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(Original Signature of Member)

111TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to provide tax incentives
for small business job creation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LEVIN introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide
tax incentives for small business job creation, 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 **TITLE V—TAX PROVISIONS**

4 **SEC. 500. SHORT TITLE; ETC.**

5 (a) SHORT TITLE.—This title may be cited as the
6 “Small Business Jobs Tax Relief Act of 2010”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this title 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 title is as follows:

Sec. 500. Short title; etc.

Subtitle A—Small Business Tax Incentives

PART 1—GENERAL PROVISIONS

Sec. 501. Temporary exclusion of 100 percent of gain on certain small business stock.

PART 2—LIMITATIONS AND REPORTING ON CERTAIN PENALTIES

Sec. 511. Limitation on penalty for failure to disclose certain information.

Sec. 512. Annual reports on penalties and certain other enforcement actions.

PART 3—OTHER PROVISIONS

Sec. 521. Increase in amount allowed as deduction for start-up expenditures.

Sec. 522. Nonrecourse small business investment company loans from the Small Business Administration treated as amounts at risk.

Sec. 523. Benefits under the Small Business Borrower Assistance Program excluded from gross income.

Subtitle B—Revenue Provisions

Sec. 531. Required minimum 10-year term, etc., for grantor retained annuity trusts.

Sec. 532. Crude tall oil ineligible for cellulosic biofuel producer credit.

Sec. 533. Time for payment of corporate estimated taxes.

1 **Subtitle A—Small Business Tax**
2 **Incentives**

3 **PART 1—GENERAL PROVISIONS**

4 **SEC. 501. TEMPORARY EXCLUSION OF 100 PERCENT OF**
5 **GAIN ON CERTAIN SMALL BUSINESS STOCK.**

6 (a) IN GENERAL.—Subsection (a) of section 1202 is
7 amended by adding at the end the following new para-
8 graph:

9 “(4) SPECIAL 100 PERCENT EXCLUSION.—In
10 the case of qualified small business stock acquired
11 after March 15, 2010, and before January 1,
12 2012—

13 “(A) paragraph (1) shall be applied by
14 substituting ‘100 percent’ for ‘50 percent’,

15 “(B) paragraph (2) shall not apply, and

16 “(C) paragraph (7) of section 57(a) shall
17 not apply.”.

18 (b) CONFORMING AMENDMENTS.—Paragraph (3) of
19 section 1202(a) is amended—

20 (1) by striking “after the date of the enactment
21 of this paragraph and before January 1, 2011” and
22 inserting “after February 17, 2009, and before
23 March 16, 2010”; and

1 (2) by striking “SPECIAL RULES FOR 2009 AND
2 2010” in the heading and inserting “SPECIAL 75
3 PERCENT EXCLUSION”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to stock acquired after March 15,
6 2010.

7 **PART 2—LIMITATIONS AND REPORTING ON**
8 **CERTAIN PENALTIES**

9 **SEC. 511. LIMITATION ON PENALTY FOR FAILURE TO DIS-**
10 **CLOSE CERTAIN INFORMATION.**

11 (a) IN GENERAL.—Subsection (b) of section 6707A
12 is amended to read as follows:

13 “(b) AMOUNT OF PENALTY.—

14 “(1) IN GENERAL.—Except as otherwise pro-
15 vided in this subsection, the amount of the penalty
16 under subsection (a) with respect to any reportable
17 transaction shall be 75 percent of the decrease in
18 tax shown on the return as a result of such trans-
19 action (or which would have resulted from such
20 transaction if such transaction were respected for
21 Federal tax purposes).

22 “(2) MAXIMUM PENALTY.—The amount of the
23 penalty under subsection (a) with respect to any re-
24 portable transaction for any taxable year shall not
25 exceed—

1 “(A) in the case of a listed transaction,
2 \$200,000 (\$100,000 in the case of a natural
3 person), or

4 “(B) in the case of any other reportable
5 transaction, \$50,000 (\$10,000 in the case of a
6 natural person).

7 “(3) MINIMUM PENALTY.—The amount of the
8 penalty under subsection (a) with respect to any
9 transaction for any taxable year shall not be less
10 than \$10,000 (\$5,000 in the case of a natural per-
11 son).”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to penalties assessed after Decem-
14 ber 31, 2006.

15 **SEC. 512. ANNUAL REPORTS ON PENALTIES AND CERTAIN**
16 **OTHER ENFORCEMENT ACTIONS.**

17 (a) IN GENERAL.—The Commissioner of Internal
18 Revenue, in consultation with the Secretary of the Treas-
19 ury, shall submit to the Committee on Ways and Means
20 of the House of Representatives and the Committee on
21 Finance of the Senate an annual report on the penalties
22 assessed by the Internal Revenue Service during the pre-
23 ceding year under each of the following provisions of the
24 Internal Revenue Code of 1986:

1 (1) Section 6662A (relating to accuracy-related
2 penalty on understatements with respect to report-
3 able transactions).

