

113TH CONGRESS
2D SESSION

S. 2681

To amend the Internal Revenue Code of 1986 to provide incentives for
businesses to keep jobs in the United States.

IN THE SENATE OF THE UNITED STATES

JULY 29, 2014

Mr. PRYOR (for himself and Mr. WALSH) introduced the following bill; which
was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide
incentives for businesses to keep jobs in the United States.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Keeping Jobs in Amer-
5 ica Act”.

6 **SEC. 2. INBOUND INVESTMENT PROGRAM TO RECRUIT**
7 **JOBS TO THE UNITED STATES.**

8 (a) DEFINITIONS.—In this section:

9 (1) DISTRESSED.—The term “distressed”, with
10 respect to an area, means an area in the United

1 States that, on the date on which the program is es-
2 tablished under subsection (b)—

3 (A) is included in the most recent classi-
4 fication of labor surplus areas by the Secretary
5 of Labor; and

6 (B) has an unemployment rate equal to or
7 greater than 110 percent of the unemployment
8 rate of the United States.

9 (2) ELIGIBLE ENTITY.—The term “eligible enti-
10 ty” means an entity that employs not fewer than 50
11 full-time equivalent employees in high-value jobs.

12 (3) ELIGIBLE FACILITY.—The term “eligible fa-
13 cility” means a facility at which—

14 (A) an eligible entity employs not fewer
15 than 50 full-time equivalent employees in high-
16 value jobs;

17 (B) with respect to a rural or distressed
18 area, the mean of the wages provided by the eli-
19 gible entity to individuals employed at such fa-
20 cility is greater than the mean wage for the
21 county in which the rural or distressed area is
22 located; and

23 (C) derives at least the majority of its rev-
24 enues from—

25 (i) goods production; or

1 (ii) providing product design, engi-
2 neering, marketing, or information tech-
3 nology services.

4 (4) HIGH-VALUE JOB DEFINED.—The term
5 “high-value job” means a job that—

6 (A) exists within an eligible facility; and

7 (B) has a North American Industrial Clas-
8 sification that corresponds with manufacturing,
9 software publishers, computer systems design,
10 or related codes, and is higher than the mean
11 hourly wage in the country.

12 (5) RURAL.—The term “rural”, with respect to
13 an area, means any area in the United States which,
14 as confirmed by the latest decennial census, is not
15 located within—

16 (A) a city or town that has a population of
17 greater than 50,000 inhabitants; or

18 (B) an urbanized area contiguous and ad-
19 jacent to a city or town described in subpara-
20 graph (A).

21 (b) PROGRAM REQUIRED.—Not later than 180 days
22 after the date of the enactment of this Act, the Secretary
23 of Commerce shall establish a program to award grants
24 to States that are recruiting high-value jobs. Grants
25 awarded under this section may be used to issue forgivable

1 loans to eligible entities that are deciding whether to locate
2 eligible facilities in the United States to assist such enti-
3 ties in locating such facilities in rural or distressed areas.

4 (c) FEDERAL GRANTS TO STATES.—

5 (1) IN GENERAL.—The Secretary shall carry
6 out the program through the award of grants to
7 States to provide loans and loan guarantees de-
8 scribed in subsection (d).

9 (2) APPLICATION.—

10 (A) IN GENERAL.—A State seeking a
11 grant under the program shall submit an appli-
12 cation to the Secretary in such manner and
13 containing such information as the Secretary
14 may require. Once the program is operational,
15 any State may apply for a grant on an ongoing
16 basis, until funds are exhausted. The Secretary
17 may also establish a process for pre-clearing ap-
18 plications from States. The Secretary shall no-
19 tify all States of this grant opportunity once the
20 program is operational. All information about
21 the program and the State application process
22 must be online and must be in a format that
23 is easily understood and is widely accessible.

