The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

S CORPORATION PERMANENT TAX RELIEF ACT OF 2014

Mr. REICHERT. Madam Speaker, pursuant to House Resolution 616, I call up the bill (H.R. 4453) to amend the Internal Revenue Code of 1986 to make permanent the reduced recognition period for built-in gains of S corporations, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 616, in lieu of the amendment in the nature of a substitute recommended by the Committee on Ways and Means, printed in the bill, an amendment in the nature of a substitute consisting of the text of Rules Committee print 113–46 is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 4453

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''S Corporation Permanent Tax Relief Act of 2014''.

SEC. 2. REDUCED RECOGNITION PERIOD FOR BUILT-IN GAINS OF S CORPORATIONS MADE PERMANENT.

(a) IN GENERAL.—Paragraph (7) of section 1374(d) of the Internal Revenue Code of 1986 is amended to read as follows:

''(7) RECOGNITION PERIOD.—

''(A) IN GENERAL.—The term 'recognition period' means the 5-year period beginning with the 1st day of the 1st taxable year for which the corporation was an S corporation. For purposes of applying this section to any amount includible in income by reason of distributions to shareholders pursuant to section 593(e), the preceding sentence shall be applied without regard to the phrase '5-year'.

''(B) INSTALLMENT SALES.—If an S corporation sells an asset and reports the income from the sale using the installment method under section 453, the treatment of all payments received shall be governed by the provisions of this paragraph applicable to the taxable year in which such sale was made.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2013.

SEC. 3. PERMANENT RULE REGARDING BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—Section 1367(a)(2) of the Internal Revenue Code of 1986 is amended by striking the last sentence.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made in taxable years beginning after December 31, 2013.

SEC. 4. BUDGETARY EFFECTS.

(a) STATUTORY PAY-AS-YOU-GO SCORECARDS.—The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) SENATE PAYGO SCORECARDS.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).

The SPEAKER pro tempore. The gentleman from Washington (Mr. REICHERT) and the gentleman from Michigan (Mr. LEVIN) each will control 30 minutes.

The Chair recognizes the gentleman from Washington.

GENERAL LEAVE

Mr. REICHERT. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and to include extraneous material on H.R. 4453.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. REICHERT. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I rise today to urge support for H.R. 4453, the S Corporation Permanent Tax Relief Act of 2014.

Since we started the tax reform process in January of 2011, one of the main themes coming up again and again is the need for certainty for individuals to plan and businesses to thrive. Nowhere is this more true than for small businesses.

Pass-through businesses, like S corporations, account for more than half of all jobs in the United States. In my home State of Washington, they are particularly important, providing 1.4 million jobs, with S corporations providing more than one in four private sector jobs.

Permanence in the tax law is especially important for these privately-held businesses because they can't go to the public markets every time they want to invest in new equipment or hire workers. They need certainty to plan how to most effectively deploy their capital.

A perfect example of an area of the Tax Code that is ripe for permanence, so that S corporation businesses can plan to access and redeploy their own capital, is the built-in gains, or BIG, relief provision that is before us today.

The BIG tax, as it is called, is a double tax on S corporations that want to sell their assets after converting from C corporation status. Currently, S corporations have to wait 10 years after converting before selling their assets to avoid the punitive double tax.

Traditional year-to-year tax extender legislation has reduced this holding period to 5 years, holding to the original antiabuse intent of the rule, yet providing significant relief for businesses nationwide. H.R. 4453 would permanently reduce that holding period to 5 years.

As we heard from Jim Redpath, a small business witness who is an accountant—he testified before one of our Ways and Means hearings several weeks ago—the BIG tax causes S corporations to hold on to unproductive or old assets that should be replaced.

He gave the example of a road contractor that is holding onto old equipment and trucks that are sitting in the junkyard that he can't sell. He can't even sell them for parts. Rather than selling them, if he did, they would be subject to the BIG tax, the double tax that I talked about earlier.

The other impact here is, if businesses are allowed to sell these assets and used equipment, it would benefit other small businesses, starting businesses, for example, that may not be able to afford the newest and the latest equipment and technology, but they can start their businesses with used equipment.

Instead of selling assets and using the proceeds to hire new workers or invest in new equipment, businessowners sit on the sidelines. This is a perfect example of Tax Code influencing business decisions, and this needs to stop.

According to the IRS, tens of thousands of corporations convert to C corporations each year. We can't continue to leave this capital locked up. We need to give it back to the small businesses that make this country thrive.

The second part of this bill is also a commonsense provision that will give S corporations certainty in the value of their charitable donations. The S corporation charitable basis adjustment provision simply ensures that S corporations get the same value for their deductions as all other small businesses.

These two commonsense provisions will give S corporations the certainty they need to create jobs and grow our economy in this country.

Madam Speaker, I reserve the balance of my time.

Mr. LEVIN. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, the tax extenders being considered today are important to small businesses and have been supported by Democrats.

The first two bills impacting S corporations regard the gain on the sale or distribution of appreciated assets and how charitable contributions of an S corporation are taken into account by shareholders. Over the years, we have modified these provisions and extended them on a bipartisan basis.

The section 179 expensing provision which we will consider second has been in the Tax Code since 1958. It was expanded and nearly quadrupled to a maximum expensing allowance to nearly $100,000 in 2003.

In 2008, as another recession took hold, that allowance was increased to $250,000; and in 2010, we again expanded the provision, this time to $500,000, as we continued action to spur the economic recovery. This level was in effect through 2013, and this bill before us would make these significant expansions permanent—unpaid for.

