

JOINT COMMITTEE ON TAXATION

May 21, 2008

JCX-46-08

ESTIMATED REVENUE EFFECTS OF H.R. 6049,  
THE "RENEWABLE ENERGY AND JOB CREATION ACT OF 2008,"  
SCHEDULED FOR CONSIDERATION BY THE HOUSE OF REPRESENTATIVES ON MAY 21, 2008

Fiscal Years 2008 - 2018

[Millions of Dollars]

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-13	2008-18
<b>I. Energy Tax Incentives</b>														
A. Clean Energy Production Incentives														
1. Extension and modification of the section 45 renewable energy credit - extend by three years (one year for wind facilities) the section 45 placed-in-service period (excluding refined coal, Indian coal, and solar facilities); place cap on annual allowable credit; add marine and hydrokinetic energy as qualified energy resource; allow new biomass units to qualify for credit; clarify definition of trash combustion facilities; treat sales of electricity to regulated public utilities as sales to unrelated persons, and change definition of qualified hydropower production (sunset 12/31/09 and 12/31/11).....	[1]	---	-158	-375	-573	-728	-796	-826	-852	-881	-899	-956	-2,632	-7,046
2. Extension and modification of the section 48 energy credit - add CHP at 10% credit, increase fuel cell credit cap to \$1,500 per half KW, waive public utility rule, and allow against AMT (sunset 12/31/14).....	[2]	-38	-125	-188	-224	-203	-194	-207	-114	-44	-28	-9	-974	-1,376
3. Extend and modify credit for residential energy efficient property - allow credit against AMT, raise solar electric property cap to \$4,000; and add small wind (\$4,000 cap) and geothermal (\$2,000 cap) property (sunset 12/31/14).....	ea 12/31/07	-2	-49	-98	-101	-104	-108	-112	-92	---	---	---	-462	-666
4. Extension and modification of special rule to implement FERC and State electric restructuring policy (sunset 12/31/09).....	[3]	-229	-290	-39	90	90	90	90	109	72	16	---	-287	---

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-13	2008-18
5. New clean renewable energy bonds (\$2 billion of bond allocation) [4].....	bia DOE	[5]	-2	-8	-19	-36	-57	-76	-86	-88	-88	-88	-122	-548
6. Expansion and modification of the advanced coal project investment credit.....	DOE	-106	-331	-351	-307	-206	-103	-46	-10	9	14	14	-1,403	-1,422
7. Expansion and modification of coal gasification investment credit.....	DOE	----- <i>Estimate Included in Line 6. Above</i> -----												
8. Extend excise tax on coal at current rates (sunset 12/31/18).....	DOE	---	---	---	---	---	---	203	271	271	271	271	---	1,287
9. Special rules for refund of coal excise taxes paid by certain coal producers and exporters [6].....	DOE	-28	-232	16	14	12	8	5	3	3	---	---	-211	-199
10. Carbon audit of the tax code.....	DOE	----- <i>No Revenue Effect</i> -----												
Total of Clean Energy Production Incentives .....		-403	-1,187	-1,043	-1,120	-1,175	-1,160	-969	-771	-658	-714	-768	-6,091	-9,970
B. Transportation and Domestic Fuel Security Provisions														
1. Inclusion of cellulosic biofuel in bonus depreciation.....	ppisa DOE in tyea DOE	---	-1	-2	-1	---	---	1	1	1	---	---	-3	---
2. Extension and modification of credits for biodiesel and renewable diesel:														
a. Extend biodiesel and make \$1.00 per gallon credit available to all biodiesel (sunset 12/31/09).....	fpsoua 12/31/08	---	-370	-137	---	---	---	---	---	---	---	---	-507	-507
b. Extend renewable diesel through 12/31/09; eliminate thermal depolymerization requirement; disallow credit to renewable diesel co-produced with petroleum products.....	fpsoua 12/31/08 & 2/13/08	---	50	-5	---	---	---	---	---	---	---	---	45	45
c. Qualify biomass jet fuel for renewable diesel credit.....	fpsoua 12/31/08	---	[5]	[5]	---	---	---	---	---	---	---	---	[5]	[5]
3. Deny certain fuel credits for fuels produced and used outside the United States.....	[7]	8	34	16	3	---	---	---	---	---	---	---	61	61
4. Credit for plug-in electric drive vehicles; nonbusiness alternative motor vehicle credit treated as personal credit.....	tyba 12/31/08 & tyba 12/31/07	---	-1	-4	-28	-128	-150	-194	-242	-141	-102	-65	-311	-1,056
5. Exclusion from heavy vehicles excise tax for idling reduction units and advanced insulation ...	DOE	-1	-2	-3	-5	-7	-9	-10	-12	-14	-15	-17	-28	-96
6. Restructure New York Liberty Zone incentives (credits begin 2009 with maximum of \$115 million per year through 2018 and \$425 million in 2019 and 2020; New York Liberty Zone incentives sunset date of enactment) [8].....	DOE	5	-86	-107	-116	-116	-116	-116	-116	-116	-116	-116	-536	-1,117

