



## H.R. 644—America Gives More Act of 2015 (Reed, R-NY)

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**FLOOR SCHEDULE:** [H.R. 644](#) IS EXPECTED TO BE CONSIDERED ON THE HOUSE FLOOR ON THURSDAY, FEBRUARY 12, 2015, UNDER A [CLOSED RULE](#). THE RULE COMBINES FOUR BILLS REPORTED BY THE WAYS AND MEANS COMMITTEE INTO A RULES COMMITTEE PRINT THAT WILL BE CONSIDERED ON THE HOUSE FLOOR.

**TOPLINE SUMMARY:** The bill would make permanent and expand provisions of the tax code that are meant to encourage charitable giving.

### **CONSERVATIVE CONCERNS:**

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

**DETAILED SUMMARY AND ANALYSIS:** H.R. 644 as under consideration on the floor contains a package of four bills passed by the Ways and Means Committee including H.R. 644, H.R. 637, H.R. 641, and H.R. 640.

The legislation would make permanent:

- an extension and expansion of charitable deduction for contributions of food inventory by businesses (H.R. 644).
- certain tax-free distributions from Individual Retirement Accounts (IRAs) for charitable purposes (H.R. 637).
- deductions for contributions of conservation easements (H.R. 641).
- a flat one-percent excise tax on investment income of private foundations (H.R. 640).

On July 17, 2014, the House passed similar legislation ([H.R. 4719, the America Gives More Act of 2014](#)), by a [277 – 130](#) vote.

On December 3, 2014, the House passed [H.R. 5771, the Tax Increase Prevention Act](#), by a [378 – 46](#) vote. H.R. 5771 was subsequently signed into law. This “tax extenders” bill temporarily extended a number of expired tax provisions. H.R. 5771 extended enhanced charitable deduction for contributions of food, the tax free distributions from IRAs for charitable purposes, and the enhanced deduction for conservation contributions through tax year 2014.

**COMMITTEE ACTION:** H.R. 644 was introduced on February 2, 2015, as the Fighting Hunger Incentive Act of 2015 and referred to the House Ways and Means Committee. On February 4, 2015, Committee [marked up and](#)

**COST:** The Joint Committee on Taxation (JCT) has not issued a score on the combined bill under consideration. However, based upon prior JCT scores of [H.R. 644](#), [H.R. 637](#), [H.R. 641](#), and [H.R. 640](#), H.R. 644 would reduce revenues by \$14.254 billion over the 2015- 2025 period.

In addition, H.R. 644 includes a provision to waive statutory pay-as-you-go requirements.

[reported](#) the bill by a 22 – 14 vote. The other bills in the Rules Committee Print were also marked up and reported at this hearing.

**ADMINISTRATION POSITION:** According to the [statement of administration policy](#), “ If the President were presented with H.R. 644 , his senior advisors would recommend that he veto the bill,” because the bill would “make these tax cuts permanent without offsets when key tax credit improvements benefiting 16 million working families with children are scheduled to expire.”

**CONSTITUTIONAL AUTHORITY:** “Congress has the power to enact this legislation pursuant to the following: Clause 1 of Section 8 of Article I of the United States Constitution and Amendment XVI of the United States Constitution.”

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**NOTE:** *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

# H.R. 636—America’s Small Business Tax Relief Act of 2015 (Tiberi, R-OH)

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**FLOOR SCHEDULE:** [H.R. 636](#) IS EXPECTED TO BE CONSIDERED ON THE HOUSE FLOOR ON FRIDAY, FEBRUARY 13, 2015, UNDER A [CLOSED RULE](#). THE RULE COMBINES THREE BILLS REPORTED BY THE WAYS AND MEANS COMMITTEE INTO A RULES COMMITTEE PRINT THAT WILL BE CONSIDERED ON THE HOUSE FLOOR.

**TOPLINE SUMMARY:** The bill would make permanent and index for inflation the \$500,000 level of Section 179 enhanced small business expensing, which expired at the end of 2014. The bill also would make permanent provisions to reduce tax burdens on S corporations.

## CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

**DETAILED SUMMARY AND ANALYSIS:** H.R. 636 as under consideration on the floor contains a package of three bills passed by the Ways and Means Committee including H.R 636, H.R. 629, and H.R. 630.

The bill would make permanent and index for inflation the higher, \$500,000 level of Section 179 enhanced small business expensing (H.R 636). Section 179 of the tax code allows taxpayers to immediately deduct certain expenses such as investments in equipment, property, and computer software, instead of deducting them over the longer recovery period. Making this provision permanent will be helpful to cyclical businesses, such as farms, by allowing them to invest in property and equipment when there is high cash flow. It would provide small businesses with the certainty to make investments to build their businesses and create jobs.

Since 2003, a temporary, increased expensing provision under Section 179 has been available to taxpayers in various amounts, with the expensing limitation set at \$500,000 (with a phase-out threshold at \$2 million) from 2010 through 2014. Since those increased expensing parameters expired at the end of 2014, the current threshold for 2015 allows small businesses to immediately expense only \$25,000 (with a phase-out threshold at \$200,000). The bill would permanently set that level at \$500,000 (with a phase-out threshold at \$2 million), indexed for inflation.

The bill would make permanent the five-year the period for which an S corporation must hold its assets following conversion from a C corporation to avoid the tax on built-in gains (H.R. 629).

The bill would make permanent the provision allowing S corporation shareholders to reduce the basis of their shares by the adjusted basis of charitable contributions (H.R. 630).

**COST:** The Joint Committee on Taxation (JCT) has not issued a report on the bill as under consideration. However, based upon prior JCT scores of [H.R 636](#), [H.R. 629](#), and [H.R. 630](#), the bill under consideration would reduce revenues by \$79.217 billion over the 2015 – 2025 period.

In addition, H.R. 636 includes a provision to waive statutory pay-as-you-go requirements.

On June 12, 2014, the House passed similar legislation ([H.R. 4457, the America’s Small Business Tax Relief Act of 2014](#)), by a [272 – 144](#) vote.

On December 3, 2014, the House passed [H.R. 5771, the Tax Increase Prevention Act](#), by a [378 – 46](#) vote. H.R. 5771 was subsequently signed into law. This “tax extenders” bill temporarily extended a number of expired tax provisions. H.R. 5771 extended the increased Section 179 limitations for property placed into service in 2014.

**COMMITTEE ACTION:** H.R. 636 was introduced on February 2, 2015, and referred to the House Ways and Means Committee. On February 4, 2015, Committee [marked up and reported](#) the bill by a 24 – 14 vote. The other bills in the Rules Committee Print were also marked up and reported at this hearing.

**ADMINISTRATION POSITION:** According to the [statement of administration policy](#), “if the President were presented with H.R. 636, his senior advisors would recommend that he veto the bill,” because “making permanent expanded expensing for small businesses and tax breaks for S-corporations without offsets, H.R. 636 would add \$79 billion to the deficit over the next ten years.”

**CONSTITUTIONAL AUTHORITY:** “Congress has the power to enact this legislation pursuant to the following: Article 1, Section 7 which provides that “All bills for raising Revenue shall originate in the House of Representatives.”

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