Detail of Other Treasury Accounts

Total Treasury Department Budget

The Treasury Chapter of the FY 2011 President's Budget covers the following areas:

Annual Operating Appropriations (Most Treasury Bureaus) – $13.9 billion

These are funds for Treasury operations which require annual appropriation action by the Congress. Bureau operating budget details are provided in the "Analysis of FY 2011 President's Budget" section.

Interest Payments and other interest – $456.0 billion

These are permanent, indefinite funds for interest payments needed: to finance the public debt; by the IRS on refunds of taxes to taxpayers; and on special accounts handled through the Treasury.

Mandatory Accounts and other Offsets – $91.0 billion

These are special accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations, such as: payments made when the earned income credit, child credit, and health care credit exceeds the taxpayer's tax liability; payments to the Resolution Funding Corporation; reimbursements to Federal Reserve Banks; special claims and damage payments required as a result of judgments against the U.S. government; payments to Presidential candidates and their parties in accordance with Federal Election Commission certification; and other accounts.

Offsetting Collections – $20.0 billion

Treasury receipts from other government agencies and private sources are subtracted from the total Treasury budget as an offset.

Interest Payments

Interest on the Public Debt

The Federal Government's outstanding debt requirements are financed through borrowing (e.g., auctions of Treasury Bills, Notes, and Bonds). Funds paid to lenders for the use of their money is paid from the Interest on the Public Debt appropriation.

Interest on the Public Debt includes all interest paid on Treasury securities sold to the public (e.g., foreign and domestic financial institutions, individuals, insurance companies, state and local governments, etc.) and to Federal Government trust funds, revolving funds and deposit funds.

Refunding Internal Revenue Collections

Under certain circumstances, as provided in 26 U.S.C. 6611, interest is paid on Internal Revenue collections that must be refunded. The Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248) provides for daily compounding of interest. Under the Tax Reform Act of 1986 (Public Law 99-514), interest paid on Internal Revenue collections will equal the Federal short-term rate plus two percentage points, such rate to be adjusted quarterly.

Interest on Uninvested Funds

This account was established for the purpose of paying interest on certain uninvested funds placed in trust in the Treasury in accordance with various statutes (31 U.S.C. 1321; 2 U.S.C. 158 (P.L. 94-289); 20 U.S.C. 74a (P.L. 94-418) and 101; 24 U.S.C. 46 (P.L. 94-290; and 69 Stat. 533).

Federal Interest Liabilities to the States

Pursuant to the Cash Management Improvement Act (P.L. 101-453, 104 Stat. 1058) as amended (P.L. 102-589, 106 Stat. 5133), and Treasury implementing regulations codified at 31 CFR Part 205, under certain circumstances, interest is paid to States when Federal funds are not transferred to States in a timely manner.

Payment to Resolution Funding Corporation

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 authorized the Secretary of the Treasury such sums as may be necessary to

cover interest payments on obligations issued by the Resolution Funding Corporation (REFCORP). REFCORP was established under the Act to raise $31.2 billion for the Resolution Trust Corporation (RTC) in order to resolve savings institution insolvencies.

Interest Paid to Credit Financing Accounts

This account pays interest on the invested balances of guaranteed and direct loan financing accounts. For guaranteed loan financing accounts, balances result when the accounts receive up-front payments and fees to be held in reserve to make payments on defaults. Direct loan financing accounts normally borrow from Treasury to disburse loans and receive interest and principal payments and other payments from borrowers. Because direct loan financing accounts generally repay borrowing from Treasury at the end of the year, they can build up balances of payments received during the year. Interest on invested balances is paid to the financing accounts from the general fund of the Treasury, in accordance with section 505(c) of the Federal Credit Reform Act of 1990

Permanent Authority Appropriations

Terrorism Risk Insurance Program

The Terrorism Risk Insurance Extension Act of 2007 (P.L. 110-160) reauthorized and revised the program established by the Terrorism Risk Insurance Act (TRIA) of 2002 (P.L. 107-297). The 2007 Act extended the Terrorism Insurance Program for seven years, through December 31, 2014. This extension of TRIA added a requirement for commercial property and casualty insurers to make available coverage for losses from domestic as well as foreign acts of terrorism and extends TRIA coverage for those losses.

