

cise tax of 20 cents per gallon on diesel fuel used in inland waterways commerce does not produce the revenue needed to cover the required 50 percent of these costs. The Budget proposes to replace the fuel tax with a new funding mechanism that raises the needed revenue in a way that is more efficient and more equitable than the fuel tax. It will preserve the landmark cost-sharing reform established by the Congress in 1986, while supporting inland waterways construction, replacement, expansion, and rehabilitation work.

Increase fees for Migratory Bird Hunting and Conservation Stamps.—Federal Migratory Bird Hunting and Conservation Stamps, commonly known as “Duck Stamps,” were originally created in 1934 as the Federal licenses required for hunting migratory waterfowl. Today, ninety-eight percent of the receipts generated from the sale of these stamps (\$15 per stamp per year) are used to acquire important migratory bird breeding areas, migration resting places, and wintering areas. The land and water interest located and acquired with the Duck Stamp funds establish or add to existing migratory bird refuges and waterfowl production areas. The price of the Duck Stamp has not increased since 1991; however, the cost of land and water has increased significantly over the past 18 years. The Administration proposes to increase these fees to \$25 per stamp per year, effective beginning in 2011.

Change retention policy for consular fees.—The Administration proposes to change retention policy for user fees related to passports, visas, and consular services. Additional details are provided in Chapter 15, “Offsetting Collections and Offsetting Receipts,” in this volume.

Trade Initiatives

Promote trade.—The Obama Administration is committed to opening markets for American producers. As a part of this effort, the Administration is working with Members of Congress and stakeholders to address outstanding issues and move forward on pending trade agreements with Panama, Colombia, and South Korea. The Administration also looks forward to working with Congress in an effort to reform U.S. preference programs. Additionally, in 2009 the President announced his intention to establish Reconstruction Opportunity Zones (ROZs) in Afghanistan and the border regions of Pakistan as part of the Administration’s broader counterterrorism strategy. The Administration will work closely with Congress and private sector stakeholders to implement these important trade initiatives.

Other Initiatives

Extend and modify the New Markets tax credit.—The new markets tax credit (NMTC) is a 39 percent credit for qualified equity investments made in qualified community development entities that are held for a period of seven years. The NMTC provisions expired at the end of

2009. The Administration proposes to extend the NMTC through 2011, with an allocation amount of \$5 billion for each of 2010 and 2011. The proposal would also permit the NMTC to offset AMT liability.

Reform and extend build America bonds.—ARRA created the build America bond program as an optional borrowing alternative for State and local governments on taxable bonds issued in 2009 and 2010 to finance new investments in governmental capital projects. Under the current program, the Department of the Treasury makes direct subsidy payments (called “refundable tax credits”) to State and local governmental issuers in a subsidy amount equal to 35 percent of the coupon interest on the bonds. The Administration proposes to make the successful build America bond program permanent in a way designed to be approximately revenue neutral in comparison to the Federal tax cost from traditional tax-exempt bonds. The Administration also proposes to expand the build America bond program beyond new investments in governmental capital projects to include certain additional uses for which State and local governments may use tax-exempt bonds under existing law. The proposed modifications to the build America bond program would be effective for bonds issued beginning in 2011.

Restructure assistance to New York City, provide tax incentives for transportation infrastructure.—Some of the tax benefits that were provided to New York following the attacks of September 11, 2001, likely will not be usable in the form in which they were originally provided. State and local officials in New York have concluded that improvements to transportation infrastructure and connectivity in the Liberty Zone would have a greater impact on recovery and continued development than would some of the existing tax incentives. The Administration proposes to provide tax credits to New York State and New York City for expenditures relating to the construction or improvement of transportation infrastructure in or connecting to the New York Liberty Zone. New York State and New York City each would be eligible for a tax credit for expenditures relating to the construction or improvement of transportation infrastructure in or connecting to the New York Liberty Zone. The tax credit would be allowed in each year from 2011 to 2020, inclusive, subject to an annual limit of \$200 million (for a total of \$2 billion in tax credits), and would be divided evenly between the State and the City. Any unused credits below the annual limit would be added to the \$200 million annual limit for the following year, including years after 2020. Similarly, any expenditures that exceeded the limit would be carried forward and subtracted from the annual limit in the following year. The credit would be allowed against any payments (other than payments of excise taxes and social security and Medicare payroll taxes) made by the City and State under any provision of the Tax Code, including income tax withholding.

Implement unemployment insurance integrity legislation.—The Administration has a multi-part proposal