When these expansions were first enacted in 2003, House Republicans noted that these expansions ''reflected the need for an economic stimulus and growth package.''

Republicans want to talk about certainty. Well, this much is certain: the expanded 179 provision will be extended

again. Our economy still needs it, and if Republicans had any interest in working on a bipartisan basis on comprehensive tax reform, we could discuss how best to make a stimulus effort a long-term part of the Tax Code.

The opposite is being done today. It is tax reform in reverse. The S corporation provisions surely also will be extended, but in reality, we are not here to make law. I think that is evidenced by the atmosphere about these provisions as we take them up today.

The President has indicated he will veto the approach—permanent, unpaid-for tax cuts—taken in the Republican bills before us today, and importantly, the Senate Finance Committee has approved, on a bipartisan basis, legislation to extend all tax extenders for 2 years.

The total inability of the House Republican majority to take action to help our recovery, to bolster small businesses, and to grow our economy has resulted in smoke-and-mirror votes, like the ones before us today. They want to signal that they support small business, but their action is so inconsistent with their past positions that it is rendered hypocritical.

Ways and Means Republicans put forth a comprehensive tax reform proposal and received accolades—the chairman did—for making it revenue neutral. Chairman CAMP included these extenders in his comprehensive tax reform proposal fully offset, the opposite of today.

The measures in front of us today add up to $75 billion in deficit increases—$75 billion more. When you add in the R&D credit that passed the House last month and the eight other provisions that have moved through Ways and Means Committee, it adds up to—everybody take notice—$614 billion, unpaid for and permanent.

There are still more than 40 tax provisions left unaccounted for. When all is said and done, Republicans are well on their way to increasing the deficit by $1 trillion, and we all know where it will lead—to future Republican demands to cut vital domestic priorities that have been on the chopping block for the GOP: funding for education, public health, and transportation—as we saw yesterday—to name a few.

Chairman RYAN put forth a Republican budget resolution, which the Republican majority passed through this House. That budget that you all here today on the Republican side voted for stipulates that any change in tax law must be offset. These bills today shred that principle. You are shredding it.

□ 0930

You are inconsistent. You moved in one direction with some praise and now you are essentially moving in the opposite.

And the final hypocrisy is one that hits home for 3 million unemployed Americans, I must say, for their families and for millions of Americans who care. The Republican majority insists that unemployment insurance be paid for, but when it comes to tax cuts, they can simply be added to the deficit. The bill before us today is seven times more expensive than the cost of extending Federal unemployment insurance for the remainder of the year. And I should note that we have simply already agreed to offset the cost of such unemployment extension.

Democrats stand ready—more than ready—to extend these provisions for small businesses. We stand ready—more than ready—to act on all of these expired tax provisions. We stand ready—more than ready—to act on comprehensive tax reform. And we certainly stand ready—more than ready—to extend unemployment insurance for 3 million job-seeking Americans and be paid for. But we will not be silent in the face of the Republican hypocrisy on display today. What they are doing today is reckless and irresponsible. Once again, here they go again.

I reserve the balance of my time.

Mr. REICHERT. Madam Speaker, I yield as much time as he may consume to the gentleman from Michigan (Mr. CAMP), the distinguished chairman of the Ways and Means Committee.

Mr. CAMP. Madam Speaker, I would just say to my friend from Michigan, yes, there is a Senate bill. It is a bipartisan bill that extends many tax policies. And guess what. It is not offset, because it has never been offset. And I would just remark that my good friend from Michigan has voted to extend this exact policy unoffset for 12 years.

So I know the gentleman referred to ''hypocrisy.'' Let's talk about honesty. Let's be honest about this. This policy will not be offset. Let's give some certainty to the small businesses in America.

Let me just say that I appreciated his comment that the economy needs help. With negative GDP growth in the last quarter, a contracting economy, certainly we do. With more kids living at home with their parents than ever before rather than pursuing careers, with median incomes declining, yes, we certainly do.

Let me just say, small businesses and their workers, they are hit hardest by the burdens and regulations of an overly complicated Tax Code. Tax compliance costs are 65 percent higher for small businesses than for large businesses, costing them $19 billion a year. We need small businesses doing the best they can, creating jobs and growing our local economies, not buried under mounds of paperwork.

The bill we have before us today is the right step forward to level the playing field between small businesses on Main Street and big businesses. If a small business chooses to operate as an S corporation for tax purposes, we should ensure that they have the ability to access certain capital without penalties.

Under current law, an S corporation is subject to an entity-level tax at the highest corporate rate on certain built-in gains of property that it held while operating as a C corporation. The tax applies to gain recognized within 10 years from the date that the C corporation elected to be an S corporation, and in the past, Congress has shortened this period to 5 years. This bill would make permanent the 5-year period, eliminating a significant deterrent that often discourages closely held C corporations from electing the S corporation status, thus subjecting them to a double tax.

Additionally, we should ensure that S corporations receive the same treatment as partnerships when it comes to charitable donations. By achieving parity between different businesses, we can encourage all small businesses to continue their generous support of charitable activities.

This legislation is supported by 35 groups representing thousands of small businesses and their workers, who wrote that this legislation will allow small businesses to ''make decisions based on what is best for the company rather than the dictates of the Tax Code. At a time when our economy badly needs increased investment, allowing more companies to access their own capital is an important step.'' Additionally, they write, this legislation would ''allow America's S corporations to be more active and supportive of much-needed charitable activities.''

This is a bipartisan, commonsense bill that will give small businesses some much-needed relief from the burdens of the Tax Code and allow them to make new investments and create new jobs, and I urge its support.

Mr. LEVIN. Madam Speaker, I yield myself 1 minute.

