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Expired and Expiring Temporary Tax Provisions ("Tax Extenders")

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Summary

Dozens of temporary tax provisions expired at the end of 2013, and several other temporary tax provisions are scheduled to expire at the end of 2014. Most of the provisions that expired at the end of 2013 have been part of past temporary tax extension legislation. Most recently, many temporary tax provisions were extended as part of the American Taxpayer Relief Act (ATRA; P.L. 112-240). Collectively, temporary tax provisions that are regularly extended by Congress—often for one to two years—rather than being allowed to expire as scheduled are often referred to as "tax extenders."

On April 1, 2014, Senate Finance Committee Chairman Ron Wyden and Ranking Member Orrin Hatch released a Chairman's Mark of the Expiring Provisions Improvement Reform and Efficiency (EXPIRE) Act. A modification was released at the start of the markup on April 3, 2014. The modification included several provisions that had been left out of the initial Chairman's Mark. An earlier proposal, S. 1859, introduced by Senator Reid on December 19, 2013, would provide a one-year extension for provisions that expired in 2013. House Ways and Means Committee Chairman Dave Camp has indicated that extenders will be addressed in the Ways and Means Committee during 2014. Chairman Camp has emphasized that extenders should be evaluated to see which provisions should be made permanent.

The President's FY2015 Budget identifies several expiring provisions that should be permanently extended (and in some cases substantially modified), including the research and experimentation (R&D) tax credit, enhanced expensing for small businesses, the renewable energy production tax credit (PTC), and the new markets tax credit (NMTC). Several other expired provisions would be temporarily extended. The President's FY2015 Budget also assumes that the American opportunity tax credit (AOTC), the earned income tax credit (EITC) expansions, and the child tax credit (CTC) expansions, that were extended through 2017 as part of ARTA, are made permanent.

There are several reasons why Congress may choose to enact tax provisions on a temporary basis. Enacting provisions on a temporary basis provides legislators with an opportunity to evaluate the effectiveness of tax policies prior to expiration or extension. Temporary tax provisions may also be used to provide temporary economic stimulus or disaster relief. Congress may also choose to enact tax provisions on a temporary rather than permanent basis due to budgetary considerations, as the foregone revenue from a temporary provision will generally be less than if it was permanent.

The provisions that expired at the end of 2013 are diverse in purpose, including provisions for individuals, businesses, the charitable sector, energy, community assistance, and disaster relief. Among the individual provisions that expired are deductions for teachers' out-of-pocket expenses, state and local sales taxes, qualified tuition and related expenses, and mortgage insurance premiums. On the business side, under current law, the R&D tax credit, the WOTC, the active financing exceptions under Subpart F, and increased expensing and bonus depreciation allowances will not be available for taxpayers after 2013. Expired charitable provisions include the enhanced deduction for contributions of food inventory and provisions allowing for tax-free distributions from retirement accounts for charitable purposes. The renewable energy production tax credit (PTC) expired at the end of 2013, along with a number of other incentives for energy efficiency and renewable and alternative fuels. The new markets tax credit, a community assistance program, also expired at the end of 2013.

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Introduction

Dozens of temporary tax provisions were allowed to expire at the end of 2013. The American Taxpayer Relief Act (ATRA; P.L. 112-240), signed into law on January 2, 2013, reduced tax policy uncertainty by permanently extending most of the tax cuts first enacted in 2001 and 2003 and permanently indexing the alternative minimum tax (AMT) for inflation.[1] ATRA, however, did not eliminate uncertainty in the tax code. Under ATRA, a number of provisions that had been allowed to expire at the end of 2011 or 2012 were temporarily extended through 2013.[2] Thus, under current law, these provisions expired at the end of 2013.[3]

Collectively, temporary tax provisions that are regularly extended by Congress rather than being allowed to expire as scheduled are often referred to as "tax extenders." Many of these "tax extender" provisions have been temporarily extended multiple times. The research tax credit, for example, has been extended 15 times since being enacted in 1981. Most of the temporary tax provisions that expired at the end of 2013 were previously extended more than once.

On April 1, 2014, Senate Finance Committee Chairman Ron Wyden and Ranking Member Orrin Hatch announced plans to markup "tax extenders" legislation. The draft legislation, the Expiring Provisions Improvement Reform and Efficiency (EXPIRE) Act, would extend most expired and expiring provisions through the end of 2015. There is also interest in addressing tax extenders in the House. House Ways and Means Committee Chairman Dave Camp has emphasized that extenders should be evaluated to see which provisions should be made permanent.[4] Chairman Camp supports addressing extenders as part of broader tax reform. His proposed Tax Reform Act of 2014 would make certain provisions permanent, such as the research and experimentation (R&D) tax credit and increased expensing under Section 179.

The President's FY2015 Budget proposal would permanently extend or modify certain expired provisions, while temporarily extending others. Proposals that would be permanently extended (and in some cases modified) include (1) the enhanced deduction for conservation easements; (2) increased expensing under Section 179; (3) the exclusion for qualified small business stock; (4) the new markets tax credit (NMTC); (5) the renewable electricity production tax credit (PTC); (6) the deduction for energy-efficient commercial property; (7) the research and experimentation (R&D) tax credit; and (8) the work opportunity tax credit (WOTC). Proposals that would be temporarily extended include (1) the exclusion for cancellation of home mortgage debt (through 2016); (2) the tax credit for cellulosic biofuel (through 2024); and (3) the tax credit for energy-efficient new homes (through 2024). The President's FY2015 Budget also assumes that the American opportunity tax credit (AOTC), the earned income tax credit (EITC) expansions, and the child tax credit (CTC) expansions, that were extended through 2017 as part of ARTA, are made permanent.

Allowing temporary tax provisions to expire at the end of 2013 does not necessarily mean that these tax provisions will not be available to taxpayers in 2013. In recent years, Congress has chosen to retroactively extend expired tax provisions. Under ATRA, for example, a number of tax

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[1] For additional background, see CRS Report R42894, *An Overview of the Tax Provisions in the American Taxpayer Relief Act of 2012* , by Margot L. Crandall-Hollick.

[2] Provisions that had been allowed to expire at the end of 2011 were extended retroactively.

[3] In addition to the "tax extenders" discussed in this report, several provisions first enacted as part of the American Recovery and Reinvestment Act (ARRA; P.L. 111-5) were temporarily extended in ATRA.

[4] Marc Heller, "Ways and Means Chairman Plans Review of Tax Extenders in April," *Bloomberg BNA Daily Tax Report*, March 24, 2014.

provisions that had been allowed to expire at the end of 2011 were retroactively extended through 2013. S. 1859, introduced by Senator Reid on December 19, 2013, proposed a one-year extension for nearly all of the provisions scheduled to expire at the end of 2013. The EXPIRE Act would retroactively extend expired provisions through the end of 2015.

The Concept of "Tax Extenders"

The tax code presently contains dozens of temporary tax provisions. In the past, legislation to extend some set of these expiring provisions has been referred to by some as the "tax extender" package. While there is no formal definition of a "tax extender," the term has regularly been used to refer to the package of expiring tax provisions temporarily extended by Congress. Oftentimes, these expiring provisions are temporarily extended for a short period of time (e.g., one or two years). Over time, as new temporary provisions have been routinely extended and hence added to this package, the number of provisions that might be considered "tax extenders" has grown.[5]

Evaluating Expiring Tax Provisions

There are various reasons Congress may choose to enact temporary (as opposed to permanent) tax provisions. Enacting provisions on a temporary basis, in theory, would provide Congress with an opportunity to evaluate the effectiveness of specific provisions before providing further extension. Temporary tax provisions may also be used to provide relief during times of economic weakness or following a natural disaster. Congress may also choose to enact temporary provisions for budgetary reasons. Examining the reason why a certain provision is temporary rather than permanent may be part of evaluating whether a provision should be extended.

