CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 5, 2015

H.R. 636
America's Small Business Tax Relief Act of 2015

As ordered reported by the House Committee on Ways and Means on February 4, 2015

H.R. 636 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, 2015, increased limitations on the amount of investment that can be immediately deducted from taxable income. H.R. 636 also would index the limitations for inflation and expand the definition of property that qualifies for that immediate deduction.

Specifically, the legislation would permanently extend to $500,000 (indexed for inflation) the annual cost of property eligible for expensing under section 179. That change would allow firms to deduct immediately from their taxable income larger amounts of investment instead of spreading those deductions out over time. The benefit of the immediate expensing would phase out for total qualifying investment in excess of $2 million, indexed for inflation.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 636 would reduce revenues, thus increasing federal deficits, by about $77 billion over the 2015-2025 period. The estimated budgetary effects of H.R. 636 are shown in the following table.

	By Fiscal Year, in Millions of Dollars												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
CHANGES IN REVENUES													
Estimated Revenues	-8,340	-14,400	-10,846	-8,661	-6,901	-5,537	-4,817	-4,090	-4,071	-4,648	-4,787	-54,684	-77,097

Source: Staff of the Joint Committee on Taxation.

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

Although enacting H.R. 636 would affect revenues, the provisions of the Statutory Pay-As-You-Go Act of 2010 do not apply to the legislation because it includes a provision that would direct the Office of Management and Budget to exclude the estimated changes in revenues from the scorecards used to enforce the pay-as-you-go rules.

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 Nathaniel Frentz. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.