

1 **PART VI—PARITY FOR TRANSPORTATION**

2 **FRINGE BENEFITS**

3 **SEC. 1151. INCREASED EXCLUSION AMOUNT FOR COM-**
4 **MUTER TRANSIT BENEFITS AND TRANSIT**
5 **PASSES.**

6 (a) **IN GENERAL.**—Paragraph (2) of section 132(f)
7 is amended by adding at the end the following flush sen-
8 tence:

9 “**In the case of any month beginning on or after the**
10 **date of the enactment of this sentence and before**
11 **January 1, 2011, subparagraph (A) shall be applied**
12 **as if the dollar amount therein were the same as the**
13 **dollar amount in effect for such month under sub-**
14 **paragraph (B).”.**

15 (b) **EFFECTIVE DATE.**—The amendment made by
16 this section shall apply to months beginning on or after
17 the date of the enactment of this section.

18 **Subtitle C—Tax Incentives for**
19 **Business**

20 **PART I—TEMPORARY INVESTMENT INCENTIVES**

21 **SEC. 1201. SPECIAL ALLOWANCE FOR CERTAIN PROPERTY**
22 **ACQUIRED DURING 2009.**

23 (a) **EXTENSION OF SPECIAL ALLOWANCE.**—

24 (1) **IN GENERAL.**—Paragraph (2) of section
25 168(k) is amended—

1 (A) by striking “January 1, 2010” and in-
2 serting “January 1, 2011”, and

3 (B) by striking “January 1, 2009” each
4 place it appears and inserting “January 1,
5 2010”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) The heading for subsection (k) of sec-
8 tion 168 is amended by striking “JANUARY 1,
9 2009” and inserting “JANUARY 1, 2010”.

10 (B) The heading for clause (ii) of section
11 168(k)(2)(B) is amended by striking “PRE-JAN-
12 UARY 1, 2009” and inserting “PRE-JANUARY 1,
13 2010”.

14 (C) Subparagraph (B) of section 168(l)(5)
15 is amended by striking “January 1, 2009” and
16 inserting “January 1, 2010”.

17 (D) Subparagraph (C) of section 168(n)(2)
18 is amended by striking “January 1, 2009” and
19 inserting “January 1, 2010”.

20 (E) Subparagraph (B) of section
21 1400N(d)(3) is amended by striking “January
22 1, 2009” and inserting “January 1, 2010”.

23 (3) TECHNICAL AMENDMENTS.—

24 (A) Subparagraph (D) of section 168(k)(4)
25 is amended—

1 (i) by striking “and” at the end of
2 clause (i),

3 (ii) by redesignating clause (ii) as
4 clause (iii), and

5 (iii) by inserting after clause (i) the
6 following new clause:

7 “(ii) ‘April 1, 2008’ shall be sub-
8 stituted for ‘January 1, 2008’ in subpara-
9 graph (A)(iii)(I) thereof, and”.

10 (B) Subparagraph (A) of section
11 6211(b)(4) is amended by inserting
12 “168(k)(4),” after “53(e),”.

13 (b) EXTENSION OF ELECTION TO ACCELERATE THE
14 AMT AND RESEARCH CREDITS IN LIEU OF BONUS DE-
15 PRECIATION.—

16 (1) IN GENERAL.—Section 168(k)(4) (relating
17 to election to accelerate the AMT and research cred-
18 its in lieu of bonus depreciation) is amended—

19 (A) by striking “2009” and inserting
20 “2010” in subparagraph (D)(iii) (as redesi-
21 gnated by subsection (a)(3)), and

22 (B) by adding at the end the following new
23 subparagraph:

24 “(H) SPECIAL RULES FOR EXTENSION
25 PROPERTY.—

1 taxable year ending after December
2 31, 2008, and each subsequent tax-
3 able year, and

4 “(II) if the taxpayer makes the
5 election under subclause (I), this
6 paragraph shall only apply to eligible
7 qualified property which is extension
8 property.

