

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

# H. R. 5771

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## AN ACT

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions and make technical corrections, to amend the Internal Revenue Code of 1986 to provide for the tax treatment of ABLE accounts established under State programs for the care of family members with disabilities, and for other purposes.

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

3 **DIVISION A—TAX INCREASE**  
 4 **PREVENTION ACT OF 2014**

5 **SECTION 1. SHORT TITLE, ETC.**

6 (a) **SHORT TITLE.**—This division may be cited as the  
 7 “Tax Increase Prevention Act of 2014”.

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

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

DIVISION A—TAX INCREASE PREVENTION ACT OF 2014

Sec. 1. Short title, etc.

TITLE I—CERTAIN EXPIRING PROVISIONS

Subtitle A—Individual Tax Extenders

- Sec. 101. Extension of deduction for certain expenses of elementary and secondary school teachers.
- Sec. 102. Extension of exclusion from gross income of discharge of qualified principal residence indebtedness.
- Sec. 103. Extension of parity for employer-provided mass transit and parking benefits.
- Sec. 104. Extension of mortgage insurance premiums treated as qualified residence interest.
- Sec. 105. Extension of deduction of State and local general sales taxes.
- Sec. 106. Extension of special rule for contributions of capital gain real property made for conservation purposes.
- Sec. 107. Extension of above-the-line deduction for qualified tuition and related expenses.
- Sec. 108. Extension of tax-free distributions from individual retirement plans for charitable purposes.

## Subtitle B—Business Tax Extenders

- Sec. 111. Extension of research credit.
- Sec. 112. Extension of temporary minimum low-income housing tax credit rate for non-federally subsidized buildings.
- Sec. 113. Extension of military housing allowance exclusion for determining whether a tenant in certain counties is low-income.
- Sec. 114. Extension of Indian employment tax credit.
- Sec. 115. Extension of new markets tax credit.
- Sec. 116. Extension of railroad track maintenance credit.
- Sec. 117. Extension of mine rescue team training credit.
- Sec. 118. Extension of employer wage credit for employees who are active duty members of the uniformed services.
- Sec. 119. Extension of work opportunity tax credit.
- Sec. 120. Extension of qualified zone academy bonds.
- Sec. 121. Extension of classification of certain race horses as 3-year property.
- Sec. 122. Extension of 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
- Sec. 123. Extension of 7-year recovery period for motorsports entertainment complexes.
- Sec. 124. Extension of accelerated depreciation for business property on an Indian reservation.
- Sec. 125. Extension of bonus depreciation.
- Sec. 126. Extension of enhanced charitable deduction for contributions of food inventory.
- Sec. 127. Extension of increased expensing limitations and treatment of certain real property as section 179 property.
- Sec. 128. Extension of election to expense mine safety equipment.
- Sec. 129. Extension of special expensing rules for certain film and television productions.
- Sec. 130. Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 131. Extension of modification of tax treatment of certain payments to controlling exempt organizations.
- Sec. 132. Extension of treatment of certain dividends of regulated investment companies.
- Sec. 133. Extension of RIC qualified investment entity treatment under FIRPTA.
- Sec. 134. Extension of subpart F exception for active financing income.
- Sec. 135. Extension of look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.
- Sec. 136. Extension of temporary exclusion of 100 percent of gain on certain small business stock.
- Sec. 137. Extension of basis adjustment to stock of S corporations making charitable contributions of property.
- Sec. 138. Extension of reduction in S-corporation recognition period for built-in gains tax.
- Sec. 139. Extension of empowerment zone tax incentives.
- Sec. 140. Extension of temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands.
- Sec. 141. Extension of American Samoa economic development credit.

## Subtitle C—Energy Tax Extenders

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

Subtitle D—Extenders Relating to Multiemployer Defined Benefit Pension Plans

- Sec. 171. Extension of automatic extension of amortization periods.
- Sec. 172. Extension of shortfall funding method and endangered and critical rules.

TITLE II—TECHNICAL CORRECTIONS

- Sec. 201. Short title.
- Sec. 202. Amendments relating to American Taxpayer Relief Act of 2012.
- Sec. 203. Amendment relating to Middle Class Tax Relief and Job Creation Act of 2012.
- Sec. 204. Amendment relating to FAA Modernization and Reform Act of 2012.
- Sec. 205. Amendments relating to Regulated Investment Company Modernization Act of 2010.
- Sec. 206. Amendments relating to Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.
- Sec. 207. Amendments relating to Creating Small Business Jobs Act of 2010.
- Sec. 208. Clerical amendment relating to Hiring Incentives to Restore Employment Act.
- Sec. 209. Amendments relating to American Recovery and Reinvestment Tax Act of 2009.
- Sec. 210. Amendments relating to Energy Improvement and Extension Act of 2008.
- Sec. 211. Amendments relating to Tax Extenders and Alternative Minimum Tax Relief Act of 2008.
- Sec. 212. Clerical amendments relating to Housing Assistance Tax Act of 2008.
- Sec. 213. Amendments and provision relating to Heroes Earnings Assistance and Relief Tax Act of 2008.
- Sec. 214. Amendments relating to Economic Stimulus Act of 2008.
- Sec. 215. Amendments relating to Tax Technical Corrections Act of 2007.
- Sec. 216. Amendment relating to Tax Relief and Health Care Act of 2006.
- Sec. 217. Amendment relating to Safe, Accountable, Flexible, Efficient Transportation Equity Act of 2005: A Legacy for Users.
- Sec. 218. Amendments relating to Energy Tax Incentives Act of 2005.
- Sec. 219. Amendments relating to American Jobs Creation Act of 2004.
- Sec. 220. Other clerical corrections.
- Sec. 221. Deadwood provisions.

## TITLE III—JOINT COMMITTEE ON TAXATION

Sec. 301. Increased refund and credit threshold for Joint Committee on Taxation review of C corporation return.

## TITLE IV—BUDGETARY EFFECTS

Sec. 401. Budgetary effects.

DIVISION B—ACHIEVING A BETTER LIFE EXPERIENCE ACT OF  
2014

Sec. 1. Short title; etc.

## TITLE I—QUALIFIED ABLE PROGRAMS

Sec. 101. Purposes.

Sec. 102. Qualified ABLE programs.

Sec. 103. Treatment of ABLE accounts under certain Federal programs.

Sec. 104. Treatment of able accounts in bankruptcy.

Sec. 105. Investment direction rule for 529 plans.

## TITLE II—OFFSETS

Sec. 201. Correction to workers compensation offset age.

Sec. 202. Accelerated application of relative value targets for misvalued services in the Medicare physician fee schedule.

Sec. 203. Consistent treatment of vacuum erection systems in Medicare Parts B and D.

Sec. 204. One-year delay of implementation of oral-only policy under Medicare ESRD prospective payment system.

Sec. 205. Modification relating to Inland Waterways Trust Fund financing rate.

Sec. 206. Certified professional employer organizations.

Sec. 207. Exclusion of dividends from controlled foreign corporations from the definition of personal holding company income for purposes of the personal holding company rules.

Sec. 208. Inflation adjustment for certain civil penalties under the Internal Revenue Code of 1986.

Sec. 209. Increase in continuous levy.

1       **TITLE I—CERTAIN EXPIRING**  
2                   **PROVISIONS**  
3               **Subtitle A—Individual Tax**  
4                   **Extenders**

5   **SEC. 101. EXTENSION OF DEDUCTION FOR CERTAIN EX-**  
6                   **PENSES OF ELEMENTARY AND SECONDARY**  
7                   **SCHOOL TEACHERS.**

8       (a) **IN GENERAL.**—Subparagraph (D) of section  
9 62(a)(2) is amended by striking “or 2013” and inserting  
10 “2013, or 2014”.

11       (b) **EFFECTIVE DATE.**—The amendment made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 2013.

14   **SEC. 102. EXTENSION OF EXCLUSION FROM GROSS INCOME**  
15                   **OF DISCHARGE OF QUALIFIED PRINCIPAL**  
16                   **RESIDENCE INDEBTEDNESS.**

17       (a) **IN GENERAL.**—Subparagraph (E) of section  
18 108(a)(1) is amended by striking “January 1, 2014” and  
19 inserting “January 1, 2015”.

20       (b) **EFFECTIVE DATE.**—The amendment made by  
21 this section shall apply to indebtedness discharged after  
22 December 31, 2013.

1 **SEC. 103. EXTENSION OF PARITY FOR EMPLOYER-PRO-**  
2 **VIDED MASS TRANSIT AND PARKING BENE-**  
3 **FITS.**

4 (a) IN GENERAL.—Paragraph (2) of section 132(f)  
5 is amended by striking “January 1, 2014” and inserting  
6 “January 1, 2015”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to months after December 31,  
9 2013.

10 **SEC. 104. EXTENSION OF MORTGAGE INSURANCE PRE-**  
11 **MIUMS TREATED AS QUALIFIED RESIDENCE**  
12 **INTEREST.**

13 (a) IN GENERAL.—Subclause (I) of section  
14 163(h)(3)(E)(iv) is amended by striking “December 31,  
15 2013” and inserting “December 31, 2014”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to amounts paid or accrued after  
18 December 31, 2013.

19 **SEC. 105. EXTENSION OF DEDUCTION OF STATE AND LOCAL**  
20 **GENERAL SALES TAXES.**

21 (a) IN GENERAL.—Subparagraph (I) of section  
22 164(b)(5) is amended by striking “January 1, 2014” and  
23 inserting “January 1, 2015”.

24 (b) EFFECTIVE DATE.—The amendment made by  
25 this section shall apply to taxable years beginning after  
26 December 31, 2013.

1 **SEC. 106. 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 2013” and inserting “December 31, 2014”.

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, 2013” and insert-  
10 ing “December 31, 2014”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to contributions made in taxable  
13 years beginning after December 31, 2013.

14 **SEC. 107. 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, 2013” and inserting  
19 “December 31, 2014”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2013.



1 **SEC. 108. 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, 2013”  
6 and inserting “December 31, 2014”.

7 (b) **EFFECTIVE DATE.**—The amendment made by  
8 this section shall apply to distributions made in taxable  
9 years beginning after December 31, 2013.

10 **Subtitle B—Business Tax**  
11 **Extenders**

12 **SEC. 111. EXTENSION OF RESEARCH CREDIT.**

13 (a) **IN GENERAL.**—Paragraph (1) of section 41(h) is  
14 amended by striking “paid or incurred” and all that fol-  
15 lows and inserting “paid or incurred after December 31,  
16 2014.”.

17 (b) **CONFORMING AMENDMENT.**—Subparagraph (D)  
18 of section 45C(b)(1) is amended to read as follows:

19 “(D) **SPECIAL RULE.**—If section 41 is not  
20 in effect for any period, such section shall be  
21 deemed to remain in effect for such period for  
22 purposes of this paragraph.”.

23 (c) **EFFECTIVE DATE.**—The amendments made by  
24 this section shall apply to amounts paid or incurred after  
25 December 31, 2013.

1 **SEC. 112. EXTENSION OF TEMPORARY MINIMUM LOW-IN-**  
2 **COME HOUSING TAX CREDIT RATE FOR NON-**  
3 **FEDERALLY SUBSIDIZED BUILDINGS.**

4 (a) IN GENERAL.—Subparagraph (A) of section  
5 42(b)(2) is amended by striking “January 1, 2014” and  
6 inserting “January 1, 2015”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall take effect on January 1, 2014.

9 **SEC. 113. EXTENSION OF MILITARY HOUSING ALLOWANCE**  
10 **EXCLUSION FOR DETERMINING WHETHER A**  
11 **TENANT IN CERTAIN COUNTIES IS LOW-IN-**  
12 **COME.**

13 (a) IN GENERAL.—Subsection (b) of section 3005 of  
14 the Housing Assistance Tax Act of 2008 is amended by  
15 striking “January 1, 2014” each place it appears and in-  
16 serting “January 1, 2015”.

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

21 **SEC. 114. EXTENSION OF INDIAN EMPLOYMENT TAX CRED-**  
22 **IT.**

23 (a) IN GENERAL.—Subsection (f) of section 45A is  
24 amended by striking “December 31, 2013” and inserting  
25 “December 31, 2014”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2013.

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

5 (a) IN GENERAL.—Subparagraph (G) of section  
6 45D(f)(1) is amended by striking “and 2013” and insert-  
7 ing “2013, and 2014”.

8 (b) CARRYOVER OF UNUSED LIMITATION.—Para-  
9 graph (3) of section 45D(f) is amended by striking  
10 “2018” and inserting “2019”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to calendar years beginning after  
13 December 31, 2013.

14 **SEC. 116. EXTENSION OF RAILROAD TRACK MAINTENANCE**  
15 **CREDIT.**

16 (a) IN GENERAL.—Subsection (f) of section 45G is  
17 amended by striking “January 1, 2014” and inserting  
18 “January 1, 2015”.

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, 2013.

1 **SEC. 117. EXTENSION OF MINE RESCUE TEAM TRAINING**  
2 **CREDIT.**

3 (a) IN GENERAL.—Subsection (e) of section 45N is  
4 amended by striking “December 31, 2013” and inserting  
5 “December 31, 2014”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2013.

9 **SEC. 118. 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, 2013” and inserting  
14 “December 31, 2014”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to payments made after December  
17 31, 2013.

18 **SEC. 119. EXTENSION OF WORK OPPORTUNITY TAX CREDIT.**

19 (a) IN GENERAL.—Paragraph (4) of section 51(c) is  
20 amended by striking “for the employer” and all that fol-  
21 lows and inserting “for the employer after December 31,  
22 2014”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply to individuals who begin work for  
25 the employer after December 31, 2013.

1 **SEC. 120. EXTENSION OF QUALIFIED ZONE ACADEMY**  
2 **BONDS.**

3 (a) **EXTENSION.**—Paragraph (1) of section 54E(c) is  
4 amended by striking “and 2013” and inserting “2013,  
5 and 2014”.

6 (b) **EFFECTIVE DATE.**—The amendment made by  
7 this section shall apply to obligations issued after Decem-  
8 ber 31, 2013.

9 **SEC. 121. EXTENSION OF CLASSIFICATION OF CERTAIN**  
10 **RACE HORSES AS 3-YEAR PROPERTY.**

11 (a) **IN GENERAL.**—Clause (i) of section 168(e)(3)(A)  
12 is amended—

13 (1) by striking “January 1, 2014” in subclause  
14 (I) and inserting “January 1, 2015”, and

15 (2) by striking “December 31, 2013” in sub-  
16 clause (II) and inserting “December 31, 2014”.

17 (b) **EFFECTIVE DATE.**—The amendments made by  
18 this section shall apply to property placed in service after  
19 December 31, 2013.

1 **SEC. 122. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RE-**  
2 **COVERY FOR QUALIFIED LEASEHOLD IM-**  
3 **PROVEMENTS, QUALIFIED RESTAURANT**  
4 **BUILDINGS AND IMPROVEMENTS, AND**  
5 **QUALIFIED RETAIL IMPROVEMENTS.**

6 (a) IN GENERAL.—Clauses (iv), (v), and (ix) of sec-  
7 tion 168(e)(3)(E) are each amended by striking “January  
8 1, 2014” and inserting “January 1, 2015”.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to property placed in service after  
11 December 31, 2013.

12 **SEC. 123. EXTENSION OF 7-YEAR RECOVERY PERIOD FOR**  
13 **MOTORSPORTS ENTERTAINMENT COM-**  
14 **PLEXES.**

15 (a) IN GENERAL.—Subparagraph (D) of section  
16 168(i)(15) is amended by striking “December 31, 2013”  
17 and inserting “December 31, 2014”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to property placed in service after  
20 December 31, 2013.

21 **SEC. 124. EXTENSION OF ACCELERATED DEPRECIATION**  
22 **FOR BUSINESS PROPERTY ON AN INDIAN**  
23 **RESERVATION.**

24 (a) IN GENERAL.—Paragraph (8) of section 168(j)  
25 is amended by striking “December 31, 2013” and insert-  
26 ing “December 31, 2014”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to property placed in service after  
3 December 31, 2013.

4 **SEC. 125. EXTENSION OF BONUS DEPRECIATION.**

5 (a) IN GENERAL.—Paragraph (2) of section 168(k)  
6 is amended—

7 (1) by striking “January 1, 2015” in subpara-  
8 graph (A)(iv) and inserting “January 1, 2016”, and

9 (2) by striking “January 1, 2014” each place  
10 it appears and inserting “January 1, 2015”.

11 (b) SPECIAL RULE FOR FEDERAL LONG-TERM CON-  
12 TRACTS.—Clause (ii) of section 460(c)(6)(B) is amended  
13 by striking “January 1, 2014 (January 1, 2015” and in-  
14 serting “January 1, 2015 (January 1, 2016”.

15 (c) EXTENSION OF ELECTION TO ACCELERATE THE  
16 AMT CREDIT IN LIEU OF BONUS DEPRECIATION.—

17 (1) IN GENERAL.—Subclause (II) of section  
18 168(k)(4)(D)(iii) is amended by striking “January  
19 1, 2014” and inserting “January 1, 2015”.

20 (2) ROUND 4 EXTENSION PROPERTY.—Para-  
21 graph (4) of section 168(k) is amended by adding at  
22 the end the following new subparagraph:

23 “(K) SPECIAL RULES FOR ROUND 4 EX-  
24 TENSION PROPERTY.—

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

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

9           “(II) the bonus depreciation  
10 amount, maximum amount, and max-  
11 imum increase amount shall be com-  
12 puted separately from amounts com-  
13 puted with respect to eligible qualified  
14 property which is not round 4 exten-  
15 sion property.

16           “(ii) ELECTION.—

17           “(I) A taxpayer who has an elec-  
18 tion in effect under this paragraph for  
19 round 3 extension property shall be  
20 treated as having an election in effect  
21 for round 4 extension property unless  
22 the taxpayer elects to not have this  
23 paragraph apply to round 4 extension  
24 property.



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

6                   “(iii) ROUND 4 EXTENSION PROP-  
7                   ERTY.—For purposes of this subpara-  
8                   graph, the term ‘round 4 extension prop-  
9                   erty’ means property which is eligible  
10                  qualified property solely by reason of the  
11                  extension of the application of the special  
12                  allowance under paragraph (1) pursuant to  
13                  the amendments made by section 125(a) of  
14                  the Tax Increase Prevention Act of 2014  
15                  (and the application of such extension to  
16                  this paragraph pursuant to the amendment  
17                  made by section 125(c) of such Act).”.

18                  (d) CONFORMING AMENDMENTS.—

19                   (1) The heading for subsection (k) of section  
20                   168 is amended by striking “JANUARY 1, 2014” and  
21                   inserting “JANUARY 1, 2015”.

22                   (2) The heading for clause (ii) of section  
23                   168(k)(2)(B) is amended by striking “PRE-JANUARY  
24                   1, 2014” and inserting “PRE-JANUARY 1, 2015”.

1           (3) Subparagraph (C) of section 168(n)(2) is  
2           amended by striking “January 1, 2014” and insert-  
3           ing “January 1, 2015”.

4           (4) Subparagraph (D) of section 1400L(b)(2) is  
5           amended by striking “January 1, 2014” and insert-  
6           ing “January 1, 2015”.

7           (5) Subparagraph (B) of section 1400N(d)(3)  
8           is amended by striking “January 1, 2014” and in-  
9           serting “January 1, 2015”.

10          (e) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to property placed in service after  
12 December 31, 2013, in taxable years ending after such  
13 date.

14 **SEC. 126. EXTENSION OF ENHANCED CHARITABLE DEDUC-**  
15 **TION FOR CONTRIBUTIONS OF FOOD INVEN-**  
16 **TORY.**

17          (a) IN GENERAL.—Clause (iv) of section  
18 170(e)(3)(C) is amended by striking “December 31,  
19 2013” and inserting “December 31, 2014”.

20          (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to contributions made after De-  
22 cember 31, 2013.

1 **SEC. 127. EXTENSION OF INCREASED EXPENSING LIMITA-**  
2 **TIONS AND TREATMENT OF CERTAIN REAL**  
3 **PROPERTY AS SECTION 179 PROPERTY.**

4 (a) IN GENERAL.—

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

7 (A) by striking “beginning in 2010, 2011,  
8 2012, or 2013” in subparagraph (B) and in-  
9 serting “beginning after 2009 and before  
10 2015”, and

11 (B) by striking “2013” in subparagraph  
12 (C) and inserting “2014”.

13 (2) REDUCTION IN LIMITATION.—Section  
14 179(b)(2) is amended—

15 (A) by striking “beginning in 2010, 2011,  
16 2012, or 2013” in subparagraph (B) and in-  
17 serting “beginning after 2009 and before  
18 2015”, and

19 (B) by striking “2013” in subparagraph  
20 (C) and inserting “2014”.

21 (b) COMPUTER SOFTWARE.—Section  
22 179(d)(1)(A)(ii) is amended by striking “2014” and in-  
23 serting “2015”.

24 (c) ELECTION.—Section 179(c)(2) is amended by  
25 striking “2014” and inserting “2015”.

1 (d) SPECIAL RULES FOR TREATMENT OF QUALIFIED  
2 REAL PROPERTY.—

3 (1) IN GENERAL.—Section 179(f)(1) is amend-  
4 ed by striking “beginning in 2010, 2011, 2012, or  
5 2013” and inserting “beginning after 2009 and be-  
6 fore 2015”.

7 (2) CARRYOVER LIMITATION.—

8 (A) IN GENERAL.—Section 179(f)(4) is  
9 amended by striking “2013” each place it ap-  
10 pears and inserting “2014”.

11 (B) CONFORMING AMENDMENT.—The  
12 heading of subparagraph (C) of section  
13 179(f)(4) is amended by striking “2011 AND  
14 2012” and inserting “2011, 2012, AND 2013”.

15 (e) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2013.

18 **SEC. 128. EXTENSION OF ELECTION TO EXPENSE MINE**

19 **SAFETY EQUIPMENT.**

20 (a) IN GENERAL.—Subsection (g) of section 179E is  
21 amended by striking “December 31, 2013” and inserting  
22 “December 31, 2014”.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply to property placed in service after  
25 December 31, 2013.

1 **SEC. 129. EXTENSION OF SPECIAL EXPENSING RULES FOR**  
2 **CERTAIN FILM AND TELEVISION PRODUC-**  
3 **TIONS.**

4 (a) **IN GENERAL.**—Subsection (f) of section 181 is  
5 amended by striking “December 31, 2013” and inserting  
6 “December 31, 2014”.

7 (b) **EFFECTIVE DATES.**—The amendment made by  
8 this section shall apply to productions commencing after  
9 December 31, 2013.

10 **SEC. 130. EXTENSION OF DEDUCTION ALLOWABLE WITH**  
11 **RESPECT TO INCOME ATTRIBUTABLE TO DO-**  
12 **MESTIC PRODUCTION ACTIVITIES IN PUERTO**  
13 **RICO.**

14 (a) **IN GENERAL.**—Subparagraph (C) of section  
15 199(d)(8) is amended—

16 (1) by striking “first 8 taxable years” and in-  
17 serting “first 9 taxable years”, and

18 (2) by striking “January 1, 2014” and insert-  
19 ing “January 1, 2015”.

20 (b) **EFFECTIVE DATE.**—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2013.

1 **SEC. 131. EXTENSION OF MODIFICATION OF TAX TREAT-**  
2 **MENT OF CERTAIN PAYMENTS TO CONTROL-**  
3 **LING EXEMPT ORGANIZATIONS.**

4 (a) IN GENERAL.—Clause (iv) of section  
5 512(b)(13)(E) is amended by striking “December 31,  
6 2013” and inserting “December 31, 2014”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to payments received or accrued  
9 after December 31, 2013.

10 **SEC. 132. EXTENSION OF TREATMENT OF CERTAIN DIVI-**  
11 **DENDS OF REGULATED INVESTMENT COMPA-**  
12 **NIES.**

13 (a) IN GENERAL.—Paragraphs (1)(C)(v) and  
14 (2)(C)(v) of section 871(k) are each amended by striking  
15 “December 31, 2013” and inserting “December 31,  
16 2014”.

17 (b) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 2013.

20 **SEC. 133. EXTENSION OF RIC QUALIFIED INVESTMENT EN-**  
21 **TITY TREATMENT UNDER FIRPTA.**

22 (a) IN GENERAL.—Clause (ii) of section  
23 897(h)(4)(A) is amended by striking “December 31,  
24 2013” and inserting “December 31, 2014”.

25 (b) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendment made by  
2 this section shall take effect on January 1, 2014.  
3 Notwithstanding the preceding sentence, such  
4 amendment shall not apply with respect to the with-  
5 holding requirement under section 1445 of the Inter-  
6 nal Revenue Code of 1986 for any payment made  
7 before the date of the enactment of this Act.

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

11                   (A) which makes a distribution after De-  
12 cember 31, 2013, and before the date of the en-  
13 actment of this Act, and

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

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

22 **SEC. 134. EXTENSION OF SUBPART F EXCEPTION FOR AC-**  
23 **TIVE FINANCING INCOME.**

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

1 (1) by striking “January 1, 2014” and insert-  
2 ing “January 1, 2015”, and

3 (2) by striking “December 31, 2013” and in-  
4 serting “December 31, 2014”.

