

## Calendar No. 499

112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION**S. 3521****[Report No. 112-208]**

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions.

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IN THE SENATE OF THE UNITED STATES

AUGUST 28, 2012

Mr. BAUCUS, from the Committee on Finance, reported, under authority of the order of the Senate of August 2, 2012, the following original bill; which was read twice and placed on the calendar

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**A BILL**

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions.

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

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Family and Business Tax Cut Certainty Act of 2012”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-  
7 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment  
 2 to, or repeal of, a section or other provision, the reference  
 3 shall be considered to be made to a section or other provi-  
 4 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

#### TITLE I—INDIVIDUAL TAX PROVISIONS

##### Subtitle A—Alternative Minimum Tax Relief

Sec. 101. Extension of increased alternative minimum tax exemption amount.

Sec. 102. Extension of alternative minimum tax relief for nonrefundable personal credits.

##### Subtitle B—Other Individual Tax Provisions

Sec. 111. Extension of deduction for certain expenses of elementary and secondary school teachers.

Sec. 112. Extension of exclusion from gross income of discharge of qualified principal residence indebtedness.

Sec. 113. Extension of parity for exclusion from income for employer-provided mass transit and parking benefits.

Sec. 114. Extension of mortgage insurance premiums treated as qualified residence interest.

Sec. 115. Extension of deduction of State and local general sales taxes.

Sec. 116. Extension of special rule for contributions of capital gain real property made for conservation purposes.

Sec. 117. Extension of above-the-line deduction for qualified tuition and related expenses.

Sec. 118. Extension of tax-free distributions from individual retirement plans for charitable purposes.

##### Subtitle C—Tax Administration

Sec. 121. Improve and make permanent the provision authorizing the Internal Revenue Service to disclose certain return and return information to certain prison officials.

Sec. 122. Extension of rule disregarding refunds in the administration of Federal programs and Federally assisted programs.

#### TITLE II—BUSINESS TAX EXTENDERS

Sec. 201. Extension and modification of research credit.

Sec. 202. Extension of temporary minimum low-income tax credit rate for nonfederally subsidized new buildings.

Sec. 203. Extension of housing allowance exclusion for determining area median gross income for qualified residential rental project exempt facility bonds.

- Sec. 204. Extension of Indian employment tax credit.
- Sec. 205. Extension of new markets tax credit.
- Sec. 206. Extension of railroad track maintenance credit.
- Sec. 207. Extension of mine rescue team training credit.
- Sec. 208. Extension of employer wage credit for employees who are active duty members of the uniformed services.
- Sec. 209. Extension of work opportunity tax credit.
- Sec. 210. Extension of qualified zone academy bonds.
- Sec. 211. Extension of 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
- Sec. 212. Extension of 7-year recovery period for motorsports entertainment complexes.
- Sec. 213. Extension of accelerated depreciation for business property on an Indian reservation.
- Sec. 214. Extension of enhanced charitable deduction for contributions of food inventory.
- Sec. 215. Extension of increased expensing limitations and treatment of certain real property as section 179 property.
- Sec. 216. Extension of election to expense mine safety equipment.
- Sec. 217. Extension of special expensing rules for certain film and television productions.
- Sec. 218. Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 219. Extension of modification of tax treatment of certain payments to controlling exempt organizations.
- Sec. 220. Extension of treatment of certain dividends of regulated investment companies.
- Sec. 221. Extension of RIC qualified investment entity treatment under FIRPTA.
- Sec. 222. Extension of subpart F exception for active financing income.
- Sec. 223. Extension of look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.
- Sec. 224. Extension of temporary exclusion of 100 percent of gain on certain small business stock.
- Sec. 225. Extension of basis adjustment to stock of S corporations making charitable contributions of property.
- Sec. 226. Extension of reduction in S-corporation recognition period for built-in gains tax.
- Sec. 227. Extension of empowerment zone tax incentives.
- Sec. 228. Extension of tax-exempt financing for New York Liberty Zone.
- Sec. 229. Extension of temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands.
- Sec. 230. Extension and limitation of American Samoa economic development credit.

#### TITLE III—ENERGY TAX EXTENDERS

- Sec. 301. Extension of credit for energy-efficient existing homes.
- Sec. 302. Extension of credit for alternative fuel vehicle refueling property.
- Sec. 303. Extension of credit for 2- or 3-wheeled plug-in electric vehicles.
- Sec. 304. Extension and modification of cellulosic biofuel producer credit.
- Sec. 305. Extension of incentives for biodiesel and renewable diesel.

- Sec. 306. Extension of production credit for Indian coal facilities placed in service before 2009.
- Sec. 307. Extension and modification of credits with respect to facilities producing energy from certain renewable resources.
- Sec. 308. Extension of credit for energy-efficient new homes.
- Sec. 309. Extension of credit for energy-efficient appliances.
- Sec. 310. Extension and modification of special allowance for cellulosic biofuel plant property.
- Sec. 311. Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- Sec. 312. Extension of alternative fuels excise tax credits.

#### TITLE IV—OTHER PROVISIONS

- Sec. 401. Sense of the Senate regarding tax reform.

#### TITLE V—BUDGET PROVISIONS

- Sec. 501. PAYGO scorecard estimates.

1           **TITLE I—INDIVIDUAL TAX**  
 2                           **PROVISIONS**  
 3       **Subtitle A—Alternative Minimum**  
 4                           **Tax Relief**

5   **SEC. 101. EXTENSION OF INCREASED ALTERNATIVE MIN-**  
 6                           **IMUM TAX EXEMPTION AMOUNT.**

7           (a) IN GENERAL.—Paragraph (1) of section 55(d) is  
 8 amended—

9                   (1) by striking “\$72,450” and all that follows  
 10 through “2011” in subparagraph (A) and inserting  
 11 “\$78,750 in the case of taxable years beginning in  
 12 2012 and \$79,850 in the case of taxable years be-  
 13 ginning in 2013”, and

14                   (2) by striking “\$47,450” and all that follows  
 15 through “2011” in subparagraph (B) and inserting  
 16 “\$50,600 in the case of taxable years beginning in

1 2012 and \$51,150 in the case of taxable years be-  
2 ginning in 2013”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2011.

6 **SEC. 102. 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 2011” and inserting “2011,  
12 2012, or 2013”, and

13 (2) by striking “2011” in the heading thereof  
14 and inserting “2013”.

15 (b) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2011.

18 **Subtitle B—Other Individual Tax**  
19 **Provisions**

20 **SEC. 111. EXTENSION OF DEDUCTION FOR CERTAIN EX-**  
21 **PENSES OF ELEMENTARY AND SECONDARY**  
22 **SCHOOL TEACHERS.**

23 (a) IN GENERAL.—Subparagraph (D) of section  
24 62(a)(2) is amended by striking “or 2011” and inserting  
25 “2011, 2012, or 2013”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2011.

4 **SEC. 112. EXTENSION OF EXCLUSION FROM GROSS INCOME**  
5 **OF DISCHARGE OF QUALIFIED PRINCIPAL**  
6 **RESIDENCE INDEBTEDNESS.**

7 (a) IN GENERAL.—Subparagraph (E) of section  
8 108(a)(1) is amended by striking “January 1, 2013” and  
9 inserting “January 1, 2014”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to indebtedness discharged after  
12 December 31, 2012.

13 **SEC. 113. EXTENSION OF PARITY FOR EXCLUSION FROM IN-**  
14 **COME FOR EMPLOYER-PROVIDED MASS**  
15 **TRANSIT AND PARKING BENEFITS.**

16 (a) IN GENERAL.—Paragraph (2) of section 132(f)  
17 is amended by striking “January 1, 2012” and inserting  
18 “January 1, 2014”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to months after December 31,  
21 2011.

1 **SEC. 114. EXTENSION OF MORTGAGE INSURANCE PRE-**  
2 **MIUMS TREATED AS QUALIFIED RESIDENCE**  
3 **INTEREST.**

4 (a) IN GENERAL.—Subclause (I) of section  
5 163(h)(3)(E)(iv) is amended by striking “December 31,  
6 2011” and inserting “December 31, 2013”.

