

- CONFERENCE -

ESTIMATED BUDGET EFFECTS OF H.R. 4210, AS PASSED BY THE HOUSE AND SENATE

Fiscal Years 1992-1996

[Billions of Dollars]

Item	House Bill						Senate Amendment					
	1992	1993	1994	1995	1996	1992-96	1992	1993	1994	1995	1996	1992-96
IDENTICAL PROVISIONS												
A. JOB CREATION, GROWTH, AND INVESTMENT INCENTIVES												
1. Modify corporate alternative minimum tax (AMT) depreciation.....	-0.183	-0.307	-0.343	-0.296	-0.222	-1.351	-0.183	-0.307	-0.343	-0.296	-0.222	-1.351
2. Impose diesel tax on boats (5).....	0.004	0.032	0.030	0.030	0.028	0.124	0.004	0.032	0.030	0.030	0.028	0.124
3. Extend vaccine excise tax (two years) (12).....	--	--	--	--	--	--	--	--	--	--	--	--
B. REQUIRE WEALTHY TO PAY THEIR FAIR SHARE												
1. Cap deduction for regular tax and AMT purposes for executive compensation at \$1 million.....	0.065	0.336	0.352	0.370	0.388	1.512	0.065	0.336	0.352	0.370	0.388	1.512
2. Prohibit double dipping by thrifts receiving Federal financial assistance (6).....	0.227	0.115	0.080	0.083	0.004	0.509	0.227	0.115	0.080	0.083	0.004	0.509
3. Extend 95% test for corporate estimated tax payments.....	--	--	--	--	--	--	--	--	--	--	--	--
C. OTHER PROVISIONS												
1. Transfer of railroad retirement tier II income tax revenues to railroad retirement account (12).....	--	--	--	--	--	--	--	--	--	--	--	--
D. TOTAL OF IDENTICAL SIMPLIFICATION PROVISIONS.....												
	-0.052	-0.247	-0.066	-0.286	0.627	-0.024	-0.052	-0.247	-0.066	-0.286	0.627	-0.024
TOTALS: Identical Provisions.....	0.061	-0.071	0.053	-0.099	0.825	0.770	0.061	-0.071	0.053	-0.099	0.825	0.770
SIMILAR PROVISIONS												
A. MIDDLE CLASS TAX RELIEF												
1. Permit tax credit/deduction for student loan interest.....	-0.015	-0.091	-0.096	-0.101	-0.106	-0.409	-0.015	-0.128	-0.154	-0.178	-0.191	-0.666

