Expiring Provisions Improvement Reform and Efficiency (EXPIRE) Act

As Reported from Committee:

1. Sense of the Senate to express support for comprehensive tax reform

The bill outlines certain principles of comprehensive tax reform. Any reform efforts should eliminate temporary provisions from the tax code, boost the economy through the tax code, broaden the tax base by lowering tax rates and ensure an appropriate baseline is used. The proposal also states that comprehensive tax reform will begin in the next Congress and conclude prior to the expiration of tax extenders.

Individual Provisions

2. Health Coverage Tax Credit *(added through amendment by Sen. Brown)*

The bill extends the Health Coverage Tax Credit (HCTC), which expired on December 31, 2013, for two years, through 2015. The HCTC is a refundable tax credit equal to 72.5 percent of the cost of qualified health coverage paid by an individual who receives a trade adjustment allowance, who is eligible for the alternative trade adjustment assistance program, or who is over age of 55 and receives pension benefits from the Pension Benefit Guaranty Corporation. *A two-year extension of this provision is estimated to cost $134 million over 10 years.*

3. Deduction for expenses of elementary and secondary school teachers

The bill extends for two years the $250 above-the-line tax deduction for teachers and other school professionals for expenses paid or incurred for books, supplies (other than non-athletic supplies for courses of instruction in health or physical education), computer equipment (including related software and service), other equipment, and supplementary materials used by the educator in the classroom. *A two-year extension of this provision is estimated to cost $430 million over 10 years.*

4. Mortgage debt forgiveness

Under current law, taxpayers who have mortgage debt canceled or forgiven after 2013 may be required to pay taxes on that amount as taxable income. Under this provision, up to $2 million of forgiven debt is eligible to be excluded from income ($1 million if married filing separately) through tax year 2015. This provision was created in the Mortgage Debt Relief Act of 2007 to shield taxpayers from having to pay taxes on cancelled mortgage debt stemming from mortgage loan modifications through 2010. It was extended through 2013 by the Emergency Economic Stabilization Act of 2008. *A two-year extension of this provision is estimated to cost $5.4 billion over 10 years.*

5. Parity for employer-provided mass transit and parking benefits *(as modified through amendment by Sen. Schumer)*

The bill would extend through 2015 the increase in the monthly exclusion for employer-provided transit and vanpool benefits from $130 to $250, so that it would be the same as the exclusion for employer-provided parking benefits. In order for the extension to be effective retroactive to January 1, 2014, employers may reimburse expenses incurred prior to enactment by employees for vanpool and transit benefits on a tax-free basis to the extent the expenses exceed $130 per month and are not more than $250. The bill also modifies the definition of qualified bicycle commuting reimbursement to include expenses associated with the use of a bike sharing program for two years. *A two-year extension of this provision is estimated to cost $180 million over 10 years.*

6. Deduction for mortgage interest premiums

The bill extends the ability to deduct the cost of mortgage insurance on a qualified personal residence. The deduction is phased-out ratably by 10% for each $1,000 by which the taxpayer's AGI exceeds $100,000. Thus, the deduction is unavailable for a taxpayer with an AGI in excess of $110,000. The bill extends this provision for two additional years, through 2015. *A two-year extension of this provision is estimated to cost $1.85 billion over 10 years.*

7. Deduction for state and local general sales taxes

The bill extends the election to take an itemized deduction for State and local general sales taxes in lieu of the itemized deduction permitted for state and local income taxes for two years. *A two-year extension of this provision is estimated to cost $6.5 billion over 10 years.*

8. Special rules for contributions of capital gain real property made for conservation purposes

The bill extends for two years the increased contribution limits and carry-forward period for contributions of appreciated real property (including partial interests in real property) for conservation purposes. *This provision is estimated to cost $268 million over 10 years.*

9. Above-the-line deduction for higher education expenses

The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) created an above-the-line tax deduction for qualified higher education expenses. The maximum deduction was $4,000 for taxpayers with AGI of $65,000 or less ($130,000 for joint returns) or $2,000 for taxpayers with AGI of $80,000 or less ($160,000 for joint returns). The bill extends the deduction to the end of 2015. *A two-year extension of this provision is estimated to cost $596 million over 10 years.*

