

Calendar No. \_\_\_\_\_

113TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

[Report No. 113-\_\_\_\_\_] ]

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

---

Mr. WYDEN, from the Committee on Finance of the Senate, reported the following original bill; which was read twice and placed on the calendar

---

## A BILL

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Expiring Provisions Improvement, Reform, and Effi-  
6 ciency Act of 2014” or the “EXPIRE Act of 2014”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-  
8 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment  
 2 to, or repeal of, a section or other provision, the reference  
 3 shall be considered to be made to a section or other provi-  
 4 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title, etc.

Sec. 2. Sense of the Senate.

#### TITLE I—PROVISIONS EXPIRING IN 2013

##### Subtitle A—Individual Tax Extenders

Sec. 101. Extension of health care tax credit.

Sec. 102. Extension of deduction for certain expenses of elementary and secondary school teachers.

Sec. 103. Extension of exclusion from gross income of discharge of qualified principal residence indebtedness.

Sec. 104. Extension of parity and modification of exclusion from income for employer-provided mass transit and parking benefits.

Sec. 105. Extension of mortgage insurance premiums treated as qualified residence interest.

Sec. 106. Extension of deduction of State and local general sales taxes.

Sec. 107. Extension of special rule for contributions of capital gain real property made for conservation purposes.

Sec. 108. Extension of above-the-line deduction for qualified tuition and related expenses.

Sec. 109. Extension of tax-free distributions from individual retirement plans for charitable purposes.

##### Subtitle B—Business Tax Extenders

Sec. 111. Extension and modification of research credit.

Sec. 112. Extension and modification of temporary minimum low-income housing tax credit rate for non-federally subsidized buildings.

Sec. 113. Extension of military housing allowance exclusion for determining whether a tenant in certain counties is low-income.

Sec. 114. Extension of Indian employment tax credit.

Sec. 115. Extension and modification of new markets tax credit.

Sec. 116. Extension of railroad track maintenance credit.

Sec. 117. Extension of mine rescue team training credit.

Sec. 118. Extension and modification of employer wage credit for employees who are active duty members of the uniformed services.

Sec. 119. Extension and modification of work opportunity tax credit.

Sec. 120. Extension and modification of qualified zone academy bonds.

Sec. 121. Extension of classification of certain race horses as 3-year property.

Sec. 122. Extension of 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.

- Sec. 123. Extension of 7-year recovery period for motorsports entertainment complexes.
- Sec. 124. Extension of accelerated depreciation for business property on an Indian reservation.
- Sec. 125. Extension of bonus depreciation.
- Sec. 126. Extension of enhanced charitable deduction for contributions of food inventory.
- Sec. 127. Extension and modification of increased expensing limitations and treatment of certain real property as section 179 property.
- Sec. 128. Extension of election to expense mine safety equipment.
- Sec. 129. Extension of special expensing rules for certain film and television productions; special expensing for live theatrical productions.
- Sec. 130. Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 131. Extension of modification of tax treatment of certain payments to controlling exempt organizations.
- Sec. 132. Extension of treatment of certain dividends of regulated investment companies.
- Sec. 133. Extension of RIC qualified investment entity treatment under FIRPTA.
- Sec. 134. Extension of subpart F exception for active financing income.
- Sec. 135. Extension of look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.
- Sec. 136. Extension of temporary exclusion of 100 percent of gain on certain small business stock.
- Sec. 137. Extension of basis adjustment to stock of S corporations making charitable contributions of property.
- Sec. 138. Extension of reduction in S-corporation recognition period for built-in gains tax.
- Sec. 139. Extension of empowerment zone tax incentives.
- Sec. 140. Extension of temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands.
- Sec. 141. Extension of American Samoa economic development credit.

#### Subtitle C—Energy Tax Extenders

- Sec. 151. Extension and modification of credit for nonbusiness energy property.
- Sec. 152. Extension of credit for 2-wheeled plug-in electric vehicles.
- Sec. 153. Extension of second generation biofuel producer credit.
- Sec. 154. Extension of incentives for biodiesel and renewable diesel.
- Sec. 155. Extension and modification of production credit for Indian coal facilities placed in service before 2009.
- Sec. 156. Extension of credits with respect to facilities producing energy from certain renewable resources.
- Sec. 157. Extension of credit for energy-efficient new homes.
- Sec. 158. Extension of special allowance for second generation biofuel plant property.
- Sec. 159. Extension and modification of energy efficient commercial buildings deduction.
- Sec. 160. Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- Sec. 161. Extension of excise tax credits relating to certain fuels.

## 4

## Subtitle A—Energy Tax Extenders

- Sec. 201. Extension of credit for new qualified fuel cell motor vehicles.  
 Sec. 202. Extension of credit for alternative fuel vehicle refueling property.

Subtitle B—Extenders Relating to Multiemployer Defined Benefit Pension  
 Plans

- Sec. 251. Extension of automatic extension of amortization periods.  
 Sec. 252. Extension of funding improvement and rehabilitation plan rules.

## TITLE III—REVENUE PROVISIONS

- Sec. 301. Penalty for failure to meet due diligence requirements for the child tax credit.  
 Sec. 302. 100 percent continuous levy on payment to medicare providers and suppliers.  
 Sec. 303. Exclusion from gross income of certain clean coal power grants to non-corporate taxpayers.  
 Sec. 304. Reform of rules relating to qualified tax collection contracts.  
 Sec. 305. Special compliance personnel program.  
 Sec. 306. Exclusion of dividends from controlled foreign corporations from the definition of personal holding company income for purposes of the personal holding company rules.  
 Sec. 307. Inflation adjustment for certain civil penalties under the Internal Revenue Code of 1986.

## TITLE IV—BUDGETARY EFFECTS

- Sec. 401. Budgetary effects.

**1 SEC. 2. SENSE OF THE SENATE.**

2 It is the sense of the Senate that—

3 (1) a process of comprehensive tax reform  
 4 should commence in the 114th Congress and should  
 5 conclude before January 1, 2016;

6 (2) Congress should endeavor, as part of such  
 7 a tax reform process, to eliminate temporary provi-  
 8 sions from the Internal Revenue Code of 1986 by  
 9 making permanent those provisions that merit per-  
 10 manency and allowing others to expire;



1 **SEC. 102. EXTENSION OF DEDUCTION FOR CERTAIN EX-**  
2 **PENSES OF ELEMENTARY AND SECONDARY**  
3 **SCHOOL TEACHERS.**

4 (a) IN GENERAL.—Subparagraph (D) of section  
5 62(a)(2) is amended by striking “or 2013” and inserting  
6 “2013, 2014, or 2015”.

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

10 **SEC. 103. EXTENSION OF EXCLUSION FROM GROSS INCOME**  
11 **OF DISCHARGE OF QUALIFIED PRINCIPAL**  
12 **RESIDENCE INDEBTEDNESS.**

13 (a) IN GENERAL.—Subparagraph (E) of section  
14 108(a)(1) is amended by striking “January 1, 2014” and  
15 inserting “January 1, 2016”.

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

19 **SEC. 104. EXTENSION OF PARITY AND MODIFICATION OF**  
20 **EXCLUSION FROM INCOME FOR EMPLOYER-**  
21 **PROVIDED MASS TRANSIT AND PARKING**  
22 **BENEFITS.**

23 (a) EXTENSION.—

24 (1) IN GENERAL.—Paragraph (2) of section  
25 132(f) is amended by striking “January 1, 2014”  
26 and inserting “January 1, 2016”.

1           (2) EFFECTIVE DATE.—The amendment made  
2           by this subsection shall apply to months after De-  
3           cember 31, 2013.

4           (b) USE OF A BIKE SHARE PROGRAM AS A QUALI-  
5           FIED TRANSPORTATION FRINGE.—

6           (1) IN GENERAL.—Section 132(f)(5)(F) is  
7           amended—

8                   (A) in clause (i), by striking “repair, and  
9                   storage, if such bicycle” and inserting “repair,  
10                  and storage (or use of a bike sharing program,  
11                  in the case of taxable years beginning before  
12                  January 1, 2016), if such bicycle or bike shar-  
13                  ing program”, and

14                   (B) in clause (iii)(I), by inserting “or bike  
15                  sharing program” after “bicycle”.

16           (2) EFFECTIVE DATE.—The amendments made  
17           by this subsection shall apply to taxable years begin-  
18           ning after December 31, 2013.

19 **SEC. 105. EXTENSION OF MORTGAGE INSURANCE PRE-**  
20 **MIUMS TREATED AS QUALIFIED RESIDENCE**  
21 **INTEREST.**

22           (a) IN GENERAL.—Subclause (I) of section  
23 163(h)(3)(E)(iv) is amended by striking “December 31,  
24 2013” and inserting “December 31, 2015”.

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

4 **SEC. 106. EXTENSION OF DEDUCTION OF STATE AND LOCAL**  
5 **GENERAL SALES TAXES.**

6 (a) IN GENERAL.—Subparagraph (I) of section  
7 164(b)(5) is amended by striking “January 1, 2014” and  
8 inserting “January 1, 2016”.

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

12 **SEC. 107. EXTENSION OF SPECIAL RULE FOR CONTRIBU-**  
13 **TIONS OF CAPITAL GAIN REAL PROPERTY**  
14 **MADE FOR CONSERVATION PURPOSES.**

15 (a) IN GENERAL.—Clause (vi) of section  
16 170(b)(1)(E) is amended by striking “December 31,  
17 2013” and inserting “December 31, 2015”.

18 (b) CONTRIBUTIONS BY CERTAIN CORPORATE FARM-  
19 ERS AND RANCHERS.—Clause (iii) of section 170(b)(2)(B)  
20 is amended by striking “December 31, 2013” and insert-  
21 ing “December 31, 2015”.

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



1 **SEC. 108. EXTENSION OF ABOVE-THE-LINE DEDUCTION FOR**  
2 **QUALIFIED TUITION AND RELATED EX-**  
3 **PENSES.**

4 (a) IN GENERAL.—Subsection (e) of section 222 is  
5 amended by striking “December 31, 2013” and inserting  
6 “December 31, 2015”.

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

10 **SEC. 109. EXTENSION OF TAX-FREE DISTRIBUTIONS FROM**  
11 **INDIVIDUAL RETIREMENT PLANS FOR CHARI-**  
12 **TABLE PURPOSES.**

13 (a) IN GENERAL.—Subparagraph (F) of section  
14 408(d)(8) is amended by striking “December 31, 2013”  
15 and inserting “December 31, 2015”.

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

19 **Subtitle B—Business Tax**  
20 **Extenders**

21 **SEC. 111. EXTENSION AND MODIFICATION OF RESEARCH**  
22 **CREDIT.**

23 (a) EXTENSION.—

24 (1) IN GENERAL.—Paragraph (1) of section  
25 41(h) is amended by striking “paid or incurred” and

1 all that follows and inserting “paid or incurred after  
2 December 31, 2015.”.