1 (B) ELEMENTS.—Each application sub-
2 mitted by a State under subparagraph (A) shall
3 include—

4 (i) a description of the eligible entity
5 the State proposes to assist in locating an
6 eligible facility in a rural or distressed area
7 of the State;

8 (ii) a description of such facility, in-
9 cluding the number of high-value jobs re-
10 lating to such facility;

11 (iii) a description of such rural or dis-
12 tressed area;

13 (iv) a description of the resources of
14 the State that the State has committed to
15 assisting such corporation in locating such
16 facility, including tax incentives provided,
17 bonding authority exercised, and land
18 granted; and

19 (v) such other elements as the Sec-
20 retary considers appropriate.

21 (C) NOTICE.—As soon as practicable after
22 establishing the program under subsection (b),
23 the Secretary shall notify all States of the
24 grants available under the program and the
25 process for applying for such grants.

1 (D) ONLINE SUBMISSION OF APPLICA-
2 TIONS.—The Secretary shall establish a mecha-
3 nism for the electronic submission of applica-
4 tions under subparagraph (A). Such mechanism
5 shall utilize an Internet website and all infor-
6 mation on such website shall be in a format
7 that is easily understood and widely accessible.

8 (E) CONFIDENTIALITY.—The Secretary
9 may not make public any information submitted
10 by a State to the Secretary under this para-
11 graph regarding the efforts of such State to as-
12 sist an eligible entity in locating an eligible fa-
13 cility in such State without the express consent
14 of the State.

15 (3) SELECTION.—The Secretary shall award
16 grants under the program on a competitive basis to
17 States that—

18 (A) the Secretary determines are most
19 likely to succeed with a grant under the pro-
20 gram in assisting an eligible entity in locating
21 an eligible facility in a rural or distressed area;

22 (B) if successful in assisting an eligible en-
23 tity as described in subparagraph (A), will cre-
24 ate the greatest number of high-value jobs in
25 rural or distressed areas;

1 (C) have committed significant resources,
2 to the extent of their ability as determined by
3 the Secretary, to assisting eligible entities in lo-
4 cating eligible facilities in a rural or distressed
5 areas; or

6 (D) meet such other criteria as the Sec-
7 retary considers appropriate, including criteria
8 relating to marketing plans, benefits to ongoing
9 regional or State strategies for economic devel-
10 opment, and job growth.

11 (4) LIMITATION ON COMPETITION BETWEEN
12 STATES.—The Secretary may not award a grant to
13 a State under the program to assist an eligible enti-
14 ty—

15 (A) in locating an eligible facility in such
16 State if another State is already seeking to as-
17 sist such eligible entity in locating such eligible
18 facility in such other State; or

19 (B) from relocating an eligible facility from
20 one State to another State.

21 (5) AVAILABILITY OF GRANT AMOUNTS.—For
22 each grant awarded to a State under the program,
23 the Secretary shall make available to such State the
24 amount of such grant not later than 30 days after
25 the date on which the Secretary awarded the grant.

1 The total amount of grants awarded under this pro-
 2 gram may not exceed \$100,000,000.

3 (d) LOANS AND LOAN GUARANTEES FROM STATES
 4 TO CORPORATIONS.—

5 (1) IN GENERAL.—Amounts received by a State
 6 under the program shall be used to provide assist-
 7 ance to an eligible entity to locate an eligible facility
 8 in a rural or distressed area of the State.

9 (2) LOANS AND LOAN GUARANTEES.—A State
 10 receiving a grant under the program may provide as-
 11 sistance under paragraph (1) in the form of—

12 (A) a single loan to a single eligible entity
 13 as described in paragraph (1) to cover the costs
 14 incurred by the eligible entity in locating the el-
 15 igible facility as described in such paragraph; or

16 (B) a single loan guarantee to a financial
 17 institution making a single loan to a single eli-
 18 gible entity as described in paragraph (1) to
 19 cover the costs incurred by the eligible entity in
 20 locating the eligible facility as described in such
 21 paragraph.

22 (3) TERMS AND CONDITIONS.—Each loan or
 23 loan guarantee provided under paragraph (2) shall
 24 have a term of 5 years and shall bear interest at
 25 rates equal to the Federal long-term rate under sec-

1 tion 1274(d)(1)(C) of the Internal Revenue Code of
2 1986.

