

S CORPORATION ASSOCIATION

WASHINGTON WIRE

WWW.S-CORP.ORG

February 13, 2009

Congress Reaches Deal on Stimulus

Sometimes, Congress meets a deadline. Six weeks ago, congressional leadership and the new Obama Administration had set out the Presidents' Day recess as the deadline for getting the economic stimulus package to the President's desk.

With the House's vote on final passage today and the Senate expected to consider the bill as early as this evening, all indications are they'll make it. Here's a quick summary of the \$789 billion package as outlined by the conferees:

- \$301 billion in family and business tax relief (down from \$350 billion in the Senate bill).
- \$70 billion in renewable and energy efficiency provisions.
- \$140 billion in higher payments to states through Medicaid and a new State Fiscal Stabilization Fund.
- Extended unemployment and increased food stamp benefits.
- \$45 billion in highway and transit funding.
- \$35 billion in Health IT, basic scientific research, and comparative effectiveness.

Here's a [full summary](#) of the Ways and Means and Finance Committee portions of the package and the final [JCT table](#).

Built-In Gains Relief in Final Stimulus Package!

A provision to provide built-in gains relief to hundreds of thousands of S corporations is part of the final stimulus package moving through Congress. The President is expected to sign the package into law early next week.

Once he does, firms that converted to S corporation or existing S corporations that acquired other businesses in the years 2000, 2001, 2002 and -- beginning next year -- 2003 will be able to dispose of built-in gains assets without paying the punitive level of tax.

This provision, which originated in the Senate and was championed by Senators Blanche Lincoln (D-AR), Orrin Hatch (R-UT), Olympia Snowe (R-ME), Mike Enzi (R-WY) and Ben Cardin (D-MD), survived the conference process between the House and Senate due in large part to our S-

CORP Champions in Congress including key House advocates Representatives Ron Kind (D-WI), Steve Kagen (D-WI), Nydia Velazquez (D-NY), Allyson Schwartz (D-PA), and Danny Davis (D-IL). Our House allies sent a [letter](#) to House Leadership this week urging for the inclusion of the Senate's BIG relief provision.

S-CORP Chairman Dick Roderick noted, "Built-in gains relief has been a priority of the S Corporation Association for years. Congress' adoption of this provision is the result of lots of hard work educating policymakers on the importance of allowing closely-held businesses access to their own capital."

Roderick also had words of praise for Senator Lincoln and Representative Kind. "Senator Lincoln and Representative Kind have worked tirelessly to improve S corporation rules. They really understand the important role closely-held businesses play in economic growth and job creation."