American Workers, State, and Business Relief Act

Summary of provisions as passed by the Senate, March 10, 2010*

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**The scores in this summary are preliminary and subject to change.*

EXTENSION OF EXPIRING TAX PROVISIONS

ENERGY PROVISIONS

Heavy Hybrid Credit. The bill extends for one year, through 2010, the alternative motor vehicle credit for so-called heavy hybrids (i.e., hybrid motor vehicles that are not passenger automobiles or light trucks). *This proposal is estimated to cost $8 million over ten years.*

Extension of Tax Incentives for Biodiesel and Renewable Diesel. The bill extends for one year, through 2010, the $1.00 per gallon tax credit for biodiesel, as well as the small agri-biodiesel producer credit of 10 cents per gallon. The bill also extends through 2010 the $1.00 per gallon tax credit for diesel fuel created from biomass. *This proposal is estimated to cost $1.008 billion over ten years.*

Biomass Facilities. The bill extends for one year, through 2010, the credit period for electricity produced at open-loop biomass facilities placed in service before October 22, 2004. *This proposal is estimated to cost $105 million over ten years.*

Refined Coal. The bill extends for one year, through 2010, the placed-in-service deadline for qualifying refined coal facilities. *This proposal is estimated to cost $63 million over ten years.*

Extension and Modification of Section 45 Credit for Steel Industry Fuel. The bill extends for an additional two years, through 2011, the placed-in-service deadline for qualifying steel industry fuel facilities. The bill also modifies the definition of feedstock to include petroleum coke, and provides that certain leases and supply agreements are not "relationships" or "ownership interests" for purposes of the credit. *This proposal is estimated to raise $44 million over ten years.*

Small Business Refiners. The bill extends for one year, through 2010, two provisions that assist small business refiners in complying with EPA sulfur regulations. The first is a deduction of up to 75 percent of the costs related to compliance with EPA's Highway Diesel Fuel Sulfur Control requirement. The second is a credit of 5 cents for each gallon of low sulfur diesel fuel produced during the taxable year. *This proposal is estimated to cost $20 million over ten years.*

Credit for Producing Fuel from Coke or Coke Gas. The bill extends for one year, through 2010, the placed-in-service date for qualified facilities producing coke or coke gas, byproducts of the coal refining process that are used to make fuel. *This proposal is estimated to cost $21 million over ten years.*

Extension of Credit for Energy-Efficiency Improvements to New Homes. The bill extends for one year, through 2010, the credit for the construction of energy-efficient new homes that achieve a 30% or 50% reduction in heating and cooling energy consumption relative to a comparable dwelling constructed per the standards of the 2003 International Energy Conservation Code (including supplements). *This proposal is estimated to cost $66 million over ten years.*

Extension and Modification of Alternative Fuels Credit. The bill extends for one year, through 2010, the alternative fuel excise tax credit for all fuels except hydrogen, which maintains its current-law expiration date of September 30, 2014. Beginning January 1, 2010, the proposal modifies the definition of alternative fuel to exclude any fuel (including lignin, wood residues, or spent pulping liquors) derived from the production of paper or pulp. Thus, such fuel would no longer qualify for the alternative fuel credit, alternative fuel mixture credit, and related payment provisions. *This proposal is estimated to cost $196 million over ten years.*

Temporary Rule for Sales or Dispositions to Implement FERC or State Electric Restructuring Policy for Qualified Electric Utilities. The bill extends for one year, for sales prior to January 1, 2011, the present law deferral of gain on sales of transmission property by vertically integrated electric utilities to FERC-approved independent transmission companies. Rather than recognizing the full amount of gain in the year of sale, this provision would allow gain on such sales to be recognized ratably over an eight-year period. *This proposal is revenue neutral over ten years.*

Grants for Energy Efficient Appliances in Lieu of Credits. The bill allows a grant, in lieu of a tax credit, for the eligible production of energy efficient dishwashers, clothes washers, and refrigerators. Eligible appliances must be produced in the U.S. and the taxpayer may elect to use the grant once for either the 2009 or 2010 tax year. *This proposal is estimated to cost $69 million over ten years.*

Modification of Requirements for Exterior Windows, Doors, and Skylights to be Eligible for Non-business Energy Property. The bill changes requirements for tax credits for energy efficient windows, doors, and skylights from U-factor and Solar Heat Gain Coefficient (SHGC) based values to the 2010 Energy Star standards, which accounts for the regional differences in climates. *This proposal is estimated to cost $145 million over ten years.*

<u>INDIVIDUAL PROVISIONS</u>

Teacher Expense Deduction. The bill extends for one year, through 2010, the provision allowing teachers an above-the-line deduction for up to $250 for educational expenses. The proposal is effective for taxable years beginning after December 31, 2009. *This proposal is estimated to cost $215 million over ten years.*

Additional Standard Deduction for Real Property Taxes. The bill extends for one year, through 2010, the real property tax standard deduction which is capped at the lesser of the amount of State and local and foreign real property taxes paid, or $500 ($1,000 in the case of a joint return). The proposal is effective on the date of enactment. *This proposal is estimated to cost $1.551 billion over ten years.*

Deduction of State and Local General Sales Taxes. The American Jobs Creation Act (AJCA) provided that a taxpayer may elect to take an itemized deduction for state and local general sales taxes in lieu of the itemized deduction for state and local income taxes. The bill extends the provision to the end of 2010. The proposal is effective for tax years beginning after December 31, 2009. *This proposal is estimated to cost $1.800 billion over ten years.*

Extension of Provision Encouraging Contributions of Capital Gain Real Property for Conservation Purposes. The bill extends for one year, through 2010, the increased contribution limits and carry-forward period for contributions of appreciated real property, including partial interests in real property, for conservation purposes. *This proposal is estimated to cost $190 million over ten years.*

***Qualified Tuition Deduction*.** The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) created an above-the-line tax deduction for qualified higher education expenses. The maximum deduction was $4,000 for taxpayers with AGI of $65,000 or less ($130,000 for joint returns) or $2,000 for taxpayers with AGI of $80,000 or less ($160,000 for joint returns). The bill extends the deduction to the end of 2010. *This proposal is estimated to cost $1.501 billion over ten years.*

Extension of Tax-Free Distributions from Individual Retirement Plans for Charitable Purposes. The bill extends for one year, through 2010, the provision that permits tax-free distributions to a charity from an Individual Retirement Account (IRA) of up to $100,000 per taxpayer, per taxable year. *This proposal is estimated to cost $627 million over ten years*.