GSE Preferred Stock Purchase Agreement Program (PSPA)

Section 1117 of the Housing and Economic Recovery Act of 2008 (P.L. 110-289) provides temporary authority for the Secretary of the Treasury to purchase obligations and other securities issued by three housing related Government- sponsored enterprises (GSEs): Fannie Mae, Freddie Mac and the Federal Home Loan Banks (FHLBs). Under this authority, in 2008 Treasury entered into agreements with Fannie Mae and Freddie Mac to make investments of up to $100 billion in senior preferred stock in each GSE in order to ensure that each company maintains a positive net worth. These Senior Preferred Stock Purchase Agreements (PSPAs) ensure that Fannie Mae and Freddie Mac will remain viable entities critical to the functioning of the housing and mortgage markets, thereby promoting mortgage affordability by providing additional confidence to investors in GSE mortgage-backed securities. In May 2009, Treasury increased the PSPA funding commitments to allow investments of up to $200 billion in each GSE and on December 24, 2009, Treasury announced that the PSPAs would be further modified to allow for additional funding in the event that cumulative losses at either enterprise exceed $200 billion before December 31, 2012. As of December 31, 2009, Treasury had made payments of $110.6 billion under the PSPAs and received $6.8 billion in scheduled dividend payments.

GSE Mortgage-Backed Securities Purchase Program

In September 2008, Treasury initiated a temporary program to purchase mortgage-backed securites (MBS) issued by Fannie Mae and Freddie Mac, which carry the GSEs standard guarantee against default. The purpose of the program was to promote liquidity in the mortgage market and, thereby, affordable homeownership by stabilizing the interest rate spreads between mortgage rates and Treasury issuances. Treasury purchased $225 billion in MBS through December 31, 2009.

In December 2009, Treasury initiated two additional purchase programs to support state and local Housing Financing Agencies (HFAs). The

Temporary Credit and Liquidiy Program (TCLP) will provide HFAs with credit and liquidity facilities supporting up to $8.2 billion in existing HFA bonds, temporally replacing private market facilities that are expiring or imposing unusually high costs to the HFAs due to current market conditions. Under the New Issuance Bond Program (NIBP) Treasury will purchase up to $15.3 billion in securities of Fannie Mae and Freddie Mac backed by new HFA housing bonds, supporting up to several hundred thousand new affordable mortgages and tens of thousands of new affordable rental housing units for working families. The authority for all of the programs displayed in this account was provided in Section 1117 of the Housing and Economic Recovery Act of 2008 (P.L. 110-289) and expired on December 31, 2009.

As required by the Federal Credit Reform Act of 1990, this account records, the subsidy costs associated with the GSE MBS and State HFA purchase programs, which are treated as direct loans for budget execution. The subsidy amounts are estimated on a present value basis.

Office of Financial Stability

The Emergency Economic Stabilization Act (EESA) of 2008 (PL 110-343) authorized the establishment of the Troubled Asset Relief Program (TARP) and the Office of Financial Stability (OFS) to purchase and insure certain types of troubled assets for the purpose of providing stability to and preventing disruption in the economy and financial systems and protecting taxpayers. The Act gives the Treasury Secretary broad and flexible authority to purchase and insure mortgage and other troubled assets, as well as inject capital by taking limited equity positions, as needed to stabilize the financial markets. This account provides for the administrative costs for the OFS.

