August 4, 2011

Effect of the ARRA on Federal Receipts and Expenditures

Revisions to quarterly estimates

Estimates of the impact of the American Recovery and Reinvestment Act of 2009 (ARRA) on NIPA federal receipts and expenditures were revised from the first quarter of 2009 to the first quarter of 2011. The revisions primarily reflect revised Office of Tax Analysis (OTA) estimates of the effects of ARRA on federal government revenues.

Revisions of the impact of ARRA on **personal current taxes** (line 3) for 2009 through 2011 reflect revised OTA estimates of the revenue effects of individual income tax provisions, including provisions to increase the amount of the alternative minimum tax exemption and to increase section 25C energy property credits to homeowners who make qualified energy efficiency home improvements.

Revisions of the impact of ARRA on **taxes on corporate income** (line 6) for 2009 through 2011 reflect revised OTA estimates of the revenue effects of corporate tax provisions, including a provision to extend special depreciation allowances for certain business properties.

Revisions of the impact of ARRA on outlays related to **refundable tax credits** (line 15) for 2010 reflect outlays data from the *Monthly Treasury Statements* that replace OTA projections. The revision for the first quarter of 2011 reflects revised OTA projections of fiscal year tax outlays. In the BEA estimates, fiscal year outlays related to refundable tax credits are distributed evenly across the four quarters of the calendar year.

Revisions of the impact of ARRA on **other social benefits programs** (line 18) for 2009 through 2011 primarily reflect revised OTA estimates of the impacts of COBRA premium assistance payments on tax revenues. Outlays for COBRA assistance and reductions in tax revenues related to these payments are classified as social benefits in the NIPAs. OTA now estimates the revenue effects of this program as zero for fiscal years 2009, 2010, and 2011.

Revisions of the impact of ARRA on **capital transfers to business** (line 29) for 2009 through 2011 reflect revised OTA estimates of the impacts of homebuyer tax credits on tax revenues and outlays. Previous estimates of these impacts included outlays funded by legislation other than ARRA; the downward revisions for 2010 primarily reflect the removal of these outlays. The revisions also reflect corrections to the distribution of fiscal year outlays across the four quarters of the calendar year, consistent with our treatment of refundable tax credits; these outlays had previously been recorded in the quarters in which they occurred.