Estate Tax Look-Through for Certain Regulated Investment Company (RIC) Stock held by Nonresidents. Although stock issued by a domestic corporation is generally treated as property within the United States, stock of a Regulated Investment Company (RIC) that was owned by a nonresident non-citizen is not deemed property within the United States in the proportion that, at the end of the quarter of the RIC's taxable year immediately before a decedent's date of death, the assets held by the RIC are debt obligations, deposits, or other property that would be treated as situated outside the United States if held directly by the estate (the "estate tax look-through rule for RIC stock"). This estate tax look-through rule for RIC stock does not apply to estates of decedents dying after December 31, 2009. The bill permits the estate tax look-through rule for RIC stock to apply to estates of decedents dying before January 1, 2011. The proposal is effective for decedents dying after December 31, 2009. *This proposal has a negligible revenue effect.*

Election for Refundable Low-Income Housing Credit for 2010. The bill extends for one year, through 2010, the program that was enacted as part of the American Recovery and Reinvestment Act of 2009 that allows state housing agencies to elect to receive a payment in lieu of a portion of the State's allocation of low-income housing tax credits. *This proposal is estimated to raise $11 million over ten years.*

BUSINESS PROVISIONS

Research and Development Credit. The bill extends for one year, through 2010, the research tax credit equal to 20 percent of the amount by which a taxpayer's qualified research expenses for a taxable year exceed its base amount for that year and provides an alternative simplified credit of 14 percent. The proposal is effective for amounts paid or incurred after December 31, 2009. *This proposal is estimated to cost $6.650 billion over ten years.*

Indian Employment Credit. The bill extends for one year, through 2010, a provision that allows a business tax credit for employers of qualified employees that work and live on or near an Indian reservation. The credit is for wages and health insurance costs paid to qualified employees (up to $20,000) in the current year over the amount paid in 1993. Wages for which the Work Opportunity Tax Credit is available are not qualified wages for purposes of the Indian employment tax credit. The proposal is effective for taxable years beginning after December 31, 2009. *This proposal is estimated to cost $48 million over ten years.*

New Markets Tax Credit. Prior to expiration at December 31, 2009, new markets tax credits were available on a competitive basis to qualified community development entities investing in low-income census tracts. In 2009, $5 billion was available under the program. The bill extends the program for one year, providing $5 billion in new markets tax credit authority. The proposal is effective for calendar years after the date of enactment. *This proposal is estimated to cost $1.401 billion over ten years.*

Expenditures for Maintaining Railroad Tracks. The bill extends for one year, through 2010, the railroad maintenance credit which provides Class II and Class III railroads (generally, short-line and regional railroads) with a tax credit equal to 50 percent of gross expenditures for maintaining railroad tracks that they own or lease. This credit is allowable against the AMT. This provision is effective for expenses paid or incurred in taxable years beginning after December 31, 2009. *This proposal is estimated to cost $165 million over ten years.*

Mine Rescue Team Training Credit. The bill extends for one year, through 2010, a credit of up to $10,000 for the training of mine rescue team members. This provision is effective for taxable years beginning after December 31, 2009. *This proposal is estimated to cost $1 million over ten years.*

Employer Wage Credit for Activated Military Reservists. The bill extends for one year, through 2010, the provision that provides eligible small business employers with a credit against income tax liability for a taxable year in an amount equal to 20 percent of the sum of differential wage payments to activated military reservists, up to $4,000. This provision is effective for payments made after December 31, 2009. *This proposal is estimated to cost $4 million over ten years.*

Certain Farming Business Machinery and Equipment Treated as 5-year Property. The bill extends for one year, through 2010, the five year recovery period for any machinery or equipment (other than any grain bin, cotton ginning asset, fence, or other land improvement) which is used in a farming business, the original use of which commences with the taxpayer, and is placed in service before January 1, 2011. For these purposes, the term “farming business” means a trade or business involving the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity. This provision is effective for property placed in service after December 31, 2009. *This proposal is expected to be revenue neutral.*

15-Year Straight-Line Cost Recovery for Qualified Leasehold, Restaurant, and Retail Improvements. The bill extends for one year, through 2010, the temporary 15-year cost recovery period for certain leasehold, restaurant, and retail improvements, and new restaurant buildings, which are placed in service before January 1, 2011. The extension is effective for qualified property placed in service after December 31, 2009. *This proposal is estimated to cost $4.851 billion over ten years.*

7-Year Recovery Period for Certain Motorsports Racetrack Property. The bill extends for one year, through 2010, the temporary 7-year cost recovery period for property used for land improvement and support facilities at motorsports entertainment complexes. This provision is effective for property placed in service after December 31, 2009. *This proposal is estimated to cost $38 million over ten years.*

Accelerated Depreciation for Business Property on Indian Reservation. The bill extends for one year, through 2010, a temporary depreciation recovery period for qualified Indian reservation property which is placed in service before January 1, 2011. In general, qualified Indian reservation property is property used predominantly in the active conduct of a trade or business within an Indian reservation, which is not used outside the reservation on a regular basis and was not acquired from a related person. This provision is effective for property placed in service after December 31, 2009. *This proposal is estimated to cost $123 million over ten years.*

Enhanced Charitable Deduction for Food Inventory. The bill extends for one year, through 2010, the provision allowing businesses to claim an enhanced deduction for the contribution of food inventory. *This proposal is estimated to cost $78 million over ten years.*

