERTY.**

13 (a) IN GENERAL.—Subparagraph (A) of section  
14 1400L(b)(2) is amended by striking “December 31, 2009”  
15 and inserting “December 31, 2010”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to property placed in service after  
18 December 31, 2009.

19 **SEC. 697. TAX-EXEMPT BOND FINANCING.**

20 (a) IN GENERAL.—Subparagraph (D) of section  
21 1400L(d)(2) is amended by striking “January 1, 2010”  
22 and inserting “January 1, 2012”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply to bonds issued after December  
25 31, 2009.

1                                   **Subpart B—GO Zone**

2   **SEC. 698. INCREASE IN REHABILITATION CREDIT.**

3           (a) IN GENERAL.—Subsection (h) of section 1400N  
4 is amended by striking “December 31, 2009” and insert-  
5 ing “December 31, 2010”.

6           (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to amounts paid or incurred after  
8 December 31, 2009.

9   **SEC. 699. WORK OPPORTUNITY TAX CREDIT WITH RESPECT**  
10                                   **TO CERTAIN INDIVIDUALS AFFECTED BY**  
11                                   **HURRICANE KATRINA FOR EMPLOYERS IN-**  
12                                   **SIDE DISASTER AREAS.**

13           (a) IN GENERAL.—Paragraph (1) of section 201(b)  
14 of the Katrina Emergency Tax Relief Act of 2005 is  
15 amended by striking “4-year” and inserting “5-year”.

16           (b) EFFECTIVE DATE.—The amendment made by  
17 subsection (a) shall apply to individuals hired after August  
18 27, 2009.

19   **SEC. 700. EXTENSION OF LOW-INCOME HOUSING CREDIT**  
20                                   **RULES FOR BUILDINGS IN GO ZONES.**

21           Section 1400N(c)(5) is amended by striking “Janu-  
22 ary 1, 2011” and inserting “January 1, 2013”.



1 **TITLE VII—TECHNICAL CORREC-**  
2 **TIONS TO PENSION FUNDING**  
3 **LEGISLATION**

4 **SEC. 701. DEFINITION OF ELIGIBLE PLAN YEAR.**

5 (a) AMENDMENT TO ERISA.—Clause (v) of section  
6 303(c)(2)(D) of the Employee Retirement Income Secu-  
7 rity Act of 1974 (29 U.S.C. 1083(c)(2)(D)), as added by  
8 section 201(a)(1) of the Preservation of Access to Care  
9 for Medicare Beneficiaries and Pension Relief Act of 2010,  
10 is amended—

11 (1) by striking “on or after the date of the en-  
12 actment of this subparagraph” and inserting “on or  
13 after June 25, 2010 (March 10, 2010, in the case  
14 of an eligible plan)”, and

15 (2) by adding at the end the following new sen-  
16 tence: “For purposes of the preceding sentence, a  
17 plan shall be treated as an eligible plan only if, as  
18 of the date of the election with respect to the plan  
19 under clause (i)—

20 “(A) the plan sponsor is not a debtor in a  
21 case under title 11, United States Code, or  
22 similar Federal or State law,

23 “(B) there are no unpaid minimum re-  
24 quired contributions with respect to the plan for  
25 purposes of section 4971 of the Internal Rev-

1           enue Code of 1986 (imposing an excise tax  
2           when minimum required contributions are not  
3           paid by the due date for the plan year),

4                   “(C) there are no outstanding liens in  
5           favor of the plan under subsection (k), and

6                   “(D) the plan sponsor has not initiated a  
7           distress termination of the plan under section  
8           4041.”.

9           (b) AMENDMENT TO INTERNAL REVENUE CODE OF  
10          1986.—Clause (v) of section 430(c)(2)(D) of the Internal  
11          Revenue Code of 1986, as added by section 201(b)(1) of  
12          the Preservation of Access to Care for Medicare Bene-  
13          ficiaries and Pension Relief Act of 2010, is amended—

14                   (1) by striking “on or after the date of the en-  
15           actment of this subparagraph” and inserting “on or  
16           after June 25, 2010 (March 10, 2010, in the case  
17           of an eligible plan)”, and

18                   (2) by adding at the end the following new sen-  
19           tence: “For purposes of the preceding sentence, a  
20           plan shall be treated as an eligible plan only if, as  
21           of the date of the election with respect to the plan  
22           under clause (i)—

23                   “(A) the plan sponsor is not a debtor in a  
24           case under title 11, United States Code, or  
25           similar Federal or State law,

1           “(B) there are no unpaid minimum re-  
2           quired contributions with respect to the plan for  
3           purposes of section 4971 (imposing an excise  
4           tax when minimum required contributions are  
5           not paid by the due date for the plan year),

6           “(C) there are no outstanding liens in  
7           favor of the plan under subsection (k), and

8           “(D) the plan sponsor has not initiated a  
9           distress termination of the plan under section  
10          4041 of the Employee Retirement Income Secu-  
11          rity Act of 1974.”.

12          (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall take effect as if included in the amend-  
14 ments made by the provisions of the Preservation of Ac-  
15 cess to Care for Medicare Beneficiaries and Pension Relief  
16 Act of 2010 to which the amendments relate.

17 **SEC. 702. ELIGIBLE CHARITY PLANS.**

18          (a) DEFINITION OF ELIGIBLE CHARITY PLANS.—

19           (1) IN GENERAL.—Section 104(d) of the Pen-  
20 sion Protection Act of 2006, as added by section  
21 202(b) of the Preservation of Access to Care for  
22 Medicare Beneficiaries and Pension Relief Act of  
23 2010, is amended to read as follows:

1 “(d) ELIGIBLE CHARITY PLAN DEFINED.—For pur-  
2 poses of this section, a plan shall be treated as an eligible  
3 charity plan for a plan year if—

4 “(1) the plan is maintained by one or more em-  
5 ployers employing employees who are accruing bene-  
6 fits based on service for the plan year,

7 “(2) such employees are employed in at least 20  
8 States,

9 “(3) more than 98 percent of such employees  
10 are employed by an employer described in section  
11 501(c)(3) of such Code and the primary exempt pur-  
12 pose of each such employer is to provide services  
13 with respect to children, and

14 “(4) the plan sponsor elects (at such time and  
15 in such form and manner as shall be prescribed by  
16 the Secretary of the Treasury) to be so treated.

17 Any election under this subsection may be revoked only  
18 with the consent of the Secretary of the Treasury.”.

19 (2) EFFECTIVE DATE.—The amendment made  
20 by this subsection shall take effect as if included in  
21 the amendment made by the provision of the Preser-  
22 vation of Access to Care for Medicare Beneficiaries  
23 and Pension Relief Act of 2010 to which the amend-  
24 ment relates (determined after application of the  
25 amendment made by subsection (c)), except that a

1 plan sponsor may elect to apply such amendment to  
2 plan years beginning on or after January 1, 2011.

3 (b) REGULATIONS.—The Secretary of the Treasury  
4 may prescribe such regulations as may be necessary to  
5 carry out the purposes of the amendments made by section  
6 202(b) of the Preservation of Access to Care for Medicare  
7 Beneficiaries and Pension Relief Act of 2010 and the  
8 amendment made by subsection (a).