3 (2) CONFORMING AMENDMENT.—Subparagraph  
4 (D) of section 45C(b)(1) is amended to read as fol-  
5 lows:

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

10 (3) EFFECTIVE DATE.—The amendments made  
11 by this subsection shall apply to amounts paid or in-  
12 curred after December 31, 2013.

13 (b) TREATMENT OF RESEARCH CREDIT FOR CER-  
14 TAIN STARTUP COMPANIES.—

15 (1) IN GENERAL.—Section 41 is amended by  
16 adding at the end the following new subsection:

17 “(i) TREATMENT OF CREDIT FOR QUALIFIED SMALL  
18 BUSINESSES.—

19 “(1) IN GENERAL.—At the election of a quali-  
20 fied small business for any taxable year, section  
21 3111(f) shall apply to the payroll tax credit portion  
22 of the credit otherwise determined under subsection  
23 (a) for the taxable year and such portion shall not  
24 be treated (other than for purposes of section 280C)  
25 as a credit determined under subsection (a).

1           “(2) PAYROLL TAX CREDIT PORTION.—For  
2 purposes of this subsection, the payroll tax credit  
3 portion of the credit determined under subsection  
4 (a) with respect to any qualified small business for  
5 any taxable year is the least of—

6           “(A) the amount specified in the election  
7 made under this subsection,

8           “(B) the credit determined under sub-  
9 section (a) for the taxable year (determined be-  
10 fore the application of this subsection), or

11           “(C) in the case of a qualified small busi-  
12 ness other than a partnership or S corporation,  
13 the amount of the business credit carryforward  
14 under section 39 carried from the taxable year  
15 (determined before the application of this sub-  
16 section to the taxable year).

17           “(3) QUALIFIED SMALL BUSINESS.—For pur-  
18 poses of this subsection—

19           “(A) IN GENERAL.—The term ‘qualified  
20 small business’ means, with respect to any tax-  
21 able year—

22           “(i) a corporation or partnership, if—

23           “(I) the gross receipts (as deter-  
24 mined under the rules of section  
25 448(c)(3), without regard to subpara-

1 graph (A) thereof) of such entity for  
2 the taxable year is less than  
3 \$5,000,000, and

4 “(II) such entity did not have  
5 gross receipts (as so determined) for  
6 any taxable year preceding the 5-tax-  
7 able-year period ending with such tax-  
8 able year, and

9 “(ii) any person (other than a cor-  
10 poration or partnership) who meets the re-  
11 quirements of subclauses (I) and (II) of  
12 clause (i), determined—

13 “(I) by substituting ‘person’ for  
14 ‘entity’ each place it appears, and

15 “(II) by only taking into account  
16 the aggregate gross receipts received  
17 by such person in carrying on all  
18 trades or businesses of such person.

19 “(B) LIMITATION.—Such term shall not  
20 include an organization which is exempt from  
21 taxation under section 501.

22 “(4) ELECTION.—

23 “(A) IN GENERAL.—Any election under  
24 this subsection for any taxable year—

1 “(i) shall specify the amount of the  
2 credit to which such election applies,

3 “(ii) shall be made on or before the  
4 due date (including extensions) of—

5 “(I) in the case of a qualified  
6 small business which is a partnership,  
7 the return required to be filed under  
8 section 6031,

9 “(II) in the case of a qualified  
10 small business which is an S corpora-  
11 tion, the return required to be filed  
12 under section 6037, and

13 “(III) in the case of any other  
14 qualified small business, the return of  
15 tax for the taxable year, and

16 “(iii) may be revoked only with the  
17 consent of the Secretary.

18 “(B) LIMITATIONS.—

19 “(i) AMOUNT.—The amount specified  
20 in any election made under this subsection  
21 shall not exceed \$250,000.

22 “(ii) NUMBER OF TAXABLE YEARS.—  
23 A person may not make an election under  
24 this subsection if such person (or any other  
25 person treated as a single taxpayer with

1           such person under paragraph (5)(A)) has  
2           made an election under this subsection for  
3           5 or more preceding taxable years.

4           “(C) SPECIAL RULE FOR PARTNERSHIPS  
5           AND S CORPORATIONS.—In the case of a quali-  
6           fied small business which is a partnership or S  
7           corporation, the election made under this sub-  
8           section shall be made at the entity level.

9           “(5) AGGREGATION RULES.—

10           “(A) IN GENERAL.—Except as provided in  
11           subparagraph (B), all persons or entities treat-  
12           ed as a single taxpayer under subsection (f)(1)  
13           shall be treated as a single taxpayer for pur-  
14           poses of this subsection.

15           “(B) SPECIAL RULES.—For purposes of  
16           this subsection and section 3111(f)—

17           “(i) each of the persons treated as a  
18           single taxpayer under subparagraph (A)  
19           may separately make the election under  
20           paragraph (1) for any taxable year, and

21           “(ii) the \$250,000 amount under  
22           paragraph (4)(B)(i) shall be allocated  
23           among all persons treated as a single tax-  
24           payer under subparagraph (A) in the same  
25           manner as under subparagraph (A)(ii) or

1 (B)(ii) of subsection (f)(1), whichever is  
2 applicable.

3 “(6) REGULATIONS.—The Secretary shall pre-  
4 scribe such regulations as may be necessary to carry  
5 out the purposes of this subsection, including—

6 “(A) regulations to prevent the avoidance  
7 of the purposes of the limitations and aggrega-  
8 tion rules under this subsection through the use  
9 of successor companies or other means,

10 “(B) regulations to minimize compliance  
11 and record-keeping burdens under this sub-  
12 section, and

13 “(C) regulations for recapturing the ben-  
14 efit of credits determined under section 3111(f)  
15 in cases where there is a subsequent adjustment  
16 to the payroll tax credit portion of the credit  
17 determined under subsection (a), including re-  
18 quiring amended income tax returns in the  
19 cases where there is such an adjustment.”.

20 (2) CREDIT ALLOWED AGAINST FICA TAXES.—

21 Section 3111 is amended by adding at the end the  
22 following new subsection:

23 “(f) CREDIT FOR RESEARCH EXPENDITURES OF  
24 QUALIFIED SMALL BUSINESSES.—

1           “(1) IN GENERAL.—In the case of a taxpayer  
2 who has made an election under section 41(i) for a  
3 taxable year, there shall be allowed as a credit  
4 against the tax imposed by subsection (a) for the  
5 first calendar quarter which begins after the date on  
6 which the taxpayer files the return specified in sec-  
7 tion 41(i)(4)(A)(ii) an amount equal to the payroll  
8 tax credit portion determined under section 41(i)(2).

9           “(2) LIMITATION.—The credit allowed by para-  
10 graph (1) shall not exceed the tax imposed by sub-  
11 section (a) for any calendar quarter on the wages  
12 paid with respect to the employment of all individ-  
13 uals in the employ of the employer.

14           “(3) CARRYOVER OF UNUSED CREDIT.—If the  
15 amount of the credit under paragraph (1) exceeds  
16 the limitation of paragraph (2) for any calendar  
17 quarter, such excess shall be carried to the suc-  
18 ceeding calendar quarter and allowed as a credit  
19 under paragraph (1) for such quarter.

20           “(4) DEDUCTION ALLOWED FOR CREDITED  
21 AMOUNTS.—The credit allowed under paragraph (1)  
22 shall not be taken into account for purposes of de-  
23 termining the amount of any deduction allowed  
24 under chapter 1 for taxes imposed under subsection  
25 (a).”.



1           (3) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to credits determined  
3           for taxable years beginning after December 31,  
4           2013.

5           (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
6           IMUM TAX.—

7           (1) IN GENERAL.—Subparagraph (B) of section  
8           38(c)(4) is amended—

9                   (A) by redesignating clauses (ii), (iii), (iv),  
10                   (v), (vi), (vii), (viii), and (ix) as clauses (iii),  
11                   (iv), (v), (vi), (vii), (viii), (ix), and (x), respec-  
12                   tively, and

13                   (B) by inserting after clause (i) the fol-  
14                   lowing new clause:

15                           “(ii) the credit determined under sec-  
16                           tion 41 with respect to an eligible small  
17                           business (as defined in paragraph (5)(C),  
18                           after application of rules similar to the  
19                           rules of paragraph (5)(D)),”.

20           (2) EFFECTIVE DATE.—The amendments made  
21           by this subsection shall apply to credits determined  
22           for taxable years beginning after December 31,  
23           2013, and to carrybacks of such credits.

1 **SEC. 112. EXTENSION AND MODIFICATION OF TEMPORARY**  
2 **MINIMUM LOW-INCOME HOUSING TAX CRED-**  
3 **IT RATE FOR NON-FEDERALLY SUBSIDIZED**  
4 **BUILDINGS.**

5 (a) IN GENERAL.—Subparagraph (A) of section  
6 42(b)(2) is amended by striking “January 1, 2014” and  
7 inserting “January 1, 2016”.

8 (b) TEMPORARY MINIMUM CREDIT RATE FOR NON-  
9 FEDERALLY SUBSIDIZED EXISTING BUILDINGS.—Sub-  
10 section (b) of section 42 is amended by redesignating  
11 paragraph (3) as paragraph (4) and by inserting after  
12 paragraph (2) the following new paragraph:

13 “(3) TEMPORARY MINIMUM CREDIT RATE FOR  
14 NON-FEDERALLY SUBSIDIZED EXISTING BUILD-  
15 INGS.—In the case of any existing building—

16 “(A) which is placed in service by the tax-  
17 payer after the date of the enactment of the  
18 EXPIRE Act of 2014 with respect to housing  
19 credit dollar amount allocations made before  
20 January 1, 2016, and

21 “(B) which is not federally subsidized for  
22 the taxable year,  
23 the applicable percentage shall not be less than 4  
24 percent.”.

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

1 **SEC. 113. EXTENSION OF MILITARY HOUSING ALLOWANCE**  
2 **EXCLUSION FOR DETERMINING WHETHER A**  
3 **TENANT IN CERTAIN COUNTIES IS LOW-IN-**  
4 **COME.**

5 (a) **IN GENERAL.**—Subsection (b) of section 3005 of  
6 the Housing Assistance Tax Act of 2008 is amended by  
7 striking “January 1, 2014” each place it appears and in-  
8 serting “January 1, 2016”.

9 (b) **EFFECTIVE DATE.**—The amendments made by  
10 this section shall take effect as if included in the enact-  
11 ment of section 3005 of the Housing Assistance Tax Act  
12 of 2008.

13 **SEC. 114. EXTENSION OF INDIAN EMPLOYMENT TAX CRED-**  
14 **IT.**

15 (a) **IN GENERAL.**—Subsection (f) of section 45A is  
16 amended by striking “December 31, 2013” and inserting  
17 “December 31, 2015”.