Enhanced Charitable Deduction for Contributions of Book Inventory to Schools. The bill extends for one year, through 2010, a provision that allows C corporations an enhanced charitable deduction for donations of books to schools, public libraries and literacy programs. The proposal is effective for contributions made after December 31, 2009. *This proposal is estimated to cost $31 million over ten years.*

Enhanced Charitable Deduction for Qualified Computer Contributions. The bill extends for one year, through 2010, a provision that encourages businesses to contribute computer equipment and software to elementary, secondary, and post-secondary schools by allowing an enhanced deduction for such contributions. The proposal is effective for contributions made during taxable years beginning after December 31, 2009. *This proposal is estimated to cost $195 million over ten years.*

Election to Expense Advanced Mine Safety Equipment. The bill extends for one year, through 2010, the provision that allows a 50 percent immediate expensing for the following advanced underground mine safety equipment: (1) communications technology enabling miners to remain in constant contact with individuals above ground; (2) electronic tracking devices that enable individuals above ground to locate miners in the mine at all times; (3) self-rescue emergency breathing apparatuses carried by the miners and additional oxygen supplies stored in the mine; and (4) mine atmospheric monitoring equipment to measure levels of carbon monoxide, methane, and oxygen in the mine. This provision shall apply to property placed in service after December 31, 2009. *This proposal is estimated to cost $2 million over ten years.*

Temporary Expensing Rules for Certain Film and Television Productions. The bill extends for one year, through 2010, a provision that allows an owner to elect to expense up to $15 million of any qualified film or television production costs. The maximum deduction is increased to $20 million if the costs are significantly incurred in specific, economically distressed areas. No other depreciation or amortization is allowed for production costs where this deduction is taken. A qualified film or television production is one in which at least 75 percent of the total compensation spent on the production is for services performed in the United States by actors, production personnel, directors, and producers. The proposal is effective for productions commencing after December 31, 2009. *This proposal is estimated to cost $46 million over ten years.*

Expensing of Environmental Remediation Costs. The bill extends for one year, through 2010, a provision allowing for the expensing of costs associated with cleaning up contaminated sites. The proposal is effective for property placed in service after December 31, 2009. *This proposal is estimated to cost $158 million over ten years.*

Deduction Allowable with Respect to Income Attributable to Domestic Production Activities in Puerto Rico. The bill extends for one year, through 2010, a provision allowing a section 199 domestic production activities deduction for activities in Puerto Rico. The proposal is effective for tax years beginning after December 31, 2009. *This proposal is estimated to cost $185 million over ten years.*

Modification of Tax Treatment of Certain Payments to Controlling Exempt Organizations. In general, interest, rent, royalties, and annuities paid to a tax–exempt organization from a controlled entity are treated as unrelated business income of the tax-exempt organization. The Pension Protection Act (PPA) provided that if a payment to a tax-exempt organization by a controlled entity is less than fair market value, then the payment is excludable from the tax-exempt organization's unrelated business income. The bill extends this provision to the end of 2010. The proposal is effective for payments received or accrued after December 31, 2009. *This proposal is estimated to cost $20 million over ten years.*

Extension of Exclusion of Gain on the Sale or Exchange of Certain Brownfield sites from Unrelated Business Taxable Income. The bill extends for one year, through 2010, the provision that excludes any gain or loss from the qualified sale, exchange, or other disposition of any qualified brownfield property from unrelated business taxable income. A brownfield site refers to a category of redevelopment sites where hazardous substances, pollutants, or contaminants are or may be present. *This proposal is estimated to cost $54 million over ten years*.

Taxation of Qualified Timber Gain and Timber REIT Provisions. Prior to expiration on December 31, 2009, gains on timber sales were eligible for capital gains tax treatment. The bill extends for one year, through 2010, a provision included in the Farm Bill of 2008 that created an alternative maximum tax rate of 15 percent for gain on qualified timber harvest by a C corporation. Qualified timber gain is gain from the sale or exchange of timber held for at least 15 years. In addition, the bill extends for one year, through 2010, other Farm Bill provisions intended to modernize the taxation of timber real estate investment trusts (REITS) including: (1) clarifying that gains from the sale of timber held for less than one year is qualifying income; (2) providing that mineral royalty income is qualifying income; and (3) making changes to the safe harbors for timber property sales. *This proposal is estimated to cost $261 million over ten years.*

Treatment of Certain Dividends of Regulated Investment Companies (RICs). The bill extends a provision allowing a RIC, under certain circumstances, to designate all or a portion of a dividend as an "interest-related dividend," by written notice mailed to its shareholders not later than 60 days after the close of its taxable year. In addition, an interest-related dividend received by a foreign person generally is exempt from U.S. gross-basis tax under sections 871(a), 881, 1441 and 1442 of the Code. The bill extends the treatment of interest-related dividends and short-term capital gain dividends received from a RIC to taxable years of the RIC beginning before January 1, 2011. The proposal is effective for dividends with respect to taxable years of RICs beginning after December 31, 2009. *This proposal is estimated to cost $84 million over ten years.*

Extend the Treatment of Regulated Investment Companies (RICs) as "Qualified Investment Entities." The bill extends for one year, through 2010, the inclusion of a RIC within the definition of a "qualified investment entity" under section 897 of the Code for those situations in which that inclusion otherwise expired at the end of 2009. *This proposal is estimated to cost $10 million over ten years.*

Exception under Subpart F for Active Financing Income. The U.S. parent of a foreign subsidiary engaged in a banking, financing, or similar business is eligible for deferral of tax on such subsidiary's earnings if the subsidiary is predominantly engaged in such business and conducts substantial activity with respect to such business. The subsidiary must pass an entity level income test to demonstrate that the income is active income and not passive income. The bill extends this provision to the end of 2010. The proposal is effective for tax years beginning after December 31, 2009. *This proposal is estimated to cost $3.923 billion over ten years.*

