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FOR IMMEDIATE RELEASE
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Senate Passes Tax Extender Bill---It is on to the President!

Last week I provided a link for cattle producers that might have been helpful for end of the year tax decisions. This week one of my co-workers from northern Ohio, David Marrison, has provided us with information that may of additional help for end of the year tax decisions for all.

The United States Senate passed the Tax Extenders Bill (HR 5771: Tax Increase Prevention Act of 2014) by a vote of 76-16 on Tuesday, December 16 and now is on its way to President Obama for his signature. This bill was passed by the House of Representatives by a vote of 378-46 on December 3, 2014. This bill "extended" a number of key tax relief provisions that expired either at the end of calendar year 2013 or during 2014. In total the bill includes 72 individual, business and energy tax extenders. It should be noted the extenders are only good for 2014. Congress will have to go back to the drawing board in 2015 to see if they wish to extend any of the tax extender provisions for 2015 and beyond.

The two major portions of this legislation which farmers, and other business owners, were waiting anxiously for include the extension of bonus depreciation and Section 179 Expensing. This legislation includes a one-year retroactive extension of the 50 percent bonus depreciation for new property acquired and placed in service during 2014 (2015 for certain property with a longer production period). The legislation also extended the Section 179 Expensing. Many farmers have been using Section 179 expensing to depreciate new and used equipment in the year of purchase. However, in 2014, this deduction was set to drop to \$25,000 with phase-out provisions kicking in for any dollars spent over \$200,000. The tax extender legislation returns the Section 179 Expensing level to \$500,000 with the phase-out provisions not kicking in until \$2 million. The special rules that allow expensing for computer software, qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property also were also extended through 2014.

Some additional tax extenders which have an agricultural interest include:

- Extension of special rule for contributions of capital gain real property made for conservation purposes. The provision would extend through 2014 an enhanced deduction for contributions of capital gain real property for conservation purposes. This provision also would extend the enhanced deduction for certain individual and corporate farmers and ranchers. A qualified conservation contribution is a contribution of a real property interest to a qualified organization, exclusively for conservation purposes.
- Extension of incentives for biodiesel and renewable diesel. The provision would extend through 2014 the \$1.00 per gallon production tax credit for biodiesel, and the small agri-biodiesel producer credit of 10 cents per gallon. The provision also extends through 2014 the \$1.00 per gallon production tax credit for diesel fuel created from biomass.
- Extension of special allowance for second generation biofuel plant property. The provision would extend through 2014 50



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percent bonus depreciation for cellulosic biofuel facilities.

Some of the most popular tax extenders important to the American taxpayer include:

- Extension of above-the-line deduction for qualified tuition and related expenses. The provision would extend through 2014 the above-the-line deduction for qualified tuition and related expenses for higher education. The deduction is capped at \$4,000 for an individual whose adjusted gross income (AGI) does not exceed \$65,000 (\$130,000 for joint filers) or \$2,000 for an individual whose AGI does not exceed \$80,000 (\$160,000 for joint filers).
- Extension of deduction for certain expenses of elementary and secondary school teachers. The provision would extend through 2014 the above-the-line deduction for the eligible expenses of elementary and secondary school teachers. The deduction is capped at \$250 and covers expenses that otherwise would have to be itemized.
- Extension of tax-free distributions from individual retirement plans for charitable purposes. The provision would extend through 2014 the ability of individuals at least 70½ years of age to exclude from gross income qualified charitable distributions from Individual Retirement Accounts (IRAs). The exclusion may not exceed \$100,000 per taxpayer in any tax year.
- Extension of credit for energy-efficient new homes. The provision would extend through 2014 the tax credit for manufacturers of energy-efficient residential homes. An eligible contractor may claim a tax credit of \$1,000 or \$2,000 for the construction or manufacture of a new energy efficient home that meets qualifying criteria.

Just a reminder, we have the Farmer's Tax Guides in the Adams, Brown and Highland County Extension Offices for free, while supplies last. Stop in during regular office hours to pick up your copy. Details about the legislation can be found at:

<https://www.govtrack.us/congress/bills/113/hr5771>

Dates to Remember

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| Beef School | Dates are Jan. 27, Feb. 10 and Feb. 24 at 7:00 p.m. each night, site TBA. |
| Pesticide/Fertilizer | Pesticide Re-certification with Fertilizer Certification:
Jan. 21 at North Adams HS, begins at 4:00 p.m.
Feb. 5 at Southern Hills CTC Board Office, begins at 11:30 a.m.
Feb. 12 at Southern State Comm. College in Hillsboro, begins at 11:00
(Pre-Registration and payment REQUIRED 5 days prior to session. Call
Cindy at the Brown Co. office at 378-6716.) The Fertilizer Certification
is needed by September 30, 2017, so if your Pesticide is due in 2016 or
2017, come for both at that time so you are on the same schedule. |
| Farm Bill Meetings | REMEMBER we need for you to Pre-Register for the Farm Bill Meetings,
listed below, by calling the OSU Extension office in the County you plan to
attend. Seating is limited at some locations. Call Barbie in Adams Co. at 544-
2339 or Cindy in Brown Co. at 378-6716. February 2 at Frisch's in West
Union on SR 41 South, at 1:00 p.m. and Southern Hills Career Center in
Georgetown at 6:30 p.m. |

