SUMMARY OF THE TAX EXTENDER AND DISASTER RELIEF ACT OF 2019

TITLE I – EXPIRED TAX PROVISIONS

Subtitle A, Provisions Expiring in 2018

Sec. 101. Credit for nonbusiness energy property (sec. 25C). The provision extends through 2019 the credit for purchases of nonbusiness energy property. The provision allows a credit of 10 percent of the amounts paid or incurred by the taxpayer for qualified energy improvements to the building envelope (windows, doors, skylights, and roofs) of principal residences. The provision allows credits of fixed dollar amounts ranging from $50 to $300 for energy-efficient property including furnaces, boilers, biomass stoves, heat pumps, water heaters, central air conditioners, and circulating fans. It is subject to a lifetime cap of $500.

Sec. 102. Credit for new qualified fuel cell motor vehicles (sec. 30B(b)). The provision extends through 2019 a credit for purchases of new qualified fuel cell motor vehicles. The provision allows a credit of between $4,000 and $40,000, depending on the weight of the vehicle, for the purchase of such vehicles. Other vehicles, depending on their fuel efficiency, qualify for an additional $1,000 to $4,000 credit.

Sec. 103. Credit for alternative fuel vehicle refueling property (sec. 30C). The provision extends through 2019 a credit for the installation of alternative fuel vehicle refueling property placed in service before 2020 Available for property that dispenses alternative fuels including ethanol, biodiesel, natural gas, hydrogen, and electricity, the credit is capped at $30,000 per location for business property and $1,000 for property installed at a principal residence.

Sec. 104. Credit for 2-wheeled plug-in electric vehicles (sec. 30D). The provision extends through 2019 a 10-percent credit for highway-capable, two-wheeled plug-in electric vehicles (capped at $2,500). Battery capacity within the vehicles must be greater than or equal to 2.5 kilowatt-hours.

Sec. 105. Second generation biofuel producer credit (sec. 40(b)(6)). The provision extends through 2019 a $1.01-per-gallon nonrefundable income tax credit for second generation biofuel sold at retail into the fuel tank of a buyer's vehicle, or second generation biofuel mixed with gasoline or a special fuel and sold or used as a fuel. The provision was formerly known as the "cellulosic biofuel producer credit."

Sec. 106. Biodiesel and renewable diesel incentives (secs. 40A, 6426(c), and 6427(e)). The provision extends through 2019 a $1.00-per-gallon tax credit for biodiesel and biodiesel mixtures, and the small agri-biodiesel producer credit of 10 cents per gallon. Additionally, the provision treats renewable diesel the same as biodiesel, except there is no small producer credit. The credit may be taken as an income tax credit, and the mixture credit may be taken as an excise tax payment or credit.

Sec. 107. Credits with respect to facilities producing energy from certain renewable resources (secs. 45 and 48(a)(5)). The provision extends through 2019 the production tax credit (PTC) for certain renewable sources of electricity to facilities for which construction has commenced by the end of 2019. Those renewable sources of energy are: closed-loop biomass, open-loop biomass, geothermal, landfill gas, trash, qualified hydropower, and marine and hydrokinetic renewable energy. The credit rate is adjusted for inflation and for 2017 was 2.4 cents per kilowatt hour for power produced as closed-loop biomass and geothermal facilities and 1.2 cents per kilowatt hour for power produced as open-loop biomass, small irrigation power, municipal solid waste, marine/hydrokinetic, and certain hydropower facilities. The PTC remains in place for 10 years following the establishment of the facility. Alternatively, taxpayers may elect to claim a 30-percent investment tax credit instead of the production tax credit with respect to property placed in service at a qualified facility.

Sec. 108. Production credit for Indian coal facilities (sec. 45(e)(10)). The provision extends through 2019 a credit $2 per ton production tax credit for coal produced on land owned by an Indian tribe. Adjusted for inflation, the credit was $2.423 per ton for 2017

Sec. 109. Railroad track maintenance credit (sec. 45G). The provision extends through 2019 a credit for 50 percent of qualified railroad track maintenance expenditures paid or incurred by an eligible taxpayer. Qualified railroad track maintenance expenditures are gross expenditures for maintaining railroad track (including roadbed, bridges, and related track structures) owned or leased as of January 1, 2015, by a Class II or Class III railroad. Determined by the Surface Transportation Board, a Class II railroad has annual operating revenues of less than $447,621,226 but in excess of $35,809,698, and a Class III railroad has annual operating revenues of $35,809,698 or less. The credit cannot exceed the product of $3,500 times the number of miles of railroad track owned or leased by the eligible taxpayer as of the close of the taxable year. The provision includes a "safe harbor" to provide that assignments of the credit shall be effective if made pursuant to a written agreement entered into no later than 90 days following date of enactment.