3 (4) AMOUNT.—The amount of a loan or loan
4 guarantee issued to an eligible entity under the pro-
5 gram for the location of an eligible facility shall be
6 an amount equal to not more than \$5,000 per full-
7 time equivalent employee to be employed at such fa-
8 cility.

9 (5) REPAYMENT.—Repayment of a loan issued
10 by a State to an eligible entity under the program
11 shall be repaid in accordance with such schedule as
12 the State shall establish in accordance with such
13 rules as the Secretary shall prescribe for purposes of
14 the program. Such rules shall provide for the fol-
15 lowing:

16 (A) Forgiveness of all or a portion of the
17 loan, the amount of such forgiveness depending
18 upon the following:

19 (i) The performance of the borrower.

20 (ii) The number or quality of the jobs
21 at the facility located under the program.

22 (B) Repayment of principal or interest, if
23 any, at the end of the term of the loan.

24 (e) ASSESSMENT AND RECOMMENDATIONS.—

1 (1) ONGOING ASSESSMENT.—The Secretary
2 shall conduct an ongoing assessment of the program.

3 (2) RECOMMENDATIONS.—The Secretary may
4 submit to Congress recommendations for such legis-
5 lative action as the Secretary considers appropriate
6 to improve the program, including with respect to
7 any findings of the Secretary derived by comparing
8 the program established under subsection (b) with
9 the programs and policies of governments of other
10 countries used to recruit high-value jobs.

11 **SEC. 3. CREDIT FOR INSOURCING EXPENSES.**

12 (a) IN GENERAL.—Subpart D of part IV of sub-
13 chapter A of chapter 1 of the Internal Revenue Code of
14 1986 is amended by adding at the end the following new
15 section:

16 **“SEC. 45S. CREDIT FOR INSOURCING EXPENSES.**

17 “(a) IN GENERAL.—For purposes of section 38, the
18 insourcing expenses credit for any taxable year is an
19 amount equal to 20 percent of the eligible insourcing ex-
20 penses of the taxpayer which are taken into account in
21 such taxable year under subsection (d).

22 “(b) ELIGIBLE INSOURCING EXPENSES.—For pur-
23 poses of this section—

24 “(1) IN GENERAL.—The term ‘eligible
25 insourcing expenses’ means—

1 “(A) eligible expenses paid or incurred by
2 the taxpayer in connection with the elimination
3 of any business unit of the taxpayer (or of any
4 member of any expanded affiliated group in
5 which the taxpayer is also a member) located
6 outside the United States, and

7 “(B) eligible expenses paid or incurred by
8 the taxpayer in connection with the establish-
9 ment of any business unit of the taxpayer (or
10 of any member of any expanded affiliated group
11 in which the taxpayer is also a member) located
12 within the United States,

13 if such establishment constitutes the relocation of
14 the business unit so eliminated. For purposes of the
15 preceding sentence, a relocation shall not be treated
16 as failing to occur merely because such elimination
17 occurs in a different taxable year than such estab-
18 lishment.

19 “(2) ELIGIBLE EXPENSES.—The term ‘eligible
20 expenses’ means—

21 “(A) any amount for which a deduction is
22 allowed to the taxpayer under section 162, and

23 “(B) permit and license fees, lease broker-
24 age fees, equipment installation costs, and, to

1 the extent provided by the Secretary, other
2 similar expenses.

3 Such term does not include any compensation which
4 is paid or incurred in connection with severance
5 from employment and, to the extent provided by the
6 Secretary, any similar amount.

7 “(3) BUSINESS UNIT.—The term ‘business unit’
8 means—

9 “(A) any trade or business, and

10 “(B) any line of business, or functional
11 unit, which is part of any trade or business.

