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Tax Provisions Expiring in 2011 and "Tax Extenders"

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Introduction

A number of temporary tax provisions are scheduled to expire at the end of 2011. Notably, the temporary two-percentage-point reduction in the payroll tax rate for individuals was enacted, at the end of 2010, as a one-year temporary provision. Other provisions scheduled to expire at the end of 2011 include the Alternative Minimum Tax (AMT) "patch," as well as a number of previously extended temporary provisions known as "tax extenders."

This report provides a concise overview of tax provisions scheduled to expire at the end of 2011. **Table 1** below lists *all* provisions scheduled to expire at the end of 2011. CRS products providing additional information and analysis related to specific provisions are noted in footnotes to the tables and text. Some of these provisions, including the two-percentage-point payroll tax cut, were enacted as temporary measures during the 111th Congress. Other provisions, such as the tax credit for research and experimentation expenditures, have been extended numerous times as part of tax extender legislation. In addition to listing all provisions expiring at the end of 2011, **Table 1** notes which provisions have previously been extended as part of a tax extender package.

Tax Provisions Expiring in 2011

The Joint Committee on Taxation (JCT) has identified 67 tax provisions that are scheduled to expire at the end of 2011.[1] These provisions are listed in **Table 1**, which also notes the expiring provisions previously extended as part of a "tax extender" package.

The Two-Percentage-Point Payroll Tax Reduction

The Social Security payroll tax is 12.4% of taxable earnings, with 6.2% paid by the employer and 6.2% paid by the employee. Under the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Tax Relief Act of 2010; P.L. 111-312), the employee's share of the Social Security payroll tax was reduced to 4.2% for 2011.[2] The payroll tax reduction was enacted as an economic stimulus measure, increasing the take-home pay of employees.[3] The budgetary cost in terms of foregone revenues for the one-year, two-percentage-point payroll tax reduction was estimated at $111.7 billion.[4]

Provisions Related to the Alternative Minimum Tax (AMT)

The structural components of the Alternative Minimum Tax (AMT), notably the AMT exemption amount, are not indexed for inflation.[5] Congress regularly enacts legislation increasing the exemption amount, preventing inflation from causing the real value of income tax liabilities to increase. Most recently, the AMT was patched (the exemption amount indexed for inflation) as

[1] See U.S. Congress, Joint Committee on Taxation, *List of Expiring Federal Tax Provisions 2010 –2010*, committee print, 112th Cong., January 21, 2011, JCX-2-11. Some of the provisions identified are a bundle of several provisions. For example, empowerment zone tax incentives include several incentives designed to encourage investment and employment in empowerment zones. This figure includes disaster-related provisions.

[2] For more information, see CRS Report R42103, *The Temporary Payroll Tax Reduction: A Brief Description and Economic Analysis*, by Donald J. Marples.

[3] For more information, see CRS Report R41648, *Social Security: Temporary Payroll Tax Reduction in 2011*, by Dawn Nuschler.

[4] To protect the Social Security trust fund, funds equal to the loss in payroll tax receipts resulting from the temporary payroll tax rate reduction are transferred from the general fund to the Social Security trust fund.

[5] For more information, see CRS Report RL30149, *The Alternative Minimum Tax for Individuals*, by Steven Maguire.

part of the Tax Relief Act of 2010. In recent years, AMT patch legislation has also extended provisions allowing nonrefundable personal credits to fully offset AMT tax liability. The one-year AMT patch enacted under the Tax Relief Act of 2010 was estimated to result in $136.7 billion of foregone tax revenues.

"Tax Extenders" and Other Expiring Provisions

Table 1 provides a list of all tax provisions scheduled to expire in 2011. Provisions other than those providing a temporary reduction in the payroll tax rate and those related to the AMT are presented in five categories: those related to individuals, businesses, charitable giving, energy, community development, and disaster relief.

Individual

Several temporary tax provisions affecting individuals are scheduled to expire at the end of 2011. Of these provisions, a number have been extended more than once as part of tax extender packages. These include the deduction for elementary and secondary school teacher expenses,[6] the deduction for state and local sales taxes,[7] the above-the-line deduction for qualified tuition and related expenses,[8] and the estate tax look-through for certain regulated investment company (RIC) stock held by nonresidents.

