

**ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS CONTAINED IN
THE PRESIDENT'S FISCAL YEAR 2006 BUDGET PROPOSAL**

Fiscal Years 2005 - 2015

[Millions of Dollars]

Provision	Effective	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2005-10	2005-15
I. Making Permanent Certain Tax Cuts Enacted in 2001 and 2003:														
A. Extend the 15%/0% Dividends Rate Structure Beginning in 2009.....	tyba 12/31/08	---	---	---	-854	-4,363	-8,609	-13,160	-14,638	-16,292	-17,490	-18,759	-13,825	-94,165
B. Extend the 15%/0% Capital Gains Tax Rate Structure Beginning in 2009.....	tyba 12/31/08	---	---	---	-1,549	-8,375	984	-8,663	-8,596	-8,857	-9,129	-9,432	-8,940	-53,617
C. Increase Section 179 Expensing From \$25,000 to \$100,000 and Increase the Phaseout Threshold Amount From \$200,000 to \$400,000; Include Software in Section 179 Property; and Extend Indexing of Both the Deduction Limit and the Phaseout Threshold	tyba 12/31/07	---	---	---	-2,605	-4,459	-3,221	-2,449	-1,953	-1,609	-1,431	-1,385	-10,286	-19,113
D. Reductions in Individual Income Tax Rates.....	tyba 12/31/10	---	---	---	---	---	---	-83,935	-125,791	-129,306	-133,046	-137,490	---	-609,568
E. Child Tax Credit	tyba 12/31/10	---	---	---	---	---	---	-6,797	-34,073	-34,510	-34,989	-35,500	---	-145,869
F. Marriage Penalty Relief.....	tyba 12/31/10	---	---	---	---	---	---	-5,321	-9,916	-9,443	-8,932	-8,334	---	-41,947
G. Education Incentives	generally 1/1/11	---	---	---	---	---	---	-1,510	-2,546	-2,810	-3,085	-3,249	---	-13,199
H. Repeal of Estate and Generation-Skipping Transfer Taxes, and Modification of Gift Taxes.....	dda & gma 12/31/10	---	-1,135	-1,591	-1,999	-1,785	-2,556	-28,300	-54,883	-59,269	-66,730	-71,645	-9,065	-289,893
I. Modifications of IRAs and Pension Plans.....	generally 1/1/11	---	---	---	---	---	---	-1,752	-3,339	-3,992	-4,674	-5,232	---	-18,989
J. Other Incentives for Families and Children [1]	generally 1/1/11	---	---	---	---	---	---	-332	-1,050	-1,102	-1,130	-1,174	---	-4,787
Total of Making Permanent Certain Tax Cuts Enacted in 2001 and 2003		---	-1,135	-1,591	-7,007	-18,982	-13,402	-152,219	-256,785	-267,190	-280,636	-292,200	-42,116	-1,291,147
II. Tax Incentives														
A. Provisions Related to Savings														
1. Expansion of tax-free savings opportunities	1/1/06	---	2,793	4,893	4,135	2,501	237	-1,614	-2,542	-3,415	-4,268	-5,156	14,560	-2,437
2. Consolidation of employer-based savings accounts [2].....	yba 12/31/05	---	-187	-243	-246	-257	-277	-300	-333	-356	-375	-394	-1,210	-2,968
3. Individual development accounts ("IDAs").....	[3]	---	---	-150	-306	-319	-318	-294	-264	-232	-107	[4]	-1,093	-1,991
B. Health Care Provisions														
1. Refundable tax credit for the purchase of health insurance [5]	tyba 12/31/05	---	-67	-7,529	-7,434	-7,176	-7,249	-7,258	-7,078	-6,927	-6,809	-6,653	-29,455	-64,180
2. Provide an above-the-line deduction for certain high deductible insurance premiums [6].....	tyba 12/31/05	---	-101	-2,161	-2,409	-2,717	-3,071	-3,481	-4,100	-4,498	-4,924	-5,329	-10,458	-32,791
3. Provide a refundable tax credit for contributions of small employers to employee HSAs [6]	tyba 12/31/05	---	-167	-586	-1,006	-1,421	-1,831	-2,243	-2,653	-3,067	-3,484	-3,905	-5,011	-20,362
4. Modify the refundable credit for health insurance costs of eligible individuals	tyba 12/31/05	---	-14	-18	-18	-19	-19	-20	-20	-21	-22	-21	-88	-192
5. Expand human clinical trial expenses qualifying for the orphan drug tax credit	qeia 12/31/04	[7]	-2	-2	-3	-3	-3	-4	-4	-4	-5	-5	-14	-35