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

21 **SEC. 115. EXTENSION AND MODIFICATION OF NEW MAR-**  
22 **KETS TAX CREDIT.**

23 (a) **IN GENERAL.**—Subparagraph (G) of section  
24 45D(f)(1) is amended by striking “and 2013” and insert-  
25 ing “2013, 2014, and 2015”.

1 (b) CARRYOVER OF UNUSED LIMITATION.—Para-  
2 graph (3) of section 45D(f) is amended by striking  
3 “2018” and inserting “2020”.

4 (c) ALLOCATIONS DESIGNATED FOR AREAS IM-  
5 PACTED BY DECLINE IN MANUFACTURING.—Paragraph  
6 (3) of section 45D(f), as amended by subsection (b), is  
7 amended—

8 (1) by striking “If the new markets tax credit  
9 limitation” and inserting the following:

10 “(A) IN GENERAL.—If the new markets  
11 tax credit limitation”,

12 (2) by striking “No” in the last sentence and  
13 inserting “Except as provided in subparagraph (B),  
14 no”, and

15 (3) by adding at the end, the following new sub-  
16 paragraph:

17 “(B) CERTAIN AMOUNTS AVAILABLE FOR  
18 AREAS IMPACTED BY DECLINE IN MANUFAC-  
19 TURING.—Any amount carried to a calendar  
20 year after the year described in the second sen-  
21 tence of subparagraph (A) shall be available  
22 only for allocation to qualified community devel-  
23 opment entities a significant mission of which is  
24 providing investments and services to persons in  
25 the trade or business of manufacturing prod-



1 **SEC. 118. EXTENSION AND MODIFICATION OF EMPLOYER**  
2 **WAGE CREDIT FOR EMPLOYEES WHO ARE AC-**  
3 **TIVE DUTY MEMBERS OF THE UNIFORMED**  
4 **SERVICES.**

5 (a) **IN GENERAL.**—Subsection (f) of section 45P is  
6 amended by striking “December 31, 2013” and inserting  
7 “December 31, 2015”.

8 (b) **APPLICABILITY TO ALL EMPLOYERS.**—

9 (1) **IN GENERAL.**—Subsection (a) of section  
10 45P is amended by striking “, in the case of an eli-  
11 gible small business employer”.

12 (2) **CONFORMING AMENDMENT.**—Paragraph (3)  
13 of section 45P(b) is amended to read as follows:

14 “(3) **CONTROLLED GROUPS.**—All persons treat-  
15 ed as a single employer under subsection (b), (c),  
16 (m), or (o) of section 414 shall be treated as a single  
17 employer.”.

18 (c) **EXPANSION TO 100 PERCENT OF ELIGIBLE DIF-**  
19 **FERENTIAL WAGE PAYMENTS.**—Subsection (a) of section  
20 45P is amended by striking “20 percent of the sum” and  
21 inserting “the sum”.

22 (d) **EFFECTIVE DATE.**—The amendments made by  
23 this section shall apply to payments made after December  
24 31, 2013.

1 **SEC. 119. EXTENSION AND MODIFICATION OF WORK OP-**  
2 **PORTUNITY TAX CREDIT.**

3 (a) IN GENERAL.—Paragraph (4) of section 51(c) is  
4 amended by striking “for the employer” and all that fol-  
5 lows and inserting “for the employer after December 31,  
6 2015”.

7 (b) CREDIT FOR HIRING LONG-TERM UNEMPLOY-  
8 MENT RECIPIENTS.—

9 (1) IN GENERAL.—Paragraph (1) of section  
10 51(d) is amended by striking “or” at the end of sub-  
11 paragraph (H), by striking the period at the end of  
12 subparagraph (I) and inserting “, or”, and by add-  
13 ing at the end the following new subparagraph:

14 “(J) a qualified long-term unemployment  
15 recipient.”.

16 (2) QUALIFIED LONG-TERM UNEMPLOYMENT  
17 RECIPIENT.—Subsection (d) of section 51 is amend-  
18 ed by adding at the end the following new para-  
19 graph:

20 “(15) QUALIFIED LONG-TERM UNEMPLOYMENT  
21 RECIPIENT.—The term ‘qualified long-term unem-  
22 ployment recipient’ means any individual who is cer-  
23 tified by the designated local agency as being in a  
24 period of unemployment which—

25 “(A) is not less than 27 consecutive weeks,  
26 and

1           “(B) includes a period in which the indi-  
2           vidual was receiving unemployment compensa-  
3           tion under State or Federal law.”.

4           (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to individuals who begin work for  
6 the employer after December 31, 2013.

7 **SEC. 120. EXTENSION AND MODIFICATION OF QUALIFIED**  
8 **ZONE ACADEMY BONDS.**

9           (a) EXTENSION.—Paragraph (1) of section 54E(c) is  
10 amended by striking “and 2013” and inserting “2013,  
11 2014, and 2015”.

12           (b) REDUCTION OF PRIVATE BUSINESS CONTRIBU-  
13 TION REQUIREMENT.—Subsection (b) of section 54E is  
14 amended by striking “10 percent” and inserting “5 per-  
15 cent”.

16           (c) EFFECTIVE DATE.—The amendments made by  
17 subsections (a) and (b) shall apply to obligations issued  
18 after December 31, 2013.

19           (d) TECHNICAL CORRECTION AND CONFORMING  
20 AMENDMENT.—

21           (1) IN GENERAL.—Clause (iii) of section  
22 6431(f)(3)(A) is amended—

23                   (A) by striking “2011” and inserting  
24                   “years after 2010”, and



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

3 (2) EFFECTIVE DATE.—The amendments made  
4 by this subsection shall take effect as if included in  
5 section 310 of the American Taxpayer Relief Act of  
6 2012.

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

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

11 (1) by striking “January 1, 2014” in subclause  
12 (I) and inserting “January 1, 2016”, and

13 (2) by striking “December 31, 2013” in sub-  
14 clause (II) and inserting “December 31, 2015”.

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

18 **SEC. 122. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RE-**  
19 **COVERY FOR QUALIFIED LEASEHOLD IM-**  
20 **PROVEMENTS, QUALIFIED RESTAURANT**  
21 **BUILDINGS AND IMPROVEMENTS, AND**  
22 **QUALIFIED RETAIL IMPROVEMENTS.**

23 (a) IN GENERAL.—Clauses (iv), (v), and (ix) of sec-  
24 tion 168(e)(3)(E) are each amended by striking “January  
25 1, 2014” and inserting “January 1, 2016”.

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

4 **SEC. 123. EXTENSION OF 7-YEAR RECOVERY PERIOD FOR**  
5 **MOTORSPORTS ENTERTAINMENT COM-**  
6 **PLEXES.**

7 (a) IN GENERAL.—Subparagraph (D) of section  
8 168(i)(15) is amended by striking “December 31, 2013”  
9 and inserting “December 31, 2015”.

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

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

16 (a) IN GENERAL.—Paragraph (8) of section 168(j)  
17 is amended by striking “December 31, 2013” and insert-  
18 ing “December 31, 2015”.

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

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

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

1 (1) by striking “January 1, 2015” in subpara-  
2 graph (A)(iv) and inserting “January 1, 2017”, and

3 (2) by striking “January 1, 2014” each place  
4 it appears and inserting “January 1, 2016”.

5 (b) SPECIAL RULE FOR FEDERAL LONG-TERM CON-  
6 TRACTS.—Clause (ii) of section 460(c)(6)(B) is amended  
7 by striking “January 1, 2014 (January 1, 2015” and in-  
8 serting “January 1, 2016 (January 1, 2017”.

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

11 (1) IN GENERAL.—Subclause (II) of section  
12 168(k)(4)(D)(iii) is amended by striking “January  
13 1, 2014” and inserting “January 1, 2016”.

14 (2) ROUND 4 EXTENSION PROPERTY.—Para-  
15 graph (4) of section 168(k) is amended by adding at  
16 the end the following new subparagraph:

17 “(K) SPECIAL RULES FOR ROUND 4 EX-  
18 TENSION PROPERTY.—

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

22 “(I) the limitation described in  
23 subparagraph (B)(i) and the business  
24 credit increase amount under sub-

1 paragraph (E)(iii) thereof shall not  
2 apply, and

3 “(II) the bonus depreciation  
4 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.  
5  
6  
7  
8  
9

10 “(ii) ELECTION.—

11 “(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.  
12  
13  
14  
15  
16  
17  
18

19 “(II) A taxpayer who does not  
20 have an election in effect under this  
21 paragraph for round 3 extension property may elect to have this paragraph  
22 apply to round 4 extension property.  
23

24 “(iii) ROUND 4 EXTENSION PROPERTY.—For purposes of this subpara-  
25

1 graph, the term ‘round 4 extension prop-  
2 erty’ means property which is eligible  
3 qualified property solely by reason of the  
4 extension of the application of the special  
5 allowance under paragraph (1) pursuant to  
6 the amendments made by section 215(a) of  
7 the EXPIRE Act of 2014 (and the appli-  
8 cation of such extension to this paragraph  
9 pursuant to the amendment made by sec-  
10 tion 215(c) of such Act).’.

11 (d) CONFORMING AMENDMENTS.—

12 (1) The heading for subsection (k) of section  
13 168 is amended by striking “JANUARY 1, 2014” and  
14 inserting “JANUARY 1, 2016”.

15 (2) The heading for clause (ii) of section  
16 168(k)(2)(B) is amended by striking “PRE-JANUARY  
17 1, 2014” and inserting “PRE-JANUARY 1, 2016”.

18 (3) Subparagraph (C) of section 168(n)(2) is  
19 amended by striking “January 1, 2014” and insert-  
20 ing “January 1, 2016”.

21 (4) Subparagraph (D) of section 1400L(b)(2) is  
22 amended by striking “January 1, 2014” and insert-  
23 ing “January 1, 2016”.



1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to contributions made after De-  
3 cember 31, 2013.

4 **SEC. 127. EXTENSION AND MODIFICATION OF INCREASED**  
5 **EXPENSING LIMITATIONS AND TREATMENT**  
6 **OF CERTAIN REAL PROPERTY AS SECTION**  
7 **179 PROPERTY.**

8 (a) IN GENERAL.—

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

11 (A) by striking “beginning in 2010, 2011,  
12 2012, or 2013” in subparagraph (B) and in-  
13 serting “beginning after 2009 and before  
14 2016”, and

15 (B) by striking “2013” in subparagraph  
16 (C) and inserting “2015”.

17 (2) REDUCTION IN LIMITATION.—Section  
18 179(b)(2) is amended—

19 (A) by striking “beginning in 2010, 2011,  
20 2012, or 2013” in subparagraph (B) and in-  
21 serting “beginning after 2009 and before  
22 2016”, and

23 (B) by striking “2013” in subparagraph  
24 (C) and inserting “2015”.

1           (b)           COMPUTER           SOFTWARE.—Section  
2 179(d)(1)(A)(ii) is amended by striking “2014” and in-  
3 serting “2016”.

