

BUDGET.HOUSE.GOV

U.S. HOUSE OF REPRESENTATIVES  
**COMMITTEE ON THE BUDGET**

CHAIRMAN TOM PRICE, M.D.



## **Budget Digest - Week of December 14th**

### **Tax Extenders**

**What are tax extenders?** Tax “extenders” are tax laws that will expire after a certain date. Legislation that includes tax extenders generally provides for the temporary extension of a number of provisions that allow favorable tax treatment for certain activities of businesses and individuals. This week Congress will consider legislation that will convert a number of tax extenders into permanent law.

---

#### **Selected Tax “Extenders” that will be Converted to Permanent Law**

---

- Research & Experimentation tax credit (R&D credit)
- Section 179 increased business expensing limitations
- Deduction for State and local general sales taxes
- Deduction for certain expenses of elementary and secondary school teachers
- Tax-free distributions from Individual Retirement Accounts to public charities

**How do tax extenders affect the budget?** The Congressional Budget Office assumes that future tax policy will follow the law as currently written. For tax extenders, this means CBO assumes they will expire as scheduled, will not be renewed, and thus federal revenue collection will increase once the favorable tax treatment ends. According to CBO, further renewal of tax extenders would increase the deficit since the government would forego revenue associated with the tax extenders. However, tax extenders simply continue current tax provisions for future years, generally do not constitute new tax law, and are an extension of current policy. Proponents of maintaining current tax policy argue that renewing tax extenders—as Congress does every year— or making them permanent does not cause a new increase in the deficit.

**How has Congress handled tax extenders in recent history?** Bipartisan policy such as the Research & Experimentation Tax Credit (R&D tax credit) was originally enacted in 1981. It has been temporarily extended sixteen times since its inception. Similarly, the Section 179 increased business expensing limitation has been temporarily extended eleven times since its inception in 2003. Most recently in December of 2014, Congress passed legislation that extended a number of expired tax provisions through tax year 2014.

Questions? Call 202-226-7270 or email [Budget.Republicans@mail.house.gov](mailto:Budget.Republicans@mail.house.gov)