7 (b) TECHNICAL AMENDMENTS.—Clause (i) of section  
8 163(h)(4)(E) is amended—

9 (1) by striking “Veterans Administration” and  
10 inserting “Department of Veterans Affairs”, and

11 (2) by striking “Rural Housing Administra-  
12 tion” and inserting “Rural Housing Service”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to amounts paid or accrued after  
15 December 31, 2011.

16 **SEC. 115. EXTENSION OF DEDUCTION OF STATE AND LOCAL**  
17 **GENERAL SALES TAXES.**

18 (a) IN GENERAL.—Subparagraph (I) of section  
19 164(b)(5) is amended by striking “January 1, 2012” and  
20 inserting “January 1, 2014”.

21 (b) EFFECTIVE DATE.—The amendment made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2011.

1 **SEC. 116. EXTENSION OF SPECIAL RULE FOR CONTRIBU-**  
2 **TIONS OF CAPITAL GAIN REAL PROPERTY**  
3 **MADE FOR CONSERVATION PURPOSES.**

4 (a) IN GENERAL.—Clause (vi) of section  
5 170(b)(1)(E) is amended by striking “December 31,  
6 2011” and inserting “December 31, 2013”.

7 (b) CONTRIBUTIONS BY CERTAIN CORPORATE FARM-  
8 ERS AND RANCHERS.—Clause (iii) of section 170(b)(2)(B)  
9 is amended by striking “December 31, 2011” and insert-  
10 ing “December 31, 2013”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to contributions made in taxable  
13 years beginning after December 31, 2011.

14 **SEC. 117. EXTENSION OF ABOVE-THE-LINE DEDUCTION FOR**  
15 **QUALIFIED TUITION AND RELATED EX-**  
16 **PENSES.**

17 (a) IN GENERAL.—Subsection (e) of section 222 is  
18 amended by striking “December 31, 2011” and inserting  
19 “December 31, 2013”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2011.



1 **SEC. 118. EXTENSION OF TAX-FREE DISTRIBUTIONS FROM**  
2 **INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE**  
3 **PURPOSES.**

4 (a) **IN GENERAL.**—Subparagraph (F) of section  
5 408(d)(8) is amended by striking “December 31, 2011”  
6 and inserting “December 31, 2013”.

7 (b) **EFFECTIVE DATE.**—The amendment made by  
8 this section shall apply to distributions made in taxable  
9 years beginning after December 31, 2011.

10 **Subtitle C—Tax Administration**

11 **SEC. 121. IMPROVE AND MAKE PERMANENT THE PROVI-**  
12 **SION AUTHORIZING THE INTERNAL REVENUE**  
13 **SERVICE TO DISCLOSE CERTAIN RETURN**  
14 **AND RETURN INFORMATION TO CERTAIN**  
15 **PRISON OFFICIALS.**

16 (a) **IN GENERAL.**—Paragraph (10) of section  
17 6103(k) of the Internal Revenue Code of 1986 is amended  
18 to read as follows:

19 “(10) **DISCLOSURE OF CERTAIN RETURNS AND**  
20 **RETURN INFORMATION TO CERTAIN PRISON OFFI-**  
21 **CIALS.**—

22 “(A) **IN GENERAL.**—Under such proce-  
23 dures as the Secretary may prescribe, the Sec-  
24 retary may disclose to officers and employees of  
25 the Federal Bureau of Prisons and of any State  
26 agency charged with the responsibility for ad-

1           ministration of prisons any returns or return  
2           information with respect to individuals incarcerated  
3           ated in Federal or State prison systems whom  
4           the Secretary has determined may have filed or  
5           facilitated the filing of a false or fraudulent re-  
6           turn to the extent that the Secretary deter-  
7           mines that such disclosure is necessary to per-  
8           mit effective Federal tax administration.

9           “(B) DISCLOSURE TO CONTRACTOR-RUN  
10          PRISONS.—Under such procedures as the Sec-  
11          retary may prescribe, the disclosures authorized  
12          by subparagraph (A) may be made to contrac-  
13          tors responsible for the operation of a Federal  
14          or State prison on behalf of such Bureau or  
15          agency.

16          “(C) RESTRICTIONS ON USE OF DIS-  
17          CLOSED INFORMATION.—Any return or return  
18          information received under this paragraph shall  
19          be used only for the purposes of and to the ex-  
20          tent necessary in taking administrative action  
21          to prevent the filing of false and fraudulent re-  
22          turns, including administrative actions to ad-  
23          dress possible violations of administrative rules  
24          and regulations of the prison facility and in ad-

1           ministrative and judicial proceedings arising  
2           from such administrative actions.

3           “(D) RESTRICTIONS ON REDISCLOSURE  
4           AND DISCLOSURE TO LEGAL REPRESENTA-  
5           TIVES.—Notwithstanding subsection (h)—

6                   “(i) RESTRICTIONS ON REDISCLO-  
7                   SURE.—Except as provided in clause (ii),  
8                   any officer, employee, or contractor of the  
9                   Federal Bureau of Prisons or of any State  
10                  agency charged with the responsibility for  
11                  administration of prisons shall not disclose  
12                  any information obtained under this para-  
13                  graph to any person other than an officer  
14                  or employee or contractor of such Bureau  
15                  or agency personally and directly engaged  
16                  in the administration of prison facilities on  
17                  behalf of such Bureau or agency.

18                   “(ii) DISCLOSURE TO LEGAL REP-  
19                   RESENTATIVES.—The returns and return  
20                   information disclosed under this paragraph  
21                   may be disclosed to the duly authorized  
22                   legal representative of the Federal Bureau  
23                   of Prisons, State agency, or contractor  
24                   charged with the responsibility for admin-  
25                   istration of prisons, or of the incarcerated

1 individual accused of filing the false or  
2 fraudulent return who is a party to an ac-  
3 tion or proceeding described in subpara-  
4 graph (C), solely in preparation for, or for  
5 use in, such action or proceeding.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Paragraph (3) of section 6103(a) of the In-  
8 ternal Revenue Code of 1986 is amended by insert-  
9 ing “subsection (k)(10),” after “subsection  
10 (e)(1)(D)(iii),”.

11 (2) Paragraph (4) of section 6103(p) of such  
12 Code is amended—

13 (A) by inserting “subsection (k)(10),” be-  
14 fore “subsection (l)(10),” in the matter pre-  
15 ceding subparagraph (A),

16 (B) in subparagraph (F)(i)—

17 (i) by inserting “(k)(10),” before “or  
18 (l)(6),”, and

19 (ii) by inserting “subsection (k)(10)  
20 or” before “subsection (l)(10),”, and

21 (C) by inserting “subsection (k)(10) or”  
22 before “subsection (l)(10),” both places it ap-  
23 pears in the matter following subparagraph  
24 (F)(iii).

1           (3) Paragraph (2) of section 7213(a) of such  
 2 Code is amended by inserting “(k)(10),” before  
 3 “(l)(6),”.

4           (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall take effect on the date of the enactment  
 6 of this Act.

7 **SEC. 122. EXTENSION OF RULE DISREGARDING REFUNDS**  
 8 **IN THE ADMINISTRATION OF FEDERAL PRO-**  
 9 **GRAMS AND FEDERALLY ASSISTED PRO-**  
 10 **GRAMS.**

11           (a) IN GENERAL.—Subsection (b) of section 6409 is  
 12 amended by striking “December 31, 2012” and inserting  
 13 “December 31, 2013”.

14           (b) EFFECTIVE DATE.—The amendment made by  
 15 this section shall apply to amounts received after Decem-  
 16 ber 31, 2012.

17 **TITLE II—BUSINESS TAX**  
 18 **EXTENDERS**

19 **SEC. 201. EXTENSION AND MODIFICATION OF RESEARCH**  
 20 **CREDIT.**

21           (a) EXTENSION.—

22           (1) IN GENERAL.—Subparagraph (B) of section  
 23 41(h)(1) is amended by striking “December 31,  
 24 2011” and inserting “December 31, 2013”.

1           (2) CONFORMING AMENDMENT.—Subparagraph  
2           (D) of section 45C(b)(1) is amended by striking  
3           “December 31, 2011” and inserting “December 31,  
4           2013”.

