

PROVIDING FOR CONSIDERATION OF THE SENATE AMENDMENT TO THE BILL (H.R. 4853) TO AMEND THE INTERNAL REVENUE CODE OF 1986 TO EXTEND THE FUNDING AND EXPENDITURE AUTHORITY OF THE AIRPORT AND AIRWAY TRUST FUND, TO AMEND TITLE 49, UNITED STATES CODE, TO EXTEND AUTHORIZATIONS FOR THE AIRPORT IMPROVEMENT PROGRAM, AND FOR OTHER PURPOSES, AND PROVIDING FOR CONSIDERATION OF MOTIONS TO SUSPEND THE RULES

DECEMBER 1, 2010.—Referred to the House Calendar and ordered to be printed

Ms. PINGREE of Maine, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 1745]

The Committee on Rules, having had under consideration House Resolution 1745, by a record vote of 7 to 2, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for the consideration of the Senate amendment to H.R. 4853. The resolution makes in order a motion offered by the chair of the Committee on Ways and Means that the House concur in the Senate amendment to H.R. 4853 with the amendment printed in this report. The resolution provides one hour of debate on the motion equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means. The resolution waives all points of order against consideration of the motion except those arising under clause 10 of rule XXI. The resolution provides that the Senate amendment and the motion shall be considered as read. Finally, the resolution authorizes the Speaker to entertain motions that the House suspend the rules at any time through the legislative day of December 3, 2010. The Speaker or her designee shall consult with the Minority Leader or his designee on the designation of any matter for consideration pursuant to this resolution.

EXPLANATION OF WAIVERS

Although the rule waives all points of order against consideration of the motion (except those arising under clause 10 of rule XXI), the Committee is not aware of any points of order against the mo-

tion. The waiver of all points of order against the motion is prophylactic.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 504

Date: December 1, 2010.

Measure: Senate amendment to H.R. 4853.

Motion by: Mr. Dreier.

Summary of motion: To make in order and provide the appropriate waivers for an amendment if offered by the Ranking Member of the Ways and Means Committee, or his designee.

Results: Defeated 2–7.

Vote by Members: McGovern—Nay; Cardoza—Nay; Arcuri—Nay; Perlmutter—Nay; Pingree—Nay; Polis—Nay; Dreier—Yea; Foxx—Yea; Slaughter—Nay.

Rules Committee record vote No. 505

Date: December 1, 2010.

Measure: Senate amendment to H.R. 4853.

Motion by: Mr. Dreier.

Summary of motion: To increase time for debate to 3 hours.

Results: Defeated 2–7.

Vote by Members: McGovern—Nay; Cardoza—Nay; Arcuri—Nay; Perlmutter—Nay; Pingree—Nay; Polis—Nay; Dreier—Yea; Foxx—Yea; Slaughter—Nay.

Rules Committee record vote No. 506

Date: December 1, 2010.

Measure: Senate amendment to H.R. 4853.

Motion by: Mr. McGovern.

Summary of motion: To report the rule.

Results: Adopted 7–2.

Vote by Members: McGovern—Yea; Cardoza—Yea; Arcuri—Yea; Perlmutter—Yea; Pingree—Yea; Polis—Yea; Dreier—Nay; Foxx—Nay; Slaughter—Yea.

SUMMARY OF THE HOUSE AMENDMENT

The amendment includes: Two year extension of alternative minimum tax relief; Permanent extension of marginal individual income tax rate reduction for middle-class taxpayers; Permanent reduced capital gains and dividend tax relief for middle-class taxpayers; Permanent extension of EGTRRA and ARRA improvements to child tax credit; Permanent extension of PEP and Pease relief for middle-class taxpayers; Permanent marriage penalty relief for middle-class taxpayers; Permanent earned income tax credit simplification and increase; Permanent extension of education tax incentives; Permanent extension of tax benefits for families and children; and Permanent extension of enhanced small business expensing.

TEXT OF THE HOUSE AMENDMENT

In lieu of the matter proposed to be inserted by the Senate amendment to the text of the bill, insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) **SHORT TITLE.**—This Act may be cited as the “Middle Class Tax Relief Act of 2010”.

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

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

Sec. 1. Short title; etc.

TITLE I—MIDDLE CLASS TAX RELIEF MADE PERMANENT

Sec. 101. Middle class tax relief made permanent.

Sec. 102. Certain provisions not applicable to high income individuals.

Sec. 103. Related amendments.

TITLE II—EXPENSING BY SMALL BUSINESSES OF CERTAIN DEPRECIABLE ASSETS

Sec. 201. Increased limitations on expensing by small businesses of certain depreciable assets.

TITLE III—EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF

Sec. 301. Extension of alternative minimum tax relief for nonrefundable personal credits.

