Senate Amendment to House Amendment to Senate Amendment:

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

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

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

(a) SHORT TITLE.—This Act may be cited as the ''Middle Class Tax Cut Act of 2010''.

(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 of this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.

TITLE I—PERMANENT MIDDLE CLASS TAX RELIEF

Sec. 101. Repeal of sunset on certain individual income tax rate relief.
Sec. 102. Reduced rates on capital gains and dividends made permanent.
Sec. 103. Repeal of sunset on expansion of child tax credit.
Sec. 104. Repeal of sunset on marriage penalty relief.
Sec. 105. Repeal of sunset on expansion of dependent care credit.
Sec. 106. Repeal of sunset on expansion of adoption credit and adoption assistance programs.
Sec. 107. Repeal of sunset on employer-provided child care credit.
Sec. 108. Repeal of sunset on expansion of earned income tax credit.

TITLE II—PERMANENT EDUCATION TAX RELIEF

Sec. 201. Repeal of sunset on education individual retirement accounts.
Sec. 202. Repeal of sunset on employer-provided educational assistance.
Sec. 203. Repeal of sunset on student loan interest deduction.
Sec. 204. Repeal of sunset on exclusion of certain scholarships.
Sec. 205. Repeal of sunset on arbitrage rebate exception for governmental bonds.
Sec. 206. Repeal of sunset on treatment of qualified public educational facility bonds.
Sec. 207. Repeal of sunset on American Opportunity Tax Credit.
Sec. 208. Repeal of sunset on allowance of computer technology and equipment as a qualified higher education expense for section 529 accounts.

TITLE III—PERMANENT ESTATE TAX RELIEF

Sec. 301. Repeal of EGTRRA sunset.
Sec. 302. Reinstatement of estate tax; repeal of carryover basis.
Sec. 303. Modifications to estate, gift, and generation-skipping transfer taxes.
Sec. 304. Applicable exclusion amount increased by unused exclusion amount of deceased spouse.
Sec. 305. Exclusion from gross estate of certain farmland so long as farmland use by family continues.
Sec. 306. Increase in limitations on the amount excluded from the gross estate with respect to land subject to a qualified conservation easement.
Sec. 307. Modification of rules for value of certain farm, etc., real property.
Sec. 308. Required minimum 10-year term, etc., for grantor retained annuity trusts.
Sec. 309. Consistent basis reporting between estate and person acquiring property from decedent.

TITLE IV—PERMANENT SMALL BUSINESS TAX RELIEF

Sec. 401. Repeal of sunset on increased limitations on small business expensing.

TITLE V—ALTERNATIVE MINIMUM TAX RELIEF

Sec. 501. Extension of increased alternative minimum tax exemption amount.
Sec. 502. Extension of alternative minimum tax relief for nonrefundable personal credits.

TITLE VI—TEMPORARY EXTENSION OF CERTAIN PROVISIONS EXPIRING IN 2009

Subtitle A—Infrastructure Incentives

Sec. 601. Extension of Build America Bonds.
Sec. 602. Exempt-facility bonds for sewage and water supply facilities.
Sec. 603. Extension of exemption from alternative minimum tax treatment for certain tax-exempt bonds.
Sec. 604. Extension and additional allocations of recovery zone bond authority.
Sec. 605. Allowance of new markets tax credit against alternative minimum tax.
Sec. 606. Extension of tax-exempt eligibility for loans guaranteed by Federal home loan banks.
Sec. 607. Extension of temporary small issuer rules for allocation of tax-exempt interest expense by financial institutions.

Subtitle B—Energy

Sec. 611. Alternative motor vehicle credit for new qualified hybrid motor vehicles other than passenger automobiles and light trucks.
Sec. 612. Incentives for biodiesel and renewable diesel.
Sec. 613. Credit for electricity produced at certain open-loop biomass facilities.
Sec. 614. Credit for steel industry fuel.
Sec. 615. Credit for producing fuel from coke or coke gas.
Sec. 616. New energy efficient home credit.
Sec. 617. Excise tax credits and outlay payments for alternative fuel and alternative fuel mixtures.
Sec. 618. Special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
Sec. 619. Suspension of limitation on percentage depletion for oil and gas from marginal wells.
Sec. 620. Credit for nonbusiness energy property.

Subtitle C—Individual Tax Relief

PART I—Miscellaneous Provisions

Sec. 631. Deduction for certain expenses of elementary and secondary school teachers.
Sec. 632. Additional standard deduction for State and local real property taxes.
Sec. 633. Deduction of State and local sales taxes.
Sec. 634. Contributions of capital gain real property made for conservation purposes.
Sec. 635. Above-the-line deduction for qualified tuition and related expenses.
Sec. 636. Tax-free distributions from individual retirement plans for charitable purposes.
Sec. 637. Look-thru of certain regulated investment company stock in determining gross estate of nonresidents.

PART II—Low-income Housing Credits

Sec. 641. Election for direct payment of low-income housing credit for 2010.
Sec. 642. Low-income housing grant election.

Subtitle D—Business Tax Relief

Sec. 651. Research credit.

Sec. 652. Indian employment tax credit.
Sec. 653. New markets tax credit.
Sec. 654. Railroad track maintenance credit.
Sec. 655. Mine rescue team training credit.
Sec. 656. Employer wage credit for employees who are active duty members of the uniformed services.
Sec. 657. 5-year depreciation for farming business machinery and equipment.
Sec. 658. 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
Sec. 659. 7-year recovery period for motorsports entertainment complexes.
Sec. 660. Accelerated depreciation for business property on an Indian reservation.
Sec. 661. Enhanced charitable deduction for contributions of food inventory.
Sec. 662. Enhanced charitable deduction for contributions of book inventories to public schools.
Sec. 663. Enhanced charitable deduction for corporate contributions of computer inventory for educational purposes.
Sec. 664. Election to expense mine safety equipment.
Sec. 665. Special expensing rules for certain film and television productions.
Sec. 666. Expensing of environmental remediation costs.
Sec. 667. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
Sec. 668. Modification of tax treatment of certain payments to controlling exempt organizations.
Sec. 669. Exclusion of gain or loss on sale or exchange of certain brownfield sites from unrelated business income.
Sec. 670. Timber REIT modernization.
Sec. 671. Treatment of certain dividends of regulated investment companies.
Sec. 672. RIC qualified investment entity treatment under FIRPTA.
Sec. 673. Exceptions for active financing income.
Sec. 674. Look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.
Sec. 675. Basis adjustment to stock of S corps making charitable contributions of property.
Sec. 676. Empowerment zone tax incentives.
Sec. 677. Tax incentives for investment in the District of Columbia.
Sec. 678. Renewal community tax incentives.
Sec. 679. Temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands.
Sec. 680. American Samoa economic development credit.
Sec. 681. Election to temporarily utilize unused AMT credits determined by domestic investment.
Sec. 682. Reduction in corporate rate for qualified timber gain.
Sec. 683. Study of extended tax expenditures.

Subtitle E—Temporary Disaster Relief Provisions

PART I—National Disaster Relief

Sec. 691. Waiver of certain mortgage revenue bond requirements.
Sec. 692. Losses attributable to federally declared disasters.
Sec. 693. Special depreciation allowance for qualified disaster property.
Sec. 694. Net operating losses attributable to federally declared disasters.
Sec. 695. Expensing of qualified disaster expenses.

PART II—REGIONAL PROVISIONS

SUBPART A—NEW YORK LIBERTY ZONE

Sec. 696. Special depreciation allowance for nonresidential and residential real property.
Sec. 697. Tax-exempt bond financing.

SUBPART B—GO ZONE

Sec. 698. Increase in rehabilitation credit.
Sec. 699. Work opportunity tax credit with respect to certain individuals affected by Hurricane Katrina for employers inside disaster areas.
Sec. 700. Extension of low-income housing credit rules for buildings in GO zones.

TITLE VII—TECHNICAL CORRECTIONS TO PENSION FUNDING LEGISLATION

Sec. 701. Definition of eligible plan year.
Sec. 702. Eligible charity plans.
Sec. 703. Suspension of certain funding level limitations.
Sec. 704. Optional use of 30-year amortization periods.

TITLE VIII—TEMPORARY EXTENSION OF CERTAIN PROVISIONS ENDING IN 2010 OR 2011

Subtitle A—Unemployment Benefits

Sec. 801. Extension of unemployment insurance provisions.
Sec. 802. Temporary modification of indicators under the extended benefit program.

Subtitle B—Small Business

Sec. 811. Temporary exclusion of 100 percent of gain on certain small business stock.
Sec. 812. General business credits of eligible small businesses carried back 5 years.
Sec. 813. General business credits of eligible small businesses not subject to alternative minimum tax.
Sec. 814. Extension of increase in amount allowed as deduction for start-up expenditures.
Sec. 815. Extension of deduction for health insurance costs in computing self-employment taxes.

Subtitle C—Energy

Sec. 821. Alternative fuel vehicle refueling property.
Sec. 822. Elective payment for specified energy property.
Sec. 823. Qualifying advanced energy project credit.
Sec. 824. New clean renewable energy bonds.
Sec. 825. Alternative motor vehicle credit for new qualified alternative fuel vehicles.
Sec. 826. Extension of provisions related to alcohol used as fuel.
Sec. 827. Energy efficient appliance credit.
Sec. 828. Reduced depreciation period for natural gas distribution facilities.

Subtitle D—Education

Sec. 831. Qualified school construction bonds.

Subtitle E—Other Employee and Housing Relief

Sec. 841. Making work pay credit.
Sec. 842. Work opportunity credit.
Sec. 843. Exclusion from income for benefits provided to volunteer firefighters and emergency medical responders.
Sec. 844. Parity for exclusion from income for employer-provided mass transit and parking benefits.
Sec. 845. Qualified mortgage bonds for refinancing of subprime loans.

TITLE IX—OTHER PROVISIONS

Sec. 901. Repeal of expansion of information reporting requirements.
Sec. 902. Repeal of sunset on tax treatment of Alaska Native Settlement Trusts.
Sec. 903. Repeal of sunset on expansion of authority to postpone certain tax-related deadlines.
Sec. 904. Refunds disregarded in the administration of Federal programs and federally assisted programs.
Sec. 905. Treatment of securities of a controlled corporation exchanged for assets in certain reorganizations.

TITLE X—BUDGETARY PROVISIONS

Sec. 1001. Determination of budgetary effects.
Sec. 1002. Emergency designations.

TITLE I—PERMANENT MIDDLE CLASS TAX RELIEF

SEC. 101. REPEAL OF SUNSET ON CERTAIN INDIVIDUAL INCOME TAX RATE RELIEF.

(a) INDIVIDUAL INCOME TAX RATES.—

(1) REPEAL OF SUNSET.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to the amendments made by section 101 of such Act.

(2) 25- AND 28- PERCENT RATE BRACKETS MADE PERMANENT.—Paragraph (2) of section 1(i) is amended to read as follows:

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

"(A) by substituting '25%' for '28%' each place it appears (before the application of subparagraph (B)), and

"(B) by substituting '28%' for '31%' each place it appears.".

(3) 33-PERCENT RATE BRACKET.—Subsection (i) of section 1 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) 33-PERCENT RATE BRACKET.—

"(A) IN GENERAL.—In the case of taxable years beginning after December 31, 2010—

"(i) the rate of tax under subsections (a), (b), (c), and (d) on a taxpayer's taxable income in the fourth rate bracket shall be 33 percent to the extent such income does not exceed an amount equal to the excess of—

"(I) the applicable amount, over

"(II) the dollar amount at which such bracket begins, and

"(ii) the 36 percent rate of tax under such subsections shall apply only to the taxpayer's taxable income in such bracket in excess of the amount to which clause (i) applies.

"(B) APPLICABLE AMOUNT.—For purposes of this paragraph, the term 'applicable amount' means the excess of—

"(i) the applicable threshold, over

"(ii) the sum of the following amounts in effect for the taxable year:

"(I) the basic standard deduction (within the meaning of section 63(c)(2)), and

"(II) the exemption amount (within the meaning of section 151(d)(1) (or, in the case of subsection (a), 2 such exemption amounts).

"(C) APPLICABLE THRESHOLD.—For purposes of this paragraph, the term 'applicable threshold' means—

"(i) $250,000 in the case of subsection (a),

''(ii) $200,000 in the case of subsections (b) and (c), and

''(iii) ½ the amount applicable under clause (i) (after adjustment, if any, under subparagraph (E)) in the case of subsection (d).

''(D) FOURTH RATE BRACKET.—For purposes of this paragraph, the term 'fourth rate bracket' means the bracket which would (determined without regard to this paragraph) be the 36-percent rate bracket.

''(E) INFLATION ADJUSTMENT.—For purposes of this paragraph, a rule similar to the rule of paragraph (1)(C) shall apply with respect to taxable years beginning in calendar years after 2010, applied by substituting '2008' for '1992' in subsection (f)(3)(B).''.

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

(1) OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.—Section 68 is amended—

(A) by striking ''the applicable amount'' the first place it appears in subsection (a) and inserting ''the applicable threshold in effect under section 1(i)(3)'',

(B) by striking ''the applicable amount'' in subsection (a)(1) and inserting ''such applicable threshold'',

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

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

(2) PHASEOUT OF DEDUCTIONS FOR PERSONAL EXEMPTIONS.—

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

(i) by striking ''the threshold amount'' in subparagraphs (A) and (B) and inserting ''the applicable threshold in effect under section 1(i)(3)'',

(ii) by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C), and

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

(B) CONFORMING AMENDMENTS.—Paragraph (4) of section 151(d) is amended—

(i) by striking subparagraph (B),

(ii) by redesignating clauses (i) and (ii) of subparagraph (A) as subparagraphs

(A) and (B), respectively, and by indenting such subparagraphs (as so redesignated) accordingly, and

(iii) by striking all that precedes ''in a calendar year after 1989,'' and inserting the following:

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning''.

(3) NONAPPLICATION OF EGTRRA SUNSET.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to any amendment made by section 102 or 103 of such Act.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2010.

SEC. 102. REDUCED RATES ON CAPITAL GAINS AND DIVIDENDS MADE PERMANENT.

(a) IN GENERAL.—Section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (relating to sunset of title) is hereby repealed.

(b) 20-PERCENT CAPITAL GAINS RATE FOR CERTAIN HIGH INCOME INDIVIDUALS.—

(1) IN GENERAL.—Paragraph (1) of section 1(h) is amended by striking subparagraph (C), by redesignating subparagraphs (D) and (E) as sub-

paragraphs (E) and (F) and by inserting after subparagraph (B) the following new subparagraphs:

"(C) 15 percent of the lesser of—

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

"(ii) the excess (if any) of—

"(I) the amount of taxable income which would (without regard to this paragraph) be taxed at a rate below 36 percent, over

"(II) the sum of the amounts on which a tax is determined under subparagraphs (A) and (B),

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

(2) MINIMUM TAX.—Paragraph (3) of section 55(b) is amended by striking subparagraph (C), by redesignating subparagraph (D) as subparagraph (E), and by inserting after subparagraph (B) the following new subparagraphs:

"(C) 15 percent of the lesser of—

"(i) so much of the adjusted net capital gain (or, if less, taxable excess) as exceeds the amount on which tax is determined under subparagraph (B), or

"(ii) the excess described in section 1(h)(1)(C)(ii), plus

"(D) 20 percent of the adjusted net capital gain (or, if less, taxable excess) in excess of the sum of the amounts on which tax is determined under subparagraphs (B) and (C), plus".

(c) CONFORMING AMENDMENTS.—

(1) The following provisions are each amended by striking "15 percent" and inserting "20 percent":

(A) Section 531.

(B) Section 541.

(C) Section 1445(e)(1).

(D) The second sentence of section 7518(g)(6)(A).

(E) Section 53511(f)(2) of title 46, United States Code.

(2) Sections 1(h)(1)(B) and 55(b)(3)(B) are each amended by striking "5 percent (0 percent in the case of taxable years beginning after 2007)" and inserting "0 percent".

(3) Section 1445(e)(6) is amended by striking ''15 percent (20 percent in the case of taxable years beginning after December 31, 2010)'' and inserting ''20 percent''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 2010.

(2) WITHHOLDING.—The amendments made by paragraphs (1)(C) and (3) of subsection (c) shall apply to amounts paid on or after January 1, 2011.

SEC. 103. REPEAL OF SUNSET ON EXPANSION OF CHILD TAX CREDIT.

(a) REPEAL OF SUNSET ON MODIFICATIONS TO CREDIT.—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to sections 201 (relating to modifications to child tax credit) and 203 (relating to refunds disregarded in the administration of Federal programs and federally assisted programs) of such Act.

(b) PERMANENT INCREASE IN REFUNDABLE PORTION OF CREDIT.—

(1) IN GENERAL.—Clause (i) of section 24(d)(1)(B) is amended by striking ''$10,000'' and inserting ''$3,000''.

(2) CONFORMING AMENDMENT.—Subsection (d) of section 24 is amended by striking paragraph (4).

(3) ELIMINATION OF INFLATION ADJUSTMENT.—Subsection (d) of section 24 is amended by striking paragraph (3).

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2010.

SEC. 104. REPEAL OF SUNSET ON MARRIAGE PENALTY RELIEF.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to sections 301, 302, and 303(a) of such Act (relating to marriage penalty relief).

SEC. 105. REPEAL OF SUNSET ON EXPANSION OF DEPENDENT CARE CREDIT.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 204 of such Act (relating to dependent care credit).

SEC. 106. REPEAL OF SUNSET ON EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) REPEAL OF EGTRRA SUNSET.—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 202 of such Act (relating to expansion of adoption credit and adoption assistance programs).

