

**ESTIMATED BUDGET EFFECTS OF  
THE "AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009," [1]  
SCHEDULED FOR MARKUP BY THE COMMITTEE ON FINANCE ON JANUARY 27, 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
<b>I. Tax Relief for Individuals and Families</b>																
1. 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), credit reduced by special payment made by the SSA and the VA; and treatment of the U.S. Possessions [2] [3].....	tyba 12/31/08	-23,859	-80,902	-37,481	---	---	---	---	---	---	---	---	-142,243	-142,243	-142,243	-142,243
2. Temporary 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
3. Temporarily reduce the earnings threshold for the refundable portion of the child tax credit for taxable years 2009 and 2010 to \$6,000 [3].....	tyba 12/31/08	[4]	-5,303	-5,238	---	---	---	---	---	---	---	---	-10,542	-10,542	-10,542	-10,542
4. American Opportunity Tax Credit - 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
5. Make 30% of the allowable American Opportunity Tax Credit refundable [3] [5].....	tyba 12/31/08	-242	-1,262	-1,170	---	---	---	---	---	---	---	---	-2,674	-2,674	-2,674	-2,674
6. Temporarily allow computer technology and equipment as a qualified higher education expense for qualified tuition programs for 2009 and 2010.....	tyba 12/31/08	[1]	[1]	[1]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-6

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
7. Waiver of requirement to repay first-time homebuyer credit unless home is sold within 36 months of purchase.....	hpo/a 1/1/09	66	192	-98	-293	-334	-621	-539	-457	-328	-109	-40	-467	-1,088	-2,521	-2,562
8. Exclude up to \$2,400 of unemployment insurance benefits from gross income for taxable year 2009.....	DOE	-948	-3,792	---	---	---	---	---	---	---	---	---	-4,740	-4,740	-4,740	-4,740
<b>Total of Tax Relief for Individuals and Families .....</b>		<b>-25,797</b>	<b>-97,841</b>	<b>-51,318</b>	<b>-294</b>	<b>-335</b>	<b>-622</b>	<b>-540</b>	<b>-458</b>	<b>-329</b>	<b>-110</b>	<b>-41</b>	<b>-175,586</b>	<b>-176,207</b>	<b>-177,642</b>	<b>-177,686</b>
<b>II. Renewable Energy Incentives</b>																
1. Extension of the renewable electricity credit - 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 credits.....	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 cutback to 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. 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
5. 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
6. Extension and temporary increase to 30% (\$1,500 per residence cap) credit for all section 25C nonbusiness energy property, and repeal reduction in section 25C credits by reason of receipt of subsidized energy financing.....	ea 12/31/08 & before 1/1/11	-370	-1,967	-1,938	---	---	---	---	---	---	---	---	-4,275	-4,275	-4,275	-4,275
7. 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
8. Temporarily increase credit rate for nonhydrogen 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