Sec. 302. Extension of increased alternative minimum tax exemption amount.

TITLE IV—BUDGETARY PROVISION

Sec. 401. PAYGO compliance.

TITLE I—MIDDLE CLASS TAX RELIEF MADE PERMANENT

SEC. 101. MIDDLE CLASS TAX RELIEF MADE PERMANENT.

(a) **IN GENERAL.**—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to the following provisions of such Act (and to the amendments made by such provisions):

- (1) Title I (relating to individual income tax rate reductions).
- (2) Title II (relating to tax benefits related to children).
- (3) Title III (relating to marriage penalty relief).
- (4) Title IV (relating to affordable education provisions).

(b) **REDUCED RATES ON CAPITAL GAINS AND DIVIDENDS.**—The Jobs and Growth Tax Relief Reconciliation Act of 2003 is amended by striking section 303.

SEC. 102. CERTAIN PROVISIONS NOT APPLICABLE TO HIGH INCOME INDIVIDUALS.

(a) **INDIVIDUAL INCOME TAX RATES.**—Subsection (i) of section 1 is amended by striking paragraph (2), by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (1) the following new paragraphs:

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

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

“(B) by substituting ‘28%’ for ‘31%’ each place it appears.

“(3) 33-PERCENT RATE BRACKET.—

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

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

“(I) the applicable amount, over

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

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

“(B) APPLICABLE AMOUNT.—For purposes of this paragraph, the term ‘applicable amount’ means the excess of—

“(i) the applicable threshold, over

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

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

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

“(C) APPLICABLE THRESHOLD.—For purposes of this paragraph, the term ‘applicable threshold’ means—

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

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

“(iii) $\frac{1}{2}$ the amount applicable under clause (i) (after adjustment, if any, under subparagraph (E)) in the case of subsection (d).

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

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

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

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

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

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

- (C) by striking subsection (b) and redesignating subsections (c), (d), and (e) as subsections (b), (c), and (d), respectively, and
- (D) by striking subsections (f) and (g).
- (2) PHASEOUT OF DEDUCTIONS FOR PERSONAL EXEMPTIONS.—
- (A) IN GENERAL.—Paragraph (3) of section 151(d) is amended—
- (i) by striking “the threshold amount” in subparagraphs (A) and (B) and inserting “the applicable threshold in effect under section 1(i)(3)”,
- (ii) by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C), and
- (iii) by striking subparagraphs (E) and (F).
- (B) CONFORMING AMENDMENT.—Paragraph (4) of section 151(d) is amended—
- (i) by striking subparagraph (B),
- (ii) by redesignating clauses (i) and (ii) of subparagraph (A) as subparagraphs (A) and (B), respectively, and by indenting such subparagraphs (as so redesignated) accordingly, and
- (iii) by striking all that precedes “in a calendar year after 1989,” and inserting the following:
- “(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning”.
- (c) REDUCED RATE ON CAPITAL GAINS AND DIVIDENDS.—
- (1) IN GENERAL.—Paragraph (1) of section (1)(h) is amended by striking subparagraph (C), by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F) and by inserting after subparagraph (B) the following new subparagraphs:
- “(C) 15 percent of the lesser of—
- “(i) so much of the adjusted net capital gain (or, if less, taxable income) as exceeds the amount on which a tax is determined under subparagraph (B), or
- “(ii) the excess (if any) of—
- “(I) the amount of taxable income which would (without regard to this subsection) be taxed at a rate below 36 percent, over
- “(II) the sum of the amounts on which tax is determined under subparagraphs (A) and (B),
- “(D) 20 percent of the adjusted net capital gain (or, if less, taxable income) in excess of the sum of the amounts on which tax is determined under subparagraphs (B) and (C).”.
- (2) DIVIDENDS.—Subparagraph (A) of section 1(h)(11) is amended by striking “qualified dividend income” and inserting “so much of the qualified dividend income as does not exceed the excess (if any) of—
- “(i) the amount of taxable income which would (without regard to this subsection) be taxed at a rate below 36 percent, over
- “(ii) taxable income reduced by qualified dividend income.”.
- (3) MINIMUM TAX.—Section 55 is amended by adding at the end the following new subsection:

“(f) APPLICATION OF MAXIMUM RATE OF TAX ON NET CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—In the case of taxable years beginning after December 31, 2010, the amount determined under subparagraph (C) of subsection (b)(3) shall be the sum of—

“(1) 15 percent of the lesser of—

“(A) so much of the adjusted net capital gain (or, if less, taxable excess) as exceeds the amount on which tax is determined under subparagraph (B) of subsection (b)(3), or

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

“(2) 20 percent of the adjusted net capital gain (or, if less, taxable excess) in excess of the sum of the amounts on which tax is determined under subsection (b)(3)(B) and paragraph (1).”.