5           (b) INCLUSION OF QUALIFIED RESEARCH EXPENSES  
6           AND GROSS RECEIPTS OF AN ACQUIRED PERSON.—

7           (1) PARTIAL INCLUSION OF PRE-ACQUISITION  
8           QUALIFIED RESEARCH EXPENSES AND GROSS RE-  
9           CEIPTS.—Subparagraph (A) of section 41(f)(3) is  
10          amended to read as follows:

11                   “(A) ACQUISITIONS.—

12                           “(i) IN GENERAL.—If a person ac-  
13                           quires the major portion of either a trade  
14                           or business or a separate unit of a trade  
15                           or business (hereinafter in this paragraph  
16                           referred to as the ‘acquired business’) of  
17                           another person (hereinafter in this para-  
18                           graph referred to as the ‘predecessor’),  
19                           then the amount of qualified research ex-  
20                           penses paid or incurred by the acquiring  
21                           person during the measurement period  
22                           shall be increased by the amount deter-  
23                           mined under clause (ii), and the gross re-  
24                           ceipts of the acquiring person for such pe-

1           riod shall be increased by the amount de-  
2           termined under clause (iii).

3           “(ii) AMOUNT DETERMINED WITH RE-  
4           SPECT TO QUALIFIED RESEARCH EX-  
5           PENSES.—The amount determined under  
6           this clause is—

7                   “(I) for purposes of applying this  
8                   section for the taxable year in which  
9                   such acquisition is made, the acquisi-  
10                  tion year amount, and

11                   “(II) for purposes of applying  
12                   this section for any taxable year after  
13                   the taxable year in which such acqui-  
14                   sition is made, so much of the quali-  
15                   fied research expenses paid or in-  
16                   curred by the predecessor with respect  
17                   to the acquired business during the  
18                   measurement period.

19           “(iii) AMOUNT DETERMINED WITH  
20           RESPECT TO GROSS RECEIPTS.—The  
21           amount determined under this clause is the  
22           amount which would be determined under  
23           clause (ii) if ‘the gross receipts of’ were  
24           substituted for ‘the qualified research ex-

1           penses paid or incurred by' each place it  
2           appears in clauses (ii) and (iv).

3           “(iv) ACQUISITION YEAR AMOUNT.—  
4           For purposes of clause (ii), the acquisition  
5           year amount is the amount equal to the  
6           product of—

7                   “(I) so much of the qualified re-  
8                   search expenses paid or incurred by  
9                   the predecessor with respect to the ac-  
10                  quired business during the measure-  
11                  ment period, and

12                   “(II) the number of days in the  
13                   period beginning on the date of the  
14                   acquisition and ending on the last day  
15                   of the taxable year in which the acqui-  
16                   sition is made,  
17           divided by the number of days in the ac-  
18           quiring person's taxable year.

19           “(v) SPECIAL RULES FOR COORDI-  
20           NATING TAXABLE YEARS.—In the case of  
21           an acquiring person and a predecessor  
22           whose taxable years do not begin on the  
23           same date—

24                   “(I) each reference to a taxable  
25                   year in clauses (i), (ii), and (iv) shall



1 refer to the appropriate taxable year  
2 of the acquiring person,

3 “(II) the qualified research ex-  
4 penses paid or incurred by the prede-  
5 cessor, and the gross receipts of the  
6 predecessor, during each taxable year  
7 of the predecessor any portion of  
8 which is part of the measurement pe-  
9 riod shall be allocated equally among  
10 the days of such taxable year,

11 “(III) the amount of such quali-  
12 fied research expenses taken into ac-  
13 count under clauses (ii) and (iv) with  
14 respect to a taxable year of the ac-  
15 quiring person shall be equal to the  
16 total of the expenses attributable  
17 under subclause (II) to the days oc-  
18 ccurring during such taxable year, and

19 “(IV) the amount of such gross  
20 receipts taken into account under  
21 clause (iii) with respect to a taxable  
22 year of the acquiring person shall be  
23 equal to the total of the gross receipts  
24 attributable under subclause (II) to

1 the days occurring during such tax-  
2 able year.

3 “(vi) MEASUREMENT PERIOD.—For  
4 purposes of this subparagraph, the term  
5 ‘measurement period’ means, with respect  
6 to the taxable year in which the credit is  
7 determined, any period of the acquiring  
8 person preceding such taxable year which  
9 is taken into account for purposes of deter-  
10 mining the credit for such year.”.

11 (2) EXPENSES AND GROSS RECEIPTS OF A DIS-  
12 POSING PERSON.—Subparagraph (B) of section  
13 41(f)(3) is amended to read as follows:

14 “(B) DISPOSITIONS.—If a person disposes  
15 of the major portion of either a trade or busi-  
16 ness or a separate unit of a trade or business  
17 in a transaction to which subparagraph (A) ap-  
18 plies, and the disposing person furnished to the  
19 acquiring person such information as is nec-  
20 essary for the application of subparagraph (A),  
21 then, for purposes of applying this section for  
22 any taxable year ending after such disposi-  
23 tion—

24 “(i) the amount of qualified research  
25 expenses paid or incurred by the disposing

1 person during the measurement period (as  
2 defined in subparagraph (A)(vi)) shall be  
3 decreased by the amount of the increase in  
4 qualified research expenses determined  
5 under subparagraph (A) with respect to  
6 the acquiring person for such taxable year,  
7 and

8 “(ii) the gross receipts of the dis-  
9 posing person during the measurement pe-  
10 riod (as so defined) shall be decreased by  
11 the amount of the increase in gross re-  
12 ceipts determined under subparagraph (A)  
13 with respect to the acquiring person for  
14 such taxable year.”.

15 (c) AGGREGATION OF EXPENDITURES.—Paragraph  
16 (1) of section 41(f) is amended—

17 (1) by striking “shall be its proportionate  
18 shares of the qualified research expenses, basic re-  
19 search payments, and amounts paid or incurred to  
20 energy research consortiums, giving rise to the cred-  
21 it” in subparagraph (A)(ii) and inserting “shall be  
22 determined on a proportionate basis to its share of  
23 the aggregate of the qualified research expenses,  
24 basic research payments, and amounts paid or in-  
25 curred to energy research consortiums, taken into

1 account by such controlled group for purposes of  
2 this section”, and

3 (2) by striking “shall be its proportionate  
4 shares of the qualified research expenses, basic re-  
5 search payments, and amounts paid or incurred to  
6 energy research consortiums, giving rise to the cred-  
7 it” in subparagraph (B)(ii) and inserting “shall be  
8 determined on a proportionate basis to its share of  
9 the aggregate of the qualified research expenses,  
10 basic research payments, and amounts paid or in-  
11 curred to energy research consortiums, taken into  
12 account by all such persons under common control  
13 for purposes of this section”.

14 (d) EFFECTIVE DATE.—

15 (1) EXTENSION.—The amendments made by  
16 subsection (a) shall apply to amounts paid or in-  
17 curred after December 31, 2011.

18 (2) MODIFICATIONS.—The amendments made  
19 by subsections (b) and (c) shall apply to taxable  
20 years beginning after December 31, 2011.

21 **SEC. 202. EXTENSION OF TEMPORARY MINIMUM LOW-IN-**  
22 **COME TAX CREDIT RATE FOR NON-FEDER-**  
23 **ALLY SUBSIDIZED NEW BUILDINGS.**

24 (a) IN GENERAL.—Subparagraph (A) of section  
25 42(b)(2) is amended by striking “and before December 31,

1 2013” and inserting “with respect to housing credit dollar  
2 amount allocations made before January 1, 2014”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 this section shall take effect on the date of the enactment  
5 of this Act.

6 **SEC. 203. EXTENSION OF HOUSING ALLOWANCE EXCLU-**  
7 **SION FOR DETERMINING AREA MEDIAN**  
8 **GROSS INCOME FOR QUALIFIED RESIDEN-**  
9 **TIAL RENTAL PROJECT EXEMPT FACILITY**  
10 **BONDS.**

11 (a) IN GENERAL.—Subsection (b) of section 3005 of  
12 the Housing Assistance Tax Act of 2008 is amended by  
13 striking “January 1, 2012” each place it appears and in-  
14 serting “January 1, 2014”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall take effect as if included in the enact-  
17 ment of section 3005 of the Housing Assistance Tax Act  
18 of 2008.

