Burton (IN)
Butterfield
Buyer
Calvert
Camp
Campbell
Cantor
Cao
Capito
Capps
Cardoza
Carnahan
Carney
Carson (IN)
Carter
Cassidy
Castle
Castor (FL)
Chaffetz
Childers
Chu
Clarke
Clay
Cleaver
Clyburn
Coble
Cohen
Cole
Conaway
Connolly (VA)
Conyers
Cooper
Costa
Costello
Courtney
Crenshaw
Crowley
Cuellar
Culberson
Cummings
Dahlkemper
Davis (AL)
Davis (CA)
Davis (IL)
Davis (KY)
Davis (TN)
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Doggett
Donnelly (IN)
Doyle
Dreier
Driehaus
Duncan
Edwards (MD)
Edwards (TX)
Ehlers
Ellison
Ellsworth
Emerson
Engel
Eshoo
Etheridge
Fallin
Farr
Fattah
Filner
Flake
Fleming
Forbes
Fortenberry
Foster
Foxx
Frank (MA)
Franks (AZ)
Frelinghuysen
Gallegly
Garamendi
Garrett (NJ)
Gerlach
Giffords
Gingrey (GA)
Gohmert
Gonzalez
Goodlatte
Gordon (TN)
Graves
Grayson
Green, Al
Green, Gene
Griffith
Grijalva
Guthrie
Gutierrez
Hall (NY)
Hall (TX)
Halvorson
Hare
Harman
Harper
Hastings (FL)
Hastings (WA)
Heinrich
Heller
Hensarling
Herger
Herseth Sandlin
Higgins
Hill
Himes
Hinchey
Hinojosa
Hirono
Hodes
Hoekstra
Holden
Holt
Honda
Hoyer
Hunter
Inglis
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jenkins
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones
Jordan (OH)
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick (MI)
Kilroy
Kind
King (IA)
King (NY)
Kingston
Kirk
Kirkpatrick (AZ)
Kissell
Klein (FL)
Kline (MN)
Kosmas
Kratovil
Kucinich
Lamborn
Lance
Langevin
Larsen (WA)
Latham
LaTourette
Latta
Lee (CA)
Lee (NY)
Levin
Lewis (CA)
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Luetkemeyer
Luján
Lummis
Lungren, Daniel E.
Lynch
Mack
Maffei
Maloney
Manzullo
Marchant
Markey (CO)
Markey (MA)
Marshall
Massa
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul
McClintock
McCollum
McCotter
McDermott
McGovern
McHenry
McIntyre
McKeon
McMahon
McMorris Rodgers
McNerney
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Minnick
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Murphy (CT)
Murphy (NY)
Murphy, Patrick
Murphy, Tim
Murtha
Myrick
Nadler (NY)
Napolitano
Neal (MA)
Neugebauer
Nunes
Nye
Oberstar
Obey
Olson
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor (AZ)
Paul
Paulsen
Payne
Pence
Perlmutter
Perriello
Peters
Peterson
Petri
Pingree (ME)
Pitts
Platts
Poe (TX)
Polis (CO)
Pomeroy
Posey
Price (GA)
Price (NC)
Putnam
Quigley
Rahall
Rangel
Rehberg
Reichert
Reyes
Richardson
Rodriguez
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rooney
Ros-Lehtinen
Roskam
Ross
Rothman (NJ)
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Salazar
Sánchez, Linda T.
Sarbanes
Scalise
Schakowsky
Schauer
Schiff
Schmidt
Schock
Schwartz
Scott (GA)
Sensenbrenner
Serrano
Sessions
Sestak
Shadegg
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Space
Speier
Spratt
Stark
Stearns
Stupak
Sullivan
Sutton
Tanner
Taylor
Teague
Terry
Thompson (CA)
Thompson (MS)
Thompson (PA)
Thornberry
Tiahrt
Tiberi
Tierney
Titus
Tonko
Towns
Tsongas
Turner
Upton
Van Hollen
Velázquez
Visclosky
Walden
Walz
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch
Westmoreland
Wexler
Whitfield
Wilson (OH)
Wilson (SC)
Wittman
Wolf
Woolsey
Wu
Yarmuth
Young (AK)
Young (FL)

NAYS—1

Schrader

NOT VOTING—16

Baldwin
Barrett (SC)
Boyd
Capuano
Chandler
Coffman (CO)
Dingell
Fudge
Granger
Larson (CT)
Lewis (GA)
Linder
Moran (VA)
Radanovich
Sanchez, Loretta
Scott (VA)

□ 1333

So (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. LARSON of Connecticut. Madam Speaker, on December 9, 2009 I missed roll-call votes 939, 940 and 941. Had I been present, I would have voted "yea" on all.

TAX EXTENDERS ACT OF 2009

Mr. RANGEL. Mr. Speaker, pursuant to House Resolution 955, I call up the bill (H.R. 4213) to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. DRIEHAUS). Pursuant to House Resolution 955, the bill is considered read.

The text of the bill is as follows:

H.R. 4213

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Tax Extenders Act of 2009''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—GENERAL PROVISIONS

Subtitle A—Individual Tax Relief

SEC. 101. DEDUCTION OF STATE AND LOCAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (I) of section 164(b)(5) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

SEC. 102. ADDITIONAL STANDARD DEDUCTION FOR STATE AND LOCAL REAL PROPERTY TAXES.

(a) IN GENERAL.—Subparagraph (C) of section 63(c)(1) is amended by striking ''or 2009'' and inserting '', 2009, or 2010''.

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

SEC. 103. ABOVE-THE-LINE DEDUCTION FOR QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 104. DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''or 2009'' and inserting ''2009, or 2010''.

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

Subtitle B—Business Tax Relief

SEC. 111. RESEARCH CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 41(h)(1) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(b) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 112. EXCEPTIONS FOR ACTIVE FINANCING INCOME.

(a) IN GENERAL.—Sections 953(e)(10) and 954(h)(9) are each amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(b) CONFORMING AMENDMENT.—Section 953(e)(10) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 113. LOOK-THRU TREATMENT OF PAYMENTS BETWEEN RELATED CONTROLLED FOREIGN CORPORATIONS UNDER FOREIGN PERSONAL HOLDING COMPANY RULES.

(a) IN GENERAL.—Subparagraph (C) of section 954(c)(6) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

SEC. 114. 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS, QUALIFIED RESTAURANT BUILDINGS AND IMPROVEMENTS, AND QUALIFIED RETAIL IMPROVEMENTS.

(a) IN GENERAL.—Clauses (iv), (v), and (ix) of section 168(e)(3)(E) are each amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

SEC. 115. 7-YEAR RECOVERY PERIOD FOR MOTORSPORTS ENTERTAINMENT COMPLEXES.

(a) IN GENERAL.—Subparagraph (D) of section 168(i)(15) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 116. RAILROAD TRACK MAINTENANCE CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45G is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

SEC. 117. SPECIAL EXPENSING RULES FOR CERTAIN FILM AND TELEVISION PRODUCTIONS.

(a) IN GENERAL.—Subsection (f) of section 181 is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 118. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 119. MINE RESCUE TEAM TRAINING CREDIT.

(a) IN GENERAL.—Subsection (e) of section 45N is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 120. ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.

(a) IN GENERAL.—Subsection (g) of section 179E is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 121. EMPLOYER WAGE CREDIT FOR EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.

(a) IN GENERAL.—Subsection (f) of section 45P is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 122. 5-YEAR DEPRECIATION FOR FARMING BUSINESS MACHINERY AND EQUIPMENT.

(a) IN GENERAL.—Clause (vii) of section 168(e)(3)(B) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

SEC. 123. TREATMENT OF CERTAIN DIVIDENDS AND ASSETS OF REGULATED INVESTMENT COMPANIES.

(a) IN GENERAL.—Paragraphs (1)(C) and (2)(C) of section 871(k) are each amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 124. LOOK-THRU OF CERTAIN REGULATED INVESTMENT COMPANY STOCK IN DETERMINING GROSS ESTATE OF NONRESIDENTS.

(a) IN GENERAL.—Paragraph (3) of section 2105(d) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 125. RIC QUALIFIED INVESTMENT ENTITY TREATMENT UNDER FIRPTA.

(a) IN GENERAL.—Clause (ii) of section 897(h)(4)(A) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 126. SUSPENSION OF LIMITATION ON PERCENTAGE DEPLETION FOR OIL AND GAS FROM MARGINAL WELLS.

(a) IN GENERAL.—Clause (ii) of section 613A(c)(6)(H) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

Subtitle C—Charitable Provisions

SEC. 131. CONTRIBUTIONS OF CAPITAL GAIN REAL PROPERTY MADE FOR CONSERVATION PURPOSES.

(a) IN GENERAL.—Clause (vi) of section 170(b)(1)(E) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(b) CONTRIBUTIONS BY CERTAIN CORPORATE FARMERS AND RANCHERS.—Clause (iii) of section 170(b)(2)(B) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 132. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(C) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 133. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORIES TO PUBLIC SCHOOLS.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(D) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 134. ENHANCED CHARITABLE DEDUCTION FOR CORPORATE CONTRIBUTIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 135. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subparagraph (F) of section 408(d)(8) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 136. MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Clause (iv) of section 512(b)(13)(E) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 137. EXCLUSION OF GAIN OR LOSS ON SALE OR EXCHANGE OF CERTAIN BROWNFIELD SITES FROM UNRELATED BUSINESS TAXABLE INCOME.

(a) IN GENERAL.—Subparagraph (K) of section 512(b)(19) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 138. BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—Paragraph (2) of section 1367(a) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

Subtitle D—Miscellaneous Provisions

SEC. 141. INDIAN EMPLOYMENT TAX CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45A is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 142. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON AN INDIAN RESERVATION.

(a) IN GENERAL.—Paragraph (8) of section 168(j) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 143. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

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

(1) by striking ''first 4 taxable years'' and inserting ''first 5 taxable years'', and

(2) by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

SEC. 144. TEMPORARY INCREASE IN LIMIT ON COVER OVER OF RUM EXCISE TAXES TO PUERTO RICO AND THE VIRGIN ISLANDS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distilled spirits brought into the United States after December 31, 2009.

SEC. 145. AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.

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

(1) by striking ''first 4 taxable years'' and inserting ''first 5 taxable years'', and

(2) by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

TITLE II—COMMUNITY ASSISTANCE PROVISIONS

SEC. 201. EMPOWERMENT ZONE TAX INCENTIVES.

(a) IN GENERAL.—Clause (i) of section 1391(d)(1)(A) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

(1) by striking ''December 31, 2014'' and inserting ''December 31, 2015'', and

(2) by striking ''2014'' in the heading and inserting ''2015''.

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

SEC. 202. RENEWAL COMMUNITY TAX INCENTIVES.

(a) IN GENERAL.—Subsection (b) of section 1400E is amended—

(1) by striking ''December 31, 2009'' in paragraphs (1)(A) and (3) and inserting ''December 31, 2010'', and

(2) by striking ''January 1, 2010'' in paragraph (3) and inserting ''January 1, 2011''.

(b) ZERO-PERCENT CAPITAL GAINS RATE.—

(1) ACQUISITION DATES.—Paragraphs (2)(A)(i), (3)(A), (4)(A)(i), and (4)(B)(i) of section 1400F(b) are each amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(2) LIMITATION ON PERIOD OF GAINS.—Paragraph (2) of section 1400F(c) is amended—

(A) by striking ''December 31, 2014'' and inserting ''December 31, 2015'', and

(B) by striking ''2014'' in the heading and inserting ''2015''.

(3) CLERICAL AMENDMENT.—Subsection (d) of section 1400F is amended by striking ''and 'December 31, 2014' for 'December 31, 2014' ''.

(c) COMMERCIAL REVITALIZATION DEDUCTION.—Subsection (g) of section 1400I is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(d) INCREASED EXPENSING UNDER SECTION 179.—Subparagraph (A) of section 1400J(b)(1) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to periods after December 31, 2009.

(2) ACQUISITIONS.—The amendments made by subsection (b)(1) and (d) shall apply to acquisitions after December 31, 2009.

(3) COMMERCIAL REVITALIZATION DEDUCTION.—The amendment made by subsection (c) shall apply to building placed in service after December 31, 2009.

SEC. 203. NEW MARKETS TAX CREDIT.

(a) IN GENERAL.—Subparagraph (F) of section 45D(f)(1) is amended by inserting ''and 2010'' after ''2009''.

(b) CARRYOVER OF UNUSED LIMITATION.—Paragraph (3) of section 45D(f) is amended by striking ''2014'' and inserting ''2015''.

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

SEC. 204. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) IN GENERAL.—Subsection (f) of section 1400 is amended by striking ''December 31, 2009'' each place it appears and inserting ''December 31, 2010''.

(b) TAX-EXEMPT DC EMPOWERMENT ZONE BONDS.—Subsection (b) of section 1400A is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(c) ZERO-PERCENT CAPITAL GAINS RATE.—

(1) ACQUISITION DATES.—Paragraphs (2)(A)(i), (3)(A), (4)(A)(i), and (4)(B)(i)(I) of section 1400B(b) are each amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(2) LIMITATION ON PERIOD OF ZERO-PERCENT CAPITAL GAINS.—

(A) IN GENERAL.—Paragraph (2) of section 1400B(e) is amended—

(i) by striking ''December 31, 2014'' and inserting ''December 31, 2015'', and

(ii) by striking ''2014'' in the heading and inserting ''2015''.

(B) INTERESTS IN PARTNERSHIP AND S CORPORATIONS.—Paragraph (2) of section 1400B(g) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2015''.

(d) FIRST-TIME HOMEBUYER CREDIT.—Subsection (i) of section 1400C is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to periods after December 31, 2009.

(2) TAX-EXEMPT DC EMPOWERMENT ZONE BONDS.—The amendment made by subsection (b) shall apply to bonds issued after December 31, 2009.

(3) ACQUISITION DATES FOR ZERO-PERCENT CAPITAL GAINS RATE.—The amendments made by subsection (c)(1) shall apply to property acquired or substantially improved after December 31, 2009.

(4) FIRST-TIME HOMEBUYER CREDIT.—The amendment made by subsection (d) shall apply to property purchased after December 31, 2009.

SEC. 205. TAX INCENTIVES FOR NEW YORK LIBERTY ZONE.

(a) BONUS DEPRECIATION FOR NONRESIDENTIAL REAL PROPERTY AND RESIDENTIAL RENTAL PROPERTY.—Subparagraph (A) of section 1400L(b)(2) is amended by striking ''December 31, 2009'' in the last sentence and inserting ''December 31, 2010''.

(b) TAX-EXEMPT BOND FINANCING.—Subparagraph (D) of section 1400L(d)(2) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(c) EFFECTIVE DATES.—

(1) BONUS DEPRECIATION.—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2009.

(2) TAX-EXEMPT BOND FINANCING.—The amendment made by subsection (b) shall apply to bonds issued after December 31, 2009.

SEC. 206. TAX INCENTIVES FOR THE GULF OPPORTUNITY ZONE.

(a) WORK OPPORTUNITY TAX CREDIT FOR CORE DISASTER AREA.—Paragraph (1) of section 201(b) of the Katrina Emergency Tax Relief Act of 2005 is amended by striking ''4-year'' and inserting ''5-year''.

(b) INCREASE IN REHABILITATION CREDIT.—Subsection (h) of section 1400N is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(c) EFFECTIVE DATES.—

(1) WORK OPPORTUNITY TAX CREDIT.—The amendment made by subsection (a) shall apply to individuals hired on or after August 28, 2009.

(2) REHABILITATION CREDIT.—The amendment made by subsection (b) shall apply to amounts paid or incurred after December 31, 2009.

SEC. 207. ELECTION FOR REFUNDABLE LOW-INCOME HOUSING CREDIT FOR 2010.

(a) IN GENERAL.—Section 42 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

''(n) ELECTION FOR REFUNDABLE CREDITS.—

''(1) IN GENERAL.—The housing credit agency of each State shall be allowed a credit in an amount equal to such State's 2010 low-income housing refundable credit election amount which shall be payable by the Secretary as provided in paragraph (5).

''(2) 2010 LOW-INCOME HOUSING REFUNDABLE CREDIT ELECTION AMOUNT.—For purposes of this subsection, the term '2010 low-income housing refundable credit election amount' means, with respect to any State, such amount as the State may elect which does not exceed 85 percent of the product of—

''(A) the sum of—

''(i) 100 percent of the State housing credit ceiling for 2010 which is attributable to amounts described in clauses (i) and (iii) of subsection (h)(3)(C), and

''(ii) 40 percent of the State housing credit ceiling for 2010 which is attributable to amounts described in clauses (ii) and (iv) of such subsection, multiplied by

''(B) 10.

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

''(4) SPECIAL RULE FOR BASIS.—Basis of a qualified low-income building shall not be reduced by the amount of any payment made under this subsection.

''(5) PAYMENT OF CREDIT; USE TO FINANCE LOW-INCOME BUILDINGS.—The Secretary shall pay to the housing credit agency of each State an amount equal to the credit allowed under paragraph (1). Rules similar to the rules of subsections (c) and (d) of section 1602 of the American Recovery and Reinvestment Tax Act of 2009 shall apply with respect to any payment made under this paragraph, except that such subsection (d) shall be applied by substituting 'January 1, 2012' for 'January 1, 2011'.''.

(b) CONFORMING AMENDMENT.—Section 1324(b)(2) of title 31, United States Code, is amended by inserting ''42(n),'' after ''36A,''.

TITLE III—DISASTER RELIEF PROVISIONS

SEC. 301. DEDUCTIBILITY OF PERSONAL CASUALTY LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED DISASTERS.

(a) IN GENERAL.—Subclause (I) of section 165(h)(3)(B)(i) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(b) EXTENSION OF $500 LIMITATION.—Paragraph (1) of section 165(h) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to losses attributable to disasters occurring after December 31, 2009.

(2) EXTENSION OF $500 LIMITATION.—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 2009.

SEC. 302. EXPENSING OF CERTAIN QUALIFIED DISASTER EXPENSES.

(a) IN GENERAL.—Subparagraph (A) of section 198A(b)(2) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenditures on account of disasters occurring after December 31, 2009.

SEC. 303. 5-YEAR CARRYBACK OF NET OPERATING LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED DISASTERS.

(a) IN GENERAL.—Subclause (I) of section 172(j)(1)(A)(i) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to losses attributable to disasters occurring after December 31, 2009.

SEC. 304. WAIVER OF CERTAIN MORTGAGE REVENUE BOND REQUIREMENTS FOR RESIDENCES LOCATED IN FEDERALLY DECLARED DISASTER AREAS.

(a) IN GENERAL.—Paragraph (11) of section 143(k) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(b) SPECIAL RULE FOR RESIDENCES DESTROYED IN FEDERALLY DECLARED DISASTER AREAS.—Paragraph (13) of section 143(k), as redesignated under subsection (c), is amended by striking ''January 1, 2010'' in subparagraphs (A)(i) and (B)(i) and inserting ''January 1, 2011''.

(c) TECHNICAL AMENDMENT.—Subsection (k) of section 143 is amended by redesignating

the second paragraph (12) (relating to special rules for residences destroyed in Federally declared disasters) as paragraph (13).

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to bonds issued after December 31, 2009.

(2) RESIDENCES DESTROYED IN FEDERALLY DECLARED DISASTER AREAS.—The amendments made by subsection (b) shall apply with respect to disasters occurring after December 31, 2009.

(3) TECHNICAL AMENDMENT.—The amendment made by subsection (c) shall take effect as if included in section 709 of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008.

SEC. 305. EXPENSING AND SPECIAL DEPRECIATION ALLOWANCE FOR QUALIFIED DISASTER ASSISTANCE PROPERTY.

(a) IN GENERAL.—Subclause (I) of section 168(n)(2)(A)(ii) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disasters occurring after December 31, 2009.

TITLE IV—ENERGY PROVISIONS

SEC. 401. INCENTIVES FOR BIODIESEL AND RENEWABLE DIESEL.