Sec. 110. Credit for energy-efficient new homes (sec. 45L). The provision provides through 2019 a tax credit for manufacturers of energy-efficient residential homes. An eligible contractor may claim a tax credit of $1,000 or $2,000 for the construction or manufacture of a new energy efficient home that meets qualifying criteria.

Sec. 111. Three-year depreciation for race horses two years old or younger (sec. 168(e)(3)(A)(i)). Through 2019, the provision assigns a 3-year recovery period for race horses two years old or younger placed in service before 2020.

Sec. 112. Special allowance for second generation biofuel plant property (sec. 168(l)). The provision provides through 2019 an additional first-year 50-percent bonus depreciation for cellulosic biofuel facilities.

Sec. 113. Energy efficient commercial buildings deduction (sec. 179D). The provision provides through 2019 a deduction for energy efficiency improvements to lighting, heating, cooling, ventilation, and hot water systems of commercial buildings. This includes a $1.80

deduction per square foot for construction on qualified property. A partial $0.60 deduction per square foot is allowed if certain subsystems meet energy standards but the entire building does not. Those subsystems are, the interior lighting systems, the heating, cooling, ventilation, and hot water systems, and the building envelope.

Sec. 114. Election to expense mine safety equipment (sec. 179E). The provision allows a taxpayer to elect to expense 50 percent of the cost of mine safety equipment in the taxable year in which the equipment is placed in service.

Sec. 115. Special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities (sec. 451(k)). Through 2019, the provision permits taxpayers to elect to recognize gain from qualifying electric transmission transactions ratably over an eight-year period beginning in the year of sale (rather than entirely in the year of sale) if the amount realized from such sale is used to purchase exempt utility property within the applicable period.

Sec. 116. Excise tax credits relating to alternative fuels (sec. 6426(d) and (e), and 6427(e)). The provision provides through 2019 a $0.50-per-gallon excise-tax credit or payment for alternative fuel and a $0.50-per-gallon credit for alternative fuel mixed with traditional fuel. The alternative fuel credit is for fuel used in a motor vehicle, motor boat, or airplane and the mixture credit is not limited to transportation.

Additionally, the provision modifies the mixture component of the credit by specifying that liquefied petroleum gas, compressed or liquefied natural gas, and compressed or liquefied gas derived from biomass, are not eligible to be included in an alternative fuel mixture.

Sec. 117. Seven-year recovery period for motorsports entertainment complexes (sec. 168(i)(15) and (e)(3)(C)(ii)). The provision assigns a 7-year recovery period for motorsport entertainment complexes placed in service before 2020. A motorsports entertainment complex is defined as a racing track facility that is permanently situated on land and that hosts one or more racing events within 36 months of its placed-in-service date.

Sec. 118. Accelerated depreciation for business property on an Indian reservation (sec. 168(j)). The provision provides through 2019 accelerated depreciation for qualified Indian reservation property placed in service on or before December 31, 2019. To qualify, property must be primarily used for business purposes within a reservation, owned by someone unrelated to previous owner, and unrelated to gaming practices. The depreciation deduction allowed also extends to the alternative minimum tax.

Sec. 119. Special expensing rules for certain film, television, and live theatrical productions (sec. 181). The special expensing provision for qualified film, television, and theatrical productions allows taxpayers through 2019 to deduct up to $15 million of the aggregate cost ($20 million for certain areas) of a qualifying film, television, or theatrical production in the year the expenditure was incurred.

Sec. 120. Indian employment tax credit (sec. 45A(f)). The Indian employment credit, extended by this provisions through 2019, provides a credit on the first $20,000 of qualified wages and qualified employee health insurance costs paid to or incurred by the employer with respect to each qualified employee who works on an Indian reservation. Generally a qualified employee is someone who is an enrolled member of an Indian tribe or the spouse of an enrolled member; who performs substantially all of the services for the employer within an Indian reservation; and whose principal place of abode is on or near the reservation in which the services are performed. The credit is equal to 20 percent of the excess of eligible employee qualified wages and health insurance costs incurred during the current year over the amount of such wages and costs incurred by the employer during 1993.

