

**AMENDMENT TO THE SENATE AMENDMENT TO
H.R. 4853
OFFERED BY MR. LEVIN OF MICHIGAN**

The House concurs in the Senate Amendment to H.R. 4853 with the following amendment:

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

1 SECTION 1. SHORT TITLE; ETC.

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

4 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
5 wise expressly provided, whenever in this Act an amend-
6 ment or repeal is expressed in terms of an amendment
7 to, or repeal of, a section or other provision, the reference
8 shall be considered to be made to a section or other provi-
9 sion of the Internal Revenue Code of 1986.

10 (c) **TABLE OF CONTENTS.**—The table of contents for
11 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.

1 **TITLE I—MIDDLE CLASS TAX**
2 **RELIEF MADE PERMANENT**

3 **SEC. 101. MIDDLE CLASS TAX RELIEF MADE PERMANENT.**

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

8 (1) Title I (relating to individual income tax
9 rate reductions).

10 (2) Title II (relating to tax benefits related to
11 children).

12 (3) Title III (relating to marriage penalty re-
13 lief).

14 (4) Title IV (relating to affordable education
15 provisions).

16 (b) REDUCED RATES ON CAPITAL GAINS AND DIVI-
17 DENDS.—The Jobs and Growth Tax Relief Reconciliation
18 Act of 2003 is amended by striking section 303.

1 **SEC. 102. CERTAIN PROVISIONS NOT APPLICABLE TO HIGH**
2 **INCOME INDIVIDUALS.**

3 (a) **INDIVIDUAL INCOME TAX RATES.**—Subsection (i)
4 of section 1 is amended by striking paragraph (2), by re-
5 designating paragraph (3) as paragraph (4), and by in-
6 serting after paragraph (1) the following new paragraphs:

7 “(2) **25- AND 28-PERCENT RATE BRACKETS.**—

8 The tables under subsections (a), (b), (c), (d), and
9 (e) shall be applied—

10 “(A) by substituting ‘25%’ for ‘28%’ each
11 place it appears (before the application of sub-
12 paragraph (B)), and

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

15 “(3) **33-PERCENT RATE BRACKET.**—

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

18 “(i) the rate of tax under subsections
19 (a), (b), (c), and (d) on a taxpayer’s tax-
20 able income in the fourth rate bracket shall
21 be 33 percent to the extent such income
22 does not exceed an amount equal to the ex-
23 cess of—

24 “(I) the applicable amount, over

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

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

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

9 “(i) the applicable threshold, over

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

12 “(I) the basic standard deduction
13 (within the meaning of section
14 63(c)(2)), and

15 “(II) the exemption amount
16 (within the meaning of section
17 151(d)(1)) (or, in the case of sub-
18 section (a), 2 such exemption
19 amounts).

20 “(C) APPLICABLE THRESHOLD.—For pur-
21 poses of this paragraph, the term ‘applicable
22 threshold’ means—

23 “(i) \$250,000 in the case of sub-
24 section (a),

1 “(ii) \$200,000 in the case of sub-
2 sections (b) and (c), and

3 “(iii) 1/2 the amount applicable under
4 clause (i) (after adjustment, if any, under
5 subparagraph (E)) in the case of sub-
6 section (d).

7 “(D) FOURTH RATE BRACKET.—For pur-
8 poses of this paragraph, the term ‘fourth rate
9 bracket’ means the bracket which would (deter-
10 mined without regard to this paragraph) be the
11 36-percent rate bracket.

12 “(E) INFLATION ADJUSTMENT.—For pur-
13 poses of this paragraph, a rule similar to the
14 rule of paragraph (1)(C) shall apply with re-
15 spect to taxable years beginning in calendar
16 years after 2010, applied by substituting ‘2008’
17 for ‘1992’ in subsection (f)(3)(B).”.

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

20 (1) OVERALL LIMITATION ON ITEMIZED DEDUC-
21 TIONS.—Section 68 is amended—

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

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

4 (C) by striking subsection (b) and redesignating
5 subsections (c), (d), and (e) as sub-
6 sections (b), (c), and (d), respectively, and

7 (D) by striking subsections (f) and (g).

8 (2) PHASEOUT OF DEDUCTIONS FOR PERSONAL
9 EXEMPTIONS.—

10 (A) IN GENERAL.—Paragraph (3) of sec-
11 tion 151(d) is amended—

12 (i) by striking “the threshold amount”
13 in subparagraphs (A) and (B) and insert-
14 ing “the applicable threshold in effect
15 under section 1(i)(3)”,

16 (ii) by striking subparagraph (C) and
17 redesignating subparagraph (D) as sub-
18 paragraph (C), and

19 (iii) by striking subparagraphs (E)
20 and (F).