4 (2) Section 6700(a) (relating to promoting abu-
5 sive tax shelters).

6 (3) Section 6707 (relating to failure to furnish
7 information regarding reportable transactions).

8 (4) Section 6707A (relating to failure to include
9 reportable transaction information with return).

10 (5) Section 6708 (relating to failure to main-
11 tain lists of advisees with respect to reportable
12 transactions).

13 (b) ADDITIONAL INFORMATION.—The report re-
14 quired under subsection (a) shall also include information
15 on the following with respect to each year:

16 (1) Any action taken under section 330(b) of
17 title 31, United States Code, with respect to any re-
18 portable transaction (as defined in section 6707A(c)
19 of the Internal Revenue Code of 1986).

20 (2) Any extension of the time for assessment of
21 tax enforced, or assessment of any amount under
22 such an extension, under paragraph (10) of section
23 6501(c) of the Internal Revenue Code of 1986.

1 (c) DATE OF REPORT.—The first report required
2 under subsection (a) shall be submitted not later than De-
3 cember 31, 2010.

4 **PART 3—OTHER PROVISIONS**

5 **SEC. 521. INCREASE IN AMOUNT ALLOWED AS DEDUCTION**
6 **FOR START-UP EXPENDITURES.**

7 (a) IN GENERAL.—Subsection (b) of section 195 is
8 amended by adding at the end the following new para-
9 graph:

10 “(3) INCREASED LIMITATION FOR TAXABLE
11 YEARS BEGINNING IN 2010 OR 2011.—In the case of
12 any taxable year beginning in 2010 or 2011, para-
13 graph (1)(A)(ii) shall be applied—

14 “(A) by substituting ‘\$20,000’ for
15 ‘\$5,000’, and

16 “(B) by substituting ‘\$75,000’ for
17 ‘\$50,000’.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2009.

1 **SEC. 522. NONRECOURSE SMALL BUSINESS INVESTMENT**
2 **COMPANY LOANS FROM THE SMALL BUSI-**
3 **NESS ADMINISTRATION TREATED AS**
4 **AMOUNTS AT RISK.**

5 (a) IN GENERAL.—Subparagraph (B) of section
6 465(b)(6) is amended to read as follows:

7 “(B) QUALIFIED NONRECOURSE FINANC-
8 ING.—For purposes of this paragraph—

9 “(i) IN GENERAL.—The term ‘quali-
10 fied nonrecourse financing’ means any fi-
11 nancing—

12 “(I) which is qualified real prop-
13 erty financing or qualified SBIC fi-
14 nancing,

15 “(II) except to the extent pro-
16 vided in regulations, with respect to
17 which no person is personally liable
18 for repayment, and

19 “(III) which is not convertible
20 debt.

21 “(ii) QUALIFIED REAL PROPERTY FI-
22 NANCING.—The term ‘qualified real prop-
23 erty financing’ means any financing
24 which—

1 “(I) is borrowed by the taxpayer
2 with respect to the activity of holding
3 real property,

4 “(II) is secured by real property
5 used in such activity, and

6 “(III) is borrowed by the tax-
7 payer from a qualified person or rep-
8 resents a loan from any Federal,
9 State, or local government or instru-
10 mentality thereof, or is guaranteed by
11 any Federal, State, or local govern-
12 ment.

13 “(iii) QUALIFIED SBIC FINANCING.—
14 The term ‘qualified SBIC financing’ means
15 any financing which—

16 “(I) is borrowed by a small busi-
17 ness investment company (within the
18 meaning of section 301 of the Small
19 Business Investment Act of 1958),
20 and

21 “(II) is borrowed from, or guar-
22 anteed by, the Small Business Admin-
23 istration under the authority of sec-
24 tion 303(b) of such Act.”.

1 (b) CONFORMING AMENDMENTS.—Subparagraph (A)
2 of section 465(b)(6) is amended—

3 (1) by striking “in the case of an activity of
4 holding real property,”; and

5 (2) by striking “which is secured by real prop-
6 erty used in such activity”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to loans and guarantees made after
9 the date of the enactment of this Act.

