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H. R. 5771

One Hundred Thirteenth Congress  
of the  
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Friday,  
the third day of January, two thousand and fourteen*

An Act

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

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

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

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

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

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

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

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**TITLE I—CERTAIN EXPIRING  
PROVISIONS**

**Subtitle A—Individual Tax Extenders**

**SEC. 101. EXTENSION OF 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 2013” and inserting “2013, or 2014”.

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

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

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

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

**SEC. 103. EXTENSION OF PARITY FOR EMPLOYER-PROVIDED MASS TRANSIT AND PARKING BENEFITS.**

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

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

**SEC. 104. EXTENSION OF MORTGAGE INSURANCE PREMIUMS TREATED AS QUALIFIED RESIDENCE INTEREST.**

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

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

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

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

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

**SEC. 106. EXTENSION OF SPECIAL RULE FOR 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, 2013” and inserting “December 31, 2014”.

(b) CONTRIBUTIONS BY CERTAIN CORPORATE FARMERS AND RANCHERS.—Clause (iii) of section 170(b)(2)(B) is amended by striking “December 31, 2013” and inserting “December 31, 2014”.

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

**SEC. 107. EXTENSION OF ABOVE-THE-LINE DEDUCTION FOR QUALIFIED TUITION AND RELATED EXPENSES.**

(a) IN GENERAL.—Subsection (e) of section 222 is amended by striking “December 31, 2013” and inserting “December 31, 2014”.

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

**SEC. 108. EXTENSION OF 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, 2013” and inserting “December 31, 2014”.

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

## **Subtitle B—Business Tax Extenders**

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

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

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

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

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

### **SEC. 112. EXTENSION OF TEMPORARY MINIMUM LOW-INCOME HOUSING TAX CREDIT RATE FOR NON-FEDERALLY SUBSIDIZED BUILDINGS.**

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

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

### **SEC. 113. EXTENSION OF MILITARY HOUSING ALLOWANCE EXCLUSION FOR DETERMINING WHETHER A TENANT IN CERTAIN COUNTIES IS LOW-INCOME.**

(a) **IN GENERAL.**—Subsection (b) of section 3005 of the Housing Assistance Tax Act of 2008 is amended by striking “January 1, 2014” each place it appears and inserting “January 1, 2015”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect as if included in the enactment of section 3005 of the Housing Assistance Tax Act of 2008.

### **SEC. 114. EXTENSION OF INDIAN EMPLOYMENT TAX CREDIT.**

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

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

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

(a) **IN GENERAL.**—Subparagraph (G) of section 45D(f)(1) is amended by striking “and 2013” and inserting “2013, and 2014”.

(b) **CARRYOVER OF UNUSED LIMITATION.**—Paragraph (3) of section 45D(f) is amended by striking “2018” and inserting “2019”.

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

### **SEC. 116. EXTENSION OF RAILROAD TRACK MAINTENANCE CREDIT.**

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

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to expenditures paid or incurred in taxable years beginning after December 31, 2013.

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

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

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

**SEC. 118. EXTENSION OF 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, 2013” and inserting “December 31, 2014”.

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

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

(a) IN GENERAL.—Paragraph (4) of section 51(c) is amended by striking “for the employer” and all that follows and inserting “for the employer after December 31, 2014”.

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

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

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

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after December 31, 2013.

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

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

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

(2) by striking “December 31, 2013” in subclause (II) and inserting “December 31, 2014”.

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

**SEC. 122. EXTENSION OF 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, 2014” and inserting “January 1, 2015”.

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

**SEC. 123. EXTENSION OF 7-YEAR RECOVERY PERIOD FOR MOTORSPORTS ENTERTAINMENT COMPLEXES.**

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

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

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

(a) **IN GENERAL.**—Paragraph (8) of section 168(j) is amended by striking “December 31, 2013” and inserting “December 31, 2014”.

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

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

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

(1) by striking “January 1, 2015” in subparagraph (A)(iv) and inserting “January 1, 2016”, and

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

(b) **SPECIAL RULE FOR FEDERAL LONG-TERM CONTRACTS.**—Clause (ii) of section 460(c)(6)(B) is amended by striking “January 1, 2014 (January 1, 2015)” and inserting “January 1, 2015 (January 1, 2016)”.

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

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

(2) **ROUND 4 EXTENSION PROPERTY.**—Paragraph (4) of section 168(k) is amended by adding at the end the following new subparagraph:

“(K) **SPECIAL RULES FOR ROUND 4 EXTENSION PROPERTY.**—

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

“(I) the limitation described in subparagraph (B)(i) and the business credit increase amount under subparagraph (E)(iii) thereof shall not apply, and

“(II) the bonus depreciation amount, maximum amount, and maximum increase amount shall be computed separately from amounts computed with respect to eligible qualified property which is not round 4 extension property.

“(ii) **ELECTION.**—

“(I) A taxpayer who has an election in effect under this paragraph for round 3 extension property shall be treated as having an election in effect for round 4 extension property unless the taxpayer elects to not have this paragraph apply to round 4 extension property.

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

“(iii) **ROUND 4 EXTENSION PROPERTY.**—For purposes of this subparagraph, the term ‘round 4 extension property’ means property which is eligible qualified property solely by reason of the extension of the application of the special allowance under paragraph (1) pursuant to the amendments made by section 125(a) of the Tax Increase Prevention Act of 2014 (and the application

of such extension to this paragraph pursuant to the amendment made by section 125(c) of such Act).”.

(d) CONFORMING AMENDMENTS.—

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

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

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

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

(5) Subparagraph (B) of section 1400N(d)(3) is amended by striking “January 1, 2014” and inserting “January 1, 2015”.

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

**SEC. 126. EXTENSION OF 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, 2013” and inserting “December 31, 2014”.

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

**SEC. 127. EXTENSION OF INCREASED EXPENSING LIMITATIONS AND TREATMENT OF CERTAIN REAL PROPERTY AS SECTION 179 PROPERTY.**

(a) IN GENERAL.—

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

(A) by striking “beginning in 2010, 2011, 2012, or 2013” in subparagraph (B) and inserting “beginning after 2009 and before 2015”, and

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

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

(A) by striking “beginning in 2010, 2011, 2012, or 2013” in subparagraph (B) and inserting “beginning after 2009 and before 2015”, and

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

(b) COMPUTER SOFTWARE.—Section 179(d)(1)(A)(ii) is amended by striking “2014” and inserting “2015”.

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

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

(1) IN GENERAL.—Section 179(f)(1) is amended by striking “beginning in 2010, 2011, 2012, or 2013” and inserting “beginning after 2009 and before 2015”.

(2) CARRYOVER LIMITATION.—

(A) IN GENERAL.—Section 179(f)(4) is amended by striking “2013” each place it appears and inserting “2014”.

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



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

**SEC. 128. EXTENSION OF ELECTION TO EXPENSE MINE SAFETY EQUIPMENT.**

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

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

**SEC. 129. EXTENSION OF SPECIAL EXPENSING RULES FOR CERTAIN FILM AND TELEVISION PRODUCTIONS.**

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

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

**SEC. 130. EXTENSION OF 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 8 taxable years” and inserting “first 9 taxable years”, and

(2) by striking “January 1, 2014” and inserting “January 1, 2015”.

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

**SEC. 131. EXTENSION OF 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, 2013” and inserting “December 31, 2014”.

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

**SEC. 132. EXTENSION OF TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.**

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

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

**SEC. 133. EXTENSION OF RIC QUALIFIED INVESTMENT ENTITY TREATMENT UNDER FIRPTA.**

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

(b) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—The amendment made by this section shall take effect on January 1, 2014. 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, 2013, 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. 134. EXTENSION OF SUBPART F EXCEPTION FOR ACTIVE FINANCING INCOME.**

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

(1) by striking “January 1, 2014” and inserting “January 1, 2015”, and

(2) by striking “December 31, 2013” and inserting “December 31, 2014”.

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

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

**SEC. 135. EXTENSION OF 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, 2014” and inserting “January 1, 2015”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2013, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

**SEC. 136. EXTENSION OF 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, 2014” and inserting “January 1, 2015”, and

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

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

**SEC. 137. EXTENSION OF BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.**

(a) IN GENERAL.—Paragraph (2) of section 1367(a) is amended by striking “December 31, 2013” and inserting “December 31, 2014”.

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

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

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

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

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

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

**SEC. 139. EXTENSION OF EMPOWERMENT ZONE TAX INCENTIVES.**

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

(b) **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 if, after the date of the enactment of this section, the entity which made such nomination 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.

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

**SEC. 140. EXTENSION OF 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, 2014” and inserting “January 1, 2015”.

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

**SEC. 141. EXTENSION OF 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 “January 1, 2014” each place it appears and inserting “January 1, 2015”,

(2) by striking “first 8 taxable years” in paragraph (1) and inserting “first 9 taxable years”, and

(3) by striking “first 2 taxable years” in paragraph (2) and inserting “first 3 taxable years”.

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

## Subtitle C—Energy Tax Extenders

### SEC. 151. EXTENSION OF CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) IN GENERAL.—Paragraph (2) of section 25C(g) is amended by striking “December 31, 2013” and inserting “December 31, 2014”.

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

### SEC. 152. EXTENSION OF SECOND GENERATION BIOFUEL PRODUCER CREDIT.

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

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

### SEC. 153. EXTENSION OF 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, 2013” and inserting “December 31, 2014”.

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

### SEC. 154. EXTENSION OF PRODUCTION CREDIT FOR INDIAN COAL FACILITIES PLACED IN SERVICE BEFORE 2009.

(a) IN GENERAL.—Subparagraph (A) of section 45(e)(10) is amended by striking “8-year period” each place it appears and inserting “9-year period”.

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

### SEC. 155. EXTENSION OF CREDITS WITH RESPECT TO FACILITIES PRODUCING ENERGY FROM CERTAIN RENEWABLE RESOURCES.

(a) IN GENERAL.—The following provisions of section 45(d) are each amended by striking “January 1, 2014” each place it appears and inserting “January 1, 2015”:

- (1) Paragraph (1).
- (2) Paragraph (2)(A).
- (3) Paragraph (3)(A).
- (4) Paragraph (4)(B).
- (5) Paragraph (6).
- (6) Paragraph (7).
- (7) Paragraph (9).
- (8) Paragraph (11)(B).

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

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

### SEC. 156. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT NEW HOMES.

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

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

**SEC. 157. EXTENSION OF SPECIAL ALLOWANCE FOR SECOND GENERATION BIOFUEL PLANT PROPERTY.**

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

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

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

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

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

**SEC. 159. EXTENSION OF 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, 2014” and inserting “January 1, 2015”.

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

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

(a) 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, 2013” and inserting “December 31, 2014”.

(2) Subparagraph (B) of section 6427(e)(6) is amended by striking “December 31, 2013” and inserting “December 31, 2014”.

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

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

(2) OUTLAY PAYMENTS FOR ALTERNATIVE FUELS.—Subparagraph (C) of section 6427(e)(6) is amended by striking “December 31, 2013” and inserting “December 31, 2014”.

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

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

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

(A) by striking “except as provided in subparagraph (D), any” in subparagraph (C), as amended by this Act, and inserting “any”,

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

(C) by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel sold or used after December 31, 2013.

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

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

(1) any biodiesel mixture credit properly determined under section 6426(c) of the Internal Revenue Code of 1986 for periods after December 31, 2013, and before the date of the enactment of this Act, and

(2) any alternative fuel credit properly determined under section 6426(d) of such Code for such periods, such credit shall be allowed, and any refund or payment attributable to such credit (including any payment under section 6427(e) of such Code) shall be made, only in such manner as the Secretary of the Treasury (or the Secretary's delegate) shall provide. Such Secretary shall issue guidance within 30 days after the date of the enactment of this Act providing for a one-time submission of claims covering periods described in the preceding sentence. Such guidance shall provide for a 180-day period for the submission of such claims (in such manner as prescribed by such Secretary) to begin not later than 30 days after such guidance is issued. Such claims shall be paid by such Secretary not later than 60 days after receipt. If such Secretary has not paid pursuant to a claim filed under this subsection within 60 days after the date of the filing of such claim, the claim shall be paid with interest from such date determined by using the overpayment rate and method under section 6621 of such Code.

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

(a) IN GENERAL.—Subsection (g) of section 30C is amended by striking “placed in service” and all that follows and inserting “placed in service after December 31, 2014.”.

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

**Subtitle D—Extenders Relating to Multi-employer Defined Benefit Pension Plans**

**SEC. 171. EXTENSION OF AUTOMATIC EXTENSION OF AMORTIZATION PERIODS.**

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

(b) AMENDMENT TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Subparagraph (C) of section 304(d)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1084(d)(1)(C)) is amended by striking “December 31, 2014” and inserting “December 31, 2015”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to applications submitted under section 431(d)(1)(A) of the Internal Revenue Code of 1986 and section 304(d)(1)(C)

of the Employee Retirement Income Security Act of 1974 after December 31, 2014.

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

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

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

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to plan years beginning after December 31, 2014.

## **TITLE II—TECHNICAL CORRECTIONS**

**SEC. 201. SHORT TITLE.**

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

**SEC. 202. AMENDMENTS RELATING TO AMERICAN TAXPAYER RELIEF ACT OF 2012.**

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

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

(c) **AMENDMENTS RELATING TO SECTION 104.**—

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

(2) Subparagraph (C) of section 55(d)(4) is amended by striking “increase” and inserting “increased amount”.

(d) **AMENDMENTS RELATING TO SECTION 310.**—Clause (iii) of section 6431(f)(3)(A) is amended—

(1) by striking “2011” and inserting “years after 2010”,

and

(2) by striking “of such allocation” and inserting “of any such allocation”.

(e) **AMENDMENT RELATING TO SECTION 331.**—Clause (iii) of section 168(k)(4)(J) is amended by striking “any taxable year” and inserting “its first taxable year”.

