

ESTIMATED BUDGET EFFECTS OF THE REVENUE RECONCILIATION PROVISIONS
 OF H.R. 2264, AS PASSED BY THE SENATE ON JUNE 25, 1993

Fiscal Years 1994-1998

[Millions of Dollars]

Provision	Effective	1994	1995	1996	1997	1998	1994-98
I. REVENUE-RAISING PROVISIONS							
A. Individual Income and Estate and Gift Tax Provisions							
1. Increase tax rates paid by high-income individuals (1).....	7/1/93	21,309	13,217	20,837	24,856	26,545	106,764
[a.] Add fourth bracket at 36% rate for taxable income over \$140,000 (joint), \$127,500 (head of household), \$115,000 (single). [b.] Impose a 10% surtax on taxable income over \$250,000 (also applicable to capital gains). [c.] Increase minimum tax rate to 26% for AMTI of less than \$175,000 and 28% for AMTI over \$175,000; increase AMTI exemption to \$45,000 (joint) and \$37,500 (single). [d.] Extend itemized deduction limitation and personal exemption phaseout scheduled to expire for 1996 and 1997, respectively.							
2. Repeal Health Insurance (HI) wage base cap (2).....	1/1/94	2,750	6,030	6,374	6,808	7,200	29,161
3. Reinstate top estate and gift tax rates at 53% and 55%.....	1/1/93	475	512	553	598	647	2,785
4. Reduce deductible portion of business meals and entertainment from 80% to 50%.....	1/1/94	1,845	3,161	3,325	3,487	3,645	15,463
5. Deny deduction for club dues (includes hotel and airport clubs).....	1/1/94	132	227	236	247	259	1,101
6. Deny deduction for executive pay over \$1 million.....	1/1/94	42	55	57	76	105	335
7. Reduce compensation that can be taken into account for purposes of benefits and contributions under qualified retirement plans to \$150,000 in 1994 (1993 cap is \$235,840), with modifications.....	1/1/94	179	574	565	581	561	2,460
8. Disallow moving expense deduction for meals and real estate expenses; impose \$10,000 cap.....	1/1/94	50	499	525	554	597	2,224
9. Modify individual estimated tax requirements.....	1/1/94	-1,900	--	--	2,600	--	700
10. Impose 2-tier system to determine taxable portion of Social Security and Railroad Retirement Tier 1 benefits.....	1/1/94	2,072	4,932	5,680	6,435	7,154	26,273

Provision	Effective	1994	1995	1996	1997	1998	1994-98
B. Provisions Affecting Businesses							
1. Increase corporate tax rate to 35% for taxable income above \$10 million (phaseout benefit of 34% rate beginning at \$15 million) (3).....	1/1/93	4,404	2,808	2,943	3,080	3,186	16,421
2. Deny deduction for lobbying expenses.....	e/a 12/31/93	146	251	263	275	284	1,220
3. Require mark-to-market accounting method for dealers in securities; transition rule for LIFO inventory.....	tyeo/a 12/31/93	822	795	804	816	558	3,796
4. Prohibit double-dip related to FSLIC assistance.....	3/4/91	278	78	31	266	363	1,016
5. Extend and modify corporate estimated tax rules.....	tyba 12/31/93	2,116	428	59	4,279	929	7,810
6. a. Repeal stock-for-debt exception to section 108.....	sta 6/17/93	35	83	125	167	212	622
b. Add passive activity losses and credits to list of tax attributes reduced by cancellation of indebtedness.....	1/1/94	8	34	73	112	152	378
c. Add AMT credits to list of tax attributes reduced by cancellation of indebtedness.....	1/1/94	29	65	92	116	139	440
7. Limit section 936 credit (modified by Senate floor action).....	tyba 12/31/93	456	946	957	892	848	4,099
8. Modify earnings stripping, portfolio interest, and conduit rules.....	tyba 12/31/93	63	78	83	88	93	405
C. Foreign Tax Provisions							
1. Repeal deferral for excessive accumulated foreign earnings.....	tyba 9/30/93	20	44	56	61	69	251
2. 50% place of performance R&E allocation for 12 months.....	(4)	-225	-225	--	--	--	-450
3. Revise foreign tax credit for oil and gas and shipping income.....	tyba 12/31/92	622	440	461	486	510	2,520
4. Transfer pricing compliance initiative (enhanced penalty provision).....	tyba 12/31/93	73	73	73	73	73	366
5. Treatment of exports of unprocessed softwood timber.....	tyba DoE	56	77	81	87	92	393
D. Transportation Fuels Provisions							
1. Transportation motor fuels tax and diesel fuel compliance: (5)							
a. Motor fuels tax increase of 4.3 cents/gallon.....	10/1/93	4,795	4,893	4,845	4,844	4,891	24,268
b. Exempt all jet fuels.....	10/1/93	-418	-443	-452	-463	-475	-2,251
c. Diesel fuel compliance.....	1/1/94	249	188	193	198	204	1,031
2. Extend current 2.5 cents/gallon motor fuels tax (10/1/95 - 9/30/99) (6).....	10/1/95	--	--	2,595	2,670	2,651	7,916
E. Compliance Provisions							
1. Modified substantial understatement penalty.....	1/1/94	84	104	101	94	85	469
2. Information reporting for discharge of indebtedness for FDIC, RTC, and financial institutions.....	DoE	115	115	102	82	75	490
F. Intangibles							
1. Amortization of acquired intangible assets (14 years; 75% amortizable).....	DoE (7)	245	642	1,007	1,390	1,791	5,075