Sec. 121. Mine rescue team training credit (sec. 45N). Through 2019, the provisions allows employers to claim a credit equal to the lesser of 20 percent of the training program costs incurred, or $10,000, with respect to the training program costs of each qualified mine rescue team employee.

Sec. 122. Exclusion from gross income of discharge of qualified principal residence indebtedness (sec. 108(a)(1)(E)). The provision provides through 2019 a maximum exclusion from gross income of $2,000,000 for a discharge of qualified principal residence indebtedness. Generally, indebtedness must be the result of acquisition, construction, or substantial improvement of primary residence. The provision also modifies the exclusion to apply to qualified principal residence indebtedness that is discharged pursuant to a binding written agreement entered into before January 1, 2020.

Sec. 123. Mortgage insurance premiums treated as qualified residence interest (sec. 163(h)(3)). The provision provides for the treatment of qualified mortgage insurance premiums as interest for purposes of the mortgage interest deduction through 2019. This deduction phases out for taxpayers with adjusted gross income (AGI) over $100,000 ($50,000 if married filing separately).

Sec. 124. Above-the-line deduction for qualified tuition and related expenses (sec. 222). The provision provides through 2019 for an above-the-line deduction for qualified tuition and related expenses for higher education. The deduction is capped at $4,000 for an individual whose AGI does not exceed $65,000 ($130,000 for joint filers) or $2,000 for an individual whose AGI does not exceed $80,000 ($160,000 for joint filers).

Sec. 125. Empowerment zone tax incentives (secs. 1391(d)(1)(A)(i) and (h)(2), 1394, 1396, 1397A, and 1397B). The provision provides through 2019 tax benefits for certain businesses and employers operating in empowerment zones. There are 40 specifically designated geographic areas designated as empowerment zones. The tax benefits available include tax-exempt bond financing (sec. 1394), a Federal income tax credit for employers who hire qualifying employees (sec. 1396), accelerated depreciation deductions on qualifying equipment under section 179 (sec. 1397A), and deferral of capital gains tax on the sale of qualified assets sold and replaced (sec 1397B).

Sec. 126. American Samoa economic development credit (sec. 119). Through 2019, the American Samoa economic development credit may be claimed against U.S. corporate income tax in an amount equal to the sum of certain percentages of a domestic corporation's employee wages, employee fringe benefit expenses, and tangible property depreciation allowances for the taxable year in respect of the active conduct of a trade or business in American Samoa. The credit is available only to a domestic corporation that, among other requirements, claimed the now-expired section 936 possession tax credit with respect to American Samoa for its last taxable year beginning before January 1, 2006.

Subtitle B, Provisions Expiring in 2019

Sec. 151. Temporary reduction in medical expense deduction floor (sec. 213(f)). Before 2017, individuals could claim an itemized deduction for unreimbursed medical expenses, to the extent that such expenses exceeded 10 percent of AGI. The provision extends a lower threshold of 7.5 percent, originally enacted for 2017 and 2018, through 2019.

Sec. 152. Extension of oil spill liability trust fund rate (sec. 4611(f)(2)). An excise tax of $0.09 per barrel is imposed on crude oil received at a refinery and petroleum products entered into the United States and deposited into the Oil Spill Liability Trust Fund. Having expired at the end of 2018, the provision reinstates the excise tax beginning on the first day of the first calendar month beginning after the date of enactment.

Sec. 153. Black lung liability trust fund excise tax (sec. 4121(e)(2)(A)). Through 2018 the rate of tax on coal was $1.10 per ton for coal from underground mines and $0.55 per ton for coal from surface mines, each up to 4.4 percent of the sale price. After 2018 the rates declined to $0.55 per ton for coal from underground mines and $0.25 per ton for coal from surface mines, each up to 2 percent of the sale price. The provision would reinstate the higher rates on coal through 2019, effective the first day of the first month beginning after date of enactment.

TITLE II – DISASTER TAX RELIEF

The bill provides disaster tax relief benefits to individuals and businesses affected by major disasters occurring in 2018.

These benefits include special rules allowing access to retirement funds, a special credit for employee retention during business interruption, suspension of limits on deductions for certain charitable contributions, special rules for deductions for disaster-related personal casualty losses, and special rules for measurement of earned income for purposes of qualification for tax credits.