10. Tax-free distributions from individual retirement plan for charitable purposes

The bill extends for two years the provision that permits an Individual Retirement Arrangement ("IRA") owner who is age 70-1/2 or older generally to exclude from gross income up to $100,000 per year in distributions made directly from the IRA to certain public charities. *A two-year extension of this provision is estimated to cost $1.8 billion over 10 years.*

Business Provisions

11. Research and experimentation tax credit *(as modified through amendment by Sens. Schumer and Roberts)*

The bill extends for two years, through 2015, the 20 percent traditional research tax credit and the 14 percent alternative simplified credit. It also modifies the research and development tax credit by allowing qualifying startup businesses to claim unused credits against their payroll tax after applying the credit to income tax liability. The benefit is capped at $250,000 per year and available only to companies less than five years old with less than $5 million in gross receipts. The payroll portion of the credit is applied prospectively and only for subsequent years. Partial income tax and payroll tax combinations for the $250,000 maximum credit are allowed. The bill maintains present law treatment of section 280C. This modification is effective for taxable years beginning after December 31, 2013, and is based on the Startup Innovation Credit Act (S. 193). The bill would also allow an offset of the R&D tax credit against liability for the Alternative Minimum Tax. *This provision is estimated to cost approximately $16 billion over 10 years.*

12. 9% credit rate freeze for the Low-Income Housing Tax Credit Program *(as modified)*

The low-income housing tax credit program provides a tax credit over a period of ten years after a housing facility occupied by low-income tenants is placed-in-service. The credit earned each year generally depends on three factors – the investment in the building, the portion of the building devoted to low-income units, and a credit rate (called the "applicable rate"). When the program was created, the applicable rate was 9%. As interest rates have declined, so has the amount of tax credits that can be used to build a LIHTC project. In 2008, Congress adjusted the formula and set a minimum credit amount of 9%, which is based on the original credit rate when the program was created. The provision, originally scheduled to expire at the end of 2013, was extended once, and was effective for housing credit dollar amount allocations made before January 1, 2014. The bill extends the expiration date by changing the deadline to allocations made before January 1, 2016.

The bill also establishes a 4% minimum credit rate under the Low-Income Housing Tax Credit (LIHTC) Program for the acquisition of existing housing that is not federally subsidized. Any existing housing that is also financed with tax-exempt bonds is not eligible for the 4% minimum credit rate. The minimum credit rate applies to buildings placed in service after the date of enactment with respect to which credit allocations are made before January 1, 2016. *This provision is estimated to cost $49 million over ten years.*

13. Treatment of military basic housing allowances under low-income housing credit

The bill extends a provision whereby any military basic housing allowance received by an active member of the military is not considered income for purposes of calculating whether an individual qualifies as a low-income tenant for the low income housing tax credit program. The provision expired at the end of 2013. The proposal would continue this treatment for two additional years. *A two-year extension of this provision is estimated to cost $49 million over 10 years.*

14. Indian employment tax credit

The bill extends for two years, through 2015, the business tax credit for employers of qualified employees that work and live on or near an Indian reservation. The amount of the credit is 20 percent of the excess of wages and health insurance costs paid to qualified employees (up to $20,000 per employee) in the current year over the amount paid in 1993. *A two-year extension of this provision is estimated to cost $124 million over 10 years.*

15. New Markets Tax Credit *(as modified through amendment by Sen. Brown)*

Through the New Markets Tax Credit (NMTC) program, the federal government is able to leverage federal tax credits to encourage significant private investment in businesses in low-income communities. The program provides a 39 percent tax credit spread over 7 years. The bill extends the New Markets Tax Credit for two years, permitting a maximum annual amount of qualified equity investments of $3.5 billion.

