

ESTIMATED BUDGET EFFECTS OF
 THE "JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT OF 2003,"
 SCHEDULED FOR CONSIDERATION BY THE COMMITTEE ON FINANCE ON MAY 13, 2003

Fiscal Years 2003 - 2013

[Millions of Dollars]

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
Acceleration of Certain Previously Enacted Tax Reductions and Increased Expensing for Small Businesses														
1. Accelerate the expansion of the 10% bracket	tyba 12/31/02	-1,549	-8,445	-6,596	-6,909	-7,385	-4,973	-3,931	-3,859	-1,145	---	---	-35,857	-44,792
2. Accelerate the 2006 rate schedule	tyba 12/31/02	-9,531	-38,809	-19,811	-5,864	---	---	---	---	---	---	---	-74,015	-74,015
3. Accelerate the expansion of the 15% individual income tax rate bracket and the increase in the standard deduction for married taxpayers filing joint returns	tyba 12/31/02	-4,936	-24,904	-11,045	-5,577	-3,041	-1,519	-335	---	---	---	---	-51,022	-51,357
4. Accelerate child credit increase to \$1,000 and the refundable percentage to 15%	tyba 12/31/02	-15,216	-6,086	-17,176	-12,525	-12,372	-12,267	-11,314	-6,336	---	---	---	-75,642	-93,292
5. Increase section 179 expensing - increase the amount that can be expensed from \$25,000 to \$75,000 and increase the phaseout threshold amount from \$200,000 to \$325,000; include software in section 179 property; and index both the deduction limit and the phaseout threshold after 2003 (sunset after 2012)	tyba 12/31/02	-1,399	-2,658	-3,056	-3,466	-3,090	-2,782	-2,593	-2,490	-2,429	-2,392	2,961	-16,451	-23,393
6. Increase individual AMT exemption amount by \$6,000 single and \$12,000 joint for 2003 and 2004, maintain level for 2005	tyba 12/31/02	-1,393	-12,231	-18,682	-16,962	---	---	---	---	---	---	---	-49,268	-49,268
Total of Acceleration of Certain Previously Enacted Tax Reductions and Increased Expensing for Small Businesses		-34,024	-93,133	-76,366	-51,303	-25,888	-21,541	-18,173	-12,685	-3,574	-2,392	2,961	-302,255	-336,117
Partial Exclusion of Dividends Received by Individuals: 100 percent of the first \$500 per return and 10 percent from 2004 through 2007, 20 percent in 2008 through 2012 for amounts exceeding \$500 (sunset after 12/31/12) [1]														
	dri tyba 12/31/03	---	-2,049	-4,415	-5,329	-5,708	-7,000	-10,372	-11,064	-12,075	-13,195	-9,904	-24,501	-81,111
Revenue Provisions														
A. Provisions Designed to Curtail Tax Shelters														
1. Clarification of the economic substance doctrine and related penalty provisions	to/a 5/8/03	377	1,031	1,242	1,163	1,049	1,086	1,200	1,335	1,517	1,729	1,970	5,947	13,698
2. Provisions relating to reportable transactions and tax shelters	various dates after DOE [2]	35	92	115	119	120	124	131	139	150	164	179	604	1,366
3. Modification to the substantial understatement penalty	tyba DOE	---	---	4	11	19	23	26	30	34	38	38	57	223