4           (c) ELECTION.—Section 179(c)(2) is amended by  
5 striking “2014” and inserting “2016”.

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

8                   (1) IN GENERAL.—Section 179(f)(1) is amend-  
9 ed by striking “beginning in 2010, 2011, 2012, or  
10 2013” and inserting “beginning after 2009 and be-  
11 fore 2016”.

12                   (2) CARRYOVER LIMITATION.—

13                           (A) IN GENERAL.—Section 179(f)(4) is  
14 amended by striking “2013” each place it ap-  
15 pears and inserting “2015”.

16                           (B) CONFORMING AMENDMENT.—The  
17 heading of subparagraph (C) of section  
18 179(f)(4) is amended by striking “2011 AND  
19 2012” and inserting “2011, 2012, 2013, AND  
20 2014”.

21           (e) ADJUSTMENT FOR INFLATION.—Subsection (b)  
22 of section 179 of the Internal Revenue Code of 1986 is  
23 amended by adding at the end the following new para-  
24 graph:

25                           “(6) INFLATION ADJUSTMENT.—



1           “(A) IN GENERAL.—In the case of any  
2 taxable year beginning after 2013, the  
3 \$500,000 amount in paragraph (1)(B) and the  
4 \$2,000,000 amount in paragraph (2)(B) shall  
5 each be increased by an amount equal to—

6                   “(i) such dollar amount, multiplied by

7                   “(ii) the cost-of-living adjustment de-  
8 termined under section 1(f)(3) for the cal-  
9 endar year in which the taxable year be-  
10 gins, by substituting ‘calendar year 2012’  
11 for ‘calendar year 1992’ in subparagraph  
12 (B) thereof.

13           “(B) ROUNDING.—

14                   “(i) DOLLAR LIMITATION.—If the  
15 amount in paragraph (1)(B) as increased  
16 under subparagraph (A) is not a multiple  
17 of \$1,000, such amount shall be rounded  
18 to the nearest multiple of \$1,000.

19                   “(ii) PHASEOUT AMOUNT.—If the  
20 amount in paragraph (2)(B) as increased  
21 under subparagraph (A) is not a multiple  
22 of \$10,000, such amount shall be rounded  
23 to the nearest multiple of \$10,000.”.

1 (f) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2013.

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

6 (a) IN GENERAL.—Subsection (g) of section 179E is  
7 amended by striking “December 31, 2013” and inserting  
8 “December 31, 2015”.

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

12 **SEC. 129. EXTENSION OF SPECIAL EXPENSING RULES FOR**  
13 **CERTAIN FILM AND TELEVISION PRODUC-**  
14 **TIONS; SPECIAL EXPENSING FOR LIVE THE-**  
15 **ATRICAL PRODUCTIONS.**

16 (a) IN GENERAL.—Subsection (f) of section 181 is  
17 amended by striking “December 31, 2013” and inserting  
18 “December 31, 2015”.

19 (b) APPLICATION TO LIVE PRODUCTIONS.—

20 (1) IN GENERAL.—Paragraph (1) of section  
21 181(a) is amended by inserting “, and any qualified  
22 live theatrical production,” after “any qualified film  
23 or television production”.

24 (2) CONFORMING AMENDMENTS.—Section 181  
25 is amended—

1 (A) by inserting “or any qualified live the-  
2 atrical production” after “qualified film or tele-  
3 vision production” each place it appears in sub-  
4 sections (a)(2), (b), and (c)(1),

5 (B) by inserting “or qualified live theat-  
6 rical productions” after “qualified film or tele-  
7 vision productions” in subsection (f), and

8 (C) by inserting “**AND LIVE THEAT-**  
9 **RICAL**” after “**FILM AND TELEVISION**” in  
10 the heading.

11 (3) CLERICAL AMENDMENT.—The item relating  
12 to section 181 in the table of sections for part VI  
13 of subchapter B of chapter 1 is amended to read as  
14 follows:

“Sec. 181. Treatment of certain qualified film and television and live theatrical  
productions.”.

15 (e) QUALIFIED LIVE THEATRICAL PRODUCTION.—  
16 Section 181 is amended—

17 (1) by redesignating subsections (e) and (f), as  
18 amended by subsections (a) and (b), as subsections  
19 (f) and (g), respectively, and

20 (2) by inserting after subsection (d) the fol-  
21 lowing new subsection:

22 “(e) QUALIFIED LIVE THEATRICAL PRODUCTION.—  
23 For purposes of this section—



1                   ferent geographical locations (not in-  
2                   cluding multiple performance locations  
3                   of any one touring production),  
4                   each such live staged production shall be treat-  
5                   ed as a separate production.

6                   “(C) PHASE.—For purposes of subpara-  
7                   graph (B), the term ‘phase’ with respect to any  
8                   qualified live theatrical production refers to  
9                   each of the following, but only if each of the fol-  
10                  lowing is treated by the taxpayer as a separate  
11                  activity for all purposes of this title:

12                   “(i) The initial staging of a live theat-  
13                   rical production.

14                   “(ii) Subsequent additional stagings  
15                   or touring of such production which are  
16                   produced by the same producer as the ini-  
17                   tial staging.

18                   “(D) EXCEPTION.—A production is not de-  
19                   scribed in this paragraph if such production in-  
20                   cludes or consists of any performance of con-  
21                   duct described in section 2257(h)(1) of title 18,  
22                   United States Code.”.

23                   (d) EFFECTIVE DATES.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall apply to productions commencing  
3 after December 31, 2013.

4           (2) COMMENCEMENT.—For purposes of para-  
5 graph (1), the date on which a qualified live theat-  
6 rical production commences is the date of the first  
7 public performance of such production for a paying  
8 audience.

9 **SEC. 130. EXTENSION OF DEDUCTION ALLOWABLE WITH**  
10 **RESPECT TO INCOME ATTRIBUTABLE TO DO-**  
11 **MESTIC PRODUCTION ACTIVITIES IN PUERTO**  
12 **RICO.**

13           (a) IN GENERAL.—Subparagraph (C) of section  
14 199(d)(8) is amended—

15           (1) by striking “first 8 taxable years” and in-  
16 sserting “first 10 taxable years”, and

17           (2) by striking “January 1, 2014” and insert-  
18 ing “January 1, 2016”.

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

1 **SEC. 131. EXTENSION OF MODIFICATION OF TAX TREAT-**  
2 **MENT OF CERTAIN PAYMENTS TO CONTROL-**  
3 **LING EXEMPT ORGANIZATIONS.**

4 (a) IN GENERAL.—Clause (iv) of section  
5 512(b)(13)(E) is amended by striking “December 31,  
6 2013” and inserting “December 31, 2015”.

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

10 **SEC. 132. EXTENSION OF TREATMENT OF CERTAIN DIVI-**  
11 **DENDS OF REGULATED INVESTMENT COMPA-**  
12 **NIES.**

13 (a) IN GENERAL.—Paragraphs (1)(C)(v) and  
14 (2)(C)(v) of section 871(k) are each amended by striking  
15 “December 31, 2013” and inserting “December 31,  
16 2015”.

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

20 **SEC. 133. EXTENSION OF RIC QUALIFIED INVESTMENT EN-**  
21 **TITY TREATMENT UNDER FIRPTA.**

22 (a) IN GENERAL.—Clause (ii) of section  
23 897(h)(4)(A) is amended by striking “December 31,  
24 2013” and inserting “December 31, 2015”.

25 (b) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendment made by  
2 this section shall take effect on January 1, 2014.  
3 Notwithstanding the preceding sentence, such  
4 amendment shall not apply with respect to the with-  
5 holding requirement under section 1445 of the Inter-  
6 nal Revenue Code of 1986 for any payment made  
7 before the date of the enactment of this Act.

8           (2) AMOUNTS WITHHELD ON OR BEFORE DATE  
9 OF ENACTMENT.—In the case of a regulated invest-  
10 ment company—

11                   (A) which makes a distribution after De-  
12 cember 31, 2013, and before the date of the en-  
13 actment of this Act, and

14                   (B) which would (but for the second sen-  
15 tence of paragraph (1)) have been required to  
16 withhold with respect to such distribution under  
17 section 1445 of such Code,

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

22 **SEC. 134. EXTENSION OF SUBPART F EXCEPTION FOR AC-**  
23 **TIVE FINANCING INCOME.**

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



1           (1) by striking “January 1, 2014” and insert-  
2           ing “January 1, 2016”, and

3           (2) by striking “December 31, 2013” and in-  
4           serting “December 31, 2015”.

5           (b) SPECIAL RULE FOR INCOME DERIVED IN THE  
6 ACTIVE CONDUCT OF BANKING, FINANCING, OR SIMILAR  
7 BUSINESSES.—Paragraph (9) of section 954(h) is amend-  
8 ed by striking “January 1, 2014” and inserting “January  
9 1, 2016”.

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

15 **SEC. 135. EXTENSION OF LOOK-THRU TREATMENT OF PAY-**  
16 **MENTS BETWEEN RELATED CONTROLLED**  
17 **FOREIGN CORPORATIONS UNDER FOREIGN**  
18 **PERSONAL HOLDING COMPANY RULES.**

19          (a) IN GENERAL.—Subparagraph (C) of section  
20 954(e)(6) is amended by striking “January 1, 2014” and  
21 inserting “January 1, 2016”.

22          (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to taxable years of foreign corpora-  
24 tions beginning after December 31, 2013, and to taxable

1 years of United States shareholders with or within which  
2 such taxable years of foreign corporations end.

3 **SEC. 136. EXTENSION OF TEMPORARY EXCLUSION OF 100**  
4 **PERCENT OF GAIN ON CERTAIN SMALL BUSI-**  
5 **NESS STOCK.**

6 (a) IN GENERAL.—Paragraph (4) of section 1202(a)  
7 is amended—

8 (1) by striking “January 1, 2014” and insert-  
9 ing “January 1, 2016”, and

10 (2) by striking “AND 2013” in the heading and  
11 inserting “2013, 2014, AND 2015”.

12 (b) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to stock acquired after December  
14 31, 2013.

15 **SEC. 137. EXTENSION OF BASIS ADJUSTMENT TO STOCK OF**  
16 **S CORPORATIONS MAKING CHARITABLE CON-**  
17 **TRIBUTIONS OF PROPERTY.**

18 (a) IN GENERAL.—Paragraph (2) of section 1367(a)  
19 is amended by striking “December 31, 2013” and insert-  
20 ing “December 31, 2015”.

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

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

4 (a) IN GENERAL.—Subparagraph (C) of section  
5 1374(d)(7) is amended—

6 (1) by striking “2012 or 2013” and inserting  
7 “2012, 2013, 2014, or 2015”, and

8 (2) by striking “2012 AND 2013” in the heading  
9 and inserting “2012, 2013, 2014, AND 2015”.

