

agency authorized by a State to carry out this section.

**(4) Time and manner of allocations**

Allocations under this section shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

**(e) Responsibilities of commercial revitalization agencies**

**(1) Plans for allocation**

Notwithstanding any other provision of this section, the commercial revitalization expenditure amount with respect to any building shall be zero unless—

(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof) by the governmental unit of which such agency is a part, and

(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

**(2) Qualified allocation plan**

For purposes of this subsection, the term “qualified allocation plan” means any plan—

(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization agency which are appropriate to local conditions,

(B) which considers—

(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process,

(ii) the amount of any increase in permanent, full-time employment by reason of any project, and

(iii) the active involvement of residents and nonprofit groups within the renewal community, and

(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

**(f) Special rules**

**(1) Deduction in lieu of depreciation**

The deduction provided by this section for qualified revitalization expenditures shall—

(A) with respect to the deduction determined under subsection (a)(1), be in lieu of any depreciation deduction otherwise allowable on account of one-half of such expenditures, and

(B) with respect to the deduction determined under subsection (a)(2), be in lieu of any depreciation deduction otherwise allowable on account of all of such expenditures.

**(2) Basis adjustment, etc.**

For purposes of sections 1016 and 1250, the deduction under this section shall be treated in the same manner as a depreciation deduction. For purposes of section 1250(b)(5), the straight line method of adjustment shall be determined without regard to this section.

**(3) Substantial rehabilitations treated as separate buildings**

A substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building shall be treated as a separate building for purposes of subsection (a).

**(4) Clarification of allowance of deduction under minimum tax**

Notwithstanding section 56(a)(1), the deduction under this section shall be allowed in determining alternative minimum taxable income under section 55.

**(g) Termination**

This section shall not apply to any building placed in service after December 31, 2009.

(Added Pub. L. 106-554, §1(a)(7) [title I, §101(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-596.)

**§ 1400J. Increase in expensing under section 179**

**(a) In general**

For purposes of section 1397A—

(1) a renewal community shall be treated as an empowerment zone,

(2) a renewal community business shall be treated as an enterprise zone business, and

(3) qualified renewal property shall be treated as qualified zone property.

**(b) Qualified renewal property**

For purposes of this section—

**(1) In general**

The term “qualified renewal property” means any property to which section 168 applies (or would apply but for section 179) if—

(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2001, and before January 1, 2010, and

(B) such property would be qualified zone property (as defined in section 1397D) if references to renewal communities were substituted for references to empowerment zones in section 1397D.

**(2) Certain rules to apply**

The rules of subsections (a)(2) and (b) of section 1397D shall apply for purposes of this section.

(Added Pub. L. 106-554, §1(a)(7) [title I, §101(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-598.)

**Subchapter Y—Short-Term Regional Benefits**

Part	
I.	Tax Benefits for New York Liberty Zone.
II.	Tax Benefits for GO Zones.
III.	Recovery Zone Bonds.

AMENDMENTS

2009—Pub. L. 111-5, div. B, title I, §1401(b), Feb. 17, 2009, 123 Stat. 351, added item for part III.

2005—Pub. L. 109-135, title I, §101(b)(3), Dec. 21, 2005, 119 Stat. 2593, substituted “Short-Term Regional Benefits” for “New York Liberty Zone Benefits” in subchapter heading and amended analysis generally, substituting items for parts I and II for item 1400L.

PART I—TAX BENEFITS FOR NEW YORK LIBERTY ZONE

Sec.	
1400L.	Tax benefits for New York Liberty Zone.