

SUMMARY OF AMENDMENT BY MR. CAMP

This amendment would add at the end of the bill provisions that would:

(1) provide a 17% deduction for qualifying small business income in 2010 and 2011;

and

(2) shut down the "black liquor" loophole.

AMENDMENT

OFFERED BY MR. CAMP

Add at the end the following new title:

1 **TITLE IV—SMALL BUSINESS**
2 **INCOME**

3 **SEC. 141. DEDUCTION FOR QUALIFIED SMALL BUSINESS IN-**
4 **COME.**

5 (a) IN GENERAL.—Paragraph (1) of section 199(a)
6 is amended to read as follows:

7 “(1) IN GENERAL.—There shall be allowed as a
8 deduction an amount equal to the sum of—

9 “(A) 9 percent of the lesser of—

10 “(i) the qualified production activities
11 income of the taxpayer for the taxable
12 year, or

13 “(ii) taxable income (determined with-
14 out regard to this section) for the taxable
15 year, and

16 “(B) in the case of a qualified small busi-
17 ness for a taxable year beginning in 2010 or
18 2011, 17 percent of the lesser of—

1 “(i) the qualified small business in-
2 come of the taxpayer for the taxable year,
3 or

4 “(ii) taxable income (determined with-
5 out regard to this section) for the taxable
6 year.”.

7 (b) QUALIFIED SMALL BUSINESS; QUALIFIED SMALL
8 BUSINESS INCOME.—Section 199 is amended by adding
9 at the end the following new subsection:

10 “(e) QUALIFIED SMALL BUSINESS; QUALIFIED
11 SMALL BUSINESS INCOME.—

12 “(1) QUALIFIED SMALL BUSINESS.—

13 “(A) IN GENERAL.—For purposes of this
14 section, the term ‘qualified small business’
15 means any taxpayer for any taxable year if the
16 annual average number of employees employed
17 by such taxpayer during such taxable year was
18 500 or fewer.

19 “(B) AGGREGATION RULE.—For purposes
20 of subparagraph (A), any person treated as a
21 single employer under subsection (a) or (b) of
22 section 52 (applied without regard to section
23 1563(b)) or subsection (m) or (o) of section
24 414 shall be treated as 1 taxpayer for purposes
25 of this subsection.

1 “(C) SPECIAL RULE.—If a taxpayer is
2 treated as a qualified small business for any
3 taxable year, the taxpayer shall not fail to be
4 treated as a qualified small business for any
5 subsequent taxable year solely because the num-
6 ber of employees employed by such taxpayer
7 during such subsequent taxable year exceeds
8 500. The preceding sentence shall cease to
9 apply to such taxpayer in the first taxable year
10 in which there is an ownership change (as de-
11 fined by section 382(g) in respect of a corpora-
12 tion, or by applying principles analogous to
13 such ownership change in the case of a tax-
14 payer that is a partnership) with respect to the
15 stock (or partnership interests) of the taxpayer.

16 “(2) QUALIFIED SMALL BUSINESS INCOME.—

17 “(A) IN GENERAL.—For purposes of this
18 section, the term ‘qualified small business in-
19 come’ means the excess of—

20 “(i) the income of the qualified small
21 business which—

22 “(I) is attributable to the actual
23 conduct of a trade or business,

1 “(II) is income from sources
2 within the United States (within the
3 meaning of section 861), and

4 “(III) is not passive income (as
5 defined in section 904(d)(2)(B)), over
6 “(ii) the sum of—

7 “(I) the cost of goods sold that
8 are allocable to such income, and

9 “(II) other expenses, losses, or
10 deductions (other than the deduction
11 allowed under this section), which are
12 properly allocable to such income.

13 “(B) EXCEPTIONS.—The following shall
14 not be treated as income of a qualified small
15 business for purposes of subparagraph (A):

16 “(i) Any income which is attributable
17 to any property described in section
18 1400N(p)(3).

19 “(ii) Any income which is attributable
20 to the ownership or management of any
21 professional sports team.

22 “(iii) Any income which is attributable
23 to a trade or business described in sub-
24 paragraph (B) of section 1202(e)(3).

1 “(iii) **EXCLUSION OF UNPROCESSED**
2 **FUELS.**—The term ‘cellulosic biofuel’ shall
3 not include any fuel if

4 “(I) more than 4 percent of such
5 fuel (determined by weight) is any
6 combination of water and sediment, or

7 “(II) the ash content of such fuel
8 is more than 1 percent (determined by
9 weight).”

10 (b) **EFFECTIVE DATE.**—The amendment made by
11 this section shall apply to fuels sold or used after the date
12 of the enactment of this Act.

13 **SEC. 143. PROHIBITION ON ALTERNATIVE FUEL CREDIT**
14 **AND ALTERNATIVE FUEL MIXTURE CREDIT**
15 **FOR BLACK LIQUOR.**

16 (a) **IN GENERAL.**—The last sentence of section
17 6426(d)(2) is amended by striking “or biodiesel” and in-
18 serting “biodiesel, or any fuel (including lignin, wood resi-
19 dues, or spent pulping liquors) derived from the produc-
20 tion of paper or pulp”.

21 (b) **EFFECTIVE DATE.**—The amendment made by
22 this section shall apply to fuel sold or used after December
23 31, 2009.