Reasons for Temporary Tax Provisions

There are several reasons why Congress may choose to enact tax provisions on a temporary basis. Enacting provisions on a temporary basis provides an opportunity to evaluate effectiveness before expiration or extension. However, this rationale for enacting temporary tax provisions is undermined if expiring provisions are regularly extended without systematic review, as is the case in practice. In 2012 testimony before the Senate Committee on Finance, Dr. Rosanne Altshuler noted that

> an expiration date can be seen as a mechanism to force policymakers to consider the costs and benefits of the special tax treatment and possible changes to increase the effectiveness of the policy. This reasoning is compelling in theory, but has been an absolute failure in practice as no real systematic review ever occurs. Instead of subjecting each provision to careful analysis of whether its benefits outweigh its costs, the extenders are traditionally considered and passed in their entirety as a package of unrelated temporary tax benefits.[6]

Several temporary tax provisions that had previously been extended a number of times were allowed to expire during the 112th Congress (see the "Tax Extenders in the 112th Congress" section below). Arguably, certain incentives were not extended as it was determined that their

[5] Several provisions that had been extended in previous "tax extender" packages were allowed to expire and not extended in 2012. For discussion, see the section "Tax Extenders in the 112th Congress" below.

[6] U.S. Congress, Senate Committee on Finance, *Extenders and Tax Reform: Seeking Long-Term Solutions*, Testimony of Dr. Rosanne Altshuler, 112th Cong., January 31, 2012, available at http://www.finance.senate.gov/hearings/hearing/?id=b1604e2e-5056-a032-52ff-dd661f9280f6.

benefit did not exceed the cost. For example, tax incentives for alcohol fuels (e.g., ethanol), which can be traced back to policies first enacted in 1978, were not extended beyond 2011. The Government Accountability Office (GAO) had previously found that with the renewable fuel standard (RFS) mandate, tax credits for ethanol were duplicative and did not increase consumption.[7]

Tax policy may also be used to address temporary circumstances in the form of economic stimulus or disaster relief, for example. Economic stimulus measures might include bonus depreciation or generous expensing allowances.[8] Various tax policies have also been enacted to provide relief following natural disasters.[9] Recent examples of other temporary provisions that have been enacted to address special economic circumstances include the exclusion of mortgage forgiveness from taxable income during the recent housing crisis,[10] the payroll tax cut,[11] and the Section 1603 grants in lieu of tax credits to compensate for weak tax-equity markets during the economic downturn.[12] It has been argued that provisions that were enacted to address a temporary situation should be allowed to expire once the situation is resolved.[13]

Congress may also choose to enact tax policies on a temporary basis for budgetary reasons. If policy makers decide that legislation that reduces revenues must be paid for, it is easier to find resources to offset short-term extensions rather than long-term or permanent extensions.[14] Additionally, by definition the Congressional Budget Office (CBO) assumes under the current law baseline that temporary tax cuts expire as scheduled. Thus, the current law baseline does not assume that temporary tax provisions are regularly extended. Hence, if temporary expiring tax provisions are routinely extended in practice, the CBO current law baseline would tend to overstate projected revenues, making the long-term revenue outlook stronger. Thus, by making

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[7] See U.S. Government Accountability Office, *Biofuels: Potential Effects and Challenges of Required Increases in Production and Use*, GAO-09-44, August 2009, http://www.gao.gov/new.items/d09446.pdf and U.S. Government Accountability Office, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP, March 2011, http://www.gao.gov/assets/320/315920.pdf.

[8] For a discussion of bonus depreciation in the context of tax extenders, see CRS Report R43432, *Bonus Depreciation: Economic and Budgetary Issues*, by Jane G. Gravelle. For background on these policies, see CRS Report RL31852, *Section 179 and Bonus Depreciation Expensing Allowances: Current Law, Legislative Proposals in the 113th Congress, and Economic Effects*, by Gary Guenther.

[9] For more information, see CRS Report R42839, *Tax Provisions to Assist with Disaster Recovery*, by Erika K. Lunder, Carol A. Pettit, and Jennifer Teefy.

[10] For more information, see CRS Report RL34212, *Analysis of the Tax Exclusion for Canceled Mortgage Debt Income*, by Mark P. Keightley and Erika K. Lunder.

[11] For more information, see CRS Report R42103, *Extending the Temporary Payroll Tax Reduction: A Brief Description and Economic Analysis*, by Donald J. Marples and Molly F. Sherlock.

[12] For more information, see CRS Report R41635, *ARRA Section 1603 Grants in Lieu of Tax Credits for Renewable Energy: Overview, Analysis, and Policy Options*, by Phillip Brown and Molly F. Sherlock.

[13] This point was made in U.S. Congress, Senate Committee on Finance, *Extenders and Tax Reform: Seeking Long-Term Solutions*, Testimony of Dr. Rosanne Altshuler, 112th Cong., January 31, 2012, available at http://www.finance.senate.gov/hearings/hearing/?id=b1604e2e-5056-a032-52ff-dd661f9280f6 and U.S. Congress, House Committee on Ways and Means, Subcommittee on Select Revenue Measures, *Framework for Evaluating Certain Expiring Tax Provisions*, Testimony of Donald B. Marron, 112th Cong., June 8, 2012, available at http://waysandmeans.house.gov/uploadedfiles/marron.pdf.

[14] U.S. Congress, House Committee on Ways and Means, Subcommittee on Select Revenue Measures, *Framework for Evaluating Certain Expiring Tax Provisions*, Testimony of Donald B. Marron, 112th Cong., June 8, 2012, available at http://waysandmeans.house.gov/uploadedfiles/marron.pdf.

tax provisions temporary rather than permanent, these provisions have a smaller effect on the long-term fiscal outlook.[15]

Extenders as Tax Benefits[16]

Temporary tax benefits are a form of federal subsidy that treats eligible activities favorably compared to others, and channels economic resources into qualified uses. Extenders influence how economic actors behave and how the economy's resources are employed. Like all tax benefits, economic theory suggests every extender can be evaluated by looking at the impact on economic efficiency, equity, and simplicity.[17] Temporary tax provisions may be efficient and effective in accomplishing their intended purpose, though not equitable. Alternatively, an extender may be equitable but not efficient. Policy makers may have to choose the economic objectives that matter most.

Economic Efficiency

Extenders often provide subsidies to encourage more of an activity than would otherwise be undertaken. According to economic theory, in most cases an economy best satisfies the wants and needs of its participants if markets allocate resources free of distortions from taxes and other factors. Market failures, however, may occur in some instances, and economic efficiency may actually be improved by tax distortions.[18] Thus, the ability of extenders to improve economic welfare depends in part on whether or not the extender is remedying a market failure. According to theory, a tax extender reduces economic efficiency if it is not addressing a specific market failure.