Provision	Effective	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2005-10	2005-15
C. Provisions Relating to Charitable Giving														
1. Permit tax-free withdrawals from IRAs for charitable contributions	da DOE	-97	-346	-294	-284	-287	-298	-299	-312	-313	-315	-321	-1,606	-3,165
2. Expand and increase the enhanced charitable deduction for contributions of food inventory	tyba 12/31/04	-89	-177	-181	-185	-189	-193	-197	-202	-206	-211	-215	-1,014	-2,045
3. Reform excise tax based on investment income of private foundations	tyba 12/31/04	-35	-121	-91	-96	-101	-104	-108	-111	-116	-121	-126	-550	-1,131
4. Modify tax on unrelated business taxable income of charitable remainder trusts	tyba 12/31/04	-5	-5	-6	-6	-6	-7	-7	-7	-8	-8	-8	-35	-73
5. Modify the basis adjustment to stock of S corporations contributing appreciated property	tyba 12/31/04	-15	-32	-36	-40	-47	-55	-60	-66	-72	-78	-84	-225	-585
6. Repeal the \$150 million limit for qualified 501(c)(3) bonds	bia DOE	-8	-20	-22	-16	-12	-10	-9	-9	-9	-9	-9	-88	-133
7. Repeal restrictions on the use of qualified 501(c)(3) bonds for residential rental property	bia DOE	-1	-4	-9	-14	-20	-26	-32	-38	-44	-51	-57	-74	-296
D. Extend, Increase, and Expand the Above-the-Line Deduction for Qualified Out-of-Pocket Classroom Expenses														
E. Exclude from Income of Individuals the Value of Employer-Provided Computers, Software and Peripherals														
F. Establish Opportunity Zones.....														
G. Provide Tax Relief for Federal Emergency Management Agency ("FEMA") Hazard Mitigation Assistance Programs.....														
H. Provide a Tax Credit for Developers of Affordable Single-Family Housing														
I. Environment and Conservation Related Provisions														
1. Permanently extend expensing of "brownfields" remediation costs	po/a 1/1/06	4	-166	-275	-264	-250	-234	-219	-207	-195	-187	-180	-1,185	-2,172
2. Exclude 50% of gains from the sale of property for conservation purposes (sunset 12/31/08).....	so/a 1/1/06	-2	-60	-90	-102	-95	-37	---	---	---	---	---	-386	-386
J. Energy Provisions														
1. Extend and modify the tax credit for producing electricity from certain sources (sunset 12/31/08).....	[8]	---	-49	-149	-257	-268	-254	-254	-249	-248	-252	-254	-978	-2,236
2. Provide a tax credit for residential solar energy systems	[9]	---	-18	-20	-24	-24	-24	---	---	---	---	---	-109	-109
3. Modify the tax treatment of nuclear decommissioning funds	tyba 12/31/04	-51	-196	-178	-201	-230	-253	-287	-295	-298	-288	-275	-1,109	-2,552
4. Provide a tax credit for purchase of certain hybrid (sunset 12/31/08) and fuel cell vehicles (sunset 12/31/12).....	pqva 12/31/04	-2	-449	-463	-562	-530	-22	-20	-19	-20	-21	-21	-2,028	-2,129
5. Provide a tax credit for combined heat and power property	ppisa 12/31/04 & before 1/1/10	-63	-91	-80	-78	-85	-52	-30	-20	-10	-2	4	-448	-506
K. Restructure Assistance to New York	tyba 12/31/06 & DOE	161	344	-71	-149	-93	-220	-266	-261	-250	-238	-230	-28	-1,273
Total of Tax Incentive Provisions		-203	385	-9,115	-11,114	-13,631	-16,856	-20,230	-22,744	-24,824	-26,669	-28,380	-50,532	-173,380
III. Simplify the Tax Laws for Families														
A. Repeal Phase-Out for Adoption Provisions.....	tyba 12/31/05	---	-19	-64	-64	-64	-65	-64	-66	-67	-70	-72	-277	-615
B. Clarify Eligibility of Siblings and Other Family Members For Child-Related Tax Benefits [6].....	tyba 12/31/04	6	109	112	114	117	119	122	124	127	130	133	577	1,213
Total of Simplify the Tax Laws for Families		6	90	48	50	53	54	58	58	60	60	61	300	598