9 (c) APPLICATION OF NEW RULES TO ELIGIBLE  
10 CHARITY PLANS.—

11 (1) IN GENERAL.—Paragraph (2) of section  
12 202(c) of the Preservation of Access to Care for  
13 Medicare Beneficiaries and Pension Relief Act of  
14 2010 is amended to read as follows:

15 “(2) ELIGIBLE CHARITY PLANS.—The amend-  
16 ments made by subsection (b) shall apply to plan  
17 years beginning after December 31, 2010, except  
18 that a plan sponsor may elect to apply such amend-  
19 ments to plan years beginning after an earlier  
20 date.”.

21 (2) EFFECTIVE DATE.—The amendment made  
22 by this subsection shall take effect as if included in  
23 the amendment made by the provision of the Preser-  
24 vation of Access to Care for Medicare Beneficiaries

1 and Pension Relief Act of 2010 to which the amend-  
2 ment relates.

3 **SEC. 703. SUSPENSION OF CERTAIN FUNDING LEVEL LIM-**  
4 **TATIONS.**

5 (a) LIMITATIONS ON BENEFIT ACCRUALS.—Section  
6 203 of the Worker, Retiree, and Employer Recovery Act  
7 of 2008 (Public Law 110–458; 122 Stat. 5118) is amend-  
8 ed—

9 (1) by striking “the first plan year beginning  
10 during the period beginning on October 1, 2008, and  
11 ending on September 30, 2009” and inserting “any  
12 plan year beginning during the period beginning on  
13 October 1, 2008, and ending on December 31,  
14 2011”;

15 (2) by striking “substituting” and all that fol-  
16 lows through “for such plan year” and inserting  
17 “substituting for such percentage the plan’s ad-  
18 justed funding target attainment percentage for the  
19 last plan year ending before September 30, 2009,”;  
20 and

21 (3) by striking “for the preceding plan year is  
22 greater” and inserting “for such last plan year is  
23 greater”.

24 (b) SOCIAL SECURITY LEVEL-INCOME OPTIONS.—

1           (1)           ERISA           AMENDMENT.—Section  
2           206(g)(3)(E) of the Employee Retirement Income  
3           Security Act of 1974 is amended by adding at the  
4           end the following new sentence: “For purposes of  
5           applying clause (i) in the case of payments the an-  
6           nuity starting date for which occurs on or before De-  
7           cember 31, 2011, payments under a social security  
8           leveling option shall be treated as not in excess of  
9           the monthly amount paid under a single life annuity  
10          (plus an amount not in excess of a social security  
11          supplement described in the last sentence of section  
12          204(b)(1)(G)).”.

13           (2)           IRC           AMENDMENT.—Section 436(d)(5) of  
14          the Internal Revenue Code of 1986 is amended by  
15          adding at the end the following new sentence: “For  
16          purposes of applying subparagraph (A) in the case  
17          of payments the annuity starting date for which oc-  
18          curs on or before December 31, 2011, payments  
19          under a social security leveling option shall be treat-  
20          ed as not in excess of the monthly amount paid  
21          under a single life annuity (plus an amount not in  
22          excess of a social security supplement described in  
23          the last sentence of section 411(a)(9)).”.

24           (3)           EFFECTIVE DATE.—

1           (A) IN GENERAL.—The amendments made  
2           by this subsection shall apply to annuity pay-  
3           ments the annuity starting date for which oc-  
4           curs on or after January 1, 2011.

5           (B) PERMITTED APPLICATION.—A plan  
6           shall not be treated as failing to meet the re-  
7           quirements of sections 206(g) of the Employee  
8           Retirement Income Security Act of 1974 (as  
9           amended by this subsection) and section 436(d)  
10          of the Internal Revenue Code of 1986 (as so  
11          amended) if the plan sponsor elects to apply the  
12          amendments made by this subsection to pay-  
13          ments the annuity starting date for which oc-  
14          curs before January 1, 2011.

15          (c) REPEAL OF RELATED PROVISIONS.—The provi-  
16          sions of, and the amendments made by, section 203 of  
17          the Preservation of Access to Care for Medicare Bene-  
18          ficiaries and Pension Relief Act of 2010 are repealed and  
19          the Employee Retirement Income Security Act of 1974,  
20          the Internal Revenue Code of 1986, and the Worker, Re-  
21          tiree, and Employer Recovery Act of 2008 (Public Law  
22          110–458; 122 Stat. 5118) shall be applied as if such sec-  
23          tion had never been enacted.



1 **SEC. 704. OPTIONAL USE OF 30-YEAR AMORTIZATION PERI-**  
2 **ODS.**

3 (a) AMENDMENT TO ERISA.—Paragraph (8) of sec-  
4 tion 304(b) of the Employee Retirement Income Security  
5 Act of 1974, as amended by the Preservation of Access  
6 to Care for Medicare Beneficiaries and Pension Relief Act  
7 of 2010, is amended by striking “after August 31, 2008”  
8 each place it appears in subparagraphs (A)(i), (B)(i)(I),  
9 and (B)(i)(II), and inserting “on or after June 30, 2008”.

10 (b) AMENDMENT TO INTERNAL REVENUE CODE OF  
11 1986.—Paragraph (8) of section 431(b) of the Internal  
12 Revenue Code of 1986, as amended by the Preservation  
13 of Access to Care for Medicare Beneficiaries and Pension  
14 Relief Act of 2010, is amended by striking “after August  
15 31, 2008” each place it appears in subparagraphs (A)(i)  
16 and (B)(i)(I) and inserting “on or after June 30, 2008”.

17 (c) EFFECTIVE DATE AND SPECIAL RULES.—The  
18 amendments made by this section shall take effect as of  
19 the first day of the first plan year beginning on or after  
20 June 30, 2008, except that any election a plan sponsor  
21 makes pursuant to this section or the amendments made  
22 thereby that affects the plan’s funding standard account  
23 for any plan year beginning before October 1, 2009, shall  
24 be disregarded for purposes of applying the provisions of  
25 section 305 of the Employee Retirement Income Security

1 Act of 1974 and section 432 of the Internal Revenue Code  
2 of 1986 to that plan year.

3 **TITLE VIII—TEMPORARY EXTEN-**  
4 **SION OF CERTAIN PROVI-**  
5 **SIONS ENDING IN 2010 OR**  
6 **2011**

7 **Subtitle A—Unemployment**  
8 **Benefits**

9 **SEC. 801. EXTENSION OF UNEMPLOYMENT INSURANCE**  
10 **PROVISIONS.**

11 (a) IN GENERAL.—(1) Section 4007 of the Supple-  
12 mental Appropriations Act, 2008 (Public Law 110–252;  
13 26 U.S.C. 3304 note) is amended—

14 (A) by striking “November 30, 2010” each  
15 place it appears and inserting “January 3, 2012”;

16 (B) in the heading for subsection (b)(2), by  
17 striking “NOVEMBER 30, 2010” and inserting “JANU-  
18 ARY 3, 2012”; and

19 (C) in subsection (b)(3), by striking “April 30,  
20 2011” and inserting “June 9, 2012”.

