

112TH CONGRESS  
1ST SESSION

# S. 1801

To amend the Internal Revenue Code of 1986 to extend certain provisions of the Creating Small Business Jobs Act of 2010, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 3, 2011

Ms. SNOWE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to extend certain provisions of the Creating Small Business Jobs Act of 2010, 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 “Small Business Jobs Tax Extenders Act of 2011”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment  
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-  
 2 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

Sec. 2. Findings.

#### TITLE I—EXTENSION OF SMALL BUSINESS TAX RELIEF

Sec. 101. Extension of temporary exclusion of 100 percent of gain on certain  
 small business stock.

Sec. 102. Extension of 5-year carryback of general business credits of eligible  
 small businesses.

Sec. 103. Extension of alternative minimum tax rules for general business cred-  
 its of eligible small businesses.

Sec. 104. Extension of temporary reduction in recognition period for built-in  
 gains tax.

Sec. 105. Extension of increased expensing limitations and treatment of certain  
 real property as section 179 property.

Sec. 106. Extension of bonus depreciation.

Sec. 107. Extension of special rule for long-term contract accounting.

Sec. 108. Extension of increased amount allowed as a deduction for start-up ex-  
 penditures.

Sec. 109. Extension of allowance of deduction for health insurance in com-  
 puting self-employment taxes.

#### TITLE II—OFFSETTING PROVISIONS

Sec. 201. Expansion of affordability exception to individual mandate.

### 5 **SEC. 2. FINDINGS.**

6 Congress makes the following findings:

7 (1) A vibrant and growing small business sector  
 8 is critical to the recovery of the economy of the  
 9 United States.

10 (2) Small businesses represent 99.7 percent of  
 11 all employer firms and generate approximately two-  
 12 thirds of net new jobs.

1           (3) Broadening the tax base and lowering statu-  
2           tory rates through comprehensive tax reform is pref-  
3           erable to short term tax rate extensions.

4           (4) There is no consensus on Congressional  
5           passage and implementation of such reform at this  
6           time; it is therefore critical that tax relief for small  
7           businesses promulgated in the Small Business Jobs  
8           Act of 2010 be extended.

9           **TITLE I—EXTENSION OF SMALL**  
10           **BUSINESS TAX RELIEF**

11           **SEC. 101. EXTENSION OF TEMPORARY EXCLUSION OF 100**  
12                           **PERCENT OF GAIN ON CERTAIN SMALL BUSI-**  
13                           **NESS STOCK.**

14           (a) IN GENERAL.—Paragraph (4) of section 1202(a)  
15           is amended—

16                   (1) by striking “January 1, 2012” and insert-  
17                   ing “January 1, 2013”, and

18                   (2) by striking “AND 2011” and inserting  
19                   “2011, AND 2012” in the heading thereof.

20           (b) EFFECTIVE DATE.—The amendments made by  
21           this section shall apply to stock acquired after December  
22           31, 2011.

1 **SEC. 102. EXTENSION OF 5-YEAR CARRYBACK OF GENERAL**  
2 **BUSINESS CREDITS OF ELIGIBLE SMALL**  
3 **BUSINESSES.**

4 (a) IN GENERAL.—Subparagraph (A) of section  
5 39(a)(4) is amended by “or 2011” after “2010”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to credits determined in taxable  
8 years beginning after December 31, 2010.

9 **SEC. 103. EXTENSION OF ALTERNATIVE MINIMUM TAX**  
10 **RULES FOR GENERAL BUSINESS CREDITS OF**  
11 **ELIGIBLE SMALL BUSINESSES.**

12 (a) IN GENERAL.—Subparagraph (A) of section  
13 38(c)(5) is amended by “or 2011” after “2010”.

14 (b) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to credits determined in taxable  
16 years beginning after December 31, 2010, and to  
17 carrybacks of such credits.

18 **SEC. 104. EXTENSION OF TEMPORARY REDUCTION IN REC-**  
19 **OGNITION PERIOD FOR BUILT-IN GAINS TAX.**

20 (a) IN GENERAL.—Clause (ii) of section  
21 1374(d)(7)(B) is amended by inserting “or 2012,” after  
22 “2011”.

23 (b) CONFORMING AMENDMENT.—The heading for  
24 section 1372(d)(7)(B) is amended by striking “AND 2011”  
25 and inserting “2011, AND 2012”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2011.

