ESTIMATED BUDGET EFFECTS OF CHAIRMAN'S MARK OF A COMMITTEE AMENDMENT TO THE REVENUE PROVISIONS OF H.R. 3448, THE "SMALL BUSINESS JOB PROTECTION ACT OF 1996," SCHEDULED FOR FINANCE COMMITTEE MARKUP ON JUNE 12, 1996

Fiscal Years 1996 - 2005

[Millions of Dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996-00	2001-05	1996-05
I. Small Business and Other Tax Provisions														
A. Small Business Provisions													:	
1. Increase in expensing limitation for small														
businesses to \$18,000 for 1997, \$18,500 for														
1998, \$19,000 for 1999, \$20,000 for 2000,														
\$24,000 for 2001, \$24,000 for 2002,														
\$25,000 for 2003 and thereafter	tyba 12/31/96		-66	-175	-256	-327	-759	-935	-1.029	-977	-928	-824	-4.628	-5,453
Provide 15-year depreciation for gas	•					VL ,	, 00	300	1,023	-311	-520	-024	-4,020	-5,453
station/convenience stores	ppiso/a/b DOE	-7	-24	-37	-45	-50	-53	-53	-55	-61	-42	-163	-264	-427
3. FICA tip credit:	,,						•		33	-01	-42	-103	-204	-421
a. Provided for off-premises employees	1/1/97		-6	-14	-15	-16	-17	-18	-18	-19	-20	-51	-92	-143
b. Clarification of effective date	[1]							ble Rever					-92	143
Treatment of certain dues paid to agricultural	• •						, togingi.		uc Lineut					
or horticultural organizations	tyba 12/31/94						- Nealiail	hle Reven	ue Effect					
5. Fishermen clarify exemption from FICA	•						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	010 710 701	de Lileut					
taxes and provide that exemption applies														
even if crew member receives de minimis														
amounts of cash payments	rpa 12/31/94	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-1		•
Change related party and maximum		t3		[]	[]	1-1	[-1	(-)	{ ~ }	[2]	[4]	- 1	-1	-2
size-requirements for first-time farmer														
industrial development bonds	bia DOE		-1	-6	-12	-17	-21	-26	-30	-34	-37	-35	-148	-183
7. Clarify that newspaper carriers and			•			• • •	6-1	- 20	-50	-04	-3/	-35	-148	-183
distributors are independent contractors	spa 12/31/96 -						- Nealiail	ble Reven	ua Effact					
Provide involuntary conversion treatment for	•						i vogngn	olo i loveli	de Lilect					
Oklahoma City bombing victims	DDA 12/31/94	-6	-14	-10	-10	-10	-10	-10	-10	-10	-10	-50	50	*00
Leasehold improvements provision	lida 6/12/96	-12	-22	-19	-16	-13	-11	-7	-4	-10	1	-82	-50 -23	-100
Subtotal of Small Business Provisions								•	•		•			-105
Cubicital of Siliali busiless Fluvisions	***************************************	-25	-133	-261	-354	-433	-871	-1,049	-1,146	-1,103	-1,036	-1,206	-5,206	-6,413
B. Provisions Relating to S Corporations														
Increase number of eligible shareholders	tyba 12/31/96		-5	-14	-16	-20	-22	-25	-28	0.4	0.5			
2. Permit certain trusts to hold stock in S	1,04 12/01/00		J ,	- 1-	-10	-20	-22	-25	-28	-31	-35	-55	-141	196
corporations	tyba 12/31/96		-2	-2	-2	-2	-2							
3. Extend holding period for certain trusts	tyba 12/31/96		[3]	[3]	[3]	[3]	[3]	-2 (2)	-2	-3	-3	-8	-12	-20
4. Financial institutions permitted to hold	tyba 12/01/30		[0]	[3]	[၁]	[3]	[3]	[3]	[3]	[3]	[3]	[4]	[5]	[6]
safe-harbor debt	tyba 12/31/96		[2]	101	to1	[0]	(0)	101	101	101	101	***		
5. Authority to validate certain invalid elections	tyba 12/31/82		[2]	[2] [2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	1
6. Allow interim closing of the books	tyba 12/31/96 -		[4]	[4]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	1
7. Expand post-termination period and amend	. 900 12/01/30 -						- ivegiigit	ole Reven	ue ⊑πect ·					
subchapter S audit procedures	tyba 12/31/96		[2]	[O]	(0)	101	(01	tot	701	(0)				
	1904 12/01/30		[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	. 1