The bill allows unallocated amounts of the NMTC to be carried forward after December 31, 2018, but only if such amounts are made available for qualified community development entities a significant mission of which is providing investments and services to persons in the trade or business of manufacturing products in communities which have suffered major manufacturing job losses or a major manufacturing job loss event. *This provision is estimated to cost $1.8 billion over 10 years.*

16. Credit for railroad track maintenance

The bill extends for two years, through 2015, the railroad maintenance credit that provides Class II and Class III railroads (generally, short-line and regional railroads) with a tax credit equal to 50 percent of gross expenditures for maintaining railroad tracks that they own or lease. *A two-year extension of this provision is estimated to cost $414 million over 10 years.*

17. Mine rescue team training credit

The bill extends for two years, through 2015, a credit of up to $10,000 for the training of mine rescue team members. *A two-year extension of this provision is estimated to cost $5 million over 10 years.*

18. Employer wage credit for activated military reservists *(as modified)*

The bill extends for two years, through 2015, the provision that provides eligible employers with a credit against the employer's income tax liability for a taxable year for a percentage of the sum of differential wage payments to activated military reservists. The bill also expands the credit percentage from 20% to 100% of up to $20,000 in differential pay. *A two-year extension of this provision is estimated to cost $274 million over 10 years.*

19. Work Opportunity Tax Credit *(as modified)*

This bill extends for two years, through 2015, the provision that allows businesses to claim a work opportunity tax credit equal to 40 percent of the first $6,000 of wages paid to new hires of one of eight targeted groups. These groups include members of families receiving benefits under the Temporary Assistance to Needy Families (TANF) program, qualified veterans (including those who are unemployed, disabled, or receiving TANF), qualified ex-felons, designated community residents, vocational rehabilitation referrals, qualified summer youth employees, qualified food and nutrition recipients, qualified SSI recipients, and long-term family assistance recipients.

The bill also adds the long-term unemployed to the list of eligible populations. An employer hiring someone who has exhausted their 26 weeks of regular unemployment benefits would be eligible for a 40 percent credit on the first 6,000 of wages paid that first year, or a maximum credit of $2,400 per employee. *A two-year extension of this provision is estimated to cost $3.16 billion over 10 years.*

20. Qualified zone academy bonds (QZABs) *(as modified)*

QZABs are a form of tax credit bond which offer the holder a Federal tax credit instead of interest. QZABs can be used to finance renovations, equipment purchases, course material development, and teacher training within a qualified zone academy. In general, a qualified zone academy is any public school (or academic program within a public school) below college level that is located in an empowerment zone or enterprise community and is designed to cooperate with businesses to enhance the academic curriculum and increase graduation and employment rates. The bill extends the QZAB program through 2015, providing $400 million in bond volume, and clarifying that QZAB allocations after 2010 do not have a direct-pay option. The bill also reduces the private sector charitable contributions requirement from 10 percent to 5 percent of the face amount of the QZABs issued. *A two-year extension of this provision is estimated to cost $284 million over 10 years.*

21. Three-year depreciation for racehorses

The modification extends for two years, through 2015, the three year cost recovery period for all race horses. *A two-year extension of this provision is estimated to cost $9 million over 10 years.*

22. 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements

The bill extends for two years, through 2015, the temporary 15-year cost recovery period for certain leasehold, restaurant, and retail improvements, and new restaurant buildings, which are placed in service before January 1, 2016. The extension is effective for qualified property placed in service after December 31, 2013. *A two-year extension of this provision is estimated to cost $4.8 billion over 10 years.*

23. 7-year recovery period for motorsports entertainment complexes

The amendment extends for two years, through 2015, the seven year cost recovery period for land improvements and support facilities at motorsports entertainment complexes. *A two-year extension of this provision is estimated to cost $71 million over 10 years.*

24. Accelerated depreciation for business property on Indian reservation

The bill extends for two years, through 2015, the placed-in-service date for the special accelerated depreciation recovery periods for qualified Indian reservation property. *A two-year extension of this provision is estimated to cost $158 million over 10 years.*

25. Bonus depreciation

The bill extends 50 percent bonus depreciation to qualified property purchased and placed in service before January 1, 2016 (before January 1, 2017 for certain longer-lived and transportation assets). It also makes a conforming change to the percentage of completion rules for certain long term contracts. *A two-year extension of this provision is estimated to cost $2.85 billion over 10 years.*

26. Acceleration of AMT credits in lieu of bonus depreciation

Under current law, a taxpayer has the option to forgo bonus depreciation in favor of accelerating corporate Alternative Minimum Tax (AMT) credits acquired in tax years prior to 2006. This provision would extend the election to accelerate AMT credits for two years, through 2015. *A two-year extension of this provision is estimated to cost $602 million over 10 years.*