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-13	2008-18
7. Extend transportation fringe benefit to bicycle commuters.....	tyba 12/31/08	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
8. Extension and modification of alternative fuel vehicle refueling property credit (sunset 12/31/10).....	[9]	-5	-15	-60	-47	-19	-13	-8	1	3	3	4	-159	-156
<b>Total of Transportation and Domestic Fuel Security Provisions .....</b>		<b>7</b>	<b>-392</b>	<b>-303</b>	<b>-195</b>	<b>-271</b>	<b>-289</b>	<b>-328</b>	<b>-369</b>	<b>-268</b>	<b>-231</b>	<b>-195</b>	<b>-1,443</b>	<b>-2,836</b>
<b>C. Energy Conservation and Efficiency Provisions</b>														
1. Qualified energy conservation bonds (\$3.0 billion allocation) [4].....	bia DOE	-2	-24	-66	-102	-119	-119	-119	-119	-119	-119	-119	-432	-1,027
2. Extension and modification of credit for energy efficiency improvements to existing homes (sunset 12/31/08).....	ppisa 12/31/07	-212	-849	---	---	---	---	---	---	---	---	---	-1,061	-1,061
3. Extension of energy efficient commercial buildings deduction (sunset 12/31/13).....	DOE	---	-113	-183	-193	-197	-201	-59	17	15	13	10	-888	-891
4. Extension and modification of energy efficient appliance credit .....	apa 12/31/07	-74	-108	-65	-36	-26	-11	-2	---	---	---	---	-320	-323
5. 10-year applicable recovery period for qualified smart electric distribution property, 150 declining balance method .....	ppisa DOE	---	-5	-18	-35	-53	-71	-90	-115	-144	-177	-213	-182	-921
6. Extend qualified green building and sustainable design project bonds (\$2 billion authority) (sunset 9/30/12).....	DOE	---	---	-1	-3	-5	-6	-6	-6	-6	-6	-6	-15	-45
<b>Total of Energy Conservation and Efficiency Provisions .....</b>		<b>-288</b>	<b>-1,099</b>	<b>-333</b>	<b>-369</b>	<b>-400</b>	<b>-408</b>	<b>-276</b>	<b>-223</b>	<b>-254</b>	<b>-289</b>	<b>-328</b>	<b>-2,898</b>	<b>-4,268</b>
<b>Total of Energy Tax Incentives .....</b>		<b>-684</b>	<b>-2,678</b>	<b>-1,679</b>	<b>-1,684</b>	<b>-1,846</b>	<b>-1,857</b>	<b>-1,573</b>	<b>-1,363</b>	<b>-1,180</b>	<b>-1,234</b>	<b>-1,291</b>	<b>-10,432</b>	<b>-17,074</b>
<b>II. One-Year Extension of Temporary Provisions</b>														
<b>A. Extensions Primarily Affecting Individuals</b>														
1. Deduction for State and local general sales taxes (sunset 12/31/08).....	tyba 12/31/07	---	-1,529	-213	---	---	---	---	---	---	---	---	-1,742	-1,742
2. Deduction for qualified tuition and related expenses (sunset 12/31/08).....	tyba 12/31/07	-174	-2,430	---	---	---	---	---	---	---	---	---	-2,603	-2,603
3. Treatment of certain dividends of regulated investment companies (sunset 12/31/08).....	[10]	-10	-61	---	---	---	---	---	---	---	---	---	-71	-71
4. Tax-free distributions from IRAs to certain public charities from age 70 1/2 or older, not to exceed \$100,000 per taxpayer per year (sunset 12/31/08).....	Da 12/31/07	-143	-150	-15	-16	-18	-18	-19	-20	-21	-22	-23	-360	-465

