Provisions in the Chairman's Modified Mark:

Expiring Provisions Improvement Reform and Efficiency (EXPIRE) Act

Modifications to the Chairman's Mark

1. 4% Credit Rate Freeze for the Low-Income Housing Tax Credit Program

The Chairman's modification establishes a 4% minimum credit rate under the Low-Income Housing Tax Credit (LIHTC) Program for the acquisition of existing housing that is not Federally subsidized. Any existing housing that is also financed with tax-exempt bonds is not eligible for the 4% minimum credit rate. The minimum credit rate applies to buildings placed in service after the date of enactment with respect to which credit allocations are made before January 1, 2016. *This provision is estimated to cost $49 million over ten years.*

2. Modification to employer wage credit for active duty members

This provision is expanded to allow all businesses regardless of size to claim the employer wage credit for active duty members. This credit is also expanded to 100% of up to $20,000 in differential pay. *This modification is estimated to cost $274 million over ten years.*

3. Extend the Work Opportunity Tax Credit (WOTC) to the Long-Term Unemployed

The modified mark would add the long-term unemployed to the list of eligible populations. An employer hiring someone who has exhausted their 26 weeks of regular unemployment benefits would be eligible for a 40 percent credit on the first 6,000 of wages paid that first year, or a maximum credit of $2,400 per employee. The modified mark would also retain WOTC for businesses employing qualified hires in Empowerment Zones as designated in the tax code as of December 31, 2013. *This modification is estimated by JCT to cost $305 million over 10 years, and the provision as a whole is estimated to cost $3.16 billion.*

4. Qualified Zone Academy Bonds (QZABs)

The modified mark would reduce the private sector charitable contributions requirement from 10 percent to 5 percent of the face amount of the QZABs issued. The modified mark would also allow issuance of QZABs for qualified zone academies in Empowerment Zones as designated in the tax code as of December 31, 2013. *This modification is estimated by JCT to cost $33 million over 10 years, and the provision as a whole is estimated to cost $284 million.*

Additions to the Chairman's Mark

1. Credit for nonbusiness energy property (Section 25C)

The modification extends for two years, through 2015, the 10 percent credit for purchases of energy efficient improvements to existing homes. Homeowners can claim up to $200 for energy efficient windows, up to $150 for an efficient furnace or boiler, and up to $300 for other improvements, including insulation. The total credit is capped at $500 per taxpayer. The modification also adjusts the qualification requirements by requiring windows, doors, and skylights to meet the most recent Energy Star requirements; by adjusting qualifications for water heaters and boilers to better reflect what is available on the market; and by allowing energy efficient roofing products to qualify. *A two year extension of this provision is estimated to cost $1.65 billion over 10 years.*

2. Section 45 and 48 renewables

Under current law, taxpayers can claim a 2.3 cent per kilowatt hour tax credit for wind and other renewable electricity produced for a 10-year period from a facility that has commenced construction by the end of 2013 (the wind production tax credit). They can also elect to take a 30 percent investment tax credit instead of the production tax credit. The modification extends these credits through December 31, 2015. *A two year extension of this provision is estimated to cost $13.35 billion over 10 years.*

3. 7-year recovery period for motorsports entertainment complexes

The amendment extends for two years, through 2015, the seven year cost recovery period for property used for land improvements and support facilities at motorsports entertainment complexes. *A two year extension of this provision is estimated to cost $71 million over 10 years.*

4. Special rules for contributions of capital gain real property made for conservation purposes

The modification extends for two years the increased contribution limits and carry-forward period for contributions of appreciated real property (including partial interests in real property) for conservation purposes. *This provision is estimated to cost $268 million over 10 years.*

5. Energy efficient commercial buildings deduction

The modification extends for two years, through 2015, the deduction for energy efficient commercial buildings. Taxpayers may deduct up to $1.80 per square foot for an efficiency improvement of at least 50 percent. The improvement can be made through efficient lighting systems, heating, cooling, ventilation, and hot water systems. The modification also updates qualifying efficiency standards to a more stringent level, and it allows tribal governments and non-profits to allocate the deduction to designers. *This provision is estimated to cost $304 million over 10 years.*

6. Special rules for certain film and television productions

The bill extends for two years, through 2015, the provision that allows film and television producers to expense the first $15 million of production costs incurred in the United States ($20 million if the costs are incurred in economically depressed areas in the United States). This modification includes in Section 181 live theatrical performances. *This provision is estimated to cost $27 million.*

7. Look-through treatment of payments between related controlled foreign corporations under the foreign personal holding company rules

This provision allows deferral for certain payments (interest, dividends, rents and royalties) between commonly controlled foreign corporations (CFC). This provision allows U.S. taxpayers to deploy capital from one CFC to another without triggering U.S. tax. The modification extends present law to the end of 2015. The proposal is effective for tax years beginning after December 31, 2013. *A two year extension of this provision is estimated to cost $2.45 billion over 10 years.*

8. Sense of the Committee to express support for comprehensive tax reform

This modification outlines certain principles of comprehensive tax reform. Any reform efforts should eliminate temporary provisions from the tax code, boost the economy through the tax code, broaden the tax base by lowering tax rates and ensure an appropriate baseline is used. The proposal also states that comprehensive tax reform will begin in the next Congress and conclude prior to the expiration of tax extenders.

Revenue Raising Additions to the Chairman's Mark

1. Extend paid preparer EIC due diligence requirements to the child tax credit

The due diligence requirements currently imposed on tax return preparers with respect to the Earned Income Tax Credit are extended to include the Child Tax Credit. A tax return preparer who does not comply with the Child Tax Credit due diligence requirements must pay a penalty of $500 for each failure. *This provision is estimated to raise $43 million over 10 years.*

2. Increase levy authority on payments to Medicare providers with delinquent tax debt

Under current law, the Internal Revenue Service (IRS) may impose a levy of up to 15 percent against Medicare service providers with tax delinquencies. This provision will permit the IRS to impose a levy of up to 100 percent on tax delinquent Medicare service providers. *This provision is estimated to raise $818 million over 10 years.*

3. Exclusion from gross income of certain clean coal power grants

The modification allows non-corporate recipients of CCPI grants and awards to exclude them from gross income and from the AMT. The taxpayer's basis in the property would be reduced to prevent the taxpayer from also claiming depreciation on the grant. Recipients must also pay an upfront interest charge of 1.18 percent of the value of the award. *This provision is estimated to raise $4 million over 10 years.*