(f) **EFFECTIVE DATE.**—The amendments made by this section shall take effect as if included in the provision of the American Taxpayer Relief Act of 2012 to which they relate.

**SEC. 203. AMENDMENT RELATING TO MIDDLE CLASS TAX RELIEF AND JOB CREATION ACT OF 2012.**

(a) **AMENDMENT RELATING TO SECTION 7001.**—Paragraph (1) of section 7001 of the Middle Class Tax Relief and Job Creation Act of 2012 is amended by striking “201(b)” and inserting “202(b)”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in section 7001 of the Middle Class Tax Relief and Job Creation Act of 2012.

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

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

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

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

“(b) MAXIMUM CERTIFICATED TAKEOFF WEIGHT.—For purposes of this section, the term ‘maximum certificated takeoff weight’ means the maximum such weight contained in the type certificate or airworthiness certificate.

“(c) SIGHTSEEING.—For purposes of this section, an aircraft shall not be considered as operated on an established line at any time during which such aircraft is being operated on a flight the sole purpose of which is sightseeing.

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

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

**SEC. 205. AMENDMENTS RELATING TO REGULATED INVESTMENT COMPANY MODERNIZATION ACT OF 2010.**

(a) AMENDMENTS RELATING TO SECTION 101.—

(1) Subsection (c) of section 101 of the Regulated Investment Company Modernization Act of 2010 is amended—

(A) by striking “paragraph (2)” in paragraph (1) and inserting “paragraphs (2) and (3)”, and

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

“(3) EXCISE TAX.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), for purposes of section 4982 of the Internal Revenue Code of 1986, paragraphs (1) and (2) shall apply by substituting ‘the 1-year periods taken into account under subsection (b)(1)(B) of such section with respect to calendar years beginning after December 31, 2010’ for ‘taxable years beginning after the date of the enactment of this Act’.

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

(2) The first sentence of paragraph (2) of section 852(c) is amended—

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

(B) by inserting “, and without regard to any capital loss arising on the first day of the taxable year by reason



of clauses (ii) and (iii) of section 1212(a)(3)(A)” before the period at the end.

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

(c) AMENDMENTS RELATING TO SECTION 308.—

(1) Paragraph (8) of section 852(b) is amended by redesignating subparagraph (E) as subparagraph (G) and by striking subparagraphs (C) and (D) and inserting the following new subparagraphs:

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

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

“(ii) if there is no such loss—

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

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

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

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

“(i) the specified losses (as defined in section 4982(e)(5)(B)(ii)) attributable to the portion of the taxable year after October 31, over

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

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

“(i) the ordinary losses not described in subparagraph (E)(i) and attributable to the portion of the taxable year after December 31, over

“(ii) the ordinary income not described in subparagraph (E)(ii) and attributable to such portion of the taxable year.”.

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

(3) The first sentence of paragraph (2) of section 852(c), as amended by subsection (a), is amended—

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

(B) by inserting “, and with such other adjustments as the Secretary may prescribe” before the period at the end.

(d) AMENDMENTS RELATING TO SECTION 402.—

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

(2) Subparagraph (A) of section 4982(e)(7) is amended by striking “such company” and all that follows through “any

net ordinary loss” and inserting “such company may elect to determine its ordinary income and net ordinary loss (as defined in paragraph (2)(C)(ii)) for the calendar year without regard to any portion of any net ordinary loss”.

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

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect as if included in the provision of the Regulated Investment Company Modernization Act of 2010 to which they relate.

(2) SAVINGS PROVISION.—In the case of an election by a regulated investment company under section 852(b)(8) of the Internal Revenue Code of 1986 with respect to any taxable year beginning before the date of the enactment of this Act, such company may treat the amendments made by paragraphs (1) and (2) of subsection (c) as not applying with respect to any such election.

**SEC. 206. AMENDMENTS RELATING TO TAX RELIEF, UNEMPLOYMENT INSURANCE REAUTHORIZATION, AND JOB CREATION ACT OF 2010.**

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

(b) CLERICAL AMENDMENTS RELATING TO SECTION 302.—

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

(2) Subsection (f) of section 302 of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 is amended by striking “subsection” and inserting “section”.

(c) AMENDMENTS RELATING TO SECTION 753.—Subparagraph (A) of section 1397B(b)(1) is amended by striking “and” at the end of clause (ii), by striking the period at the end of clause (iii) and inserting “, and”, and by adding at the end the following new clause:

“(iv) the day after the date set forth in section 1391(d)(1)(A)(i) were substituted for ‘January 1, 2010’ each place it appears.”.

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

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

(a) AMENDMENTS RELATING TO SECTION 2102.—

(1) Subsection (h) of section 2102 of the Creating Small Business Jobs Act of 2010 is amended by inserting “, and payee statements required to be furnished,” after “information returns required to be filed”.

(2) Paragraphs (1) and (2) of subsection (b), and subsection (c)(1)(C), of section 6722 are each amended by striking “the required filing date” and inserting “the date prescribed for furnishing such statement”.

(3) Subparagraph (B) of section 6722(c)(2) is amended by striking “filed” and inserting “furnished”.

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

**SEC. 208. CLERICAL AMENDMENT RELATING TO HIRING INCENTIVES TO RESTORE EMPLOYMENT ACT.**

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

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

**SEC. 209. AMENDMENTS RELATING TO AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009.**

(a) AMENDMENT RELATING TO SECTION 1003.—Paragraph (4) of section 24(d) is amended to read as follows:

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

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

(c) AMENDMENTS RELATING TO SECTION 1008.—

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

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

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

(e) AMENDMENTS RELATING TO SECTION 1141.—

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

(A) by inserting “(determined without regard to subsection (c))” before the period at the end of paragraph (1), and

(B) by inserting “(determined without regard to subsection (c))” before the period at the end of paragraph (2).

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

(f) AMENDMENTS RELATING TO SECTION 1142.—

(1) Subsection (b) of section 38 is amended by striking “plus” at the end of paragraph (35), by redesignating paragraph (36) as paragraph (37), and by inserting after paragraph (35) the following new paragraph:

“(36) the portion of the qualified plug-in electric vehicle credit to which section 30(c)(1) applies, plus”

(2)(A) Subsection (e) of section 30 is amended—

(i) by inserting “(determined without regard to subsection (c))” before the period at the end of paragraph (1), and

(ii) by inserting “(determined without regard to subsection (c))” before the period at the end of paragraph (2).

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

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

(h) AMENDMENTS RELATED TO SECTION 1541.—

(1) Paragraph (2) of section 853A(a) is amended by inserting “(determined after the application of this section)” before the comma at the end.

(2) Subsection (a) of section 853A is amended—

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

(B) by inserting “(determined without regard to this section and sections 54(c), 54A(c)(1), 54AA(c)(1), and 1397E(c))” after “credits allowable”.

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

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

“(1) the regulated investment company—

“(A) shall not be allowed such credits,

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

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

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

“(2) each shareholder of such investment company shall—

“(A) be treated as receiving such shareholder’s proportionate share of any distribution of money which is treated as made by such investment company under paragraph (1)(D), and

“(B) be allowed credits against the tax imposed by this chapter equal to the amount of such distribution, subject to the provisions of this title applicable to the credit involved.”.

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

“(c) NOTICE TO SHAREHOLDERS.—The amount treated as a distribution of money received by a shareholder under subsection (b)(2)(A) (and as credits allowed to such shareholder under subsection (b)(2)(B)) shall not exceed the amount so reported by the

regulated investment company in a written statement furnished to such shareholder.”.

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

(i) AMENDMENTS RELATING TO SECTION 2202.—

(1) Subparagraph (A) of section 2202(b)(1) of division B of the American Recovery and Reinvestment Act of 2009 is amended by inserting “political subdivision of a State,” after “any State.”

(2) Section 2202 of division B of the American Recovery and Reinvestment Act of 2009 is amended by adding at the end the following new subsection:

“(e) TREATMENT OF POSSESSIONS.—

“(1) PAYMENTS TO MIRROR CODE POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of credits allowed under subsection (a) with respect to taxable years beginning in 2009. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

“(2) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—No credit shall be allowed against United States income taxes for any taxable year under this section to any person to whom a credit is allowed against taxes imposed by the possession by reason of the credit allowed under subsection (a) for such taxable year.

“(3) DEFINITIONS AND SPECIAL RULES.—

“(A) POSSESSION OF THE UNITED STATES.—For purposes of this subsection, the term ‘possession of the United States’ includes the Commonwealth of the Northern Mariana Islands.

“(B) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term ‘mirror code tax system’ means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

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

(j) CLERICAL AMENDMENTS.—

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

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

(3) AMENDMENT RELATING TO SECTION 3001.—Subparagraph (A) of section 3001(a)(14) of the American Recovery and Reinvestment Act of 2009 is amended by striking “is amended by redesignating paragraph (9) as paragraph (10)” and inserting “, as amended by this Act, is amended by redesignating paragraphs (9) and (10) as paragraphs (10) and (11), respectively.”.

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

**SEC. 210. AMENDMENTS RELATING TO ENERGY IMPROVEMENT AND EXTENSION ACT OF 2008.**

(a) AMENDMENT RELATING TO SECTION 108.—Subparagraph (E) of section 45K(g)(2) is amended to read as follows:

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

(b) AMENDMENT RELATING TO SECTION 113.—Paragraph (1) of section 113(b) of the Energy Improvement and Extension Act of 2008 is amended by adding at the end the following new subparagraph:

“(F) TRUST FUND.—The term ‘Trust Fund’ means the Black Lung Disability Trust Fund established under section 9501 of the Internal Revenue Code of 1986.”.

(c) AMENDMENTS RELATING TO SECTION 306.—

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

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

(d) AMENDMENT RELATING TO SECTION 308.—Clause (i) of section 168(m)(2)(B) is amended by striking “section 168(k)” and inserting “subsection (k) (determined without regard to paragraph (4) thereof)”.

(e) AMENDMENT RELATING TO SECTION 402.—Subparagraph (A) of section 907(f)(4) is amended by striking “this subsection shall be applied” and all that follows through the period at the end and inserting the following: “this subsection, as in effect on the day before the date of the enactment of the Energy Improvement and Extension Act of 2008, shall apply to unused oil and gas extraction taxes carried from such unused credit year to a taxable year beginning after December 31, 2008.”.

(f) AMENDMENTS RELATING TO SECTION 403.—

(1) Subsection (c) of section 1012 is amended—

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

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

(C) by striking “fund” each place it appears in paragraph (2) and inserting “regulated investment company”.

(2) Paragraph (1) of section 1012(d) is amended—

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

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

(3) Paragraph (3) of section 1012(d) is amended to read as follows:

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

“(A) IN GENERAL.—Rules similar to the rules of subsection (c)(2) shall apply for purposes of this subsection.

“(B) AVERAGE BASIS METHOD.—Notwithstanding paragraph (1), in the case of an election under rules similar to the rules of subsection (c)(2)(B) with respect to stock held in connection with a dividend reinvestment plan, the average basis method is permissible with respect to all such stock without regard to the date of the acquisition of such stock.”.

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

“(6) SPECIAL RULE FOR CERTAIN STOCK HELD IN CONNECTION WITH DIVIDEND REINVESTMENT PLAN.—For purposes of this subsection, stock acquired before January 1, 2012, in connection with a dividend reinvestment plan shall be treated as stock described in clause (ii) of paragraph (3)(C) (unless the broker with respect to such stock elects not to have this paragraph apply with respect to such stock).”.

(g) CLERICAL AMENDMENTS.—

(1) AMENDMENT RELATING TO SECTION 108.—Paragraph (2) of section 45(b) is amended by striking “\$3 amount” and inserting “\$2 amount”.

(2) AMENDMENT RELATING TO SECTION 306.—

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

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

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

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

(a) AMENDMENT RELATING TO SECTION 208.—Subsection (b) of section 208 of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 is amended to read as follows:

“(b) EFFECTIVE DATE.—

“(1) IN GENERAL.—The amendment made by subsection (a) shall take effect on January 1, 2008. 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 October 4, 2008.

“(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, 2007, and before October 4, 2008, 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.”.

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

(c) CLERICAL AMENDMENTS.—

(1) AMENDMENTS RELATING TO SECTION 706.—

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

(B) Subclause (II) of section 172(b)(1)(F)(ii) is amended by striking “subsection (h)(3)(C)(i)” and inserting “section 165(h)(3)(C)(i)”.

(C) The heading for paragraph (1) of section 165(h) is amended by striking “\$100” and inserting “DOLLAR”.

(2) AMENDMENT RELATING TO SECTION 709.—Subsection (k) of section 143 is amended by redesignating the second paragraph (12) (relating to special rules for residences destroyed in Federally declared disasters) as paragraph (13).

(3) AMENDMENT RELATING TO SECTION 712.—Section 712 of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008 is amended by striking “section 702(c)(1)(A)” and inserting “section 702(b)(1)(A)”.

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

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

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

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

(c) AMENDMENT RELATING TO SECTION 3092.—Subsection (b) of section 121 is amended by redesignating the second paragraph (4) (relating to exclusion of gain allocated to nonqualified use) as paragraph (5).

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Housing Assistance Tax Act of 2008 to which they relate.

**SEC. 213. AMENDMENTS AND PROVISION RELATING TO HEROES EARNINGS ASSISTANCE AND RELIEF TAX ACT OF 2008.**

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

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

(c) CLERICAL AMENDMENTS.—

(1) AMENDMENT RELATING TO SECTION 110.—Subparagraph

(B) of section 121(d)(12) is amended by inserting “of paragraph (9)” after “and (D)”.



(2) AMENDMENT RELATING TO SECTION 301.—Paragraph (2) of section 877(e) is amended by striking “subparagraph (A) or (B) of”.