Troubled Asset Relief Program

As authorized by the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) and required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with the TARP direct loans obligated and loan guarantees committed in 2008 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year). The subsidy amounts are estimated on a present value basis using a risk-adjusted discount rate, as required by the 2008 Act. The direct loan programs serviced by this account include the Automotive Industry Financing Program (AIFP), Term-Asset Backed Securities Loan Facility (TALF), Public-Private Investment Program (PPIP) and other EESA Section 101 loans. The AIFP was developed to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States. The TALF was developed to stimulate investor demand for certain types of eligible asset-backed securities, specifically those backed by loans to consumers and small businesses, and ultimately, bring down the cost and increase the availability of new credit to consumers and businesses. The PPIP was developed to improve the condition of financial institutions by facilitating the removal of legacy assets from their balance sheets. The guaranteed loan commitments that were serviced by this account include the Asset Guarantee Program (AGP). The AGP provided guarantees for assets held by systemically significant financial institutions (Bank of America and Citigroup) that faced a risk of losing market confidence due in large part to a portfolio of distressed or illiquid assets. In May 2009, Bank of America announced its intention to terminate negotiations with respect to the loss-sharing arrangement, and in September 2009, Treasury, the Federal Reserve, the FDIC, and Bank of America entered into a termination agreement. On December 23, 2009, the Citigroup guarantee was terminated. With this termination, the AGP will result in net positive returns to the taxpayer.

Funding shown for other Section 101 loans in 2010 represent placeholders for potential future programs created under the TARP. On December 9, 2009, and as authorized by EESA, the Secretary of the Treasury certified to Congress that an extension of TARP purchase authority until October 3, 2010, was necessary "to assist American families and stabilize financial markets because it will, among other things, enable us to

continue to implement programs that address housing markets and the needs of small businesses, and to maintain the capacity to respond to unforeseen threats." For more details, please see the Financial Stabilization and Their Budgetary Effects chapter in Analytical Perspectives.

Troubled Asset Relief Program Equity Purchase Program

As authorized by Emergency Economic Stabilization Act of 2008 (P.L. 110-343) and required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with the equity purchase obligations committed in 2008 and beyond (including modifications of equity purchases that resulted from obligations in any year). The subsidy amounts are estimated on a present value basis. The equity purchase programs serviced by this account include the Capital Purchase Program (CPP), American International Group Investment Program. (AIGP), Targeted Investment Program (TIP), Automotive Industry Financing Program (AIFP), and Public-Private Investment Program (PPIP). The purpose of the CPP is to stabilize the financial system by building the capital base of healthy, viable U.S. financial institutions, which in turn will increase the capacity of those institutions to lend to businesses and consumers and support the economy. The AIGP is intended to provide stability and prevent disruptions to financial markets from the failure of a systemically significant institution. The AIFP was developed to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States. The PPIP was developed to improve the condition of financial institutions by facilitating the removal of legacy assets from their balance sheets. For more details, please see the Financial Stabilization and Their Budgetary Effects chapter in Analytical Perspectives.

Troubled Asset Relief Program Home Affordable Modification Program

As authorized by Emergency Economic Stabilization Act of 2008 (P.L. 110-343) and required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with the equity purchase obligations committed in 2008 and beyond (including modifications of equity purchases that resulted from obligations in any year). The subsidy amounts are estimated on a present value basis. The equity purchase programs serviced by this account include the Capital Purchase Program (CPP), American International Group Investment Program. (AIGP), Targeted Investment Program (TIP), Automotive Industry Financing Program (AIFP), and Public-Private Investment Program (PPIP). The purpose of the CPP is to stabilize the financial system by building the capital base of healthy, viable U.S. financial institutions, which in turn will increase the capacity of those institutions to lend to businesses and consumers and support the economy. The AIGP is intended to provide stability and prevent disruptions to financial markets from the failure of a systemically significant institution. The AIFP was developed to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States. The PPIP was developed to improve the condition of financial institutions by facilitating the removal of legacy assets from their balance sheets. For more details, please see the Financial Stabilization and Their Budgetary Effects chapter in Analytical Perspectives.

Grants to States for Low-Income Housing Projects

Section 1602 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) authorizes and directs the Secretary of the Treasury to establish payments to states for low-income housing projects in lieu of low-income housing tax credits (LIHTC). This account presents the estimated disbursements for this program.

The program will provide payments to State

housing credit agencies to make sub-awards to finance the construction or acquisition and rehabilitation of qualified low-income housing in the same manner and generally subject to the same limitations as LIHTCs allocated under section 42 of the Internal Revenue Code (IRC). The Recovery Act specifies that the exchange of credits for cash payments applies only to the 2009 LIHTC ceiling under IRC 42(h)(3)(C), and that States may elect to exchange credits for cash payments subject to the requirements and limitations provided in Division B, sections 1404 & 1602 of the Recovery Act.

