House and Senate Tax Extender Meetings

With just two weeks in the brief September legislative session, the only major bill likely to be passed will be a continuing resolution. Rep. Harold Rogers (R-KY) introduced a bill this week to continue government operations from October 1 to December 11, 2014. This bill is expected to be passed during the shortened session.

However, Members of the House Ways and Means Committee and Senate Finance Committee have been meeting informally to discuss tax extenders. There will be no action taken until November in the lame duck session, but it is beneficial for both the House and Senate members to start the discussions.

The House has passed 10 extenders and two new charitable bills that would have permanent effect. The Senate EXPIRE Act has passed the Senate Finance Committee and would renew all 54 tax extenders for two years.

The plan by the House Ways and Means Committee is to pass the 12 permanent tax provisions and seek to move those through the November negotiations. At a meeting with the press, House Ways and Means Committee Member Charles Boustany Jr. (R-LA) stated, “We are hoping to try to get maybe a few of them made permanent.”
House tax staff suggest that the top priorities in the negotiation may be the research credit, Section 179 expensing and bonus depreciation. All of these provisions are believed to increase employment and lead to a stronger economy.

Ways and Means Committee Chair Dave Camp (R-MI) also expressed a preference for permanent passage. He stated, “My hope is to get as much permanent policy as possible. We are the only nation in the world with temporary tax policy, and it doesn’t work.”

Given the short available time in September, it is unlikely that there will be any other permanent tax extenders passed by the House. During the shortened session and the time between now and November, there may be additional informal House and Senate discussions on tax extenders.

Editor’s Note: Chairman Camp has positioned the House to negotiate for passage of some or all of the 12 permanent bills. The Senate clearly supports the concept of a two year extension for all 54 tax extenders. Nonprofit organizations hope that a compromise with some permanent tax extenders would include the IRA charitable rollover. The major question is whether or not the Senate negotiators will be willing to accept a compromise. Potentially, the House could negotiate to have most of the 12 extenders made permanent while the rest would only be extended for 2014 and 2015. The result of this negotiation may not be known until the end of November.

**Nearly 12 Million Sec. 529 Plans**

Each year the College Savings Plans Network publishes a report on Sec. 529 plans. The National Association of State Treasurers created the network to monitor these plans.

All states maintain a tax-advantaged Sec. 529 plan. Cash amounts up to five annual exclusions may be contributed to an account in one year. The funds grow tax-free and may be distributed tax-free to students for appropriate educational expenses. The account beneficiary is usually a child or a grandchild of the donor.

In September 2014, the “Mid-year Review of 529 Plan Activity” was published. It is a good picture of the current use of Sec. 529 plans to fund future education needs for children and grandchildren.

**1. Investment Balance** – There currently is $244.5 billion in the Sec. 529 plans. During the first six months of 2014, the total balance grew 7.6% or by $17.4 billion.
2. **Accounts** – The number of accounts grew from 11.1 million at the start of 2014 to 11.83 million by mid-year.

3. **Account Size** – The average size of a 529 plan grew 14.7% over the past 12 months to $20,671.

4. **Contributions** – Parents and grandparents are very interested in these plans because 44% of the accounts received an additional contribution during the first half of 2014.

**Editor’s Note:** Information on Sec. 529 plans is available on [www.irs.gov](http://www.irs.gov), [www.savingforcollege.com](http://www.savingforcollege.com) or [www.collegesavings.org](http://www.collegesavings.org).

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