

CONSERVATION EASEMENT INCENTIVE ACT OF 2014

JUNE 26, 2014.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. CAMP, from the Committee on Ways and Means,
 submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 2807]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2807) to amend the Internal Revenue Code of 1986 to make permanent the special rule for contributions of qualified conservation contributions, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Conservation Easement Incentive Act of 2014”.

SEC. 2. SPECIAL RULE FOR CONTRIBUTIONS OF QUALIFIED CONSERVATION CONTRIBUTIONS MADE PERMANENT.

(a) IN GENERAL.—

(1) INDIVIDUALS.—Subparagraph (E) of section 170(b)(1) of the Internal Revenue Code of 1986 is amended by striking clause (vi).

(2) CORPORATIONS.—Subparagraph (B) of section 170(b)(2) of such Code is amended by striking clause (iii).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2013.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

Similar to a provision contained in the discussion draft of the “Tax Reform Act of 2014” released on February 26, 2014, the bill, H.R. 2807, reported by the Committee on Ways and Means, provides that individuals may deduct the fair market value of qualified conservation contributions up to 50 percent of the individual’s adjusted gross income (AGI). H.R. 2807 provides that farmers and ranchers may deduct the fair market value of qualified conservation contributions up to 100 percent of AGI (or 100 percent of taxable income in the case of a corporate farmer or rancher), provided the property used in agricultural or livestock production remains available for such production. An identical, temporary provision expired for taxable years beginning after December 31, 2013.

B. BACKGROUND AND NEED FOR LEGISLATION

While the Committee continues actively to pursue comprehensive tax reform as a critical means of promoting economic growth and job creation, the Committee also believes that it is important to provide individuals and small businesses permanent, immediate tax relief to encourage faster economic growth and job creation, while fostering charitable giving. By reinstating and making permanent the increased deduction limits for qualified conservation contributions, H.R. 2807 restores an important incentive for contributions of conservation easements that benefit the nation’s communities and the environment. The deduction for qualified conservation contributions was intended to spur new donations of conservation easements. According to testimony received by the Committee, in the first two years following its original enactment, the temporary rule doubled the number of conservation easement dona-

tions in comparison to the two prior years, and increased the acreage conserved by about 32 percent. H.R. 2807, which is similar to a provision contained in the February 26, 2014, discussion draft of the “Tax Reform Act of 2014,” will continue these results by providing certainty and stability to individuals and businesses seeking to contribute conservation easements.

C. LEGISLATIVE HISTORY

Background

H.R. 2807 was introduced on July 24, 2013, and was referred to the Committee on Ways and Means.

Committee action

The Committee on Ways and Means marked up H.R. 2807, the Conservation Easement Incentive Act of 2014, on May 29, 2014, and ordered the bill, as amended, favorably reported (with a quorum being present).

The need for permanent rules regarding qualified conservation contributions was discussed at no fewer than three hearings during the 112th and 113th Congresses:

- Select Revenue Measures Subcommittee Hearing on Certain Expiring Tax Provisions (April 26, 2012);
- Select Revenue Measures Subcommittee Hearing on Framework for Evaluating Certain Expiring Tax Provisions (June 8, 2012); and
- Full Committee Hearing on Tax Reform and Charitable Contributions (February 14, 2013).

II. EXPLANATION OF THE BILL

A. SPECIAL RULE FOR QUALIFIED CONSERVATION CONTRIBUTIONS MADE PERMANENT (SEC. 170(b) OF THE CODE)

PRESENT LAW

Charitable contributions generally

In general, a deduction is permitted for charitable contributions, subject to certain limitations that depend on the type of taxpayer, the property contributed, and the donee organization. The amount of deduction generally equals the fair market value of the contributed property on the date of the contribution. Charitable deductions are provided for income, estate, and gift tax purposes.¹

