

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4779

To amend the Internal Revenue Code of 1986 to encourage the creation and growth of small business and reduce the cost of complying with the tax requirements.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2010

Mr. POMEROY (for himself and Mr. MORAN of Kansas) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to encourage the creation and growth of small business and reduce the cost of complying with the tax requirements.

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.**

4 This Act may be cited as the “Small Business Jobs  
5 and Tax Relief Act of 2010”.

6 **SEC. 2. EXTEND TEMPORARY BONUS DEPRECIATION FOR**  
7 **CERTAIN PROPERTY.**

8 (a) EXTENSION OF SPECIAL ALLOWANCE.—

1           (1) IN GENERAL.—Paragraph (2) of section  
2 168(k) of the Internal Revenue Code of 1986 is  
3 amended—

4           (A) by striking “January 1, 2011” and in-  
5 serting “January 1, 2012”, and

6           (B) by striking “January 1, 2010” each  
7 place it appears and inserting “January 1,  
8 2011”.

9           (2) CONFORMING AMENDMENTS.—

10           (A) The heading for subsection (k) of sec-  
11 tion 168 of such Code is amended by striking  
12 “JANUARY 1, 2010” and inserting “JANUARY  
13 1, 2011”.

14           (B) The heading for clause (ii) of section  
15 168(k)(2)(B) of such Code is amended by strik-  
16 ing “PRE-JANUARY 1, 2010” and inserting “PRE-  
17 JANUARY 1, 2011”.

18           (C) Subparagraph (B) of section 168(l)(5)  
19 of such Code is amended by striking “January  
20 1, 2010” and inserting “January 1, 2011”.

21           (D) Subparagraph (C) of section 168(n)(2)  
22 of such Code is amended by striking “January  
23 1, 2010” and inserting “January 1, 2011”.

24           (E) Subparagraph (B) of section  
25 1400N(d)(3) of such Code is amended by strik-

1           ing “January 1, 2010” and inserting “January  
2           1, 2011”.

3           (b) EXTENSION OF ELECTION TO ACCELERATE THE  
4 AMT AND RESEARCH CREDITS IN LIEU OF BONUS DE-  
5 PRECIATION.—Section 168(k)(4) of such Code (relating to  
6 election to accelerate the AMT and research credits in lieu  
7 of bonus depreciation) is amended—

8           (1) by striking “2009” and inserting “2010” in  
9           subparagraph (D)(iii) (as redesignated by subsection  
10          (a)(3)), and

11          (2) by adding at the end the following new sub-  
12          paragraph:

13                 “(I) SPECIAL RULES FOR EXTENSION  
14                 PROPERTY.—

15                         “(i) TAXPAYERS PREVIOUSLY ELECT-  
16                         ING ACCELERATION.—In the case of a tax-  
17                         payer who made the election under sub-  
18                         paragraph (A) for its first taxable year  
19                         ending after March 31, 2008—

20                                 “(I) the taxpayer may elect not  
21                                 to have this paragraph apply to exten-  
22                                 sion property, but

23   “(II) if the taxpayer does not  
24   make the election under subclause (I),  
25   in applying this paragraph to the tax-

1 payer a separate bonus depreciation  
2 amount, maximum amount, and maximum  
3 increase amount shall be computed  
4 and applied to eligible qualified  
5 property which is extension property  
6 and to eligible qualified property  
7 which is not extension property.

8 “(ii) TAXPAYERS NOT PREVIOUSLY  
9 ELECTING ACCELERATION.—In the case of  
10 a taxpayer who did not make the election  
11 under subparagraph (A) for its first taxable  
12 year ending after March 31, 2008—

13 “(I) the taxpayer may elect to  
14 have this paragraph apply to its first  
15 taxable year ending after December  
16 31, 2009, and each subsequent taxable  
17 year, and

18 “(II) if the taxpayer makes the  
19 election under subclause (I), this  
20 paragraph shall only apply to eligible  
21 qualified property which is extension  
22 property.