(b) TECHNICAL AMENDMENTS RELATING TO EXPANSION UNDER PPACA.—

(1) REPEAL OF SUNSET.—Notwithstanding section 10909(c) of the Patient Protection and Affordable Care Act, title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to the amendments made by section 10909 of the Patient Protection and Affordable Care Act.

(2) CODIFICATION OF SUNSET.—

(A) REFUNDABLE CREDIT.—Section 36C is amended by adding at the end the following new subsection:

''(j) TERMINATION.—This section shall not apply to expenses paid in taxable years beginning after December 31, 2011.''.

(B) ADOPTION ASSISTANCE PROGRAMS.—

(i) IN GENERAL.—Section 137(b) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR 2010 AND 2011.—In the case of any taxable year beginning in 2010 or 2011, paragraph (1) and subsection (a)(2) shall each be applied by substituting '$13,170' for '$10,000'.''.

(ii) INFLATION ADJUSTMENT FOR YEARS TO WHICH SPECIAL RULE APPLIES.—Paragraph (1) of section 137(f) is amended—

(I) by inserting ''FOR 2011'' after ''LIMITATIONS'' in the heading, and

(II) by striking ''after December 31, 2010, each of the dollar amounts in subsections (a)(2) and (b)(1)'' inserting ''after December 31, 2010, and before January 1, 2012, the $13,170 dollar amount in subsection (b)(4)''.

(iii) INFLATION ADJUSTMENT FOR OTHER YEARS.—Paragraph (2) of section 137(f) is amended—

(I) by inserting ''AND DOLLAR LIMITATIONS FOR OTHER YEARS'' after ''LIMITATION'' in the heading,

(II) by striking ''the dollar amount in subsection (b)(2)(A)'' and inserting ''each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A) of subsection (b)'', and

(III) by adding at the end the following new sentence: ''This paragraph shall not apply to the dollar amounts in subsections (a)(2) and (b)(1) for any taxable year to which paragraph (1) applies.''.

(iv) CONFORMING AMENDMENTS.—Subsections (a)(2) and (b)(1) of section 137 are each amended by striking ''$13,170'' each place it appears in the text and in the heading and inserting ''$10,000''.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect as if included in section 10909 of the Patient Protection and Affordable Care Act.

(3) NON-REFUNDABLE ADOPTION CREDIT ALLOWED FOR YEARS TO WHICH REFUNDABLE CREDIT NOT APPLICABLE.—

(A) IN GENERAL.—Part IV of subchapter A of chapter 1 is amended by inserting after section 22 the following new section:

"SEC. 23. ADOPTION EXPENSES.

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter the amount of the qualified adoption expenses paid or incurred by the taxpayer.

''(2) YEAR CREDIT ALLOWED.—The credit under paragraph (1) with respect to any expense shall be allowed—

''(A) in the case of any expense paid or incurred before the taxable year in which such adoption becomes final, for the taxable year following the taxable year during which such expense is paid or incurred, and

''(B) in the case of an expense paid or incurred during or after the taxable year in which such adoption becomes final, for the taxable year in which such expense is paid or incurred.

''(3) $10,000 CREDIT FOR ADOPTION OF CHILD WITH SPECIAL NEEDS REGARDLESS OF EXPENSES.—In the case of an adoption of a child with special needs which becomes final during a taxable year, the taxpayer shall be treated as having paid during such year qualified adoption expenses with respect to such adoption in an amount equal to the excess (if any) of $10,000 over the aggregate qualified adoption expenses actually paid or incurred by the taxpayer with respect to such adoption during such taxable year and all prior taxable years.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed $10,000.

''(2) INCOME LIMITATION.—

''(A) IN GENERAL.—The amount allowable as a credit under subsection (a) for any taxable year (determined without regard to subsection (c)) shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without re-

gard to this paragraph but with regard to paragraph (1)) as—

"(i) the amount (if any) by which the taxpayer's adjusted gross income exceeds $150,000, bears to

"(ii) $40,000.

"(B) DETERMINATION OF ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), adjusted gross income shall be determined without regard to sections 911, 931, and 933.

"(3) DENIAL OF DOUBLE BENEFIT.—

"(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowed under any other provision of this chapter.

"(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

"(4) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section and section 25D) and section 27 for the taxable year.

''(c) CARRYFORWARD OF UNUSED CREDIT.—

''(1) RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section and sections 25D and 1400C), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(2) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by subsection (b)(4) for such taxable year, such excess

shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(3) LIMITATION.—No credit may be carried forward under this subsection to a taxable year following the fifth taxable year after the taxable year in which the credit arose. For purposes of the preceding sentence, credits shall be treated as used on a first-in first-out basis.

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

''(1) QUALIFIED ADOPTION EXPENSES.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

''(A) which are directly related to, and the principal purpose of which is for, the legal adoption of an eligible child by the taxpayer,

''(B) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement,

''(C) which are not expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse, and

''(D) which are not reimbursed under an employer program or otherwise.

"(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

"(A) has not attained age 18, or

"(B) is physically or mentally incapable of caring for himself.

"(3) CHILD WITH SPECIAL NEEDS.—The term 'child with special needs' means any child if—

"(A) a State has determined that the child cannot or should not be returned to the home of his parents,

"(B) such State has determined that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance, and

"(C) such child is a citizen or resident of the United States (as defined in section 217(h)(3)).

"(e) SPECIAL RULES FOR FOREIGN ADOPTIONS.—In the case of an adoption of a child who is not a citizen

or resident of the United States (as defined in section 217(h)(3))—

''(1) subsection (a) shall not apply to any qualified adoption expense with respect to such adoption unless such adoption becomes final, and

''(2) any such expense which is paid or incurred before the taxable year in which such adoption becomes final shall be taken into account under this section as if such expense were paid or incurred during such year.

''(f) FILING REQUIREMENTS.—

''(1) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section.

''(2) TAXPAYER MUST INCLUDE TIN.—

''(A) IN GENERAL.—No credit shall be allowed under this section with respect to any eligible child unless the taxpayer includes (if known) the name, age, and TIN of such child on the return of tax for the taxable year.

''(B) OTHER METHODS.—The Secretary may, in lieu of the information referred to in subparagraph (A), require other information meeting the purposes of subparagraph (A), in-

cluding identification of an agent assisting with the adoption.

''(g) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsections (a)(3) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as increased under the preceding sentence is not a multiple of $10, such amount shall be rounded to the nearest multiple of $10.

''(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section and section 137, including regulations which treat

unmarried individuals who pay or incur qualified adoption expenses with respect to the same child as 1 taxpayer for purposes of applying the dollar amounts in subsections (a)(3) and (b)(1) of this section and in section 137(b)(1).

''(j) APPLICABILITY.—No credit shall be allowed under subsection (a) for any taxable year in which a credit is allowed under subpart C with respect to qualified adoption expenses.''.

(B) CONFORMING AMENDMENTS.—

(i) Section 24(b)(3)(B) is amended by inserting ''23,'' before ''25A(i),''.

(ii) Section 25(e)(1)(C) is amended—

(I) by inserting ''23,'' before ''25D'' in clause (i), and

(II) by inserting ''23,'' before ''24'' in clause (ii).

(iii) Section 25A(i)(5)(B) is amended by striking ''25D'' and inserting ''23, 25D,''.

(iv) Section 25B(g)(2) is amended by inserting ''23,'' before ''25A(i)''.

(v) Section 26(a)(1) is amended by inserting ''23,'' before ''24''.

(vi) Section 30(c)(2)(B)(ii) is amended by striking ''25D'' and inserting ''23, 25D,''.

(vii) Section 30B(g)(2)(B)(ii) is amended by inserting ''23,'' before ''25D''.

(viii) Section 30D(c)(2)(B)(ii) is amended by striking ''sections 25D and'' and inserting ''sections 23 and 25D''.

(ix) Section 137 is amended by adding at the end the following new subsection:

''(g) TREATMENT OF REFERENCES TO SECTION 36C.—For purposes of this section, in the case of any taxable year with respect to which no credit is allowable under subpart C with respect to qualified adoption expenses, any reference to section 36C shall be treated as a reference to section 23.''.

(x) Section 904(i) is amended by inserting ''23,'' before ''24''.

(xi) Section 1016(a)(26) is amended by striking ''36C(g)'' and inserting ''23(g), 36C(g),''.

(xii) Section 1400C(d)(2) is amended by inserting ''23,'' before ''24''.

(xiii) The table of sections for subpart C of part IV of subchapter A of chapter 1

is amended by inserting after the item relating to section 22 the following new item:

"Sec. 23. Adoption expenses.".

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of the enactment of this Act.

SEC. 107. REPEAL OF SUNSET ON EMPLOYER-PROVIDED CHILD CARE CREDIT.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 205 of such Act (relating to allowance of credit for employer expenses for child care assistance).

SEC. 108. REPEAL OF SUNSET ON EXPANSION OF EARNED INCOME TAX CREDIT.

(a) REPEAL OF EGTRRA SUNSET.—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to subsections (b) through (h) of section 303 of such Act (relating to earned income tax credit).

(b) INCREASE IN CREDIT PERCENTAGE FOR FAMILIES WITH 3 OR MORE CHILDREN.—Paragraph (1) of section 32(b) is amended by striking subparagraphs (B) and (C) and inserting the following new subparagraph:

"(B) INCREASED CREDIT PERCENTAGE FOR FAMILIES WITH 3 OR MORE QUALIFYING

CHILDREN.—In the case of an eligible individual with 3 or more qualifying children, the table in subparagraph (A) shall be applied by substituting '45' for '40' in the second column thereof.''.

(c) JOINT RETURNS.—

(1) IN GENERAL.—Subparagraph (B) of section 32(b)(2) is amended by striking ''increased by'' and all that follows and inserting ''increased by $5,000.''

(2) INFLATION ADJUSTMENTS.—Clause (ii) of section 32(j)(1)(B) is amended—

(A) by striking ''$3,000'' and inserting ''$5,000'', and

(B) by striking ''calendar year 2007'' and inserting ''calendar year 2008''.

(d) CONFORMING AMENDMENT.—Section 32(b) is amended by striking paragraph (3).

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2010.

TITLE II—PERMANENT EDUCATION TAX RELIEF

SEC. 201. REPEAL OF SUNSET ON EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 401 of such Act (relating to modifications to education individual retirement accounts).

SEC. 202. REPEAL OF SUNSET ON EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 411 of such Act (relating to extension of exclusion for employer-provided educational assistance).

SEC. 203. REPEAL OF SUNSET ON STUDENT LOAN INTEREST DEDUCTION.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 412 of such Act (relating to elimination of 60-month limit and increase in income limitation on student loan interest deduction).

SEC. 204. REPEAL OF SUNSET ON EXCLUSION OF CERTAIN SCHOLARSHIPS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 413 of such Act (relating to exclusion of certain amounts received under the National Health Service Corps Scholarship Program and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program).

SEC. 205. REPEAL OF SUNSET ON ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 421 of such Act (relating to additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities).

SEC. 206. REPEAL OF SUNSET ON TREATMENT OF QUALIFIED PUBLIC EDUCATIONAL FACILITY BONDS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 422 of such Act (relating to treatment of qualified public educational facility bonds as exempt facility bonds.

SEC. 207. REPEAL OF SUNSET ON AMERICAN OPPORTUNITY TAX CREDIT.

(a) PERMANENT EXTENSION OF CREDIT.—Section 25A is amended—

(1) by striking ''$1,000'' each place it appears in subsection (b)(1) and inserting ''$2,000'',

(2) by striking ''50 percent'' in subsection (b)(1)(B) and inserting ''25 percent'',

(3) by striking ''2 TAXABLE YEARS'' in the heading of subparagraph (A) of subsection (b)(2) and inserting ''4 TAXABLE YEARS'',

(4) by striking ''2 prior taxable years'' in subsection (b)(2)(A) and inserting ''4 prior taxable years'',

(5) by striking ''2 YEARS'' in the heading of subparagraph (C) of subsection (b)(2) and inserting ''4 YEARS'',

(6) by striking ''first 2 years'' in subsection (b)(2)(C) and inserting ''first 4 years'',

(7) by striking ''tuition and fees'' in subparagraph (A) of subsection (f)(1) and inserting ''tuition, fees, and course materials'',

(8) by striking paragraphs (1) and (2) of subsection (d) and inserting the following new paragraphs:

"(1) AMERICAN OPPORTUNITY CREDIT.—The amount which would (but for this paragraph) be taken into account under paragraph (1) of subsection (a) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so taken into account as—

"(A) the excess of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over

"(ii) $80,000 ($160,000 in the case of a joint return), bears to

"(B) $10,000 ($20,000 in the case of a joint return).

"(2) LIFETIME LEARNING CREDIT.—The amount which would (but for this paragraph) be taken into account under paragraph (2) of subsection (a) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so taken into account as—

"(A) the excess of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over

''(ii) $40,000 ($80,000 in the case of a joint return), bears to

''(B) $10,000 ($20,000 in the case of a joint return).'',

(9) by striking ''DOLLAR LIMITATION ON AMOUNT OF CREDIT'' in the heading of paragraph (1) of subsection (h) and inserting ''AMERICAN OPPORTUNITY CREDIT'',

(10) by striking ''2001'' in subsection (h)(1)(A) and inserting ''2011'',

(11) by striking ''the $1,000 amounts under subsection (b)(1)'' in subsection (h)(1)(A) and inserting ''the dollar amounts under subsections (b)(1) and (d)(1)'',

(12) by striking ''calendar year 2000'' in subsection (h)(1)(A)(ii) and inserting ''calendar year 2010'',

(13) by striking ''If any amount'' and all that follows in subparagraph (B) of subsection (h)(1) and inserting ''If any amount under subsection (b)(1) as adjusted under subparagraph (A) is not a multiple of $100, such amount shall be rounded to the next lowest multiple of $100. If any amount under subsection (d)(1) as adjusted under subparagraph (A) is

not a multiple of $1,000, such amount shall be rounded to the next lowest multiple of $1,000.'',

(14) by inserting ''OF LIFETIME LEARNING CREDIT'' after ''INCOME LIMITS'' in the heading of paragraph (2) of subsection (h),

(15) by adding at the end of subsection (b) the following new paragraphs:

''(4) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, so much of the credit allowed under subsection (a) as is attributable to the American Opportunity Credit shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this subsection and sections 25D, 30, 30B, and 30D) and section 27 for the taxable year.

Any reference in this section or section 24, 25, 25B, 26, 904, or 1400C to a credit allowable under this subsection shall be treated as a reference to so much of the credit allowable under subsection (a) as is attributable to the American Opportunity Credit.

''(5) PORTION OF CREDIT MADE REFUNDABLE.—40 percent of so much of the credit allowed under subsection (a) as is attributable to the American Opportunity Credit (determined after the application of subsection (d)(1) and without regard to this paragraph and section 26(a)(2) or paragraph (4), as the case may be) shall be treated as a credit allowable under subpart C (and not allowed under subsection (a)). The preceding sentence shall not apply to any taxpayer for any taxable year if such taxpayer is a child to whom subsection (g) of section 1 applies for such taxable year.'', and

(16) by striking subsection (i) and redesignating subsection (j) as subsection (i).

(b) HOPE SCHOLARSHIP CREDIT RENAMED AMERICAN OPPORTUNITY CREDIT.—

(1) IN GENERAL.—Section 25A, as amended by subsection (a), is amended by striking ''Hope Scholarship'' each place it appears in the text and in the headings and inserting ''American Opportunity''.

(2) CONFORMING AMENDMENTS.—

(A) The heading for section 25A is amendment by striking ''**HOPE**'' and inserting ''**AMERICAN OPPORTUNITY**''.

(B) The heading for clause (v) of section 529(c)(3)(B) is amended by striking ''HOPE'' and inserting ''AMERICAN OPPORTUNITY''.

(C) The heading for subparagraph (C) of section 530(d)(2) is amended by striking ''HOPE'' and inserting ''AMERICAN OPPORTUNITY''.

(D) The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking ''Hope'' and inserting ''American Opportunity''.

(c) CONFORMING AMENDMENTS.—

(1) Section 24(b)(3)(B) is amended by striking ''25A(i)'' and inserting ''25A(b)''.

(2) Section 25(e)(1)(C)(ii) is amended by striking ''25A(i)'' and inserting ''25A(b)''.

(3) Section 26(a)(1) is amended by striking ''25A(i)'' and inserting ''25A(b)''.

(4) Section 25B(g)(2) is amended by striking ''25A(i)'' and inserting ''25A(b)''.

(5) Section 904(i) is amended by striking ''25A(i)'' and inserting ''25A(b)''.

(6) Section 1400C(d)(2) is amended by striking ''25A(i)'' and inserting ''25A(b)''.

(7) Section 6211(b)(4)(A) is amended by striking ''25A by reason of subsection (i)(6) thereof'' and inserting ''25A by reason of subsection (b)(5) thereof''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2010.

(e) TREATMENT OF POSSESSIONS.—Section 1004(c)(1) of the American Recovery and Reinvestment Tax Act of 2009 is amended by striking ''in 2009 and 2010'' each place it appears and inserting ''after 2008''.

SEC. 208. REPEAL OF SUNSET ON ALLOWANCE OF COMPUTER TECHNOLOGY AND EQUIPMENT AS A QUALIFIED HIGHER EDUCATION EXPENSE FOR SECTION 529 ACCOUNTS.

(a) IN GENERAL.—Clause (iii) of section 529(e)(3)(A) is amended by striking ''in 2009 or 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses paid or incurred after December 31, 2010.

TITLE III—PERMANENT ESTATE TAX RELIEF

SEC. 301. REPEAL OF EGTRRA SUNSET.

Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act.

SEC. 302. REINSTATEMENT OF ESTATE TAX; REPEAL OF CARRYOVER BASIS.

