COMMITTEE ON
WAYS AND MEANS
CHAIRMAN KEVIN BRADY

Setting the Record Straight on the "Costs" of Tax Extenders
The "Protecting Americans From Tax Hikes Act of 2015"

- Instead of continuing Congress's charade of passing so-called "temporary" tax provisions each and every year in December, this bill finally makes them permanent. Whether extended for one year, two years, or made permanent, it's the same amount of money on a yearly basis.

- Our bill ensures accurate accounting of the tax code and delivers certainty to individuals, families and job creators.

- Most importantly, our conservative legislation prevents Washington from raising billions of dollars in new taxes on Americans for more wasteful spending.

- While Democrats falsely claim this bill comes at a "cost," Republicans have never believed that preventing a tax increase is a cost. We've always worked to stop Washington from taking more money from the hard working Americans who earned it.

- As we move forward with comprehensive tax reform next year, we will continue to take steps to stop Washington from demanding even more tax dollars for wasteful spending.

Policy Background

This bill is an important step forward on the path to fundamental tax reform. Supporting permanent tax policies promotes certainty for American businesses and families—generating economic growth and jobs. These provisions do not increase tax spending; they simply protect American families and American job creators from a tax hike.

- **Tax Cuts are Temporary, Spending is Forever:** The Congressional Budget Office (CBO) assumes that expiring tax cuts, such as tax extenders, just go away. By contrast, CBO assumes that expiring spending programs continue permanently. Under CBO rules, extending spending programs costs nothing, but stopping tax hikes by extending current tax policy has a price. Extending or making permanent tax extenders is not a new tax cut; it simply prevents a tax increase, and there is no need for Congress to offset the cost of extending current policy.

- **Honest Budgeting:** Most of the 50+ expired tax provisions addressed by the extenders bill have been extended without offset more than once. In many cases (see table below), these provisions have been extended beyond an entire budget window. The argument that extenders that are renewed without offset year after year, must be paid for if made permanent, is not honest budgeting.

Extenders Snapshot

Tax Extender	**Original Year of Enactment**	**Number of Years in Effect**
Deduction for Educator Expenses	2002	13 years
15 Year Leasehold, Restaurant, and Retail Depreciation	2004	11 years
Active Finance Exception	1998	17 years
Bonus Depreciation	2001	14 years
CFC Look-through	2006	9 years
R&D Credit	1981	34 years