4 **SEC. 105. EXTENSION OF INCREASED EXPENSING LIMITA-**  
5 **TIONS AND TREATMENT OF CERTAIN REAL**  
6 **PROPERTY AS SECTION 179 PROPERTY.**

7 (a) IN GENERAL.—Section 179(b) is amended—

8 (1) by striking “2010 or 2011” each place it  
9 appears in paragraph (1)(B) and (2)(B) and insert-  
10 ing “2010, 2011, or 2012”,

11 (2) by striking “2012” each place it appears in  
12 paragraph (1)(C) and (2)(C) and inserting “2013”,  
13 and

14 (3) by striking “2012” each place it appears in  
15 paragraph (1)(D) and (2)(D) and inserting “2013”.

16 (b) INFLATION ADJUSTMENT.—Subparagraph (A) of  
17 section 179(b)(6) is amended by striking “2012” and in-  
18 serting “2013”.

19 (c) COMPUTER SOFTWARE.—Section 179(d)(2)(A)(ii)  
20 is amended by striking “2013” and inserting “2014”.

21 (d) ELECTION.—Section 179(c)(2) is amended by  
22 striking “2013” and inserting “2014”.

23 (e) SPECIAL RULES FOR TREATMENT OF QUALIFIED  
24 REAL PROPERTY.—Section 179(f)(1) is amended by strik-  
25 ing “2010 or 2011” and inserting “2010, 2011, or 2012”.

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

4 **SEC. 106. EXTENSION OF BONUS DEPRECIATION.**

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

7 (1) by striking “January 1, 2014” in subpara-  
8 graph (A)(iv) and inserting “January 1, 2015”, and

9 (2) by striking “January 1, 2013” each place  
10 it appears and inserting “January 1, 2014”.

11 (b) 100 PERCENT EXPENSING.—Paragraph (5) of  
12 section 168(k) is amended—

13 (1) by striking “January 1, 2013” and insert-  
14 ing “January 1, 2014”, and

15 (2) by striking “January 1, 2012” each place  
16 it appears and inserting “January 1, 2013”.

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

19 (1) IN GENERAL.—Subclause (II) of section  
20 168(k)(4)(D)(iii) is amended by striking “2013” and  
21 inserting “2014”.

22 (2) ROUND 3 EXTENSION PROPERTY.—Para-  
23 graph (4) of section 168(k) is amended by adding at  
24 the end the following new subparagraph:

1           “(J) SPECIAL RULES FOR ROUND 3 EX-  
2           TENSION PROPERTY.—

3           “(i) IN GENERAL.—In the case of  
4           round 3 extension property, this paragraph  
5           shall be applied without regard to—

6                   “(I) the limitation described in  
7                   subparagraph (B)(i) thereof, and

8                   “(II) the business credit increase  
9                   amount under subparagraph (E)(iii)  
10                  thereof.

11           “(ii) TAXPAYERS PREVIOUSLY ELECT-  
12           ING ACCELERATION.—In the case of a tax-  
13           payer who made the election under sub-  
14           paragraph (A) for its first taxable year  
15           ending after March 31, 2008, a taxpayer  
16           who made the election under subparagraph  
17           (H)(ii) for its first taxable year ending  
18           after December 31, 2008, or a taxpayer  
19           who made the election under subparagraph  
20           (I)(iii) for its first taxable year ending  
21           after December 31, 2010—

22                   “(I) the taxpayer may elect not  
23                   to have this paragraph apply to round  
24                   3 extension property, but

1                   “(II) if the taxpayer does not  
2                   make the election under subclause (I),  
3                   in applying this paragraph to the tax-  
4                   payer the bonus depreciation amount,  
5                   maximum amount, and maximum in-  
6                   crease amount shall be computed and  
7                   applied to eligible qualified property  
8                   which is round 3 extension property.

9                   The amounts described in subclause (II)  
10                  shall be computed separately from any  
11                  amounts computed with respect to eligible  
12                  qualified property which is not round 2 ex-  
13                  tension property.

14                  “(iii) TAXPAYERS NOT PREVIOUSLY  
15                  ELECTING ACCELERATION.—In the case of  
16                  a taxpayer who neither made the election  
17                  under subparagraph (A) for its first tax-  
18                  able year ending after March 31, 2008,  
19                  nor made the election under subparagraph  
20                  (H)(ii) for its first taxable year ending  
21                  after December 31, 2008, nor made the  
22                  election under subparagraph (I)(iii) for its  
23                  first taxable year ending after December  
24                  31, 2010—



1           “(I) the taxpayer may elect to  
2           have this paragraph apply to its first  
3           taxable year ending after December  
4           31, 2011, and each subsequent tax-  
5           able year, and

6           “(II) if the taxpayer makes the  
7           election under subclause (I), this  
8           paragraph shall only apply to eligible  
9           qualified property which is round 3  
10          extension property.

