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**Tax Extenders**

The Senate Finance Committee Chairman, Ron Wyden [D-OR] and Ranking Member Orrin Hatch [R- UT] marked a set of provisions known as ‘tax extenders,’ which have already expired or will expire at the end of this year. These provisions are called tax extenders because Congress typically extends them for a year or two at a time. All of these provisions have expired at least once before; many have been continued several times. Senator Wyden and Ranking Member Hatch’s markups are found in the Expiring Provisions Improvement Reform and Efficiency Act or EXPIRE. The Indian extenders include:

1) Accelerated Depreciation for Business Property and Infrastructure on Indian Reservations

This provision incentivizes private businesses to locate business property and infrastructure on Indian reservations. It provides qualifying property with a faster-write off than such property would otherwise receive under the regular tax code depreciation schedules. Accelerated Depreciation is a critical component of attracting energy and other capital intensive projects to reservations and can bring higher-skilled jobs to these communities. It is therefore important that the provisions remain in the initial extenders package to affirm support to those that have already invested in Indian Country and for those considering investments. A long-term extension of this provision should be considered going forward.

2) Indian Employment Tax Credit

The Indian Employment Tax Credit provides a 20% tax credit for the first $20,000 of wages for any tribal member or spouse employed by a private business operating on an Indian reservation. The provision is not applicable to tribal government jobs, high wage jobs (jobs paying more than $45,000 per year), or gaming jobs making it difficult to implement for many Native hires. A longer term extension of this provision is needed to reduce the extremely high rates of unemployment on Indian reservations. In addition, Congress should consider simplifying the credit so that employers will be more likely to utilize it. For example, extending the credit to tribal government jobs and allowing governmental employers to utilize it as a credit against payroll tax.

3) The Indian Coal Tax Credit

The Indian Coal Tax Credit extends credits for the production of coal on Indian reservations. A tax credit at $1.50 per ton is available for the first four years of a seven-year credit period and a $2.00 per ton credit is available for the last three years of the seven-year credit period. Beginning in calendar years after 2006, the credit amounts are indexed annually for inflation using 2005 as the base year. The credit amount for 2013 is $2.308 per ton. The provision extends the credit for the production of Indian coal for two years, through December 31, 2015. The placed-in-service date for qualified facilities is not extended, but the EXPIRE proposal clarifies that qualified Indian coal

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