21 (B) CONFORMING AMENDMENT.—Para-
22 graph (4) of section 151(d) is amended—

23 (i) by striking subparagraph (B),

24 (ii) by redesignating clauses (i) and

25 (ii) of subparagraph (A) as subparagraphs

1 (A) and (B), respectively, and by indenting
2 such subparagraphs (as so redesignated)
3 accordingly, and

4 (iii) by striking all that precedes “in
5 a calendar year after 1989,” and inserting
6 the following:

7 “(4) INFLATION ADJUSTMENT.—In the case of
8 any taxable year beginning”.

9 (c) REDUCED RATE ON CAPITAL GAINS AND DIVI-
10 DENDS.—

11 (1) IN GENERAL.—Paragraph (1) of section
12 (1)(h) is amended by striking subparagraph (C), by
13 redesignating subparagraphs (D) and (E) as sub-
14 subparagraphs (E) and (F) and by inserting after sub-
15 paragraph (B) the following new subparagraphs:

16 “(C) 15 percent of the lesser of—

17 “(i) so much of the adjusted net cap-
18 ital gain (or, if less, taxable income) as ex-
19 ceeds the amount on which a tax is deter-
20 mined under subparagraph (B), or

21 “(ii) the excess (if any) of—

22 “(I) the amount of taxable in-
23 come which would (without regard to
24 this subsection) be taxed at a rate
25 below 36 percent, over

1 “(II) the sum of the amounts on
2 which tax is determined under sub-
3 paragraphs (A) and (B),

4 “(D) 20 percent of the adjusted net capital
5 gain (or, if less, taxable income) in excess of the
6 sum of the amounts on which tax is determined
7 under subparagraphs (B) and (C),”.

8 (2) DIVIDENDS.—Subparagraph (A) of section
9 1(h)(11) is amended by striking “qualified dividend
10 income” and inserting “so much of the qualified div-
11 idend income as does not exceed the excess (if any)
12 of—

13 “(i) the amount of taxable income
14 which would (without regard to this sub-
15 section) be taxed at a rate below 36 per-
16 cent, over

17 “(ii) taxable income reduced by quali-
18 fied dividend income.”.

19 (3) MINIMUM TAX.—Section 55 is amended by
20 adding at the end the following new subsection:

21 “(f) APPLICATION OF MAXIMUM RATE OF TAX ON
22 NET CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—In
23 the case of taxable years beginning after December 31,
24 2010, the amount determined under subparagraph (C) of
25 subsection (b)(3) shall be the sum of—

1 “(1) 15 percent of the lesser of—

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

6 “(B) the excess described in section
7 1(h)(1)(C)(ii), plus

8 “(2) 20 percent of the adjusted net capital gain
9 (or, if less, taxable excess) in excess of the sum of
10 the amounts on which tax is determined under sub-
11 section (b)(3)(B) and paragraph (1).”.

12 (4) CONFORMING AMENDMENTS.—

13 (A) The following provisions are amended
14 by striking “15 percent” and inserting “20 per-
15 cent”:

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

17 (ii) The second sentence of section
18 7518(g)(6)(A).

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

21 (B) Sections 531 and 541 are each amend-
22 ed by striking “15 percent of” and inserting
23 “the product of the highest rate of tax under
24 section 1(c) and”.

1 (C) Section 1445(e)(6) is amended by
2 striking “15 percent (20 percent in the case of
3 taxable years beginning after December 31,
4 2010)” and inserting “20 percent”.

5 (d) EFFECTIVE DATES.—

6 (1) IN GENERAL.—Except as provided in para-
7 graph (2), the amendments made by this section
8 shall apply to taxable years beginning after Decem-
9 ber 31, 2010.

10 (2) WITHHOLDING.—The amendments made by
11 subparagraphs (A)(i) and (C) of subsection (e)(4)
12 shall apply to amounts paid on or after January 1,
13 2011.

14 **SEC. 103. RELATED AMENDMENTS.**

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

17 (1) IN GENERAL.—Subsection (d) of section 24
18 is amended—

19 (A) by striking “\$10,000” in paragraph
20 (1)(B)(i) and inserting “\$3,000”, and
21 (B) by striking paragraphs (3) and (4).

22 (2) EFFECTIVE DATE.—The amendments made
23 by this subsection shall apply to taxable years begin-
24 ning after December 31, 2010.

