

**ESTIMATED BUDGET EFFECTS OF H.R. 3832,
THE "SMALL BUSINESS TAX FAIRNESS ACT OF 2000"**

Fiscal Years 2000 - 2010

[Millions of Dollars]

Provision	Effective	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2000-05	2000-10
Small Business Provisions														
1. Accelerate 100% self-employed health insurance deduction and extend eligibility to those who choose not to participate in employer-subsidized health plans	tyba 12/31/00	---	-287	-1,093	-697	---	---	---	---	---	---	---	-2,077	-2,077
2. Increase section 179 expensing to \$30,000	tyba 12/31/00	---	-359	-616	-350	-187	-176	-160	-167	-188	-197	-202	-1,688	-2,605
3. Increase business meals deduction (excluding entertainment expenses) to 55% in 2001 and 60% in 2002 and thereafter	tyba 12/31/00	---	-259	-794	-1,090	-1,137	-1,186	-1,239	-1,294	-1,351	-1,412	-1,477	-4,466	-11,239
4. 80% business meals deduction for workers subject to DOT hours of service limitation	tyba 12/31/00	---	-39	-70	-64	-55	-47	-37	-26	-13	---	---	-276	-351
5. Coordinate farmer income averaging and the AMT and provide the same income averaging relief to commercial fishermen	tyba 12/31/00	---	-1	-2	-2	-2	-3	-3	-4	-5	-6	-7	-9	-33
6. Repeal the occupational taxes relating to distilled spirits, wine, and beer	7/1/01	---	-64	-75	-75	-75	-75	-75	-75	-75	-75	-75	-364	-739
7. Permit installment method for accrual basis taxpayers	iso/a 12/17/99	-463	-657	-394	-249	-70	-8	-20	-34	-47	-60	-76	-1,841	-2,078
Total of Small Business Provisions		-463	-1,666	-3,044	-2,527	-1,526	-1,495	-1,534	-1,600	-1,679	-1,750	-1,837	-10,721	-19,122
Pension Provisions														
A. Provisions for Expanding Coverage														
1. Increase contribution and benefit limits:														
a. Increase limitation on exclusion for elective deferrals to \$11,000 in 2001, \$12,000 in 2002, \$13,000 in 2003, \$14,000 in 2004; index in \$500 increments thereafter [1]														
	yba 12/31/00	---	-131	-317	-468	-578	-640	-687	-735	-783	-832	-879	-2,135	-6,052
b. Increase limitation on SIMPLE elective contributions to \$7,000 in 2001, \$8,000 in 2002, \$9,000 in 2003, \$10,000 in 2004; index in \$500 increments thereafter [1]														
	yba 12/31/00	---	-5	-14	-22	-27	-29	-29	-30	-32	-33	-35	-96	-255
c. Increase defined benefit dollar limit to \$160,000														
	yba 12/31/00	---	-18	-31	-40	-45	-48	-50	-53	-55	-57	-59	-182	-454
d. Lower early retirement age to 62; lower normal retirement age to 65														
	yba 12/31/00	---	-3	-4	-4	-4	-5	-5	-5	-5	-5	-5	-21	-45
e. Increase annual addition limitation for defined contribution plans to \$40,000 [1]														
	yba 12/31/00	---	-6	-12	-14	-15	-16	-17	-19	-20	-21	-23	-63	-163
f. Increase qualified plan compensation limit to \$200,000 [1]														
	yba 12/31/00	---	-43	-74	-84	-91	-99	-107	-115	-122	-131	-139	-391	-1,004