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

13 **SEC. 139. EXTENSION OF EMPOWERMENT ZONE TAX INCEN-**  
14 **TIVES.**

15 (a) IN GENERAL.—Clause (i) of section  
16 1391(d)(1)(A) is amended by striking “December 31,  
17 2013” and inserting “December 31, 2015”.

18 (b) TREATMENT OF CERTAIN TERMINATION DATES  
19 SPECIFIED IN NOMINATIONS.—In the case of a designa-  
20 tion of an empowerment zone the nomination for which  
21 included a termination date which is contemporaneous  
22 with the date specified in subparagraph (A)(i) of section  
23 1391(d)(1) of the Internal Revenue Code of 1986 (as in  
24 effect before the enactment of this Act), subparagraph (B)  
25 of such section shall not apply with respect to such des-  
26 ignation if, after the date of the enactment of this section,

1 the entity which made such nomination amends the nomi-  
2 nation to provide for a new termination date in such man-  
3 ner as the Secretary of the Treasury (or the Secretary's  
4 designee) may provide.

5 (c) TECHNICAL AMENDMENTS RELATING TO SEC-  
6 TION 753 OF THE TAX RELIEF, UNEMPLOYMENT INSUR-  
7 ANCE REAUTHORIZATION, AND JOB CREATION ACT OF  
8 2010; EXTENSION OF NONRECOGNITION OF GAIN ON  
9 ROLLOVER OF EMPOWERMENT ZONE INVESTMENTS.—  
10 Subparagraph (A) of section 1397B(b)(1) is amended by  
11 striking “and” at the end of clause (ii), by striking the  
12 period at the end of clause (iii) and inserting “, and”, and  
13 by adding at the end the following new clause:

14 “(iv) ‘January 1, 2016’ were sub-  
15 stituted for ‘January 1, 2010’ each place it  
16 appears.”.

17 (d) EFFECTIVE DATES.—

18 (1) IN GENERAL.—The amendment made by  
19 subsection (a) shall apply to periods after December  
20 31, 2013.

21 (2) TECHNICAL AMENDMENTS.—The amend-  
22 ments made by subsection (c) shall take effect as if  
23 included in section 753 of the Tax Relief, Unemploy-  
24 ment Insurance Reauthorization, and Job Creation  
25 Act of 2010.

1 **SEC. 140. EXTENSION OF TEMPORARY INCREASE IN LIMIT**  
2 **ON COVER OVER OF RUM EXCISE TAXES TO**  
3 **PUERTO RICO AND THE VIRGIN ISLANDS.**

4 (a) **IN GENERAL.**—Paragraph (1) of section 7652(f)  
5 is amended by striking “January 1, 2014” and inserting  
6 “January 1, 2016”.

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

10 **SEC. 141. EXTENSION OF AMERICAN SAMOA ECONOMIC DE-**  
11 **VELOPMENT CREDIT.**

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

15 (1) by striking “January 1, 2014” each place  
16 it appears and inserting “January 1, 2016”,

17 (2) by striking “first 8 taxable years” in para-  
18 graph (1) and inserting “first 10 taxable years”,  
19 and

20 (3) by striking “first 2 taxable years” in para-  
21 graph (2) and inserting “first 4 taxable years”.

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

# 1 **Subtitle C—Energy Tax Extenders**

## 2 **SEC. 151. EXTENSION AND MODIFICATION OF CREDIT FOR** 3 **NONBUSINESS ENERGY PROPERTY.**

4 (a) IN GENERAL.—Paragraph (2) of section 25C(g)  
5 is amended by striking “December 31, 2013” and insert-  
6 ing “December 31, 2015”.

7 (b) UPDATED ENERGY STAR REQUIREMENTS FOR  
8 WINDOWS, DOORS, SKYLIGHTS, AND ROOFING.—

9 (1) IN GENERAL.—Paragraph (1) of section  
10 25C(e) is amended by striking “which meets” and  
11 all that follows through “requirements”.

12 (2) ENERGY EFFICIENT BUILDING ENVELOPE  
13 COMPONENT.—Subsection (c) of section 25C is  
14 amended by redesignating paragraphs (2) and (3) as  
15 paragraphs (3) and (4), respectively, and by insert-  
16 ing after paragraph (1) the following new para-  
17 graph:

18 “(2) ENERGY EFFICIENT BUILDING ENVELOPE  
19 COMPONENT.—The term ‘energy efficient building  
20 envelope component’ means a building envelope com-  
21 ponent which meets—

22 “(A) applicable Energy Star program re-  
23 quirements, in the case of a roof or roof prod-  
24 ucts,

1           “(B) version 6.0 Energy Star program re-  
2           quirements, in the case of an exterior window,  
3           a skylight, or an exterior door, and

4           “(C) the prescriptive criteria for such com-  
5           ponent established by the 2009 International  
6           Energy Conservation Code, as such Code (in-  
7           cluding supplements) is in effect on the date of  
8           the enactment of the American Recovery and  
9           Reinvestment Tax Act of 2009, in the case of  
10          any other component.”.

11          (3) CONFORMING AMENDMENT.—Subparagraph  
12          (D) of section 25C(c)(3), as so redesignated, is  
13          amended to read as follows:

14                 “(D) any roof or roof products which are  
15                 installed on a dwelling unit and are specifically  
16                 and primarily designed to reduce the heat gain  
17                 of such dwelling unit.”.

18          (c) SEPARATE STANDARDS FOR TANKLESS AND  
19          STORAGE WATER HEATERS.—

20                 (1) IN GENERAL.—Subparagraph (D) of section  
21                 25C(d)(3) is amended by striking “which has either”  
22                 and all that follows and inserting “which has ei-  
23                 ther—

24                         “(i) in the case of a storage water  
25                         heater, an energy factor of at least 0.80 or

1 a thermal efficiency of at least 90 percent,  
2 and  
3 “(ii) in the case of any other water  
4 heater, an energy factor of at least 0.90 or  
5 a thermal efficiency of at least 90 percent,  
6 and”.

7 (2) STORAGE WATER HEATERS.—Paragraph (3)  
8 of section 25C(d) is amended by adding at the end  
9 the following flush sentence:

10 “For purposes of subparagraph (D)(i), the term  
11 ‘storage water heater’ means a water heater that has  
12 a water storage capacity of more than 20 gallons but  
13 not more than 55 gallons.”.

14 (d) MODIFICATION OF TESTING STANDARDS FOR  
15 BIOMASS STOVES.—Subparagraph (E) of section  
16 25C(d)(3) is amended by inserting before the period the  
17 following: “, when tested using the higher heating value  
18 of the fuel and in accordance with the Canadian Standards  
19 Administration B415.1 test protocol”.

20 (e) SEPARATE STANDARD FOR OIL HOT WATER  
21 BOILERS.—Paragraph (4) of section 25C(d) is amended  
22 by striking “95” and inserting “95 (90 in the case of an  
23 oil hot water boiler)”.



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

4 **SEC. 152. EXTENSION OF CREDIT FOR 2-WHEELED PLUG-IN**  
5 **ELECTRIC VEHICLES.**

6 (a) IN GENERAL.—Subparagraph (E) of section  
7 30D(g)(3) is amended by striking “January 1, 2014” and  
8 inserting “January 1, 2014 (January 1, 2016, in the case  
9 of a vehicle that has 2 wheels).”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to vehicles acquired after Decem-  
12 ber 31, 2013.

13 **SEC. 153. EXTENSION OF SECOND GENERATION BIOFUEL**  
14 **PRODUCER CREDIT.**

15 (a) IN GENERAL.—Clause (i) of section 40(b)(6)(J)  
16 is amended by striking “January 1, 2014” and inserting  
17 “January 1, 2016”.

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

21 **SEC. 154. EXTENSION OF INCENTIVES FOR BIODIESEL AND**  
22 **RENEWABLE DIESEL.**

23 (a) CREDITS FOR BIODIESEL AND RENEWABLE DIE-  
24 SEL USED AS FUEL.—Subsection (g) of section 40A is

1 amended by striking “December 31, 2013” and inserting  
2 “December 31, 2015”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 this section shall apply to fuel sold or used after December  
5 31, 2013.

6 **SEC. 155. EXTENSION AND MODIFICATION OF PRODUCTION**  
7 **CREDIT FOR INDIAN COAL FACILITIES**  
8 **PLACED IN SERVICE BEFORE 2009.**

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

12 (b) APPLICATION TO NEW LEASES OR SUBLEASES.—  
13 Paragraph (10) of section 45(d) is amended by inserting  
14 before the period the following: “, and any new lease or  
15 sublease of such a facility”.

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to coal produced after December  
18 31, 2013.

19 **SEC. 156. EXTENSION OF CREDITS WITH RESPECT TO FA-**  
20 **CILITIES PRODUCING ENERGY FROM CER-**  
21 **TAIN RENEWABLE RESOURCES.**

22 (a) IN GENERAL.—The following provisions of sec-  
23 tion 45(d) are each amended by striking “January 1,  
24 2014” each place it appears and inserting “January 1,  
25 2016”:

1 (1) Paragraph (1).

2 (2) Paragraph (2)(A).

3 (3) Paragraph (3)(A).

4 (4) Paragraph (4)(B).

5 (5) Paragraph (6).

6 (6) Paragraph (7).

7 (7) Paragraph (9).

8 (8) Paragraph (11)(B).

9 (b) EXTENSION OF ELECTION TO TREAT QUALIFIED  
10 FACILITIES AS ENERGY PROPERTY.—Clause (ii) of sec-  
11 tion 48(a)(5)(C) is amended by striking “January 1,  
12 2014” and inserting “January 1, 2016”.

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

15 **SEC. 157. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**  
16 **NEW HOMES.**

17 (a) IN GENERAL.—Subsection (g) of section 45L is  
18 amended by striking “December 31, 2013” and inserting  
19 “December 31, 2015”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to homes acquired after December  
22 31, 2013.

1 **SEC. 158. EXTENSION OF SPECIAL ALLOWANCE FOR SEC-**  
2 **OND GENERATION BIOFUEL PLANT PROP-**  
3 **ERTY.**

4 (a) IN GENERAL.—Subparagraph (D) of section  
5 168(l)(2) is amended by striking “January 1, 2014” and  
6 inserting “January 1, 2016”.

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

10 **SEC. 159. EXTENSION AND MODIFICATION OF ENERGY EF-**  
11 **FICIENT COMMERCIAL BUILDINGS DEDUC-**  
12 **TION.**

13 (a) IN GENERAL.—Subsection (h) of section 179D is  
14 amended by striking “December 31, 2013” and inserting  
15 “December 31, 2015”.

16 (b) ALLOCATIONS TO INDIAN TRIBAL GOVERN-  
17 MENTS.—Paragraph (4) of section 179D(d) is amended  
18 by striking “or local” and inserting “local, or Indian trib-  
19 al”.