(a) CREDITS FOR BIODIESEL AND RENEWABLE DIESEL USED AS FUEL.—Subsection (g) of section 40A is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(b) EXCISE TAX CREDITS AND PAYMENTS FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIXTURES.—

(1) Paragraph (6) of section 6426(c) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(2) Subparagraph (B) of section 6427(e)(6) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and uses after December 31, 2009.

SEC. 402. ALTERNATIVE MOTOR VEHICLE CREDIT FOR HEAVY HYBRIDS.

(a) IN GENERAL.—Paragraph (3) of section 30B(k) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property purchased after December 31, 2009.

SEC. 403. ALTERNATIVE FUEL CREDIT FOR NATURAL GAS AND LIQUIFIED PETROLEUM GAS.

(a) IN GENERAL.—Paragraph (5) of section 6426(d) is amended by striking ''after December 31, 2009'' and all that follows and inserting ''after—

''(A) September 30, 2014, in the case of liquefied hydrogen,

''(B) December 31, 2010, in the case of—

''(i) compressed or liquified natural gas, and

''(ii) liquified petroleum gas (other than for use as fuel in a forklift), and

''(C) December 31, 2009, in any other case.''.

(b) PAYMENT AUTHORITY.—Paragraph (6) of section 6427(e) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting a comma and by adding at the end the following new subparagraphs:

''(E) any alternative fuel (as so defined) involving compressed or liquified natural gas sold or used after December 31, 2010, and

''(F) any alternative fuel (as so defined) involving liquified petroleum gas (other than for use as fuel in a forklift) sold or used after December 31, 2010.''.

(c) CONFORMING AMENDMENT.—Subparagraph (C) of section 6427(e)(6) is amended by inserting ''(E), or (F)'' after ''subparagraph (D)''.

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

SEC. 404. SPECIAL RULE FOR SALES OR DISPOSITIONS TO IMPLEMENT FERC OR STATE ELECTRIC RESTRUCTURING POLICY FOR QUALIFIED ELECTRIC UTILITIES.

(a) IN GENERAL.—Paragraph (3) of section 451(i) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2011''.

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

TITLE V—FOREIGN ACCOUNT TAX COMPLIANCE

Subtitle A—Increased Disclosure of Beneficial Owners

SEC. 501. REPORTING ON CERTAIN FOREIGN ACCOUNTS.

(a) IN GENERAL.—The Internal Revenue Code of 1986 is amended by inserting after chapter 3 the following new chapter:

''CHAPTER 4—TAXES TO ENFORCE REPORTING ON CERTAIN FOREIGN ACCOUNTS

''SEC. 1471. WITHHOLDABLE PAYMENTS TO FOREIGN FINANCIAL INSTITUTIONS.

''(a) IN GENERAL.—In the case of any withholdable payment to a foreign financial institution which does not meet the requirements of subsection (b), the withholding agent with respect to such payment shall deduct and withhold from such payment a tax equal to 30 percent of the amount of such payment.

''(b) REPORTING REQUIREMENTS, ETC.—

''(1) IN GENERAL.—The requirements of this subsection are met with respect to any foreign financial institution if an agreement is in effect between such institution and the Secretary under which such institution agrees—

''(A) to obtain such information regarding each holder of each account maintained by such institution as is necessary to determine which (if any) of such accounts are United States accounts,

''(B) to comply with such verification and due diligence procedures as the Secretary may require with respect to the identification of United States accounts,

''(C) in the case of any United States account maintained by such institution, to report on an annual basis the information described in subsection (c) with respect to such account,

''(D) to deduct and withhold a tax equal to 30 percent of—

''(i) any passthru payment which is made by such institution to a recalcitrant account holder or another foreign financial institution which does not meet the requirements of this subsection, and

''(ii) in the case of any passthru payment which is made by such institution to a foreign financial institution which has in effect an election under paragraph (3) with respect to such payment, so much of such payment as is allocable to accounts held by recalcitrant account holders or foreign financial institutions which do not meet the requirements of this subsection,

''(E) to comply with requests by the Secretary for additional information with respect to any United States account maintained by such institution, and

''(F) in any case in which any foreign law would (but for a waiver described in clause (i)) prevent the reporting of any information referred to in this subsection or subsection (c) with respect to any United States account maintained by such institution—

''(i) to attempt to obtain a valid and effective waiver of such law from each holder of such account, and

''(ii) if a waiver described in clause (i) is not obtained from each such holder within a reasonable period of time, to close such account.

Any agreement entered into under this subsection may be terminated by the Secretary upon a determination by the Secretary that the foreign financial institution is out of compliance with such agreement.

''(2) FINANCIAL INSTITUTIONS DEEMED TO MEET REQUIREMENTS IN CERTAIN CASES.—A foreign financial institution may be treated by the Secretary as meeting the requirements of this subsection if—

''(A) such institution—

''(i) complies with such procedures as the Secretary may prescribe to ensure that such institution does not maintain United States accounts, and

''(ii) meets such other requirements as the Secretary may prescribe with respect to accounts of other foreign financial institutions maintained by such institution, or

''(B) such institution is a member of a class of institutions with respect to which the Secretary has determined that the application of this section is not necessary to carry out the purposes of this section.

''(3) ELECTION TO BE WITHHELD UPON RATHER THAN WITHHOLD ON PAYMENTS TO RECALCITRANT ACCOUNT HOLDERS AND NONPARTICIPATING FOREIGN FINANCIAL INSTITUTIONS.—In the case of a foreign financial institution which meets the requirements of this subsection and such other requirements as the Secretary may provide and which elects the application of this paragraph—

''(A) the requirements of paragraph (1)(D) shall not apply,

''(B) the withholding tax imposed under subsection (a) shall apply with respect to any withholdable payment to such institution to the extent such payment is allocable to accounts held by recalcitrant account holders or foreign financial institutions which do not meet the requirements of this subsection, and

''(C) the agreement described in paragraph (1) shall—

''(i) require such institution to notify the withholding agent with respect to each such payment of the institution's election under this paragraph and such other information as may be necessary for the withholding agent to determine the appropriate amount to deduct and withhold from such payment, and

''(ii) include a waiver of any right under any treaty of the United States with respect to any amount deducted and withheld pursuant to an election under this paragraph.

To the extent provided by the Secretary, the election under this paragraph may be made with respect to certain classes or types of accounts of the foreign financial institution.

''(c) INFORMATION REQUIRED TO BE REPORTED ON UNITED STATES ACCOUNTS.—

''(1) IN GENERAL.—The agreement described in subsection (b) shall require the foreign financial institution to report the following with respect to each United States account maintained by such institution:

''(A) The name, address, and TIN of each account holder which is a specified United States person and, in the case of any account holder which is a United States owned foreign entity, the name, address, and TIN of each substantial United States owner of such entity.

''(B) The account number.

''(C) The account balance or value (determined at such time and in such manner as the Secretary may provide).

''(D) The gross receipts and gross withdrawals or payments from the account (determined for such period and in such manner as the Secretary may provide).

''(2) ELECTION TO BE SUBJECT TO SAME REPORTING AS UNITED STATES FINANCIAL INSTITUTIONS.—In the case of a foreign financial institution which elects the application of this paragraph—

''(A) subparagraphs (C) and (D) of paragraph (1) shall not apply, and

''(B) the agreement described in subsection (b) shall require such foreign financial institution to report such information with respect to each United States account maintained by such institution as such institution would be required to report under sections 6041, 6042, 6045, and 6049 if—

''(i) such institution were a United States person, and

''(ii) each holder of such account which is a specified United States person or United States owned foreign entity were a natural person and citizen of the United States.

An election under this paragraph shall be made at such time, in such manner, and subject to such conditions as the Secretary may provide.

''(3) SEPARATE REQUIREMENTS FOR QUALIFIED INTERMEDIARIES.—In the case of a foreign financial institution which is treated as a qualified intermediary by the Secretary for purposes of section 1441 and the regulations issued thereunder, the requirements of this section shall be in addition to any reporting or other requirements imposed by the Secretary for purposes of such treatment.

''(d) DEFINITIONS.—For purposes of this section—

''(1) UNITED STATES ACCOUNT.—

''(A) IN GENERAL.—The term 'United States account' means any financial account which is held by one or more specified United States persons or United States owned foreign entities.

''(B) EXCEPTION FOR CERTAIN ACCOUNTS HELD BY INDIVIDUALS.—Unless the foreign financial institution elects to not have this subparagraph apply, such term shall not include any depository account maintained by such financial institution if—

''(i) each holder of such account is a natural person, and

''(ii) with respect to each holder of such account, the aggregate value of all depository accounts held (in whole or in part) by such holder and maintained by the same financial institution which maintains such account does not exceed $50,000.

To the extent provided by the Secretary, financial institutions which are members of the same expanded affiliated group shall be treated for purposes of clause (ii) as a single financial institution.

''(C) ELIMINATION OF DUPLICATIVE REPORTING REQUIREMENTS.—Such term shall not include any financial account in a foreign financial institution if—

''(i) such account is held by another financial institution which meets the requirements of subsection (b), or

''(ii) the holder of such account is otherwise subject to information reporting requirements which the Secretary determines would make the reporting required by this section with respect to United States accounts duplicative.

''(2) FINANCIAL ACCOUNT.—The term 'financial account' means, with respect to any financial institution—

''(A) any depository account maintained by such financial institution,

''(B) any custodial account maintained by such financial institution, and

''(C) except as otherwise provided by the Secretary, any equity or debt interest in such financial institution (other than interests which are regularly traded on an established securities market).

Any equity or debt interest which constitutes a financial account under subparagraph (C) with respect to any financial institution shall be treated for purposes of this section as maintained by such financial institution.

''(3) UNITED STATES OWNED FOREIGN ENTITY.—The term 'United States owned foreign entity' means any foreign entity which has one or more substantial United States owners.

''(4) FOREIGN FINANCIAL INSTITUTION.—The term 'foreign financial institution' means any financial institution which is a foreign entity. Except as otherwise provided by the Secretary, such term shall not include a financial institution which is organized under the laws of any possession of the United States.

''(5) FINANCIAL INSTITUTION.—Except as otherwise provided by the Secretary, the term 'financial institution' means any entity that—

''(A) accepts deposits in the ordinary course of a banking or similar business,

''(B) is engaged in the business of holding financial assets for the account of others, or

''(C) is engaged (or holding itself out as being engaged) primarily in the business of investing, reinvesting, or trading in securities (as defined in section 475(c)(2) without regard to the last sentence thereof), partnership interests, commodities (as defined in section 475(e)(2)), or any interest (including a futures or forward contract or option) in such securities, partnership interests, or commodities.

''(6) RECALCITRANT ACCOUNT HOLDER.—The term 'recalcitrant account holder' means any account holder which—

''(A) fails to comply with reasonable requests for the information referred to in subsection (b)(1)(A) or (c)(1)(A), or

''(B) fails to provide a waiver described in subsection (b)(1)(F) upon request.

''(7) PASSTHRU PAYMENT.—The term 'passthru payment' means any withholdable payment or other payment which is attributable to a withholdable payment.

''(e) AFFILIATED GROUPS.—

''(1) IN GENERAL.—The requirements of subsections (b) and (c)(1) shall apply—

''(A) with respect to United States accounts maintained by the foreign financial institution, and

''(B) except as otherwise provided by the Secretary, with respect to United States accounts maintained by each other foreign financial institution (other than any foreign financial institution which meets the requirements of subsection (b)) which is a member of the same expanded affiliated group as such foreign financial institution.

''(2) EXPANDED AFFILIATED GROUP.—For purposes of this section, the term 'expanded affiliated group' means an affiliated group as defined in section 1504(a), determined—

''(A) by substituting 'more than 50 percent' for 'at least 80 percent' each place it appears, and

''(B) without regard to paragraphs (2) and (3) of section 1504(b).

A partnership or any other entity (other than a corporation) shall be treated as a member of an expanded affiliated group if such entity is controlled (within the meaning of section 954(d)(3)) by members of such group (including any entity treated as a member of such group by reason of this sentence).

''(f) EXCEPTION FOR CERTAIN PAYMENTS.—Subsection (a) shall not apply to any payment if the beneficial owner of such payment is—

''(1) any foreign government, any political subdivision of a foreign government, or any wholly owned agency or instrumentality of any one or more of the foregoing,

''(2) any international organization or any wholly owned agency or instrumentality thereof,

''(3) any foreign central bank of issue, or

''(4) any other class of persons identified by the Secretary for purposes of this subsection as posing a low risk of tax evasion.

''SEC. 1472. WITHHOLDABLE PAYMENTS TO OTHER FOREIGN ENTITIES.

''(a) IN GENERAL.—In the case of any withholdable payment to a non-financial foreign entity, if—

''(1) the beneficial owner of such payment is such entity or any other non-financial foreign entity, and

''(2) the requirements of subsection (b) are not met with respect to such beneficial owner,

then the withholding agent with respect to such payment shall deduct and withhold from such payment a tax equal to 30 percent of the amount of such payment.

''(b) REQUIREMENTS FOR WAIVER OF WITHHOLDING.—The requirements of this subsection are met with respect to the beneficial owner of a payment if—

''(1) such beneficial owner or the payee provides the withholding agent with either—

''(A) a certification that such beneficial owner does not have any substantial United States owners, or

''(B) the name, address, and TIN of each substantial United States owner of such beneficial owner,

''(2) the withholding agent does not know, or have reason to know, that any information provided under paragraph (1) is incorrect, and

''(3) the withholding agent reports the information provided under paragraph (1)(B) to the Secretary in such manner as the Secretary may provide.

''(c) EXCEPTIONS.—Subsection (a) shall not apply to—

''(1) except as otherwise provided by the Secretary, any payment beneficially owned by—

''(A) any corporation the stock of which is regularly traded on an established securities market,

''(B) any corporation which is a member of the same expanded affiliated group (as defined in section 1471(e)(2) without regard to the last sentence thereof) as a corporation described in subparagraph (A),

''(C) any entity which is organized under the laws of a possession of the United States and which is wholly owned by one or more bona fide residents (as defined in section 937(a)) of such possession,

''(D) any foreign government, any political subdivision of a foreign government, or any wholly owned agency or instrumentality of any one or more of the foregoing,

''(E) any international organization or any wholly owned agency or instrumentality thereof,

''(F) any foreign central bank of issue, or

''(G) any other class of persons identified by the Secretary for purposes of this subsection, and

''(2) any class of payments identified by the Secretary for purposes of this subsection as posing a low risk of tax evasion.

''(d) NON-FINANCIAL FOREIGN ENTITY.—For purposes of this section, the term 'non-financial foreign entity' means any foreign entity which is not a financial institution (as defined in section 1471(d)(5)).

''SEC. 1473. DEFINITIONS.

''For purposes of this chapter—

''(1) WITHHOLDABLE PAYMENT.—Except as otherwise provided by the Secretary—

''(A) IN GENERAL.—The term 'withholdable payment' means—

''(i) any payment of interest (including any original issue discount), dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, and other fixed or determinable annual or periodical gains, profits, and income, if such payment is from sources within the United States, and

''(ii) any gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States.

''(B) EXCEPTION FOR INCOME CONNECTED WITH UNITED STATES BUSINESS.—Such term shall not include any item of income which is taken into account under section 871(b)(1) or 882(a)(1) for the taxable year.

''(C) SPECIAL RULE FOR SOURCING INTEREST PAID BY FOREIGN BRANCHES OF DOMESTIC FINANCIAL INSTITUTIONS.—Subparagraph (B) of section 861(a)(1) shall not apply.

''(2) SUBSTANTIAL UNITED STATES OWNER.—

''(A) IN GENERAL.—The term 'substantial United States owner' means—

''(i) with respect to any corporation, any specified United States person which owns, directly or indirectly, more than 10 percent of the stock of such corporation (by vote or value),

''(ii) with respect to any partnership, any specified United States person which owns, directly or indirectly, more than 10 percent of the profits interests or capital interests in such partnership, and

''(iii) in the case of a trust—

''(I) any specified United States person treated as an owner of any portion of such trust under subpart E of part I of subchapter J of chapter 1, and

''(II) to the extent provided by the Secretary in regulations or other guidance, any specified United States person which holds, directly or indirectly, more than 10 percent of the beneficial interests of such trust.

''(B) SPECIAL RULE FOR INVESTMENT VEHICLES.—In the case of any financial institution described in section 1471(d)(5)(C), clauses (i), (ii), and (iii) of subparagraph (A) shall be applied by substituting '0 percent' for '10 percent'.

''(3) SPECIFIED UNITED STATES PERSON.—Except as otherwise provided by the Secretary, the term 'specified United States person' means any United States person other than—

''(A) any corporation the stock of which is regularly traded on an established securities market,

''(B) any corporation which is a member of the same expanded affiliated group (as defined in section 1471(e)(2) without regard to the last sentence thereof) as a corporation the stock of which is regularly traded on an established securities market,

''(C) any organization exempt from taxation under section 501(a) or an individual retirement plan,

''(D) the United States or any wholly owned agency or instrumentality thereof,

''(E) any State, the District of Columbia, any possession of the United States, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing,

''(F) any bank (as defined in section 581),

''(G) any real estate investment trust (as defined in section 856),

''(H) any regulated investment company (as defined in section 851),

''(I) any common trust fund (as defined in section 584(a)), and

''(J) any trust which—

''(i) is exempt from tax under section 664(c), or

''(ii) is described in section 4947(a)(1).

''(4) WITHHOLDING AGENT.—The term 'withholding agent' means all persons, in whatever capacity acting, having the control, receipt, custody, disposal, or payment of any withholdable payment.

''(5) FOREIGN ENTITY.—The term 'foreign entity' means any entity which is not a United States person.

''SEC. 1474. SPECIAL RULES.

''(a) LIABILITY FOR WITHHELD TAX.—Every person required to deduct and withhold any tax under this chapter is hereby made liable for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this chapter.

''(b) CREDITS AND REFUNDS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the determination of whether any tax deducted and withheld under this chapter results in an overpayment by the beneficial owner of the payment to which such tax is attributable shall be made as if such tax had been deducted and withheld under subchapter A of chapter 3.

''(2) SPECIAL RULE WHERE FOREIGN FINANCIAL INSTITUTION IS BENEFICIAL OWNER OF PAYMENT.—

''(A) IN GENERAL.—In the case of any tax properly deducted and withheld under section 1471 from a specified financial institution payment—

''(i) if the foreign financial institution referred to in subparagraph (B) with respect to such payment is entitled to a reduced rate of tax with respect to such payment by reason of any treaty obligation of the United States—

''(I) the amount of any credit or refund with respect to such tax shall not exceed the amount of credit or refund attributable to such reduction in rate, and

''(II) no interest shall be allowed or paid with respect to such credit or refund, and

''(ii) if such foreign financial institution is not so entitled, no credit or refund shall be allowed or paid with respect to such tax.

''(B) SPECIFIED FINANCIAL INSTITUTION PAYMENT.—The term 'specified financial institution payment' means any payment if the beneficial owner of such payment is a foreign financial institution.

''(3) REQUIREMENT TO IDENTIFY SUBSTANTIAL UNITED STATES OWNERS.—No credit or refund shall be allowed or paid with respect to any tax properly deducted and withheld under this chapter unless the beneficial owner of the payment provides the Secretary such information as the Secretary may require to determine whether such beneficial owner is a United States owned foreign entity (as defined in section 1471(d)(3)) and the identity of any substantial United States owners of such entity.

''(c) CONFIDENTIALITY OF INFORMATION.—

''(1) IN GENERAL.—For purposes of this chapter, rules similar to the rules of section 3406(f) shall apply.

''(2) DISCLOSURE OF LIST OF PARTICIPATING FOREIGN FINANCIAL INSTITUTIONS PERMITTED.—The identity of a foreign financial institution which meets the requirements of section 1471(b) shall not be treated as return information for purposes of section 6103.

''(d) COORDINATION WITH OTHER WITHHOLDING PROVISIONS.—The Secretary shall provide for the coordination of this chapter with other withholding provisions under this title, including providing for the proper crediting of amounts deducted and withheld under this chapter against amounts required to be deducted and withheld under such other provisions.

