

Exhibit 2: Tax incentives for distressed communities

Incentive	Availability	Description	Limits	Source
Wage credits				
Employment credit	EZs and RCs	Tax credit for qualified wages paid by a business operating in, and employees living in, the EZ or RC before 2010	15% on first \$20,000 of wages for EZs; 10% on first \$20,000 for RCs	Secs. 1396, 1397 and 1400H; Regs. Sec. 1.1396
Deductions				
Increased Sec. 179 deduction	EZs and RCs	Increase in Sec. 179 expensing limit for certain tangible depreciable property acquired before 2010	<ul style="list-style-type: none"> ■ \$35,000 per year ■ Must be eligible EZ or RC business having majority of business in EZ or RC ■ 35% of employees must be EZ or RC residents 	Secs. 1397A and 1400J
Commercial revitalization deduction (CRD)	RCs	Accelerated depreciation for construction or substantial rehabilitation costs for commercial buildings in RCs incurred before 2010	<ul style="list-style-type: none"> ■ 60% exclusion of capital gain on sale of QSBS held for more than five years ■ Must be eligible EZ business having majority of business in EZ ■ 35% of employees must be EZ residents 	Sec. 1400I
Capital gains				
Gain nonrecognition	EZs	Deferral of capital gain on sale of qualified EZ assets acquired after 2001 and before 2010	100% gain rollover if reinvested in replacement property	Sec. 1397B
Increased exclusion of gain from the sale of qualified small business stock (QSBS)	EZs	Partial capital gain exclusion for noncorporate shareholders on sale of QSBS in a qualified EZ business for QSBS stock acquired after 2000 and before 2014	<ul style="list-style-type: none"> ■ 60% exclusion of capital gain on sale of QSBS held for more than five years ■ Must be eligible EZ business having majority of business in EZ ■ 35% of employees must be EZ residents 	Sec. 1202
Capital gain exclusion	RCs	Full exclusion for gain from sale of stock or partnership interest, or sale of tangible property, in a qualified RC business acquired after 2001 and before 2010	<ul style="list-style-type: none"> ■ Interest or tangible property must be held for more than five years ■ Must be eligible RC business having majority of business in RC ■ 35% of employees must be RC residents 	Sec. 1400F
Bonds				
EZ facility bonds	EZs and RCs	Special tax-exempt private activity bonds issued before 2010	<ul style="list-style-type: none"> ■ Issue amounts of \$60 million—\$230 million ■ Must be eligible EZ business having majority of business in EZ ■ 35% of employees must be EZ residents 	Sec. 1394; Regs. Sec. 1.1394