Look-Through Treatment of Payments between Related CFCs under the Foreign Personal Holding Company Rules. The bill extends for one year, through 2010, a provision allowing deferral for certain payments (interest, dividends, rents and royalties) between commonly controlled foreign corporations (CFC). This provision allows U.S. taxpayers to deploy capital from one CFC to another without triggering U.S. tax. The proposal is effective for tax years beginning after December 31, 2009. *This proposal is estimated to cost $574 million over ten years.*

Basis Adjustment to Stock of an S Corporation Making Charitable Contributions of Property. Prior to the Pension Protection Act (PPA), if an S corporation made a contribution to a charity, shareholders reduced the basis in their stock by their pro rata share of the fair market value of the contribution. The PPA provided the amount of a shareholder's basis reduction in the S corporation stock will equal the shareholder's pro rata share of the adjusted basis of the contributed property. The proposal extends the provision through December 31, 2010 and is applicable to contributions made in taxable years beginning after December 31, 2009. *This proposal is estimated to cost $39 million over ten years.*

Extension of Tax Incentives for Empowerment Zones. The bill extends for one year, through 2010, the designation of certain economically depressed census tracts as Empowerment Zones. Businesses and individual residents within Empowerment Zones are eligible for temporary tax incentives. *This proposal is estimated to cost $304 million over ten years.*

Tax Incentives for Investments in the District of Columbia. The bill provides for the designation of certain economically depressed census tracts within the District of Columbia as the D.C. Enterprise Zone. Businesses and individual residents within this enterprise zone are eligible for temporary tax incentives. First time home buyers receive a $5,000 credit for D.C. The bill extends the provision through the end of 2010. The proposal is effective for tax years beginning after December 31, 2009. *This proposal is estimated to cost $101 million over ten years.*

Extension of Tax Incentives for Renewal Communities. The bill extends for one year, through 2010, the designation of certain economically depressed census tracts as Renewal Communities. Businesses and individual residents within Renewal Communities are eligible for temporary tax incentives. *This proposal is estimated to cost $675 million over ten years.*

Extension of Temporary Increase in Limit on Cover-over of Rum Excise Tax Revenues to Puerto Rico and the Virgin Islands. The bill extends for one year, through 2010, the provision providing for payment of $13.25 per gallon to cover over a $13.50 per proof gallon excise tax on distilled spirits produced in or imported into the United States. *This proposal is estimated to cost $128 million over ten years.*

American Samoa Economic Development Credit. Certain domestic corporations operating in American Samoa are eligible for a possessions tax credit, which offsets their U.S. tax liability on income earned in American Samoa from active business operations, sales of assets used in a business, or certain investments in American Samoa. Further, the credit is held to an economic activity-based limit, measuring the credit against wages, depreciation, and American Samoa income taxes. The proposal extends the provision to the end of 2010. The proposal is effective for tax years beginning after December 31, 2009. *This proposal is estimated to cost $18 million over ten years.*

Percentage Depletion for Marginal Wells. The bill extends for one year, through 2010, the suspension on the taxable income limit for purposes of depreciating a marginal oil or gas well. *This proposal is estimated to cost $103 million over ten years.*

DISASTER RELIEF PROVISIONS

Extension of Relaxed Mortgage Revenue Bond Limitations for Federal Disasters. The bill extends for one year, through 2010, the provision that allows states to waive certain rules that limit their ability to use tax-exempt housing bonds to provide loans to taxpayers who wish to acquire residences in Federally-declared disaster areas. The bill also extends through December 31, 2010 the provision that allows states to use their tax-exempt housing bonds to provide loans to repair or reconstruct homes and rental housing units that have been rendered unsafe as a residence due to a Federally-declared disaster, or have been demolished or relocated by reason of government order on account of a Federally-declared disaster. Such loans are limited to the lower of (1) the actual cost of the repair or reconstruction or (2) $150,000. *This proposal is estimated to cost $21 million over ten years.*

Extension of Expanded and Enhanced Casualty Loss Deductions Relating to Federal Disasters. The bill extends for one year, through 2010, the provision that allows taxpayers who have suffered loss as a result of a Federally-declared disaster to claim a deduction for casualty losses (i.e., both itemizers and non-itemizers) and allows these taxpayers to calculate their casualty loss deduction without regard to adjusted gross income. The bill also extends, through December 31, 2010, the current law $500 per loss threshold. *This proposal is estimated to cost $728 million over ten years.*

Extension of Bonus Depreciation for Qualified Disaster Property. The bill extends for one year, through 2010, the provision that permits businesses that suffered damage as a result of a Federally-declared disaster to claim an additional first-year depreciation deduction equal to 50 percent of the cost of new real and personal property investments made in the Federally - declared disaster area. *This proposal is estimated to cost $1.457 billion over ten years.*

Extension of Five-Year Carry-Back Period for Certain Losses Relating to Federal Disasters. The bill extends for one year, through 2010, the provision that allows businesses to carry back to the previous five years the following losses: (1) casualty losses that are attributable to a Federally-declared disaster; and (2) Qualified Disaster Expenses. *This proposal is estimated to cost $120 million over ten years.*

Extension of Expensing of Qualified Disaster Expenses. The bill extends for one year, through 2010, the provision that allows businesses that have been affected by a Federally-declared disaster to currently expense demolition, repair, clean-up, and environmental remediation expenses ("Qualified Disaster Expenses"). In addition, the bill extends for one year, through 2010, the expensing provision for small businesses that increases by $100,000 (or the cost of qualified property, whichever is less) the amount of expensing available for qualifying expenditures made in a Federally-declared disaster area and increases by $600,000 (or the cost of qualified property, whichever is less) the level of investment at which the small business expensing benefits phase-out. *This proposal is estimated to cost $31 million over ten years.*

Extension of Tax Incentives for the New York Liberty Zone. The bill would extend for one year, through 2010, the temporary depreciation allowance for certain real property within the New York Liberty Zone and the time for issuing New York Liberty Zone bonds. *This proposal is estimated to cost $152 million over ten years.*

