ESTIMATED REVENUE EFFECTS OF THE PRESIDENT'S FISCAL YEAR 2002 BUDGET PROPOSAL [1]

Fiscal Years 2002 - 2011

[Millions of Dollars]

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002-06	2002-11
Provisions in the President's Agenda for Tax Relief													
A. Create New 10% Individual Income Tax Rate (for first $6,000 of taxable income for singles, first $10,000 for heads of households, and first $12,000 for married couples); no indexing of bracket for inflation until 2007; rate set at 14% in 2002, 13% in 2003, 12% in 2004, 11% in 2005, and 10% in 2006	tyba 12/31/01	-5,520	-13,636	-21,784	-29,788	-37,640	-40,513	-41,057	-42,015	-42,368	-42,737	-108,368	-317,058
B. Reduce the Individual Income Tax Rates - 39.6% rate reduced to 38% in 2002, 37% in 2003, 36% in 2004, 35% in 2005, and 33% in 2006; 36% rate reduced to 35% in 2002 and 2003, 34% in 2004 and 2005, and 33% in 2006; 31% rate reduced to 30% in 2002, 29% in 2003, 28% in 2004, 27% in 2005, and 25% in 2006; and 28% rate reduced to 27% in 2002 and 2003, 26% in 2004 and 2005, and 25% in 2006	tyba 12/31/01	-13,464	-24,252	-38,101	-47,683	-63,832	-70,834	-72,645	-74,102	-76,514	-78,736	-187,332	-560,163
C. Increase the Child Tax Credit - to $600 in 2002, $700 in 2003, $800 in 2004, $900 in 2005, and $1,000 in 2006; apply child credit to AMT in 2002; increase starting point for phase-out for singles (by $25,000 per year) and joint filers (by $18,000 per year) until it reaches $200,000 in 2006; no indexing for inflation; and change phase-out rate from 5% to 2% in 2006	tyba 12/31/01	-1,070	-6,308	-11,239	-16,760	-22,495	-27,824	-29,219	-30,629	-31,856	-33,294	-57,872	-210,694
D. Reduction in the Marriage Penalty - 10% deduction for two-earner families, up to $6,000 of lower spouse's income; income cap raised to $12,000 in 2003, $18,000 in 2004, $24,000 in 2005, and $30,000 in 2006; no indexing for inflation	tyba 12/31/01	-1,034	-4,339	-7,148	-9,505	-11,677	-13,166	-13,319	-13,731	-14,183	-14,590	-33,703	-102,692
E. Provide Charitable Contribution Deduction for Nonitemizers - allow taxpayers who do not itemize to deduct charitable contributions in addition to their standard deduction phased in as follows: 20% in 2002, 40% in 2003, 60% in 2004, 80% in 2005, and 100% in 2006 and thereafter	ca 12/31/01	-223	-1,764	-3,665	-5,965	-8,571	-10,573	-12,066	-12,865	-13,834	-14,838	-20,188	-84,363
F. Allow Individuals Over Age 59 1/2 Tax-Free Withdrawals from IRAs for Charitable Donations	tyba 12/31/01	-231	-351	-334	-316	-298	-320	-369	-428	-500	-584	-1,530	-3,731
G. Raise the Cap on Corporate Charitable Contributions From 10% to 15% of Taxable Income	cmi tyba 12/31/01	-104	-176	-153	-151	-166	-182	-200	-221	-243	-267	-750	-1,862