''(e) TREATMENT OF WITHHOLDING UNDER AGREEMENTS.—Any tax deducted and withheld pursuant to an agreement described in section 1471(b) shall be treated for purposes of this title as a tax deducted and withheld by a withholding agent under section 1471(a).

''(f) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this chapter.''.

(b) SPECIAL RULE FOR INTEREST ON OVERPAYMENTS.—Subsection (e) of section 6611 is amended by adding at the end the following new paragraph:

''(4) CERTAIN WITHHOLDING TAXES.—In the case of any overpayment resulting from tax deducted and withheld under chapter 3 or 4, paragraphs (1), (2), and (3) shall be applied by substituting '180 days' for '45 days' each place it appears.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 6414 is amended by inserting ''or 4'' after ''chapter 3''.

(2) Paragraph (1) of section 6501(b) is amended by inserting ''4,'' after ''chapter 3,''.

(3) Paragraph (2) of section 6501(b) is amended—

(A) by inserting ''4,'' after ''chapter 3,'' in the text thereof, and

(B) by striking ''TAXES AND TAX IMPOSED BY CHAPTER 3'' in the heading thereof and inserting ''AND WITHHOLDING TAXES''.

(4) Paragraph (3) of section 6513(b) is amended—

(A) by inserting ''or 4'' after ''chapter 3'', and

(B) by inserting ''or 1474(b)'' after ''section 1462''.

(5) Subsection (c) of section 6513 is amended by inserting ''4,'' after ''chapter 3,''.

(6) Paragraph (1) of section 6724(d) is amended by inserting ''under chapter 4 or'' after ''filed with the Secretary'' in the last sentence thereof.

(7) Paragraph (2) of section 6724(d) is amended by inserting ''or 4'' after ''chapter 3''.

(8) The table of chapters of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''CHAPTER 4. TAXES TO ENFORCE REPORTING ON CERTAIN FOREIGN ACCOUNTS.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to payments made after December 31, 2012.

(2) GRANDFATHERED TREATMENT OF OUTSTANDING OBLIGATIONS.—The amendments made by this section shall not require any amount to be deducted or withheld from any payment under any obligation outstanding

on the date which is 2 years after the date of the enactment of this Act.

(3) INTEREST ON OVERPAYMENTS.—The amendment made by subsection (b) shall apply—

(A) in the case of such amendment's application to paragraph (1) of section 6611(e) of the Internal Revenue Code of 1986, to returns the due date for which (determined without regard to extensions) is after the date of the enactment of this Act,

(B) in the case of such amendment's application to paragraph (2) of such section, to claims for credit or refund of any overpayment filed after the date of the enactment of this Act (regardless of the taxable period to which such refund relates), and

(C) in the case of such amendment's application to paragraph (3) of such section, to refunds paid after the date of the enactment of this Act (regardless of the taxable period to which such refund relates).

SEC. 502. REPEAL OF CERTAIN FOREIGN EXCEPTIONS TO REGISTERED BOND REQUIREMENTS.

(a) REPEAL OF EXCEPTION TO DENIAL OF DEDUCTION FOR INTEREST ON NON-REGISTERED BONDS.—

(1) IN GENERAL.—Paragraph (2) of section 163(f) is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (A) of section 163(f)(2) is amended by inserting ''or'' at the end of clause (ii), by striking '', or'' at the end of clause (iii) and inserting a period, and by striking clause (iv).

(B) Subparagraph (B) of section 163(f)(2), as redesignated by paragraph (1), is amended—

(i) by striking '', and subparagraph (B),'' in the matter preceding clause (i), and

(ii) by amending clause (i) to read as follows:

''(i) such obligation is of a type which the Secretary has determined by regulations to be used frequently in avoiding Federal taxes, and''.

(C) Sections 165(j)(2)(A) and 1287(b)(1) are each amended by striking ''except that clause (iv) of subparagraph (A), and subparagraph (B), of such section shall not apply''.

(b) REPEAL OF TREATMENT AS PORTFOLIO DEBT.—

(1) IN GENERAL.—Paragraph (2) of section 871(h) is amended to read as follows:

''(2) PORTFOLIO INTEREST.—For purposes of this subsection, the term 'portfolio interest' means any interest (including original issue discount) which—

''(A) would be subject to tax under subsection (a) but for this subsection, and

''(B) is paid on an obligation—

''(i) which is in registered form, and

''(ii) with respect to which—

''(I) the United States person who would otherwise be required to deduct and withhold tax from such interest under section 1441(a) receives a statement (which meets the requirements of paragraph (5)) that the beneficial owner of the obligation is not a United States person, or

''(II) the Secretary has determined that such a statement is not required in order to carry out the purposes of this subsection.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 871(h)(3)(A) is amended by striking ''subparagraph (A) or (B) of''.

(B) Paragraph (2) of section 881(c) is amended to read as follows:

''(2) PORTFOLIO INTEREST.—For purposes of this subsection, the term 'portfolio interest' means any interest (including original issue discount) which—

''(A) would be subject to tax under subsection (a) but for this subsection, and

''(B) is paid on an obligation—

''(i) which is in registered form, and

''(ii) with respect to which—

''(I) the person who would otherwise be required to deduct and withhold tax from such interest under section 1442(a) receives a statement which meets the requirements of section 871(h)(5) that the beneficial owner of the obligation is not a United States person, or

''(II) the Secretary has determined that such a statement is not required in order to carry out the purposes of this subsection.''.

(c) DEMATERIALIZED BOOK ENTRY SYSTEMS TREATED AS REGISTERED FORM.—Paragraph (3) of section 163(f) is amended by inserting '', except that a dematerialized book entry system shall be treated as a book entry system described in such section'' before the period at the end.

(d) REPEAL OF EXCEPTION TO REQUIREMENT THAT TREASURY OBLIGATIONS BE IN REGISTERED FORM.—

(1) IN GENERAL.—Subsection (g) of section 3121 of title 31, United States Code, is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) CONFORMING AMENDMENTS.—Paragraph (1) of section 3121(g) of such title is amended—

(A) by adding ''or'' at the end of subparagraph (A),

(B) by striking ''; or'' at the end of subparagraph (B) and inserting a period, and

(C) by striking subparagraph (C).

(e) PRESERVATION OF EXCEPTION FOR EXCISE TAX PURPOSES.—Paragraph (1) of section 4701(b) is amended to read as follows:

''(1) REGISTRATION-REQUIRED OBLIGATION.—

''(A) IN GENERAL.—The term 'registration-required obligation' has the same meaning as when used in section 163(f), except that such term shall not include any obligation which—

''(i) is required to be registered under section 149(a), or

''(ii) is described in subparagraph (B).

''(B) CERTAIN OBLIGATIONS NOT INCLUDED.—An obligation is described in this subparagraph if—

''(i) there are arrangements reasonably designed to ensure that such obligation will be sold (or resold in connection with the original issue) only to a person who is not a United States person,

''(ii) interest on such obligation is payable only outside the United States and its possessions, and

''(iii) on the face of such obligation there is a statement that any United States person who holds such obligation will be subject to limitations under the United States income tax laws.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date which is 2 years after the date of the enactment of this Act.

Subtitle B—Under Reporting With Respect to Foreign Assets

SEC. 511. DISCLOSURE OF INFORMATION WITH RESPECT TO FOREIGN FINANCIAL ASSETS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 is amended by inserting after section 6038C the following new section:

''SEC. 6038D. INFORMATION WITH RESPECT TO FOREIGN FINANCIAL ASSETS.

''(a) IN GENERAL.—Any individual who, during any taxable year, holds any interest in a specified foreign financial asset shall attach to such person's return of tax imposed by subtitle A for such taxable year the information described in subsection (c) with respect to each such asset if the aggregate value of all such assets exceeds $50,000 (or such higher dollar amount as the Secretary may prescribe).

''(b) SPECIFIED FOREIGN FINANCIAL ASSETS.—For purposes of this section, the term 'specified foreign financial asset' means—

''(1) any financial account (as defined in section 1471(d)(2)) maintained by a foreign financial institution (as defined in section 1471(d)(4)), and

''(2) any of the following assets which are not held in an account maintained by a financial institution (as defined in section 1471(d)(5))—

''(A) any stock or security issued by a person other than a United States person,

''(B) any financial instrument or contract held for investment that has an issuer or counterparty which is other than a United States person, and

''(C) any interest in a foreign entity (as defined in section 1473).

''(c) REQUIRED INFORMATION.—The information described in this subsection with respect to any asset is:

''(1) In the case of any account, the name and address of the financial institution in which such account is maintained and the number of such account.

''(2) In the case of any stock or security, the name and address of the issuer and such information as is necessary to identify the class or issue of which such stock or security is a part.

''(3) In the case of any other instrument, contract, or interest—

''(A) such information as is necessary to identify such instrument, contract, or interest, and

''(B) the names and addresses of all issuers and counterparties with respect to such instrument, contract, or interest.

''(4) The maximum value of the asset during the taxable year.

''(d) PENALTY FOR FAILURE TO DISCLOSE.—

''(1) IN GENERAL.—If any individual fails to furnish the information described in subsection (c) with respect to any taxable year at the time and in the manner described in subsection (a), such person shall pay a penalty of $10,000.

''(2) INCREASE IN PENALTY WHERE FAILURE CONTINUES AFTER NOTIFICATION.—If any failure described in paragraph (1) continues for more than 90 days after the day on which the Secretary mails notice of such failure to the individual, such individual shall pay a penalty (in addition to the penalties under paragraph (1)) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. The penalty imposed under this paragraph with respect to any failure shall not exceed $50,000.

''(e) PRESUMPTION THAT VALUE OF SPECIFIED FOREIGN FINANCIAL ASSETS EXCEEDS DOLLAR THRESHOLD.—If—

''(1) the Secretary determines that an individual has an interest in one or more specified foreign financial assets, and

''(2) such individual does not provide sufficient information to demonstrate the aggregate value of such assets,

then the aggregate value of such assets shall be treated as being in excess of $50,000 (or such higher dollar amount as the Secretary prescribes for purposes of subsection (a)) for purposes of assessing the penalties imposed under this section.

''(f) APPLICATION TO CERTAIN ENTITIES.—To the extent provided by the Secretary in regulations or other guidance, the provisions of this section shall apply to any domestic entity which is formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets, in the same manner as if such entity were an individual.

''(g) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the required information is not reasonable cause.

''(h) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section, including regulations or other guidance which provide appropriate exceptions from the application of this section in the case of—

''(1) classes of assets identified by the Secretary, including any assets with respect to which the Secretary determines that disclosure under this section would be duplicative of other disclosures,

''(2) nonresident aliens, and

''(3) bona fide residents of any possession of the United States.''.

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6038C the following new item:

''Sec. 6038D. Information with respect to foreign financial assets.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 512. PENALTIES FOR UNDERPAYMENTS ATTRIBUTABLE TO UNDISCLOSED FOREIGN FINANCIAL ASSETS.

(a) IN GENERAL.—Section 6662 is amended—

(1) in subsection (b), by inserting after paragraph (5) the following new paragraph:

''(6) Any undisclosed foreign financial asset understatement.'', and

(2) by adding at the end the following new subsection:

''(i) UNDISCLOSED FOREIGN FINANCIAL ASSET UNDERSTATEMENT.—

''(1) IN GENERAL.—For purposes of this section, the term 'undisclosed foreign financial asset understatement' means, for any taxable year, the portion of the understatement for such taxable year which is attributable to any transaction involving an undisclosed foreign financial asset.

''(2) UNDISCLOSED FOREIGN FINANCIAL ASSET.—For purposes of this subsection, the term 'undisclosed foreign financial asset' means, with respect to any taxable year, any asset with respect to which information was required to be provided under section 6038, 6038B, 6038D, 6046A, or 6048 for such taxable year but was not provided by the taxpayer as required under the provisions of those sections.

''(3) INCREASE IN PENALTY FOR UNDISCLOSED FOREIGN FINANCIAL ASSET UNDERSTATEMENTS.—In the case of any portion of an underpayment which is attributable to any undisclosed foreign financial asset understatement, subsection (a) shall be applied with respect to such portion by substituting '40 percent' for '20 percent'.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 513. MODIFICATION OF STATUTE OF LIMITATIONS FOR SIGNIFICANT OMISSION OF INCOME IN CONNECTION WITH FOREIGN ASSETS.

(a) EXTENSION OF STATUTE OF LIMITATIONS.—

(1) IN GENERAL.—Paragraph (1) of section 6501(e) is amended by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively, and by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

''(A) GENERAL RULE.—If the taxpayer omits from gross income an amount properly includible therein and—

''(i) such amount is in excess of 25 percent of the amount of gross income stated in the return, or

''(ii) such amount—

''(I) is attributable to one or more assets with respect to which information is required to be reported under section 6038D (or would be so required if such section were applied without regard to the dollar threshold specified in subsection (a) thereof and without regard to any exceptions provided pursuant to subsection (h)(1) thereof), and

''(II) is in excess of $5,000,

the tax may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time within 6 years after the return was filed.''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (B) of section 6501(e)(1), as redesignated by paragraph (1), is amended by striking all that precedes clause (i) and inserting the following:

''(B) DETERMINATION OF GROSS INCOME.—For purposes of subparagraph (A)—''.

(B) Paragraph (2) of section 6229(c) is amended by striking ''which is in excess of 25 percent of the amount of gross income stated in its return'' and inserting ''and such amount is described in clause (i) or (ii) of section 6501(e)(1)(A)''.

(b) ADDITIONAL REPORTS SUBJECT TO EXTENDED PERIOD.—Paragraph (8) of section 6501(c) is amended—

(1) by inserting ''pursuant to an election under section 1295(b) or'' before ''under section 6038'',

(2) by inserting ''1298(f),'' before ''6038'', and

(3) by inserting ''6038D,'' after ''6038B,''.

(c) CLARIFICATIONS RELATED TO FAILURE TO DISCLOSE FOREIGN TRANSFERS.—Paragraph (8) of section 6501(c) is amended by striking ''event'' and inserting ''tax return, event,''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) returns filed after the date of the enactment of this Act; and

(2) returns filed on or before such date if the period specified in section 6501 of the Internal Revenue Code of 1986 (determined without regard to such amendments) for assessment of such taxes has not expired as of such date.

Subtitle C—Other Disclosure Provisions

SEC. 521. REPORTING OF ACTIVITIES WITH RESPECT TO PASSIVE FOREIGN INVESTMENT COMPANIES.

(a) IN GENERAL.—Section 1298 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) REPORTING REQUIREMENT.—Except as otherwise provided by the Secretary, each United States person who is a shareholder of a passive foreign investment company shall file an annual report containing such information as the Secretary may require.''.

(b) CONFORMING AMENDMENT.—Subsection (e) of section 1291 is amended by striking '', (d), and (f)'' and inserting ''and (d)''.

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

SEC. 522. SECRETARY PERMITTED TO REQUIRE FINANCIAL INSTITUTIONS TO FILE CERTAIN RETURNS RELATED TO WITHHOLDING ON FOREIGN TRANSFERS ELECTRONICALLY.

(a) IN GENERAL.—Subsection (e) of section 6011 is amended by adding at the end the following new paragraph:

''(3) SPECIAL RULE FOR RETURNS FILED BY FINANCIAL INSTITUTIONS WITH RESPECT TO WITHHOLDING ON FOREIGN TRANSFERS.—Paragraph (2)(A) shall not apply to any return filed by a financial institution (as defined in section 1471(d)(5)) with respect to tax for which such institution is made liable under section 1461 or 1474(a).''.

(b) CONFORMING AMENDMENT.—Subsection (c) of section 6724 is amended by inserting ''or with respect to a return described in section 6011(e)(3)''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to returns the due date for which (determined without regard to extensions) is after the date of the enactment of this Act.

Subtitle D—Provisions Related to Foreign Trusts

SEC. 531. CLARIFICATIONS WITH RESPECT TO FOREIGN TRUSTS WHICH ARE TREATED AS HAVING A UNITED STATES BENEFICIARY.

(a) IN GENERAL.—Paragraph (1) of section 679(c) is amended by adding at the end the following:

''For purposes of subparagraph (A), an amount shall be treated as accumulated for the benefit of a United States person even if the United States person's interest in the trust is contingent on a future event.''.

(b) CLARIFICATION REGARDING DISCRETION TO IDENTIFY BENEFICIARIES.—Subsection (c) of section 679 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE IN CASE OF DISCRETION TO IDENTIFY BENEFICIARIES.—For purposes of paragraph (1)(A), if any person has the discretion (by authority given in the trust agreement, by power of appointment, or otherwise) of making a distribution from the trust to, or for the benefit of, any person, such trust shall be treated as having a beneficiary who is a United States person unless—

''(A) the terms of the trust specifically identify the class of persons to whom such distributions may be made, and

''(B) none of those persons are United States persons during the taxable year.''.

(c) CLARIFICATION THAT CERTAIN AGREEMENTS AND UNDERSTANDINGS ARE TERMS OF THE TRUST.—Subsection (c) of section 679, as amended by subsection (b), is amended by adding at the end the following new paragraph:

''(5) CERTAIN AGREEMENTS AND UNDERSTANDINGS TREATED AS TERMS OF THE TRUST.—For purposes of paragraph (1)(A), if any United States person who directly or indirectly transfers property to the trust is directly or indirectly involved in any agreement or understanding (whether written, oral, or otherwise) that may result in the income or corpus of the trust being paid or accumulated to or for the benefit of a United States person, such agreement or understanding shall be treated as a term of the trust.''.

SEC. 532. PRESUMPTION THAT FOREIGN TRUST HAS UNITED STATES BENEFICIARY.

(a) IN GENERAL.—Section 679 is amended by redesignating subsection (d) as subsection (e)

and inserting after subsection (c) the following new subsection:

''(d) PRESUMPTION THAT FOREIGN TRUST HAS UNITED STATES BENEFICIARY.—If a United States person directly or indirectly transfers property to a foreign trust (other than a trust described in section 6048(a)(3)(B)(ii)), the Secretary may treat such trust as having a United States beneficiary for purposes of applying this section to such transfer unless such person—

''(1) submits such information to the Secretary as the Secretary may require with respect to such transfer, and

''(2) demonstrates to the satisfaction of the Secretary that such trust satisfies the requirements of subparagraphs (A) and (B) of subsection (c)(1).''.

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

SEC. 533. UNCOMPENSATED USE OF TRUST PROPERTY.

(a) IN GENERAL.—Paragraph (1) of section 643(i) is amended—

(1) by striking ''directly or indirectly to'' and inserting ''(or permits the use of any other trust property) directly or indirectly to or by'', and

(2) by inserting ''(or the fair market value of the use of such property)'' after ''the amount of such loan''.

(b) EXCEPTION FOR COMPENSATED USE.—Paragraph (2) of section 643(i) is amended by adding at the end the following new subparagraph:

''(E) EXCEPTION FOR COMPENSATED USE OF PROPERTY.—In the case of the use of any trust property other than a loan of cash or marketable securities, paragraph (1) shall not apply to the extent that the trust is paid the fair market value of such use within a reasonable period of time of such use.''.

(c) APPLICATION TO GRANTOR TRUSTS.—Subsection (c) of section 679, as amended by section 531, is amended by adding at the end the following new paragraph:

''(6) UNCOMPENSATED USE OF TRUST PROPERTY TREATED AS A PAYMENT.—For purposes of this subsection, a loan of cash or marketable securities (or the use of any other trust property) directly or indirectly to or by any United States person (whether or not a beneficiary under the terms of the trust) shall be treated as paid or accumulated for the benefit of a United States person. The preceding sentence shall not apply to the extent that the United States person repays the loan at a market rate of interest (or pays the fair market value of the use of such property) within a reasonable period of time.''.