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
9. 20% research credit for qualified energy research (sunset 12/31/10).....	tyba 12/31/08	-2	-6	-5	-2	-2	-1	---	---	---	---	---	-17	-18	-18	-18
10. 5-year carryback of general business credits and allow general business credits to offset 100% of Federal tax liability.....	[6]	-9,127	-292	-257	-231	-208	-187	-168	-152	-136	-123	-111	-10,115	-10,302	-10,882	-10,992
<b>Total of Renewable Energy Incentives .....</b>		<b>-9,646</b>	<b>-2,615</b>	<b>-2,787</b>	<b>-1,303</b>	<b>-1,788</b>	<b>-2,058</b>	<b>-2,124</b>	<b>-2,186</b>	<b>-2,166</b>	<b>-2,136</b>	<b>-2,136</b>	<b>-18,142</b>	<b>-20,199</b>	<b>-28,817</b>	<b>-30,953</b>
<b>III. Tax Incentives for Business</b>																
1. Special allowance for certain property acquired during 2009 [7].....	ppisa 12/31/08	-23,916	-14,893	8,347	6,645	5,646	4,614	3,098	1,985	1,255	961	938	-18,171	-13,557	-6,258	-5,320
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 of 2008 and 2009 NOLs with exception for TARP recipients.....	[8]	-29,652	-29,416	10,314	9,476	7,190	5,113	3,579	2,469	1,721	1,180	843	-32,088	-26,975	-18,026	-17,183
4. Modification of the work opportunity tax credit - incentives to hire unemployed veterans and disconnected youth.....	wpoia 12/31/08	-28	-73	-64	-25	-10	-5	-2	[4]	---	---	---	-200	-206	-207	-208
5. Extension of election to accelerate AMT and R&E credits in lieu of bonus depreciation [3].....	tyea 12/31/08	-20	-984	49	47	33	21	15	10	8	8	8	-875	-854	-813	-805
6. Deferral of certain income from discharge of indebtedness.....	ra 12/31/08 & before 1/1/11	-7,091	-8,200	4,141	4,128	4,115	2,396	---	---	---	---	---	-2,907	-511	-511	-511
7. Increase section 1202 exclusion to 75% (sunset 12/31/10).....	sia DOE	2	6	2	---	---	-207	-360	-163	-50	-36	-22	9	-198	-807	-829
<b>Total of Tax Incentives for Business .....</b>		<b>-61,347</b>	<b>-53,985</b>	<b>23,141</b>	<b>20,493</b>	<b>17,136</b>	<b>12,057</b>	<b>6,409</b>	<b>4,346</b>	<b>2,956</b>	<b>2,123</b>	<b>1,777</b>	<b>-54,563</b>	<b>-42,507</b>	<b>-26,672</b>	<b>-24,897</b>
<b>IV. Manufacturing Recovery Provisions</b>																
1. For bonds issued in 2009 and 2010, expand industrial development bonds to include creation of intangible property and eliminate 25% of proceeds restriction for facilities functionally related and subordinate to a manufacturing facility.....	bia DOE & before 1/1/11	-1	-6	-16	-23	-24	-23	-23	-23	-22	-22	-21	-70	-93	-183	-203
2. Credit for investment in advanced energy property.....	ppisa DOE	---	-138	-281	-292	-151	-110	-136	-136	-105	-51	-11	-862	-972	-1,400	-1,411
<b>Total of Manufacturing Recovery Provisions .....</b>		<b>-1</b>	<b>-144</b>	<b>-297</b>	<b>-315</b>	<b>-175</b>	<b>-133</b>	<b>-159</b>	<b>-159</b>	<b>-127</b>	<b>-73</b>	<b>-32</b>	<b>-932</b>	<b>-1,065</b>	<b>-1,583</b>	<b>-1,614</b>
<b>V. Economic Recovery Tools</b>																
1. Recovery zone bonds (\$15 billion private activity bond allocation; \$10 billion allocation for refundable issuer credit bonds) [3].....	oia 12/31/08 & before 1/1/11	-112	-230	-473	-534	-536	-528	-520	-512	-504	-496	-486	-1,885	-2,413	-4,445	-4,931

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
2. 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
3. Extend and modify the new markets tax credit - increase new markets tax credit equity limitation to a total of \$5 billion for calendar years 2008 and 2009 and allow 2009 credits against the AMT.....	DOE	-50	-36	-66	-128	-152	-179	-172	-154	-113	-1	4	-432	-610	-1,051	-1,046
<b>Total of Economic Recovery Tools .....</b>		<b>-163</b>	<b>-270</b>	<b>-554</b>	<b>-693</b>	<b>-727</b>	<b>-746</b>	<b>-731</b>	<b>-704</b>	<b>-654</b>	<b>-533</b>	<b>-518</b>	<b>-2,407</b>	<b>-3,152</b>	<b>-5,775</b>	<b>-6,292</b>
<b>VI. Infrastructure Financing Tools</b>																
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 12/31/10	-21	-60	-68	-41	-42	-42	-42	-42	-41	-41	-41	-232	-274	-440	-481
3. Delay 3% withholding on government contracts by one year.....	DOE	---	---	-5,819	5,528	---	---	---	---	---	---	---	-291	-291	-291	-291
4. Qualified school construction bonds (\$5 billion in 2009 and 2010).....	oia 12/31/08	-9	-50	-143	-278	-417	-536	-611	-632	-619	-602	-592	-897	-1,433	-3,897	-4,489
5. Extend and expand 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
6. Build America Bonds - general rule: 35% credit to bondholders for bonds issued in 2009, 2010, and 2011; 35% refundable credit to issuers for bonds issued in 2009 and 2010 [3].....	oia 12/31/08	-53	-323	-829	-778	-753	-728	-704	-680	-664	-649	-634	-2,736	-3,464	-6,161	-6,796
<b>Total of Infrastructure Financing Tools .....</b>		<b>-163</b>	<b>-682</b>	<b>-7,225</b>	<b>4,001</b>	<b>-1,678</b>	<b>-1,777</b>	<b>-1,820</b>	<b>-1,806</b>	<b>-1,766</b>	<b>-1,725</b>	<b>-1,694</b>	<b>-5,747</b>	<b>-7,524</b>	<b>-14,641</b>	<b>-16,336</b>
<b>Total of Tax Provisions [3] .....</b>		<b>-97,117</b>	<b>-155,537</b>	<b>-39,040</b>	<b>21,889</b>	<b>12,433</b>	<b>6,721</b>	<b>1,035</b>	<b>-967</b>	<b>-2,086</b>	<b>-2,454</b>	<b>-2,644</b>	<b>-257,377</b>	<b>-250,654</b>	<b>-255,130</b>	<b>-257,778</b>
<b>Other Provisions</b>																
1. Prohibition on collection of certain payments made under the Continued Dumping and Subsidy Offset Act of 2000 [9].....	DOE	-10	-30	-30	-10	-10	---	---	---	---	---	---	-90	-90	-90	-90
2. Extension of Trade Adjustment Assistance Programs [9].....	DOE	-31	-55	-19	-3	---	---	---	---	---	---	---	-108	-108	-108	-108