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8. S corporations parmitted to hold S or C	Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996-00	2001-05	1996-05
Subsidiaries. by 1. Transment of disciplusions during loss years. by 1. Transment of disciplusions during loss years. by 1. 1231/96 19. 10. Transment of disciplusions during loss years. by 1. 1231/96 19. 12. 12. 12. 12. 12. 12. 12. 12. 12. 12	8. S corporations permitted to hold S or C														
1 1 1 1 1 1 1 1 1 1	subsidiaries	h.b. 40/04/00		_	_										
10. Irratment of Scorporations as hardenoloders in Cooperations as hardenoloders in Cooperations. 11. Elimination of certain learnings and profits of yeb 12/31/96 12. Treatment of certain learnings and profits of yeb 12/31/96 13. Adjustments to basis of inherited S stook. 14. Treatment of certain real estate held by an S cooperation of certain learnings and profits of yebs 12/31/96 13. Adjustments to basis of inherited S stook. 14. Treatment of certain real estate held by an S cooperation of certain real estate held by an S cooperation of estate held by an S cooperation of estate held by an S cooperation of the Stook of the Stoo	9 Treatment of distributions during loss years	•													-139
1. Eurimation of certain earrings and profits of Scorpotations	10. Treatment of S corporations as shareholders	tyba 12/31/96		[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-1
1. Eurimation of certain earrings and profits of Scorpotations	in C corporations	tyba 12/31/96		[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[4]	151	[6]
Teatment of certain losses carried over What 12/31/96	11. Elimination of certain earnings and profits of S corporations	tyba 12/31/96													
13 Adjustments to basis of inherited S stock. dola DOE	12. I reatment of certain losses carried over			- •						[၁]		[3]	[4]	[5]	[6]
A comparation of the large state held by an S operation of the large s	12 Adjustments to begin of interview 10	tyba 12/31/96			[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[4]	[5]	[6]
15 Iransition rule for elections after termination. 15 17ansition rule for elections after termination. 17ansition rule for election studies. 17ansition rule for election rule for election rule for election studies. 17ansition rule for election rule	14. Treatment of certain real estate held by an S	dda DOE		[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]			[7]
15 Iransition rule for elections after termination. Yeba 12/31/96 [3] [3] [3] [3] [3] [3] [3] [3] [3] [3] [4] [5] [6] [6] [7] [7] [8] [8] [8] [8] [8] [9]	corporation	tvba 12/31/96		-1	-1	-2	-2	.9	-2	20	٠.	2	6	10	10
16. Treat financial institutions that do not use the reserve method as eligible corporations. (yba 12/31/96	15. I ransition rule for elections after termination.														
reserve method as eligible corporations.	16. Treat financial institutions that do not use the	•		[0]	[0]	[0]	[2]	[5]	[3]	[3]	[၁]	[3]	[4]	[၁]	[6]
17. Interaction of subchapter S changes	reserve method as eligible corporations	tyha 12/31/06		4	2	_			40	40		4-	4=		
Subtotal of Provisions Relating to S Corporations -32 - 70 - 83 - 95 - 102 - 110 - 119 - 128 - 136 - 280 - 595 - 879	17. Interaction of subchapter S changes	tyba 12/31/80													
	Cubiatel of Descriptions Duty at the control of the			-3		-32	-3/	-38	-39	-40	-40	-40	-98	-197	-295
A. Simplified Distribution Rules 1. Repeal of 15-year income averaging for lump-sum distributions 2. Repeal of \$5,000 exclusion of employees' death benefits. 3. Simplified method for taxing annuity distributions under certain employer plans. 4. Safe hardon of Agriculturions 4. Minimum required distributions 4. Minimum required distributions 5. Blanceased Acoses to Retirement Savings Plans 1. Establish SIMPLE pension plan as modified, but repeal salary reduction SEPs. 4. Value of Agriculturion SEPs. 5. Value of Agriculturion SEPs. 6. Value of Agriculturion SEPs. 7. Value of Agriculturion SEPs. 7. Value of Agriculturion SEPs. 7. Value of Agriculturion SEPs. 8. Value of Agriculturion SEPs. 9. Value 12/31/96 9. Value of Agriculturion SEPs. 9. Value		••••••••••••		-32	-70	-83	-95	-102	-110	-119	-128	-136	-280	-595	-879