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
4. Actions to enjoin conduct with respect to tax shelters	DOE	----- Negligible Revenue Effect -----												
5. Understatement of taxpayer's liability by income tax return preparer	dpa DOE	----- Negligible Revenue Effect -----												
6. Impose a civil penalty (of up to \$5,000) on failure to report interest in foreign financial accounts	DOE	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	1	3
7. Frivolous tax submissions	[4]	1	3	3	3	3	3	3	3	3	3	3	16	31
8. Amend Code section 6501 to provide for 6-year statute of limitations for undisclosed listed transactions	tyba DOE	---	---	---	1	1	1	1	1	1	1	1	3	8
9. Amend Code section 163 to disallow a deduction for deficiency interest paid to the IRS on underpayments involving tax motivated transactions	tyba DOE	---	---	---	1	1	3	4	4	4	4	4	5	25
B. Enron-Related Tax Shelter Provisions														
1. Limitation on transfer or importation of built-in losses	ta 2/13/03	19	112	123	136	149	164	180	198	218	240	264	703	1,803
2. No reduction of basis under section 734 in stock held by partnership in corporate partner	da 2/13/03	2	7	13	20	28	36	44	51	54	56	57	105	368
3. Repeal of special rules for FASITs	after 2/13/03	----- Negligible Revenue Effect -----												
4. Expanded disallowance of deduction for interest on convertible debt	diia 2/13/03	5	87	89	91	94	96	98	101	103	106	109	462	979
5. Expanded authority to disallow tax benefits under section 269	aa 2/13/03	2	8	9	9	10	10	11	11	12	12	13	48	108
6. Modifications of certain rules relating to controlled foreign corporations	[5]	5	20	15	8	4	5	6	8	10	12	15	57	108
7. Controlled entities ineligible for REIT status	tybo/a 5/8/03	---	1	5	5	5	5	6	6	6	7	7	21	53
C. Other Corporate Governance Provisions														
1. Affirmation of consolidated return regulation authority	[6]	----- Negligible Revenue Effect -----												
2. Require CEO signatures on income tax returns	rfa DOE	----- Negligible Revenue Effect -----												
3. Executive compensation reforms	tyba 12/31/03 [7]	-299	719	1,142	1,031	527	161	88	81	81	412	492	3,281	4,434
4. Require wage withholding at top marginal rates for supplemental wage payments in excess of \$1 million	wpma 12/31/03	---	115	13	14	16	5	[8]	5	5	5	7	164	185
5. Nondeductibility of fines and penalties	apoa 4/27/03	24	76	10	10	10	10	10	10	10	10	10	141	191
6. Deny deduction for punitive damages	dpoia DOE	---	38	29	30	31	32	33	34	35	36	37	160	333
D. International Provisions														
1. Impose mark-to-market on individuals who expatriate	[9]	3	98	84	80	74	71	67	61	57	54	51	410	700
2. Provisions to Discourage Expatriation:														
a. Tax treatment of inversion transactions	[10]	34	159	117	140	168	202	242	290	348	418	493	820	2,611
b. Excise tax on stock compensation of insiders in inverted corporations	generally 7/11/02	21	14	10	10	10	10	10	10	10	10	10	75	125
c. Reinsurance agreements	rra 4/11/02	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	2	5
E. Other Revenue Provisions														
1. Extend U.S. effectively connected income rules to include more foreign-source income	tyba DOE	1	4	5	7	8	9	10	10	10	10	11	34	85
2. Limit basis step-up for imported pensions	doo/a DOE	[3]	6	12	13	14	15	15	16	16	17	17	60	141