Item	House Bill						Senate Amendment						
	1992	1993	1994	1995	1996	1992-96	1992	1993	1994	1995	1996	1992-96	
2. Individual retirement (IRA) provisions:													
a. Restore fully deductible IRAs and create Special IRAs.....	--	--	--	--	--	---	(1)	1.883	-1.099	-1.907	-3.862	-4.985	
b. Allow penalty-free withdrawals from IRAs and/or qualified plans for home ownership, education, and medical expenses.....	-0.153	-0.297	-0.283	-0.247	-0.207	-1.187	-0.310	-0.567	-0.567	-0.474	-0.378	-2.296	
3. Expand exclusion for transit passes to \$60 per month; extend exclusion to vanpooling and park-and-ride benefits.....	-0.014	-0.019	-0.034	-0.058	-0.065	-0.190	-0.014	-0.021	-0.038	-0.065	-0.073	-0.211	
4. Limit exclusion for employer-provided parking to \$160 per month.....	0.022	0.038	0.051	0.052	0.053	0.216	0.022	0.037	0.050	0.051	0.051	0.211	
5. Extend deduction for health insurance premiums of self-employed.....	-0.058	-0.117	--	--	--	-0.175	-0.289	-1.116	-1.675	-1.886	-2.097	-7.063	
B. JOB CREATION, GROWTH, AND INVESTMENT INCENTIVES													
1. Additional first-year depreciation deduction for certain property (2).....	-6.524	-3.476	2.881	1.879	1.355	-3.885	-1.734	-2.768	-0.345	1.159	0.930	-2.758	
2. Extend R&E tax credit (3).....	-0.184	-0.823	-1.352	-1.577	-1.804	-5.740	-0.184	-0.823	-0.498	-0.135	-0.070	-1.710	
3. Index capital gains and provide incentive for venture capital.....	0.183	1.236	-0.361	-0.902	-1.237	-1.081	-0.102	-1.303	-3.238	-2.084	-0.949	-7.676	
4. Modify passive loss rule for active real estate businesses.....	-0.226	-0.725	-0.702	-0.690	-0.688	-3.031	-0.128	-0.420	-0.415	-0.437	-0.452	-1.852	
5. Encourage pension plan investment in real estate (4).....	-0.023	-0.035	-0.039	-0.039	-0.040	-0.176	-0.075	-0.088	-0.081	-0.063	-0.069	-0.376	
6. Extend low-income housing tax credit.....	-0.011	-0.064	-0.201	-0.429	-0.696	-1.401	-0.021	-0.079	-0.178	-0.278	-0.345	-0.901	
7. Extend mortgage revenue bonds and mortgage credit certificates.....	-0.002	-0.038	-0.094	-0.164	-0.236	-0.534	-0.003	-0.039	-0.080	-0.089	-0.085	-0.296	
8. Extend employer-provided educational assistance.....	-0.062	-0.244	-0.374	-0.390	-0.407	-1.477	-0.062	-0.244	-0.239	--	--	-0.545	
9. Extend qualified small-issue bonds.....	-0.002	-0.028	-0.072	-0.123	-0.173	-0.398	-0.002	-0.038	-0.070	-0.077	-0.070	-0.257	
10. Extend targeted jobs tax credit.....	-0.048	-0.163	-0.289	-0.377	-0.442	-1.319	-0.042	-0.139	-0.167	-0.098	-0.043	-0.489	
11. Repeal luxury tax (boats, airplanes, jewelry, and furs); index threshold for automobiles (5).....	-0.016	-0.065	-0.087	-0.102	-0.118	-0.388	-0.017	-0.065	-0.087	-0.102	-0.118	-0.389	
12. Repeal AMT preference treatment of charitable appreciated property.....	-0.006	-0.034	-0.063	-0.073	-0.075	-0.251	-0.006	-0.040	-0.057	0.022	-0.008	-0.089	
13. Taxable years of partnerships, S corporations, and personal service corporations.....	0.430	-0.019	-0.261	0.003	0.002	0.155	0.440	-0.015	-0.255	0.005	0.004	0.179	
C. REQUIRE WEALTHY TO PAY THEIR FAIR SHARE													
1. Wealthy taxpayers:													
a. Changes to individual tax rate provisions for certain taxpayers.....	3.410	10.131	9.358	10.075	10.288	43.262	3.442	10.171	9.489	10.041	9.889	43.032	
b. Impose 10% surtax on tax attributable to taxable income in excess of \$1 million.....	0.618	1.874	1.797	1.936	2.043	8.268	0.634	1.921	1.860	1.999	2.091	8.505	
c. Extend limitation of itemized deductions for high-income taxpayers.....	--	--	--	--	2.186	2.186	--	--	--	--	2.323	2.323	
d. Extend phaseout of personal exemption for high-income taxpayers.....	--	--	--	--	1.355	1.355	--	--	--	--	1.400	1.400	
2. Revenue offsets from the President's budget:													
a. Extend 45-day processing rule to all returns (7).....	0.050	0.425	0.375	0.400	0.450	1.700	--	0.050	0.050	0.050	0.050	0.200	
b. Conform book and tax accounting for securities inventories.....	0.122	0.368	0.498	0.508	0.518	2.014	--	0.125	0.380	0.515	0.525	1.545	
3. Extend depreciation period for certain real estate.....	0.013	0.110	0.365	0.662	1.083	2.233	0.011	0.093	0.309	0.560	0.916	1.889	
D. SIMPLIFICATION AND OTHER PROVISIONS													
1. Repeal supplemental young child component of EITC.....	0.025	0.254	0.268	0.289	0.313	1.149	0.025	0.254	0.268	0.289	0.313	1.149	
2. Repeal child health insurance component of EITC.....	0.074	0.747	0.789	0.829	0.872	3.311	--	--	--	--	--	--	