Provision	Effective	1994	1995	1996	1997	1998	1994-98
G. Miscellaneous Revenue-Raising Provisions							
1. Deny business travel deductions for spouse and dependents on non-business travel.....	1/1/94	2	20	21	23	24	90
2. Increase withholding rate on bonuses to 28%.....	1/1/94	188	9	10	10	11	228
3. Permanent extension of vaccine excise tax.....	DoE	140	134	134	134	134	675
SUBTOTAL: REVENUE-RAISING PROVISIONS.....		41,257	40,844	52,809	66,022	63,612	264,544
II. INVESTMENT AND TRAINING PROVISIONS							
A. Education and Training Provisions							
1. Extend employer-provided educational assistance through 6/30/94 (24 months) (8).....	7/1/92	-601	-156	--	--	--	-757
2. Extend targeted jobs tax credit through 6/30/94 (24 months).....	7/1/92	-253	-175	-91	-35	-12	-566
B. Investment Incentives							
1. Extend research and experimentation credit through 6/30/93 (12 months).....	7/1/93	-811	-408	-201	-142	-77	-1,639
2. Elimination of ACE depreciation adjustment.....	ppisa 12/31/93	-344	-986	-1,112	-1,026	-880	-4,348
3. Increase section 179 expensing to \$20,500.....	tyba 12/31/92	-3,076	-1,328	-952	-615	-330	-6,300
4. Extend small-issue manufacturing and agricultural bonds through 6/30/94 (24 months).....	7/1/92	-14	-29	-38	-37	-34	-152
5. Provide tax incentives for businesses on Indian reservations.....	1/1/94	-23	-40	-44	-49	-53	-209
C. Expansion and Simplification of Earned Income Tax Credit (EITC) (9).....							
	1/1/94	-28	-287	-349	-413	-433	-1,510
D. Real Estate Investment Provisions							
1. Extend mortgage revenue bonds through 6/30/94 (24 months).....	7/1/92	-50	-97	-135	-140	-132	-554
2. Extend low-income housing tax credit permanently, with modifications.....	7/1/92	-373	-597	-938	-1,296	-1,660	-4,864
3. Provide passive loss relief for real estate professionals.....	1/1/94	-261	-471	-436	-491	-578	-2,237
4. Facilitate pension investments in real estate.....	1/1/94	-46	-60	-63	-68	-73	-310
5. Increase recovery period for non-residential real property to 38 years.....	ppiso/a 2/25/93	112	316	587	926	1,248	3,189
E. Luxury Excise Tax; Diesel Fuel Tax for Motorboats							
1. a. Repeal luxury excise tax on boats, aircraft, jewelry, and furs.....	1/1/93	-69	-46	-49	-52	-55	-270
b. Index luxury excise tax on automobiles for inflation (10).....	1/1/93	-98	-124	-179	-237	-300	-938
2. Impose 20.1-cent-per-gallon excise tax on diesel fuel used in noncommercial motorboats (11).....	1/1/94	21	30	31	32	34	148

