Everyone knows that the Internal Revenue Code could use reforms to make it simpler, fairer, and more efficient. Examining temporary tax provisions is an important step in laying the groundwork for comprehensive tax reform.

I have supported a number of tax extenders that help spur economic growth and jobs. However today, rather than focus on one extender or another, I would like to urge the Committee to examine in depth and earnest the efficacy of each extender so we can prepare ourselves for the more consequential task of overall tax reform.

Today we find ourselves in a budget situation where every expenditure for mandatory and appropriated federal services receives heightened scrutiny, and the same should be true for expenditures in the tax code. The number of temporary tax provisions in the code number in the dozens. Having so many temporary provisions increases uncertainty in planning for families and for businesses, and the start-and-stop nature of temporary extensions for so many tax incentives is no way to run the largest and most advanced economy in the world.

Although we tend to look at the costs of extending these provisions one or two years at a time, the fiscal impact of extending all of these provisions is significant—in fact, according to CBO, the cost of extending all temporary provisions is $839 billion from 2013 through 2022—not including another $173 billion in associated debt service costs.

At a time when the majority seeks to slash access to health care for seniors and our poorest citizens, when we are being told that we simply cannot afford to invest in infrastructure and our schools, we need to take a hard look at our budget priorities and ensure every tax dollar, whether it’s spent through the tax code or the appropriations process, is subject to the same standard of scrutiny.

Despite the merits of examining temporary provisions in the tax code as we prepare for tax reform, this particular process initiated by the majority on the Ways and Means Committee takes a very narrow view of what provisions deserve consideration by this Committee. Along with many of my colleagues, I am disappointed that this process arbitrarily excludes a number of provisions that have proven to be effective in promoting economic growth and creating jobs. For example, Build America Bonds helped finance hundreds of critical infrastructure projects across the country, and the 48C Advanced Energy Manufacturing Credit spurred new investments in renewable and advanced energy projects.
These provisions are no less deserving of consideration by this Committee as we explore how to best ensure our tax code supports economic growth, and I would encourage the majority to engage in comprehensive, not arbitrary, oversight of our tax code.

ADDENDUM:

I have in past Congresses sponsored bipartisan legislation on two tax extenders that I believe merit further consideration by this Committee in this process:

SECTION 198 ENVIRONMENTAL REMEDIATION TAX INCENTIVE – I have supported making Section 198 of the Internal Revenue Code permanent. Brownfields are abandoned or underutilized properties that have not been developed because of the presence of, or perceived presence of, hazardous substances. Section 198 allows a taxpayer to fully deduct the costs of environmental cleanup of brownfields properties in the year the costs are incurred. This provision was adopted to help incentivize cleanup and development of contaminated sites by providing a tax benefit to developers of brownfield properties. Unfortunately, the temporary nature of this provision has meant this incentive has not been as widely used as originally anticipated. Making this provision permanent will provide more certainty to developers, which will help lead to increased redevelopment and revitalization of contaminated properties in our neighborhoods.

SECTION 181 EXPENSING FOR QUALIFIED FILM AND TELEVISION PRODUCTIONS – I have also supported making expensing for qualified film and television productions under Section 181 permanent, which is important for productions across the country as well as in my district in Los Angeles. This provision helps the film and television industry continue to be a significant contributor of growth in our economy. Section 181 was enacted to ensure film and television production remains in the United States and continues to support well-paying jobs to communities nationwide. Film and television productions were excluded from bonus depreciation legislation that covers virtually every other domestic industry, and any changes in this provision should not be considered outside the context of overall tax reform.