In general, in any taxable year, charitable contributions by a corporation are not deductible to the extent the aggregate contributions exceed ten percent of the corporation’s taxable income computed without regard to net operating or capital loss carrybacks. Total deductible contributions of an individual taxpayer to public charities, private operating foundations, and certain types of private nonoperating foundations generally may not exceed 50 percent of the taxpayer’s contribution base, which is the taxpayer’s adjusted gross income for a taxable year (disregarding any net operating loss carryback). To the extent a taxpayer has not exceeded the 50-percent limitation, (1) contributions of capital gain property

¹ Secs. 170, 2055, and 2522, respectively.

to public charities generally may be deducted up to 30 percent of the taxpayer's contribution base, (2) contributions of cash to most private nonoperating foundations and certain other charitable organizations generally may be deducted up to 30 percent of the taxpayer's contribution base, and (3) contributions of capital gain property to private foundations and certain other charitable organizations generally may be deducted up to 20 percent of the taxpayer's contribution base.

Contributions in excess of the applicable percentage limits generally may be carried over and deducted over the next five taxable years, subject to the relevant percentage limitations on the deduction in each of those years.

Capital gain property

Capital gain property means any capital asset or property used in the taxpayer's trade or business the sale of which at its fair market value, at the time of contribution, would have resulted in gain that would have been long-term capital gain. Contributions of capital gain property to a qualified charity are deductible at fair market value within certain limitations. Contributions of capital gain property to charitable organizations described in section 170(b)(1)(A) (*e.g.*, public charities, private foundations other than private non-operating foundations, and certain governmental units) generally are deductible up to 30 percent of the taxpayer's contribution base. An individual may elect, however, to bring all these contributions of capital gain property for a taxable year within the 50-percent limitation category by reducing the amount of the contribution deduction by the amount of the appreciation in the capital gain property. Contributions of capital gain property to charitable organizations described in section 170(b)(1)(B) (*e.g.*, private non-operating foundations) are deductible up to 20 percent of the taxpayer's contribution base.

For purposes of determining whether a taxpayer's aggregate charitable contributions in a taxable year exceed the applicable percentage limitation, contributions of capital gain property are taken into account after other charitable contributions.

Qualified conservation contributions

Qualified conservation contributions are one exception to the "partial interest" rule, which generally bars deductions for charitable contributions of partial interests in property.² A qualified conservation contribution is a contribution of a qualified real property interest to a qualified organization exclusively for conservation purposes. A qualified real property interest is defined as: (1) the entire interest of the donor other than a qualified mineral interest; (2) a remainder interest; or (3) a restriction (granted in perpetuity) on the use that may be made of the real property. Qualified organizations include certain governmental units, public charities that meet certain public support tests, and certain supporting organizations. Conservation purposes include: (1) the preservation of land areas for outdoor recreation by, or for the education of, the general public; (2) the protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem; (3) the preservation of open space

² Secs. 170(f)(3)(B)(iii) and 170(h).

(including farmland and forest land) where such preservation will yield a significant public benefit and is either for the scenic enjoyment of the general public or pursuant to a clearly delineated Federal, State, or local governmental conservation policy; and (4) the preservation of an historically important land area or a certified historic structure.

Qualified conservation contributions of capital gain property are subject to the same limitations and carryover rules as other charitable contributions of capital gain property.

Temporary rules regarding contributions of capital gain real property for conservation purposes

In general

Under a temporary provision³ the 30-percent contribution base limitation on contributions of capital gain property by individuals does not apply to qualified conservation contributions (as defined under present law). Instead, individuals may deduct the fair market value of any qualified conservation contribution to the extent of the excess of 50 percent of the contribution base over the amount of all other allowable charitable contributions. These contributions are not taken into account in determining the amount of other allowable charitable contributions.

Individuals are allowed to carry over any qualified conservation contributions that exceed the 50-percent limitation for up to 15 years.