The 2011 Budget proposes to extend for one year the cash assistance in lieu of LIHTCs option available to States found in the Recovery Act. The same general requirements and restrictions found in the Recovery Act will apply to the extension.

Grants for Specified Energy Property

Section 1603 of the American Recovery and Reinvestment Act of 2009 authorizes and directs the Secretary of the Treasury to establish payments in lieu of a tax credits for taxpayers that place in service qualifying renewable energy facilities. This account presents the estimated disbursements for this program.

This program will provide payments for specified energy property (including qualified facilities that produce electricity from wind and certain other renewable resources; qualified fuel cell property; solar property; qualified small wind energy property; geothermal property; qualified microturbine property; combined heat and power system property; and geothermal heat pump property). Payments are available for property placed in service in 2009 or 2010. In some cases, if construction begins in 2009 or 2010, the payment can be claimed for property placed in service before 2013, 2014 or 2017 (depending on the type of property). In general, projects that meet eligibility criteria for the energy property investment tax credit (ITC) (including qualified renewable energy facilities for which an election to claim the ITC can be made) are eligible for the payments. A person or entity receiving a payment for specified energy property may not claim either the investment tax credit or the renewable energy production tax credit with respect to the same property.

Exchange Stabilization Fund-Money Market Mutual Fund

The Department established a Temporary Guarantee Program for Money Market Funds (Treasury Guarantee Program) in September 2008 that was managed under the purview of the Treasury's Office of Financial Institutions. Under the Treasury Guarantee Program, the Treasury guaranteed to individual investors that they would receive the stable share price (SSP) for each share held in a participating money market fund up to the number of shares held as of the close of business, September 19, 2008. Use of ESF assets to support the Treasury Guarantee Program was approved by the President and the Secretary of the Treasury on September 19, 2008, and opened for participation on September 29, 2008. To participate in the Treasury Guarantee Program, eligible money market funds must have submitted an application and paid a premium of 1 basis point if the fund's Net Asset Value (NAV) was greater than or equal to 99.75 percent of the SSP, or 1.5 basis points of the SSP if the fund's NAV was less than 99.75 percent of the SSP but greater than or equal to 99.50 percent of the SSP. To be eligible, funds were required to: (1) be regulated under Rule 2a-7 of the Investment Company Act of 1940; (2) maintain a SSP; (3) have a market-based NAV of at least 99.5 percent of the SSP as of September 19, 2008; and (4) be publicly offered and registered with the Securities and Exchange Commission. The Program was initially offered for a three month period (through December 19, 2008), with the option to extend through September 18, 2009, at the discretion of the Secretary of the Treasury. The Program was extended twice during 2009; first from December 19, 2008 through April 30, 2009 and again through September 18, 2009. The program officially expired on September 18, 2009.

On November 19, 2008, Treasury entered into a transaction with the Reserve Fund's U.S. Government Fund (USGF), under which Treasury: (1) executed the Guarantee Agreement, which accepted the USGF into the Treasury Guarantee Program; and (2) signed a Letter Agreement with the USGF. Under the terms of the Letter

Agreement, Treasury was obligated to purchase in early January 2009 the USGF's remaining securities issued by four U.S. government sponsored enterprises. On January 15, 2009 the ESF purchased approximately $3.6 billion of these securities; the purchase price representing the amortized cost of the remaining securities, plus accrued but unpaid interest. Upon consummation of the purchase, these GSE securities were classified as held to maturity. As of the end of fiscal year 2009, $1.1 billion of these securities remained outstanding. In November 2009, all securities matured and resulted in the closing of the Treasury Guarantee Program (and this account) in fiscal year 2010.