12 “(4) EXPANDED AFFILIATED GROUP.—The
13 term ‘expanded affiliated group’ means an affiliated
14 group as defined in section 1504(a), determined
15 without regard to section 1504(b)(3) and by sub-
16 stituting ‘more than 50 percent’ for ‘at least 80 per-
17 cent’ each place it appears in section 1504(a). A
18 partnership or any other entity (other than a cor-
19 poration) shall be treated as a member of an ex-
20 panded affiliated group if such entity is controlled
21 (within the meaning of section 954(d)(3)) by mem-
22 bers of such group (including any entity treated as
23 a member of such group by reason of this para-
24 graph).

1 “(5) EXPENSES MUST BE PURSUANT TO
2 INSOURCING PLAN.—Amounts shall be taken into ac-
3 count under paragraph (1) only to the extent that
4 such amounts are paid or incurred pursuant to a
5 written plan to carry out the relocation described in
6 paragraph (1).

7 “(6) OPERATING EXPENSES NOT TAKEN INTO
8 ACCOUNT.—Any amount paid or incurred in connec-
9 tion with the on-going operation of a business unit
10 shall not be treated as an amount paid or incurred
11 in connection with the establishment or elimination
12 of such business unit.

13 “(c) INCREASED DOMESTIC EMPLOYMENT REQUIRE-
14 MENT.—No credit shall be allowed under this section un-
15 less the number of full-time equivalent employees of the
16 taxpayer for the taxable year for which the credit is
17 claimed exceeds the number of full-time equivalent em-
18 ployees of the taxpayer for the last taxable year ending
19 before the first taxable year in which such eligible
20 insourcing expenses were paid or incurred. For purposes
21 of this subsection, full-time equivalent employees has the
22 meaning given such term under section 45R(d) (and the
23 applicable rules of section 45R(e)). All employers treated
24 as a single employer under subsection (b), (c), (m), or (o)

1 of section 414 shall be treated as a single employer for
2 purposes of this subsection.

3 “(d) CREDIT ALLOWED UPON COMPLETION OF
4 INSOURCING PLAN.—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (2), eligible insourcing expenses shall be taken
7 into account under subsection (a) in the taxable year
8 during which the plan described in subsection (b)(5)
9 has been completed and all eligible insourcing ex-
10 penses pursuant to such plan have been paid or in-
11 curred.

12 “(2) ELECTION TO APPLY EMPLOYMENT TEST
13 AND CLAIM CREDIT IN FIRST FULL TAXABLE YEAR
14 AFTER COMPLETION OF PLAN.—If the taxpayer
15 elects the application of this paragraph, eligible
16 insourcing expenses shall be taken into account
17 under subsection (a) in the first taxable year after
18 the taxable year described in paragraph (1).

19 “(e) POSSESSIONS TREATED AS PART OF THE
20 UNITED STATES.—For purposes of this section, the term
21 ‘United States’ shall be treated as including each posses-
22 sion of the United States (including the Commonwealth
23 of Puerto Rico and the Commonwealth of the Northern
24 Mariana Islands).

1 “(f) REGULATIONS.—The Secretary shall prescribe
2 such regulations or other guidance as may be necessary
3 or appropriate to carry out the purposes of this section.”.

4 (b) CREDIT TO BE PART OF GENERAL BUSINESS
5 CREDIT.—Subsection (b) of section 38 of such Code is
6 amended by striking “plus” at the end of paragraph (35),
7 by striking the period at the end of paragraph (36) and
8 inserting “, plus”, and by adding at the end the following
9 new paragraph:

10 “(37) the insourcing expenses credit determined
11 under section 45S(a).”.

12 (c) CLERICAL AMENDMENT.—The table of sections
13 for subpart D of part IV of subchapter A of chapter 1
14 of such Code is amended by adding at the end the fol-
15 lowing new item:

“Sec. 45S. Credit for insourcing expenses.”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to amounts paid or incurred after
18 the date of the enactment of this Act.