Two other provisions, one related to the tax treatment of employer-provided mass transit and parking benefits and the other allowing for mortgage insurance premiums to be deducted as qualified interest, were extended through 2011 as part of the Tax Relief Act of 2010.

Business

Several temporary tax provisions that benefit businesses are also scheduled to expire at the end of 2011. Notable is the tax credit for research and experimentation expenditures.[9] The research tax credit has been a part of the Internal Revenue Code (IRC) since the 1980s as a temporary provision. The credit has regularly been extended, most recently as part of the Tax Relief Act of 2010. This retroactive extension (the credit had been allowed to expire at the end of 2009), cost an estimated $13.3 billion in terms of foregone tax revenue.

Provisions allowing for an exception from Subpart F rules for "active financing income" have also regularly been extended in recent years. The active financing exception applies to active income earned by banking, financing, and insurance business operation abroad.[10] The exception under Subpart F for active financing income had been allowed to expire at the end of 2009. The exception was extended through 2011 as part of the Tax Relief Act of 2010, with an estimated cost of $9.2 billion in foregone tax revenue.

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[6] For more information, see CRS Report RS21682, *The Tax Deduction for Classroom Expenses of Elementary and Secondary School Teachers*, by Linda Levine.

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

[8] For more information, see CRS Report R41967, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects*, by Margot L. Crandall-Hollick and Mark P. Keightley.

[9] For more information, see CRS Report RL31181, *Research Tax Credit: Current Law, Legislation in the 112th Congress, and Policy Issues* , by Gary Guenther.

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

Other business-related provisions that have regularly been extended in recent years include the rum excise tax cover-over,[11] provisions allowing for "Brownfield" environmental remediation cost expensing,[12] the Work Opportunity Tax Credit (WOTC),[13] and incentives related to Indian employment and property investment on Indian reservations. Several other temporary provisions scheduled to expire at the end of 2011 were temporarily extended as part of the Tax Relief Act at the end of 2010, including the employer wage credit for activated military reservists, special expensing rules for film and televisions production, certain special rules for regulated investment companies, and special rules for small business stock.

Provisions allowing for additional enhanced expensing and bonus depreciation are scheduled to be scaled back at the end of 2011.[14] A 100% bonus depreciation allowance is in effect through the end of 2011. This allowance is set to decrease to 50% for 2012, and expire after December 31, 2012.[15] Under current law, the maximum expensing allowance is $500,000 for investments in qualified assets. This allowance is scheduled to drop to $125,000 in 2012, and $25,000 thereafter.

Charitable

Several temporary provisions designed to support charitable giving have been included in previous tax extender packages.[16] The provisions expanding the enhanced charitable deductions for contributions of food and book inventory were enacted as relief provisions following Hurricane Katrina.[17] Amongst the charitable provisions, allowing for tax-free distributions from IRAs for the purposes of charitable donations has the largest revenue cost. The retroactive extension from 2009 through 2011, enacted as part of the Tax Relief Act of 2010, was estimated to cost $1 billion in terms of foregone tax revenues.

Energy

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).[18] These include the credit for construction of energy efficient new homes, the credit for energy efficient appliances, and the credit for nonbusiness energy property (also known as the tax credit for energy efficiency improvements for existing homes).[19] Certain tax incentives for alternative

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

[12] "Brownfields" are real property, where the use or development of the property may be complicated by the presence of hazardous substances or pollutants.

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

[14] For more information, see CRS Report RL31852, *Small Business Expensing Allowance: Current Law, Legislative Proposals in the 112th Congress, and Economic Effects*, by Gary Guenther.

[15] For analysis of business tax cuts and economic stimulus, see CRS Report RL31134, *Using Business Tax Cuts to Stimulate the Economy*, by Jane G. Gravelle.

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

[17] Food inventory is generally eligible for an enhanced deduction for contributions made by C corporations. The temporary provisions first enacted following Hurricane Katrina extended this benefit to other types of businesses, including S corporations, partnerships, and sole proprietorships. For more information, see CRS Report RS22269, *Katrina Emergency Tax Relief Act of 2005*, by Erika K. Lunder.