Item	House Bill						Senate Amendment					
	1992	1993	1994	1995	1996	1992-96	1992	1993	1994	1995	1996	1992-96
3. EITC expansion (S-3).....	-0.100	-1.010	-1.056	-1.098	-1.169	-4.433	-0.045	-0.466	-0.489	-0.511	-0.535	-2.046
4. EITC interaction simplification.....	--	--	--	--	--	---	-0.002	-0.011	-0.009	-0.009	-0.009	-0.040
E. TAXPAYER BILL OF RIGHTS.....	--	-0.006	-0.006	-0.006	-0.006	-0.024	-0.013	-0.075	-0.075	-0.073	-0.073	-0.309
F. TOTAL OF OTHER SIMPLIFICATION PROVISIONS.....	0.486	0.655	-0.791	-0.790	-0.505	-0.945	-0.055	-0.140	-0.267	-0.305	-0.353	-1.120
TOTALS: Similar Provisions.....	-2.011	8.584	10.221	9.467	12.544	38.805	1.455	5.949	2.323	5.920	8.712	24.359
OTHER PROVISIONS IN HOUSE BILL (H.R. 4210)												
A. MIDDLE CLASS TAX RELIEF												
1. Provide temporary refundable tax credit for 20% of employee's share of FICA (10% of SECA); \$400 (joint) / \$200 (individual) maximum.....	-11.330	-27.589	-6.968	--	--	-45.887	--	--	--	--	--	---
2. Index \$125,000 exclusion for capital gains upon sale of principal residence; make sales of certain farmland eligible for exclusion; and extend exclusion to permanently and totally disabled taxpayers.....	-0.063	-0.151	-0.160	-0.166	-0.172	-0.712	--	--	--	--	--	---
B. JOB CREATION, GROWTH, AND INVESTMENT INCENTIVES												
1. Two-year increase in expensing for small business to \$25,000 (2).....	-1.173	-2.189	-0.261	1.151	0.733	-1.739	--	--	--	--	--	---
2. Urban enterprise zones and rural investment zones.....	--	-0.046	-0.141	-0.229	-0.277	-0.694	--	--	--	--	--	---
C. REQUIRE WEALTHY TO PAY THEIR FAIR SHARE												
1. Changes to the individual estimated tax safe harbor.....	0.400	--	--	--	--	0.400	--	--	--	--	--	---
2. Increase required miles to be eligible for moving expense deduction.....	0.007	0.068	0.094	0.101	0.109	0.379	--	--	--	--	--	---
3. Tax pre-contribution gain on certain partnership redemptions.....	0.010	0.030	0.040	0.045	0.052	0.177	--	--	--	--	--	---
D. REQUIRE AMORTIZATION OF INTANGIBLE ASSETS.....												
	2.007	1.885	-0.470	-0.906	-1.206	1.310	--	--	--	--	--	---
TOTALS: Other Provisions in House Bill.....	-10.142	-27.992	-7.866	-0.004	-0.761	-46.766	--	--	--	--	--	---
OTHER PROVISIONS IN SENATE AMENDMENT TO H.R. 4210												
A. PROVIDE FAIR TREATMENT OF WORKING FAMILIES:												
1. Provide \$300 tax credit for dependents under 16 years; phased out for AGI between \$47,500-\$60,000.....	--	--	--	--	--	---	-0.735	-7.314	-6.967	-6.637	-6.311	-27.964
B. PROMOTE LONG-TERM ECONOMIC GROWTH THROUGH:												
1. Improved educational opportunities:												
a. Self-reliance loans (9).....												
	--	--	--	--	--	---	--	-0.030	-0.045	-0.050	-0.055	-0.180
b. Youth training program (LEAP).....												
	--	--	--	--	--	---	-0.027	-0.033	-0.044	-0.056	-0.063	-0.223