5 (b) SPECIAL RULE FOR INCOME DERIVED IN THE  
6 ACTIVE CONDUCT OF BANKING, FINANCING, OR SIMILAR  
7 BUSINESSES.—Paragraph (9) of section 954(h) is amend-  
8 ed by striking “January 1, 2014” and inserting “January  
9 1, 2015”.

10 (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years of foreign corpora-  
12 tions beginning after December 31, 2013, and to taxable  
13 years of United States shareholders with or within which  
14 any such taxable year of such foreign corporation ends.

15 **SEC. 135. EXTENSION OF LOOK-THRU TREATMENT OF PAY-**  
16 **MENTS BETWEEN RELATED CONTROLLED**  
17 **FOREIGN CORPORATIONS UNDER FOREIGN**  
18 **PERSONAL HOLDING COMPANY RULES.**

19 (a) IN GENERAL.—Subparagraph (C) of section  
20 954(e)(6) is amended by striking “January 1, 2014” and  
21 inserting “January 1, 2015”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to taxable years of foreign corpora-  
24 tions beginning after December 31, 2013, and to taxable



1 years of United States shareholders with or within which  
2 such taxable years of foreign corporations end.

3 **SEC. 136. EXTENSION OF TEMPORARY EXCLUSION OF 100**  
4 **PERCENT OF GAIN ON CERTAIN SMALL BUSI-**  
5 **NESS STOCK.**

6 (a) IN GENERAL.—Paragraph (4) of section 1202(a)  
7 is amended—

8 (1) by striking “January 1, 2014” and insert-  
9 ing “January 1, 2015”, and

10 (2) by striking “AND 2013” in the heading and  
11 inserting “2013, AND 2014”.

12 (b) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to stock acquired after December  
14 31, 2013.

15 **SEC. 137. EXTENSION OF BASIS ADJUSTMENT TO STOCK OF**  
16 **S CORPORATIONS MAKING CHARITABLE CON-**  
17 **TRIBUTIONS OF PROPERTY.**

18 (a) IN GENERAL.—Paragraph (2) of section 1367(a)  
19 is amended by striking “December 31, 2013” and insert-  
20 ing “December 31, 2014”.

21 (b) EFFECTIVE DATE.—The amendment made by  
22 this section shall apply to contributions made in taxable  
23 years beginning after December 31, 2013.

1 **SEC. 138. EXTENSION OF REDUCTION IN S-CORPORATION**  
2 **RECOGNITION PERIOD FOR BUILT-IN GAINS**  
3 **TAX.**

4 (a) IN GENERAL.—Subparagraph (C) of section  
5 1374(d)(7) is amended—

6 (1) by striking “2012 or 2013” and inserting  
7 “2012, 2013, or 2014”, and

8 (2) by striking “2012 AND 2013” in the heading  
9 and inserting “2012, 2013, AND 2014”.

10 (b) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2013.

13 **SEC. 139. EXTENSION OF EMPOWERMENT ZONE TAX INCEN-**  
14 **TIVES.**

15 (a) IN GENERAL.—Clause (i) of section  
16 1391(d)(1)(A) is amended by striking “December 31,  
17 2013” and inserting “December 31, 2014”.

18 (b) TREATMENT OF CERTAIN TERMINATION DATES  
19 SPECIFIED IN NOMINATIONS.—In the case of a designa-  
20 tion of an empowerment zone the nomination for which  
21 included a termination date which is contemporaneous  
22 with the date specified in subparagraph (A)(i) of section  
23 1391(d)(1) of the Internal Revenue Code of 1986 (as in  
24 effect before the enactment of this Act), subparagraph (B)  
25 of such section shall not apply with respect to such des-  
26 ignation if, after the date of the enactment of this section,

1 the entity which made such nomination amends the nomi-  
2 nation to provide for a new termination date in such man-  
3 ner as the Secretary of the Treasury (or the Secretary's  
4 designee) may provide.

5 (c) EFFECTIVE DATES.—The amendment made by  
6 this section shall apply to periods after December 31,  
7 2013.

8 **SEC. 140. EXTENSION OF TEMPORARY INCREASE IN LIMIT**  
9 **ON COVER OVER OF RUM EXCISE TAXES TO**  
10 **PUERTO RICO AND THE VIRGIN ISLANDS.**

11 (a) IN GENERAL.—Paragraph (1) of section 7652(f)  
12 is amended by striking “January 1, 2014” and inserting  
13 “January 1, 2015”.

14 (b) EFFECTIVE DATE.—The amendment made by  
15 this section shall apply to distilled spirits brought into the  
16 United States after December 31, 2013.

17 **SEC. 141. EXTENSION OF AMERICAN SAMOA ECONOMIC DE-**  
18 **VELOPMENT CREDIT.**

19 (a) IN GENERAL.—Subsection (d) of section 119 of  
20 division A of the Tax Relief and Health Care Act of 2006  
21 is amended—

22 (1) by striking “January 1, 2014” each place  
23 it appears and inserting “January 1, 2015”,

24 (2) by striking “first 8 taxable years” in para-  
25 graph (1) and inserting “first 9 taxable years”, and

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

3           (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2013.

## 6   **Subtitle C—Energy Tax Extenders**

### 7   **SEC. 151. EXTENSION OF CREDIT FOR NONBUSINESS EN-** 8           **ERGY PROPERTY.**

9           (a) IN GENERAL.—Paragraph (2) of section 25C(g)  
10 is amended by striking “December 31, 2013” and insert-  
11 ing “December 31, 2014”.

12          (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to property placed in service after  
14 December 31, 2013.

### 15   **SEC. 152. EXTENSION OF SECOND GENERATION BIOFUEL** 16           **PRODUCER CREDIT.**

17          (a) IN GENERAL.—Clause (i) of section 40(b)(6)(J)  
18 is amended by striking “January 1, 2014” and inserting  
19 “January 1, 2015”.

20          (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to qualified second generation  
22 biofuel production after December 31, 2013.

1 **SEC. 153. EXTENSION OF INCENTIVES FOR BIODIESEL AND**  
2 **RENEWABLE 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, 2013” and inserting  
6 “December 31, 2014”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to fuel sold or used after December  
9 31, 2013.

10 **SEC. 154. 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 “8-year period” each  
15 place it appears and inserting “9-year period”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to coal produced after December  
18 31, 2013.

19 **SEC. 155. EXTENSION OF CREDITS WITH RESPECT TO FA-**  
20 **CILITIES PRODUCING ENERGY FROM CER-**  
21 **TAIN RENEWABLE RESOURCES.**

22 (a) IN GENERAL.—The following provisions of sec-  
23 tion 45(d) are each amended by striking “January 1,  
24 2014” each place it appears and inserting “January 1,  
25 2015”:

26 (1) Paragraph (1).

1 (2) Paragraph (2)(A).

2 (3) Paragraph (3)(A).

3 (4) Paragraph (4)(B).

4 (5) Paragraph (6).

5 (6) Paragraph (7).

6 (7) Paragraph (9).

7 (8) Paragraph (11)(B).

8 (b) EXTENSION OF ELECTION TO TREAT QUALIFIED  
9 FACILITIES AS ENERGY PROPERTY.—Clause (ii) of sec-  
10 tion 48(a)(5)(C) is amended by striking “January 1,  
11 2014” and inserting “January 1, 2015”.

12 (c) EFFECTIVE DATES.—The amendments made by  
13 this section shall take effect on January 1, 2014.

14 **SEC. 156. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**  
15 **NEW HOMES.**

16 (a) IN GENERAL.—Subsection (g) of section 45L is  
17 amended by striking “December 31, 2013” and inserting  
18 “December 31, 2014”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to homes acquired after December  
21 31, 2013.

1 **SEC. 157. EXTENSION OF SPECIAL ALLOWANCE FOR SEC-**  
2 **OND GENERATION BIOFUEL PLANT PROP-**  
3 **ERTY.**

4 (a) IN GENERAL.—Subparagraph (D) of section  
5 168(l)(2) is amended by striking “January 1, 2014” and  
6 inserting “January 1, 2015”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to property placed in service after  
9 December 31, 2013.

10 **SEC. 158. EXTENSION OF ENERGY EFFICIENT COMMERCIAL**  
11 **BUILDINGS DEDUCTION.**

12 (a) IN GENERAL.—Subsection (h) of section 179D is  
13 amended by striking “December 31, 2013” and inserting  
14 “December 31, 2014”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to property placed in service after  
17 December 31, 2013.

18 **SEC. 159. EXTENSION OF SPECIAL RULE FOR SALES OR DIS-**  
19 **POSITIONS TO IMPLEMENT FERC OR STATE**  
20 **ELECTRIC RESTRUCTURING POLICY FOR**  
21 **QUALIFIED ELECTRIC UTILITIES.**

22 (a) IN GENERAL.—Paragraph (3) of section 451(i)  
23 is amended by striking “January 1, 2014” and inserting  
24 “January 1, 2015”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to dispositions after December 31,  
3 2013.

4 **SEC. 160. EXTENSION OF EXCISE TAX CREDITS RELATING**  
5 **TO CERTAIN FUELS.**

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

9 (1) Paragraph (6) of section 6426(c) is amend-  
10 ed by striking “December 31, 2013” and inserting  
11 “December 31, 2014”.

12 (2) Subparagraph (B) of section 6427(e)(6) is  
13 amended by striking “December 31, 2013” and in-  
14 serting “December 31, 2014”.

15 (b) EXTENSION OF ALTERNATIVE FUELS EXCISE  
16 TAX CREDITS.—

17 (1) IN GENERAL.—Sections 6426(d)(5) and  
18 6426(e)(3) are each amended by striking “December  
19 31, 2013” and inserting “December 31, 2014”.

20 (2) OUTLAY PAYMENTS FOR ALTERNATIVE  
21 FUELS.—Subparagraph (C) of section 6427(e)(6) is  
22 amended by striking “December 31, 2013” and in-  
23 serting “December 31, 2014”.

24 (c) EXTENSION OF ALTERNATIVE FUELS EXCISE  
25 TAX CREDITS RELATING TO LIQUEFIED HYDROGEN.—



1           (1) IN GENERAL.—Sections 6426(d)(5) and  
2           6426(e)(3), as amended by subsection (b), are each  
3           amended by striking “(September 30, 2014 in the  
4           case of any sale or use involving liquefied hydro-  
5           gen)”.

6           (2) OUTLAY PAYMENTS FOR ALTERNATIVE  
7           FUELS.—Paragraph (6) of section 6427(e) is  
8           amended—

9                   (A) by striking “except as provided in sub-  
10                   paragraph (D), any” in subparagraph (C), as  
11                   amended by this Act, and inserting “any”,

12                   (B) by striking the comma at the end of  
13                   subparagraph (C) and inserting “, and”, and

14                   (C) by striking subparagraph (D) and re-  
15                   designating subparagraph (E) as subparagraph  
16                   (D).

17           (d) EFFECTIVE DATES.—

18                   (1) IN GENERAL.—Except as provided in para-  
19                   graph (2), the amendments made by this section  
20                   shall apply to fuel sold or used after December 31,  
21                   2013.

22                   (2) LIQUEFIED HYDROGEN.—The amendments  
23                   made by subsection (c) shall apply to fuel sold or  
24                   used after September 30, 2014.

1 (e) SPECIAL RULE FOR CERTAIN PERIODS DURING  
2 2014.—Notwithstanding any other provision of law, in the  
3 case of—

4 (1) any biodiesel mixture credit properly deter-  
5 mined under section 6426(c) of the Internal Revenue  
6 Code of 1986 for periods after December 31, 2013,  
7 and before the date of the enactment of this Act,  
8 and

9 (2) any alternative fuel credit properly deter-  
10 mined under section 6426(d) of such Code for such  
11 periods,

12 such credit shall be allowed, and any refund or payment  
13 attributable to such credit (including any payment under  
14 section 6427(e) of such Code) shall be made, only in such  
15 manner as the Secretary of the Treasury (or the Sec-  
16 retary's delegate) shall provide. Such Secretary shall issue  
17 guidance within 30 days after the date of the enactment  
18 of this Act providing for a one-time submission of claims  
19 covering periods described in the preceding sentence. Such  
20 guidance shall provide for a 180-day period for the sub-  
21 mission of such claims (in such manner as prescribed by  
22 such Secretary) to begin not later than 30 days after such  
23 guidance is issued. Such claims shall be paid by such Sec-  
24 retary not later than 60 days after receipt. If such Sec-  
25 retary has not paid pursuant to a claim filed under this

1 subsection within 60 days after the date of the filing of  
2 such claim, the claim shall be paid with interest from such  
3 date determined by using the overpayment rate and meth-  
4 od under section 6621 of such Code.

5 **SEC. 161. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL**  
6 **VEHICLE REFUELING PROPERTY.**

7 (a) IN GENERAL.—Subsection (g) of section 30C is  
8 amended by striking “placed in service” and all that fol-  
9 lows and inserting “placed in service after December 31,  
10 2014.”.

11 (b) EFFECTIVE DATE.—The amendment made by  
12 this section shall apply to property placed in service after  
13 December 31, 2013.

14 **Subtitle D—Extenders Relating to**  
15 **Multiemployer Defined Benefit**  
16 **Pension Plans**

17 **SEC. 171. EXTENSION OF AUTOMATIC EXTENSION OF AMOR-**  
18 **TIZATION PERIODS.**

19 (a) IN GENERAL.—Subparagraph (C) of section  
20 431(d)(1) is amended by striking “December 31, 2014”  
21 and inserting “December 31, 2015”.

22 (b) AMENDMENT TO EMPLOYEE RETIREMENT IN-  
23 COME SECURITY ACT OF 1974.—Subparagraph (C) of sec-  
24 tion 304(d)(1) of the Employee Retirement Income Secu-  
25 rity Act of 1974 (29 U.S.C. 1084(d)(1)(C)) is amended

1 by striking “December 31, 2014” and inserting “Decem-  
2 ber 31, 2015”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to applications submitted under  
5 section 431(d)(1)(A) of the Internal Revenue Code of  
6 1986 and section 304(d)(1)(C) of the Employee Retire-  
7 ment Income Security Act of 1974 after December 31,  
8 2014.

9 **SEC. 172. EXTENSION OF SHORTFALL FUNDING METHOD**  
10 **AND ENDANGERED AND CRITICAL RULES.**

11 (a) IN GENERAL.—Paragraphs (1) and (2) of section  
12 221(c) of the Pension Protection Act of 2006 are each  
13 amended by striking “December 31, 2014” and inserting  
14 “December 31, 2015”.

15 (b) CONFORMING AMENDMENT.—Paragraph (2) of  
16 section 221(c) of the Pension Protection Act of 2006 is  
17 amended by striking “January 1, 2015” and inserting  
18 “January 1, 2016”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to plan years beginning after De-  
21 cember 31, 2014.

## TITLE II—TECHNICAL CORRECTIONS

### SEC. 201. SHORT TITLE.

This title may be cited as the “Tax Technical Corrections Act of 2014”.

### SEC. 202. AMENDMENTS RELATING TO AMERICAN TAX- PAYER RELIEF ACT OF 2012.

(a) AMENDMENT RELATING TO SECTION 101(b).—  
Subclause (I) of section 642(b)(2)(C)(i) is amended by striking “section 151(d)(3)(C)(iii)” and inserting “section 68(b)(1)(C)”.

(b) AMENDMENT RELATING TO SECTION 102.—  
Clause (ii) of section 911(f)(2)(B) is amended by striking “described in section 1(h)(1)(B) shall be treated as a reference to such excess as determined” and inserting “described in section 1(h)(1)(B), and the reference in section 55(b)(3)(C)(ii) to the excess described in section 1(h)(1)(C)(ii), shall each be treated as a reference to each such excess as determined”.

(c) AMENDMENTS RELATING TO SECTION 104.—

(1) Clause (ii) of section 55(d)(4)(B) is amended by inserting “subparagraphs (A), (B), and (D) of” before “paragraph (1)”.



1 7001 of the Middle Class Tax Relief and Job Creation  
2 Act of 2012.

3 **SEC. 204. AMENDMENT RELATING TO FAA MODERNIZATION**  
4 **AND REFORM ACT OF 2012.**

5 (a) AMENDMENT RELATING TO SECTION 1107.—  
6 Section 4281 is amended to read as follows:

7 **“SEC. 4281. SMALL AIRCRAFT ON NONESTABLISHED LINES.**

8 “(a) IN GENERAL.—The taxes imposed by sections  
9 4261 and 4271 shall not apply to transportation by an  
10 aircraft having a maximum certificated takeoff weight of  
11 6,000 pounds or less, except when such aircraft is oper-  
12 ated on an established line or when such aircraft is a jet  
13 aircraft.

14 “(b) MAXIMUM CERTIFICATED TAKEOFF WEIGHT.—  
15 For purposes of this section, the term ‘maximum certifi-  
16 cated takeoff weight’ means the maximum such weight  
17 contained in the type certificate or airworthiness certifi-  
18 cate.

19 “(c) SIGHTSEEING.—For purposes of this section, an  
20 aircraft shall not be considered as operated on an estab-  
21 lished line at any time during which such aircraft is being  
22 operated on a flight the sole purpose of which is sight-  
23 seeing.

1       “(d) JET AIRCRAFT.—For purposes of this section,  
2 the term ‘jet aircraft’ shall not include any aircraft which  
3 is a rotorcraft or propeller aircraft.”.

4       (b) EFFECTIVE DATE.—The amendment made by  
5 subsection (a) shall take effect as if included in section  
6 1107 of the FAA Modernization and Reform Act of 2012.

7 **SEC. 205. AMENDMENTS RELATING TO REGULATED INVEST-**  
8 **MENT COMPANY MODERNIZATION ACT OF**  
9 **2010.**

10       (a) AMENDMENTS RELATING TO SECTION 101.—

11               (1) Subsection (c) of section 101 of the Regu-  
12 lated Investment Company Modernization Act of  
13 2010 is amended—

14                       (A) by striking “paragraph (2)” in para-  
15 graph (1) and inserting “paragraphs (2) and  
16 (3)”, and

17                       (B) by adding at the end the following new  
18 paragraph:

19               “(3) EXCISE TAX.—

20                       “(A) IN GENERAL.—Except as provided in  
21 subparagraph (B), for purposes of section 4982  
22 of the Internal Revenue Code of 1986, para-  
23 graphs (1) and (2) shall apply by substituting  
24 ‘the 1-year periods taken into account under  
25 subsection (b)(1)(B) of such section with re-



1           spect to calendar years beginning after Decem-  
2           ber 31, 2010’ for ‘taxable years beginning after  
3           the date of the enactment of this Act’.

4           “(B) ELECTION.—A regulated investment  
5           company may elect to apply subparagraph (A)  
6           by substituting ‘2011’ for ‘2010’. Such election  
7           shall be made at such time and in such form  
8           and manner as the Secretary of the Treasury  
9           (or the Secretary’s delegate) shall prescribe.”.

10          (2) The first sentence of paragraph (2) of sec-  
11          tion 852(c) is amended—

12                 (A) by striking “and without regard to”  
13                 and inserting “, without regard to”, and

14                 (B) by inserting “, and without regard to  
15                 any capital loss arising on the first day of the  
16                 taxable year by reason of clauses (ii) and (iii)  
17                 of section 1212(a)(3)(A)” before the period at  
18                 the end.

19          (b) AMENDMENT RELATING TO SECTION 304.—  
20          Paragraph (1) of section 855(a) is amended by inserting  
21          “on or” before “before”.

22          (c) AMENDMENTS RELATING TO SECTION 308.—

23                 (1) Paragraph (8) of section 852(b) is amended  
24                 by redesignating subparagraph (E) as subparagraph

1 (G) and by striking subparagraphs (C) and (D) and  
2 inserting the following new subparagraphs:

3 “(C) POST-OCTOBER CAPITAL LOSS.—For  
4 purposes of this paragraph, the term ‘post-October  
5 capital loss’ means—

6 “(i) any net capital loss attributable  
7 to the portion of the taxable year after October  
8 31, or

9 “(ii) if there is no such loss—

10 “(I) any net long-term capital  
11 loss attributable to such portion of the  
12 taxable year, or

13 “(II) any net short-term capital  
14 loss attributable to such portion of the  
15 taxable year.

16 “(D) LATE-YEAR ORDINARY LOSS.—For  
17 purposes of this paragraph, the term ‘late-year  
18 ordinary loss’ means the sum of any post-October  
19 specified loss and any post-December ordinary  
20 loss.

21 “(E) POST-OCTOBER SPECIFIED LOSS.—  
22 For purposes of this paragraph, the term ‘post-  
23 October specified loss’ means the excess (if any)  
24 of—

1           “(i) the specified losses (as defined in  
2           section 4982(e)(5)(B)(ii)) attributable to  
3           the portion of the taxable year after Octo-  
4           ber 31, over

5           “(ii) the specified gains (as defined in  
6           section 4982(e)(5)(B)(i)) attributable to  
7           such portion of the taxable year.

8           “(F) POST-DECEMBER ORDINARY LOSS.—  
9           For purposes of this paragraph, the term ‘post-  
10          December ordinary loss’ means the excess (if  
11          any) of—

12           “(i) the ordinary losses not described  
13           in subparagraph (E)(i) and attributable to  
14           the portion of the taxable year after De-  
15           cember 31, over

16           “(ii) the ordinary income not de-  
17           scribed in subparagraph (E)(ii) and attrib-  
18           utable to such portion of the taxable  
19           year.”.

20           (2) Subparagraph (G) of section 852(b)(8), as  
21           so redesignated, is amended by striking “, (D)(i)(I),  
22           and (D)(ii)(I)” and inserting “and (E)”.

23           (3) The first sentence of paragraph (2) of sec-  
24           tion 852(c), as amended by subsection (a), is amend-  
25           ed—

1 (A) by striking “, and without regard to”  
2 and inserting “, without regard to”, and

3 (B) by inserting “, and with such other ad-  
4 justments as the Secretary may prescribe” be-  
5 fore the period at the end.

6 (d) AMENDMENTS RELATING TO SECTION 402.—

7 (1) Subparagraph (B) of section 4982(e)(6) is  
8 amended by inserting before the period at the end  
9 the following: “or which determines income by ref-  
10 erence to the value of an item on the last day of the  
11 taxable year”.

12 (2) Subparagraph (A) of section 4982(e)(7) is  
13 amended by striking “such company” and all that  
14 follows through “any net ordinary loss” and insert-  
15 ing “such company may elect to determine its ordi-  
16 nary income and net ordinary loss (as defined in  
17 paragraph (2)(C)(ii)) for the calendar year without  
18 regard to any portion of any net ordinary loss”.

19 (e) CLERICAL AMENDMENT RELATING TO SECTION  
20 201.—Subparagraph (A) of section 851(d)(2) is amended  
21 by inserting “of this paragraph” after “subparagraph  
22 (B)(i)”.

23 (f) EFFECTIVE DATE.—

24 (1) IN GENERAL.—Except as provided in para-  
25 graph (2), the amendments made by this section

1 shall take effect as if included in the provision of the  
2 Regulated Investment Company Modernization Act  
3 of 2010 to which they relate.

4 (2) SAVINGS PROVISION.—In the case of an  
5 election by a regulated investment company under  
6 section 852(b)(8) of the Internal Revenue Code of  
7 1986 with respect to any taxable year beginning be-  
8 fore the date of the enactment of this Act, such com-  
9 pany may treat the amendments made by para-  
10 graphs (1) and (2) of subsection (c) as not applying  
11 with respect to any such election.

12 **SEC. 206. AMENDMENTS RELATING TO TAX RELIEF, UNEM-**  
13 **PLOYMENT INSURANCE REAUTHORIZATION,**  
14 **AND JOB CREATION ACT OF 2010.**

15 (a) AMENDMENT RELATING TO SECTION 103.—  
16 Clause (ii) of section 32(b)(3)(B) is amended by striking  
17 “in 2010” and inserting “after 2009”.

18 (b) CLERICAL AMENDMENTS RELATING TO SECTION  
19 302.—

20 (1) Paragraph (1) of section 2801(a) is amend-  
21 ed by striking “(or, if greater, the highest rate of  
22 tax specified in the table applicable under section  
23 2502(a) as in effect on the date)”.

24 (2) Subsection (f) of section 302 of the Tax Re-  
25 lief, Unemployment Insurance Reauthorization, and

1 Job Creation Act of 2010 is amended by striking  
2 “subsection” and inserting “section”.

3 (c) AMENDMENTS RELATING TO SECTION 753.—

4 Subparagraph (A) of section 1397B(b)(1) is amended by  
5 striking “and” at the end of clause (ii), by striking the  
6 period at the end of clause (iii) and inserting “, and”, and  
7 by adding at the end the following new clause:

8 “(iv) the day after the date set forth  
9 in section 1391(d)(1)(A)(i) were sub-  
10 stituted for ‘January 1, 2010’ each place it  
11 appears.”.

