

**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 <sub>2</sub> 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