

INCOME TAX EXPENDITURES RANKED BY TOTAL FISCAL YEAR 2013-2017 PROJECTED REVENUE EFFECT

(in millions of dollars)			
Provision		2013	2013-17
132	Exclusion of employer contributions for medical insurance premiums and medical care	180,580	1,012,320
59	Deductibility of mortgage interest on owner-occupied homes	100,910	606,420
150	401 (k)-type plans	72,740	428,760
78	Accelerated depreciation of machinery and equipment (normal tax method)	33,180	374,640
63	Exclusion of net imputed rental income	51,080	337,380
72	Capital gains (except agriculture, timber, iron ore, and coal)	62,040	321,470
149	Employer plans	52,330	298,040
172	Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	46,260	295,050
126	Deductibility of charitable contributions, other than education and health	39,770	238,720
170	Exclusion of interest on public purpose State and local bonds	36,210	227,500
5	Deferral of income from controlled foreign corporations (normal tax method)	41,810	216,020
74	Step-up basis of capital gains at death	23,860	182,210
62	Capital gains exclusion on home sales	23,440	171,110
163	Social Security benefits for retired workers	25,620	149,280
52	Exclusion of interest on life insurance savings	25,150	140,630
60	Deductibility of State and local property tax on owner-occupied homes	22,320	140,630
153	Self-Employed plans	19,580	112,200
151	Individual Retirement Accounts	19,650	100,080
64	Exception from passive loss rules for \$25,000 of rental loss	15,380	99,810
82	Deduction for US production activities	14,500	81,080
1	Exclusion of benefits and allowances to armed forces personnel	14,900	68,980
135	Deductibility of medical expenses	9,910	63,170
122	Exclusion of employee meals and lodging (other than military)	10,290	53,240
123	Child credit	18,390	53,130
164	Social Security benefits for disabled workers	8,230	45,110
145	Exclusion of workers' compensation benefits	7,790	42,970
65	Credit for low-income housing investments	7,380	39,300
133	Self-employed medical insurance premiums	5,970	37,760
7	Expensing of research and experimentation expenditures (normal tax method)	5,070	33,270
2	Exclusion of income earned abroad by U.S. citizens	5,800	32,160
166	Exclusion of veterans death benefits and disability compensation	5,650	31,210
111	Deductibility of charitable contributions (education)	4,610	27,470
100	Lifetime Learning tax credit	3,920	27,210
139	Deductibility of charitable contributions (health)	4,490	26,970
136	Exclusion of interest on hospital construction bonds	4,280	26,890
99	HOPE tax credit	580	23,710
4	Inventory property sales source rules exception	3,730	22,140
71	Treatment of qualified dividends	21,900	21,900
165	Social Security benefits for spouses, dependents and survivors	3,890	20,190
80	Graduated corporation income tax rate (normal tax method)	3,300	18,670
107	Exclusion of interest on bonds for private nonprofit educational facilities	2,900	18,230
85	Exclusion of reimbursed employee parking expenses	3,290	17,970
98	Exclusion of scholarship and fellowship income (normal tax method)	3,290	17,690
162	Earned income tax credit	3,155	17,162
159	Additional deduction for the elderly	2,780	16,600
75	Carryover basis of capital gains on gifts	2,070	16,440
8	Credit for increasing research activities	4,230	14,190
101	Lifetime Learning tax credit	13,710	13,710
110	Parental personal exemption for students age 19 or over	2,800	13,410
16	Energy investment credit	1,510	12,210
134	Medical Savings Accounts / Health Savings Accounts	2,070	11,820
138	Credit for employee health insurance expenses of small business.	1,750	11,680
154	Premiums on group term life insurance	2,120	11,020
105	Qualified Tuition Programs	1,890	10,390
15	New technology credit	1,900	9,330
57	Exclusion of interest on owner-occupied mortgage subsidy bonds	1,460	9,170
157	Special ESOP rules	1,700	9,100
118	Employer provided child care exclusion	1,580	8,970
140	Tax credit for orphan drug research	1,120	8,520
58	Exclusion of interest on rental housing bonds	1,240	7,790
61	Deferral of income from installment sales	1,350	7,300
124	Credit for child and dependent care expenses	1,620	7,040
10	Excess of percentage over cost depletion, fuels	1,260	6,860
168	Exclusion of GI bill benefits	1,190	6,710
173	Deferral of interest on U.S. savings bonds	1,250	6,650
3	Exclusion of certain allowances for Federal employees abroad	1,120	6,210
51	Exemption of credit union income	1,160	6,130
90	Exclusion of interest for airport, dock, and similar bonds	970	6,130
79	Expensing of certain small investments (normal tax method)	940	6,040
152	Low and moderate income savers credit	1,130	5,510
103	Deductibility of student-loan interest	900	5,130
31	30% credit for residential purchases/installations of solar and fuel cells	1,030	5,000
128	Exclusion of parsonage allowances	770	4,520
47	Capital gains treatment of certain income	830	4,310
93	New markets tax credit	930	4,280
106	Exclusion of interest on student-loan bonds	660	4,130
146	Exclusion of public assistance benefits (normal tax method)	750	4,010
73	Capital gains exclusion of small corporation stock	280	3,850
56	Exclusion of interest spread of financial institutions	600	3,730
37	Exclusion of interest on bonds for water, sewage, and hazardous waste facilities	580	3,640
66	Accelerated depreciation on rental housing (normal tax method)	90	3,480
120	Assistance for adopted foster children	560	3,230
40	Tax incentives for preservation of historic structures	570	3,170
86	Exclusion for employer-provided transit passes	560	3,170
141	Special Blue Cross/Blue Shield deduction	590	3,130
36	Excess of percentage over cost depletion, nonfuel minerals	590	3,040
97	Tribal Economic Development Bonds	480	3,040
9	Expensing of exploration and development costs, fuels	790	2,950
115	Qualified school construction bonds	580	2,530
92	Empowerment zones, Enterprise communities, and Renewal communities	460	2,330
143	Distributions from retirement plans for premiums for health and long-term care insurance	360	2,200
19	Tax credit and deduction for clean-fuel burning vehicles	180	2,110
81	Exclusion of interest on small issue bonds	340	2,110
127	Exclusion of certain foster care payments	400	1,980
161	Deductibility of casualty losses	350	1,980
167	Exclusion of veterans pensions	340	1,960
155	Premiums on accident and disability insurance	360	1,830
23	Credit for investment in clean coal facilities	410	1,710
39	Expensing of multiperiod timber growing costs	280	1,520
144	Exclusion of railroad retirement system benefits	290	1,260
116	Work opportunity tax credit	620	1,190
54	Tax exemption of certain insurance companies owned by tax-exempt organizations	210	1,080
20	Exclusion of utility conservation subsidies	210	1,020
88	Exclusion of interest on bonds for Financing of Highway Projects and rail-truck transfer facilities	230	1,000
45	Expensing of certain multiperiod production costs	170	900
42	Industrial CO2 capture and sequestration tax credit	60	840