Temporary Depreciation Allowance for Gulf Opportunity Zone Property. The bill extends for one year, through 2010, an additional depreciation deduction claimed by businesses equal to 50 percent of the cost of new property investments made in the Gulf Opportunity Zone. The provision applies to property placed in service through December 31, 2010. *This proposal is estimated to cost $114 million over ten years.*

Extension of Increased Rehabilitation Credit for Historic Structures in the Gulf Opportunity Zone. The bill extends for one year, through 2010, the increased rehabilitation credit for qualified expenditures in the Gulf Opportunity Zone. The Gulf Opportunity Zone Act of 2005 increased the rehabilitation credit from 10 percent to 13 percent of qualified expenditures for any qualified rehabilitated building other than a certified historic structure, and from 20 percent to 26 percent of qualified expenditures for any certified historic structure. *This proposal is estimated to cost $15 million over ten years.*

Extend Work Opportunity Tax Credit (WOTC) for Hurricane Katrina Employees. The bill extends for one year, through August 28, 2010, the work opportunity tax credit for certain employers hiring in the Hurricane Katrina core disaster area. *This proposal is estimated to cost $7 million over 10 years.*

Extend Placed in Service Date for Gulf Opportunity Zone Low-Income Housing Tax Credits. Under current law, buildings qualifying for Gulf Opportunity Zone low-income housing credits must place the buildings in service by December 31, 2010. The amendment extends the placed-in-service date for these credits to December 31, 2012. *This proposal is estimated to cost $357 million over ten years.*

Allow Exchange Treatment for Disaster Low-Income Housing Tax Credits. Under current law, an additional allocation of low-income housing tax credits was provided to areas devastated by Midwestern floods and by Hurricane Katrina. These additional credits do not qualify for the exchange program established as part of the American Recovery and Reinvestment Act of 2009. The amendment allows these additional disaster credits to qualify for the exchange program. *This proposal is estimated to cost $91 million over ten years.*

Extension of Tax-Exempt Bonds for the Gulf Opportunity Zone. Under current law, bonds were authorized to help rebuild areas devastated by Hurricane Katrina and must be issued by December 31, 2009. The amendment provides one additional year to utilize these bonds, through December 31, 2010***.*** *This proposal is estimated to cost $348 million over ten years.*

Temporary Rules for Use of Retirement Fund Distributions and Loans in Midwestern Disaster Areas. This proposal extends for one year, through 2010, the provision enacted in the Emergency Economic Stabilization Act (EESA) that waived the 10 percent penalty tax for certain distributions from individual retirement accounts or tax-favored retirement plans (e.g., Code sections 401(k), 403(b), or 457(b) plans). The penalty tax is waived if the distribution is made on or after the Federally-declared disaster date and before January 1, 2011 and is made to an individual whose principal residence on the applicable declaration date was located in a Midwestern disaster area and who sustained an economic loss by reason of the disaster. In addition, this proposal extends for one year (from January 1, 2010 through December 31, 2010) the provision enacted in the EESA that effectively doubles the limitation on loans from a 401(k), 403(b), or a governmental 457(b) plan by allowing participants located in a Midwestern disaster area who sustained economic loss by reason of the disaster. Finally, for loans made after December 31, 2009 and before January 1, 2011, outstanding loan payments due on or after the applicable declaration date and before January 1, 2011 may be deferred an additional 12 months. *This proposal is estimated to cost $27 million over ten years.*

Cancellations of Indebtedness Related to a Midwestern Disaster. Under current law, gross income generally includes any amount realized from the discharge of indebtedness. This proposal extends for one year, through 2010, the provision enacted in the Emergency Economic Stabilization Act that ensures individuals are not taxed on personal debt that is discharged in response to damage suffered from the Midwestern disaster. For example, if a house is damaged or destroyed and the mortgage lender discharges all or part of this mortgage debt, the amount discharged is not treated as income as a result of the proposal. *This proposal is estimated to cost $2 million over ten years.*

Extension of Bonus Depreciation for Kiowa County, Kansas. In order to help the town of Greensburg, Kansas rebuild after a devastating tornado in 2007, businesses located in Kiowa County were allowed to write-off, in the first year, 50 percent of the cost of certain investments. This relief expired on December 31, 2009. The amendment extends the tax relief through December 31. 2010. *This proposal is estimated to cost $34 million over ten years.*

ADDITIONAL BUSINESS TAX RELIEF

Election to Temporarily Utilize Unused Alternative Minimum Tax Credits. Under current law, AMT credits generally can only offset regular tax liability. Corporations with losses that do not have regular tax liability typically cannot take full advantage of their AMT credits. The bill allows for the refundability of AMT credit carryovers when the corporation invests in qualifying new domestic property, such as machinery, equipment, and computers. Under the bill, a corporation may elect to claim a refund of its existing AMT credits in an amount equal to the lesser of 50% of the corporation's unused AMT credits or 10% of the corporation's investments in qualifying new domestic property purchased and placed into service in 2010. *This proposal is estimated to cost $2.337 billion over ten years.*

Allow Mine Rescue Team Training Credit and Election to Expense Advanced Mine Safety Equipment Against the Alternative Minimum Tax. This bill provides that the credit for the training of mine rescue team members and the enhanced expensing of mine safety equipment will be allowed for purposes of calculating the Alternative Minimum Tax. *This proposal is estimated to cost $6 million over ten years.*

UNEMPLOYMENT INSURANCE AND COBRA EXTENSIONS

Unemployment Insurance Extension. Under current law, an unemployed worker may receive up to 26 weeks of unemployment benefits provided by the state in which they were employed. After the state-provided benefits are exhausted, the worker may qualify for 34 more weeks of benefits provided by the federal government. If that person is unemployed in a state with an unemployment rate above 6 percent, they qualify for an additional 13 weeks of benefits also provided by the federal government. Unemployed workers in states with an unemployment level over 8.5 percent qualify for an additional six weeks of benefits also provided by the federal government. In addition, the Federal government pays 100 percent of the cost of state Extended Benefits programs which provide up to 13 additional weeks of benefits for unemployed workers who have exhausted regular state benefits or Emergency Unemployment Compensation. Last year's economic recovery bill increased weekly unemployment benefits by an additional $25 per week. This proposal extends current law, including increased unemployment benefits, through December 31, 2010. Without extension, these provisions will expire on April 5, 2010. *This proposal is estimated to cost $61 billion over ten years.*