For example, assume an individual with a contribution base of \$100 makes a qualified conservation contribution of property with a fair market value of \$80 and makes other charitable contributions subject to the 50-percent limitation of \$60. The individual is allowed a deduction of \$50 in the current taxable year for the non-conservation contributions (50 percent of the \$100 contribution base) and is allowed to carry over the excess \$10 for up to 5 years. No current deduction is allowed for the qualified conservation contribution, but the entire \$80 qualified conservation contribution may be carried forward for up to 15 years.

Farmers and ranchers

In the case of an individual who is a qualified farmer or rancher for the taxable year in which the contribution is made, a qualified conservation contribution is allowable up to 100 percent of the excess of the taxpayer's contribution base over the amount of all other allowable charitable contributions.

In the above example, if the individual is a qualified farmer or rancher, in addition to the \$50 deduction for non-conservation contributions, an additional \$50 for the qualified conservation contribution is allowed and \$30 may be carried forward for up to 15 years as a contribution subject to the 100-percent limitation.

In the case of a corporation (other than a publicly traded corporation) that is a qualified farmer or rancher for the taxable year in which the contribution is made, any qualified conservation contribution is allowable up to 100 percent of the excess of the corporation's taxable income (as computed under section 170(b)(2)) over the amount of all other allowable charitable contributions.

³Sec. 170(b)(1)(E).

Any excess may be carried forward for up to 15 years as a contribution subject to the 100-percent limitation.⁴

As an additional condition of eligibility for the 100 percent limitation, with respect to any contribution of property in agriculture or livestock production, or that is available for such production, by a qualified farmer or rancher, the qualified real property interest must include a restriction that the property remain generally available for such production. (There is no requirement as to any specific use in agriculture or farming, or necessarily that the property be used for such purposes, merely that the property remain available for such purposes.)

A qualified farmer or rancher means a taxpayer whose gross income from the trade or business of farming (within the meaning of section 2032A(e)(5)) is greater than 50 percent of the taxpayer's gross income for the taxable year.

Termination

The temporary rules regarding contributions of capital gain real property for conservation purposes do not apply to contributions made in taxable years beginning after December 31, 2013.⁵

REASONS FOR CHANGE

The Committee believes that the special rule that provides an increased incentive to make charitable contributions of partial interests in real property for conservation purposes is an important way of encouraging conservation and preservation, and therefore should be permanently extended.

EXPLANATION OF PROVISION

The provision reinstates and makes permanent the increased percentage limits and extended carryforward period for qualified conservation contributions.

EFFECTIVE DATE

The provision is effective for contributions made in taxable years beginning after December 31, 2013.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statements are made concerning the votes of the Committee on Ways and Means in its consideration of H.R. 2807, the Conservation Easement Incentive Act of 2014, on May 29, 2014.

The vote on the motion by Mr. Brady to table Mr. Thompson's motion to appeal the ruling of the Chair was agreed to by a roll call vote of 22 yeas to 14 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Camp	X	.....	.....	Mr. Levin .....	.....	X	.....
Mr. Johnson	X	.....	.....	Mr. Rangel .....	.....	X	.....
Mr. Brady	X	.....	.....	Mr. McDermott .....	.....	X	.....

⁴Sec. 170(b)(2)(B).

⁵Secs. 170(b)(1)(E)(vi) and 170(b)(2)(B)(iii).

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Ryan	X			Mr. Lewis			
Mr. Nunes				Mr. Neal		X	
Mr. Tiberi	X			Mr. Becerra		X	
Mr. Reichert	X			Mr. Doggett		X	
Mr. Boustany	X			Mr. Thompson		X	
Mr. Roskam	X			Mr. Larson		X	
Mr. Gerlach	X			Mr. Blumenauer		X	
Mr. Price	X			Mr. Kind		X	
Mr. Buchanan	X			Mr. Pascrell			
Mr. Smith	X			Mr. Crowley		X	
Mr. Schock	X			Ms. Schwartz		X	
Ms. Jenkins	X			Mr. Davis		X	
Mr. Paulsen	X			Ms. Sanchez		X	
Mr. Marchant	X						
Ms. Black	X						
Mr. Reed	X						
Mr. Young	X						
Mr. Kelly	X						
Mr. Griffin	X						
Mr. Renacci	X						