A. Simplified Distribution Rules 1. Repeal of 5-year income averaging for lump-sum distributions 2. Repeal of \$5,000 exclusion of employees' death benefits 3. Simplified method for taxing annuity distributions under certain employer plans 4. Simplified method for taxing annuity distributions under certain employer plans 4. Minimum required distributions 4. Minimum required distributions 4. Minimum required distributions 5. Simplified method for taxing annuity distributions under certain employer plans 5. Simplified method for taxing annuity distributions under certain employer plans 6. Simplified method for taxing annuity distributions under certain employer plans 6. Simplified method for taxing annuity distributions under certain employer plans 6. Simplified method for taxing annuity distributions under certain employer plans 6. Simplified method for taxing annuity distributions under certain employer plans 6. Simplified method for taxing annuity distributions under certain employer plans 6. Simplified method for taxing annuity 6. Simplified method for annuity 6. Simplified method for taxing annuity 6. Simplified method for annuity	II. Pension Simplification Provisions														
1. Repeal of 5-year income averaging for lump-sum distributions. Vpa 12/31/99	A. Simplified Distribution Rules														
2. Hepeal of \$5,000 exclusion of employees' death benefits	Repeal of 5-year income averaging for														
3. Simplified method for taxing annuliy distributions under certain employer plans	2. Repeal of \$5,000 exclusion of employees'	tyba 12/31/99		74	77	108	78	70	44	17	15		337	145	482
distributions under certain employer plans	3. Simplified method for taxing annuity	dda DOE		28	49	52	54	55	55	56	57	57	183	280	463
4. Minimum required distributions. Note: The stability of the strength of t	distributions under certain employer plans	asda OO da DOE		22	00	00	00	00	00	••					
Increased Access to Retirement Savings Plans - 1. Establish SIMPLE pension plan as modified, but repeal salary reduction SEPs	4. Minimum required distributions														
1. Establish SIMPLE pension plan as modified, but repeal salary reduction SEPs. yba 12/31/96 -50 -76 -79 -81 -84 -87 -91 -94 -97 -285 -453 -735 2. Tax-exempt organizations eligible under section 401(k). yba 12/31/96 yba 12/31/96 -57 -168 -8 -22 -24 -25 -26 -28 -29 -30 -31 -79 -144 -223 3. Increase availability of spousal IRAs. yba 12/31/96 yba 12/31/96 -57 -168 -184 -195 -206 -219 -233 -248 -264 -604 -1,170 -1,774 2. Simplified definition of highly compensated employees [8]. yba 12/31/96 yba 12/31/96 [9] [9]	B. Increased Access to Retirement Savings Plans	yua 12/31/90		-1	-4	-4	-4	-4	-4	-4	-4	-4	-13	-20	-33
2. Tax-exempt organizations eligible under section 401 (k)	Establish SIMPLE pension plan as modified, but														
2. Tax-exempt organizations eligible under section 401(k)	repeal salary reduction SEPs	yba 12/31/96		-50	-76	-79	-81	-84	-87	-91	-94	-97	-285	-453	-735
3. Increase availability of spousal IRAs.	2. Tax-exempt organizations eligible under										•			100	700
3. Increase availability of spousal IRAs. yba 12/31/96	section 401(k)	yba 12/31/96		-8	-22	-24	-25	-26	-28	-29	-30	-31	-79	-144	223
employees [8]	C. Nondiscrimination Provisions	yba 12/31/96		-57	-168	-184									
employees [8]	Simplified definition of highly compensated				1										
2. Repeal of family aggregation rules [8]	employees [8]	vha 12/31/06		101	[0]				0		04 0				
3. Modification of additional participation requirements	2. Repeal of family aggregation rules (8)				[9]				· Cons	siaerea in	Other Pro	ovisions -		· ·	
4. Safe-harbor nondiscrimination rules for qualified cash or deferred arrangements and matching contributions [11]	3 Modification of additional participation	•													
4. Sate-narbor hondiscrimination rules for qualified cash or deferred arrangements and matching contributions [11]	4 Cofe be because the second s	yba 12/31/96 -						 Negligibi 	le Revenu	e Effect -					
5. Definition of compensation for section 415 purposes	or deferred arrangements and matching														
Dumposes	contributions [11]	yba 12/31/98				-39	-155	-160	-164	-169	-174	-179	-195	-847	-1,042
D. Miscellaneous Provisions 1. Plans covering self-employed individuals		vha 12/31/97			_1	4	2	•	•			_			
2. Elimination of special vesting rule for multiemployer plans	D. Miscellaneous Provisions									_	. =	-	-		
3. Distributions under rural cooperative plans	Elimination of special vesting rule for	yba 12/31/96 -						- Negligibi	e Revenu	e Effect -					
3. Distributions under rural cooperative plans	multiemployer plans	yba 12/31/96		[2]	-1	-1	-1	-1	-1	.1	.1	1	_ Q	E	0
4. Treatment of governmental plans under section 415	Distributions under rural cooperative plans			,		. 	•							-0	-0
	Treatment of governmental plans under						-			,					
yua 12/31/96 [10] [10]	5. Uniform retirement age (8)			[4.0]	[40]			- ivegligibl	e Hevenu	e ⊑πect -					
	ago [v]	yua 12/31/90		[10]	[10]				Cons	adered in	Other Pro	visions -			

