

**AMENDMENT TO THE HOUSE AMENDMENT TO THE
SENATE AMENDMENT TO H.J. RES 66
OFFERED BY MR. FITZPATRICK OF PENNSYLVANIA,
MR. HULTGREN OF ILLINOIS, AND MR. COFFMAN OF COLORADO**

In section 1(j) of the Internal Revenue Code of 1986, as proposed to be added by section 2(a), redesignate paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and insert after paragraph (3) the following new paragraph:

1 “(4) SPECIAL RULE FOR SMALL BUSINESSES.—

2 “(A) IN GENERAL.—In the case of an indi-
3 vidual with qualified small business income in
4 excess of the applicable amount (as defined in
5 paragraph (3)(B) and determined without re-
6 gard to this paragraph) in effect for the tax-
7 payer for the taxable year, such applicable
8 amount shall be increased by the amount of
9 such excess.

10 “(B) QUALIFIED SMALL BUSINESS IN-
11 COME.—For purposes of this paragraph, the
12 term ‘qualified small business income’ means
13 the excess (if any) of—

1 “(i) gross income (other than wages
2 as defined in section 3401) from specified
3 small businesses which are not passive ac-
4 tivities (within the meaning of section
5 469(c), determined without regard to para-
6 graph (3) thereof), over

7 “(ii) the deductions which are prop-
8 erly allocable to such income.

9 “(C) SPECIFIED SMALL BUSINESS.—For
10 purposes of this paragraph, the term ‘specified
11 small business’ means a trade or business—

12 “(i) the gross receipts of which do not
13 exceed \$5,000,000, and

14 “(ii) which employs—

15 “(I) at least 1 full-time equiva-
16 lent employee (as defined in section
17 45R(d)(2), determined without regard
18 to any wages which are not deductible
19 under section 162) other than the tax-
20 payer, the taxpayer’s spouse, or an in-
21 dividual who bears a relationship to
22 the taxpayer described in section
23 152(d)(2), and

24 “(II) not more than 250 full-time
25 equivalent employees (as so defined).

1 “(D) AGGREGATION RULE.—Rules similar
2 to the rules of section 448(c)(2) shall apply for
3 purposes of clauses (i) and (ii) of subparagraph
4 (C).”.