27. Enhanced charitable deduction for contributions of food inventory

The bill extends for two years the provision allowing businesses to claim an enhanced deduction for the contribution of food inventory. *A two-year extension of this provision is estimated to cost $292 million over 10 years.*

28. Temporarily extend increase in the maximum amount and phase-out threshold under section 179.
(as modified through amendment by Sens. Menendez and Toomey)

For taxable years beginning in 2014 and thereafter, a taxpayer may immediately expense up to $25,000 of Section 179 property annually, with a dollar for dollar phase-out of the maximum deductible amount for purchases in excess of $200,000. This proposal would increase the maximum amount and phase-out threshold in 2014 and 2015 to the levels in effect in 2010 through 2013 ($500,000 and $2 million respectively). The proposal would also extend the definition of Section 179 property to include computer software and $250,000 of the cost of qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property for two years. The bill also indexes the maximum deductible amount and the phase-out threshold for inflation starting in 2014. *This provision is estimated to cost $3.2 billion over 10 years.*

29. Election to expense advanced mine safety equipment

The bill extends for two years, through 2015, the provision that allows a 50 percent immediate expensing for the following advanced underground mine safety equipment: (1) communications technology enabling miners to remain in constant contact with individuals above ground; (2) electronic tracking devices that enable individuals above ground to locate miners in the mine at all times; (3) self-rescue emergency breathing apparatuses carried by the miners and additional oxygen supplies stored in the mine; and (4) mine atmospheric monitoring equipment to measure levels of carbon monoxide, methane, and oxygen in the mine. *A two-year extension of this provision is estimated to have no revenue effect.*

30. Special rules for certain film and television productions *(as modified)*

The bill extends for two years, through 2015, the provision that allows film and television producers to expense the first $15 million of production costs incurred in the United States ($20 million if the costs are incurred in economically depressed areas in the United States). The bill also includes in Section 181 live theatrical performances. *This provision is estimated to cost $27 million over 10 years.*

31. Deduction for domestic production activities in Puerto Rico

The bill extends for two years the provision extending the section 199 domestic production activities deduction to activities in Puerto Rico. *A two-year extension of this provision is estimated to cost $222 million over 10 years.*

32. Modification of tax treatment of certain payments to controlling exempt organizations

In general, interest, rent, royalties, and annuities paid to a tax-exempt organization from a controlled entity are treated as unrelated business income of the tax-exempt organization. The Pension Protection Act (PPA) provided that if a payment to a tax-exempt organization by a controlled entity is no more than fair market value, then the payment is excludable from the tax-exempt organization’s unrelated business income. The bill extends the provision two years to the end of 2015. *A two-year extension of this provision is estimated to cost $36 million over 10 years.*

33. Treatment of certain dividends of regulated investment companies (RIC's)

The bill extends a provision allowing a RIC, under certain circumstances, to designate all or a portion of a dividend as an “interest-related dividend,” by written notice mailed to its shareholders not later than 60 days after the close of its taxable year. In addition, an interest-related dividend received by a foreign person generally is exempt from U.S. gross-basis tax under sections 871(a), 881, 1441 and 1442 of the Code. The proposal extends the treatment of interest-related dividends and short-term capital gain dividends received from a RIC to taxable years of the RIC beginning before January 1, 2015. *A two-year extension of this provision is estimated to cost $198 million over 10 years.*

34. Definition of RICs as qualified investment entities under FIRPTA

The bill extends the inclusion of a RIC within the definition of a "qualified investment entity" under section 897 of the Tax Code through December 31, 2015. *A two-year extension of this provision is estimated to cost $93 million over 10 years.*

35. Exceptions under subpart F for active financing income

The U.S. parent of a foreign subsidiary engaged in a banking, financing, or similar business is eligible for deferral of tax on such subsidiary's earnings if the subsidiary is predominantly engaged in such business and conducts substantial activity with respect to such business. The subsidiary must pass an entity level income test to demonstrate that the income is active income and not passive income. The proposal extends the provision to the end of 2015. *A two-year extension of this provision is estimated to cost $10.4 billion over 10 years.*

***36.* Look-through treatment of payments between related controlled foreign corporations under the foreign personal holding company rules**

