Mandatory Funding Levels for the FY 2012 President's Budget – Treasury Chapter

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(dollars in millions)

Appropriations (Dollars in Millions)	FY 2010 Enacted	FY 2011 Estimate	FY 2012 Estimate	Increase/ Decrease	Increase/ Decrease
INTEREST PAYMENTS:	392,788	397,056	433,349	$36,293	9.1%
MANDATORY ACCOUNTS:					
Terrorism Insurance Program	3	457	474	$17	3.7%
GSE Mortgage-Backed Securities Purchase Program	29	2,792	17	-$2,775	-99.4%
Office of Financial Stability	406	394	311	-$83	-21.1%
Troubled Asset Relief Program (TARP)	23	1,556	0	-$1,556	-100.0%
Troubled Asset Relief Program Equity Purchase Program	4,558	330	0	-$330	-100.0%
Troubled Asset Relief Program Home Affordable Modification Program	164	0	0	$0	0.0%
Grants to States for Low-Income Housing Projects	3,054	123	450	$327	265.9%
Grants for Specified Energy Property	4,293	4,754	6,838	$2,084	43.8%
Small Business Lending Fund Program Account	0	1,315	73	-$1,242	-94.4%
State Small Business Credit Initiative	1,500	0	0	$0	0.0%
Community Development Financial Institution Fund Program Account	2	4	0	-$4	-100.0%
Presidential Election Campaign Fund	41	38	36	-$2	-5.3%
Office of Financial Research	0	41	82	$41	100.0%
Treasury Forfeiture Fund	1,083	1,017	1,214	$197	19.4%
Biomass Energy Development	-7	-6	-20	-$14	0.0%
Payment to Terrestrial Wildlife Habitat Restoration Trust Fund	5	0	0	$0	0.0%
Debt Collection Special Fund (FMS)	58	63	64	$1	1.6%
Financial Agent Services	590	603	606	$3	0.5%
Payment to FRA for AMTRAK Debt Restructuring	0	52	176	$124	238.5%
Federal Reserve Bank Reimbursement	304	321	321	$0	0.0%
Claims, Judgments and Relief Acts	1,119	4,528	2,692	-$1,836	-40.5%
Check Forgery Insurance Fund	0	3	2	-$1	-33.3%
Continued Dumping and Subsidy Offset	109	0	0	$0	0.0%
Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration	14	0	0	$0	0.0%
Internal Revenue Collections for Puerto Rico	378	574	510	-$64	-11.1%
Reimbursement to Federal Reserve Banks	103	121	126	$5	4.1%
Payment of Government Losses in Shipment	0	1	1	$0	0.0%
Payment Where Recovery Rebate Exceeds Liability for Tax	81	0	0	$0	0.0%
Payment Where Earned Income Credit Exceeds Liability for Tax	54,712	44,940	46,495	$1,555	3.5%
Payment Where Child Credit Exceeds Liability for Tax	22,659	22,924	25,136	$2,212	9.6%
Payment Where Health Coverage Tax Credit Exceeds Liability for Tax	205	185	195	$10	5.4%
Payment where Alternative Minimum Tax Credit Exceeds Liability for Tax	1,034	605	40	-$565	-93.4%
Payment where Tax Credit to Aid First-Time Homebuyers Exceeds Liability for Tax	8,668	7,348	0	-$7,348	-100.0%
Payment where Certain Tax Credit Exceeds Liability for Tax	86	32	0	-$32	-100.0%
Payment Where American Opportunity Credit Exceeds Liability for Tax	3,851	3,861	4,416	$555	100.0%
Making Work Pay Tax Credit	13,694	13,876	0	-$13,876	-100.0%
Build American Bond Payments, Recovery Act	1,376	2,814	3,589	$775	27.5%
Payment Where COBRA Credit Exceeds Liability for Tax	3,857	2,987	220	-$2,767	-92.6%
Payment Where Tax Credit for Certain Government Retirees Exceeds Liability for Tax	46	0	47	$47	0.0%
Payment to Issuer of Qualified Zone Academy Bonds	0	13	24	$11	84.6%
Payment to Issuer of Qualified School Construction	0	464	849	$385	83.0%
Payment to Issuer of New Clean Renewable Energy Bonds	0	13	24	$11	84.6%
Payment to Issuer of Qualified Energy Conservation Bonds	0	26	47	$21	80.8%
Payment Where Adoption Credit Exceeds Liability for Tax	0	940	410	-$530	-56.4%
Payment Where Small Business Health Insurance Tax Credit Exceeds Liability for Tax	0	182	259	$77	42.3%
Therapeutic Discovery Program Grants and Administration	5	985	4	-$981	-99.6%
IRS Miscellaneous Retained Fees	290	254	259	$5	2.0%
IRS Informant Payments	19	18	25	$7	38.9%
Offsets:					
GSE Mortgage-Backed Securities Direct Loans, Negative Subsidies	-1,214	-227	0	$227	-100.0%
GSE, Mortgage-Backed Securities Direct Loans, Downward Reestimate	-8,392	-467	0	$467	-100.0%
Troubled Asset Relief Program, Negative Subsidies	-2,336	-1,579	0	$1,579	-100.0%
Troubled Asset Relief Program, Downward Reestimates of Subsidies	-116,557	-43,475	0	$43,475	-100.0%
Proceeds, GSE Equity Related Transactions	-12,142	-17,492	-21,040	-$3,548	20.3%
Other Offsets	-1,824	-4,043	-5,990	-$1,947	48.2%
Subtotal Offsets:	*-142,465*	*-67,283*	*-27,030*	*$40,253*	*-59.8%*
Subtotal, MANDATORY ACCOUNTS	-$14,053	$54,265	$68,996	$14,731	27.1%
TOTAL, DEPARTMENT OF THE TREASURY	$378,735	$451,321	$502,345	$51,024	11.3%

