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## Guest Opinion: No more tax break Christmas trees

Christmas came early this year to some of Washington's biggest special-interest groups when Congress passed legislation that was laden like a decorated Christmas tree with some of the finest-looking and most expensive ornaments lobbyists can buy.



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Christmas came early this year to some of Washington's biggest special-interest groups when Congress passed legislation that was laden like a decorated Christmas tree with some of the finest-looking and most expensive ornaments lobbyists can buy.

Known inside the beltway as the "tax extender" bill, it is more accurate to call it the Corporate

Tax Breaks Renewal Act. It retroactively renewed for one year — 2014 — more than 50 tax breaks that expired at the end of 2013. The one-year cost is \$42 billion, but over 10 years these tax breaks will cost more than \$500 billion if they continue to be renewed as they have been year after year. Eight out of every 10 dollars of these tax breaks benefit corporations.

Some of these tax cuts are stocking stuffers for the wealthy — like special tax breaks for owners of NASCAR racetracks or thoroughbred race horses — costing tens of millions. Others are giant ornaments on the scale of the huge White House Christmas tree.

Take the \$5.1 billion one-year cost of a loophole known as "active financing exception." It enables Wall Street banks and other multinational corporations to avoid paying federal income taxes on financial income that can be claimed to have been generated offshore. Known as the "GE Loophole," it helped General Electric pay nothing in federal income taxes from 2008 to 2012; instead the company got \$3.1 billion in tax refunds on \$27.5 billion in profits.

Another costly ornament is "bonus depreciation," which allows companies to deduct the cost of new equipment well before it actually wears out. Numerous studies have shown it "is largely ineffective as a policy tool for economic stimulus."

Many members of Congress would not vote for these tax breaks if they had to consider them one at a time. But the bill also contained a few attractive and less costly decorations, making it a bit easier on the eyes. They include a tax break for schoolteachers who pay for supplies out of their own pockets, a deduction for commuters that use public transportation, and a tax break for "underwater" homeowners who due to the Great Recession lose money when they sell their homes at a lower price than they paid for it.

One of the more unsavory features of the \$42 billion tax extender deal is that none of the tax breaks are paid for. A double standard is at work here.

Conservatives in Congress always demand that any new federal spending be paid for with offsetting budget cuts. For instance, they blocked spending \$10 billion for unemployment benefits for the long

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...approach: If Congress wants to protect certain corporate tax loopholes, pay for them by ending other corporate tax breaks.

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