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996-00	2001-05	1996-05
6. Contributions on behalf of disabled			70157										Manager Hall	
employees	yba 12/31/96													
7. Treatment of deferred compensation plans of	yoa 12/31/96						Negligit	ole Heven	ue Effect					
State and local governments and tax-exempt														
orace and local governments and tax-exempt														
organizations	tyba 12/31/96		[2]	-1	-1	-1	-2	-2	-2	-2	-2	-3	-10	-13
Require section 457 plan assets to be held in trust Correction of GATT interest and mortality rate	DOE		-7	-21	-24	-25	-25	-26	-27	-28	-29	-77	-135	-212
9. Correction of GATT interest and mortality rate												•		
provisions in the Retirement Protection Act	[12]		-4	-4	-4						,	-12		-12
10. Multiple salary reduction agreements														
permitted under section 403(b)	tyba 12/31/95						Negligit	ole Reven	ue Effect		- -			·
11. Application of elective deferral limit to section														
403(b) plans	tyba 12/31/95						Negligit	le Reven	ue Effect					
12. Treatment of Indian tribal governments under														
section 403(b)	cpbo/a 12/31/96	• • • • • • • • • • • • • • • • • • •					Nealiait	le Reven	ue Effect					
13. Repeal of combined plan limit	lyba 12/31/99	,-				-72	-195	-201	-207	-213	-219	-72	-1.035	-1.107
14. 3-year waiver of excess distribution tax	1/1/97		42	44	47	32					2.10	165		165
15. Increase section 4975 excise tax on	•			• •	.,	~_						105		105
prohibited transactions from 5% to 10%	ptoa DOE		2	4	4	4	4	. 4	Δ	4	4	14	20	34
16. Modify notice required of right to qualified	F 10 10 10 10 10		_	-	7.	•	7	7		*	. 4	!4	20	34
joint and survivor annuity	pyba 12/31/96						Modiait	da Bayan	uo Effort					
17. Treatment of leased employees	yba 12/31/96						· · Negligit Maaliaik	de Devem	ue Ellect	·				
18. Uniform penalty provision to apply to certain	you 12/01/30						· - ivegiigit	ne nevern	ue Enect			· • • • • • • • • • • • • • • • • • • •		· · · · · · · · · · · · · · · · · · ·
pension reporting requirements	1/1/97						Ala (
19. Clarify that SECA does not apply to certain	17,1737						IVO F	ievenue E	=πect				-,	
parsonage allowance income	vbbo/a 12/31/94						M E . T	, ,	F. (.					
20. Direct IRS to develop model forms for	y000/a 12/31/94						- Negligib	ie Heveni	ue Effect -					· - •
qualified domestic relations orders ("QDRO")														
and annual appeart requirement	DOE													
and spousal consent provisions21. Date of adoption of plan amendments	DOE						- Negligib	le Revenu	ue Effect -	· ·				
	DOE						No F	Revenue E	Effect					
Subtotal of Pension Simplification Provisions	***************************************		36	-101	-122	-364	-547	-602	-658	-690	-737	-541	-3,236	-3,774
III. Extension of Certain Expiring Provisions														
Extend the work opportunity tax credit, with														
modifications through 6/30/97 [13]	7/1/96		100	400				_						
Employer-provided educational assistance;	771/90		-126	-160	-93	-37	-14	-3				-416	-17	-433
sunset after 12/31/96	414.05	400	740											
3. R&E credit, with modifications through	1/1/95	-136	-740									-876		-876
6/30/97	7/1/96	-202	-745	-469	-232	-165	-89	-20		***		-1,813	-109	-1,922
4. Orphan drug tax credit through 6/30/97														
with section 39 benefits	7/1/96	6	-18	-1	-1	-1	-1	[2]	[2]	[2]	[2]	-26	-2	-28
Contribution of appreciated stock to private										• •				
foundations through 6/30/97	7/1/96	-14	-86	-11	-4							-115		115
6. Extend section 29 binding contract date to 6														
months after date of enactment and														
placed-in service date to 1/1/98 for biomass														
and coal	DOE		-8	-32	-51	-51	-40	-35	-36	-37	-38	-142	-187	-329
7. Suspend excise tax on motorboat diesel										. 01		142	107	-329
through 6/30/97	7/1/96	-8	-26			:		1				-34		-34
Subtotal of Certain Expiring Provisions		-366		670	004	054	444	-						
		-300	-1,749	-673	-381	-254	-144	-58	-36	-37	-38	-3,422	-315	-3,737