An extender is also considered relatively effective if it stimulates the desired activity better than a direct subsidy. Direct spending programs, however, can often be more successful at targeting resources than indirect subsidies made through the tax system such as tax extenders.[19]

Equity

A tax is considered to be fair when it contributes to a socially desirable distribution of the tax burden. Tax benefits such as the extenders can result in individuals with similar incomes and expenses paying differing amounts of tax, depending on whether they engage in tax-subsidized activities. This differential treatment is a deviation from the standard of horizontal equity, which requires that people in equal positions should be treated equally.

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[15] U.S. Congress, Senate Committee on Finance, *Extenders and Tax Reform: Seeking Long-Term Solutions*, Testimony of Dr. Rosanne Altshuler, 112th Cong., January 31, 2012, available at http://www.finance.senate.gov/hearings/hearing/?id=b1604e2e-5056-a032-52ff-dd661f9280f6.

[16] This section is adapted from archived CRS report CRS Report RL32367, *Certain Temporary Tax Provisions that Expired in December 2009 ("Extenders")*, by James M. Bickley.

[17] Using these "criteria for good tax policy" to evaluate tax extenders was discussed in U.S. Congress, House Committee on Ways and Means, Subcommittee on Select Revenue Measures, *Framework for Evaluating Certain Expiring Tax Provisions*, Testimony of Dr. Jim White, 112th Cong., June 8, 2012, available at http://waysandmeans.house.gov/uploadedfiles/white.pdf.

[18] Market failure occurs when the marginal benefit of an action does not equal the marginal cost. For example, polluting forms of energy production cause social costs that are not taken into account by the producer; hence, there is an argument for taxing this type of energy or, alternatively, subsidizing less polluting firms.

[19] Stanley S. Surrey, "Tax Incentives as a Device for Implementing Government Policy: A Comparison with Direct Government Expenditures," *Harvard Law Review*, vol. 83, no. 4 (February 1970), pp. 705-738.

Another component of fairness in taxation is vertical equity, which requires that tax burdens be distributed fairly among people with different abilities to pay. Most extenders are considered inequitable because they benefit those who have a greater ability to pay taxes. Those individuals with relatively less income and thus a reduced ability to pay taxes may not have the same opportunity to benefit from extenders as those with higher income. The disproportionate benefit of tax expenditures to individuals with higher incomes reduces the progressivity of the tax system, which is often viewed as a reduction in equity.

An example of the effect a tax benefit can have on vertical equity is illustrated by two teachers who have both incurred $250 in classroom-related expenses and are eligible to claim the above-the-line deduction for expenses. Yet the tax benefit to the two differs if they are in different tax brackets. A teacher with lower income, who may be in the 15% income tax bracket, receives a deduction with a value of $37.50, while another teacher, in the 33% bracket, receives a deduction value of $82.50. Thus, the higher-income taxpayer, with presumably greater ability to pay taxes, receives a greater benefit than the lower-income taxpayer.

Simplicity

Extenders contribute to the complexity of the tax code and raise the cost of administering the tax system. Those costs, which can be difficult to isolate and measure, are rarely included in the cost-benefit analysis of temporary tax provisions. In addition to making the tax code more difficult for the government to administer, complexity also increases costs imposed on individual taxpayers. With complex incentives, individuals devote more time to tax preparation and are more likely to hire paid preparers.

The Cost of Extending Expiring Provisions

The Congressional Budget Office (CBO) provides estimated costs of extending all tax provisions scheduled to expire before 2024 (see **Table 1**).[20] CBO's estimates can be viewed as the cost of a long-term extension. The cost of a short-term extension, as proposed in the EXPIRE Act, is presented in **Table 2** below. According to CBO's estimates, over the 2014 to 2024 budget window,

- extending all expiring tax provisions would cost $963.4 billion;
- extending temporary provisions that expired in 2013 would cost $762.1 billion;
- extending bonus depreciation would cost $296.4 billion;[21] and
- extending expansions to the child tax credit, the earned income tax credit, and the American Opportunity Tax Credit currently scheduled to expire at the end of 2017 would cost $165.4 billion.

[20] CBO provides this estimate to calculate their alternative fiscal scenario. CBO's baseline for spending and revenues assumes current law. Thus, revenue levels under CBO's baseline assume that all tax policies expire as scheduled. The alternative fiscal scenario assumes that current policies remain in place (i.e., expiring tax provisions are extended). The estimated revenues that would be raised from extending certain provisions might change depending on how provisions are stacked (i.e., interaction effects might cause revenue estimates for specific provisions to be higher or lower depending on what other provisions are also assumed to have been extended).

[21] For more on bonus depreciation in the context of tax extenders, see CRS Report R43432, *Bonus Depreciation: Economic and Budgetary Issues*, by Jane G. Gravelle.

Table 1. The Cost of Extending Expiring Provisions

(billions of dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014 - 2024
Extend all Tax Provisions that Expired in 2013	50.8	91.6	82.4	77.0	70.6	64.3	61.5	61.2	63.7	68.0	71.0	762.1
Extend Temporary ARRA Provisions[a]					2.4	27.5	27.3	27.3	27.2	26.9	26.8	165.4
Extend all Other Tax Provisions Expiring After 2013		0.0	0.5	1.3	3.9	4.0	4.3	4.9	5.2	5.6	6.1	35.9
Total[b]	**50.8**	**91.6**	**82.9**	**78.3**	**76.9**	**95.8**	**93.2**	**93.3**	**96.1**	**100.6**	**103.9**	**963.4**

Source: Additional data provided with the Congressional Budget Office, *The Budget and Economic Outlook: 2014 to 2024*, Washington, DC, February 4, 2014, http://www.cbo.gov/publication/45010.

Notes:

a. Provisions are currently scheduled to expire on December 31, 2017. Includes a lower earned income threshold for the refundable portion of the child tax credit, expansions to the earned income tax credit (EITC), and the American Opportunity Tax Credit (AOTC).

b. This line includes the cost of extending all provisions scheduled to expire between 2013 and 2024.

This cost of extending "all other expiring provisions" includes the extension of all provisions scheduled to expire in 2013 (see **Table 1** and the associated discussion below) as well as those scheduled to expire in years between 2013 and 2024. However, most of the cost of extension (79%) is associated with provisions that expired at the end of 2013.

Since tax extender provisions are assumed to expire as scheduled by CBO, their extension—even if expected by policy makers—is not included in CBO's current law revenue baseline. As a result, CBO's revenue projections are higher than actual revenue levels that are likely to occur. Consequently, projected budget deficits under the current law baseline are smaller than actual deficits that are likely to occur.

The President's FY2015 Budget uses a baseline that assumes that the American opportunity tax credit (AOTC), expansions to the earned income tax credit (EITC), and child tax credit (CTC) are made permanent. The baseline in the President's FY2015 budget, which assumes certain policies are extended, collects less revenue than CBO's current law baseline.

The cost of providing a short-term extension, as proposed in the EXPIRE Act, is less than the cost of extending expiring provisions through the budget window, as is done by CBO for the purposes of constructing the alternative fiscal scenario baseline. CBO scores, some might argue, provide a more accurate measure of the budget impact of temporary tax provisions. The JCT scores reflect the budget impact of the temporary extension relative to current law.