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

**SEC. 214. AMENDMENTS RELATING TO ECONOMIC STIMULUS ACT OF 2008.**

(a) AMENDMENTS RELATING TO SECTION 101.—Paragraph (2) of section 6213(g) is amended—

(1) by striking “32, or 6428” in subparagraph (L) and inserting “or 32”, and

(2) by striking “and” at the end of subparagraph (O), by striking the period at the end of subparagraph (P) and inserting “, and”, and by inserting after subparagraph (P) the following new subparagraph:

“(Q) an omission of a correct valid identification number required under section 6428(h) (relating to 2008 recovery rebates for individuals) to be included on a return.”.

(b) CLERICAL AMENDMENT RELATING TO SECTION 103.—Subclause (IV) of section 168(k)(2)(B)(i) is amended by striking “clauses also apply” and inserting “clause also applies”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Economic Stimulus Act of 2008 to which they relate.

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

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

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

(b) CLERICAL AMENDMENT RELATING TO SECTION 11(g).—Clause (iv) of section 56(g)(4)(C) is amended by striking “a cooperative described in section 927(a)(4)” and inserting “an organization to which part I of subchapter T (relating to tax treatment of cooperatives) applies which is engaged in the marketing of agricultural or horticultural products”.

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

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

(a) AMENDMENT RELATING TO SECTION 105.—Subparagraph (B) of section 45A(b)(1) is amended by adding at the end the following: “If any portion of wages are taken into account under subsection (e)(1)(A) of section 51, the preceding sentence shall be applied by substituting ‘2-year period’ for ‘1-year period’.”.

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

**SEC. 217. AMENDMENT RELATING TO SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUITY ACT OF 2005: A LEGACY FOR USERS.**

(a) AMENDMENT RELATING TO SECTION 11161.—Paragraph (1) of section 9503(b) is amended by inserting before the period at the end the following: “and taxes received under section 4081 shall be determined without regard to tax receipts attributable to the rate specified in section 4081(a)(2)(C)”.

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

**SEC. 218. AMENDMENTS RELATING TO ENERGY TAX INCENTIVES ACT OF 2005.**

(a) AMENDMENT RELATING TO SECTION 1341.—Subparagraph (B) of section 30B(h)(5) is amended by inserting “(determined without regard to subsection (g))” before the period at the end.

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

“(1) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (d)).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provision of the Energy Tax Incentives Act of 2005 to which it relates.

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

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

“(3) COORDINATION WITH SECTION 199.—This subsection shall be applied without regard to any deduction allowable under section 199.”.

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

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

(2) by striking “AND DISPOSITIONS” and inserting “, DISPOSITIONS, AND SHORT TAXABLE YEARS”.

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

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

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

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

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

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

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

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

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

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

(h) Subparagraph (F) of section 163(h)(4) is amended by striking “Veterans Administration or the Rural Housing Administration” and inserting “Department of Veterans Affairs or the Rural Housing Service”.

(i) Subsection (a) of section 249 is amended by striking “1563(a)(1)” and inserting “1563(a)(1)”.

(j) Paragraphs (8) and (10) of section 280F(d) are each amended by striking “subsection (a)(2)” and inserting “subsection (a)(1)”.

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

(l) Section 527 is amended—

(1) by striking “(2 U.S.C. 432(e))” in subsection (h)(2)(A)(i) and inserting “(52 U.S.C. 30102(e))”, and

(2) by striking “(2 U.S.C. 431 et seq.)” in subsections (i)(6) and (j)(5)(A) and inserting “(52 U.S.C. 30101 et seq.)”.

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

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

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

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

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

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

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

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

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

(v) Subsection (d) of section 6104 is amended by redesignating the second paragraph (6) (relating to disclosure of reports by the Internal Revenue Service) and third paragraph (6) (relating to application to nonexempt charitable trusts and nonexempt private foundations) as paragraphs (7) and (8), respectively.

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

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

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

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

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

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

**SEC. 221. DEADWOOD PROVISIONS.**

(a) IN GENERAL.—

(1) ADJUSTMENTS IN TAX TABLES SO THAT INFLATION WILL NOT RESULT IN TAX INCREASES.—Paragraph (7) of section 1(f) is amended to read as follows:

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

(2) CERTAIN PLUG-IN ELECTRIC VEHICLES.—

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

(B) Subsection (b) of section 38, as amended by section 209(f)(1) of this Act, is amended by inserting “plus” at the end of paragraph (35), by striking paragraph (36), and by redesignating paragraph (37) as paragraph (36).

(C) Subclause (VI) of section 48C(c)(1)(A)(i) is amended by striking “, qualified plug-in electric vehicles (as defined by section 30(d)),”.

(D) Section 1016(a) is amended by striking paragraph (25).

(E) Section 6501(m) is amended by striking “section 30(e)(6),”.

(3) EARNED INCOME CREDIT.—

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

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

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

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

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

(5) MAKING WORK PAY CREDIT.—

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

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

- (C) Section 6213(g)(2) is amended by striking subparagraph (N).
- (6) GENERAL BUSINESS CREDITS.—Subsection (d) of section 38 is amended by striking paragraph (3).
- (7) LOW-INCOME HOUSING CREDIT.—Subclause (I) of section 42(h)(3)(C)(ii) is amended by striking “\$1.50 for 2001”.
- (8) MINIMUM TAX CREDIT.—
- (A)(i) Section 53 is amended by striking subsections (e) and (f).
- (ii) The amendment made by clause (i) striking subsection (f) of section 53 of the Internal Revenue Code of 1986 shall not be construed to allow any tax abated by reason of section 53(f)(1) of such Code (as in effect before such amendment) to be included in the amount determined under section 53(b)(1) of such Code.
- (B) Paragraph (4) of section 6211(b)(4) is amended by striking “, 53(e)”.
- (9) ADJUSTMENTS BASED ON ADJUSTED CURRENT EARNINGS.—Clause (ii) of section 56(g)(4)(F) is amended by striking “In the case of any taxable year beginning after December 31, 1992, clause” and inserting “Clause”.
- (10) ITEMS OF TAX PREFERENCE; DEPLETION.—Paragraph (1) of section 57(a) is amended by striking “Effective with respect to taxable years beginning after December 31, 1992, this” and inserting “This”.
- (11) INTANGIBLE DRILLING COSTS.—
- (A) Clause (i) of section 57(a)(2)(E) is amended by striking “In the case of any taxable year beginning after December 31, 1992, this” and inserting “This”.
- (B) Clause (ii) of section 57(a)(2)(E) is amended by striking “(30 percent in case of taxable years beginning in 1993)”.
- (12) ENVIRONMENTAL TAX.—
- (A) Subchapter A of chapter 1 is amended by striking part VII (and by striking the item relating to such part in the table of parts for such subchapter).
- (B) Paragraph (2) of section 26(b) is amended by striking subparagraph (B).
- (C) Section 30A(c) is amended by striking paragraph (1) and by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively.
- (D) Subsection (a) of section 164 is amended by striking paragraph (5).
- (E) Section 275(a) is amended by striking the last sentence.
- (F) Section 882(a)(1) is amended by striking “, 59A”.
- (G) Section 936(a)(3) is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.
- (H) Section 1561(a) is amended—
- (i) by inserting “and” at the end of paragraph (2), by striking “, and” at the end of paragraph (3) and inserting a period, and by striking paragraph (4), and
- (ii) by striking “, the amount specified in paragraph (3), and the amount specified in paragraph (4)” and inserting “and the amount specified in paragraph (3)”.

- (I) Section 4611(e) is amended—
- (i) by striking “section 59A, this section,” in paragraph (2)(B) and inserting “this section”, and
  - (ii) in paragraph (3)(A)—
    - (I) by striking “section 59A,” and
    - (II) by striking the comma after “rate”.
- (J) Section 6425(c)(1)(A) is amended by inserting “plus” at end of clause (i), by striking “plus” and inserting “over” at the end of clause (ii), and by striking clause (iii).
- (K) Section 6655 is amended—
- (i) in subsections (e)(2)(A)(i) and (e)(2)(B)(i), by striking “taxable income, alternative minimum taxable income, and modified alternative minimum taxable income” and inserting “taxable income and alternative minimum taxable income”,
  - (ii) in subsection (e)(2)(B), by striking clause (iii), and
  - (iii) in subsection (g)(1)(A), by inserting “plus” at the end of clause (ii), by striking clause (iii), and by redesignating clause (iv) as clause (iii).
- (L) Section 9507(b)(1) is amended by striking “59A.”.
- (13) STANDARD DEDUCTION.—
- (A) So much of paragraph (1) of section 63(c) as follows “the sum of—” is amended to read as follows:
- “(A) the basic standard deduction, and
  - “(B) the additional standard deduction.”.
- (B) Subsection (c) of section 63 is amended by striking paragraphs (7), (8), and (9).
- (14) ANNUITIES; CERTAIN PROCEEDS OF ENDOWMENT AND LIFE INSURANCE CONTRACTS.—Section 72 is amended—
- (A) in subsection (c)(4), by striking “; except that if such date was before January 1, 1954, then the annuity starting date is January 1, 1954”, and
  - (B) in subsection (g)(3), by striking “January 1, 1954, or” and “, whichever is later”.
- (15) UNEMPLOYMENT COMPENSATION.—Section 85 is amended by striking subsection (c).
- (16) ACCIDENT AND HEALTH PLANS.—Section 105(f) is amended by striking “or (d)”.
- (17) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106(c)(1) is amended by striking “Effective on and after January 1, 1997, gross” and inserting “Gross”.
- (18) CERTAIN COMBAT ZONE COMPENSATION OF MEMBERS OF THE ARMED FORCES.—Subsection (c) of section 112 is amended—
- (A) by striking “(after June 24, 1950)” in paragraph (2), and
  - (B) by striking “such zone;” and all that follows in paragraph (3) and inserting “such zone.”.
- (19) LEGAL SERVICE PLANS.—
- (A) Part III of subchapter B of chapter 1 is amended by striking section 120 (and by striking the item relating to such section in the table of sections for such subpart).
  - (B)(i) Section 414(n)(3)(C) is amended by striking “120.”.
  - (ii) Section 414(t)(2) is amended by striking “120.”.

- (iii) Section 501(c) is amended by striking paragraph (20).
- (iv) Section 3121(a) is amended by striking paragraph (17).
- (v) Section 3231(e) is amended by striking paragraph (7).
- (vi) Section 3306(b) is amended by striking paragraph (12).
- (vii) Section 6039D(d)(1) is amended by striking “120.”.
- (viii) Section 209(a)(14) of the Social Security Act is amended—
  - (I) by striking subparagraph (B), and
  - (II) by striking “(14)(A)” and inserting “(14)”.
- (20) PRINCIPAL RESIDENCE.—Section 121(b)(3) is amended—
  - (A) by striking subparagraph (B), and
  - (B) in subparagraph (A), by striking “(A) IN GENERAL.—” and moving the text 2 ems to the left.
- (21) CERTAIN REDUCED UNIFORMED SERVICES RETIREMENT PAY.—Section 122(b)(1) is amended by striking “after December 31, 1965.”.
- (22) GREAT PLAINS CONSERVATION PROGRAM.—Section 126(a) is amended by striking paragraph (6) and by redesignating paragraphs (7), (8), (9), and (10) as paragraphs (6), (7), (8), and (9), respectively.
- (23) TREBLE DAMAGE PAYMENTS UNDER THE ANTITRUST LAW.—Section 162(g) is amended by striking the last sentence.
- (24) STATE LEGISLATORS’ TRAVEL EXPENSES AWAY FROM HOME.—Paragraph (4) of section 162(h) is amended by striking “For taxable years beginning after December 31, 1980, this” and inserting “This”.
- (25) INTEREST.—
  - (A) Section 163 is amended—
    - (i) by striking paragraph (6) of subsection (d), and
    - (ii) by striking paragraph (5) of subsection (h).
  - (B) Section 56(b)(1)(C) is amended by striking clause (ii) and by redesignating clauses (iii), (iv), and (v) as clauses (ii), (iii), and (iv), respectively.
- (26) QUALIFIED MOTOR VEHICLE TAXES.—Section 164, as amended by section 209(c) of this Act, is amended by striking subsections (a)(6) and (b)(6).
- (27) DISASTER LOSSES.—
  - (A) Subsection (h) of section 165 is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.
  - (B) Paragraph (3) of section 165(h), as so redesignated, is amended by striking “paragraphs (2) and (3)” and inserting “paragraph (2)”.
  - (C) Subsection (i) of section 165 is amended—
    - (i) in paragraph (1)—
      - (I) by striking “(as defined by clause (ii) of subsection (h)(3)(C))”, and
      - (II) by striking “(as defined by clause (i) of such subsection)”,
    - (ii) by striking “(as defined by subsection (h)(3)(C)(i))” in paragraph (4), and
    - (iii) by adding at the end the following new paragraph:

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

“(A) IN GENERAL.—The term ‘federally declared disaster’ means any disaster subsequently determined by the President of the United States to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

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

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

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

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

(B) by striking paragraph (6) of subsection (e), and

(C) by striking subsection (k).

(29) AMORTIZABLE BOND PREMIUM.—

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

“(B)(i) with reference to the amount payable on maturity (or if it results in a smaller amortizable bond premium attributable to the period before the call date, with reference to the amount payable on the earlier call date), in the case of a bond described in subsection (a)(1), and

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

(B) Paragraphs (2) and (3)(B) of section 171(b) are each amended by striking “paragraph (1)(B)(ii)” and inserting “paragraph (1)(B)(i)”.

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

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

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

(ii) by striking subsections (g) and (j) and by redesignating subsections (h), (i), and (k) as subsections (g), (h), and (i), respectively.

(B) Each of the following provisions of section 172 (as amended by section 211(c)(1)(B) of this Act and as redesignated by subparagraph (A)) are amended as follows:

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

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

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

(iv) By striking “subsection (i)” and all that follows in the last sentence of subsection (b)(1)(E)(ii) and inserting “subsection (h)”.

