

Rep. Mike Thompson
Statement for the Record
Subcommittee on Select Revenue Measures
Ways and Means Committee
Hearing on Expiring Tax Provisions
May 10, 2012

In addition to the expiring and expired tax extenders I spoke about at the Select Revenue Measure hearing on April 26, 2012, I would also like to submit this statement for the record demonstrating my support for the following tax extenders.

As the lead Democratic cosponsor of H.R. 3087, I support the extension of the seven-year recovery period for motorsports entertainment complexes. The seven-year recovery period for motorsports complexes codifies the tax treatment of motorsports facilities that has been used for years. It places motorsports facilities in the same depreciation schedule as entertainment complexes. This was the longstanding treatment of these facilities until the IRS made an administrative change and reclassified motorsports facilities. Congress remedied that mistaken reclassification by the IRS and in 2004 temporarily codified the seven-year depreciation schedule for motorsports facilities. The motorsports industry invests between \$120 million and \$150 million annually in capital projects. These projects mean jobs in our communities. According to an economic impact study commissioned by the motorsports industry, every \$10 million spent in capital expenditures results in the creation of 180 jobs. This provision should be made permanent. However, until such time that it is, it should be extended.

At the hearing, I spoke in support of the extension of important renewable energy provisions, including the production tax credit (PTC) for wind which expires at the end of 2012. Both the PTC and the Investment Tax Credit (ITC) have been effective tools to keep electricity rates low and encourage development of a wide range of proven clean energy projects, which must play a central role in America's long-term electric energy supply.

In addition to the extending the wind PTC, I also support the extension of additional renewable energy incentive provisions, including the PTC for other energy sources. It is time for Congress to pass long-term and stable energy tax policies, especially in regard to large scale energy projects which require many months lead time to finance, permit, and build. We must ensure that proven base load renewable energy producers such as geothermal, waste-to-energy, biomass and hydropower can properly finance and develop new projects, in addition to promoting renewable power like wind and solar. It is time to provide market certainty with the tax code to enhance domestic energy production, which creates high paying jobs and benefits both our energy needs and our national security interests.

Other tax extenders I support are:

- The Section 1603 Treasury Grant Program (TGP): This successful program infused critical funding into clean energy projects and attracted more than \$20 billion in direct investment from private, regional, and state sources. Without the 1603 TGP, tens of thousands of jobs in the energy sector would have been lost and our reliance on foreign energy sources would have increased rather than decreased.
- Parity for exclusion of transit benefits from income: This provision provides the same tax treatment for employer-provided transit commuting benefits as is provided for employer-provided parking benefits. This provision treats fairly the millions of Americans, especially those living in suburban settings, who commute to work via mass transit or vanpools. Allowing for an inequity between employer-provided transit and employer-provided parking benefits will force many commuters out of trains, buses, and vanpools, and back into their cars leading to increases in congestion, fuel consumption, lost production and wasted time.
- The New Markets Tax Credit: This program was created to promote new and increased investment into businesses and real estate projects located in low-income communities—which are often overlooked by the capital markets. In 2010, this tax credit of 39 percent generated \$9.5 billion in capital for projects and businesses in low-income communities.
- Extension of the Mortgage Insurance Premium Deduction: Extension of the private mortgage insurance (PMI) deduction is important to ensuring that there continue to be incentives aimed at stabilizing and strengthening the housing market, which is still recovering. PMI enables first-time and low- and moderate-income borrowers and those in high cost housing areas to purchase homes, promoting and preserving the tradition of homeownership in a safe and responsible way.

I appreciate Chairman Tiberi and Ranking Member Neal for beginning the discussion on temporary tax provisions. It is my strong belief that we must strive for more certainty in the tax code and that the temporary nature of these tax provisions undercuts their effectiveness. It is a shame that we have allowed so many tax provisions to already expire and have failed to extend ones that expire shortly. I hope that the group of provisions known as “tax extenders” will be extended until such time as we have had an opportunity to review and consider all of them.