Offsets in the Highway and Transportation Funding Act of 2015

The bill reauthorizes surface-transportation programs through December 18, 2015 and pays for them with roughly $8 billion in common-sense reforms. About $5 billion comes from provisions that would improve tax compliance and prevent people from underpaying obligations by understating their tax liabilities. About $3 billion comes from reduced spending.

1. **Require lenders to report more information on outstanding mortgages.** Current law requires lenders to provide the IRS with each borrower's name, address, and taxpayer identification number, as well as the amount of interest paid that year (including discount points). This provision would require them to include the origination date, the amount of outstanding principal, and the property's address—all of which would help reduce inaccurate reporting. *Offset estimate: $1.806 billion.*

2. **Clarify the statute of limitations on reassessing certain tax returns.** Current law gives the IRS six years to reassess taxpayers who substantially understate income (by 25 percent or more). The Supreme Court ruled that this statute does not apply in cases where taxpayers misrepresent the "basis" (or original cost) of a piece of property and, as a result, substantially understate their tax liability when they sell it. This provision would make the intent of the law clear and affirm that the six-year rule also applies in cases where any overstatement of basis results in a substantial omission of income. *Offset estimate: $1.206 billion.*

3. **Require estates to report the value of property upon the owner's death.** Many years after inheriting property, beneficiaries can overstate the original value of an inherited piece of property on their income tax returns and, as a result, understate their tax liability on profits made when they sell it. This provision would require the largest estates (i.e., only those with positive estate tax liability) to provide the IRS the value of a piece of property upon the owner's death. *Offset estimate: $1.542 billion.*

4. **Adjust tax-filing deadlines for businesses.** This provision would modify rules on tax-filing deadlines for partnerships, S corporations, and C corporations. *Offset estimate: $314 million.*

5. **Allow employers to transfer excess defined-benefit-plan assets to retiree medical accounts and group-term life insurance.** The Highway, Investment, Job Creation, and Economic Growth Act of 2012 (MAP-21) gave employers this option through the end of 2021. This provision would extend the rule through the end of 2025. *Offset estimate: $172 million*.

6. **Equalize taxes on natural-gas fuels.** Current law taxes liquefied natural gas (LNG) the same as diesel (24.3 cents per gallon) and liquefied petroleum gas (LPG) the same as gasoline (18.3 cents per gallon), even though LNG and LNP produce less energy than those fuels. This provision would uniformly impose taxes on LNG, LPG, and compressed natural gas (CNG) on an energy-equivalent basis. So it would lower taxes on LNG (to 14.1 cents per gallon) and LPG (to 13.2 cents per gallon). *Tax relief estimate: $90 million*.

7. **Extend current budget treatment of TSA fees.** Current law will treat all Transportation Security Administration fees as mandatory savings until 2024. This provision extends that accounting treatment for two more years. This provision makes no changes to TSA fees themselves, and it does **not** increase costs for passengers. But it reduces outlays by preventing the fees from being spent later. *Offset estimate: $3.160 billion*.