Total Treasury Department Mandatory Budget

Interest Payments – $433.3 billion

These are permanent, indefinite funds for interest payments.

Mandatory Accounts – $69 billion

These are special accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations.

Offsetting Collections – $27.1 billion

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

Interest Payments

These payments include:

- *Interest on the Public Debt* - including 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* - as provided in 26 U.S.C. 6611, interest, compounded daily, is paid on Internal Revenue collections that must be refunded.
- *Interest on Uninvested Funds* - interest paid 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).
- *Interest paid to Credit Financing Accounts* - 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 (FCRA).
- *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 the Resolution Funding Corp* - The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 authorized and appropriated to 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.

Permanent Authority Appropriations

Terrorism Risk Insurance Program

The Terrorism Risk Insurance Extension Act of 2007 (P.L. 110-160) reauthorized 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.

GSE Mortgage-Backed Securities Purchase Program

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 FCRA, this account records the subsidy costs associated with the GSE MBS and State HFA purchase programs. The subsidy amounts are estimated on a present value basis.

Office of Financial Stability

The Emergency Economic Stabilization Act (EESA) of 2008 (P.L. 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 (TARP)

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 (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year). 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 the Small Business Lending Initiative (SBLI). The guaranteed loan commitments that were serviced by this account include the Asset Guarantee Program (AGP).

The Dodd-Frank Wall Street Reform Act, enacted on July 21, 2010, reduced TARP authority to purchase troubled assets from $700 billion to $475 billion; required that repayments of amounts invested under TARP cannot be used to increase purchase authority and are dedicated to reducing the Federal debt; and prohibited new obligations for any program or initiative that had not been initiated by June 25, 2010.

The authority to make new financial commitments via the TARP expired on October 3, 2010 under the terms of EESA. However, Treasury can continue to execute commitments entered into before October 3rd, 2010.

TARP Equity Purchase 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 TARP equity purchase obligations (including modifications of equity purchases that resulted from obligations in any year). The equity purchase programs serviced by this account include the American International Group Investment Program (AIGP), Targeted Investment Program (TIP), Automotive Industry Financing Program (AIFP), Public-Private Investment Program (PPIP), Community Development Capital Initiative (CDCI), and the Capital Purchase Program (CPP).