(a) IN GENERAL.—Each provision of law amended by subtitle A or E of title V of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended to read as such provision would read if such subtitle had never been enacted.

(b) CONFORMING AMENDMENT.—On and after the date of the introduction of this Act, paragraph (1) of section 2505(a) of the Internal Revenue Code of 1986 is amended to read as if such paragraph would read if section 521(b)(2) of the Economic Growth and Tax Relief Reconciliation Act of 2001 had never been enacted.

(c) SPECIAL ELECTION WITH RESPECT TO ESTATES OF DECEDENTS DYING BEFORE DATE OF ENACTMENT.—Notwithstanding subsection (a), in the case of an estate of a decedent dying after December 31, 2009, and before the date of the enactment of this Act, the executor (within the meaning of section 2203 of the Internal Revenue Code

of 1986) may elect to apply such Code as though the amendments made by this section do not apply with respect to such estate and with respect to property acquired or passing from such decedent (within the meaning of section 1014(b) of such Code). Such election shall be made at such time and in such manner as the Secretary of the Treasury or the Secretary's delegate shall provide. Such an election once made shall be revocable only with the consent of the Secretary of the Treasury or the Secretary's delegate.

(d) EXTENSION OF TIME FOR PERFORMING CERTAIN ACTS.—

(1) ESTATE TAX.—In the case of the estate of a decedent dying after December 31, 2009, and before the date of the enactment of this Act, the due date for—

(A) filing any return under section 6018 of the Internal Revenue Code of 1986 (including any election required to be made on such a return) as such section is in effect after the date of the enactment of this Act without regard to any election under subsection (c),

(B) making any payment of tax under chapter 11 of such Code, and

(C) receiving any disclaimer described in section 2518(b) of such Code,

shall not be earlier than the date which is 4 months after the date of the enactment of this Act.

(2) GENERATION-SKIPPING TAX.—In the case of any generation-skipping tax made after December 31, 2009, and before the date of the enactment of this Act, the due date for filing any return under section 2662 of the Internal Revenue Code of 1986 (including any election required to be made on such a return) shall not be earlier than the date which is 4 months after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—Except as otherwise provided in this section, the amendments made by this section shall apply to estates of decedents dying, and transfers, after December 31, 2009.

SEC. 303. MODIFICATIONS TO ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.

(a) MODIFICATIONS TO ESTATE TAX.—

(1) $3,500,000 APPLICABLE EXCLUSION AMOUNT.—Subsection (c) of section 2010 is amended to read as follows:

''(c) APPLICABLE CREDIT AMOUNT.—

''(1) IN GENERAL.—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under section 2001(c) if the amount with respect to which such tentative tax is to be computed were equal to the applicable exclusion amount.

''(2) APPLICABLE EXCLUSION AMOUNT.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable exclusion amount is $3,500,000.

''(B) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2010, the dollar amount in subparagraph (A) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2009' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.''.

(2) MAXIMUM ESTATE TAX RATE EQUAL TO 45 PERCENT.—Subsection (c) of section 2001 is amended—

(A) by striking ''but not over $2,000,000'' in the table contained in paragraph (1),

(B) by striking the last 2 items in such table,

(C) by striking ''(1) IN GENERAL.—'', and

(D) by striking paragraph (2).

(b) MODIFICATIONS TO GIFT TAX.—

(1) INFLATION ADJUSTMENT FOR APPLICABLE EXCLUSION AMOUNT FOR GIFT TAX.—Section 2505 is amended by adding at the end the following new subsection:

''(d) INFLATION ADJUSTMENT.—In the case of any calendar year after 2010, the dollar amount in subsection (a)(1) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2009' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.''.

(2) MODIFICATION OF GIFT TAX RATE.—On and after the date of the introduction of this Act, subsection (a) of section 2502 of the Internal Revenue Code of 1986 is amended to read as such subsection would read if section 511(d) of the Economic Growth and Tax Relief Reconciliation Act of 2001 had never been enacted.

(3) CONFORMING AMENDMENT.—Section 2511 of the Internal Revenue Code of 1986 is amended by striking subsection (c).

(4) PERIOD OF REPEAL TREATED AS SEPARATE CALENDAR YEAR.—

(A) IN GENERAL.—For purposes of applying sections 1015, 2502, and 2505 of the Internal Revenue Code of 1986, calendar year 2010 shall be treated as 2 separate calendar years one of which ends on the day before the date of the introduction of this Act and the other of which begins on such date of introduction.

(B) APPLICATION OF SECTION 2504(b).—For purposes of applying section 2504(b) of the Internal Revenue Code of 1986, calendar year 2010 shall be treated as one preceding calendar period.

(c) MODIFICATION OF GENERATION-SKIPPING TRANSFER TAX.—In the case of any generation-skipping transfer made after December 31, 2009, and before the date of the introduction of this Act, the applicable rate determined under section 2641(a) of the Internal Revenue Code of 1986 shall be zero.

(d) MODIFICATIONS OF ESTATE AND GIFT TAXES TO REFLECT DIFFERENCES IN CREDIT RESULTING FROM DIFFERENT TAX RATES.—

(1) ESTATE TAX.—

(A) IN GENERAL.—Section 2001(b)(2) is amended by striking ''if the provisions of subsection (c) (as in effect at the decedent's death)'' and inserting ''if the modifications described in subsection (g)''.

(B) MODIFICATIONS.—Section 2001 is amended by adding at the end the following new subsection:

''(g) MODIFICATIONS TO GIFT TAX PAYABLE TO REFLECT DIFFERENT TAX RATES.—For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent's death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute—

"(1) the tax imposed by chapter 12 with respect to such gifts, and

"(2) the credit allowed against such tax under section 2505, including in computing—

"(A) the applicable credit amount under section 2505(a)(1), and

"(B) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2).".

(2) GIFT TAX.—Section 2505(a) is amended by adding at the end the following new flush sentence: "For purposes of applying paragraph (2) for any calendar year, the rates of tax in effect under section 2502(a)(2) for such calendar year shall, in lieu of the rates of tax in effect for preceding calendar periods, be used in determining the amounts allowable as a credit under this section for all preceding calendar periods.".

(e) EFFECTIVE DATE.—Except as otherwise provided, the amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

SEC. 304. APPLICABLE EXCLUSION AMOUNT INCREASED BY UNUSED EXCLUSION AMOUNT OF DECEASED SPOUSE.

(a) IN GENERAL.—Section 2010(c), as amended by section 303(a), is amended by striking paragraph (2) and inserting the following new paragraphs:

"(2) APPLICABLE EXCLUSION AMOUNT.—For purposes of this subsection, the applicable exclusion amount is the sum of—

"(A) the basic exclusion amount, and

"(B) in the case of a surviving spouse, the deceased spousal unused exclusion amount.

"(3) BASIC EXCLUSION AMOUNT.—

"(A) IN GENERAL.—For purposes of this subsection, the basic exclusion amount is $3,500,000.

"(B) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2010, the dollar amount in subparagraph (A) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2009' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.

''(4) DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, with respect to a surviving spouse of a deceased spouse dying on or after the date of the enactment of theMiddle Class Tax Cut Act of 2010, the term 'deceased spousal unused exclusion amount' means the lesser of—

''(A) the basic exclusion amount, or

''(B) the excess of—

''(i) the basic exclusion amount of the last such deceased spouse of such surviving spouse, over

''(ii) the amount with respect to which the tentative tax is determined under section 2001(b)(1) on the estate of such deceased spouse.

''(5) SPECIAL RULES.—

''(A) ELECTION REQUIRED.—A deceased spousal unused exclusion amount may not be taken into account by a surviving spouse under paragraph (2) unless the executor of the estate

of the deceased spouse files an estate tax return on which such amount is computed and makes an election on such return that such amount may be so taken into account. Such election, once made, shall be irrevocable. No election may be made under this subparagraph if such return is filed after the time prescribed by law (including extensions) for filing such return.

''(B) EXAMINATION OF PRIOR RETURNS AFTER EXPIRATION OF PERIOD OF LIMITATIONS WITH RESPECT TO DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—Notwithstanding any period of limitation in section 6501, after the time has expired under section 6501 within which a tax may be assessed under chapter 11 or 12 with respect to a deceased spousal unused exclusion amount, the Secretary may examine a return of the deceased spouse to make determinations with respect to such amount for purposes of carrying out this subsection.

''(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 2505(a) is amended to read as follows:

''(1) the applicable credit amount in effect under section 2010(c) (determined as if the applicable exclusion amount were $1,000,000) which would apply if the donor died as of the end of the calendar year, reduced by''.

(2) Section 2631(c) is amended by striking ''the applicable exclusion amount'' and inserting ''the basic exclusion amount''.

(3) Section 6018(a)(1) is amended by striking ''applicable exclusion amount'' and inserting ''basic exclusion amount''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, on and after the date of the enactment of this Act.

SEC. 305. EXCLUSION FROM GROSS ESTATE OF CERTAIN FARMLAND SO LONG AS FARMLAND USE BY FAMILY CONTINUES.

(a) IN GENERAL.—Part III of subchapter A of chapter 11 is amended by inserting after section 2033 the following new section:

"SEC. 2033A. EXCLUSION OF CERTAIN FARMLAND SO LONG AS FARMLAND USE BY FAMILY CONTINUES.

''(a) IN GENERAL.—In the case of an estate of a decedent to which this section applies, the value of the gross estate shall not include the adjusted value of qualified farmland included in the estate.

''(b) ESTATES TO WHICH SECTION APPLIES.—This section shall apply to an estate if—

''(1) the executor—

''(A) elects the application of this section,

''(B) files an agreement referred to in section 2032A(d)(2), and

''(C) obtains a qualified appraisal (as defined in section 170(f)(11)(E)(i)) of the qualified farmland to which the election applies and attaches such appraisal to the return of the tax imposed by section 2001,

''(2) the decedent was (at the date of the decedent's death) a citizen or resident of the United States,

''(3) the decedent for the 3-taxable-year period (10-taxable-year period in the case of any qualified farmland which is qualified woodland described in section 2032A(c)(2)(F)(i)) preceding the date of the decedent's death had an average modified adjusted

gross income (as defined in section 86(b)(2)) not exceeding $750,000,

''(4) 60 percent or more of the adjusted value of the gross estate at the date of the decedent's death consists of the adjusted value of real or personal property which is used as a farm for farming purposes (within the meaning of section 2032A(e)),

''(5) 50 percent or more of the adjusted value of the gross estate consists of the adjusted value of qualified farmland which is real property, and

''(6) during the 10-year period ending on the date of the decedent's death—

''(A) the qualified farmland which is such real property was owned by the decedent or a member of the decedent's family, and

''(B) there was material participation (within the meaning of section 469(h)) by the decedent or a member of the decedent's family in the operation of such farmland.

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

''(1) QUALIFIED FARMLAND.—The term 'qualified farmland' means any real property—

''(A) which is located in the United States,

"(B) which is used as a farm for farming purposes (within the meaning of section 2032A(e)),

"(C) such use of which is not an activity not engaged in for profit (within the meaning of section 183),

"(D) which was acquired from or passed from the decedent to a qualified heir of the decedent and which, on the date of the decedent's death, was being so used by the decedent or a member of the decedent's family, and

"(E) which is property designated in the agreement filed under subsection (b)(1).

"(2) ADJUSTED VALUE.—The term 'adjusted value' means the value of farmland for purposes of this chapter (determined without regard to this section), reduced by any amounts allowable as a deduction in respect to such farmland under paragraph (3) or (4) of section 2053(a).

"(3) OTHER TERMS.—Any other term used in this section which is also used in section 2032A shall have the same meaning given such term by section 2032A.

"(d) ANNUAL INFORMATION RETURN TO THE SECRETARY.—

''(1) IN GENERAL.—The qualified heir of any qualified farmland shall file an information return (at such time and in such form and manner as the Secretary prescribes) for each calendar year.

''(2) CONTENTS OF RETURN.—The information return required under paragraph (1) shall set forth any disposition of any interest in such farmland or any cessation of use of such farmland as a farm for farming purposes and such other information as the Secretary may require.

''(e) IMPOSITION OF RECAPTURE TAX.—

''(1) IN GENERAL.—If—

''(A) at any time after the decedent's death and before the death of the qualified heir—

''(i) the qualified heir disposes of any interest in qualified farmland (other than by a disposition to a member of the qualified heir's family),

''(ii) the qualified heir or member ceases to use the qualified farmland as a farm for farming purposes,

''(iii) the qualified heir or member incurs a nonrecourse indebtedness secured in

whole or in part by a portion of the qualified farmland, or

''(iv) the qualified heir or member fails to file the information return with respect to the qualified farmland required under subsection (d) for 3 successive calendar years, or

''(B) upon the death of the qualified heir or member, the executor of the estate of such heir or member does not elect the application of this section with respect to the qualified farmland,

then, there is hereby imposed a recapture tax with respect to such qualified farmland or such interest in or portion of such qualified farmland.

''(2) APPLICATION OF RECAPTURE TAX TO EARLIER GENERATIONS.—Upon the imposition of a recapture tax under paragraph (1) with respect to such qualified farmland or such interest in or portion of such qualified farmland, there is also imposed an aggregate amount of any recapture tax which would have been determined under this subsection with respect to such farmland, interest, or portion if the such tax had been imposed and paid on the date of death of the decedent and on the date

of death of any qualified heir (or member) of such farmland, interest, or portion in any intervening generation.

''(3) AMOUNT OF RECAPTURE TAX, ETC.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), rules similar to the rules of section 2032A(c) (other than paragraphs (1) and (2)(E) thereof) with respect to the additional estate tax shall apply for purposes of this subsection with respect to each recapture tax.

''(B) ADJUSTMENTS TO RECAPTURE TAX.—

''(i) ADJUSTMENT TO REFLECT INCREASE IN VALUE OF INTEREST.—Subject to clause (ii), the amount of the recapture tax otherwise determined under rules described in subparagraph (A) shall be increased by the percentage (if any) by which the value of the interest in the qualified farmland at the time of the imposition of such tax is greater than the adjusted value of such farmland at the time such farmland would have been included in the estate if no election under this section had been made.

''(ii) ADJUSTMENTS TO VALUE OF INTEREST AT TIME OF TAX IMPOSITION.—For purposes of determining the value of the interest in the qualified farmland at the time of the imposition of such tax, such value shall be reduced (under rules prescribed by the Secretary) by—

''(I) the basis of any substantial improvements made with respect to such interest by the qualified heir or member, and

''(II) the aggregate amount of any recapture tax imposed under paragraph (2).

''(f) APPLICATION OF OTHER RULES.—Rules similar to the rules of subsections (d), (e) (other than paragraphs (6) and (13) thereof), (f), (g), (h), and (i) of section 2032A shall apply for purposes of this section.

''(g) REGULATIONS.—The Secretary may issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section, including the application of this section in the case of multiple interests in qualified farmland, and to prevent fraud and abuse under this section.''.

(b) BASIS OF QUALIFIED FARMLAND FOR PURPOSES OF DEPRECIATION OR DEPLETION BY QUALIFIED HEIR.—Section 1014 is amended by adding at the end the following new subsection:

''(f) BASIS OF QUALIFIED FARMLAND FOR PURPOSES OF DEPRECIATION OR DEPLETION BY QUALIFIED HEIR.—For purposes of the allowance to any qualified heir of any depreciation or depletion deduction with respect to any interest in property acquired from a decedent and subject to an election under section 2033A, the basis of such property in the hands of such qualified heir (or member of the qualified heir's family after a disposition described in section 2033A(e)(1)(A)(i)) shall be the adjusted basis of such property in the hands of the decedent immediately before the death of such decedent.''.

(c) PENALTY FOR FAILURE TO FILE ANNUAL INFORMATION RETURN.—Section 6652 is amended by redesignating subsection (m) as subsection (n) and by adding at the end the following new subsection:

''(m) FAILURE TO FILE ANNUAL INFORMATION RETURN.—In the case of each failure to provide an information return as required under section 2033A(d) at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and

in the same manner as tax, by the person failing to provide such return, an amount equal to $250 for each such failure.''.

(d) WOODLANDS SUBJECT TO MANAGEMENT PLAN.—Paragraph (2) of section 2032A(c) is amended by adding at the end the following new subparagraph:

''(F) EXCEPTION FOR WOODLANDS SUBJECT TO FOREST STEWARDSHIP PLAN.—

''(i) IN GENERAL.—Subparagraph (E) shall not apply to any disposition or severance of standing timber on a qualified woodland that is made pursuant to a forest stewardship plan developed under the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a) or an equivalent plan approved by the State Forester.

''(ii) COMPLIANCE WITH FOREST STEWARDSHIP PLAN.—Clause (i) shall not apply if, during the 10-year period under paragraph (1), the qualified heir fails to comply with such forest stewardship plan or equivalent plan.''.

(e) CERTAIN CONSERVATION TRANSACTIONS NOT TREATED AS DISPOSITIONS.—Paragraph (8) of section 2032A(c) is amended to read as follows:

"(8) CERTAIN CONSERVATION TRANSACTIONS NOT TREATED AS DISPOSITIONS.—

"(A) QUALIFIED CONSERVATION CONTRIBUTIONS.—A qualified conservation contribution by gift or otherwise shall not be deemed a disposition under subsection (e)(1)(A).

"(B) QUALIFIED CONSERVATION EASEMENT SOLD TO QUALIFIED ORGANIZATION.—A sale of a qualified conservation easement to a qualified organization shall not be deemed a disposition under subsection (e)(1)(A).

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) the terms 'qualified conservation contribution' and 'qualified organization' have the meanings given such terms by section 170(h), and

"(ii) the term 'qualified conservation easement' has the meaning given such term by section 2031(c)(8).".