This provision allows deferral for certain payments (interest, dividends, rents and royalties) between commonly controlled foreign corporations (CFC). This provision allows U.S. taxpayers to deploy capital from one CFC to another without triggering U.S. tax. The modification extends present law to the end of 2015. The proposal is effective for tax years beginning after December 31, 2013. *A two-year extension of this provision is estimated to cost $2.45 billion over 10 years.*

37. Special rules for qualified small business stock

Generally, non-corporate taxpayers may exclude 50 percent of the gain from the sale of certain small business stock acquired at original issue and held for more than five years. For stock acquired after September 27, 2010 and before January 1, 2014, the exclusion is 100 percent and the AMT preference item attributable for the sale is eliminated. The bill extends the 100 percent exclusion of the gain from the sale of qualifying small business stock that is acquired before January 1, 2016 and held for more than five years. *A two-year extension of this provision is estimated to cost $1.95 billion over 10 years.*

38. Basis adjustment to stock of S corporations making charitable contributions of property

The bill extends for two years the provision allowing S corporation shareholders to take into account their pro rata share of charitable deductions even if such deductions would exceed such shareholder's adjusted basis in the S corporation. *A two-year extension of this provision is estimated to cost $104 million over 10 years.*

39. Reduction in S corporation recognition period for built-in gains tax

If a taxable corporation converts into an S corporation, the conversion is not a taxable event. However, following such a conversion, an S corporation must hold its assets for a certain period in order to avoid a tax on any built-in gains that existed at the time of the conversion. The American Recovery and Reinvestment Act reduced that period from 10 years to 7 years for sales of assets in 2009 and 2010. The Small Business Jobs Act reduced that period to 5 years for sales of assets in 2011. The bill extends the reduced 5-year holding period for sales occurring in 2014 and 2015. *A two-year extension of this provision is estimated to cost $232 million over 10 years.*

40. Extension of Empowerment Zone tax incentives *(added through amendment by Sen. Stabenow, approved by voice vote)*

The amendment extends for one year the designation of certain economically depressed census tracts as Empowerment Zones (EZs). Businesses and individual residents within EZs are eligible for special tax incentives, which include the EZ Employment Credit (up to $3,000 for EZ resident employees), the Work Opportunity Tax Credit, issuance of Qualified Zone Academy Bonds, increased section 179 expensing, tax-exempt bond financing, deferral of capital gains tax on sale of qualified assets that are replaced with other qualified assets, and a partial exclusion of capital gains on certain small business stock. A technical change ensures that the non-recognition of gain on the rollover of EZ investments is also extended. *A two-year extension of this provision is estimated to cost $498 million over 10 years.*

41. Temporary increase in limit on cover over of rum excise tax revenues (from $10.50 to $13.25 per proof gallon) to Puerto Rico and the Virgin Islands

The bill extends for two years the provision providing for payment of $13.25 per gallon to cover over a $13.50 per proof gallon excise tax on distilled spirits produced in or imported into the United States. *A two-year extension of this provision is estimated to cost $336 million over 10 years.*

42. American Samoa economic development credit

Certain domestic corporations operating in American Samoa are eligible for a possessions tax credit, which offsets their U.S. tax liability on income earned in American Samoa from active business operations, sales of assets used in a business, or certain investments in American Samoa. Further, the credit is subject to an economic activity-based limitation, and is based on the taxpayers', depreciation, and American Samoa income taxes. The bill extends the provision two years to the end of 2015 and modifies the credit to make it available to all qualifying manufacturing businesses operating in American Samoa. *A two-year extension of this provision is estimated to cost $29 million over 10 years.*

43. Multiemployer pension plan funding rules

Multiemployer plans are collectively bargained pension plans covering employees of two or more employers, usually within the same industry and/or region, and administered by a board consisting of employer and employee representatives. Multiemployer plans are subject to funding requirements that are different from those for single-employer pension plans. The Pension Protection Act of 2006 (PPA) made a number of changes to the funding rules with respect to multiemployer plans that expire on December 31, 2014. Most importantly, PPA established a set of rules for improving the funding of multiemployer plans that fall into "endangered status" (generally less than 80% funded) or "critical status" (generally less than 65% funded or the plan is expected to have a funding deficiency or become insolvent within a certain period). These rules expire on December 31, 2014. The bill extends these provisions one year, through December 31, 2015. *A one year extension of these provisions is estimated to raise under $500,000 in revenue over 10 years.*