TARP Home Affordable Modification Program

The Making Home Affordable (MHA) Program was launched in March 2009 under the authority of Sections 101 and 109 of the Emergency Economic Stabilization Act of 2008, as amended (P.L. 110-343) (EESA). The centerpiece of MHA is the Home Affordable Modification Program (HAMP) which offers affordable and sustainable mortgage modifications to responsible homeowners at risk of losing their homes to foreclosure.

Complementing HAMP are other MHA programs to provide temporary mortgage payment relief to unemployed borrowers; to increase affordability by modifying second mortgages when a corresponding first mortgage is modified under HAMP; to assist borrowers whose loans are highly overleveraged by encouraging servicers to reduce principal; and for borrowers who are unable to retain homeownership, provide a transition to more affordable housing through a short sale or deed-in-lieu of foreclosure. Funds under EESA are also supporting an FHA refinance option that allows overleveraged homeowners to refinance into a new FHA-insured loan if their existing mortgage holders agree to a short refinance and to write down principal.

Grants to States for Low-Income Housing Projects

Section 1602 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) authorized and directed 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 provides 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) through December 31, 2011. 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.

Grants for Specified Energy Property

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

Payments are available for property placed in service in 2009, 2010 or 2011. In some cases, if construction begins in 2009, 2010, or 2011, the payment can be claimed for property placed in service before 2013, 2014 or 2017. In general, projects that meet eligibility criteria for the energy property investment tax credit are eligible for the payments. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (Public Law 111-312), Section 707(a), extended through 2011, the time within which certain eligible property must be placed on service or start construction.

Small Business Lending Fund (SBLF) Program Account

Enacted as part of the Small Business Jobs and Credit Act of 2010 (P.L. 111-240), the SBLF is designed to increase the availability of credit to small businesses by providing capital to eligible financial institutions with assets of less than $10 billion. The dividend or interest rate a bank pays for SBLF funding will be reduced as the institution's qualified small business lending increases. Because banks leverage their capital, the Small Business Lending Fund could help increase lending to small businesses in amounts that are multiples of the total capital provided to participating institutions. The account totals also include the costs of administering the program.

State Small Business Credit Initiative

Section 3003 of the Small Business Jobs and Credit Act of 2010 (P.L. 111-240) authorizes and directs the Secretary of Treasury to establish a seven-year State Small Business Credit Initiative (SSBCI). This account represents the appropriation in the amount of $1.5 billion to be used by the U.S. Department of the Treasury to provide direct support to States for use in programs designed to increase access to credit for small businesses. Additionally, this appropriation includes reasonable costs of administering the program and less than three percent has been allocated for the administration over the life of the program.

Community Development Financial Institutions Fund Program Account

The balance of the funds is received from CDFI dividend and investment income. The CDFI Fund intends to fund the Award Management Information System modernization effort with these funds.

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). Approximately every four years, the Department of the Treasury makes distributions from the PECF to qualified Presidential candidates and national party committees for use in the Presidential elections.

Office of Financial Research and the Financial Stability Oversight Council

The Financial Stability Oversight Council (FSOC) and Office of Financial Research (OFR) were established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Public Law 111-203). FSOC's purpose is to identify risks to the financial stability of the

United States, promote market discipline, and respond to emerging threats to the stability of the U.S. financial system. OFR's purpose is to support FSOC by collecting data on behalf of FSOC, developing and promoting data standards, conducting research, and developing tools for risk measurement and monitoring. Through July 21, 2012, FSOC and OFR are funded through transfers from the Board of Governors of the Federal Reserve System. After July 21, 2012, FSOC and OFR will be funded through assessments on bank holding companies with total consolidated assets of $50 billion or more and nonbank financial companies supervised by the Board of Governors.

Treasury Forfeiture Fund

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.

Biomass Energy Development

This account provides 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 entered into a Forbearance agreement with DOE in April 2009. 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. After the funds are fully capitalized by deposits from the general fund of the Treasury, interest earned will be available to the Tribes to carry out the purposes of the funds. Full capitalization occurred in FY 2010; therefore no additional deposits will be provided by the general fund of the Treasury. 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 account reimburses financial institutions for the services they provide as depositaries and financial agents of the Federal Government. The services provided are authorized under statutes including, but not limited to, 12 U.S.C. 90 and 265. Additionally, financial agent and financial analysis costs for the Government Sponsored Enterprise Mortgage Backed Securities Purchase Program and State Housing Finance Agency program are reimbursed from this account.