Presidential Election Campaign Fund

Individual Federal income tax returns include an optional Federal income tax designation of $3 that an individual may elect to be paid to the Presidential Election Campaign Fund (PECF). In recent years, less than 10% of individuals have elected to make this designation, resulting in less than $50 million paid into the Fund annually. Approximately every four years, the Department of the Treasury makes distributions from the PECF (referred to as public funds, matching funds, or Federal funds) to qualified Presidential candidates and national party committees for use in the Presidential elections.

Money for the public funding of Presidential elections can only come from the PECF. When the PECF runs short of funds, no other general Treasury funds may be used.

Treasury Forfeiture Fund

The Treasury Forfeiture Fund supports Federal, State, and local law enforcement's use of asset forfeiture as a powerful tool to punish and deter criminal activity. Non-tax forfeitures made by participating bureaus of the Department of the Treasury and the Department of Homeland Security are deposited into the Fund. This revenue is available to pay or reimburse certain costs and expenses related to seizures and forfeitures that occur pursuant to laws enforced by the bureaus and other expenses authorized by 31 U.S.C. 9703. Upon notification of Congress, revenue can also be used to fund law enforcement related activities based on requests from member bureaus and evaluation by the Secretary of the Treasury. A $62 million cancellation is proposed for FY 2011.

Biomass Energy Development

This account was created to provide loan guarantees for the construction of biomass-to-ethanol facilities, as authorized under Title II of the Energy Security Act of 1980. All of the loans guaranteed by this account went into default. The guarantees have been paid off, and the assets of all but one of the projects have been liquidated. The one remaining project, the New Energy Company of Indiana, entered into a Forbearance agreement with DOE in April 2009 due to financial issues. Quarterly payments may resume after March 2011.

Payment to Terrestrial Wildlife Habitat Restoration Trust Fund

Section 604(b) of the Water Resources Development Act of 1999 (P.L. 106-53) requires that the Secretary of the Treasury, beginning in 1999, deposit $5 million annually (74 percent into the Cheyenne River Sioux Tribe Terrestrial Wildlife Restoration Trust Fund and 26 percent into the Lower Brule Sioux Tribe Terrestrial Wildlife Restoration Trust Fund) until a total of at least $57.4 million has been deposited. At the end of 2009, $55 million in payments had been deposited in the funds. Full capitalization is expected by 2010; therefore the funds will not receive any additional payments from the Treasury in FY 2011. Tribes are now able to draw down on the interest earned from these investments.

Debt Collection Special Fund

Under current law, when the Financial Management Service (FMS) levies a payment to collect a delinquent tax debt referred by the Internal Revenue Service (IRS), the IRS pays a fee out of its annual appropriation to FMS to process the transaction. The Budget proposes to instead

have the debtor pay the transaction costs in addition to their original debt. This would allow the IRS to refer all appropriate tax debts for offset, maximize revenue, and shift the cost of enforcement to delinquent debtors. These schedules reflect the elimination of discretionary spending and collections as a result of this proposal.

Financial Agent Services

This permanent, indefinite appropriation allows the Financial Management Service to reimburse financial institutions for services provided in their capacity as depositaries and fiscal agents for the United States. The services provided are authorized under numerous statutes, including, but not limited to, 12 U.S.C. 90 and 265. The services include the acceptance and processing of deposits of public money, as well as services essential to the disbursement of and accounting for public monies.

Federal Reserve Bank Reinvestment Fund

This fund was established by the Treasury and General Government Appropriations Act, 1998, Title I, (P.L. 105-61, 111 Stat. 1276) as a permanent, indefinite appropriation to reimburse Federal Reserve Banks for services provided in their capacity as depositaries and fiscal agents for the United States.

Claims, Judgments and Relief Acts

Pending Congressional action and final approval by the Court, $3.412 billion will be expended from this account in FY 2010 as a result of the settlement of Cobell v. Salazar, a case involving the management of individual Indian trust accounts related to Indian lands.

Check Forgery Insurance Fund

This fund was established as a permanent, indefinite appropriation in order to maintain adequate funding of the Check Forgery Insurance Fund. The Fund facilitates timely payments for replacement Treasury checks necessitated due to a claim of forgery. The Fund recoups disbursements through reclamations made against banks negotiating forged checks.