(d) CONFORMING AMENDMENTS.—Paragraph (3) of section 643(i) is amended—

(1) by inserting ''(or use of property)'' after ''If any loan'',

(2) by inserting ''or the return of such property'' before ''shall be disregarded'', and

(3) by striking ''REGARDING LOAN PRINCIPAL'' in the heading thereof.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to loans made, and uses of property, after the date of the enactment of this Act.

SEC. 534. REPORTING REQUIREMENT OF UNITED STATES OWNERS OF FOREIGN TRUSTS.

(a) IN GENERAL.—Paragraph (1) of section 6048(b) is amended by inserting ''shall submit such information as the Secretary may prescribe with respect to such trust for such year and'' before ''shall be responsible to ensure''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 535. MINIMUM PENALTY WITH RESPECT TO FAILURE TO REPORT ON CERTAIN FOREIGN TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 6677 is amended—

(1) by inserting ''the greater of $10,000 or'' before ''35 percent'', and

(2) by striking the last sentence and inserting the following: ''At such time as the gross reportable amount with respect to any failure can be determined by the Secretary, any subsequent penalty imposed under this subsection with respect to such failure shall be reduced as necessary to assure that the aggregate amount of such penalties do not exceed the gross reportable amount (and to the extent that such aggregate amount already exceeds the gross reportable amount the Secretary shall refund such excess to the taxpayer).''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to notices and returns required to be filed after December 31, 2009.

Subtitle E—Substitute Dividends and Dividend Equivalent Payments Received by Foreign Persons Treated as Dividends

SEC. 541. SUBSTITUTE DIVIDENDS AND DIVIDEND EQUIVALENT PAYMENTS RECEIVED BY FOREIGN PERSONS TREATED AS DIVIDENDS.

(a) IN GENERAL.—Section 871 is amended by redesignating subsection (l) as subsection (m) and by inserting after subsection (k) the following new subsection:

''(l) TREATMENT OF DIVIDEND EQUIVALENT PAYMENTS.—

''(1) IN GENERAL.—For purposes of this section, sections 881 and 4948(a), and chapters 3 and 4, a dividend equivalent shall be treated as a dividend from sources within the United States.

''(2) DIVIDEND EQUIVALENT.—For purposes of this subsection, the term 'dividend equivalent' means—

''(A) any substitute dividend,

''(B) any payment made pursuant to a specified notional principal contract that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and

''(C) any other payment determined by the Secretary to be substantially similar to a payment described in subparagraph (A) or (B).

''(3) SPECIFIED NOTIONAL PRINCIPAL CONTRACT.—For purposes of this subsection, the term 'specified notional principal contract' means—

''(A) any notional principal contract if—

''(i) in connection with entering into such contract, any long party transfers the underlying security,

''(ii) in connection with the termination of such contract, any short party transfers the underlying security to any long party,

''(iii) the underlying security is not readily tradable on an established securities market,

''(iv) in connection with entering into such contract, the underlying security is posted as collateral by any short party to the contract, or

''(v) such contract is identified by the Secretary as a specified notional principal contract,

''(B) in the case of payments made after the date which is 2 years after the date of the enactment of this subsection, any notional principal contract unless the Secretary determines that such contract is of a type which does not have the potential for tax avoidance.

''(4) DEFINITIONS.—For purposes of paragraph (3)(A)—

''(A) LONG PARTY.—The term 'long party' means, with respect to any underlying security of any notional principal contract, any party to the contract which is entitled to receive any payment pursuant to such contract which is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States with respect to such underlying security.

''(B) SHORT PARTY.—The term 'short party' means, with respect to any underlying security of any notional principal contract, any party to the contract which is not a long party with respect to such underlying security.

''(C) UNDERLYING SECURITY.—The term 'underlying security' means, with respect to any notional principal contract, the security with respect to which the dividend referred to in paragraph (2)(B) is paid. For purposes of this paragraph, any index or fixed basket of securities shall be treated as a single security.

''(5) PAYMENTS DETERMINED ON GROSS BASIS.—For purposes of this subsection, the term 'payment' includes any gross amount which is used in computing any net amount which is transferred to or from the taxpayer.

''(6) PREVENTION OF OVER-WITHHOLDING.—In the case of any chain of dividend equivalents one or more of which is subject to tax under this section or section 881, the Secretary may reduce such tax, but only to the extent that the taxpayer can establish that such tax has been paid with respect to another dividend equivalent in such chain. For purposes of this paragraph, a dividend shall be treated as a dividend equivalent.

''(7) COORDINATION WITH CHAPTERS 3 AND 4.—For purposes of chapters 3 and 4, each person that is a party to any contract or other arrangement that provides for the payment of a dividend equivalent shall be treated as having control of such payment.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made on or after the date that is 90 days after the date of the enactment of this Act.

TITLE VI—OTHER REVENUE PROVISIONS

Subtitle A—Partnership Interests Held by Partners Providing Services

SEC. 601. PARTNERSHIP INTERESTS TRANSFERRED IN CONNECTION WITH PERFORMANCE OF SERVICES.

(a) MODIFICATION TO ELECTION TO INCLUDE PARTNERSHIP INTEREST IN GROSS INCOME IN YEAR OF TRANSFER.—Subsection (c) of section 83 is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) PARTNERSHIP INTERESTS.—Except as provided by the Secretary, in the case of any transfer of an interest in a partnership in connection with the provision of services to (or for the benefit of) such partnership—

''(A) the fair market value of such interest shall be treated for purposes of this section as being equal to the amount of the distribution which the partner would receive if the partnership sold (at the time of the transfer) all of its assets at fair market value and distributed the proceeds of such sale (reduced by the liabilities of the partnership) to its partners in liquidation of the partnership, and

''(B) the person receiving such interest shall be treated as having made the election under subsection (b)(1) unless such person makes an election under this paragraph to have such subsection not apply.''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 83(b) is amended by inserting

''or subsection (c)(4)(B)'' after ''paragraph (1)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interests in partnerships transferred after the date of the enactment of this Act.

SEC. 602. INCOME OF PARTNERS FOR PERFORMING INVESTMENT MANAGEMENT SERVICES TREATED AS ORDINARY INCOME RECEIVED FOR PERFORMANCE OF SERVICES.

(a) IN GENERAL.—Part I of subchapter K of chapter 1 is amended by adding at the end the following new section:

''SEC. 710. SPECIAL RULES FOR PARTNERS PROVIDING INVESTMENT MANAGEMENT SERVICES TO PARTNERSHIP.

''(a) TREATMENT OF DISTRIBUTIVE SHARE OF PARTNERSHIP ITEMS.—For purposes of this title, in the case of an investment services partnership interest—

''(1) IN GENERAL.—Notwithstanding section 702(b)—

''(A) any net income with respect to such interest for any partnership taxable year shall be treated as ordinary income, and

''(B) any net loss with respect to such interest for such year, to the extent not disallowed under paragraph (2) for such year, shall be treated as an ordinary loss.

All items of income, gain, deduction, and loss which are taken into account in computing net income or net loss shall be treated as ordinary income or ordinary loss (as the case may be).

''(2) TREATMENT OF LOSSES.—

''(A) LIMITATION.—Any net loss with respect to such interest shall be allowed for any partnership taxable year only to the extent that such loss does not exceed the excess (if any) of—

''(i) the aggregate net income with respect to such interest for all prior partnership taxable years, over

''(ii) the aggregate net loss with respect to such interest not disallowed under this subparagraph for all prior partnership taxable years.

''(B) CARRYFORWARD.—Any net loss for any partnership taxable year which is not allowed by reason of subparagraph (A) shall be treated as an item of loss with respect to such partnership interest for the succeeding partnership taxable year.

''(C) BASIS ADJUSTMENT.—No adjustment to the basis of a partnership interest shall be made on account of any net loss which is not allowed by reason of subparagraph (A).

''(D) PRIOR PARTNERSHIP YEARS.—Any reference in this paragraph to prior partnership taxable years shall only include prior partnership taxable years to which this section applies.

''(3) NET INCOME AND LOSS.—For purposes of this section—

''(A) NET INCOME.—The term 'net income' means, with respect to any investment services partnership interest for any partnership taxable year, the excess (if any) of—

''(i) all items of income and gain taken into account by the holder of such interest under section 702 with respect to such interest for such year, over

''(ii) all items of deduction and loss so taken into account.

''(B) NET LOSS.—The term 'net loss' means, with respect to such interest for such year, the excess (if any) of the amount described in subparagraph (A)(ii) over the amount described in subparagraph (A)(i).

''(b) DISPOSITIONS OF PARTNERSHIP INTERESTS.—

''(1) GAIN.—Any gain on the disposition of an investment services partnership interest shall be treated as ordinary income and shall be recognized notwithstanding any other provision of this subtitle.

''(2) LOSS.—Any loss on the disposition of an investment services partnership interest shall be treated as an ordinary loss to the extent of the excess (if any) of—

''(A) the aggregate net income with respect to such interest for all partnership taxable years, over

''(B) the aggregate net loss with respect to such interest allowed under subsection (a)(2) for all partnership taxable years.

''(3) DISPOSITION OF PORTION OF INTEREST.—In the case of any disposition of an investment services partnership interest, the amount of net loss which otherwise would have (but for subsection (a)(2)(C)) applied to reduce the basis of such interest shall be disregarded for purposes of this section for all succeeding partnership taxable years.

''(4) DISTRIBUTIONS OF PARTNERSHIP PROPERTY.—In the case of any distribution of property by a partnership with respect to any investment services partnership interest held by a partner—

''(A) the excess (if any) of—

''(i) the fair market value of such property at the time of such distribution, over

''(ii) the adjusted basis of such property in the hands of the partnership,

shall be taken into account as an increase in such partner's distributive share of the taxable income of the partnership (except to the extent such excess is otherwise taken into account in determining the taxable income of the partnership),

''(B) such property shall be treated for purposes of subpart B of part II as money distributed to such partner in an amount equal to such fair market value, and

''(C) the basis of such property in the hands of such partner shall be such fair market value.

Subsection (b) of section 734 shall be applied without regard to the preceding sentence.

''(5) APPLICATION OF SECTION 751.—In applying section 751(a), an investment services partnership interest shall be treated as an inventory item.

''(c) INVESTMENT SERVICES PARTNERSHIP INTEREST.—For purposes of this section—

''(1) IN GENERAL.—The term 'investment services partnership interest' means any interest in a partnership which is held (directly or indirectly) by any person if it was reasonably expected (at the time that such person acquired such interest) that such person (or any person related to such person) would provide (directly or indirectly) a substantial quantity of any of the following services with respect to assets held (directly or indirectly) by the partnership:

''(A) Advising as to the advisability of investing in, purchasing, or selling any specified asset.

''(B) Managing, acquiring, or disposing of any specified asset.

''(C) Arranging financing with respect to acquiring specified assets.

''(D) Any activity in support of any service described in subparagraphs (A) through (C).

For purposes of this paragraph, the term 'specified asset' means securities (as defined in section 475(c)(2) without regard to the last sentence thereof), real estate held for rental or investment, interests in partnerships, commodities (as defined in section 475(e)(2)), or options or derivative contracts with respect to any of the foregoing.

''(2) EXCEPTION FOR CERTAIN CAPITAL INTERESTS.—

''(A) IN GENERAL.—In the case of any portion of an investment services partnership interest which is a qualified capital interest, all items of income, gain, loss, and deduction which are allocated to such qualified capital interest shall not be taken into account under subsection (a) if—

''(i) allocations of items are made by the partnership to such qualified capital interest in the same manner as such allocations are made to other qualified capital interests held by partners who do not provide any services described in paragraph (1) and who are not related to the partner holding the qualified capital interest, and

''(ii) the allocations made to such other interests are significant compared to the allocations made to such qualified capital interest.

''(B) SPECIAL RULE FOR NO OR INSIGNIFICANT ALLOCATIONS TO NONSERVICE PROVIDERS.—To the extent provided by the Secretary in regulations or other guidance, in any case in which the requirements of subparagraph (A)(ii) are not satisfied, items of income, gain, loss, and deduction shall not be taken into account under subsection (a) to the extent that such items are properly allocable under such regulations or other guidance to qualified capital interests.

''(C) SPECIAL RULE FOR DISPOSITIONS.—In the case of any investment services partnership interest any portion of which is a qualified capital interest, subsection (b) shall not apply to so much of any gain or loss as bears the same proportion to the entire amount of such gain or loss as—

''(i) the distributive share of gain or loss that would have been allocable to the qualified capital interest under subparagraph (A) if the partnership sold all of its assets immediately before the disposition, bears to

''(ii) the distributive share of gain or loss that would have been so allocable to the investment services partnership interest of which such qualified capital interest is a part.

''(D) QUALIFIED CAPITAL INTEREST.—For purposes of this paragraph, the term 'qualified capital interest' means so much of a partner's interest in the capital of the partnership as is attributable to—

''(i) the fair market value of any money or other property contributed to the partnership in exchange for such interest (determined without regard to section 752(a)) ,

''(ii) any amounts which have been included in gross income under section 83 with respect to the transfer of such interest, and

''(iii) the excess (if any) of—

''(I) any items of income and gain taken into account under section 702 with respect to such interest for taxable years to which this section applies, over

''(II) any items of deduction and loss so taken into account.

The qualified capital interest shall be reduced by distributions from the partnership with respect to such interest for taxable years to which this section applies and by the excess (if any) of the amount described in clause (iii)(II) over the amount described in clause (iii)(I).

''(E) TREATMENT OF CERTAIN LOANS.—

''(i) PROCEEDS OF PARTNERSHIP LOANS NOT TREATED AS QUALIFIED CAPITAL INTEREST OF SERVICE PROVIDING PARTNERS.—For purposes of this paragraph, an investment services partnership interest shall not be treated as a qualified capital interest to the extent that such interest is acquired in connection with the proceeds of any loan or other advance made or guaranteed, directly or indirectly, by any other partner or the partnership (or any person related to any such other partner or the partnership).

''(ii) REDUCTION IN ALLOCATIONS TO QUALIFIED CAPITAL INTERESTS FOR LOANS FROM NONSERVICE PROVIDING PARTNERS TO THE PARTNERSHIP.—For purposes of this paragraph, any loan or other advance to the partnership made or guaranteed, directly or indirectly, by a partner not providing services described in paragraph (1) to the partnership (or any person related to such partner) shall be taken into account in determining the qualified capital interests of the partners in the partnership.

''(3) RELATED PERSONS.—A person shall be treated as related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b).

''(d) OTHER INCOME AND GAIN IN CONNECTION WITH INVESTMENT MANAGEMENT SERVICES.—

''(1) IN GENERAL.—If—

''(A) a person performs (directly or indirectly) investment management services for any entity,

''(B) such person holds (directly or indirectly) a disqualified interest with respect to such entity, and

''(C) the value of such interest (or payments thereunder) is substantially related to the amount of income or gain (whether or not realized) from the assets with respect to which the investment management services are performed,

any income or gain with respect to such interest shall be treated as ordinary income. Rules similar to the rules of subsection (c)(2) shall apply for purposes of this subsection.

''(2) DEFINITIONS.—For purposes of this subsection—

''(A) DISQUALIFIED INTEREST.—

''(i) IN GENERAL.—The term 'disqualified interest' means, with respect to any entity—

''(I) any interest in such entity other than indebtedness,

''(II) convertible or contingent debt of such entity,

''(III) any option or other right to acquire property described in subclause (I) or (II), and

''(IV) any derivative instrument entered into (directly or indirectly) with such entity or any investor in such entity.

''(ii) EXCEPTIONS.—Such term shall not include—

''(I) a partnership interest,

''(II) except as provided by the Secretary, any interest in a taxable corporation, and

''(III) except as provided by the Secretary, stock in an S corporation.

''(B) TAXABLE CORPORATION.—The term 'taxable corporation' means—

''(i) a domestic C corporation, or

''(ii) a foreign corporation substantially all of the income of which is—

''(I) effectively connected with the conduct of a trade or business in the United States, or

''(II) subject to a comprehensive foreign income tax (as defined in section 457A(d)(2)).

''(C) INVESTMENT MANAGEMENT SERVICES.—The term 'investment management services' means a substantial quantity of any of the services described in subsection (c)(1).

''(e) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as is necessary or appropriate to carry out the purposes of this section, including regulations or other guidance to—

''(1) provide modifications to the application of this section (including treating related persons as not related to one another) to the extent such modification is consistent with the purposes of this section,

''(2) prevent the avoidance of the purposes of this section, and

''(3) coordinate this section with the other provisions of this title.

''(f) CROSS REFERENCE.—For 40 percent penalty on certain underpayments due to the avoidance of this section, see section 6662.''.

(b) INCOME FROM INVESTMENT SERVICES PARTNERSHIP INTERESTS NOT TREATED AS QUALIFYING INCOME OF PUBLICLY TRADED PARTNERSHIPS.—Subsection (d) of section 7704 is amended by adding at the end the following new paragraph:

''(6) INCOME FROM INVESTMENT SERVICES PARTNERSHIP INTERESTS NOT QUALIFIED.—

''(A) IN GENERAL.—Items of income and gain shall not be treated as qualifying income if such items are treated as ordinary income by reason of the application of section 710 (relating to special rules for partners providing investment management services to partnership).

''(B) SPECIAL RULES FOR CERTAIN PARTNERSHIPS.—

''(i) CERTAIN PARTNERSHIPS OWNED BY REAL ESTATE INVESTMENT TRUSTS.—Subparagraph (A) shall not apply in the case of a partnership which meets each of the following requirements:

''(I) Such partnership is treated as publicly traded under this section solely by reason of interests in such partnership being convertible into interests in a real estate investment trust which is publicly traded.

''(II) 50 percent or more of the capital and profits interests of such partnership are owned, directly or indirectly, at all times during the taxable year by such real estate investment trust (determined with the application of section 267(c)).

''(III) Such partnership meets the requirements of paragraphs (2), (3), and (4) of section 856(c).

''(ii) CERTAIN PARTNERSHIPS OWNING OTHER PUBLICLY TRADED PARTNERSHIPS.—Subparagraph (A) shall not apply in the case of a partnership which meets each of the following requirements:

''(I) Substantially all of the assets of such partnership consist of interests in one or more publicly traded partnerships (determined without regard to subsection (b)(2)).

''(II) Substantially all of the income of such partnership is ordinary income or section 1231 gain (as defined in section 1231(a)(3)).

''(C) TRANSITIONAL RULE.—In the case of a partnership which is a publicly traded partnership on the date of the enactment of this paragraph, subparagraph (A) shall not apply to any taxable year of the partnership beginning before the date which is 10 years after the date of the enactment of this paragraph.''.

(c) IMPOSITION OF PENALTY ON UNDERPAYMENTS.—

(1) IN GENERAL.—Subsection (b) of section 6662, as amended by section 512, is amended by inserting after paragraph (6) the following new paragraph:

''(7) The application of subsection (d) of section 710 or the regulations prescribed under section 710(e) to prevent the avoidance of the purposes of section 710.''.

(2) AMOUNT OF PENALTY.—

(A) IN GENERAL.—Section 6662, as amended by section 512, is amended by adding at the end the following new subsection:

''(j) INCREASE IN PENALTY IN CASE OF PROPERTY TRANSFERRED FOR INVESTMENT MANAGEMENT SERVICES.—In the case of any portion of an underpayment to which this section applies by reason of subsection (b)(7), subsection (a) shall be applied with respect to such portion by substituting '40 percent' for '20 percent'.''.

(B) CONFORMING AMENDMENTS.—Subparagraph (B) of section 6662A(e)(2) is amended—

(i) by striking ''section 6662(h)'' and inserting ''subsection (h) or (i) of section 6662'', and

(ii) by striking ''GROSS VALUATION MISSTATEMENT PENALTY'' in the heading and inserting ''CERTAIN INCREASED UNDERPAYMENT PENALTIES''.