23 “(iii) EXTENSION PROPERTY.—For  
24 purposes of this subparagraph, the term  
25 ‘extension property’ means property which

1 is eligible qualified property solely by rea-  
2 son of the extension of the application of  
3 the special allowance under paragraph (1)  
4 pursuant to the amendments made by sec-  
5 tion 3(a) of the Small Business Jobs and  
6 Tax Relief Act of 2010 (and the applica-  
7 tion of such extension to this paragraph  
8 pursuant to the amendment made by sec-  
9 tion 3(b)(1) of such Act).

10 “(b) LIMITATION.—The amount taken into account  
11 under subsection (a) shall not exceed \$1,500 for each vehi-  
12 cle on which an idling reduction device is affixed.”

13 (c) EFFECTIVE DATES.—The amendments made by  
14 this section shall apply to property placed in service after  
15 December 31, 2009, in taxable years ending after such  
16 date.

17 **SEC. 3. INCREASE IN AMOUNT ALLOWED AS DEDUCTION**  
18 **FOR START-UP EXPENDITURES.**

19 (a) IN GENERAL.—Subsection (b) of section 195 of  
20 the Internal Revenue Code of 1986 is amended by adding  
21 at the end the following:

22 “(3) SPECIAL RULE FOR TAXABLE YEARS BE-  
23 GINNING IN 2009, 2010, OR 2011.—In the case of a  
24 taxable year beginning in 2010, 2011, or 2012,  
25 paragraph (1)(A)(ii) shall be applied—

1           “(A) by substituting ‘\$20,000’ for  
2           ‘\$5,000’, and

3           “(B) by substituting ‘\$75,000’ for  
4           ‘\$50,000’.”.

5           (b) **EFFECTIVE DATE.**—The amendments made by  
6 this section shall apply to amounts paid or incurred in tax-  
7 able years beginning after the date of the enactment of  
8 this Act.

9   **SEC. 4. REMOVAL OF CELLULAR TELEPHONES (OR SIMILAR**  
10                           **TELECOMMUNICATIONS EQUIPMENT) FROM**  
11                           **LISTED PROPERTY.**

12           (a) **IN GENERAL.**—Subparagraph (A) of section  
13 280F(d)(4) of the Internal Revenue Code (defining listed  
14 property) is amended by inserting “and” at the end of  
15 clause (iv), by striking clause (v), and by redesignating  
16 clause (vi) as clause (v).

17           (b) **EFFECTIVE DATE.**—The amendment made by  
18 subsection (a) shall apply to taxable years beginning after  
19 January 1, 2009.

1 **SEC. 5. 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) of the Internal Revenue Code of 1986 is amend-  
7 ed to read as follows:

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

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

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

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

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

22 “(ii) **QUALIFIED REAL PROPERTY FI-**  
23 **NANCING.**—The term ‘qualified real prop-  
24 erty financing’ means any financing  
25 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               “(II) is secured by property used  
21               or held, directly or indirectly, by such  
22               small business investment company,  
23               and

24               “(III) is borrowed from, or guar-  
25               anteed by, the Small Business Admin-



1                   istration under the authority of sec-  
2                   tion 303(b) of such Act.”.

3           (b) CONFORMING AMENDMENTS.—Subparagraph (A)  
4 of section 465(b)(6) of such Code is amended—

5           (1) by striking “in the case of an activity of  
6           holding real property,” and

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

9           (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 the date of the enactment of this Act.

12 **SEC. 6. TEMPORARY EXCLUSION OF 100 PERCENT OF GAIN**  
13 **ON CERTAIN SMALL BUSINESS STOCK.**

14           (a) IN GENERAL.—Subsection (a) of section 1202 of  
15 the Internal Revenue Code of 1986 (relating partial exclu-  
16 sion for gain from certain small business stock) is amend-  
17 ed by adding at the end the following new paragraph:

18           “(4) 100 EXCLUSION FOR STOCK ACQUIRED  
19           DURING 2010.—In the case of qualified small busi-  
20           ness stock acquired during 2010—

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

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

24                   “(C) paragraph (7) of section 57(a) shall  
25                   not apply.”.

1 (b) CONFORMING AMENDMENT.—Paragraph (3) of  
2 section 1202 (a) of such Code is amended—

3 (1) by striking “AND 2010” in the heading, and

4 (2) by striking “January 1, 2011” and insert-  
5 ing “January 1, 2010”.

6 (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to stock acquired after December  
8 31, 2009.

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