19 (e) APPLICATION TO UNITED STATES POSSES-
20 SIONS.—

21 (1) PAYMENTS TO POSSESSIONS.—

22 (A) MIRROR CODE POSSESSIONS.—The
23 Secretary of the Treasury shall make periodic
24 payments to each possession of the United
25 States with a mirror code tax system in an

1 amount equal to the loss to that possession by
2 reason of section 45S of the Internal Revenue
3 Code of 1986. Such amount shall be determined
4 by the Secretary of the Treasury based on in-
5 formation provided by the government of the re-
6 spective possession.

7 (B) OTHER POSSESSIONS.—The Secretary
8 of the Treasury shall make annual payments to
9 each possession of the United States which does
10 not have a mirror code tax system in an
11 amount estimated by the Secretary of the
12 Treasury as being equal to the aggregate bene-
13 fits that would have been provided to residents
14 of such possession by reason of section 45S of
15 such Code if a mirror code tax system had been
16 in effect in such possession. The preceding sen-
17 tence shall not apply with respect to any posses-
18 sion of the United States unless such possession
19 has a plan, which has been approved by the
20 Secretary of the Treasury, under which such
21 possession will promptly distribute such pay-
22 ment to the residents of such possession.

23 (2) COORDINATION WITH CREDIT ALLOWED
24 AGAINST UNITED STATES INCOME TAXES.—No cred-
25 it shall be allowed against United States income

1 taxes under section 45S of such Code to any per-
 2 son—

3 (A) to whom a credit is allowed against
 4 taxes imposed by the possession by reason of
 5 such section, or

6 (B) who is eligible for a payment under a
 7 plan described in paragraph (1)(B).

8 (3) DEFINITIONS AND SPECIAL RULES.—

9 (A) POSSESSIONS OF THE UNITED
 10 STATES.—For purposes of this section, the
 11 term “possession of the United States” includes
 12 the Commonwealth of Puerto Rico and the
 13 Commonwealth of the Northern Mariana Is-
 14 lands.

15 (B) MIRROR CODE TAX SYSTEM.—For pur-
 16 poses of this section, the term “mirror code tax
 17 system” means, with respect to any possession
 18 of the United States, the income tax system of
 19 such possession if the income tax liability of the
 20 residents of such possession under such system
 21 is determined by reference to the income tax
 22 laws of the United States as if such possession
 23 were the United States.

24 (C) TREATMENT OF PAYMENTS.—For pur-
 25 poses of section 1324(b)(2) of title 31, United

1 States Code, the payments under this section
 2 shall be treated in the same manner as a refund
 3 due from sections referred to in such section
 4 1324(b)(2).

5 **SEC. 4. DENIAL OF DEDUCTION FOR OUTSOURCING EX-**
 6 **PENSES.**

7 (a) IN GENERAL.—Part IX of subchapter B of chap-
 8 ter 1 of the Internal Revenue Code of 1986 is amended
 9 by adding at the end the following new section:

10 **“SEC. 280I. OUTSOURCING EXPENSES.**

11 “(a) IN GENERAL.—No deduction otherwise allow-
 12 able under this chapter shall be allowed for any specified
 13 outsourcing expense.

14 “(b) SPECIFIED OUTSOURCING EXPENSE.—For pur-
 15 poses of this section—

16 “(1) IN GENERAL.—The term ‘specified out-
 17 sourcing expense’ means—

18 “(A) any eligible expense paid or incurred
 19 by the taxpayer in connection with the elimi-
 20 nation of any business unit of the taxpayer (or
 21 of any member of any expanded affiliated group
 22 in which the taxpayer is also a member) located
 23 within the United States, and

24 “(B) any eligible expense paid or incurred
 25 by the taxpayer in connection with the estab-

1 lishment of any business unit of the taxpayer
 2 (or of any member of any expanded affiliated
 3 group in which the taxpayer is also a member)
 4 located outside the United States,
 5 if such establishment constitutes the relocation of
 6 the business unit so eliminated. For purposes of the
 7 preceding sentence, a relocation shall not be treated
 8 as failing to occur merely because such elimination
 9 occurs in a different taxable year than such estab-
 10 lishment.