Provision	Effective	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2005-10	2005-15
IV. Provisions Related to the Employer Based Pension System														
A. Provisions Relating to Cash Balance Plans.....	cma DOE & DOE	-4	-22	-26	-32	-35	-41	-32	7	53	78	73	-159	20
B. Strengthen Funding for Single-Employer Pension Plans [10].....	generally pyba 12/31/05	---	303	1950	818	-4102	-5770	-4092	-1682	524	835	670	-6,801	-10,546
C. Reflect Market Interest Rates in Lump-Sum Payments.....	dmi pyba 12/31/06	---	---	-3	-6	-13	-14	-18	-19	-20	-20	-20	-36	-133
Total of Provisions Related to the Employer Based Pension System		-4	281	1,921	780	-4,150	-5,825	-4,142	-1,694	557	893	723	-6,996	-10,659
V. Tax Shelters, Abusive Transactions, and Tax Compliance														
A. Combat Abusive Foreign Tax Credit Transactions.....	teia DOE	1	5	5	5	5	5	5	5	5	5	5	26	51
B. Modify the Active Trade or Business Test For Certain Corporate Divisions.....	[11]	2	8	10	11	12	13	14	15	17	18	19	56	139
C. Impose Penalties on Charities that Fail to Enforce Conservation Easements [12].....	tyba 12/31/04	1	5	5	5	5	5	5	5	5	5	5	26	51
D. Eliminate the Special Exclusion from Unrelated Business Taxable Income for Gain or Loss on Sale or Exchange of Certain Brownfield Properties.....	1/1/05	---	-1	-1	6	18	28	38	49	34	15	15	50	201
E. Apply an Excise Tax to Amounts Received Under Certain Life Insurance Contracts.....	ceia 2/7/05	1	4	9	14	19	25	31	37	44	51	59	72	295
F. Limit Related-Party Interest Deductions.....	dofca	2	105	196	266	296	330	336	343	351	361	370	1,195	2,956
G. Modify Certain Tax Rules for Qualified Tuition Programs....	aea DOE	---	2	4	5	7	9	11	14	16	18	21	27	108
Total of Tax Shelters, Abusive Transactions, and Tax Compliance		7	128	228	312	362	415	440	468	472	473	494	1,452	3,801
VI. Tax Administration Provisions and Unemployment Insurance														
A. IRS Restructuring and Reform Act of 1998														
1. Modify section 1203 of the IRS Restructuring and Reform Act of 1998.....	DOE	----- <i>Negligible Revenue Effect</i> -----												
2. Modifications with respect to frivolous returns and submissions.....	smo/a DOE	[13]	3	3	3	3	3	3	3	3	3	3	15	30
3. Termination of installment agreements.....	foo/a DOE	----- <i>Negligible Revenue Effect</i> -----												
4. Consolidate review of collection due process cases in the Tax Court.....	adma DOE	----- <i>Negligible Revenue Effect</i> -----												
5. Office of Chief Counsel review of offers-in-compromise	oicsopo/a DOE	----- <i>No Revenue Effect</i> -----												
B. Initiate IRS Cost Saving Measures														
1. Allow the Financial Management Service to retain transaction fees from levied amounts [14].....	DOE	----- <i>No Revenue Effect</i> -----												
2. Extend the due date for electronically filed tax returns and expand authority to require electronic filing by large businesses and exempt organizations.....	tyba 12/31/05	----- <i>No Revenue Effect</i> -----												
C. Other Provisions														
1. Allow IRS to access information in the National Directory of New Hires.....	DOE	----- <i>Negligible Revenue Effect</i> -----												
2. Extension of authority for undercover operations.....	prfuot 12/31/10	---	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[15]	[15]
D. Strengthen the Financial Integrity of Unemployment Insurance.....	---	----- <i>Estimate Will Be Provided by the Congressional Budget Office</i> -----												
Total of Tax Administration Provisions and Unemployment Insurance		[13]	3	3	3	3	3	3	3	3	3	3	15	30