21 (2) Section 2005 of the Assistance for Unemployed  
22 Workers and Struggling Families Act, as contained in  
23 Public Law 111–5 (26 U.S.C. 3304 note; 123 Stat. 444),  
24 is amended—

1 (A) by striking “December 1, 2010” each place  
2 it appears and inserting “January 4, 2012”; and

3 (B) in subsection (c), by striking “May 1,  
4 2011” and inserting “June 11, 2012”.

5 (3) Section 5 of the Unemployment Compensation  
6 Extension Act of 2008 (Public Law 110–449; 26 U.S.C.  
7 3304 note) is amended by striking “April 30, 2011” and  
8 inserting “June 10, 2012”.

9 (b) FUNDING.—Section 4004(e)(1) of the Supple-  
10 mental Appropriations Act, 2008 (Public Law 110–252;  
11 26 U.S.C. 3304 note) is amended—

12 (1) in subparagraph (E), by striking “and” at  
13 the end; and

14 (2) by inserting after subparagraph (F) the fol-  
15 lowing:

16 “(G) the amendments made by section  
17 2(a)(1) of the ; and”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall take effect as if included in the enact-  
20 ment of the Unemployment Compensation Extension Act  
21 of 2010 (Public Law 111–205).

22 **SEC. 802. TEMPORARY MODIFICATION OF INDICATORS**  
23 **UNDER THE EXTENDED BENEFIT PROGRAM.**

24 (a) INDICATOR.—Section 203(d) of the Federal-State  
25 Extended Unemployment Compensation Act of 1970 (26

1 U.S.C. 3304 note) is amended, in the flush matter fol-  
2 lowing paragraph (2), by inserting after the first sentence  
3 the following sentence: “Effective with respect to com-  
4 pensation for weeks of unemployment beginning after the  
5 date of enactment of the (or, if later, the date established  
6 pursuant to State law), and ending on or before December  
7 31, 2011, the State may by law provide that the deter-  
8 mination of whether there has been a state ‘on’ or ‘off’  
9 indicator beginning or ending any extended benefit period  
10 shall be made under this subsection as if the word ‘two’  
11 were ‘three’ in subparagraph (1)(A).”.

12 (b) ALTERNATIVE TRIGGER.—Section 203(f) of the  
13 Federal-State Extended Unemployment Compensation Act  
14 of 1970 (26 U.S.C. 3304 note) is amended—

15 (1) by redesignating paragraph (2) as para-  
16 graph (3); and

17 (2) by inserting after paragraph (1) the fol-  
18 lowing new paragraph:

19 “(2) Effective with respect to compensation for weeks  
20 of unemployment beginning after the date of enactment  
21 of the (or, if later, the date established pursuant to State  
22 law), and ending on or before December 31, 2011, the  
23 State may by law provide that the determination of wheth-  
24 er there has been a state ‘on’ or ‘off’ indicator beginning  
25 or ending any extended benefit period shall be made under

1 this subsection as if the word ‘either’ were ‘any’, the word  
2 “both” were ‘all’, and the figure ‘2’ were ‘3’ in clause  
3 (1)(A)(ii).”.

## 4 **Subtitle B—Small Business**

### 5 **SEC. 811. TEMPORARY EXCLUSION OF 100 PERCENT OF** 6 **GAIN ON CERTAIN SMALL BUSINESS STOCK.**

7 (a) IN GENERAL.—Paragraph (4) of section 1202(a)  
8 is amended—

9 (1) by striking “January 1, 2011” and insert-  
10 ing “January 1, 2012”, and

11 (2) by inserting “AND 2011” after “2010” in the  
12 heading thereof.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to stock acquired after December  
15 31, 2010.

### 16 **SEC. 812. GENERAL BUSINESS CREDITS OF ELIGIBLE** 17 **SMALL BUSINESSES CARRIED BACK 5 YEARS.**

18 (a) IN GENERAL.—Subparagraph (A) of section  
19 39(a)(4) is amended by inserting “or 2011” after “2010”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to credits determined in taxable  
22 years beginning after December 31, 2010.

1 **SEC. 813. GENERAL BUSINESS CREDITS OF ELIGIBLE**  
2 **SMALL BUSINESSES NOT SUBJECT TO ALTER-**  
3 **NATIVE MINIMUM TAX.**

4 (a) **IN GENERAL.**—Paragraph (5) of section 38(c) is  
5 amended—

6 (1) by inserting “or 2011” after “2010” in sub-  
7 paragraph (A), and

8 (2) by inserting “OR 2011” after “2010” in the  
9 heading thereof.

10 (b) **EFFECTIVE DATE.**—The amendments made by  
11 this section shall apply to credits determined in taxable  
12 years beginning after December 31, 2010, and to  
13 carrybacks of such credits.

14 **SEC. 814. EXTENSION OF INCREASE IN AMOUNT ALLOWED**  
15 **AS DEDUCTION FOR START-UP EXPENDI-**  
16 **TURES.**

17 (a) **START-UP EXPENDITURES.**—Paragraph (3) of  
18 section 195(b) is amended—

19 (1) by inserting “or 2011” after “2010”, and

20 (2) by inserting “OR 2011” after “2010” in the  
21 heading thereof.

22 (b) **EFFECTIVE DATE.**—The amendments made by  
23 this section shall apply to amounts paid or incurred in tax-  
24 able years beginning after December 31, 2010.

1 **SEC. 815. EXTENSION OF DEDUCTION FOR HEALTH INSUR-**  
2 **ANCE COSTS IN COMPUTING SELF-EMPLOY-**  
3 **MENT TAXES.**

4 (a) **IN GENERAL.**—Paragraph (4) of section 162(l)  
5 is amended by striking “December 31, 2010” and insert-  
6 ing “December 31, 2011”.

7 (b) **EFFECTIVE DATE.**—The amendment made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2010.

10 **Subtitle C—Energy**

11 **SEC. 821. ALTERNATIVE FUEL VEHICLE REFUELING PROP-**  
12 **ERTY.**

13 (a) **EXTENSION OF CREDIT.**—Paragraph (2) of sec-  
14 tion 30C(g) is amended by striking “December 31, 2010”  
15 and inserting “December 31, 2011.”.

16 (b) **CLARIFICATION OF DEFINITION OF ELECTRIC**  
17 **REFUELING PROPERTY.**—Subparagraph (B) of section  
18 179A(d)(3) is amended to read as follows:

19 “(B) exclusively used for the recharging of  
20 motor vehicles propelled by electricity (other  
21 than property used for the generation of elec-  
22 tricity).”.

23 (c) **EFFECTIVE DATES.**—

24 (1) **EXTENSION.**—The amendment made by  
25 subsection (a) shall apply to property placed in serv-  
26 ice after December 31, 2010.

1           (2) CLARIFICATION.—The amendment made by  
2           subsection (b) shall apply to property placed in serv-  
3           ice after the date of the enactment of this Act.

4 **SEC. 822. ELECTIVE PAYMENT FOR SPECIFIED ENERGY**  
5           **PROPERTY.**

6           (a) IN GENERAL.—Chapter 65 is amended by adding  
7           at the end the following new subchapter:

8           **“Subchapter C—Direct Payment Provisions**

          “Sec. 6451. Elective payment for specified energy property.