The vote on the amendment by Mr. Neal to the amendment in the nature of a substitute, which would strike the short title and the provision making permanent the special rule for contributions of qualified conservation contributions, replacing those provisions with a two-year extension of that special rule, was not agreed to by a roll call vote of 10 yeas to 26 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Camp		X		Mr. Levin	X		
Mr. Johnson		X		Mr. Rangel	X		
Mr. Brady		X		Mr. McDermott	X		
Mr. Ryan		X		Mr. Lewis			
Mr. Nunes				Mr. Neal	X		
Mr. Tiberi		X		Mr. Becerra		X	
Mr. Reichert		X		Mr. Doggett		X	
Mr. Boustany		X		Mr. Thompson		X	
Mr. Roskam		X		Mr. Larson	X		
Mr. Gerlach		X		Mr. Blumenauer	X		
Mr. Price		X		Mr. Kind		X	
Mr. Buchanan		X		Mr. Pascrell			
Mr. Smith		X		Mr. Crowley	X		
Mr. Schock		X		Ms. Schwartz	X		
Ms. Jenkins		X		Mr. Davis	X		
Mr. Paulsen		X		Ms. Sanchez	X		
Mr. Marchant		X					
Ms. Black		X					
Mr. Reed		X					
Mr. Young		X					
Mr. Kelly		X					
Mr. Griffin		X					
Mr. Renacci		X					

The vote on the motion by Mr. Brady to table Mr. McDermott's motion to appeal the ruling of the Chair was agreed to by a roll call vote of 23 yeas to 14 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Camp	X			Mr. Levin		X	
Mr. Johnson	X			Mr. Rangel		X	
Mr. Brady	X			Mr. McDermott		X	

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Ryan	X			Mr. Lewis			
Mr. Nunes	X			Mr. Neal		X	
Mr. Tiberi	X			Mr. Becerra		X	
Mr. Reichert	X			Mr. Doggett		X	
Mr. Boustany	X			Mr. Thompson		X	
Mr. Roskam	X			Mr. Larson		X	
Mr. Gerlach	X			Mr. Blumenauer		X	
Mr. Price	X			Mr. Kind		X	
Mr. Buchanan	X			Mr. Pascrell			
Mr. Smith	X			Mr. Crowley		X	
Mr. Schock	X			Ms. Schwartz		X	
Ms. Jenkins	X			Mr. Davis		X	
Mr. Paulsen	X			Ms. Sanchez		X	
Mr. Marchant	X						
Ms. Black	X						
Mr. Reed	X						
Mr. Young	X						
Mr. Kelly	X						
Mr. Griffin	X						
Mr. Renacci	X						

The bill, H.R. 2807, was ordered favorably reported as amended by a roll call vote of 23 yeas to 14 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Camp	X			Mr. Levin		X	
Mr. Johnson	X			Mr. Rangel		X	
Mr. Brady	X			Mr. McDermott		X	
Mr. Ryan	X			Mr. Lewis			
Mr. Nunes	X			Mr. Neal		X	
Mr. Tiberi	X			Mr. Becerra		X	
Mr. Reichert	X			Mr. Doggett		X	
Mr. Boustany	X			Mr. Thompson		X	
Mr. Roskam	X			Mr. Larson		X	
Mr. Gerlach	X			Mr. Blumenauer		X	
Mr. Price	X			Mr. Kind		X	
Mr. Buchanan	X			Mr. Pascrell			
Mr. Smith	X			Mr. Crowley		X	
Mr. Schock	X			Ms. Schwartz		X	
Ms. Jenkins	X			Mr. Davis		X	
Mr. Paulsen	X			Ms. Sanchez		X	
Mr. Marchant	X						
Ms. Black	X						
Mr. Reed	X						
Mr. Young	X						
Mr. Kelly	X						
Mr. Griffin	X						
Mr. Renacci	X						

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 2807, as reported.

