Detail of Other Treasury Accounts

Total Treasury Department Budget

The Treasury Chapter of the FY 2010 President's Budget covers the following areas:

Annual Operating Appropriations (Most Treasury Bureaus) – $13.4 billion

These are funds for Treasury operations which require annual appropriation action by the Congress. Bureau operating budget details are provided in the "Analysis of FY 2010 President's Budget" section.

Interest Payments and other interest – $477.5 billion

These are permanent, indefinite funds for interest payments needed: to finance the public debt; by the IRS on refunds of taxes to taxpayers; and on special accounts handled through the Treasury.

Permanent Authority Appropriations and other Offsets – $89.8 billion

These are special accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations, such as: payments made when the earned income credit, child credit, and health care credit exceeds the taxpayer's tax liability; payments to the Resolution Funding Corporation; reimbursements to Federal Reserve Banks; special claims and damage payments required as a result of judgments against the U.S. government; payments to Presidential candidates and their parties in accordance with Federal Election Commission certification; and other accounts.

Offsetting Collections – $11.0 billion

Treasury receipts from other government agencies and private sources are subtracted from the total Treasury budget as an offset.

Interest Payments

Interest on the Public Debt

The Federal Government's outstanding debt requirements are financed through borrowing (e.g., auctions of Treasury Bills, Notes, and Bonds). Funds paid to lenders for the use of their money is paid from the Interest on the Public Debt appropriation.

Interest on the Public Debt includes all interest paid on Treasury securities sold to the public (e.g., foreign and domestic financial institutions, individuals, insurance companies, state and local governments, etc.) and to Federal Government trust funds, revolving funds and deposit funds.

Interest on IRS Refunds

Under certain conditions in the tax law, the IRS must pay interest on Internal Revenue collections that must be refunded -- amended returns, delayed refunds of more than 45 days from the due date of the return, corporation losses covering prior year returns, results of tax audits, etc. The rate of interest changes every three months to reflect the prime interest rate then in effect.

Interest on Uninvested Funds

Under conditions of the law creating each trust account, interest accruing and payable from the general fund of the Treasury is appropriated to this account for payment to the proper fund receipt accounts.

Interest Paid to Credit Financing Accounts

Loan guarantee financing accounts receive various payments and fees and make payment on defaults. When cash balances result from an excess of receipts over outlays, these balances are deposited with Treasury and earn interest. This account pays such interest to credit loan guarantee financing accounts from the general fund of the Treasury in accordance with Section 505(c) of the Federal Credit Reform Act of 1990.

Federal Interest Liabilities to the States

As provided in U.S.C. 3335, U.S.C. 6503, and 31 C.F.R. 205, interest is paid to states when federal funds are not transferred timely.

Payment to Resolution Funding Corporation

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 authorized the Secretary of the Treasury such sums as may be necessary to cover interest payments on obligations issued by the Resolution Funding Corporation (REFCORP). REFCORP was established under the Act to raise $31.2 billion for the Resolution Trust Corporation (RTC) in order to resolve savings institution insolvencies.

Permanent Authority Appropriations

Terrorism Risk Insurance Program

The Terrorism Risk Insurance Extension Act of 2007 (P.L. 110-160) reauthorized and revised the program established by the Terrorism Risk Insurance Act (TRIA) of 2002 (P.L. 107-297). The 2007 Act extended the Terrorism Insurance Program for seven years, through December 31, 2014. This extension of TRIA added a requirement for commercial property and casualty insurers to make available coverage for losses from domestic as well as foreign acts of terrorism and extends TRIA coverage for those losses.

***GSE* Preferred Stock Purchase Agreement Program (PSPA)**

Section 1117 of the Housing and Economic Recovery Act of 2008 (P.L. 110-289) provides temporary authority for the Secretary of the Treasury to purchase obligations and other securities issued by three housing related Government Sponsored Enterprises (GSEs): Fannie Mae, Freddie Mac and the Federal Home Loan Banks (FHLBs). Under this authority, Treasury established the PSPAs, to instill confidence in investors that Fannie Mae and Freddie Mac will remain viable entities critical to the functioning of the housing and mortgage markets.