Payment to FRA for AMTRAK Debt Restructuring

The Passenger Rail Investment and Improvement Act (PRIIA) of 2008 (Section 205), enacted October 16, 2008, provides that the Secretary of the Treasury, in consultation with the Secretary of Transportation and the National Railroad Passenger Corporation (Amtrak), may make agreements to restructure (including repay) Amtrak's indebtedness, including leases, outstanding as of the date of enactment of PRIIA.

This authorization expired two years after the date of enactment.

Federal Reserve Bank Reinvestment

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

Appropriations are made for cases in which the Federal Government is found by courts to be liable for payment of claims and interest for damages not chargeable to appropriations of individual agencies, and for payment of private and public relief acts. Public Law 95-26 authorized a permanent, indefinite appropriation to pay certain judgments from the general funds of the Treasury.

Check Forgery Insurance Fund

This fund was established to maintain the Check Forgery Insurance Fund. The Fund facilitates timely payments for replacement Treasury checks necessitated due to a claim of forgery. 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. The authority to distribute assessments collected after October 1, 2007 was repealed. Assessments collected before October 1, 2007 will be disbursed as if the authority had not been repealed.

Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration

This schedule reflects the payments made to the Cheyenne River Sioux Tribe Terrestrial Wildlife Restoration Trust Fund and the Lower Brule Sioux Tribe Terrestrial Wildlife Restoration Trust Fund.

Federal Financing Bank

The Federal Financing Bank (FFB) was created in 1973 to reduce the costs of certain Federal and federally assisted borrowing and to ensure the coordination of borrowing in a manner least disruptive to private financial markets and institutions. FFB loans are also used to finance direct agency activities such as construction of Federal buildings, activities of the U.S. Postal Service, and the financial stabilization initiatives of the National Credit Union Administration.

Internal Revenue Collections for Puerto Rico

Excise taxes collected under the Internal Revenue laws of the United States on articles produced in Puerto Rico and either transported to the United States or consumed on the island are paid to Puerto Rico (26 U.S.C. 7652).

Reimbursement to Federal Reserve Banks

This fund was established by the Treasury, Postal Service and General Government Appropriations Act of 1991 (P.L. 101-509, 104 Stat. 1394) to allow the Bureau of the Public Debt to reimburse the Federal Reserve Banks for acting as fiscal agents of the Federal Government in support of financing the public debt.

Payment of 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.

Payment Where Recovery Rebate Exceeds Liability for Tax

The Economic Stimulus Act of 2008 (Public Law 110-185), Section 101, allowed for the issuance of tax rebates (economic stimulus payments) to certain eligible taxpayers through December 31, 2008. This was a one-time benefit provided to taxpayers to stimulate the economy. Additionally, in 2009 the rebate was provided to taxpayers who did not receive the full economic stimulus payment in 2008 and whose circumstances may have changed. No outlays are expected from this account in 2012, as the one-time program is no longer active.

Payment Where Earned Income Credit Exceeds Liability for Tax

As provided by law Public Law 94-12, 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 taxpayer. The EITC was made permanent by the Revenue Adjustment Act of 1978 (Public Law 95-600). The Act has been amended in subsequent bills.

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1002, temporarily increased the EITC for working families with three or more children, and increased the threshold for the phase-out range for all married couples filing a joint return for 2009 and 2010 tax returns. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312), Section 103(c), extended this temporary benefit for 2011 and 2012 tax returns.

Payment Where Child Credit Exceeds Liability for Tax

As provided by law, there are instances where the child tax credit exceeds the amount of tax liability owed through the individual income tax system, resulting in an additional payment to the taxpayer. 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), Section 1003, expanded the pool of eligible low-income earners. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312), Section 103(b), extended this temporary benefit for 2011 and 2012.

