

JOINT COMMITTEE ON TAXATION
January 22, 2009
JCX-9-09

**ESTIMATED BUDGET EFFECTS OF THE CHAIRMAN'S AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 598,
THE "AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009," [1]
SCHEDULED FOR MARKUP BY THE COMMITTEE ON WAYS AND MEANS ON JANUARY 22, 2009**

Fiscal Years 2009 - 2019

[Millions of Dollars]

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
Revenue Provisions in Title I.																
A. Making Work Pay Credit - Credit of 6.2% of Earned Income up to a Maximum of \$500 Single, \$1,000 Joint for Tax Years 2009 and 2010; Phaseout for Taxpayers with Modified AGI in Excess of \$75,000 (\$150,000 Joint); and Treatment of the U.S. Possessions [2] [3].....	tyba 12/31/08	-12,920	-94,623	-37,766	---	---	---	---	---	---	---	---	-145,309	-145,309	-145,309	-145,309
B. Additional Tax Relief for Families With Children																
1. Increase in earned income tax credit for taxable years 2009 and 2010 [3].....	tyba 12/31/08	-23	-2,349	-2,291	---	---	---	---	---	---	---	---	-4,663	-4,663	-4,663	-4,663
2. Reduce the earnings threshold to zero for the refundable portion of the child tax credit for taxable years 2009 and 2010 [3].....	tyba 12/31/08	[4]	-9,256	-9,016	---	---	---	---	---	---	---	---	-18,272	-18,272	-18,272	-18,272
C. American Opportunity Tax Credit																
1. Amend the HOPE scholarship credit for taxable years 2009 and 2010 so that it is available for four years at a rate of 100% of first \$2,000 of expenses and 25% of next \$2,000; phaseout for taxpayers with modified AGI between \$80,000 - \$90,000 (\$160,000-\$180,000 joint); make textbooks a qualifying expense; allow against the AMT [5]	tyba 12/31/08	-791	-4,425	-5,040	---	---	---	---	---	---	---	---	-10,256	-10,256	-10,256	-10,256
2. Make 40% of the allowable American Opportunity Tax Credit refundable [3] [5].....	tyba 12/31/08	-313	-1,630	-1,508	---	---	---	---	---	---	---	---	-3,451	-3,451	-3,451	-3,451
D. Housing Incentives																
1. Waiver of requirement to repay first-time homebuyer credit unless home is sold within 36 months of purchase [3].....	hpo/a 1/1/09	66	192	-98	-293	-334	-621	-539	-457	-328	-109	-40	-467	-1,088	-2,521	-2,562

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
2. Coordination of low-income housing credit and low-income housing grants.....	---	----- Estimate Included in Item H.1.b. -----														
E. Tax Incentives for Business																
1. Special allowance for certain property acquired during 2009.....	ppisa 12/31/08	-23,503	-14,301	8,047	6,501	5,574	4,553	3,046	1,941	1,217	929	922	-17,682	-13,129	-5,996	-5,074
2. Temporary increase in limitation on expensing of certain depreciable business assets.....	tybi 2009	-642	-425	352	222	162	125	79	45	22	10	10	-331	-206	-50	-41
3. 5-year carryback with 10% cutback for 2008 and 2009 NOLs with exception for TARP recipients.....	[6]	-25,995	-28,022	9,329	8,789	6,792	4,819	3,374	2,332	1,626	1,118	797	-29,107	-24,287	-15,838	-15,041
4. Incentives to hire unemployed veterans and disconnected youth.....	[7]	-28	-73	-64	-25	-10	-5	-2	[4]	---	---	---	-200	-206	-207	-208
F. Fiscal Relief for State and Local Governments																
1. Modification of rules applicable to financial institutions for interest expense relating to tax-exempt income.....	oia 12/31/08 & before 1/1/11	-79	-239	-326	-340	-336	-331	-326	-321	-317	-312	-307	-1,320	-1,651	-2,927	-3,234
2. For bonds issued during 2009 and 2010, repeal of alternative minimum tax limitations on private-activity tax-exempt bonds and modify ACE to exclude interest from all tax-exempt bonds.....	oia 12/31/08 & before 1/1/11	-21	-60	-68	-41	-42	-42	-42	-42	-41	-41	-41	-232	-274	-440	-481
3. Qualified school construction bonds (\$11 billion in 2009 and 2010).....	oia 12/31/08	-19	-110	-315	-611	-918	-1,179	-1,345	-1,390	-1,362	-1,325	-1,303	-1,973	-3,152	-8,574	-9,877
4. Extension and expansion of qualified zone academy bonds (\$1.4 billion in 2009 and 2010).	oia 12/31/08	-1	-10	-40	-90	-130	-140	-137	-131	-125	-121	-120	-271	-411	-925	-1,045
5. Taxable bond option for governmental bonds - general rule: 35% credit to bondholders; 35% refundable credit to issuers for bonds issued 2009 and 2010 [3].....	oia DOE	-53	-323	-726	-1,016	-1,339	-1,661	-1,981	-2,301	-2,625	-2,955	-3,290	-3,457	-5,118	-14,980	-18,270
6. Recovery zone bonds (\$15 billion private activity bond allocation; \$10 billion allocation for refundable issuer credit bonds) [3].....	oia DOE & before 1/1/11	-209	-359	-564	-626	-628	-621	-614	-605	-596	-587	-579	-2,386	-3,007	-5,409	-5,989
7. Tribal economic development bonds - create a national pool of tax-exempt bonds for use by Indian tribes for economic development (\$2 billion allocation).....	oia DOE	-1	-4	-15	-31	-39	-39	-39	-38	-37	-36	-36	-90	-129	-279	-315
8. Repeal 3% withholding on government contracts.....	DOE	---	---	-5,819	-575	-593	-585	-617	-644	-675	-704	-734	-6,987	-7,571	-10,212	-10,946