[18] For more information on energy tax provisions generally, see CRS Report R41769, *Energy Tax Policy: Issues in the 112th Congress*, by Molly F. Sherlock and Margot L. Crandall-Hollick.

[19] For more information, see CRS Report R42089, *Residential Energy Tax Credits: Overview and Analysis*, by Margot

technology vehicles and alternative fuel vehicle refueling property were also included in EPACT05. Since first being enacted in 2005, these temporary incentives have been extended and often modified.

The majority of revenue losses attributable to energy-related provisions in the Tax Relief Act of 2010 came from three provisions: incentives for biodiesel and renewable diesel, incentives for alcohol fuels, and grants in lieu of tax credits for renewable energy property.[20] The retroactive extension for biodiesel and renewable diesel incentives through 2011, which had been allowed to expire at the end of 2009, resulted in an estimated revenue loss of nearly $2.0 billion. A one-year extension of the tax incentives for alcohol fuels (primarily, ethanol) resulted in an estimated revenue loss of $4.9 billion,[21] while a one-year extension of the Section 1603 grants in lieu of tax credit program cost an estimated $3.0 billion.

Community Development

Several provisions designed to promote community development are also scheduled to expire at the end of 2011. Qualified zone academy bonds are tax credit bonds available to state and local governments for elementary and secondary school renovation, equipment, teacher training, and course materials.[22] New markets tax credits (NMTC) are designed to promote investment in low-income and impoverished communities.[23] Tax incentives are also available to encourage economic activity in empowerment zones,[24] the District of Columbia (DC), and in the American Samoa.

Disaster Relief Provisions

A number of temporary disaster-related provisions are also scheduled to expire at the end of 2011. They include provisions designed to help redevelopment of the New York Liberty Zone, the Gulf Opportunity (GO) Zone,[25] as well as provisions to provide relief following the Midwestern storms and Hurricane Ike in 2008.

L. Crandall-Hollick and Molly F. Sherlock.

[20] For more information on the Section 1603 grants in lieu of tax credits, 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.

[21] The 112th Congress voted to repeal the tax incentives for ethanol in an amendment identical to the Ethanol Subsidy and Tariff Repeal Act of 2011 (S.Amdt. 476). The Senate failed to advance the legislation underlying the amendment (S. 782).

[22] These bonds were first created as part of Taxpayer Relief Act of 1997 (P.L. 105-34).

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

[24] For more information, see CRS Report R41639, *Empowerment Zones, Enterprise Communities, and Renewal Communities: Comparative Overview and Analysis*, by Oscar R. Gonzales and Donald J. Marples.

[25] For more information, see CRS Report RS22344, *The Gulf Opportunity Zone Act of 2005*, by Erika K. Lunder.

Table 1. Tax Provisions Expiring in 2011

(extensions in previous "tax extenders" legislation)

	Extending Legislation					
	P.L. 111-312	P.L. 110-343	P.L. 109-432	P.L. 108-311	P.L. 107-147	P.L. 106-170
Payroll Tax Cut						
Two Percentage Point Payroll Tax Reduction	[a]					
Alternative Minimum Tax						
Increased AMT Exemption Amount	X	X	[b]	X	X	[b]
Personal Tax Credits Allowed Against AMT	X	X	[b]	X	X	X
Individual Provisions						
Deduction for Certain Expenses of Elementary and Secondary School Teachers	X	X	X	X		
Deduction for State and Local Sales Taxes	X	X	X			
Above-the-Line Deduction for Qualified Tuition and Related Expenses	X	X	X			
Estate Tax Look-Through for Certain Regulated Investment Company (RIC) Stock Held by Nonresidents	X	X				
Premiums for Mortgage Insurance Deductible as Qualified Interest[c]	X	[c]				
Parity for Exclusion for Employer-Provided Mass Transit and Parking Benefits	X					
Disclosure of Prisoner Return Information to Certain Prison Officials[d]						
Treatment of Military Basic Housing Allowances under Low-Income Housing Credit[e]						
Expansion of Adoption Credit and Adoption Assistance Programs[f]						
Business Provisions						