Let this be very clear to our distinguished chairman. These bills being brought up here unpaid for come to $75 billion. The total of the bills that have come through Ways and Means comes to $614 billion. So 75 today, we had 300-and-some a week or so ago. The train is on the track as you have positioned it, 614 just to start. To extend these provisions for 2 years is $3.4 billion. That is why it is irresponsible to simply go off into the wild deficit, irresponsible yonder. That is where you are.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. LEVIN. Madam Speaker, I yield myself an additional minute.

There is a tremendous difference between 3.4 and 75 in these bills and 614 when you add this together with more to come. It also means it gives us time to look to see whether they should be permanent under what conditions.

So that is why it is reckless, it is irresponsible, it is contrary to your tax reform bill where you lauded it and we applauded that aspect that you paid for it. You called it revenue neutral. We wanted something beyond that. We didn't want deficit wild.

The SPEAKER pro tempore. Members are reminded to please address their remarks to the Chair.

Mr. LEVIN. Madam Speaker, I yield 3 minutes to the gentleman from Washington (Mr. MCDERMOTT), an active member of our committee.

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Madam Speaker, I am here today to speak for the citizens of Florida, Texas, Washington, Tennessee, Nevada, Alaska, South Dakota, Wyoming, and New Hampshire. These are States without an income tax. They do not have a State income tax. They are allowed to deduct their sales tax that they pay from their Federal income tax and receive a credit for it this year. Now, the chairman of the Ways and Means Committee spent 3 years working on putting a bill together; and in that bill—it is called tax reform—it repealed, it didn't just sort of leave unmentioned or anything else, it directly repealed that provision in the law.

We are out here today—nobody denies that small business needs some help. We certainly think that is a good idea. But where are the priorities of the ordinary taxpayers in Florida, Texas, Washington, Tennessee, Nevada, Alaska, South Dakota, Wyoming, and New Hampshire? They are going to pay an extra thousand dollars next year in taxes. They are going to get a tax increase from the Republicans by failing to give them this deduction.

It costs $6.5 billion. We are going to spend 75 or 71—or whatever it is today—billion dollars. One-tenth of that would cover the tax exemption for the people in these States, the ordinary tax citizens that everybody says they are worried about, the middle class, the middle class who is struggling in this society. But this Congress says, no, we have to take care of business. That is all we have taken care of is business so far.

When the chairman had the possibility, he repealed this. Now, he is from Michigan. Why not? Who would care? They wouldn't affect his State.

What is hard for me to understand is how anybody can come out here and not defend the interest of their own citizens. If you represent Florida, Texas, Washington, Tennessee, Nevada, Alaska, South Dakota, Wyoming, and New Hampshire and you vote for these tax bills today and say to your people back home we don't care what happens to you, it ought to be an interesting experience to go on the stump running for election this year.

Everybody's talking about taxes, but we are taking away a tax deduction for the people of these States. And why? I guess we haven't got the money, or maybe the chairman doesn't live in one of those States, or I am not quite sure how all this works, but I'm here to say that people from the State of Washington need to have a tax deduction for the sales tax that they pay in lieu of an income tax.

Mr. REICHERT. Madam Speaker, I yield as much time as she may consume to the gentlewoman from Kansas (Ms. JENKINS), who is also a member of the Ways and Means Committee.

Ms. JENKINS. Madam Speaker, every dollar that Washington takes from small businesses is a dollar they don't have to invest in new equipment, expand operations, hire a new employee, or provide higher pay and better benefits. Particularly, in the Obama economy, businesses are already pinned down by uncertainty and need all the flexibility they can get to adapt and grow.

This legislation will strengthen our economy and spur greater investment by permanently giving small businesses organized as S corporations the ability to access capital without tax penalties. As noted at our committee hearing earlier this year, a permanent 5-year built-in gains period would provide greater flexibility in the day-to-day operations of S corporations that have built-in gain assets in order to make new investments and create jobs.

I urge support for H.R. 4453, the S Corporation Permanent Tax Relief Act, so we can create an America that works by fixing the Tax Code to provide permanent tax relief for small businesses.

Mr. LEVIN. Madam Speaker, I yield 3 minutes to gentleman from Illinois (Mr. DANNY K. DAVIS), a distinguished member of our committee.

Mr. DANNY K. DAVIS of Illinois. Madam Speaker, I am a longstanding supporter of S corporations, pass-throughs, and small businesses. In my State, as well as around the country, S corporations are a cornerstone of the business community. These corporations span a broad range of industries and employ a large percentage of our country's workforce. In my State alone, there are more than 235,000 S corporations providing more than 1.5 million jobs and bolstering the Illinois economy through their taxes paid.

In the name of fiscal responsibility, the Republican leadership has justified refusing to help 3 million Americans, including 116,000 Illinoisans, who were unemployed through no fault of their own.

□ 0945

Yet the Republican leadership abandoned its fiscal responsibility to balloon our deficit to $614 billion for permanent tax breaks for corporations while refusing to aid hardworking struggling Americans in the name of fiscal responsibility.

My track record is very clear on my strong support of small businesses. My track record is also very clear that I cannot and will not prioritize over half a trillion dollars in deficit spending for business tax breaks and tell struggling Americans that they are not worth the expense. I very much want the small businesses in my State to benefit from the tax benefits contained in H.R. 4457 and H.R. 4453. However, I cannot support the Republican approach of unpaid for, permanent cuts for businesses while the needs of our unemployed and working poor go ignored.