(f) CLERICAL AMENDMENT.—The table of sections for part III of subchapter A of chapter 11 is amended by inserting after the item relating to section 2033 the following new item:

''Sec. 2033A. Exclusion of certain farmland so long as use as farmland continues.''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

SEC. 306. INCREASE IN LIMITATIONS ON THE AMOUNT EXCLUDED FROM THE GROSS ESTATE WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.

(a) INCREASE IN DOLLAR LIMITATION ON EXCLUSION.—Paragraph (3) of section 2031(c) is amended by striking ''the exclusion limitation is'' and all that follows and inserting ''the exclusion limitation is $5,000,000.''.

(b) INCREASE IN PERCENTAGE OF VALUE OF LAND WHICH IS EXCLUDABLE.—Paragraph (2) of section 2031(c) is amended—

(1) by striking ''40 percent'' and inserting ''50 percent'', and

(2) by striking ''2 percentage points'' and inserting ''2.5 percentage points''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying after the date of the enactment of this Act.

SEC. 307. MODIFICATION OF RULES FOR VALUE OF CERTAIN FARM, ETC., REAL PROPERTY.

(a) IN GENERAL.—Paragraph (2) of section 2032A(a) is amended by striking ''$750,000'' and inserting ''$3,500,000''.

(b) INFLATION ADJUSTMENT.—Paragraph (3) of section 2032A(a) is amended—

(1) by striking ''1998'' and inserting ''2010'',

(2) by striking ''$750,000'' and inserting ''$3,500,000'' in subparagraph (A), and

(3) by striking ''calendar year 1997'' and inserting ''calendar year 2009'' in subparagraph (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2009.

SEC. 308. REQUIRED MINIMUM 10-YEAR TERM, ETC., FOR GRANTOR RETAINED ANNUITY TRUSTS.

(a) IN GENERAL.—Subsection (b) of section 2702 is amended—

(1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively, and by moving such subparagraphs (as so redesignated) 2 ems to the right;

(2) by striking ''For purposes of'' and inserting the following:

''(1) IN GENERAL.—For purposes of'';

(3) by striking ''paragraph (1) or (2)'' in paragraph (1)(C) (as so redesignated) and inserting ''subparagraph (A) or (B)''; and

(4) by adding at the end the following new paragraph:

''(2) ADDITIONAL REQUIREMENTS WITH RESPECT TO GRANTOR RETAINED ANNUITIES.—For purposes of subsection (a), in the case of an interest described in paragraph (1)(A) (determined without regard to this paragraph) which is retained by the transferor, such interest shall be treated as described in such paragraph only if—

''(A) the right to receive the fixed amounts referred to in such paragraph is for a term of not less than 10 years,

''(B) such fixed amounts, when determined on an annual basis, do not decrease relative to any prior year during the first 10 years of the term referred to in subparagraph (A), and

''(C) the remainder interest has a value greater than zero determined as of the time of the transfer.''.

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

SEC. 309. CONSISTENT BASIS REPORTING BETWEEN ESTATE AND PERSON ACQUIRING PROPERTY FROM DECEDENT.

(a) CONSISTENT USE OF BASIS.—

(1) PROPERTY ACQUIRED FROM A DECEDENT.—Section 1014 is amended by adding at the end the following new subsection:

''(f) BASIS MUST BE CONSISTENT WITH ESTATE TAX VALUE.—

''(1) IN GENERAL.—For purposes of this section, the value used to determine the basis of any interest in property in the hands of the person acquiring such property shall not exceed the value of such interest as finally determined for purposes of chapter 11.

''(2) SPECIAL RULE WHERE NO FINAL DETERMINATION.—In any case in which the value of property has not been finally determined under chapter 11 and there has been a statement furnished under section 6035(a), the value used to determine the basis of any interest in property in the hands of the person acquiring such property shall not exceed the amount reported on the statement furnished under section 6035(a).

''(3) REGULATIONS.—The Secretary may by regulations provide exceptions to the application of this subsection.''.

(2) PROPERTY ACQUIRED BY GIFTS AND TRANSFERS IN TRUST.—Section 1015 is amended by adding at the end the following new subsection:

''(f) BASIS MUST BE CONSISTENT WITH GIFT TAX VALUE.—

''(1) IN GENERAL.—For purposes of this section, the fair market value of any interest in property at the time of the gift of that interest shall not exceed the value of such interest as finally determined for purposes of chapter 12.

''(2) SPECIAL RULE WHERE NO FINAL DETERMINATION.—In any case in which the value of property has not been finally determined under chapter 12 and there has been a statement furnished under section 6035(b), the fair market value of any interest in property at the time of the gift of that interest shall not exceed the amount reported on the statement furnished under section 6035(b).

''(3) REGULATIONS.—The Secretary may by regulations provide exceptions to the application of this subsection.''.

(b) INFORMATION REPORTING.—

(1) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 is amended by inserting after section 6034A the following new section:

"SEC. 6035. BASIS INFORMATION TO PERSONS ACQUIRING PROPERTY FROM DECEDENT OR BY GIFT.

"(a) INFORMATION WITH RESPECT TO PROPERTY ACQUIRED FROM DECEDENTS.—

"(1) IN GENERAL.—The executor of any estate required to file a return under section 6018(a) shall furnish to the Secretary and to each person acquiring any interest in property included in the decedent's gross estate for Federal estate tax purposes a statement identifying the value of each interest in such property as reported on such return and such other information with respect to such interest as the Secretary may prescribe.

"(2) STATEMENTS BY BENEFICIARIES.—Each person required to file a return under section 6018(b) shall furnish to the Secretary and to each other person who holds a legal or beneficial interest in the property to which such return relates a statement identifying the information described in paragraph (1).

"(3) TIME FOR FURNISHING STATEMENT.—

"(A) IN GENERAL.—Each statement required to be furnished under paragraph (1) or (2) shall be furnished at such time as the Secretary may prescribe, but in no case at a time later than the earlier of—

"(i) the date which is 30 days after the date on which the return under section 6018 was required to be filed (including extensions, if any), or

"(ii) the date which is 30 days after the date such return is filed.

"(B) ADJUSTMENTS.—In any case in which there is an adjustment to the information required to be included on a statement filed under paragraph (1) or (2) after such statement has been filed, a supplemental statement under such paragraph shall be filed not later than the date which is 30 days after such adjustment is made.

"(b) INFORMATION WITH RESPECT TO PROPERTY ACQUIRED BY GIFT.—

"(1) IN GENERAL.—Each person making a transfer by gift who is required to file a return under section 6019 with respect to such transfer shall furnish to the Secretary and to each person ac-

quiring any interest in property by reason of such transfer a statement identifying the fair market value of each interest in such property as reported on such return and such other information with respect to such interest as the Secretary may prescribe.

''(2) TIME FOR FURNISHING STATEMENT.—

''(A) IN GENERAL.—Each statement required to be furnished under paragraph (1) shall be furnished at such time as the Secretary may prescribe, but in no case at a time later than the earlier of—

''(i) the date which is 30 days after the date on which the return under section 6019 was required to be filed (including extensions, if any), or

''(ii) the date which is 30 days after the date such return is filed.

''(B) ADJUSTMENTS.—In any case in which there is an adjustment to the information required to be included on a statement filed under paragraph (1) after such statement has been filed, a supplemental statement under such paragraph shall be filed not later than the

date which is 30 days after such adjustment is made.

''(c) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out this section, including regulations relating to—

''(1) applying this section to property with regard to which no estate or gift tax return is required to be filed, and

''(2) situations in which the surviving joint tenant or other recipient may have better information than the executor regarding the basis or fair market value of the property.''.

(2) PENALTY FOR FAILURE TO FILE.—

(A) RETURN.—Section 6724(d)(1) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) any statement required to be filed with the Secretary under section 6035.''.

(B) STATEMENT.—Section 6724(d)(2) is amended by striking ''or'' at the end of subparagraph (GG), by striking the period at the end of subparagraph (HH) and inserting '',

or'', and by adding at the end the following new subparagraph:

''(II) section 6035 (other than a statement described in paragraph (1)(D)).''.

(3) 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 6034A the following new item:

''Sec. 6035. Basis information to persons acquiring property from decedent or by gift.''.

(c) PENALTY FOR INCONSISTENT REPORTING.—

(1) IN GENERAL.—Subsection (b) of section 6662 is amended by inserting after paragraph (7) the following new paragraph:

''(8) Any inconsistent estate or gift basis.''.

(2) INCONSISTENT BASIS REPORTING.—Section 6662 is amended by adding at the end the following new subsection:

''(k) INCONSISTENT ESTATE OR GIFT BASIS REPORTING.—For purposes of this section, the term 'inconsistent estate or gift basis' means—

''(1) in the case of property acquired from a decedent, a basis determination with respect to such property which is not consistent with the requirements of section 1014(f), and

''(2) in the case of property acquired by gift, a basis determination with respect to such property which is not consistent with the requirements of section 1015(f).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers for which returns are filed after the date of the enactment of this Act.

TITLE IV—PERMANENT SMALL BUSINESS TAX RELIEF

SEC. 401. REPEAL OF SUNSET ON INCREASED LIMITATIONS ON SMALL BUSINESS EXPENSING.

(a) IN GENERAL.—Subsection (b) of section 179, as amended by the Small Business Jobs Act of 2010, is amended—

(1) by striking ''$25,000'' in paragraph (1)(C) and inserting ''$125,000.'', and

(2) by striking ''$200,000'' in paragraph (2)(C) and inserting ''$500,000.''.

(b) INFLATION ADJUSTMENT.—Section 179(b) is amended by adding at the end the following new paragraph:

''(6) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any taxable year beginning after 2011, the $125,000 amount in paragraph (1)(C) and the

$500,000 amount in paragraph (2)(C) shall each be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 2006' for 'calendar year 1992' in subparagraph (B) thereof.

"(B) ROUNDING.—

"(i) DOLLAR LIMITATION.—If the amount in paragraph (1) as increased under subparagraph (A) is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

"(ii) PHASEOUT AMOUNT.—If the amount in paragraph (2) as increased under subparagraph (A) is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.".

(c) PERMANENT EXPENSING OF COMPUTER SOFTWARE.—Section 179(d)(1)(A)(ii), as amended by the Small Business Jobs Act of 2010, is amended by striking "and before 2012".

(d) REVOCATION OF ELECTION MADE PERMANENT.—Section 179(c)(2), as amended by the Small Business Jobs Act of 2010, is amended to read as follows:

''(2) REVOCATION OF ELECTION.—Any election made under this section, and any specification contained in any such election, may be revoked by the taxpayer with respect to any property, and such revocation, once made, shall be irrevocable.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

TITLE V—ALTERNATIVE MINIMUM TAX RELIEF

SEC. 501. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

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

(1) by striking ''$70,950'' and all that follows through ''2009'' in subparagraph (A) and inserting ''$72,450 in the case of taxable years beginning in 2010 and $74,450 in the case of taxable years beginning in 2011'', and

(2) by striking ''$46,700'' and all that follows through ''2009'' in subparagraph (B) and inserting ''$47,450 in the case of taxable years beginning in

2010 and $48,450 in the case of taxable years beginning in 2011''.

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

SEC. 502. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

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

(1) by striking ''or 2009'' and inserting ''2009, 2010, or 2011'', and

(2) by striking ''2009'' in the heading thereof and inserting ''2011''.

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

TITLE VI—TEMPORARY EXTENSION OF CERTAIN PROVISIONS EXPIRING IN 2009

Subtitle A—Infrastructure Incentives

SEC. 601. EXTENSION OF BUILD AMERICA BONDS.

(a) IN GENERAL.—Subparagraph (B) of section 54AA(d)(1) is amended by striking ''January 1, 2011'' and inserting ''January 1, 2012''.

(b) EXTENSION OF PAYMENTS TO ISSUERS.—

(1) IN GENERAL.—Section 6431 is amended—

(A) by striking ''January 1, 2011'' in subsection (a) and inserting ''January 1, 2012''; and

(B) by striking ''January 1, 2011'' in subsection (f)(1)(B) and inserting ''a particular date''.

(2) CONFORMING AMENDMENTS.—Subsection (g) of section 54AA is amended—

(A) by striking ''January 1, 2011'' and inserting ''January 1, 2012''; and

(B) by striking ''QUALIFIED BONDS ISSUED BEFORE 2011'' in the heading and inserting ''CERTAIN QUALIFIED BONDS''.

(c) REDUCTION IN PERCENTAGE OF PAYMENTS TO ISSUERS.—Subsection (b) of section 6431 is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'';

(2) by striking ''35 percent'' and inserting ''the applicable percentage''; and

(3) by adding at the end the following new paragraph:

''(2) APPLICABLE PERCENTAGE.—For purposes of this subsection, the term 'applicable percentage' means the percentage determined in accordance with the following table:

''In the case of a qualified bond issued during calendar year:	The applicable percentage is:
2009 or 2010	35 percent
2011	32 percent.''.

(d) CURRENT REFUNDINGS PERMITTED.—Subsection (g) of section 54AA is amended by adding at the end the following new paragraph:

''(3) TREATMENT OF CURRENT REFUNDING BONDS.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualified bond' includes any bond (or series of bonds) issued to refund a qualified bond if—

"(i) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

"(ii) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

"(iii) the refunded bond is redeemed not later than 90 days after the date of the issuance of the refunding bond.

"(B) APPLICABLE PERCENTAGE.—In the case of a refunding bond referred to in subparagraph (A), the applicable percentage with respect to such bond under section 6431(b) shall be the lowest percentage specified in paragraph (2) of such section.

"(C) DETERMINATION OF AVERAGE MATURITY.—For purposes of subparagraph (A)(i), average maturity shall be determined in accordance with section 147(b)(2)(A).".

SEC. 602. EXEMPT-FACILITY BONDS FOR SEWAGE AND WATER SUPPLY FACILITIES.

(a) BONDS FOR WATER AND SEWAGE FACILITIES EXEMPT FROM VOLUME CAP ON PRIVATE ACTIVITY BONDS.—

(1) IN GENERAL.—Paragraph (3) of section 146(g) is amended by inserting ''(4), (5),'' after ''(2),''.

(2) CONFORMING AMENDMENT.—Paragraphs (2) and (3)(B) of section 146(k) are both amended by striking ''(4), (5), (6),'' and inserting ''(6)''.

(b) TAX-EXEMPT ISSUANCE BY INDIAN TRIBAL GOVERNMENTS.—

(1) IN GENERAL.—Subsection (c) of section 7871 is amended by adding at the end the following new paragraph:

''(4) EXCEPTION FOR BONDS FOR WATER AND SEWAGE FACILITIES.—Paragraph (2) shall not apply to an exempt facility bond 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of which are to be used to provide facilities described in paragraph (4) or (5) of section 142(a).''.

(2) CONFORMING AMENDMENT.—Paragraph (2) of section 7871(c) is amended by striking ''paragraph (3)'' and inserting ''paragraphs (3) and (4)''.

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

SEC. 603. EXTENSION OF EXEMPTION FROM ALTERNATIVE MINIMUM TAX TREATMENT FOR CERTAIN TAX-EXEMPT BONDS.

(a) IN GENERAL.—Clause (vi) of section 57(a)(5)(C) is amended—

(1) by striking ''January 1, 2011'' in subclause (I) and inserting ''January 1, 2012''; and

(2) by striking ''AND 2010'' in the heading and inserting '', 2010, AND 2011''.

(b) ADJUSTED CURRENT EARNINGS.—Clause (iv) of section 56(g)(4)(B) is amended—

(1) by striking ''January 1, 2011'' in subclause (I) and inserting ''January 1, 2012''; and

(2) by striking ''AND 2010'' in the heading and inserting '', 2010, AND 2011''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 2010.

SEC. 604. EXTENSION AND ADDITIONAL ALLOCATIONS OF RECOVERY ZONE BOND AUTHORITY.

(a) EXTENSION OF RECOVERY ZONE BOND AUTHORITY.—Section 1400U–2(b)(1) and section 1400U–3(b)(1)(B) are each amended by striking ''January 1, 2011'' and inserting ''January 1, 2012''.

(b) ADDITIONAL ALLOCATIONS OF RECOVERY ZONE BOND AUTHORITY BASED ON UNEMPLOYMENT.—Section

1400U–1 is amended by adding at the end the following new subsection:

''(c) ALLOCATION OF 2010 RECOVERY ZONE BOND LIMITATIONS BASED ON UNEMPLOYMENT.—

''(1) IN GENERAL.—The Secretary shall allocate the 2010 national recovery zone economic development bond limitation and the 2010 national recovery zone facility bond limitation among the States in the proportion that each such State's 2009 unemployment number bears to the aggregate of the 2009 unemployment numbers for all of the States.

''(2) MINIMUM ALLOCATION.—The Secretary shall adjust the allocations under paragraph (1) for each State to the extent necessary to ensure that no State (prior to any reduction under paragraph (3)) receives less than 0.9 percent of the 2010 national recovery zone economic development bond limitation and 0.9 percent of the 2010 national recovery zone facility bond limitation.

''(3) ALLOCATIONS BY STATES.—

''(A) IN GENERAL.—Each State with respect to which an allocation is made under paragraph (1) shall reallocate such allocation among the counties and large municipalities (as defined in subsection (a)(3)(B)) in such State

in the proportion that each such county's or municipality's 2009 unemployment number bears to the aggregate of the 2009 unemployment numbers for all the counties and large municipalities (as so defined) in such State.

''(B) 2010 ALLOCATION REDUCED BY AMOUNT OF PREVIOUS ALLOCATION.—Each State shall reduce (but not below zero)—

''(i) the amount of the 2010 national recovery zone economic development bond limitation allocated to each county or large municipality (as so defined) in such State by the amount of the national recovery zone economic development bond limitation allocated to such county or large municipality under subsection (a)(3)(A) (determined without regard to any waiver thereof), and

''(ii) the amount of the 2010 national recovery zone facility bond limitation allocated to each county or large municipality (as so defined) in such State by the amount of the national recovery zone facility bond limitation allocated to such county or large municipality under subsection

(a)(3)(A) (determined without regard to any waiver thereof).

