

**DIVISION B—TAX, UNEMPLOYMENT,
HEALTH, STATE FISCAL RELIEF, AND
OTHER PROVISIONS**

TITLE I—TAX PROVISIONS

**American
Recovery and
Reinvestment
Tax Act of 2009, Section 1221**

26 USC 1 *et seq.*

26 USC 1 note.

SEC. 1000. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the “American Recovery and Reinvestment Tax Act of 2009”.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this title 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 title is as follows:

TITLE I—TAX PROVISIONS

Sec. 1000. Short title, etc.

**Subtitle A—Tax Relief for Individuals and Families
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Sec. 1002. Temporary increase in earned income tax credit.

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Subtitle B—Energy Incentives

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Sec. 1101. Extension of credit for electricity produced from certain renewable resources.

Sec. 1102. Election of investment credit in lieu of production credit.

Sec. 1103. Repeal of certain limitations on credit for renewable energy property.

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PART II—INCREASED ALLOCATIONS OF NEW CLEAN RENEWABLE ENERGY BONDS AND QUALIFIED ENERGY CONSERVATION BONDS

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PART III—ENERGY CONSERVATION INCENTIVES

Sec. 1121. Extension and modification of credit for nonbusiness energy property.

Sec. 1122. Modification of credit for residential energy efficient property.

Sec. 1123. Temporary increase in credit for alternative fuel vehicle refueling property.

PART IV—MODIFICATION OF CREDIT FOR CARBON DIOXIDE SEQUESTRATION

Sec. 1131. Application of monitoring requirements to carbon dioxide used as a tertiary injectant.

PART V—PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES

- Sec. 1141. Credit for new qualified plug-in electric drive motor vehicles.
- Sec. 1142. Credit for certain plug-in electric vehicles.
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- Sec. 1144. Treatment of alternative motor vehicle credit as a personal credit allowed against AMT.

PART VI—PARITY FOR TRANSPORTATION FRINGE BENEFITS

- Sec. 1151. Increased exclusion amount for commuter transit benefits and transit passes.

Subtitle C—Tax Incentives for Business

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- Sec. 1201. Special allowance for certain property acquired during 2009.
- Sec. 1202. Temporary increase in limitations on expensing of certain depreciable business assets.

PART II—SMALL BUSINESS PROVISIONS

- Sec. 1211. 5-year carryback of operating losses of small businesses.
- Sec. 1212. Decreased required estimated tax payments in 2009 for certain small businesses.

PART III—INCENTIVES FOR NEW JOBS

- Sec. 1221. Incentives to hire unemployed veterans and disconnected youth.**

PART IV—RULES RELATING TO DEBT INSTRUMENTS

- Sec. 1231. Deferral and ratable inclusion of income arising from business indebtedness discharged by the reacquisition of a debt instrument.
- Sec. 1232. Modifications of rules for original issue discount on certain high yield obligations.

PART V—QUALIFIED SMALL BUSINESS STOCK

- Sec. 1241. Special rules applicable to qualified small business stock for 2009 and 2010.

PART VI—S CORPORATIONS

Sec. 1251. Temporary reduction in recognition period for built-in gains tax.

PART VII—RULES RELATING TO OWNERSHIP CHANGES

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Sec. 1262. Treatment of certain ownership changes for purposes of limitations on net operating loss carryforwards and certain built-in losses.

Subtitle D—Manufacturing Recovery Provisions

Sec. 1301. Temporary expansion of availability of industrial development bonds to facilities manufacturing intangible property.

Sec. 1302. Credit for investment in advanced energy facilities.

Subtitle E—Economic Recovery Tools

Sec. 1401. Recovery zone bonds.

Sec. 1402. Tribal economic development bonds.

Sec. 1403. Increase in new markets tax credit.

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Subtitle F—Infrastructure Financing Tools

PART I—IMPROVED MARKETABILITY FOR TAX-EXEMPT BONDS

Sec. 1501. De minimis safe harbor exception for tax-exempt interest expense of financial institutions.

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Sec. 1504. Modification to high speed intercity rail facility bonds.

**PART II—DELAY IN APPLICATION OF WITHHOLDING TAX ON
GOVERNMENT CONTRACTORS**

Sec. 1511. Delay in application of withholding tax on government contractors.

A certification under subclause (II) shall be in such form and manner and filed at such time as the Secretary may by regulations prescribe.

“(iii) INCOME FROM A SMALL BUSINESS.—For purposes of clause (ii), income from a small business means, with respect to any individual, income from a trade or business the average number of employees of which was less than 500 employees for the calendar year ending with or within the preceding taxable year of the individual.

“(iv) SEPARATE RETURNS.—In the case of a married individual (within the meaning of section 7703) who files a separate return for the taxable year for which the amount of the installment is being determined, clause (ii)(I) shall be applied by substituting ‘\$250,000’ for ‘\$500,000’.

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

PART III—INCENTIVES FOR NEW JOBS

SEC. 1221. INCENTIVES TO HIRE UNEMPLOYED VETERANS AND DISCONNECTED YOUTH.

(a) IN GENERAL.—Subsection (d) of section 51 is amended by adding at the end the following new paragraph:

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

“(A) IN GENERAL.—Any unemployed veteran or disconnected youth who begins work for the employer during 2009 or 2010 shall be treated as a member of a targeted group for purposes of this subpart.

“(B) DEFINITIONS.—For purposes of this paragraph—

“(i) UNEMPLOYED VETERAN.—The term ‘unemployed veteran’ means any veteran (as defined in paragraph (3)(B), determined without regard to clause (ii) thereof) who is certified by the designated local agency as—

“(I) having been discharged or released from active duty in the Armed Forces at any time during the 5-year period ending on the hiring date, and

“(II) being in receipt of unemployment compensation under State or Federal law for not less

than 4 weeks during the 1-year period ending on the hiring date.

“(ii) DISCONNECTED YOUTH.—The term ‘disconnected youth’ means any individual who is certified by the designated local agency—

“(I) as having attained age 16 but not age 25 on the hiring date,

“(II) as not regularly attending any secondary, technical, or post-secondary school during the 6-month period preceding the hiring date,

“(III) as not regularly employed during such 6-month period, and

“(IV) as not readily employable by reason of lacking a sufficient number of basic skills.”.

26 USC 51.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2008.

PART IV—RULES RELATING TO DEBT INSTRUMENTS

SEC. 1231. DEFERRAL AND RATABLE INCLUSION OF INCOME ARISING FROM BUSINESS INDEBTEDNESS DISCHARGED BY THE REACQUISITION OF A DEBT INSTRUMENT.

(a) IN GENERAL.—Section 108 (relating to income from discharge of indebtedness) is amended by adding at the end the following new subsection:

“(i) DEFERRAL AND RATABLE INCLUSION OF INCOME ARISING FROM BUSINESS INDEBTEDNESS DISCHARGED BY THE REACQUISITION OF A DEBT INSTRUMENT.—

“(1) IN GENERAL.—At the election of the taxpayer, income from the discharge of indebtedness in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument shall be includible in gross income ratably over the 5-taxable-year period beginning with—

“(A) in the case of a reacquisition occurring in 2009, the fifth taxable year following the taxable year in which the reacquisition occurs, and

“(B) in the case of a reacquisition occurring in 2010, the fourth taxable year following the taxable year in which

the reacquisition occurs.