19 **SEC. 204. EXTENSION OF INDIAN EMPLOYMENT TAX CRED-**  
20 **IT.**

21 (a) IN GENERAL.—Subsection (f) of section 45A is  
22 amended by striking “December 31, 2011” and inserting  
23 “December 31, 2013”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2011.

4 **SEC. 205. EXTENSION OF NEW MARKETS TAX CREDIT.**

5 (a) IN GENERAL.—Subparagraph (G) of section  
6 45D(f)(1) is amended by striking “2010 and 2011” and  
7 inserting “2010, 2011, 2012, and 2013”.

8 (b) CARRYOVER OF UNUSED LIMITATION.—Para-  
9 graph (3) of section 45D(f) is amended by striking  
10 “2016” and inserting “2018”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to calendar years beginning after  
13 December 31, 2011.

14 **SEC. 206. EXTENSION OF RAILROAD TRACK MAINTENANCE**  
15 **CREDIT.**

16 (a) IN GENERAL.—Subsection (f) of section 45G is  
17 amended by striking “January 1, 2012” and inserting  
18 “January 1, 2014”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to expenditures paid or incurred  
21 in taxable years beginning after December 31, 2011.

1 **SEC. 207. EXTENSION OF MINE RESCUE TEAM TRAINING**  
2 **CREDIT.**

3 (a) IN GENERAL.—Subsection (e) of section 45N is  
4 amended by striking “December 31, 2011” and inserting  
5 “December 31, 2013”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2011.

9 **SEC. 208. EXTENSION OF EMPLOYER WAGE CREDIT FOR**  
10 **EMPLOYEES WHO ARE ACTIVE DUTY MEM-**  
11 **BERS OF THE UNIFORMED SERVICES.**

12 (a) IN GENERAL.—Subsection (f) of section 45P is  
13 amended by striking “December 31, 2011” and inserting  
14 “December 31, 2013”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to payments made after December  
17 31, 2011.

18 **SEC. 209. EXTENSION OF WORK OPPORTUNITY TAX CREDIT.**

19 (a) IN GENERAL.—Subparagraph (B) of section  
20 51(c)(4) is amended by striking “after” and all that fol-  
21 lows and inserting “after December 31, 2013”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to individuals who begin work for  
24 the employer after December 31, 2011.

1 **SEC. 210. EXTENSION OF QUALIFIED ZONE ACADEMY**  
2 **BONDS.**

3 (a) IN GENERAL.—Paragraph (1) of section 54E(c)  
4 is amended by inserting “, 2012, and 2013” after “for  
5 2011”.

6 (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to obligations issued after Decem-  
8 ber 31, 2011.

9 **SEC. 211. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RE-**  
10 **COVERY FOR QUALIFIED LEASEHOLD IM-**  
11 **PROVEMENTS, QUALIFIED RESTAURANT**  
12 **BUILDINGS AND IMPROVEMENTS, AND**  
13 **QUALIFIED RETAIL IMPROVEMENTS.**

14 (a) IN GENERAL.—Clauses (iv), (v), and (ix) of sec-  
15 tion 168(e)(3)(E) are each amended by striking “January  
16 1, 2012” and inserting “January 1, 2014”.

17 (b) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to property placed in service after  
19 December 31, 2011.

20 **SEC. 212. EXTENSION OF 7-YEAR RECOVERY PERIOD FOR**  
21 **MOTORSPORTS ENTERTAINMENT COM-**  
22 **PLEXES.**

23 (a) IN GENERAL.—Subparagraph (D) of section  
24 168(i)(15) is amended by striking “December 31, 2011”  
25 and inserting “December 31, 2013”.



1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to property placed in service after  
3 December 31, 2011.

4 **SEC. 213. EXTENSION OF ACCELERATED DEPRECIATION**  
5 **FOR BUSINESS PROPERTY ON AN INDIAN**  
6 **RESERVATION.**

7 (a) IN GENERAL.—Paragraph (8) of section 168(j)  
8 is amended by striking “December 31, 2011” and insert-  
9 ing “December 31, 2013”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to property placed in service after  
12 December 31, 2011.

13 **SEC. 214. EXTENSION OF ENHANCED CHARITABLE DEDUC-**  
14 **TION FOR CONTRIBUTIONS OF FOOD INVEN-**  
15 **TORY.**

16 (a) IN GENERAL.—Clause (iv) of section  
17 170(e)(3)(C) is amended by striking “December 31,  
18 2011” and inserting “December 31, 2013”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to contributions made after De-  
21 cember 31, 2011.

22 **SEC. 215. EXTENSION OF INCREASED EXPENSING LIMITA-**  
23 **TIONS AND TREATMENT OF CERTAIN REAL**  
24 **PROPERTY AS SECTION 179 PROPERTY.**

25 (a) IN GENERAL.—

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

3           (A) by striking “2010 or 2011,” in sub-  
4 paragraph (B) and inserting “2010, 2011,  
5 2012, or 2013, and”,

6           (B) by striking subparagraph (C),

7           (C) by redesignating subparagraph (D) as  
8 subparagraph (C), and

9           (D) in subparagraph (C), as so redesign-  
10 nated, by striking “2012” and inserting  
11 “2013”.

12           (2) REDUCTION IN LIMITATION.—Section  
13 179(b)(2) is amended—

14           (A) by striking “2010 or 2011,” in sub-  
15 paragraph (B) and inserting “2010, 2011,  
16 2012, or 2013, and”,

17           (B) by striking subparagraph (C),

18           (C) by redesignating subparagraph (D) as  
19 subparagraph (C), and

20           (D) in subparagraph (C), as so redesign-  
21 nated, by striking “2012” and inserting  
22 “2013”.

23           (3) CONFORMING AMENDMENT.—Subsection (b)  
24 of section 179 is amended by striking paragraph (6).

1 (b) COMPUTER SOFTWARE.—Section  
 2 179(d)(1)(A)(ii) is amended by striking “2013” and in-  
 3 serting “2014”.

4 (c) ELECTION.—Section 179(c)(2) is amended by  
 5 striking “2013” and inserting “2014”.

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

8 (1) IN GENERAL.—Section 179(f)(1) is amend-  
 9 ed by striking “2010 or 2011” and inserting “2010,  
 10 2011, 2012, or 2013”.

11 (2) CARRYOVER LIMITATION.—

12 (A) IN GENERAL.—Section 179(f)(4) is  
 13 amended by striking “2011” each place it ap-  
 14 pears and inserting “2013”.

15 (B) CONFORMING AMENDMENT.—Subpara-  
 16 graph (C) of section 179(f)(4) is amended—

17 (i) in the heading, by striking “2010”  
 18 and inserting “2010, 2011 AND 2012”,  
 19 and

20 (ii) by adding at the end the fol-  
 21 lowing: “For the last taxable year begin-  
 22 ning in 2013, the amount determined  
 23 under subsection (b)(3)(A) for such tax-  
 24 able year shall be determined without re-  
 25 gard to this paragraph.”.

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

4 **SEC. 216. EXTENSION OF ELECTION TO EXPENSE MINE**  
5 **SAFETY EQUIPMENT.**

6 (a) IN GENERAL.—Subsection (g) of section 179E is  
7 amended by striking “December 31, 2011” and inserting  
8 “December 31, 2013”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 this section shall apply to property placed in service after  
11 December 31, 2011.

12 **SEC. 217. EXTENSION OF SPECIAL EXPENSING RULES FOR**  
13 **CERTAIN FILM AND TELEVISION PRODUC-**  
14 **TIONS.**

15 (a) IN GENERAL.—Subsection (f) of section 181 is  
16 amended by striking “December 31, 2011” and inserting  
17 “December 31, 2013”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to productions commencing after  
20 December 31, 2011.

1 **SEC. 218. EXTENSION OF DEDUCTION ALLOWABLE WITH**  
2 **RESPECT TO INCOME ATTRIBUTABLE TO DO-**  
3 **MESTIC PRODUCTION ACTIVITIES IN PUERTO**  
4 **RICO.**

5 (a) IN GENERAL.—Subparagraph (C) of section  
6 199(d)(8) is amended—

7 (1) by striking “first 6 taxable years” and in-  
8 serting “first 8 taxable years”, and

9 (2) by striking “January 1, 2012” and insert-  
10 ing “January 1, 2014”.

