

In the House of Representatives, U. S.,

December 2, 2010.

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 4853) entitled “An Act to amend the Internal Revenue Code of 1986 to extend the funding and expenditure authority of the Airport and Airway Trust Fund, to amend title 49, United States Code, to extend authorizations for the airport improvement program, and for other purposes.”, with the following

HOUSE AMENDMENT TO SENATE AMENDMENT:

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

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

2 (a) *SHORT TITLE.*—*This Act may be cited as the*
3 *“Middle Class Tax Relief Act of 2010”.*

4 (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*
5 *expressly provided, whenever in this Act an amendment or*
6 *repeal is expressed in terms of an amendment to, or repeal*
7 *of, a section or other provision, the reference shall be consid-*
8 *ered to be made to a section or other provision of the Inter-*
9 *nal Revenue Code of 1986.*

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

Sec. 1. Short title; etc.

*TITLE I—MIDDLE CLASS TAX RELIEF MADE PERMANENT**Sec. 101. Middle class tax relief made permanent.**Sec. 102. Certain provisions not applicable to high income individuals.**Sec. 103. Related amendments.**TITLE II—EXPENSING BY SMALL BUSINESSES OF CERTAIN DEPRECIABLE ASSETS**Sec. 201. Increased limitations on expensing by small businesses of certain depreciable assets.**TITLE III—EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF**Sec. 301. Extension of alternative minimum tax relief for nonrefundable personal credits.**Sec. 302. Extension of increased alternative minimum tax exemption amount.**TITLE IV—BUDGETARY PROVISION**Sec. 401. Paygo compliance.*

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

3 ***SEC. 101. MIDDLE CLASS TAX RELIEF MADE PERMANENT.***

4 (a) *IN GENERAL.*—Section 901 of the Economic
 5 *Growth and Tax Relief Reconciliation Act of 2001 shall not*
 6 *apply to the following provisions of such Act (and to the*
 7 *amendments made by such provisions):*

8 (1) *Title I (relating to individual income tax*
 9 *rate reductions).*

10 (2) *Title II (relating to tax benefits related to*
 11 *children).*

12 (3) *Title III (relating to marriage penalty re-*
 13 *lief).*

14 (4) *Title IV (relating to affordable education*
 15 *provisions).*

1 (b) *REDUCED RATES ON CAPITAL GAINS AND DIVI-*
 2 *DENDS.—The Jobs and Growth Tax Relief Reconciliation*
 3 *Act of 2003 is amended by striking section 303.*

4 **SEC. 102. CERTAIN PROVISIONS NOT APPLICABLE TO HIGH**
 5 **INCOME INDIVIDUALS.**

6 (a) *INDIVIDUAL INCOME TAX RATES.—Subsection (i)*
 7 *of section 1 is amended by striking paragraph (2), by redес-*
 8 *ignating paragraph (3) as paragraph (4), and by inserting*
 9 *after paragraph (1) the following new paragraphs:*

10 “(2) *25- AND 28-PERCENT RATE BRACKETS.—The*
 11 *tables under subsections (a), (b), (c), (d), and (e) shall*
 12 *be applied—*

13 “(A) *by substituting ‘25%’ for ‘28%’ each*
 14 *place it appears (before the application of sub-*
 15 *paragraph (B)), and*

16 “(B) *by substituting ‘28%’ for ‘31%’ each*
 17 *place it appears.*

18 “(3) *33-PERCENT RATE BRACKET.—*

19 “(A) *IN GENERAL.—In the case of taxable*
 20 *years beginning after December 31, 2010—*

21 “(i) *the rate of tax under subsections*
 22 *(a), (b), (c), and (d) on a taxpayer’s taxable*
 23 *income in the fourth rate bracket shall be 33*
 24 *percent to the extent such income does not*
 25 *exceed an amount equal to the excess of—*

1 “(I) the applicable amount, over

2 “(II) the dollar amount at which
3 such bracket begins, and

4 “(ii) the 36 percent rate of tax under
5 such subsections shall apply only to the tax-
6 payer’s taxable income in such bracket in
7 excess of the amount to which clause (i) ap-
8 plies.

9 “(B) *APPLICABLE AMOUNT*.—For purposes
10 of this paragraph, the term ‘applicable amount’
11 means the excess of—

12 “(i) the applicable threshold, over

13 “(ii) the sum of the following amounts
14 in effect for the taxable year:

15 “(I) the basic standard deduction
16 (within the meaning of section
17 63(c)(2)), and

18 “(II) the exemption amount
19 (within the meaning of section
20 151(d)(1)) (or, in the case of subsection
21 (a), 2 such exemption amounts).