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

3 (1) IN GENERAL.—Subparagraph (B) of section
4 32(b)(2) is amended to read as follows:

5 “(B) JOINT RETURNS.—

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

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

16 “(I) such dollar amount, multi-
17 plied by

18 “(II) the cost of living adjust-
19 ment determined under section 1(f)(3)
20 for the calendar year in which the tax-
21 able year begins determined by sub-
22 stituting ‘calendar year 2008’ for ‘cal-
23 endar year 1992’ in subparagraph (B)
24 thereof.

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

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

6 (3) EFFECTIVE DATE.—The amendments made
7 by this subsection shall apply to taxable years begin-
8 ning after December 31, 2010.

9 (c) APPLICATION TO ADOPTION CREDIT AND ADOPT-
10 TION ASSISTANCE PROGRAMS.—Subsection (c) of section
11 10909 of the Patient Protection and Affordable Care Act
12 is amended to read as follows:

13 “(c) The amendments made by this section shall not
14 apply to taxable years beginning after December 31,
15 2011.”.

16 **TITLE II—EXPENSING BY SMALL**
17 **BUSINESSES OF CERTAIN DE-**
18 **PRECIABLE ASSETS**

19 **SEC. 201. INCREASED LIMITATIONS ON EXPENSING BY**
20 **SMALL BUSINESSES OF CERTAIN DEPREE-**
21 **CIABLE ASSETS.**

22 (a) DOLLAR LIMITATION.—Subparagraph (C) of sec-
23 tion 179(b)(1) is amended by striking “\$25,000” and in-
24 serting “\$125,000”.

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

4 (c) INFLATION ADJUSTMENT.—Subsection (b) of sec-
5 tion 179 is amended by adding at the end the following
6 new paragraph:

7 “(6) INFLATION ADJUSTMENTS.—

8 “(A) IN GENERAL.—In the case of any
9 taxable beginning in a calendar year after 2011,
10 the \$125,000 and \$500,000 amounts in para-
11 graphs (1)(C) and (2)(C) shall each be in-
12 creased by an amount equal to—

13 “(i) such dollar amount, multiplied by

14 “(ii) the cost-of-living adjustment de-
15 termined under section 1(f)(3) for the cal-
16 endar year in which the taxable year be-
17 gins determined by substituting ‘calendar
18 year 2006’ for ‘calendar year 1992’ in sub-
19 paragraph (B) thereof.

20 “(B) ROUNDING.—

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

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

6 (d) AUTHORITY TO REVOKE ELECTION MADE PER-
7 MANENT.—Paragraph (2) of section 179(c) is amended by
8 striking “and before 2012”.

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

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

16 **TITLE III—EXTENSION OF AL-**
17 **TERNATIVE MINIMUM TAX**
18 **RELIEF**

19 **SEC. 301. EXTENSION OF ALTERNATIVE MINIMUM TAX RE-**
20 **LIEF FOR NONREFUNDABLE PERSONAL**
21 **CREDITS.**

22 (a) IN GENERAL.—Paragraph (2) of section 26(a) is
23 amended—

24 (1) by striking “2000, 2001, 2002, 2003, 2004,
25 2005, 2006, 2007, 2008, or 2009” and inserting

1 “the period beginning with calendar year 2000 and
2 ending with calendar year 2011”, and

3 (2) by striking “2009” in the heading thereof
4 and inserting “2011”.

5 (b) **EFFECTIVE DATE.**—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2009.

8 **SEC. 302. EXTENSION OF INCREASED ALTERNATIVE MIN-**
9 **IMUM TAX EXEMPTION AMOUNT.**

10 (a) **IN GENERAL.**—Paragraph (1) of section 55(d) is
11 amended—

12 (1) by striking “(\$70,950 in the case of taxable
13 years beginning in 2009)” in subparagraph (A) and
14 inserting “(\$72,450 in the case of taxable years be-
15 ginning in 2010 or 2011)”, and

16 (2) by striking “(\$46,700 in the case of taxable
17 years beginning in 2009)” in subparagraph (B) and
18 inserting “(\$47,450 in the case of taxable years be-
19 ginning in 2010 or 2011)”.

20 (b) **NONAPPLICATION OF EGTRRA SUNSET.**—Sec-
21 tion 901 of the Economic Growth and Tax Relief Rec-
22 onciliation Act of 2001 shall not apply to the amendments
23 made by section 701 of such Act.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2009.

4 **TITLE IV—BUDGETARY**
5 **PROVISION**

6 **SEC. 401. PAYGO COMPLIANCE.**

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