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

14 **SEC. 219. EXTENSION OF MODIFICATION OF TAX TREAT-**  
15 **MENT OF CERTAIN PAYMENTS TO CONTROL-**  
16 **LING EXEMPT ORGANIZATIONS.**

17 (a) IN GENERAL.—Clause (iv) of section  
18 512(b)(13)(E) is amended by striking “December 31,  
19 2011” and inserting “December 31, 2013”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to payments received or accrued  
22 after December 31, 2011.

1 **SEC. 220. EXTENSION OF TREATMENT OF CERTAIN DIVI-**  
2 **DENDS OF REGULATED INVESTMENT COMPA-**  
3 **NIES.**

4 (a) **IN GENERAL.**—Paragraphs (1)(C) and (2)(C) of  
5 section 871(k) are each amended by striking “December  
6 31, 2011” and inserting “December 31, 2013”.

7 (b) **EFFECTIVE DATE.**—The amendments made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2011.

10 **SEC. 221. EXTENSION OF RIC QUALIFIED INVESTMENT EN-**  
11 **TITY TREATMENT UNDER FIRPTA.**

12 (a) **IN GENERAL.**—Clause (ii) of section  
13 897(h)(4)(A) is amended by striking “December 31,  
14 2011” and inserting “December 31, 2013”.

15 (b) **EFFECTIVE DATE.**—

16 (1) **IN GENERAL.**—The amendment made by  
17 subsection (a) shall take effect on January 1, 2012.  
18 Notwithstanding the preceding sentence, such  
19 amendment shall not apply with respect to the with-  
20 holding requirement under section 1445 of the Inter-  
21 nal Revenue Code of 1986 for any payment made  
22 before the date of the enactment of this Act.

23 (2) **AMOUNTS WITHHELD ON OR BEFORE DATE**  
24 **OF ENACTMENT.**—In the case of a regulated invest-  
25 ment company—

1 (A) which makes a distribution after De-  
2 cember 31, 2011, and before the date of the en-  
3 actment of this Act; and

4 (B) which would (but for the second sen-  
5 tence of paragraph (1)) have been required to  
6 withhold with respect to such distribution under  
7 section 1445 of such Code,  
8 such investment company shall not be liable to any  
9 person to whom such distribution was made for any  
10 amount so withheld and paid over to the Secretary  
11 of the Treasury.

12 **SEC. 222. EXTENSION OF SUBPART F EXCEPTION FOR AC-**  
13 **TIVE FINANCING INCOME.**

14 (a) EXEMPT INSURANCE INCOME.—Paragraph (10)  
15 of section 953(e) is amended—

16 (1) by striking “January 1, 2012” and insert-  
17 ing “January 1, 2014”, and

18 (2) by striking “December 31, 2011” and in-  
19 serting “December 31, 2013”.

20 (b) SPECIAL RULE FOR INCOME DERIVED IN THE  
21 ACTIVE CONDUCT OF BANKING, FINANCING, OR SIMILAR  
22 BUSINESSES.—Paragraph (9) of section 954(h) is amend-  
23 ed by striking “January 1, 2012” and inserting “January  
24 1, 2014”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years of foreign corpora-  
3 tions beginning after December 31, 2011, and to taxable  
4 years of United States shareholders with or within which  
5 any such taxable year of such foreign corporation ends.

6 **SEC. 223. EXTENSION OF LOOK-THRU TREATMENT OF PAY-**  
7 **MENTS BETWEEN RELATED CONTROLLED**  
8 **FOREIGN CORPORATIONS UNDER FOREIGN**  
9 **PERSONAL HOLDING COMPANY RULES.**

10 (a) IN GENERAL.—Subparagraph (C) of section  
11 954(c)(6) is amended by striking “January 1, 2012” and  
12 inserting “January 1, 2014”.

13 (b) EFFECTIVE DATE.—The amendment made by  
14 this section shall apply to taxable years of foreign corpora-  
15 tions beginning after December 31, 2011, and to taxable  
16 years of United States shareholders with or within which  
17 such taxable years of foreign corporations end.

18 **SEC. 224. EXTENSION OF TEMPORARY EXCLUSION OF 100**  
19 **PERCENT OF GAIN ON CERTAIN SMALL BUSI-**  
20 **NESS STOCK.**

21 (a) IN GENERAL.—Paragraph (4) of section 1202(a)  
22 is amended—

23 (1) by striking “January 1, 2012” and insert-  
24 ing “January 1, 2014”, and



1           (2) by striking “AND 2011” and inserting “,  
2           2011, 2012, AND 2013” in the heading thereof.

3           (b) TECHNICAL AMENDMENTS.—

4           (1) SPECIAL RULE FOR 2009 AND CERTAIN PE-  
5           RIOD IN 2010.—Paragraph (3) of section 1202(a) is  
6           amended by adding at the end the following new  
7           flush sentence:

8           “In the case of any stock which would be described  
9           in the preceding sentence (but for this sentence), the  
10          acquisition date for purposes of this subsection shall  
11          be the first day on which such stock was held by the  
12          taxpayer determined after the application of section  
13          1223.”.

14          (2) 100 PERCENT EXCLUSION.—Paragraph (4)  
15          of section 1202(a) is amended by adding at the end  
16          the following new flush sentence:

17          “In the case of any stock which would be described  
18          in the preceding sentence (but for this sentence), the  
19          acquisition date for purposes of this subsection shall  
20          be the first day on which such stock was held by the  
21          taxpayer determined after the application of section  
22          1223.”.

23          (c) EFFECTIVE DATES.—

1           (1) IN GENERAL.—The amendments made by  
2           subsection (a) shall apply to stock acquired after De-  
3           cember 31, 2011.

4           (2) SUBSECTION (b)(1).—The amendment  
5           made by subsection (b)(1) shall take effect as if in-  
6           cluded in section 1241(a) of division B of the Amer-  
7           ican Recovery and Reinvestment Act of 2009.

8           (3) SUBSECTION (b)(2).—The amendment  
9           made by subsection (b)(2) shall take effect as if in-  
10          cluded in section 2011(a) of the Creating Small  
11          Business Jobs Act of 2010.

12 **SEC. 225. EXTENSION OF BASIS ADJUSTMENT TO STOCK OF**  
13                               **S CORPORATIONS MAKING CHARITABLE CON-**  
14                               **TRIBUTIONS OF PROPERTY.**

15          (a) IN GENERAL.—Paragraph (2) of section 1367(a)  
16          is amended by striking “December 31, 2011” and insert-  
17          ing “December 31, 2013”.

18          (b) EFFECTIVE DATE.—The amendment made by  
19          this section shall apply to contributions made in taxable  
20          years beginning after December 31, 2011.

21 **SEC. 226. EXTENSION OF REDUCTION IN S-CORPORATION**  
22                               **RECOGNITION PERIOD FOR BUILT-IN GAINS**  
23                               **TAX.**

24          (a) IN GENERAL.—Paragraph (7) of section 1374(d)  
25          is amended—

1 (1) by redesignating subparagraph (C) as sub-  
2 paragraph (D), and

3 (2) by inserting after subparagraph (B) the fol-  
4 lowing new subparagraph:

5 “(C) SPECIAL RULE FOR 2012 AND 2013.—  
6 For dispositions of property in taxable years be-  
7 ginning in 2012 or 2013, subparagraphs (A)  
8 and (D) shall be applied by substituting ‘5-year’  
9 for ‘10-year’.”.

10 (b) TECHNICAL AMENDMENT.—Subparagraph (B) of  
11 section 1374(d)(2) is amended by inserting “described in  
12 subparagraph (A)” after “, for any taxable year”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 subsection (a) shall apply to taxable years beginning after  
15 December 31, 2011.

16 **SEC. 227. EXTENSION OF EMPOWERMENT ZONE TAX INCEN-**  
17 **TIVES.**

18 (a) IN GENERAL.—Clause (i) of section  
19 1391(d)(1)(A) is amended by striking “December 31,  
20 2011” and inserting “December 31, 2013”.

21 (b) INCREASED EXCLUSION OF GAIN ON STOCK OF  
22 EMPOWERMENT ZONE BUSINESSES.—Subparagraph (C)  
23 of section 1202(a)(2) is amended—

24 (1) by striking “December 31, 2016” and in-  
25 serting “December 31, 2018”; and

1           (2) by striking “2016” in the heading and in-  
2           serting “2018”.