11          “(iv) ROUND 3 EXTENSION PROP-  
12          PERTY.—For purposes of this subpara-  
13          graph, the term ‘round 3 extension prop-  
14          erty’ means property which is eligible  
15          qualified property solely by reason of the  
16          extension of the application of the special  
17          allowance under paragraph (1) pursuant to  
18          the amendments made by section 7(a) of  
19          the Small Business Jobs Tax Extenders  
20          Act of 2011 (and the application of such  
21          extension to this paragraph pursuant to  
22          the amendment made by section 7(c)(1) of  
23          such Act).”.

24          (d) CONFORMING AMENDMENTS.—

1           (1) The heading for subsection (k) of section  
2           168 is amended by striking “JANUARY 1, 2013” and  
3           inserting “JANUARY 1, 2014”.

4           (2) The heading for clause (ii) of section  
5           168(k)(2)(B) is amended by striking “PRE-JANUARY  
6           1, 2013” and inserting “PRE-JANUARY 1, 2014”.

7           (3) Paragraph (5) of section 168(l) is amend-  
8           ed—

9                   (A) by striking “and” at the end of sub-  
10                  paragraph (A),

11                   (B) by redesignating subparagraph (C) as  
12                  subparagraph (B), and

13                   (C) by inserting after subparagraph (A)  
14                  the following new subparagraph:

15                           “(B) by substituting ‘January 1, 2013’ for  
16                           ‘January 1, 2014’ in clause (i) thereof, and”.

17           (4) Subparagraph (C) of section 168(n)(2) is  
18           amended by striking “January 1, 2013” and insert-  
19           ing “January 1, 2014”.

20           (5) Subparagraph (D) of section 1400L(b)(2) is  
21           amended by striking “January 1, 2013” and insert-  
22           ing “January 1, 2014”.

23           (6) Subparagraph (B) of section 1400N(d)(3)  
24           is amended by striking “January 1, 2013” and in-  
25           serting “January 1, 2014”.

1 (e) EFFECTIVE DATES.—The amendments made by  
2 this section shall apply to property placed in service after  
3 December 31, 2011, in taxable years ending after such  
4 date.

5 **SEC. 107. EXTENSION OF SPECIAL RULE FOR LONG-TERM**  
6 **CONTRACT ACCOUNTING.**

7 (a) IN GENERAL.—Clause (ii) of section 460(c)(6)(B)  
8 is amended by striking “January 1, 2011 (January 1,  
9 2012” and inserting “January 1, 2012 (January 1,  
10 2013”.

11 (b) EFFECTIVE DATE.—The amendment made by  
12 this section shall apply to property placed in service after  
13 December 31, 2010.

14 **SEC. 108. EXTENSION OF INCREASED AMOUNT ALLOWED AS**  
15 **A DEDUCTION FOR START-UP EXPENDI-**  
16 **TURES.**

17 (a) IN GENERAL.—Paragraph (3) of section 195(b)  
18 is amended—

19 (1) by inserting “or 2011” after “2010”, and

20 (2) by inserting “AND 2011” in the heading  
21 thereof.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to amounts paid or incurred in tax-  
24 able years beginning after December 31, 2010.

1 **SEC. 109. EXTENSION OF ALLOWANCE OF DEDUCTION FOR**  
2 **HEALTH INSURANCE IN COMPUTING SELF-**  
3 **EMPLOYMENT TAXES.**

4 (a) **IN GENERAL.**—Paragraph (4) of section 162(l)  
5 is amended by striking “December 31, 2010” and insert-  
6 ing “December 31, 2011”.

7 (b) **EFFECTIVE DATE.**—The amendment made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2010.

10 **TITLE II—OFFSETTING**  
11 **PROVISIONS**

12 **SEC. 201. EXPANSION OF AFFORDABILITY EXCEPTION TO**  
13 **INDIVIDUAL MANDATE.**

14 Section 5000A(e)(1) is amended by striking “8 per-  
15 cent” each place it appears and inserting “5 percent”.

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