12 (d) EFFECTIVE DATE.—The amendments made by  
13 this section shall take effect as if included in the provisions  
14 of the Tax Relief, Unemployment Insurance Reauthoriza-  
15 tion, and Job Creation Act of 2010 to which they relate.

16 **SEC. 207. AMENDMENTS RELATING TO CREATING SMALL**  
17 **BUSINESS JOBS ACT OF 2010.**

18 (a) AMENDMENTS RELATING TO SECTION 2102.—

19 (1) Subsection (h) of section 2102 of the Cre-  
20 ating Small Business Jobs Act of 2010 is amended  
21 by inserting “, and payee statements required to be  
22 furnished,” after “information returns required to  
23 be filed”.

24 (2) Paragraphs (1) and (2) of subsection (b),  
25 and subsection (c)(1)(C), of section 6722 are each

1 amended by striking “the required filing date” and  
2 inserting “the date prescribed for furnishing such  
3 statement”.

4 (3) Subparagraph (B) of section 6722(c)(2) is  
5 amended by striking “filed” and inserting “fur-  
6 nished”.

7 (b) EFFECTIVE DATE.—The amendments made by  
8 this section shall take effect as if included in the provision  
9 of the Creating Small Business Jobs Act of 2010 to which  
10 they relate.

11 **SEC. 208. CLERICAL AMENDMENT RELATING TO HIRING IN-**  
12 **CENTIVES TO RESTORE EMPLOYMENT ACT.**

13 (a) AMENDMENT RELATING TO SECTION 512.—  
14 Paragraph (1) of section 512(a) of the Hiring Incentives  
15 to Restore Employment Act is amended by striking “after  
16 paragraph (6)” and inserting “after paragraph (5)”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall take effect as if included in the provision  
19 of the Hiring Incentives to Restore Employment Act to  
20 which it relates.

21 **SEC. 209. AMENDMENTS RELATING TO AMERICAN RECOV-**  
22 **ERY AND REINVESTMENT TAX ACT OF 2009.**

23 (a) AMENDMENT RELATING TO SECTION 1003.—  
24 Paragraph (4) of section 24(d) is amended to read as fol-  
25 lows:

1           “(4) SPECIAL RULE FOR CERTAIN YEARS.—In  
2           the case of any taxable year beginning after 2008  
3           and before 2018, paragraph (1)(B)(i) shall be ap-  
4           plied by substituting ‘\$3,000’ for ‘\$10,000’.”.

5           (b) AMENDMENT RELATING TO SECTION 1004.—  
6           Paragraph (3) of section 25A(i) is amended by striking  
7           “Subsection (f)(1)(A) shall be applied” and inserting “For  
8           purposes of determining the Hope Scholarship Credit, sub-  
9           section (f)(1)(A) shall be applied”.

10          (c) AMENDMENTS RELATING TO SECTION 1008.—

11           (1) Paragraph (6) of section 164(b) is amended  
12           by striking subparagraph (E) and by redesignating  
13           subparagraphs (F) and (G) as subparagraphs (E)  
14           and (F), respectively.

15           (2) Subparagraphs (E) and (F) of section  
16           164(b)(6), as so redesignated, are each amended by  
17           striking “This paragraph” and inserting “Subsection  
18           (a)(6)”.

19          (d) AMENDMENT RELATING TO SECTION 1104.—  
20           Subparagraph (A) of section 48(d)(3) is amended by in-  
21           serting “or alternative minimum taxable income” after  
22           “includible in the gross income”.

23          (e) AMENDMENTS RELATING TO SECTION 1141.—

24           (1) Subsection (f) of section 30D is amended—



1 (A) by inserting “(determined without re-  
2 gard to subsection (c))” before the period at the  
3 end of paragraph (1), and

4 (B) by inserting “(determined without re-  
5 gard to subsection (c))” before the period at the  
6 end of paragraph (2).

7 (2) Paragraph (3) of section 30D(f) is amended  
8 by adding at the end the following: “For purposes  
9 of subsection (c), property to which this paragraph  
10 applies shall be treated as of a character subject to  
11 an allowance for depreciation.”.

12 (f) AMENDMENTS RELATING TO SECTION 1142.—

13 (1) Subsection (b) of section 38 is amended by  
14 striking “plus” at the end of paragraph (35), by re-  
15 designating paragraph (36) as paragraph (37), and  
16 by inserting after paragraph (35) the following new  
17 paragraph:

18 “(36) the portion of the qualified plug-in elec-  
19 tric vehicle credit to which section 30(c)(1) applies,  
20 plus”.

21 (2)(A) Subsection (e) of section 30 is amend-  
22 ed—

23 (i) by inserting “(determined without re-  
24 gard to subsection (c))” before the period at the  
25 end of paragraph (1), and

1           (ii) by inserting “(determined without re-  
2           gard to subsection (c))” before the period at the  
3           end of paragraph (2).

4           (B) Paragraph (3) of section 30(e) is amended  
5           by adding at the end the following: “For purposes  
6           of subsection (c), property to which this paragraph  
7           applies shall be treated as of a character subject to  
8           an allowance for depreciation.”.

9           (g) AMENDMENT RELATING TO SECTION 1302.—  
10          Paragraph (3) of section 48C(b) is amended by inserting  
11          “as the qualified investment” after “The amount which  
12          is treated”.

13          (h) AMENDMENTS RELATED TO SECTION 1541.—

14               (1) Paragraph (2) of section 853A(a) is amend-  
15               ed by inserting “(determined after the application of  
16               this section)” before the comma at the end.

17               (2) Subsection (a) of section 853A is amend-  
18               ed—

19                       (A) by striking “with respect to credits”  
20                       and inserting “with respect to some or all of  
21                       the credits”, and

22                       (B) by inserting “(determined without re-  
23                       gard to this section and sections 54(c),  
24                       54A(c)(1), 54AA(c)(1), and 1397E(c))” after  
25                       “credits allowable”.

1           (3) Subsection (b) of section 853A is amended  
2           to read as follows:

3           “(b) EFFECT OF ELECTION.—If the election provided  
4           in subsection (a) is in effect with respect to any credits  
5           for any taxable year—

6                   “(1) the regulated investment company—

7                           “(A) shall not be allowed such credits,

8                           “(B) shall include in gross income (as in-  
9                           terest) for such taxable year the amount which  
10                           would have been so included with respect to  
11                           such credits had the application of this section  
12                           not been elected,

13                           “(C) shall include in earnings and profits  
14                           the amount so included in gross income, and

15                           “(D) shall be treated as making one or  
16                           more distributions of money with respect to its  
17                           stock equal to the amount of such credits on  
18                           the date or dates (on or after the applicable  
19                           date for any such credit) during such taxable  
20                           year (or following the close of the taxable year  
21                           pursuant to section 855) selected by the  
22                           company, and

23                           “(2) each shareholder of such investment com-  
24                           pany shall—

1           “(A) be treated as receiving such share-  
2 holder’s proportionate share of any distribution  
3 of money which is treated as made by such in-  
4 vestment company under paragraph (1)(D), and

5           “(B) be allowed credits against the tax im-  
6 posed by this chapter equal to the amount of  
7 such distribution, subject to the provisions of  
8 this title applicable to the credit involved.”.

9           (4) Subsection (c) of section 853A is amended  
10 to read as follows:

11       “(c) NOTICE TO SHAREHOLDERS.—The amount  
12 treated as a distribution of money received by a share-  
13 holder under subsection (b)(2)(A) (and as credits allowed  
14 to such shareholder under subsection (b)(2)(B)) shall not  
15 exceed the amount so reported by the regulated invest-  
16 ment company in a written statement furnished to such  
17 shareholder.”.

18           (5) Clause (ii) of section 853A(e)(1)(A) is  
19 amended by inserting “other than a qualified bond  
20 described in section 54AA(g)” after “as defined in  
21 section 54AA(d)”.

22       (i) AMENDMENTS RELATING TO SECTION 2202.—

23           (1) Subparagraph (A) of section 2202(b)(1) of  
24 division B of the American Recovery and Reinvest-

1       ment Act of 2009 is amended by inserting “political  
2       subdivision of a State,” after “any State,”.

3               (2) Section 2202 of division B of the American  
4       Recovery and Reinvestment Act of 2009 is amended  
5       by adding at the end the following new subsection:  
6       “(e) TREATMENT OF POSSESSIONS.—

7               “(1) PAYMENTS TO MIRROR CODE POSSES-  
8       SIONS.—The Secretary of the Treasury shall pay to  
9       each possession of the United States with a mirror  
10      code tax system amounts equal to the loss to that  
11      possession by reason of credits allowed under sub-  
12      section (a) with respect to taxable years beginning in  
13      2009. Such amounts shall be determined by the Sec-  
14      retary of the Treasury based on information pro-  
15      vided by the government of the respective possession.

16              “(2) COORDINATION WITH CREDIT ALLOWED  
17      AGAINST UNITED STATES INCOME TAXES.—No cred-  
18      it shall be allowed against United States income  
19      taxes for any taxable year under this section to any  
20      person to whom a credit is allowed against taxes im-  
21      posed by the possession by reason of the credit al-  
22      lowed under subsection (a) for such taxable year.

23              “(3) DEFINITIONS AND SPECIAL RULES.—

24              “(A) POSSESSION OF THE UNITED  
25      STATES.—For purposes of this subsection, the

1 term ‘possession of the United States’ includes  
2 the Commonwealth of the Northern Mariana Is-  
3 lands.

4 “(B) MIRROR CODE TAX SYSTEM.—For  
5 purposes of this subsection, the term ‘mirror  
6 code tax system’ means, with respect to any  
7 possession of the United States, the income tax  
8 system of such possession if the income tax li-  
9 ability of the residents of such possession under  
10 such system is determined by reference to the  
11 income tax laws of the United States as if such  
12 possession were the United States.

13 “(C) TREATMENT OF PAYMENTS.—For  
14 purposes of section 1324(b)(2) of title 31,  
15 United States Code, the payments under this  
16 subsection shall be treated in the same manner  
17 as a refund due from the credit allowed under  
18 section 36A of the Internal Revenue Code of  
19 1986 (as added by this Act).”.

20 (j) CLERICAL AMENDMENTS.—

21 (1) AMENDMENT RELATING TO SECTION  
22 1131.—Paragraph (2) of section 45Q(d) is amended  
23 by striking “Administrator of the Environmental  
24 Protection Agency” and all that follows through  
25 “shall establish” and inserting “Administrator of the

1 Environmental Protection Agency, the Secretary of  
2 Energy, and the Secretary of the Interior, shall es-  
3 tablish”.

4 (2) AMENDMENT RELATING TO SECTION  
5 1141.—Paragraph (37) of section 1016(a) is amend-  
6 ed by striking “section 30D(e)(4)” and inserting  
7 “section 30D(f)(1)”.

8 (3) AMENDMENT RELATING TO SECTION  
9 3001.—Subparagraph (A) of section 3001(a)(14) of  
10 the American Recovery and Reinvestment Act of  
11 2009 is amended by striking “is amended by reded-  
12 ignating paragraph (9) as paragraph (10)” and in-  
13 sserting “, as amended by this Act, is amended by re-  
14 designating paragraphs (9) and (10) as paragraphs  
15 (10) and (11), respectively,”.

16 (k) EFFECTIVE DATE.—The amendments made by  
17 this section shall take effect as if included in the provisions  
18 of the American Recovery and Reinvestment Tax Act of  
19 2009 to which they relate.

20 **SEC. 210. AMENDMENTS RELATING TO ENERGY IMPROVE-**  
21 **MENT AND EXTENSION ACT OF 2008.**

22 (a) AMENDMENT RELATING TO SECTION 108.—Sub-  
23 paragraph (E) of section 45K(g)(2) is amended to read  
24 as follows:

1           “(E) COORDINATION WITH SECTION 45.—  
2           No credit shall be allowed with respect to any  
3           coke or coke gas which is produced using steel  
4           industry fuel (as defined in section 45(c)(7)) as  
5           feedstock if a credit is allowed to any taxpayer  
6           under section 45 with respect to the production  
7           of such steel industry fuel.”.

8           (b) AMENDMENT RELATING TO SECTION 113.—  
9           Paragraph (1) of section 113(b) of the Energy Improve-  
10          ment and Extension Act of 2008 is amended by adding  
11          at the end the following new subparagraph:

12                   “(F) TRUST FUND.—The term ‘Trust  
13                   Fund’ means the Black Lung Disability Trust  
14                   Fund established under section 9501 of the In-  
15                   ternal Revenue Code of 1986.”.

16          (c) AMENDMENTS RELATING TO SECTION 306.—

17           (1) Clause (ii) of section 168(i)(18)(A) is  
18           amended by striking “10 years” and inserting “16  
19           years”.

20           (2) Clause (ii) of section 168(i)(19)(A) is  
21           amended by striking “10 years” and inserting “16  
22           years”.

23          (d) AMENDMENT RELATING TO SECTION 308.—  
24          Clause (i) of section 168(m)(2)(B) is amended by striking



1 “section 168(k)” and inserting “subsection (k) (deter-  
2 mined without regard to paragraph (4) thereof)”.

3 (e) AMENDMENT RELATING TO SECTION 402.—Sub-  
4 paragraph (A) of section 907(f)(4) is amended by striking  
5 “this subsection shall be applied” and all that follows  
6 through the period at the end and inserting the following:  
7 “this subsection, as in effect on the day before the date  
8 of the enactment of the Energy Improvement and Exten-  
9 sion Act of 2008, shall apply to unused oil and gas extrac-  
10 tion taxes carried from such unused credit year to a tax-  
11 able year beginning after December 31, 2008.”.

12 (f) AMENDMENTS RELATING TO SECTION 403.—

13 (1) Subsection (c) of section 1012 is amend-  
14 ed—

15 (A) by striking “FUNDS” in the heading  
16 for paragraph (2) and inserting “REGULATED  
17 INVESTMENT COMPANIES”,

18 (B) by striking “FUND” in the heading for  
19 paragraph (2)(B), and

20 (C) by striking “fund” each place it ap-  
21 pears in paragraph (2) and inserting “regulated  
22 investment company”.

23 (2) Paragraph (1) of section 1012(d) is amend-  
24 ed—

1 (A) by striking “December 31, 2010” and  
2 inserting “December 31, 2011”, and

3 (B) by striking “an open-end fund” and  
4 inserting “a regulated investment company”.

5 (3) Paragraph (3) of section 1012(d) is amend-  
6 ed to read as follows:

7 “(3) SEPARATE ACCOUNTS; ELECTION FOR  
8 TREATMENT AS SINGLE ACCOUNT.—

9 “(A) IN GENERAL.—Rules similar to the  
10 rules of subsection (c)(2) shall apply for pur-  
11 poses of this subsection.

12 “(B) AVERAGE BASIS METHOD.—Notwith-  
13 standing paragraph (1), in the case of an elec-  
14 tion under rules similar to the rules of sub-  
15 section (c)(2)(B) with respect to stock held in  
16 connection with a dividend reinvestment plan,  
17 the average basis method is permissible with re-  
18 spect to all such stock without regard to the  
19 date of the acquisition of such stock.”.

20 (4) Subsection (g) of section 6045 is amended  
21 by adding at the end the following new paragraph:

22 “(6) SPECIAL RULE FOR CERTAIN STOCK HELD  
23 IN CONNECTION WITH DIVIDEND REINVESTMENT  
24 PLAN.—For purposes of this subsection, stock ac-  
25 quired before January 1, 2012, in connection with a

1 dividend reinvestment plan shall be treated as stock  
2 described in clause (ii) of paragraph (3)(C) (unless  
3 the broker with respect to such stock elects not to  
4 have this paragraph apply with respect to such  
5 stock).”.

6 (g) CLERICAL AMENDMENTS.—

7 (1) AMENDMENT RELATING TO SECTION 108.—  
8 Paragraph (2) of section 45(b) is amended by strik-  
9 ing “\$3 amount” and inserting “\$2 amount”.

10 (2) AMENDMENT RELATING TO SECTION 306.—

11 (A) Paragraph (5) of section 168(b) is  
12 amended by striking “(2)(C)” and inserting  
13 “(2)(D)”.

14 (B) The last sentence of section  
15 168(k)(4)(C)(i) is amended by striking  
16 “(b)(2)(C)” and inserting “(b)(2)(D)”.

17 (h) EFFECTIVE DATE.—The amendments made by  
18 this section shall take effect as if included in the provisions  
19 of the Energy Improvement and Extension Act of 2008  
20 to which they relate.

21 **SEC. 211. AMENDMENTS RELATING TO TAX EXTENDERS**  
22 **AND ALTERNATIVE MINIMUM TAX RELIEF**  
23 **ACT OF 2008.**

24 (a) AMENDMENT RELATING TO SECTION 208.—Sub-  
25 section (b) of section 208 of the Tax Extenders and Alter-

1 native Minimum Tax Relief Act of 2008 is amended to  
2 read as follows:

3 “(b) EFFECTIVE DATE.—

4 “(1) IN GENERAL.—The amendment made by  
5 subsection (a) shall take effect on January 1, 2008.  
6 Notwithstanding the preceding sentence, such  
7 amendment shall not apply with respect to the with-  
8 holding requirement under section 1445 of the Inter-  
9 nal Revenue Code of 1986 for any payment made  
10 before October 4, 2008.

11 “(2) AMOUNTS WITHHELD ON OR BEFORE  
12 DATE OF ENACTMENT.—In the case of a regulated  
13 investment company—

14 “(A) which makes a distribution after De-  
15 cember 31, 2007, and before October 4, 2008,  
16 and

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

21 such investment company shall not be liable to any  
22 person to whom such distribution was made for any  
23 amount so withheld and paid over to the Secretary  
24 of the Treasury.”.

1 (b) AMENDMENTS RELATING TO SECTION 305.—  
2 Paragraphs (7)(B) and (8)(D) of section 168(e) are each  
3 amended by inserting “which is not qualified leasehold im-  
4 provement property” after “Property described in this  
5 paragraph”.

6 (c) CLERICAL AMENDMENTS.—

7 (1) AMENDMENTS RELATING TO SECTION  
8 706.—

9 (A) Paragraph (2) of section 1033(h) is  
10 amended by inserting “is” before  
11 “compulsorily”.

12 (B) Subclause (II) of section  
13 172(b)(1)(F)(ii) is amended by striking “sub-  
14 section (h)(3)(C)(i)” and inserting “section  
15 165(h)(3)(C)(i)”.

16 (C) The heading for paragraph (1) of sec-  
17 tion 165(h) is amended by striking “\$100” and  
18 inserting “DOLLAR”.

19 (2) AMENDMENT RELATING TO SECTION 709.—  
20 Subsection (k) of section 143 is amended by redesign-  
21 ating the second paragraph (12) (relating to special  
22 rules for residences destroyed in Federally declared  
23 disasters) as paragraph (13).

24 (3) AMENDMENT RELATING TO SECTION 712.—  
25 Section 712 of the Tax Extenders and Alternative

1 Minimum Tax Relief Act of 2008 is amended by  
2 striking “section 702(c)(1)(A)” and inserting “sec-  
3 tion 702(b)(1)(A)”.

4 (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall take effect as if included in the provisions  
6 of the Tax Extenders and Alternative Minimum Tax Relief  
7 Act of 2008 to which they relate.

8 **SEC. 212. CLERICAL AMENDMENTS RELATING TO HOUSING**  
9 **ASSISTANCE TAX ACT OF 2008.**

10 (a) AMENDMENT RELATING TO SECTION 3002.—  
11 Paragraph (1) of section 42(b) is amended by striking  
12 “For purposes of this section, the term” and inserting the  
13 following: “For purposes of this section—

14 “(A) IN GENERAL.—The term”.

15 (b) AMENDMENT RELATING TO SECTION 3081.—  
16 Clause (iv) of section 168(k)(4)(E) is amended by striking  
17 “adjusted minimum tax” and inserting “adjusted net min-  
18 imum tax”.

19 (c) AMENDMENT RELATING TO SECTION 3092.—  
20 Subsection (b) of section 121 is amended by redesignating  
21 the second paragraph (4) (relating to exclusion of gain al-  
22 located to nonqualified use) as paragraph (5).

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

1 of the Housing Assistance Tax Act of 2008 to which they  
2 relate.

3 **SEC. 213. AMENDMENTS AND PROVISION RELATING TO HE-**  
4 **ROES EARNINGS ASSISTANCE AND RELIEF**  
5 **TAX ACT OF 2008.**

6 (a) AMENDMENT RELATING TO SECTION 106.—  
7 Paragraph (2) of section 106(c) of the Heroes Earnings  
8 Assistance and Relief Tax Act of 2008 is amended by  
9 striking “substituting for” and inserting “substituting  
10 ‘June 17, 2008’ for”.

11 (b) AMENDMENT RELATING TO SECTION 114.—  
12 Paragraph (1) of section 125(h) is amended by inserting  
13 “(and shall not fail to be treated as an accident or health  
14 plan)” before “merely”.

15 (c) CLERICAL AMENDMENTS.—

16 (1) AMENDMENT RELATING TO SECTION 110.—  
17 Subparagraph (B) of section 121(d)(12) is amended  
18 by inserting “of paragraph (9)” after “and (D)”.

19 (2) AMENDMENT RELATING TO SECTION 301.—  
20 Paragraph (2) of section 877(e) is amended by strik-  
21 ing “subparagraph (A) or (B) of”.

22 (d) EFFECTIVE DATE.—The amendments made by  
23 this section shall take effect as if included in the provisions  
24 of the Heroes Earnings Assistance and Relief Tax Act of  
25 2008 to which they relate.

1 **SEC. 214. AMENDMENTS RELATING TO ECONOMIC STIM-**  
2 **ULUS ACT OF 2008.**

3 (a) AMENDMENTS RELATING TO SECTION 101.—

4 Paragraph (2) of section 6213(g) is amended—

5 (1) by striking “32, or 6428” in subparagraph

6 (L) and inserting “or 32”, and

7 (2) by striking “and” at the end of subpara-

8 graph (O), by striking the period at the end of sub-

9 paragraph (P) and inserting “, and”, and by insert-

10 ing after subparagraph (P) the following new sub-

11 paragraph:

12 “(Q) an omission of a correct valid identi-

13 fication number required under section 6428(h)

14 (relating to 2008 recovery rebates for individ-

15 uals) to be included on a return.”.

16 (b) CLERICAL AMENDMENT RELATING TO SECTION

17 103.—Subclause (IV) of section 168(k)(2)(B)(i) is amend-

18 ed by striking “clauses also apply” and inserting “clause

19 also applies”.

20 (c) EFFECTIVE DATE.—The amendments made by

21 this section shall take effect as if included in the provisions

22 of the Economic Stimulus Act of 2008 to which they re-

23 late.



1 **SEC. 215. AMENDMENTS RELATING TO TAX TECHNICAL**  
2 **CORRECTIONS ACT OF 2007.**

3 (a) AMENDMENT RELATING TO SECTION 4(c).—  
4 Paragraph (1) of section 911(f) is amended by adding at  
5 the end the following flush sentence:

6 “For purposes of this paragraph, the amount ex-  
7 cluded under subsection (a) shall be reduced by the  
8 aggregate amount of any deductions or exclusions  
9 disallowed under subsection (d)(6) with respect to  
10 such excluded amount.”.

11 (b) CLERICAL AMENDMENT RELATING TO SECTION  
12 11(g).—Clause (iv) of section 56(g)(4)(C) is amended by  
13 striking “a cooperative described in section 927(a)(4)”  
14 and inserting “an organization to which part I of sub-  
15 chapter T (relating to tax treatment of cooperatives) ap-  
16 plies which is engaged in the marketing of agricultural or  
17 horticultural products”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall take effect as if included in the provisions  
20 of the Tax Technical Corrections Act of 2007 to which  
21 they relate.

22 **SEC. 216. AMENDMENT RELATING TO TAX RELIEF AND**  
23 **HEALTH CARE ACT OF 2006.**

24 (a) AMENDMENT RELATING TO SECTION 105.—Sub-  
25 paragraph (B) of section 45A(b)(1) is amended by adding  
26 at the end the following: “If any portion of wages are

1 taken into account under subsection (e)(1)(A) of section  
2 51, the preceding sentence shall be applied by substituting  
3 ‘2-year period’ for ‘1-year period’.”.

4 (b) EFFECTIVE DATE.—The amendment made by  
5 this section shall take effect as if included in the provision  
6 of the Tax Relief and Health Care Act of 2006 to which  
7 it relates.

8 **SEC. 217. AMENDMENT RELATING TO SAFE, ACCOUNTABLE,**  
9 **FLEXIBLE, EFFICIENT TRANSPORTATION EQ-**  
10 **UITY ACT OF 2005: A LEGACY FOR USERS.**

11 (a) AMENDMENT RELATING TO SECTION 11161.—  
12 Paragraph (1) of section 9503(b) is amended by inserting  
13 before the period at the end the following: “and taxes re-  
14 ceived under section 4081 shall be determined without re-  
15 gard to tax receipts attributable to the rate specified in  
16 section 4081(a)(2)(C)”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall take effect as if included in the provision  
19 of the Safe, Accountable, Flexible, Efficient Transpor-  
20 tation Equity Act of 2005: A Legacy for Users to which  
21 it relates.