Mr. REICHERT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I insert in the RECORD a letter of support signed by 35 different organizations in support of this legislation. These signees include organizations as diverse as the National Grocers Association, the National Electrical Contractors Association, and the Association for Manufacturing Technology.

JUNE 11, 2014.

PASS THE S CORPORATION PERMANENT TAX RELIEF ACT OF 2014

DEAR MEMBER OF THE U.S. HOUSE OF REPRESENTATIVES: As representatives of America's closely-held businesses, we ask that you support legislation (H.R. 4453) making permanent the 5-year recognition period for built-in gains, as well as the basis adjustment for charitable giving by S corporations.

Small businesses are the engine of America's economic growth and S corporations are the cornerstone of the small business community. There are more than 4.5 million of them nationwide. They are in every community and every industry and, according to Ernst & Young, they employ one out of every four private sector workers.

Unlike public corporations, these closely-held businesses have little or no access to the capital markets. Instead they rely on banks, relatives, and their own savings to fill their investment and working capital needs. An overly long built-in gains recognition period makes this disadvantage worse by preventing companies that have chosen to become S corporations from accessing their own capital and putting it to better use.

Locking up a company's capital for an entire decade is simply unreasonable. Past Congresses have recognized that a decade is too long and voted to reduce the recognition period on three separate occasions, but those temporary measures have expired and the 10-year rule is back in effect.

Enacting a permanent shorter recognition period would sustain the original intent of the rule while providing S corporations with much needed certainty. It would allow them to make decisions based on what is best for the company rather than the dictates of the tax code. At a time when our economy badly needs increased investment, allowing more companies to access their own, locked-up capital is an important step.

Furthermore, making permanent the basis adjustment to stock of S corporations that make charitable contributions of property would help bring consistent treatment among flow-through businesses, and would allow America's S corporations to be more active and supportive of much-needed charitable activities.

On behalf of America's Main Street business community, we respectfully ask that you vote in favor of the S Corporation Permanent Tax Relief Act of 2014.

Thank you for your consideration.

Aeronautical Repair Station Association, Air Conditioning Contractors of America, Agricultural Retailers Association, American Council of Engineering Companies, American Institute of Architects, American Rental Association, American Supply Association, American Trucking Associations, Associated Builders and Contractors, Inc., Associated Equipment Distributors, Associated General Contractors of America, Auto Care Association, Financial Executives International, Food Marketing Institute, Heating, Air-conditioning and Refrigeration Distributors International, Independent

Community Bankers of America, Independent Electrical Contractors.

Metals Service Center Institute, National Association of Wholesaler-Distributors, National Beer Wholesalers Association, National Electrical Contractors Association, National Federation of Independent Business, National Funeral Directors Association, National Grocers Association, National Lumber and Building Material Dealers Association, National Roofing Contractors Association, National Small Business Association, S Corporation Association, Small Business Council of America, Small Business Legislative Council, Subchapter S Bank Association, The Association For Manufacturing Technology, Truck Renting and Leasing Association, United States Business and Industry Council, Wine & Spirits Wholesalers of America.

Mr. REICHERT. Small businesses across the country recognize just how crucial it is to give access to capital to businesses in our struggling economy today.

I reserve the balance of my time.

Mr. LEVIN. Mr. Speaker, it is now my pleasure to yield 5 minutes to the gentleman from Maryland (Mr. VAN HOLLEN), the ranking member on the Budget Committee.

Mr. VAN HOLLEN. Mr. Speaker, I thank my colleague, the ranking member of the Ways and Means Committee, for all his work on this.

The bills that we are seeing today on the floor of the House are part of a series of bills that have come out of the Ways and Means Committee from our Republican colleagues that run up our national debt by putting hundreds of billions of dollars on a credit card by permanently extending a number of business tax credits. In the process, they are actually violating their own budget that they had on the floor just a few months ago.

That is why, Mr. Speaker, this is not a serious attempt to help small businesses. By bringing these measures up one at a time in a rifle-shot fashion, our Republican colleagues are abandoning what they said we should do, which we agree we should do on a bipartisan basis, which is to tackle tax reform in a fiscally responsible way.

After all, Mr. Speaker, we are not helping small businesses by running up our national debt. It was just about a month ago when our Republican colleagues told us that the biggest threat to future economic growth in this country was projected deficits in the out years. We have said to our Republican colleagues we need to work together to reduce that long-term deficit. It is not a question about whether we should do it, it is a question of how we should do it.

But this bill, and these bills on the floor today, take us in the opposite direction. Together, they are going to add over $614 billion to our credit card if you add up all these rifle-shot bills that have come out of the Ways and Means Committee.

Mr. Speaker, what happened to all the rhetoric about fiscal discipline, about getting our deficits in order? Out the window.

Just to put these numbers in perspective, that $640 billion on the credit card is 30 times what it would cost to extend emergency unemployment compensation to 3 million Americans who are out of work today through no fault of their own.

So contrasting these bills with the budget rhetoric we heard a few months ago about reducing our deficits is total doublespeak. Our Republican colleagues know it doesn't meet the laugh test.

When we had the debate on this very floor about the Republican budget, we pointed out that the claim that it balanced in 10 years was based on all sorts of Enron-like accounting gimmicks. For example, they assumed all the revenues that would come in over the next 10 years from the Affordable Care Act at the same time they said they were repealing the Affordable Care Act. Both things can't happen at the same time.

Yet today, even if you take the Republican budget gimmicks, as they would have us do, even if you do that, their budget no longer balances in 10 years, it no longer balances in 10 years. In fact, if you look carefully at the rules governing this debate, our Republican colleagues had to change their own rules to allow this bill to be on the floor today because otherwise it would have violated their claim of a balanced budget. So, that is the kind of gimmickry we have going on here.