20 (c) ALLOCATIONS TO CERTAIN NONPROFIT ORGANI-  
21 ZATIONS.—

22 (1) IN GENERAL.—Paragraph (4) of section  
23 179D(d), as amended by subsection (b), is amended  
24 by inserting “, or by an organization that is de-  
25 scribed in section 501(c)(3) and exempt from tax

1 under section 501(a)” after “political subdivision  
2 thereof”.

3 (2) CLERICAL AMENDMENT.—The heading of  
4 paragraph (4) of section 179D(d) is amended by in-  
5 serting “AND PROPERTY HELD BY CERTAIN NON-  
6 PROFITS” after “PUBLIC PROPERTY”.

7 (d) UPDATED ASHRAE STANDARDS FOR 2015.—

8 (1) IN GENERAL.—Paragraph (1) of section  
9 179D(c) is amended by striking “Standard 90.1-  
10 2001” each place it appears and inserting “Stand-  
11 ard 90.1-2007”.

12 (2) CONFORMING AMENDMENTS.—

13 (A) Paragraph (2) of section 179D(c) is  
14 amended to read as follows:

15 “(2) STANDARD 90.1-2007.—The term ‘Standard  
16 90.1-2007’ means Standard 90.1-2007 of the Amer-  
17 ican Society of Heating, Refrigerating, and Air Con-  
18 ditioning Engineers and the Illuminating Engineer-  
19 ing Society of North America (as in effect on the  
20 day before the date of the adoption of Standard  
21 90.1-2010 of such Societies).”.

22 (B) Subsection (f) of section 179D is  
23 amended by striking “Standard 90.1-2001”  
24 each place it appears in paragraphs (1) and  
25 (2)(C)(i) and inserting “Standard 90.1-2007”.

1 (C) Paragraph (1) of section 179D(f) is  
2 amended—

3 (i) by striking “Table 9.3.1.1” and in-  
4 sserting “Table 9.5.1”, and

5 (ii) by striking “Table 9.3.1.2” and  
6 inserting “Table 9.6.1”.

7 (3) EFFECTIVE DATE.—The amendments made  
8 by this paragraph shall apply to property placed in  
9 service after December 31, 2014.

10 (e) EFFECTIVE DATE.—Except as provided in sub-  
11 section (d)(3), the amendments made by this section shall  
12 apply to property placed in service after December 31,  
13 2013.

14 **SEC. 160. EXTENSION OF SPECIAL RULE FOR SALES OR DIS-**  
15 **POSITIONS TO IMPLEMENT FERC OR STATE**  
16 **ELECTRIC RESTRUCTURING POLICY FOR**  
17 **QUALIFIED ELECTRIC UTILITIES.**

18 (a) IN GENERAL.—Paragraph (3) of section 451(i)  
19 is amended by striking “January 1, 2014” and inserting  
20 “January 1, 2016”.

21 (b) EFFECTIVE DATE.—The amendment made by  
22 this section shall apply to dispositions after December 31,  
23 2013.

1 **SEC. 161. EXTENSION OF EXCISE TAX CREDITS RELATING**  
2 **TO CERTAIN FUELS.**

3 (a) EXCISE TAX CREDITS AND OUTLAY PAYMENTS  
4 FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIX-  
5 TURES.—

6 (1) Paragraph (6) of section 6426(c) is amend-  
7 ed by striking “December 31, 2013” and inserting  
8 “December 31, 2015”.

9 (2) Subparagraph (B) of section 6427(e)(6) is  
10 amended by striking “December 31, 2013” and in-  
11 serting “December 31, 2015”.

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

14 (1) IN GENERAL.—Sections 6426(d)(5) and  
15 6426(e)(3) are each amended by striking “December  
16 31, 2013” and inserting “December 31, 2015”.

17 (2) OUTLAY PAYMENTS FOR ALTERNATIVE  
18 FUELS.—Subparagraph (C) of section 6427(e)(6) is  
19 amended by striking “December 31, 2013” and in-  
20 serting “December 31, 2015”.

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

23 (1) IN GENERAL.—Sections 6426(d)(5) and  
24 6426(e)(3), as amended by subsection (b), are each  
25 amended by striking “(September 30, 2014 in the

1 case of any sale or use involving liquefied hydro-  
2 gen)”).

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

6 (A) by striking “except as provided in sub-  
7 paragraph (D), any” in subparagraph (C), as  
8 amended by this Act, and inserting “any”,

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

11 (C) by striking subparagraph (D) and re-  
12 designating subparagraph (E) as subparagraph  
13 (D).

14 (d) EFFECTIVE DATES.—

15 (1) IN GENERAL.—Except as provided in para-  
16 graph (2), the amendments made by this section  
17 shall apply to fuel sold or used after December 31,  
18 2013.

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

22 (e) SPECIAL RULE FOR CERTAIN PERIODS DURING  
23 2014.—Notwithstanding any other provision of law, in the  
24 case of—



1           (1) any biodiesel mixture credit properly deter-  
2           mined under section 6426(c) of the Internal Revenue  
3           Code of 1986 for periods after December 31, 2013,  
4           and before the date of the enactment of this Act,  
5           and

6           (2) any alternative fuel credit properly deter-  
7           mined under section 6426(d) of such Code for such  
8           periods,

9 such credit shall be allowed, and any refund or payment  
10 attributable to such credit (including any payment under  
11 section 6427(e) of such Code) shall be made, only in such  
12 manner as the Secretary of the Treasury (or the Sec-  
13 retary's delegate) shall provide. Such Secretary shall issue  
14 guidance within 30 days after the date of the enactment  
15 of this Act providing for a one-time submission of claims  
16 covering periods described in the preceding sentence. Such  
17 guidance shall provide for a 180-day period for the sub-  
18 mission of such claims (in such manner as prescribed by  
19 such Secretary) to begin not later than 30 days after such  
20 guidance is issued. Such claims shall be paid by such Sec-  
21 retary not later than 60 days after receipt. If such Sec-  
22 retary has not paid pursuant to a claim filed under this  
23 subsection within 60 days after the date of the filing of  
24 such claim, the claim shall be paid with interest from such

1 date determined by using the overpayment rate and meth-  
2 od under section 6621 of such Code.

3 **TITLE II—PROVISIONS EXPIRING**  
4 **IN 2014**

5 **Subtitle A—Energy Tax Extenders**

6 **SEC. 201. EXTENSION OF CREDIT FOR NEW QUALIFIED**  
7 **FUEL CELL MOTOR VEHICLES.**

8 (a) **IN GENERAL.**—Paragraph (1) of section 30B(k)  
9 is amended by striking “December 31, 2014” and insert-  
10 ing “December 31, 2015”.

11 (b) **EFFECTIVE DATE.**—The amendment made by  
12 this section shall apply to property purchased after De-  
13 cember 31, 2014.

14 **SEC. 202. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL**  
15 **VEHICLE REFUELING PROPERTY.**

16 (a) **IN GENERAL.**—Subsection (g) of section 30C is  
17 amended by striking “placed in service” and all that fol-  
18 lows and inserting “placed in service after December 31,  
19 2015.”.

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

1 **Subtitle B—Extenders Relating to**  
2 **Multiemployer Defined Benefit**  
3 **Pension Plans**

4 **SEC. 251. EXTENSION OF AUTOMATIC EXTENSION OF AMOR-**  
5 **TIZATION PERIODS.**

6 (a) IN GENERAL.—Subparagraph (C) of section  
7 431(d)(1) is amended by striking “December 31, 2014”  
8 and inserting “December 31, 2015”.

9 (b) AMENDMENT TO EMPLOYEE RETIREMENT IN-  
10 COME SECURITY ACT OF 1974.—Subparagraph (C) of sec-  
11 tion 304(d)(1) of the Employee Retirement Income Secu-  
12 rity Act of 1974 (29 U.S.C. 1084(d)(1)(C)) is amended  
13 by striking “December 31, 2014” and inserting “Decem-  
14 ber 31, 2015”.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to applications submitted under  
17 section 431(d)(1)(A) of the Internal Revenue Code of  
18 1986 and section 304(d)(1)(C) of the Employee Retire-  
19 ment Income Security Act of 1974 after December 31,  
20 2014.

21 **SEC. 252. EXTENSION OF FUNDING IMPROVEMENT AND RE-**  
22 **HABILITATION PLAN RULES.**

23 (a) IN GENERAL.—Paragraphs (1) and (2) of section  
24 221(c) of the Pension Protection Act of 2006 are each

1 amended by striking “December 31, 2014” and inserting  
2 “December 31, 2015”.

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

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to plan years beginning after De-  
9 cember 31, 2014.

## 10 **TITLE III—REVENUE**

### 11 **PROVISIONS**

#### 12 **SEC. 301. PENALTY FOR FAILURE TO MEET DUE DILIGENCE**

#### 13 **REQUIREMENTS FOR THE CHILD TAX CRED-**

#### 14 **IT.**

15 (a) IN GENERAL.—Section 6695 is amended by add-  
16 ing at the end the following new subsection:

17 “(h) FAILURE TO BE DILIGENT IN DETERMINING  
18 ELIGIBILITY FOR CHILD TAX CREDIT.—Any person who  
19 is a tax return preparer with respect to any return or  
20 claim for refund who fails to comply with due diligence  
21 requirements imposed by the Secretary by regulations with  
22 respect to determining eligibility for, or the amount of,  
23 the credit allowable by section 24 shall pay a penalty of  
24 \$500 for each such failure.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2014.

4 **SEC. 302. 100 PERCENT CONTINUOUS LEVY ON PAYMENT TO**  
5 **MEDICARE PROVIDERS AND SUPPLIERS.**

6 (a) IN GENERAL.—Paragraph (3) of section 6331(h)  
7 is amended by striking the period at the end and inserting  
8 “, or to a Medicare provider or supplier under title XVIII  
9 of the Social Security Act.”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to payments made on or after the  
12 date which is 180 days after the date of the enactment  
13 of this Act.

14 **SEC. 303. EXCLUSION FROM GROSS INCOME OF CERTAIN**  
15 **CLEAN COAL POWER GRANTS TO NON-COR-**  
16 **PORATE TAXPAYERS.**

17 (a) GENERAL RULE.—In the case of an eligible tax-  
18 payer other than a corporation, gross income for purposes  
19 of the Internal Revenue Code of 1986 shall not include  
20 any amount received under section 402 of the Energy Pol-  
21 icy Act of 2005.

22 (b) REDUCTION IN BASIS.—The basis of any prop-  
23 erty subject to the allowance for depreciation under the  
24 Internal Revenue Code of 1986 which is acquired with any  
25 amount to which subsection (a) applies during the 12-

1 month period beginning on the day such amount is re-  
2 ceived shall be reduced by an amount equal to such  
3 amount. The excess (if any) of such amount over the  
4 amount of the reduction under the preceding sentence  
5 shall be applied to the reduction (as of the last day of  
6 the period specified in the preceding sentence) of the basis  
7 of any other property held by the taxpayer. The particular  
8 properties to which the reductions required by this sub-  
9 section are allocated shall be determined by the Secretary  
10 of the Treasury (or the Secretary's delegate) under regula-  
11 tions similar to the regulations under section 362(c)(2) of  
12 such Code.