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
G. Energy Incentives																
1. Extend by three years the placed-in-service date for each section 45 qualified facility, (two years for marine renewables), excluding coal and solar facilities.....	ppisa 12/31/09 & 12/31/10	---	-127	-440	-921	-1,365	-1,603	-1,649	-1,700	-1,743	-1,788	-1,806	-2,853	-4,456	-11,337	-13,143
2. Election of investment credit for section 45 facilities in lieu of production credit.....	ppisa 12/31/08	-96	-131	-29	16	11	8	4	---	---	---	---	-230	-221	-218	-218
3. Modify section 48 energy credit – remove cap for small wind systems, and remove reduction in credit for subsidized energy financing.....	pa 12/31/08	-31	-33	-42	-50	-59	-71	-87	-104	-66	-32	-26	-216	-287	-577	-604
4. Coordination with renewable energy grants.....	---	----- Estimate Included in Item H.2.b. -----														
5. Increased limitation on issuance of new clean renewable energy bonds (\$1.6 billion additional allocation).....	DOE	-1	-4	-15	-36	-59	-73	-78	-78	-78	-78	-78	-115	-188	-500	-578
6. Increased limitation on issuance of qualified energy conservation bonds (\$2.4 billion additional allocation).....	DOE	-1	-5	-17	-41	-69	-95	-111	-116	-116	-116	-116	-133	-228	-687	-803
7. Extension and modification of credit for nonbusiness energy property - extension and temporary increase to 30% (\$1,500 per residence cap) credit for all section 25C nonbusiness energy property, and repeal reduction in 25C credits by reason of receipt of subsidized energy financing.....	ei tyba 12/31/08 & before 1/1/11	-370	-1,967	-1,938	---	---	---	---	---	---	---	---	-4,275	-4,275	-4,275	-4,275
8. Modification of credit for residential energy efficient property - remove credit cap for residential wind, geothermal property, and residential solar thermal property under section 25D, repeal reduction in all section 25D credits (residential solar, geothermal, wind, fuel cells) by reason of receipt of subsidized energy.....	tyba 12/31/08	-7	-29	-30	-32	-33	-34	-36	-37	-28	---	---	-131	-165	-268	-268
9. Temporarily increase credit rate for alternative fuel vehicle refueling property to 50%; increase max credit to \$50,000 for business property (\$200,000 in the case of hydrogen) and \$2,000 for nonbusiness property (sunset 12/31/10).....	tyba 12/31/08	-11	-21	-14	-6	-4	-2	1	1	1	1	1	-57	-59	-55	-54
10. Increase to 20% the research credit for qualified energy research (sunset 12/31/10).....	tyba 12/31/08	-2	-6	-5	-2	-2	-1	---	---	---	---	---	-17	-18	-18	-18