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-13	2008-18
5. Above-the-line deduction of up to \$250 for teacher classroom expenses (sunset 12/31/08).....	tyba 12/31/07	-3	-201	---	---	---	---	---	---	---	---	---	-204	-204
6. Extend election to include combat pay in earned income for purposes of the earned income credit (sunset 12/31/08).....	tyba 12/31/07	---	-20	---	---	---	---	---	---	---	---	---	-20	-20
7. Use of qualified mortgage bonds to finance residences for veterans without regard to first-time homebuyer requirement (sunset 12/31/08).....	bia 12/31/07	-3	-10	-16	-16	-16	-16	-16	-16	-16	-16	-16	-77	-158
8. Penalty-free withdrawals from retirement plans for individuals called to active duty (sunset 12/31/08).....	tyba 12/31/07	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
9. Estate tax look-through for certain RIC stock held by nonresidents (sunset 12/31/08).....	dda 12/31/07	----- <i>Negligible Revenue Effect</i> -----												
10. Extend the treatment of RICs as "qualified investment entities" under section 897 (FIRPTA) (sunset 12/31/08).....	1/1/08	-5	-5	---	---	---	---	---	---	---	---	---	-10	-10
11. Reinstate the exclusion from gross income for amounts received under qualified group legal services plans (sunset 12/31/08).....	tyba 12/31/07	-4	-36	---	---	---	---	---	---	---	---	---	-40	-40
<b>Total of Extensions Primarily Affecting Individuals .....</b>		<b>-342</b>	<b>-4,442</b>	<b>-244</b>	<b>-32</b>	<b>-34</b>	<b>-34</b>	<b>-35</b>	<b>-36</b>	<b>-37</b>	<b>-38</b>	<b>-39</b>	<b>-5,127</b>	<b>-5,313</b>
<b>B. Extensions Primarily Affecting Businesses</b>														
1. Tax credit for R&E expenses (sunset 12/31/08).....	apoa 12/31/07	-2,817	-2,161	-863	-729	-630	-531	-431	-268	-134	-99	-99	-7,729	-8,761
2. Indian employment tax credit (sunset 12/31/08).....	tyba 12/31/07	-21	-28	-9	-1	---	---	---	---	---	---	---	-59	-59
3. New markets tax credit (sunset 12/31/09).....	ima 12/31/08	---	-106	-168	-170	-192	-205	-202	-202	-77	[11]	7	-841	-1,315
4. 50% tax credit for certain expenditures for maintaining railroad tracks (sunset 12/31/08).....	tyba 12/31/07	-83	-83	[5]	[5]	---	---	---	---	---	---	---	-165	-165
5. 15-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant property (sunset 12/31/08).....	ppisa 12/31/07	-2,102	-2,099	-192	-181	-168	-98	-84	-154	-154	-157	-10	-4,840	-5,399
6. 7-year recovery period for certain motorsports racing track facilities (sunset 12/31/08).....	ppisa 12/31/07	-49	-12	-6	-3	[5]	-1	-1	3	7	7	7	-72	-48
7. Accelerated depreciation for business property on Indian reservations (sunset 12/31/08).....	ppisa 12/31/07	-132	-230	-85	19	63	98	80	43	5	-8	-5	-267	-152
8. Expensing of "Brownfields" environmental remediation costs (sunset 12/31/08).....	epoa 12/31/07	-227	-140	21	25	29	26	23	20	17	15	14	-267	-178