13 (c) LIMITATION TO AMOUNTS WHICH WOULD BE  
14 CONTRIBUTIONS TO CAPITAL.—Subsection (a) shall not  
15 apply to any amount unless such amount, if received by  
16 a corporation, would be excluded from gross income under  
17 section 118 of the Internal Revenue Code of 1986.

18 (d) ELIGIBLE TAXPAYER.—For purposes of this sec-  
19 tion, with respect to any amount received under section  
20 402 of the Energy Policy Act of 2005, the term “eligible  
21 taxpayer” means a taxpayer that makes a payment to the  
22 Secretary of the Treasury (or the Secretary's delegate)  
23 equal to 1.18 percent of the amount so received. Such pay-  
24 ment shall be made at such time and in such manner as  
25 such Secretary (or the Secretary's delegate) shall pre-

1 scribe. In the case of a partnership, such Secretary (or  
2 the Secretary's delegate) shall prescribe regulations to de-  
3 termine the allocation of such payment amount among the  
4 partners.

5 (e) EFFECTIVE DATE.—This section shall apply to  
6 amounts received under section 402 of the Energy Policy  
7 Act of 2005 in taxable years beginning after December  
8 31, 2011.

9 **SEC. 304. REFORM OF RULES RELATING TO QUALIFIED TAX**  
10 **COLLECTION CONTRACTS.**

11 (a) REQUIREMENT TO COLLECT CERTAIN INACTIVE  
12 TAX RECEIVABLES UNDER QUALIFIED TAX COLLECTION  
13 CONTRACTS.—Section 6306 is amended by redesignating  
14 subsections (e) through (f) as subsections (d) through (g),  
15 respectively, and by inserting after subsection (b) the fol-  
16 lowing new subsection:

17 “(c) COLLECTION OF INACTIVE TAX RECEIV-  
18 ABLES.—

19 “(1) IN GENERAL.—Notwithstanding any other  
20 provision of law, the Secretary shall enter into one  
21 or more qualified tax collection contracts for the col-  
22 lection of all outstanding inactive tax receivables.

23 “(2) INACTIVE TAX RECEIVABLES.—For pur-  
24 poses of this section—

1           “(A) IN GENERAL.—The term ‘inactive tax  
2           receivable’ means any tax receivable if—

3                   “(i) at any time after assessment, the  
4           Internal Revenue Service removes such re-  
5           ceivable from the active inventory for lack  
6           of resources or inability to locate the tax-  
7           payer,

8                   “(ii) more than  $\frac{1}{3}$  of the period of the  
9           applicable statute of limitation has lapsed  
10          and such receivable has not been assigned  
11          for collection to any employee of the Inter-  
12          nal Revenue Service, or

13                   “(iii) in the case of a receivable which  
14          has been assigned for collection, more than  
15          365 days have passed without interaction  
16          with the taxpayer or a third party for pur-  
17          poses of furthering the collection of such  
18          receivable.

19           “(B) TAX RECEIVABLE.—The term ‘tax re-  
20          ceivable’ means any outstanding assessment  
21          which the Internal Revenue Service includes in  
22          potentially collectible inventory.”.

23          (b) CERTAIN TAX RECEIVABLES NOT ELIGIBLE FOR  
24          COLLECTION UNDER QUALIFIED TAX COLLECTION CON-  
25          TRACTS.—Section 6306, as amended by subsection (a), is



1 amended by redesignating subsections (d) through (g) as  
2 subsections (e) through (h), respectively, and by inserting  
3 after subsection (c) the following new subsection:

4       “(d) CERTAIN TAX RECEIVABLES NOT ELIGIBLE  
5 FOR COLLECTION UNDER QUALIFIED TAX COLLECTIONS  
6 CONTRACTS.—A tax receivable shall not be eligible for col-  
7 lection pursuant to a qualified tax collection contract if  
8 such receivable—

9               “(1) is subject to a pending or active offer-in-  
10 compromise or installment agreement,

11               “(2) is classified as an innocent spouse case,

12               “(3) involves a taxpayer identified by the Sec-  
13 retary as being—

14                       “(A) deceased,

15                       “(B) under the age of 18,

16                       “(C) in a designated combat zone, or

17                       “(D) a victim of tax-related identity theft,

18               “(4) is currently under examination, litigation,  
19 criminal investigation, or levy, or

20               “(5) is currently subject to a proper exercise of  
21 a right of appeal under this title.”.

22       (c) CONTRACTING PRIORITY.—Section 6306, as  
23 amended by the preceding provisions of this section, is  
24 amended by redesignating subsection (h) as subsection (i)

1 and by inserting after subsection (g) the following new  
2 subsection:

3       “(h) CONTRACTING PRIORITY.—In contracting for  
4 the services of any person under this section, the Secretary  
5 shall utilize private collection contractors and debt collec-  
6 tion centers on the schedule required under section  
7 3711(g) of title 31, United States Code, including the  
8 technology and communications infrastructure established  
9 therein, to the extent such private collection contractors  
10 and debt collection centers are appropriate to carry out  
11 the purposes of this section.”.

12       (d) DISCLOSURE OF RETURN INFORMATION.—Sec-  
13 tion 6103(k) is amended by adding at the end the fol-  
14 lowing new paragraph:

15           “(11) QUALIFIED TAX COLLECTION CONTRAC-  
16 TORS.—Persons providing services pursuant to a  
17 qualified tax collection contract under section 6306  
18 may, if speaking to a person who has identified him-  
19 self or herself as having the name of the taxpayer  
20 to which a tax receivable (within the meaning of  
21 such section) relates, identify themselves as contrac-  
22 tors of the Internal Revenue Service and disclose the  
23 business name of the contractor, and the nature,  
24 subject, and reason for the contact. Disclosures  
25 under this paragraph shall be made only in such sit-

1 uations and under such conditions as have been ap-  
2 proved by the Secretary.”.

3 (e) TAXPAYERS AFFECTED BY FEDERALLY DE-  
4 CLARED DISASTERS.—Section 6306, as amended by the  
5 preceding provisions of this section, is amended by redес-  
6 ignating subsection (i) as subsection (j) and by inserting  
7 after subsection (h) the following new subsection:

8 “(i) TAXPAYERS IN PRESIDENTIALLY DECLARED  
9 DISASTER AREAS.—The Secretary may prescribe proce-  
10 dures under which a taxpayer determined to be affected  
11 by a Federally declared disaster (as defined by section  
12 165(h)(3)(C)) may request—

13 “(1) relief from immediate collection measures  
14 by contractors under this section, and

15 “(2) a return of the inactive tax receivable to  
16 the inventory of the Internal Revenue Service to be  
17 collected by an employee thereof.”.

18 (f) REPORT TO CONGRESS.—

19 (1) IN GENERAL.—Section 6306, as amended  
20 by the preceding provisions of this section, is amend-  
21 ed by redesignating subsection (j) as subsection (k)  
22 and by inserting after subsection (i) the following  
23 new subsection:

24 “(j) REPORT TO CONGRESS.—Not later than 90 days  
25 after the last day of each fiscal year (beginning with the

1 first such fiscal year ending after the date of the enact-  
2 ment of this subsection), the Secretary shall submit to the  
3 Committee on Ways and Means of the House of Rep-  
4 resentatives and the Committee on Finance of the Senate  
5 a report with respect to qualified tax collection contracts  
6 under this section which shall include—

7           “(1) annually, with respect to such fiscal year—

8                   “(A) the total number and amount of tax  
9                   receivables provided to each contractor for col-  
10                   lection under this section,

11                   “(B) the total amounts collected (and  
12                   amounts of installment agreements entered into  
13                   under subsection (b)(1)(B)) with respect to  
14                   each contractor and the collection costs in-  
15                   curred (directly and indirectly) by the Internal  
16                   Revenue Service with respect to such amounts,

17                   “(C) the impact of such contracts on the  
18                   total number and amount of unpaid assess-  
19                   ments, and on the number and amount of as-  
20                   sessments collected by Internal Revenue Service  
21                   personnel after initial contact by a contractor,

22                   “(D) the amount of fees retained by the  
23                   Secretary under subsection (e) and a descrip-  
24                   tion of the use of such funds, and

1           “(E) a disclosure safeguard report in a  
2           form similar to that required under section  
3           6103(p)(5), and

4           “(2) biannually (beginning with the second re-  
5           port submitted under this subsection)—

6           “(A) an independent evaluation of con-  
7           tractor performance, and

8           “(B) a measurement plan that includes a  
9           comparison of the best practices used by the  
10          private collectors to the collection techniques  
11          used by the Internal Revenue Service and  
12          mechanisms to identify and capture information  
13          on successful collection techniques used by the  
14          contractors that could be adopted by the Inter-  
15          nal Revenue Service.”.

16          (2) REPEAL OF EXISTING REPORTING REQUIRE-  
17          MENTS WITH RESPECT TO QUALIFIED TAX COLLEC-  
18          TION CONTRACTS.—Section 881 of the American  
19          Jobs Creation Act of 2004 is amended by striking  
20          subsection (e).

21          (g) EFFECTIVE DATES.—

22          (1) IN GENERAL.—The amendments made by  
23          subsections (a) and (b) shall apply to tax receivables  
24          identified by the Secretary after the date of the en-  
25          actment of this Act.

1           (2) CONTRACTING PRIORITY.—The Secretary  
2 shall begin entering into contracts and agreements  
3 as described in the amendment made by subsection  
4 (c) within 3 months after the date of the enactment  
5 of this Act.

6           (3) DISCLOSURES.—The amendment made by  
7 subsection (d) shall apply to disclosures made after  
8 the date of the enactment of this Act.

9           (4) PROCEDURES; REPORT TO CONGRESS.—The  
10 amendments made by subsections (e) and (f) shall  
11 take effect on the date of the enactment of this Act.

12 **SEC. 305. SPECIAL COMPLIANCE PERSONNEL PROGRAM.**

13           (a) IN GENERAL.—Subsection (e) of section 6306, as  
14 redesignated by section 604, is amended by striking “for  
15 collection enforcement activities of the Internal Revenue  
16 Service” in paragraph (2) and inserting “to fund the spe-  
17 cial compliance personnel program account under section  
18 6307”.

19           (b) SPECIAL COMPLIANCE PERSONNEL PROGRAM  
20 ACCOUNT.—Subchapter A of chapter 64 is amended by  
21 adding at the end the following new section:

22 **“SEC. 6307. SPECIAL COMPLIANCE PERSONNEL PROGRAM**  
23 **ACCOUNT.**

24           “(a) ESTABLISHMENT OF A SPECIAL COMPLIANCE  
25 PERSONNEL PROGRAM ACCOUNT.—The Secretary shall

1 establish an account within the Department for carrying  
2 out a program consisting of the hiring, training, and em-  
3 ployment of special compliance personnel, and shall trans-  
4 fer to such account from time to time amounts retained  
5 by the Secretary under section 6306(e)(2).