(v) By striking “subsection (i)” in subsection (b)(1)(F) and inserting “subsection (h)”.

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



(vii) By striking “subsection (b)(1)(E)” each place it appears in subsection (g)(4) and inserting “subsection (b)(1)(D)”.

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

(ix) By striking “subsection (b)(1)(G)” each place it appears in subsection (h)(3) and inserting “subsection (b)(1)(F)”.

(C) Subsection (d) of section 56 is amended by striking paragraph (3).

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

(31) RESEARCH AND EXPERIMENTAL EXPENDITURES.—Subparagraph (A) of section 174(a)(2) is amended to read as follows:

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

(32) AMORTIZATION OF CERTAIN RESEARCH AND EXPERIMENTAL EXPENDITURES.—Paragraph (2) of section 174(b) is amended by striking “beginning after December 31, 1953”.

(33) SOIL AND WATER CONSERVATION EXPENDITURES.—Paragraph (1) of section 175(d) is amended to read as follows:

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

(34) CLEAN-FUEL VEHICLES.—

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

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

“(7) REFERENCE.—For purposes of this section, any reference to section 179A shall be treated as a reference to such section as in effect immediately before its repeal.”.

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

(D) Section 263(a)(1) is amended by striking subparagraph (H).

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

(F) Section 312(k)(3) is amended by striking “179A,” each place it appears.

(G) Section 1016(a) is amended by striking paragraph (24).

(H) Section 1245(a) is amended by striking “179A,” each place it appears in paragraphs (2)(C) and (3)(C).

(35) QUALIFIED DISASTER EXPENSES.—Part VI of subchapter A of chapter 1 is amended by striking section 198A (and by striking the item relating to such section in the table of sections for such part).

(36) ACTIVITIES NOT ENGAGED IN FOR PROFIT.—Section 183(e)(1) is amended by striking the last sentence.

- (37) DOMESTIC PRODUCTION ACTIVITIES.—
- (A) Subsection (a) of section 199 is amended—
- (i) by striking paragraph (2),
  - (ii) by redesignating subparagraphs (A) and (B) of paragraph (1) as paragraphs (1) and (2), respectively, and by moving paragraphs (1) and (2) (as so redesignated) 2 ems to the left, and
  - (iii) by striking “ALLOWANCE OF DEDUCTION.—” and all that follows through “There shall be allowed” and inserting the following:
- “(a) ALLOWANCE OF DEDUCTION.—There shall be allowed”.
- (B) Paragraphs (2) and (6)(B) of section 199(d) are each amended by striking “(a)(1)(B)” and inserting “(a)(2)”.
- (38) RETIREMENT SAVINGS.—
- (A) Subparagraph (A) of section 219(b)(5) is amended to read as follows:
- “(A) IN GENERAL.—The deductible amount is \$5,000.”.
- (B) Clause (ii) of section 219(b)(5)(B) is amended to read as follows:
- “(i) APPLICABLE AMOUNT.—For purposes of clause (i), the applicable amount is \$1,000.”.
- (C) Paragraph (5) of section 219(b) is amended by striking subparagraph (C) and by redesignating subparagraph (D) as subparagraph (C).
- (D) Clause (ii) of section 219(g)(2)(A) is amended by striking “for a taxable year beginning after December 31, 2006”.
- (E) Section 219(g)(3)(B) is amended by striking clauses (i) and (ii) and inserting the following:
- “(i) In the case of a taxpayer filing a joint return, \$80,000.
  - “(ii) In the case of any other taxpayer (other than a married individual filing a separate return), \$50,000.”.
- (F) Paragraph (8) of section 219(g) is amended by striking “the dollar amount in the last row of the table contained in paragraph (3)(B)(i), the dollar amount in the last row of the table contained in paragraph (3)(B)(ii), and the dollar amount contained in paragraph (7)(A),” and inserting “each of the dollar amounts in paragraphs (3)(B)(i), (3)(B)(ii), and (7)(A)”.
- (39) REPORTS REGARDING QUALIFIED VOLUNTARY RETIREMENT CONTRIBUTIONS.—
- (A) Section 219 is amended by striking paragraph (4) of subsection (f) and subsection (h).
- (B) Section 6652 is amended by striking subsection (g).
- (40) INTEREST ON EDUCATION LOANS.—Paragraph (1) of section 221(b) is amended by striking “shall not exceed” and all that follows and inserting “shall not exceed \$2,500.”.
- (41) DIVIDENDS RECEIVED ON CERTAIN PREFERRED STOCK; AND DIVIDENDS PAID ON CERTAIN PREFERRED STOCK OF PUBLIC UTILITIES.—
- (A) Sections 244 and 247 are hereby repealed, and the table of sections for part VIII of subchapter B of chapter 1 is amended by striking the items relating to sections 244 and 247.

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

“(5) COMPUTATION OF DEDUCTION FOR DIVIDENDS RECEIVED.—The deductions allowed by section 243 (relating to dividends received by corporations) and 245 (relating to dividends received from certain foreign corporations) shall be computed without regard to section 246(b) (relating to limitation on aggregate amount of deductions).”

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

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

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

(E) Section 246 is amended—

(i) by striking “, 244,” in subsection (a)(1),

(ii) in subsection (b)(1)—

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

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

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

(iii) by striking “, 244,” in subsection (c)(1).

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

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

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

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

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

(K) The amendments made by this paragraph shall not apply to preferred stock issued before October 1, 1942 (determined in the same manner as under section 247 of the Internal Revenue Code of 1986 as in effect before its repeal by such amendments).

(42) ORGANIZATION EXPENSES.—Section 248(c) is amended by striking “beginning after December 31, 1953,” and by striking the last sentence.

(43) BOND REPURCHASE PREMIUM.—Section 249(b)(1) is amended by striking “, in the case of bonds or other evidences of indebtedness issued after February 28, 1913,”

(44) AMOUNT OF GAIN WHERE LOSS PREVIOUSLY DISALLOWED.—Section 267(d) is amended by striking “(or by reason of section 24(b) of the Internal Revenue Code of 1939)” in paragraph (1), by striking “after December 31, 1953,” in paragraph (2), by striking the second sentence, and by striking “or by reason of section 118 of the Internal Revenue Code of 1939” in the last sentence.

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

(46) MEALS AND ENTERTAINMENT.—Paragraph (3) of section 274(n) is amended—

- (A) by striking “(A) IN GENERAL.—”,
- (B) by striking “substituting ‘the applicable percentage’ for” and inserting “substituting ‘80 percent’ for”, and
- (C) by striking subparagraph (B).

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

- (A) Section 279 is amended—
  - (i) by striking “after December 31, 1967,” in subsection (a)(2),
  - (ii) by striking “after October 9, 1969,” in subsection (b),
  - (iii) by striking “after October 9, 1969, and” in subsection (d)(5), and
  - (iv) by striking subsection (i) and redesignating subsection (j) as subsection (i).
- (B) The amendments made by this paragraph shall not—

- (i) apply to obligations issued on or before October 9, 1969 (determined in the same manner as under section 279 of the Internal Revenue Code of 1986 as in effect before such amendments), and
- (ii) be construed to require interest on obligations issued on or before December 31, 1967, to be taken into account under section 279(a)(2) of such Code (as in effect after such amendments).

(48) BANK HOLDING COMPANIES.—

- (A) Clause (iii) of section 304(b)(3)(D) is repealed.
- (B) The heading of subparagraph (D) of section 304(b)(3) is amended by striking “AND SPECIAL RULE”.

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

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

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

(52) TEMPORARY WAIVER OF MINIMUM REQUIRED DISTRIBUTION.—Section 401(a)(9) is amended by striking subparagraph (H).

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

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

(54) TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLANS.—Section 409 is amended by striking subsection (q).

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

“(i) In the case of an applicable employer plan other than a plan described in section 401(k)(11) or 408(p), the applicable dollar amount is \$5,000.

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

(56) EMPLOYEE STOCK PURCHASE PLANS.—Section 423(a) is amended by striking “after December 31, 1963.”

(57) PENSION RELATED TRANSITION RULES.—

(A) Section 402(g)(1)(B) is amended by striking “shall be” and all that follows and inserting “is \$15,000.”

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

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

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

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

(ii) Clause (iii) of section 205(g)(3)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(g)(3)(B)) is amended—

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

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

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

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

(ii) Paragraph (5) of section 303(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1083(c)) is amended by striking subparagraph (B) and by striking “(A) IN GENERAL.—”

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

(ii) Paragraph (2) of section 303(h) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1083(h)) is amended by striking subparagraph (G).

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

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

(F)(i) Section 436(j) is amended by striking the paragraph (3) added by section 203(a)(2) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010.

(ii) Section 206(g)(9) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(g)(9)) is amended by striking subparagraph (D).

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

(ii) Section 206(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(g)) is amended by striking paragraph (11).

(H) Section 457(e)(15)(A) is amended by striking “shall be” and all that follows and inserting “is \$15,000.”.

(58) LIMITATION ON DEDUCTIONS FOR CERTAIN FARMING.—  
(A) Section 464 is amended by striking “any farming syndicate (as defined in subsection (c))” both places it appears in subsections (a) and (b) and inserting “any taxpayer to whom subsection (d) applies”.

(B)(i) Subsection (c) of section 464 is hereby moved to the end of section 461 and redesignated as subsection (j).

(ii) Such subsection (j) is amended—

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

(II) by adding at the end the following new paragraphs:

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

“(4) LIMITED ENTREPRENEUR.—For purposes of this subsection, the term ‘limited entrepreneur’ means a person who—  
“(A) has an interest in an enterprise other than as a limited partner, and

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

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

(C) Section 464 is amended—

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

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

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

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

(i) by striking paragraph (1) and redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively, and

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

(E) Subparagraph (A) of section 58(a)(2) is amended by striking “section 464(c)” and inserting “section 461(j)”.

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

(60) PASSIVE ACTIVITY LOSSES AND CREDITS LIMITED.—

- (A) Section 469 is amended by striking subsection (m).
- (B) Subsection (b) of section 58 is amended by adding “and” at the end of paragraph (1), by striking paragraph (2), and by redesignating paragraph (3) as paragraph (2).
- (61) ADJUSTMENTS REQUIRED BY CHANGES IN METHOD OF ACCOUNTING.—Section 481(b)(3) is amended by striking subparagraph (C).
- (62) EXEMPTION FROM TAX ON CORPORATIONS, CERTAIN TRUSTS, ETC.—Section 501 is amended by striking subsection (s).
- (63) REQUIREMENTS FOR EXEMPTION.—
- (A) Section 503(a)(1) is amended to read as follows:
- “(1) GENERAL RULE.—An organization described in paragraph (17) or (18) of section 501(c), or described in section 401(a) and referred to in section 4975(g) (2) or (3), shall not be exempt from taxation under section 501(a) if it has engaged in a prohibited transaction.”
- (B) Paragraph (2) of section 503(a) is amended by striking “described in section 501(c)(17) or (18) or paragraph (a)(1)(B)” and inserting “described in paragraph (1)”.
- (C) Subsection (c) of section 503 is amended by striking “described in section 501(c)(17) or (18) or subsection (a)(1)(B)” and inserting “described in subsection (a)(1)”.
- (64) ACCUMULATED TAXABLE INCOME.—Paragraph (1) of section 535(b) and paragraph (1) of section 545(b) are each amended by striking “section 531” and all that follows and inserting “section 531 or the personal holding company tax imposed by section 541.”
- (65) DEFINITION OF PROPERTY.—Subsection (b) of section 614 is amended—
- (A) by striking paragraphs (3)(C) and (5), and
- (B) in paragraph (4), by striking “whichever of the following years is later: The first taxable year beginning after December 31, 1963, or”.
- (66) AMOUNTS RECEIVED BY SURVIVING ANNUITANT UNDER JOINT AND SURVIVOR ANNUITY CONTRACT.—Subparagraph (A) of section 691(d)(1) is amended by striking “after December 31, 1953, and”.
- (67) INCOME TAXES OF MEMBERS OF ARMED FORCES ON DEATH.—Section 692(a)(1) is amended by striking “after June 24, 1950”.
- (68) SPECIAL RULES FOR COMPUTING RESERVES.—Paragraph (7) of section 807(e) is amended by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B).
- (69) INSURANCE COMPANY TAXABLE INCOME.—
- (A) Section 832(e) is amended by striking “of taxable years beginning after December 31, 1966.”
- (B) Section 832(e)(6) is amended by striking “In the case of any taxable year beginning after December 31, 1970, the” and inserting “The”.
- (70) CAPITALIZATION OF CERTAIN POLICY ACQUISITION EXPENSES.—Section 848 is amended by striking subsection (j).
- (71) TAX ON NONRESIDENT ALIEN INDIVIDUALS.—Subparagraph (B) of section 871(a)(1) is amended to read as follows:
- “(B) gains described in subsection (b) or (c) of section 631.”

(72) LIMITATION ON CREDIT.—Paragraph (2) of section 904(d) is amended by striking subparagraph (J).

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

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

(74) BASIS OF PROPERTY ACQUIRED FROM DECEDENT.—

(A) Section 1014(a)(2) is amended to read as follows: “(2) in the case of an election under section 2032, its value at the applicable valuation date prescribed by such section.”

(B) Section 1014(b) is amended by striking paragraphs (7) and (8).

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

(76) PROPERTY ON WHICH LESSEE HAS MADE IMPROVEMENTS.—Section 1019 is amended by striking the last sentence.

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

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

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

(80) HOLDING PERIOD OF PROPERTY.—

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

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

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

(81) PROPERTY USED IN THE TRADE OR BUSINESS AND INVOLUNTARY CONVERSIONS.—Subparagraph (A) of section 1231(c)(2) is amended by striking “beginning after December 31, 1981”.