	Extending Legislation					
	P.L. 111-312	**P.L. 110-343**	**P.L. 109-432**	**P.L. 108-311**	**P.L. 107-147**	**P.L. 106-170**
Tax Credit for Research and Experimentation Expenses	X	X	X	X	[g]	X
Temporary Increase in Limit on Cover Over of Rum Excise Tax Revenues to Puerto Rico and the Virgin Islands	X	X	X	X	X	X
Expensing of "Brownfield" Environmental Remediation Costs	X	X	X	X	[h]	X
Work Opportunity Tax Credit	X	[i]	X	X	X	X
Indian Employment Tax Credit	X	X	X	X	X	
Accelerated Depreciation for Business Property on Indian Reservations	X	X	X	X	X	
Exceptions under Subpart F for Active Financing Income	X	X	[j]	[j]	X	X
Look-Through Treatment of Payments Between Controlled Foreign Corporations under the Foreign Personal Holding Company Rules	X	X				
Credit for Railroad Track Maintenance	X	X				
15-Year Straight-Line Cost Recovery for Qualified Leasehold, Restaurant, and Retail Improvements	X	X				
7-Year Recovery for Motorsport Racing Facilities	X	X				
Deduction Allowable with Respect to Income Attributable to Domestic Production Activities in Puerto Rico	X	X				
Modification of Tax Treatment of Certain Payments to Controlling Exempt Organizations	X	X				
Treatment of Certain Dividends of Regulated Investment Companies ("RICs")	X	X				
Employer Wage Credit for Activated Military Reservists	X					
Special Expensing Rules for Film and Television Production	X					
RIC Qualified Investment Entity Treatment under FIRPTA	X					
Special Rules for Qualified Small Business Stock	X					
Additional First-Year Depreciation for 100% of Basis of Qualified Property	X					

	Extending Legislation					
	P.L. 111-312	**P.L. 110-343**	**P.L. 109-432**	**P.L. 108-311**	**P.L. 107-147**	**P.L. 106-170**
Increase in Expensing to $500,000 / $2,000,000 and Expansion of Definition of Section 179 Property	[k]					
Reduction in S Corporation Recognition Period for Built-In Gains Tax						
Charitable Provisions						
Enhanced Charitable Deduction for Corporate Contributions of Computer Equipment for Educational Purposes	X	X	X	X	[l]	[l]
Enhanced Charitable Deduction for Contributions of Food Inventory	X	X	[m]			
Enhanced Charitable Deduction for Contributions of Book Inventory to Public Schools	X	X	[m]			
Tax-Free Distributions From Individual Retirement Accounts for Charitable Purposes	X	X				
Basis Adjustment to Stock of S Corporations Making Charitable Contributions of Property	X	X				
Special Rules for Contributions of Capital Gain Real Property for Conservation Purposes	X	[n]				
Energy Provisions						
Suspension of 100%-of-Net-Income Limitation on Percentage Depletion for Oil and Gas from Marginal Wells	X	X[o]	X	X	X	X
Special Rule to Implement Electric Transmission Restructuring	X	X	[p]			
Credit for Construction of Energy Efficient New Homes	X	X	X			
Placed-in-Service Date for Refined Coal Production Facilities	X	X				
Mine Rescue Team Training Credit	X	X				
Election to Expense Mine-Safety Equipment	X	X				
Credit for Energy Efficient Appliances	X	X				
Credit for Nonbusiness Energy Property	X[q]	X				