22 **SEC. 218. AMENDMENTS RELATING TO ENERGY TAX INCEN-**  
23 **TIVES ACT OF 2005.**

24 (a) AMENDMENT RELATING TO SECTION 1341.—  
25 Subparagraph (B) of section 30B(h)(5) is amended by in-

1 serting “(determined without regard to subsection (g))”  
2 before the period at the end.

3 (b) AMENDMENT RELATING TO SECTION 1342.—  
4 Paragraph (1) of section 30C(e) is amended to read as  
5 follows:

6 “(1) REDUCTION IN BASIS.—For purposes of  
7 this subtitle, the basis of any property for which a  
8 credit is allowable under subsection (a) shall be re-  
9 duced by the amount of such credit so allowed (de-  
10 termined without regard to subsection (d)).”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall take effect as if included in the provision  
13 of the Energy Tax Incentives Act of 2005 to which it re-  
14 lates.

15 **SEC. 219. AMENDMENTS RELATING TO AMERICAN JOBS**  
16 **CREATION ACT OF 2004.**

17 (a) AMENDMENT RELATING TO SECTION 101.—Sub-  
18 section (d) of section 101 of the American Jobs Creation  
19 Act of 2004 is amended by adding at the end the following  
20 new paragraph:

21 “(3) COORDINATION WITH SECTION 199.—This  
22 subsection shall be applied without regard to any de-  
23 duction allowable under section 199.”.

24 (b) AMENDMENTS RELATING TO SECTION 102.—  
25 Paragraph (3) of section 199(b) is amended—

1           (1) by inserting “of a short taxable year or”  
2           after “in cases”, and

3           (2) by striking “AND DISPOSITIONS” and insert-  
4           ing “, DISPOSITIONS, AND SHORT TAXABLE YEARS”.

5           (c) CLERICAL AMENDMENT RELATING TO SECTION  
6 413.—Paragraph (7) of section 904(h) is amended by  
7 striking “as ordinary income under section 1246 or”.

8           (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall take effect as if included in the provision  
10 of the American Jobs Creation Act of 2004 to which they  
11 relate.

12 **SEC. 220. OTHER CLERICAL CORRECTIONS.**

13           (a) Paragraph (8) of section 30B(h) is amended by  
14 striking “vehicle)., except that” and inserting “vehicle),  
15 except that”.

16           (b) Subparagraph (A) of section 38(c)(2) is amended  
17 by striking “credit credit” and inserting “credit”.

18           (c) Section 46 is amended by adding a comma at the  
19 end of paragraph (4).

20           (d) Subparagraph (E) of section 50(a)(2) is amended  
21 by inserting “, 48A(b)(3), 48B(b)(3), 48C(b)(2), or  
22 48D(b)(4)” after “in section 48(b)”.

23           (e) Clause (i) of section 54A(d)(2)(A) is amended by  
24 striking “100 percent or more” and inserting “100 per-  
25 cent”.

1 (f) Paragraph (2) of section 125(b) is amended by  
2 striking “statutory nontaxable benefits” each place it ap-  
3 pears and inserting “qualified benefits”.

4 (g) Paragraph (2) of section 125(h) is amended by  
5 striking “means, any” and inserting “means any”.

6 (h) Subparagraph (F) of section 163(h)(4) is amend-  
7 ed by striking “Veterans Administration or the Rural  
8 Housing Administration” and inserting “Department of  
9 Veterans Affairs or the Rural Housing Service”.

10 (i) Subsection (a) of section 249 is amended by strik-  
11 ing “1563(a)(1)” and inserting “1563(a(1))”.

12 (j) Paragraphs (8) and (10) of section 280F(d) are  
13 each amended by striking “subsection (a)(2)” and insert-  
14 ing “subsection (a)(1)”.

15 (k) Clause (iii) of section 402A(c)(4)(E) is amended  
16 by striking “403(b)(7)(A)(i)” and inserting  
17 “403(b)(7)(A)(ii)”.

18 (l) Section 527 is amended—

19 (1) by striking “(2 U.S.C. 432(e))” in sub-  
20 section (h)(2)(A)(i) and inserting “(52 U.S.C.  
21 30102(e))”, and

22 (2) by striking “(2 U.S.C. 431 et seq.)” in sub-  
23 sections (i)(6) and (j)(5)(A) and inserting “(52  
24 U.S.C. 30101 et seq.)”.

1 (m) Subsection (b) of section 858 is amended by  
2 striking “857(b)(8)” and inserting “857(b)(9)”.

3 (n) Subparagraph (A) of section 1012(c)(2) is  
4 amended by striking “section 1012” and inserting “this  
5 section”.

6 (o) The heading for section 1394(f) is amended by  
7 striking “DESIGNATED UNDER SECTION 1391(g)”.

8 (p) Paragraphs (1) and (2)(A) of section 1394(f) are  
9 each amended by striking “a new empowerment zone facil-  
10 ity bond” and inserting “an empowerment zone facility  
11 bond”.

12 (q) Clause (i) of section 1400N(c)(3)(A) is amended  
13 by striking “section 42(d)(5)(C)(iii)” and inserting “sec-  
14 tion 42(d)(5)(B)(iii)”.

15 (r) Subsections (e)(3)(B) and (f)(7)(B) of section  
16 4943 are each amended by striking “January 1, 1970”  
17 and inserting “January 1, 1971”.

18 (s) Paragraph (2) of section 4982(f) is amended by  
19 adding a comma at the end.

20 (t) Paragraph (3) of section 6011(e) is amended by  
21 striking “shall require than” and inserting “shall require  
22 that”.

23 (u) Subsection (b) of section 6072 is amended by  
24 striking “6011(e)(2)” and inserting “6011(e)(2)”.

1           (v) Subsection (d) of section 6104 is amended by re-  
2 designating the second paragraph (6) (relating to disclo-  
3 sure of reports by the Internal Revenue Service) and third  
4 paragraph (6) (relating to application to nonexempt chari-  
5 table trusts and nonexempt private foundations) as para-  
6 graphs (7) and (8), respectively.

7           (w) Subsection (c) of section 6662A is amended by  
8 striking “section 6664(d)(2)(A)” and inserting “section  
9 6664(d)(3)(A)”.

10          (x) Subparagraph (FF) of section 6724(d)(2) is  
11 amended by striking “section 6050W(e)” and inserting  
12 “section 6050W(f)”.

13          (y) Section 7122 is amended by redesignating the  
14 second subsection (f) (relating to frivolous submissions,  
15 etc.) as subsection (g).

16          (z) Subsection (a) of section 9035 is amended by  
17 striking “section 320(b)(1)(A)” and inserting “section  
18 315(b)(1)(A)”.

19          (aa) Section 9802 is amended by redesignating the  
20 second subsection (f) (relating to genetic information of  
21 a fetus or embryo) as subsection (g).

22          (bb) Paragraph (3) of section 13(e) of the Worker,  
23 Homeownership, and Business Assistance Act of 2009 is  
24 amended by striking “subsection (d)” and inserting “sub-  
25 section (c)”.

1 **SEC. 221. DEADWOOD PROVISIONS.**

2 (a) IN GENERAL.—

3 (1) ADJUSTMENTS IN TAX TABLES SO THAT IN-  
4 FLATION WILL NOT RESULT IN TAX INCREASES.—  
5 Paragraph (7) of section 1(f) is amended to read as  
6 follows:

7 “(7) SPECIAL RULE FOR CERTAIN BRACKETS.—  
8 In prescribing tables under paragraph (1) which  
9 apply to taxable years beginning in a calendar year  
10 after 1994, the cost-of-living adjustment used in  
11 making adjustments to the dollar amounts at which  
12 the 36 percent rate bracket begins or at which the  
13 39.6 percent rate bracket begins shall be determined  
14 under paragraph (3) by substituting ‘1993’ for  
15 ‘1992’.”.

16 (2) CERTAIN PLUG-IN ELECTRIC VEHICLES.—

17 (A) Subpart B of part IV of subchapter A  
18 of chapter 1 is amended by striking section 30  
19 (and by striking the item relating to such sec-  
20 tion in the table of sections for such subpart).

21 (B) Subsection (b) of section 38, as  
22 amended by section 209(f)(1) of this Act, is  
23 amended by inserting “plus” at the end of  
24 paragraph (35), by striking paragraph (36),  
25 and by redesignating paragraph (37) as para-  
26 graph (36).



1           (C) Subclause (VI) of section  
2 48C(c)(1)(A)(i) is amended by striking “, quali-  
3 fied plug-in electric vehicles (as defined by sec-  
4 tion 30(d)),”.

5           (D) Section 1016(a) is amended by strik-  
6 ing paragraph (25).

7           (E) Section 6501(m) is amended by strik-  
8 ing “section 30(e)(6),”.

9 (3) EARNED INCOME CREDIT.—

10           (A) Paragraph (1) of section 32(b) is  
11 amended—

12                 (i) by striking subparagraphs (B) and  
13 (C), and

14                 (ii) by striking “(A) IN GENERAL.—  
15 In the case of taxable years beginning  
16 after 1995:” in subparagraph (A) and  
17 moving the table 2 ems to the left.

18           (B) Subparagraph (B) of section 32(b)(2)  
19 is amended by striking “increased by” and all  
20 that follows and inserting “increased by  
21 \$3,000.”.

22 (4) FIRST-TIME HOMEBUYER CREDIT.—Section  
23 6213(g)(2), as amended by section 214(a)(2) of this  
24 Act, is amended by striking subparagraph (P).

25 (5) MAKING WORK PAY CREDIT.—

1 (A) Subpart C of part IV of subchapter A  
2 of chapter 1 is amended by striking section 36A  
3 (and by striking the item relating to such sec-  
4 tion in the table of sections for such subpart).

5 (B) Subparagraph (A) of section  
6 6211(b)(4) is amended by striking “, 36A”.

7 (C) Section 6213(g)(2) is amended by  
8 striking subparagraph (N).

9 (6) GENERAL BUSINESS CREDITS.—Subsection  
10 (d) of section 38 is amended by striking paragraph  
11 (3).

12 (7) LOW-INCOME HOUSING CREDIT.—Subclause  
13 (I) of section 42(h)(3)(C)(ii) is amended by striking  
14 “(\$1.50 for 2001)”.

15 (8) MINIMUM TAX CREDIT.—

16 (A)(i) Section 53 is amended by striking  
17 subsections (e) and (f).

18 (ii) The amendment made by clause (i)  
19 striking subsection (f) of section 53 of the In-  
20 ternal Revenue Code of 1986 shall not be con-  
21 strued to allow any tax abated by reason of sec-  
22 tion 53(f)(1) of such Code (as in effect before  
23 such amendment) to be included in the amount  
24 determined under section 53(b)(1) of such  
25 Code.

1 (B) Paragraph (4) of section 6211(b)(4) is  
2 amended by striking “, 53(e)”.

3 (9) ADJUSTMENTS BASED ON ADJUSTED CUR-  
4 RENT EARNINGS.—Clause (ii) of section 56(g)(4)(F)  
5 is amended by striking “In the case of any taxable  
6 year beginning after December 31, 1992, clause”  
7 and inserting “Clause”.

8 (10) ITEMS OF TAX PREFERENCE; DEPLE-  
9 TION.—Paragraph (1) of section 57(a) is amended  
10 by striking “Effective with respect to taxable years  
11 beginning after December 31, 1992, this” and in-  
12 serting “This”.

13 (11) INTANGIBLE DRILLING COSTS.—

14 (A) Clause (i) of section 57(a)(2)(E) is  
15 amended by striking “In the case of any taxable  
16 year beginning after December 31, 1992, this”  
17 and inserting “This”.

18 (B) Clause (ii) of section 57(a)(2)(E) is  
19 amended by striking “(30 percent in case of  
20 taxable years beginning in 1993)”.

21 (12) ENVIRONMENTAL TAX.—

22 (A) Subchapter A of chapter 1 is amended  
23 by striking part VII (and by striking the item  
24 relating to such part in the table of parts for  
25 such subchapter).

1 (B) Paragraph (2) of section 26(b) is  
2 amended by striking subparagraph (B).

3 (C) Section 30A(c) is amended by striking  
4 paragraph (1) and by redesignating paragraphs  
5 (2), (3), and (4) as paragraphs (1), (2), and  
6 (3), respectively.

7 (D) Subsection (a) of section 164 is  
8 amended by striking paragraph (5).

9 (E) Section 275(a) is amended by striking  
10 the last sentence.

11 (F) Section 882(a)(1) is amended by strik-  
12 ing “, 59A”.

13 (G) Section 936(a)(3) is amended by strik-  
14 ing subparagraph (A) and by redesignating sub-  
15 paragraphs (B), (C), and (D) as subparagraphs  
16 (A), (B), and (C), respectively.

17 (H) Section 1561(a) is amended—

18 (i) by inserting “and” at the end of  
19 paragraph (2), by striking “, and” at the  
20 end of paragraph (3) and inserting a pe-  
21 riod, and by striking paragraph (4), and

22 (ii) by striking “, the amount speci-  
23 fied in paragraph (3), and the amount  
24 specified in paragraph (4)” and inserting

1 “and the amount specified in paragraph  
2 (3)”.

3 (I) Section 4611(e) is amended—

4 (i) by striking “section 59A, this sec-  
5 tion,” in paragraph (2)(B) and inserting  
6 “this section”, and

7 (ii) in paragraph (3)(A)—

8 (I) by striking “section 59A,”,  
9 and

10 (II) by striking the comma after  
11 “rate)”.

12 (J) Section 6425(c)(1)(A) is amended by  
13 inserting “plus” at end of clause (i), by striking  
14 “plus” and inserting “over” at the end of  
15 clause (ii), and by striking clause (iii).

16 (K) Section 6655 is amended—

17 (i) in subsections (e)(2)(A)(i) and  
18 (e)(2)(B)(i), by striking “taxable income,  
19 alternative minimum taxable income, and  
20 modified alternative minimum taxable in-  
21 come” and inserting “taxable income and  
22 alternative minimum taxable income”,

23 (ii) in subsection (e)(2)(B), by strik-  
24 ing clause (iii), and

1 (iii) in subsection (g)(1)(A), by insert-  
2 ing “plus” at the end of clause (ii), by  
3 striking clause (iii), and by redesignating  
4 clause (iv) as clause (iii).

5 (L) Section 9507(b)(1) is amended by  
6 striking “59A.”

7 (13) STANDARD DEDUCTION.—

8 (A) So much of paragraph (1) of section  
9 63(c) as follows “the sum of—” is amended to  
10 read as follows:

11 “(A) the basic standard deduction, and

12 “(B) the additional standard deduction.”

13 (B) Subsection (c) of section 63 is amend-  
14 ed by striking paragraphs (7), (8), and (9).

15 (14) ANNUITIES; CERTAIN PROCEEDS OF EN-  
16 DOWMENT AND LIFE INSURANCE CONTRACTS.—Sec-  
17 tion 72 is amended—

18 (A) in subsection (c)(4), by striking “; ex-  
19 cept that if such date was before January 1,  
20 1954, then the annuity starting date is January  
21 1, 1954”, and

22 (B) in subsection (g)(3), by striking “Jan-  
23 uary 1, 1954, or” and “, whichever is later”.

24 (15) UNEMPLOYMENT COMPENSATION.—Sec-  
25 tion 85 is amended by striking subsection (c).

1           (16) ACCIDENT AND HEALTH PLANS.—Section  
2           105(f) is amended by striking “or (d)”.

3           (17) FLEXIBLE SPENDING ARRANGEMENTS.—  
4           Section 106(c)(1) is amended by striking “Effective  
5           on and after January 1, 1997, gross” and inserting  
6           “Gross”.

7           (18) CERTAIN COMBAT ZONE COMPENSATION  
8           OF MEMBERS OF THE ARMED FORCES.—Subsection  
9           (c) of section 112 is amended—

10                   (A) by striking “(after June 24, 1950)” in  
11                   paragraph (2), and

12                   (B) by striking “such zone;” and all that  
13                   follows in paragraph (3) and inserting “such  
14                   zone.”.

15           (19) LEGAL SERVICE PLANS.—

16                   (A) Part III of subchapter B of chapter 1  
17                   is amended by striking section 120 (and by  
18                   striking the item relating to such section in the  
19                   table of sections for such subpart).

20                   (B)(i) Section 414(n)(3)(C) is amended by  
21                   striking “120,”.

22                   (ii) Section 414(t)(2) is amended by strik-  
23                   ing “120,”.

24                   (iii) Section 501(c) is amended by striking  
25                   paragraph (20).

1 (iv) Section 3121(a) is amended by strik-  
2 ing paragraph (17).

3 (v) Section 3231(e) is amended by striking  
4 paragraph (7).

5 (vi) Section 3306(b) is amended by strik-  
6 ing paragraph (12).

7 (vii) Section 6039D(d)(1) is amended by  
8 striking “120,”.

9 (viii) Section 209(a)(14) of the Social Se-  
10 curity Act is amended—

11 (I) by striking subparagraph (B), and

12 (II) by striking “(14)(A)” and insert-  
13 ing “(14)”.

14 (20) PRINCIPAL RESIDENCE.—Section  
15 121(b)(3) is amended—

16 (A) by striking subparagraph (B), and

17 (B) in subparagraph (A), by striking “(A)

18 IN GENERAL.—” and moving the text 2 ems to

19 the left.

20 (21) CERTAIN REDUCED UNIFORMED SERVICES

21 RETIREMENT PAY.—Section 122(b)(1) is amended

22 by striking “after December 31, 1965,”.

23 (22) GREAT PLAINS CONSERVATION PRO-

24 GRAM.—Section 126(a) is amended by striking para-

25 graph (6) and by redesignating paragraphs (7), (8),



1 (9), and (10) as paragraphs (6), (7), (8), and (9),  
2 respectively.

3 (23) TREBLE DAMAGE PAYMENTS UNDER THE  
4 ANTITRUST LAW.—Section 162(g) is amended by  
5 striking the last sentence.

6 (24) STATE LEGISLATORS' TRAVEL EXPENSES  
7 AWAY FROM HOME.—Paragraph (4) of section  
8 162(h) is amended by striking “For taxable years  
9 beginning after December 31, 1980, this” and in-  
10 sserting “This”.

11 (25) INTEREST.—

12 (A) Section 163 is amended—

13 (i) by striking paragraph (6) of sub-  
14 section (d), and

15 (ii) by striking paragraph (5) of sub-  
16 section (h).

17 (B) Section 56(b)(1)(C) is amended by  
18 striking clause (ii) and by redesignating clauses  
19 (iii), (iv), and (v) as clauses (ii), (iii), and (iv),  
20 respectively.

21 (26) QUALIFIED MOTOR VEHICLE TAXES.—Sec-  
22 tion 164, as amended by section 209(c) of this Act,  
23 is amended by striking subsections (a)(6) and (b)(6).

24 (27) DISASTER LOSSES.—

1           (A) Subsection (h) of section 165 is  
2 amended by striking paragraph (3) and by re-  
3 designating paragraphs (4) and (5) as para-  
4 graphs (3) and (4), respectively.

5           (B) Paragraph (3) of section 165(h), as so  
6 redesignated, is amended by striking “para-  
7 graphs (2) and (3)” and inserting “paragraph  
8 (2)”.

9           (C) Subsection (i) of section 165 is amend-  
10 ed—

11           (i) in paragraph (1)—

12           (I) by striking “(as defined by  
13 clause (ii) of subsection (h)(3)(C))”,  
14 and

15           (II) by striking “(as defined by  
16 clause (i) of such subsection)”,

17           (ii) by striking “(as defined by sub-  
18 section (h)(3)(C)(i)” in paragraph (4), and

19           (iii) by adding at the end the fol-  
20 lowing new paragraph:

21           “(5) **FEDERALLY DECLARED DISASTERS.**—For  
22 purposes of this subsection—

23           “(A) **IN GENERAL.**—The term ‘Federally  
24 declared disaster’ means any disaster subse-  
25 quently determined by the President of the

1 United States to warrant assistance by the Fed-  
2 eral Government under the Robert T. Stafford  
3 Disaster Relief and Emergency Assistance Act.

4 “(B) DISASTER AREA.—The term ‘disaster  
5 area’ means the area so determined to warrant  
6 such assistance.”.

7 (D) Section 1033(h)(3) is amended by  
8 striking “section 165(h)(3)(C)” and inserting  
9 “section 165(i)(5)”.

10 (28) CHARITABLE, ETC., CONTRIBUTIONS AND  
11 GIFTS.—Section 170 is amended—

12 (A) by striking paragraph (3) of subsection  
13 (b),

14 (B) by striking paragraph (6) of sub-  
15 section (e), and

16 (C) by striking subsection (k).

17 (29) AMORTIZABLE BOND PREMIUM.—

18 (A) Subparagraph (B) of section 171(b)(1)  
19 is amended to read as follows:

20 “(B)(i) with reference to the amount pay-  
21 able on maturity (or if it results in a smaller  
22 amortizable bond premium attributable to the  
23 period before the call date, with reference to the  
24 amount payable on the earlier call date), in the

1 case of a bond described in subsection (a)(1),  
2 and

3 “(ii) with reference to the amount payable  
4 on maturity or on an earlier call date, in the  
5 case of a bond described in subsection (a)(2).”.

6 (B) Paragraphs (2) and (3)(B) of section  
7 171(b) are each amended by striking “para-  
8 graph (1)(B)(ii)” and inserting “paragraph  
9 (1)(B)(i)”.

10 (30) NET OPERATING LOSS CARRYBACKS,  
11 CARRYOVERS, AND CARRYFORWARDS.—

12 (A) Section 172, as amended by section  
13 211(c)(1)(B) of this Act, is amended—

14 (i) by striking subparagraphs (D),  
15 (H), (I), and (J) of subsection (b)(1) and  
16 by redesignating subparagraphs (E), (F),  
17 and (G) as subparagraphs (D), (E), and  
18 (F), respectively, and

19 (ii) by striking subsections (g) and (j)  
20 and by redesignating subsections (h), (i),  
21 and (k) as subsections (g), (h), and (i), re-  
22 spectively.

23 (B) Each of the following provisions of sec-  
24 tion 172 (as amended by section 211(c)(1)(B)

1 of this Act and as redesignated by subpara-  
2 graph (A)) are amended as follows:

3 (i) By striking “ending after August  
4 2, 1989” in subsection (b)(1)(D)(i)(II).

5 (ii) By striking “subsection (h)” in  
6 subsection (b)(1)(D)(ii) and inserting  
7 “subsection (g)”.

8 (iii) By striking “section  
9 165(h)(3)(C)(i)” in subsection  
10 (b)(1)(E)(ii)(II) and inserting “section  
11 165(i)(5)”.

12 (iv) By striking “subsection (i)” and  
13 all that follows in the last sentence of sub-  
14 section (b)(1)(E)(ii) and inserting “sub-  
15 section (h)).”.

16 (v) By striking “subsection (i)” in  
17 subsection (b)(1)(F) and inserting “sub-  
18 section (h)”.

19 (vi) By striking subparagraph (F) of  
20 paragraph (2) of subsection (g).

21 (vii) By striking “subsection  
22 (b)(1)(E)” each place it appears in sub-  
23 section (g)(4) and inserting “subsection  
24 (b)(1)(D)”.

1 (viii) By striking the last sentence of  
2 subsection (h)(1).

3 (ix) By striking “subsection  
4 (b)(1)(G)” each place it appears in sub-  
5 section (h)(3) and inserting “subsection  
6 (b)(1)(F)”.

7 (C) Subsection (d) of section 56 is amend-  
8 ed by striking paragraph (3).

9 (D) Paragraph (5) of section 382(l) is  
10 amended by striking subparagraph (F) and by  
11 redesignating subparagraphs (G) and (H) as  
12 subparagraphs (F) and (G), respectively.

13 (31) RESEARCH AND EXPERIMENTAL EXPENDI-  
14 TURES.—Subparagraph (A) of section 174(a)(2) is  
15 amended to read as follows:

16 “(A) WITHOUT CONSENT.—A taxpayer  
17 may, without the consent of the Secretary,  
18 adopt the method provided in this subsection  
19 for his first taxable year for which expenditures  
20 described in paragraph (1) are paid or in-  
21 curred.”.

22 (32) AMORTIZATION OF CERTAIN RESEARCH  
23 AND EXPERIMENTAL EXPENDITURES.—Paragraph  
24 (2) of section 174(b) is amended by striking “begin-  
25 ning after December 31, 1953”.

1           (33) SOIL AND WATER CONSERVATION EXPEND-  
2 ITURES.—Paragraph (1) of section 175(d) is amend-  
3 ed to read as follows:

4           “(1) WITHOUT CONSENT.—A taxpayer may,  
5 without the consent of the Secretary, adopt the  
6 method provided in this section for the taxpayer’s  
7 first taxable year for which expenditures described in  
8 subsection (a) are paid or incurred.”.