(82) SALE OR EXCHANGE OF PATENTS.—Section 1235 is amended—

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

(B) by striking “subsection (d)” in subsection (b)(2)(B) and inserting “subsection (c)”.

(83) DEALERS IN SECURITIES.—Subsection (b) of section 1236 is amended by striking “after November 19, 1951.”

(84) SALE OF PATENTS.—Subsection (a) of section 1249 is amended by striking “after December 31, 1962.”

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

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

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

(86) TREATMENT OF AMOUNTS RECEIVED ON RETIREMENT OR SALE OR EXCHANGE OF DEBT INSTRUMENTS.—Subsection (c) of section 1271 is amended to read as follows:



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

“(1) IN GENERAL.—On the sale or exchange of debt instruments issued by a government or political subdivision thereof after December 31, 1954, and before July 2, 1982, or by a corporation after December 31, 1954, and on or before May 27, 1969, any gain realized which does not exceed—

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

or

“(B) if at the time of original issue there was no intention to call the debt instrument before maturity, an amount which bears the same ratio to the original issue discount as the number of complete months that the debt instrument was held by the taxpayer bears to the number of complete months from the date of original issue to the date of maturity, shall be considered as ordinary income.

“(2) SUBSECTION (a)(2)(A) NOT TO APPLY.—Subsection (a)(2)(A) shall not apply to any debt instrument referred to in paragraph (1) of this subsection.

“(3) CROSS REFERENCE.—For current inclusion of original issue discount, see section 1272.”

(87) AMOUNT AND METHOD OF ADJUSTMENT.—Section 1314 is amended by striking subsection (d) and by redesignating subsection (e) as subsection (d).

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

(89) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—Subsection (a) of section 1401 is amended by striking “the following percent” and all that follows and inserting “12.4 percent of the amount of the self-employment income for such taxable year.”

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

(91) MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.—Paragraph (3) of section 1402(e) is amended—

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

(B) by striking “;or (B)” and all that follows and inserting a period.

(92) WITHHOLDING OF TAX ON NONRESIDENT ALIENS.—The first sentence of subsection (b) of section 1441 and the first sentence of paragraph (5) of section 1441(c) are each amended by striking “gains subject to tax” and all that follows through “October 4, 1966” and inserting “and gains subject to tax under section 871(a)(1)(D)”.

(93) AFFILIATED GROUP DEFINED.—Subparagraph (A) of section 1504(a)(3) is amended by striking “for a taxable year which includes any period after December 31, 1984” in clause (i) and by striking “in a taxable year beginning after December 31, 1984” in clause (ii).

(94) DISALLOWANCE OF THE BENEFITS OF THE GRADUATED CORPORATE RATES AND ACCUMULATED EARNINGS CREDIT.—

(A) Subsection (a) of section 1551 is amended—

(i) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(ii) by striking “after June 12, 1963,” each place it appears.

(B) Section 1551(b) is amended—

(i) by striking “or (2)” in paragraph (1), and

(ii) by striking “(a)(3)” in paragraph (2) and inserting “(a)(2)”.

(95) CREDIT FOR STATE DEATH TAXES.—

(A)(i) Part II of subchapter A of chapter 11 is amended by striking section 2011 (and by striking the item relating to such section in the table of sections for such subpart).

(ii) Section 2106(a)(4) is amended by striking “section 2011(a)” and inserting “2058(a)”.

(B)(i) Subchapter A of chapter 13 is amended by striking section 2604 (and by striking the item relating to such section in the table of sections for such subpart).

(ii) Clause (ii) of section 164(b)(4)(A) is amended by inserting “(as in effect before its repeal)” after “section 2604”.

(iii) Section 2654(a)(1) is amended by striking “(computed without regard to section 2604)”.

(96) GROSS ESTATE.—Subsection (c) of section 2031 is amended by striking paragraph (3) and by amending paragraph (1)(B) to read as follows:

“(II) \$500,000.”

(97)(A) Part IV of subchapter A of chapter 11 is amended by striking section 2057 (and by striking the item relating to such section in the table of sections for such subpart).

(B) Paragraph (10) of section 2031(c) is amended by inserting “(as in effect before its repeal)” immediately before the period at the end thereof.

(98) PROPERTY WITHIN THE UNITED STATES.—Subsection (c) of section 2104 is amended by striking “With respect to estates of decedents dying after December 31, 1969, deposits” and inserting “Deposits”.

(99) FICA TAXES.—

(A) Subsection (a) of section 3101 is amended by striking “the following percentages” and all that follows and inserting “6.2 percent of the wages (as defined in section 3121(a)) received by the individual with respect to employment (as defined in section 3121(b))”.

(B)(i) Subsection (a) of section 3111 is amended by striking “the following percentages” and all that follows and inserting “6.2 percent of the wages (as defined in section 3121(a)) paid by the employer with respect to employment (as defined in section 3121(b)).”.

(ii) Subsection (b) of section 3111 is amended by striking “the following percentages” and all that follows and inserting “1.45 percent of the wages (as defined in section 3121(a)) paid by the employer with respect to employment (as defined in section 3121(b)).”.

(C)(i) Section 3121(b) is amended by striking paragraph (17).

(ii) Section 210(a) of the Social Security Act is amended by striking paragraph (17).

(100) RAILROAD RETIREMENT.—

(A) Subsection (b) of section 3201 is amended to read as follows:

“(b) TIER 2 TAX.—In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the percentage determined under section 3241 for any calendar year of the compensation received during such calendar year by such employee for services rendered by such employee.”

(B) Subsection (b) of section 3211 is amended to read as follows:

“(b) TIER 2 TAX.—In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the percentage determined under section 3241 for any calendar year of the compensation received during such calendar year by such employee representative for services rendered by such employee representative.”

(C) Subsection (b) of section 3221 is amended to read as follows:

“(b) TIER 2 TAX.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the percentage determined under section 3241 for any calendar year of the compensation paid during such calendar year by such employer for services rendered to such employer.”

(D) Subsection (b) of section 3231 is amended—

(i) by striking “compensation; except” and all that follows in the first sentence and inserting “compensation,” and

(ii) by striking the second sentence.

(101) CREDITS AGAINST FEDERAL UNEMPLOYMENT TAX.—

(A) Paragraph (4) of section 3302(f) is amended—

(i) by striking “subsection—” and all that follows through “(A) IN GENERAL.—The” and inserting “subsection, the”,

(ii) by striking subparagraph (B),

(iii) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively, and

(iv) by moving the text of such subparagraphs (as so redesignated) 2 ems to the left.

(B) Paragraph (5) of section 3302(f) is amended by striking subparagraph (D) and by redesignating subparagraph (E) as subparagraph (D).

(102) DOMESTIC SERVICE EMPLOYMENT TAXES.—Section 3510(b) is amended by striking paragraph (4).

(103) LUXURY PASSENGER AUTOMOBILES.—

(A) Chapter 31 is amended by striking subchapter A (and by striking the item relating to such subchapter in the table of subchapters for such chapter).

(B)(i) Section 4221 is amended—

(I) in subsections (a) and (d)(1), by striking “subchapter A or” and inserting “subchapter”,

- (II) in subsection (a), by striking “In the case of taxes imposed by subchapter A of chapter 31, paragraphs (1), (3), (4), and (5) shall not apply.”, and
- (III) in subsection (c), by striking “4001(c), 4001(d), or”.
- (ii) Section 4222 is amended by striking “4001(c), 4001(d).”
- (iii) Section 4293 is amended by striking “subchapter A of chapter 31.”
- (104) TRANSPORTATION BY AIR.—Section 4261(e) is amended—
- (A) in paragraph (1), by striking subparagraph (C), and
- (B) by striking paragraph (5).
- (105) TAXES ON FAILURE TO DISTRIBUTE INCOME.—
- (A) Subsection (g) of section 4942 is amended by striking “For all taxable years beginning on or after January 1, 1975, subject” in paragraph (2)(A) and inserting “Subject”.
- (B) Section 4942(i)(2) is amended by striking “beginning after December 31, 1969, and”.
- (106) TAXES ON TAXABLE EXPENDITURES.—Section 4945(f) is amended by striking “(excluding therefrom any preceding taxable year which begins before January 1, 1970)”.
- (107) DEFINITIONS AND SPECIAL RULES.—Section 4682(h) is amended—
- (A) by striking paragraph (1) and redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively, and
- (B) in paragraph (1) (as so redesignated)—
- (i) by striking the heading and inserting “IN GENERAL”, and
- (ii) by striking “after 1991” in subparagraph (C).
- (108) RETURNS.—Subsection (a) of section 6039D is amended by striking “beginning after December 31, 1984.”
- (109) INFORMATION RETURNS.—Subsection (c) of section 6060 is amended by striking “year” and all that follows and inserting “year.”
- (110) COLLECTION.—Section 6302 is amended—
- (A) in subsection (e)(2), by striking “imposed by” and all that follows through “with respect to” and inserting “imposed by sections 4251, 4261, or 4271 with respect to”,
- (B) by striking the last sentence of subsection (f)(1), and
- (C) in subsection (h)—
- (i) by striking paragraph (2) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively, and
- (ii) by amending paragraph (3) (as so redesignated) to read as follows:
- “(3) COORDINATION WITH OTHER ELECTRONIC FUND TRANSFER REQUIREMENTS.—Under regulations, any tax required to be paid by electronic fund transfer under section 5061(e) or 5703(b) shall be paid in such a manner as to ensure that the requirements of the second sentence of paragraph (1)(A) of this subsection are satisfied.”

(111) ABATEMENTS.—Section 6404(f) is amended by striking paragraph (3).

(112) 2008 RECOVERY REBATE FOR INDIVIDUALS.—

(A) Subchapter B of chapter 65 is amended by striking section 6428 (and by striking the item relating to such section in the table of sections for such subchapter).

(B) Subparagraph (A) of section 6211(b)(4) is amended by striking “6428.”

(C) Paragraph (2) of section 6213(g), as amended by section 214(a)(2) of this Act and paragraphs (4) and (5)(C) of this subsection, is amended by striking subparagraph (Q), by redesignating subparagraph (O) as subparagraph (N), by inserting “and” at the end of subparagraph (M), and by striking the comma at the end of subparagraph (N) (as so redesignated) and inserting a period.

(D) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by striking “6428, or 6431,” and inserting “or 6431.”

(113) ADVANCE PAYMENT OF PORTION OF INCREASED CHILD CREDIT FOR 2003.—Subchapter B of chapter 65 is amended by striking section 6429 (and by striking the item relating to such section in the table of sections for such subchapter).

(114) FAILURE BY CORPORATION TO PAY ESTIMATED INCOME TAX.—Clause (i) of section 6655(g)(4)(A) is amended by striking “(or the corresponding provisions of prior law)”.

(115) RETIREMENT.—Section 7447(i)(3)(B)(ii) is amended by striking “at 4 percent per annum to December 31, 1947, and 3 percent per annum thereafter”, and inserting “at 3 percent per annum”.

(116) ANNUITIES TO SURVIVING SPOUSES AND DEPENDENT CHILDREN OF JUDGES.—

(A) Paragraph (2) of section 7448(a) is amended—

(i) by striking “or under section 1106 of the Internal Revenue Code of 1939”, and

(ii) by striking “or pursuant to section 1106(d) of the Internal Revenue Code of 1939”.

(B) Subsection (g) of section 7448 is amended by striking “or other than pursuant to section 1106 of the Internal Revenue Code of 1939”.

(C) Subsections (g), (j)(1), and (j)(2) of section 7448 are each amended by striking “at 4 percent per annum to December 31, 1947, and 3 percent per annum thereafter” and inserting “at 3 percent per annum”.

(117) MERCHANT MARINE CAPITAL CONSTRUCTION FUNDS.—Paragraph (4) of section 7518(g) is amended by striking “any nonqualified withdrawal” and all that follows through “shall be determined” and inserting “any nonqualified withdrawal shall be determined”.

(118) VALUATION TABLES.—

(A) Subsection (c) of section 7520 is amended by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(B) Paragraph (2) of section 7520(c) (as redesignated by subparagraph (A)) is amended—

(i) by striking “Not later than December 31, 1989, the” and inserting “The”, and

(ii) by striking “thereafter” in the last sentence thereof.

(119) DEFINITION OF EMPLOYEE.—Section 7701(a)(20) is amended by striking “chapter 21” and all that follows and inserting “chapter 21.”.

(b) EFFECTIVE DATE.—

(1) GENERAL RULE.—Except as otherwise provided in subsection (a) or paragraph (2) of this subsection, the amendments made by this section shall take effect on the date of enactment of this Act.

(2) SAVINGS PROVISION.—If—

(A) any provision amended or repealed by the amendments made by this section applied to—

(i) any transaction occurring before the date of the enactment of this Act,

(ii) any property acquired before such date of enactment, or

(iii) any item of income, loss, deduction, or credit taken into account before such date of enactment, and

(B) the treatment of such transaction, property, or item under such provision would (without regard to the amendments or repeals made by this section) affect the liability for tax for periods ending after date of enactment, nothing in the amendments or repeals made by this section shall be construed to affect the treatment of such transaction, property, or item for purposes of determining liability for tax for periods ending after such date of enactment.

### **TITLE III—JOINT COMMITTEE ON TAXATION**

#### **SEC. 301. INCREASED REFUND AND CREDIT THRESHOLD FOR JOINT COMMITTEE ON TAXATION REVIEW OF C CORPORATION RETURN.**

(a) IN GENERAL.—Subsections (a) and (b) of section 6405 are each amended by inserting “(\$5,000,000 in the case of a C corporation)” after “\$2,000,000”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act, except that such amendment shall not apply with respect to any refund or credit with respect to a report that has been made before such date under section 6405 of the Internal Revenue Code of 1986.

### **TITLE IV—BUDGETARY EFFECTS**

#### **SEC. 401. BUDGETARY EFFECTS.**

(a) PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) SENATE PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).