9 **“SEC. 6451. ELECTIVE PAYMENT FOR SPECIFIED ENERGY**  
10           **PROPERTY.**

11           “(a) ELECTIVE PAYMENT.—

12                   “(1) IN GENERAL.—Any eligible person electing  
13           the application of this section with respect to any  
14           specified energy property originally placed in service  
15           by such person during the taxable year shall be  
16           treated as making a payment against the tax im-  
17           posed by subtitle A for the taxable year equal to the  
18           applicable percentage of the basis of such property.  
19           Such payment shall be treated as made on the later  
20           of the due date of the return of such tax or the date  
21           on which such return is filed.

22                   “(2) ELIGIBILITY.—A person shall not be eligi-  
23           ble to elect the application of this section unless  
24           such person has been certified as eligible by the Sec-



1       retary, under such rules as the Secretary, in con-  
2       sultation with the Secretary of Energy, may pre-  
3       scribe.

4       “(b) APPLICABLE PERCENTAGE.—For purposes of  
5 this section, the term ‘applicable percentage’ means—

6               “(1) 30 percent in the case of any property de-  
7       scribed in paragraph (2)(A)(i) or (5) of section  
8       48(a), and

9               “(2) 10 percent in the case of any other prop-  
10       erty.

11       “(c) DOLLAR LIMITATIONS.—In the case of property  
12 described in paragraph (1), (2), or (3) of section 48(e),  
13 the payment otherwise treated as made under subsection  
14 (a) with respect to such property shall not exceed the limi-  
15 tation applicable to such property under such paragraph.

16       “(d) SPECIFIED ENERGY PROPERTY.—For purposes  
17 of this section—

18               “(1) IN GENERAL.—The term ‘specified energy  
19       property’ means energy property (within the mean-  
20       ing of section 48) which—

21                       “(A) is originally placed in service before  
22       January 1, 2012, or

23                       “(B) is originally placed in service on or  
24       after such date and before the credit termi-  
25       nation date with respect to such property, but

1           only if the construction of such property began  
2           before January 1, 2012.

3           “(2) CREDIT TERMINATION DATE.—The term  
4           ‘credit termination date’ means—

5                   “(A) in the case of any energy property  
6                   which is part of a facility described in para-  
7                   graph (1) of section 45(d), January 1, 2013,

8                   “(B) in the case of any energy property  
9                   which is part of a facility described in para-  
10                  graph (2), (3), (4), (6), (7), (9), or (11) of sec-  
11                  tion 45(d), January 1, 2014, and

12                  “(C) in the case of any energy property de-  
13                  scribed in section 48(a)(3), January 1, 2017.

14           In the case of any property which is described in  
15           subparagraph (C) and also in another subparagraph  
16           of this paragraph, subparagraph (C) shall apply with  
17           respect to such property.

18           “(e) COORDINATION WITH PRODUCTION AND IN-  
19           VESTMENT CREDITS.—In the case of any property with  
20           respect to which an election is made under this section—

21                   “(1) DENIAL OF PRODUCTION AND INVEST-  
22                   MENT CREDITS.—No credit shall be determined  
23                   under section 45 or 48 with respect to such property  
24                   for the taxable year in which such property is origi-

1 nally placed in service or any subsequent taxable  
2 year.

3 “(2) REDUCTION OF PAYMENT BY PROGRESS  
4 EXPENDITURES ALREADY TAKEN INTO ACCOUNT.—

5 The amount of the payment treated as made under  
6 subsection (a) with respect to such property shall be  
7 reduced by the aggregate amount of credits deter-  
8 mined under section 48 with respect to such prop-  
9 erty for all taxable years preceding the taxable year  
10 in which such property is originally placed in service.

11 “(f) SPECIAL RULES FOR CERTAIN NON-TAX-  
12 PAYERS.—

13 “(1) DENIAL OF PAYMENT.—Subsection (a)  
14 shall not apply with respect to any property origi-  
15 nally placed in service by—

16 “(A) any governmental entity other than a  
17 governmental unit which is a State utility with  
18 a service obligation (as such terms are defined  
19 in section 217 of the Federal Power Act), or

20 “(B) any organization described in section  
21 501(c) (other than a mutual or cooperative elec-  
22 tric company described in section 501(c)(12))  
23 or 401(a) and exempt from tax under section  
24 501(a).

1           “(2) EXCEPTION FOR PROPERTY USED IN UN-  
2 RELATED TRADE OR BUSINESS.—Paragraph (1)  
3 shall not apply with respect to any property origi-  
4 nally placed in service by an entity described in sec-  
5 tion 511(a)(2) if substantially all of the income de-  
6 rived from such property by such entity is unrelated  
7 business taxable income (as defined in section 512).

8           “(3) SPECIAL RULES FOR PARTNERSHIPS AND  
9 S CORPORATIONS.—In the case of property originally  
10 placed in service by a partnership or an S corpora-  
11 tion—

12                   “(A) the election under subsection (a) may  
13 be made only by such partnership or S corpora-  
14 tion,

15                   “(B) such partnership or S corporation  
16 shall be treated as making the payment referred  
17 to in subsection (a) only to the extent of the  
18 proportionate share of such partnership or S  
19 corporation as is owned by persons who would  
20 be treated as making such payment if the prop-  
21 erty were originally placed in service by such  
22 persons, and

23                   “(C) the return required to be made by  
24 such partnership or S corporation under section  
25 6031 or 6037 (as the case may be) shall be

1           treated as a return of tax for purposes of sub-  
2           section (a).

3 For purposes of subparagraph (B), rules similar to the  
4 rules of section 168(h)(6) (other than subparagraph (F)  
5 thereof) shall apply. For purposes of applying such rules,  
6 the term ‘tax-exempt entity’ shall not include any entity  
7 which is a governmental unit which is a State utility with  
8 a service obligation (as such terms are defined in section  
9 217 of the Federal Power Act) or which is a mutual or  
10 cooperative electric company described in section  
11 501(c)(12).

12           “(g) OTHER DEFINITIONS AND SPECIAL RULES.—  
13 For purposes of this section—

14           “(1) OTHER DEFINITIONS.—Terms used in this  
15           section which are also used in section 45 or 48 shall  
16           have the same meanings for purposes of this section  
17           as when used in such sections.

18           “(2) APPLICATION OF RECAPTURE RULES,  
19           ETC.—Except as otherwise provided by the Sec-  
20           retary, rules similar to the rules of section 50 (other  
21           than paragraphs (1) and (2) of subsection (d) there-  
22           of), and section 1603 of the American Recovery and  
23           Reinvestment Act of 2009, shall apply.

24           “(3) EXCLUSION FROM GROSS INCOME.—Any  
25           credit or refund allowed or made by reason of this

1 section shall not be includible in gross income or al-  
2 ternative minimum taxable income.

3 “(4) EXCEPTION FOR CERTAIN PROJECTS.—

4 Subsection (a) shall not apply to any governmental  
5 unit or cooperative electric company (as defined in  
6 section 54(j)(1)) with respect to any specified energy  
7 property which is described in section 48(a)(5)(D) if  
8 such entity has issued any bond—

9 “(A) which is designated as a clean renew-  
10 able energy bond under section 54 of the Inter-  
11 nal Revenue Code of 1986 or as a new clean re-  
12 newable energy bond under section 54C of such  
13 Code, and

14 “(B) the proceeds of which are used for ex-  
15 penditures in connection with the same quali-  
16 fied facility with respect to which such specified  
17 energy property is a part.