If our Republican colleagues were really serious about reducing the long-term deficit, as they claimed to be a month ago, they would be willing to close some of those special interest tax breaks in order to help reduce the deficit, and yet their budget doesn't close a single special interest tax break. It keeps the big subsidies for Big Oil companies, it keeps tax breaks for hedge fund owners. The bills before us today are under a rule that doesn't allow us to pay for them by closing some of those tax breaks. Mr. LEVIN and I would have loved to have the opportunity to say: let's pay for this business expensing provision by shutting down some of the unproductive tax breaks, tax breaks that are there not because they have economic value but because a powerful political interest got that tax break in the Code. Yet our Republican colleagues have a rule that says we can't touch those.

The SPEAKER pro tempore (Mr. HOLDING). The time of the gentleman has expired.

Mr. LEVIN. Mr. Speaker, I yield an additional 3 minutes to the gentleman from Maryland.

Mr. VAN HOLLEN. I thank my friend.

I really think this goes to the heart of the matter, because whether it was the R&D tax credit, the research and development tax credit, or the business expensing provision, I support those provisions, but I support doing them in a fiscally responsible way that doesn't add over $600 billion to our deficit and debt.

How can we do that in a fiscally responsible way? But shutting down some of the unproductive special interest tax breaks in the Tax Code. Yet, the rule before us says we are not allowed to do that. We can't even have a vote, Mr. Speaker, on shutting down some of those special interest tax breaks. That is how far our Republican colleagues are willing to go to keep those special interest tax breaks, not even allowing a vote to close one of them to pay for an R&D tax credit.

So what is this really all about? By running up our national credit card with these business tax provisions you add to the deficit. Then our Republican colleagues will be back here with their budget saying: do you know what, now that we have this big deficit you've got to cut funding for our kids' education, which is what they did in their budget; you have got to voucherize Medicare, which is what they did in their budget; we are not going to have enough funds for our national infrastructure and our highway program, which under their budget goes dry in September, people out of work.

So by providing permanent, unpaid for tax extenders in the business area and running up that deficit, they will come right back to us and say: Do you know what? Now we care again about the deficit, and here is what we want to do about it: cut early education, cut our investment infrastructure, cut the National Institutes of Health research into finding cures and treatments for diseases.

That is why, Mr. Speaker, this is not a serious effort. The chairman of the Ways and Means Committee made an honest effort at tax reform. I don't agree with a lot of what is in his tax reform bill, but it was an honest, professional effort. That is not coming to the floor today. In fact, this bill before us runs directly counter to the chairman's own tax reform effort, just as it violates the Republicans' own budget.

So, let's get serious, Mr. Speaker. Let's deal with these in a manner that provides the incentives we want to businesses. We can do that by extending these on a short-term basis while we work together to come up with a reasonable tax reform plan in a way that is responsible from a budget perspective. That is the way we should be doing the people's business here in the House. Because we are not doing it that way, I urge our colleagues to vote ''no'' on the provisions that are before us.

I thank my colleague, the ranking member of the Ways and Means Committee.

Mr. REICHERT. Mr. Speaker, I yield myself such time as I may consume.

The gentleman from Maryland spoke very eloquently on this topic. I just want to note that his past action shows something a little bit different. He has voted for this provision three times in the past.

Mr. VAN HOLLEN. Will the gentleman yield?

Mr. REICHERT. No, I will not.

Mr. VAN HOLLEN. Because I am in favor of a short-term extension, Mr. Speaker.

Mr. REICHERT. I will not yield my time.

POINT OF ORDER

Mr. VAN HOLLEN. Point of order, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. VAN HOLLEN. My point of order is this:

The gentleman said that I had voted on this measure before. That is not true, and so I am asking what my recourse would be.

The SPEAKER pro tempore. The gentleman has not stated a valid point of order. It is a matter for debate.

Mr. VAN HOLLEN. Parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Washington controls the time.

PARLIAMENTARY INQUIRY

Mr. VAN HOLLEN. A parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. If the gentleman from Washington will yield, the gentleman will state his parliamentary inquiry.

Mr. VAN HOLLEN. My inquiry is this:

The gentleman from Washington, who is a friend, made a statement that is inaccurate. He stated that I had voted for the provision in this bill before. This bill provides a permanent unpaid for extension of business expensing. I have not done that.

So my question to you is: What recourse do I have to set the record straight?

The SPEAKER pro tempore. As the Chair has previously stated, that is a matter for debate.

The gentleman from Washington controls the time.

Mr. REICHERT. Mr. Speaker, I would still say that the gentleman from Maryland—to clarify my point—has voted for the extension of these policies three times for a total of 8 years, and that is a fact. That is part of the voting record.

Mr. VAN HOLLEN. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. Does the gentleman from Washington yield?

Mr. REICHERT. I do not yield.

Mr. VAN HOLLEN. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman from Washington is recognized.

Mr. VAN HOLLEN. Mr. Speaker, parliamentary inquiry. I have a parliamentary inquiry on this.

The SPEAKER pro tempore. The gentleman from Washington is under recognition.

The Member having the floor needs to yield for a parliamentary inquiry to be entertained.

The gentleman from Washington is recognized.

POINT OF ORDER

Mr. VAN HOLLEN. Mr. Speaker, point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. VAN HOLLEN. My point of order now is, I have asked for a parliamentary inquiry to make it absolutely clear that I have not voted for a permanent unpaid extension of the business expensing provisions in the past, which is what this bill does and which is the root of my objection to this bill, that it runs up the deficit in the way it does.