Provision	Effective	1994	1995	1996	1997	1998	1994-98
F. Other Provisions							
1. Extend AMT treatment of gifts of all appreciated property to charities permanently.....	(12)	-100	-77	-78	-80	-82	-417
2. Substantiation and disclosure of charitable contributions (13).....	1/1/94	15	103	109	118	124	469
3. Extend General Fund transfer to Railroad Retirement Tier 2 Fund permanently.....	(2)	----- No Revenue Effect -----					
4. Extend 25% deduction for self-employed health insurance for individuals through 12/31/93 (18 months).....	7/1/92	-566	--	--	--	--	-566
SUBTOTAL: INVESTMENT AND TRAINING PROVISIONS.....		-6,565	-4,432	-3,938	-3,605	-3,293	-21,831
III. INCREASE IN PUBLIC DEBT LIMIT.....	DoE	--	--	--	--	--	---
IV. OUTLAY-RELATED PROVISIONS: (14)							
1. Expand 45-day interest rule for certain refunds (2).....	1/1/94	4	46	64	64	64	242
2. Prohibit double-dip related to FSLIC assistance.....	3/4/91	-136	14	-29	-95	-109	-355
3. BATF user fees for alcohol labeling and formula applications (2).....	90 days after DoE	5	5	5	5	5	25
4. Use of Harbor Maintenance Trust Fund for administrative expenses (15).....	fya DoE	-5	-5	-5	-5	-5	-25
5. Increase checkoff for Presidential Campaign Fund (2).....	--	--	--	-81	--	--	-81
6. Extend tax information access for Department of Veterans Affairs (through 9/30/98).....	10/1/97	--	--	--	--	136	136
7. Access to tax information by the Department of Education (through 9/30/98).....	DoE	--	--	--	--	--	---
8. Access to tax information by the Department of Housing and Urban Development (through 9/30/98).....	DoE	--	--	--	--	--	---
9. Transfer certain motor fuel tax revenues to the Aquatic Resources Trust Fund.....	10/1/93	--	-37	-80	-138	-161	-416
10. Annual report on Federal finances to taxpayers.....	DoE	--	--	--	--	--	---
NET TOTAL (Does not include Outlay-Related Provisions).....		34,692	36,412	48,871	62,417	60,319	242,713

Joint Committee on Taxation

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

The effects of certain interactions are not accounted for in this table.

[Legend and Footnotes appear on the following page.]

Legend and Footnotes for JCX-9-93:

Legend for "Effective" column: DoE = date of enactment

e/a = expenses after

fya = fiscal years after

ppisa = property placed in service after

ppiso/a = property placed in service on or after

sta = stock transferred after

tyba = taxable years beginning after

tyeo/a = taxable years ending on or after

- (1) Effective 7/1/93, but no penalties for underwithholding or estimated tax in 1993; indexing of 36% rate and surtax brackets effective 1/1/95. Estimate includes certain provisions to prevent conversion of ordinary income to capital gains.
- (2) Estimate for this provision provided by the Congressional Budget Office (CBO).
- (3) Effective 1/1/93, but no penalties for underwithholding or estimated tax in 1993 with blended rates for fiscal year taxpayers.
- (4) Effective upon expiration of Rev. Proc. 92-56, which is generally the third taxable year beginning after 8/1/91.
- (5) Revenues from the 4.3-cent-per-gallon tax would be deposited in present-law trust funds as follows: highway gasoline, highway diesel, and railroad diesel tax revenues to the Highway Trust Fund; inland waterway fuel revenues to the Inland Waterways Trust Fund; motorboat gasoline, motorboat diesel, and small-engine gasoline revenues to the Aquatic Resources Trust Fund; off-highway recreational vehicle fuel revenues to the National Recreational Trails Trust Fund; and aviation gasoline revenues to the Airport and Airway Trust Fund.
- (6) Revenues from the 2.5-cent-per-gallon tax on railroad diesel and off-highway recreational vehicle fuel revenues would be retained in the General Fund. Other revenues would be deposited in present-law trust funds, as follows: highway gasoline and highway diesel revenues to the Highway Trust Fund; and motorboat gasoline and small-engine gasoline revenues to the Aquatic Resources Trust Fund.
- (7) Taxpayer may elect to apply to all property acquired after 7/25/91. Estimate also includes a provision affecting payments to partners retiring or dying on or after 1/5/93.
- (8) FICA portion of estimate (off budget): \$160 million for 1994 and \$61 million for 1995; HI portion (on budget): \$36 million for 1994 and \$14 million for 1995.
- (9) EITC outlays would be \$145 million in 1994, \$1,653 million in 1995, \$3,717 million in 1996, \$5,490 million in 1997, and \$5,757 million in 1998.
- (10) Estimate includes the effects of (i) exempting demonstrator cars from the luxury tax, effective 1/1/93, and (ii) exempting equipment installed on vehicles for use by disabled individuals, effective 1/1/91.
- (11) Includes revenues from extension of the 2.5-cent-per-gallon motor fuels tax (10/1/95 to 9/30/99). Taxes on motorboat diesel would expire after 12/31/99. Revenues would be deposited in the Aquatic Resources Trust Fund.
- (12) Effective for contributions of tangible personal property made after 6/30/92, and for contributions of all property made after 1992.
- (13) Substantiation requirement for charitable contributions of \$250 or more; disclosure related to quid pro quo contributions (\$75 exemption).
- (14) Estimates are not included in Net Total.
- (15) Subject to passage of legislation to appropriate funds from the Harbor Maintenance Trust Fund. Revenue effect of the provision: \$3 million for 1995, \$9 million for 1996, \$11 million for 1997, and \$12 million for 1998, for a total of \$35 million over the 1994-1998 budget period. Outlay effect of the provision: \$5 million in each fiscal year 1994 through 1998, for a total of \$25 million over the budget period.