11 “(2) APPLICATION OF CERTAIN DEFINITIONS
 12 AND RULES.—

13 “(A) DEFINITIONS.—For purposes of this
 14 section, the terms ‘eligible expenses’, ‘business
 15 unit’, and ‘expanded affiliated group’ shall have
 16 the respective meanings given such terms by
 17 section 45S(b).

18 “(B) OPERATING EXPENSES NOT TAKEN
 19 INTO ACCOUNT.—A rule similar to the rule of
 20 section 45S(b)(6) shall apply for purposes of
 21 this section.

22 “(c) SPECIAL RULES.—

23 “(1) APPLICATION TO DEDUCTIONS FOR DE-
 24 PRECIATION AND AMORTIZATION.—In the case of
 25 any portion of a specified outsourcing expense which

1 is not deductible in the taxable year in which paid
 2 or incurred, such portion shall neither be chargeable
 3 to capital account nor amortizable.

4 “(2) POSSESSIONS TREATED AS PART OF THE
 5 UNITED STATES.—For purposes of this section, the
 6 term ‘United States’ shall be treated as including
 7 each possession of the United States (including the
 8 Commonwealth of Puerto Rico and the Common-
 9 wealth of the Northern Mariana Islands).

10 “(d) REGULATIONS.—The Secretary shall prescribe
 11 such regulations or other guidance as may be necessary
 12 or appropriate to carry out the purposes of this section,
 13 including regulations which provide (or create a rebuttable
 14 presumption) that certain establishments of business units
 15 outside the United States will be treated as relocations
 16 (based on timing or such other factors as the Secretary
 17 may provide) of business units eliminated within the
 18 United States.”.

19 (b) LIMITATION ON SUBPART F INCOME OF CON-
 20 TROLLED FOREIGN CORPORATIONS DETERMINED WITH-
 21 OUT REGARD TO SPECIFIED OUTSOURCING EXPENSES.—
 22 Subsection (c) of section 952 of such Code is amended
 23 by adding at the end the following new paragraph:

24 “(4) EARNINGS AND PROFITS DETERMINED
 25 WITHOUT REGARD TO SPECIFIED OUTSOURCING EX-

1 PENSES.—For purposes of this subsection, earnings
 2 and profits of any controlled foreign corporation
 3 shall be determined without regard to any specified
 4 outsourcing expense (as defined in section
 5 280I(b)).”.

6 (c) CLERICAL AMENDMENT.—The table of sections
 7 for part IX of subchapter B of chapter 1 of such Code
 8 is amended by adding at the end the following new item:
 “Sec. 280I. Outsourcing expenses.”.

9 (d) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to amounts paid or incurred after
 11 the date of the enactment of this Act.

12 **SEC. 5. EXTENSION OF BONUS DEPRECIATION.**

13 (a) IN GENERAL.—Paragraph (2) of section 168(k)
 14 of the Internal Revenue Code of 1986 is amended—

15 (1) by striking “January 1, 2015” in subpara-
 16 graph (A)(iv) and inserting “January 1, 2019”, and
 17 (2) by striking “January 1, 2014” each place
 18 it appears and inserting “January 1, 2018”.

19 (b) SPECIAL RULE FOR FEDERAL LONG-TERM CON-
 20 TRACTS.—Clause (ii) of section 460(c)(6)(B) of such Code
 21 is amended by striking “January 1, 2014 (January 1,
 22 2015” and inserting “January 1, 2018 (January 1,
 23 2019”.

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

1 (1) IN GENERAL.—Subclause (II) of section
 2 168(k)(4)(D)(iii) of such Code is amended by strik-
 3 ing “2014” and inserting “2018”.

