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‘Fiscal Cliff’ Deal Also Doles Out Millions for Hollywood, Railroads, Rum Producers

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The “[fiscal cliff](#)” compromise has been heralded as a saving grace for middle class taxpayers, their families and the unemployed.

But buried in the fine print of the 150-page deal are also some lesser-known New Year’s gifts to some of Washington’s favorite industries.

Under the plan, the federal government would eat nearly \$100 billion in forgone tax revenue over the next two years by extending special tax credits for select businesses that had been set to expire.

While the provisions themselves are not new, and are often extended as part of major bills, their inclusion amidst a tumultuous year-end debate over deficits and debt did raise a few eyebrows.

The nonpartisan Committee for a Responsible Federal Budget listed the so-called “tax extenders” as a “bad” part of the fiscal cliff deal because their cost is not offset, “setting a bad precedent for future extensions.”

The mix of tax perks covering the next year, but with budget implications for the next two years includes everything from incentives for employers to hire veterans to incentives for employers to invest in mine safety. But it also includes these:

- **\$430 million for Hollywood** through “special expensing rules” to encourage TV and film production in the United States. Producers can expense up to \$15 million of costs for their projects.
- **\$331 million for railroads** by allowing short-line and regional operators to claim a tax credit up to 50 percent of the cost to maintain tracks that they own or lease.

- **\$222 million for Puerto Rico and the Virgin Islands** through returned excise taxes collected by the federal government on rum produced in the islands and imported to the mainland.
- **\$70 million for NASCAR** by extending a “7-year cost recovery period for certain motorsports racing track facilities.”
- **\$59 million for algae growers** through tax credits to encourage production of “cellulosic biofuel” at up to \$1.01 per gallon.
- **\$4 million for electric motorcycle makers** by expanding an existing green-energy tax credit for buyers of plug-in vehicles to include electric motorbikes.

*Note the price tags above reflect estimated forgone tax revenue if current credits – which have been due to expire – are extended for one year as included in the Senate bill, per Joint Committee on Taxation.

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