''(C) WAIVER OF SUBALLOCATIONS.—A county or municipality may waive any portion of an allocation made under this paragraph. A county or municipality shall be treated as having waived any portion of an allocation made under this paragraph which has not been allocated to a bond issued before May 1, 2011. Any allocation waived (or treated as waived) under this subparagraph may be used or reallocated by the State.

''(D) SPECIAL RULE FOR A MUNICIPALITY IN A COUNTY.—In the case of any large municipality any portion of which is in a county, such portion shall be treated as part of such municipality and not part of such county.

''(4) 2009 UNEMPLOYMENT NUMBER.—For purposes of this subsection, the term '2009 unemployment number' means, with respect to any State, county or municipality, the number of individuals in such State, county, or municipality who were determined to be unemployed by the Bureau of Labor Statistics for December 2009.

''(5) 2010 NATIONAL LIMITATIONS.—

''(A) RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS.—The 2010 national recovery zone economic development bond limitation is $10,000,000,000. Any allocation of such limitation under this subsection shall be treated for purposes of section 1400U–2 in the same manner as an allocation of national recovery zone economic development bond limitation.

''(B) RECOVERY ZONE FACILITY BONDS.—The 2010 national recovery zone facility bond limitation is $15,000,000,000. Any allocation of such limitation under this subsection shall be treated for purposes of section 1400U–3 in the same manner as an allocation of national recovery zone facility bond limitation.''.

(c) AUTHORITY OF STATE TO WAIVE CERTAIN 2009 ALLOCATIONS.—Subparagraph (A) of section 1400U–1(a)(3) is amended by adding at the end the following: ''A county or municipality shall be treated as having waived any portion of an allocation made under this subparagraph which has not been allocated to a bond issued before May 1, 2011. Any allocation waived (or treated as waived) under this subparagraph may be used or reallocated by the State.''.

SEC. 605. ALLOWANCE OF NEW MARKETS TAX CREDIT AGAINST ALTERNATIVE MINIMUM TAX.

(a) IN GENERAL.—Subparagraph (B) of section 38(c)(4), as amended by the Patient Protection and Affordable Care Act, is amended by redesignating clauses (v) through (ix) as clauses (vi) through (x), respectively, and by inserting after clause (iv) the following new clause:

"(v) the credit determined under section 45D, but only with respect to credits determined with respect to qualified equity investments (as defined in section 45D(b)) initially made before January 1, 2013,".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to credits determined with respect to qualified equity investments (as defined in section 45D(b) of the Internal Revenue Code of 1986) initially made after March 15, 2010.

SEC. 606. EXTENSION OF TAX-EXEMPT ELIGIBILITY FOR LOANS GUARANTEED BY FEDERAL HOME LOAN BANKS.

Clause (iv) of section 149(b)(3)(A) is amended by striking "December 31, 2010" and inserting "December 31, 2011".

SEC. 607. EXTENSION OF TEMPORARY SMALL ISSUER RULES FOR ALLOCATION OF TAX-EXEMPT INTEREST EXPENSE BY FINANCIAL INSTITUTIONS.

(a) IN GENERAL.—Clauses (i), (ii), and (iii) of section 265(b)(3)(G) are each amended by striking ''or 2010'' and inserting '', 2010, or 2011''.

(b) CONFORMING AMENDMENT.—Subparagraph (G) of section 265(b)(3) is amended by striking ''AND 2010'' in the heading and inserting '', 2010, AND 2011''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 2010.

Subtitle B—Energy

SEC. 611. ALTERNATIVE MOTOR VEHICLE CREDIT FOR NEW QUALIFIED HYBRID MOTOR VEHICLES OTHER THAN PASSENGER AUTOMOBILES AND LIGHT TRUCKS.

(a) IN GENERAL.—Paragraph (3) of section 30B(k) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 612. 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, 2011''.

(b) EXCISE TAX CREDITS AND OUTLAY 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, 2011''.

(2) Subparagraph (B) of section 6427(e)(6) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 613. CREDIT FOR ELECTRICITY PRODUCED AT CERTAIN OPEN-LOOP BIOMASS FACILITIES.

(a) IN GENERAL.—Clause (ii) of section 45(b)(4)(B) is amended—

(1) by striking ''5-year period'' and inserting ''7-year period''; and

(2) by adding at the end the following: ''In the case of the next-to-last year of the 7-year period de-

scribed in the preceding sentence, the credit determined under subsection (a) with respect to electricity produced during such year shall not exceed 80 percent of such credit determined without regard to this sentence. In the case of the last year of such 7-year period, the credit determined under subsection (a) with respect to electricity produced during such year shall not exceed 60 percent of such credit determined without regard to this sentence.''.

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

SEC. 614. CREDIT FOR STEEL INDUSTRY FUEL.

(a) CREDIT PERIOD.—

(1) IN GENERAL.—Subclause (II) of section 45(e)(8)(D)(ii) is amended to read as follows:

''(II) CREDIT PERIOD.—In lieu of the 10-year period referred to in clauses (i) and (ii)(II) of subparagraph (A), the credit period shall be the period beginning on the date that the facility first produces steel industry fuel that is sold to an unrelated person after September 30, 2008, and ending 2 years after such date.''.

(2) CONFORMING AMENDMENT.—Section 45(e)(8)(D) is amended by striking clause (iii) and by redesignating clause (iv) as clause (iii).

(b) EXTENSION OF PLACED-IN-SERVICE DATE.—Subparagraph (A) of section 45(d)(8) is amended—

(1) by striking ''(or any modification to a facility)''; and

(2) by striking ''2010'' and inserting ''2012''.

(c) CLARIFICATIONS.—

(1) STEEL INDUSTRY FUEL.—Subclause (I) of section 45(c)(7)(C)(i) is amended by inserting '', a blend of coal and petroleum coke, or other coke feedstock'' after ''on coal''.

(2) OWNERSHIP INTEREST.—Section 45(d)(8) is amended by adding at the end the following new flush sentence:

''With respect to a facility producing steel industry fuel, no person (including a ground lessor, customer, supplier, or technology licensor) shall be treated as having an ownership interest in the facility or as otherwise entitled to the credit allowable under subsection (a) with respect to such facility if such person's rent, license fee, or other entitlement to net payments from the owner of such facility is measured by a fixed dollar amount or a fixed amount per

ton, or otherwise determined without regard to the profit or loss of such facility.''.

(3) PRODUCTION AND SALE.—Subparagraph (D) of section 45(e)(8), as amended by subsection (a)(2), is amended by redesignating clause (iii) as clause (iv) and by inserting after clause (ii) the following new clause:

''(iii) PRODUCTION AND SALE.—The owner of a facility producing steel industry fuel shall be treated as producing and selling steel industry fuel where that owner manufactures such steel industry fuel from coal, a blend of coal and petroleum coke, or other coke feedstock to which it has title. The sale of such steel industry fuel by the owner of the facility to a person who is not the owner of the facility shall not fail to qualify as a sale to an unrelated person solely because such purchaser may also be a ground lessor, supplier, or customer.''.

(d) SPECIFIED CREDIT FOR PURPOSES OF ALTERNATIVE MINIMUM TAX EXCLUSION.—Subclause (II) of section 38(c)(4)(B)(iii) is amended by inserting ''(in the case of a refined coal production facility producing steel

industry fuel, during the credit period set forth in section 45(e)(8)(D)(ii)(II))'' after ''service''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), and (d) shall apply to fuel produced and sold after September 30, 2008.

(2) CLARIFICATIONS.—The amendments made by subsection (c) shall take effect as if included in the amendments made by the Energy Improvement and Extension Act of 2008.

SEC. 615. CREDIT FOR PRODUCING FUEL FROM COKE OR COKE GAS.

(a) IN GENERAL.—Paragraph (1) of section 45K(g) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

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

SEC. 616. NEW ENERGY EFFICIENT HOME CREDIT.

(a) IN GENERAL.—Subsection (g) of section 45L is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 617. EXCISE TAX CREDITS AND OUTLAY PAYMENTS FOR ALTERNATIVE FUEL AND ALTERNATIVE FUEL MIXTURES.

(a) ALTERNATIVE FUEL CREDIT.—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, 2011, in the case of fuels described in subparagraph (A), (C), (F), or (G) of paragraph (2), and

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

(b) ALTERNATIVE FUEL MIXTURE CREDIT.—Paragraph (3) of section 6426(e) 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, 2011, in the case of fuels described in subparagraph (A), (C), (F), or (G) of subsection (d)(2), and

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

(c) PAYMENT AUTHORITY.—

(1) IN GENERAL.—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 '', and'', and by adding at the end the following new subparagraph:

''(E) any alternative fuel or alternative fuel mixture (as so defined) involving fuel described in subparagraph (A), (C), (F), or (G) of section 6426(d)(2) sold or used after December 31, 2011.''.

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

(d) EXCLUSION OF BLACK LIQUOR FROM CREDIT ELIGIBILITY.—The last sentence of section 6426(d)(2) is amended by striking ''or biodiesel'' and inserting ''biodiesel, or any fuel (including lignin, wood residues, or spent pulping liquors) derived from the production of paper or pulp''.

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

SEC. 618. 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, 2012''.

(b) MODIFICATION OF DEFINITION OF INDEPENDENT TRANSMISSION COMPANY.—

(1) IN GENERAL.—Clause (i) of section 451(i)(4)(B) is amended to read as follows:

''(i) who the Federal Energy Regulatory Commission determines in its authorization of the transaction under section 203 of the Federal Power Act (16 U.S.C. 824b) or by declaratory order—

''(I) is not itself a market participant as determined by the Commission, and also is not controlled by any such market participant, or

''(II) to be independent from market participants or to be an independent transmission company within the meaning of such Commission's rules applicable to independent transmission providers, and''.

(2) RELATED PERSONS.—Paragraph (4) of section 451(i) is amended by adding at the end the following flush sentence:

''For purposes of subparagraph (B)(i)(I), a person shall be treated as controlled by another person if such persons would be treated as a single employer under section 52.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to dispositions after December 31, 2009.

(2) MODIFICATIONS.—The amendments made by subsection (b) shall apply to dispositions after the date of the enactment of this Act.

SEC. 619. 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, 2012''.

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

SEC. 620. CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) EXTENSION.—

(1) IN GENERAL.—Section 25C(g)(2) is amended by striking ''2010'' and inserting ''2011''.

(2) LIMITATION.—Section 25C(b) is amended by striking ''and 2010'' and inserting '', 2010, and 2011''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2010.

(b) MODIFICATION OF STANDARDS FOR WINDOWS, DOORS, AND SKYLIGHTS.—

(1) IN GENERAL.—Paragraph (4) of section 25C(c) is amended by striking ''unless'' and all that follows and inserting ''unless—

''(A) such component meets the criteria for such components established by the 2010 Energy Star Program Requirements for Residential Windows, Doors, and Skylights, Version 5.0 (or any subsequent version of such requirements which is in effect after January 4, 2010), and

''(B) in the case of any component which is a garage door, such component is equal to or below a U factor of 0.30 and SHGC of 0.30.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2010.

Subtitle C—Individual Tax Relief

PART I—MISCELLANEOUS PROVISIONS

SEC. 631. 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, 2010, or 2011''.

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

SEC. 632. 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, 2010, or 2011''.

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

SEC. 633. 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, 2012''.

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

SEC. 634. 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, 2011''.

(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, 2011''.

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

SEC. 635. 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, 2011''.

(b) APPLICATION AND EXTENSION OF EGTRRA SUNSET.—Notwithstanding section 901 of the Economic

Growth and Tax Relief Reconciliation Act of 2001, such section shall apply to the amendments made by this section and the amendments made by section 431 of such Act by substituting ''December 31, 2011'' for ''December 31, 2010'' in subsection (a)(1) thereof.

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

(d) TEMPORARY COORDINATION WITH SECTION 25A.—In the case of any taxpayer for any taxable year beginning in 2010 or 2011, no deduction shall be allowed under section 222 of the Internal Revenue Code of 1986 if—

(1) the taxpayer's net Federal income tax reduction which would be attributable to such deduction for such taxable year, is less than

(2) the credit which would be allowed to the taxpayer for such taxable year under section 25A of such Code (determined without regard to sections 25A(e) and 26 of such Code).

SEC. 636. 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, 2011''.

(b) EFFECTIVE DATE; SPECIAL RULE.—

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

(2) SPECIAL RULE.—For purposes of qualified charitable distributions under section 408(d)(8) of the Internal Revenue Code of 1986 with respect to taxable years beginning in 2010, a taxpayer shall be deemed to have made such a distribution on the last day of such taxable year if the distribution is made not later than January 31, 2011.

SEC. 637. 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, 2011''.

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

PART II—LOW-INCOME HOUSING CREDITS

SEC. 641. ELECTION FOR DIRECT PAYMENT OF 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 DIRECT PAYMENT OF CREDIT.—

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

''(2) LOW-INCOME HOUSING GRANT ELECTION AMOUNT.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'low-income housing grant election amount' means, with respect to any State for any applicable calendar year, such amount as the State may elect which does not exceed 85 percent of the product of—

''(i) the sum of—

''(I) 100 percent of the State housing credit ceiling for such applicable calendar year which is attributable to amounts described in clauses (i)

and (iii) of subsection (h)(3)(C), plus any increase for such applicable calendar year attributable to section 1400N(c) (including credits made available under such section as applied by reason of sections 702(d)(2) and 704(b) of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008), and

"(II) 40 percent of the State housing credit ceiling for such applicable calendar year which is attributable to amounts described in clauses (ii) and (iv) of such subsection, plus any credits for the calendar year preceding such applicable calendar year attributable to the application of such section 702(d)(2) and 704(b), multiplied by

"(ii) 10.

For purposes of subparagraph (A)(ii), in the case of any area to which section 702(d)(2) or 704(b) of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 applies, sec-

tion 1400N(c)(1)(A) of such Code shall be applied without regard to clause (i).

''(B) APPLICABLE CALENDAR YEAR.—The term 'applicable calendar year' means calendar years 2010 and 2011.

''(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 of the second calendar year after the applicable calendar year' for 'January 1, 2011'.''.

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

SEC. 642. LOW-INCOME HOUSING GRANT ELECTION.

(a) CLARIFICATION OF ELIGIBILITY OF LOW-INCOME HOUSING CREDITS FOR LOW-INCOME HOUSING GRANT ELECTION.—Paragraph (1) of section 1602(b) of the American Recovery and Reinvestment Tax Act of 2009 is amended—

(1) by inserting '', plus any increase for 2009 or 2010 attributable to section 1400N(c) of such Code (including credits made available under such section as applied by reason of sections 702(d)(2) and 704(b) of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008)'' after ''1986'' in subparagraph (A), and

(2) by inserting '', plus any credits for 2009 attributable to the application of such section 702(d)(2) and 704(b)'' after ''such section'' in subparagraph (B).

(b) APPLICATION OF ADDITIONAL HOUSING CREDIT AMOUNT FOR PURPOSES OF 2009 GRANT ELECTION.—Subsection (b) of section 1602 of the American Recovery and Reinvestment Tax Act of 2009, as amended by subsection (a), is amended by adding at the end the following flush sentence:

''For purposes of paragraph (1)(B), in the case of any area to which section 702(d)(2) or 704(b) of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 applies, section 1400N(c)(1)(A) of such Code shall be applied without regard to clause (i).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply as if included in the enactment of section 1602 of the American Recovery and Reinvestment Tax Act of 2009.

Subtitle D—Business Tax Relief

SEC. 651. RESEARCH CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 41(h)(1) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

(b) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 652. INDIAN EMPLOYMENT TAX CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45A is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 653. NEW MARKETS TAX CREDIT.

(a) IN GENERAL.—Subparagraph (F) of section 45D(f)(1) is amended by inserting '', 2010, and 2011'' after ''2009''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 45D(f) is amended by striking ''2014'' and inserting ''2016''.

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

SEC. 654. RAILROAD TRACK MAINTENANCE CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45G is amended by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

(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. 655. MINE RESCUE TEAM TRAINING CREDIT.

(a) IN GENERAL.—Subsection (e) of section 45N is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

(b) CREDIT ALLOWABLE AGAINST AMT.—Subparagraph (B) of section 38(c)(4), as amended by section 105, is amended—

(1) by redesignating clauses (vii) through (x) as clauses (viii) through (xi), respectively; and

(2) by inserting after clause (vi) the following new clause:

''(vii) the credit determined under section 45N,''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2009.

(2) ALLOWANCE AGAINST AMT.—The amendments made by subsection (b) shall apply to credits determined for taxable years beginning after December 31, 2009, and to carrybacks of such credits.

SEC. 656. 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, 2011''.

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

SEC. 657. 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, 2012''.

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

SEC. 658. 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, 2012''.

(b) CONFORMING AMENDMENTS.—

(1) Clause (i) of section 168(e)(7)(A) is amended by striking ''if such building is placed in service after December 31, 2008, and before January 1, 2010,''.

(2) Paragraph (8) of section 168(e) is amended by striking subparagraph (E).

(3) Section 179(f)(2) is amended—

(A) by striking ''(without regard to the dates specified in subparagraph (A)(i) thereof)'' in subparagraph (B), and

(B) by striking ''(without regard to subparagraph (E) thereof)'' in subparagraph (C).

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

SEC. 659. 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, 2011''.

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

SEC. 660. 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, 2011''.

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

SEC. 661. 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, 2011''.

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

SEC. 662. 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, 2011''.