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
3. Prevent mismatching of deductions and income inclusions in transactions with related foreign persons	pao/a 5/8/03	[3]	42	83	79	33	35	37	39	42	45	47	272	482
4. Double penalties and fines related to certain offshore financial accounts	oyo/a 5/8/03	[8]	2	1	1	[8]	---	---	---	---	---	---	4	4
5. Repeal exclusion under section 911	1/1/04	---	693	2,986	3,076	3,192	3,361	3,592	3,887	4,257	4,721	5,297	13,308	35,062
6. Recapture overall foreign losses when controlled foreign corporation stock is disposed	DOE	[3]	3	7	8	9	9	9	10	10	10	11	36	86
7. Sales of gasoline and diesel fuel at duty-free sales enterprises	DOE	[8]	1	1	1	1	1	1	1	1	1	1	4	9
8. Extension of IRS User Fees (through 9/30/13) [11]	rma DOE	---	33	34	35	36	38	39	41	42	44	45	176	386
9. Add Hepatitis A to the list of taxable vaccines [12] (includes outlays)	[13]	---	1	2	2	2	2	2	2	2	1	1	7	16
10. Disallowance of partnership loss transfers	ctada DOE	2	18	39	57	70	79	84	86	89	91	94	266	710
11. Treatment of stripped interest in bond and preferred stock funds	pada DOE	1	11	8	3	[3]	[3]	[3]	[3]	[3]	[3]	[3]	24	25
12. Reporting of taxable mergers and acquisitions	aa DOE	[3]	1	2	3	3	3	3	3	3	3	3	12	27
13. Minimum holding period for foreign tax credit on withholding tax on income other than dividends	apoamt30da DOE	[3]	1	3	3	3	3	3	4	4	4	4	13	32
14. Permit private sector debt collection companies to collect tax debts (net of outlays) [14]	DOE	---	---	70	129	131	116	106	106	106	106	106	445	973
15. Customs User Fees Extension														
a. Extend passenger and conveyance processing fee through 12/31/13 [11]	10/1/03	---	229	314	329	346	363	381	400	420	441	464	1,581	3,687
b. Extend merchandise processing fee through 12/31/13 [11]	10/1/03	---	1,089	1,151	1,216	1,286	1,359	1,436	1,518	1,605	1,696	1,793	6,101	14,149
16. Reform of 501(c)(15) to apply to organizations with gross receipts of \$600,000 and premiums at least 50% of gross receipts	tyba 12/31/03	---	48	105	118	124	129	134	139	145	151	157	523	1,249
17. Authorize IRS to enter into installment agreements that provide for partial payment, require 2-year review	iaeio/a DOE	8	40	14	5	[3]	[3]	[3]	[3]	[3]	[3]	[3]	61	63
18. Extend present-law intangibles amortization provisions to acquisitions of sports franchises	aa DOE	2	63	92	67	36	24	25	26	28	30	32	284	425
19. Deposits to stop the running of interest on potential underpayments (sunset after 12/31/12)	dma DOE	13	144	-5	-6	-6	-6	-6	-7	-7	-7	-7	134	101
20. Require estimated taxes to be paid based upon a deemed asset sale if there is an agreement to make a section 338(h)(10) election	toa DOE	39	56	13	3	3	3	4	4	4	4	5	117	138
21. Provide that deductions for charitable contributions of patents or similar property may not exceed the donor's basis	cma 5/7/03	96	271	356	366	377	389	400	412	425	438	451	1,855	3,981
22. Extend provision under section 420 permitting qualified transfers of excess defined benefit pension plan assets to 401(h) accounts (through 12/31/13)	tmi tyba 12/31/05	---	---	---	18	38	40	40	40	40	40	40	97	298
23. Apply life proration rules to life business of property and casualty insurance companies	tyba 12/31/03	---	30	61	65	68	72	76	80	84	89	94	296	719
24. Modify treatment of transfers to creditors in divisive reorganizations	to/a DOE	1	10	10	10	11	11	11	12	12	13	13	53	114