9 “(iii) **EXTENSION PROPERTY.**—For
10 purposes of this subparagraph, the term
11 ‘extension property’ means property which
12 is eligible qualified property solely by rea-
13 son of the extension of the application of
14 the special allowance under paragraph (1)
15 pursuant to the amendments made by sec-
16 tion 1201(a) of the American Recovery and
17 Reinvestment Tax Act of 2009 (and the
18 application of such extension to this para-
19 graph pursuant to the amendment made
20 by section 1201(b)(1) of such Act).”.

21 (2) **TECHNICAL AMENDMENT.**—Section
22 6211(b)(4)(A) is amended by inserting “168(k)(4),”
23 after “53(e).”.

24 (c) **EFFECTIVE DATES.**—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 shall apply to property placed in service after De-
4 cember 31, 2008, in taxable years ending after such
5 date.

6 (2) TECHNICAL AMENDMENTS.—The amend-
7 ments made by subsections (a)(3) and (b)(2) shall
8 apply to taxable years ending after March 31, 2008.

9 **SEC. 1202. TEMPORARY INCREASE IN LIMITATIONS ON EX-**
10 **PENSING OF CERTAIN DEPRECIABLE BUSI-**
11 **NESS ASSETS.**

12 (a) IN GENERAL.—Paragraph (7) of section 179(b)
13 is amended—

14 (1) by striking “2008” and inserting “2008, or
15 2009”, and

16 (2) by striking “2008” in the heading thereof
17 and inserting “2008, AND 2009”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2008.

21 **PART II—SMALL BUSINESS PROVISIONS**

22 **SEC. 1211. 5-YEAR CARRYBACK OF OPERATING LOSSES OF**
23 **SMALL BUSINESSES.**

24 (a) IN GENERAL.—Subparagraph (H) of section
25 172(b)(1) is amended to read as follows:

1 “(H) CARRYBACK FOR 2008 NET OPER-
2 ATING LOSSES OF SMALL BUSINESSES.—

3 “(i) IN GENERAL.—If an eligible small
4 business elects the application of this sub-
5 paragraph with respect to an applicable
6 2008 net operating loss—

7 “(I) subparagraph (A)(i) shall be
8 applied by substituting any whole
9 number elected by the taxpayer which
10 is more than 2 and less than 6 for ‘2’,

11 “(II) subparagraph (E)(ii) shall
12 be applied by substituting the whole
13 number which is one less than the
14 whole number substituted under sub-
15 clause (I) for ‘2’, and

16 “(III) subparagraph (F) shall not
17 apply.

18 “(ii) APPLICABLE 2008 NET OPER-
19 ATING LOSS.—For purposes of this sub-
20 paragraph, the term ‘applicable 2008 net
21 operating loss’ means—

22 “(I) the taxpayer’s net operating
23 loss for any taxable year ending in
24 2008, or

1 “(II) if the taxpayer elects to
2 have this subclause apply in lieu of
3 subclause (I), the taxpayer’s net oper-
4 ating loss for any taxable year begin-
5 ning in 2008.

6 “(iii) ELECTION.—Any election under
7 this subparagraph shall be made in such
8 manner as may be prescribed by the Sec-
9 retary, and shall be made by the due date
10 (including extension of time) for filing the
11 taxpayer’s return for the taxable year of
12 the net operating loss. Any such election,
13 once made, shall be irrevocable. Any elec-
14 tion under this subparagraph may be made
15 only with respect to 1 taxable year.

16 “(iv) ELIGIBLE SMALL BUSINESS.—
17 For purposes of this subparagraph, the
18 term ‘eligible small business’ has the
19 meaning given such term by subparagraph
20 (F)(iii), except that in applying such sub-
21 paragraph, section 448(c) shall be applied
22 by substituting ‘\$15,000,000’ for
23 ‘\$5,000,000’ each place it appears.”.

1 (b) CONFORMING AMENDMENT.—Section 172 is
2 amended by striking subsection (k) and by redesignating
3 subsection (l) as subsection (k).