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

SEC. 663. ENHANCED CHARITABLE DEDUCTION FOR CORPORATE CONTRIBUTIONS OF COMPUTER INVENTORY FOR EDUCATIONAL PURPOSES.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 664. ELECTION TO EXPENSE MINE SAFETY EQUIPMENT.

(a) IN GENERAL.—Subsection (g) of section 179E is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 665. 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, 2011''.

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

SEC. 666. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 667. 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 6 taxable years''; and

(2) by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

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

SEC. 668. 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, 2011''.

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

SEC. 669. EXCLUSION OF GAIN OR LOSS ON SALE OR EXCHANGE OF CERTAIN BROWNFIELD SITES FROM UNRELATED BUSINESS INCOME.

(a) IN GENERAL.—Subparagraph (K) of section 512(b)(19) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

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

SEC. 670. TIMBER REIT MODERNIZATION.

(a) IN GENERAL.—Paragraph (8) of section 856(c) is amended by striking ''means'' and all that follows and inserting ''means December 31, 2011.''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (I) of section 856(c)(2) is amended by striking ''the first taxable year beginning after the date of the enactment of this subparagraph'' and inserting ''a taxable year beginning on or before the termination date''.

(2) Clause (iii) of section 856(c)(5)(H) is amended by inserting ''in taxable years beginning'' after ''dispositions''.

(3) Clause (v) of section 857(b)(6)(D) is amended by inserting ''in a taxable year beginning'' after ''sale''.

(4) Subparagraph (G) of section 857(b)(6) is amended by inserting ''in a taxable year beginning'' after ''In the case of a sale''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after May 22, 2009.

SEC. 671. TREATMENT OF CERTAIN DIVIDENDS 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, 2011''.

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

SEC. 672. 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, 2011''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall take effect on January 1, 2010.

Notwithstanding the preceding sentence, such amendment shall not apply with respect to the withholding requirement under section 1445 of the Internal Revenue Code of 1986 for any payment made before the date of the enactment of this Act.

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

(A) which makes a distribution after December 31, 2009, and before the date of the enactment of this Act; and

(B) which would (but for the second sentence of paragraph (1)) have been required to withhold with respect to such distribution under section 1445 of such Code,

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

SEC. 673. 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, 2012''.

(b) CONFORMING AMENDMENT.—Section 953(e)(10) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

(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. 674. 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, 2012''.

(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. 675. BASIS ADJUSTMENT TO STOCK OF S CORPS 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, 2011''.

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

SEC. 676. EMPOWERMENT ZONE TAX INCENTIVES.

(a) IN GENERAL.—Section 1391 is amended—

(1) by striking ''December 31, 2009'' in subsection (d)(1)(A)(i) and inserting ''December 31, 2011''; and

(2) by striking the last sentence of subsection (h)(2).

(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, 2016''; and

(2) by striking ''2014'' in the heading and inserting ''2016''.

(c) TREATMENT OF CERTAIN TERMINATION DATES SPECIFIED IN NOMINATIONS.—In the case of a designation of an empowerment zone the nomination for which

included a termination date which is contemporaneous with the date specified in subparagraph (A)(i) of section 1391(d)(1) of the Internal Revenue Code of 1986 (as in effect before the enactment of this Act), subparagraph (B) of such section shall not apply with respect to such designation unless, after the date of the enactment of this section, the entity which made such nomination reconfirms such termination date, or amends the nomination to provide for a new termination date, in such manner as the Secretary of the Treasury (or the Secretary's designee) may provide.

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

SEC. 677. 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, 2011''.

(b) TAX-EXEMPT DC EMPOWERMENT ZONE BONDS.—Subsection (b) of section 1400A is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

(c) ZERO-PERCENT CAPITAL GAINS RATE.—

(1) ACQUISITION DATE.—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, 2012''.

(2) LIMITATION ON PERIOD OF GAINS.—

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

(i) by striking ''December 31, 2014'' and inserting ''December 31, 2016''; and

(ii) by striking ''2014'' in the heading and inserting ''2016''.

(B) PARTNERSHIPS AND S-CORPS.—Paragraph (2) of section 1400B(g) is amended by striking ''December 31, 2014'' and inserting ''December 31, 2016''.

(d) FIRST-TIME HOMEBUYER CREDIT.—Subsection (i) of section 1400C is amended by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

(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) shall apply to property acquired or substantially improved after December 31, 2009.

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

SEC. 678. 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, 2011''; and

(2) by striking ''January 1, 2010'' in paragraph (3) and inserting ''January 1, 2012''.

(b) ZERO-PERCENT CAPITAL GAINS RATE.—

(1) ACQUISITION DATE.—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, 2012''.

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

(A) by striking ''December 31, 2014'' and inserting ''December 31, 2016''; and

(B) by striking ''2014'' in the heading and inserting ''2016''.

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

(c) COMMERCIAL REVITALIZATION DEDUCTION.—

(1) IN GENERAL.—Subsection (g) of section 1400I is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 1400I(d)(2) is amended by striking ''after 2001 and before 2010'' and inserting ''which begins after 2001 and before the date referred to in subsection (g)''.

(d) INCREASED EXPENSING UNDER SECTION 179.—Subparagraph (A) of section 1400J(b)(1) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

(e) TREATMENT OF CERTAIN TERMINATION DATES SPECIFIED IN NOMINATIONS.—In the case of a designation of a renewal community the nomination for which included a termination date which is contemporaneous with the date specified in subparagraph (A) of section

1400E(b)(1) of the Internal Revenue Code of 1986 (as in effect before the enactment of this Act), subparagraph (B) of such section shall not apply with respect to such designation unless, after the date of the enactment of this section, the entity which made such nomination reconfirms such termination date, or amends the nomination to provide for a new termination date, in such manner as the Secretary of the Treasury (or the Secretary's designee) may provide.

(f) 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 subsections (b)(1) and (d) shall apply to acquisitions after December 31, 2009.

(3) COMMERCIAL REVITALIZATION DEDUCTION.—

(A) IN GENERAL.—The amendment made by subsection (c)(1) shall apply to buildings placed in service after December 31, 2009.

(B) CONFORMING AMENDMENT.—The amendment made by subsection (c)(2) shall

apply to calendar years beginning after December 31, 2009.

SEC. 679. 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, 2012''.

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

SEC. 680. 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 6 taxable years'', and

(2) by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

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

SEC. 681. ELECTION TO TEMPORARILY UTILIZE UNUSED AMT CREDITS DETERMINED BY DOMESTIC INVESTMENT.

(a) IN GENERAL.—Section 53 is amended by adding at the end the following new subsection:

''(g) ELECTION FOR CORPORATIONS WITH NEW DOMESTIC INVESTMENTS.—

''(1) IN GENERAL.—If a corporation elects to have this subsection apply for its first taxable year beginning after December 31, 2009, the limitation imposed by subsection (c) for such taxable year shall be increased by the AMT credit adjustment amount.

''(2) AMT CREDIT ADJUSTMENT AMOUNT.—For purposes of paragraph (1), the term 'AMT credit adjustment amount' means, the lesser of—

''(A) 50 percent of a corporation's minimum tax credit for its first taxable year beginning after December 31, 2009, determined under subsection (b), or

''(B) 10 percent of new domestic investments made during such taxable year.

''(3) NEW DOMESTIC INVESTMENTS.—For purposes of this subsection, the term 'new domestic investments' means the cost of qualified property (as defined in section 168(k)(2)(A)(i))—

''(A) the original use of which commences with the taxpayer during the taxable year, and

''(B) which is placed in service in the United States by the taxpayer during such taxable year.

''(4) CREDIT REFUNDABLE.—For purposes of subsection (b) of section 6401, the aggregate increase in the credits allowable under this part for any taxable year resulting from the application of this subsection shall be treated as allowed under subpart C (and not under any other subpart). For purposes of section 6425, any amount treated as so allowed shall be treated as a payment of estimated income tax for the taxable year.

''(5) ELECTION.—An election under this subsection shall be made at such time and in such manner as prescribed by the Secretary, and once made, may be revoked only with the consent of the Secretary. Not later than 90 days after the date of the enactment of this subsection, the Secretary shall issue guidance specifying such time and manner.

''(6) TREATMENT OF CERTAIN PARTNERSHIP INVESTMENTS.—For purposes of this subsection, a corporation shall take into account its allocable share of any new domestic investments by a partner-

ship for any taxable year if, and only if, more than 90 percent of the capital and profits interests in such partnership are owned by such corporation (directly or indirectly) at all times during such taxable year.

''(7) NO DOUBLE BENEFIT.—

''(A) IN GENERAL.—A corporation making an election under this subsection may not make an election under subparagraph (H) of section 172(b)(1).

''(B) SPECIAL RULES WITH RESPECT TO TAXPAYERS PREVIOUSLY ELECTING APPLICABLE NET OPERATING LOSSES.—In the case of a corporation which made an election under subparagraph (H) of section 172(b)(1) and elects the application of this subsection—

''(i) ELECTION OF APPLICABLE NET OPERATING LOSS TREATED AS REVOKED.—The election under such subparagraph (H) shall (notwithstanding clause (iii)(II) of such subparagraph) be treated as having been revoked by the taxpayer.

''(ii) COORDINATION WITH PROVISION FOR EXPEDITED REFUND.—The amount otherwise treated as a payment of esti-

mated income tax under the last sentence of paragraph (4) shall be reduced (but not below zero) by the aggregate increase in unpaid tax liability determined under this chapter by reason of the revocation of the election under clause (i).

''(iii) APPLICATION OF STATUTE OF LIMITATIONS.—With respect to the revocation of an election under clause (i)—

''(I) the statutory period for the assessment of any deficiency attributable to such revocation shall not expire before the end of the 3-year period beginning on the date of the election to have this subsection apply, and

''(II) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

''(C) EXCEPTION FOR ELIGIBLE SMALL BUSINESSES.—Subparagraphs (A) and (B) shall not apply to an eligible small business as defined in section 172(b)(1)(H)(v)(II).

"(8) REGULATIONS.—The Secretary may issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this subsection, including to prevent fraud and abuse under this subsection.".

(b) CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) is amended by inserting "53(g)," after "53(e),".

(2) Section 1324(b)(2) of title 31, United States Code, is amended by inserting "53(g)," after "53(e),".

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

SEC. 682. REDUCTION IN CORPORATE RATE FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Paragraph (1) of section 1201(b) is amended by striking "'ending'" and all that follows through "'such date'".

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 1201(b) is amended to read as follows:

"(3) APPLICATION OF SUBSECTION.—The qualified timber gain for any taxable year shall not exceed the qualified timber gain which would be de-

termined by not taking into account any portion of such taxable year after December 31, 2011.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after May 22, 2009.

SEC. 683. STUDY OF EXTENDED TAX EXPENDITURES.

(a) 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.

(b) REQUIREMENT TO REPORT.—Not later than December 15, 2011, the Chief of Staff of the Joint Committee on Taxation, in consultation with the Comptroller General of the United States, shall submit to the Com-

mittee 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 title.

(c) 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 this subtitle (relating to business tax relief) and subtitle A (relating to energy) 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.

(d) 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.

(e) 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 this subtitle (relating to business tax relief) and subtitle A (relating to energy) shall be completed by such date.

Subtitle E—Temporary Disaster Relief Provisions

PART I—NATIONAL DISASTER RELIEF

SEC. 691. WAIVER OF CERTAIN MORTGAGE REVENUE BOND REQUIREMENTS.

(a) IN GENERAL.—Paragraph (11) of section 143(k) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

(b) SPECIAL RULE FOR RESIDENCES DESTROYED IN FEDERALLY DECLARED DISASTERS.—Paragraph (13) of section 143(k), as redesignated by subsection (c), is amended by striking ''January 1, 2010'' in subparagraphs (A)(i) and (B)(i) and inserting ''January 1, 2012''.

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

graph (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 amendment made by this section shall apply to bonds issued after December 31, 2009.

(2) RESIDENCES DESTROYED IN FEDERALLY DECLARED DISASTERS.—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. 692. 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, 2012''.

(b) $500 LIMITATION.—Paragraph (1) of section 165(h) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2011''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to federally declared disasters occurring after December 31, 2009.

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

SEC. 693. SPECIAL DEPRECIATION ALLOWANCE FOR QUALIFIED DISASTER PROPERTY.

(a) IN GENERAL.—Subclause (I) of section 168(n)(2)(A)(ii) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

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

SEC. 694. 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, 2012''.

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

SEC. 695. EXPENSING OF QUALIFIED DISASTER EXPENSES.

(a) IN GENERAL.—Subparagraph (A) of section 198A(b)(2) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

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

PART II—REGIONAL PROVISIONS

Subpart A—New York Liberty Zone

SEC. 696. SPECIAL DEPRECIATION ALLOWANCE FOR NONRESIDENTIAL AND RESIDENTIAL REAL PROPERTY.

(a) IN GENERAL.—Subparagraph (A) of section 1400L(b)(2) 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. 697. TAX-EXEMPT BOND FINANCING.

(a) IN GENERAL.—Subparagraph (D) of section 1400L(d)(2) is amended by striking ''January 1, 2010'' and inserting ''January 1, 2012''.

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

Subpart B—GO Zone

SEC. 698. INCREASE IN REHABILITATION CREDIT.

(a) IN GENERAL.—Subsection (h) of section 1400N is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

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

SEC. 699. WORK OPPORTUNITY TAX CREDIT WITH RESPECT TO CERTAIN INDIVIDUALS AFFECTED BY HURRICANE KATRINA FOR EMPLOYERS INSIDE DISASTER AREAS.

(a) IN GENERAL.—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) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals hired after August 27, 2009.

SEC. 700. EXTENSION OF LOW-INCOME HOUSING CREDIT RULES FOR BUILDINGS IN GO ZONES.

Section 1400N(c)(5) is amended by striking ''January 1, 2011'' and inserting ''January 1, 2013''.

TITLE VII—TECHNICAL CORRECTIONS TO PENSION FUNDING LEGISLATION

SEC. 701. DEFINITION OF ELIGIBLE PLAN YEAR.

(a) AMENDMENT TO ERISA.—Clause (v) of section 303(c)(2)(D) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1083(c)(2)(D)), as added by section 201(a)(1) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, is amended—

(1) by striking ''on or after the date of the enactment of this subparagraph'' and inserting ''on or after June 25, 2010 (March 10, 2010, in the case of an eligible plan)'', and

(2) by adding at the end the following new sentence: ''For purposes of the preceding sentence, a plan shall be treated as an eligible plan only if, as of the date of the election with respect to the plan under clause (i)—

''(A) the plan sponsor is not a debtor in a case under title 11, United States Code, or similar Federal or State law,

''(B) there are no unpaid minimum required contributions with respect to the plan for purposes of section 4971 of the Internal Rev-

enue Code of 1986 (imposing an excise tax when minimum required contributions are not paid by the due date for the plan year),

''(C) there are no outstanding liens in favor of the plan under subsection (k), and

''(D) the plan sponsor has not initiated a distress termination of the plan under section 4041.''.

(b) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Clause (v) of section 430(c)(2)(D) of the Internal Revenue Code of 1986, as added by section 201(b)(1) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, is amended—

(1) by striking ''on or after the date of the enactment of this subparagraph'' and inserting ''on or after June 25, 2010 (March 10, 2010, in the case of an eligible plan)'', and

(2) by adding at the end the following new sentence: ''For purposes of the preceding sentence, a plan shall be treated as an eligible plan only if, as of the date of the election with respect to the plan under clause (i)—

''(A) the plan sponsor is not a debtor in a case under title 11, United States Code, or similar Federal or State law,

"(B) there are no unpaid minimum required contributions with respect to the plan for purposes of section 4971 (imposing an excise tax when minimum required contributions are not paid by the due date for the plan year),

"(C) there are no outstanding liens in favor of the plan under subsection (k), and

"(D) the plan sponsor has not initiated a distress termination of the plan under section 4041 of the Employee Retirement Income Security Act of 1974.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by the provisions of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 to which the amendments relate.

SEC. 702. ELIGIBLE CHARITY PLANS.

(a) DEFINITION OF ELIGIBLE CHARITY PLANS.—

(1) IN GENERAL.—Section 104(d) of the Pension Protection Act of 2006, as added by section 202(b) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, is amended to read as follows:

''(d) ELIGIBLE CHARITY PLAN DEFINED.—For purposes of this section, a plan shall be treated as an eligible charity plan for a plan year if—

''(1) the plan is maintained by one or more employers employing employees who are accruing benefits based on service for the plan year,

''(2) such employees are employed in at least 20 States,

''(3) more than 98 percent of such employees are employed by an employer described in section 501(c)(3) of such Code and the primary exempt purpose of each such employer is to provide services with respect to children, and

''(4) the plan sponsor elects (at such time and in such form and manner as shall be prescribed by the Secretary of the Treasury) to be so treated.

Any election under this subsection may be revoked only with the consent of the Secretary of the Treasury.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the amendment made by the provision of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 to which the amendment relates (determined after application of the amendment made by subsection (c)), except that a

plan sponsor may elect to apply such amendment to plan years beginning on or after January 1, 2011.

(b) REGULATIONS.—The Secretary of the Treasury may prescribe such regulations as may be necessary to carry out the purposes of the amendments made by section 202(b) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 and the amendment made by subsection (a).

(c) APPLICATION OF NEW RULES TO ELIGIBLE CHARITY PLANS.—

(1) IN GENERAL.—Paragraph (2) of section 202(c) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 is amended to read as follows:

''(2) ELIGIBLE CHARITY PLANS.—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 2010, except that a plan sponsor may elect to apply such amendments to plan years beginning after an earlier date.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the amendment made by the provision of the Preservation of Access to Care for Medicare Beneficiaries

and Pension Relief Act of 2010 to which the amendment relates.