18 “(5) COORDINATION WITH GRANT PROGRAM.—

19 If a grant under section 1603 of the American Re-  
20 covery and Reinvestment Tax Act of 2009 is made  
21 with respect to any specified energy property—

22 “(A) no election may be made under sub-  
23 section (a) with respect to such property on or  
24 after the date of such grant, and

1           “(B) if such grant is made after such elec-  
2           tion, such property shall be treated as having  
3           ceased to be specified energy property imme-  
4           diately after such property was originally placed  
5           in service.”.

6           (b) TREATMENT OF GRANTS FOR COOPERATIVE  
7 ELECTRIC COMPANIES.—Section 501(c)(12) is amended  
8 by adding at the end the following new subparagraph:

9           “(I) In the case of a mutual or cooperative  
10          electric company described in this paragraph or  
11          an organization described in section  
12          1381(a)(2)(C), subparagraph (A) shall be ap-  
13          plied without taking into account any payment  
14          made by reason of section 6452.”.

15          (c) CONFORMING AMENDMENTS RELATED TO DI-  
16 RECT PAYMENT.—

17           (1) Subparagraph (A) of section 6211(b)(4)(A)  
18          is amended by inserting “and subchapter C of chap-  
19          ter 65 (including any payment treated as made  
20          under such subchapter)” after “6431”.

21           (2) Subparagraph (B) of section 6425(c)(1) is  
22          amended—

23           (A) by striking “the credits” and inserting  
24          “the sum of—  
25           “(i) the credits”,

1 (B) by striking the period at the end of  
2 clause (i) thereof (as amended by this para-  
3 graph) and inserting “, plus”, and

4 (C) by adding at the end the following new  
5 clause:

6 “(ii) the payments treated as made  
7 under subchapter C of chapter 65.”.

8 (3) Paragraph (3) of section 6654(f) is amend-  
9 ed—

10 (A) by striking “the credits” and inserting  
11 “the sum of—

12 “(A) the credits”,

13 (B) by striking the period at the end of  
14 subparagraph (A) thereof (as amended by this  
15 paragraph) and inserting “, and”, and

16 (C) by adding at the end the following new  
17 subparagraph:

18 “(B) the payments treated as made under  
19 subchapter C of chapter 65.”.

20 (4) Subparagraph (B) of section 6655(g)(1) is  
21 amended—

22 (A) by striking “the credits” and inserting  
23 “the sum of—

24 “(i) the credits”,



1 (B) by striking the period at the end of  
2 clause (i) thereof (as amended by this para-  
3 graph) and inserting “, plus”, and

4 (C) by adding at the end the following new  
5 clause:

6 “(ii) the payments treated as made  
7 under subchapter C of chapter 65.”.

8 (5) Paragraph (2) of section 1324(b) of title  
9 31, United States Code, is amended by inserting “,  
10 or from the provisions of subchapter C of chapter 65  
11 of such Code” before the period at the end.

12 (6) The table of subchapters for chapter 65 is  
13 amended by adding at the end the following new  
14 item:

“SUBCHAPTER C. DIRECT PAYMENT PROVISIONS.”.

15 (d) CLARIFICATION OF APPLICATION OF GRANTS  
16 FOR SPECIFIED ENERGY PROPERTY TO CERTAIN REGU-  
17 LATED COMPANIES.—The first sentence of section 1603(f)  
18 of the American Recovery and Reinvestment Tax Act of  
19 2009 is amended by inserting “(other than subsection  
20 (d)(2) thereof)” after “section 50 of the Internal Revenue  
21 Code of 1986”.

22 (e) TECHNICAL AMENDMENTS.—

23 (1) Paragraphs (1) and (2) of section 1603(a)  
24 of the American Recovery and Reinvestment Tax  
25 Act of 2009 are each amended by striking “is placed

1 in service” and inserting “is originally placed in  
2 service by such person”.

3 (2) Paragraph (1) of section 1603(d) of such  
4 Act is amended—

5 (A) by striking “(within the meaning of  
6 section 45 of such Code)”, and

7 (B) by inserting before the period at the  
8 end the following: “which would (but for section  
9 48(d)(1) of such Code) be eligible for credit  
10 under section 45 of such Code (determined  
11 without regard to subsection (a)(2)(B) there-  
12 of)”.

13 (3) Subsection (f) of section 1603 of such Act,  
14 as amended by subsection (d), is amended—

15 (A) by striking the second sentence and in-  
16 serting the following: “In applying such rules,  
17 any increase in tax under chapter 1 of such  
18 Code by reason of the property being disposed  
19 of (or otherwise ceasing to be specified energy  
20 property) shall be imposed on the person to  
21 whom the grant was made.”,

22 (B) by striking “In making grants under”  
23 and inserting the following:

24 “(1) IN GENERAL.—In making grants under”,

25 and

1 (C) by adding at the end following new  
2 paragraph:

3 “(2) SPECIAL RULES.—

4 “(A) RECAPTURE OF EXCESSIVE GRANT  
5 AMOUNTS.—If the amount of a grant made  
6 under this section exceeds the amount allowable  
7 as a grant under this section, such excess shall  
8 be recaptured under paragraph (1) as if the  
9 property to which such grant relates were dis-  
10 posed of immediately after such grant was  
11 made.

12 “(B) GRANT INFORMATION NOT TREATED  
13 AS RETURN INFORMATION.—For purposes of  
14 section 6103 of the Internal Revenue Code of  
15 1986, in no event shall any of the following be  
16 treated as return information:

17 “(i) The amount of a grant made  
18 under subsection (a).

19 “(ii) The identity of the person to  
20 whom the grant was made.

21 “(iii) A description of the property  
22 with respect to which the grant was made.

23 “(iv) The fact and amount of any re-  
24 capture.



1           “(B) UNRELATED TRADE OR BUSINESS  
2           PROPERTY.—For purposes of this paragraph,  
3           the term ‘unrelated trade or business property’  
4           means any property with respect to which sub-  
5           stantially all of the income derived therefrom by  
6           an organization described in section 511(a)(2)  
7           of the Internal Revenue Code of 1986 is subject  
8           to tax under section 511 of such Code.

9           “(C) INFORMATION WITH RESPECT TO  
10          PASS-THRU.—In the case of a partnership or  
11          other pass-thru entity, partners or other holders  
12          of an equity or profits interest must provide to  
13          such partnership or entity such information as  
14          the Secretary may require to carry out the pur-  
15          poses of this subsection.”.

16          (f) EFFECTIVE DATES.—

17               (1) IN GENERAL.—Except as provided in para-  
18               graph (2), the amendments made by this section  
19               shall apply to property originally placed in service  
20               after the date of the enactment of this Act.

21               (2) CLARIFICATION AND TECHNICAL AMEND-  
22               MENTS.—The amendments made by subsections (d)  
23               and (e) shall take effect as if included in section  
24               1603 of the American Recovery and Reinvestment  
25               Tax Act of 2009.