	Extending Legislation					
	P.L. 111-312	**P.L. 110-343**	**P.L. 109-432**	**P.L. 108-311**	**P.L. 107-147**	**P.L. 106-170**
Alternative Fuel Vehicle Refueling Property	X	X				
Incentives for Alternative Fuel and Alternative Fuel Mixtures	X	X				
Incentives for Biodiesel and Renewable Diesel[r]	X	X				
Incentives for Alcohol Fuels[r]	X					
Grants for Specified Energy Property in Lieu of Tax Credits	X					
Credit for Electric Drive Motorcycles, Three-Wheeled, and Low-Speed Vehicles[s]						
Conversion Credit for Plug-In Electric Vehicles[s]						
Community Assistance Provisions						
Qualified Zone Academy Bonds - Allocation of Bond Limitation	X	X	X	X	X	X
New Markets Tax Credit	X	X	X			
American Somoa Economic Development Credit	X	X	X			
Tax Incentives for Investment in the District of Columbia ("DC")[t]	X	X	X	X		
Empowerment Zone Tax Incentives[u]	X					
Disaster Relief Provisions						
New York Liberty Zone – Tax Exempt Bond Financing	X			X[v]		
Tax-Exempt Bond Financing for the Gulf Opportunity (GO) Zone	X					
Low-Income Housing Credit Additional Credit for the GO Zone	X	[w]				
Placed-in-Service Date for Additional Depreciation for specified GO Zone Extension Property	X	[w]				
Increase in Rehabilitation Credit for Structures Located in the GO Zone	X	X				
Increase in Rehabilitation Credit for Areas Damaged by the 2008 Midwestern Storms[x]						

	Extending Legislation					
	P.L. 111-312	P.L. 110-343	P.L. 109-432	P.L. 108-311	P.L. 107-147	P.L. 106-170
Tax-Exempt Bond Financing for Areas Damaged by the 2008 Midwestern Storms[x]						
Tax-Exempt Bond Financing for Areas Damaged by Hurricane Ike in 2008[x]						

Source: CRS and Joint Committee on Taxation (JCT).

Notes: For more information on previous tax extender packages, see CRS Report RL32367, *Certain Temporary Tax Provisions that Expired in December 2009 ("Extenders")*, by James M. Bickley. 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, 111th Cong., 2nd sess., December 2010.

a. This provision was first enacted as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2011 (P.L. 111-312).

b. The AMT patch has not always been enacted as part of tax extender legislation. For a more complete history of AMT extensions, see CRS Report RL30149, *The Alternative Minimum Tax for Individuals*, by Steven Maguire.

c. This provisions was extended as part of the Mortgage Forgiveness Debt Relief Act of 2007 (P.L. 110-142). The JCT has classified this as a business provision in documents related to the extension of temporary tax provisions.

d. Under the Inmate Tax Fraud Prevention Act of 2008 (P.L. 110-148), the IRS may disclose taxpayer information to the head of the Federal Bureau of Prisons to facilitate tax administration.

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

f. The Patient Protection and Affordable Care Act of 2011 (P.L. 111-148) increased the qualified expense limit and the income tax exclusion for employer provided assistance for 2010 and 2011. For more information on the adoption credit, see CRS Report RL33633, *Tax Benefits for Families: Adoption*, by Christine Scott.

g. 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).

h. The expensing of "Brownfield" environmental remediation cost provision was extended from 2001 through 2003 by the Community Renewal Tax Relief Act of 2000 (P.L. 106-554).

i. 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).

j. 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).

k. 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.

l. This provision was extended as part of the Community Renewal Tax Relief Act of 2000 (P.L. 106-554).

m. These provisions were extended as part of the Pension Protection Act of 2006 (P.L. 109-280).

n. 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).

o. The 100% taxable income limit on percentage depletion deductions is suspended for marginal properties in tax years beginning after December 31, 1997, and before January 1, 2008; and after December 31, 2008, and before January 1, 2012.

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

q. 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.

r. While tax incentives for ethanol have been available since the 1980s, the volumetric ethanol excise tax credit (VEETC), the $0.45 per gallon excise tax credit for ethanol blenders, was introduced as part of the American Jobs Creation Act of 2004 (AJCA; P.L. 108-357). Tax incentives for biodiesel were also introduced under AJCA.

s. Tax incentives for highly efficient vehicles were first introduced as part of EPACT05, and later modified in the Emergency Economic Stabilization Act of 2008 (P.L. 110-343) and the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5). The plug-in electric conversion credit and the credit for electric drive, two-wheeled, and three-wheeled vehicles were both introduced under ARRA.

t. Tax incentives for investment in DC include (1) designation of DC Zone, employment credits, and additional expensing; (2) DC Zone tax-exempt bonds; (3) eligibility for 0% capital gains rate for investment in DC; and (4) first-time homebuyer tax credit for DC.

u. 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 § 179; (6) nonrecognition of gain on rollover of empowerment zone investments.