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-13	2008-18
9. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico (sunset 12/31/08).....	tyba 12/31/07	-58	-58	---	---	---	---	---	---	---	---	---	-116	-116
10. Modify tax treatment of certain payments under existing arrangements to controlling exempt organizations (sunset 12/31/08).....	proaa 12/31/07	-14	-21	[5]	---	---	---	---	---	---	---	---	-35	-35
11. Extension and modification of credit to holders of qualified zone academy bonds - allocations of bond authority (sunset 12/31/08).....	oia 12/31/07	-1	-6	-13	-19	-24	-25	-24	-23	-23	-22	-22	-88	-202
12. Tax Incentives for Investment in the District of Columbia (sunset 12/31/08).....	tyba 12/31/07	-33	-29	-6	-4	-6	-10	-13	-10	-8	-6	-4	-88	-129
13. Extension of economic development credit for American Samoa (sunset 12/31/08).....	tyba 12/31/07	-6	-10	---	---	---	---	---	---	---	---	---	-16	-16
14. Enhanced charitable deduction for contributions of food inventory (sunset 12/31/08).....	cma 12/31/07	-39	-32	---	---	---	---	---	---	---	---	---	-71	-71
15. Enhanced charitable deduction for contributions of book inventories to public schools (sunset 12/31/08).....	cma 12/31/07	-17	-14	---	---	---	---	---	---	---	---	---	-31	-31
16. Enhanced charitable deduction for qualified computer contributions (sunset 12/31/08).....	cmd tyba 12/31/07	-143	-117	---	---	---	---	---	---	---	---	---	-260	-260
17. Basis adjustment to stock of S corporations making charitable contributions of property (sunset 12/31/08).....	tyba 12/31/07	-18	-19	-2	-3	-3	-3	-3	-3	-3	-3	-2	-48	-62
18. Extension of WOTC for Hurricane Katrina employees (sunset 08/28/08).....	8/28/07	-4	-6	-3	-1	-1	[5]	[5]	---	---	---	---	-16	-16
19. Exception under subpart F for active financing income (sunset 12/31/09).....	tyba 12/31/08	---	-960	-3,010	---	---	---	---	---	---	---	---	-3,970	-3,970
20. Look-through treatment of payments between related CFCs under foreign personal holding company income rules (sunset 12/31/09).....	tyba 2008	---	-143	-468	---	---	---	---	---	---	---	---	-611	-611
21. Extension of treatment of certain qualified film and television productions (sunset 12/31/09).....	qfatpca 12/31/08	---	-8	-47	-8	20	11	6	5	4	4	3	-32	-10
<b>Total of Extensions Primarily Affecting Businesses</b> .....		<b>-5,764</b>	<b>-6,282</b>	<b>-4,851</b>	<b>-1,075</b>	<b>-912</b>	<b>-738</b>	<b>-649</b>	<b>-589</b>	<b>-366</b>	<b>-269</b>	<b>-111</b>	<b>-19,622</b>	<b>-21,606</b>
<b>C. Other Extensions</b>														
1. Authority to disclose information related to terrorist activities made permanent.....	da 12/31/07	----- <i>No Revenue Effect</i> -----												
2. Permanent authority for undercover operations...	1/1/08	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]
3. Permanent extension of disclosure authority to the Department of Veterans Affairs [12].....	10/01/08	----- <i>No Revenue Effect</i> -----												