Extending the expired provisions through 2015, as proposed in the Chairman's Mark of the EXPIRE Act, as released on April 1, 2014, would reduce federal revenues by $67.4 billion between 2014 and 2024. The modification to the Chairman's Mark, released April 3, 2014, would reduce federal revenues by $85.3 billion between 2014 and 2024. The 10-year revenue cost is less than the cost in year 2015, as many of the expired provisions are tax deferrals, or timing provisions. Extending the expired and expiring provisions as proposed in the modified Chairman's Mark of the EXPIRE Act would reduce federal revenues by $111.5 billion in 2015, alone. Bonus depreciation is one example of a timing provision, where the short-term cost of extension is less than the long-term or budget window cost. Extending 50% bonus depreciation would reduce revenues by $73.6 billion in 2015, while the cost over the 10-year budget window is $2.9 billion.

Tax Provisions Expired at the End of 2013

Dozens of temporary tax provisions expired at the end of 2013 (see **Table 2**). Many of these provisions have been extended as part of previous "tax extender" legislation. For the purposes of this report, expiring provisions have been classified as belonging to one of six categories: individual, business, charitable, energy, community development, or disaster relief. The following sections provide additional details on expiring provisions within each category. **Table 2** also notes which provisions would be extended by the chairman's modification to the EXPIRE Act, as released on April 3, 2014. **Table 2** also includes the 10-year (or budget window) cost of the two-year extension proposed in the EXPIRE Act.

Individual

All but one of the individual provisions that expired at the end of 2013 have been extended at least once. The longest-standing individual provision that has previously been extended is the above-the-line deduction for classroom expenses incurred by school teachers. This provision was first enacted on a temporary basis in 2002 and has regularly been included in tax extender packages. Other individual provisions that have been extended more than once include the deduction for state and local sales taxes,[22] the above-the-line deduction for tuition and related expenses,[23] the deduction for mortgage insurance premiums,[24] and the parity for the exclusion of employer-provided mass transit and parking benefits.

The one provision that has not been extended in the past, the health coverage tax credit, was first enacted without an expiration date as part of the Trade Act of 2002 (P.L. 107-240). A January 1, 2014, termination date was enacted as part of an Act to extend the Generalized System of Preferences in 2011 (P.L. 112-40).[25] The health care coverage credit is the only individual provision that would not be extended in the Chairman's Mark of the EXPIRE Act.

Business

All but one of the business provisions that expired at the end of 2013 have been extended at least once.[26] Most of the business provisions scheduled for expiration in 2013 have been extended more than once. Long-standing provisions that are scheduled for expiration include the research tax credit,[27] the rum excise tax cover-over,[28] the work opportunity tax credit,[29] and the active financing exception under Subpart F.[30] Bonus depreciation and enhanced expensing allowances, which are often viewed as economic stimulus measures, are also scheduled to expire at the end of 2013.[31]

The April 1, 2014, Chairman's Mark of the EXPIRE Act proposed extending most of the expired business provisions. The three provisions that were not included in the April 1, 2014, proposal, the look-through treatment of payments between controlled foreign corporations, the seven-year amortization for motorsports racing facilities, and the special expensing rules for film and television production, were included in the modification release on April 3, 2014.

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22 For more information, see CRS Report RL32781, *Federal Deductibility of State and Local Taxes*, by Steven Maguire.

23 For more information, see CRS Report R41967, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects*, by Margot L. Crandall-Hollick.

24 For general background expired housing-related provisions, see CRS Report R43449, *Recently Expired Housing Related Tax Provisions ("Tax Extenders") in Brief*, by Mark P. Keightley.

25 For more information, see CRS Report RL32620, *Health Coverage Tax Credit*, by Bernadette Fernandez.

26 The exception is a provision allowing certain race horses' three-year depreciation.

27 For more information, see CRS Report RL31181, *Research Tax Credit: Current Law and Policy Issues for the 113th Congress*, by Gary Guenther.

28 For more information, see CRS Report R41028, *The Rum Excise Tax Cover-Over: Legislative History and Current Issues*, by Steven Maguire.

29 For more information, see CRS Report RL30089, *The Work Opportunity Tax Credit (WOTC)*, by Christine Scott.

30 For more information, see CRS Report R41852, *U.S. International Corporate Taxation: Basic Concepts and Policy Issues*, by Mark P. Keightley.

31 For more information, see CRS Report RL31852, *Section 179 and Bonus Depreciation Expensing Allowances: Current Law, Legislative Proposals in the 113th Congress, and Economic Effects*, by Gary Guenther. For more on bonus depreciation in the context of tax extenders, see CRS Report R43432, *Bonus Depreciation: Economic and Budgetary Issues*, by Jane G. Gravelle.

Table 2. Tax Provisions that Expired at the End of 2013

(extensions in previous "tax extenders" legislation)

	EXPIRE Act		Extending Legislation						
	Extends?	10-Year Cost Estimate (billions)	P.L. 112-240	P.L. 111-312	P.L. 110-343	P.L. 109-432	P.L. 108-311	P.L. 107-147	P.L. 106-170
Individual Provisions									
Above-the-Line Deduction for Certain Expenses of Elementary and Secondary School Teachers	X	$0.4	X	X	X	X	X		
Deduction for State and Local Sales Taxes	X	$6.5	X	X	X	X			
Above-the-Line Deduction for Qualified Tuition and Related Expenses	X	$0.6	X	X	X	X			
Premiums for Mortgage Insurance Deductible as Qualified Interest	X	$1.9	X	X	[a]				
Parity for Exclusion for Employer-Provided Mass Transit and Parking Benefits	X	$0.2	X	X					
Exclusion of Discharge of Principal Residence Indebtedness from Gross Income for Individuals	X	$5.4	X		X[b]				
Credit for Health Insurance Costs of Eligible Individuals									
Business Provisions									
Tax Credit for Research and Experimentation Expenses	X	$15.4	X	X	X	X	X	[c]	X
Temporary Increase in Limit on Cover Over of Rum Excise Tax Revenues to Puerto Rico and the Virgin Islands	X	$0.3	X	X	X	X	X	X	X
Work Opportunity Tax Credit	X[x]	$3.2	X[d]	X	[e]	X	X	X	X
Indian Employment Tax Credit	X	$0.1	X	X	X	X	X	X	
Accelerated Depreciation for Business Property on Indian Reservations	X	$0.2	X	X	X	X	X	X	

	EXPIRE Act		Extending Legislation						
	Extends?	10-Year Cost Estimate (billions)	P.L. 112-240	P.L. 111-312	P.L. 110-343	P.L. 109-432	P.L. 108-311	P.L. 107-147	P.L. 106-170
Exceptions under Subpart F for Active Financing Income	X	$10.4	X	X	X	[f]	[f]	X	X
Look-Through Treatment of Payments Between Controlled Foreign Corporations under the Foreign Personal Holding Company Rules	X	$2.5	X	X	X				
Credit for Railroad Track Maintenance	X	$0.4	X	X	X				
15-Year Straight-Line Cost Recovery for Qualified Leasehold, Restaurant, and Retail Improvements	X	$4.8	X	X	X				
7-Year Recovery for Motorsport Racing Facilities	X	$0.1	X	X	X				
Deduction Allowable with Respect to Income Attributable to Domestic Production Activities in Puerto Rico	X	$0.2	X	X	X				
Modification of Tax Treatment of Certain Payments to Controlling Exempt Organizations	X	-i-	X	X	X				
Treatment of Certain Dividends of Regulated Investment Companies ("RICs")	X	$0.2	X	X	X				
RIC Qualified Investment Entity Treatment under FIRPTA	X	$0.1	X	X	X				
Employer Wage Credit for Activated Military Reservists	X	-i-	X	X					
Special Expensing Rules for Film and Television Production	X	-i-	X	X					
Special Rules for Qualified Small Business Stock	X	$1.9	X	X					
Increase in Expensing to $500,000 / $2,000,000 and Expansion of Definition of Section 179 Property	X	$3.1	X	[g]					
Bonus Depreciation[h]	X	$2.9	X	X	[h]		[h]	[h]	
Reduction in S Corporation Recognition Period for Built-In Gains Tax	X	$0.2	X						