To reduce hardships sustained by payees of Government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorsers of the checks. If the U.S. Treasury is unable to recover funds through reclamation procedures, the Fund sustains the loss.

Public Law 108-447 expanded the use of the fund to include payments made via electronic funds transfer. A technical correction to the Fund's statutes to ensure and clarify that the Fund can be utilized as a funding source for relief of administrative disbursing errors was enacted by section 119 of Division D of Public Law 110-161.

Continued Dumping and Subsidy Offset

The Bureau of Customs and Border Protection, Department of Homeland Security, collects duties assessed pursuant to a countervailing duty order, an antidumping duty order, or a finding under the Antidumping Act of 1921. Under a provision enacted in 2000, the Bureau of Customs and Border Protection, through the Treasury, distributes these duties to affected domestic producers. These distributions provide a significant additional subsidy to producers that already gain protection from the increased import prices provided by the tariffs. The authority to distribute assessments collected after October 1, 2007 has been repealed. Assessments collected before October 1, 2007 will be disbursed as if the authority had not been repealed.

Internal Revenue Collections for Puerto Rico

Excise taxes are imposed on rum at the generally applicable distilled spirits rate of $13.50 per proof gallon. These excise tax collections, less estimated refunds, drawbacks, and certain administrative expenses are covered-over (transferred), to Puerto Rico and the Virgin Islands under a permanent legislative provision at the lesser of a rate of $10.50 per proof gallon or the current rate of tax imposed on a proof gallon. The Budget proposes to extend a temporary cover-over rate of $13.25 per proof gallon through December 31, 2011. This proposal does not increase the total

amount of excise taxes collected, but rather increases the portion of excise taxes that are covered-over to Puerto Rico and the Virgin Islands.

Government Losses in Shipment

This account was created as self-insurance to cover losses in shipment of Government property such as coins, currency, securities, certain losses incurred by the Postal Service, and losses in connection with the redemption of savings bonds. Approximately 1,300 claims are paid annually.

Payment Where Recovery Rebate Exceeds Liability for Tax

The Economic Stimulus Act of 2008 (Public Law 110-185) allowed for the issuance of tax rebates (economic stimulus payments) to certain eligible taxpayers through December 31, 2008. This tax rebate was a one-time benefit provided to taxpayers to stimulate the economy. Additionally, in 2009 the rebate were provided to taxpayers who did not receive the full economic stimulus payment in 2008 and whose circumstances may have changed, making them eligible for some or all of the unpaid portion. No outlays are expected from this account in 2010, as the one-time program is no longer active.

Payment Where Earned Income Credit Exceeds Liability for Tax

As provided by law, there are instances wherein the earned income tax credit (EITC) exceeds the amount of tax liability owed through the individual income tax system, resulting in an additional payment to the tax filer. The EITC was originally authorized by the Tax Reduction Act of 1975 (Public Law 94-12) and made permanent by the Revenue Adjustment Act of 1978 (Public Law 95-600). The Tax Reform Act of 1986 and the Omnibus Budget Reconciliation Acts of 1990 and 1993 increased the credit amount and expanded the eligibility for the EITC.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) temporarily increases the EITC for working families with three or more children, and increases the threshold for the phase-out range for all married couples filing a joint return. The Budget proposes to both permanently extend the provision regarding families with three or more children and eliminate the Advance Earned Income Tax Credit (AEITC).

Internal Revenue Service – User Fees

The Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS. The fees can be used to supplement IRS appropriations.

Payment Where Child Credit Exceeds Liability for Tax

As provided by law, there are instances wherein the child credit exceeds the amount of tax liability owed through the individual income tax system, resulting in an additional payment to the tax filer. The child credit was originally authorized by the Taxpayer Relief Act of 1997 (Public Law 105-34). The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) expanded the pool of eligible low-income earners. The credit is refundable to the extent of 15 percent of an individual's earned income in excess of $3,000 for 2009 and 2010.

Payment Where Health Care Credit Exceeds Liability for Tax

The Trade Act of 2002 established the Health Coverage Tax Credit (HCTC), an advanceable, refundable tax credit for a portion of the cost of qualified insurance. This credit is available to certain recipients of Trade Adjustment Assistance (TAA) and Pension Benefit Guaranty Corporation pension beneficiaries who are aged 55-64.