Provision	Effective	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2005-10	2005-15
VII. Reauthorize Funding for the Highway Trust Fund														
A. Extend Excise Taxes Deposited in the Highway Trust Fund.....	10/1/05	----- <i>No Revenue Effect</i> -----												
B. Allow Tax-Exempt Financing for Private Highway Projects and Rail-Truck Transfer Facilities.....	bia DOE	-2	-12	-27	-44	-61	-79	-96	-114	-132	-150	-169	-225	-886
Total of Reauthorize Funding for the Highway Trust Fund		-2	-12	-27	-44	-61	-79	-96	-114	-132	-150	-169	-225	-886
VIII. Expiring Provisions														
A. Permanently Extend Research and Experimentation (R&E) Tax Credit.....	epoia 12/31/05	---	-2,280	-4,700	-6,083	-7,257	-8,227	-8,834	-9,317	-9,810	-10,318	-10,841	-28,547	-77,668
B. Permanently Extend and Expand Disclosure of Tax Return Information for Administration of Student Loans.....	Da DOE	----- <i>Estimate Will Be Provided by the Congressional Budget Office</i> -----												
C. Extend and Modify the Work Opportunity Tax Credit and the Welfare-to-Work Tax Credit (through 12/31/05)	wpoifibwa 12/31/05 & before 1/1/07	---	-106	-174	-91	-41	-23	-13	-3	---	---	---	-435	-450
D. Extend the District of Columbia Homebuyer Tax Credit (through 12/31/06)	pma 12/31/05	---	-5	-12	---	---	---	---	---	---	---	---	-17	-17
E. Extend Authority to Issue Qualified Zone Academy Bonds (through 12/31/07)	bia 12/31/05	---	-2	-7	-15	-24	-31	-32	-32	-32	-32	-32	-79	-239
F. Extend Deduction for Corporate Donations of Computer Technology (through taxable years beginning before 12/31/06)	tyba 12/31/05	---	-66	-55	---	---	---	---	---	---	---	---	-121	-121
G. Extend Provisions Permitting Disclosure of Tax Information Relating to Terrorist Activity (through 12/31/06).....	1/1/06	----- <i>No Revenue Effect</i> -----												
H. Extend excise taxes deposited in the Leaking Underground Storage Tank ("LUST") Trust Fund (through 12/31/07).....	4/1/05	----- <i>No Revenue Effect</i> -----												
I. Extend Excise Tax on Coal at Current Rates.....	csa 12/31/04	---	---	---	---	---	---	---	---	---	204	248	---	452
Total of Expiring Provisions		---	-2,459	-4,948	-6,189	-7,322	-8,281	-8,879	-9,352	-9,842	-10,146	-10,625	-29,199	-78,043
IX. Other Provisions Modifying the Internal Revenue Code														
A. Election to Treat Combat Pay as Earned Income for Purposes of EIC (through 12/31/06)	tyba 12/31/05 & tyeb 1/1/07	---	[4]	-14	---	---	---	---	---	---	---	---	-14	-14
B. Expand Protection for Members of the Armed Forces.....	DOE	-3	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	-3	-3
C. Extension of the Rate of Rum Excise Tax Cover Over to Puerto Rico and Virgin Islands (through 12/31/06) [16].....	abiUSA 12/31/05	-11	-58	-18	---	---	---	---	---	---	---	---	-87	-87
Total of Other Provisions Modifying the Internal Revenue Code.....		-14	-58	-32	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	-104	-104
NET TOTAL [17]		-210	-2,777	-13,513	-23,209	-43,728	-43,971	-185,065	-290,160	-300,896	-316,172	-330,093	-127,405	-1,549,790