	EXPIRE Act		Extending Legislation						
	Extends?	10-Year Cost Estimate (billions)	P.L. 112-240	P.L. 111-312	P.L. 110-343	P.L. 109-432	P.L. 108-311	P.L. 107-147	P.L. 106-170
Election to Accelerate AMT Credits in Lieu of Additional First-Year Depreciation	X	$0.6	X						
Low-Income Housing Tax Credit (LIHTC) Rate	X	-i-	X[i]						
Treatment of Military Basic Housing Allowances under Low-Income Housing Credit[j]	X	-i-	X						
Three-Year Depreciation for Race Horses Two Years or Younger[k]	X	-i-							
Charitable Provisions									
Enhanced Charitable Deduction for Contributions of Food Inventory	X	$0.3	X	X	X	[l]			
Tax-Free Distributions From Individual Retirement Accounts for Charitable Purposes	X	$1.8	X	X	X				
Basis Adjustment to Stock of S Corporations Making Charitable Contributions of Property	X	$0.1	X	X	X				
Special Rules for Contributions of Capital Gain Real Property for Conservation Purposes	X	$0.3	X	X	[m]				
Energy Provisions									
Construction Date for Eligible Facilities (Including Wind) to Claim the Production Tax Credit (PTC) or the Investment Tax Credit (ITC) in Lieu of the PTC[n]	X	$13.3	X	[o]	[p]	[o]	[p]	[p]	[p]
Special Rule to Implement Electric Transmission Restructuring			X	X	X	[q]			
Credit for Construction of Energy Efficient New Homes	X	$0.6	X	X	X	X			
Energy Efficient Commercial Building Deduction	X[z]	$0.3			X[r]	X			

	EXPIRE Act		Extending Legislation						
	Extends?	10-Year Cost Estimate (billions)	P.L. 112-240	P.L. 111-312	P.L. 110-343	P.L. 109-432	P.L. 108-311	P.L. 107-147	P.L. 106-170
Mine Rescue Team Training Credit	X	-i-	X	X	X				
Election to Expense Mine-Safety Equipment	X	—	X	X	X				
Credit for Energy Efficient Appliances			X	X	X				
Credit for Nonbusiness Energy Property	X[y]	$1.6	X	X[s]	X				
Alternative Fuel Vehicle Refueling Property	X	$0.1	X	X	X				
Incentives for Alternative Fuel and Alternative Fuel Mixtures	X	$0.9	X	X	X				
Incentives for Biodiesel and Renewable Diesel[t]	X	$2.6	X	X	X				
Placed-in-Service Date for Partial Expensing of Certain Refinery Property[u]					X[u]				
Credit for Electric Drive Motorcycles and Three-Wheeled Vehicles	X[aa]	-i-	X						
Second Generation (Cellulosic) Biofuel Producer Credit	X	$0.1	X						
Credit for Production of Indian Coal	X	$0.1	X						
Special Depreciation Allowance for Second Generation (Cellulosic) Biofuel Plant Property[v]	X	-i-	X						
Community Assistance Provisions									
Qualified Zone Academy Bonds - Allocation of Bond Limitation	X	$0.3	X	X	X	X	X	X	X
New Markets Tax Credit	X	$1.8	X	X	X	X			
American Samoa Economic Development Credit	X	-i-	X	X	X	X			
Empowerment Zone Tax Incentives[w]			X	X					

	EXPIRE Act		Extending Legislation						
	Extends?	10-Year Cost Estimate (billions)	P.L. 112-240	P.L. 111-312	P.L. 110-343	P.L. 109-432	P.L. 108-311	P.L. 107-147	P.L. 106-170
Disaster Relief Provisions									
New York Liberty Zone – Tax Exempt Bond Financing			X	X			X[bb]		
Replacement Period for Nonrecognition of Gain for Areas Damaged by 2008 Midwestern Storms									

Source: CRS analysis of extending legislation and Joint Committee on Taxation (JCT). The Chairman's Mark of the EXPIRE Act and the associated JCT scores are available at: http://www.finance.senate.gov/hearings/hearing/?id=24a559c8-5056-a032-52d7-614d7346d690.

Notes: An "-i-" indicates an estimated revenue loss of less than $50 million between 2014 and 2024. For additional information on specific provisions, see U.S. Congress, Senate Committee on the Budget, *Tax Expenditures: Compendium of Background Material on Individual Provisions*, committee print, prepared by Congressional Research Service, 112th Cong., 2nd sess., December 2012.

a. This provision was extended as part of the Mortgage Forgiveness Debt Relief Act of 2007 (P.L. 110-142).

b. This provision was enacted as part of P.L. 110-142 and extended through 2012 in P.L. 110-343.

c. The Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170) extended the research credit through June 30, 2004. The credit was next extended by the Working Families Tax Relief Act of 2004 (P.L. 108-311).

d. The expiration date of the Work Opportunity Tax Credit for qualified veterans was extended through December 31, 2012, as part of P.L. 112-56. Under P.L. 112-240 the expiration date was extended through December 31, 2013, for all eligible employees.

e. The Work Opportunity Tax Credit was extended through August 31, 2011, as part of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2008 (P.L. 110-28).

f. The exceptions under Subpart F for active financing income were extended for five years as part of the Job Creation and Worker Assistance Act of 2002 (P.L. 107-147) and for two years by the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222).

g. The Small Business Jobs Act of 2010 (P.L. 111-240) set the maximum amount a taxpayer can expense at $500,000, with the phaseout threshold raised to $2 million, for tax years 2010 and 2011. The Tax Relief Act of 2010 set the expensing limit at $125,000 for 2012, with a phaseout threshold of $500,000. For background on Section 179 expensing, see CRS Report RL31852, *Section 179 and Bonus Depreciation Expensing Allowances: Current Law, Legislative Proposals in the 113th Congress, and Economic Effects*, by Gary Guenther.

h. Under ATRA, 50% bonus depreciation was extended for one year. The Job Creation and Worker Assistance Act of 2002 (P.L. 107-147) created the initial bonus depreciation allowance of 30%. The allowance was increased to 50% and extended as part of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA; P.L. 108-27). Under the Economic Stimulus Act of 2008 (P.L. 110-185) bonus depreciation was reinstated at 50%. Bonus depreciation was again extended as part of the American Recovery and Reinvestment Act (ARRA; P.L. 111-5), the Small Business Jobs Act (P.L. 111-240), and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312). For more on the history of this provision, see CRS Report RL31852, *Section 179 and Bonus Depreciation Expensing Allowances: Current Law, Legislative Proposals in the 113th Congress, and Economic Effects*, by Gary Guenther.

i. The Housing and Economic Recovery Act of 2008 (HERA, P.L. 110-289) temporarily changed the LIHTC rate to not less than 9% for new construction placed in service before December 31, 2013. The American Taxpayer Relief Act of 2012 (ATRA, P.L. 112-240) extended the 9% floor for credit allocations made before January 1, 2014.