The SPEAKER pro tempore. The gentleman will suspend.

The gentleman has not stated a point of order. The gentleman is engaging in debate.

The gentleman from Washington controls the time.

The gentleman from Washington is recognized.

Mr. REICHERT. Mr. Speaker, I would just reiterate that the gentleman has voted for this extension of this policy three separate times for a period lasting 8 years.

I reserve the balance of my time.

Mr. LEVIN. Well, since you stated how many times I have voted to extend temporarily, I will now yield some time to Mr. VAN HOLLEN and then I will continue.

Mr. Speaker, I yield as much time as he may consume to the gentleman from Maryland (Mr. VAN HOLLEN). I don't think it will take very long to refute the statement made by the gentleman from Washington.

Mr. VAN HOLLEN. Mr. Speaker, I thank my colleague, Mr. LEVIN.

As the gentleman from Washington knows, these issues come up every year as to whether or not we should extend certain tax provisions, in this case the business tax provision, earlier the R&D tax provision. Those are provisions that we support, but we support doing them in a fiscally responsible way.

In fact, the motion to recommit we will have will also say we should extend them for one more year while we get our act together here, Mr. Speaker, and do it in a way that doesn't run up the credit card by $600 billion, which is what the Ways and Means Committee has done in a period of 2 weeks—2 weeks—after spending days on the floor of this house a few months ago saying that the biggest threat to economic growth in the future was our budget deficit.

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They say that 2 months ago, and then they waive their own rules to bring up these bills that increase our credit card debt to the tune of $600 billion total from what came out of the Ways and Means Committee, in violation of your own budget.

That is what I object to.

Mr. REICHERT. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. CAMP), the chairman of the committee.

Mr. CAMP. I appreciate the gentleman yielding.

Mr. Speaker, I would just say, as the gentleman from Maryland said, we are probably going to do this again.

As the majority whip in the Senate has said—to paraphrase—when we do these policies over and over again, we ought to have an honest debate about what should be permanent.

If we do accept the motion to recommit—which I understand is going to be offered—that extends this one more time, that means we have extended this for a full budget window, unpaid for, so I understand why there is some defensiveness about the voting record over there, in terms of how many times they have voted to extend these policies unpaid for, but if we are going to do that, let's do this in a permanent way, so we can bring some certainty to small businesses.

We know that is where most of the jobs get created in any recovery. Let's give small business in America some certainty, so that the job creation can start and they can understand exactly what their tax obligations are.

This is something that, as I have said, many small business groups are behind and support.

I urge adoption of this legislation.

Mr. LEVIN. Is the gentleman ready to close?

Mr. REICHERT. I am. I have no other speakers.

Mr. LEVIN. Mr. Speaker, how much time is remaining?

The SPEAKER pro tempore. The gentleman from Michigan has 5 minutes remaining.

Mr. LEVIN. I am glad the chairman spoke because this back-and-forth really illustrates what this is all about.

The chairman made these three provisions permanent and paid for. This bill here doesn't pay one dime. We have voted to continue these programs on a short-term basis for a variety of reasons.

For example, on bonus depreciation, the notion to make it permanent was contrary to its purpose. The chairman left it out of his reform and then comes here to vote to make it permanent.

We need an honest debate about tax reform and what provisions should be made permanent. You have prevented any kind of an honest debate. You don't even allow us to bring up some way to pay for any of this.

I previously pointed out the difference. It is so striking. If you extend these provisions, as the Senate does, for 2 years, the cost is $3.4 billion. These two bills are $75 billion.

There could be no more dramatic example of irresponsibility and of recklessness, and the mystery is: Why in the world are you doing this?

As you can see, there aren't huge numbers of Members here for the debate. You are going through the motions. These are rifle shots, and you are shooting yourselves in the foot.

Don't bring up the number of times that someone has voted to continue these on a temporary basis as you argue to make them permanent. That is dishonesty.

I want to emphasize the path that is being followed here is not only contrary to the tax reform proposal, contrary to the Ryan budget. It is also

going to lead to the Republicans, as Mr. VAN HOLLEN said so eloquently, raising this huge amount of deficit—$614 billion, going towards a trillion—and then the Republicans are going to come back here and say: wow, look at how much the deficit has increased.

So you now need to cut these critical programs relating to the lifeline of all of the people in this country, the middle class and all who need some help.

So I strongly urge a ''no'' vote on this bill, and I yield back the balance of my time.

Mr. REICHERT. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from Washington has 18½ minutes remaining.

Mr. REICHERT. Mr. Speaker, just to be honest, I also might want to mention that Mr. LEVIN has voted five times to extend these policies, for a total of 12 years.

Congress—Democrats and Republicans—have repeatedly reauthorized these tax policies without paying for them. Democrats have agreed with the policy of these bills before us today. Making them permanent gives businesses certainty that they will always be a part of the Tax Code, and it is a more honest way of budgeting. Increasing taxes to pay for these policies makes no sense.

We all agree that small businesses impacted by my bill need more access to their capital, which my bill gives them. Making the policies in this bill permanent, while raising taxes in the area of the economy, defeats the purpose of freeing up capital in a way that encourages job creation and moves the economy ahead.

Again, Mr. Speaker, this legislation will give businesses what they have been asking for since I came to Congress, and that is the certainty in the Tax Code, so that the Tax Code is working for them and they are not working for the Tax Code, so they can plan ahead, so they can grow their business, so they can hire more workers, and so that we can get this economy moving again and get people back to work.