Extension of COBRA Premium Assistance. The bill extends the 65-percent COBRA continuation coverage subsidy for terminated workers through December 31, 2010 and also includes a provision allowing extra time to elect and pay COBRA premiums in the event the bill is enacted after the expiration of the COBRA subsidy under current law. The subsidy was originally enacted as part of the American Recovery and Reinvestment Act (ARRA) and was expanded later in 2009. *The proposal is estimated to cost $9.9 billion over ten years*

HEALTH CARE PROVISIONS

Extension of Exceptions Process for Medicare Therapy Caps. The bill extends the therapy caps exception process through December 31, 2010. Current law places annual per beneficiary payment limits for all outpatient therapy services provided by non-hospital providers. The Secretary is required to implement an exceptions process for cases in which the provision of additional therapy services was determined to be medically necessary, but this process will expire on April 1, 2010. *This proposal is estimated to cost approximately $900 million over ten years.*

Accreditation Exemption for Certain Pharmacies that Furnish Durable Medical Equipment. Under current law, suppliers of durable medical equipment, prosthetics, orthotics, and other supplies (DMEPOS) must prove their compliance with quality standards by being accredited. Certain eligible professionals are specifically exempted from the accreditation requirement. The provision makes pharmacies eligible for an exemption from the accreditation requirements under certain circumstances. *This proposal does not score.*

Extension of Physician Fee Schedule Mental Health Add-On. The bill extends the 5 percent increase in payments for certain Medicare mental health services through December 31, 2010. *This proposal does not score.*

Extension of Ambulance Add-On. The bill extends the increased Medicare rates for ambulance services, including in super rural areas, through December 31, 2010. *This proposal is estimated to cost approximately $100 million over ten years.*

Extension of the 1.0 Floor on the Work Geographic Practice Cost Index (GPCI). The bill extends the existing 1.0 floor on the work geographic adjustment through December 31, 2010. *This proposal is estimated to cost approximately $600 million over ten years.*

Extension of Payments for the Technical Component of Certain Physician Pathology Services. The bill extends the ability of independent laboratories to receive direct payments for the technical component for certain pathology services through December 31, 2010. *This proposal is estimated to cost approximately $100 million over ten years.*

Outpatient Hospital Hold Harmless. The bill extends the existing hospital outpatient hold harmless provision for small rural hospitals through December 31, 2010 and also allows Sole Community Hospitals with over 100 beds to qualify. *This proposal does not score.*

Electronic Health Record Clarification. The bill clarifies the health information technology provision in current law that allows non-hospital-based physicians and other health professionals who bill Medicare and Medicaid through a hospital to receive electronic health record incentives. *This proposal does not score.*

Extension of Direct Billing for Indian Health Service Providers. The bill extends the authorization for Indian Health Service providers to be directly reimbursed by Medicare Part B through December 31, 2010. *This proposal does not score.*

Extension of Certain Payment Rules for Long-Term Care Hospital Services and of Moratorium on the Establishment of Certain Hospitals and Facilities. The bill extends Sections 114 (c) and (d) of the Medicare, Medicaid and SCHIP Extension Act of 2007 by one year. *This proposal is estimated to cost $100 million over ten years.*

Extension of the Medicare Rural Hospital Flexibility Program. The bill extends the authorization for the Flex Grant program through FY2011. *This proposal does not score.*

Section 508 Hospital Wage Index Program. The bill extends hospital reclassifications under section 508 of the Medicare Modernization Act (P.L 108-173) through the end of FY2010. *This proposal is estimated to cost $200 million over ten years.*

Technical Correction Related to Critical Access Hospitals (CAHs). The bill makes a technical correction to clarify that CAHs are eligible to receive 101 percent of reasonable costs for providing outpatient care and ambulance services, regardless of eligible billing method the facility uses to bill for these services. *This proposal does not score.*

Medicare Advantage Changes. The bill extends the authority of certain types of private plans to offer coverage under Medicare Advantage for one year, to 2011. Those plan types are special needs plans, cost plans, and senior housing programs. The bill also includes a technical fix for existing employer-sponsored private fee-for-service plans and provides $20 million in added funds for State Health Insurance Assistance Programs and similar organizations that assist beneficiaries with Medicare benefits. *These proposals are estimated to cost $800 million over ten years.*

Family to Family Centers**.** The bill extends funding for the development and support of Family to Family Health Information Centers through FY 2011, which helps families of children with disabilities or special health care needs make informed decisions about health care. The policy was first authorized in the Deficit Reduction Act of 2005. *This proposal is estimated to cost $5 million over ten years*.

Implementation Funding. The bill appropriates funding to the Secretary of HHS from amounts in the general fund of the Treasury to implement provisions in this bill. *This proposal is estimated to cost $100 million over ten years*.

