Appendix Table 1: Comparison of the Major Provisions of the House and Senate Tax Packages

Provision	Description	Cost (2008-2018)	Evaluation
Provisions in BOTH Tax Packages			
Property tax deduction for non-itemizers*	Creates a temporary tax deduction for property tax payments by filers who do not itemize their deductions. Senate deduction is $1,000 per couple, $500 per individual; House version is $700 per couple, $350 per individual. Senate bill would deny the deduction to taxpayers who live in jurisdictions that increase property tax rates between now and next January.	Senate version: $1.5 billion House version: $1.2 billion	*Not targeted.* Benefits all homeowners who do not itemize (and who have incomes high enough to benefit from a deduction), instead of targeting those most likely to need help. Because the assistance is spread so thin, the amounts are too small to be much help — only $150 for a couple in the 15 percent tax bracket even in the Senate version. *Senate version hurts local governments.* Senate version would effectively prevent localities from raising tax rates to help compensate for shrinking property tax revenues, which could seriously worsen localities' fiscal problems and lead to sharper cuts in schools, police, and other services. This provision also would be virtually impossible for the IRS to administer.
Increase in housing bond authority and changes to allowable uses for housing bonds	Provides state and local governments with a one-time increase in tax-exempt housing bond authority. Also allows them to use these bonds to help homeowners refinance subprime mortgages, rather than only to help homeowners take out new mortgages or to finance multi-family rental housing.	Senate version: $1.8 billion House version: $1.4 billion**	*Would help a modest number of low- and moderate-income families keep their homes.* Increased housing bond authority and increased flexibility in the use of these bonds could allow state and local governments to provide significant help to households hurt by the foreclosure crisis. Tax-exempt housing bonds are generally used to help low- and moderate-income families, and this provision could help a modest number of such families avoid foreclosure.
Other Provisions in SENATE Tax Package			
Extension of net operating loss carryback period and refunds of certain AMT and R&E credits.	Allows businesses to use 2008 and 2009 losses to obtain refunds of prior four years' tax payments (instead of two years' payments as under current law).	$7.4 billion	*Does little or nothing to help the housing sector.* Supposedly would help the housing sector by boosting the homebuilding industry, but unlikely to change builders decisions about whether to invest, retain workers, or sell houses at "firesale" prices. Could even *encourage* "firesales" by making it easier for sellers to take immediate tax write-offs for the resulting losses. *Provides an unwarranted special interest tax break.* Much of the tax benefit would go to firms that have no relation to housing. And the tax break is unlikely to help the economy — in its recent report on economic stimulus options, CBO gave this proposal the *lowest* of its three ratings for cost-effectiveness as stimulus.
Credit for purchases of foreclosed homes	Provides a $7,000 tax credit, spread over two years, to taxpayers who purchase foreclosed homes within the next year	$1.6 billion	*Unlikely to provide any help to homeowners.* Unlikely to boost overall housing demand enough to benefit homeowners by raising home values. Instead, most of the benefits would likely go to those who would have purchased homes anyway, without the tax incentive. To the degree that the credit boosts demand for foreclosed homes, beneficiaries would mostly be banks and other lenders who have repossessed homes. *Could even make problems worse.* Could have unintended adverse effects, such as boosting prices for foreclosed homes at the expense of other homes or making lenders quicker to foreclose by increasing demand for foreclosed homes. *Not well-targeted.* Not well-targeted to help communities hard-hit by foreclosures.

Provision	Description	Cost (2008-2018)	Evaluation
Extensions of tax breaks for renewable energy	Extends various expiring renewable energy and energy efficiency tax incentives for one year.	$8.3 billion	*Does not belong in this bill.* The energy tax incentives have nothing to do with preventing for foreclosures or addressing problems in the housing market. Including them in this bill was a clear attempt to circumvent the Pay-As-You-Go rules that would otherwise require them to be paid for instead of deficit financed.
Other Provisions in HOUSE Tax Package***			
First-time homebuyer credit	Provides a $7,500 interest-free loan to first-time homebuyers; beneficiaries are not required to pay back the full credit amount if they sell their homes at a loss. Credit is refundable and begins phasing out for couples with incomes above $140,000 (singles with incomes above $70,000).	$4.0 billion	*Goal of spurring housing demand probably inadvisable.* If households are encouraged to enter the housing market before the housing bubble has fully deflated, this could result in losses for both the federal government and the households themselves. *Not the best use of resources.* Credit would probably mostly help families that would have bought homes anyway. Funds would be better spent on alleviating the problems caused by the foreclosure crisis.
Low-Income Housing Tax Credit (LIHTC) reforms	Temporarily increases the amount of credits states are permitted to allocate to developers; also revises various rules governing the LIHTC.	$1.8 billion	*Would promote construction and rehabilitation of affordable housing.* Provisions would help state agencies that allocate and administer these Low-Income Housing Tax Credits to address longstanding affordable housing shortages, create opportunities for additional low-income families to live in low-poverty neighborhoods that currently lack moderately priced rental housing, and help revitalize distressed communities.
Changes to the AMT treatment of various housing-related tax benefits	Allows filers to use the LIHTC and various other housing-related tax benefits to reduce their AMT liability.	$2.1 billion	*Would increase the value of Low-Income Housing Tax Credits.* By allowing investors subject to the AMT to benefit from the LIHTC, the provision would increase the pool of potential purchasers for the credits, likely raising their prices. This would generate more funds to support affordable housing.
House-passed revenue offsets			
Capital gains basis reporting	Requires financial institutions to report the purchase price of financial assets to taxpayers and the IRS.	Saves $8.0 billion	
One-year delay in corporate tax break	Delays for one year a corporate tax cut that will allow firms to use a more favorable formula for apportioning certain tax deductions between U.S. and foreign income****	Saves $3.2 billion	

*The House-passed tax "extenders" bill also includes this measure, again estimated to cost $1.2 billion over ten years.

** The different cost estimates for the mortgage revenue bond proposals in the two bills reflect a technical scoring issue, not a substantive difference between the proposals. Both the Senate and the Ways and Means tax package change the AMT treatment of housing bonds. In the case of the Senate tax package, this change is included in the cost estimate for the housing bond provision; in the case of the Ways and Means tax package, it is instead included in the cost estimate for changing the AMT treatment of various housing-related tax benefits.

*** Estimates for the House bill are based on the House tax package as reported by the Committee on Ways and Means; estimates for the final bill are not yet available.

****The House-passed tax "extenders" bill (H.R. 6049) uses a broader version of this measure to offset extensions of various existing tax breaks and new tax incentives for renewable energy.