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

w. This provision was extended as part of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2008 (P.L. 110-28).

x. This provisions was enacted as part of the Emergency Economic Stabilization Act of 2008 (P.L. 110-343).

Tax Extender Legislation in the 111th Congress

Several temporary tax provisions were allowed to expire at the end of 2009. Ultimately, many of the provisions that had been allowed to expire were retroactively extended through 2011 as part of the Tax Relief Act of 2010. **Table 2** provides information on the cost of extending provisions that are scheduled to expire at the end of 2011 in the Tax Relief Act of 2010. The cost of extending provisions as part of the Tax Relief Act of 2010 provides some information as to the potential cost of further extension.[26]

Various versions of tax extender legislation were passed in both the House and the Senate before the Tax Relief Act was signed into law in December of 2010.[27] Prior to the expiration of these provisions at the end of 2009, the House passed the Tax Extenders Act of 2009 (H.R. 4213). A Senate proposal was offered as a substitute amendment. The Senate-proposed American Workers, State, and Business Relief Act of 2010 (the Senate version of H.R. 4213) passed in March of 2010. In May 2010, the House passed revised legislation (the American Jobs and Closing Tax Loopholes Act of 2010 (H.R. 4213)). The Senate began consideration of this House revision in June of 2010, but in the face of objections to certain revenue offsets, the legislation was tabled. Ultimately, H.R. 4213 was stripped of all tax extender provisions. The final version of H.R. 4213 that was passed by both the Senate and House, and became P.L. 111-205, included only a provision to temporarily extend unemployment benefits.

In September 2010, a revised tax extender bill was introduced in the Senate (the Job Creation and Tax Cuts Act of 2010 (S. 3793)). Ultimately, a number of tax extender provisions were included alongside an extension of the 2001/2003 tax cuts in S.Amdt. 4753 to H.R. 4853, the Reid-McConnell Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. This legislation was signed into law on December 17, 2010 (P.L. 111-312).

Table 2. Revenue Cost of Extending Expiring Provisions Through 2011

(billions of dollars)

	Year Provision Expired	Cost of Extension through 2011
Payroll Tax Cut		
Two-Percentage-Point Payroll Tax Reduction		111.7
Alternative Minimum Tax		
Increased AMT Exemption Amount and Allowance of Personal Credits Against AMT	2009	136.7
Individual Provisions		

[26] The Congressional Budget Office (CBO) also provides information on the estimated cost of extending expiring tax provisions as background about policy alternatives that affect CBO's budgetary projections and baseline. See Congressional Budget Office, *The Budget and Economic Outlook: An Update*, August 2011, available at http://www.cbo.gov/doc.cfm?index=12316.

[27] For a detailed review of legislation in the 111th Congress, see CRS Report RL32367, *Certain Temporary Tax Provisions that Expired in December 2009 ("Extenders")*, by James M. Bickley.

	Year Provision Expired	Cost of Extension through 2011
Deduction for Certain Expenses of Elementary and Secondary School Teachers	2009	0.4
Deduction for State and Local Sales Taxes	2009	5.5
Above-the-Line Deduction for Qualified Tuition and Related Expenses	2009	1.2
Estate Tax Look-Through for Certain Regulated Investment Company (RIC) Stock Held by Nonresidents	2009	(i)
Premiums for Mortgage Insurance Deductible as Qualified Interest	2010	0.3
Parity for Exclusion for Employer-Provided Mass Transit and Parking Benefits	2010	0.1
Business Provisions		
Tax Credit for Research and Experimentation Expenses	2009	13.3
Temporary Increase in Limit on Cover Over of Rum Excise Tax Revenues to Puerto Rico and the Virgin Islands	2009	0.3
Expensing of "Brownfield" Environmental Remediation Costs	2009	0.6
Work Opportunity Tax Credit	2011[a]	0.2
Indian Employment Tax Credit	2009	0.1
Accelerated Depreciation for Business Property on Indian Reservations	2009	(i)
Exceptions under Subpart F for Active Financing Income	2009	9.2
Look-Through Treatment of Payments Between Controlled Foreign Corporations under the Foreign Personal Holding Company Rules	2009	1.5
Credit for Railroad Track Maintenance	2009	0.3
15-Year Straight-Line Cost Recovery for Qualified Leasehold, Restaurant, and Retail Improvements	2009	3.6
7-Year Recovery for Motorsport Racing Facilities	2009	(i)
Deduction Allowable with Respect to Income Attributable to Domestic Production Activities in Puerto Rico	2009	0.4
Modification of Tax Treatment of Certain Payments to Controlling Exempt Organizations	2009	(i)
Treatment of Certain Dividends of Regulated Investment Companies ("RICs")	2009	0.2
Employer Wage Credit for Activated Military Reservists	2009	(i)
Special Expensing Rules for Film and Television Production	2009	0.1
RIC Qualified Investment Entity Treatment under FIRPTA	2009	0.1
Special Rules for Qualified Small Business Stock	2010	1.4
Additional First-Year Depreciation for 100% of Basis of Qualified Property	2010[b]	20.9 Error! Reference source not found.