## **DIVISION B—ACHIEVING A BETTER LIFE EXPERIENCE ACT OF 2014**

### **SEC. 1. SHORT TITLE; ETC.**

(a) **SHORT TITLE.**—This division may be cited as the “Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014” or the “Stephen Beck, Jr., ABLE Act of 2014”.

(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.

## **TITLE I—QUALIFIED ABLE PROGRAMS**

### **SEC. 101. PURPOSES.**

The purposes of this title are as follows:

(1) To encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life.

(2) To provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, the Medicaid program under title XIX of the Social Security Act, the supplemental security income program under title XVI of such Act, the beneficiary’s employment, and other sources.

### **SEC. 102. QUALIFIED ABLE PROGRAMS.**

(a) **IN GENERAL.**—Subchapter F of chapter 1 is amended by inserting after section 529 the following new section:

#### **“SEC. 529A. QUALIFIED ABLE PROGRAMS.**

“(a) **GENERAL RULE.**—A qualified ABLE program shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such program shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

“(b) **QUALIFIED ABLE PROGRAM.**—For purposes of this section—  
“(1) **IN GENERAL.**—The term ‘qualified ABLE program’ means a program established and maintained by a State, or agency or instrumentality thereof—

“(A) under which a person may make contributions for a taxable year, for the benefit of an individual who is an eligible individual for such taxable year, to an ABLE account which is established for the purpose of meeting the qualified disability expenses of the designated beneficiary of the account,

“(B) which limits a designated beneficiary to 1 ABLE account for purposes of this section,

“(C) which allows for the establishment of an ABLE account only for a designated beneficiary who is a resident of such State or a resident of a contracting State, and

“(D) which meets the other requirements of this section.

“(2) CASH CONTRIBUTIONS.—A program shall not be treated as a qualified ABLE program unless it provides that no contribution will be accepted—

“(A) unless it is in cash, or

“(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the amount in effect under section 2503(b) for the calendar year in which the taxable year begins.

For purposes of this paragraph, rules similar to the rules of section 408(d)(4) (determined without regard to subparagraph (B) thereof) shall apply.

“(3) SEPARATE ACCOUNTING.—A program shall not be treated as a qualified ABLE program unless it provides separate accounting for each designated beneficiary.

“(4) LIMITED INVESTMENT DIRECTION.—A program shall not be treated as a qualified ABLE program unless it provides that any designated beneficiary under such program may, directly or indirectly, direct the investment of any contributions to the program (or any earnings thereon) no more than 2 times in any calendar year.

“(5) NO PLEDGING OF INTEREST AS SECURITY.—A program shall not be treated as a qualified ABLE program if it allows any interest in the program or any portion thereof to be used as security for a loan.

“(6) PROHIBITION ON EXCESS CONTRIBUTIONS.—A program shall not be treated as a qualified ABLE program unless it provides adequate safeguards to prevent aggregate contributions on behalf of a designated beneficiary in excess of the limit established by the State under section 529(b)(6). For purposes of the preceding sentence, aggregate contributions include contributions under any prior qualified ABLE program of any State or agency or instrumentality thereof.

“(c) TAX TREATMENT.—

“(1) DISTRIBUTIONS.—

“(A) IN GENERAL.—Any distribution under a qualified ABLE program shall be includible in the gross income of the distributee in the manner as provided under section 72 to the extent not excluded from gross income under any other provision of this chapter.

“(B) DISTRIBUTIONS FOR QUALIFIED DISABILITY EXPENSES.—For purposes of this paragraph, if distributions from a qualified ABLE program—

“(i) do not exceed the qualified disability expenses of the designated beneficiary, no amount shall be includible in gross income, and

“(ii) in any other case, the amount otherwise includible in gross income shall be reduced by an amount which bears the same ratio to such amount as such expenses bear to such distributions.

“(C) CHANGE IN DESIGNATED BENEFICIARIES OR PROGRAMS.—



“(i) ROLLOVERS FROM ABLE ACCOUNTS.—Subparagraph (A) shall not apply to any amount paid or distributed from an ABLE account to the extent that the amount received is paid, not later than the 60th day after the date of such payment or distribution, into another ABLE account for the benefit of the same designated beneficiary or an eligible individual who is a family member of the designated beneficiary.

“(ii) CHANGE IN DESIGNATED BENEFICIARIES.—Any change in the designated beneficiary of an interest in a qualified ABLE program during a taxable year shall not be treated as a distribution for purposes of subparagraph (A) if the new beneficiary is an eligible individual for such taxable year and a member of the family of the former beneficiary.

“(iii) LIMITATION ON CERTAIN ROLLOVERS.—Clause (i) shall not apply to any transfer if such transfer occurs within 12 months from the date of a previous transfer to any qualified ABLE program for the benefit of the designated beneficiary.

“(D) OPERATING RULES.—For purposes of applying section 72—

“(i) except to the extent provided by the Secretary, all distributions during a taxable year shall be treated as one distribution, and

“(ii) except to the extent provided by the Secretary, the value of the contract, income on the contract, and investment in the contract shall be computed as of the close of the calendar year in which the taxable year begins.

“(2) GIFT TAX RULES.—For purposes of chapters 12 and 13—

“(A) CONTRIBUTIONS.—Any contribution to a qualified ABLE program on behalf of any designated beneficiary—

“(i) shall be treated as a completed gift to such designated beneficiary which is not a future interest in property, and

“(ii) shall not be treated as a qualified transfer under section 2503(e).

“(B) TREATMENT OF DISTRIBUTIONS.—In no event shall a distribution from an ABLE account to such account's designated beneficiary be treated as a taxable gift.

“(C) TREATMENT OF TRANSFER TO NEW DESIGNATED BENEFICIARY.—The taxes imposed by chapters 12 and 13 shall not apply to a transfer by reason of a change in the designated beneficiary under subsection (c)(1)(C).

“(3) ADDITIONAL TAX FOR DISTRIBUTIONS NOT USED FOR DISABILITY EXPENSES.—

“(A) IN GENERAL.—The tax imposed by this chapter for any taxable year on any taxpayer who receives a distribution from a qualified ABLE program which is includible in gross income shall be increased by 10 percent of the amount which is so includible.

“(B) EXCEPTION.—Subparagraph (A) shall not apply if the payment or distribution is made to a beneficiary (or to the estate of the designated beneficiary) on or after the death of the designated beneficiary.

“(C) CONTRIBUTIONS RETURNED BEFORE CERTAIN DATE.—Subparagraph (A) shall not apply to the distribution of any contribution made during a taxable year on behalf of the designated beneficiary if—

“(i) such distribution is received on or before the day prescribed by law (including extensions of time) for filing such designated beneficiary’s return for such taxable year, and

“(ii) such distribution is accompanied by the amount of net income attributable to such excess contribution.

Any net income described in clause (ii) shall be included in gross income for the taxable year in which such excess contribution was made.

“(4) LOSS OF ABLE ACCOUNT TREATMENT.—If an ABLE account is established for a designated beneficiary, no account subsequently established for such beneficiary shall be treated as an ABLE account. The preceding sentence shall not apply in the case of an account established for purposes of a rollover described in paragraph (1)(C)(i) of this section if the transferor account is closed as of the end of the 60th day referred to in paragraph (1)(C)(i).

“(d) REPORTS.—

“(1) IN GENERAL.—Each officer or employee having control of the qualified ABLE program or their designee shall make such reports regarding such program to the Secretary and to designated beneficiaries with respect to contributions, distributions, the return of excess contributions, and such other matters as the Secretary may require.

“(2) CERTAIN AGGREGATED INFORMATION.—For research purposes, the Secretary shall make available to the public reports containing aggregate information, by diagnosis and other relevant characteristics, on contributions and distributions from the qualified ABLE program. In carrying out the preceding sentence an item may not be made available to the public if such item can be associated with, or otherwise identify, directly or indirectly, a particular individual.

“(3) NOTICE OF ESTABLISHMENT OF ABLE ACCOUNT.—A qualified ABLE program shall submit a notice to the Secretary upon the establishment of an ABLE account. Such notice shall contain the name and State of residence of the designated beneficiary and such other information as the Secretary may require.

“(4) ELECTRONIC DISTRIBUTION STATEMENTS.—For purposes of section 4 of the Achieving a Better Life Experience Act of 2014, States shall submit electronically on a monthly basis to the Commissioner of Social Security, in the manner specified by the Commissioner, statements on relevant distributions and account balances from all ABLE accounts.

“(5) REQUIREMENTS.—The reports and notices required by paragraphs (1), (2), and (3) shall be filed at such time and in such manner and furnished to such individuals at such time and in such manner as may be required by the Secretary.

“(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) ELIGIBLE INDIVIDUAL.—An individual is an eligible individual for a taxable year if during such taxable year—

“(A) the individual is entitled to benefits based on blindness or disability under title II or XVI of the Social Security Act, and such blindness or disability occurred before the date on which the individual attained age 26, or

“(B) a disability certification with respect to such individual is filed with the Secretary for such taxable year.

“(2) DISABILITY CERTIFICATION.—

“(A) IN GENERAL.—The term ‘disability certification’ means, with respect to an individual, a certification to the satisfaction of the Secretary by the individual or the parent or guardian of the individual that—

“(i) certifies that—

“(I) the individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, or is blind (within the meaning of section 1614(a)(2) of the Social Security Act), and

“(II) such blindness or disability occurred before the date on which the individual attained age 26, and

“(ii) includes a copy of the individual’s diagnosis relating to the individual’s relevant impairment or impairments, signed by a physician meeting the criteria of section 1861(r)(1) of the Social Security Act.

“(B) RESTRICTION ON USE OF CERTIFICATION.—No inference may be drawn from a disability certification for purposes of establishing eligibility for benefits under title II, XVI, or XIX of the Social Security Act.

“(3) DESIGNATED BENEFICIARY.—The term ‘designated beneficiary’ in connection with an ABLE account established under a qualified ABLE program means the eligible individual who established an ABLE account and is the owner of such account.

“(4) MEMBER OF FAMILY.—The term ‘member of the family’ means, with respect to any designated beneficiary, an individual who bears a relationship to such beneficiary which is described in subparagraph section 152(d)(2)(B). For purposes of the preceding sentence, a rule similar to the rule of section 152(f)(1)(B) shall apply.

“(5) QUALIFIED DISABILITY EXPENSES.—The term ‘qualified disability expenses’ means any expenses related to the eligible individual’s blindness or disability which are made for the benefit of an eligible individual who is the designated beneficiary, including the following expenses: education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses, which are approved by the Secretary under regulations and consistent with the purposes of this section.

“(6) ABLE ACCOUNT.—The term ‘ABLE account’ means an account established by an eligible individual, owned by such

eligible individual, and maintained under a qualified ABLE program.

“(7) CONTRACTING STATE.—The term ‘contracting State’ means a State without a qualified ABLE program which has entered into a contract with a State with a qualified ABLE program to provide residents of the contracting State access to a qualified ABLE program.

“(f) TRANSFER TO STATE.—Subject to any outstanding payments due for qualified disability expenses, upon the death of the designated beneficiary, all amounts remaining in the qualified ABLE account not in excess of the amount equal to the total medical assistance paid for the designated beneficiary after the establishment of the account, net of any premiums paid from the account or paid by or on behalf of the beneficiary to a Medicaid Buy-In program under any State Medicaid plan established under title XIX of the Social Security Act, shall be distributed to such State upon filing of a claim for payment by such State. For purposes of this paragraph, the State shall be a creditor of an ABLE account and not a beneficiary. Subsection (c)(3) shall not apply to a distribution under the preceding sentence.

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

“(1) to enforce the 1 ABLE account per eligible individual limit,

“(2) providing for the information required to be presented to open an ABLE account,

“(3) to generally define qualified disability expenses,

“(4) developed in consultation with the Commissioner of Social Security, relating to disability certifications and determinations of disability, including those conditions deemed to meet the requirements of subsection (e)(1)(B),

“(5) to prevent fraud and abuse with respect to amounts claimed as qualified disability expenses,

“(6) under chapters 11, 12, and 13 of this title, and

“(7) to allow for transfers from one ABLE account to another ABLE account.”

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) IN GENERAL.—Subsection (a) of section 4973 (relating to tax on excess contributions to certain tax-favored accounts and annuities) is amended by striking “or” at the end of paragraph (4), by inserting “or” at the end of paragraph (5), and by inserting after paragraph (5) the following new paragraph: “(6) an ABLE account (within the meaning of section 529A).”

(2) EXCESS CONTRIBUTION.—Section 4973 is amended by adding at the end the following new subsection:

“(h) EXCESS CONTRIBUTIONS TO ABLE ACCOUNT.—For purposes of this section—

“(1) IN GENERAL.—In the case of an ABLE account (within the meaning of section 529A), the term ‘excess contributions’ means the amount by which the amount contributed for the taxable year to such account (other than contributions under section 529A(c)(1)(C)) exceeds the contribution limit under section 529A(b)(2)(B).

“(2) SPECIAL RULE.—For purposes of this subsection, any contribution which is distributed out of the ABLE account in a distribution to which the last sentence of section 529A(b)(2) applies shall be treated as an amount not contributed.”.

(c) PENALTY FOR FAILURE TO FILE REPORTS.—Section 6693(a)(2) is amended by striking “and” at the end of subparagraph (D), by redesignating subparagraph (E) as subparagraph (F), and by inserting after subparagraph (D) the following:

“(E) section 529A(d) (relating to qualified ABLE programs), and”.

(d) RECORDS.—Section 552a(a)(8)(B) of title 5, United States Code, is amended—

- (1) in clause (viii), by striking “or” at the end;
- (2) in clause (ix), by adding “or” at the end; and
- (3) by adding at the end the following new clause:

“(x) matches performed pursuant to section 3(d)(4) of the Achieving a Better Life Experience Act of 2014;”.