GSE Mortgage-Backed Securities Purchase Program

Section 1117 of the Housing and Economic Recovery Act of 2008 (P.L. 110-289) provides temporary authority for the Secretary of the Treasury to purchase obligations and other securities issued by three housing related Government Sponsored Enterprises (GSEs): Fannie Mae, Freddie Mac and the Federal Home Loan Banks (FHLBs). Under this authority, Treasury established the GSE MBS Purchase Program to help improve the availability of mortgage credit to American homebuyers and mitigate pressures on mortgage rates.

Office of Financial Stability

The Emergency Economic Stabilization Act (EESA) of 2008 (PL 110-343) authorized the establishment of the Troubled Asset Relief Program (TARP) and the Office of Financial Stability (OFS) to purchase and insure certain types of troubled assets for the purpose of providing stability to and preventing disruption in the economy and financial systems and protecting taxpayers. The Act gives the Treasury Secretary broad and flexible authority to purchase and insure mortgage and other troubled assets, as well as inject capital by taking limited equity positions, as needed to stabilize the financial markets. This account provides for the administrative costs for the OFS.

Troubled Asset Relief Program

As authorized by Emergency Economic Stabilization Act of 2008 (PL 110-343) and required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with the direct loans obligated and loan guarantees committed in 2008 and beyond. The direct loan programs serviced by this account include the Automotive Industry Financing

Program (AIFP) and other Section 101 loans. The AIFP was developed to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States. The guaranteed loan commitments serviced by this account include the Asset Guarantee Program (AGP). The AGP provides guarantees for assets held by systemically significant financial institutions that face a risk of losing market confidence due in large part to a portfolio of distressed or illiquid assets.

Troubled Asset Relief Program Equity Purchase Program

As authorized by Emergency Economic Stabilization Act of 2008 (PL 110-343) and required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with the equity purchase obligations committed in 2008 and beyond. The equity purchase programs serviced by this account include the Capital Purchase Program (CAP), Systemically Significant Failing Institutions Program (SSFI), Targeted Investment Program (TIP), Automotive Industry Financing Program (AIFP), and the Capital Assistance Program (CAP).

Troubled Asset Relief Program Home Affordable Modification Program

As authorized by Sections 101 and 109 of the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), the Housing Affordable Modification Program announced in March 2009 will offer assistance to as many as 4 million homeowners making a good-faith effort to stay current on their mortgage payments, while attempting to prevent the destructive impact of foreclosures on families and communities.

Financial Stabilization Reserve

As authorized by Emergency Economic Stabilization Act of 2008 (PL 110-343). The President's Budget includes a $250 billion contingent reserve for further efforts to stabilize the financial system.

Special Inspector General for Troubled Asset Relief Program

The Office of the Special Inspector General for the Troubled Assets Relief Program ("SIGTARP") was created by the Emergency Economic Stabilization Act of 2008 ("EESA") and is funded by a permanent appropriation. SIGTARP has the duty to conduct, supervise, and coordinate audits and investigations of funding provided under the Troubled Assets Relief Program ("TARP"). SIGTARP's mission is to advance the goal of economic stability through transparency, coordinated oversight, and robust enforcement of relief funding, thereby being a voice for, and protecting the interests of, those who fund the TARP programs --- the American taxpayers.

Grants to States for Low-Income Housing Projects

Section 1602 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) authorizes and directs the Secretary of the Treasury to establish grants to states for low-income housing projects in lieu of low-income housing tax credits (LIHTC). This account presents the estimated disbursements for this program.

Grants for Specified Energy Property

Section 1603 of the American Recovery and Reinvestment Act of 2009 authorizes and directs the Secretary of the Treasury to establish a grant in lieu of a tax credit for persons that place into service qualified renewable energy properties. This account presents the estimated disbursements for this program.