SEC. 703. SUSPENSION OF CERTAIN FUNDING LEVEL LIMITATIONS.

(a) LIMITATIONS ON BENEFIT ACCRUALS.—Section 203 of the Worker, Retiree, and Employer Recovery Act of 2008 (Public Law 110–458; 122 Stat. 5118) is amended—

(1) by striking ''the first plan year beginning during the period beginning on October 1, 2008, and ending on September 30, 2009'' and inserting ''any plan year beginning during the period beginning on October 1, 2008, and ending on December 31, 2011'';

(2) by striking ''substituting'' and all that follows through ''for such plan year'' and inserting ''substituting for such percentage the plan's adjusted funding target attainment percentage for the last plan year ending before September 30, 2009,''; and

(3) by striking ''for the preceding plan year is greater'' and inserting ''for such last plan year is greater''.

(b) SOCIAL SECURITY LEVEL-INCOME OPTIONS.—

(1) ERISA AMENDMENT.—Section 206(g)(3)(E) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new sentence: ''For purposes of applying clause (i) in the case of payments the annuity starting date for which occurs on or before December 31, 2011, payments under a social security leveling option shall be treated as not in excess of the monthly amount paid under a single life annuity (plus an amount not in excess of a social security supplement described in the last sentence of section 204(b)(1)(G)).''.

(2) IRC AMENDMENT.—Section 436(d)(5) of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: ''For purposes of applying subparagraph (A) in the case of payments the annuity starting date for which occurs on or before December 31, 2011, payments under a social security leveling option shall be treated as not in excess of the monthly amount paid under a single life annuity (plus an amount not in excess of a social security supplement described in the last sentence of section 411(a)(9)).''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to annuity payments the annuity starting date for which occurs on or after January 1, 2011.

(B) PERMITTED APPLICATION.—A plan shall not be treated as failing to meet the requirements of sections 206(g) of the Employee Retirement Income Security Act of 1974 (as amended by this subsection) and section 436(d) of the Internal Revenue Code of 1986 (as so amended) if the plan sponsor elects to apply the amendments made by this subsection to payments the annuity starting date for which occurs before January 1, 2011.

(c) REPEAL OF RELATED PROVISIONS.—The provisions of, and the amendments made by, section 203 of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 are repealed and the Employee Retirement Income Security Act of 1974, the Internal Revenue Code of 1986, and the Worker, Retiree, and Employer Recovery Act of 2008 (Public Law 110–458; 122 Stat. 5118) shall be applied as if such section had never been enacted.

SEC. 704. OPTIONAL USE OF 30-YEAR AMORTIZATION PERIODS.

(a) AMENDMENT TO ERISA.—Paragraph (8) of section 304(b) of the Employee Retirement Income Security Act of 1974, as amended by the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, is amended by striking ''after August 31, 2008'' each place it appears in subparagraphs (A)(i), (B)(i)(I), and (B)(i)(II), and inserting ''on or after June 30, 2008''.

(b) AMENDMENT TO INTERNAL REVENUE CODE OF 1986 .—Paragraph (8) of section 431(b) of the Internal Revenue Code of 1986, as amended by the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, is amended by striking ''after August 31, 2008'' each place it appears in subparagraphs (A)(i) and (B)(i)(I) and inserting ''on or after June 30, 2008''.

(c) EFFECTIVE DATE AND SPECIAL RULES.—The amendments made by this section shall take effect as of the first day of the first plan year beginning on or after June 30, 2008, except that any election a plan sponsor makes pursuant to this section or the amendments made thereby that affects the plan's funding standard account for any plan year beginning before October 1, 2009, shall be disregarded for purposes of applying the provisions of section 305 of the Employee Retirement Income Security

Act of 1974 and section 432 of the Internal Revenue Code of 1986 to that plan year.

TITLE VIII—TEMPORARY EXTENSION OF CERTAIN PROVISIONS ENDING IN 2010 OR 2011

Subtitle A—Unemployment Benefits

SEC. 801. EXTENSION OF UNEMPLOYMENT INSURANCE PROVISIONS.

(a) IN GENERAL.—(1) Section 4007 of the Supplemental Appropriations Act, 2008 (Public Law 110–252; 26 U.S.C. 3304 note) is amended—

(A) by striking ''November 30, 2010'' each place it appears and inserting ''January 3, 2012'';

(B) in the heading for subsection (b)(2), by striking ''NOVEMBER 30, 2010'' and inserting ''JANUARY 3, 2012''; and

(C) in subsection (b)(3), by striking ''April 30, 2011'' and inserting ''June 9, 2012''.

(2) Section 2005 of the Assistance for Unemployed Workers and Struggling Families Act, as contained in Public Law 111–5 (26 U.S.C. 3304 note; 123 Stat. 444), is amended—

(A) by striking ''December 1, 2010'' each place it appears and inserting ''January 4, 2012''; and

(B) in subsection (c), by striking ''May 1, 2011'' and inserting ''June 11, 2012''.

(3) Section 5 of the Unemployment Compensation Extension Act of 2008 (Public Law 110–449; 26 U.S.C. 3304 note) is amended by striking ''April 30, 2011'' and inserting ''June 10, 2012''.

(b) FUNDING.—Section 4004(e)(1) of the Supplemental Appropriations Act, 2008 (Public Law 110–252; 26 U.S.C. 3304 note) is amended—

(1) in subparagraph (E), by striking ''and'' at the end; and

(2) by inserting after subparagraph (F) the following:

''(G) the amendments made by section 2(a)(1) of the ; and''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the Unemployment Compensation Extension Act of 2010 (Public Law 111–205).

SEC. 802. TEMPORARY MODIFICATION OF INDICATORS UNDER THE EXTENDED BENEFIT PROGRAM.

(a) INDICATOR.—Section 203(d) of the Federal-State Extended Unemployment Compensation Act of 1970 (26

U.S.C. 3304 note) is amended, in the flush matter following paragraph (2), by inserting after the first sentence the following sentence: ''Effective with respect to compensation for weeks of unemployment beginning after the date of enactment of the (or, if later, the date established pursuant to State law), and ending on or before December 31, 2011, the State may by law provide that the determination of whether there has been a state 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if the word 'two' were 'three' in subparagraph (1)(A).''.

(b) ALTERNATIVE TRIGGER.—Section 203(f) of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note) is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

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

''(2) Effective with respect to compensation for weeks of unemployment beginning after the date of enactment of the (or, if later, the date established pursuant to State law), and ending on or before December 31, 2011, the State may by law provide that the determination of whether there has been a state 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under

this subsection as if the word 'either' were 'any', the word ''both'' were 'all', and the figure '2' were '3' in clause (1)(A)(ii).''.

Subtitle B—Small Business

SEC. 811. TEMPORARY EXCLUSION OF 100 PERCENT OF GAIN ON CERTAIN SMALL BUSINESS STOCK.

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

(1) by striking ''January 1, 2011'' and inserting ''January 1, 2012'', and

(2) by inserting ''AND 2011'' after ''2010'' in the heading thereof.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to stock acquired after December 31, 2010.

SEC. 812. GENERAL BUSINESS CREDITS OF ELIGIBLE SMALL BUSINESSES CARRIED BACK 5 YEARS.

(a) IN GENERAL.—Subparagraph (A) of section 39(a)(4) is amended by inserting ''or 2011'' after ''2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to credits determined in taxable years beginning after December 31, 2010.

SEC. 813. GENERAL BUSINESS CREDITS OF ELIGIBLE SMALL BUSINESSES NOT SUBJECT TO ALTERNATIVE MINIMUM TAX.

(a) IN GENERAL.—Paragraph (5) of section 38(c) is amended—

(1) by inserting ''or 2011'' after ''2010'' in subparagraph (A), and

(2) by inserting ''OR 2011'' after ''2010'' in the heading thereof.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to credits determined in taxable years beginning after December 31, 2010, and to carrybacks of such credits.

SEC. 814. EXTENSION OF INCREASE IN AMOUNT ALLOWED AS DEDUCTION FOR START-UP EXPENDITURES.

(a) START-UP EXPENDITURES.—Paragraph (3) of section 195(b) is amended—

(1) by inserting ''or 2011'' after ''2010'', and

(2) by inserting ''OR 2011'' after ''2010'' in the heading thereof.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2010.

SEC. 815. EXTENSION OF DEDUCTION FOR HEALTH INSURANCE COSTS IN COMPUTING SELF-EMPLOYMENT TAXES.

(a) IN GENERAL.—Paragraph (4) of section 162(l) is amended by striking ''December 31, 2010'' and inserting ''December 31, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2010.

Subtitle C—Energy

SEC. 821. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.

(a) EXTENSION OF CREDIT.—Paragraph (2) of section 30C(g) is amended by striking ''December 31, 2010'' and inserting ''December 31, 2011.''.

(b) CLARIFICATION OF DEFINITION OF ELECTRIC REFUELING PROPERTY.—Subparagraph (B) of section 179A(d)(3) is amended to read as follows:

''(B) exclusively used for the recharging of motor vehicles propelled by electricity (other than property used for the generation of electricity).''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2010.

(2) CLARIFICATION.—The amendment made by subsection (b) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 822. ELECTIVE PAYMENT FOR SPECIFIED ENERGY PROPERTY.

(a) IN GENERAL.—Chapter 65 is amended by adding at the end the following new subchapter:

"Subchapter C—Direct Payment Provisions

"Sec. 6451. Elective payment for specified energy property.

"SEC. 6451. ELECTIVE PAYMENT FOR SPECIFIED ENERGY PROPERTY.

"(a) ELECTIVE PAYMENT.—

"(1) IN GENERAL.—Any eligible person electing the application of this section with respect to any specified energy property originally placed in service by such person during the taxable year shall be treated as making a payment against the tax imposed by subtitle A for the taxable year equal to the applicable percentage of the basis of such property. Such payment shall be treated as made on the later of the due date of the return of such tax or the date on which such return is filed.

"(2) ELIGIBILITY.—A person shall not be eligible to elect the application of this section unless such person has been certified as eligible by the Sec-

retary, under such rules as the Secretary, in consultation with the Secretary of Energy, may prescribe.

''(b) APPLICABLE PERCENTAGE.—For purposes of this section, the term 'applicable percentage' means—

''(1) 30 percent in the case of any property described in paragraph (2)(A)(i) or (5) of section 48(a), and

''(2) 10 percent in the case of any other property.

''(c) DOLLAR LIMITATIONS.—In the case of property described in paragraph (1), (2), or (3) of section 48(c), the payment otherwise treated as made under subsection (a) with respect to such property shall not exceed the limitation applicable to such property under such paragraph.

''(d) SPECIFIED ENERGY PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'specified energy property' means energy property (within the meaning of section 48) which—

''(A) is originally placed in service before January 1, 2012, or

''(B) is originally placed in service on or after such date and before the credit termination date with respect to such property, but

only if the construction of such property began before January 1, 2012.

"(2) CREDIT TERMINATION DATE.—The term 'credit termination date' means—

"(A) in the case of any energy property which is part of a facility described in paragraph (1) of section 45(d), January 1, 2013,

"(B) in the case of any energy property which is part of a facility described in paragraph (2), (3), (4), (6), (7), (9), or (11) of section 45(d), January 1, 2014, and

"(C) in the case of any energy property described in section 48(a)(3), January 1, 2017.

In the case of any property which is described in subparagraph (C) and also in another subparagraph of this paragraph, subparagraph (C) shall apply with respect to such property.

"(e) COORDINATION WITH PRODUCTION AND INVESTMENT CREDITS.—In the case of any property with respect to which an election is made under this section—

"(1) DENIAL OF PRODUCTION AND INVESTMENT CREDITS.—No credit shall be determined under section 45 or 48 with respect to such property for the taxable year in which such property is origi-

nally placed in service or any subsequent taxable year.

''(2) REDUCTION OF PAYMENT BY PROGRESS EXPENDITURES ALREADY TAKEN INTO ACCOUNT.—The amount of the payment treated as made under subsection (a) with respect to such property shall be reduced by the aggregate amount of credits determined under section 48 with respect to such property for all taxable years preceding the taxable year in which such property is originally placed in service.

''(f) SPECIAL RULES FOR CERTAIN NON-TAXPAYERS.—

''(1) DENIAL OF PAYMENT.—Subsection (a) shall not apply with respect to any property originally placed in service by—

''(A) any governmental entity other than a governmental unit which is a State utility with a service obligation (as such terms are defined in section 217 of the Federal Power Act), or

''(B) any organization described in section 501(c) (other than a mutual or cooperative electric company described in section 501(c)(12)) or 401(a) and exempt from tax under section 501(a).

''(2) EXCEPTION FOR PROPERTY USED IN UNRELATED TRADE OR BUSINESS.—Paragraph (1) shall not apply with respect to any property originally placed in service by an entity described in section 511(a)(2) if substantially all of the income derived from such property by such entity is unrelated business taxable income (as defined in section 512).

''(3) SPECIAL RULES FOR PARTNERSHIPS AND S CORPORATIONS.—In the case of property originally placed in service by a partnership or an S corporation—

''(A) the election under subsection (a) may be made only by such partnership or S corporation,

''(B) such partnership or S corporation shall be treated as making the payment referred to in subsection (a) only to the extent of the proportionate share of such partnership or S corporation as is owned by persons who would be treated as making such payment if the property were originally placed in service by such persons, and

''(C) the return required to be made by such partnership or S corporation under section 6031 or 6037 (as the case may be) shall be

treated as a return of tax for purposes of subsection (a).

For purposes of subparagraph (B), rules similar to the rules of section 168(h)(6) (other than subparagraph (F) thereof) shall apply. For purposes of applying such rules, the term 'tax-exempt entity' shall not include any entity which is a governmental unit which is a State utility with a service obligation (as such terms are defined in section 217 of the Federal Power Act) or which is a mutual or cooperative electric company described in section 501(c)(12).

''(g) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) OTHER DEFINITIONS.—Terms used in this section which are also used in section 45 or 48 shall have the same meanings for purposes of this section as when used in such sections.

''(2) APPLICATION OF RECAPTURE RULES, ETC.—Except as otherwise provided by the Secretary, rules similar to the rules of section 50 (other than paragraphs (1) and (2) of subsection (d) thereof), and section 1603 of the American Recovery and Reinvestment Act of 2009, shall apply.

''(3) EXCLUSION FROM GROSS INCOME.—Any credit or refund allowed or made by reason of this

section shall not be includible in gross income or alternative minimum taxable income.

''(4) EXCEPTION FOR CERTAIN PROJECTS.—Subsection (a) shall not apply to any governmental unit or cooperative electric company (as defined in section 54(j)(1)) with respect to any specified energy property which is described in section 48(a)(5)(D) if such entity has issued any bond—

''(A) which is designated as a clean renewable energy bond under section 54 of the Internal Revenue Code of 1986 or as a new clean renewable energy bond under section 54C of such Code, and

''(B) the proceeds of which are used for expenditures in connection with the same qualified facility with respect to which such specified energy property is a part.

''(5) COORDINATION WITH GRANT PROGRAM.—If a grant under section 1603 of the American Recovery and Reinvestment Tax Act of 2009 is made with respect to any specified energy property—

''(A) no election may be made under subsection (a) with respect to such property on or after the date of such grant, and

''(B) if such grant is made after such election, such property shall be treated as having ceased to be specified energy property immediately after such property was originally placed in service.''.

(b) TREATMENT OF GRANTS FOR COOPERATIVE ELECTRIC COMPANIES.—Section 501(c)(12) is amended by adding at the end the following new subparagraph:

''(I) In the case of a mutual or cooperative electric company described in this paragraph or an organization described in section 1381(a)(2)(C), subparagraph (A) shall be applied without taking into account any payment made by reason of section 6452.''.

(c) CONFORMING AMENDMENTS RELATED TO DIRECT PAYMENT.—

(1) Subparagraph (A) of section 6211(b)(4)(A) is amended by inserting ''and subchapter C of chapter 65 (including any payment treated as made under such subchapter)'' after ''6431''.

(2) Subparagraph (B) of section 6425(c)(1) is amended—

(A) by striking ''the credits'' and inserting ''the sum of—

''(i) the credits'',

(B) by striking the period at the end of clause (i) thereof (as amended by this paragraph) and inserting ", plus", and

(C) by adding at the end the following new clause:

"(ii) the payments treated as made under subchapter C of chapter 65.".

(3) Paragraph (3) of section 6654(f) is amended—

(A) by striking "the credits" and inserting "the sum of—

"(A) the credits",

(B) by striking the period at the end of subparagraph (A) thereof (as amended by this paragraph) and inserting ", and", and

(C) by adding at the end the following new subparagraph:

"(B) the payments treated as made under subchapter C of chapter 65.".

(4) Subparagraph (B) of section 6655(g)(1) is amended—

(A) by striking "the credits" and inserting "the sum of—

"(i) the credits",

(B) by striking the period at the end of clause (i) thereof (as amended by this paragraph) and inserting ", plus", and

(C) by adding at the end the following new clause:

"(ii) the payments treated as made under subchapter C of chapter 65.".

(5) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ", or from the provisions of subchapter C of chapter 65 of such Code" before the period at the end.

(6) The table of subchapters for chapter 65 is amended by adding at the end the following new item:

"SUBCHAPTER C. DIRECT PAYMENT PROVISIONS.".

(d) CLARIFICATION OF APPLICATION OF GRANTS FOR SPECIFIED ENERGY PROPERTY TO CERTAIN REGULATED COMPANIES.—The first sentence of section 1603(f) of the American Recovery and Reinvestment Tax Act of 2009 is amended by inserting "(other than subsection (d)(2) thereof)" after "section 50 of the Internal Revenue Code of 1986".