Item	House Bill						Senate Amendment					
	1992	1993	1994	1995	1996	1992-96	1992	1993	1994	1995	1996	1992-96
c. Expand exclusion for education savings bonds.....	--	--	--	--	--	---	-0.001	-0.001	-0.001	-0.002	-0.002	-0.007
d. Extend access to tax information by the Department of Veterans Affairs (9/30/98) (9).....	--	--	--	--	--	---	--	0.027	0.055	0.072	0.080	0.234
2. Better access to affordable health care:												
a. Adopt small-employer health insurance market reforms; eliminate loss of health insurance resulting from pre-existing condition exclusions.....	--	--	--	--	--	---	--	(10)	(10)	(10)	(10)	(10)
b. Medicare prevention benefits (9).....	--	--	--	--	--	---	--	-0.057	-0.060	-0.071	-0.077	-0.265
c. Increase excise tax on ozone-depleting chemicals (11).....	--	--	--	--	--	---	0.020	0.043	0.377	0.583	0.341	1.364
d. Extend orphan drug tax credit (18 months).....	--	--	--	--	--	---	-0.001	-0.006	-0.004	--	--	-0.011
3. Investment in real estate: \$5,000 credit for first-home purchase (through 12/31/93, new homes only).....	--	--	--	--	--	---	-0.067	-0.672	-0.623	-0.123	-0.016	-1.501
4. Other incentives to promote long-term investment and improve competitiveness:												
a. Modify treatment of IDCs in alternative minimum tax.....	--	--	--	--	--	---	-0.134	-0.208	-0.174	-0.139	-0.102	-0.757
b. Extend business energy credits (solar and geothermal) (18 months).....	--	--	--	--	--	---	-0.011	-0.036	-0.032	-0.014	-0.005	-0.098
c. Modify import category for certain vehicles (9).....	--	--	--	--	--	---	0.110	0.220	0.220	0.220	0.220	0.990
d. Extension of other expiring provisions (12).....	--	--	--	--	--	---	--	--	--	--	--	---
C. ACTION TAKEN IN FINANCE COMMITTEE:												
1. Retiree health benefits for coal miners:												
a. Net revenue from labor and coal import taxes.....	--	--	--	--	--	---	0.073	0.172	0.184	0.206	0.226	0.861
b. Net outlays (health benefits less mandatory contributions).....	--	--	--	--	--	---	-0.021	-0.185	-0.201	-0.218	-0.235	-0.860
2. Tax credit for employers equal to FICA paid on cash tips.....	--	--	--	--	--	---	-0.098	-0.255	-0.271	-0.288	-0.306	-1.218
3. Deny deductibility for club dues.....	--	--	--	--	--	---	0.078	0.268	0.280	0.293	0.306	1.225
D. SENATE FLOOR AMENDMENTS												
1. Allow penalty-free IRA withdrawals for automobile purchasers.....	--	--	--	--	--	---	(13)	(13)	(13)	(13)	(13)	(13)
2. CBO Revenue Surplus.....	--	--	--	--	--	---	2.959	0.457	-0.205	-0.327	0.570	3.454
3. Prohibit States from taxing retirement income.....	--	--	--	--	--	---	(13)	(13)	(13)	(13)	(13)	(13)
4. Allow penalty-free IRA withdrawals for long-term unemployed.....	--	--	--	--	--	---	(13)	-0.002	(13)	(13)	(13)	-0.003
5. Exclude from income CIAC of water and sanitary utilities.....	--	--	--	--	--	---	-0.009	-0.021	-0.025	-0.026	-0.027	-0.108
6. Require reporting of seller-financed mortgage identification number.....	--	--	--	--	--	---	0.023	0.091	0.107	0.114	0.122	0.457
7. Extend group legal services (18 months).....	--	--	--	--	--	---	-0.036	-0.119	-0.032	--	--	-0.187
TOTALS: Other Provisions in Senate Amendment.....	--	--	--	--	--	---	2.123	-7.661	-7.461	-6.463	-5.334	-24.797
GRAND TOTALS (6) (14).....	-12.092	-19.479	2.408	9.364	12.608	-7.191	3.639	-1.783	-5.085	-0.642	4.203	0.332

[Note and footnotes appear on the following page.]

Note and Footnotes for JCX-12-92 Revised:

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

Footnotes for JCX-12-92 Revised: (Do not appear in table in standard numerical sequence)

- (1) Gain of less than \$1 million.
- (2) Expensing provision (Item B.1. of Other Provisions in House bill) estimated with interaction of investment tax allowance (ITA) provision (Item B.1. of Similar Provisions).
- (3) The legislative explanation of H.R. 4210 urges the Secretary of the Treasury to issue regulations under section 861, consistent with an allocation system for research and development expenses that provides incentives to increase the performance of U.S.-based research activities. Because this is a recommendation rather than a statutory requirement, it has no revenue effect. Immediate adoption of this recommendation by the Administration would result in approximately a \$3 billion reduction in the Congressional Budget Office (CBO) receipts baseline over the 1992-1996 period.
- (4) This estimate is based on the following assumptions: [1] capital gains are taxed as ordinary income; [2] "commercially reasonable" implies the market interest rate; and [3] the seller and the buyer are not related parties.
- (5) Net of income tax offsets.
- (6) Because the provision to prohibit double dipping by thrifts receiving Federal financial assistance affects both Federal revenues and outlays, the effect is included in this table. However, it is the opinion of CBO that this amount should not appear on the pay-as-you-go scorecard.
- (7) These estimates of negative outlays include amended income tax returns and current-year excise, gift, estate, and employment returns. Estimate provided by CBO.
- (8) In the Senate amendment to the House bill, changes to the earned income credit will increase outlays by less than \$50 million in FY1992, and by approximately \$0.2 billion in FY1993 and in each fiscal year thereafter.
- (9) Estimate for this provision provided by the Congressional Budget Office (CBO).
- (10) Gain or loss of less than \$50 million.
- (11) Tax is \$1.85 in 1992 (effective 7/1/92), \$2.75 in 1993, \$3.65 in 1994, \$4.55 in 1995, and (as scheduled under present law) increased by \$0.45 per year thereafter.
- (12) Other expiring provisions to be extended: Excise tax on certain vaccines for the Vaccine Injury Compensation Trust Fund for two years and permanent extension of the Railroad Retirement Tier II transfers. (NOTES: Extension of the vaccine excise taxes is assumed in the CBO baseline; therefore, an extension of the Vaccine Injury Compensation Trust Fund has no revenue effect. Also extension of the Railroad Retirement Tier II transfers has no net budget effect.)
- (13) Negligible amount.
- (14) Grand Total for fiscal years 1992-1997 for the House version of H.R. 4210 = \$13.6 billion.