Exchange Stabilization Fund-Money Market Mutual Fund
On September 19, 2008, the Treasury Department announced the establishment of the Temporary Guarantee Program for Money Market Funds. The Program is designed to enhance market and investor confidence and address temporary disruptions experienced in the U.S. money market mutual fund industry and dislocations in credit markets. The Program is supported through the use of funds from the ESF. The Emergency Economic Stabilization Act of 2008 requires that the ESF be reimbursed for any losses under the Program from funds authorized under that Act. The Program is set to expire on September 18, 2009.

Community Development Financial Institutions Program Account
This program is authorized to make loans to Community Development Financial Institutions and insured financial institutions. The loan funding is permanent, indefinite authority from the general fund.

Presidential Election Campaign Fund
The fund supports payments to the candidates running for President during the primaries and the general election, as well as support of nominating conventions. Appropriations to the fund represent receipts from the Presidential Election check-off on taxpayers' income tax returns. Upon certification by the Federal Election Commission, payments are made for the above purposes. Major expenditures occur during the year of the Presidential election -- appropriations represent collections from the check-off.

Treasury Forfeiture Fund
Public Law 102-393 established this permanent appropriation to be used to pay or reimburse certain seizure and forfeiture costs that occur pursuant to the laws enforced by the bureaus participating in the Fund and other expenses authorized by 31 U.S.C. 9703.

Biomass Energy Development:
This account provided loan guarantees for the construction of biomass-to-ethanol facilities, as authorized under Title II of the Energy Security Act. All loans went into default, and the assets of all but one project have been liquidated.

Payment to Terrestrial Wildlife Habitat Restoration Trust Fund
Under P.L. 106-53, the Secretary of the Treasury is required to invest funds deposited in the Cheyenne River Sioux Tribe Terrestrial Wildlife Restoration Trust Fund and the Lower Brule Sioux Tribe Terrestrial Wildlife Restoration Trust Fund, until the funds are fully capitalized.

Debt Collection Special Fund
FMS provides debt collection operational services to client agencies which include collection of delinquent accounts; offset of federal payments against debts owed the government; collection of unclaimed financial assets; and disposition of foreclosed property.

Financial Agent Services
This permanent, indefinite appropriation allows the Financial Management Service to reimburse financial institutions for services provided in their capacity as depositaries and fiscal agents for the United States. The services provided are authorized under numerous statutes, including, but not limited to, 12 U.S.C. 90 and 265. The services include the acceptance and processing of deposits of public money, as well as services essential to the disbursement of and accounting for public monies.

Reimbursement to Federal Reserve Banks
Permanent, indefinite appropriations were established at the Bureau of the Public Debt and Financial Management Service to

reimburse Federal Reserve Banks for their services as fiscal agents and/or depositaries for the United States for all services required or directed by the Secretary of the Treasury to be performed on behalf of the Treasury or other Federal agencies.

Claims, Judgments and Relief Acts

Appropriations are made for payment of claims and interest for damages not chargeable to appropriations of individual agencies, and for payment of private and public relief acts. Public Law 95-26 authorized a permanent, indefinite appropriation to pay certain judgments from the general fund of the Treasury.

Check Forgery Insurance Fund

This fund was established as a permanent, indefinite appropriation in order to maintain adequate funding for the Check Forgery Insurance Fund (Fund). The Fund facilitates timely payments for replacement Treasury checks necessitated due to a claim of forgery. The fund recoups disbursements through reclamations made against banks negotiating forged checks.

To reduce hardships sustained by payees of Government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorsers of the checks. If the U.S. Treasury is unable to recover funds through reclamation procedures, the Fund sustains the loss.

Continued Dumping and Subsidy Offset

P.L. 106-387 provided for relief for certain domestic producers that may be impacted by injurious dumping and/or subsidization of imported products. Assessed duties are deposited into a special fund, and distributed to domestic producers, based on a determination that a domestic producer has been injured by these unfair trade practices.