Payment Where Health Care Coverage Tax 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.

Congress expanded the program in the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Sections 1899A-1899J. 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. The Omnibus Trade Act of 2010 (Public Law 111-344), Sections 111-118, extends these benefits until February 13, 2011.

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), Division C, Section 103, increased the AMT refundable credit portion from 20 percent to 50 percent of 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), Section 3011, provided a refundable tax credit of up to $7,500 for first-time homebuyers. 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), Section 1006, expanded and extended the credit, and 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 Worker, Homeownership, and Business Assistance Act of 2009 (Public Law 111-92), Section 12, extended the application from November 30, 2009 to April 30, 2010. The Act modified the buyer's settlement date to June 30, 2010, if a buyer entered into a binding contract by April 30, 2010. The Act also provided a "long-time resident" credit of up to $6,500 to taxpayers who do not qualify as first-time homebuyers. The Homebuyer Assistance and Improvement Act of 2010 (Public Law 111-198), Section 2, extended eligibility for the credit to any taxpayer who entered into a written binding contract before May 1, 2010, to close on the purchase of a principal residence before October 1, 2010. 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), Section 3081, allowed 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 American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1201(b), extended this temporary benefit through 2009 and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312), Section 401(c), extended this temporary benefit for 2011 and 2012.

Payment Where American Opportunity Credit Exceeds Liability for Tax

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1004, allows certain taxpayers to claim a refundable Hope Scholarship Credit for qualifying higher education expenses, up to 40 percent. 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 Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312), Section 103(a), extended this credit for 2011 and 2012, and the 2012 Budget proposes to make this credit permanent.

Making Work Pay Tax Credit

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1001, 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.

Build American Bond Payments, Recovery Act

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1531, allowed 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.

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 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), Section 3001, treated assistance eligible individuals who pay 35 percent of their COBRA premium as having paid the full amount. The Department of Defense Appropriation Act of 2010 (Public Law 111-118), Section 1010, extended the eligibility period for the program to February 28, 2010 and extended the duration period of the taxpayers' premium assistance coverage to 15 months. The Continuing Extension Act of 2010 (Public Law 111-157), Section 3, amended the American Recovery and Reinvestment Act of 2009 to extend the premium assistance for COBRA benefits through May 31, 2010.

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

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 2201, allowed 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 to Issuer of Qualified Zone Academy Bonds

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1522, extended and expanded the calendar year limitation for Qualified Zone Academy Bonds to $1,400,000,000 for 2009 and 2010. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312), Section 758, extended the Qualified Zone Academy Bonds for 2011 and reduced the calendar year limitation to $400,000,000.

The Hiring Incentives to Restore Employment Act (Public Law 111-147), Section 301, amends Section 6431 of the Internal Revenue Code of 1986 by allowing issuers of Qualified Zone Academy Bonds to irrevocably elect to issue the bonds as specified tax credit bonds with a direct-pay subsidy, in the same manner as the Build America Bonds direct-pay subsidy. The issuer of such qualifying bonds will receive a direct interest payment subsidy from the Federal government. Bondholders will receive a taxable interest payment from the issuer in lieu of a tax credit.

Payment to Issuer of Qualified School Construction Bonds

The American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1521, created Qualified School Construction Bonds with a calendar year limitation of $11,000,000,000 for 2009 and 2010 and zero after 2010.

The Hiring Incentives to Restore Employment Act (Public Law 111-147), Section 301, amends Section 6431 of the Internal Revenue Code of 1986 by allowing issuers of Qualified School Construction Bonds to irrevocably elect to issue the bonds as specified tax credit bonds with a direct-pay subsidy, in the same manner as the Build America Bonds direct-pay subsidy. The issuer of such qualifying bonds will receive a direct interest payment subsidy from the Federal government. Bondholders will receive a taxable interest payment from the issuer in lieu of a tax credit.

Payment to Issuer of New Clean Renewable Energy Bonds

The Emergency Economic Stabilization Act of 2008 (Public Law 110-343), Section 107, created New Clean Renewable Energy Bonds; and the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1111, increased the limitation on issuance of New Clean Renewable Energy Bonds by $1,600,000,000.