j. This provision was enacted as part of the Housing and Economic Recovery Act of 2008 (P.L. 110-289).

k. This provision was enacted as part of the Heartland, Habitat, Harvest, and Horticulture Act of 2008 (P.L. 110-246).

l. This provision was extended as part of the Pension Protection Act of 2006 (P.L. 109-280).

m. This provision was extended for two years, from 2007 through 2009, as part of the Food, Conservation, and Energy Act of 2008 (P.L. 110-234).

n. As part of ATRA, the expiration date for the renewable energy production tax credit (PTC) was modified such that facilities that were under construction but not yet placed in service by the end of 2013 would qualify. The option to claim the ITC in lieu of the PTC was not available prior to 2009.

o. The renewable energy PTC placed-in-service deadline was extended as part of the EPACT05 and as part of ARRA.

p. Prior to 2013, the renewable energy PTC expiration was a placed-in-service deadline. Historically, this placed-in-service deadline has been regularly extended as part of tax extenders legislation.

q. This provision was extended as part of the Energy Policy Act of 2005 (EPACT05; P.L. 109-58).

r. This provision was extended for five years, through 2013, in P.L. 110-343.

s. This provision was extended at a reduced rate of 10%, with the maximum credit reduced to $500. During 2009 and 2010, a 30% credit of up to $1,500 had been available.

t. Tax incentives for biodiesel were introduced as part of the American Jobs Creation Act of 2004 (AJCA; P.L. 108-357).

u. This provision was enacted as part of EPACT05. P.L. 110-343 extended the placed in service deadline for two years, through the end of 2013. To qualify for this incentive, a binding construction contract must have been in place by January 1, 2010.

v. In addition to extending this provision through 2013, ATRA expanded the definition of qualified cellulosic biofuel production to include algae-based fuels.

w. Empowerment zone tax incentives include (1) designation of an empowerment zone; (2) increased exclusion of gain; (3) empowerment zone tax-exempt bonds; (4) empowerment zone employment credits; (5) increased expensing under IRC Section 179; (6) nonrecognition of gain on rollover of empowerment zone investments.

x. This credit would be modified to include the long-term unemployed.

y. This provision would be modified to certain roof and roof products and to revise efficiency standards for other qualifying property.

z. The provision would be modified to allow tribal governments and non-profits to designate property designers as credit recipients. Efficiency standards would also be modified.

aa. The provision would be modified such that three-wheeled vehicles would no longer qualify.

bb. This provision was extended through 2010 in P.L. 108-311.

Charitable

The four charitable provisions that expired at the end of 2013 have previously been extended multiple times. Provisions providing an enhanced deduction for non-corporate businesses donating food inventory were first enacted in response to Hurricane Katrina in 2005.[32] The remaining charitable provisions set to expire were first enacted as part of the Pension Protection Act of 2006 (P.L. 109-280).[33] The April 1, 2014, Chairman's Mark of the EXPIRE Act would extend three of the four charitable provisions that expired at the end of 2013. The April 3, 2014. modification proposed extending the special rule for contributions of capital gain real property for conservation purposes.

Energy[34]

The longest-standing energy-related provision that expired at the end of 2013 is the renewable energy production tax credit (PTC).[35] This provision was first enacted in 1992.[36] Several of the temporary energy-related tax provisions that are scheduled to expire at the end of 2011 were first enacted as part of the Energy Policy Act of 2005 (EPACT05; P.L. 109-58). These include the credit for construction of energy efficient new homes, the credit for energy efficient appliances, the deduction for energy-efficient commercial buildings, and the credit for nonbusiness energy property (also known as the tax credit for energy efficiency improvements for existing homes).[37] Certain tax incentives for alternative technology vehicles and alternative fuel vehicle refueling property were also first included in EPACT05.

Six energy-related provisions were excluded from the April 1, 2014, Chairman's Mark of the EXPIRE Act, although three of these provisions were included in the modification released on April 3, 2014. These three provisions are the PTC, and provisions for residential and commercial energy efficiency. Energy-related provisions that would not be extended include tax credits for manufacturers of energy-efficient appliances, the special rule related to reporting of income from electric transmission restructurings, and the placed in service date for partial expensing of certain refinery property.

Community Development

All four of the community development provisions that expired at the end of 2013 have been extended more than once. Qualified zone academy bonds (QZABs) are tax credit bonds available

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[32] For more information, see CRS Report RL34608, *Tax Issues Relating to Charitable Contributions and Organizations*, by Jane G. Gravelle and Molly F. Sherlock.

[33] For more information on the provision allowing tax-free distributions from retirement accounts for charitable contributions, see CRS Report RS22766, *Qualified Charitable Distributions from Individual Retirement Accounts: Features and Legislative History*, by John J. Topoleski.

[34] For general background on energy tax policy, see CRS Report R43206, *Energy Tax Policy: Issues in the 113th Congress*, by Molly F. Sherlock and CRS Report R41227, *Energy Tax Policy: Historical Perspectives on and Current Status of Energy Tax Expenditures*, by Molly F. Sherlock.

[35] For more information, see CRS Report R43453, *The Renewable Electricity Production Tax Credit: In Brief*, by Molly F. Sherlock.

[36] When first enacted, the PTC was only available for wind and closed-loop biomass technologies. Over time, Congress has expanded the list of qualifying technologies.

[37] For more information, see CRS Report R42089, *Residential Energy Tax Credits: Overview and Analysis*, by Margot L. Crandall-Hollick and Molly F. Sherlock.

to state and local governments for elementary and secondary school renovation, equipment, teacher training, and course materials. QZABs were first made available in 1998.[38] The New Markets Tax Credit (NMTC), designed to promote investment in low-income and impoverished communities, was first enacted in 2000.[39] Tax incentives designed to encourage economic activity in the American Samoa and empowerment zones[40] are also scheduled to expire at the end of 2013. The Chairman's Mark of the EXPIRE Act would extend the provisions related to QZABs, the NMTC, and the American Samoa economic development credit, but not the empowerment zone tax incentives.

Disaster Relief

Disaster relief tax provisions that expired at the end of 2013 are those that provide tax-exempt bond financing authority for facilities in the New York Liberty Zone and provisions related to nonrecognition of gain for areas damaged by the 2008 Midwestern storms.[41] Several other temporary disaster relief provisions have been allowed to expire in recent years.[42] Neither of the disaster relief provisions that expired in 2013 are included in the Chairman's Mark of the EXPIRE Act.

Tax Provisions Expiring in 2014

In addition to the provisions that expired at the end of 2013, six tax provisions are scheduled to expire at the end of 2014. Three of these provisions are energy-related: (1) incentives for alternative fuels and alternative fuel mixtures involving liquefied hydrogen; (2) the credit for fuel cell motor vehicles; and (3) the credit for hydrogen alternative fuel refueling property. The other tax provisions expiring in 2014 are the automatic amortization extension for multiemployer defined benefits plans; the additional funding rules for multiemployer defined pension plans in endangered or critical status; and the deemed approval of adoption, use, or cessation of shortfall funding method for multiemployer defined benefits plans.[43]

The Chairman's Mark of the EXPIRE Act would extend the energy-related provisions expiring at the end of 2014 as well as the expiring provisions relating to multiemployer defined benefit pension plans through the end of 2015.