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

1 “(i) \$250,000 in the case of subsection
2 (a),

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

5 “(iii) $\frac{1}{2}$ the amount applicable under
6 clause (i) (after adjustment, if any, under
7 subparagraph (E)) in the case of subsection
8 (d).

9 “(D) *FOURTH RATE BRACKET.*—For pur-
10 poses of this paragraph, the term ‘fourth rate
11 bracket’ means the bracket which would (deter-
12 mined without regard to this paragraph) be the
13 36-percent rate bracket.

14 “(E) *INFLATION ADJUSTMENT.*—For pur-
15 poses of this paragraph, a rule similar to the
16 rule of paragraph (1)(C) shall apply with respect
17 to taxable years beginning in calendar years
18 after 2010, applied by substituting ‘2008’ for
19 ‘1992’ in subsection (f)(3)(B).”.

20 (b) *PHASEOUT OF PERSONAL EXEMPTIONS AND*
21 *ITEMIZED DEDUCTIONS.*—

22 (1) *OVERALL LIMITATION ON ITEMIZED DEDUC-*
23 *TIONS.*—Section 68 is amended—

24 (A) by striking “the applicable amount” the
25 first place it appears in subsection (a) and in-

1 serting “the applicable threshold in effect under
2 section 1(i)(3)”,

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

6 (C) by striking subsection (b) and redesignating
7 subsections (c), (d), and (e) as subsections
8 (b), (c), and (d), respectively, and

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

10 (2) *PHASEOUT OF DEDUCTIONS FOR PERSONAL*
11 *EXEMPTIONS.—*

12 (A) *IN GENERAL.—*Paragraph (3) of section
13 151(d) is amended—

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

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

21 (iii) by striking subparagraphs (E)
22 and (F).

23 (B) *CONFORMING AMENDMENT.—*Paragraph
24 (4) of section 151(d) is amended—

25 (i) by striking subparagraph (B),

1 (ii) by redesignating clauses (i) and
2 (ii) of subparagraph (A) as subparagraphs
3 (A) and (B), respectively, and by indenting
4 such subparagraphs (as so redesignated) ac-
5 cordingly, and

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

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

11 (c) REDUCED RATE ON CAPITAL GAINS AND DIVI-
12 DENDS.—

13 (1) IN GENERAL.—Paragraph (1) of section
14 (1)(h) is amended by striking subparagraph (C), by
15 redesignating subparagraphs (D) and (E) as subpara-
16 graphs (E) and (F) and by inserting after subpara-
17 graph (B) the following new subparagraphs:

18 “(C) 15 percent of the lesser of—

19 “(i) so much of the adjusted net capital
20 gain (or, if less, taxable income) as exceeds
21 the amount on which a tax is determined
22 under subparagraph (B), or

23 “(ii) the excess (if any) of—

24 “(I) the amount of taxable income
25 which would (without regard to this

1 *subsection) be taxed at a rate below 36*
2 *percent, over*

3 *“(II) the sum of the amounts on*
4 *which tax is determined under sub-*
5 *paragraphs (A) and (B),*

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

10 *(2) DIVIDENDS.—Subparagraph (A) of section*
11 *1(h)(11) is amended by striking “qualified dividend*
12 *income” and inserting “so much of the qualified divi-*
13 *dend income as does not exceed the excess (if any)*
14 *of—*

15 *“(i) the amount of taxable income*
16 *which would (without regard to this sub-*
17 *section) be taxed at a rate below 36 percent,*
18 *over*

19 *“(ii) taxable income reduced by quali-*
20 *fied dividend income.”.*

21 *(3) MINIMUM TAX.—Section 55 is amended by*
22 *adding at the end the following new subsection:*

23 *“(f) APPLICATION OF MAXIMUM RATE OF TAX ON NET*
24 *CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—In the*
25 *case of taxable years beginning after December 31, 2010,*

1 *the amount determined under subparagraph (C) of sub-*
2 *section (b)(3) shall be the sum of—*

3 *“(1) 15 percent of the lesser of—*

4 *“(A) so much of the adjusted net capital*
5 *gain (or, if less, taxable excess) as exceeds the*
6 *amount on which tax is determined under sub-*
7 *paragraph (B) of subsection (b)(3), or*

8 *“(B) the excess described in section*
9 *1(h)(1)(C)(ii), plus*

10 *“(2) 20 percent of the adjusted net capital gain*
11 *(or, if less, taxable excess) in excess of the sum of the*
12 *amounts on which tax is determined under subsection*
13 *(b)(3)(B) and paragraph (1).”.*