10 **SEC. 523. BENEFITS UNDER THE SMALL BUSINESS BOR-**
11 **ROWER ASSISTANCE PROGRAM EXCLUDED**
12 **FROM GROSS INCOME.**

13 (a) IN GENERAL.—Part III of subchapter B of chap-
14 ter 1 is amended by adding at the end the following new
15 section:

16 **“SEC. 139F. BENEFITS UNDER THE SMALL BUSINESS BOR-**
17 **ROWER ASSISTANCE PROGRAM.**

18 “(a) IN GENERAL.—Gross income shall not include
19 any amount paid on behalf of a borrower by the Adminis-
20 trator of the Small Business Administration under the
21 Small Business Borrower Assistance program established
22 under section 402 of the Small Business Assistance Fund
23 Act of 2010 (as in effect immediately after the date of
24 the enactment of such Act).

1 “(b) DENIAL OF DOUBLE BENEFIT.—Notwith-
2 standing any other provision of this subtitle, with respect
3 to the person for whose benefit a payment described in
4 subsection (a) is made—

5 “(1) INTEREST.—No deduction shall be allowed
6 for interest to the extent the liability for such inter-
7 est is covered by such payment.

8 “(2) PAYMENTS OF PRINCIPAL.—If any pay-
9 ment is applied to reduce the principal of the loan
10 to which such payment relates—

11 “(A) ALLOCATION AMONG FINANCED EX-
12 PENDITURES.—Such payment shall be allocated
13 pro rata among the expenditures financed with
14 such loan.

15 “(B) CREDITS AND DEDUCTIBLE EX-
16 PENSES.—No deduction or credit shall be al-
17 lowed for, or by reason of, any such expenditure
18 to the extent of the amount of the payment al-
19 located to such expenditure under subparagraph
20 (A).

21 “(C) ADJUSTMENT OF BASIS.—The ad-
22 justed basis of any property acquired with such
23 expenditure shall be reduced to the extent of
24 the amount of the payment allocated to such
25 expenditure under subparagraph (A).”.

1 (b) CLERICAL AMENDMENTS.—The table of sections
2 for part III of subchapter B of chapter 1 is amended by
3 adding at the end the following new item:

“Sec. 139F. Benefits under the Small Business Borrower Assistance Program.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to payments made after the date
6 of the enactment of this Act.

7 **Subtitle B—Revenue Provisions**

8 **SEC. 531. REQUIRED MINIMUM 10-YEAR TERM, ETC., FOR** 9 **GRANTOR RETAINED ANNUITY TRUSTS.**

10 (a) IN GENERAL.—Subsection (b) of section 2702 is
11 amended—

12 (1) by redesignating paragraphs (1), (2) and
13 (3) as subparagraphs (A), (B), and (C), respectively,
14 and by moving such subparagraphs (as so redesign-
15 nated) 2 ems to the right;

16 (2) by striking “For purposes of” and inserting
17 the following:

18 “(1) IN GENERAL.—For purposes of”;

19 (3) by striking “paragraph (1) or (2)” in para-
20 graph (1)(C) (as so redesignated) and inserting
21 “subparagraph (A) or (B)”; and

22 (4) by adding at the end the following new
23 paragraph:

1 “(2) ADDITIONAL REQUIREMENTS WITH RE-
2 SPECT TO GRANTOR RETAINED ANNUITIES.—For
3 purposes of subsection (a), in the case of an interest
4 described in paragraph (1)(A) (determined without
5 regard to this paragraph) which is retained by the
6 transferor, such interest shall be treated as de-
7 scribed in such paragraph only if—

8 “(A) the right to receive the fixed amounts
9 referred to in such paragraph is for a term of
10 not less than 10 years,

11 “(B) such fixed amounts, when determined
12 on an annual basis, do not decrease relative to
13 any prior year during the first 10 years of the
14 term referred to in subparagraph (A), and

15 “(C) the remainder interest has a value
16 greater than zero determined as of the time of
17 the transfer.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to transfers made after the date
20 of the enactment of this Act.

21 **SEC. 532. CRUDE TALL OIL INELIGIBLE FOR CELLULOSIC**
22 **BIOFUEL PRODUCER CREDIT.**

23 (a) IN GENERAL.—Clause (iii) of section 40(b)(6)(E)
24 is amended—

25 (1) by striking “or” at the end of subclause (I),

1 (2) by striking the period at the end of sub-
2 clause (II) and inserting “, or”,

3 (3) by adding at the end the following new sub-
4 clause:

5 “(III) such fuel has an acid num-
6 ber greater than 25.”, and

7 (4) by striking “UNPROCESSED” in the heading
8 and inserting “CERTAIN”.

9 (b) **EFFECTIVE DATE.**—The amendment made by
10 this section shall apply to fuels sold or used on or after
11 January 1, 2010.

12 **SEC. 533. TIME FOR PAYMENT OF CORPORATE ESTIMATED**
13 **TAXES.**

14 The percentage under paragraph (2) of section 561
15 of the Hiring Incentives to Restore Employment Act in
16 effect on the date of the enactment of this Act is increased
17 by 7.75 percentage points.