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
3. Economic recovery payments to recipients of Social Security, supplement security income, railroad retirement, and veterans disability benefits [9] [10].....	DOE	-17,000	---	---	---	---	---	---	---	---	---	---	-17,000	-17,000	-17,000	-17,000
4. Increase in statutory limit on the public debt.....	DOE	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
<b>Total of Other Provisions .....</b>		<b>-17,041</b>	<b>-85</b>	<b>-49</b>	<b>-13</b>	<b>-10</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-17,198</b>	<b>-17,198</b>	<b>-17,198</b>	<b>-17,198</b>
<b>NET TOTAL .....</b>		<b>-114,158</b>	<b>-155,622</b>	<b>-39,089</b>	<b>21,876</b>	<b>12,423</b>	<b>6,721</b>	<b>1,035</b>	<b>-967</b>	<b>-2,086</b>	<b>-2,454</b>	<b>-2,644</b>	<b>-274,575</b>	<b>-267,852</b>	<b>-272,328</b>	<b>-274,976</b>

Joint Committee on Taxation

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

Legend for "Effective" column:

- |                                      |                                          |                                      |
|--------------------------------------|------------------------------------------|--------------------------------------|
| bra = benefits received after        | oia = obligations issued after           | tyba = taxable years beginning after |
| DOE = date of enactment              | pa = periods after                       | tyea = taxable years ending after    |
| ea = expenditures after              | ppisa = property placed in service after | tybi = taxable years beginning in    |
| hpo/a = houses purchased on or after | ra = repurchases after                   | wpoia = wages paid or incurred after |

[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:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-13	2009-14	2009-18	2009-19
Making work pay credit.....	---	22,268	22,984	---	---	---	---	---	---	---	---	45,252	45,252	45,252	45,252
Treatment of U.S. Possessions.....	641	708	14	---	---	---	---	---	---	---	---	1,363	1,363	1,363	1,363
Earned income credit.....	---	1,833	1,803	---	---	---	---	---	---	---	---	3,636	3,636	3,636	3,636
Child tax credit.....	---	5,303	5,238	---	---	---	---	---	---	---	---	10,541	10,541	10,541	10,541
Election to accelerate AMT and R&E credits in lieu of															
bonus depreciation .....	8	394	---	---	---	---	---	---	---	---	---	402	402	402	402
American Opportunity Credit.....	242	1,262	1,170	---	---	---	---	---	---	---	---	2,674	2,674	2,674	2,674
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
Economic recovery payments.....	17,000	---	---	---	---	---	---	---	---	---	---	17,000	17,000	17,000	17,000
Total increase in outlays.....	18,011	32,117	31,821	571	562	553	545	536	528	520	511	83,082	83,635	85,764	86,275

[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 carrybacks from 2008 and 2009 and credits used in 2008 and 2009.

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**Footnotes for JCX-11-09 continued:**

- [7] The provision modifies the definition of qualified property to include certain motion picture film or video tape. Under the modification, a taxpayer may elect to include certain films as qualifying property in lieu of applying section 181 to such film.
- [8] Effective for net operating losses generated in taxable years ending in 2008 and 2009.
- [9] Estimate provided by the Congressional Budget Office.
- [10] Estimate is preliminary and subject to change.