14 *(4) CONFORMING AMENDMENTS.—*

15 *(A) The following provisions are amended*
16 *by striking “15 percent” and inserting “20 per-*
17 *cent”:*

18 *(i) Section 1445(e)(1).*

19 *(ii) The second sentence of section*
20 *7518(g)(6)(A).*

21 *(iii) Section 53511(f)(2) of title 46,*
22 *United States Code.*

23 *(B) Sections 531 and 541 are each amended*
24 *by striking “15 percent of” and inserting “the*

1 *product of the highest rate of tax under section*
2 *1(c) and”.*

3 *(C) Section 1445(e)(6) is amended by strik-*
4 *ing “15 percent (20 percent in the case of taxable*
5 *years beginning after December 31, 2010)” and*
6 *inserting “20 percent”.*

7 *(d) EFFECTIVE DATES.—*

8 *(1) IN GENERAL.—Except as provided in para-*
9 *graph (2), the amendments made by this section shall*
10 *apply to taxable years beginning after December 31,*
11 *2010.*

12 *(2) WITHHOLDING.—The amendments made by*
13 *subparagraphs (A)(i) and (C) of subsection (c)(4)*
14 *shall apply to amounts paid on or after January 1,*
15 *2011.*

16 **SEC. 103. RELATED AMENDMENTS.**

17 *(a) APPLICATION OF INCREASE IN REFUNDABLE POR-*
18 *TION OF CHILD TAX CREDIT.—*

19 *(1) IN GENERAL.—Subsection (d) of section 24 is*
20 *amended—*

21 *(A) by striking “\$10,000” in paragraph*
22 *(1)(B)(i) and inserting “\$3,000”, and*

23 *(B) by striking paragraphs (3) and (4).*

1 (2) *EFFECTIVE DATE.*—*The amendments made*
2 *by this subsection shall apply to taxable years begin-*
3 *ning after December 31, 2010.*

4 (b) *APPLICATION OF INCREASE IN EARNED INCOME*
5 *TAX CREDIT.*—

6 (1) *IN GENERAL.*—*Subparagraph (B) of section*
7 *32(b)(2) is amended to read as follows:*

8 “(B) *JOINT RETURNS.*—

9 “(i) *IN GENERAL.*—*In the case of a*
10 *joint return filed by an eligible individual*
11 *and such individual’s spouse, the phaseout*
12 *amount determined under subparagraph*
13 *(A) shall be increased by \$5,000.*

14 “(ii) *INFLATION ADJUSTMENT.*—*In the*
15 *case of any taxable year beginning after*
16 *2010, the \$5,000 amount in clause (i) shall*
17 *be increased by an amount equal to—*

18 “(I) *such dollar amount, multi-*
19 *plied by*

20 “(II) *the cost of living adjustment*
21 *determined under section 1(f)(3) for*
22 *the calendar year in which the taxable*
23 *year begins determined by substituting*
24 *‘calendar year 2008’ for ‘calendar year*
25 *1992’ in subparagraph (B) thereof.*

1 *Subparagraph (A) of subsection (j)(2) shall*
2 *apply after taking into account any in-*
3 *crease under the preceding sentence.”.*

4 (2) *CONFORMING AMENDMENT.—Subsection (b)*
5 *of section 32 is amended by striking paragraph (3).*

6 (3) *EFFECTIVE DATE.—The amendments made*
7 *by this subsection shall apply to taxable years begin-*
8 *ning after December 31, 2010.*

9 (c) *APPLICATION TO ADOPTION CREDIT AND ADOPTION*
10 *ASSISTANCE PROGRAMS.—Subsection (c) of section 10909*
11 *of the Patient Protection and Affordable Care Act is amend-*
12 *ed to read as follows:*

13 *“(c) The amendments made by this section shall not*
14 *apply to taxable years beginning after December 31, 2011.”.*

15 **TITLE II—EXPENSING BY SMALL**
16 **BUSINESSES OF CERTAIN DE-**
17 **PRECIABLE ASSETS**

18 **SEC. 201. INCREASED LIMITATIONS ON EXPENSING BY**
19 **SMALL BUSINESSES OF CERTAIN DEPRE-**
20 **CIABLE ASSETS.**

21 (a) *DOLLAR LIMITATION.—Subparagraph (C) of sec-*
22 *tion 179(b)(1) is amended by striking “\$25,000” and in-*
23 *serting “\$125,000”.*

1 **(b) THRESHOLD AT WHICH PHASEOUT BEGINS.**—
2 Subparagraph (C) of section 179(b)(2) is amended by strik-
3 ing “\$200,000” and inserting “\$500,000”.