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Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1996-00	2001-05	1996-05
IV. Revenue Offsets												*****		
Possessions tax credit: Wage credit companies - 6														
years of present law, thereafter subject to income														
cap and, after 10 years, wage credit percentage														
lowered to 40%; Income companies - 2 years of														
present law followed by 8 years subject to income														
cap; QPSII - repealed later of taxable years														
beginning after 12/31/95 or earnings after 6/30/96	tyba 12/31/95	190	595	540	530	475	500	685	1,075	1,295	1,555	2,330	5,110	7,440
2. Repeal 50% interest income exclusion for financial											·	,	,	,
institution loans to ESOPs [14].	Ima DOE	10	64	105	144	182	220	256	292	327	360	505	1,455	1,960
Provide that punitive damages are not avaluable from income.														
excludable from income	ara 6/30/96		5	7	7	7	8	8	8	8	8	26	40	66
Financial Asset Securitization Investment														
Trusts (FASITs)	DOE			46	_	_	_	_						
5. Phase out and extend luxury automobile	DOE	***	36	18	9	3	-2	-7	-12	-17	-22	66	-60	. 6
excise tax through 12/31/02	sma 6/30/96	-10	-58	-105	-132	404	400	440	00					
6. Modify two county tax-exempt bond rule for	SINA 0/30/90	-10	-56	-105	-132	124	183	140	32			-180	355	175
local furnishers of electricity or gas; prohibit														
new local furnishers	DOE		[15]	5	5	5	9	13	17	25	33	15	00	110
/. Eliminate interest allocation exception for			[10]			•	9	13	17	23	33	15	98	112
certain nonfinancial corporations	tyba 12/31/95	35	99	107	123	141	163	187	201	215	228	505	994	1,499
Reinstate Airport and Airway Trust Fund									201	2.0	220	303	334	1,433
excise taxes through 12/31/96, with														
exemption for fixed-wing emergency medical														
aircraft	tp7data DOE	393	1,530									1,923		1.923
9. Tax-free treatment of contributions in aid of	4. 											.,		.,
construction for water utilities; change														
depreciation for water utilities	[16]		-21	-9	-3	11	24	35	45	55	64	-22	223	201
	2/6/95	15	37	63	97	139	181	216	247	275	298	351	1,217	1,568
Subtotal of Revenue Offsets	••••••	633	2,287	731	780	1,087	1,286	1,533	1,905	2,183	2,524	5,519	9,432	14,950
V. Technical Corrections		14	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	14	[3]	14
NET TOTAL		256	409	-374	-160	-59	-378	-286	-54	225	577	0.4	90	161
Joint Committee on Taxation					-100	-73	-370	-200	-04	223	3//	84	80	161