(4) CONFORMING AMENDMENTS.—

(A) The following provisions are amended by striking “15 percent” and inserting “20 percent”:

(i) Section 1445(e)(1).

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

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

(B) Sections 531 and 541 are each amended by striking “15 percent of” and inserting “the product of the highest rate of tax under section 1(c) and”.

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

(d) EFFECTIVE DATES.—

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

(2) WITHHOLDING.—The amendments made by subparagraphs (A)(i) and (C) of subsection (c)(4) shall apply to amounts paid on or after January 1, 2011.

SEC. 103. RELATED AMENDMENTS.

(a) APPLICATION OF INCREASE IN REFUNDABLE PORTION OF CHILD TAX CREDIT.—

(1) IN GENERAL.—Subsection (d) of section 24 is amended—
(A) by striking “\$10,000” in paragraph (1)(B)(i) and inserting “\$3,000”, and

(B) by striking paragraphs (3) and (4).

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

(b) APPLICATION OF INCREASE IN EARNED INCOME TAX CREDIT.—

(1) IN GENERAL.—Subparagraph (B) of section 32(b)(2) is amended to read as follows:

“(B) JOINT RETURNS.—

“(i) IN GENERAL.—In the case of a joint return filed by an eligible individual and such individual’s spouse, the phaseout amount determined under subparagraph (A) shall be increased by \$5,000.

“(ii) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2010, the \$5,000 amount in clause (i) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by
 “(II) the cost of living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins determined by substituting ‘calendar year 2008’ for ‘calendar year 1992’ in subparagraph (B) thereof.

Subparagraph (A) of subsection (j)(2) shall apply after taking into account any increase under the preceding sentence.”.

(2) CONFORMING AMENDMENT.—Subsection (b) of section 32 is amended by striking paragraph (3).

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

(c) APPLICATION TO ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.—Subsection (c) of section 10909 of the Patient Protection and Affordable Care Act is amended to read as follows:

“(c) The amendments made by this section shall not apply to taxable years beginning after December 31, 2011.”.

TITLE II—EXPENSING BY SMALL BUSINESSES OF CERTAIN DEPRECIABLE ASSETS

SEC. 201. INCREASED LIMITATIONS ON EXPENSING BY SMALL BUSINESSES OF CERTAIN DEPRECIABLE ASSETS.

(a) DOLLAR LIMITATION.—Subparagraph (C) of section 179(b)(1) is amended by striking “\$25,000” and inserting “\$125,000”.

(b) THRESHOLD AT WHICH PHASEOUT BEGINS.—Subparagraph (C) of section 179(b)(2) is amended by striking “\$200,000” and inserting “\$500,000”.

(c) INFLATION ADJUSTMENT.—Subsection (b) of section 179 is amended by adding at the end the following new paragraph:

“(6) INFLATION ADJUSTMENTS.—

“(A) IN GENERAL.—In the case of any taxable beginning in a calendar year after 2011, the \$125,000 and \$500,000 amounts in paragraphs (1)(C) and (2)(C) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

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

“(B) ROUNDING.—

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

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

(d) **AUTHORITY TO REVOKE ELECTION MADE PERMANENT.**—Paragraph (2) of section 179(c) is amended by striking “and before 2012”.

(e) **TREATMENT OF CERTAIN COMPUTER SOFTWARE AS SECTION 179 PROPERTY MADE PERMANENT.**—Clause (ii) of section 179(d)(1)(A) is amended by striking “and before 2012”.

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

TITLE III—EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF

SEC. 301. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

- (a) **IN GENERAL.**—Paragraph (2) of section 26(a) is amended—
- (1) by striking “2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, or 2009” and inserting “the period beginning with calendar year 2000 and ending with calendar year 2011”, and
 - (2) by striking “2009” in the heading thereof and inserting “2011”.
- (b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2009.

SEC. 302. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EX- EMPTION AMOUNT.

- (a) **IN GENERAL.**—Paragraph (1) of section 55(d) is amended—
- (1) by striking “(\$70,950 in the case of taxable years beginning in 2009)” in subparagraph (A) and inserting “(\$72,450 in the case of taxable years beginning in 2010 or 2011)”, and
 - (2) by striking “(\$46,700 in the case of taxable years beginning in 2009)” in subparagraph (B) and inserting “(\$47,450 in the case of taxable years beginning in 2010 or 2011)”.
- (b) **NONAPPLICATION OF EGTRRA SUNSET.**—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to the amendments made by section 701 of such Act.
- (c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2009.

TITLE IV—BUDGETARY PROVISION

SEC. 401. PAYGO COMPLIANCE.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, shall be determined by reference to the latest statement titled “Budgetary Effects of PAYGO Legislation” for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.