6 “(b) RESTRICTIONS.—The program described in sub-  
7 section (a) shall be subject to the following restrictions:

8 “(1) No funds shall be transferred to such ac-  
9 count except as described in subsection (a).

10 “(2) No other funds from any other source  
11 shall be expended for special compliance personnel  
12 employed under such program, and no funds from  
13 such account shall be expended for the hiring of any  
14 personnel other than special compliance personnel.

15 “(3) Notwithstanding any other authority, the  
16 Secretary is prohibited from spending funds out of  
17 such account for any purpose other than for costs  
18 under such program associated with the employment  
19 of special compliance personnel and the retraining  
20 and reassignment of current noncollections personnel  
21 as special compliance personnel, and to reimburse  
22 the Internal Revenue Service or other government  
23 agencies for the cost of administering qualified tax  
24 collection contracts under section 6306.

1       “(c) REPORTING.—Not later than March of each  
2 year, the Commissioner of Internal Revenue shall submit  
3 a report to the Committees on Finance and Appropria-  
4 tions of the Senate and the Committees on Ways and  
5 Means and Appropriations of the House of Representa-  
6 tives consisting of the following:

7           “(1) For the preceding fiscal year, all funds re-  
8 ceived in the account established under subsection  
9 (a), administrative and program costs for the pro-  
10 gram described in such subsection, the number of  
11 special compliance personnel hired and employed  
12 under the program, and the amount of revenue actu-  
13 ally collected by such personnel.

14           “(2) For the current fiscal year, all actual and  
15 estimated funds received or to be received in the ac-  
16 count, all actual and estimated administrative and  
17 program costs, the number of all actual and esti-  
18 mated special compliance personnel hired and em-  
19 ployed under the program, and the actual and esti-  
20 mated revenue actually collected or to be collected by  
21 such personnel.

22           “(3) For the following fiscal year, an estimate  
23 of all funds to be received in the account, all esti-  
24 mated administrative and program costs, the esti-  
25 mated number of special compliance personnel hired



1 and employed under the program, and the estimated  
2 revenue to be collected by such personnel.

3 “(d) DEFINITIONS.—For purposes of this section—

4 “(1) SPECIAL COMPLIANCE PERSONNEL.—The  
5 term ‘special compliance personnel’ means individ-  
6 uals employed by the Internal Revenue Service as  
7 field function collection officers or in a similar posi-  
8 tion, or employed to collect taxes using the auto-  
9 mated collection system or an equivalent replace-  
10 ment system.

11 “(2) PROGRAM COSTS.—The term ‘program  
12 costs’ means—

13 “(A) total salaries (including locality pay  
14 and bonuses), benefits, and employment taxes  
15 for special compliance personnel employed or  
16 trained under the program described in sub-  
17 section (a), and

18 “(B) direct overhead costs, salaries, bene-  
19 fits, and employment taxes relating to support  
20 staff, rental payments, office equipment and  
21 furniture, travel, data processing services, vehi-  
22 cle costs, utilities, telecommunications, postage,  
23 printing and reproduction, supplies and mate-  
24 rials, lands and structures, insurance claims,



1 ing after subparagraph (B) the following new subpara-  
2 graph:

3 “(C) dividends received by a United States  
4 shareholder (as defined in section 951(b)) from  
5 a controlled foreign corporation (as defined in  
6 section 957(a)),”.

7 (b) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to taxable years ending on or after  
9 the date of the enactment of this Act.

10 **SEC. 307. INFLATION ADJUSTMENT FOR CERTAIN CIVIL**  
11 **PENALTIES UNDER THE INTERNAL REVENUE**  
12 **CODE OF 1986.**

13 (a) FAILURE TO FILE TAX RETURN OR PAY TAX.—  
14 Section 6651 is amended by adding at the end the fol-  
15 lowing new subsection:

16 “(i) ADJUSTMENT FOR INFLATION.—

17 “(1) IN GENERAL.—In the case of any return  
18 required to be filed in a calendar year beginning  
19 after 2014, the \$135 dollar amount under subsection  
20 (a) shall be increased by such dollar amount multi-  
21 plied by the cost-of-living adjustment determined  
22 under section 1(f)(3) determined by substituting  
23 ‘calendar year 2013’ for ‘calendar year 1992’ in sub-  
24 paragraph (B) thereof.

1           “(2) ROUNDING.—If any amount adjusted  
2 under paragraph (1) is not a multiple of \$5, such  
3 amount shall be rounded to the next lowest multiple  
4 of \$5.”.

5           (b) FAILURE TO FILE CERTAIN INFORMATION RE-  
6 TURNS, REGISTRATION STATEMENTS, ETC.—

7           (1) IN GENERAL.—Section 6652(c) is amended  
8 by adding at the end the following new paragraph:

9           “(6) ADJUSTMENT FOR INFLATION.—

10           “(A) IN GENERAL.—In the case of any  
11 failure relating to a return required to be filed  
12 in a calendar year beginning after 2014, each  
13 of the dollar amounts under paragraphs (1),  
14 (2), and (3) shall be increased by such dollar  
15 amount multiplied by the cost-of-living adjust-  
16 ment determined under section 1(f)(3) deter-  
17 mined by substituting ‘calendar year 2013’ for  
18 ‘calendar year 1992’ in subparagraph (B)  
19 thereof.

20           “(B) ROUNDING.—If any amount adjusted  
21 under subparagraph (A)—

22           “(i) is not less than \$5,000 and is not  
23 a multiple of \$500, such amount shall be  
24 rounded to the next lowest multiple of  
25 \$500, and

1                   “(ii) is not described in clause (i) and  
2                   is not a multiple of \$5, such amount shall  
3                   be rounded to the next lowest multiple of  
4                   \$5.”.

5                   (2) CONFORMING AMENDMENTS.—

6                   (A) The last sentence of section  
7                   6652(c)(1)(A) is amended by striking “the first  
8                   sentence of this subparagraph shall be applied  
9                   by substituting ‘\$100’ for ‘\$20’ and” and in-  
10                  serting “in applying the first sentence of this  
11                  subparagraph, the amount of the penalty for  
12                  each day during which a failure continues shall  
13                  be \$100 in lieu of the amount otherwise speci-  
14                  fied, and”.

15                  (B) Clause (ii) of section 6652(c)(2)(C) is  
16                  amended by striking “the first sentence of para-  
17                  graph (1)(A)” and all that follows and inserting  
18                  “in applying the first sentence of paragraph  
19                  (1)(A), the amount of the penalty for each day  
20                  during which a failure continues shall be \$100  
21                  in lieu of the amount otherwise specified, and in  
22                  lieu of applying the second sentence of para-  
23                  graph (1)(A), the maximum penalty under  
24                  paragraph (1)(A) shall not exceed \$50,000,  
25                  and”.

1 (c) OTHER ASSESSABLE PENALTIES WITH RESPECT  
2 TO THE PREPARATION OF TAX RETURNS FOR OTHER  
3 PERSONS.—Section 6695 is amended by adding at the end  
4 the following new subsection:

5 “(h) ADJUSTMENT FOR INFLATION.—

6 “(1) IN GENERAL.—In the case of any failure  
7 relating to a return or claim for refund filed in a  
8 calendar year beginning after 2014, each of the dol-  
9 lar amounts under subsections (a), (b), (c), (d), (e),  
10 (f), and (g) shall be increased by such dollar amount  
11 multiplied by the cost-of-living adjustment deter-  
12 mined under section 1(f)(3) determined by sub-  
13 stituting ‘calendar year 2013’ for ‘calendar year  
14 1992’ in subparagraph (B) thereof.

15 “(2) ROUNDING.—If any amount adjusted  
16 under subparagraph (A)—

17 “(A) is not less than \$5,000 and is not a  
18 multiple of \$500, such amount shall be rounded  
19 to the next lowest multiple of \$500, and

20 “(B) is not described in clause (i) and is  
21 not a multiple of \$5, such amount shall be  
22 rounded to the next lowest multiple of \$5.”.

23 (d) FAILURE TO FILE PARTNERSHIP RETURN.—Sec-  
24 tion 6698 is amended by adding at the end the following  
25 new subsection:

1 “(e) ADJUSTMENT FOR INFLATION.—

2 “(1) IN GENERAL.—In the case of any return  
3 required to be filed in a calendar year beginning  
4 after 2014, the \$195 dollar amount under subsection  
5 (b)(1) shall be increased by such dollar amount mul-  
6 tiplied by the cost-of-living adjustment determined  
7 under section 1(f)(3) determined by substituting  
8 ‘calendar year 2013’ for ‘calendar year 1992’ in sub-  
9 paragraph (B) thereof.

10 “(2) ROUNDING.—If any amount adjusted  
11 under paragraph (1) is not a multiple of \$5, such  
12 amount shall be rounded to the next lowest multiple  
13 of \$5.”.

14 (e) FAILURE TO FILE S CORPORATION RETURN.—  
15 Section 6699 is amended by adding at the end the fol-  
16 lowing new subsection:

17 “(e) ADJUSTMENT FOR INFLATION.—

18 “(1) IN GENERAL.—In the case of any return  
19 required to be filed in a calendar year beginning  
20 after 2014, the \$195 dollar amount under subsection  
21 (b)(1) shall be increased by such dollar amount mul-  
22 tiplied by the cost-of-living adjustment determined  
23 under section 1(f)(3) determined by substituting  
24 ‘calendar year 2013’ for ‘calendar year 1992’ in sub-  
25 paragraph (B) thereof.

1           “(2) ROUNDING.—If any amount adjusted  
2           under paragraph (1) is not a multiple of \$5, such  
3           amount shall be rounded to the next lowest multiple  
4           of \$5.”.

5           (f) FAILURE TO FILE CORRECT INFORMATION RE-  
6           TURNS.—Paragraph (1) of section 6721(f) is amended by  
7           striking “For each fifth calendar year beginning after  
8           2012” and inserting “In the case of any failure relating  
9           to a return required to be filed in a calendar year begin-  
10          ning after 2014”.

11          (g) FAILURE TO FURNISH CORRECT PAYEE STATE-  
12          MENTS.—Paragraph (1) of section 6722(f) is amended by  
13          striking “For each fifth calendar year beginning after  
14          2012” and inserting “In the case of any failure relating  
15          to a statement required to be furnished in a calendar year  
16          beginning after 2014”.

17          (h) EFFECTIVE DATE.—The amendments made by  
18          this section shall apply to returns required to be filed after  
19          December 31, 2014.

## 20   **TITLE IV—BUDGETARY EFFECTS**

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

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



1           (b) SENATE PAYGO SCORECARD.—The budgetary ef-  
2   fects of this Act shall not be entered on any PAYGO score-  
3   card maintained for purposes of section 201 of S. Con.  
4   Res. 21 (110th Congress).