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

16           (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to periods after December 31,  
18 2011.

19 **SEC. 228. EXTENSION OF TAX-EXEMPT FINANCING FOR NEW**  
20 **YORK LIBERTY ZONE.**

21           (a) IN GENERAL.—Subparagraph (D) of section  
22 1400L(d)(2) is amended by striking “January 1, 2012”  
23 and inserting “January 1, 2014”.

1 (b) EFFECTIVE DATE.—The amendment made by  
 2 this section shall apply to bonds issued after December  
 3 31, 2011.

4 **SEC. 229. EXTENSION OF TEMPORARY INCREASE IN LIMIT**  
 5 **ON COVER OVER OF RUM EXCISE TAXES TO**  
 6 **PUERTO RICO AND THE VIRGIN ISLANDS.**

7 (a) IN GENERAL.—Paragraph (1) of section 7652(f)  
 8 is amended by striking “January 1, 2012” and inserting  
 9 “January 1, 2014”.

10 (b) EFFECTIVE DATE.—The amendment made by  
 11 this section shall apply to distilled spirits brought into the  
 12 United States after December 31, 2011.

13 **SEC. 230. MODIFICATION AND EXTENSION OF AMERICAN**  
 14 **SAMOA ECONOMIC DEVELOPMENT CREDIT.**

15 (a) MODIFICATION.—

16 (1) IN GENERAL.—Subsection (a) of section  
 17 119 of division A of the Tax Relief and Health Care  
 18 Act of 2006 is amended by striking “if such cor-  
 19 poration” and all that follows and inserting “if—

20 “(1) in the case of a taxable year beginning be-  
 21 fore January 1, 2012, such corporation—

22 “(A) is an existing credit claimant with re-  
 23 spect to American Samoa, and

24 “(B) elected the application of section 936  
 25 of the Internal Revenue Code of 1986 for its

1 last taxable year beginning before January 1,  
2 2006, and

3 “(2) in the case of a taxable year beginning  
4 after December 31, 2011, such corporation meets  
5 the requirements of subsection (e).”.

6 (2) REQUIREMENTS.—Section 119 of division A  
7 of such Act is amended by adding at the end the fol-  
8 lowing new subsection:

9 “(e) QUALIFIED PRODUCTION ACTIVITIES INCOME  
10 REQUIREMENT.—A corporation meets the requirement of  
11 this subsection if such corporation has qualified produc-  
12 tion activities income, as defined in subsection (c) of sec-  
13 tion 199 of the Internal Revenue Code of 1986, deter-  
14 mined by substituting ‘American Samoa’ for ‘the United  
15 States’ each place it appears in paragraphs (3), (4), and  
16 (6) of such subsection (c), for the taxable year.”.

17 (b) EXTENSION.—Subsection (d) of section 119 of di-  
18 vision A of the Tax Relief and Health Care Act of 2006  
19 is amended by striking “shall apply” and all that follows  
20 and inserting “shall apply—

21 “(1) in the case of a corporation that meets the  
22 requirements of subparagraphs (A) and (B) of sub-  
23 section (a)(1), to the first 8 taxable years of such  
24 corporation which begin after December 31, 2006,  
25 and before January 1, 2014, and

1           “(2) in the case of a corporation that does not  
 2           meet the requirements of subparagraphs (A) and  
 3           (B) of subsection (a)(1), to the first 2 taxable years  
 4           of such corporation which begin after December 31,  
 5           2011, and before January 1, 2014.”.

6           (c) EFFECTIVE DATE.—The amendments made by  
 7           this section shall apply to taxable years beginning after  
 8           December 31, 2011.

9                           **TITLE III—ENERGY TAX**  
 10                           **EXTENDERS**

11   **SEC. 301. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**  
 12                           **EXISTING HOMES.**

13           (a) IN GENERAL.—Paragraph (2) of section 25C(g)  
 14           is amended by striking “December 31, 2011” and insert-  
 15           ing “December 31, 2013”.

16           (b) EFFECTIVE DATE.—The amendment made by  
 17           this section shall apply to property placed in service after  
 18           December 31, 2011.

19   **SEC. 302. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL**  
 20                           **VEHICLE REFUELING PROPERTY.**

21           (a) IN GENERAL.—Paragraph (2) of section 30C(g)  
 22           is amended by striking “December 31, 2011.” and insert-  
 23           ing “December 31, 2013”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to property placed in service after  
3 December 31, 2011.

4 **SEC. 303. EXTENSION OF CREDIT FOR 2- OR 3-WHEELED**  
5 **PLUG-IN ELECTRIC VEHICLES.**

6 (a) IN GENERAL.—Section 30D is amended by add-  
7 ing at the end the following new subsection:

8 “(g) CREDIT ALLOWED FOR 2- AND 3-WHEELED  
9 PLUG-IN ELECTRIC VEHICLES.—

10 “(1) IN GENERAL.—In the case of a qualified  
11 2- or 3-wheeled plug-in electric vehicle—

12 “(A) there shall be allowed as a credit  
13 against the tax imposed by this chapter for the  
14 taxable year an amount equal to the sum of the  
15 applicable amount with respect to each such  
16 qualified 2- or 3-wheeled plug-in electric vehicle  
17 placed in service by the taxpayer during the  
18 taxable year, and

19 “(B) the amount of the credit allowed  
20 under subparagraph (A) shall be treated as a  
21 credit allowed under subsection (a).

22 “(2) APPLICABLE AMOUNT.—For purposes of  
23 paragraph (1), the applicable amount is an amount  
24 equal to the lesser of—



1           “(A) 10 percent of the cost of the qualified  
2           2- or 3-wheeled plug-in electric vehicle, or

3           “(B) \$2,500.

4           “(3) QUALIFIED 2- OR 3-WHEELED PLUG-IN  
5           ELECTRIC VEHICLE.—The term ‘qualified 2- or 3-  
6           wheeled plug-in electric vehicle’ means any vehicle  
7           which—

8           “(A) has 2 or 3 wheels,

9           “(B) meets the requirements of subpara-  
10           graphs (A), (B), (C), (E), and (F) of subsection  
11           (d)(1) (determined by substituting ‘2.5 kilowatt  
12           hours’ for ‘4 kilowatt hours’ in subparagraph  
13           (F)(i)),

14           “(C) is manufactured primarily for use on  
15           public streets, roads, and highways,

16           “(D) is capable of achieving a speed of 45  
17           miles per hour or greater, and

18           “(E) is acquired after December 31, 2011,  
19           and before January 1, 2014.”.

20           (b) AIR QUALITY AND SAFETY STANDARDS.—Sub-  
21           paragraph (B) of section 30D(f)(7) is amended by insert-  
22           ing “, or section 571, whichever is applicable,” after “sec-  
23           tions 30101 through 30169”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to vehicles acquired after Decem-  
3 ber 31, 2011.

4 **SEC. 304. EXTENSION AND MODIFICATION OF CELLULOSIC**  
5 **BIOFUEL PRODUCER CREDIT.**

6 (a) EXTENSION.—

7 (1) IN GENERAL.—Subparagraph (H) of section  
8 40(b)(6) is amended to read as follows:

9 “(H) APPLICATION OF PARAGRAPH.—

10 “(i) IN GENERAL.—This paragraph  
11 shall apply with respect to qualified cellu-  
12 losic biofuel production after December 31,  
13 2008, and before January 1, 2014.

14 “(ii) NO CARRYOVER TO CERTAIN  
15 YEARS AFTER EXPIRATION.—If this para-  
16 graph ceases to apply for any period by  
17 reason of clause (i), rules similar to the  
18 rules of subsection (e)(2) shall apply.”.

19 (2) CONFORMING AMENDMENT.—Paragraph (2)  
20 of section 40(e) is amended by striking “or sub-  
21 section (b)(6)(H)”.

22 (3) EFFECTIVE DATE.—The amendments made  
23 by this subsection shall take effect as if included in  
24 section 15321(b) of the Heartland, Habitat, and  
25 Horticulture Act of 2008.