(3) SPECIAL RULES FOR APPLICATION OF REASONABLE CAUSE EXCEPTION.—Subsection (c) of section 6664 is amended—

(A) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively,

(B) by striking ''paragraph (2)'' in paragraph (4), as so redesignated, and inserting ''paragraph (3)'', and

(C) by inserting after paragraph (1) the following new paragraph:

''(2) SPECIAL RULE FOR UNDERPAYMENTS ATTRIBUTABLE TO INVESTMENT MANAGEMENT SERVICES.—

''(A) IN GENERAL.—Paragraph (1) shall not apply to any portion of an underpayment to which this section applies by reason of subsection (b)(7) unless—

''(i) the relevant facts affecting the tax treatment of the item are adequately disclosed,

''(ii) there is or was substantial authority for such treatment, and

''(iii) the taxpayer reasonably believed that such treatment was more likely than not the proper treatment.

''(B) RULES RELATING TO REASONABLE BELIEF.—Rules similar to the rules of subsection (d)(3) shall apply for purposes of subparagraph (A)(iii).''.

(d) INCOME AND LOSS FROM INVESTMENT SERVICES PARTNERSHIP INTERESTS TAKEN INTO ACCOUNT IN DETERMINING NET EARNINGS FROM SELF-EMPLOYMENT.—

(1) INTERNAL REVENUE CODE.—Section 1402(a) is amended by striking ''and'' at the end of paragraph (16), by striking the period at the end of paragraph (17) and inserting ''; and'', and by inserting after paragraph (17) the following new paragraph:

''(18) notwithstanding the preceding provisions of this subsection, in the case of any individual engaged in the trade or business of providing services described in section 710(c)(1) with respect to any entity, any amount treated as ordinary income or ordinary loss of such individual under section 710 with respect to such entity shall be taken into account in determining the net earnings from self-employment of such individual.''.

(2) SOCIAL SECURITY ACT.—Section 211(a) of the Social Security Act is amended by inserting after paragraph (16) the following new paragraph:

''(17) Notwithstanding the preceding provisions of this subsection, in the case of any individual engaged in the trade or business of providing services described in section 710(c)(1) of the Internal Revenue Code of 1986 with respect to any entity, any amount treated as ordinary income or ordinary loss of such individual under section 710 of such Code with respect to such entity shall be taken into account in determining the net earnings from self-employment of such individual.''.

(e) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 731 is amended by inserting ''section 710(b)(4) (relating to distributions of partnership property),'' after ''to the extent otherwise provided by''.

(2) Section 741 is amended by inserting ''or section 710 (relating to special rules for partners providing investment management services to partnership)'' before the period at the end.

(3) The table of sections for part I of subchapter K of chapter 1 is amended by adding at the end the following new item:

''Sec. 710. Special rules for partners providing investment management services to partnership.''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years ending after December 31, 2009.

(2) PARTNERSHIP TAXABLE YEARS WHICH INCLUDE EFFECTIVE DATE.—In applying section 710(a) of the Internal Revenue Code of 1986 (as added by this section) in the case of any partnership taxable year which includes December 31, 2009, the amount of the net income referred to in such section shall be treated as being the lesser of the net income for the entire partnership taxable year or the net income determined by only taking into account items attributable to the portion of the partnership taxable year which is after such date.

(3) DISPOSITIONS OF PARTNERSHIP INTERESTS.—Section 710(b) of the Internal Revenue Code of 1986 (as added by this section) shall apply to dispositions and distributions after December 31, 2009.

(4) OTHER INCOME AND GAIN IN CONNECTION WITH INVESTMENT MANAGEMENT SERVICES.—Section 710(d) of such Code (as added by this section) shall take effect on January 1, 2010.

(5) PUBLICLY TRADED PARTNERSHIPS.—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 2009.

Subtitle B—Time for Payment of Corporate Estimated Taxes

SEC. 611. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

The percentage under paragraph (1) of section 202(b) of the Corporate Estimated Tax Shift Act of 2009 in effect on the date of the enactment of this Act is increased by 26.5 percentage points.

Subtitle C—Tax Expenditure Study

SEC. 621. FINDINGS.

Congress finds the following:

(1) Currently, the aggregate cost of Federal tax expenditures rivals, or even exceeds, the amount of total Federal discretionary spending.

(2) Given the escalating public debt, a critical examination of this use of taxpayer dollars is essential.

(3) Additionally, tax expenditures can complicate the Internal Revenue Code of 1986 for taxpayers and complicate tax administration for the Internal Revenue Service.

(4) To facilitate a better understanding of tax expenditures in the future, it is constructive for legislation extending these provisions to include a study of such provisions.

SEC. 622. STUDY OF EXTENDED TAX EXPENDITURES.

(a) IN GENERAL.—Not later than November 30, 2010, the Chief of Staff of the Joint Committee on Taxation, in consultation with the Comptroller General of the United States, shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on each tax expenditure (as defined in section 3(3) of the Congressional Budget Impoundment Control Act of 1974 (2 U.S.C. 622(3)) extended by this Act.

(b) ROLLING SUBMISSION OF REPORTS.—The Chief of Staff of the Joint Committee on Taxation shall initially submit the reports for each such tax expenditure enacted in subtitle B of title I (relating to business tax relief) and title IV (relating to energy provisions) in order of the tax expenditure incurring the least aggregate cost to the greatest aggregate cost (determined by reference to the cost estimate of this Act by the Joint Committee on Taxation). Thereafter, such reports may be submitted in such order as the Chief of Staff determines appropriate.

(c) CONTENTS OF REPORT.—Such reports shall contain the following:

(1) An explanation of the tax expenditure and any relevant economic, social, or other context under which it was first enacted.

(2) A description of the intended purpose of the tax expenditure.

(3) An analysis of the overall success of the tax expenditure in achieving such purpose, and evidence supporting such analysis.

(4) An analysis of the extent to which further extending the tax expenditure, or making it permanent, would contribute to achieving such purpose.

(5) A description of the direct and indirect beneficiaries of the tax expenditure, including identifying any unintended beneficiaries.

(6) An analysis of whether the tax expenditure is the most cost-effective method for achieving the purpose for which it was intended, and a description of any more cost-effective methods through which such purpose could be accomplished.

(7) A description of any unintended effects of the tax expenditure that are useful in understanding the tax expenditure's overall value.

(8) An analysis of how the tax expenditure could be modified to better achieve its original purpose.

(9) A brief description of any interactions (actual or potential) with other tax expenditures or direct spending programs in the same or related budget function worthy of further study.

(10) A description of any unavailable information the staff of the Joint Committee on Taxation may need to complete a more thorough examination and analysis of the tax expenditure, and what must be done to make such information available.

(d) MINIMUM ANALYSIS BY DEADLINE.—In the event the Chief of Staff of the Joint Committee on Taxation concludes it will not be feasible to complete all reports by the date specified in subsection (a), at a minimum, the reports for each tax expenditure enacted in subtitle B of title I (relating to business tax relief) and title IV (relating to energy provisions) shall be completed by such date.

The SPEAKER pro tempore. The gentleman from New York (Mr. RANGEL) and the gentleman from Michigan (Mr. CAMP) each will control 30 minutes.

The Chair recognizes the gentleman from New York.

GENERAL LEAVE

Mr. RANGEL. Mr. Speaker, I ask that all Members have 5 legislative days to revise and extend their remarks and insert extraneous material in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RANGEL. Mr. Speaker, this package of extensions of legislation that are about to expire represents the real need for tax reform in this country. I have talked with the Ways and Means Committee ranking member to see whether or not our leadership can agree that the taxpayer really deserves better than this and should be able to depend on some continuity in the law.

To that extent, we will be sending to the nonpartisan Joint Committee on Taxation all of these extenders that we hope will be supported overwhelmingly today to better advise us how we can get on with the tax reform to make certain that certain things like research and development and other great things that we have in this package would be made permanent, so that the taxpayers, corporate and private, would know what they can depend on, instead of just relying on the constant extensions which have passed this body before.

So along with Ways and Means Committee Ranking Member CAMP, we ask that this committee take this up. And also we want to make it clear that the contents of this bill and the understandings of legislative intent is available on the Joint Committee's Web site, www.jct.gov. And it's listed under the document number JCX–60–09.

This list of bills, as I said, concerns very important legislation, and our committee has worked very hard on this legislation.

Mr. Speaker, I would like permission for the balance of my time to be turned over to RICHARD NEAL, who heads up a special subcommittee on our Ways and Means Committee, who spent a great deal of time evaluating what we should do, along with Congressman LEVIN and other members of the Ways and Means Committee, and with your permission and the permission of the House, I'd like to yield the balance of the time that I have to Congressman NEAL.

The SPEAKER pro tempore. Without objection, the gentleman from Massachusetts will control the balance of the time.

There was no objection.

Mr. YOUNG of Alaska. Will the gentleman yield?

Mr. RANGEL. Yes, I will.

Mr. YOUNG of Alaska. Mr. Chairman, may I indulge in a colloquy with you?

Mr. RANGEL. Yes, I yield to the gentleman.

Mr. YOUNG of Alaska. I would like to engage in a brief colloquy with you regarding a provision of great importance to the Alaska Native community. As you and I have previously discussed on numerous occasions, section 646 of the Internal Revenue Code allows Alaska Native Settlement Trusts to provide health, education, and welfare benefits to Alaska Natives, who are generally recognized as among the most economically disadvantaged populations in the United States.

It is my understanding that this provision was not included in the bill before us today because the bill only extends tax benefits that terminate in

2009, and this benefit does not terminate until December 31, 2010. Its omission is not a reflection of your views on the merits of the provision.

Mr. RANGEL. The gentleman from Alaska is correct. I look forward to working with him on this important legislation for the Alaska Native community; and when the committee considered this and other provisions that have a later termination, all the other provisions we plan to take up with priority. And I thank you for bringing this to my attention.

Mr. YOUNG of Alaska. Thank you, Mr. Chairman. I'd like to thank you for your commitment to work on this provision and for your support of the Alaska Native people.

Mr. CAMP. Mr. Speaker, I yield myself such time as I may consume.

It is the tradition of this House to annually extend certain tax relief items, everything from a research and development tax credit to incentives for the manufacture, purchase and use of alternative fuels, to credits that help offset out-of-pocket expenses for teachers that they incur buying materials for their classrooms.

I helped write many of these provisions, and if the bill before us were truly a tax extenders bill, I'd be voting for it, as I have in previous years. However, the Democrats seemingly have never met a tax cut they liked; and, thus, the Democrats have turned tax extenders into tax extenders and tax raisers.

I want each of my colleagues to think about that for a minute. The bill before us proposes permanent tax increases and just 1 year of tax relief. Unemployment is at 10 percent. Nearly 3 million Americans have lost their jobs since the start of the year. The economy is continuing to hemorrhage thousands of jobs every month. Small businesses continue to struggle as credit markets remain tight. And this proposes to raise taxes on economic investment.

Just yesterday the President called for a Stimulus II package to help small businesses and to help start job creation. Part of that was to cut capital gains taxes on investments in small businesses, showing he understands the importance of capital to growing business and creating jobs.

By contrast, this bill changes how carried interest has been treated for decades, and it is nothing short of a new tax on the very investments needed to start a new business and create economic growth in this country.

So while Democrats claim they want to stimulate growth, they are actually increasing taxes in a way that will discourage job creation. And they left more than two dozen expiring tax relief provisions out of the bill, including the biggest of them all, the AMT patch.

So in addition to the tax increases within this bill, there are, by omission, close to 30 tax increases that Americans will face next year because of the bill's shortcomings, including higher taxes for small businesses and approximately $2,600 in higher taxes for millions of middle class families.

While some of those admissions might be justified, I'm disappointed that, once again, the Ways and Means Committee held neither a hearing nor a mark-up to consider legislation within our jurisdiction. Given the disconnect between House Democrats' rhetoric on jobs and their votes for tax increases, it is no wonder employers are confused. New investments aren't being made, and unemployment remains high. I support tax extenders, and that's what we should pass today, not this tax-increasing, job-killing bill before us.

I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, I yield myself such time as I might consume.

Mr. Speaker, I guess Mr. CAMP, who is my friend, wasn't referring to me when he talked about the Democrats who didn't like tax relief. They forgot about the idea that I was the lead sponsor on the net operating loss bill, and have supported accelerated depreciation allowance, and believe that there are some tax cuts, in fact, that are better than others. And, at the same time, I think we could all find unity in the suggestion today that one thing we've discovered is that tax cuts really don't pay for themselves.

But I rise in support of this extenders legislation that we're considering today, and certainly Mr. RANGEL should be acknowledged for the hard work that he has offered on this legislation. There ought to be an opportunity here for us, Mr. Speaker, to find some common ground. There are many, many, many good parts of this legislation that I know our friends on the other side support.

There are provisions here in the bottom of the ninth inning, with two out, that are expiring; and we need to give some predictability to decisions that will be made by businesses and individuals over the course of the next year. And this is going to be the last chance that we're going to have to do it this year.

This bill contains extensions of many popular incentives. For my home State of Massachusetts, this bill means that 94,000 teachers will get a deduction for their out-of-pocket expenses for classroom supplies, no small matter.

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It means that more than 1,000 businesses in Massachusetts will get some credits for the millions they spend on research here in the United States. A reminder, the research and development tax credit is in this bill, and it is critical to retaining American jobs. Without this bill, 125,000 families in Massachusetts cannot take the deduction for college tuition expenses. This legislation provides significant tax relief to millions of families nationwide both in red States, purple States, and blue States.

There are 12 million families nationwide who live in States with no income tax; however, this bill does provide a State sales tax deduction.

This bill also includes a number of popular tax incentives for alternative fuels. There are also packages of tax benefits to assist distressed communities and those hit by natural disasters. There are many well-crafted provisions in this bill. There's not really enough time to address all of them.

This bill does no harm to the Federal budget. The cost of these cuts is completely offset by two revenue raisers, one of which I have offered and authored, and I know there is broad support across America for that issue. This is the Foreign Bank Account Reporting bill, which will shut down abuses by wealthy taxpayers hiding money in overseas banks.

And for the life of me, I can't understand why everybody in this institution is not supportive of this measure. Transparency is important. 160,000 soldiers in Iraq, about to be 160,000 soldiers in Afghanistan, and we have taken our sweet time by not cracking down on these tax evaders who don't want to pay their fair share at the same time that we had these extensive commitments around the world. I'd like to poll that question in any congressional district in America. We have taken the comments of those who are impacted and we have made this reporting regime a workable enforcement tool in this legislation. Again, you should not be hiding money in foreign bank accounts for the sole purpose of avoiding American taxes.

The second offset is a carry interest proposal which seeks to ensure investment managers pay taxes on their earnings as income tax rates rather than capital gains.

Let me also suggest that Mr. RANGEL has crafted a balanced bill. Again, I will repeat, it does no harm to the Federal Treasury. He has included a directive to the nonpartisan and, I think, highly effective and professional Joint Committee on Taxation to review the effectiveness of all of these extenders so that we could begin in earnest our effort to reform the Tax Code.

I certainly am supportive of this measure. I hope it will find broad support across this institution.

With that, I reserve the balance of my time.

Mr. CAMP. At this time, I yield 2 minutes to the distinguished member of the Ways and Means Committee, the gentleman from California (Mr. HERGER).

Mr. HERGER. I thank my good friend from Michigan.

Mr. Speaker, there is a long tradition of bipartisan support for extending

these expiring tax relief provisions. I have personally been a strong supporter of the research and development tax credit, the 5-year depreciation schedule for farm equipment, and tax-free charitable contributions from individual retirement accounts. That is why I'm very disappointed that the majority party has chosen to bypass the Ways and Means Committee and bring a partisan extenders bill to the floor.

The bill before us raises taxes by nearly $25 billion at a time of 10 percent unemployment. As our economy is struggling to recover, this tax increase directly targets hard-hit sectors like real estate. It simply does not make sense that at the same time we are talking about the need to create jobs, this House is voting for the second time in as many weeks to raise taxes for next year.

H.R. 4213 also fails to extend the renewable energy credit for open-loop biomass plants. That's very important to my northern California district. But the President and the Speaker heading overseas to talk about how we need more renewable energy, I can't imagine why we would pull the plug on successful biomass producers. Mr. Speaker, if we had moved this bill through the committee process, we could have fixed this oversight, and I hope we can address it in conference.

Mr. NEAL of Massachusetts. Just before I recognize my friend from Michigan, I want to remind my friend from California there are 320,000 teachers in his home State who will not get a tax benefit if this legislation does not pass, 571,000 families will not be able to deduct higher education costs, 1.2 million families will not be able to deduct home State sales taxes that they currently pay, and 4,000 businesses in a State that is so dependent upon high technology in California will not be able to get the credit for their crucial research and development costs.

With that, I yield to my friend from Michigan (Mr. LEVIN) for 3 minutes.

Mr. LEVIN. Let's be clear what's involved in the pay-fors: tax-haven legislation, also the issue of fairness.

Those who invest their own money will continue to receive capital gains tax treatment, period. Those who manage other people's money will have to pay ordinary income tax like everybody else who performs services. There is widespread support for this.

Gregory Mankiw, who was on President Bush's Council of Economic Advisors, said this: ''Deferred compensation, even risky compensation, is still compensation, and it should be taxed as such . . . When I wrote my book, that was sweat equity . . . I oppose different levels of taxation on different types of compensation.''

This from a former member of President Reagan's Council of Economic Advisors, William Niskanen: ''The share of investment profits are basically fees for managing other people's money.''

Also, another person who was deputy undersecretary under George H.W. Bush, Professor Michael Graetz: ''I think it's odd that people making that much money off of essentially labor income should be paying lower rates than, than the average . . . than their secretaries are, to put it baldly.''

And then from the New York Times: ''They're actively managing assets, and should be taxed accordingly as managers earning compensation . . . Congress will achieve a significant victory, for fairness and for fiscal responsibility, if it ends the breaks that are skewing the Tax Code in favor of the most advantaged Americans.''

And likewise, the Washington Post: ''But these fund managers, for the most part, are not risking their own money.'' And I insert to the extent they are, they get capital gains treatment. ''Besides, plenty of risky industries don't enjoy comparable tax benefits. Income earned from managing an investment partnership fund should be treated just like the income earned for providing any other service.''

And I could quote this from William Stanfill, who's a manager of venture capital. He says, ''Many Americans invest sweat equity in their jobs and their businesses, take risks, contribute to the economy, and may have to wait a long time before their hard work pays off. But they still pay ordinary income tax rates on their compensation. To the extent we take risk, we take it with other people's money.''

And that's why the statement of administration policy is very clear from the President. ''The legislation would fulfill the administration's commitment to crack down on overseas tax havens and put a stop to billions of dollars' worth of tax abuse and would end the special preferential treatment for carried interest income.''

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. NEAL of Massachusetts. I yield the gentleman an additional 30 seconds.

Mr. LEVIN. In terms of sparking economic growth, we need to have measures that target investment, not give a special break for those who perform services. For example, I have introduced a bill to eliminate capital gains on investments in certain small business stock for 2010. On investments. That's the issue here, that nobody blur it. Those who work with other people's money will pay ordinary income tax; those who invest their own money will continue to receive capital gains tax treatment.

Mr. CAMP. At this time, Mr. Speaker, I yield 2 minutes to the distinguished member of the Ways and Means Committee, the gentleman from Texas (Mr. BRADY), who has been a leader in the effort to restore the local sales tax deduction.

Mr. BRADY of Texas. Mr. Speaker, I rise and strongly oppose this bill.

Encouraging research jobs on the one hand while killing local real estate and construction jobs on the other makes no economic sense. In making one of our most vulnerable sectors, commercial real estate, which faces the next real crisis in America, making that situation worse is going to kill jobs in this country. That type of thing is the reason that this new Congress and this White House has failed to get the American economy going.

Let me explain. There are parts of this bill that all of us support, including cracking down on tax evaders but encouraging companies to keep research and development jobs; letting States, local taxpayers, write off the State and local sales taxes. And our State, I'm proud to say, we fought to restore this. It saves our taxpayers $1.2 billion a year, creates 22,000 jobs. That's fairness. In helping teachers write off, for example, their supplies they pay out of their pocket to help educate their students, we all agree on that. That's not the question.