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-13	2008-18
4. 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 (sunset 12/31/08) [6] [12].....	abiUSa 12/31/07	-76	-20	---	---	---	---	---	---	---	---	---	-96	-96
5. Extension of parity in the application of certain limits to mental health benefits (sunset 12/31/08) [12].....	bfsfo/a DOE	---	-15	-10	---	---	---	---	---	---	---	---	-25	-25
Total of Other Extensions .....		-76	-35	-10	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	-121	-121
<b>Total of One-Year Extensions of Temporary Provisions .....</b>		<b>-6,182</b>	<b>-10,759</b>	<b>-5,105</b>	<b>-1,107</b>	<b>-946</b>	<b>-772</b>	<b>-684</b>	<b>-625</b>	<b>-403</b>	<b>-307</b>	<b>-150</b>	<b>-24,870</b>	<b>-27,040</b>

### III. Additional Tax Relief

#### A. Individual Tax Relief

1. Additional standard deduction for real property taxes for nonitemizers equal to the lesser of actual property tax or \$350/\$700 in 2008.....	tyba 12/31/07	---	-1,174	---	---	---	---	---	---	---	---	---	-1,174	-1,174
2. Set refundable threshold for the child tax credit at \$8,500 (sunset 12/31/08).....	tyba 12/31/07	---	-3,129	---	---	---	---	---	---	---	---	---	-3,129	-3,129
3. Increase of AMT refundable credit amount for individuals with long-term unused credits for prior year minimum tax liability:														
a. Remove AGI limits from refundable AMT credit and change usage rate of unused credit from 20% to 50%.....	tyba 12/31/07	-408	-1,465	-262	200	276	191	120	106	99	91	84	-1,467	-966
b. Abatement of incentive stock option AMT liability, penalty, and interest.....	DOE	-75	-273	-151	-151	-136	-114	-99	-91	-84	-76	-76	-900	-1,325

#### B. Business Related Provisions

1. Uniform treatment of attorney-advanced expenses and court costs in contingency fee cases.....	tyba DOE	---	-110	-422	-341	-250	-148	-65	-67	-65	-61	-42	-1,271	-1,572
2. Modification of treatment of certain qualified film and television productions (sunset 12/31/09).....	qfatpca 12/31/07	-17	-268	-51	100	43	30	25	22	18	15	12	-163	-71
3. Modification of domestic production activities deduction for film production under section 199.....	tyba 2007	-3	-15	-25	-34	-37	-39	-42	-45	-49	-52	-56	-153	-397
C. Modification of Penalty on Understatement of Taxpayer's Liability by Tax Return Preparer...	rpa 5/25/07	---	-1	-1	-2	-2	-2	-2	-2	-3	-3	-3	-9	-22

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-13	2008-18
D. Extension and Expansion of Certain GO Zone Incentives														
1. Election to amend returns with hurricane-related casualty losses without interest for Louisiana, Mississippi, Texas, Florida, and Alabama.....	DOE	-784	-218	-20	---	---	---	---	---	---	---	---	-1,022	-1,022
2. Waiver of deadline on construction of GO Zone property eligible for bonus depreciation.....	ppisa 12/31/07	---	-92	-173	-72	-6	-1	3	6	8	10	10	-344	-308
3. Inclusion of certain counties in GO Zone for purposes of tax-exempt bond financing.....	[13]	[5]	-2	-1	---	---	---	---	---	---	---	---	-3	-3
<b>Total of Additional Tax Relief .....</b>		<b>-1,287</b>	<b>-6,747</b>	<b>-1,106</b>	<b>-300</b>	<b>-112</b>	<b>-83</b>	<b>-60</b>	<b>-71</b>	<b>-76</b>	<b>-76</b>	<b>-71</b>	<b>-9,635</b>	<b>-9,989</b>
<b>IV. Revenue Provisions</b>														
A. Modify tax Treatment of Offshore Nonqualified Deferred Compensation.....	spa 12/31/08 [14]	---	1,849	2,539	2,313	2,275	2,028	1,513	942	453	7,319	3,057	11,003	24,289
B. Delay Implementation of Worldwide Allocation of Interest expense until 2019.....	tyba 12/31/08	---	999	2,736	2,845	2,958	3,077	3,203	3,328	3,461	3,610	3,745	12,615	29,962
C. Modify Timing for Corporate Estimated Tax Payments [15].....	DOE	---	---	---	---	-9,934	31,312	-21,378	---	---	---	---	21,378	---
<b>Total of Revenue Provisions .....</b>		<b>---</b>	<b>2,848</b>	<b>5,275</b>	<b>5,158</b>	<b>-4,701</b>	<b>36,417</b>	<b>-16,662</b>	<b>4,270</b>	<b>3,914</b>	<b>10,929</b>	<b>6,802</b>	<b>44,996</b>	<b>54,251</b>
<b>NET TOTAL .....</b>		<b>-8,153</b>	<b>-17,336</b>	<b>-2,615</b>	<b>2,067</b>	<b>-7,605</b>	<b>33,705</b>	<b>-18,979</b>	<b>2,211</b>	<b>2,255</b>	<b>9,312</b>	<b>5,290</b>	<b>59</b>	<b>148</b>