9           (34) CLEAN-FUEL VEHICLES.—

10           (A) Part VI of subchapter A of chapter 1  
11 is amended by striking section 179A (and by  
12 striking the item relating to such section in the  
13 table of sections for such part).

14           (B) Section 30C(e) is amended by adding  
15 at the end the following:

16           “(7) REFERENCE.—For purposes of this sec-  
17 tion, any reference to section 179A shall be treated  
18 as a reference to such section as in effect imme-  
19 diately before its repeal.”.

20           (C) Section 62(a) is amended by striking  
21 paragraph (14).

22           (D) Section 263(a)(1) is amended by strik-  
23 ing subparagraph (H).

24           (E) Section 280F(a)(1) is amended by  
25 striking subparagraph (C).

1 (F) Section 312(k)(3) is amended by strik-  
2 ing “179A,” each place it appears.

3 (G) Section 1016(a) is amended by strik-  
4 ing paragraph (24).

5 (H) Section 1245(a) is amended by strik-  
6 ing “179A,” each place it appears in para-  
7 graphs (2)(C) and (3)(C).

8 (35) QUALIFIED DISASTER EXPENSES.—Part  
9 VI of subchapter A of chapter 1 is amended by  
10 striking section 198A (and by striking the item re-  
11 lating to such section in the table of sections for  
12 such part).

13 (36) ACTIVITIES NOT ENGAGED IN FOR PROF-  
14 IT.—Section 183(e)(1) is amended by striking the  
15 last sentence.

16 (37) DOMESTIC PRODUCTION ACTIVITIES.—

17 (A) Subsection (a) of section 199 is  
18 amended—

19 (i) by striking paragraph (2),

20 (ii) by redesignating subparagraphs  
21 (A) and (B) of paragraph (1) as para-  
22 graphs (1) and (2), respectively, and by  
23 moving paragraphs (1) and (2) (as so re-  
24 designated) 2 ems to the left, and



1 (iii) by striking “ALLOWANCE OF DE-  
2 DEDUCTION.—” and all that follows through  
3 “There shall be allowed” and inserting the  
4 following:

5 “(a) ALLOWANCE OF DEDUCTION.—There shall be  
6 allowed”.

7 (B) Paragraphs (2) and (6)(B) of section  
8 199(d) are each amended by striking  
9 “(a)(1)(B)” and inserting “(a)(2)”.

10 (38) RETIREMENT SAVINGS.—

11 (A) Subparagraph (A) of section 219(b)(5)  
12 is amended to read as follows:

13 “(A) IN GENERAL.—The deductible  
14 amount is \$5,000.”.

15 (B) Clause (ii) of section 219(b)(5)(B) is  
16 amended to read as follows:

17 “(ii) APPLICABLE AMOUNT.—For pur-  
18 poses of clause (i), the applicable amount  
19 is \$1,000.”.

20 (C) Paragraph (5) of section 219(b) is  
21 amended by striking subparagraph (C) and by  
22 redesignating subparagraph (D) as subpara-  
23 graph (C).

1 (D) Clause (ii) of section 219(g)(2)(A) is  
2 amended by striking “for a taxable year begin-  
3 ning after December 31, 2006”.

4 (E) Section 219(g)(3)(B) is amended by  
5 striking clauses (i) and (ii) and inserting the  
6 following:

7 “(i) In the case of a taxpayer filing a  
8 joint return, \$80,000.

9 “(ii) In the case of any other taxpayer  
10 (other than a married individual filing a  
11 separate return), \$50,000.”.

12 (F) Paragraph (8) of section 219(g) is  
13 amended by striking “the dollar amount in the  
14 last row of the table contained in paragraph  
15 (3)(B)(i), the dollar amount in the last row of  
16 the table contained in paragraph (3)(B)(ii), and  
17 the dollar amount contained in paragraph  
18 (7)(A),” and inserting “each of the dollar  
19 amounts in paragraphs (3)(B)(i), (3)(B)(ii),  
20 and (7)(A)”.

21 (39) REPORTS REGARDING QUALIFIED VOL-  
22 UNTARY RETIREMENT CONTRIBUTIONS.—

23 (A) Section 219 is amended by striking  
24 paragraph (4) of subsection (f) and subsection  
25 (h).

1 (B) Section 6652 is amended by striking  
2 subsection (g).

3 (40) INTEREST ON EDUCATION LOANS.—Para-  
4 graph (1) of section 221(b) is amended by striking  
5 “shall not exceed” and all that follows and inserting  
6 “shall not exceed \$2,500.”.

7 (41) DIVIDENDS RECEIVED ON CERTAIN PRE-  
8 FERRED STOCK; AND DIVIDENDS PAID ON CERTAIN  
9 PREFERRED STOCK OF PUBLIC UTILITIES.—

10 (A) Sections 244 and 247 are hereby re-  
11 pealed, and the table of sections for part VIII  
12 of subchapter B of chapter 1 is amended by  
13 striking the items relating to sections 244 and  
14 247.

15 (B) Paragraph (5) of section 172(d) is  
16 amended to read as follows:

17 “(5) COMPUTATION OF DEDUCTION FOR DIVI-  
18 DENDS RECEIVED.—The deductions allowed by sec-  
19 tion 243 (relating to dividends received by corpora-  
20 tions) and 245 (relating to dividends received from  
21 certain foreign corporations) shall be computed with-  
22 out regard to section 246(b) (relating to limitation  
23 on aggregate amount of deductions).”.

24 (C) Paragraph (1) of section 243(c) is  
25 amended to read as follows:

1           “(1) IN GENERAL.—In the case of any dividend  
2 received from a 20-percent owned corporation, sub-  
3 section (a)(1) shall be applied by substituting ‘80  
4 percent’ for ‘70 percent’.”.

5           (D) Section 243(d) is amended by striking  
6 paragraph (4).

7           (E) Section 246 is amended—

8           (i) by striking “, 244,” in subsection

9           (a)(1),

10          (ii) in subsection (b)(1)—

11           (I) by striking “sections  
12 243(a)(1), 244(a),” and inserting  
13 “section 243(a)(1)”,

14           (II) by striking “244(a),” the  
15 second place it appears, and

16           (III) by striking “subsection (a)  
17 or (b) of section 245, and 247,” and  
18 inserting “and subsection (a) or (b) of  
19 section 245,” and

20          (iii) by striking “, 244,” in subsection

21          (c)(1).

22          (F) Section 246A is amended by striking  
23 “, 244,” both places it appears in subsections  
24 (a) and (e).

1 (G) Sections 263(g)(2)(B)(iii), 277(a),  
2 301(e)(2), 469(e)(4), 512(a)(3)(A), subpara-  
3 graphs (A), (C), and (D) of section 805(a)(4),  
4 805(b)(5), 812(e)(2)(A), 815(c)(2)(A)(iii),  
5 832(b)(5), 833(b)(3)(E), and 1059(b)(2)(B) are  
6 each amended by striking “, 244,” each place  
7 it appears.

8 (H) Section 1244(c)(2)(C) is amended by  
9 striking “244,”.

10 (I) Section 805(a)(4)(B) is amended by  
11 striking “, 244(a),” each place it appears.

12 (J) Section 810(c)(2)(B) is amended by  
13 striking “244 (relating to dividends on certain  
14 preferred stock of public utilities),”.

15 (K) The amendments made by this para-  
16 graph shall not apply to preferred stock issued  
17 before October 1, 1942 (determined in the same  
18 manner as under section 247 of the Internal  
19 Revenue Code of 1986 as in effect before its re-  
20 peal by such amendments).

21 (42) ORGANIZATION EXPENSES.—Section  
22 248(c) is amended by striking “beginning after De-  
23 cember 31, 1953,” and by striking the last sentence.

24 (43) BOND REPURCHASE PREMIUM.—Section  
25 249(b)(1) is amended by striking “, in the case of

1 bonds or other evidences of indebtedness issued after  
2 February 28, 1913,”.

3 (44) AMOUNT OF GAIN WHERE LOSS PRE-  
4 VIOUSLY DISALLOWED.—Section 267(d) is amended  
5 by striking “(or by reason of section 24(b) of the In-  
6 ternal Revenue Code of 1939)” in paragraph (1), by  
7 striking “after December 31, 1953,” in paragraph  
8 (2), by striking the second sentence, and by striking  
9 “or by reason of section 118 of the Internal Revenue  
10 Code of 1939” in the last sentence.

11 (45) ACQUISITIONS MADE TO EVADE OR AVOID  
12 INCOME TAX.—Paragraphs (1) and (2) of section  
13 269(a) are each amended by striking “or acquired  
14 on or after October 8, 1940,”.

15 (46) MEALS AND ENTERTAINMENT.—Para-  
16 graph (3) of section 274(n) is amended—

17 (A) by striking “(A) IN GENERAL.—”,

18 (B) by striking “substituting ‘the applica-  
19 ble percentage’ for” and inserting “substituting  
20 ‘80 percent’ for”, and

21 (C) by striking subparagraph (B).

22 (47) INTEREST ON INDEBTEDNESS INCURRED  
23 BY CORPORATIONS TO ACQUIRE STOCK OR ASSETS  
24 OF ANOTHER CORPORATION.—

25 (A) Section 279 is amended—

1 (i) by striking “after December 31,  
2 1967,” in subsection (a)(2),

3 (ii) by striking “after October 9,  
4 1969,” in subsection (b),

5 (iii) by striking “after October 9,  
6 1969, and” in subsection (d)(5), and

7 (iv) by striking subsection (i) and re-  
8 designating subsection (j) as subsection (i).

9 (B) The amendments made by this para-  
10 graph shall not—

11 (i) apply to obligations issued on or  
12 before October 9, 1969 (determined in the  
13 same manner as under section 279 of the  
14 Internal Revenue Code of 1986 as in effect  
15 before such amendments), and

16 (ii) be construed to require interest on  
17 obligations issued on or before December  
18 31, 1967, to be taken into account under  
19 section 279(a)(2) of such Code (as in ef-  
20 fect after such amendments).

21 (48) BANK HOLDING COMPANIES.—

22 (A) Clause (iii) of section 304(b)(3)(D) is  
23 repealed.

1           (B) The heading of subparagraph (D) of  
2           section 304(b)(3) is amended by striking “AND  
3           SPECIAL RULE”.

4           (49) EFFECT ON EARNINGS AND PROFITS.—  
5           Subsection (d) of section 312 is amended by striking  
6           paragraph (2) and redesignating paragraph (3) as  
7           paragraph (2).

8           (50) DISQUALIFIED STOCK.—Paragraph (3) of  
9           section 355(d) is amended by striking “after Octo-  
10          ber 9, 1990, and” each place it appears.

11          (51) BASIS TO CORPORATIONS.—Section 362 is  
12          amended by striking “on or after June 22, 1954” in  
13          subsection (a) and by striking “, on or after June  
14          22, 1954,” each place it appears in subsection (c).

15          (52) TEMPORARY WAIVER OF MINIMUM RE-  
16          QUIRED DISTRIBUTION.—Section 401(a)(9) is  
17          amended by striking subparagraph (H).

18          (53) INDIVIDUAL RETIREMENT ACCOUNTS.—  
19          Clause (i) of section 408(p)(2)(E) is amended to  
20          read as follows:

21                   “(i) IN GENERAL.—For purposes of  
22                   subparagraph (A)(ii), the applicable  
23                   amount is \$10,000.”.



1           (54) TAX CREDIT EMPLOYEE STOCK OWNER-  
2           SHIP PLANS.—Section 409 is amended by striking  
3           subsection (q).

4           (55) CATCH-UP CONTRIBUTIONS.—Clauses (i)  
5           and (ii) of section 414(v)(2)(B) are amended to read  
6           as follows:

7                           “(i) In the case of an applicable em-  
8                           ployer plan other than a plan described in  
9                           section 401(k)(11) or 408(p), the applica-  
10                          ble dollar amount is \$5,000.

11                          “(ii) In the case of an applicable em-  
12                          ployer plan described in section 401(k)(11)  
13                          or 408(p), the applicable dollar amount is  
14                          \$2,500.”.

15           (56) EMPLOYEE STOCK PURCHASE PLANS.—  
16           Section 423(a) is amended by striking “after De-  
17           cember 31, 1963,”.

18           (57) PENSION RELATED TRANSITION RULES.—

19                           (A) Section 402(g)(1)(B) is amended by  
20                           striking “shall be” and all that follows and in-  
21                           serting “is \$15,000.”.

22                           (B)(i) Subparagraph (D) of section  
23                           417(e)(3) is amended—

24                                   (I) by striking clauses (ii) and (iii),

1 (II) by striking “if—” and all that  
2 follows through “section 430(h)(2)(D)”  
3 and inserting “if section 430(h)(2)(D)”,  
4 and

5 (III) by striking “described in such  
6 section,” and inserting “described in such  
7 section.”.

8 (ii) Clause (iii) of section 205(g)(3)(B) of  
9 the Employee Retirement Income Security Act  
10 of 1974 (29 U.S.C. 1055(g)(3)(B)) is amend-  
11 ed—

12 (I) by striking subclauses (II) and  
13 (III),

14 (II) by striking “if—” and all that  
15 follows through “section 303(h)(2)(D)”  
16 and inserting “if section 303(h)(2)(D)”,  
17 and

18 (III) by striking “described in such  
19 section,” and inserting “described in such  
20 section.”.

21 (C)(i) Paragraph (5) of section 430(e) is  
22 amended by striking subparagraph (B) and by  
23 striking “(A) IN GENERAL.—”.

24 (ii) Paragraph (5) of section 303(e) of the  
25 Employee Retirement Income Security Act of

1           1974 (29 U.S.C. 1083(e)) is amended by strik-  
2           ing subparagraph (B) and by striking “(A) IN  
3           GENERAL.—”.

4           (D)(i) Paragraph (2) of section 430(h) is  
5           amended by striking subparagraph (G).

6           (ii) Paragraph (2) of section 303(h) of the  
7           Employee Retirement Income Security Act of  
8           1974 (29 U.S.C. 1083(h)) is amended by strik-  
9           ing subparagraph (G).

10          (E)(i) Paragraph (3) of section 436(j), as  
11          added by section 113(a)(1)(B) of the Pension  
12          Protection Act of 2006, is amended by striking  
13          subparagraphs (B) and (C) and by striking  
14          “(A) IN GENERAL.—”.

15          (ii) Subparagraph (C) of section 206(g)(9)  
16          of the Employee Retirement Income Security  
17          Act of 1974 (29 U.S.C. 1056(g)(9)) is amended  
18          by striking clauses (ii) and (iii) and by striking  
19          “(i) IN GENERAL.—”.

20          (F)(i) Section 436(j) is amended by strik-  
21          ing the paragraph (3) added by section  
22          203(a)(2) of the Preservation of Access to Care  
23          for Medicare Beneficiaries and Pension Relief  
24          Act of 2010.

1 (ii) Section 206(g)(9) of the Employee Re-  
2 tirement Income Security Act of 1974 (29  
3 U.S.C. 1056(g)(9)) is amended by striking sub-  
4 paragraph (D).

5 (G)(i) Section 436 is amended by striking  
6 subsection (m).

7 (ii) Section 206(g) of the Employee Retire-  
8 ment Income Security Act of 1974 (29 U.S.C.  
9 1056(g)) is amended by striking paragraph  
10 (11).

11 (H) Section 457(e)(15)(A) is amended by  
12 striking “shall be” and all that follows and in-  
13 serting “is \$15,000.”.

14 (58) LIMITATION ON DEDUCTIONS FOR CER-  
15 TAIN FARMING.—

16 (A) Section 464 is amended by striking  
17 “any farming syndicate (as defined in sub-  
18 section (c))” both places it appears in sub-  
19 sections (a) and (b) and inserting “any tax-  
20 payer to whom subsection (d) applies”.

21 (B)(i) Subsection (c) of section 464 is  
22 hereby moved to the end of section 461 and re-  
23 designated as subsection (j).

24 (ii) Such subsection (j) is amended—

1 (I) by striking “For purposes of this  
2 section” in paragraph (1) and inserting  
3 “For purposes of subsection (i)(4)”, and

4 (II) by adding at the end the fol-  
5 lowing new paragraphs:

6 “(3) FARMING.—For purposes of this sub-  
7 section, the term ‘farming’ has the meaning given to  
8 such term by section 464(e).

9 “(4) LIMITED ENTREPRENEUR.—For purposes  
10 of this subsection, the term ‘limited entrepreneur’  
11 means a person who—

12 “(A) has an interest in an enterprise other  
13 than as a limited partner, and

14 “(B) does not actively participate in the  
15 management of such enterprise.”.

16 (iii) Paragraph (4) of section 461(i) is  
17 amended by striking “section 464(e)” and  
18 inserting “subsection (j)”.

19 (C) Section 464 is amended—

20 (i) by striking subsections (e) and (g)  
21 and redesignating subsections (d) and (f)  
22 as subsections (c) and (d), respectively,  
23 and

24 (ii) by adding at the end the following  
25 new subsection:

1       “(e) FARMING.—For purposes of this section, the  
2 term ‘farming’ means the cultivation of land or the raising  
3 or harvesting of any agricultural or horticultural com-  
4 modity including the raising, shearing, feeding, caring for,  
5 training, and management of animals. For purposes of the  
6 preceding sentence, trees (other than trees bearing fruit  
7 or nuts) shall not be treated as an agricultural or horti-  
8 cultural commodity.”.

9               (D) Subsection (d) of section 464 of such  
10 Code (as redesignated by subparagraph (C)) is  
11 amended—

12               (i) by striking paragraph (1) and re-  
13 designating paragraphs (2), (3), and (4) as  
14 paragraphs (1), (2), and (3), respectively,  
15 and

16               (ii) by striking “SUBSECTIONS (A)  
17 AND (B) TO APPLY TO” in the heading.

18               (E) Subparagraph (A) of section 58(a)(2)  
19 is amended by striking “section 464(c)” and in-  
20 serting “section 461(j)”.

21               (59) DEDUCTIONS LIMITED TO AMOUNT AT  
22 RISK.—Subparagraph (A) of section 465(c)(3) is  
23 amended by striking “In the case of taxable years  
24 beginning after December 31, 1978, this” and in-  
25 serting “This”.

1           (60) PASSIVE ACTIVITY LOSSES AND CREDITS  
2 LIMITED.—

3           (A) Section 469 is amended by striking  
4 subsection (m).

5           (B) Subsection (b) of section 58 is amend-  
6 ed by adding “and” at the end of paragraph  
7 (1), by striking paragraph (2), and by redesignig-  
8 nating paragraph (3) as paragraph (2).

9           (61) ADJUSTMENTS REQUIRED BY CHANGES IN  
10 METHOD OF ACCOUNTING.—Section 481(b)(3) is  
11 amended by striking subparagraph (C).

12           (62) EXEMPTION FROM TAX ON CORPORATIONS,  
13 CERTAIN TRUSTS, ETC.—Section 501 is amended by  
14 striking subsection (s).

15           (63) REQUIREMENTS FOR EXEMPTION.—

16           (A) Section 503(a)(1) is amended to read  
17 as follows:

18           “(1) GENERAL RULE.—An organization de-  
19 scribed in paragraph (17) or (18) of section 501(c),  
20 or described in section 401(a) and referred to in sec-  
21 tion 4975(g) (2) or (3), shall not be exempt from  
22 taxation under section 501(a) if it has engaged in a  
23 prohibited transaction.”.

24           (B) Paragraph (2) of section 503(a) is  
25 amended by striking “described in section

1           501(c)(17) or (18) or paragraph (a)(1)(B)” and  
2           inserting “described in paragraph (1)”.

3           (C) Subsection (c) of section 503 is  
4           amended by striking “described in section  
5           501(c)(17) or (18) or subsection (a)(1)(B)” and  
6           inserting “described in subsection (a)(1)”.

7           (64) ACCUMULATED TAXABLE INCOME.—Para-  
8           graph (1) of section 535(b) and paragraph (1) of  
9           section 545(b) are each amended by striking “sec-  
10          tion 531” and all that follows and inserting “section  
11          531 or the personal holding company tax imposed by  
12          section 541.”.

13          (65) DEFINITION OF PROPERTY.—Subsection  
14          (b) of section 614 is amended—

15                 (A) by striking paragraphs (3)(C) and (5),  
16                 and

17                 (B) in paragraph (4), by striking “which-  
18                 ever of the following years is later: The first  
19                 taxable year beginning after December 31,  
20                 1963, or”.

21          (66) AMOUNTS RECEIVED BY SURVIVING ANNU-  
22          ITANT UNDER JOINT AND SURVIVOR ANNUITY CON-  
23          TRACT.—Subparagraph (A) of section 691(d)(1) is  
24          amended by striking “after December 31, 1953,  
25          and”.



1           (67) INCOME TAXES OF MEMBERS OF ARMED  
2           FORCES ON DEATH.—Section 692(a)(1) is amended  
3           by striking “after June 24, 1950”.

4           (68) SPECIAL RULES FOR COMPUTING RE-  
5           SERVES.—Paragraph (7) of section 807(e) is amend-  
6           ed by striking subparagraph (B) and redesignating  
7           subparagraph (C) as subparagraph (B).

8           (69) INSURANCE COMPANY TAXABLE INCOME.—

9           (A) Section 832(e) is amended by striking  
10           “of taxable years beginning after December 31,  
11           1966,”.

12           (B) Section 832(e)(6) is amended by strik-  
13           ing “In the case of any taxable year beginning  
14           after December 31, 1970, the” and inserting  
15           “The”.

16           (70) CAPITALIZATION OF CERTAIN POLICY AC-  
17           QUISITION EXPENSES.—Section 848 is amended by  
18           striking subsection (j).

19           (71) TAX ON NONRESIDENT ALIEN INDIVID-  
20           UALS.—Subparagraph (B) of section 871(a)(1) is  
21           amended to read as follows:

22           “(B) gains described in subsection (b) or  
23           (c) of section 631,”.

1           (72) LIMITATION ON CREDIT.—Paragraph (2)  
2 of section 904(d) is amended by striking subpara-  
3 graph (J).

4           (73) FOREIGN EARNED INCOME.—Clause (i) of  
5 section 911(b)(2)(D) is amended to read as follows:

6                   “(i) IN GENERAL.—The exclusion  
7 amount for any calendar year is \$80,000.”.

8           (74) BASIS OF PROPERTY ACQUIRED FROM DE-  
9 CEDENT.—

10           (A) Section 1014(a)(2) is amended to read  
11 as follows:

12                   “(2) in the case of an election under section  
13 2032, its value at the applicable valuation date pre-  
14 scribed by such section,”.

15           (B) Section 1014(b) is amended by strik-  
16 ing paragraphs (7) and (8).

17           (75) ADJUSTED BASIS.—Section 1016(a) is  
18 amended by striking paragraph (12).

19           (76) PROPERTY ON WHICH LESSEE HAS MADE  
20 IMPROVEMENTS.—Section 1019 is amended by strik-  
21 ing the last sentence.

22           (77) INVOLUNTARY CONVERSION.—Section  
23 1033 is amended by striking subsection (j) and by  
24 redesignating subsections (k) and (l) as subsections  
25 (j) and (k), respectively.

1           (78) PROPERTY ACQUIRED DURING AFFILI-  
2           ATION.—Section 1051 is hereby repealed, and the  
3           table of sections for part IV of subchapter O of  
4           chapter 1 is amended by striking the item relating  
5           to section 1051.

6           (79) CAPITAL GAINS AND LOSSES.—Section  
7           1222 is amended by striking the last sentence.

8           (80) HOLDING PERIOD OF PROPERTY.—

9           (A) Paragraph (1) of section 1223 is  
10          amended by striking “after March 1, 1954,”.

11          (B) Paragraph (4) of section 1223 is  
12          amended by striking “(or under so much of  
13          section 1052(c) as refers to section 113(a)(23)  
14          of the Internal Revenue Code of 1939)’”.

15          (C) Paragraphs (6) and (8) of section  
16          1223 are repealed.

17          (81) PROPERTY USED IN THE TRADE OR BUSI-  
18          NESS AND INVOLUNTARY CONVERSIONS.—Subpara-  
19          graph (A) of section 1231(c)(2) is amended by strik-  
20          ing “beginning after December 31, 1981”.

21          (82) SALE OR EXCHANGE OF PATENTS.—Sec-  
22          tion 1235 is amended—

23          (A) by striking subsection (c) and by re-  
24          designating subsections (d) and (e) as sub-  
25          sections (c) and (d), respectively, and

1           (B) by striking “subsection (d)” in sub-  
2           section (b)(2)(B) and inserting “subsection  
3           (c)”.

4           (83) DEALERS IN SECURITIES.—Subsection (b)  
5           of section 1236 is amended by striking “after No-  
6           vember 19, 1951,”.

7           (84) SALE OF PATENTS.—Subsection (a) of sec-  
8           tion 1249 is amended by striking “after December  
9           31, 1962,”.

10          (85) GAIN FROM DISPOSITION OF FARMLAND.—  
11          Paragraph (1) of section 1252(a) is amended—

12                 (A) by striking “after December 31, 1969”  
13                 the first place it appears, and

14                 (B) by striking “after December 31,  
15                 1969,” in subparagraph (A).