But what they do in this bill as well, they target some of our most basic companies at home. They say they're going after those Wall Street managers of your money, the ones who have their feet up on the desk who just shuffle money back and forth and make billions of dollars. That's what they say they're aiming at. What they're hitting is Main Street, our real estate partnerships. These are our local companies that build our office buildings, apartments, shopping centers, movie theaters, our industrial parks. There are no abuses in this. These are the people who create jobs at home.

This bill increases their tax, almost triples their taxes, and these are people who put in sweat equity for 15 years, 20 years. Only if they get it right do they make a dollar back on all of their hard work. This is who they nearly triple the taxes on.

These are the people, 1.2 million, traditional real estate partnerships, who will pay the price if this bill passes, because this makes no economic sense and damages jobs. That's why this bill is dead on arrival in the Senate, deader than a doornail, because with this economy, we ought to be creating jobs and not killing jobs.

Mr. NEAL of Massachusetts. Mr. Speaker, a reminder that there are 303,000 people in the State of Texas who will not be able to deduct their higher education tuition costs. That is for the State of Texas a $690 million benefit.

With that, I would yield 30 seconds to the gentleman from Vermont (Mr. WELCH).

Mr. WELCH. Mr. Speaker, we spend more on tax expenditures authorized by Congress and the Committee on Ways and Means than we do on the entire appropriations budget. It really

matters. This is the third year I've served in Congress, the third year we've had tax extenders. And the question for many of us is the one that was raised by Chairman RANGEL: Is it time to take a look at this, kick the tires of each one of these to see not just how it affects the particular beneficiary—they always are in favor—but how it affects the overall economy for creating wealth in jobs and how it affects the burden of fairness that is our responsibility? So I applaud the chairman in his effort to do that.

Mr. CAMP. At this time, I yield 2 minutes to the distinguished gentleman from the Ways and Means Committee, the gentleman from Illinois (Mr. ROSKAM).

Mr. ROSKAM. I thank the gentleman for yielding.

I think it's a sad argument, ironically, that the majority is using, and that is to kind of procedurally hold hostage, a group of teachers who are counting on predictability and clarity and forthrightness and transparency from this Congress, and now it is 21 days before a tax provision upon which they are going to rely is now dangling before them.

And what this House is being told by the majority is either you vote for these teachers or you push them off, and these are your choices. Is that really as good as it gets? Is that really as robust a tax provision and a tax policy that we can come up with, to dangle a group of teachers out and sort of manipulate them on the House floor in terms of an argument and say, ''You're either for teachers or you're not''?

□ 1400

Well, I think the American public sees through that argument, Mr. Speaker. I think that the American public has a hope and an expectation that we are not going to get to this false trade; that is, that we are going to permanently increase taxes on job creators while offering temporary tax relief. That's a bad deal. That's a real bad deal all the way around.

And it gets particularly difficult if you think about the extension of that logic: Are we going to have this same debate in the 2010 cycle when we're going to be dealing with tax rates, we're going to be talking about dividend rates, and we're going to be talking about individual rates? Are we going to be having this same permanent tax increase in exchange for temporary tax relief?

Mr. Speaker, that's a bad deal. We ought to walk away from this. We ought to vote ''no'' and send this back to the committee where it belongs.

Mr. NEAL of Massachusetts. Mr. Speaker, since the gentleman was concerned that I was picking on teachers, let me raise this point. There are 2,274 businesses in his home State of Illinois that will not be able to get a credit for their crucial research and development costs, a $23 million benefit.

And with that, I yield 2 minutes to the gentleman from North Carolina (Mr. ETHERIDGE).

Mr. ETHERIDGE. I thank the gentleman for yielding, and I thank Mr. RANGEL for his hard work on this legislation. I support the bill. The Tax Extenders Act of 2009 reduces taxes by more than $30 billion for individuals and businesses to support small businesses and fuel job growth.

To help create high-tech jobs and support American competitiveness, H.R. 4213 extends the R&D tax credit. North Carolina's growth has been supported by technology and the health and energy industries. The R&D tax credit is vital to this sector of the economy, a sector that spurs innovation and creates new jobs all across America.

H.R. 4213 extends the accelerated cost recovery credit for restaurant and retail improvements, and incentivizes more businesses to grow, retool, modernize, and expand their facilities. To help struggling communities, the bill extends incentives like the new markets tax credits and tax incentives for businesses in designated Empowerment Zones. These provisions are more important than ever. As we help businesses grow, we help grow our workforce and strengthen our economy.

Education is the key to the future for both our young people and those who are retraining for new jobs. The bill protects tuition deductions to help make more students afford school. For individuals, it also extends the deductions for State and local taxes, and property taxes, while also preserving $7 billion in deductions that encourage charitable giving.

I also am pleased to know that this bill extends tax credits for teachers. Even though they are often underpaid, many teachers use their own money. I happen to know. I was a State superintendent of schools in North Carolina for 8 years and worked with this tax credit. I thank the committee for putting it in and keeping it in. It's unfair to ask them to continue year after year to pay. I thank you for doing it. This is a tax credit that helps them contribute to the success of future generations.

I support this legislation and encourage its passage.

Mr. CAMP. I yield myself such time as I may consume, and I think the point that we're trying to make on the floor here is that this is a false choice: Either you're for teachers or you're for the research and development tax credit, or you're against it. And the false choice is: Do we really have to raise taxes on job creators in order to get the extension of the research and development tax credit temporarily? Do we have to have this permanent tax increase that, frankly, will make us one of the highest-taxed countries in the world on this sort of investment tax? And I think that's a false choice being presented today.

And with that, I yield to the gentleman from Illinois (Mr. ROSKAM).

Mr. ROSKAM. I thank the gentleman. I want to thank the gentleman from Massachusetts for highlighting the research and development elements of my home State. And I guess my reply is that simply casting a wider net and grabbing more procedural hostages, I don't find it persuasive, because I think the false premise that is the basis of this bill is the permanence versus temporary argument; in other words, that the tax hikes that are being articulated are going to be permanent tax hikes. The tax relief that is being used, Mr. Speaker, to really sell the bill are going to be temporary tax relief.

I find it ironic that here we have had a jobs summit at the White House with the congressional leadership and obviously the President, and so much consternation that we all share about what? About the unpredictability of our economy.

This is an opportunity, I think, for us to come together on the research and development tax credit, for example, and cast a larger vision, and to say for R&D to make great strides in this country, there has to be a sense of predictability to it. We can't keep it on a short leash of 12 months. That's too short of a cycle. The accountants in these firms are going to be saying, Look, you can't rely on the Congress necessarily to come through.

So I think that is ultimately the argument that I'm making. I think we have a false choice, as Mr. CAMP said. I think we can do better, and I would hope that we did. But I appreciate the gentleman from Massachusetts highlighting the State of Illinois.

Mr. NEAL of Massachusetts. Just reminding him of those numbers. I yield myself as much time as I might consume.

In response to my friend's, Mr. ROSKAM's, argument here about these tax proposals being made permanent, I don't understand how the other side could have been witness to borrowing billions and billions of dollars for Iraq and not having had the courage to speak to the issue of transparency and allowing the American people to see what Iraq was going to cost.

In addition, remember, they talk about fiscal responsibility? They cut taxes six times while committing 160,000 soldiers to Iraq. On January 19 of 2001, they inherited an almost perfect economic picture: unparalleled economic growth, the deficits had been paid off, the debt was coming down. And do you know what? To show you my bipartisan position here, let's give Bush I some credit for that, having had the courage to do it, and Clinton twice.

It was the recklessness that the other side embraced that now we have to pay for.

And this bill today, as unpalatable as some of them might argue that it is, it's paid for. We square this issue with the American people. This legislation is paid for.

I reserve the balance of my time.

Mr. CAMP. At this time, I yield 2 minutes to the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. I would point out, Mr. Speaker, that when Republicans lost control of Congress, the deficit was $160 billion, too high. Today, just 2½ years later, it is nearly nine times that high. It is greater than all the deficits in 1 year and all the deficits under President Bush. We are on an unsustainable path where our children and grandchildren will never be able to afford what is being spent today.

And I will remind, too, my friend from Massachusetts that when Democrats took that gavel, Speaker PELOSI pledged she would pay every dime of our wars in Iraq and Afghanistan. Nearly 3 years later, they haven't paid for a dime of those wars.

Let me make a point here. The reason I think Congress' approval ratings are lower than Bernie Madoff's is that we keep pitting Americans against other Americans. In this case, we keep pitting teachers and research workers and local taxpayers, you hear the numbers, against our local real estate workers and our local construction workers. This bill will seriously damage our ability to create jobs and raise property values at the local level. Our real estate partners, the real target of this bill, the real losers in this bill, these are average people who build our local facilities, who create construction jobs, who are the backbone of our economy. And in this case, they will have their taxes nearly tripled. It will result in lower property values and fewer jobs at home.

What it really does is it punishes people who put in sweat equity and work for decades to bring it about. And it forces them to go to the bank and take debt, to seek capital at a time when there is no bank and no lending available. So we have taken one of the toughest parts of our economy, commercial real estate, and punished them. It is a false choice, as the gentleman from Michigan has said. It's the wrong choice. This is a bad deal.

Mr. CAMP. Will the gentleman yield?

Mr. BRADY of Texas. I yield to the gentleman from Michigan.

Mr. CAMP. I just want to comment, too, on this perfect economic picture you said occurred in 2001. As we all know, the bubble burst in 2000. So that history is not quite accurate. I just want to correct that for the record.

Mr. NEAL of Massachusetts. Let me yield 2 minutes to the very important member of the Ways and Means Committee, the gentlewoman from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Speaker, I thank the gentleman, who is doing a remarkably good job, in spite of all the misinformation on the other side, of moving this bill along.

I rise in support of this legislation to extend expiring tax provisions. It is very important that Congress pass this bill this year.

Allowing these provisions to expire would amount to a tax increase at a most challenging economic time for our Nation's businesses and families. Waiting to enact an extension retroactively would add to the already uncertain business climate and make tax planning all the more difficult for companies and individuals that depend on these tax credits.

The bill extends necessary tax relief to parents and teachers, college students, homeowners, small businesses, and millions of other middle-income families. This legislation is needed in my State for so many critical things. It ensures that Nevada residents who do not pay a State income tax can continue to deduct their sales and State tax from their Federal income tax. For Nevada college students, most of whom come from middle-income families, deduction of their tuition makes the difference between going to college and not going to college.

The bill extends a few alternative and renewable energy tax credits, so critical at this particular time, such as the tax incentive for natural gas and propane used as a fuel in transportation vehicles. These important provisions will help increase clean energy production and consumption.

When it comes to the State of Nevada, and all politics is local, I would like to tell the other side how important this is to the people I represent. This is not a joke, and this is not using these people. This is providing tax relief for millions and millions of people across the country and hundreds of thousands of Nevadans.

Over 23,000 teachers in my home State will not get a tax benefit for purchasing school supplies out-of-pocket if we don't pass this.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Mr. NEAL of Massachusetts. I yield the gentlewoman 30 additional seconds.

Ms. BERKLEY. Over 32,000 families in my State will not be able to deduct their higher education tuition costs, and 346,000 Nevada families in my State will not be able to deduct the State sales tax that they pay. This would be a loss of a $574 million benefit for the State of Nevada. And 141 businesses in my State will not be able to get a credit for their crucial research and development costs.

I submit to you, Mr. Speaker, this is an important piece of legislation. It is timely. We need to pass it now.

Mr. CAMP. I yield myself such time as I may consume.

What we're being offered here is temporary tax relief for 1 year paid for with permanent tax increases. And I would just say that while the majority disingenuously portrays this provision as targeting only rich Wall Street financiers, it actually goes well beyond that, affecting investments and transactions along Main Street as well. This extremely broad provision applies not only to private equity firms and hedge funds, but also to real estate partnerships that invest in every congressional district and venture capital funds that help finance start-up, high-tech and biotechnology investments all across America.

This provision would have far-reaching consequences on the returns of the pension funds, university endowments, and philanthropic foundations that invest in these partnerships that are targeted by the majority.

Let me just, for the record, say that in CQ there is a quote from Chairman BAUCUS on the Senate side that said the House on Wednesday will take up a roughly $31 billion bill extending dozens of provisions expiring December 31. The major offset for the package, raising $24.6 billion through taxing investment on partners income for managerial services as regular income rather than capital gains, is unlikely to survive in the Senate.

□ 1415

Again, we are moving forward on a funding mechanism that is permanent for 1 year of tax relief, and it is something that the Senate will not take up. To go on further, he says the provision passed the House twice in the 110th Congress but went nowhere in the Senate where Democratic leaders deemed it too contentious. Earlier this year, Baucus said he did not want to spook shaky financial markets by using the measure as an offset.

I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, might I inquire as to how much time remains on both sides.

The SPEAKER pro tempore. The majority has 12¾ minutes and the minority has 16½ minutes.

Mr. NEAL of Massachusetts. Just before I recognize the gentleman from Illinois (Mr. DAVIS), I hope that my friend Mr. CAMP will have a chance—he spoke to one provision of the pay-for. Maybe he will speak to the issue of tax evasion as to whether or not he supports the $8 billion that's being raised in this legislation to pay for this bill.

With that, I would like to recognize the gentleman from Illinois, my friend, Mr. DAVIS, for 2 minutes.

Mr. DAVIS of Illinois. Let me first of all thank the gentleman from Massachusetts for yielding.

I rise in strong support of H.R. 4213, the Tax Extenders Act of 2009. There

are multiple provisions within this bill that are needed by individuals, businesses as well as State and local governments. This bill is good for Chicago, it's good for the State of Illinois and, indeed, it is good for the Nation.

This bill helps individuals with the cost of education, both for teachers who pay out of pocket for supplies and for students who pay for tuition and books. It helps families cover the cost of property taxes and sales taxes. It helps business invest in research and development, equipment, maintenance and certain capital improvements.

It promotes charitable giving of food, equipment and inventory. This bill also supports critical community assistance programs. It encourages empowerment zones and renewal communities in economically depressed areas. It supports areas that experienced natural disasters, such as the gulf coast and the Midwest.

The Chicago Reporter, a newspaper that does an outstanding job, found that the west and south sides of Chicago have unemployment rates of over 20 percent. It is obvious to me that the city of Chicago, the State of Illinois, and, indeed, the Nation, need this bill. I am proud to support it.

Mr. CAMP. At this time I am prepared to close if the gentleman has no further speakers.

I reserve the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, we are trying to just assess how much time is here, if you will give me a second.

Mr. Speaker, I would like to recognize the gentleman from Michigan (Mr. LEVIN) for 3 minutes.

Mr. LEVIN. I think it's important that we look at the facts here. The gentleman from Texas and others have raised issues regarding real estate. These are the figures that have been compiled by our staff based on IRS data. That less than 10 percent of all of the income earned in real estate construction and development is earned by partnerships that might be involved here, that less than 5 percent of all wages earned by employees in real estate construction and real estate development are earned by employees of partnerships.

Ninety percent of the income earned in real estate construction and real estate development is earned by C corporations or S corporations. Let me just say, in terms of corporations that are involved in real estate, when they give stock options, when those are exercised, and these are the vast majority of cases, the people who exercised the stock option pay ordinary income tax.

Essentially, you have here an argument undercutting the basic proposition. That is that those who invest their own money get capital gains treatment and those who provide services, in whatever circumstances, they pay ordinary income tax.

Also let me just mention that the President has suggested some specific provisions that will encourage investment. There is a basic structure in question here, a basic structure. When people invest their own money, they should pay capital gains tax on the profits. When they perform services managing other people's money, like everybody else who performs services, should they not pay ordinary income tax as does the waitress, no money except a small amount of minimum wage, and not even that, perhaps, if there are no tips; and the author, if the books aren't sold, then they don't get anything.

What is being proposed here, as I said earlier, is what has been suggested by economists, whether they are conservative, moderate, liberal, whatever you want to call them, and by various other sources. That there is a basic issue here. This legislation is an effort to address that basic issue and to pay for the tax extenders. In previous years, in so many cases, you have passed legislation without paying for it and the debt goes up and up.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. NEAL of Massachusetts. I yield the gentleman an additional 15 seconds.

Mr. LEVIN. What we are suggesting here is fiscal responsibility. Don't dig the hole deeper and deeper. Step up and pay for it, and pay for it by making the Tax Code equitable for all of the citizens of the United States of America.

Mr. NEAL of Massachusetts. I would like to yield to the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) for the purpose of a unanimous consent request.

Mrs. CHRISTENSEN. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of HR 4213, the Tax Extenders of 2009 Act which contains the crucial extension of the rum cover-over program to the American Caribbean territories. The annual extension, which raises at least $20 million for the Virgin Islands for infrastructure development, is a vital component of our economic development strategies for continued growth and self sufficiency. In 1954, Congress extended the equalization cover-over provision to the Virgin Islands to foster greater fiscal autonomy and in 1983 and 2000, it enacted laws which vested the Legislature of the Virgin Islands with sole authority to determine how rum cover-over revenues should be utilized.

Recently, that authority has been challenged by legislation that would tie the hands of our local territorial governments in regards to determining how best to utilize those funds. The government and people of the Virgin Islands commend the early foresight of the Congress and reserve the right to determine what is in the best interest of our community.

Mr. Speaker, Congress designed the rum cover-over program to create economic stability for its territories in the Caribbean, to include the U.S. Virgin Islands and Puerto Rico. Over the years, each has benefited from this program and hopes to continue to do so in the future. If one territory believes that they no longer need or require this benefit, I am here today to tell you, that the people of the Virgin Islands are grateful for the continued opportunity to have this funding and to determine how best it can be utilized for their ultimate benefit.

In the present global economic development environment, the U.S. Virgin Islands has moved to stabilize this industry on its shore, guaranteeing revenue and jobs for Americans, securing our retirement system and repairing schools while at the same time working to clean up environmental issues associated with the rum industry.

The Congress support of today's rum revenue extenders and indeed the entire rum cover program is crucial to the economic future of the territories and today, I, along with the people of the U.S. Virgin Islands thank Chairman RANGEL, the leadership of the House and my colleagues on both sides of the aisle for your continued support.

Mr. NEAL of Massachusetts. Mr. Speaker, I yield myself 2 minutes.

There is an opportunity here today to begin the discussion of fundamental tax reform. If we could move past the ideology that is so rigid, where we can only discuss cuts and never revenue or, on the other side, only revenue and never cuts, then we could move this debate and discussion forward.

Now, the other side today, they are suggesting to the American people, we like the R&D tax credit. We like teachers. We like tuition assistance, and what we are saying on this side is we like all of those institutions as well, but we think they should be paid for. Sometimes you have to eat the broccoli before you have your dessert.

Tax reform is an opportunity. I hope that the strategy that got us into this difficulty—remember the old argument here that tax cuts pay for themselves? You couldn't even get our friend who ran for President on the Republican ticket last year to have his top economic adviser say that was true. That's part of the problem here, being married to rigid ideology as opposed to common solutions that might make this work for the American people.

I reserve the balance of my time.

Mr. CAMP. At this time I yield 2 minutes to the distinguished member of the Ways and Means Committee, the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Speaker, well, there is no question we all support extending the Republican State and local sales tax deduction put in place, restored by a Republican Congress.

I am pleased to extend the teachers' classroom supply deduction, again, something created and fostered under a Republican Congress, the same with the renewable energy credits, much of which expanded under a Republican Congress. But make no mistake, this isn't about paying for these issues.

This Congress, this White House is paying for nothing these days; $700 billion, $800 billion stimulus bill, not a dime paid for. All the new spending, TARP II, second part of the bailout, not a dime paid for.

Two weeks ago they pass out this bill, a quarter of a trillion dollars out of this House, to help doctors with their Medicare reimbursements. Guess how much is paid for? Not a dime, zero. This new fiscal responsibility, while we appreciate it, you shouldn't achieve it by raising taxes and punishing our local real estate and construction people.

I do take exception. We were told today, well, don't worry about it. It's only 10 percent of our local real estate and construction jobs, only 10 percent. Well, that's $4.5 trillion of local and real estate investment along Main Street America.