Tax Extenders in the 112th Congress

The American Taxpayer Relief Act (ATRA; P.L. 112-240) extended dozens of temporary tax provisions that had expired or were scheduled to expire at the end of 2012 (see **Table 3**). Many of

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[38] For more information, see CRS Report R40523, *Tax Credit Bonds: Overview and Analysis*, by Steven Maguire.

[39] For more information, see CRS Report RL34402, *New Markets Tax Credit: An Introduction*, by Donald J. Marples and Sean Lowry.

[40] For background on empowerment zones, see CRS Report R41639, *Empowerment Zones, Enterprise Communities, and Renewal Communities: Comparative Overview and Analysis*, by Donald J. Marples.

[41] For general background on tax-exempt bonds, see CRS Report RL30638, *Tax-Exempt Bonds: A Description of State and Local Government Debt*, by Steven Maguire.

[42] For background on disaster-related tax provisions, see CRS Report R42839, *Tax Provisions to Assist with Disaster Recovery*, by Erika K. Lunder, Carol A. Pettit, and Jennifer Teefy.

[43] For background on multiemployer defined benefit pension plans, see CRS Report R43305, *Multiemployer Defined Benefit (DB) Pension Plans: A Primer and Analysis of Policy Options*, by John J. Topoleski.

these provisions were extended retroactively, as they had been allowed to expire at the end of 2011. The 10-year budgetary cost of extending temporary expiring provisions under ATRA was an estimated $73.6 billion.[44] The largest of these provisions, in terms of revenue cost, were the credit for research and experimentation expenses ($14.3 billion), the extension and modification of the wind production tax credit (PTC) ($12.2 billion),[45] and the exception under Subpart F for active financing income ($11.2 billion). Information on the cost of extending specific provisions can be found in **Table 3**.

Several provisions that might have been considered "traditional extenders"—that is, they had been extended multiple times in the past—were not extended under ATRA. Two charitable provisions, the enhanced deduction for donations of computer equipment and the enhanced deduction for book inventory to schools, which were first enacted in 1997 and 2005 respectively, were allowed to expire. Other energy-related provisions, including the suspension of 100%-of-net-income limitation on percentage depletion for oil and gas from marginal wells, first enacted in 1997, and the production tax credit (PTC) for refined coal, first enacted in 2004, were also allowed to expire. Tax incentives for ethanol, which were first enacted in 1978,[46] were also not extended in ATRA, nor were provisions first enacted in 1997 that allowed for expensing of "brownfield" environmental remediation costs. The estate tax look-through rule for regulated investment company (RIC) stock, first enacted in 2004, was also not extended.

A number of other provisions were allowed to expire at the end of 2012. Some of these provisions, such as the Section 1603 grants in lieu of tax credits program[47] and 100% bonus depreciation,[48] might have been classified as having been temporary stimulus measures. Amongst the other provisions that were allowed to expire were a number of disaster relief measures, including Gulf Opportunity (GO) Zone provisions and tax provisions related to the 2008 Midwestern Storms and Hurricane Ike.[49]

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[44] Full details, including the cost of extending individual provisions, can be found in CRS Report R42894, *An Overview of the Tax Provisions in the American Taxpayer Relief Act of 2012* , by Margot L. Crandall-Hollick.

[45] In addition to extending the PTC for wind, provisions enacted under ATRA changed the expiration date from a place-in-service deadline to a construction start date. Thus, facilities for which construction begins prior to the deadline qualify for the tax credit. Previously, facilities were required to be placed in service to qualify. This change was made for all qualifying technologies, not just wind.

[46] Ethanol was given a partial exemption from the gas tax under the Energy Policy Act of 1978 (P.L. 95-618). The exemption was replaced with the Volumetric Ethanol Excise Tax Credit (VEETC) under the American Jobs Creation Act of 2004 (P.L. 108-357).

[47] For more information, see CRS Report R41635, *ARRA Section 1603 Grants in Lieu of Tax Credits for Renewable Energy: Overview, Analysis, and Policy Options*, by Phillip Brown and Molly F. Sherlock.

[48] For more information, see CRS Report RL31852, *Section 179 and Bonus Depreciation Expensing Allowances: Current Law, Legislative Proposals in the 113th Congress, and Economic Effects*, by Gary Guenther.

[49] For more information on temporary tax provisions as disaster relief, see CRS Report R42839, *Tax Provisions to Assist with Disaster Recovery*, by Erika K. Lunder, Carol A. Pettit, and Jennifer Teefy.

Table 3. Temporary Tax Provisions & "Tax Extenders" Which Expired in 2011 & 2012

(dollar amounts in billions)

Provision	Expired	Extend by ATRA (through Dec. 31, 2013)	10-Year Cost Estimate of ATRA Extension 2013-2022*
Individual Provisions			
Above-the-Line Deduction for Certain Expenses of Elementary and Secondary School Teachers	2011	YES	$0.4
Deduction for State and Local Sales Taxes	2011	YES	$5.5
Above-the-Line Deduction for Qualified Tuition and Related Expenses	2011	YES	$1.7
Estate Tax Look-Through for Certain Regulated Investment Company (RIC) Stock Held by Nonresidents	2011	NO	na
Premiums for Mortgage Insurance Deductible as Qualified Interest	2011	YES	$1.3
Parity for Exclusion for Employer-Provided Mass Transit and Parking Benefits	2011	YES	$0.2
Disclosure of Prisoner Return Information to Certain Prison Officials	2011	YES[a]	-i-
Treatment of Military Basic Housing Allowance under Low-Income Housing Credit	2011	YES	-i-
Expansion of Adoption Credit and Adoption Assistance Programs[b]	2011	NO	na
Refunds Disregarded in the Administration of Federal Programs and Federally Assisted Programs	2012	YES	[c]
Credit for Prior Year Minimum Tax Liability Made Refundable After Period of Years	2012	NO	na
Exclusion of Discharge of Principal Residence Indebtedness from Gross Income for Individuals	2012	YES	$1.3
Business Provisions			
Tax Credit for Research and Experimentation Expenses	2011	YES	$14.3
Temporary Increase in Limit on Cover-Over of Rum Excise Tax Revenues to Puerto Rico and the Virgin Islands	2011	YES	$0.2
Expensing of "Brownfield" Environmental Remediation Costs	2011	NO	na
Work Opportunity Tax Credit	2011	YES	$1.8
Indian Employment Tax Credit	2011	YES	$0.1

Provision	Expired	Extend by ATRA (through Dec. 31, 2013)	10-Year Cost Estimate of ATRA Extension 2013-2022*
Accelerated Depreciation for Business Property on Indian Reservations	2011	YES	$0.2
Exceptions under Subpart F for Active Financing Income	2011	YES	$11.2
Look-Through Treatment of Payments Between Controlled Foreign Corporations under the Foreign Personal Holding Company Rules	2011	YES	$1.5
Credit for Railroad Track Maintenance	2011	YES	$0.3
15-Year Straight-Line Cost Recovery for Qualified Leasehold, Restaurant, and Retail Improvements	2011	YES	$3.7
7-Year Recovery for Motorsport Racing Facilities	2011	YES	$0.1
Deduction Allowable with Respect to Income Attributable to Domestic Production Activities in Puerto Rico	2011	YES	$0.4
Modification of Tax Treatment of Certain Payments to Controlling Exempt Organizations	2011	YES	-i-
Treatment of Certain Dividends of Regulated Investment Companies (“RICs”)	2011	YES	$0.2
Employer Wage Credit for Activated Military Reservists	2011	YES	-i-
Special Expensing Rules for Film and Television Production	2011	YES	$0.2
RIC Qualified Investment Entity Treatment under FIRPTA	2011	YES	-i-
Special Rules for Qualified Small Business Stock	2011	YES	$1.0
Additional First-Year Depreciation for 100% of Basis of Qualified Property	2011	NO	na
Increase in Section 179 Expensing to Amounts/Threshold to $500,000/$2,000,000	2011	YES	$2.4
Reduction in S Corporation Recognition for Built-In Gains Tax	2011	YES	$0.3
Work Opportunity Tax Credit Targeted to Hiring Qualified Veterans	2012	YES	$0.1
Additional First-Year Depreciation for 50% of Basis of Qualified Property	2012	YES	$4.7
Election to Accelerate AMT Credits in Lieu of Additional First-Year Depreciation	2012	YES	$0.3
Charitable Provisions			
Enhanced Charitable Deduction for Corporate Contributions of Computer Equipment for Educational Purposes	2011	NO	na