1 (b) ALGAE TREATED AS A QUALIFIED FEED-  
2 STOCK.—

3 (1) IN GENERAL.—Subclause (I) of section  
4 40(b)(6)(E)(i) is amended to read as follows:

5 “(I) is derived by, or from, quali-  
6 fied feedstocks, and”.

7 (2) QUALIFIED FEEDSTOCK; SPECIAL RULES  
8 FOR ALGAE.—Paragraph (6) of section 40(b) is  
9 amended by redesignating subparagraphs (F), (G),  
10 and (H), as amended by this Act, as subparagraphs  
11 (H), (I), and (J), respectively, and by inserting after  
12 subparagraph (E) the following new subparagraphs:

13 “(F) QUALIFIED FEEDSTOCK.—For pur-  
14 poses of this paragraph, the term ‘qualified  
15 feedstock’ means—

16 “(i) any lignocellulosic or  
17 hemicellulosic matter that is available on a  
18 renewable or recurring basis, and

19 “(ii) any cultivated algae,  
20 cyanobacteria, or lemna.

21 “(G) SPECIAL RULES FOR ALGAE.—In the  
22 case of fuel which is derived by, or from, feed-  
23 stock described in subparagraph (F)(ii) and  
24 which is sold by the taxpayer to another person  
25 for refining by such other person into a fuel

1 which meets the requirements of subparagraph  
2 (E)(i)(II) and the refined fuel is not excluded  
3 under subparagraph (E)(iii)—

4 “(i) such sale shall be treated as de-  
5 scribed in subparagraph (C)(i),

6 “(ii) such fuel shall be treated as  
7 meeting the requirements of subparagraph  
8 (E)(i)(II) and as not being excluded under  
9 subparagraph (E)(iii) in the hands of such  
10 taxpayer, and

11 “(iii) except as provided in this sub-  
12 paragraph, such fuel (and any fuel derived  
13 from such fuel) shall not be taken into ac-  
14 count under subparagraph (C) with respect  
15 to the taxpayer or any other person.”.

16 (3) CONFORMING AMENDMENTS.—

17 (A) Section 40, as amended by paragraph  
18 (2), is amended—

19 (i) by striking “cellulosic biofuel” each  
20 place it appears in the text thereof and in-  
21 sserting “second generation biofuel”,

22 (ii) by striking “CELLULOSIC” in the  
23 headings of subsections (b)(6), (b)(6)(E),  
24 and (d)(3)(D) and inserting “SECOND  
25 GENERATION”, and

1 (iii) by striking “CELLULOSIC” in the  
2 headings of subsections (b)(6)(C),  
3 (b)(6)(D), (b)(6)(H), (d)(6), and (e)(3)  
4 and inserting “SECOND GENERATION”.

5 (B) Clause (ii) of section 40(b)(6)(E) is  
6 amended by striking “Such term shall not” and  
7 inserting “The term ‘second generation biofuel’  
8 shall not”.

9 (C) Paragraph (1) of section 4101(a) is  
10 amended by striking “cellulosic biofuel” and in-  
11 serting “second generation biofuel”.

12 (4) EFFECTIVE DATE.—The amendments made  
13 by this subsection shall apply to fuels sold or used  
14 after the date of the enactment of this Act.

15 **SEC. 305. EXTENSION OF INCENTIVES FOR BIODIESEL AND**  
16 **RENEWABLE DIESEL.**

17 (a) CREDITS FOR BIODIESEL AND RENEWABLE DIE-  
18 SEL USED AS FUEL.—Subsection (g) of section 40A is  
19 amended by striking “December 31, 2011” and inserting  
20 “December 31, 2013”.

21 (b) EXCISE TAX CREDITS AND OUTLAY PAYMENTS  
22 FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIX-  
23 TURES.—

1           (1) Paragraph (6) of section 6426(c) is amend-  
2           ed by striking “December 31, 2011” and inserting  
3           “December 31, 2013”.

4           (2) Subparagraph (B) of section 6427(e)(6) is  
5           amended by striking “December 31, 2011” and in-  
6           serting “December 31, 2013”.

7           (c) EFFECTIVE DATE.—The amendments made by  
8           this section shall apply to fuel sold or used after December  
9           31, 2011.

10 **SEC. 306. EXTENSION OF PRODUCTION CREDIT FOR INDIAN**  
11 **COAL FACILITIES PLACED IN SERVICE BE-**  
12 **FORE 2009.**

13           (a) IN GENERAL.—Subparagraph (A) of section  
14           45(e)(10) is amended by striking “7-year period” each  
15           place it appears and inserting “8-year period”.

16           (b) EFFECTIVE DATE.—The amendment made by  
17           this section shall apply to coal produced after December  
18           31, 2012.

19 **SEC. 307. EXTENSION AND MODIFICATION OF CREDITS**  
20 **WITH RESPECT TO FACILITIES PRODUCING**  
21 **ENERGY FROM CERTAIN RENEWABLE RE-**  
22 **SOURCES.**

23           (a) PRODUCTION TAX CREDIT.—

24           (1) EXTENSION FOR WIND FACILITIES.—Para-  
25           graph (1) of section 45(d) is amended by striking

1 “January 1, 2013” and inserting “January 1,  
2 2014”.

3 (2) EXCLUSION OF PAPER WHICH IS COMMONLY  
4 RECYCLED FROM DEFINITION OF MUNICIPAL SOLID  
5 WASTE.—Section 45(c)(6) is amended by inserting  
6 “, except that such term does not include paper  
7 which is commonly recycled and which has been seg-  
8 regated from other solid waste (as so defined)” after  
9 “(42 U.S.C. 6903)”.

10 (3) MODIFICATION TO DEFINITION OF QUALI-  
11 FIED FACILITY.—

12 (A) IN GENERAL.—The following provi-  
13 sions of section 45(d), as amended by para-  
14 graph (1), are each amended by striking “be-  
15 fore January 1, 2014” and inserting “the con-  
16 struction of which begins before January 1,  
17 2014”:

18 (i) Paragraph (1).

19 (ii) Paragraph (2)(A)(i).

20 (iii) Paragraph (3)(A)(i)(I).

21 (iv) Paragraph (6).

22 (v) Paragraph (7).

23 (vi) Paragraph (9)(B).

24 (vii) Paragraph (11)(B).

1           (B) CERTAIN CLOSED-LOOP BIOMASS FA-  
2           CILITIES.—Subparagraph (A) of section  
3           45(d)(2) is amended by adding at the end the  
4           following new flush sentence:

5           “For purposes of clause (ii), a facility shall be  
6           treated as modified before January 1, 2014, if  
7           the construction of such modification begins be-  
8           fore such date.”.

9           (C) CERTAIN OPEN-LOOP BIOMASS FACILI-  
10          TIES.—Clause (ii) of section 45(d)(3)(A) is  
11          amended by striking “is originally placed in  
12          service” and inserting “the construction of  
13          which begins”.

14          (D) GEOTHERMAL FACILITIES.—

15               (i) IN GENERAL.—Paragraph (4) of  
16               section 45(d) is amended by striking “and  
17               before January 1, 2014” and all that fol-  
18               lows and inserting “and which—

19               “(A) in the case of a facility using solar  
20               energy, is placed in service before January 1,  
21               2006, or

22               “(B) in the case of a facility using geo-  
23               thermal energy, the construction of which be-  
24               gins before January 1, 2014.



1 Such term shall not include any property described  
2 in section 48(a)(3) the basis of which is taken into  
3 account by the taxpayer for purposes of determining  
4 the energy credit under section 48.”.

5 (E) INCREMENTAL HYDROPOWER PRODUC-  
6 TION.—Paragraph (9) of section 45(d) is  
7 amended—

8 (i) by redesignating subparagraphs  
9 (A) and (B), as amended by subparagraph  
10 (A), as clauses (i) and (ii), respectively,  
11 and by moving such clauses (as so redesign-  
12 nated) 2 ems to the right,

13 (ii) by striking “In the case of a facil-  
14 ity” and inserting the following:

15 “(A) IN GENERAL.—In the case of a facil-  
16 ity”,

17 (iii) by redesignating subparagraph  
18 (C) as subparagraph (B), and

19 (iv) by adding at the end the following  
20 new subparagraph:

21 “(C) SPECIAL RULE.—For purposes of  
22 subparagraph (A)(i), an efficiency improvement  
23 or addition to capacity shall be treated as  
24 placed in service modified before January 1,

1           2014, if the construction of such improvement  
2           or addition begins before such date.”.