Provision	Effective	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2000-05	2000-10	
7. Purchase of service credit in governmental defined benefit plans	ta 12/31/00	----- Negligible Revenue Effect -----													
8. Employers may disregard rollovers for cash-out amounts	da 12/31/00	----- Negligible Revenue Effect -----													
9. Minimum distribution and inclusion requirements for section 457 plans	da 12/31/00	----- Considered in Other Provisions -----													
Subtotal of Provisions for Increasing Portability for Participants		---	26	-5	-5	-5	-5	-5	-5	-6	-6	-6	6	-22	
D. Provisions for Strengthening Pension Security and Enforcement															
1. Phase-in repeal of 150% of current liability funding limit; extend maximum deduction rule	yba 12/31/00	---	-3	-14	-20	-36	-36	-38	-38	-39	-41	-42	-109	-307	
2. Excise tax relief for sound pension funding	yba 12/31/00	---	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-14	-29	
3. Notice of significant reduction in plan benefit accruals	pateo/a DOE	----- Negligible Revenue Effect -----													
4. Repeal 100% of compensation limit for multiemployer plans	yba 12/31/00	---	-2	-4	-4	-4	-4	-4	-5	-5	-5	-5	-19	-42	
Subtotal of Provisions for Strengthening Pension Security and Enforcement		---	-7	-21	-27	-43	-43	-45	-46	-47	-49	-50	-142	-378	
E. Provisions for Reducing Regulatory Burdens															
1. Modification of timing of plan valuations	pyba 12/31/00	----- Negligible Revenue Effect -----													
2. ESOP dividends may be reinvested without loss of dividend deduction	tyba 12/31/00	---	-19	-44	-56	-61	-63	-66	-69	-71	-74	-77	-243	-600	
3. Repeal transition rule relating to certain highly compensated employees	pyba 12/31/00	---	-2	-3	-3	-3	-3	-3	-4	-4	-4	-4	-13	-32	
4. Employees of tax-exempt entities [3]	DOE	----- Negligible Revenue Effect -----													
5. Treatment of employer-provided retirement advice	yba 12/31/00	----- Negligible Revenue Effect -----													
6. Pension plan reporting simplification [3]	1/1/01	----- Negligible Revenue Effect -----													
7. Improvement to Employee Plans Compliance Resolution System [3]	DOE	----- Negligible Revenue Effect -----													
8. Clarification of exclusion for employer-provided transit passes	tyba 12/31/00	---	-6	-10	-13	-14	-15	-15	-16	-16	-16	-16	-58	-137	
9. Repeal of multiple use test	yba 12/31/00	----- Considered in Other Provisions -----													
10. Flexibility in nondiscrimination and line of business rules [3]	DOE	----- Negligible Revenue Effect -----													
11. Extension to international organization of moratorium on application of certain nondiscrimination rules applicable to State and local government plans	yba 12/31/00	----- Negligible Revenue Effect -----													
12. Notice and consent period regarding distributions	yba 12/31/00	----- No Revenue Effect -----													
Subtotal of Provisions for Reducing Regulatory Burdens		---	-27	-57	-72	-78	-81	-84	-89	-91	-94	-97	-314	-769	
F. Provisions Relating to Plan Amendments	DOE	----- No Revenue Effect -----													
Total of Pension Provisions		---	-548	-1,113	-1,328	-1,485	-1,671	-1,887	-2,124	-2,366	-2,629	-2,903	-6,144	-18,047	