16          (86) TREATMENT OF AMOUNTS RECEIVED ON  
17          RETIREMENT OR SALE OR EXCHANGE OF DEBT IN-  
18          STRUMENTS.—Subsection (c) of section 1271 is  
19          amended to read as follows:

20          “(c) SPECIAL RULE FOR CERTAIN OBLIGATIONS  
21          WITH RESPECT TO WHICH ORIGINAL ISSUE DISCOUNT  
22          NOT CURRENTLY INCLUDIBLE.—

23                 “(1) IN GENERAL.—On the sale or exchange of  
24                 debt instruments issued by a government or political  
25                 subdivision thereof after December 31, 1954, and

1 before July 2, 1982, or by a corporation after De-  
2 cember 31, 1954, and on or before May 27, 1969,  
3 any gain realized which does not exceed—

4 “(A) an amount equal to the original issue  
5 discount, or

6 “(B) if at the time of original issue there  
7 was no intention to call the debt instrument be-  
8 fore maturity, an amount which bears the same  
9 ratio to the original issue discount as the num-  
10 ber of complete months that the debt instru-  
11 ment was held by the taxpayer bears to the  
12 number of complete months from the date of  
13 original issue to the date of maturity, shall be  
14 considered as ordinary income.

15 “(2) SUBSECTION (a)(2)(A) NOT TO APPLY.—  
16 Subsection (a)(2)(A) shall not apply to any debt in-  
17 strument referred to in paragraph (1) of this sub-  
18 section.

19 “(3) CROSS REFERENCE.—For current inclu-  
20 sion of original issue discount, see section 1272.”.

21 (87) AMOUNT AND METHOD OF ADJUST-  
22 MENT.—Section 1314 is amended by striking sub-  
23 section (d) and by redesignating subsection (e) as  
24 subsection (d).

1           (88) ELECTION; REVOCATION; TERMINATION.—  
2           Clause (iii) of section 1362(d)(3)(A) is amended by  
3           striking “unless” and all that follows and inserting  
4           “unless the corporation was an S corporation for  
5           such taxable year.”.

6           (89) OLD-AGE, SURVIVORS, AND DISABILITY IN-  
7           SURANCE.—Subsection (a) of section 1401 is amend-  
8           ed by striking “the following percent” and all that  
9           follows and inserting “12.4 percent of the amount of  
10          the self-employment income for such taxable year.”.

11          (90) HOSPITAL INSURANCE.—Paragraph (1) of  
12          section 1401(b) is amended by striking: “the fol-  
13          lowing percent” and all that follows and inserting  
14          “2.9 percent of the amount of the self-employment  
15          income for such taxable year.”.

16          (91) MINISTERS, MEMBERS OF RELIGIOUS OR-  
17          DERS, AND CHRISTIAN SCIENCE PRACTITIONERS.—  
18          Paragraph (3) of section 1402(e) is amended—

19                 (A) by striking “whichever of the following  
20                 dates is later: (A)”, and

21                 (B) by striking “;or (B)’” and all that fol-  
22                 lows and inserting a period.

23          (92) WITHHOLDING OF TAX ON NONRESIDENT  
24          ALIENS.—The first sentence of subsection (b) of sec-  
25          tion 1441 and the first sentence of paragraph (5) of

1 section 1441(c) are each amended by striking “gains  
2 subject to tax” and all that follows through “Octo-  
3 ber 4, 1966” and inserting “and gains subject to tax  
4 under section 871(a)(1)(D)”.

5 (93) AFFILIATED GROUP DEFINED.—Subpara-  
6 graph (A) of section 1504(a)(3) is amended by strik-  
7 ing “for a taxable year which includes any period  
8 after December 31, 1984” in clause (i) and by strik-  
9 ing “in a taxable year beginning after December 31,  
10 1984” in clause (ii).

11 (94) DISALLOWANCE OF THE BENEFITS OF  
12 THE GRADUATED CORPORATE RATES AND ACCUMU-  
13 LATED EARNINGS CREDIT.—

14 (A) Subsection (a) of section 1551 is  
15 amended—

16 (i) by striking paragraph (1) and by  
17 redesignating paragraphs (2) and (3) as  
18 paragraphs (1) and (2), respectively, and

19 (ii) by striking “after June 12, 1963,”  
20 each place it appears.

21 (B) Section 1551(b) is amended—

22 (i) by striking “or (2)” in paragraph  
23 (1), and

24 (ii) by striking “(a)(3)” in paragraph  
25 (2) and inserting “(a)(2)”.

1 (95) CREDIT FOR STATE DEATH TAXES.—

2 (A)(i) Part II of subchapter A of chapter  
3 11 is amended by striking section 2011 (and by  
4 striking the item relating to such section in the  
5 table of sections for such subpart).

6 (ii) Section 2106(a)(4) is amended by  
7 striking “section 2011(a)” and inserting  
8 “2058(a)”.

9 (B)(i) Subchapter A of chapter 13 is  
10 amended by striking section 2604 (and by strik-  
11 ing the item relating to such section in the  
12 table of sections for such subpart).

13 (ii) Clause (ii) of section 164(b)(4)(A) is  
14 amended by inserting “(as in effect before its  
15 repeal)” after “section 2604”.

16 (iii) Section 2654(a)(1) is amended by  
17 striking “(computed without regard to section  
18 2604)”.

19 (96) GROSS ESTATE.—Subsection (c) of section  
20 2031 is amended by striking paragraph (3) and by  
21 amending paragraph (1)(B) to read as follows:

22 “(II) \$500,000.”.

23 (97)(A) Part IV of subchapter A of chapter 11  
24 is amended by striking section 2057 (and by striking



1 the item relating to such section in the table of sec-  
2 tions for such subpart).

3 (B) Paragraph (10) of section 2031(c) is  
4 amended by inserting “(as in effect before its re-  
5 peal)” immediately before the period at the end  
6 thereof.

7 (98) PROPERTY WITHIN THE UNITED  
8 STATES.—Subsection (c) of section 2104 is amended  
9 by striking “With respect to estates of decedents  
10 dying after December 31, 1969, deposits” and in-  
11 sserting “Deposits”.

12 (99) FICA TAXES.—

13 (A) Subsection (a) of section 3101 is  
14 amended by striking “the following percent-  
15 ages” and all that follows and inserting “6.2  
16 percent of the wages (as defined in section  
17 3121(a)) received by the individual with respect  
18 to employment (as defined in section 3121(b))”.

19 (B)(i) Subsection (a) of section 3111 is  
20 amended by striking “the following percent-  
21 ages” and all that follows and inserting “6.2  
22 percent of the wages (as defined in section  
23 3121(a)) paid by the employer with respect to  
24 employment (as defined in section 3121(b))”.

1           (ii) Subsection (b) of section 3111 is  
2           amended by striking “the following percent-  
3           ages” and all that follows and inserting “1.45  
4           percent of the wages (as defined in section  
5           3121(a)) paid by the employer with respect to  
6           employment (as defined in section 3121(b)).”.

7           (C)(i) Section 3121(b) is amended by  
8           striking paragraph (17).

9           (ii) Section 210(a) of the Social Security  
10          Act is amended by striking paragraph (17).

11          (100) RAILROAD RETIREMENT.—

12           (A) Subsection (b) of section 3201 is  
13          amended to read as follows:

14          “(b) TIER 2 TAX.—In addition to other taxes, there  
15          is hereby imposed on the income of each employee a tax  
16          equal to the percentage determined under section 3241 for  
17          any calendar year of the compensation received during  
18          such calendar year by such employee for services rendered  
19          by such employee.”.

20           (B) Subsection (b) of section 3211 is  
21          amended to read as follows:

22          “(b) TIER 2 TAX.—In addition to other taxes, there  
23          is hereby imposed on the income of each employee rep-  
24          resentative a tax equal to the percentage determined under  
25          section 3241 for any calendar year of the compensation

1 received during such calendar year by such employee rep-  
 2 resentative for services rendered by such employee rep-  
 3 resentative.”.

4 (C) Subsection (b) of section 3221 is  
 5 amended to read as follows:

6 “(b) TIER 2 TAX.—In addition to other taxes, there  
 7 is hereby imposed on every employer an excise tax, with  
 8 respect to having individuals in his employ, equal to the  
 9 percentage determined under section 3241 for any cal-  
 10 endar year of the compensation paid during such calendar  
 11 year by such employer for services rendered to such em-  
 12 ployer.”.

13 (D) Subsection (b) of section 3231 is  
 14 amended—

15 (i) by striking “compensation; except”  
 16 and all that follows in the first sentence  
 17 and inserting “compensation.”, and

18 (ii) by striking the second sentence.

19 (101) CREDITS AGAINST FEDERAL UNEMPLOY-  
 20 MENT TAX.—

21 (A) Paragraph (4) of section 3302(f) is  
 22 amended—

23 (i) by striking “subsection—” and all  
 24 that follows through “(A) IN GENERAL.—  
 25 The” and inserting “subsection, the”,

1 (ii) by striking subparagraph (B),  
2 (iii) by redesignating clauses (i) and  
3 (ii) as subparagraphs (A) and (B), respec-  
4 tively, and  
5 (iv) by moving the text of such sub-  
6 paragraphs (as so redesignated) 2 ems to  
7 the left.

8 (B) Paragraph (5) of section 3302(f) is  
9 amended by striking subparagraph (D) and by  
10 redesignating subparagraph (E) as subpara-  
11 graph (D).

12 (102) DOMESTIC SERVICE EMPLOYMENT  
13 TAXES.—Section 3510(b) is amended by striking  
14 paragraph (4).

15 (103) LUXURY PASSENGER AUTOMOBILES.—

16 (A) Chapter 31 is amended by striking  
17 subchapter A (and by striking the item relating  
18 to such subchapter in the table of subchapters  
19 for such chapter).

20 (B)(i) Section 4221 is amended—

21 (I) in subsections (a) and (d)(1), by  
22 striking “subchapter A or” and inserting  
23 “subchapter”,

24 (II) in subsection (a), by striking “In  
25 the case of taxes imposed by subchapter A

1 of chapter 31, paragraphs (1), (3), (4),  
2 and (5) shall not apply.”, and

3 (III) in subsection (c), by striking  
4 “4001(c), 4001(d), or”.

5 (ii) Section 4222 is amended by striking  
6 “4001(c), 4001(d),”.

7 (iii) Section 4293 is amended by striking  
8 “subchapter A of chapter 31,”.

9 (104) TRANSPORTATION BY AIR.—Section  
10 4261(e) is amended—

11 (A) in paragraph (1), by striking subpara-  
12 graph (C), and

13 (B) by striking paragraph (5).

14 (105) TAXES ON FAILURE TO DISTRIBUTE IN-  
15 COME.—

16 (A) Subsection (g) of section 4942 is  
17 amended by striking “For all taxable years be-  
18 ginning on or after January 1, 1975, subject”  
19 in paragraph (2)(A) and inserting “Subject”.

20 (B) Section 4942(i)(2) is amended by  
21 striking “beginning after December 31, 1969,  
22 and”.

23 (106) TAXES ON TAXABLE EXPENDITURES.—  
24 Section 4945(f) is amended by striking “(excluding

1 therefrom any preceding taxable year which begins  
2 before January 1, 1970”.

3 (107) DEFINITIONS AND SPECIAL RULES.—Sec-  
4 tion 4682(h) is amended—

5 (A) by striking paragraph (1) and redesign-  
6 ating paragraphs (2), (3), and (4) as para-  
7 graphs (1), (2), and (3), respectively, and

8 (B) in paragraph (1) (as so redesign-  
9 nated)—

10 (i) by striking the heading and insert-  
11 ing “IN GENERAL”, and

12 (ii) by striking “after 1991” in sub-  
13 paragraph (C).

14 (108) RETURNS.—Subsection (a) of section  
15 6039D is amended by striking “beginning after De-  
16 cember 31, 1984,”.

17 (109) INFORMATION RETURNS.—Subsection (c)  
18 of section 6060 is amended by striking “‘year’” and  
19 all that follows and inserting “‘year.’”.

20 (110) COLLECTION.—Section 6302 is amend-  
21 ed—

22 (A) in subsection (e)(2), by striking “im-  
23 posed by” and all that follows through “with re-  
24 spect to” and inserting “imposed by sections  
25 4251, 4261, or 4271 with respect to”,

1 (B) by striking the last sentence of sub-  
2 section (f)(1), and

3 (C) in subsection (h)—

4 (i) by striking paragraph (2) and re-  
5 designating paragraphs (3) and (4) as  
6 paragraphs (2) and (3), respectively, and

7 (ii) by amending paragraph (3) (as so  
8 redesignated) to read as follows:

9 “(3) COORDINATION WITH OTHER ELECTRONIC  
10 FUND TRANSFER REQUIREMENTS.—Under regula-  
11 tions, any tax required to be paid by electronic fund  
12 transfer under section 5061(e) or 5703(b) shall be  
13 paid in such a manner as to ensure that the require-  
14 ments of the second sentence of paragraph (1)(A) of  
15 this subsection are satisfied.”.

16 (111) ABATEMENTS.—Section 6404(f) is  
17 amended by striking paragraph (3).

18 (112) 2008 RECOVERY REBATE FOR INDIVID-  
19 UALS.—

20 (A) Subchapter B of chapter 65 is amend-  
21 ed by striking section 6428 (and by striking the  
22 item relating to such section in the table of sec-  
23 tions for such subchapter).

24 (B) Subparagraph (A) of section  
25 6211(b)(4) is amended by striking “6428,”.

1           (C) Paragraph (2) of section 6213(g), as  
2           amended by section 214(a)(2) of this Act and  
3           paragraphs (4) and (5)(C) of this subsection, is  
4           amended by striking subparagraph (Q), by re-  
5           designating subparagraph (O) as subparagraph  
6           (N), by inserting “and” at the end of subpara-  
7           graph (M), and by striking the comma at the  
8           end of subparagraph (N) (as so redesignated)  
9           and inserting a period.

10           (D) Paragraph (2) of section 1324(b) of  
11           title 31, United States Code, is amended by  
12           striking “6428, or 6431,” and inserting “or  
13           6431”.

14           (113) ADVANCE PAYMENT OF PORTION OF IN-  
15           CREASED CHILD CREDIT FOR 2003.—Subchapter B  
16           of chapter 65 is amended by striking section 6429  
17           (and by striking the item relating to such section in  
18           the table of sections for such subchapter).

19           (114) FAILURE BY CORPORATION TO PAY ESTI-  
20           MATED INCOME TAX.—Clause (i) of section  
21           6655(g)(4)(A) is amended by striking “(or the cor-  
22           responding provisions of prior law)”.

23           (115) RETIREMENT.—Section 7447(i)(3)(B)(ii)  
24           is amended by striking “at 4 percent per annum to



1 December 31, 1947, and 3 percent per annum there-  
2 after”, and inserting “at 3 percent per annum”.

3 (116) ANNUITIES TO SURVIVING SPOUSES AND  
4 DEPENDENT CHILDREN OF JUDGES.—

5 (A) Paragraph (2) of section 7448(a) is  
6 amended—

7 (i) by striking “or under section 1106  
8 of the Internal Revenue Code of 1939”,  
9 and

10 (ii) by striking “or pursuant to sec-  
11 tion 1106(d) of the Internal Revenue Code  
12 of 1939”.

13 (B) Subsection (g) of section 7448 is  
14 amended by striking “or other than pursuant to  
15 section 1106 of the Internal Revenue Code of  
16 1939”.

17 (C) Subsections (g), (j)(1), and (j)(2) of  
18 section 7448 are each amended by striking “at  
19 4 percent per annum to December 31, 1947,  
20 and 3 percent per annum thereafter” and in-  
21 serting “at 3 percent per annum”.

22 (117) MERCHANT MARINE CAPITAL CONSTRUC-  
23 TION FUNDS.—Paragraph (4) of section 7518(g) is  
24 amended by striking “any nonqualified withdrawal”  
25 and all that follows through “shall be determined”

1 and inserting “any nonqualified withdrawal shall be  
2 determined”.

3 (118) VALUATION TABLES.—

4 (A) Subsection (c) of section 7520 is  
5 amended by striking paragraph (2) and redesignig-  
6 nating paragraph (3) as paragraph (2).

7 (B) Paragraph (2) of section 7520(c) (as  
8 redesignated by subparagraph (A)) is amend-  
9 ed—

10 (i) by striking “Not later than Decem-  
11 ber 31, 1989, the” and inserting “The”,  
12 and

13 (ii) by striking “thereafter” in the last  
14 sentence thereof.

15 (119) DEFINITION OF EMPLOYEE.—Section  
16 7701(a)(20) is amended by striking “chapter 21”  
17 and all that follows and inserting “chapter 21.”.

18 (b) EFFECTIVE DATE.—

19 (1) GENERAL RULE.—Except as otherwise pro-  
20 vided in subsection (a) or paragraph (2) of this sub-  
21 section, the amendments made by this section shall  
22 take effect on the date of enactment of this Act.

23 (2) SAVINGS PROVISION.—If—

1           (A) any provision amended or repealed by  
2           the amendments made by this section applied  
3           to—

4                   (i) any transaction occurring before  
5                   the date of the enactment of this Act,  
6                   (ii) any property acquired before such  
7                   date of enactment, or  
8                   (iii) any item of income, loss, deduc-  
9                   tion, or credit taken into account before  
10                  such date of enactment, and

11          (B) the treatment of such transaction,  
12          property, or item under such provision would  
13          (without regard to the amendments or repeals  
14          made by this section) affect the liability for tax  
15          for periods ending after date of enactment,  
16          nothing in the amendments or repeals made by  
17          this section shall be construed to affect the  
18          treatment of such transaction, property, or item  
19          for purposes of determining liability for tax for  
20          periods ending after such date of enactment.

1     **TITLE III—JOINT COMMITTEE**  
2                     **ON TAXATION**

3     **SEC. 301. INCREASED REFUND AND CREDIT THRESHOLD**  
4                     **FOR JOINT COMMITTEE ON TAXATION RE-**  
5                     **VIEW OF C CORPORATION RETURN.**

6             (a) **IN GENERAL.**—Subsections (a) and (b) of section  
7 6405 are each amended by inserting “(\$5,000,000 in the  
8 case of a C corporation)” after “\$2,000,000”.

9             (b) **EFFECTIVE DATE.**—The amendment made by  
10 this section shall take effect on the date of the enactment  
11 of this Act, except that such amendment shall not apply  
12 with respect to any refund or credit with respect to a re-  
13 port that has been made before such date under section  
14 6405 of the Internal Revenue Code of 1986.

15     **TITLE IV—BUDGETARY EFFECTS**

16     **SEC. 401. BUDGETARY EFFECTS.**

17             (a) **PAYGO SCORECARD.**—The budgetary effects of  
18 this Act shall not be entered on either PAYGO scorecard  
19 maintained pursuant to section 4(d) of the Statutory Pay-  
20 As-You-Go Act of 2010.

21             (b) **SENATE PAYGO SCORECARD.**—The budgetary ef-  
22 fects of this Act shall not be entered on any PAYGO score-  
23 card maintained for purposes of section 201 of S. Con.  
24 Res. 21 (110th Congress).

1 **DIVISION B—ACHIEVING A BET-**  
2 **TER LIFE EXPERIENCE ACT**  
3 **OF 2014**

4 **SEC. 1. SHORT TITLE; ETC.**

5 (a) SHORT TITLE.—This division may be cited as the  
6 “Achieving a Better Life Experience Act of 2014” or the  
7 “ABLE Act of 2014”.

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

14 **TITLE I—QUALIFIED ABLE**  
15 **PROGRAMS**

16 **SEC. 101. PURPOSES.**

17 The purposes of this title are as follows:

18 (1) To encourage and assist individuals and  
19 families in saving private funds for the purpose of  
20 supporting individuals with disabilities to maintain  
21 health, independence, and quality of life.

22 (2) To provide secure funding for disability-re-  
23 lated expenses on behalf of designated beneficiaries  
24 with disabilities that will supplement, but not sup-  
25 plant, benefits provided through private insurance,

1 the Medicaid program under title XIX of the Social  
2 Security Act, the supplemental security income pro-  
3 gram under title XVI of such Act, the beneficiary's  
4 employment, and other sources.

5 **SEC. 102. QUALIFIED ABLE PROGRAMS.**

6 (a) IN GENERAL.—Subchapter F of chapter 1 is  
7 amended by inserting after section 529 the following new  
8 section:

9 **“SEC. 529A. QUALIFIED ABLE PROGRAMS.**

10 “(a) GENERAL RULE.—A qualified ABLE program  
11 shall be exempt from taxation under this subtitle. Not-  
12 withstanding the preceding sentence, such program shall  
13 be subject to the taxes imposed by section 511 (relating  
14 to imposition of tax on unrelated business income of chari-  
15 table organizations).

16 “(b) QUALIFIED ABLE PROGRAM.—For purposes of  
17 this section—

18 “(1) IN GENERAL.—The term ‘qualified ABLE  
19 program’ means a program established and main-  
20 tained by a State, or agency or instrumentality  
21 thereof—

22 “(A) under which a person may make con-  
23 tributions for a taxable year, for the benefit of  
24 an individual who is an eligible individual for  
25 such taxable year, to an ABLE account which

1 is established for the purpose of meeting the  
2 qualified disability expenses of the designated  
3 beneficiary of the account,

4 “(B) which limits a designated beneficiary  
5 to 1 ABLE account for purposes of this section,

6 “(C) which allows for the establishment of  
7 an ABLE account only for a designated bene-  
8 ficiary who is a resident of such State or a resi-  
9 dent of a contracting State, and

10 “(D) which meets the other requirements  
11 of this section.

12 “(2) CASH CONTRIBUTIONS.—A program shall  
13 not be treated as a qualified ABLE program unless  
14 it provides that no contribution will be accepted—

15 “(A) unless it is in cash, or

16 “(B) except in the case of contributions  
17 under subsection (e)(1)(C), if such contribution  
18 to an ABLE account would result in aggregate  
19 contributions from all contributors to the  
20 ABLE account for the taxable year exceeding  
21 the amount in effect under section 2503(b) for  
22 the calendar year in which the taxable year be-  
23 gins.

1 For purposes of this paragraph, rules similar to the  
2 rules of section 408(d)(4) (determined without re-  
3 gard to subparagraph (B) thereof) shall apply.

4 “(3) SEPARATE ACCOUNTING.—A program shall  
5 not be treated as a qualified ABLE program unless  
6 it provides separate accounting for each designated  
7 beneficiary.

8 “(4) LIMITED INVESTMENT DIRECTION.—A  
9 program shall not be treated as a qualified ABLE  
10 program unless it provides that any designated bene-  
11 ficiary under such program may, directly or indi-  
12 rectly, direct the investment of any contributions to  
13 the program (or any earnings thereon) no more than  
14 2 times in any calendar year.

15 “(5) NO PLEDGING OF INTEREST AS SECUR-  
16 RITY.—A program shall not be treated as a qualified  
17 ABLE program if it allows any interest in the pro-  
18 gram or any portion thereof to be used as security  
19 for a loan.

20 “(6) PROHIBITION ON EXCESS CONTRIBU-  
21 TIONS.—A program shall not be treated as a quali-  
22 fied ABLE program unless it provides adequate  
23 safeguards to prevent aggregate contributions on be-  
24 half of a designated beneficiary in excess of the limit  
25 established by the State under section 529(b)(6).



1 For purposes of the preceding sentence, aggregate  
2 contributions include contributions under any prior  
3 qualified ABLE program of any State or agency or  
4 instrumentality thereof.

5 “(c) TAX TREATMENT.—

6 “(1) DISTRIBUTIONS.—

7 “(A) IN GENERAL.—Any distribution  
8 under a qualified ABLE program shall be in-  
9 cludible in the gross income of the distributee  
10 in the manner as provided under section 72 to  
11 the extent not excluded from gross income  
12 under any other provision of this chapter.

13 “(B) DISTRIBUTIONS FOR QUALIFIED DIS-  
14 ABILITY EXPENSES.—For purposes of this  
15 paragraph, if distributions from a qualified  
16 ABLE program—

17 “(i) do not exceed the qualified dis-  
18 ability expenses of the designated bene-  
19 ficiary, no amount shall be includible in  
20 gross income, and

21 “(ii) in any other case, the amount  
22 otherwise includible in gross income shall  
23 be reduced by an amount which bears the  
24 same ratio to such amount as such ex-  
25 penses bear to such distributions.

1           “(C) CHANGE IN DESIGNATED BENE-  
2 FICIARIES OR PROGRAMS.—

3           “(i) ROLLOVERS FROM ABLE AC-  
4 COUNTS.—Subparagraph (A) shall not  
5 apply to any amount paid or distributed  
6 from an ABLE account to the extent that  
7 the amount received is paid, not later than  
8 the 60th day after the date of such pay-  
9 ment or distribution, into another ABLE  
10 account for the benefit of the same des-  
11 ignated beneficiary or an eligible individual  
12 who is a family member of the designated  
13 beneficiary.