The bill, as reported, is estimated to have the following effect on Federal budget receipts for fiscal years 2014–2024:

FISCAL YEARS
[Millions of Dollars]

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014–19	2014–24
–6	–81	–77	–81	–84	–94	–111	–127	–142	–156	–169	–422	–1,128

Note: Details do not add to totals due to rounding.

**B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX
EXPENDITURES BUDGET AUTHORITY**

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee further states that the revenue-reducing tax provisions involve increased tax expenditures. (See amounts in table in Part IV.A., above.)

**C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET
OFFICE**

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 5, 2014.

Hon. DAVE CAMP,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2807, the Conservation Easement Incentive Act of 2014.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Logan Timmerhoff.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 2807—Conservation Easement Incentive Act of 2014

H.R. 2807 would amend the Internal Revenue Code to reinstate and make permanent specified rules that increased the amount of income tax deductions allowed for taxpayers making certain charitable contributions of real property for conservation purposes. The rules, which expired on December 31, 2013, increased certain income-based limits on the amount of such conservation contributions that an individual or qualified corporate farmer or rancher could deduct in a year, and extended the number of years over which such contributions above the limits could be carried forward and deducted.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 2807 would reduce revenues, thus increasing federal budget deficits, by about \$1.1 billion over the 2014–2024 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct

spending and revenues. Enacting H.R. 2807 would result in revenue losses in each year beginning in 2014. The estimated increases in the deficit are shown in the following table.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Logan Timmerhoff. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 2807, AS ORDERED REPORTED BY THE
HOUSE COMMITTEE ON WAYS AND MEANS ON MAY 29, 2014

	By fiscal year, in millions of dollars—													
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014– 2019	2014– 2024	
NET INCREASE IN THE DEFICIT														
Statutory Pay-As-You-Go Effects	6	81	77	81	84	94	111	127	142	156	169	422	1,128	

Source: Staff of the Joint Committee on Taxation.
Note: Components may not sum to totals because of rounding.

D. MACROECONOMIC IMPACT ANALYSIS

In compliance with clause 3(h)(2) of rule XIII of the Rules of the House of Representatives, the following statement is made by the Joint Committee on Taxation with respect to the provisions of the bill amending the Internal Revenue Code of 1986: the effects of the bill on economic activity are so small as to be incalculable within the context of a model of the aggregate economy.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that it was as a result of the Committee's review of the provisions of H.R. 2807 that the Committee concluded that it is appropriate to report the bill, as amended, favorably to the House of Representatives with the recommendation that the bill do pass.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

C. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4).

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has deter-

mined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

D. APPLICABILITY OF HOUSE RULE XXI 5(b)

Rule XXI 5(b) of the Rules of the House of Representatives provides, in part, that “A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present.” The Committee has carefully reviewed the bill, and states that the bill does not involve any Federal income tax rate increases within the meaning of the rule.

E. TAX COMPLEXITY ANALYSIS

Section 4022(b) of the Internal Revenue Service Restructuring and Reform Act of 1998 (the “IRS Reform Act”) requires the staff of the Joint Committee on Taxation (in consultation with the Internal Revenue Service and the Treasury Department) to provide a tax complexity analysis. The complexity analysis is required for all legislation reported by the Senate Committee on Finance, the House Committee on Ways and Means, or any committee of conference if the legislation includes a provision that directly or indirectly amends the Internal Revenue Code and has widespread applicability to individuals or small businesses.

Pursuant to clause 3(h)(1) of rule XIII of the Rules of the House of Representatives, the staff of the Joint Committee on Taxation has determined that a complexity analysis is not required under section 4022(b) of the IRS Reform Act because the bill contains no provisions that amend the Code and that have “widespread applicability” to individuals or small businesses, within the meaning of the rule.

F. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

G. DUPLICATION OF FEDERAL PROGRAMS

In compliance with Sec. 3(j)(2) of H. Res. 5 (113th Congress), the Committee states that no provision of the bill establishes or reauthorizes a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139. The Committee also states that the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169), identified a program related to conservation easement contributions.

H. DISCLOSURE OF DIRECTED RULE MAKINGS

In compliance with Sec. 3(k) of H. Res. 5 (113th Congress), the following statement is made concerning directed rule makings: The Committee estimates that the bill requires no directed rule makings within the meaning of such section.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1986

* * * * *

Subtitle A—Income Taxes

* * * * *

CHAPTER 1—NORMAL TAXES AND SURTAXES

* * * * *

Subchapter B—Computation of Taxable Income

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PART VI—ITEMIZED DEDUCTIONS FOR INDIVIDUALS AND CORPORATIONS

* * * * *

SEC. 170. CHARITABLE, ETC., CONTRIBUTIONS AND GIFTS.

(a) * * *

(b) PERCENTAGE LIMITATIONS.—

(1) INDIVIDUALS.—In the case of an individual, the deduction provided in subsection (a) shall be limited as provided in the succeeding subparagraphs.

(A) * * *

* * * * *

(E) CONTRIBUTIONS OF QUALIFIED CONSERVATION CONTRIBUTIONS.—

(i) * * *

* * * * *

[(vi) TERMINATION.—This subparagraph shall not apply to any contribution made in taxable years beginning after December 31, 2013.]

* * * * *

(2) CORPORATIONS.—In the case of a corporation—

(A) * * *

(B) QUALIFIED CONSERVATION CONTRIBUTIONS BY CERTAIN CORPORATE FARMERS AND RANCHERS.—

(i) * * *

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[(iii) TERMINATION.—This subparagraph shall not apply to any contribution made in taxable years beginning after December 31, 2013.]

* * * * *

VII. DISSENTING VIEWS

The six bills approved by the Republicans at the markup would add \$304 billion to the deficit. Combined with the \$310 billion that the six bills approved by Republicans on the Committee in April added to the deficit, Republicans have added \$614 billion to the deficit in two short months—and there does not appear to be an end in sight. Even though some of these bills were introduced individually with some bipartisan support, the opposition to these bills was based on the position that these tax provisions should not be made permanent by adding to the deficit without any revenue offset.

To put the combined cost (\$614 billion) into context, it is 25 percent more than the entire projected federal deficit this year and \$86 billion more than *total* non-defense domestic discretionary spending (*e.g.*, medical research, education, veterans' pensions and health care, transportation, etc.) will be in 2014. It is almost seven times what we spend annually on education, job training, and social services. It is ten times more than we spend on veterans. And, it is eleven times more than we spend on medical research and public health.

Public charities and private foundations serve an important role in our society. We all support the good works of the charitable community and strive to provide charities with the resources they need to carry out their charitable mission. The markup was not to debate the good works of charities across this country, or the merits of H.R. 2807 which would make permanent the deduction for conservation easements.

We found it hypocritical that, four months ago, Republicans let emergency unemployment insurance expire for more than 1.3 million Americans by arguing that an adequate offset had yet to be proposed. In early April, the Senate came to a bipartisan agreement on an offset after months of painstaking negotiations. Yet House Republicans still refuse to act.

Finally, we also opposed the manner in which Republicans were proceeding—selecting 10 to make permanent without any offset from the approximately 60 tax provisions that expired last year. This approach was both fiscally irresponsible and fundamentally hypocritical.

The consideration of this bill should have been part of the consideration of all the expired tax provisions commonly referred to as “tax extenders.” The Republicans did not take up other tax extenders that also are important to Democratic Committee Members. Left to an uncertain fate are provisions like the Work Opportunity Tax Credit, the New Markets Tax Credit, and the renewable energy tax credits, as well as the long-term status of the Earned In-

come Tax Credit, the Child Tax Credit, and the American Opportunity Tax Credit.

SANDER M. LEVIN,
Ranking Member.