1 **SEC. 823. QUALIFYING ADVANCED ENERGY PROJECT CRED-**  
2 **IT.**

3 (a) IN GENERAL.—Section 48C(d)(1)(B) is amended  
4 by striking “\$2,300,000,000” and inserting  
5 “\$4,800,000,000”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to allocations for applications sub-  
8 mitted after December 31, 2010.

9 **SEC. 824. NEW CLEAN RENEWABLE ENERGY BONDS.**

10 (a) IN GENERAL.—Subsection (c) of section 54C is  
11 amended by adding at the end the following new para-  
12 graph:

13 “(5) SECOND ADDITIONAL LIMITATION.—Sub-  
14 ject to paragraph (4), the national new clean renew-  
15 able energy bond limitation shall be increased by  
16 \$1,600,000,000. Such increase shall be allocated by  
17 the Secretary consistent with the rules of para-  
18 graphs (2) and (3).”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to allocations after December 31,  
21 2010.

22 **SEC. 825. ALTERNATIVE MOTOR VEHICLE CREDIT FOR NEW**  
23 **QUALIFIED ALTERNATIVE FUEL VEHICLES.**

24 (a) IN GENERAL.—Paragraph (4) of section 30B(k)  
25 is amended by striking “December 31, 2010” and insert-  
26 ing “December 31, 2011”.

1 (b) EFFECTIVE DATE.—The amendment made by  
 2 this section shall apply to property purchased after De-  
 3 cember 31, 2010.

4 **SEC. 826. EXTENSION OF PROVISIONS RELATED TO ALCO-**  
 5 **HOL USED AS FUEL.**

6 (a) EXTENSION OF INCOME TAX CREDIT FOR ALCO-  
 7 HOL USED AS FUEL.—

8 (1) IN GENERAL.—Paragraph (1) of section  
 9 40(e) is amended—

10 (A) by striking “December 31, 2010” in  
 11 subparagraph (A) and inserting “December 31,  
 12 2011”, and

13 (B) by striking “January 1, 2011” in sub-  
 14 paragraph (B) and inserting “January 1,  
 15 2012”.

16 (2) REDUCED AMOUNT FOR ETHANOL BLEND-  
 17 ERS.—Subsection (h) of section 40 is amended—

18 (A) by striking “2010” in paragraph (1)  
 19 and inserting “2011”, and

20 (B) by striking the period at the end of the  
 21 table contained in paragraph (2) and adding  
 22 the following new item:

---

“2011 ..... 36 cents 26.66 cents.”.

---

1           (3) REDUCED RATE FOR SMALL ETHANOL PRO-  
2           DUCERS.—Section 40(b)(4)(A) is amended by strik-  
3           ing “10 cents” and inserting “8 cents”.

4           (4) EFFECTIVE DATE.—

5           (A) IN GENERAL.—Except as provided in  
6           subparagraph (B), the amendments made by  
7           this subsection shall apply to periods after De-  
8           cember 31, 2010.

9           (B) RATE FOR SMALL ETHANOL PRO-  
10          DUCERS.—The amendment made by paragraph  
11          (3) shall apply to the sale or use of alcohol  
12          after December 31, 2010.

13          (b) EXTENSION OF EXCISE TAX CREDIT FOR ALCO-  
14          HOL USED AS FUEL.—

15           (1) IN GENERAL.—Paragraph (6) of section  
16          6426(b) is amended by striking “December 31,  
17          2010” and inserting “December 31, 2011”.

18           (2) REDUCED APPLICABLE AMOUNT FOR ETH-  
19          ANOL.—Subparagraph (A) of section 6426(b)(2) is  
20          amended—

21           (A) by striking “and” at the end of clause

22           (i),

23           (B) in clause (ii)—

24           (i) by inserting “and before 2011”

25           after “after 2008”, and



1 (ii) by striking the period and insert-  
2 ing “, and”, and

3 (C) by adding at the end the following new  
4 clause:

5 “(iii) in the case of calendar years be-  
6 ginning after 2010, 36 cents.”.

7 (3) EFFECTIVE DATE.—The amendments made  
8 by this subsection shall apply to periods after De-  
9 cember 31, 2010.

10 (c) EXTENSION OF PAYMENT FOR ALCOHOL FUEL  
11 MIXTURE.—

12 (1) IN GENERAL.—Subparagraph (A) of section  
13 6427(e)(6) is amended by striking “December 31,  
14 2010” and inserting “December 31, 2011”.

15 (2) EFFECTIVE DATE.—The amendment made  
16 by this subsection shall apply to sales and uses after  
17 December 31, 2010.

18 (d) EXTENSION OF ADDITIONAL DUTIES ON ETH-  
19 ANOL.—

20 (1) IN GENERAL.—Headings 9901.00.50 and  
21 9901.00.52 of the Harmonized Tariff Schedule of  
22 the United States are each amended in the effective  
23 period column by striking “1/1/2011” and inserting  
24 “1/1/2012”.

1           (2) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall take effect on January 1,  
3           2011.

4 **SEC. 827. ENERGY EFFICIENT APPLIANCE CREDIT.**

5           (a) DISHWASHERS.—Paragraph (1) of section  
6 45M(b) is amended by striking “and” at the end of sub-  
7 paragraph (A), by striking the period at the end of sub-  
8 paragraph (B) and inserting a comma, and by adding at  
9 the end the following new subparagraphs:

10                   “(C) \$25 in the case of a dishwasher which  
11                   is manufactured in calendar year 2011 and  
12                   which uses no more than 307 kilowatt hours  
13                   per year and 5.0 gallons per cycle (5.5 gallons  
14                   per cycle for dishwashers designed for greater  
15                   than 12 place settings),

16                   “(D) \$50 in the case of a dishwasher  
17                   which is manufactured in calendar year 2011  
18                   and which uses no more than 295 kilowatt  
19                   hours per year and 4.25 gallons per cycle (4.75  
20                   gallons per cycle for dishwashers designed for  
21                   greater than 12 place settings), and

22                   “(E) \$75 in the case of a dishwasher  
23                   which is manufactured in calendar year 2011  
24                   and which uses no more than 280 kilowatt  
25                   hours per year and 4 gallons per cycle (4.5 gal-

1           lons per cycle for dishwashers designed for  
2           greater than 12 place settings).”.

3           (b) CLOTHES WASHERS.—Paragraph (2) of section  
4 45M(b) is amended by striking “and” at the end of sub-  
5 paragraph (C), by striking the period at the end of sub-  
6 paragraph (D) and inserting a comma, and by adding at  
7 the end the following new subparagraphs:

8                   “(E) \$175 in the case of a top-loading  
9                   clothes washer manufactured in calendar year  
10                   2011 which meets or exceeds a 2.2 modified en-  
11                   ergy factor and does not exceed a 4.5 water  
12                   consumption factor, and

13                   “(F) \$225 in the case of a clothes washer  
14                   manufactured in calendar year 2011—

15                           “(i) which is a top-loading clothes  
16                           washer and which meets or exceeds a 2.4  
17                           modified energy factor and does not exceed  
18                           a 4.2 water consumption factor, or

19                           “(ii) which is a front-loading clothes  
20                           washer and which meets or exceeds a 2.8  
21                           modified energy factor and does not exceed  
22                           a 3.5 water consumption factor.”.