14           “(ii) CHANGE IN DESIGNATED BENE-  
15 FICIARIES.—Any change in the designated  
16 beneficiary of an interest in a qualified  
17 ABLE program during a taxable year shall  
18 not be treated as a distribution for pur-  
19 poses of subparagraph (A) if the new bene-  
20 ficiary is an eligible individual for such  
21 taxable year and a member of the family of  
22 the former beneficiary.

23           “(iii) LIMITATION ON CERTAIN ROLL-  
24 OVERS.—Clause (i) shall not apply to any  
25 transfer if such transfer occurs within 12

1 months from the date of a previous trans-  
2 fer to any qualified ABLE program for the  
3 benefit of the designated beneficiary.

4 “(D) OPERATING RULES.—For purposes of  
5 applying section 72—

6 “(i) except to the extent provided by  
7 the Secretary, all distributions during a  
8 taxable year shall be treated as one dis-  
9 tribution, and

10 “(ii) except to the extent provided by  
11 the Secretary, the value of the contract, in-  
12 come on the contract, and investment in  
13 the contract shall be computed as of the  
14 close of the calendar year in which the tax-  
15 able year begins.

16 “(2) GIFT TAX RULES.—For purposes of chap-  
17 ters 12 and 13—

18 “(A) CONTRIBUTIONS.—Any contribution  
19 to a qualified ABLE program on behalf of any  
20 designated beneficiary—

21 “(i) shall be treated as a completed  
22 gift to such designated beneficiary which is  
23 not a future interest in property, and

24 “(ii) shall not be treated as a qualified  
25 transfer under section 2503(e).

1           “(B) TREATMENT OF DISTRIBUTIONS.—In  
2 no event shall a distribution from an ABLE ac-  
3 count to such account’s designated beneficiary  
4 be treated as a taxable gift.

5           “(C) TREATMENT OF TRANSFER TO NEW  
6 DESIGNATED BENEFICIARY.—The taxes im-  
7 posed by chapters 12 and 13 shall not apply to  
8 a transfer by reason of a change in the des-  
9 ignated beneficiary under subsection (e)(1)(C).

10          “(3) ADDITIONAL TAX FOR DISTRIBUTIONS NOT  
11 USED FOR DISABILITY EXPENSES.—

12           “(A) IN GENERAL.—The tax imposed by  
13 this chapter for any taxable year on any tax-  
14 payer who receives a distribution from a quali-  
15 fied ABLE program which is includible in gross  
16 income shall be increased by 10 percent of the  
17 amount which is so includible.

18           “(B) EXCEPTION.—Subparagraph (A)  
19 shall not apply if the payment or distribution is  
20 made to a beneficiary (or to the estate of the  
21 designated beneficiary) on or after the death of  
22 the designated beneficiary.

23           “(C) CONTRIBUTIONS RETURNED BEFORE  
24 CERTAIN DATE.—Subparagraph (A) shall not  
25 apply to the distribution of any contribution

1           made during a taxable year on behalf of the  
2           designated beneficiary if—

3                   “(i) such distribution is received on or  
4                   before the day prescribed by law (including  
5                   extensions of time) for filing such des-  
6                   ignated beneficiary’s return for such tax-  
7                   able year, and

8                   “(ii) such distribution is accompanied  
9                   by the amount of net income attributable  
10                  to such excess contribution.

11           Any net income described in clause (ii) shall be  
12           included in gross income for the taxable year in  
13           which such excess contribution was made.

14           “(4) LOSS OF ABLE ACCOUNT TREATMENT.—If  
15           an ABLE account is established for a designated  
16           beneficiary, no account subsequently established for  
17           such beneficiary shall be treated as an ABLE ac-  
18           count. The preceding sentence shall not apply in the  
19           case of an account established for purposes of a roll-  
20           over described in paragraph (1)(C)(i) of this section  
21           if the transferor account is closed as of the end of  
22           the 60th day referred to in paragraph (1)(C)(i).

23           “(d) REPORTS.—

24                   “(1) IN GENERAL.—Each officer or employee  
25           having control of the qualified ABLE program or

1 their designee shall make such reports regarding  
2 such program to the Secretary and to designated  
3 beneficiaries with respect to contributions, distribu-  
4 tions, the return of excess contributions, and such  
5 other matters as the Secretary may require.

6 “(2) CERTAIN AGGREGATED INFORMATION.—  
7 For research purposes, the Secretary shall make  
8 available to the public reports containing aggregate  
9 information, by diagnosis and other relevant charac-  
10 teristics, on contributions and distributions from the  
11 qualified ABLE program. In carrying out the pre-  
12 ceding sentence an item may not be made available  
13 to the public if such item can be associated with, or  
14 otherwise identify, directly or indirectly, a particular  
15 individual.

16 “(3) NOTICE OF ESTABLISHMENT OF ABLE AC-  
17 COUNT.—A qualified ABLE program shall submit a  
18 notice to the Secretary upon the establishment of an  
19 ABLE account. Such notice shall contain the name  
20 and State of residence of the designated beneficiary  
21 and such other information as the Secretary may re-  
22 quire.

23 “(4) ELECTRONIC DISTRIBUTION STATE-  
24 MENTS.—For purposes of section 4 of the Achieving  
25 a Better Life Experience Act of 2014, States shall

1 submit electronically on a monthly basis to the Com-  
2 missioner of Social Security, in the manner specified  
3 by the Commissioner, statements on relevant dis-  
4 tributions and account balances from all ABLE ac-  
5 counts.

6 “(5) REQUIREMENTS.—The reports and notices  
7 required by paragraphs (1), (2), and (3) shall be  
8 filed at such time and in such manner and furnished  
9 to such individuals at such time and in such manner  
10 as may be required by the Secretary.

11 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—  
12 For purposes of this section—

13 “(1) ELIGIBLE INDIVIDUAL.—An individual is  
14 an eligible individual for a taxable year if during  
15 such taxable year—

16 “(A) the individual is entitled to benefits  
17 based on blindness or disability under title II or  
18 XVI of the Social Security Act, and such blind-  
19 ness or disability occurred before the date on  
20 which the individual attained age 26, or

21 “(B) a disability certification with respect  
22 to such individual is filed with the Secretary for  
23 such taxable year.

24 “(2) DISABILITY CERTIFICATION.—

1           “(A) IN GENERAL.—The term ‘disability  
2 certification’ means, with respect to an indi-  
3 vidual, a certification to the satisfaction of the  
4 Secretary by the individual or the parent or  
5 guardian of the individual that—

6           “(i) certifies that—

7           “(I) the individual has a medi-  
8 cally determinable physical or mental  
9 impairment, which results in marked  
10 and severe functional limitations, and  
11 which can be expected to result in  
12 death or which has lasted or can be  
13 expected to last for a continuous pe-  
14 riod of not less than 12 months, or is  
15 blind (within the meaning of section  
16 1614(a)(2) of the Social Security  
17 Act), and

18           “(II) such blindness or disability  
19 occurred before the date on which the  
20 individual attained age 26, and

21           “(ii) includes a copy of the individ-  
22 ual’s diagnosis relating to the individual’s  
23 relevant impairment or impairments,  
24 signed by a physician meeting the criteria



1 of section 1861(r)(1) of the Social Security  
2 Act.

3 “(B) RESTRICTION ON USE OF CERTIFI-  
4 CATION.—No inference may be drawn from a  
5 disability certification for purposes of estab-  
6 lishing eligibility for benefits under title II,  
7 XVI, or XIX of the Social Security Act.

8 “(3) DESIGNATED BENEFICIARY.—The term  
9 ‘designated beneficiary’ in connection with an ABLE  
10 account established under a qualified ABLE pro-  
11 gram means the eligible individual who established  
12 an ABLE account and is the owner of such account.

13 “(4) MEMBER OF FAMILY.—The term ‘member  
14 of the family’ means, with respect to any designated  
15 beneficiary, an individual who bears a relationship to  
16 such beneficiary which is described in subparagraph  
17 section 152(d)(2)(B). For purposes of the preceding  
18 sentence, a rule similar to the rule of section  
19 152(f)(1)(B) shall apply.

20 “(5) QUALIFIED DISABILITY EXPENSES.—The  
21 term ‘qualified disability expenses’ means any ex-  
22 penses related to the eligible individual’s blindness  
23 or disability which are made for the benefit of an eli-  
24 gible individual who is the designated beneficiary, in-  
25 cluding the following expenses: education, housing,

1 transportation, employment training and support,  
2 assistive technology and personal support services,  
3 health, prevention and wellness, financial manage-  
4 ment and administrative services, legal fees, ex-  
5 penses for oversight and monitoring, funeral and  
6 burial expenses, and other expenses, which are ap-  
7 proved by the Secretary under regulations and con-  
8 sistent with the purposes of this section.

9 “(6) **ABLE ACCOUNT.**—The term ‘ABLE ac-  
10 count’ means an account established by an eligible  
11 individual, owned by such eligible individual, and  
12 maintained under a qualified ABLE program.

13 “(7) **CONTRACTING STATE.**—The term ‘con-  
14 tracting State’ means a State without a qualified  
15 ABLE program which has entered into a contract  
16 with a State with a qualified ABLE program to pro-  
17 vide residents of the contracting State access to a  
18 qualified ABLE program.

19 “(f) **TRANSFER TO STATE.**—Subject to any out-  
20 standing payments due for qualified disability expenses,  
21 upon the death of the designated beneficiary, all amounts  
22 remaining in the qualified ABLE account not in excess  
23 of the amount equal to the total medical assistance paid  
24 for the designated beneficiary after the establishment of  
25 the account, net of any premiums paid from the account

1 or paid by or on behalf of the beneficiary to a Medicaid  
2 Buy-In program under any State Medicaid plan estab-  
3 lished under title XIX of the Social Security Act, shall  
4 be distributed to such State upon filing of a claim for pay-  
5 ment by such State. For purposes of this paragraph, the  
6 State shall be a creditor of an ABLE account and not  
7 a beneficiary. Subsection (c)(3) shall not apply to a dis-  
8 tribution under the preceding sentence.

9 “(g) REGULATIONS.—The Secretary shall prescribe  
10 such regulations or other guidance as the Secretary deter-  
11 mines necessary or appropriate to carry out the purposes  
12 of this section, including regulations—

13 “(1) to enforce the 1 ABLE account per eligible  
14 individual limit,

15 “(2) providing for the information required to  
16 be presented to open an ABLE account,

17 “(3) to generally define qualified disability ex-  
18 penses,

19 “(4) developed in consultation with the Com-  
20 missioner of Social Security, relating to disability  
21 certifications and determinations of disability, in-  
22 cluding those conditions deemed to meet the require-  
23 ments of subsection (e)(1)(B),

24 “(5) to prevent fraud and abuse with respect to  
25 amounts claimed as qualified disability expenses,

1           “(6) under chapters 11, 12, and 13 of this title,  
2           and

3           “(7) to allow for transfers from one ABLE ac-  
4           count to another ABLE account.”.

5           (b) TAX ON EXCESS CONTRIBUTIONS.—

6           (1) IN GENERAL.—Subsection (a) of section  
7           4973 (relating to tax on excess contributions to cer-  
8           tain tax-favored accounts and annuities) is amended  
9           by striking “or” at the end of paragraph (4), by in-  
10          serting “or” at the end of paragraph (5), and by in-  
11          serting after paragraph (5) the following new para-  
12          graph:

13           “(6) an ABLE account (within the meaning of  
14           section 529A),”.

15          (2) EXCESS CONTRIBUTION.—Section 4973 is  
16          amended by adding at the end the following new  
17          subsection:

18          “(h) EXCESS CONTRIBUTIONS TO ABLE AC-  
19          COUNT.—For purposes of this section—

20           “(1) IN GENERAL.—In the case of an ABLE  
21           account (within the meaning of section 529A), the  
22           term ‘excess contributions’ means the amount by  
23           which the amount contributed for the taxable year to  
24           such account (other than contributions under section

1 529A(c)(1)(C)) exceeds the contribution limit under  
2 section 529A(b)(2)(B).

3 “(2) SPECIAL RULE.—For purposes of this sub-  
4 section, any contribution which is distributed out of  
5 the ABLE account in a distribution to which the  
6 last sentence of section 529A(b)(2) applies shall be  
7 treated as an amount not contributed.”.

8 (c) PENALTY FOR FAILURE TO FILE REPORTS.—  
9 Section 6693(a)(2) is amended by striking “and” at the  
10 end of subparagraph (D), by redesignating subparagraph  
11 (E) as subparagraph (F), and by inserting after subpara-  
12 graph (D) the following:

13 “(E) section 529A(d) (relating to qualified  
14 ABLE programs), and”.

15 (d) RECORDS.—Section 552a(a)(8)(B) of title 5,  
16 United States Code, is amended—

17 (1) in clause (viii), by striking “or” at the end;

18 (2) in clause (ix), by adding “or” at the end;

19 and

20 (3) by adding at the end the following new  
21 clause:

22 “(x) matches performed pursuant to  
23 section 3(d)(4) of the Achieving a Better  
24 Life Experience Act of 2014;”.

25 (e) OTHER CONFORMING AMENDMENTS.—

1           (1) Section 26(b)(2) is amended by striking  
2           “and” at the end of subparagraph (W), by striking  
3           the period at the end of subparagraph (X) and in-  
4           serting “, and”, and by inserting after subparagraph  
5           (X) the following:

6                     “(Y) section 529A(c)(3)(A) (relating to ad-  
7                     ditional tax on ABLE account distributions not  
8                     used for qualified disability expenses).”.

9           (2) Section 877A is amended—

10                    (A) in subsection (e)(2) by inserting “a  
11                    qualified ABLE program (as defined in section  
12                    529A),” after “529),”, and

13                    (B) in subsection (g)(6) by inserting  
14                    “529A(c)(3),” after “529(c)(6),”.

15           (3) Section 4965(c) is amended by striking  
16           “or” at the end of paragraph (6), by striking the pe-  
17           riod at the end of paragraph (7) and inserting “,  
18           or”, and by inserting after paragraph (7) the fol-  
19           lowing new paragraph:

20                    “(8) a program described in section 529A.”.

21           (4) The heading for part VIII of subchapter F  
22           of chapter 1 is amended by striking “**HIGHER EDU-**  
23           **CATION**” and inserting “**CERTAIN**”.

1           (5) The item in the table of parts for sub-  
2 chapter F of chapter 1 relating to part VIII is  
3 amended to read as follows:

          “PART VIII. CERTAIN SAVINGS ENTITIES.”.

4           (6) The table of sections for part VIII of sub-  
5 chapter F of chapter 1 is amended by inserting after  
6 the item relating to section 529 the following new  
7 item:

          “Sec. 529A. Qualified ABLE programs.”.

8           (7) Paragraph (4) of section 1027(g) of the  
9 Consumer Financial Protection Act of 2010 (12  
10 U.S.C. 5517(g)(4)) is amended by inserting “,  
11 529A” after “529”.

12 (f) EFFECTIVE DATE.—

13           (1) IN GENERAL.—The amendments made by  
14 this section shall apply to taxable years beginning  
15 after December 31, 2014.

16           (2) REGULATIONS.—The Secretary of the  
17 Treasury (or the Secretary’s designee) shall promul-  
18 gate the regulations or other guidance required  
19 under section 529A(g) of the Internal Revenue Code  
20 of 1986, as added by subsection (a), not later than  
21 6 months after the date of the enactment of this  
22 Act.

1 **SEC. 103. TREATMENT OF ABLE ACCOUNTS UNDER CER-**  
2 **TAIN FEDERAL PROGRAMS.**

3 (a) ACCOUNT FUNDS DISREGARDED FOR PURPOSES  
4 OF CERTAIN OTHER MEANS-TESTED FEDERAL PRO-  
5 GRAMS.—Notwithstanding any other provision of Federal  
6 law that requires consideration of 1 or more financial cir-  
7 cumstances of an individual, for the purpose of deter-  
8 mining eligibility to receive, or the amount of, any assist-  
9 ance or benefit authorized by such provision to be provided  
10 to or for the benefit of such individual, any amount (in-  
11 cluding earnings thereon) in the ABLE account (within  
12 the meaning of section 529A of the Internal Revenue Code  
13 of 1986) of such individual, any contributions to the  
14 ABLE account of the individual, and any distribution for  
15 qualified disability expenses (as defined in subsection  
16 (e)(5) of such section) shall be disregarded for such pur-  
17 pose with respect to any period during which such indi-  
18 vidual maintains, makes contributions to, or receives dis-  
19 tributions from such ABLE account, except that, in the  
20 case of the supplemental security income program under  
21 title XVI of the Social Security Act—

22 (1) a distribution for housing expenses (within  
23 the meaning of such subsection) shall not be so dis-  
24 regarded, and

25 (2) in the case of such program, any amount  
26 (including such earnings) in such ABLE account



1 shall be considered a resource of the designated ben-  
2 eficiary to the extent that such amount exceeds  
3 \$100,000.

4 (b) SUSPENSION OF SSI BENEFITS DURING PERI-  
5 ODS OF EXCESSIVE ACCOUNT FUNDS.—

6 (1) IN GENERAL.—The benefits of an individual  
7 under the supplemental security income program  
8 under title XVI of the Social Security Act shall not  
9 be terminated, but shall be suspended, by reason of  
10 excess resources of the individual attributable to an  
11 amount in the ABLE account (within the meaning  
12 of section 529A of the Internal Revenue Code of  
13 1986) of the individual not disregarded under sub-  
14 section (a) of this section.

15 (2) NO IMPACT ON MEDICAID ELIGIBILITY.—An  
16 individual who would be receiving payment of such  
17 supplemental security income benefits but for the  
18 application of paragraph (1) shall be treated for pur-  
19 poses of title XIX of the Social Security Act as if  
20 the individual continued to be receiving payment of  
21 such benefits.

22 (c) EFFECTIVE DATE.—This section shall take effect  
23 on the date of the enactment of this Act.

1 **SEC. 104. TREATMENT OF ABLE ACCOUNTS IN BANK-**  
2 **RUPTCY.**

3 (a) **EXCLUSION FROM PROPERTY OF THE ESTATE.**—  
4 Section 541(b) of the title 11, United States Code, is  
5 amended—

6 (1) in paragraph (8), by striking “or” at the  
7 end;

8 (2) in paragraph (9), by striking the period at  
9 the end and inserting a semicolon and “or”; and

10 (3) by inserting after paragraph (9) the fol-  
11 lowing:

12 “(10) funds placed in an account of a qualified  
13 ABLE program (as defined in section 529A(b) of  
14 the Internal Revenue Code of 1986) not later than  
15 365 days before the date of the filing of the petition  
16 in a case under this title, but—

17 “(A) only if the designated beneficiary of  
18 such account was a child, stepchild, grandchild,  
19 or stepgrandchild of the debtor for the taxable  
20 year for which funds were placed in such ac-  
21 count;

22 “(B) only to the extent that such funds—

23 “(i) are not pledged or promised to  
24 any entity in connection with any extension  
25 of credit; and

1                   “(ii) are not excess contributions (as  
2                   described in section 4973(h) of the Inter-  
3                   nal Revenue Code of 1986); and

4                   “(C) in the case of funds placed in all such  
5                   accounts having the same designated bene-  
6                   ficiary not earlier than 720 days nor later than  
7                   365 days before such date, only so much of  
8                   such funds as does not exceed \$6,225.”.

9           (b) DEBTOR’S MONTHLY EXPENSES.—Section  
10 707(b)(2)(A)(ii)(II) of title 11, United States Code, is  
11 amended by adding at the end “Such monthly expenses  
12 may include, if applicable, contributions to an account of  
13 a qualified ABLE program to the extent such contribu-  
14 tions are not excess contributions (as described in section  
15 4973(h) of the Internal Revenue Code of 1986) and if the  
16 designated beneficiary of such account is a child, stepchild,  
17 grandchild, or stepgrandchild of the debtor.”.

18           (c) RECORD OF DEBTOR’S INTEREST.—Section  
19 521(c) of title 11, United States Code, is amended by in-  
20 serting “, an interest in an account in a qualified ABLE  
21 program (as defined in section 529A(b) of such Code,”  
22 after “Internal Revenue Code of 1986)”.

23           (d) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply with respect to cases commenced

1 under title 11, United States Code, on or after the date  
2 of the enactment of this Act.

3 **SEC. 105. INVESTMENT DIRECTION RULE FOR 529 PLANS.**

4 (a) AMENDMENTS RELATING TO INVESTMENT DI-  
5 RECTION RULE FOR 529 PLANS.—

6 (1) Paragraph (4) of section 529(b) is amended  
7 by striking “may not directly or indirectly” and all  
8 that follows and inserting “may, directly or indi-  
9 rectly, direct the investment of any contributions to  
10 the program (or any earnings thereon) no more than  
11 2 times in any calendar year.”.

12 (2) The heading of paragraph (4) of section  
13 529(b) is amended by striking “NO” and inserting  
14 “LIMITED”.

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

18 **TITLE II—OFFSETS**

19 **SEC. 201. CORRECTION TO WORKERS COMPENSATION OFF-**  
20 **SET AGE.**

21 (a) RETIREMENT AGE.—Section 224(a) of the Social  
22 Security Act (42 U.S.C. 424a(a)) is amended, in the mat-  
23 ter preceding paragraph (1), by striking “the age of 65”  
24 and inserting “retirement age (as defined in section  
25 216(l)(1))”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply with respect to any individual  
3 who attains 65 years of age on or after the date that is  
4 12 months after the date of the enactment of this Act.

5 **SEC. 202. ACCELERATED APPLICATION OF RELATIVE**  
6 **VALUE TARGETS FOR MISVALUED SERVICES**  
7 **IN THE MEDICARE PHYSICIAN FEE SCHED-**  
8 **ULE.**

9 Section 1848(c) of the Social Security Act (42 U.S.C.  
10 1395w-4(c)) is amended—

11 (1) in subclause (VIII) of paragraph (2)(B)(v),  
12 as added by section 220(d)(2) of the Protecting Ac-  
13 cess to Medicare Act of 2014 (Public Law 113-  
14 93)—

15 (A) by striking “2017” and inserting  
16 “2016”; and

17 (B) by redesignating such subclause as  
18 subclause (IX);

19 (2) in paragraph (2)(O)—

20 (A) in the matter preceding clause (i), by  
21 striking “2017 through 2020” and inserting  
22 “2016 through 2018”;

23 (B) in clause (iii), by striking “2017” and  
24 inserting “2016”; and

1 (C) in clause (v), by inserting “(or, for  
2 2016, 1.0 percent)” after “0.5 percent”; and  
3 (3) in paragraph (7), by striking “2017” and  
4 inserting “2016”.

5 **SEC. 203. CONSISTENT TREATMENT OF VACUUM ERECTION**  
6 **SYSTEMS IN MEDICARE PARTS B AND D.**

7 Section 1834(a)(1) of the Social Security Act (42  
8 U.S.C. 1395m(a)(1)) is amended by adding at the end the  
9 following new subparagraph:

10 “(I) TREATMENT OF VACUUM ERECTION  
11 SYSTEMS.—Effective for items and services fur-  
12 nished on and after July 1, 2015, vacuum erec-  
13 tion systems described as prosthetic devices de-  
14 scribed in section 1861(s)(8) shall be treated in  
15 the same manner as erectile dysfunction drugs  
16 are treated for purposes of section 1860D-  
17 2(e)(2)(A).”.

18 **SEC. 204. ONE-YEAR DELAY OF IMPLEMENTATION OF ORAL-**  
19 **ONLY POLICY UNDER MEDICARE ESRD PRO-**  
20 **SPECTIVE PAYMENT SYSTEM.**

21 Section 632(b)(1) of the American Taxpayer Relief  
22 Act of 2012 (42 U.S.C. 1395rr note), as amended by sec-  
23 tion 217(a)(1) of the Protecting Access to Medicare Act  
24 of 2014 (Public Law 113-93), is amended by striking  
25 “2024” and inserting “2025”.

1 **SEC. 205. MODIFICATION RELATING TO INLAND WATER-**  
2 **WAYS TRUST FUND FINANCING RATE.**

3 (a) IN GENERAL.—Section 4042(b)(2)(A) is amend-  
4 ed to read as follows:

5 “(A) The Inland Waterways Trust Fund  
6 financing rate is 29 cents per gallon.”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to fuel used after March 31, 2015.

9 **SEC. 206. CERTIFIED PROFESSIONAL EMPLOYER ORGANI-**  
10 **ZATIONS.**

11 (a) EMPLOYMENT TAXES.—Chapter 25 is amended  
12 by adding at the end the following new section:

13 **“SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANI-**  
14 **ZATIONS.**

15 “(a) GENERAL RULES.—For purposes of the taxes,  
16 and other obligations, imposed by this subtitle—

17 “(1) a certified professional employer organiza-  
18 tion shall be treated as the employer (and no other  
19 person shall be treated as the employer) of any work  
20 site employee performing services for any customer  
21 of such organization, but only with respect to remun-  
22 eration remitted by such organization to such work  
23 site employee, and

24 “(2) the exemptions, exclusions, definitions, and  
25 other rules which are based on type of employer and  
26 which would (but for paragraph (1)) apply shall

1 apply with respect to such taxes imposed on such re-  
2 munerations.