Extension of Federal Assistance to States. The bill extends for six months the increased federal medical assistance percentage (FMAP) made available to states in the American Recovery and Reinvestment Act of 2009 (ARRA). This extension will provide states additional funding through June 30, 2011. *This proposal is estimated to cost $25 billion over ten years.*

Extension of Gainsharing Demonstration. The Deficit Reduction Act of 2005 authorized a demonstration to evaluate arrangements between hospitals and physicians designed to improve the quality and efficiency of care provided to beneficiaries. The bill would extend the demonstration through September 30, 2011 and extend the date for the final report to Congress on the demonstration to September 30, 2012. *This proposal does not score.*

OTHER PROVISIONS

Extension of 2009 Federal Poverty Guidelines. The bill would keep the 2009 federal poverty guidelines in place for 2010 to avoid a reduction in eligibility for poverty-based programs. A reduction would otherwise occur because of the decrease in the average cost of goods that results from the economic downturn. The bill will allow all currently eligible individuals to remain eligible for poverty-based programs. *This proposal is estimated to cost $400 million over ten years.*

Refund and Tax Credit Disregard for Means Tested Programs. Current law ensures that the refundable components of the EITC and the Child Tax Credit do not make households ineligible for means-tested benefit programs and includes provisions stating that these tax credits do not count as income in determining eligibility (and benefit levels) in means-tested benefit programs, and also do not count as assets for specified periods of time. Without them, the receipt of a tax credit would put a substantial number of families over the income limits for these programs in the month that the tax refund is received. This provision disregards all refundable tax credits and refunds as income, for twelve months from receipt, for means tested programs through December 31, 2010. This provision conforms with current law under the Supplemental Nutrition Assistance Program. *This proposal is estimated to cost less than $50 million over ten years.*

Court Improvement Programs. The bill extends funding for court improvement and handling of court proceedings relating to foster care and adoption programs through FY 2011, originally authorized in the Deficit Reduction Act of 2005. *This proposal is estimated to cost $20 million over ten years*.

Extension of the National Flood Insurance Program. The bill extends the National Flood Insurance Program until December 31, 2010. The NFIP addresses the nation's flood exposure and provides subsidies for flood insurance by identifying and mapping high flood risk areas and by ensuring the availability of flood insurance to individuals and businesses. *This proposal is estimated to be cost neutral*.

SBA Lending Programs. The Recovery Act provided $375 million to increase guarantees on 7(a) loans from 75% to 90% and eliminated fees charged to borrowers on 7(a) and 504 loans to small businesses. These funds were used to provide loans to more than 40,000 small businesses, providing more than $16 billion in loans. The Recovery Act funding was exhausted in November and the Defense Appropriations Bill provided an additional $125 million to fund the increased guarantee and fee elimination through February. The $560 million in this legislation will provide funding through the end of the fiscal year and extend the authorization through December 31, 2010. The Small Business Administration estimates that the extension of Recovery Act funding will support $18.5 billion in 504 and 7(a) loans to small businesses. *This proposal is estimated to cost $560 million over ten years.*

Senate Spending Disclosure. The bill requires the Secretary of the Senate to post on its website the total amount of spending, both discretionary and mandatory, passed by the Senate that has not been paid for. The Secretary must also post the total amount of spending authorized in legislation passed by the Senate, as scored by the Congressional Budget Office (CBO), and the number of new government programs created in legislation passed by the Senate. *This proposal is estimated to be cost neutral.*

Explanation of the Budgetary Effects of Legislation Considered by the Senate. The bill requires the Secretary of the Senate to establish a new page on www.senate.gov that would include links to Congressional Budget Office (CBO) cost estimates and other information that summarizes or further explains the budgetary effects of legislation considered by the Senate. The bill requires this page to be updated every 3 months. *This proposal is estimated to be cost neutral.*

GAO Study on Job Losses. The bill requires the Government Accountability Office (GAO) to submit a report to Congress on job losses in New England and Midwest states over the past 20 years. The GAO would study what role the off-shoring of manufacturing has played in job losses, and would be required to submit recommendations on how to attract industries and jobs to the regions. *This proposal is estimated to be cost neutral*.

Timber Contracts. The bill allows companies with existing Bureau of Land Management timber harvest contracts to request a one-time, three-year extension of their contracts. Harvesting now, amidst current low prices for timber, would force layoffs in the wood products industry. The bill also requires the Department of Interior to promulgate new rules that allow companies to request contract extensions. *This proposal is estimated to be cost neutral*.

Agriculture Disaster Relief. The bill provides $1.5 billion in assistance for crop, cottonseed, aquaculture, sugar, poultry, grazing, and specialty crop losses in 2009. *These proposals are estimated to cost $1.5 billion over ten years.*

- SUPPLEMENTAL DIRECT PAYMENTS: Provides such sums as necessary (estimated to be $1.1 billion) for a 112.5-percent supplemental direct payment to producers in 2009 Secretarial primary counties who have a minimum 5-percent loss in production.

- COTTONSEED ASSISTANCE: Provides $42 million in supplemental assistance for 2009 cottonseed to first handlers for the benefit of producers in Secretarial primary counties.

- AQUACULTURE ASSISTANCE: Provides $25 million for grants to States to assist aquaculture producers for losses associated with high feed inputs costs during calendar year 2009.

- HAWAII SUGAR COOPERATIVE: Provides $21 million to a sugar cane cooperative for assistance to maintain and develop employment.

- POULTRY ASSISTANCE: Provides $75 million in emergency loans to poultry producers who suffered financial losses due to a bankruptcy of a poultry integrator.

- GRAZING LOSSES: Provides $50 million for livestock producers who have suffered grazing losses in 2009.

- SPECIALTY CROP LOSSES: Provides $300 million for specialty crop producers in producers in 2009 Secretarial primary counties.

- Allows states to continue to participate in the Conservation Reserve Program.

- ADMINISTRATION: Provides $10 million to USDA to carry out these programs.

Geothermal Leasing Receipts. The bill reallocates funds received under the Geothermal Steam Act of 1970 to be consistent with the Energy Policy Act of 2005. Under that statute, as amended in 2005, 50% of the receipts would be distributed to states, 25% to counties located within the boundaries of the leased land, and 25% would be retained by the Secretary of Interior to administer the geothermal laws. The FY10 interior appropriations conference report repealed this allocation formula, and no member has taken responsibility for making the change. This provision restores the formula as authorized in statute. *This proposal is estimated to cost $8 million over ten years.*

Reporting Requirements for Funds from the American Recovery and Reinvestment Act. The bill requires any agency funding a program provided for in the American Recovery and Reinvestment Act (ARRA) of 2009 at a level of $2 billion and above must make available on their website a description of the goals for the program, information on how the funding will be distributed, milestones for major phases of activities under the covered program and performance measures being used by the agency. The bill also requires agencies to publish quarterly reports on ARRA programs, including information on progress towards goals, details on unobligated and unexpired balances, and whether the program has met milestones and performance standards. Civil penalties are authorized for recipients of recovery funds who do not report to the appropriate agency information on the use of such funds. *This proposal is estimated to be cost neutral*.