3           (b) EXTENSION OF ELECTION TO TREAT QUALIFIED  
4 FACILITIES AS ENERGY PROPERTY.—Subparagraph (C)  
5 of section 48(a)(5) is amended to read as follows:

6                   “(C) QUALIFIED INVESTMENT CREDIT FA-  
7                   CILITY.—For purposes of this paragraph, the  
8                   term ‘qualified investment credit facility’ means  
9                   any facility—

10                           “(i) which is a qualified facility (with-  
11                           in the meaning of section 45) described in  
12                           paragraph (1), (2), (3), (4), (6), (7), (9),  
13                           or (11) of section 45(d),

14                           “(ii) which is placed in service after  
15                           2008 and the construction of which begins  
16                           before January 1, 2014, and

17                           “(iii) with respect to which—

18                                   “(I) no credit has been allowed  
19                                   under section 45, and

20                                   “(II) the taxpayer makes an ir-  
21                                   revocable election to have this para-  
22                                   graph apply.”.

23           (c) TECHNICAL CORRECTIONS.—

24                   (1) Subparagraph (D) of section 48(a)(5) is  
25                   amended—

1 (A) by striking the period at the end of  
2 clause (ii) and inserting a comma, and

3 (B) by adding at the end the following new  
4 clauses:

5 “(iii) which is constructed, recon-  
6 structed, erected, or acquired by the tax-  
7 payer, and

8 “(iv) the original use of which com-  
9 mences with the taxpayer.”.

10 (2) Paragraphs (1) and (2) of subsection (a) of  
11 section 1603 of division B of the American Recovery  
12 and Reinvestment Act of 2009 are each amended by  
13 striking “placed in service” and inserting “originally  
14 placed in service by such person”.

15 (d) EFFECTIVE DATES.—

16 (1) IN GENERAL.—Except as provided in para-  
17 graphs (2) and (3), the amendments made by this  
18 section shall take effect on the date of the enactment  
19 of this Act.

20 (2) MODIFICATION TO DEFINITION OF MUNIC-  
21 IPAL SOLID WASTE.—The amendments made by sub-  
22 section (a)(2) shall apply to electricity produced and  
23 sold after the date of the enactment of this Act, in  
24 taxable years ending after such date.



1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to appliances produced after De-  
3 cember 31, 2011.

4 **SEC. 310. EXTENSION AND MODIFICATION OF SPECIAL AL-**  
5 **LOWANCE FOR CELLULOSIC BIOFUEL PLANT**  
6 **PROPERTY.**

7 (a) EXTENSION.—

8 (1) IN GENERAL.—Subparagraph (D) of section  
9 168(l)(2) is amended by striking “January 1, 2013”  
10 and inserting “January 1, 2014”.

11 (2) CONFORMING AMENDMENT.—Paragraph (5)  
12 of section 168(l), as redesignated by this Act, is  
13 amended—

14 (A) by striking “and” at the end of sub-  
15 paragraph (A),

16 (B) by redesignating subparagraph (B) as  
17 subparagraph (C), and

18 (C) by inserting after subparagraph (A)  
19 the following new subparagraph:

20 “(B) by substituting ‘January 1, 2014’ for  
21 ‘January 1, 2013’ in clause (i) thereof, and”.

22 (3) EFFECTIVE DATE.—The amendments made  
23 by this subsection shall apply to property placed in  
24 service after December 31, 2012.

1 (b) ALGAE TREATED AS A QUALIFIED FEEDSTOCK  
2 FOR PURPOSES OF BONUS DEPRECIATION FOR BIOFUEL  
3 PLANT PROPERTY.—

4 (1) IN GENERAL.—Subparagraph (A) of section  
5 168(l)(2) is amended by striking “solely to produce  
6 cellulosic biofuel” and inserting “solely to produce  
7 second generation biofuel (as defined in section  
8 40(b)(6)(E))”.

9 (2) CONFORMING AMENDMENTS.—Subsection  
10 (l) of section 168, as amended by subsection (a), is  
11 amended—

12 (A) by striking “cellulosic biofuel” each  
13 place it appears in the text thereof and insert-  
14 ing “second generation biofuel”,

15 (B) by striking paragraph (3) and redesign-  
16 ating paragraphs (4) through (8) as para-  
17 graphs (3) through (7), respectively,

18 (C) by striking “CELLULOSIC” in the  
19 heading of such subsection and inserting “SEC-  
20 OND GENERATION”, and

21 (D) by striking “CELLULOSIC” in the head-  
22 ing of paragraph (2) and inserting “SECOND  
23 GENERATION”.

1           (3) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to property placed in  
3           service after the date of the enactment of this Act.

4 **SEC. 311. EXTENSION OF SPECIAL RULE FOR SALES OR DIS-**  
5 **POSITIONS TO IMPLEMENT FERC OR STATE**  
6 **ELECTRIC RESTRUCTURING POLICY FOR**  
7 **QUALIFIED ELECTRIC UTILITIES.**

8           (a) IN GENERAL.—Paragraph (3) of section 451(i)  
9           is amended by striking “January 1, 2012” and inserting  
10          “January 1, 2014”.

11          (b) EFFECTIVE DATE.—The amendment made by  
12          this section shall apply to dispositions after December 31,  
13          2011.

14 **SEC. 312. EXTENSION OF ALTERNATIVE FUELS EXCISE TAX**  
15 **CREDITS.**

16          (a) IN GENERAL.—Sections 6426(d)(5) and  
17          6426(e)(3) are each amended by striking “December 31,  
18          2011” and inserting “December 31, 2013”.

19          (b) OUTLAY PAYMENTS FOR ALTERNATIVE  
20          FUELS.—Paragraph (6) of section 6427(e) is amended—

21                 (1) in subparagraph (C)—

22                         (A) by striking “or alternative fuel mixture  
23                         (as defined in subsection (d)(2) or (e)(3) of sec-  
24                         tion 6426)” and inserting “(as defined in sec-  
25                         tion 6426(d)(2))”, and

1 (B) by striking “December 31, 2011, and”  
2 and inserting “December 31, 2013,”

3 (2) in subparagraph (D)—

4 (A) by striking “or alternative fuel mix-  
5 ture”, and

6 (B) by striking the period at the end and  
7 inserting “, and”, and

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

10 “(E) any alternative fuel mixture (as de-  
11 fined in section 6426(e)(2)) sold or used after  
12 December 31, 2011.”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to fuel sold or used after December  
15 31, 2011.

## 16 **TITLE IV—OTHER PROVISIONS**

### 17 **SEC. 401. SENSE OF THE SENATE REGARDING TAX REFORM.**

18 It is the sense of the Senate that—

19 (1) comprehensive tax reform is vital to eco-  
20 nomic growth and United States competitiveness and  
21 should begin in 2013,

22 (2) a major focus of comprehensive tax reform  
23 should be broadening the tax base so as to lower tax  
24 rates, including by reforming, eliminating, or signifi-  
25 cantly reducing tax expenditures, including provi-



1 sions traditionally extended by Congress from year  
2 to year, and

3 (3) whenever possible, federal energy tax ex-  
4 penditures should be responsibly phased-out in a  
5 manner that allows these technologies to function  
6 without a reliance on federal subsidies.

## 7 **TITLE V—BUDGET PROVISIONS**

### 8 **SEC. 501. STATUTORY PAYGO SCORECARD ESTIMATES.**

9 The budgetary effects of this Act, for the purpose of  
10 complying with the Statutory Pay-As-You-Go-Act of 2010,  
11 shall be determined by reference to the latest statement  
12 titled “Budgetary Effects of PAYGO Legislation” for this  
13 Act, submitted for printing in the Congressional Record  
14 by the Chairman of the Senate Budget Committee, pro-  
15 vided that such statement has been submitted prior to the  
16 vote on passage.

Calendar No. 499

112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 3521**

[Report No. 112-208]

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## **A BILL**

To amend the Internal Revenue Code of 1986 to  
extend certain expiring provisions.

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AUGUST 28, 2012

Read twice and placed on the calendar