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121	Adoption credit and exclusion	380	730
33	Advanced Energy Property Credit	380	700
108	Credit for holders of zone academy bonds	180	700
44	Expensing of certain capital outlays	110	660
148	Exclusion of military disability pensions	130	660
91	Exemption of certain mutuals' and cooperatives' income	120	620
26	Amortize all geological and geophysical expenditures over 2 years	160	480
48	Income averaging for farmers	90	480
102	Education Individual Retirement Accounts	80	480
30	Credit for energy efficient appliances	140	460
25	Natural gas distribution pipelines treated as 15-year property	90	440
13	Capital gains treatment of royalties on coal	80	430
38	Capital gains treatment of certain timber income	80	430
50	Expensing of reforestation expenditures	80	430
35	Expensing of exploration and development costs, nonfuel minerals	70	420
21	Credit for holding clean renewable energy bonds	70	350
76	Ordinary income treatment of loss from small business corporation stock sale	60	300
156	Income of trusts to finance supplementary unemployment benefits	40	300
67	Discharge of mortgage indebtedness	250	250
70	Exceptions from imputed interest rules	50	250
95	Credit to holders of Gulf Tax Credit Bonds	50	240
158	Additional deduction for the blind	40	240
17	Alcohol fuel credits	110	210
27	Allowance of deduction for certain energy efficient commercial building property	100	210
14	Exclusion of interest on energy facility bonds	30	200
53	Special alternative tax on small property and casualty insurance companies	40	200
147	Exclusion of special benefits for disabled coal miners	40	200
83	Special rules for certain film and TV production	80	160
87	Tax credit for certain expenditures for maintaining railroad tracks	80	160
32	Qualified energy conservation bonds	30	150
55	Small life insurance company deduction	30	150
169	Exclusion of interest on veterans housing bonds	20	140
12	Exception from passive loss limitation for working interests in oil and gas properties	30	130
109	Exclusion of interest on savings bonds redeemed to finance educational expenses	20	130
43	Deduction for endangered species recovery expenditures	20	120
46	Treatment of loans forgiven for solvent farmers	20	100
49	Deferral of gain on sale of farm refiners	20	100
84	Deferral of tax on shipping companies	20	100
89	Investment credit for rehabilitation of structures (other than historic)	20	100
114	Discharge of student loan indebtedness	20	100
125	Credit for disabled access expenditures	20	100
34	Advanced nuclear power production credit	0	80
28	Credit for construction of new energy efficient homes	20	70
41	Exclusion of gain or loss on sale or exchange of certain brownfield sites	30	40
112	Exclusion of employer-provided educational assistance	40	40
160	Tax credit for the elderly and disabled	10	40
11	Alternative fuel production credit	10	10
142	Tax credit for health insurance purchased by certain displaced and retired individuals	10	10
6	Deferred taxes for financial firms on certain income earned overseas	0	0
18	Bio-Diesel and small agri-biodiesel producer tax credits	0	0
29	Credit for energy efficiency improvements to existing homes	0	0
96	Recovery Zone Bonds	0	0
104	Deduction for higher education expenses	0	0
113	Special deduction for teacher expenses	0	0
117	Welfare-to-work tax credit	0	0
119	Employer-provided child care credit	0	0
129	Employee retention credit for employers affected by Hurricane Katrina, Rita, and Wilma	0	0
130	Exclusion for benefits provided to volunteer EMS and firefighters	0	0
131	Making work pay tax credit	0	0
171	Build America Bonds	0	0
94	Expensing of environmental remediation costs	-170	-730
22	Deferral of gain from dispositions of transmission property to implement FERC restructuring policy	-180	-820
69	Cancellation of indebtedness	-20	-1,100
24	Temporary 50% expensing for equipment used in the refining of liquid fuels	530	-3,020
67	Credit for homebuyer	-1,150	-3,140
137	Refundable Premium Assistance Tax Credit	0	-10,510
77	Accelerated depreciation of buildings other than rental housing (normal tax method)	-7,370	-35,790

Source: Office of Management and Budget, Budget of the United States Government Fiscal Year 2012, Analytical Perspectives, Table 17-3.
Available at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/teb2013.xls>