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## A big push for the other tax breaks

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Dozens of tax breaks designed to help a wide variety of interests -- students, teachers, energy companies and lots of others -- are due to expire at the end of the year, and most of them have been tacked on to the White House-Republican tax-cut deal to help it get through Congress.

The Senate is scheduled to take its first test vote on the package Monday, and now that the package has ballooned to include these breaks, it's expected to pass.

Inclusion of the breaks is either traditional Washington capitulation to special interests or vital help for industries and consumers who badly need it -- depending on one's point of view.

"People who benefit from these smaller items put on a big push. It's worth a lot of money to them, and they can hire the lobbyists to help. There's really nobody on the other side arguing against this," said Roberton Williams, a senior fellow at the Tax Policy Center, a nonpartisan research group.

Tom Buis, the chief executive officer of Growth Energy, which promotes ethanol and got incentives in the bill, had a different take: "In a weak economy, you just can't cut off tax programs without creating havoc out there."

Most of the smaller measures weren't included in the original "framework" that President Barack Obama and Republican congressional leaders announced last week, which led many senators and House members to protest.

"Any compromise reached must have important [Gulf Coast] zone tax-credit extensions that are so desperately needed in Louisiana," said Sen. Mary Landrieu, D-La.

On Thursday, 17 senators, led by Sen. Dianne Feinstein, D-Calif., wrote a letter saying they'd find it "difficult" to support the tax deal unless it continued a program, also due to expire Dec. 31, that allows renewable energy companies to continue using certain existing tax credits.

The energy program and some help for the Gulf were added when the package expanded. It was unclear how many votes the expansion gained for the overall bill, but Senate leaders are confident that it will pass fairly easily. A Landrieu spokesman said she appreciated the Gulf provisions but that she remained concerned about the overall package, and Feinstein is still undecided about the bill.

The bill also now extends dozens of other expiring provisions, usually for a year or two. Among them: help for elementary and secondary schoolteacher expenses, those who employ people who work on or near Indian reservations, domestic film and television producers, economically depressed areas of Washington, D.C., and areas devastated by 2005's Hurricane Katrina.

Over the years, it's become popular in Congress to pass such tax cuts on a "temporary" rather

than permanent basis. That helps to mask their long-term cost, and it helps politicians show constituents -- and special interests -- that they can make the system work.

“Both Democrats and Republicans like this. They can say they're tax cutters, not big spenders,” said Chris Edwards, the director of tax policy at Washington's Cato Institute, a libertarian research group. “But no economist thinks these temporary fixes are good policy.”

Those who stand to gain argue otherwise, saying that such breaks not only should be extended but also that many should be made permanent.

“It's extremely hard for businesses to operate in this environment of uncertainty,” said Caroline Harris, the chief tax counsel at the U.S. Chamber of Commerce.

Pressure could build in the months ahead to curb the breaks. The National Commission on Fiscal Responsibility and Reform got bipartisan support for a report released this month that included a recommendation that virtually all tax expenditures be eliminated.

Among the education breaks:

- Allowing employers to offer up to \$5,250 in college tuition assistance to employees annually.
- Expanding Coverdell Education Savings Accounts, to which lower- and middle-income taxpayers may make up to \$2,000 in tax-free annual contributions.
- Providing a \$2,500 tax credit per student for those who make less than \$80,000 a year, or \$160,000 for joint filers.

In the energy field, key breaks include one-year extensions of the Volumetric Ethanol Excise Tax Credit, first enacted in 2004, and a tariff on foreign ethanol producers. The breaks provide refiners -- mainly oil companies -- with an incentive to blend ethanol with gasoline to ensure market access.