	Year Provision Expired	Cost of Extension through 2011
Charitable Provisions		
Enhanced Charitable Deduction for Corporate Contributions of Computer Equipment for Educational Purposes	2009	0.4
Enhanced Charitable Deduction for Contributions of Food Inventory	2009	0.1
Enhanced Charitable Deduction for Contributions of Book Inventory to Public Schools	2009	0.1
Tax-Free Distributions From Individual Retirement Accounts for Charitable Purposes	2009	1.0
Basis Adjustment to Stock of S Corporations Making Charitable Contributions of Property	2009	0.1
Special Rules for Contributions of Capital Gain Real Property for Conservation Purposes	2009	0.1
Energy Provisions		
Suspension of 100%-of-Net-Income Limitation on Percentage Depletion for Oil and Gas from Marginal Wells	2009	0.2
Special Rule to Implement Electric Transmission Restructuring	2009	—
Credit for Construction of Energy Efficient New Homes	2009	0.1
Placed-in-Service Date for Refined Coal Production Facilities	2009	0.2
Mine Rescue Team Training Credit	2009	(i)
Election to Expense Mine-Safety Equipment	2009	(i)
Credit for Energy Efficient Appliances	2010	0.1
Credit for Nonbusiness Energy Property	2010	0.6
Alternative Fuel Vehicle Refueling Property	2010	(i)
Incentives for Alternative Fuel and Alternative Fuel Mixtures	2009	0.2
Incentives for Biodiesel and Renewable Diesel	2009	2.0
Incentives for Alcohol Fuels	2010	4.9
Grants for Specified Energy Property in Lieu of Tax Credits	2010	3.0
Community Assistance Provisions		
Qualified Zone Academy Bonds - Allocation of Bond Limitation	2010	0.2
New Markets Tax Credit	2009	1.8
American Somoa Economic Development Credit	2009	(i)
Tax Incentives for Investment in the District of Columbia ("DC")	2009	0.1
Empowerment Zone Tax Incentives	2009	0.4
Disaster Relief Provisions		

New York Liberty Zone – Tax Exempt Bond Financing	2009	0.1
Tax-Exempt Bond Financing for the Gulf Opportunity (GO) Zone	2010	0.2
Low-Income Housing Credit - Additional Credit for the GO Zone	2010	0.3
Placed-in-Service Date for Additional Depreciation for specified GO Zone Extension Property	2009	0.2
Increase in Rehabilitation Credit for Structures Located in the GO Zone	2009	0.1

Source: U.S. Congress, Joint Committee on Taxation, *General Explanation of Tax Legislation Enacted in the 111th Congress*, committee print, 112th Cong., March 2011, JCS-2-11, pp. 719-725.

Notes: Included in this table are provisions scheduled to expire at the end of 2011. The cost of extension was estimated by the JCT as part of the cost estimate for the Tax Relief Act of 2010. An (i) indicates a positive revenue loss of less than $50 million.

a. <001The extension of the work opportunity tax credit applies to wages for individuals beginning work after August 31, 2011.

b. <002The extension applies to property placed in service after September 8, 2010.

c. <003This estimate includes the cost of extending first-year 100% depreciation through 2011 and first-year 50% depreciation through 2012.

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