4 (2) ROUND 4 EXTENSION PROPERTY.—Para-
 5 graph (4) of section 168(k) of such Code is amended
 6 by adding at the end the following new subpara-
 7 graph:

8 “(K) SPECIAL RULES FOR ROUND 4 EX-
 9 TENSION PROPERTY.—

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

13 “(I) the limitation described in
 14 subparagraph (B)(i) and the business
 15 credit increase amount under sub-
 16 paragraph (E)(iii) thereof shall not
 17 apply, and

18 “(II) the bonus depreciation
 19 amount, maximum amount, and max-
 20 imum increase amount shall be com-
 21 puted separately from amounts com-
 22 puted with respect to eligible qualified
 23 property which is not round 4 exten-
 24 sion property.

25 “(ii) ELECTION.—

1 “(I) A taxpayer who has an elec-
2 tion in effect under this paragraph for
3 round 3 extension property shall be
4 treated as having an election in effect
5 for round 4 extension property unless
6 the taxpayer elects to not have this
7 paragraph apply to round 4 extension
8 property.

9 “(II) A taxpayer who does not
10 have an election in effect under this
11 paragraph for round 3 extension prop-
12 erty may elect to have this paragraph
13 apply to round 4 extension property.

14 “(iii) ROUND 4 EXTENSION PROP-
15 ERTY.—For purposes of this subpara-
16 graph, the term ‘round 4 extension prop-
17 erty’ means property which is eligible
18 qualified property solely by reason of the
19 extension of the application of the special
20 allowance under paragraph (1) pursuant to
21 the amendments made by section 5(a) of
22 the Keeping Jobs in America Act (and the
23 application of such extension to this para-
24 graph pursuant to the amendment made
25 by section 5(c) of such Act).”.

1 (d) CONFORMING AMENDMENTS.—

2 (1) The heading for subsection (k) of section
3 168 of such Code is amended by striking “JANUARY
4 1, 2014” and inserting “JANUARY 1, 2018”.

5 (2) The heading for clause (ii) of section
6 168(k)(2)(B) of such Code is amended by striking
7 “PRE-JANUARY 1, 2014” and inserting “PRE-JANU-
8 ARY 1, 2018”.

9 (3) Subparagraph (C) of section 168(n)(2) of
10 such Code is amended by striking “January 1,
11 2014” and inserting “January 1, 2018”.

12 (4) Subparagraph (D) of section 1400L(b)(2)
13 of such Code is amended by striking “January 1,
14 2014” and inserting “January 1, 2018”.

15 (5) Subparagraph (B) of section 1400N(d)(3)
16 of such Code is amended by striking “January 1,
17 2014” and inserting “January 1, 2018”.

18 (e) TECHNICAL AMENDMENT RELATING TO SECTION
19 331 OF THE AMERICAN TAXPAYER RELIEF ACT OF
20 2012.—

21 (1) IN GENERAL.—Clause (iii) of section
22 168(k)(4)(J) of such Code is amended by striking
23 “any taxable year” and inserting “its first taxable
24 year”.

1 (2) EFFECTIVE DATE.—The amendment made
 2 by this subsection shall take effect as if included in
 3 the provision of the American Taxpayer Relief Act
 4 of 2012 to which it relates.

5 (f) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to property placed in service after
 7 December 31, 2013, in taxable years ending after such
 8 date.

9 **SEC. 6. INCREASED EXPENSING LIMITATIONS AND TREAT-**
 10 **MENT OF CERTAIN REAL PROPERTY AS SEC-**
 11 **TION 179 PROPERTY.**

12 (a) IN GENERAL.—

13 (1) DOLLAR LIMITATION.—Paragraph (1) of
 14 section 179(b) of the Internal Revenue Code of 1986
 15 is amended by striking “shall not exceed—” and all
 16 that follows and inserting “shall not exceed
 17 \$500,000.”.

18 (2) REDUCTION IN LIMITATION.—Paragraph
 19 (2) of section 179(b) of such Code is amended by
 20 striking “exceeds—” and all that follows and insert-
 21 ing “exceeds \$2,000,000.”.

22 (b) COMPUTER SOFTWARE.—Clause (ii) of section
 23 179(d)(1)(A) of such Code is amended by striking “, to
 24 which section 167 applies, and which is placed in service

1 in a taxable year beginning after 2002 and before 2014”
 2 and inserting “and to which section 167 applies”.

