

Table 19-3. INCOME TAX EXPENDITURES RANKED BY TOTAL FISCAL YEAR 2010–2014 PROJECTED REVENUE EFFECT
(In millions of dollars)

Provision	2010	2010–14
126 Exclusion of employer contributions for medical insurance premiums and medical care	155,050	923,740
58 Deductibility of mortgage interest on owner-occupied homes	107,980	646,080
142 401(k) plans	53,000	343,000
120 Deductibility of charitable contributions, other than education and health	46,980	273,990
164 Deductibility of nonbusiness State and local taxes other than on owner-occupied homes	30,290	268,110
61 Capital gains exclusion on home sales	30,460	234,700
141 Employer plans	44,370	214,240
5 Deferral of income from controlled foreign corporations (normal tax method)	32,720	169,140
72 Step-up basis of capital gains at death	20,830	148,510
51 Exclusion of interest on life insurance savings	24,450	148,490
163 Exclusion of interest on public purpose State and local bonds	25,730	145,680
70 Capital gains (except agriculture, timber, and coal)	28,920	135,400
59 Deductibility of State and local property tax on owner-occupied homes	14,980	134,570
156 Social Security benefits for retired workers	19,330	113,980
80 Deduction for U.S. production activities	14,140	87,960
145 Keogh plans	14,000	87,000
143 Individual Retirement Accounts	13,500	79,000
117 Child credit	27,032	76,054
129 Deductibility of medical expenses	10,760	74,160
65 Accelerated depreciation on rental housing (normal tax method)	10,770	71,860
1 Exclusion of benefits and allowances to Armed Forces personnel	10,210	54,590
63 Exception from passive loss rules for \$25,000 of rental loss	9,160	49,690
154 Earned income tax credit	6,130	38,980
127 Self-employed medical insurance premiums	6,020	37,540
157 Social Security benefits for disabled	5,840	33,050
137 Exclusion of workers' compensation benefits	6,010	31,020
131 Deductibility of charitable contributions (health)	5,300	30,900
2 Exclusion of income earned abroad by U.S. citizens	5,590	30,880
106 Deductibility of charitable contributions (education)	5,270	30,660
6 Deferred taxes for financial firms on certain income earned overseas	5,770	29,850
64 Credit for low-income housing investments	4,340	27,640
7 Expensing of research and experimentation expenditures (normal tax method)	3,500	27,400
76 Accelerated depreciation of machinery and equipment (normal tax method)	-3,820	27,070
95 HOPE tax credit	3,890	24,560
159 Exclusion of veterans death benefits and disability compensation	4,140	24,420
158 Social Security benefits for dependents and survivors	3,280	17,980
130 Exclusion of interest on hospital construction bonds	3,070	17,300
8 Credit for increasing research activities	5,880	17,230
83 Exclusion of reimbursed employee parking expenses	3,120	16,940
96 Lifetime Learning tax credit	2,510	15,730
78 Graduated corporation income tax rate (normal tax method)	2,880	15,700
4 Inventory property sales source rules exception	2,640	15,600
151 Additional deduction for the elderly	1,940	15,000
62 Exclusion of net imputed rental income	-2,200	13,820
105 Parental personal exemption for students age 19 or over	1,660	12,900
146 Premiums on group term life insurance	2,320	12,260
94 Exclusion of scholarship and fellowship income (normal tax method)	2,160	11,730
128 Medical Savings Accounts / Health Savings Accounts	2,030	11,220
102 Exclusion of interest on bonds for private nonprofit educational facilities	1,960	11,040
149 Special ESOP rules	1,800	10,600
100 State prepaid tuition plans	1,480	9,250
118 Credit for child and dependent care expenses	2,070	8,820
60 Deferral of income from installment sales	1,370	8,280
9 Expensing of exploration and development costs, fuels	2,390	8,020
112 Employer provided child care exclusion	1,480	7,840
165 Deferral of interest on U.S. savings bonds	1,330	7,170
73 Carryover basis of capital gains on gifts	710	6,950
10 Excess of percentage over cost depletion, fuels	1,350	6,890
50 Exemption of credit union income	1,230	6,650
47 Capital gains treatment of certain income	1,390	6,480
116 Exclusion of employee meals and lodging (other than military)	1,060	5,870
56 Exclusion of interest on owner-occupied mortgage subsidy bonds	1,030	5,810
15 New technology credit	1,180	5,770
98 Deductibility of student-loan interest	1,270	5,430

Table 19-3. INCOME TAX EXPENDITURES RANKED BY TOTAL FISCAL YEAR 2010–2014 PROJECTED REVENUE EFFECT—Continued
(In millions of dollars)