Provision	Expired	Extend by ATRA (through Dec. 31, 2013)	10-Year Cost Estimate of ATRA Extension 2013-2022*
Enhanced Charitable Deduction for Contributions of Food Inventory	2011	YES	$0.3
Enhanced Charitable Deduction for Contributions of Book Inventory to Public Schools	2011	NO	na
Tax-Free Distributions from Individual Retirement Accounts for Charitable Purposes	2011	YES	$1.3
Basis Adjustment to Stock of S Corporations Making Charitable Contributions of Property	2011	YES	$0.2
Special Rules for Contributions of Capital Gain Real Property for Conservation Purposes	2011	YES	$0.3
Energy Provisions			
Suspensions of 100%-of-Net-Income Limitation on Percentage Depletion for Oil and Gas from Marginal Wells	2011	NO	na
Special Rule to Implement FERC or Electric Transmission Restructuring	2011	YES	—
Credit for Construction of Energy Efficient New Homes	2011	YES	$0.2
Placed-in-Service Date for Refined Coal Production Facilities	2011	NO	na
Mine Rescue Team Training Credit	2011	YES	-i-
Election to Expense Mine-Safety Equipment	2011	YES	—
Credit for Energy Efficient Appliances	2011	YES	$0.7
Credit for Nonbusiness Energy Property	2011	YES	$2.5
Alternative Fuel Vehicle Refueling Property	2011	YES	-i-
Incentives for Alternative Fuel and Alternative Fuel Mixtures	2011	YES	$0.4
Incentives for Biodiesel and Renewable Diesel	2011	YES	$2.2
Incentives for Alcohol Fuels	2011	NO	na
Grants for Specified Energy Property in Lieu of Tax Credits	2011	NO	na
Credit for Electric Drive Motorcycles, Three-Wheeled, and Low-Speed Vehicles	2011	YES	-i-
Conversion Credit for Plug-In Electric Vehicles	2011	NO	na
Qualified Green Building and Sustainable Design Project Bonds	2012	NO	na

Provision	Expired	Extend by ATRA (through Dec. 31, 2013)	10-Year Cost Estimate of ATRA Extension 2013-2022*
Cellulosic Biofuel Producer Credit	2012	YES	$0.1[d]
Construction Date for Eligible Facilities (Including Wind) to Claim the Electricity Production Credit	2012	YES	$12.2[e]
Credit for Production of Indian Coal	2012	YES	-i-
Election to Claim the Energy Credit in Lieu of the Electricity Production Credit	2012	YES	$0.1
Special Depreciation Allowance for Cellulosic Biofuel Plant Property[f]	2012	YES	-i-
Community Assistance Provisions			
Qualified Zone Academy Bonds – Allocation of Bond Limitation	2011	YES	$0.2
New Markets Tax Credit	2011	YES	$1.8
American Samoa Economic Development Credit	2011	YES	$0.1
Tax Incentives for Investment in the District of Columbia (“DC”)	2011	NO	na
Empowerment Zone Tax Incentives	2011	YES	$0.5
Disaster Relief Provisions			
New York Liberty Zone – Tax Exempt Bond Financing	2011	YES	[g]
Tax-Exempt Bond Financing for the Gulf Opportunity (GO) Zone	2011	NO	na
Low-Income Housing Credit Additional Credit for the GO Zone	2011	NO	na
Placed-in-Service Date for Additional Depreciation for specified GO Zone Extension Property	2011	NO	na
Increase in Rehabilitation Credit for Structures Located in the GO Zone	2011	NO	na
Increase in Rehabilitation Credit for Areas Damaged by the 2008 Midwestern Storms	2011	NO	na
Tax-Exempt Bond Financing for Areas Damaged by the 2008 Midwestern Storms	2012	NO	na
Tax-Exempt Bond Financing for Areas Damaged by Hurricane Ike in 2008	2012	NO	na

Source: This table is modified from Table 3 in CRS Report R42894, *An Overview of the Tax Provisions in the American Taxpayer Relief Act of 2012* , by Margot L. Crandall-Hollick. Sources from this table include Joint Committee on Taxation, *List of Expiring Federal Tax Provisions*, January 13, 2012, JCX-1-1, Joint Committee on Taxation, *Estimated Revenue Effects of the Revenue Provisions Contained in an Amendment in the Nature of a Substitute to H.R. 8, the "American Taxpayer Relief Act of 2012" as Passed by the Senate on January 1, 2013.* January 1, 2013. JCX-1-13 and Table 2 in CRS Report R42485, *An Overview of Tax Provisions Expiring in 2012*, by Margot L. Crandall-Hollick.

Notes: * Revenue changes associated with the short-term extension of certain provisions may occur in years after the provision has expired. To allow for comparison of the costs of these tax provisions the revenue losses which occur over a 10-year budgetary window are provided. For revenue losses for each fiscal year, see JCX-1-13. In addition to the provisions included in this table, ATRA also created a low income housing credit floor of 9%. JCT estimates this will reduce revenues by $8 million over the 10-year budgetary window of 2013-2022. ATRA also extended the housing allowance exclusions for determining median gross income for qualified residential rental project exempt facilities.

"na" = revenue loss unavailable because the provision was not extended in P.L. 112-240

"—" = no revenue loss "-i-" = a 10-year revenue loss of less than $50 million

a. This provision was permanently extended.

b. For more information, see CRS Report RL33633, *Tax Benefits for Families: Adoption*, by Christine Scott.

c. Estimates of S. 3521 indicate that the extension of this provision for one year (2013) would result in less than $10 million of revenue losses over a 10-year period (2013-2022). A revenue loss estimate for the permanent extension of this provision as included in P.L. 112-240 is not available.

d. The maximum credit would be $1.01 per gallon and would apply to fuel from algae.

e. The placed in service date for the PTC for wind was scheduled to expire at the end of 2012, while the placed in service date for the PTC for other renewable technologies were generally scheduled to expire at the end of 2013. Before ATRA, extensions of the PTC extended the placed-in-service date for eligible properties. The extension of the PTC for wind included a provision that modified the expiration date for all renewable technologies (including wind) such that qualified facilities will be eligible for the PTC (or the investment tax credit in lieu of the production tax credit) if the construction—as opposed to the placed in service date—begins prior to the end of 2013.

f. Algae is considered a qualified feedstock for this tax provisions.

g. JCT estimates the extension of this provision has no revenue effect

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