



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 5, 2014

H.R. 4718

A bill to amend the Internal Revenue Code of 1986 to modify and make permanent bonus depreciation

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

H.R. 4718 would amend the Internal Revenue Code to permanently provide an additional first-year depreciation deduction of 50 percent of the adjusted basis of qualified property, effective January 1, 2014. Under current law that additional deduction expired after December 31, 2013. H.R. 4718 would also expand the definition of qualified property to include certain retail improvement property and certain trees and vines bearing nuts or fruits. It would also expand and make permanent recently expired provisions that allowed corporations to claim additional credits against the alternative minimum tax instead of claiming the additional first-year depreciation deduction.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 4718 would reduce revenues, thus increasing federal budget deficits, by about \$287 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. 4718 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. 4718, as ordered reported by the House Committee on Ways and Means on May 29, 2014

By Fiscal Year, in Millions of Dollars

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014- 2019	2014- 2024
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NET INCREASE IN THE DEFICIT

Statutory Pay-As-You-Go Effects	11,194	83,353	46,557	39,831	31,569	20,252	12,579	10,058	10,016	10,698	11,305	232,756	287,413
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Source: Staff of the Joint Committee on Taxation.

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