Energy Provisions

44. Credit for energy efficient improvements to existing homes *(as modified)*

The bill extends for two years, through 2015, the 10 percent credit for purchases of energy efficient improvements to existing homes. Homeowners can claim up to $200 for energy efficient windows, up to $150 for an efficient furnace or boiler, and up to $300 for other improvements, including insulation. The total credit is capped at $500 per taxpayer. The bill also adjusts the qualification requirements by requiring windows, doors, and skylights to meet the most recent Energy Star requirements; by adjusting qualifications for water heaters and boilers to better reflect what is available on the market; and by allowing energy efficient roofing products to qualify. *A two-year extension of this provision is estimated to cost $1.65 billion over 10 years.*

45. Credit for alternative fuel vehicle refueling property (including hydrogen property)

The bill extends for two years, through 2015, the 30% investment tax credit for alternative vehicle refueling property, up to $30,000. Eligible refueling property includes fuel pumps for ethanol, biodiesel, hydrogen, and compressed or liquefied natural gas. *A two-year extension of this provision is estimated to cost $89 million over 10 years.*

46. Plug-in electric motorcycles and highway vehicles *(as modified)*

The bill extends for two years, through 2015, the individual income tax credit for highway-capable plug-in motorcycles. The provision is also modified to no longer allow 3-wheeled vehicles to qualify. *A two-year extension of this provision is estimated to cost $2 million over 10 years.*

47. Cellulosic biofuels producer tax credit

Under current law, facilities producing cellulosic biofuel can claim a $1.01 per gallon production tax credit on fuel produced before the end of 2013. The bill would extend this production tax credit for two additional years, for cellulosic biofuel produced through 2015. *A two-year extension of this provision is estimated to cost $55 million over 10 years.*

48. Incentives for biodiesel and renewable diesel

The bill extends for two years, through 2015, the $1.00 per gallon tax credit for biodiesel, as well as the small agri-biodiesel producer credit of 10 cents per gallon. The bill also extends through 2015 the $1.00 per gallon tax credit for diesel fuel created from biomass. *A two-year extension of this provision is estimated to cost $2.6 billion over 10 years.*

49. Indian country coal production tax credit

Under current law, coal produced on land owned by an Indian tribe qualifies for a production tax credit equivalent to $2 per ton. This provision would extend this tax credit through 2015. *A two-year extension of this provision is estimated to cost $76 million over 10 years.*

50. Renewable energy production and investment tax credits ("Wind PTC")

Under current law, taxpayers can claim a 2.3 cent per kilowatt hour tax credit for wind and other renewable electricity produced for a 10-year period from a facility that has commenced construction by the end of 2013 (the wind production tax credit). They can also elect to take a 30 percent investment tax credit instead of the production tax credit. The bill extends these provisions through December 31, 2015. *A two-year extension of these provisions is estimated to cost $13.35 billion over 10 years.*

51. Credit for construction of new energy efficient homes

The bill extends for two years, through 2015, the credit for the construction of energy-efficient new homes that achieve a 30% or 50% reduction in heating and cooling energy consumption relative to a comparable dwelling constructed within the standards of the 2003 International Energy Conservation Code (including supplements). *A two-year extension of this provision is estimated to cost $612 million over 10 years.*

52. Cellulosic biofuels bonus depreciation

Under current law, facilities producing cellulosic biofuel can expense 50 percent of their eligible capital costs in the first year for facilities placed-in-service by the end of 2013. The bill would extend this bonus depreciation for two additional years for facilities placed-in-service before the end of 2015. *A two-year extension of this provision is estimated to cost $1 million over 10 years.*

53. Energy efficient commercial buildings deduction *(as modified)*

The bill extends for two years, through 2015, the deduction for energy efficient commercial buildings. Taxpayers may deduct up to $1.80 per square foot for an efficiency improvement of at least 50 percent. The improvement can be made through efficient lighting systems, heating, cooling, ventilation, and hot water systems. The bill also updates qualifying efficiency standards to a more stringent level, and it allows tribal governments and non-profits to allocate the deduction to designers. *This provision is estimated to cost $304 million over 10 years.*