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Date of enactment is assumed to be June 1, 2008.

Legend for "Effective" column:

abiUSa = articles brought into the United States after  
 apa = appliances produced after  
 apoia = amounts paid or incurred after  
 bfsfo/a = benefits for services furnished on or after  
 bia = bonds issued after  
 cma = contributions made after  
 cmd = contributions made during  
 da = disclosures after  
 Da = distributions after

dda = decedents dying after  
 DOE = date of enactment  
 ea = expenditures after  
 epoia = expenditures paid or incurred after  
 epoid = expenses paid or incurred during  
 fpsoua = fuels produced, sold, or used after  
 frap = Federal regulations are prescribed  
 ima = investments made after  
 oia = obligations issued after

pa = payments after  
 ppisa = property placed in service after  
 proaa = payments received or accrued after  
 qfatpca = qualified film and television productions commencing after  
 rpa = returns prepared after  
 spa = services performed after  
 tyba = taxable years beginning after

[Footnotes for JCX-46-08 appear on the following page]

---

**Footnotes for JCX-46-08:**

- [1] The proposal is generally effective for property originally placed in service after December 31, 2008. The repeal of the credit phaseout is effective for taxable years ending after December 31, 2008. The production credit for marine renewables is effective for electricity produced and sold after the date of enactment in taxable years ending after the date of enactment.
- [2] The provision extending the 30% credit is generally effective on the date of enactment. The CHP credit and the increase in the credit cap for fuel cells apply to periods after the date of enactment, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code (the "Code") (as in effect on the day before the enactment of the Revenue Reconciliation Act of 1990). The provision relating to the restrictions on public utility property applies to periods after February 13, 2008, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Code (as in effect on the day before the enactment of the Revenue Reconciliation Act of 1990). The allowance of the credit against the alternative minimum tax is effective for taxable years beginning after the date of enactment.
- [3] The extension and change in definition applies to transactions after December 31, 2007. The change in timing of transfer of operational control is effective as if included in the American Jobs Creation Act of 2004. The exception for property located outside the United States applies to transactions after the date of enactment.
- [4] Credit rate set at 70 percent of the credit rate that would allow bonds to be issued without discount or premium.
- [5] Loss of less than \$500,000.
- [6] Estimate is preliminary and subject to change.
- [7] Effective for claims for credit or payment made on or after May 15, 2008.
- [8] Estimate includes an increase in outlays of \$1,150 million for fiscal years 2008 through 2018.
- [9] Effective for property placed in service after the date of enactment, in taxable years ending after such date.
- [10] Effective for dividends with respect to taxable years of regulated investment companies beginning after December 31, 2007.
- [11] Gain of less than \$500,000.
- [12] Estimate provided by the Congressional Budget Office.
- [13] Effective as if included in the provisions of the Gulf Opportunity Zone Act of 2005 to which it relates.
- [14] In the case of compensation attributable to services performed on or before December 31, 2008, effective for last tax year beginning before 2018.
- [15] Reduce to 100 percent the required corporate estimated tax payments factor for corporations with assets of at least \$1 billion for payments due in July, August, and September 2012; increase by 37.75 percentage points such payments due in July, August, and September 2013.