The Hiring Incentives to Restore Employment Act (Public Law 111-147), Section 301, amends Section 6431 of the Internal Revenue Code of 1986 by allowing issuers of New Clean Renewable Energy Bonds to irrevocably elect to issue the bonds as specified tax credit bonds with a direct-pay subsidy, in the same manner as the Build America Bonds direct-pay subsidy. The issuer of such qualifying bonds will receive a direct interest payment subsidy from the Federal government. Bondholders will receive a taxable interest payment from the issuer in lieu of a tax credit.

Payment to Issuer of Qualified Energy Conservation Bonds

The Emergency Economic Stabilization Act of 2008 (Public Law 110-343), Section 301, created Qualified Energy Conservation Bonds; and the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Section 1112, increased the limitation on issuance of qualified energy conservation bonds from $800,000,000 to $3,200,000,000.

The Hiring Incentives to Restore Employment Act (Public Law 111-147), Section 301, amends Section 6431 of the Internal Revenue Code of 1986 by allowing issuers of Qualified Energy Conservation Bonds to irrevocably elect to issue the bonds as specified tax credit bonds with a direct-pay subsidy, in the same manner as the Build America Bonds direct-pay subsidy. The issuer of such qualifying bonds will receive a direct interest payment subsidy from the Federal government. Bondholders will receive a taxable interest payment from the issuer in lieu of a tax credit.

Payment Where Adoption Credit Exceeds Liability for Tax

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) (Public Law 107-16), Section 202, increased the maximum credit and exclusion to $10,000 (indexed for inflation after 2002) for both non-special needs and special needs adoptions; increased the phase-out starting point to $150,000 (indexed for inflation after 2002); and allowed the credit against the AMT.

The Patient Protection and Affordable Care Act (Public Law 111-148), Section 10909, extended the EGTRRA expansion of the adoption credit and exclusion from income for employer-provided adoption assistance for one year (for 2011); increased by $1,000 to $13,170 per child (indexed for inflation) the maximum adoption credit and exclusion from income for employer-provided adoption assistance for two years (2010 and 2011); and made the credit refundable for two years (2010 and 2011), meaning that eligible taxpayers can get it even if they do not owe tax for that year. In general, the credit is based on the reasonable and necessary expenses related to a legal adoption, including adoption fees, court costs, attorney's fees and travel expenses.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312), Section 101(b), for taxable years beginning after December 31, 2011, limits the adoption credit and employer-provided adoption assistance exclusion for special needs adoptions only; reduces the maximum credit and exclusion to $6,000; reduces the phase-out range to lower income levels (i.e., between $75,000 and $115,000); and does not index for inflation the maximum credit, exclusion, and phase-out range.

Payment Where Small Business Health Insurance Tax Credit Exceeds Liability for Tax

The Affordable Care Act (P.L. 111-148), Section 1421, allows certain small businesses to claim a credit when they pay at least half of the health care premiums for single health insurance coverage for their employees. Small businesses can claim the credit for 2010 through 2013 and for any two years after that. Generally, employers that have fewer than 25 full-time equivalent employees and pay wages averaging less than $50,000 per employee per year may qualify for the credit.

Therapeutic Discovery Program Grants and Administration

The Affordable Care Act (Public Law 111-148), Section 9023, provides tax credits and grants to qualifying small entities that show significant potential to produce new and cost-saving therapies, support U.S. jobs, and increase U.S. competitiveness. Credits and grants are for qualifying investments made during a taxable year beginning in 2009 or 2010. The total amount of credits and grants that may be allocated under the program shall not exceed $1,000,000,000 for the 2-year period beginning with 2009. This account also includes the administrative costs.

IRS Miscellaneous Retained Fees

As provided by law (26 U.S.C. 7801) the Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS, where such fees are authorized by another law, and may spend the new or increased fee receipts to supplement appropriations made available to the IRS appropriations accounts. Funds in this account are transferred to other IRS appropriations accounts for expenditure.

IRS 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 provision was further amended by the Tax Relief and Health Care Act of 2006 (Public Law 109-432) to encourage use of 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).