



**AGC SUMMARY  
 AMERICAN RECOVERY AND REINVESTMENT ACT  
 TAX PROVISIONS**

Last updated February 17, 2009

<b>HOUSE</b>	<b>SENATE</b>	<b>FINAL BILL</b>
<b>Individuals</b>	<b>Individuals</b>	<b>Individuals</b>
Not included	One-year (2008) AMT patch	One-year (2008) AMT patch
Remove repayment requirement on \$7,500 first-time home buyer credit for homes purchased after 2008 and before termination of credit on June 30, 2009	Increase \$7,500 first-time home buyer credit to \$15,000 for homes purchased in 2009; removes requirement that only first-time buyers qualify and that the credit be repaid	Increases \$7,500 first-time homebuyer credit to \$8,000 for homes purchased in 2009; removes requirement that credit be repaid
<b>Business</b>	<b>Business</b>	<b>Business</b>
Bonus depreciation	Bonus depreciation	Bonus depreciation
5-year carry-back of net operating losses (excluding companies receiving TARP benefits)	5-year carry-back of net operating losses (excluding companies receiving TARP benefits)	5-year carry-back of net operating losses for 2008 for small businesses with gross receipts of \$15 million or less
Extension of increased small business expensing	Extension of increased small business expensing	Extension of increased small business expensing
Expand work opportunity tax credit for disconnected youth, unemployed, and recently-discharged veterans	Expand work opportunity tax credit for disconnected youth, unemployed, and recently-discharged veterans	Expand work opportunity tax credit for disconnected youth and unemployed veterans
Repeal of Treasury Section 382 Notice	Not included	Repeal of Treasury Section 382 Notice
Not included	Small business capital gains exclusion	Small business capital gains exclusion
Not included	Delayed recognition of certain cancellation of debt income over 8 years	Delayed recognition of certain cancellation of debt income over 10 years

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Not included	Temporary reduction of S Corp built-in gains holding period from 10 to 7 years	Temporary reduction of S Corp built-in gains holding period from 10 to 7 years
Not included	5-year carry-back of general business credits	Not included
Not included	Extension of monetization of accumulated AMT and R&D credits in lieu of bonus depreciation	Not included
<b>State and Local Governments</b>		
Permanent repeal of 3% withholding tax on government contractors	One-year deferral of 3% withholding tax on government contractors	One-year deferral of 3% withholding tax on government contractors
De minimis safe harbor exception for tax-exempt interest expense for financial institutions	De minimis safe harbor exception for tax-exempt interest expense for financial institutions	De minimis safe harbor exception for tax-exempt interest expense for financial institutions
Modification of small issuer exception to tax-exempt interest expense allocation rules for financial institutions	Modification of small issuer exception to tax-exempt interest expense allocation rules for financial institutions	Modification of small issuer exception to tax-exempt interest expense allocation rules for financial institutions
Eliminate costs imposed on state and local governments by the AMT	Eliminate costs imposed on state and local governments by the AMT	Eliminate costs imposed on state and local governments by the AMT
Qualified School Construction Bonds (\$11 billion)	Qualified School Construction Bonds (\$5 billion)	Qualified School Construction Bonds (\$11 billion)
Extension and increase in authorization for Qualified Zone Academy Bonds (QZAB) (\$1.4 billion)	Extension and increase in authorization for Qualified Zone Academy Bonds (QZAB) (\$1.4 billion)	Extension and increase in authorization for Qualified Zone Academy Bonds (QZAB) (\$1.4 billion)
Tax credit bond option for state and local governments	Tax credit bond option for state and local governments (a.k.a., "Build America Bonds")	Tax credit bond option for state and local governments (a.k.a., "Build America Bonds")

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Grants for low-income building construction and rehabilitation in lieu of tax credit	Acceleration of the low income housing tax credit	Grants for low-income building construction and rehabilitation in lieu of tax credit
Not included	Modify speed requirement for High-Speed Rail Exempt Facility Bonds	Modify speed requirement for High-Speed Rail Exempt Facility Bonds
<b>Distressed Areas</b>		
Tax exempt bonds and tax credit bonds to “recovery zones” (i.e., area with high unemployment, foreclosures, or poverty) (\$25 billion)	Tax exempt bonds and tax credit bonds to “recovery zones” (i.e., area with high unemployment, foreclosures, or poverty) (\$15 billion)	Tax exempt bonds and tax credit bonds to “recovery zones” (i.e., area with high unemployment, foreclosures, or poverty) (\$25 billion)
Tribal Economic Development Bonds (\$2 billion)	Tribal Economic Development Bonds (\$2 billion)	Tribal Economic Development Bonds (\$2 billion)
<b>Energy Tax Incentives</b>		
Long-term extension and modification of renewable energy production tax credit	Long-term extension and modification of renewable energy production tax credit	Long-term extension and modification of renewable energy production tax credit
Temporary election to claim the investment tax credit in lieu of the production tax credit	Temporary election to claim the investment tax credit in lieu of the production tax credit	Temporary election to claim the investment tax credit in lieu of the production tax credit
Clean Renewable Energy Bonds (“CREBS”) (\$1.6 billion)	Clean Renewable Energy Bonds (“CREBS”) (\$1.6 billion)	Clean Renewable Energy Bonds (“CREBS”) (\$1.6 billion)
Qualified Energy Conservation Bonds (\$2.4 billion)	Qualified Energy Conservation Bonds (\$2.4 billion)	Qualified Energy Conservation Bonds (\$2.4 billion)
Removal of dollar limitations on certain business and residential energy credits	Removal of dollar limitations on certain business and residential energy credits	Removal of dollar limitations on certain business and residential energy credits
Tax credits for energy-efficient improvements to existing homes	Tax credits for energy-efficient improvements to existing homes	Tax credits for energy-efficient improvements to existing homes

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Tax credits for alternative fuel pumps	Tax credits for alternative fuel pumps	Tax credits for alternative fuel pumps
Repeal subsidized energy financing limitation on the investment tax credit	Not included	Repeal subsidized energy financing limitation on the investment tax credit
Not included	DOE grant program for renewable energy projects in lieu of tax credits	DOE grant program for renewable energy projects in lieu of tax credits
<b>Manufacturing Recovery</b>		
Not included	Industrial Development Bonds: amends definition of manufacturing facility, clarifies which physical components qualify	Industrial Development Bonds: amends definition of manufacturing facility, clarifies which physical components qualify
Not included	Advanced Energy Investment Credit: clarifies criteria and qualifications	Advanced Energy Investment Credit: clarifies criteria and qualifications
<b>Unemployment Benefits</b>		
Extend current unemployment insurance of 33 weeks through 2009 (\$27 billion)	Extend current unemployment insurance of 33 weeks through 2009 (\$27 billion)	Extend current unemployment insurance of 33 weeks through 2009 (\$27 billion)
Increase benefits by \$25/week (\$9 billion)	Increase benefits by \$25/week (\$9 billion)	Increase benefits by \$25/week (\$9 billion)
Bonus program for state unemployment program modernization (\$7 billion)	Bonus program for state unemployment program modernization (\$2.6 billion)	Bonus program for state unemployment program modernization (\$3 billion)
Not included	Temporary suspension of taxation of unemployment benefits	Temporary suspension of taxation of unemployment benefits