23           (c) REFRIGERATORS.—Paragraph (3) of section  
24 45M(b) is amended by striking “and” at the end of sub-  
25 paragraph (C), by striking the period at the end of sub-

1 paragraph (D) and inserting a comma, and by adding at  
2 the end the following new subparagraphs:

3           “(E) \$150 in the case of a refrigerator  
4           manufactured in calendar year 2011 which con-  
5           sumes at least 30 percent less energy than the  
6           2001 energy conservation standards, and

7           “(F) \$200 in the case of a refrigerator  
8           manufactured in calendar year 2011 which con-  
9           sumes at least 35 percent less energy than the  
10          2001 energy conservation standards.”.

11       (d) REBASING OF LIMITATIONS.—

12           (1) IN GENERAL.—Paragraph (1) of section  
13       45M(e) is amended by striking “December 31,  
14       2007” and inserting “December 31, 2010”.

15           (2) EXCEPTION FOR CERTAIN REFRIGERATORS  
16       AND CLOTHES WASHERS.—Paragraph (2) of section  
17       45M(e) is amended—

18           (A) by striking “subsection (b)(3)(D)” and  
19           inserting “subsection (b)(3)(F)”, and

20           (B) by striking “subsection (b)(2)(D)” and  
21           inserting “subsection (b)(2)(F)”.

22           (3) GROSS RECEIPTS LIMITATION.—Paragraph  
23       (3) of section 45M(e) is amended by striking “2 per-  
24       cent” and inserting “4 percent”.

1           (e) DIRECT PAYMENT OF ENERGY EFFICIENT AP-  
2 PLIANCES TAX CREDIT.—In the case of any taxable year  
3 which includes the last day of calendar year 2009 or cal-  
4 endar year 2010, a taxpayer who elects to waive the credit  
5 which would otherwise be determined with respect to the  
6 taxpayer under section 45M of the Internal Revenue Code  
7 of 1986 for such taxable year shall be treated as making  
8 a payment against the tax imposed under subtitle A of  
9 such Code for such taxable year in an amount equal to  
10 85 percent of the amount of the credit which would other-  
11 wise be so determined. Such payment shall be treated as  
12 made on the later of the due date of the return of such  
13 tax or the date on which such return is filed. Elections  
14 under this section may be made separately for 2009 and  
15 2010, but once made shall be irrevocable. No amount shall  
16 be includible in gross income or alternative minimum tax-  
17 able income by reason of this section.

18           (f) EFFECTIVE DATES.—

19               (1) IN GENERAL.—The amendments made by  
20 subsections (a), (b), and (c) shall apply to appliances  
21 produced after December 31, 2010.

22               (2) LIMITATIONS.—The amendments made by  
23 subsection (d) shall apply to taxable years beginning  
24 after December 31, 2010.

1 **SEC. 828. REDUCED DEPRECIATION PERIOD FOR NATURAL**  
2 **GAS DISTRIBUTION FACILITIES.**

3 (a) IN GENERAL.—Clause (viii) of section  
4 168(e)(3)(E) is amended by striking “January 1, 2011”  
5 and inserting “January 1, 2012”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to property placed in service after  
8 December 31, 2010.

9 **Subtitle D—Education**

10 **SEC. 831. QUALIFIED SCHOOL CONSTRUCTION BONDS.**

11 (a) IN GENERAL.—Subsection (c) of section 54F is  
12 amended—

13 (1) by striking “and” at the end of paragraph

14 (2),

15 (2) by redesignating paragraph (3) as para-  
16 graph (4),

17 (3) by inserting after paragraph (2) the fol-  
18 lowing new paragraph:

19 “(3) \$11,000,000,000 for 2011, and”, and

20 (4) by striking “2010” in paragraph (4) (as re-  
21 designated by paragraph (2)) and inserting “2011”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to obligations issued after Decem-  
24 ber 31, 2010.

1       **Subtitle E—Other Employee and**  
2                                   **Housing Relief**

3       **SEC. 841. MAKING WORK PAY CREDIT.**

4           (a) IN GENERAL.—Section 36A(e) is amended by  
5 striking “December 31, 2010” and inserting “December  
6 31, 2011”.

7           (b) TREATMENT OF POSSESSIONS.—Section  
8 1001(b)(1) of the American Recovery and Reinvestment  
9 Tax Act of 2009 is amended by striking “2009 and 2010”  
10 both places it appears and inserting “2009, 2010, and  
11 2011”.

12          (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2010.

15       **SEC. 842. WORK OPPORTUNITY CREDIT.**

16          (a) IN GENERAL.—Subparagraph (B) of section  
17 51(c)(4) is amended by striking “August 31, 2011” and  
18 inserting “December 31, 2011”.

19          (b) UNEMPLOYED VETERANS AND DISCONNECTED  
20 YOUTH.—Paragraph (14) of section 51(d) is amended—

21               (1) by striking “2009 or 2010” in subpara-  
22 graph (A) and inserting “2009, 2010, or 2011”, and

23               (2) by striking “2009 OR 2010” in the heading  
24 thereof and inserting “2009, 2010, OR 2011”.

25          (c) EFFECTIVE DATES.—

1           (1) IN GENERAL.—The amendment made by  
2           subsection (a) shall apply to individuals who begin  
3           work for the employer after the date of the enact-  
4           ment of this Act.

5           (2) UNEMPLOYED VETERANS AND DISCON-  
6           NECTED YOUTH.—The amendments made by sub-  
7           section (b) shall apply to individuals who begin work  
8           for the employer after December 31, 2010.

9   **SEC. 843. EXCLUSION FROM INCOME FOR BENEFITS PRO-**  
10                           **VIDED TO VOLUNTEER FIREFIGHTERS AND**  
11                           **EMERGENCY MEDICAL RESPONDERS.**

12           (a) IN GENERAL.—Subsection (d) of section 139B is  
13           amended by striking “December 31, 2010” and inserting  
14           “December 31, 2011”.

15           (b) EFFECTIVE DATE.—The amendment made by  
16           this section shall apply to taxable years beginning after  
17           December 31, 2010.

18   **SEC. 844. PARITY FOR EXCLUSION FROM INCOME FOR EM-**  
19                           **PLOYER-PROVIDED MASS TRANSIT AND**  
20                           **PARKING BENEFITS.**

21           (a) IN GENERAL.—Paragraph (2) of section 132(f)  
22           is amended by striking “January 1, 2011” and inserting  
23           “January 1, 2012”.



1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to months after December 31,  
3 2010.

4 **SEC. 845. QUALIFIED MORTGAGE BONDS FOR REFI-**  
5 **NANCING OF SUBPRIME LOANS.**

6 (a) IN GENERAL.—Subparagraph (D) of section  
7 143(k)(12) is amended by striking “December 31, 2010”  
8 and inserting “December 31, 2011”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 this section shall apply to bonds issued after December  
11 31, 2010.

12 **TITLE IX—OTHER PROVISIONS**

13 **SEC. 901. REPEAL OF EXPANSION OF INFORMATION RE-**  
14 **PORTING REQUIREMENTS.**

15 (a) REPEAL OF PAYMENTS FOR PROPERTY AND  
16 OTHER GROSS PROCEEDS.—Subsection (b) of section  
17 9006 of the Patient Protection and Affordable Care Act,  
18 and the amendments made thereby, are hereby repealed;  
19 and the Internal Revenue Code of 1986 shall be applied  
20 as if such subsection, and amendments, had never been  
21 enacted.