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be July 1, 2005.

[Legend and Footnotes for JCX-10-05 appear on the following page]

Legend and Footnotes for JCX-10-05:

Legend for "Effective" column:

abiUSa = articles brought into the United States after
 adma = appeals determinations made after
 aea = accounts established after
 bia = bonds issued after
 ca = collections after
 ceia = contracts entered into after
 cma = conversions made after
 csa = coal sales after
 cy = calendar year
 da = distributions after
 DA = disclosures after
 dda = decedents dying after
 dmi = distributions made in

DOE = date of enactment
 dofca = date of first committee action
 eii = expenses incurred in
 epoia = expenses paid or incurred after
 foo/a = failures occurring on or after
 fyca = first-year calendar allocations
 gma = gifts made after
 mara = mitigation assistance received after
 oicsopo/a = offers in compromise submitted or pending on or after
 pma = payments made after
 po/a = payments on or after
 pqva = purchase of qualified vehicles after

prfuot = proceeds received from
 undercover operations through
 pyba = plan years beginning after
 qeia = qualified expenses incurred after
 smo/a = submissions made on or after
 so/a = sales on or after
 teia = transaction entered into after
 tyba = taxable years beginning after
 tyeb = taxable years ending before
 wpoifibwa = wages paid or incurred for individuals
 beginning work after
 yba = years beginning after

- [1] Extension of the adoption tax credit, employer-provided child care tax credit, and dependent care tax credit.
- [2] Estimate includes interaction effect with proposal to expand tax-free savings opportunities under Title II.
- [3] The credit would apply with respect to the first 900,000 IDA accounts opened after December 31, 2006, and before January 1, 2012, and with respect to matching funds for participant contributions that are made after December 31, 2006, and before January 1, 2014.
- [4] Loss of less than \$500,000.
- [5] Estimate does not include the effects of the State option to allow use of the credit to buy into privately-contracted State-sponsored purchasing groups.
- [6] Estimate is preliminary and subject to change.
- [7] Loss of less than \$1 million.
- [8] For wind, closed-loop biomass, open-loop biomass, and landfill gas facilities, effective for facilities placed-in-service after December 31, 2005, and before January 1, 2009.
- [9] The credit would apply only to solar water heating equipment placed in service after December 31, 2004, and before January 1, 2008, and to photovoltaic systems placed in service after December 31, 2004, and before January 1, 2010.
- [10] Revenue estimate does not include effects on PBGC premiums, which are offsetting receipts. The effects on PBGC premiums will be provided by Congressional Budget Office.
- [11] No effective date for the proposal was provided by the Administration. For purposes of the revenue estimate, an effective date of distributions on or after the date of enactment is assumed.
- [12] Proposal not fully specified; estimate is preliminary and subject to change.
- [13] Gain of less than \$500,000.
- [14] Estimate provided by the Congressional Budget Office.
- [15] Gain of less than \$1 million.
- [16] Preliminary outlay estimate provided by the Congressional Budget Office and is subject to change.

	<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>2014</u>	<u>2015</u>	<u>2005-10</u>	<u>2005-15</u>
[17] Includes the following outlay effects	-5	-77	6,586	6,576	6,477	6,609	6,571	21,918	21,963	21,985	21,764	26,165	120,363