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
F. Other Provisions														
1. State Aid Trust Fund [11] (outlay effects).....	DOE	-10,000	-10,000	---	---	---	---	---	---	---	---	---	-20,000	-20,000
2. SSI Reform [11] (outlay effects).....	10/1/03	---	7	30	60	90	124	159	195	238	265	314	311	1,482
3. Prohibition on use of SCHIP funds to provide coverage for childless adults [11] (outlay effects)	DOE	---	---	5	20	30	85	95	100	110	105	105	140	655
Total of Revenue Provisions		-9,608	-4,617	8,422	8,570	8,224	8,311	8,816	9,502	10,344	11,635	12,858	19,296	72,456
Small Business and Agricultural Provisions														
A. Small Business Provisions														
1. Exclude government-guaranteed debt capital SBIC's from UBIT (sunset after 12/31/12)	eda 12/31/02 oamo/a DOE	[15]	-1	-1	-1	-1	-1	-1	-1	-1	-1	[15]	-5	-9
2. Repeal of special occupational taxes relating to alcoholic beverages (sunset after 12/31/12) [16]	7/1/03	-66	-78	-78	-78	-78	-78	-78	-78	-78	-78	-12	-456	-780
3. Custom gunsmiths (sunset after 12/31/12)	[17]	[15]	-1	-1	-1	-1	-1	-1	-1	-1	-1	[15]	-4	-8
4. Simplification of excise tax imposed on bows and arrows (sunset after 12/31/12)	asa DOE	[15]	-1	-1	-1	-1	-1	-1	-1	-1	-1	[15]	-5	-8
B. Agricultural Provisions														
1. Capital gains treatment of timber sales under section 631(b) to apply to outright sales by landowners (sunset after 12/31/12)	sa DOE	----- Negligible Revenue Effect -----												
2. Special rules for livestock sold on account of weather-related conditions (sunset after 12/31/12)	trda 12/31/02	---	---	-18	-7	-4	-3	-3	-3	4	6	2	-32	-27
3. Exclusion for loan payments under National Health Service Corps loan repayment program (sunset after 12/31/12)	ari tyba 12/31/02	---	-1	-1	-1	-2	-2	-3	-3	-4	-4	-4	-7	-25
4. Payment of dividends on stock of cooperatives without reducing patronage dividends (sunset after 12/31/12)	dmi tyea DOE	[15]	[15]	[15]	-1	-1	-1	-1	-2	-2	-3	-1	-3	-12
Total of Small Business and Agricultural Provisions.....		-66	-82	-100	-90	-88	-87	-88	-89	-83	-82	-15	-512	-869
Simplification and Other Provisions														
A. Uniform Definition of a Qualifying Child for the Dependency Exemption, the Child Credit, the EIC, the Dependent Care Credit, and the Head-of-Household Filing Status (sunset after 12/31/12)														
	tyba 12/31/03	---	-7	-152	-165	-172	-180	-191	-211	-232	-246	-222	-675	-1,778
B. Simplification														
1. Repeal section 1504(c)(2) related to the consolidation of life and non-life insurance companies (sunset after 12/31/12)	tyba 12/31/09	---	---	---	---	---	---	---	-48	-98	-99	-60	---	-305
2. Suspension of section 809 and 815 for life insurance companies (sunset 12/31/08)	tyba 12/31/03	---	-38	-81	-86	-95	-88	-62	-43	-44	-45	-47	-388	-629
3. Treat corporations in an affiliated group as a single corporation (sunset after 12/31/12)	generally da DOE	-2	-5	-7	-7	-7	-8	-8	-9	-9	-10	-3	-36	-75
C. Other Provisions														
1. Civil rights tax relief (sunset after 12/31/12)	ara DOE	---	-16	-17	-18	-19	-20	-21	-22	-23	-24	-25	-90	-205
2. Increase the section 382 limitation for certain corporations in bankruptcy (sunset 12/31/05)	tyba 12/31/03	---	-1	-33	-26	---	---	---	---	---	---	---	-60	-60
3. Increase rehabilitation credit for certain housing (sunset after 12/31/12)	ppisa DOE	-1	-8	-8	-8	-9	-9	-10	-10	-11	-11	-8	-43	-93

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
4. Modification of application of the income forecast method of accounting (sunset after 12/31/12)	ppisa DOE	-8	-46	-98	-102	-72	-29	-36	-44	-53	-61	-22	-355	-571
5. Additional advance refunding of bonds for certain public elementary or secondary schools (sunset after two years after date of enactment)	arbia DOE	[15]	-2	-4	-5	-5	-4	-3	-2	-2	-1	-1	-20	-29
6. Exclusion of income derived from certain wagers on horse races from gross income of nonresident alien individuals (sunset after 12/31/12)	wma 9/30/03	---	-1	-2	-2	-2	-2	-2	-2	-2	-2	-1	-10	-21
7. Federal reimbursement of emergency health services furnished to undocumented aliens (sunset after 12/31/12) [18] (outlay effects)	DOE	---	-28	-12	-8	---	---	---	---	---	---	---	-48	-48
8. Premiums for mortgage insurance (sunset after 12/31/12)	ap/aa DOE	-3	-29	-50	-51	-46	-49	-53	-57	-68	-72	-54	-228	-533
Total of Simplification and Other Provisions.....		-14	-181	-464	-478	-427	-389	-386	-448	-542	-571	-443	-1,953	-4,347
NET TOTAL [19]		-43,712	-100,062	-72,923	-48,630	-23,887	-20,706	-20,203	-14,784	-5,930	-4,605	5,457	-309,925	-349,988
OUTLAY EFFECTS NET OF OFFSETTING RECEIPTS.....		-15,073	-9,921	-4,798	-2,622	-2,154	-1,834	-1,503	-42	2,192	2,446	2,630	-36,404	-30,687

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:

- | | | |
|--|---|--|
| aa = acquisitions after | dma = distributions made after | rfa = returns filed after |
| ap/aa = amounts paid or accrued after | dmi = distributions made in | rra = risk reinsured after |
| apoamt30da = amounts paid or accrued more than 30 days after | doo/a = distributions occurring on or after | sa = sales after |
| apoia = amounts paid or incurred after | dpoia = damages paid or incurred after | ta = transactions after |
| ara = awards received after | dpa = documents prepared after | tmi = transfers made in |
| arbia = advance refunding bonds issued after | dri = dividends received in | toa = transactions occurring after |
| ari = amounts received in | eda = entire debt after | to/a = transactions on or after |
| asa = articles sold after | iaeio/a = installment agreements entered into on or after | trda = tax returns due after |
| cma = contributions made after | oamo/a = on acquisitions made on or after | tyba = taxable years beginning after |
| ctada = contributions, transfers, and distributions after | oyo/a = open years on or after | tybo/a = taxable years beginning on or after |
| da = distributions after | pada = purchases and dispositions after | wma = wagers made after |
| diia = debt instrument issued after | pao/a = payments accrued on or after | wpma = wage payments made after |
| DOE = date of enactment | ppisa = property placed in service after | |

[1] RIC and REIT shareholders receive tax relief to the extent that dividends paid by the RIC or REIT are qualified dividends received by the RIC or REIT. The proposal would exclude qualified dividends from investment income for the purpose of Internal Revenue Code Section 163(d). Certain anti-abuse rules, including the imposition of a 45-day holding period, have been adopted. The amount of the exclusion would be included in adjusted gross income.

[2] Effective dates for provisions relating to reportable transactions and tax shelters: the penalty for failure to disclose reportable transactions is effective for returns and statements the due date of which is after the date of enactment; the modification to the accuracy-related penalty for listed or reportable transactions is effective for taxable years ending after the date of enactment; the tax shelter exception to confidentiality privileges is effective for communications made on or after the date of enactment; the material advisor and investor list disclosure provisions applies to transactions with respect to which material aid, assistance or advice is provided after the date of enactment; the failure to register tax shelter penalty applies to returns the due date for which is after the date of enactment; the investor list penalty applies to requests made after the date of enactment; and the penalty on promoters of tax shelters is effective for activities after the date of enactment.

[3] Gain of less than \$1 million.

[Footnotes for JCX-50-03 continued]

[4]	Effective for submissions made and issues raised after the first list is prescribed under section 6702(c).													
[5]	Effective for taxable years of controlled foreign corporation beginning after February 13, 2003, and to taxable years of U.S. shareholders in which or with which such taxable years of controlled corporation end.													
[6]	Effective for all taxable years, whether beginning before, with, or after the date of enactment.													
[7]	Effective for amounts deferred after December 31, 2003; for income inclusion of deferred stock options and restricted stock, taxable years beginning after December 31, 2003.													
[8]	Gain of less than \$500,000.													
[9]	Generally effective for U.S. citizens who expatriate or long-term residents who terminate their residency on or after February 5, 2003.													
[10]	Effective for certain transactions completed after March 20, 2002, and would also affect certain taxpayers who completed transactions before March 21, 2002.													
[11]	Estimate provided by the Congressional Budget Office.													
[12]	Breakout of Outlay effects Net of Offsetting Receipts:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2003-08</u>	<u>2003-13</u>
	Hepatitis A	-3	-7	-7	-7	-7	-7	-7	-7	-7	-8	-8	-38	-75
[13]	Effective for vaccines sold beginning on the first day of the first month beginning more than four weeks after the date of enactment.													
[14]	Breakout of Outlay effects Net of Offsetting Receipts:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2003-08</u>	<u>2003-13</u>
	Private sector debt collection	---	---	-22	-43	-43	-38	-34	-34	-34	-34	-34	-148	-323
[15]	Loss of less than \$500,000.													
[16]	The provision does not affect liability for taxes imposed with respect to periods before July 1, 2003.													
[17]	Effective for articles sold at least two weeks after the date of enactment.													
[18]	Estimate is preliminary. To be analyzed by Congressional Budget Office.													
[19]	Returns with AMT liability (millions):	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>		
	Present law	2.2	3.7	9.7	14.9	19.2	23.8	26.8	30.0	14.2	17.3	20.3		
	Change due to proposal	-0.3	-1.4	-6.7	3.6	2.2	0.6	0.5	0.5	---	---	---		