Here, I guess they think we can just sacrifice one out of every 10 local construction jobs. We will just sacrifice one out of every 10 local real estate jobs. That's just collateral damage up here.

It's real damage back home. Picking winners and losers, rewarding those, our teachers, our research workers, those who are sending their kids to college, and taking away jobs from Main Street America in real estate, construction from those who build our communities is a false choice.

The gentleman from Michigan is correct: this is a false choice that damages our economy, that's dead on arrival in the Senate, as it should be. We ought to be working together finding a way to help people, not picking winners and damaging jobs in America today. No wonder we face 10 percent unemployment.

Mr. NEAL of Massachusetts. My friend from Texas conveniently left out TARP I, which was a Bush initiative; conveniently left out the cost of the Iraq war, which was borrowed money; and conveniently left out the Bush tax cuts, which cost $2.3 trillion that only went to people at the very top of the economic strata of America.

I reserve the balance of my time.

Mr. CAMP. To close, Mr. Speaker, the American people don't need to be reminded of the dire economic situation we face today. The American people know unemployment at 10 percent remains far too high. They know it's tough to make ends meet without having to pay higher taxes. They know higher taxes on investment, on business investment, won't create jobs. In fact, it will hurt job creation.

The American people need not be reminded of those things, but apparently the majority does. Nearly 3 million Americans have lost their jobs since the Democrats enacted their so-called stimulus bill. Unemployment is 25 percent higher than the administration promised, and yet the bill before us proposes to add a new $24.6 billion tax on business investment.

Now, frankly, I wish we could end this year-end process we go through, and I know the chairman of the Ways and Means Committee gave an interview yesterday where he suggested a way out of this year-end extenders process we find ourselves in. I look forward to working with the chairman to try to find a solution to this problem.

The bottom line is the decision we are faced with today means we should be encouraging business investment, not discouraging it through higher taxes. I would just say to my friend that our motion to recommit would not repeal the international banking disclosure provisions.

In fact, Republicans share the majority's concern about the illegal use of offshore accounts to evade U.S. taxes. Tax evasion is a Federal crime and individuals who break the law by illegally hiding their income in offshore accounts and any financial institutions that facilitate that tax evasion should be aggressively pursued and punished to the fullest extent of the law.

If loopholes exist in law that allow tax cheats to illegally hide assets offshore, obviously Republicans stand ready to help close those loopholes in an appropriate way. As I said, our motion to recommit would retain the language in the majority's bill on that provision.

Again, these extensions of tax relief, which in many cases are policies Republicans passed and voted for when we were in the majority, they are helpful, and they are important to do, but they are temporary. They last 1 year. In order to get that done, the majority would increase taxes on economic investment.

Let's just be clear about this. It changes how business income has been taxed for decades, making it so that income that is currently taxed at a rate of 15 percent would be taxed at 35 percent, more than doubling that tax in an economic recession. It places one of the highest taxes on investment found anywhere in the world, and its reach and scope will increase taxes on everyone from the largest investors to the local real estate partnerships, again, permanent tax increases for 1 year of tax relief. With that, I would urge my colleagues to oppose this legislation.

I yield back the balance of my time.

Mr. NEAL of Massachusetts. Mr. Speaker, at this time I would like to yield the balance of my time to the chairman of the Ways and Means Committee, my friend, the gentleman from New York (Mr. RANGEL).

□ 1430

Mr. RANGEL. Mr. Speaker, I thank Chairman NEAL for the fantastic job he has done, along with my good friend Mr. LEVIN, for presenting the position of the Ways and Means Committee, which, Republican or Democrat, we are so proud to be a part of.

We have produced for this Congress $30 billion of benefits to the American people. Some may be critical because it's only for 1 year, but I think we have made it abundantly clear that because we are on the brink of reform of the entire system, as Mr. LEVIN said, we've got to study this to evaluate how we can better serve our teachers, our State and local governments in order to make certain that the things that everybody here is in support of can be made permanent so that they can plan and understand exactly where this Congress is coming from for the people of the United States.

It's interesting to note that the opposition to this bill, nobody has criticized any of the benefits that are in this extender bill. Let me say this again. This is a very, very unique thing that would happen in the Halls of Congress. The bill that we are presenting and asking for an affirmative vote, H.R. 4213, there is no criticism of any provisions of the benefits that are in this legislation. I'm going to rest for a moment and let that sink in.

The opposition to this bill, it appears to me from listening to the responses from my Republican friends, is that their problem is that we don't want to increase the deficit. Their problem is they just don't like the way we are indeed closing the loopholes. When we say, We're closing loopholes, they say, You are raising taxes. You bet your life we are. We are getting the resources that America deserves by fairness and equities in the tax system. There's no way to clean up the tax system without making those who should be paying taxes to pay it.

So if indeed you have some criticism of the loopholes that we're closing, let's take a look at the loopholes. That sounds fair, because my friends have not been talking about the benefits in these bills. My friends on the other side are talking about taxes. If you want to make this a case of forgetting all of these good people that deserve and relied on the extension and make this a tax reform argument—which I really think should be at another time and another place. I really think that tax reform really deserves the study, the research, and the debate so at the end of the day we don't have a Democratic tax bill. This country deserves a bipartisan tax bill, because there's going to be pain in it; because every time we try to bring equity into it, if the other side is to say I don't have any tax reform, but you're raising taxes by cutting away a lot of benefits that we say people don't deserve, and you say that we're increasing taxes.

Well, let's talk about it. A part of this good bill is being funded so that we don't have a deficit by making certain that, during this time of war, American taxpayers don't avoid their

fair share of taxes and they get together in an unpatriotic way and pick foreign countries to determine how they can avoid American taxes and pick foreign countries to invest in and put foreign countries that really are not concerned with our need for jobs and equity but they're concerned with greed for their stockholders and corporations. Did one Republican get up and say this is a good thing? And I would yield to anyone on the other side who wants to say it is not a good thing to go after these people who are taking advantage of our law.

So we can't reform it all at one time, but we can knock out these things where people are taking unfair advantage of our Tax Code.

The other issue, which made me think in listening to the response to this extender bill where hardly anyone talked about the benefits, seemed to be centered around some tax provision that is commonly referred to as carried interest. It seems as though the minority is saying that there's a certain group of people that do work and they're entitled to get compensation for their work.

For those who think this is a complicated issue, it is not. It means that we really think as a body that those people who take outstanding risk, who are not employees but are adventurous, creative people, that they be given 15 percent, a lower tax rate than 35 percent. And we're saying that those people who put capital in, who work in order to develop jobs in whatever they want to develop, if their money is in, they should get a 15 percent tax cut because they took risks. Anybody who doesn't put money in here that becomes a partnership and acts like they're taking risk should not be able to enjoy this benefit.

So I do hope that you consider the weight of the debate and then vote accordingly.

Mr. HIMES. Mr. Speaker, I rise to express my serious concern regarding the revenue provisions of H.R. 4213, The Tax Extenders Act of 2009, specifically the provision affecting the treatment of ''carried interest'' in our tax code. I believe this provision, as currently worded, does not represent an optimal solution to the underlying challenge of fairly and appropriately taxing investment management professionals.

My concerns are tempered by my enthusiastic support for many of the provisions in the bill as a whole, which would provide individuals and businesses with approximately $31 billion in tax relief in 2009. As families and businesses in my district struggle to make ends meet, these provisions will provide swift and cost-effective support to research and development, to alternative fuels, and to the ability of U.S. companies to serve customers in foreign markets.

My concerns with the legislation rest with the changes it would make to the tax treatment of ''carried interest'' on investment managers.

Current law treats carried interest the same as all other profits derived from a partnership and thus characterizes carried interest as being derived from an interest in the partnership's capital. In a broad-brush fashion, the legislation would transform these capital gains into ordinary income for tax purposes, a change that would increase taxes on carried interest income from the current 15 percent capital gains rate to as much as 35 percent beginning next year. It should be noted that this date is a good deal more aggressive than a similar provision in President Obama's budget, which in the interest of economic recovery would start taxing carried interest as regular income only in 2011.

While I respect the view that in some cases carried interest represents a form of compensation for services provided by the general partner, this distinction is far from clear in every case. Professionals in this industry should be taxed fairly and appropriately, but I disagree that the only way to achieve this goal is to apply one of two pre-existing categories to their services.

Industry analysts generally base their characterization of carried interest upon the degree to which a general partner's own assets are at risk and differences in the profit interest of the general and limited partners. Many observers, such as Professor Victor Fleischer of the University of Colorado School of Law, argue with sound legal justification that these professionals should be taxed somewhere between that of pure capital and pure ordinary income.

Given the widespread reliance of partnerships on these rules, I believe we in Congress must be more cautious in enacting such a significant change in the rules at this juncture. Such a reformulation at the least deserves a greater hearing of views in a full and deliberate committee process.

Our venture capitalists risk significant quantities of time, money, and effort to assist the most compelling business models to improve the way that Americans live and work. Before we enact changes to our tax system which could threaten existing incentives to innovation and investment, I believe such changes deserve the fullest possible consideration to arrive at the most practical and fair solution.

I am hopeful that the underlying legislation will undergo revisions to its revenue-raising provisions which enable me to support it. Given the concerns voiced above, however, I regret that I am unable to cast my vote in support of the bill as it stands.

Mr. GENE GREEN of Texas. Mr. Speaker, I rise today to show my support for H.R. 4213, the Tax Extenders Package that includes several critical extensions important to Texas.

The package will extend through 2010 the $1 per gallon credit for producing biodiesel and the $1 per gallon credit for producing diesel from biomass, which is especially important to my district as it is home to the struggling biodiesel industry.

Texas is the leading producer of biodiesel in the nation. The industry supported up to 8,600 jobs in the State and over 50,000 jobs in the U.S. in the past year. It is both fiscally and environmentally responsible to extend these tax credits and to promote the development of biodiesel here at home.

The biodiesel excise tax credit enables biodiesel to remain price competitive with conventional diesel. Without the prompt extension of the tax credits before they expire on December 31, 2009, we risk reducing the domestic production of low carbon, renewable energy sources that help our nation to significantly reduce carbon emissions, as well as our dependence on foreign oil.

The biodiesel industry has already been forced to close several plants and is operating at about 20 percent capacity due in large part to the weak economy. A retroactive extension of the credit after December 31, 2009 could further exacerbate the industry's job losses, and place this important industry in a precarious position.

I appreciate the bipartisan support of the following Texas members who recently joined me in sending a letter to House Leadership supporting the biodiesel tax extension: AL GREEN, CHET EDWARDS, SILVESTRE REYES, SOLOMON ORTIZ, RUBÉN HINOJOSA, HENRY CUELLAR, CIRO RODRIGUEZ, CHARLIE GONZALEZ, and JOE BARTON. This support exemplifies the importance of protecting the biodiesel industry for the nation and for Texans.

It is imperative that we move forward expeditiously to extend the biodiesel and renewable diesel excise tax credits to protect American jobs and to help our nation move towards a clean energy future.

Mr. SKELTON. Mr. Speaker, today the House of Representatives is considering H.R. 4213, the Tax Extenders Act of 2009. I wish to express my support for this legislation, which would continue a number of expiring provisions of the U.S. tax code that are important to the people and businesses I am privileged to represent in rural Missouri. Without Congressional action, these tax cuts will expire on December 31st.

For Missouri families, H.R. 4213 would provide important tax relief. The measure would extend deductions for state and local sales and property taxes and for college tuition. It would extend a special deduction for teachers and other school professionals who use personal funds to buy school supplies for their classrooms. And, the legislation would take steps to ensure activated military reservists do not suffer a pay reduction by providing a tax credit for small businesses that continue to pay National Guard and Reserve employees when they are called to active duty.

For Missouri farmers, H.R. 4213 would extend the five-year depreciation for farming machinery and equipment, would extend the charitable tax deduction for donated food, and would extend the tax deduction for donating conservation easements. H.R. 4213 would also extend critical tax incentives for biodiesel and renewable diesel fuel. The biodiesel tax credit is very important to the development and sustainability of America's renewable fuel industry and is particularly beneficial to biodiesel facilities, like Prairie Pride, located in Missouri's Fourth Congressional District.

For Missouri businesses, H.R. 4213 would extend the research and development (R&D) tax credit that encourages financial investment and job creation in America's high tech sector. The legislation would also strengthen the ability of American companies to serve customers overseas, would extend benefits for investments in economically distressed areas of our

country, and would extend the 15-year cost recovery for qualified improvements to restaurants and retail space. H.R. 4213 would also extend a low-income housing tax credit exchange program that has invested more than $3.7 billion in the construction of over 49,000 low-income housing units.

H.R. 4213 would extend other valuable provisions of the U.S. tax code, including deductions for charitable contributions by individuals and businesses. And, to ensure the legislation does not add to the deficit, the $31 billion cost of this legislation is offset by cracking down on tax evaders who hide their assets in offshore tax havens and ending special tax treatment for hedge fund and investment bank managers.

I urge my colleagues to support H.R. 4213 so that we can provide tax relief and economic certainty to families and businesses in 2010.

Mr. VAN HOLLEN. Mr. Speaker, I rise in strong support of the Tax Extenders Act of 2009. This legislation will provide businesses and individuals with $31 billion in tax relief over the next year to continue creating jobs and strengthening our economy. It is on time, fully paid for and deserves this chamber's support.

The R&D Tax Credit extension in this bill will enhance the competitiveness of nearly 11,000 corporations driving innovation in the global marketplace. The above-the-line deductions for school supplies and qualified tuition expenses will continue to support our teachers and students' education. The IRA Charitable Rollover and Conservation Easement provisions maintain important incentives for critical work in our non-profit sector. And the clean energy credits move us towards the energy independence, reliability and efficiency we know we must embrace in the 21st century.

This is an important bill, strongly supported by the Obama Administration. For that reason, I urge our colleagues in the Senate to act expeditiously on H.R. 4213 so that the President can sign extenders legislation into law this year. I yield back the balance of my time.

Mr. KIND. Mr. Speaker, I rise today in strong support of H.R. 4213, the Tax Extenders Act of 2009. This bill extends several badly needed tax provisions that will continue to provide economic benefits to struggling families and businesses. While these temporary, last-minute patches are not the preferred means of action for anyone, this action is better than none, and I urge my colleagues to support it.

Passage of this bill will ensure that individuals already facing the worst economic situation in decades will retain the ability to deduct state and local taxes, preventing a $3.3 billion tax increase. It also extends the deduction that students receive for tuition payments and the credit teachers receive for stocking their classrooms out of their own pocket. both are essential for making a quality education accessible to all.

For businesses, this bill will extend the invaluable R&D tax credit so they can continue to invest in the innovation that will keep America competitive in the industries of today and tomorrow. I have long advocated making this credit permanent so companies can make it a permanent part of their business plans. I hope we will do that as part of overall tax reform starting next year.

Other provisions important to my district in Western Wisconsin include the Conservation Easement Credit, which gives individuals an incentive to protect environmentally important land in perpetuity, and the extension of a 5–year depreciation period for farm and agricultural equipment. This extended period has been highly successful in spurring capital improvements on the farm and improving farm output and efficiency.

Finally, I am particularly pleased that this bill extends a provision I authored last year that provides tax relief to families and businesses who are impacted by natural disasters. Following devastating floods in my district in 2007 and 2008, it became clear to me that more tools were needed to assist individuals and businesses to recover. The tax relief provided here offers a more systematic and fair method than the previous system of ad hoc assistance on a case-by-case basis. I thank Chairman RANGEL and the rest of the committee for including it in the extenders package today.

Mr. Speaker, I would like to note that all of these benefits are completely paid for, meaning this bill will not add one dime to the deficit. In fact, one of the ways we pay for this bill is by cracking down on foreign bank accounts, where millionaires have been hiding their fortunes from the IRS for years. This type of enforcement has been sorely lacking. It is unfortunate, however, that the bulk of revenue for this bill will come from higher taxation of venture capital funds that have been leaders in spurring job growth and innovation. I sincerely wish we had been able to find an alternative revenue source that would not raise taxes on these entrepreneurs at the exact time when we need them the most. Twice before the Senate has rejected this pay-for, and I hope they will do so again.

On balance, Mr. Speaker, this is a critically important piece of legislation before us that will prevent disastrous consequences in this fragile economic environment. I ask my colleagues to join me in supporting its passage today.

Mr. LANGEVIN. Mr. Speaker, I rise in support of H.R. 4213, the Tax Extenders Act of 2009. This bill provides $31 billion in tax relief to individuals, families, businesses and charitable organizations by extending over forty tax provisions that are set to expire at the end of 2009. These tax breaks are an important component to rebuilding the financial and economic strength of Rhode Islanders struggling in the wake of the worst recession in decades.

H.R. 4213 contains more than $5 billion in individual tax relief and more than $17 billion in tax cuts for American businesses. To strengthen pocketbooks of families and inject demand into the economy, this measure extends property tax relief for up to 30 million homeowners. It helps 4.5 million families better afford college with tuition deductions and saves 3.4 million teachers money with a deduction for classroom expenses. This measure further extends the research and development tax credit for thousands of American corporations, encouraging businesses to increase investments in technology and create more high-tech jobs for the twenty-first century.

Also included in this package is more than $7 billion in tax provisions that encourage charitable contributions, provide community development incentives, and support alternative energy investments.

In tough economic times, it is important to enact tax policies that spur job creation and foster economic growth, innovation and opportunity. The annual extension of these tax cuts is an important step toward achieving that goal, and I look forward to working with my colleagues on more permanent solutions to simplify the Internal Revenue Code and ease the tax burden on millions of Americans.

Mr. LARSON of Connecticut. Mr. Speaker, I rise in support of H.R. 4213, the Tax Extenders Act of 2009, and applaud the leadership of Chairman RANGEL and the Ways and Means Committee in crafting this bill. I commend the Chairman for the inclusion of the alternative fuel tax credit, which incentivizes individuals and businesses to purchase energy for vehicles that run on clean energy sources. This continues Congress' commitment to reduce our dependence on foreign oil. As long as we are exporting our dollars overseas in exchange for oil, our economic and national security are at risk.

Natural gas is an abundant transition energy that is twice as clean as coal. While 69% of the oil consumed in America is for transportation (two-thirds of which we import from foreign nations), 98% of the natural gas we consume is produced in North America.

The more than 100 years of natural gas reserves in the U.S. will provide thousands of domestic jobs that cannot be outsourced and will help keep taxpayer dollars in the U.S. Approximately 1.3 million Americans are directly employed by natural gas companies, and the entire U.S. natural gas industry supports nearly three million U.S. jobs, with the potential to add many more.

Natural gas will play an increasing role in reducing U.S. carbon emissions, creating jobs, and enhancing U.S. security. I thank Chairman RANGEL for extending the alternative fuel tax credit and for recognizing the importance of natural gas.

Mr. HOLT. Mr. Speaker, I rise today in support of legislation that will extend tax relief to millions of Americans, the Tax Extenders Act of 2009. This bill will extend 40 tax cuts which are due to expire at the end of this year, many of which are important to businesses and families in Central New Jersey.

New Jersey has the highest property taxes in the country. While property taxes are assessed on a local basis to fund local services and schools, I have attempted at the federal level to provide some relief to homeowners. Earlier this year, I reintroduced the Universal Homeowner Tax Relief Act (H.R. 2725) which would extend the property tax deduction for American homeowners who don't itemize on their federal returns. I helped write this initiative to create an additional standard deduction of $500 for single filers and $1,000 for joint filers for local real property taxes paid. I am pleased that the bill before us today extends this deduction for the 2010 tax year and provides needed relief to the 30 million homeowners nationwide and an estimated 600,000 New Jerseyans who are due to lose this benefit this year.

H.R. 4213 also includes $17 billion in tax cuts that would help American businesses create and preserve jobs during these difficult

economic times. It would extend the low-income housing tax credit exchange program which has invested more than $3.7 billion in the construction of more than 49,000 low-income housing units nationwide. It will also invest $3 billion to encourage economic development in economically distressed communities.