3 “(b) SUCCESSOR EMPLOYER STATUS.—For purposes  
4 of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

5 “(1) a certified professional employer organiza-  
6 tion entering into a service contract with a customer  
7 with respect to a work site employee shall be treated  
8 as a successor employer and the customer shall be  
9 treated as a predecessor employer during the term  
10 of such service contract, and

11 “(2) a customer whose service contract with a  
12 certified professional employer organization is termi-  
13 nated with respect to a work site employee shall be  
14 treated as a successor employer and the certified  
15 professional employer organization shall be treated  
16 as a predecessor employer.

17 “(c) LIABILITY OF CERTIFIED PROFESSIONAL EM-  
18 PLOYER ORGANIZATION.—Solely for purposes of its liabil-  
19 ity for the taxes and other obligations imposed by this sub-  
20 title—

21 “(1) a certified professional employer organiza-  
22 tion shall be treated as the employer of any indi-  
23 vidual (other than a work site employee or a person  
24 described in subsection (f)) who is performing serv-  
25 ices covered by a contract meeting the requirements



1 of section 7705(e)(2), but only with respect to remuneration remitted by such organization to such individual, and

2  
3  
4 “(2) the exemptions, exclusions, definitions, and other rules which are based on type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

5  
6  
7  
8  
9 “(d) TREATMENT OF CREDITS.—

10 “(1) IN GENERAL.—For purposes of any credit specified in paragraph (2)—

11  
12 “(A) such credit with respect to a work site employee performing services for the customer applies to the customer, not the certified professional employer organization,

13  
14  
15  
16 “(B) the customer, and not the certified professional employer organization, shall take into account wages and employment taxes—

17  
18  
19 “(i) paid by the certified professional employer organization with respect to the work site employee, and

20  
21  
22 “(ii) for which the certified professional employer organization receives payment from the customer, and

1           “(C) the certified professional employer or-  
2           organization shall furnish the customer and the  
3           Secretary with any information necessary for  
4           the customer to claim such credit.

5           “(2) CREDITS SPECIFIED.—A credit is specified  
6           in this paragraph if such credit is allowed under—

7           “(A) section 41 (credit for increasing re-  
8           search activity),

9           “(B) section 45A (Indian employment  
10          credit),

11          “(C) section 45B (credit for portion of em-  
12          ployer social security taxes paid with respect to  
13          employee cash tips),

14          “(D) section 45C (clinical testing expenses  
15          for certain drugs for rare diseases or condi-  
16          tions),

17          “(E) section 45R (employee health insur-  
18          ance expenses of small employers),

19          “(F) section 51 (work opportunity credit),

20          “(G) section 1396 (empowerment zone em-  
21          ployment credit), and

22          “(H) any other section as provided by the  
23          Secretary.

24          “(e) SPECIAL RULE FOR RELATED PARTY.—This  
25          section shall not apply in the case of a customer which

1 bears a relationship to a certified professional employer  
2 organization described in section 267(b) or 707(b). For  
3 purposes of the preceding sentence, such sections shall be  
4 applied by substituting ‘10 percent’ for ‘50 percent’.

5       “(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—  
6 For purposes of the taxes imposed under this subtitle, an  
7 individual with net earnings from self-employment derived  
8 from the customer’s trade or business (including a partner  
9 in a partnership that is a customer) is not a work site  
10 employee with respect to remuneration paid by a certified  
11 professional employer organization.

12       “(g) REPORTING REQUIREMENTS AND OBLIGA-  
13 TIONS.—The Secretary shall develop such reporting and  
14 recordkeeping rules, regulations, and procedures as the  
15 Secretary determines necessary or appropriate to ensure  
16 compliance with this title by certified professional em-  
17 ployer organizations or persons that have been so certified.  
18 Such rules shall include—

19               “(1) notification of the Secretary in such man-  
20 ner as the Secretary shall prescribe in the case of  
21 the commencement or termination of a service con-  
22 tract described in section 7705(e)(2) between such a  
23 person and a customer, and the employer identifica-  
24 tion number of such customer,



1 a person who applies to be treated as a certified profes-  
2 sional employer organization for purposes of section 3511  
3 and has been certified by the Secretary as meeting the  
4 requirements of subsection (b).

5 “(b) CERTIFICATION REQUIREMENTS.—A person  
6 meets the requirements of this subsection if such person—

7 “(1) demonstrates that such person (and any  
8 owner, officer, and other persons as may be specified  
9 in regulations) meets such requirements as the Sec-  
10 retary shall establish, including requirements with  
11 respect to tax status, background, experience, busi-  
12 ness location, and annual financial audits,

13 “(2) agrees that it will satisfy the bond and  
14 independent financial review requirements of sub-  
15 section (c) on an ongoing basis,

16 “(3) agrees that it will satisfy such reporting  
17 obligations as may be imposed by the Secretary,

18 “(4) computes its taxable income using an ac-  
19 crual method of accounting unless the Secretary ap-  
20 proves another method,

21 “(5) agrees to verify on such periodic basis as  
22 the Secretary may prescribe that it continues to  
23 meet the requirements of this subsection, and

24 “(6) agrees to notify the Secretary in writing  
25 within such time as the Secretary may prescribe of

1 any change that materially affects the continuing ac-  
2 curacy of any agreement or information that was  
3 previously made or provided under this subsection.

4 “(c) BOND AND INDEPENDENT FINANCIAL RE-  
5 VIEW.—

6 “(1) IN GENERAL.—An organization meets the  
7 requirements of this paragraph if such organiza-  
8 tion—

9 “(A) meets the bond requirements of para-  
10 graph (2), and

11 “(B) meets the independent financial re-  
12 view requirements of paragraph (3).

13 “(2) BOND.—

14 “(A) IN GENERAL.—A certified profes-  
15 sional employer organization meets the require-  
16 ments of this paragraph if the organization has  
17 posted a bond for the payment of taxes under  
18 subtitle C (in a form acceptable to the Sec-  
19 retary) that is in an amount at least equal to  
20 the amount specified in subparagraph (B).

21 “(B) AMOUNT OF BOND.—For the period  
22 April 1 of any calendar year through March 31  
23 of the following calendar year, the amount of  
24 the bond required is equal to the greater of—

1           “(i) 5 percent of the organization’s li-  
2           ability under section 3511 for taxes im-  
3           posed by subtitle C during the preceding  
4           calendar year (but not to exceed  
5           \$1,000,000), or

6           “(ii) \$50,000.

7           “(3) INDEPENDENT FINANCIAL REVIEW RE-  
8           QUIREMENTS.—A certified professional employer or-  
9           ganization meets the requirements of this paragraph  
10          if such organization—

11           “(A) has, as of the most recent audit date,  
12           caused to be prepared and provided to the Sec-  
13           retary (in such manner as the Secretary may  
14           prescribe) an opinion of an independent cer-  
15           tified public accountant as to whether the cer-  
16           tified professional employer organization’s fi-  
17           nancial statements are presented fairly in ac-  
18           cordance with generally accepted accounting  
19           principles, and

20           “(B) provides to the Secretary an assertion  
21           regarding Federal employment tax payments  
22           and an examination level attestation on such  
23           assertion from an independent certified public  
24           accountant not later than the last day of the

1           second month beginning after the end of each  
2           calendar quarter.

3           Such assertion shall state that the organization has  
4           withheld and made deposits of all taxes imposed by  
5           chapters 21, 22, and 24 in accordance with regula-  
6           tions imposed by the Secretary for such calendar  
7           quarter and such examination level attestation shall  
8           state that such assertion is fairly stated, in all mate-  
9           rial respects.

10           “(4) CONTROLLED GROUP RULES.—For pur-  
11           poses of the requirements of paragraphs (2) and (3),  
12           all certified professional employer organizations that  
13           are members of a controlled group within the mean-  
14           ing of sections 414(b) and (c) shall be treated as a  
15           single organization.

16           “(5) FAILURE TO FILE ASSERTION AND ATTES-  
17           TATION.—If the certified professional employer orga-  
18           nization fails to file the assertion and attestation re-  
19           quired by paragraph (3) with respect to any cal-  
20           endar quarter, then the requirements of paragraph  
21           (3) with respect to such failure shall be treated as  
22           not satisfied for the period beginning on the due  
23           date for such attestation.



1           “(6) AUDIT DATE.—For purposes of paragraph  
2           (3)(A), the audit date shall be six months after the  
3           completion of the organization’s fiscal year.

4           “(d) SUSPENSION AND REVOCATION AUTHORITY.—  
5           The Secretary may suspend or revoke a certification of  
6           any person under subsection (b) for purposes of section  
7           3511 if the Secretary determines that such person is not  
8           satisfying the agreements or requirements of subsections  
9           (b) or (c), or fails to satisfy applicable accounting, report-  
10          ing, payment, or deposit requirements.

11          “(e) WORK SITE EMPLOYEE.—For purposes of this  
12          title—

13                  “(1) IN GENERAL.—The term ‘work site em-  
14                  ployee’ means, with respect to a certified profes-  
15                  sional employer organization, an individual who—

16                          “(A) performs services for a customer pur-  
17                          suant to a contract which is between such cus-  
18                          tomer and the certified professional employer  
19                          organization and which meets the requirements  
20                          of paragraph (2), and

21                          “(B) performs services at a work site  
22                          meeting the requirements of paragraph (3).

23                  “(2) SERVICE CONTRACT REQUIREMENTS.—A  
24                  contract meets the requirements of this paragraph  
25                  with respect to an individual performing services for

1 a customer if such contract is in writing and pro-  
2 vides that the certified professional employer organi-  
3 zation shall—

4 “(A) assume responsibility for payment of  
5 wages to such individual, without regard to the  
6 receipt or adequacy of payment from the cus-  
7 tomer for such services,

8 “(B) assume responsibility for reporting,  
9 withholding, and paying any applicable taxes  
10 under subtitle C, with respect to such individ-  
11 ual’s wages, without regard to the receipt or  
12 adequacy of payment from the customer for  
13 such services,

14 “(C) assume responsibility for any em-  
15 ployee benefits which the service contract may  
16 require the certified professional employer orga-  
17 nization to provide, without regard to the re-  
18 ceipt or adequacy of payment from the cus-  
19 tomer for such benefits,

20 “(D) assume responsibility for recruiting,  
21 hiring, and firing workers in addition to the  
22 customer’s responsibility for recruiting, hiring,  
23 and firing workers,

24 “(E) maintain employee records relating to  
25 such individual, and

1           “(F) agree to be treated as a certified pro-  
2           fessional employer organization for purposes of  
3           section 3511 with respect to such individual.

4           “(3) WORK SITE COVERAGE REQUIREMENT.—

5           The requirements of this paragraph are met with re-  
6           spect to an individual if at least 85 percent of the  
7           individuals performing services for the customer at  
8           the work site where such individual performs serv-  
9           ices are subject to 1 or more contracts with the cer-  
10          tified professional employer organization which meet  
11          the requirements of paragraph (2) (but not taking  
12          into account those individuals who are excluded em-  
13          ployees within the meaning of section 414(q)(5)).

14          “(f) PUBLIC DISCLOSURE.—The Secretary shall  
15          make available to the public the name and address of—

16               “(1) each person certified as a professional em-  
17               ployer organization under subsection (a), and

18               “(2) each person whose certification as a pro-  
19               fessional employer organization is suspended or re-  
20               voked under subsection (d).

21          “(g) DETERMINATION OF EMPLOYMENT STATUS.—

22          Except to the extent necessary for purposes of section  
23          3511, nothing in this section shall be construed to affect  
24          the determination of who is an employee or employer for  
25          purposes of this title.

1       “(h) REGULATIONS.—The Secretary shall prescribe  
2 such regulations as may be necessary or appropriate to  
3 carry out the purposes of this section.”.

4       (c) CONFORMING AMENDMENTS.—

5           (1) Section 3302 is amended by adding at the  
6 end the following new subsection:

7       “(h) TREATMENT OF CERTIFIED PROFESSIONAL EM-  
8 PLOYER ORGANIZATIONS.—If a certified professional em-  
9 ployer organization (as defined in section 7705), or a cus-  
10 tomer of such organization, makes a contribution to the  
11 State’s unemployment fund with respect to wages paid to  
12 a work site employee, such certified professional employer  
13 organization shall be eligible for the credits available  
14 under this section with respect to such contribution.”.

15           (2) Section 3303(a) is amended—

16           (A) by striking the period at the end of  
17 paragraph (3) and inserting “; and” and by in-  
18 sserting after paragraph (3) the following new  
19 paragraph:

20           “(4) if the taxpayer is a certified professional  
21 employer organization (as defined in section 7705)  
22 that is treated as the employer under section 3511,  
23 such certified professional employer organization is  
24 permitted to collect and remit, in accordance with  
25 paragraphs (1), (2), and (3), contributions during

1 the taxable year to the State unemployment fund  
2 with respect to a work site employee.”, and

3 (B) in the last sentence—

4 (i) by striking “paragraphs (1), (2),  
5 and (3)” and inserting “paragraphs (1),  
6 (2), (3), and (4)”, and

7 (ii) by striking “paragraph (1), (2), or  
8 (3)” and inserting “paragraph (1), (2),  
9 (3), or (4)”.

10 (3) Section 6053(e) is amended by adding at  
11 the end the following new paragraph:

12 “(8) CERTIFIED PROFESSIONAL EMPLOYER OR-  
13 GANIZATIONS.—For purposes of any report required  
14 by this subsection, in the case of a certified profes-  
15 sional employer organization that is treated under  
16 section 3511 as the employer of a work site em-  
17 ployee, the customer with respect to whom a work  
18 site employee performs services shall be the employer  
19 for purposes of reporting under this section and the  
20 certified professional employer organization shall  
21 furnish to the customer and the Secretary any infor-  
22 mation the Secretary prescribes as necessary to com-  
23 plete such reporting no later than such time as the  
24 Secretary shall prescribe.”.

1           (4) Section 6652 is amended by adding at the  
2           end the following new subsection:

3           “(n) FAILURE TO MAKE REPORTS REQUIRED  
4 UNDER SECTIONS 3511, 6053(c)(8), AND 7705.—In the  
5 case of a failure to make a report required under section  
6 3511, 6053(c)(8), or 7705 which contains the information  
7 required by such section on the date prescribed therefor  
8 (determined with regard to any extension of time for fil-  
9 ing), there shall be paid (on notice and demand by the  
10 Secretary and in the same manner as tax) by the person  
11 failing to make such report, an amount equal to \$50 for  
12 each report with respect to which there was such a failure.  
13 In the case of any failure due to negligence or intentional  
14 disregard the preceding sentence shall be applied by sub-  
15 stituting ‘\$100’ for ‘\$50’.”.

16           (d) CLERICAL AMENDMENTS.—

17           (1) The table of sections for chapter 25 is  
18           amended by adding at the end the following new  
19           item:

“Sec. 3511. Certified professional employer organizations.”.

20           (2) The table of sections for chapter 79 is  
21           amended by inserting after the item relating to sec-  
22           tion 7704 the following new item:

“Sec. 7705. Certified professional employer organizations.”.

23           (f) USER FEES.—Section 7528(b) is amended by  
24           adding at the end the following new paragraph:

1           “(4) CERTIFIED PROFESSIONAL EMPLOYER OR-  
2           GANIZATIONS.—The fee charged under the program  
3           in connection with the certification by the Secretary  
4           of a professional employer organization under sec-  
5           tion 7705 shall be an annual fee not to exceed  
6           \$1,000 per year.”.

7           (g) EFFECTIVE DATES.—

8           (1) IN GENERAL.—The amendments made by  
9           this section shall apply with respect to wages for  
10          services performed on or after January 1 of the first  
11          calendar year beginning more than 12 months after  
12          the date of the enactment of this Act.

13          (2) CERTIFICATION PROGRAM.—The Secretary  
14          of the Treasury shall establish the certification pro-  
15          gram described in section 7705(b) of the Internal  
16          Revenue Code of 1986, as added by subsection (b),  
17          not later than 6 months before the effective date de-  
18          termined under paragraph (1).

19          (h) NO INFERENCE.—Nothing contained in this sec-  
20          tion or the amendments made by this section shall be con-  
21          strued to create any inference with respect to the deter-  
22          mination of who is an employee or employer—

23                 (1) for Federal tax purposes (other than the  
24                 purposes set forth in the amendments made by this  
25                 section), or

1 (2) for purposes of any other provision of law.

2 **SEC. 207. EXCLUSION OF DIVIDENDS FROM CONTROLLED**  
3 **FOREIGN CORPORATIONS FROM THE DEFINI-**  
4 **TION OF PERSONAL HOLDING COMPANY IN-**  
5 **COME FOR PURPOSES OF THE PERSONAL**  
6 **HOLDING COMPANY RULES.**

7 (a) IN GENERAL.—Section 543(a)(1) is amended—  
8 (1) by redesignating subparagraphs (C) and  
9 (D) as subparagraphs (D) and (E), respectively, and  
10 (2) by inserting after subparagraph (B) the fol-  
11 lowing:

12 “(C) dividends received by a United States  
13 shareholder (as defined in section 951(b)) from  
14 a controlled foreign corporation (as defined in  
15 section 957(a)),”.

16 (b) EFFECTIVE DATE.—The amendments made by  
17 this Act shall apply to taxable years ending on or after  
18 the date of the enactment of this Act.

19 **SEC. 208. INFLATION ADJUSTMENT FOR CERTAIN CIVIL**  
20 **PENALTIES UNDER THE INTERNAL REVENUE**  
21 **CODE OF 1986.**

22 (a) FAILURE TO FILE TAX RETURN OR PAY TAX.—  
23 Section 6651 is amended by adding at the end the fol-  
24 lowing new subsection:

25 “(i) ADJUSTMENT FOR INFLATION.—



1           “(1) IN GENERAL.—In the case of any return  
2 required to be filed in a calendar year beginning  
3 after 2014, the \$135 dollar amount under subsection  
4 (a) shall be increased by such dollar amount multi-  
5 plied by the cost-of-living adjustment determined  
6 under section 1(f)(3) determined by substituting  
7 ‘calendar year 2013’ for ‘calendar year 1992’ in sub-  
8 paragraph (B) thereof.

9           “(2) ROUNDING.—If any amount adjusted  
10 under paragraph (1) is not a multiple of \$5, such  
11 amount shall be rounded to the next lowest multiple  
12 of \$5.”.

13           (b) FAILURE TO FILE CERTAIN INFORMATION RE-  
14 TURNS, REGISTRATION STATEMENTS, ETC.—

15           (1) IN GENERAL.—Section 6652(c) is amended  
16 by adding at the end the following new paragraph:

17           “(6) ADJUSTMENT FOR INFLATION.—

18           “(A) IN GENERAL.—In the case of any  
19 failure relating to a return required to be filed  
20 in a calendar year beginning after 2014, each  
21 of the dollar amounts under paragraphs (1),  
22 (2), and (3) shall be increased by such dollar  
23 amount multiplied by the cost-of-living adjust-  
24 ment determined under section 1(f)(3) deter-  
25 mined by substituting ‘calendar year 2013’ for

1           ‘calendar year 1992’ in subparagraph (B)  
2           thereof.

3           “(B) ROUNDING.—If any amount adjusted  
4           under subparagraph (A)—

5                     “(i) is not less than \$5,000 and is not  
6                     a multiple of \$500, such amount shall be  
7                     rounded to the next lowest multiple of  
8                     \$500, and

9                     “(ii) is not described in clause (i) and  
10                    is not a multiple of \$5, such amount shall  
11                    be rounded to the next lowest multiple of  
12                    \$5.”.

13           (2) CONFORMING AMENDMENTS.—

14                    (A) The last sentence of section  
15                    6652(c)(1)(A) is amended by striking “the first  
16                    sentence of this subparagraph shall be applied  
17                    by substituting ‘\$100’ for ‘\$20’ and” and in-  
18                    serting “in applying the first sentence of this  
19                    subparagraph, the amount of the penalty for  
20                    each day during which a failure continues shall  
21                    be \$100 in lieu of the amount otherwise speci-  
22                    fied, and”.

23                    (B) Section 6652(c)(2)(C)(ii) is amended  
24                    by striking “the first sentence of paragraph  
25                    (1)(A)” and all that follows and inserting “in

1 applying the first sentence of paragraph (1)(A),  
2 the amount of the penalty for each day during  
3 which a failure continues shall be \$100 in lieu  
4 of the amount otherwise specified, and in lieu of  
5 applying the second sentence of paragraph  
6 (1)(A), the maximum penalty under paragraph  
7 (1)(A) shall not exceed \$50,000, and”.

8 (c) OTHER ASSESSABLE PENALTIES WITH RESPECT  
9 TO THE PREPARATION OF TAX RETURNS FOR OTHER  
10 PERSONS.—Section 6695 is amended by adding at the end  
11 the following new subsection:

12 “(h) ADJUSTMENT FOR INFLATION.—

13 “(1) IN GENERAL.—In the case of any failure  
14 relating to a return or claim for refund filed in a  
15 calendar year beginning after 2014, each of the dol-  
16 lar amounts under subsections (a), (b), (c), (d), (e),  
17 (f), and (g) shall be increased by such dollar amount  
18 multiplied by the cost-of-living adjustment deter-  
19 mined under section 1(f)(3) determined by sub-  
20 stituting ‘calendar year 2013’ for ‘calendar year  
21 1992’ in subparagraph (B) thereof.

22 “(2) ROUNDING.—If any amount adjusted  
23 under subparagraph (A)—

1           “(A) is not less than \$5,000 and is not a  
2           multiple of \$500, such amount shall be rounded  
3           to the next lowest multiple of \$500, and

4           “(B) is not described in clause (i) and is  
5           not a multiple of \$5, such amount shall be  
6           rounded to the next lowest multiple of \$5.”.

7           (d) FAILURE TO FILE PARTNERSHIP RETURN.—Sec-  
8           tion 6698 is amended by adding at the end the following  
9           new subsection:

10          “(e) ADJUSTMENT FOR INFLATION.—

11           “(1) IN GENERAL.—In the case of any return  
12           required to be filed in a calendar year beginning  
13           after 2014, the \$195 dollar amount under subsection  
14           (b)(1) shall be increased by such dollar amount mul-  
15           tplied by the cost-of-living adjustment determined  
16           under section 1(f)(3) determined by substituting  
17           ‘calendar year 2013’ for ‘calendar year 1992’ in sub-  
18           paragraph (B) thereof.

19           “(2) ROUNDING.—If any amount adjusted  
20           under paragraph (1) is not a multiple of \$5, such  
21           amount shall be rounded to the next lowest multiple  
22           of \$5.”.

23          (e) FAILURE TO FILE S CORPORATION RETURN.—  
24          Section 6699 is amended by adding at the end the fol-  
25          lowing new subsection:

1 “(e) ADJUSTMENT FOR INFLATION.—

2 “(1) IN GENERAL.—In the case of any return  
3 required to be filed in a calendar year beginning  
4 after 2014, the \$195 dollar amount under subsection  
5 (b)(1) shall be increased by such dollar amount mul-  
6 tiplied by the cost-of-living adjustment determined  
7 under section 1(f)(3) determined by substituting  
8 ‘calendar year 2013’ for ‘calendar year 1992’ in sub-  
9 paragraph (B) thereof.

10 “(2) ROUNDING.—If any amount adjusted  
11 under paragraph (1) is not a multiple of \$5, such  
12 amount shall be rounded to the next lowest multiple  
13 of \$5.”.

14 (f) FAILURE TO FILE CORRECT INFORMATION RE-  
15 TURNS.—Section 6721(f)(1) is amended by striking “For  
16 each fifth calendar year beginning after 2012” and insert-  
17 ing “In the case of any failure relating to a return re-  
18 quired to be filed in a calendar year beginning after  
19 2014”.

20 (g) FAILURE TO FURNISH CORRECT PAYEE STATE-  
21 MENTS.—Section 6722(f)(1) is amended by striking “For  
22 each fifth calendar year beginning after 2012” and insert-  
23 ing “In the case of any failure relating to a statement  
24 required to be furnished in a calendar year beginning after  
25 2014”.

1 (h) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to returns required to be filed after  
3 December 31, 2014.

4 **SEC. 209. INCREASE IN CONTINUOUS LEVY.**

5 (a) IN GENERAL.—Paragraph (3) of section 6331(h)  
6 is amended by striking the period at the end and inserting  
7 “and by substituting ‘30 percent’ for ‘15 percent’ in the  
8 case of any specified payment due to a Medicare provider  
9 or supplier under title XVIII of the Social Security Act.”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to payments made after 180 days  
12 after the date of the enactment of this Act.

Passed the House of Representatives December 3,  
2014.

Attest:

*Clerk.*



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

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# H. R. 5771

## AN ACT

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions and make technical corrections, to amend the Internal Revenue Code of 1986 to provide for the tax treatment of ABLE accounts established under State programs for the care of family members with disabilities, and for other purposes.