Provision	Effective	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2000-05	2000-10
Estate and Gift Tax Relief Provisions														
1. Reduction in estate, gift, and generation-skipping transfer taxes: beginning in 2001, convert the unified credit into a true exemption, repeal the 5% "bubble" (which phases out the lower rates); repeal rates in excess of 53%; in 2002, repeal rates in excess of 50%; in 2003 through 2004, reduce all rates by 1 percentage point a year; proportionately reduce State tax credit rates	dda & gma 12/31/00	---	---	-4,738	-6,358	-7,247	-8,465	-9,134	-9,674	-10,173	-10,916	-11,635	-26,808	-78,340
2. Provide deemed allocation of GST exemption	ta 12/31/99	---	-1	-3	-4	-4	-4	-4	-4	-4	-4	-4	-16	-36
3. Provide retroactive allocation of GST for unnatural orders of death	generally ea 12/31/99	---	-4	-5	-6	-6	-6	-6	-6	-6	-6	-6	-27	-57
4. Allow severances of trusts holding property having an inclusion ratio of greater than zero	---	----- Included in Estate and Gift Item 3. -----												
5. Modify certain valuation rates	---	----- Included in Estate and Gift Item 3. -----												
6. Provide relief from late elections	---	----- Included in Estate and Gift Item 3. -----												
7. Provide rule of substantial compliance	---	----- Included in Estate and Gift Item 3. -----												
8. Expand estate tax rule for conservation easements - increase the 25-mile limit to 50 miles; increase 10-mile limit to 25 miles, and clarify that the date for determining easement compliance	dda 12/31/99 & dda 12/31/97	---	-11	-15	-21	-22	-23	-24	-25	-26	-29	-31	-92	-227
Total of Estate and Gift Tax Relief Provisions		---	-16	-4,761	-6,389	-7,279	-8,498	-9,168	-9,709	-10,209	-10,955	-11,676	-26,943	-78,660
Distressed Communities and Industries Provisions														
1. "American Community Renewal Act of 1999" - designate 15 renewal communities within 36 months; provide various incentives (zero capital gains tax on certain 5-year investments; special deduction for real estate revitalization expenditures; special expensing for certain business property; work opportunity tax credit; environmental remediation expenses; family development accounts) beginning 1/1/01 and ending 12/31/07	DOE	---	-102	-197	-202	-201	-220	-247	-325	-141	-35	-76	-922	-1,745
2. Increase maximum reforestation expenses qualifying for amortization and credit from \$10,000 to \$25,000; remove cap on amortization of reforestation costs in 2001 through 2003	tyba 12/31/00	---	-5	-15	-22	-27	-29	-32	-34	-33	-29	-25	-98	-250
Total of Distressed Communities and Industries Provisions		---	-107	-212	-224	-228	-249	-279	-359	-174	-64	-101	-1,020	-1,995
Real Estate Provisions														
1. Improvements in the Low-Income Housing Credit - increase per capita credit by \$0.10 per year through 2004; thereafter COLA; \$2 million small State minimum beginning in 2001; COLA beginning in 2005; modify stacking rules and credit allocation rules; certain Native American housing assistance disregarded in determining whether building is Federally subsidized for purposes of the low-income housing credit	tyba 12/31/00	---	-4	-24	-68	-140	-234	-345	-467	-601	-750	-913	-470	-3,545

Provision	Effective	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2000-05	2000-10
2. Accelerate 5-year phasein of private activity bond volume cap	cyba 12/31/00	---	-10	-41	-83	-127	-163	-179	-179	-174	-167	-159	-425	-1,284
3. Exclusion from gross income for certain forgiven mortgage obligations	doia 12/31/00	---	-2	-6	-6	-6	-7	-7	-7	-7	-8	-8	-27	-64
Total of Real Estate Provisions		---	-16	-71	-157	-273	-404	-531	-653	-782	-925	-1,080	-922	-4,893
NET TOTAL		-463	-2,353	-9,201	-10,625	-10,791	-12,317	-13,399	-14,445	-15,210	-16,323	-17,597	-45,750	-122,717

Joint Committee on Taxation

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

Legend for "Effective" column:

cyba = calendar years beginning after
da = distributions after
doia = discharges of indebtedness after
dda = decedents dying after
dma = distributions made after
DOE = date of enactment
ea = events after
gma = gifts made after
iso/a = installment sales on or after

lma = loans made after
pateo/a = plan amendments taking effect on or after
pyba = plan years beginning after
rma = requests made after
ta = transfers after
tdapma = transfers, distributions, and payments made after
tyba = taxable years beginning after
yba = years beginning after

- [1] Provision includes interaction with other provisions in Provisions for Expanding Coverage.
- [2] Estimate provided by the Congressional Budget Office.
- [3] Directs the Secretary of the Treasury to modify rules through regulations.