54. Incentives for alternative fuel and alternative fuel mixtures (including liquefied hydrogen)

The bill extends through 2015 the $0.50 per gallon alternative fuel tax credit and alternative fuel mixture tax credit. This credit can be claimed as a nonrefundable excise tax credit or a refundable income tax credit for the blending and sale of alternative fuel mixtures including compressed or liquefied natural gas, ethanol, biofuels, and liquefied hydrogen. *A two-year extension of this provision is estimated to cost $903 million over 10 years.*

55. Credit for fuel cell motor vehicles

The bill extends for one additional year, through 2015, the credit for new fuel cell motor vehicles. For vehicles fueled by combining hydrogen with oxygen to create electricity, taxpayers can claim a base credit $4,000 credit for cars and light trucks. Taxpayers can claim up to $40,000 for heavier vehicles, depending on their weight. *A one year extension of this provision is estimated to cost $47 million over 10 years.*

56. Extension of special rule for sales or dispositions to implement Federal Energy Regulatory Commission (FERC) or State restructuring policy *(added through amendment by Sen. Stabenow)*

The bill extends for two years, for sales prior to January 1, 2016, the present law deferral of gain on sales of transmission property by vertically integrated electric utilities to FERC-approved independent transmission companies. Rather than recognizing the full amount of gain in the year of sale, this provision would allow gain on such sales to be recognized ratably over an eight-year period. *A two-year extension of this provision is estimated to have no revenue effect.*

Revenue Raising Provisions

57. Extend paid preparer EITC due diligence requirements to the child tax credit

The due diligence requirements currently imposed on tax return preparers with respect to the Earned Income Tax Credit are extended to include the Child Tax Credit. A tax return preparer who does not comply with the Child Tax Credit due diligence requirements must pay a penalty of $500 for each failure. *This provision is estimated to raise $43 million over 10 years.*

58. Increase levy authority on payments to Medicare providers with delinquent tax debt

Under current law, the Internal Revenue Service (IRS) may impose a levy of up to 15 percent against Medicare service providers with tax delinquencies. This provision will permit the IRS to impose a levy of up to 100 percent on tax delinquent Medicare service providers. *This provision is estimated to raise $818 million over 10 years.*

59. Exclusion from gross income of certain clean coal power grants

The modification allows non-corporate recipients of CCPI grants and awards to exclude them from gross income and from the AMT. The taxpayer's basis in the property would be reduced by the amount of the grant. Recipients must also pay an upfront interest charge of 1.18 percent of the value of the award. *This provision is estimated to raise $4 million over 10 years.*

60. IRS to enter into qualified tax collection contracts

The modification requires the IRS to enter into qualified tax collection contracts for the collection of inactive tax receivables. An account is considered inactive if: (1) any time after assessment, the IRS moved the receivable from the active inventory for inability to locate the taxpayer or lack of resources to collect; (2) more than one-third of the applicable limitations period has lapsed and no IRS employee has been assigned to collect the receivable; or (3) a receivable has been assigned for collection but more than 365 days have passed without interaction with the taxpayer or a third party for purposes of furthering the collection. Certain tax receivables are designated not eligible for collection, specifically receivables that: (1) are subject to a pending or active offer-in-compromise or installment agreement; (2) are classified as an innocent spouse case; (3) involve a taxpayer identified as being deceased, under the age of 18, in a designated combat zone, or a victim of tax-related identity theft; (4) are currently under examination, litigation, criminal investigation, or levy; or (5) are currently subject to a proper exercise of a right of appeal. The proposal directs that a portion of the collected revenues is to be retained and used by the IRS for compliance personnel funding. *This provision is estimated to raise $2.4 billion over 10 years.*

61. Indexing tax penalties for inflation *(added through amendment by Sens. Menendez and Toomey)*

The bill permanently indexes all tax penalties for inflation. *This provision is estimated to raise $115 million over 10 years.*

62. Modification of personal holding company rules *(added through amendment by Sen. Brown)*

The bill provides that dividends received from a controlled foreign corporation by a domestic corporation that is a 10 percent shareholder would no longer be included in the definition of personal holding company income. *This provision is estimated to raise $15 million over 10 years.*

Note: Revenue estimates contained in this document are preliminary, and subject to change.