PENSION FUNDING RELIEF

The bill provides temporary, targeted funding relief for single employer and multiemployer pension plans that suffered significant losses in asset value due to the steep market slide in 2008. Employers that elect the relief would be required to make additional contributions to the plan if they pay compensation to any employee in excess of $1 million, pay extraordinary dividends, or engage in extraordinary stock buybacks during the first part of the relief period. Additional relief is available to certain plans sponsored by charitable organizations. *This proposal is estimated to raise approximately $2.102 billion over ten years.*

ROTH ACCOUNTS IN EMPLOYER-SPONSORED RETIREMENT SAVINGS PLANS

Beginning in 2011, the bill would allow retirement savings plans sponsored by state and local governments (governmental 457(b) plans) to include Roth accounts, which are currently available only in 401(k) and 403(b) plans and will be available in the federal Thrift Savings Plan in 2011). Contributions to Roth accounts are made on an after-tax basis, but distributions of both principal and earnings are generally tax-free. In addition, the bill would allow 401(k), 403(b), and governmental 457(b) plans to permit participants to roll their pre-tax account balances into a Roth account. The amount of the rollover would be includible in taxable income except to the extent it is the return of after-tax contributions. If the rollover is made in 2010, the participant can elect to pay the tax in 2011 and 2012. Plans would be able to allow these rollovers immediately upon enactment. *These provisions would raise about $633 million over ten years.*

OFFSETS

Cellulosic Biofuels Loophole. The bill modifies the $1.01 per gallon cellulosic biofuel producer credit to exclude fuels with significant water, sediment, or ash content, such as black liquor. The provision excludes from the definition of cellulosic biofuel any fuels that (1) are more than four percent (according to weight) water and sediment in any combination, or (2) have an ash content of more than one percent (according to weight). The provision is effective for fuel sold or used after date of enactment. *This proposal is estimated to raise $21.650 billion over ten years.*

Increased Reporting Requirements for Homebuyer Credit. The bill tightens the anti-fraud provisions included as part of the homebuyer credit passed into law on November 6, 2009. Specifically, the legislation clarifies that the changes made apply to home purchases on or after the date of its enactment. It also clarifies what documentation is necessary for the Internal Revenue Service to properly certify that taxpayers meet the long-time resident requirements and binding contract requirements of the tax credit. *This proposal is has a negligible revenue impact.*

Clarification of the Economic Substance Doctrine and Penalty for Underpayments Attributable to Transactions Lacking Economic Substance**.** The bill clarifies the application of the economic substance doctrine which has been used by courts to deny tax benefits for transactions lacking economic substance. The provision also imposes a 40 percent strict liability penalty on underpayments attributable to a transaction lacking economic substance, unless the transaction was disclosed, in which case the penalty is 20 percent. This proposal is effective for transactions entered into after the date of enactment. *The proposal is estimated to raise $5.474 billion over ten years.*

**The scores in this summary are preliminary and subject to change.*

Increase Information Return Penalties. The bill increases penalties for failure to timely file information returns. The first-tier penalty is increased from $15 to $30, and the calendar year maximum is increased from $75,000 to $250,000. The second-tier penalty is increased from $30 to $60, and the calendar year maximum is increased from $150,000 to $500,000. The third-tier penalty is increased from $50 to $100, and the calendar year maximum is increased from $250,000 to $1.5 million. For small filers, the calendar year maximum is increased from $25,000 to $75,000 for the first-tier penalty, from $50,000 to $200,000 for the second-tier penalty, and from $100,000 to $500,000 for the third-tier penalty. The minimum penalty for each failure due to intentional disregard is increased from $100 to $250. The penalty amounts are adjusted every five years for inflation. *This proposal is estimated to raise $419 million over ten years.*

Clarify Bad Check Penalty. The bill expands the penalty for submitting a bad check to the IRS for payments made through any commercially acceptable means, including electronic payments. *This proposal is estimated to raise $49 million over ten years.*

Application of Levy to Payments to Federal Vendors Relating to Property. The bill clarifies that Treasury's continuous levy authority on government payments to Federal contractors who owe back taxes to the IRS applies to amounts paid for property, as well as to payments for goods and services. *This proposal is estimated to raise $147 million over ten years.*

Authorize Post-Levy Due Process. The bill allows the IRS to issue levies prior to a Collection Due Process hearing for federal employment tax liabilities of federal contractors identified under the Federal Payment Levy Program. *This proposal is estimated to raise $395 million over ten years.*

Require Information Reporting for Rental Property Expense Payments. The bill requires persons receiving rental income to file information returns to the IRS and to service providers reporting payments of $600 or more during the year for rental property expenses. In general, individuals renting their principal residences, including active members of the military, are excepted from the reporting requirements. *This proposal is estimated to raise $2.476 billion over ten years.*

Reduction in the Medicare Improvement Fund. The Medicare Improvement Fund (MIF) contains funds that are available to the Secretary to make improvements to the original fee-for-service program under Parts A and B of Medicare. Under current law, approximately $20 billion is available for services furnished during FY2014. The bill reduces the funding available in the MIF by $8 billion. *This proposal is estimated to save $8 billion over ten years.*

SATELLITE TELEVISION EXTENSION

The bill reauthorizes the compulsory copyright to satellite-TV providers, giving them the ability to carry broadcasters' content in their programming. This holds satellite carriers harmless from copyright infringement law between Feb. 28, 2010 and enactment of this bill. *This proposal does not score.*

SUSTAINABLE GROWTH RATE (SGR) EXTENSION

As of April 1, 2010, the sustainable growth rate update formula will require a 21 percent reduction in physician payments. The bill delays this payment reduction by six months. *This proposal is estimated to cost $6 billion over ten years.*