Internal Revenue Collections for Puerto Rico

Treasury's Alcohol and Tobacco Tax and Trade Bureau collects excise taxes on articles produced in Puerto Rico and the U.S. Virgin Islands. After the bureau deducts its cost of collecting these funds, the balance is refunded back to Puerto Rico and the U.S. Virgin Islands. The repayment is required to be included in total Treasury expenditures.

Government Losses in Shipment

This account was created as self-insurance to cover losses in shipment of Government property such as coins, currency, securities, and some other losses.

Payment Where Recovery Rebate Exceeds Liability for Tax

The Economic Stimulus Act of 2008 (Public Law 110-185) allowed for the issuance of tax rebates (economic stimulus payments) to certain eligible taxpayers through December 31, 2008. This tax rebate was a one-time benefit provided to taxpayers to stimulate the economy. Additionally, in 2009 the rebate were provided to taxpayers who did not receive the full economic stimulus payment in 2008 and whose circumstances may have changed, making them eligible for some or all of the unpaid portion. No outlays are expected from this account in 2010, as the one-time program is no longer active.

Payment Where Earned Income Credit Exceeds Liability for Tax

As provided by law, there are instances wherein the earned income tax credit (EITC) exceeds the amount of tax liability owed through the individual income tax system, resulting in an additional payment to the tax filer. The EITC was originally authorized by the Tax Reduction Act of 1975 (Public Law 94-12) and made permanent by the Revenue Adjustment Act of 1978 (Public Law 95-600). The Tax Reform Act of 1986 and the Omnibus Budget Reconciliation Acts of 1990 and 1993 increased the credit amount and expanded the eligibility for the EITC.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) temporarily increases the EITC for working families with three or more children, and increases the threshold for the phase-out range for all married couples filing a joint return.

Internal Revenue Service – User Fees

The Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS. The fees can be used to supplement IRS appropriations.

Payment Where Child Credit Exceeds Liability for Tax

As provided by law, there are instances wherein the child credit exceeds the amount of tax liability owed through the individual income tax system, resulting in an additional payment to the tax filer. The child credit was originally authorized by the Taxpayer Relief Act of 1997 (Public Law 105-34). The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) expanded the pool of eligible low-income earners. The credit is refundable to the extent of 15 percent of an individual's earned income in excess of $3,000 for 2009 and 2010.

Payment Where Health Care Credit Exceeds Liability for Tax

The Trade Act of 2002 established the Health Coverage Tax Credit (HCTC), an advanceable, refundable tax credit for a portion of the cost of qualified insurance. This credit is available to certain recipients of trade adjustment assistance (TAA) and Pension Benefit Guaranty Corporation pension beneficiaries who are aged 55-64. The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) significantly increased the benefits for certain HCTC eligible individuals.

Payment Where Alternative Minimum Tax Exceeds Liability for Tax

The Tax Relief and Health Care Act of 2006 (Public Law 109-432) allows certain taxpayers to claim a refundable credit for a portion of their unused long-term alternative minimum tax (AMT) credits each year. The Emergency Economic Stabilization Act of 2008 (Public Law 110-343) increases the AMT refundable credit portion from 20 percent to 50 percent of the unused long-term minimum tax credits for the taxable year in question.

Payment Where Certain Tax Credits Exceeds Liability for Corporate Tax

The Housing and Economic Recovery Act of 2008 (Public Law 110-289) allows certain businesses to accelerate the recognition of a portion of their historic AMT or research and development (R&D) credits in lieu of taking bonus depreciation. The amount is capped at the lesser of $30 million or 6 percent of historic AMT and R&D credits. The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) extends this temporary benefit through 2009.

Payment Where Tax Credit to Aid First-Time Homebuyers Exceeds Liability for Tax

The Housing and Economic Recovery Act of 2008 provided a refundable tax credit of up to $7,500 for first-time homebuyers. The credit allows for up to 10 percent of the purchase price for qualified residences. Taxpayers who qualify are allowed a one-time credit against their income tax for principal residences purchased on or after April 9, 2008, and before July 1, 2009. They must repay the credit over a 15-year period.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) expanded the credit and eliminated the repayment requirement. Taxpayers have the option of claiming up to $8,000 on either their 2008 or 2009 tax returns for qualifying 2009 purchases. The credit is available for qualifying purchases made between January 1, 2009 and November 30, 2009.

