

Calendar No. 366

113TH CONGRESS
2D SESSION

S. 2260

[Report No. 113-154]

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

IN THE SENATE OF THE UNITED STATES

APRIL 28, 2014

Mr. WYDEN, from the Committee on Finance, 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.

TITLE II—PROVISIONS EXPIRING IN 2014

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 (3) a major focus of such tax reform process
2 should be fostering economic growth and lowering
3 tax rates by broadening the tax base; and

4 (4) the chairman and ranking member of the
5 Committee on Finance of the Senate should consult
6 with the chairman and ranking member of the Com-
7 mittee on the Budget of the Senate to ensure that
8 the appropriate baseline is used in determining the
9 economic effects of, and rate adjustments under, tax
10 reform.

11 **TITLE I—PROVISIONS EXPIRING**
12 **IN 2013**

13 **Subtitle A—Individual Tax**
14 **Extenders**

15 **SEC. 101. EXTENSION OF HEALTH CARE TAX CREDIT.**

16 (a) **IN GENERAL.**—Subparagraph (B) of section
17 35(b)(1) is amended by striking “January 1, 2014” and
18 inserting “January 1, 2016”.

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

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 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.
20
21
22
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 (5) Subparagraph (B) of section 1400N(d)(3)
2 is amended by striking “January 1, 2014” and in-
3 serting “January 1, 2016”.

4 (e) TECHNICAL AMENDMENT RELATING TO SECTION
5 331 OF THE AMERICAN TAXPAYER RELIEF ACT OF
6 2012.—

7 (1) IN GENERAL.—Clause (iii) of section
8 168(k)(4)(J) is amended by striking “any taxable
9 year” and inserting “its first taxable year”.

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

14 (f) EFFECTIVE DATE.—Except as provided in sub-
15 section (e)(2), the amendments made by this section shall
16 apply to property placed in service after December 31,
17 2013, in taxable years ending after such date.

18 **SEC. 126. EXTENSION OF ENHANCED CHARITABLE DEDUC-**
19 **TION FOR CONTRIBUTIONS OF FOOD INVEN-**
20 **TORY.**

21 (a) IN GENERAL.—Clause (iv) of section
22 170(e)(3)(C) is amended by striking “December 31,
23 2013” and inserting “December 31, 2015”.

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 “(1) IN GENERAL.—The term ‘qualified live
2 theatrical production’ means any production de-
3 scribed in paragraph (2) if 75 percent of the total
4 compensation of the production is qualified com-
5 pensation (as defined in subsection (d)(3)).

6 “(2) PRODUCTION.—

7 “(A) IN GENERAL.—A production is de-
8 scribed in this paragraph if such production is
9 a live staged production of a play (with or with-
10 out music) which is derived from a written book
11 or script and is produced or presented by a tax-
12 able entity in any venue which has an audience
13 capacity of not more than 3,000 or a series of
14 venues the majority of which have an audience
15 capacity of not more than 3,000.

16 “(B) TOURING COMPANIES, ETC.—In the
17 case of multiple live staged productions—

18 “(i) for which the election under this
19 section would be allowable to the same tax-
20 payer, and

21 “(ii) which are—

22 “(I) separate phases of a produc-
23 tion, or

24 “(II) separate simultaneous stag-
25 ings of the same production in dif-

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).

Calendar No. 366

113TH CONGRESS
2^D SESSION

S. 2260

[Report No. 113-154]

A BILL

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

APRIL 28, 2014

Read twice and placed on the calendar