The HCTC program was expanded by the American Recovery and Reinvestment Act of 2009 (Public Law 111-5). Increased benefits for certain HCTC eligible individuals include payment of 80 percent (up from 65 percent) of health insurance premiums, up to 24 months of coverage for qualified family members, and extension of COBRA benefits. This schedule reflects the effects of HCTC and other

Administration health-related tax proposals in cases where the credit exceeds the tax liability resulting in payment to the tax filer.

Payment Where Alternative Minimum Tax Exceeds Liability for Tax

The Tax Relief and Health Care Act of 2006 (Public Law 109-432) allows certain taxpayers to claim a refundable credit for a portion of their unused long-term alternative minimum tax (AMT) credits each year. The Emergency Economic Stabilization Act of 2008 (Public Law 110-343) increases the AMT refundable credit portion from 20 percent to 50 percent of the unused long-term minimum tax credits for the taxable year in question.

Payment Where Tax Credit to Aid First-Time Homebuyers Exceeds Liability for Tax

The Housing and Economic Recovery Act of 2008 (Public Law 110-289) provided a refundable tax credit of up to $7,500 for first-time homebuyers. The credit allowed for up to 10 percent of the purchase price for qualified residences. Taxpayers who qualified were allowed a one-time credit against their income tax for principal residences purchased on or after April 9, 2008, and before July 1, 2009. They must repay the credit over a 15-year period.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) expanded and extended the credit, and also eliminated the repayment requirement. Qualifying taxpayers may claim up to $8,000 on either their 2008 or 2009 tax returns for qualifying 2009 purchases. The credit is available for qualifying purchases made between January 1, 2009 and November 30, 2009.

The Worker, Homeownership, and Business Assistance Act of 2009 (Public Law 111-92) extended the application period for the first-time homebuyer credit from November 30, 2009 to April 30, 2010. The Act modifies the buyer's settlement date to June 30, 2010, if a buyer enters into a binding contract by April 30, 2010. The Act also provides a "long-time resident" credit of up to $6,500 to taxpayers who do not qualify as first-time homebuyers.

This account provides resources for the portion, if any, of the refundable tax credit amount that exceeds the taxpayer's tax liability.

Payment Where Certain Tax Credits Exceeds Liability for Corporate Tax

The Housing and Economic Recovery Act of 2008 (Public Law 110-289) allows certain businesses to accelerate the recognition of a portion of their historic AMT or research and development (R&D) credits in lieu of taking bonus depreciation. The amount is capped at the lesser of $30 million or 6 percent of historic AMT and R&D credits. The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) extends this temporary benefit through 2009.

Payment Where American Opportunity Credit Exceeds Liability for Tax

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain taxpayers to claim a refundable Hope Scholarship Credit for qualifying higher education expenses. Up to 40 percent of the credit is refundable. The credit applies dollar-for-dollar to the first $2,000 of qualified tuition, fees and course materials paid by the taxpayer, and applies at a rate of 25 percent to the next $2,000 in qualified tuition, fees and course materials for a total credit of up to $2,500. This tax credit is subject to a phase-out for high-income taxpayers. The 2011 Budget proposes to extend this credit.

Making Work Pay Tax Credit

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain taxpayers to claim a refundable Making Work Pay tax credit of 6.2 percent of earned income, up to $400 for single taxpayers and up to $800 for married couples filing joint returns. The refundable credit phases out for high-income taxpayers. The

Making Work Pay credit is claimed by taxpayers when they file their 2009 and 2010 returns, and in order to accelerate the credit, it is being delivered in small increments through reduced payroll withholding. The 2011 Budget proposes to extend this credit for one year.

Build American Bond Payments, Recovery Act

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows State and local governments to issue Build America Bonds through December 31, 2010. These tax credit bonds, which include Recovery Zone Bonds, differ from tax-exempt governmental obligation bonds in two principal ways: (1) interest paid on tax credit bonds is taxable; and (2) a portion of the interest paid on tax credit bonds takes the form of a federal tax credit. The bond issuer may elect to receive a direct payment in the amount of the tax credit. The 2011 Budget proposes a revenue-neutral extension of this program.