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

Legend for "Effective" column: ara = amounts received after

asda = annuity starting date after

bia = bonds issued after

cpbo/a = contracts purchased before, on, or after

dda = decedents dying after DDA = disasters declared after

DOE = date of enactment

lida = leasehold improvements disposed of after

Ima = loans made after

lyba = limitation years beginning after

ppiso/a/b = property placed in service on, after, or before

ptoa = prohibited transactions occurring after

pyba = plan years beginning after

rpa = remuneration paid after

sma = sales made after

spa = services performed after

tyba = taxable years beginning after

tp7data DOE = tickets purchased 7 days after date of enactment for travel 7 days after date of enactment

yba = years beginning after

ybbo/a = years beginning before, on, or after

90 da DOE = 90 days after date of enactment

Footnotes for JCX-27-96:

- [1] Effective as if included in the Omnibus Reconciliation Act of 1993.
- [2] Loss of less than \$500,000.
- [3] Loss of less than \$5 million.
- [4] Loss of less than \$15 million.
- [5] Loss of less than \$20 million.
- [6] Loss of less than \$30 million.
- [7] Gain of less than \$1 million.
- [8] Revenue effect after 1/1/99 included in the revenue estimate for the safe harbor provision due to interactions between this provision and Item III.C.4.
- [9] Loss of less than \$10 million.
- [10] Negligible revenue effect.
- [11] This provision considers interaction effects of SIMPLE retirement plan provisions (Items III.C.1, III.C.2, and III.D.5)
- [12] Effective as if included in the General Agreement on Tariffs and Trade of 1994.
- [13] Credit rate at 35% on first \$6,000 of income; eligible workers expanded to include welfare cash recipients, veteran foodstamp recipients, and 18 24 year olds living in a household receiving foodstamps for a period of at least 3 months on the date of hire; 375 hour work requirement.
- [14] The repeal would not apply to loans made pursuant to a binding contract entered into before 6/10/96.
- [15] Gain of less than \$500,000.
- [16] Effective for amounts received after 6/12/96 and property placed in service after 6/12/96 with the exception of certain property subject to a binding contract before 6/10/96.