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
H. Other Provisions																
1. Grants to States for low-income housing projects in lieu of low-income housing credit allocations for 2009																
a. Outlay effects [3] [8].....	DOE	-3,009	---	---	---	---	---	---	---	---	---	---	-3,009	-3,009	-3,009	-3,009
b. Revenue effects.....	DOE	3	28	150	309	350	350	350	350	350	350	350	840	1,190	2,590	2,940
2. Grants for specified energy property in lieu of tax credits:																
a. Outlay effects [3] [8].....	DOE	-30	-88	-40	---	---	---	---	---	---	---	---	-158	-158	-158	-158
b. Revenue effects.....	DOE	3	11	22	41	41	27	8	---	---	---	---	118	145	153	153
Total of Revenue Provisions in Title I. [3]		-68,084	-158,389	-48,326	11,142	6,970	2,779	-741	-3,295	-4,921	-5,796	-6,396	-256,690	-253,909	-268,668	-275,069
Revenue Provision in Title III. - Premium Assistance for COBRA Continuation Coverage for Individuals and Their Families [3] [9] [10].	mocbo/a DOE	-13,843	-11,833	-2,844	-135	---	---	---	---	---	---	---	-28,655	-28,655	-28,655	-28,655
NET TOTAL OF STIMULUS PROVISIONS [3]		-81,927	-170,222	-51,170	11,007	6,970	2,779	-741	-3,295	-4,921	-5,796	-6,396	-285,345	-282,564	-297,323	-303,724
Clarification of Regulations Related to Limitations on Certain Built-in Losses Following an Ownership Change	tstbc eia 1/16/09	1,437	1,775	646	261	225	304	419	457	470	484	499	4,344	4,647	6,478	6,977

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:

DOE = date of enactment

ei = expenditures in

eia = entered into after

hpo/a = houses purchased on or after

mocbo/a = months of coverage beginning on or after

oia = obligations issued after

pa = periods after

ppisa = property placed in service after

tstbc = transactions subject to binding contracts

tyba = taxable years beginning after

tybi = taxable years beginning in

Footnotes for JCX-9-09:

[1] Revenue estimates are prepared using our 2009 estimating models, which rely on the Congressional Budget Office's January 2009 macroeconomic forecasts. The Congressional Budget Office plans to prepare a March revision to its baseline macroeconomic assumptions. If large-scale stimulus legislation is enacted early in 2009, the Congressional Budget Office's March 2009 revised macroeconomic forecasts could be expected to differ, perhaps significantly, from their January 2009 counterparts. In that case, we anticipate that we would revise our 2009 estimating models to reflect the Congressional Budget Office's March 2009 macroeconomic forecasts: revenue estimates prepared using these revised March 2009 macroeconomic inputs again could differ, perhaps materially, from revenue estimates of the same request using our 2009 models with January 2009 macroeconomic forecasts.

[2] Estimated outlay effects as a result of U.S. possessions provision provided by the Joint Committee on Taxation in consultation with the Congressional Budget Office.

[3] Estimate includes an increase in outlays:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2009-13</u>	<u>2009-14</u>	<u>2009-18</u>	<u>2009-19</u>
Making work pay credit.....	641	23,603	22,652	---	---	---	---	---	---	---	---	46,896	46,896	46,896	46,896
Earned income credit.....	---	2,157	2,125	---	---	---	---	---	---	---	---	4,282	4,282	4,282	4,282
Child tax credit.....	---	9,256	9,016	---	---	---	---	---	---	---	---	18,272	18,272	18,272	18,272
American Opportunity Credit.....	313	1,630	1,508	---	---	---	---	---	---	---	---	3,451	3,451	3,451	3,451
First-time homebuyer credit.....	-22	-65	---	---	---	---	---	---	---	---	---	-87	-87	-87	-87
Taxable bond option.....	51	292	368	327	320	314	308	302	296	290	284	1,358	1,672	2,868	3,152
Recovery zone bonds.....	91	122	244	244	242	239	237	234	232	230	227	943	1,182	2,115	2,342
Low-income housing credit grants.....	3,009	---	---	---	---	---	---	---	---	---	---	3,009	3,009	3,009	3,009
Section 48 grants.....	30	88	40	---	---	---	---	---	---	---	---	158	158	158	158
COBRA.....	---	820	280	135	---	---	---	---	---	---	---	1,235	1,235	1,235	1,235
Total increase in outlays.....	4,113	37,903	36,233	706	562	553	545	536	528	520	511	79,517	80,070	82,199	82,710

[4] Loss of less than \$500,000.

[5] Estimate includes interaction with Making Work Pay Credit and Additional Tax Relief for Families With Children.

[6] Effective for net operating losses generated in either taxable years ending in 2008 and 2009 or taxable years beginning in 2008 and 2009.

[7] Effective for individuals who begin work for an employer after December 31, 2008.

[8] Estimated outlay effects provided by the Congressional Budget Office.

[9] Estimate does not include outlay effects of the related Medicaid provision which will be provided by the Congressional Budget Office.

[10] We estimate that approximately 7 million people, including COBRA policyholders and their dependents, would benefit from this credit for some portion of 2009.