(e) OTHER CONFORMING AMENDMENTS.—

(1) Section 26(b)(2) is amended by striking “and” at the end of subparagraph (W), by striking the period at the end of subparagraph (X) and inserting “, and”, and by inserting after subparagraph (X) the following:

“(Y) section 529A(c)(3)(A) (relating to additional tax on ABLE account distributions not used for qualified disability expenses).”.

(2) Section 877A is amended—

(A) in subsection (e)(2) by inserting “a qualified ABLE program (as defined in section 529A),” after “529;”, and

(B) in subsection (g)(6) by inserting “529A(c)(3),” after “529(c)(6).”.

(3) Section 4965(c) is amended by striking “or” at the end of paragraph (6), by striking the period at the end of paragraph (7) and inserting “, or”, and by inserting after paragraph (7) the following new paragraph:

“(8) a program described in section 529A.”.

(4) The heading for part VIII of subchapter F of chapter 1 is amended by striking “HIGHER EDUCATION” and inserting “CERTAIN”.

(5) The item in the table of parts for subchapter F of chapter 1 relating to part VIII is amended to read as follows:

“PART VIII. CERTAIN SAVINGS ENTITIES.”.

(6) The table of sections for part VIII of subchapter F of chapter 1 is amended by inserting after the item relating to section 529 the following new item:

“Sec. 529A. Qualified ABLE programs.”.

(7) Paragraph (4) of section 1027(g) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5517(g)(4)) is amended by inserting “, 529A” after “529”.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2014.

(2) REGULATIONS.—The Secretary of the Treasury (or the Secretary’s designee) shall promulgate the regulations or other

guidance required under section 529A(g) of the Internal Revenue Code of 1986, as added by subsection (a), not later than 6 months after the date of the enactment of this Act.

**SEC. 103. TREATMENT OF ABLE ACCOUNTS UNDER CERTAIN FEDERAL PROGRAMS.**

(a) **ACCOUNT FUNDS DISREGARDED FOR PURPOSES OF CERTAIN OTHER MEANS-TESTED FEDERAL PROGRAMS.**—Notwithstanding any other provision of Federal law that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such provision to be provided to or for the benefit of such individual, any amount (including earnings thereon) in the ABLE account (within the meaning of section 529A of the Internal Revenue Code of 1986) of such individual, any contributions to the ABLE account of the individual, and any distribution for qualified disability expenses (as defined in subsection (e)(5) of such section) shall be disregarded for such purpose with respect to any period during which such individual maintains, makes contributions to, or receives distributions from such ABLE account, except that, in the case of the supplemental security income program under title XVI of the Social Security Act—

(1) a distribution for housing expenses (within the meaning of such subsection) shall not be so disregarded, and

(2) in the case of such program, any amount (including such earnings) in such ABLE account shall be considered a resource of the designated beneficiary to the extent that such amount exceeds \$100,000.

(b) **SUSPENSION OF SSI BENEFITS DURING PERIODS OF EXCESSIVE ACCOUNT FUNDS.**—

(1) **IN GENERAL.**—The benefits of an individual under the supplemental security income program under title XVI of the Social Security Act shall not be terminated, but shall be suspended, by reason of excess resources of the individual attributable to an amount in the ABLE account (within the meaning of section 529A of the Internal Revenue Code of 1986) of the individual not disregarded under subsection (a) of this section.

(2) **NO IMPACT ON MEDICAID ELIGIBILITY.**—An individual who would be receiving payment of such supplemental security income benefits but for the application of paragraph (1) shall be treated for purposes of title XIX of the Social Security Act as if the individual continued to be receiving payment of such benefits.

(c) **EFFECTIVE DATE.**—This section shall take effect on the date of the enactment of this Act.

**SEC. 104. TREATMENT OF ABLE ACCOUNTS IN BANKRUPTCY.**

(a) **EXCLUSION FROM PROPERTY OF THE ESTATE.**—Section 541(b) of the title 11, United States Code, is amended—

(1) in paragraph (8), by striking “or” at the end;

(2) in paragraph (9), by striking the period at the end and inserting a semicolon and “or”; and

(3) by inserting after paragraph (9) the following:

“(10) funds placed in an account of a qualified ABLE program (as defined in section 529A(b) of the Internal Revenue Code of 1986) not later than 365 days before the date of the filing of the petition in a case under this title, but—

“(A) only if the designated beneficiary of such account was a child, stepchild, grandchild, or stepgrandchild of the debtor for the taxable year for which funds were placed in such account;

“(B) only to the extent that such funds—

“(i) are not pledged or promised to any entity in connection with any extension of credit; and

“(ii) are not excess contributions (as described in section 4973(h) of the Internal Revenue Code of 1986); and

“(C) in the case of funds placed in all such accounts having the same designated beneficiary not earlier than 720 days nor later than 365 days before such date, only so much of such funds as does not exceed \$6,225.”

(b) DEBTOR’S MONTHLY EXPENSES.—Section 707(b)(2)(A)(ii)(II) of title 11, United States Code, is amended by adding at the end “Such monthly expenses may include, if applicable, contributions to an account of a qualified ABLE program to the extent such contributions are not excess contributions (as described in section 4973(h) of the Internal Revenue Code of 1986) and if the designated beneficiary of such account is a child, stepchild, grandchild, or stepgrandchild of the debtor.”

(c) RECORD OF DEBTOR’S INTEREST.—Section 521(c) of title 11, United States Code, is amended by inserting “, an interest in an account in a qualified ABLE program (as defined in section 529A(b) of such Code,” after “Internal Revenue Code of 1986”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to cases commenced under title 11, United States Code, on or after the date of the enactment of this Act.

#### SEC. 105. INVESTMENT DIRECTION RULE FOR 529 PLANS.

(a) AMENDMENTS RELATING TO INVESTMENT DIRECTION RULE FOR 529 PLANS.—

(1) Paragraph (4) of section 529(b) is amended by striking “may not directly or indirectly” and all that follows and inserting “may, directly or indirectly, direct the investment of any contributions to the program (or any earnings thereon) no more than 2 times in any calendar year.”

(2) The heading of paragraph (4) of section 529(b) is amended by striking “No” and inserting “LIMITED”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2014.

## TITLE II—OFFSETS

#### SEC. 201. CORRECTION TO WORKERS COMPENSATION OFFSET AGE.

(a) RETIREMENT AGE.—Section 224(a) of the Social Security Act (42 U.S.C. 424a(a)) is amended, in the matter preceding paragraph (1), by striking “the age of 65” and inserting “retirement age (as defined in section 216(l)(1))”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to any individual who attains 65 years of age on or after the date that is 12 months after the date of the enactment of this Act.

**SEC. 202. ACCELERATED APPLICATION OF RELATIVE VALUE TARGETS FOR MISVALUED SERVICES IN THE MEDICARE PHYSICIAN FEE SCHEDULE.**

Section 1848(c) of the Social Security Act (42 U.S.C. 1395w-4(c)) is amended—

(1) in subclause (VIII) of paragraph (2)(B)(v), as added by section 220(d)(2) of the Protecting Access to Medicare Act of 2014 (Public Law 113–93)—

(A) by striking “2017” and inserting “2016”; and

(B) by redesignating such subclause as subclause (IX);

(2) in paragraph (2)(O)—

(A) in the matter preceding clause (i), by striking “2017 through 2020” and inserting “2016 through 2018”;

(B) in clause (iii), by striking “2017” and inserting “2016”; and

(C) in clause (v), by inserting “(or, for 2016, 1.0 percent)” after “0.5 percent”; and

(3) in paragraph (7), by striking “2017” and inserting “2016”.

**SEC. 203. CONSISTENT TREATMENT OF VACUUM ERECTION SYSTEMS IN MEDICARE PARTS B AND D.**

Section 1834(a)(1) of the Social Security Act (42 U.S.C. 1395m(a)(1)) is amended by adding at the end the following new subparagraph:

“(I) TREATMENT OF VACUUM ERECTION SYSTEMS.—Effective for items and services furnished on and after July 1, 2015, vacuum erection systems described as prosthetic devices described in section 1861(s)(8) shall be treated in the same manner as erectile dysfunction drugs are treated for purposes of section 1860D-2(e)(2)(A).”

**SEC. 204. ONE-YEAR DELAY OF IMPLEMENTATION OF ORAL-ONLY POLICY UNDER MEDICARE ESRD PROSPECTIVE PAYMENT SYSTEM.**

Section 632(b)(1) of the American Taxpayer Relief Act of 2012 (42 U.S.C. 1395rr note), as amended by section 217(a)(1) of the Protecting Access to Medicare Act of 2014 (Public Law 113–93), is amended by striking “2024” and inserting “2025”.

**SEC. 205. MODIFICATION RELATING TO INLAND WATERWAYS TRUST FUND FINANCING RATE.**

(a) IN GENERAL.—Section 4042(b)(2)(A) is amended to read as follows:

“(A) The Inland Waterways Trust Fund financing rate is 29 cents per gallon.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to fuel used after March 31, 2015.

**SEC. 206. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.**

(a) EMPLOYMENT TAXES.—Chapter 25 is amended by adding at the end the following new section:

**“SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.**

“(a) GENERAL RULES.—For purposes of the taxes, and other obligations, imposed by this subtitle—

“(1) a certified professional employer organization shall be treated as the employer (and no other person shall be



treated as the employer) of any work site employee performing services for any customer of such organization, but only with respect to remuneration remitted by such organization to such work site employee, and

“(2) the exemptions, exclusions, definitions, and other rules which are based on type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

“(b) SUCCESSOR EMPLOYER STATUS.—For purposes of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

“(1) a certified professional employer organization entering into a service contract with a customer with respect to a work site employee shall be treated as a successor employer and the customer shall be treated as a predecessor employer during the term of such service contract, and

“(2) a customer whose service contract with a certified professional employer organization is terminated with respect to a work site employee shall be treated as a successor employer and the certified professional employer organization shall be treated as a predecessor employer.

“(c) LIABILITY OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—Solely for purposes of its liability for the taxes and other obligations imposed by this subtitle—

“(1) a certified professional employer organization shall be treated as the employer of any individual (other than a work site employee or a person described in subsection (f)) who is performing services covered by a contract meeting the requirements of section 7705(e)(2), but only with respect to remuneration remitted by such organization to such individual, and

“(2) the exemptions, exclusions, definitions, and other rules which are based on type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

“(d) TREATMENT OF CREDITS.—

“(1) IN GENERAL.—For purposes of any credit specified in paragraph (2)—

“(A) such credit with respect to a work site employee performing services for the customer applies to the customer, not the certified professional employer organization,

“(B) the customer, and not the certified professional employer organization, shall take into account wages and employment taxes—

“(i) paid by the certified professional employer organization with respect to the work site employee, and

“(ii) for which the certified professional employer organization receives payment from the customer, and

“(C) the certified professional employer organization shall furnish the customer and the Secretary with any information necessary for the customer to claim such credit.

“(2) CREDITS SPECIFIED.—A credit is specified in this paragraph if such credit is allowed under—

“(A) section 41 (credit for increasing research activity),

“(B) section 45A (Indian employment credit),

“(C) section 45B (credit for portion of employer social security taxes paid with respect to employee cash tips),

“(D) section 45C (clinical testing expenses for certain drugs for rare diseases or conditions),

“(E) section 45R (employee health insurance expenses of small employers),

“(F) section 51 (work opportunity credit),

“(G) section 1396 (empowerment zone employment credit), and

“(H) any other section as provided by the Secretary.

“(e) SPECIAL RULE FOR RELATED PARTY.—This section shall not apply in the case of a customer which bears a relationship to a certified professional employer organization described in section 267(b) or 707(b). For purposes of the preceding sentence, such sections shall be applied by substituting ‘10 percent’ for ‘50 percent’.

“(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—For purposes of the taxes imposed under this subtitle, an individual with net earnings from self-employment derived from the customer’s trade or business (including a partner in a partnership that is a customer) is not a work site employee with respect to remuneration paid by a certified professional employer organization.

“(g) REPORTING REQUIREMENTS AND OBLIGATIONS.—The Secretary shall develop such reporting and recordkeeping rules, regulations, and procedures as the Secretary determines necessary or appropriate to ensure compliance with this title by certified professional employer organizations or persons that have been so certified. Such rules shall include—

“(1) notification of the Secretary in such manner as the Secretary shall prescribe in the case of the commencement or termination of a service contract described in section 7705(e)(2) between such a person and a customer, and the employer identification number of such customer,

“(2) such information as the Secretary determines necessary for the customer to claim the credits identified in subsection (d) and the manner in which such information is to be provided, as prescribed by the Secretary, and

“(3) such other information as the Secretary determines is essential to promote compliance with respect to the credits identified in subsection (d) and section 3302, and shall be designed in a manner which streamlines, to the extent possible, the application of requirements of this section and section 7705, the exchange of information between a certified professional employer organization and its customers, and the reporting and recordkeeping obligations of the certified professional employer organization.

“(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.”

(b) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION DEFINED.—Chapter 79 is amended by adding at the end the following new section:

**“SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.**

“(a) IN GENERAL.—For purposes of this title, the term ‘certified professional employer organization’ means a person who applies to be treated as a certified professional employer organization for purposes of section 3511 and has been certified by the Secretary as meeting the requirements of subsection (b).

“(b) CERTIFICATION REQUIREMENTS.—A person meets the requirements of this subsection if such person—

“(1) demonstrates that such person (and any owner, officer, and other persons as may be specified in regulations) meets such requirements as the Secretary shall establish, including requirements with respect to tax status, background, experience, business location, and annual financial audits,

“(2) agrees that it will satisfy the bond and independent financial review requirements of subsection (c) on an ongoing basis,

“(3) agrees that it will satisfy such reporting obligations as may be imposed by the Secretary,

“(4) computes its taxable income using an accrual method of accounting unless the Secretary approves another method,

“(5) agrees to verify on such periodic basis as the Secretary may prescribe that it continues to meet the requirements of this subsection, and

“(6) agrees to notify the Secretary in writing within such time as the Secretary may prescribe of any change that materially affects the continuing accuracy of any agreement or information that was previously made or provided under this subsection.