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002-06	2002-11
H. Increase and Expand Education Savings Accounts - expand education IRAs to allow elementary, secondary, and after-school programs; increase the annual contribution limit to $1,000 in 2002, $2,000 in 2003, $3,000 in 2004, $4,000 in 2005 and $5,000 in 2006; allow education tax credit and tax-free withdrawals from education IRAs in the same year for different expenses	1/1/02	-26	-180	-245	-334	-445	-570	-646	-680	-748	-756	-1,230	-4,630
I. Permanently Extend the R&E Credit	epoia 6/30/04	---	---	-601	-3,887	-5,060	-6,116	-7,017	-7,705	-8,217	-8,701	-9,548	-47,304
J. Phase Out and Repeal of Estate, Gift, and Generation-Skipping Transfer Taxes - reduce all rates by: 5 percentage points in 2002 and 2003, 10 percentage points in 2004, 15 percentage points in 2005, 20 percentage points in 2006, 30 percentage points in 2007, 35 percentage points in 2008; proportionately reduce State tax credit rates; beginning in 2009, repeal all of these taxes; carryover basis applies to transfers at death after 12/31/08 of assets fully owned by decedents, except: (1) $1.3 million of additional basis and certain losses of the decedent are allowed to be added to carryover basis, and (2) an additional $3 million of basis is allowed to be added to carryover basis of assets going to surviving spouse; certain reporting requirements on large gifts and bequests	dda & gma 12/31/01	-320	-5,631	-6,873	-11,132	-16,655	-23,371	-36,412	-53,208	-73,427	-78,913	-40,611	-305,944
Total of Provisions in the President's Agenda for Tax Relief ……		**-21,992**	**-56,637**	**-90,143**	**-125,521**	**-166,839**	**-193,469**	**-212,950**	**-235,584**	**-261,890**	**-273,416**	**-461,132**	**-1,638,441**
Additional Tax Incentive Proposals													
A. Education Proposals													
1. Allow teachers an above-the-line deduction for up to $400 per year in out-of-pocket classroom expenses	1/1/02	-276	-370	-372	-374	-376	-378	-379	-381	-382	-384	-1,768	-3,672
2. Allow private institutions to offer prepaid tuition plans; provide for tax-free withdrawals from qualified tuition plans subject to lifetime limit; impose 10% additional tax on taxable earnings; allow rollovers; allow tax-free treatment and use of education credits in the same year for different expenses	1/1/02	-18	-25	-44	-67	-96	-129	-168	-209	-246	-272	-250	-1,274
3. Issuance of private activity bonds for public school facilities - issuance of tax-exempt private activity bonds for qualified education facilities with annual State volume caps equal to the greater of $10 per resident or $5 million	bia 12/31/01	-5	-19	-38	-61	-88	-120	-155	-191	-224	-257	-212	-1,160
Total of Education Proposals ……		-299	-414	-454	-502	-560	-627	-702	-781	-852	-913	-2,230	-6,106

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002-06	2002-11
B. Health and Long-Term Care Proposals													
1. Refundable tax credit for the purchase of health insurance - provide individuals and families not enrolled in employer- sponsored health insurance or public health programs a refundable tax credit of $1,000 per individual ($2,000 per family) to cover up to 90% of health insurance expenses	tyba 12/31/01	-156	-4,711	-5,617	-8,001	-9,013	-8,797	-8,632	-8,562	-8,540	-8,424	-27,498	-70,454
2. Provide an above-the-line deduction for long-term care insurance expenses for which the taxpayer pays at least 50%, phased in as follows: 25% in 2002 through 2004, 35% in 2005, 65% in 2006, and 100% thereafter	tyba 12/31/01	-52	-347	-363	-411	-684	-1,356	-2,158	-2,392	-2,654	-2,924	-1,856	-13,339
3. Allow up to $500 in unused benefits in a health flexible spending arrangement to be carried forward to the next year; provide additional choice with regard to unused benefits in a health flexible spending arrangement	pyba 12/31/01	-141	-323	-488	-633	-723	-765	-794	-823	-853	-884	-2,309	-6,428
4. Permanently Extend and Reform Archer MSAs - make the program permanent, repeal the cap on number of MSAs; extend eligibility to everyone with high-deductible health plans; permit both employer and employee contributions; allow MSAs to be offered in cafeteria plans; lower the minimum deductible to $1,000 for individuals coverage and $2,000 for family coverage; and allow MSA contributions equal to 100% of the deductible	tyba 12/31/01	-124	-370	-414	-458	-502	-546	-590	-634	-678	-722	-1,867	-5,037
5. Provide an additional personal exemption to home caretakers of certain family members	tyba 12/31/01	-239	-488	-507	-525	-542	-555	-563	-567	-564	-545	-2,301	-5,096
6. Eliminate tax on awards under National Health Service Corps Scholarship Program and F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program	eara 12/31/01	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
Total of Health and Long-Term Care Proposals		-713	-6,240	-7,390	-10,029	-11,465	-12,020	-12,738	-12,979	-13,290	-13,500	-35,836	-100,364
C. Exclude From Income the Value of Employer-Provided Computers, Software and Peripherals for Disabled Employees	1/1/02	-4	-5	-5	-6	-6	-6	-7	-7	-8	-8	-26	-62
D. Permanently Extend the Adoption Tax Credit and Increase From $5,000 to $7,500; Retain $1,000 Differential for Special Needs Adoptions	1/1/02	-39	-142	-171	-187	-198	-202	-206	-210	-213	-215	-737	-1,784
E. Establish Farm, Fish, and Ranch Risk Management (FFARRM) Savings Accounts	tyba 12/31/01	-3	-65	-127	-186	-235	-209	-157	-109	-68	-39	-616	-1,198
F. Provide Tax Credit for Developers of Affordable Single-Family Housing	tyba 12/31/01	-10	-61	-218	-557	-1,103	-1,745	-2,241	-2,491	-2,636	-2,780	-1,949	-13,842
G. Establish Individual Development Accounts - provide financial institutions with a 90% tax credit for matching a maximum contribution of $300 per account made by certain low-income individuals, a $70 account establishment credit, and a $30 account maintenance credit	tyba 12/31/02	---	-155	-298	-301	-320	-332	-206	-70	-34	[2]	-1,074	-1,716