I especially support that H.R. 4213 would extend the research and development tax credit for an additional year. This tax credit is crucial in spurring private research and driving technological innovation and will support R&D at 11,000 American companies this year. This credit stimulates American made innovation and preserves and creates new high paying jobs in research and development. As important as the R&D tax credit has been, it has never been a permanent part of the tax code and has been allowed to expire several times, most notably in 2007. Congress should work to make this tax credit permanent in order strengthen the incentive for businesses to invest in long-term research by giving corporate leaders certainty that their research investments will be rewarded year after year.

The Tax Extenders Act of 2009 also would extend the above-the-line deduction for qualified tuition and related expenses. This tax cut of up to $4,000 helps parents offset the rising cost of higher education and keeps a college degree within reach of many middle class families. H.R. 4213 also would extend the teacher tax credit that allows teachers to deduct up to $250 for purchasing classroom supplies for their students. More than 3.4 million teachers benefited from this tax credit this year.

The Tax Extenders Act ensures that these tax cuts do not increase the deficit by providing the U.S. Treasury Department with significant new tools to find and prosecute U.S. individuals that hide assets overseas from the Internal Revenue Service.

I am always looking to extend tax relief to New Jersey families. This bill does that in a fiscally responsible way.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 955, the previous question is ordered on the bill.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. CAMP. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. CAMP. I am, in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Camp moves to recommit the bill H.R. 4213 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

In subtitle A of title I, add at the end the following:

SEC. 105. ALTERNATIVE MINIMUM TAX RELIEF.

(a) INCREASED EXEMPTION AMOUNT.—Paragraph (1) of section 55(d) is amended—

(1) by striking ''($70,950 in the case of taxable years beginning in 2009)'' in subparagraph (A) and inserting ''($72,650 in the case of taxable years beginning in 2010)'', and

(2) by striking ''($46,700 in the case of taxable years beginning in 2009)'' in subparagraph (B) and inserting ''($47,550 in the case of taxable years beginning in 2010)''.

(b) ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS AGAINST ALTERNATIVE MINIMUM TAX.—Paragraph (2) of section 26(a) is amended—

(1) by striking ''or 2009'' and inserting ''2009, or 2010'', and

(2) by striking ''2009'' in the heading thereof and inserting ''2010''.

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

In subtitle B of title I, add at the end the following:

SEC. 127. INCREASED LIMITATIONS ON EXPENSING OF CERTAIN DEPRECIABLE BUSINESS ASSETS.

(a) IN GENERAL.—Paragraph (7) of section 179(b) is amended—

(1) by striking ''or 2009'' in the text thereof and inserting ''2009, or 2010'', and

(2) by striking ''AND 2009'' in the heading thereof and inserting ''2009, AND 2010''.

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

In title VI, strike subtitles A and B.

Mr. CAMP (during the reading). Mr. Speaker, I ask unanimous consent to dispense with the reading.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

POINT OF ORDER

Mr. NEAL of Massachusetts. Mr. Speaker, I make a point of order that the motion before us is in violation of clause 10 of rule XXI of the rules of the House.

The SPEAKER pro tempore. Does any Member wish to be heard on the point of order?

Mr. CAMP. Mr. Speaker, I ask to be heard on the point of order.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Michigan.

Mr. CAMP. Mr. Speaker, this point of order illustrates the dangers raised by the majority's PAYGO rule and its decision at the start of this Congress to prohibit us from offering motions to recommit that are not PAYGO compliant, something that all minorities, Republican and Democrat, over the last many years have been permitted to do in prior sessions, including as recently as last year.

The majority has asserted the motion to recommit violates clause 10 of rule XXI, known as the PAYGO rule, which requires amendments, including those contained in a motion to recommit, to be budget neutral.

I submit, Mr. Speaker, that his point of order should be overturned because it precludes the House from considering the merits of a different approach to the underlying bill, one that would let the American people keep more of their hard-earned income.

By contrast, granting the PAYGO point of order would prevent the House from considering whether to extend this tax relief, as it has done many times before, without offsets. We should be encouraging business investment, not discouraging it through higher taxes.

Let's be clear. This carried interest tax of over $25 billion changes how business income has been taxed for decades, making income currently taxed at 15 percent up to 30 percent, more than doubling it.

Mr. Speaker, granting this point of order would foreclose the House from even considering whether it might want to pass this bill with fewer offsets or further tax relief.

Accordingly, I ask that you overrule the point of order and allow the House to debate and vote on our alternative, which would provide additional tax relief for families and small businesses without some of the most objectionable offsets found in the underlying bill.

The SPEAKER pro tempore. The gentleman from Massachusetts makes a point of order that the amendment proposed in the instructions included in the motion to recommit offered by the gentleman from Michigan violates clause 10 of rule XXI by proposing a change in revenues that would increase the deficit.

Pursuant to clause 10 of rule XXI, the Chair is authoritatively guided by estimates from the Committee on the Budget that the net effect of the provisions in the amendment affecting revenues would increase the deficit for a relevant period.

Accordingly, the point of order is sustained and the motion is not in order.

Mr. CAMP. Mr. Speaker, I appeal the ruling of the Chair.

The SPEAKER pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the House?

MOTION TO TABLE

Mr. NEAL of Massachusetts. Mr. Speaker, I move to table the motion to appeal the ruling of the Chair.

The SPEAKER pro tempore. The question is on the motion to table.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CAMP. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to table will be followed by 5-minute votes on passage of the bill, if arising without further proceedings in recommittal, and suspending the rules with regard to H.R. 3603.

The vote was taken by electronic device, and there were—yeas 251, nays 172, not voting 11, as follows:

[Roll No. 942]

YEAS—251

Abercrombie
Ackerman
Adler (NJ)
Altmire
Andrews
Arcuri
Baca
Baird
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boccieri
Boren
Boswell
Boucher
Boyd
Brady (PA)
Braley (IA)
Bright
Brown, Corrine
Butterfield
Cao
Capps
Capuano
Cardoza
Carnahan
Carney
Carson (IN)
Castor (FL)
Chandler
Childers
Chu
Clarke
Clay
Cleaver
Clyburn
Cohen
Connolly (VA)
Conyers
Cooper
Costa
Costello
Courtney
Crowley
Cuellar
Cummings
Dahlkemper
Davis (AL)
Davis (CA)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Driehaus
Edwards (MD)
Edwards (TX)
Ellison
Ellsworth
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Foster
Frank (MA)
Garamendi
Giffords
Gonzalez
Gordon (TN)
Grayson
Green, Al
Green, Gene
Griffith
Grijalva
Gutierrez
Hall (NY)
Halvorson
Hare
Harman
Hastings (FL)
Heinrich
Herseth Sandlin
Higgins
Hill
Himes
Hinchey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Johnson (GA)
Johnson, E. B.
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick (MI)
Kilroy
Kind
Kirkpatrick (AZ)
Kissell
Klein (FL)
Kosmas
Kratovil
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maffei
Maloney
Markey (CO)
Markey (MA)
Marshall
Massa
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McMahon
McNerney
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Minnick
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Murphy (CT)
Murphy (NY)
Murphy, Patrick
Nadler (NY)
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor (AZ)
Payne
Perlmutter
Perriello
Peters
Peterson
Pingree (ME)
Polis (CO)
Pomeroy
Price (NC)
Quigley
Rahall
Rangel
Reyes
Richardson
Rodriguez
Ross
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda T.
Sarbanes
Schakowsky
Schauer
Schiff
Schrader
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Shuler
Sires
Skelton
Slaughter
Smith (WA)
Snyder
Space
Speier
Spratt
Stark
Stupak
Sutton
Tanner
Taylor
Teague
Thompson (CA)
Thompson (MS)
Tierney
Titus
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Visclosky
Walz
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch
Wexler
Wilson (OH)
Woolsey
Wu
Yarmuth

NAYS—172

Aderholt
Akin
Alexander
Austria
Bachmann
Bachus
Bartlett
Barton (TX)
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boustany
Brady (TX)
Broun (GA)
Brown (SC)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp
Campbell
Cantor
Capito
Cassidy
Castle
Chaffetz
Coble
Coffman (CO)
Cole
Conaway
Crenshaw
Culberson
Davis (KY)
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dreier
Duncan
Ehlers
Emerson
Fallin
Flake
Fleming
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gingrey (GA)
Gohmert
Goodlatte
Graves
Guthrie
Hall (TX)
Harper
Hastings (WA)
Heller
Hensarling
Herger
Hoekstra
Hunter
Inglis
Issa
Jenkins
Johnson (IL)
Johnson, Sam
Jones
Jordan (OH)
King (IA)
King (NY)
Kingston
Kirk
Kline (MN)
Lamborn
Lance
Latham
Latta
Lee (NY)
Lewis (CA)
Linder
LoBiondo
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McKeon
McMorris Rodgers
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy, Tim
Myrick
Neugebauer
Nunes
Nye
Olson
Paul
Paulsen
Pence
Petri
Pitts
Platts
Poe (TX)
Posey
Price (GA)
Putnam
Rehberg
Reichert
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rooney
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Scalise
Schmidt
Schock
Sensenbrenner
Sessions
Shadegg
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Terry
Thompson (PA)
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden
Wamp
Westmoreland
Whitfield
Wilson (SC)
Wittman
Wolf
Young (AK)
Young (FL)

NOT VOTING—11

Baldwin
Barrett (SC)
Carter
Fudge
Granger
LaTourette
Lewis (GA)
Moran (VA)
Murtha
Radanovich
Sanchez, Loretta

□ 1508

Messrs. DUNCAN, ROONEY and Mrs. MYRICK changed their vote from ''yea'' to ''nay.''

Messrs. GORDON of Tennessee and FILNER changed their vote from ''nay'' to ''yea.''

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. RANGEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 241, noes 181, not voting 12, as follows:

[Roll No. 943]

AYES—241

Abercrombie
Ackerman
Adler (NJ)
Altmire
Andrews
Arcuri
Baca
Baird
Barrow
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boccieri
Boren
Boswell
Boucher
Boyd
Brady (PA)
Braley (IA)
Bright
Brown, Corrine
Butterfield
Cao
Capps
Capuano
Cardoza
Carnahan
Carney
Carson (IN)
Castor (FL)
Chandler
Childers
Chu
Clarke
Clay
Cleaver
Clyburn
Cohen
Connolly (VA)
Conyers
Cooper
Costa
Costello
Courtney
Crowley
Cuellar
Cummings
Dahlkemper
Davis (AL)
Davis (CA)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Donnelly (IN)
Doyle
Driehaus
Edwards (MD)
Edwards (TX)
Ellison
Ellsworth
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Foster
Frank (MA)
Garamendi
Giffords
Gonzalez
Gordon (TN)
Grayson
Green, Al
Green, Gene
Griffith
Grijalva
Gutierrez
Hall (NY)
Halvorson
Hare
Harman
Hastings (FL)
Heinrich
Herseth Sandlin
Higgins
Hill
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Johnson (GA)
Johnson, E. B.
Jones
Kagen
Kanjorski
Kennedy
Kildee
Kilpatrick (MI)
Kilroy
Kind
Kirkpatrick (AZ)
Kissell
Kosmas
Kratovil
Kucinich
Langevin
Larsen (WA)
Larson (CT)
Lee (CA)
Levin
Lipinski
Loebsack
Lofgren, Zoe
Lowey
Luján
Lynch
Maloney
Markey (CO)
Markey (MA)
Marshall
Massa
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McMahon
McNerney
Meek (FL)
Meeks (NY)
Melancon
Michaud
Miller (NC)
Miller, George
Minnick
Mollohan
Moore (KS)
Moore (WI)
Murphy (CT)
Murphy (NY)
Murphy, Patrick
Nadler (NY)
Napolitano
Neal (MA)
Nye
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor (AZ)
Payne
Perlmutter
Perriello
Peters
Peterson
Pingree (ME)
Pomeroy
Price (NC)
Quigley
Rahall
Rangel
Reyes
Richardson
Rodriguez
Ross
Rothman (NJ)
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda T.
Sarbanes
Schakowsky
Schauer
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shea-Porter
Sherman
Shuler
Sires
Skelton
Slaughter
Snyder
Space
Speier
Spratt
Stark
Stupak
Sutton
Tanner
Teague
Thompson (CA)
Thompson (MS)
Tierney
Titus
Tonko
Towns
Tsongas
Van Hollen
Velázquez
Visclosky
Walz
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch
Wilson (OH)
Woolsey
Wu
Yarmuth

NOES—181

Aderholt
Akin
Alexander
Austria
Bachmann
Bachus
Bartlett
Barton (TX)
Bean
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boustany
Brady (TX)
Broun (GA)
Brown (SC)

Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Buyer
Calvert
Camp
Campbell
Cantor
Capito
Cassidy
Castle
Chaffetz
Coble
Coffman (CO)
Cole
Conaway
Crenshaw
Culberson
Davis (KY)
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dreier
Duncan
Ehlers
Emerson
Fallin
Flake
Fleming
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gingrey (GA)
Gohmert
Goodlatte
Graves
Guthrie
Hall (TX)
Harper
Hastings (WA)
Heller
Hensarling
Herger
Himes
Hoekstra
Hunter
Inglis
Issa
Jenkins
Johnson (IL)
Johnson, Sam
Jordan (OH)
King (IA)
King (NY)
Kingston
Kirk
Klein (FL)
Kline (MN)
Lamborn
Lance
Latham
LaTourette
Latta
Lee (NY)
Lewis (CA)
Linder
LoBiondo
Lucas
Luetkemeyer
Lummis
Lungren, Daniel E.
Mack
Maffei
Manzullo
Marchant
McCarthy (CA)
McCaul
McClintock
McCotter
McHenry
McKeon
McMorris Rodgers
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mitchell
Moran (KS)
Murphy, Tim
Myrick
Neugebauer
Nunes
Olson
Paul
Paulsen
Pence
Petri
Pitts
Platts
Poe (TX)
Polis (CO)
Posey
Price (GA)
Putnam
Rehberg
Reichert
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rooney
Ros-Lehtinen
Roskam
Royce
Ryan (WI)
Scalise
Schmidt
Schock
Schrader
Sensenbrenner
Sessions
Shadegg
Shimkus
Shuster
Simpson
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Stearns
Sullivan
Taylor
Terry
Thompson (PA)
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden
Wamp
Westmoreland
Wexler
Whitfield
Wilson (SC)
Wittman
Wolf
Young (AK)
Young (FL)

NOT VOTING—12

Baldwin
Barrett (SC)
Carter
Fudge
Granger
Hinchey
Kaptur
Lewis (GA)
Moran (VA)
Murtha
Radanovich
Sanchez, Loretta

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining in this vote.

□ 1517

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

RENAMING THE OCMULGEE NATIONAL MONUMENT

The SPEAKER pro tempore. The unfinished business is the vote on the motion to suspend the rules and pass the bill, H.R. 3603, as amended, on which the yeas and nays were ordered.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Guam (Ms. BORDALLO) that the House suspend the rules and pass the bill, H.R. 3603, as amended.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 419, nays 0, not voting 15, as follows:

[Roll No. 944]

YEAS—419

Abercrombie
Ackerman
Aderholt
Adler (NJ)
Akin
Alexander
Altmire
Andrews
Austria
Baca
Bachmann
Bachus
Baird
Barrow
Bartlett
Barton (TX)
Bean
Becerra
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boccieri
Boehner
Bonner
Bono Mack
Boozman
Boren
Boswell
Boucher
Boustany
Boyd
Brady (PA)
Brady (TX)
Braley (IA)
Bright
Broun (GA)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Butterfield
Buyer
Calvert
Camp
Campbell
Cantor
Cao
Capito
Capps
Capuano
Cardoza
Carnahan
Carney
Carson (IN)
Cassidy
Castle
Castor (FL)
Chaffetz
Chandler
Childers
Chu
Clarke
Clay
Cleaver
Clyburn
Coble
Coffman (CO)
Cohen
Cole
Conaway
Connolly (VA)
Conyers
Cooper
Costa
Costello
Courtney
Crenshaw
Crowley
Cuellar
Culberson
Cummings
Dahlkemper
Davis (AL)
Davis (CA)
Davis (IL)
Davis (KY)
Davis (TN)
Deal (GA)
DeFazio
DeGette
Delahunt
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Donnelly (IN)
Dreier
Driehaus
Duncan
Edwards (MD)
Edwards (TX)
Ehlers
Ellison
Ellsworth
Emerson
Engel
Eshoo
Etheridge
Fallin
Farr
Fattah
Filner
Flake
Fleming
Forbes
Fortenberry
Foster
Foxx
Frank (MA)
Franks (AZ)
Frelinghuysen
Gallegly
Garamendi
Garrett (NJ)
Gerlach
Giffords
Gingrey (GA)
Gohmert
Gonzalez
Goodlatte
Gordon (TN)
Graves
Grayson
Green, Al
Green, Gene
Griffith
Grijalva
Guthrie
Gutierrez
Hall (NY)
Hall (TX)
Halvorson
Hare
Harman
Harper
Hastings (FL)
Hastings (WA)
Heinrich
Heller
Hensarling
Herger
Herseth Sandlin
Higgins
Hill
Himes
Hinchey
Hinojosa
Hirono
Hodes
Hoekstra
Holden
Holt
Honda
Hoyer
Hunter
Inglis
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jenkins
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones
Jordan (OH)
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick (MI)
Kilroy
Kind
King (IA)
King (NY)
Kingston
Kirk
Kirkpatrick (AZ)
Kissell
Klein (FL)
Kline (MN)
Kosmas
Kratovil
Kucinich
Lamborn
Lance
Langevin
Larsen (WA)
Larson (CT)
Latham
Latta
Lee (CA)
Lee (NY)
Levin
Lewis (CA)
Linder
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Luetkemeyer
Luján
Lummis
Lungren, Daniel E.
Lynch
Mack
Maffei
Maloney
Manzullo
Marchant
Markey (CO)
Markey (MA)
Marshall
Massa
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul
McClintock
McCollum
McCotter
McDermott
McGovern
McHenry
McIntyre
McMahon
McMorris Rodgers
McNerney
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Minnick
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Murphy (CT)
Murphy (NY)
Murphy, Patrick
Murphy, Tim
Myrick
Nadler (NY)
Napolitano
Neal (MA)
Neugebauer
Nunes
Nye
Oberstar
Obey
Olson
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor (AZ)
Paul
Paulsen
Payne
Pence
Perlmutter
Perriello
Peters
Peterson
Petri
Pingree (ME)
Pitts
Platts
Poe (TX)
Polis (CO)
Pomeroy
Posey
Price (GA)
Price (NC)
Putnam
Quigley
Rahall
Rangel
Rehberg
Reichert
Reyes
Richardson
Rodriguez
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rooney
Ros-Lehtinen
Roskam
Ross
Rothman (NJ)
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Salazar
Sánchez, Linda T.
Sarbanes
Scalise
Schakowsky
Schauer
Schiff
Schmidt
Schock
Schrader
Schwartz
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Sestak
Shadegg
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Space
Speier
Spratt
Stark
Stearns
Stupak
Sullivan
Sutton
Tanner
Taylor
Teague
Terry
Thompson (CA)
Thompson (MS)
Thompson (PA)
Thornberry
Tiahrt
Tiberi
Tierney
Titus
Tonko
Towns
Tsongas
Turner
Upton
Van Hollen
Velázquez
Visclosky
Walden
Walz
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch
Westmoreland
Wexler
Whitfield
Wilson (OH)
Wilson (SC)
Wittman
Wolf
Woolsey
Wu
Yarmuth
Young (AK)
Young (FL)

NOT VOTING—15

Arcuri
Baldwin
Barrett (SC)
Carter
DeLauro
Doyle
Fudge
Granger
LaTourette
Lewis (GA)
McKeon
Moran (VA)
Murtha
Radanovich
Sanchez, Loretta

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members have 1 minute to record their votes.

□ 1526

So (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 3 o'clock and 26 minutes p.m.), the House stood in recess subject to the call of the Chair.