“(c) BOND AND INDEPENDENT FINANCIAL REVIEW.—

“(1) IN GENERAL.—An organization meets the requirements of this paragraph if such organization—

“(A) meets the bond requirements of paragraph (2), and

“(B) meets the independent financial review requirements of paragraph (3).

“(2) BOND.—

“(A) IN GENERAL.—A certified professional employer organization meets the requirements of this paragraph if the organization has posted a bond for the payment of taxes under subtitle C (in a form acceptable to the Secretary) that is in an amount at least equal to the amount specified in subparagraph (B).

“(B) AMOUNT OF BOND.—For the period April 1 of any calendar year through March 31 of the following calendar year, the amount of the bond required is equal to the greater of—

“(i) 5 percent of the organization’s liability under section 3511 for taxes imposed by subtitle C during the preceding calendar year (but not to exceed \$1,000,000), or

“(ii) \$50,000.

“(3) INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—A certified professional employer organization meets the requirements of this paragraph if such organization—

“(A) has, as of the most recent audit date, caused to be prepared and provided to the Secretary (in such manner as the Secretary may prescribe) an opinion of an independent certified public accountant as to whether the certified professional employer organization’s financial statements are presented fairly in accordance with generally accepted accounting principles, and

“(B) provides to the Secretary an assertion regarding Federal employment tax payments and an examination

level attestation on such assertion from an independent certified public accountant not later than the last day of the second month beginning after the end of each calendar quarter.

Such assertion shall state that the organization has withheld and made deposits of all taxes imposed by chapters 21, 22, and 24 in accordance with regulations imposed by the Secretary for such calendar quarter and such examination level attestation shall state that such assertion is fairly stated, in all material respects.

“(4) CONTROLLED GROUP RULES.—For purposes of the requirements of paragraphs (2) and (3), all certified professional employer organizations that are members of a controlled group within the meaning of sections 414(b) and (c) shall be treated as a single organization.

“(5) FAILURE TO FILE ASSERTION AND ATTESTATION.—If the certified professional employer organization fails to file the assertion and attestation required by paragraph (3) with respect to any calendar quarter, then the requirements of paragraph (3) with respect to such failure shall be treated as not satisfied for the period beginning on the due date for such attestation.

“(6) AUDIT DATE.—For purposes of paragraph (3)(A), the audit date shall be six months after the completion of the organization’s fiscal year.

“(d) SUSPENSION AND REVOCATION AUTHORITY.—The Secretary may suspend or revoke a certification of any person under subsection (b) for purposes of section 3511 if the Secretary determines that such person is not satisfying the agreements or requirements of subsections (b) or (c), or fails to satisfy applicable accounting, reporting, payment, or deposit requirements.

“(e) WORK SITE EMPLOYEE.—For purposes of this title—

“(1) IN GENERAL.—The term ‘work site employee’ means, with respect to a certified professional employer organization, an individual who—

“(A) performs services for a customer pursuant to a contract which is between such customer and the certified professional employer organization and which meets the requirements of paragraph (2), and

“(B) performs services at a work site meeting the requirements of paragraph (3).

“(2) SERVICE CONTRACT REQUIREMENTS.—A contract meets the requirements of this paragraph with respect to an individual performing services for a customer if such contract is in writing and provides that the certified professional employer organization shall—

“(A) assume responsibility for payment of wages to such individual, without regard to the receipt or adequacy of payment from the customer for such services,

“(B) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C, with respect to such individual’s wages, without regard to the receipt or adequacy of payment from the customer for such services,

“(C) assume responsibility for any employee benefits which the service contract may require the certified professional employer organization to provide, without regard

to the receipt or adequacy of payment from the customer for such benefits,

“(D) assume responsibility for recruiting, hiring, and firing workers in addition to the customer’s responsibility for recruiting, hiring, and firing workers,

“(E) maintain employee records relating to such individual, and

“(F) agree to be treated as a certified professional employer organization for purposes of section 3511 with respect to such individual.

“(3) WORK SITE COVERAGE REQUIREMENT.—The requirements of this paragraph are met with respect to an individual if at least 85 percent of the individuals performing services for the customer at the work site where such individual performs services are subject to 1 or more contracts with the certified professional employer organization which meet the requirements of paragraph (2) (but not taking into account those individuals who are excluded employees within the meaning of section 414(q)(5)).

“(f) PUBLIC DISCLOSURE.—The Secretary shall make available to the public the name and address of—

“(1) each person certified as a professional employer organization under subsection (a), and

“(2) each person whose certification as a professional employer organization is suspended or revoked under subsection (d).

“(g) DETERMINATION OF EMPLOYMENT STATUS.—Except to the extent necessary for purposes of section 3511, nothing in this section shall be construed to affect the determination of who is an employee or employer for purposes of this title.

“(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 3302 is amended by adding at the end the following new subsection:

“(h) TREATMENT OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a certified professional employer organization (as defined in section 7705), or a customer of such organization, makes a contribution to the State’s unemployment fund with respect to wages paid to a work site employee, such certified professional employer organization shall be eligible for the credits available under this section with respect to such contribution.”.

(2) Section 3303(a) is amended—

(A) by striking the period at the end of paragraph (3) and inserting “; and” and by inserting after paragraph

(3) the following new paragraph:

“(4) if the taxpayer is a certified professional employer organization (as defined in section 7705) that is treated as the employer under section 3511, such certified professional employer organization is permitted to collect and remit, in accordance with paragraphs (1), (2), and (3), contributions during the taxable year to the State unemployment fund with respect to a work site employee.”, and

(B) in the last sentence—

(i) by striking “paragraphs (1), (2), and (3)” and inserting “paragraphs (1), (2), (3), and (4)”, and

(ii) by striking “paragraph (1), (2), or (3)” and inserting “paragraph (1), (2), (3), or (4)”.

(3) Section 6053(c) is amended by adding at the end the following new paragraph:

“(8) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of any report required by this subsection, in the case of a certified professional employer organization that is treated under section 3511 as the employer of a work site employee, the customer with respect to whom a work site employee performs services shall be the employer for purposes of reporting under this section and the certified professional employer organization shall furnish to the customer and the Secretary any information the Secretary prescribes as necessary to complete such reporting no later than such time as the Secretary shall prescribe.”.

(4) Section 6652 is amended by adding at the end the following new subsection:

“(n) FAILURE TO MAKE REPORTS REQUIRED UNDER SECTIONS 3511, 6053(c)(8), AND 7705.—In the case of a failure to make a report required under section 3511, 6053(c)(8), or 7705 which contains the information required by such section on the date prescribed therefor (determined with regard to any extension of time for filing), there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing to make such report, an amount equal to \$50 for each report with respect to which there was such a failure. In the case of any failure due to negligence or intentional disregard the preceding sentence shall be applied by substituting ‘\$100’ for ‘\$50’.”.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 25 is amended by adding at the end the following new item:

“Sec. 3511. Certified professional employer organizations.”.

(2) The table of sections for chapter 79 is amended by inserting after the item relating to section 7704 the following new item:

“Sec. 7705. Certified professional employer organizations.”.

(f) USER FEES.—Section 7528(b) is amended by adding at the end the following new paragraph:

“(4) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The fee charged under the program in connection with the certification by the Secretary of a professional employer organization under section 7705 shall be an annual fee not to exceed \$1,000 per year.”.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to wages for services performed on or after January 1 of the first calendar year beginning more than 12 months after the date of the enactment of this Act.

(2) CERTIFICATION PROGRAM.—The Secretary of the Treasury shall establish the certification program described in section 7705(b) of the Internal Revenue Code of 1986, as added by subsection (b), not later than 6 months before the effective date determined under paragraph (1).

(h) NO INFERENCE.—Nothing contained in this section or the amendments made by this section shall be construed to create

any inference with respect to the determination of who is an employee or employer—

- (1) for Federal tax purposes (other than the purposes set forth in the amendments made by this section), or
- (2) for purposes of any other provision of law.

**SEC. 207. EXCLUSION OF DIVIDENDS FROM CONTROLLED FOREIGN CORPORATIONS FROM THE DEFINITION OF PERSONAL HOLDING COMPANY INCOME FOR PURPOSES OF THE PERSONAL HOLDING COMPANY RULES.**

(a) IN GENERAL.—Section 543(a)(1) is amended—

- (1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and

(2) by inserting after subparagraph (B) the following:

“(C) dividends received by a United States shareholder (as defined in section 951(b)) from a controlled foreign corporation (as defined in section 957(a)).”

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

**SEC. 208. INFLATION ADJUSTMENT FOR CERTAIN CIVIL PENALTIES UNDER THE INTERNAL REVENUE CODE OF 1986.**

(a) FAILURE TO FILE TAX RETURN OR PAY TAX.—Section 6651 is amended by adding at the end the following new subsection:

“(i) ADJUSTMENT FOR INFLATION.—

“(1) IN GENERAL.—In the case of any return required to be filed in a calendar year beginning after 2014, the \$135 dollar amount under subsection (a) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by substituting ‘calendar year 2013’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(2) ROUNDING.—If any amount adjusted under paragraph (1) is not a multiple of \$5, such amount shall be rounded to the next lowest multiple of \$5.”

(b) FAILURE TO FILE CERTAIN INFORMATION RETURNS, REGISTRATION STATEMENTS, ETC.—

(1) IN GENERAL.—Section 6652(c) is amended by adding at the end the following new paragraph:

“(6) ADJUSTMENT FOR INFLATION.—

“(A) IN GENERAL.—In the case of any failure relating to a return required to be filed in a calendar year beginning after 2014, each of the dollar amounts under paragraphs (1), (2), and (3) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by substituting ‘calendar year 2013’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(B) ROUNDING.—If any amount adjusted under subparagraph (A)—

“(i) is not less than \$5,000 and is not a multiple of \$500, such amount shall be rounded to the next lowest multiple of \$500, and

“(ii) is not described in clause (i) and is not a multiple of \$5, such amount shall be rounded to the next lowest multiple of \$5.”

(2) CONFORMING AMENDMENTS.—

(A) The last sentence of section 6652(c)(1)(A) is amended by striking “the first sentence of this subparagraph shall be applied by substituting ‘\$100’ for ‘\$20’ and” and inserting “in applying the first sentence of this subparagraph, the amount of the penalty for each day during which a failure continues shall be \$100 in lieu of the amount otherwise specified, and”.

(B) Section 6652(c)(2)(C)(ii) is amended by striking “the first sentence of paragraph (1)(A)” and all that follows and inserting “in applying the first sentence of paragraph (1)(A), the amount of the penalty for each day during which a failure continues shall be \$100 in lieu of the amount otherwise specified, and in lieu of applying the second sentence of paragraph (1)(A), the maximum penalty under paragraph (1)(A) shall not exceed \$50,000, and”.

(c) OTHER ASSESSABLE PENALTIES WITH RESPECT TO THE PREPARATION OF TAX RETURNS FOR OTHER PERSONS.—Section 6695 is amended by adding at the end the following new subsection:

“(h) ADJUSTMENT FOR INFLATION.—

“(1) IN GENERAL.—In the case of any failure relating to a return or claim for refund filed in a calendar year beginning after 2014, each of the dollar amounts under subsections (a), (b), (c), (d), (e), (f), and (g) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by substituting ‘calendar year 2013’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(2) ROUNDING.—If any amount adjusted under subparagraph (A)—

“(A) is not less than \$5,000 and is not a multiple of \$500, such amount shall be rounded to the next lowest multiple of \$500, and

“(B) is not described in clause (i) and is not a multiple of \$5, such amount shall be rounded to the next lowest multiple of \$5.”

(d) FAILURE TO FILE PARTNERSHIP RETURN.—Section 6698 is amended by adding at the end the following new subsection:

“(e) ADJUSTMENT FOR INFLATION.—

“(1) IN GENERAL.—In the case of any return required to be filed in a calendar year beginning after 2014, the \$195 dollar amount under subsection (b)(1) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by substituting ‘calendar year 2013’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(2) ROUNDING.—If any amount adjusted under paragraph (1) is not a multiple of \$5, such amount shall be rounded to the next lowest multiple of \$5.”

(e) FAILURE TO FILE S CORPORATION RETURN.—Section 6699 is amended by adding at the end the following new subsection:

“(e) ADJUSTMENT FOR INFLATION.—

“(1) IN GENERAL.—In the case of any return required to be filed in a calendar year beginning after 2014, the \$195 dollar amount under subsection (b)(1) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by substituting ‘calendar year 2013’ for ‘calendar year 1992’ in subparagraph (B) thereof.



“(2) ROUNDING.—If any amount adjusted under paragraph (1) is not a multiple of \$5, such amount shall be rounded to the next lowest multiple of \$5.”.

(f) FAILURE TO FILE CORRECT INFORMATION RETURNS.—Section 6721(f)(1) is amended by striking “For each fifth calendar year beginning after 2012” and inserting “In the case of any failure relating to a return required to be filed in a calendar year beginning after 2014”.

(g) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—Section 6722(f)(1) is amended by striking “For each fifth calendar year beginning after 2012” and inserting “In the case of any failure relating to a statement required to be furnished in a calendar year beginning after 2014”.

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed after December 31, 2014.

**SEC. 209. INCREASE IN CONTINUOUS LEVY.**

(a) IN GENERAL.—Paragraph (3) of section 6331(h) is amended by striking the period at the end and inserting “and by substituting ‘30 percent’ for ‘15 percent’ in the case of any specified payment due to a Medicare provider or supplier under title XVIII of the Social Security Act.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made after 180 days after the date of the enactment of this Act.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*