

CRS Report for Congress

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List of Temporary Tax Provisions: “Extenders” Expiring in 2005

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Summary

Several temporary tax provisions will expire this year. Often referred to as “extenders,” these provisions were originally enacted with an expiration date that may well be extended. Several have been extended numerous times in the past, sometimes after their expiration date. The extenders provide special tax treatment for certain types of activities and investment and benefit both individuals and corporations. They occur in a variety of policy areas including wage credits to support employment of certain populations; excise taxes on fuel, tires, and other commodities; energy production incentives; deductions for charitable contributions; special depreciation allowances; and many others.

A total of 35 temporary tax provisions are expiring in 2005, of which 11 are tax credits, nine are tax deductions, seven are excise taxes, and eight are other temporary provisions. All of the provisions, unless otherwise noted, expire on December 31, 2005.

This list will be updated as warranted by legislative changes.

Table 1. Expiring Tax Credits

Provision	Internal Revenue Code Section
Personal tax credits allowed against regular tax and alternative minimum tax ^a	26(a)(2)
Placed-in-service date for eligibility for tax credit for electricity production from alternative sources ^a	45(d)(1)-(7)
Work Opportunity Tax Credit ^a	51(c)(4)
Welfare-to-Work Tax Credit ^a	51A(f)
Credit for holders of qualified zone academy bonds ^a	1397E(e)(1)
Tax credit for first-time D.C. homebuyers ^a	1400C(i)
Tax credit for research and experimentation ^a	41(h)
Indian employment tax credit ^b	45A(f)
Puerto Rico economic activity tax credit	30A(h)
Puerto Rico and possessions tax credit	936 (j) (3)
Election to include combat pay as earned income for purposes of the earned income tax credit	32 (c)(2)

Note:

a. An overview of this provision is provided in CRS Report RL32367, *Temporary Tax Provisions ("Extenders") Expired in 2003*.

b. An overview of this provision is provided in CRS Report RL32439, *Temporary Tax Provisions ("Extenders") Expiring in 2004*.

Table 2. Expiring Tax Deductions

Provision	Internal Revenue Code Section
Expense deduction for elementary and secondary school teachers ^a	62(a)(2)(D)
Enhanced deduction for corporate contributions of computer equipment for educational purposes ^a	170(e)(6)(G)
Expensing of “brownfields” environmental remediation costs ^a	198(h)
Archer medical savings accounts ^a	220(i)
Suspension of income limitation on percentage depletion for oil and gas from marginal wells ^a	613A(c)(6)(H)
Accelerated depreciation for business property on an Indian reservation ^b	168(j)(8)
Increase in section 179 expensing	179(b)(1) and (2)
Above-the-line deduction for qualified tuition and related expenses	222(e)
Deduction for state and local general sales taxes ^c	164(b)(5)

Note:

a. An overview of this provision is provided in CRS Report RL32367, *Temporary Tax Provisions (“Extenders”) Expired in 2003*.

b. An overview of this provision is provided in CRS Report RL32439, *Temporary Tax Provisions (“Extenders”) Expiring in 2004*.

c. This provision is discussed in CRS Report RL32781, *Federal Deductibility of State and Local Taxes*, by Steven Maguire.

Table 3. Excise Tax Provisions

(These provisions expire September 30, 2005, except where noted.)

Provision	Internal Revenue Code Section
Leaking underground storage tank trust fund [This provision expired 03/31/05]	4081(d)(3)
Motorboat gasoline and special fuels (used to fund the aquatic resources trust fund and the land and water conservation fund) ^a	4041(a) 4081(a)(1)
Highway trust fund: — Highway gasoline, diesel fuel, kerosene, and special motor fuels ^a — Tax on retail sale of heavy highway vehicles — Tax on heavy truck tires — Annual use tax on heavy highway vehicles	4041(a) 4081 (d)(1) 4051(c) 4071(d) 4481(e)
Partially exempt methanol or ethanol fuel	4041 (m)

Note:

a. All but 4.3 cents-per-gallon is a temporary tax rate; 4.3 cents-per-gallon is permanent.

Table 4. Other Expiring Tax Provisions

Provision	Internal Revenue Code Section
Tax incentives for D.C. enterprise zone Tax-exempt D.C. empowerment zone bonds Special capital gains rate for investment in D.C. ^a	1400(f)(1) 1400A(b) 1400B(b)(2), (3)(A), and (4)(A)(i)
Temporary increase in limit on cover over of rum excise tax revenues ^a	7652(f)
Parity in the application of certain mental health benefits ^a	9812(f)
Increased Alternative Minimum Tax (AMT) exemption amount ^b	55(d)(1)
New York Liberty Zone: advance refunding of certain tax-exempt bonds ^b	1400L(e)(1)
15-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant improvements	168(e)(3)(E)(iv) and (v)

Note:

a. An overview of this provision is provided in CRS Report RL32367, *Temporary Tax Provisions (“Extenders”) Expired in 2003*.

b. An overview of this provision is provided in CRS Report RL32439, *Temporary Tax Provisions (“Extenders”) Expiring in 2004*.