



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 1, 2014

H.R. 4457
America's Small Business Tax Relief Act of 2014

As ordered reported by the House Committee on Ways and Means on April 29, 2014

H.R. 4457 would amend section 179 of the Internal Revenue Code, which mostly affects small- to medium-sized businesses, to retroactively and permanently extend from January 1, 2014, increased limitations on the amount of investment that can be immediately deducted from taxable income. H.R. 4457 also indexes the limitations for inflation and expands the definition of property that qualifies for that immediate deduction.

Permanently extending to \$500,000 the annual cost of property eligible for expensing under section 179, expanding the qualifying property eligible under section 179, and indexing the amounts for inflation, would allow firms to deduct immediately from their taxable income the full costs of up to \$500,000 in investment of certain equipment from their taxable income, instead of spreading the costs out over time. The benefit of the immediate expensing phases out if total qualifying investment exceeds \$2 million, indexed for inflation.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 4457 would reduce revenues, thus increasing federal deficits, by about \$73 billion over the 2014-2024 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. Enacting H.R. 4457 would result in revenue losses in each year beginning in 2014. The estimated increases in the deficit are shown in the following table.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Logan Timmerhoff. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.

CBO Estimate of Pay-As-You-Go Effects for H.R. 4457, as ordered reported by the House Committee on Ways and Means on April 29, 2014

	By Fiscal Year, in Millions of Dollars												
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014- 2019	2014- 2024
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Effects	1,812	18,216	10,140	8,579	7,145	5,738	4,819	4,322	3,746	3,971	4,646	51,630	73,135

Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to totals because of rounding.