In order to do that, Mr. Speaker, they need the ability to access their capital, so they can invest, again, in their businesses; reenergize their businesses; buy new equipment; sell new equipment; create jobs; and, again, grow the economy.

So I urge my colleagues to vote for the bill before us today, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise to speak on H.R. 4453, The Permanent S Corporation Built-In Gains Relief Act of 2014.

Identical to a provision contained in the discussion draft of the ''Tax Reform Act of 2014'' released on February 26, 2014, the bill, H.R. 4453, reported by the Committee on Ways and Means, provides a permanent five-year recognition period for built-in gains of an S corporation.

I support sound tax policy which allows small businesses in Houston to grow and invest in their people—which is exactly what this bill would do.

And supporters of the bills argue that they would eliminate a significant deterrent that can discourage C-corporations from electing to be S-corporations and will provide additional flexibility for S-corporations to access capital by selling unproductive assets to finance expansion of their businesses.

Of course Democrats support permanent treatment of S-corporation taxes but we must again take our Republican friends to task for not offsetting the cost of the bill, noting again that permanently extending six tax provisions that GOP leaders want to act on would add $310 billion to the deficit. That's $310 billion which could go to Head Start, Student Loans, or feeding the needy.

Because we are the party of Small Business, Democrats understand that by making the provision permanent, businesses have more certainty and they can make better, more fluid decisions—but the process by which we are doing it is unseemly.

But the GOP has made paying for every bill a prerequisite—except in this case. Where is the consistency, I ask?

In moving forward with a permanent extension of a select group of tax extenders, the Majority is once again leaving to an increasingly uncertain fate critical provisions like the Work Opportunity Tax Credit, the American Opportunity Tax Credit, the New Markets Tax Credit, the Mortgage Relief Debt Forgiveness and the renewable energy tax credits, as well as the long-range status of the EITC and the Child Tax Credit.

The Democrat's Motion to Recommit would extend the S Corporation shorter Built-in Gains Recognition Period and Charitable Contribution Adjusted Basis for only two additional years, through the end of 2015, as opposed to the underlying bill's permanent extension. It would prevent these tax cut extensions from permanently adding to the deficit, undermining comprehensive tax reform, and putting further pressure on the United States' discretionary priorities.

Mr. Speaker, I am prepared to vote for a two-year extension but these bills must be paid for—because if they are not—future generations will suffer because of the unsustainable debt. Let us get back to being fiscally responsible.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 616, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. NEAL. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. NEAL. Mr. Speaker, I am opposed to the bill in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Neal moves to recommit the bill H.R. 4453 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Amend section 2 to read as follows:

SEC. 2. TWO-YEAR EXTENSION OF REDUCED RECOGNITION PERIOD FOR BUILT-IN GAINS OF S CORPORATIONS.

(a) IN GENERAL.—Subparagraph (C) of section 1374(d)(7) of the Internal Revenue Code of 1986 is amended by striking ''2012 or 2013'' and inserting ''2012, 2013, 2014, or 2015''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2013.

Amend section 3 to read as follows:

SEC. 3. TWO-YEAR EXTENSION OF RULE REGARDING BASIS ADJUSTMENT TO STOCK OF S CORPORATION MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—The last sentence of section 1367(a)(2) of the Internal Revenue Code of 1986 is amended by striking ''December 31, 2013'' and inserting ''December 31, 2015''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made in taxable years beginning after December 31, 2013.

Mr. NEAL (during the reading). Mr. Speaker, I ask unanimous consent to dispense with the reading.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

Mr. CAMP. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

The Clerk will read.

The Clerk continued to read.

Mr. CAMP (during the reading). Mr. Speaker, I withdraw my objection to the reading.

The SPEAKER pro tempore. Is there objection to dispensing with the reading?

There was no objection.

Mr. CAMP. Mr. Speaker, I reserve a point of order against the motion to recommit.

The SPEAKER pro tempore. A point of order is reserved.

The gentleman from Massachusetts is recognized for 5 minutes.

Mr. NEAL. Mr. Speaker, I think what I would like to offer to the chairman at this moment is to pose the following question: Are you going to surrender this morning, or are you going to surrender in November? Because, really, those are the two options that are before us today.

Let me retrace where we have been on tax reform. The chairman gets credit for a valiant effort at tax reform. Mr. LEVIN has acknowledged it; Mr. VAN HOLLEN has acknowledged it. For 3 years, we studiously and aggressively undertook a genuine effort to do tax reform.

Now, what is interesting about it is the Democratic response to the chairman's draft was fairly tepid. Let's continue the conversation. Republicans released letters to the media, the Speaker poured cold water on the initiative, and a pretty good effort was cast aside. So we are back here this morning.

Let me offer a couple of, I think, economic facts that might defy consideration around here because, sometimes, they don't square with opinion.

There has been little wage growth for the average American worker since

2002. Downward pressure on wages is what we should be discussing.

In addition, a company located not far from where I live submitted a tax form last year of 19,000 pages. They have 11 full-time Internal Revenue agents on site daily. If this isn't a reason to go back to the table and negotiate tax reform, I don't know what is.

The chairman kind of cleverly suggested here this morning that, if we were to accept what is being proposed by the Democratic minority, might that be a path forward? It is a path forward. We are offering a 2-year extension of these provisions.

I hope Mr. REICHERT or Mr. CAMP returns and says: indeed, Mr. NEAL has voted for these repeatedly. We are counting on you, Mr. Chairman, to point out how many times I voted for them.

Guess what? You are right, and we are going to vote for them again in November. This exercise in futility ill-serves the American people, other than to perhaps get to some messaging points.