4 **(c) INFLATION ADJUSTMENT.**—Subsection (b) of sec-
5 tion 179 is amended by adding at the end the following
6 new paragraph:

7 **“(6) INFLATION ADJUSTMENTS.**—

8 **“(A) IN GENERAL.**—In the case of any tax-
9 able beginning in a calendar year after 2011, the
10 \$125,000 and \$500,000 amounts in paragraphs
11 (1)(C) and (2)(C) shall each be increased by an
12 amount equal to—

13 **“(i) such dollar amount, multiplied by**

14 **“(ii) the cost-of-living adjustment de-**
15 **termined under section 1(f)(3) for the cal-**
16 **endar year in which the taxable year begins**
17 **determined by substituting ‘calendar year**
18 **2006’ for ‘calendar year 1992’ in subpara-**
19 **graph (B) thereof.**

20 **“(B) ROUNDING.**—

21 **“(i) DOLLAR LIMITATION.**—If the
22 amount in paragraph (1) as increased
23 under subparagraph (A) is not a multiple
24 of \$1,000, such amount shall be rounded to
25 the nearest multiple of \$1,000.

1 “(i) *PHASEOUT AMOUNT.*—If the
2 amount in paragraph (2) as increased
3 under subparagraph (A) is not a multiple
4 of \$10,000, such amount shall be rounded to
5 the nearest multiple of \$10,000.”.

6 (d) *AUTHORITY TO REVOKE ELECTION MADE PERMA-*
7 *NENT.*—Paragraph (2) of section 179(c) is amended by
8 striking “and before 2012”.

9 (e) *TREATMENT OF CERTAIN COMPUTER SOFTWARE AS*
10 *SECTION 179 PROPERTY MADE PERMANENT.*—Clause (ii)
11 of section 179(d)(1)(A) is amended by striking “and before
12 2012”.

13 (f) *EFFECTIVE DATE.*—The amendments made by this
14 section shall apply to taxable years beginning after Decem-
15 ber 31, 2011.

16 **TITLE III—EXTENSION OF AL-**
17 **TERNATIVE MINIMUM TAX RE-**
18 **LIEF**

19 **SEC. 301. EXTENSION OF ALTERNATIVE MINIMUM TAX RE-**
20 **LIEF FOR NONREFUNDABLE PERSONAL**
21 **CREDITS.**

22 (a) *IN GENERAL.*—Paragraph (2) of section 26(a) is
23 amended—

24 (1) by striking “2000, 2001, 2002, 2003, 2004,
25 2005, 2006, 2007, 2008, or 2009” and inserting “the

1 *period beginning with calendar year 2000 and ending*
2 *with calendar year 2011”, and*

3 *(2) by striking “2009” in the heading thereof and*
4 *inserting “2011”.*

5 *(b) EFFECTIVE DATE.—The amendments made by this*
6 *section shall apply to taxable years beginning after Decem-*
7 *ber 31, 2009.*

8 **SEC. 302. EXTENSION OF INCREASED ALTERNATIVE MIN-**
9 **IMUM TAX EXEMPTION AMOUNT.**

10 *(a) IN GENERAL.—Paragraph (1) of section 55(d) is*
11 *amended—*

12 *(1) by striking “(\$70,950 in the case of taxable*
13 *years beginning in 2009)” in subparagraph (A) and*
14 *inserting “(\$72,450 in the case of taxable years begin-*
15 *ning in 2010 or 2011)””, and*

16 *(2) by striking “(\$46,700 in the case of taxable*
17 *years beginning in 2009)” in subparagraph (B) and*
18 *inserting “(\$47,450 in the case of taxable years begin-*
19 *ning in 2010 or 2011)”.*

20 *(b) NONAPPLICATION OF EGTRRA SUNSET.—Section*
21 *901 of the Economic Growth and Tax Relief Reconciliation*
22 *Act of 2001 shall not apply to the amendments made by*
23 *section 701 of such Act.*

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
2 *section shall apply to taxable years beginning after Decem-*
3 *ber 31, 2009.*

4 ***TITLE IV—BUDGETARY***
5 ***PROVISION***

6 ***SEC. 401. PAYGO COMPLIANCE.***

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

Attest:

Clerk.

11TH CONGRESS
2^D SESSION

H.R. 4853

**HOUSE AMENDMENT TO
SENATE AMENDMENT**