4 (c) ANTI-ABUSE RULES.—The Secretary of Treasury
5 or the Secretary's designee shall prescribe such rules as
6 are necessary to prevent the abuse of the purposes of the
7 amendments made by this section, including anti-stuffing
8 rules, anti-churning rules (including rules relating to sale-
9 leasebacks), and rules similar to the rules under section
10 1091 of the Internal Revenue Code of 1986 relating to
11 losses from wash sales.

12 (d) EFFECTIVE DATE.—

13 (1) IN GENERAL.—Except as otherwise pro-
14 vided in this subsection, the amendments made by
15 this section shall apply to net operating losses aris-
16 ing in taxable years ending after December 31,
17 2007.

18 (2) TRANSITIONAL RULE.—In the case of a net
19 operating loss for a taxable year ending before the
20 date of the enactment of this Act—

21 (A) any election made under section
22 172(b)(3) of the Internal Revenue Code of
23 1986 with respect to such loss may (notwith-
24 standing such section) be revoked before the ap-
25 plicable date,

1 (B) any election made under section
2 172(b)(1)(H) of such Code with respect to such
3 loss shall (notwithstanding such section) be
4 treated as timely made if made before the appli-
5 cable date, and

6 (C) any application under section 6411(a)
7 of such Code with respect to such loss shall be
8 treated as timely filed if filed before the appli-
9 cable date.

10 For purposes of this paragraph, the term “applica-
11 ble date” means the date which is 60 days after the
12 date of the enactment of this Act.

13 **SEC. 1212. DECREASED REQUIRED ESTIMATED TAX PAY-**
14 **MENTS IN 2009 FOR CERTAIN SMALL BUSI-**
15 **NESSES.**

16 Paragraph (1) of section 6654(d) is amended by add-
17 ing at the end the following new subparagraph:

18 “(D) SPECIAL RULE FOR 2009.—

19 “(i) IN GENERAL.—Notwithstanding
20 subparagraph (C), in the case of any tax-
21 able year beginning in 2009, clause (ii) of
22 subparagraph (B) shall be applied to any
23 qualified individual by substituting ‘90 per-
24 cent’ for ‘100 percent’.

1 “(ii) QUALIFIED INDIVIDUAL.—For
2 purposes of this subparagraph, the term
3 ‘qualified individual’ means any individual
4 if—

5 “(I) the adjusted gross income
6 shown on the return of such indi-
7 vidual for the preceding taxable year
8 is less than \$500,000, and

9 “(II) such individual certifies
10 that more than 50 percent of the
11 gross income shown on the return of
12 such individual for the preceding tax-
13 able year was income from a small
14 business.

15 A certification under subelause (II) shall
16 be in such form and manner and filed at
17 such time as the Secretary may by regula-
18 tions prescribe.

19 “(iii) INCOME FROM A SMALL BUSI-
20 NESS.—For purposes of clause (ii), income
21 from a small business means, with respect
22 to any individual, income from a trade or
23 business the average number of employees
24 of which was less than 500 employees for

1 the calendar year ending with or within the
2 preceding taxable year of the individual.

3 “(iv) SEPARATE RETURNS.—In the
4 case of a married individual (within the
5 meaning of section 7703) who files a sepa-
6 rate return for the taxable year for which
7 the amount of the installment is being de-
8 termined, clause (ii)(I) shall be applied by
9 substituting ‘\$250,000’ for ‘\$500,000’.

10 “(v) ESTATES AND TRUSTS.—In the
11 case of an estate or trust, adjusted gross
12 income shall be determined as provided in
13 section 67(e).”.

14 **PART III—INCENTIVES FOR NEW JOBS**

15 **SEC. 1221. INCENTIVES TO HIRE UNEMPLOYED VETERANS**
16 **AND DISCONNECTED YOUTH.**

17 (a) IN GENERAL.—Subsection (d) of section 51 is
18 amended by adding at the end the following new para-
19 graph:

20 “(14) CREDIT ALLOWED FOR UNEMPLOYED
21 VETERANS AND DISCONNECTED YOUTH HIRED IN
22 2009 OR 2010.—

23 “(A) IN GENERAL.—Any unemployed vet-
24 eran or disconnected youth who begins work for
25 the employer during 2009 or 2010 shall be