22 (b) REPEAL OF APPLICATION TO CORPORATIONS;  
23 APPLICATION OF REGULATORY AUTHORITY.—

24 (1) IN GENERAL.—Section 6041 of the Internal  
25 Revenue Code of 1986, as amended by section

1 9006(a) of the Patient Protection and Affordable  
2 Care Act and section 2101 of the Small Business  
3 Jobs Act of 2010, is amended by striking sub-  
4 sections (i) and (j) and inserting the following new  
5 subsection:

6 “(i) REGULATIONS.—The Secretary may prescribe  
7 such regulations and other guidance as may be appro-  
8 priate or necessary to carry out the purposes of this sec-  
9 tion, including rules to prevent duplicative reporting of  
10 transactions.”.

11 (2) EFFECTIVE DATE.—The amendments made  
12 by this subsection shall apply to payments made  
13 after December 31, 2010.

14 **SEC. 902. REPEAL OF SUNSET ON TAX TREATMENT OF**  
15 **ALASKA NATIVE SETTLEMENT TRUSTS.**

16 Title IX of the Economic Growth and Tax Relief Rec-  
17 onciliation Act of 2001 (relating to sunset of provisions  
18 of such Act) shall not apply to section 671 of such Act  
19 (relating to tax treatment and information requirements  
20 of Alaska Native Settlement Trusts).

21 **SEC. 903. REPEAL OF SUNSET ON EXPANSION OF AUTHOR-**  
22 **ITY TO POSTPONE CERTAIN TAX-RELATED**  
23 **DEADLINES.**

24 Title IX of the Economic Growth and Tax Relief Rec-  
25 onciliation Act of 2001 (relating to sunset of provisions

1 of such Act) shall not apply to section 802 of such Act  
2 (relating to expansion of authority to postpone certain tax-  
3 related deadlines by reason of Presidentially declared dis-  
4 aster).

5 **SEC. 904. REFUNDS DISREGARDED IN THE ADMINISTRA-**  
6 **TION OF FEDERAL PROGRAMS AND FEDER-**  
7 **ALLY ASSISTED PROGRAMS.**

8 (a) IN GENERAL.—Subchapter A of chapter 65 is  
9 amended by adding at the end the following new section:

10 **“SEC. 6409. REFUNDS DISREGARDED IN THE ADMINISTRA-**  
11 **TION OF FEDERAL PROGRAMS AND FEDER-**  
12 **ALLY ASSISTED PROGRAMS.**

13 “Notwithstanding any other provision of law, any re-  
14 fund (or advance payment with respect to a refundable  
15 credit) made to any individual under this title shall not  
16 be taken into account as income, and shall not be taken  
17 into account as resources for a period of 12 months from  
18 receipt, for purposes of determining the eligibility of such  
19 individual (or any other individual) for benefits or assist-  
20 ance (or the amount or extent of benefits or assistance)  
21 under any Federal program or under any State or local  
22 program financed in whole or in part with Federal  
23 funds.”.

1 (b) CLERICAL AMENDMENT.—The table of sections  
2 for such subchapter is amended by adding at the end the  
3 following new item:

“Sec. 6409. Refunds disregarded in the administration of Federal programs  
and federally assisted programs.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to amounts received after Decem-  
6 ber 31, 2009.

7 **SEC. 905. TREATMENT OF SECURITIES OF A CONTROLLED**  
8 **CORPORATION EXCHANGED FOR ASSETS IN**  
9 **CERTAIN REORGANIZATIONS.**

10 (a) IN GENERAL.—Section 361 (relating to non-  
11 recognition of gain or loss to corporations; treatment of  
12 distributions) is amended by adding at the end the fol-  
13 lowing new subsection:

14 “(d) SPECIAL RULES FOR TRANSACTIONS INVOLVING  
15 SECTION 355 DISTRIBUTIONS.—In the case of a reorga-  
16 nization described in section 368(a)(1)(D) with respect to  
17 which stock or securities of the corporation to which the  
18 assets are transferred are distributed in a transaction  
19 which qualifies under section 355—

20 “(1) this section shall be applied by substituting  
21 ‘stock other than nonqualified preferred stock (as  
22 defined in section 351(g)(2))’ for ‘stock or securities’  
23 in subsections (a) and (b)(1), and

1           “(2) the first sentence of subsection (b)(3) shall  
2           apply only to the extent that the sum of the money  
3           and the fair market value of the other property  
4           transferred to such creditors does not exceed the ad-  
5           justed bases of such assets transferred (reduced by  
6           the amount of the liabilities assumed (within the  
7           meaning of section 357(c)).”.

8           (b) CONFORMING AMENDMENT.—Paragraph (3) of  
9           section 361(b) is amended by striking the last sentence.

10          (c) EFFECTIVE DATE.—

11           (1) IN GENERAL.—Except as provided in para-  
12           graph (2), the amendments made by this section  
13           shall apply to exchanges after December 31, 2010.

14           (2) TRANSITION RULE.—The amendments  
15           made by this section shall not apply to any exchange  
16           pursuant to a transaction which is—

17           (A) made pursuant to a written agreement  
18           which was binding on December 31, 2010, and  
19           at all times thereafter,

20           (B) described in a ruling request submitted  
21           to the Internal Revenue Service on or before  
22           December 2, 2010, or

23           (C) described on or before December 31,  
24           2010, in a public announcement or in a filing  
25           with the Securities and Exchange Commission.

1                   **TITLE X—BUDGETARY**  
2                   **PROVISIONS**

3 **SEC. 1001. DETERMINATION OF BUDGETARY EFFECTS.**

4           The budgetary effects of this Act, for the purpose of  
5 complying with the Statutory Pay-As-You-Go Act of 2010,  
6 shall be determined by reference to the latest statement  
7 titled ‘Budgetary Effects of PAYGO Legislation’ for this  
8 Act, submitted for printing in the Congressional Record  
9 by the Chairman of the Senate Budget Committee, pro-  
10 vided that such statement has been submitted prior to the  
11 vote on passage.

12 **SEC. 1002. EMERGENCY DESIGNATIONS.**

13           (a) **STATUTORY PAYGO.**—The provisions of this Act  
14 other than those that qualify for the current policy adjust-  
15 ments under section 7 of the Statutory Pay-As-You-Go  
16 Act of 2010 (Public Law 111-139; 2 U.S.C. 933(g)) are  
17 designated as an emergency requirement pursuant to sec-  
18 tion 4(g) of such Act (Public Law 111-139; 2 U.S.C.  
19 933(g)).

20           (b) **HOUSE OF REPRESENTATIVES.**—In the House of  
21 Representatives, this Act is designated as an emergency  
22 for purposes of pay-as-you-go principles.

23           (c) **SENATE.**—In the Senate, this Act is designated  
24 as an emergency requirement pursuant to section 403(a)

1 of S. Con. Res. 13 (111th Congress), the concurrent reso-  
2 lution on the budget for fiscal year 2010.