3 (c) ELECTION.—Paragraph (2) of section 179(c) of
 4 such Code is amended—

5 (1) by striking “may not be revoked” and all
 6 that follows through “and before 2014”, and

7 (2) by striking “IRREVOCABLE” in the heading
 8 thereof.

9 (d) AIR CONDITIONING AND HEATING UNITS.—
 10 Paragraph (1) of section 179(d) of such Code is amended
 11 by striking “and shall not include air conditioning or heat-
 12 ing units”.

13 (e) QUALIFIED REAL PROPERTY.—Subsection (f) of
 14 section 179 of such Code is amended—

15 (1) by striking “beginning in 2010, 2011, 2012,
 16 or 2013” in paragraph (1), and

17 (2) by striking paragraphs (3) and (4).

18 (f) INFLATION ADJUSTMENT.—Subsection (b) of sec-
 19 tion 179 of such Code is amended by adding at the end
 20 the following new paragraph:

21 “(6) INFLATION ADJUSTMENT.—

22 “(A) IN GENERAL.—In the case of any
 23 taxable year beginning after 2014, the dollar
 24 amounts in paragraphs (1) and (2) shall each
 25 be increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(c)(2)(A) for such
4 calendar year, determined by substituting
5 calendar year 2013 for calendar year 2012
6 in clause (ii) thereof.

7 “(B) ROUNDING.—The amount of any in-
8 crease under subparagraph (A) shall be round-
9 ed to the nearest multiple of \$10,000.”.

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

13 **SEC. 7. PERMANENT EXTENSION OF NEW MARKETS TAX**
14 **CREDIT.**

15 (a) EXTENSION.—

16 (1) IN GENERAL.—Subparagraph (G) of section
17 45D(f)(1) of the Internal Revenue Code of 1986 is
18 amended by striking “, 2011, 2012, and 2013” and
19 inserting “and each calendar year thereafter”.

20 (2) CONFORMING AMENDMENT.—Section
21 45D(f)(3) of such Code is amended by striking the
22 last sentence.

23 (b) INFLATION ADJUSTMENT.—Subsection (f) of sec-
24 tion 45D of the Internal Revenue Code of 1986 is amend-
25 ed by adding at the end the following new paragraph:

1 “(4) INFLATION ADJUSTMENT.—

2 “(A) IN GENERAL.—In the case of any cal-
3 endar year beginning after 2013, the dollar
4 amount in paragraph (1)(G) shall be increased
5 by an amount equal to—

6 “(i) such dollar amount, multiplied by

7 “(ii) the cost-of-living adjustment de-
8 termined under section 1(f)(3) for the cal-
9 endar year, determined by substituting
10 ‘calendar year 2000’ for ‘calendar year
11 1992’ in subparagraph (B) thereof.

12 “(B) ROUNDING RULE.—Any increase
13 under subparagraph (A) which is not a multiple
14 of \$1,000,000 shall be rounded to the nearest
15 multiple of \$1,000,000.”.

16 (c) ALTERNATIVE MINIMUM TAX RELIEF.—Subpara-
17 graph (B) of section 38(c)(4) of the Internal Revenue
18 Code of 1986 is amended—

19 (1) by redesignating clauses (v) through (ix) as
20 clauses (vi) through (x), respectively, and

21 (2) by inserting after clause (iv) the following
22 new clause:

23 “(v) the credit determined under sec-
24 tion 45D, but only with respect to credits
25 determined with respect to qualified equity

1 investments (as defined in section 45D(b))
2 initially made before January 1, 2014,”.

3 (d) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made by this section
6 shall take effect on the date of the enactment of this
7 Act.

8 (2) ALTERNATIVE MINIMUM TAX RELIEF.—The
9 amendments made by subsection (c) shall apply to
10 credits determined with respect to qualified equity
11 investments (as defined in section 45D(b) of the In-
12 ternal Revenue Code of 1986) initially made after
13 the date of the enactment of this Act.

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