Payment Where American Opportunity Credit Exceeds Liability for Tax

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain taxpayers to claim a refundable Hope Scholarship Credit. Up to 40 percent of the credit is refundable. The credit applies dollar-for-dollar to the first $2,000 of qualified tuition, fees and course materials paid by the taxpayer, and applies at a rate of 25 percent to the next $2,000 in qualified tuition, fees and course materials for a total credit of up to $2,500. This tax credit is subject to a phase-out for high-income taxpayers.

Making Work Pay Tax Credit

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain taxpayers to claim a refundable Making Work Pay tax credit of 6.2 percent of earned income, up to $400 for single taxpayers and up to $800 for married couples filing joint returns. The refundable credit phases out for high-income taxpayers. The Making Work Pay credit is claimed by taxpayers when they file their 2009 and 2010 returns, and in order to accelerate the credit, it is being delivered in small increments through reduced payroll withholding.

Build American Bond Payments, Recovery Act

The Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows State and local governments to issue "Build America Bonds," through December 31, 2010. These tax credit bonds, which include Recovery Zone Bonds, differ from tax-exempt governmental obligation bonds in two principal ways: (1) interest paid on tax credit bonds is taxable; and (2) a portion of the interest paid on tax credit bonds takes the form of a federal tax credit. The bond issuer may elect to receive a direct payment in the amount of the tax credit.

Payment Where COBRA Credit Exceeds Liability for Tax

COBRA gives workers who lose their jobs, and thus their health benefits, the right to purchase group health coverage provided by the plan under certain circumstances.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) treats assistance eligible individuals who pay 35 percent of their COBRA premium as having paid the full amount. The remaining 65 percent is reimbursed to the employer, insurer or health plan as a credit against certain employment taxes. This schedule reflects the cases where the credit exceeds the tax liability resulting in payment to the tax filer.

Payment Where Tax Credit for Certain Government Retirees Exceeds Liability for Tax

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain federal and state retirees to claim a one-time refundable credit of up to $250 ($500 in the case of a joint return where both spouses are eligible individuals).

Internal Revenue Service – Informant Payments

The Secretary of the Treasury may make payments to individuals resulting from information given that leads to the collection of Internal Revenue taxes. The Taxpayer Bill of Rights of 1996 authorizes these payments from the proceeds of amounts (other than interest) collected as a result of the information provided.

Internal Revenue Service – Private Collection Agent Program

The American Jobs Creation Act of 2004 (Public Law 108-357) allows the IRS to use private collection contractors to supplement its own collection staff's efforts to ensure that all taxpayers pay what they owe. The IRS used this authority to contract with several private debt collection agencies starting in 2006. In March 2009, the IRS allowed its private debt collection contracts to expire, thereby administratively terminating the program.

Offsetting Collections

In general, amounts collected by the Federal Government are classified in two major categories:

Governmental receipts – Revenues that arise from the sovereign and regulatory powers unique to the Federal Government. They consist primarily of tax receipts, but also include customs duties, court fines, certain licenses, etc. All governmental receipts are deposited into receipt accounts. These receipts are always reported in total (rather than as an offset to budget authority and outlays).

Offsetting receipts - Collections that are offset against the budget authority and outlays of the collecting agency rather than reflected as governmental receipts in computing budget totals. Offsetting receipts are comprised of:

- *Proprietary Receipts* - These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises.
- *Intragovernmental Receipts* - These are collections from other governmental accounts deposited in receipt accounts. These are further classified as follows:
    - *Interfund Receipts* - These are amounts derived from payments between federal and trust funds.
    - *Intrafund Receipts* - These are amounts derived from payments within the same fund group (i.e., within the federal fund group or within the trust fund group).