I don't disagree with these. I disagree with the idea of breaking the budget to make them permanent this morning, but I, more importantly, disagree with the whole notion that we are giving up on tax reform if we make these permanent.

Some of the provisions in the Code need to be discarded. Mr. Chairman, I would remind you and the Republican staff that you removed 300 provisions, exclusions, deductions, and preferences from the Code. So we come back here this morning in this ill-conceived effort to embrace a couple of favorites?

The Tax Code in America has not been touched since 1986. I would remind you this morning, for all of you out here today, that was before the Internet was invented.

That is the question before us. A Tax Code for a modern economy, or do we go back to, well, Mr. NEAL voted for this 8 times? Yes, he did. In fact, Mr. NEAL has been on the Ways and Means Committee longer than the three previous speakers, so you can probably say Mr. NEAL has voted for them 11 times because I think many of them work, in the absence of fundamental reform.

The last point, the chairman said he was going to 25 percent. The Democrats said go to 28 percent on the corporate side. We could have done all of this, had we gone to 28 percent, but ideology reigns, so we go to 25 percent. Even President Obama was at 28 percent.

This is not the way this institution is supposed to function, Mr. Speaker. The Ways and Means Committee is a privileged perspective on complicated issues. You don't do them like this when it comes to items in the Code.

So accept the notion that everybody dislikes the Code. Specificity in terms of what we are going to wean out becomes the problem.

□ 1015

Here is our last position—a 2-year extension.

Mr. Chairman, I look forward to seeing you after the elections. You and I are going to shake hands, and as much as we all like to say, ''I hate to say, 'I told you so,' '' I am going to say, ''As much as I hate telling you this, I told you so.''

I yield back the balance of my time.

The SPEAKER pro tempore. The Chair will remind Members to direct their remarks to the Chair.

Mr. CAMP. Mr. Speaker, I withdraw my point of order, and I seek time in opposition to the motion.

The SPEAKER pro tempore. The point of order is withdrawn.

The gentleman from Michigan is recognized for 5 minutes.

Mr. CAMP. Mr. Speaker, frankly, this motion to recommit is absurd. It is absurd in this economy to threaten small business with higher taxes.

The gentleman referred to favorites. Yes, I do have favorites. Those are the small businesses all across America that hire and to which people go to work every day. The margins are tight. You know the testimony we have had before the Ways and Means Committee. We need growth in this economy, certainty, and long-term tax policy. We are the only nation in the world that allows its tax policy to expire.

Instead of threatening small businesses with higher taxes, we should give confidence to small businesses—confidence to know what the tax policy is. Look, it has been extended so many times it may as well be permanent. This is the point—so that they will grow, so that they will invest, so that they will hire workers. People will have higher wages as a result of a stronger, growing economy because families and middle class Americans will have jobs.

Reject this threat of higher taxes, particularly on small businesses. Reject this motion to recommit.

I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. NEAL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the order of the House of today, further proceedings on this question will be postponed.

AMERICA'S SMALL BUSINESS TAX RELIEF ACT OF 2014

Mr. CAMP. Mr. Speaker, pursuant to House Resolution 616, I call up the bill (H.R. 4457) to amend the Internal Revenue Code of 1986 to permanently extend increased expensing limitations, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 616, the amendment in the nature of a substitute recommended by the Committee on Ways and Means, printed in the bill, modified by the amendment printed in House Report 113–472, is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 4457

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''America's Small Business Tax Relief Act of 2014''.

SEC. 2. EXPENSING CERTAIN DEPRECIABLE BUSINESS ASSETS FOR SMALL BUSINESS.

(a) IN GENERAL.—

(1) DOLLAR LIMITATION.—Paragraph (1) of section 179(b) of the Internal Revenue Code of 1986 is amended by striking ''shall not exceed—'' and all that follows and inserting ''shall not exceed $500,000.''.

(2) REDUCTION IN LIMITATION.—Paragraph (2) of section 179(b) of such Code is amended by striking ''exceeds—'' and all that follows and inserting ''exceeds $2,000,000.''.

(b) COMPUTER SOFTWARE.—Clause (ii) of section 179(d)(1)(A) of such Code is amended by striking '', to which section 167 applies, and which is placed in service in a taxable year beginning after 2002 and before 2014'' and inserting ''and to which section 167 applies''.

(c) ELECTION.—Paragraph (2) of section 179(c) of such Code is amended—

(1) by striking ''may not be revoked'' and all that follows through ''and before 2014'', and

(2) by striking ''IRREVOCABLE'' in the heading thereof.

(d) AIR CONDITIONING AND HEATING UNITS.—Paragraph (1) of section 179(d) of such Code is amended by striking ''and shall not include air conditioning or heating units''.

(e) QUALIFIED REAL PROPERTY.—Subsection (f) of section 179 of such Code is amended—

(1) by striking ''beginning in 2010, 2011, 2012, or 2013'' in paragraph (1), and

(2) by striking paragraphs (3) and (4).

(f) INFLATION ADJUSTMENT.—Subsection (b) of section 179 of such Code is amended by adding at the end the following new paragraph:

''(6) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any taxable year beginning after 2014, the dollar amounts in paragraphs (1) and (2) shall each be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(c)(2)(A) for such calendar year, determined by substituting 'calendar year 2013' for 'calendar year 2012' in clause (ii) thereof.

''(B) ROUNDING.—The amount of any increase under subparagraph (A) shall be rounded to the nearest multiple of $10,000.''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2013.

SEC. 3. BUDGETARY EFFECTS.

(a) STATUTORY PAY-AS-YOU-GO SCORECARDS.—The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) SENATE PAYGO SCORECARDS.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).