Provision	2010	2010–14
3 Exclusion of certain allowances for Federal employees abroad	970	5,360
57 Exclusion of interest on rental housing bonds	930	5,200
144 Low and moderate income savers credit	1,050	4,970
88 Exclusion of interest for airport, dock, and similar bonds	850	4,830
35 Excess of percentage over cost depletion, nonfuel minerals	770	4,080
24 Temporary 50% expensing for equipment used in the refining of liquid fuels	890	3,920
91 New markets tax credit	1,050	3,660
153 Deductibility of casualty losses	620	3,640
122 Exclusion of parsonage allowances	620	3,510
138 Exclusion of public assistance benefits (normal tax method)	620	3,480
133 Special Blue Cross/Blue Shield deduction	650	3,350
84 Exclusion for employer-provided transit passes	530	2,990
39 Tax incentives for preservation of historic structures	520	2,900
101 Exclusion of interest on student-loan bonds	490	2,770
114 Assistance for adopted foster children	480	2,740
121 Exclusion of certain foster care payments	480	2,400
110 Work opportunity tax credit	790	2,380
132 Tax credit for orphan drug research	360	2,310
36 Exclusion of interest on bonds for water, sewage, and hazardous waste facilities	390	2,180
55 Exclusion of interest spread of financial institutions	240	1,930
135 Distributions from retirement plans for premiums for health and long-term care insurance	310	1,910
79 Exclusion of interest on small issue bonds	330	1,850
136 Exclusion of railroad retirement system benefits	370	1,820
147 Premiums on accident and disability insurance	330	1,740
38 Expensing of multiperiod timber growing costs	310	1,620
161 Exclusion of GI bill benefits	290	1,590
99 Deduction for higher education expenses	1,430	1,430
71 Capital gains exclusion of small corporation stock	60	1,320
115 Adoption credit and exclusion	500	1,260
23 Credit for investment in clean coal facilities	290	1,230
34 Expensing of exploration and development costs, nonfuel minerals	230	1,200
140 Exclusion of military disability pensions	150	1,130
53 Tax exemption of certain insurance companies owned by tax-exempt organizations	200	1,040
160 Exclusion of veterans pensions	180	1,030
17 Alcohol fuel credits	90	900
103 Credit for holders of zone academy bonds	170	770
107 Exclusion of employer-provided educational assistance	710	750
42 Industrial CO ₂ capture and sequestration tax credit	0	700
27 Allowance of deduction for certain energy efficient commercial building property	210	680
66 Discharge of mortgage indebtedness	260	670
13 Capital gains treatment of royalties on coal	140	630
37 Capital gains treatment of certain timber income	140	630
44 Expensing of certain capital outlays	110	590
20 Exclusion of utility conservation subsidies	110	550
25 Natural gas distribution pipelines treated as 15-year property	110	530
26 Amortize all geological and geophysical expenditures over 2 years	130	440
45 Expensing of certain multiperiod production costs	80	430
86 Exclusion of interest on bonds for Financing of Highway Projects and rail-truck transfer facilities	100	410
48 Income averaging for farmers	80	400
97 Education Individual Retirement Accounts	60	380
89 Exemption of certain mutuals' and cooperatives' income	70	370
21 Credit for holding clean renewable energy bonds	70	350
93 Credit to holders of Gulf Tax Credit Bonds	80	330
74 Ordinary income treatment of loss from small business corporation stock sale	60	300
19 Tax credit and deduction for clean-fuel burning vehicles	80	290
16 Energy investment credit	50	250
54 Small life insurance company deduction	50	250
69 Exceptions from imputed interest rules	50	250
52 Special alternative tax on small property and casualty insurance companies	40	240
148 Income of trusts to finance supplementary unemployment benefits	40	230
87 Investment credit for rehabilitation of structures (other than historic)	40	220
150 Additional deduction for the blind	30	220
139 Exclusion of special benefits for disabled coal miners	40	200
30 Credit for energy efficient appliances	130	180

Table 19-3. INCOME TAX EXPENDITURES RANKED BY TOTAL FISCAL YEAR 2010–2014 PROJECTED REVENUE EFFECT—Continued
(In millions of dollars)

Provision	2010	2010–14
68 Cancellation of indebtedness	20	180
41 Exclusion of gain or loss on sale or exchange of certain brownfield sites	40	170
33 Qualified energy conservation bonds	10	160
108 Special deduction for teacher expenses	160	160
29 Credit for energy efficiency improvements to existing homes	150	150
119 Credit for disabled access expenditures	30	150
162 Exclusion of interest on veterans housing bonds	30	150
14 Exclusion of interest on energy facility bonds	20	140
124 Exclusion for benefits provided to volunteer EMS and firefighters	80	140
43 Deduction for endangered species recovery expenditures	20	130
85 Tax credit for certain expenditures for maintaining railroad tracks	70	110
11 Alternative fuel production credit	80	100
49 Deferral of gain on sale of farm refiners	20	100
82 Deferral of tax on shipping companies	20	100
104 Exclusion of interest on savings bonds redeemed to finance educational expenses	20	100
109 Discharge of student loan indebtedness	20	100
46 Treatment of loans forgiven for solvent farmers	10	90
12 Exception from passive loss limitation for working interests in oil and gas properties	10	50
134 Tax credit for health insurance purchased by certain displaced and retired individuals	10	50
152 Tax credit for the elderly and disabled	10	50
111 Welfare-to-work tax credit	20	40
113 Employer-provided child care credit	30	40
123 Employee retention credit for employers affected by Hurricane Katrina, Rita, and Wilma	40	40
18 Bio-Diesel and small agri-biodiesel producer tax credits	20	20
31 30% credit for residential purchases/installations of solar and fuel cells	20	20
40 Expensing of capital costs with respect to complying with EPA sulfur regulations	30	20
28 Credit for construction of new energy efficient homes	10	10
32 Partial expensing for advanced mine safety equipment	0	0
125 Temporary income exclusion for employer provided lodging in Midwestern disaster area	0	0
155 Additional exemption for housing Hurricane Katrina displaced individuals	0	0
81 Special rules for certain film and TV production	-50	-320
92 Expensing of environmental remediation costs	20	-530
22 Deferral of gain from dispositions of transmission property to implement FERC restructuring policy	-120	-1,810
90 Empowerment zones, Enterprise communities, and Renewal communities	-1,150	-4,020
77 Expensing of certain small investments (normal tax method)	910	-5,280
67 Credit for first-time homebuyer	-1,350	-6,120
75 Accelerated depreciation of buildings other than rental housing (normal tax method)	-6,560	-35,990