Payment Where COBRA Credit Exceeds Liability for Tax

COBRA gives workers who lose their jobs, and thus their health benefits, the right to purchase group health coverage provided by the plan under certain circumstances. This continuation coverage is provided pursuant to part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (other than section 609), title XXII of the Public Health Service Act, section 4980B of the Internal Revenue Code of 1986 (other than under subsection (f)(1) of such section insofar as it relates to pediatric vaccines), or section 8905(a) of 5 U.S.C., or under a State program that provides comparable continuation coverage.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) treats assistance eligible individuals who pay 35 percent of their COBRA premium as having paid the full amount. The remaining 65 percent is reimbursed to the employer, insurer or health plan as a credit against certain employment taxes. This schedule reflects the cases where the credit exceeds the tax liability resulting in the payment to the tax filer.

The Department of Defense Appropriation Act of 2010 (Public Law 111-118) extends the eligibility period for the COBRA Premium Assistance program from the original ending date of December 31, 2009 to February 28, 2010. The Act also extends the duration period of the taxpayers' premium assistance coverage from 9 months to 15 months.

Payment Where Tax Credit for Certain Government Retirees Exceeds Liability for Tax

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5) allows certain federal and state retirees to claim a one-time refundable credit of up to $250 ($500 in the case of a joint return where both spouses are eligible individuals).

Payment Where Saver's Credit Exceed Liability for Tax

The Budget proposes to modify the Retirement Savings Contributions Credit to provide a 50 percent match on the first $1,000 of retirement savings for families that earn less than $65,000. The credit will be fully refundable. This proposal will be effective for taxable years beginning after December 31, 2010.

Internal Revenue Service – Informant Payments

As provided by law (26 U.S.C. 7623), the Secretary of the Treasury may make payments to individuals resulting from information given that leads to the collection of Internal Revenue taxes. The Taxpayer Bill of Rights of 1996 (Public Law 104-168) provides for payments of such sums to individuals from the proceeds of amounts (other than interest) collected by reason of the information provided, and any amount collected shall be available for such payments. This

information must lead to the detection of underpayments of taxes, or detection and bringing to trial and punishment persons guilty of violating the Internal Revenue laws (in cases where such expenses are not otherwise provided for by law). This provision was further amended by the Tax Relief and Health Care Act of 2006 (Public Law 109-432) to encourage use of the program. A reward payment typically ranges between 15 and 30 percent of the collected proceeds for cases involving high- income non-compliant taxpayers. Lower payments are allowed if information is provided that was already available from another source.

Internal Revenue Service – Private Collection Agent Program

The American Jobs Creation Act of 2004 (Public Law 108-357) allows the IRS to use private collection contractors to supplement its own collection staff's efforts to ensure that all taxpayers pay what they owe. The IRS used this authority to contract with several private debt collection agencies starting in 2006. In March 2009, the IRS allowed its private debt collection contracts to expire, thereby administratively terminating the program.

Offsetting Collections

In general, amounts collected by the Federal Government are classified in two major categories:

Governmental receipts – Revenues that arise from the sovereign and regulatory powers unique to the Federal Government. They consist primarily of tax receipts, but also include customs duties, court fines, certain licenses, etc. All governmental receipts are deposited into receipt accounts. These receipts are always reported in total (rather than as an offset to budget authority and outlays).

Offsetting receipts - Collections that are offset against the budget authority and outlays of the collecting agency rather than reflected as governmental receipts in computing budget totals. Offsetting receipts are comprised of:

- *Proprietary Receipts* - These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises.
- *Intragovernmental Receipts* - These are collections from other governmental accounts deposited in receipt accounts. These are further classified as follows:
    - *Interfund Receipts* - These are amounts derived from payments between federal and trust funds.
    - *Intrafund Receipts* - These are amounts derived from payments within the same fund group (i.e., within the federal fund group or within the trust fund group).