(e) TECHNICAL AMENDMENTS.—

(1) Paragraphs (1) and (2) of section 1603(a) of the American Recovery and Reinvestment Tax Act of 2009 are each amended by striking "is placed

in service'' and inserting ''is originally placed in service by such person''.

(2) Paragraph (1) of section 1603(d) of such Act is amended—

(A) by striking ''(within the meaning of section 45 of such Code)'', and

(B) by inserting before the period at the end the following: ''which would (but for section 48(d)(1) of such Code) be eligible for credit under section 45 of such Code (determined without regard to subsection (a)(2)(B) thereof)''.

(3) Subsection (f) of section 1603 of such Act, as amended by subsection (d), is amended—

(A) by striking the second sentence and inserting the following: ''In applying such rules, any increase in tax under chapter 1 of such Code by reason of the property being disposed of (or otherwise ceasing to be specified energy property) shall be imposed on the person to whom the grant was made.'',

(B) by striking ''In making grants under'' and inserting the following:

''(1) IN GENERAL.—In making grants under'', and

(C) by adding at the end following new paragraph:

''(2) SPECIAL RULES.—

''(A) RECAPTURE OF EXCESSIVE GRANT AMOUNTS.—If the amount of a grant made under this section exceeds the amount allowable as a grant under this section, such excess shall be recaptured under paragraph (1) as if the property to which such grant relates were disposed of immediately after such grant was made.

''(B) GRANT INFORMATION NOT TREATED AS RETURN INFORMATION.—For purposes of section 6103 of the Internal Revenue Code of 1986, in no event shall any of the following be treated as return information:

''(i) The amount of a grant made under subsection (a).

''(ii) The identity of the person to whom the grant was made.

''(iii) A description of the property with respect to which the grant was made.

''(iv) The fact and amount of any recapture.

''(v) The content of any report required by the Secretary of the Treasury to be filed in connection with the grant.''.

(4) Subsection (g) of section 1603 of such Act is amended—

(A) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively,

(B) by moving such subparagraphs (as so redesignated) 2 ems to the right,

(C) by striking ''paragraph (1), (2), or (3)'' in subparagraph (D) (as so redesignated) and inserting ''subparagraphs (A), (B), or (C)'',

(D) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary'', and

(E) by adding at the end the following new paragraph:

''(2) EXCEPTION WHERE PROPERTY USED IN UNRELATED TRADE OR BUSINESS.—

''(A) IN GENERAL.—Paragraph (1) shall not apply to any person or entity described therein to the extent the grant is with respect to unrelated trade or business property.

"(B) UNRELATED TRADE OR BUSINESS PROPERTY.—For purposes of this paragraph, the term 'unrelated trade or business property' means any property with respect to which substantially all of the income derived therefrom by an organization described in section 511(a)(2) of the Internal Revenue Code of 1986 is subject to tax under section 511 of such Code.

"(C) INFORMATION WITH RESPECT TO PASS-THRUS.—In the case of a partnership or other pass-thru entity, partners or other holders of an equity or profits interest must provide to such partnership or entity such information as the Secretary may require to carry out the purposes of this subsection.".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property originally placed in service after the date of the enactment of this Act.

(2) CLARIFICATION AND TECHNICAL AMENDMENTS.—The amendments made by subsections (d) and (e) shall take effect as if included in section 1603 of the American Recovery and Reinvestment Tax Act of 2009.

SEC. 823. QUALIFYING ADVANCED ENERGY PROJECT CREDIT.

(a) IN GENERAL.—Section 48C(d)(1)(B) is amended by striking ''$2,300,000,000'' and inserting ''$4,800,000,000''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to allocations for applications submitted after December 31, 2010.

SEC. 824. NEW CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—Subsection (c) of section 54C is amended by adding at the end the following new paragraph:

''(5) SECOND ADDITIONAL LIMITATION.—Subject to paragraph (4), the national new clean renewable energy bond limitation shall be increased by $1,600,000,000. Such increase shall be allocated by the Secretary consistent with the rules of paragraphs (2) and (3).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to allocations after December 31, 2010.

SEC. 825. ALTERNATIVE MOTOR VEHICLE CREDIT FOR NEW QUALIFIED ALTERNATIVE FUEL VEHICLES.

(a) IN GENERAL.—Paragraph (4) of section 30B(k) is amended by striking ''December 31, 2010'' and inserting ''December 31, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property purchased after December 31, 2010.

SEC. 826. EXTENSION OF PROVISIONS RELATED TO ALCOHOL USED AS FUEL.

(a) EXTENSION OF INCOME TAX CREDIT FOR ALCOHOL USED AS FUEL.—

(1) IN GENERAL.—Paragraph (1) of section 40(e) is amended—

(A) by striking ''December 31, 2010'' in subparagraph (A) and inserting ''December 31, 2011'', and

(B) by striking ''January 1, 2011'' in subparagraph (B) and inserting ''January 1, 2012''.

(2) REDUCED AMOUNT FOR ETHANOL BLENDERS.—Subsection (h) of section 40 is amended—

(A) by striking ''2010'' in paragraph (1) and inserting ''2011'', and

(B) by striking the period at the end of the table contained in paragraph (2) and adding the following new item:

''2011	36 cents	26.66 cents.''.

(3) REDUCED RATE FOR SMALL ETHANOL PRODUCERS.—Section 40(b)(4)(A) is amended by striking ''10 cents'' and inserting ''8 cents''.

(4) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to periods after December 31, 2010.

(B) RATE FOR SMALL ETHANOL PRODUCERS.—The amendment made by paragraph (3) shall apply to the sale or use of alcohol after December 31, 2010.

(b) EXTENSION OF EXCISE TAX CREDIT FOR ALCOHOL USED AS FUEL.—

(1) IN GENERAL.—Paragraph (6) of section 6426(b) is amended by striking ''December 31, 2010'' and inserting ''December 31, 2011''.

(2) REDUCED APPLICABLE AMOUNT FOR ETHANOL.—Subparagraph (A) of section 6426(b)(2) is amended—

(A) by striking ''and'' at the end of clause (i),

(B) in clause (ii)—

(i) by inserting ''and before 2011'' after ''after 2008'', and

(ii) by striking the period and inserting ", and", and

(C) by adding at the end the following new clause:

"(iii) in the case of calendar years beginning after 2010, 36 cents.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods after December 31, 2010.

(c) EXTENSION OF PAYMENT FOR ALCOHOL FUEL MIXTURE.—

(1) IN GENERAL.—Subparagraph (A) of section 6427(e)(6) is amended by striking "December 31, 2010" and inserting "December 31, 2011".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to sales and uses after December 31, 2010.

(d) EXTENSION OF ADDITIONAL DUTIES ON ETHANOL.—

(1) IN GENERAL.—Headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States are each amended in the effective period column by striking "1/1/2011" and inserting "1/1/2012".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 2011.

SEC. 827. ENERGY EFFICIENT APPLIANCE CREDIT.

(a) DISHWASHERS.—Paragraph (1) of section 45M(b) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting a comma, and by adding at the end the following new subparagraphs:

''(C) $25 in the case of a dishwasher which is manufactured in calendar year 2011 and which uses no more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons per cycle for dishwashers designed for greater than 12 place settings),

''(D) $50 in the case of a dishwasher which is manufactured in calendar year 2011 and which uses no more than 295 kilowatt hours per year and 4.25 gallons per cycle (4.75 gallons per cycle for dishwashers designed for greater than 12 place settings), and

''(E) $75 in the case of a dishwasher which is manufactured in calendar year 2011 and which uses no more than 280 kilowatt hours per year and 4 gallons per cycle (4.5 gal-

lons per cycle for dishwashers designed for greater than 12 place settings).''.

(b) CLOTHES WASHERS.—Paragraph (2) of section 45M(b) 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) $175 in the case of a top-loading clothes washer manufactured in calendar year 2011 which meets or exceeds a 2.2 modified energy factor and does not exceed a 4.5 water consumption factor, and

''(F) $225 in the case of a clothes washer manufactured in calendar year 2011—

''(i) which is a top-loading clothes washer and which meets or exceeds a 2.4 modified energy factor and does not exceed a 4.2 water consumption factor, or

''(ii) which is a front-loading clothes washer and which meets or exceeds a 2.8 modified energy factor and does not exceed a 3.5 water consumption factor.''.

(c) REFRIGERATORS.—Paragraph (3) of section 45M(b) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of sub-

paragraph (D) and inserting a comma, and by adding at the end the following new subparagraphs:

"(E) $150 in the case of a refrigerator manufactured in calendar year 2011 which consumes at least 30 percent less energy than the 2001 energy conservation standards, and

"(F) $200 in the case of a refrigerator manufactured in calendar year 2011 which consumes at least 35 percent less energy than the 2001 energy conservation standards.".

(d) REBASING OF LIMITATIONS.—

(1) IN GENERAL.—Paragraph (1) of section 45M(e) is amended by striking "December 31, 2007" and inserting "December 31, 2010".

(2) EXCEPTION FOR CERTAIN REFRIGERATORS AND CLOTHES WASHERS.—Paragraph (2) of section 45M(e) is amended—

(A) by striking "subsection (b)(3)(D)" and inserting "subsection (b)(3)(F)", and

(B) by striking "subsection (b)(2)(D)" and inserting "subsection (b)(2)(F)".

(3) GROSS RECEIPTS LIMITATION.—Paragraph (3) of section 45M(e) is amended by striking "2 percent" and inserting "4 percent".

(e) DIRECT PAYMENT OF ENERGY EFFICIENT APPLIANCES TAX CREDIT.—In the case of any taxable year which includes the last day of calendar year 2009 or calendar year 2010, a taxpayer who elects to waive the credit which would otherwise be determined with respect to the taxpayer under section 45M of the Internal Revenue Code of 1986 for such taxable year shall be treated as making a payment against the tax imposed under subtitle A of such Code for such taxable year in an amount equal to 85 percent of the amount of the credit which would otherwise be so determined. Such payment shall be treated as made on the later of the due date of the return of such tax or the date on which such return is filed. Elections under this section may be made separately for 2009 and 2010, but once made shall be irrevocable. No amount shall be includible in gross income or alternative minimum taxable income by reason of this section.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall apply to appliances produced after December 31, 2010.

(2) LIMITATIONS.—The amendments made by subsection (d) shall apply to taxable years beginning after December 31, 2010.

SEC. 828. REDUCED DEPRECIATION PERIOD FOR NATURAL GAS DISTRIBUTION FACILITIES.

(a) IN GENERAL.—Clause (viii) of section 168(e)(3)(E) is amended by striking ''January 1, 2011'' and inserting ''January 1, 2012''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2010.

Subtitle D—Education

SEC. 831. QUALIFIED SCHOOL CONSTRUCTION BONDS.

(a) IN GENERAL.—Subsection (c) of section 54F is amended—

(1) by striking ''and'' at the end of paragraph (2),

(2) by redesignating paragraph (3) as paragraph (4),

(3) by inserting after paragraph (2) the following new paragraph:

''(3) $11,000,000,000 for 2011, and'', and

(4) by striking ''2010'' in paragraph (4) (as redesignated by paragraph (2)) and inserting ''2011''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 2010.

Subtitle E—Other Employee and Housing Relief

SEC. 841. MAKING WORK PAY CREDIT.

(a) IN GENERAL.—Section 36A(e) is amended by striking ''December 31, 2010'' and inserting ''December 31, 2011''.

(b) TREATMENT OF POSSESSIONS.—Section 1001(b)(1) of the American Recovery and Reinvestment Tax Act of 2009 is amended by striking ''2009 and 2010'' both places it appears and inserting ''2009, 2010, and 2011''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2010.

SEC. 842. WORK OPPORTUNITY CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 51(c)(4) is amended by striking ''August 31, 2011'' and inserting ''December 31, 2011''.

(b) UNEMPLOYED VETERANS AND DISCONNECTED YOUTH.—Paragraph (14) of section 51(d) is amended—

(1) by striking ''2009 or 2010'' in subparagraph (A) and inserting ''2009, 2010, or 2011'', and

(2) by striking ''2009 OR 2010'' in the heading thereof and inserting ''2009, 2010, OR 2011''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

(2) UNEMPLOYED VETERANS AND DISCONNECTED YOUTH.—The amendments made by subsection (b) shall apply to individuals who begin work for the employer after December 31, 2010.

SEC. 843. EXCLUSION FROM INCOME FOR BENEFITS PROVIDED TO VOLUNTEER FIREFIGHTERS AND EMERGENCY MEDICAL RESPONDERS.

(a) IN GENERAL.—Subsection (d) of section 139B is amended by striking ''December 31, 2010'' and inserting ''December 31, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2010.

SEC. 844. PARITY FOR EXCLUSION FROM INCOME FOR EMPLOYER-PROVIDED MASS TRANSIT AND PARKING BENEFITS.

(a) IN GENERAL.—Paragraph (2) of section 132(f) is amended by striking ''January 1, 2011'' and inserting ''January 1, 2012''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to months after December 31, 2010.

SEC. 845. QUALIFIED MORTGAGE BONDS FOR REFINANCING OF SUBPRIME LOANS.

(a) IN GENERAL.—Subparagraph (D) of section 143(k)(12) is amended by striking ''December 31, 2010'' and inserting ''December 31, 2011''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to bonds issued after December 31, 2010.

TITLE IX—OTHER PROVISIONS

SEC. 901. REPEAL OF EXPANSION OF INFORMATION REPORTING REQUIREMENTS.

(a) REPEAL OF PAYMENTS FOR PROPERTY AND OTHER GROSS PROCEEDS.—Subsection (b) of section 9006 of the Patient Protection and Affordable Care Act, and the amendments made thereby, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subsection, and amendments, had never been enacted.

(b) REPEAL OF APPLICATION TO CORPORATIONS; APPLICATION OF REGULATORY AUTHORITY.—

(1) IN GENERAL.—Section 6041 of the Internal Revenue Code of 1986, as amended by section

9006(a) of the Patient Protection and Affordable Care Act and section 2101 of the Small Business Jobs Act of 2010, is amended by striking subsections (i) and (j) and inserting the following new subsection:

''(i) REGULATIONS.—The Secretary may prescribe such regulations and other guidance as may be appropriate or necessary to carry out the purposes of this section, including rules to prevent duplicative reporting of transactions.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after December 31, 2010.

SEC. 902. REPEAL OF SUNSET ON TAX TREATMENT OF ALASKA NATIVE SETTLEMENT TRUSTS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 671 of such Act (relating to tax treatment and information requirements of Alaska Native Settlement Trusts).

SEC. 903. REPEAL OF SUNSET ON EXPANSION OF AUTHORITY TO POSTPONE CERTAIN TAX-RELATED DEADLINES.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions

of such Act) shall not apply to section 802 of such Act (relating to expansion of authority to postpone certain tax-related deadlines by reason of Presidentially declared disaster).

SEC. 904. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

(a) IN GENERAL.—Subchapter A of chapter 65 is amended by adding at the end the following new section:

"SEC. 6409. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

''Notwithstanding any other provision of law, any refund (or advance payment with respect to a refundable credit) made to any individual under this title shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of such individual (or any other individual) for benefits or assistance (or the amount or extent of benefits or assistance) under any Federal program or under any State or local program financed in whole or in part with Federal funds.''.

(b) CLERICAL AMENDMENT.—The table of sections for such subchapter is amended by adding at the end the following new item:

"Sec. 6409. Refunds disregarded in the administration of Federal programs and federally assisted programs.".

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

SEC. 905. TREATMENT OF SECURITIES OF A CONTROLLED CORPORATION EXCHANGED FOR ASSETS IN CERTAIN REORGANIZATIONS.

(a) IN GENERAL.—Section 361 (relating to nonrecognition of gain or loss to corporations; treatment of distributions) is amended by adding at the end the following new subsection:

"(d) SPECIAL RULES FOR TRANSACTIONS INVOLVING SECTION 355 DISTRIBUTIONS.—In the case of a reorganization described in section 368(a)(1)(D) with respect to which stock or securities of the corporation to which the assets are transferred are distributed in a transaction which qualifies under section 355—

"(1) this section shall be applied by substituting 'stock other than nonqualified preferred stock (as defined in section 351(g)(2))' for 'stock or securities' in subsections (a) and (b)(1), and

''(2) the first sentence of subsection (b)(3) shall apply only to the extent that the sum of the money and the fair market value of the other property transferred to such creditors does not exceed the adjusted bases of such assets transferred (reduced by the amount of the liabilities assumed (within the meaning of section 357(c))).''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 361(b) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to exchanges after December 31, 2010.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any exchange pursuant to a transaction which is—

(A) made pursuant to a written agreement which was binding on December 31, 2010, and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before December 2, 2010, or

(C) described on or before December 31, 2010, in a public announcement or in a filing with the Securities and Exchange Commission.

TITLE X—BUDGETARY PROVISIONS

SEC. 1001. DETERMINATION OF BUDGETARY EFFECTS.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled 'Budgetary Effects of PAYGO Legislation' for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, provided that such statement has been submitted prior to the vote on passage.

SEC. 1002. EMERGENCY DESIGNATIONS.

(a) STATUTORY PAYGO.—The provisions of this Act other than those that qualify for the current policy adjustments under section 7 of the Statutory Pay-As-You-Go Act of 2010 (Public Law 111-139; 2 U.S.C. 933(g)) are designated as an emergency requirement pursuant to section 4(g) of such Act (Public Law 111-139; 2 U.S.C. 933(g)).

(b) HOUSE OF REPRESENTATIVES.—In the House of Representatives, this Act is designated as an emergency for purposes of pay-as-you-go principles.

(c) SENATE.—In the Senate, this Act is designated as an emergency requirement pursuant to section 403(a)

of S. Con. Res. 13 (111th Congress), the concurrent resolution on the budget for fiscal year 2010.