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002-06	2002-11
H. Environmental and Energy Proposals													
1. Permanent extension of Brownfields environmental remediation	1/1/04	---	10	-146	-258	-291	-317	-325	-324	-317	-309	-685	-2,277
2. Exclude 50% of gain on sales of land or interest in land or water to eligible entities for conservation purposes	so/a dofca [3]	-91	-93	-104	-117	-131	-144	-158	-174	-191	-211	-536	-1,414
3. Extend and modify the tax credit for producing electricity from certain sources	1/1/02	-123	-243	-311	-242	-166	-134	-105	-85	-81	-83	-1,086	-1,573
4. Provide a tax credit for residential solar energy systems	[4]	-6	-10	-13	-16	-18	-20	-8	---	---	---	-62	-90
5. Modify treatment of nuclear decommissioning funds	tyba 12/31/01	-57	-123	-151	-162	-182	-204	-228	-255	-254	-252	-675	-1,868
Total of Environmental and Energy Policy Proposals		-277	-459	-725	-795	-788	-819	-824	-838	-843	-855	-3,044	-7,222
Total of Additional Tax Incentive Proposals		**-1,345**	**-7,541**	**-9,388**	**-12,563**	**-14,675**	**-15,960**	**-17,081**	**-17,485**	**-17,944**	**-18,310**	**-45,512**	**-132,294**
One-Year Extension of Provisions Expiring in 2001													
A. Work Opportunity Tax Credit (through 12/31/02)	wpoifibwa 12/31/01	-92	-153	-92	-36	-14	-3	---	---	---	---	-387	-390
B. Welfare-to-Work Tax Credit (through 12/31/02)	wpoifibwa 12/31/01	-27	-52	-38	-16	-7	-2	[2]	---	---	---	-140	-141
C. Exclusion for Employer-Provided Educational Assistance for Undergraduates (through 12/31/02) [5]	cba 12/31/01	-281	-93	---	---	---	---	---	---	---	---	-374	-374
D. Treatment of Nonrefundable Personal Credits Under the Alternative Individual Minimum Tax (through 12/31/02)	tyba 12/31/01	-287	-1,148	---	---	---	---	---	---	---	---	-1,435	-1,435
E. Exemption from Subpart F for Active Financing Income (through 12/31/02)	tyba 12/31/01	-260	-781	---	---	---	---	---	---	---	---	-1,041	-1,041
F. Suspension of 100% Net Income Limitation for Marginal Properties (through 12/31/02)	tyba 12/31/01	-27	-14	---	---	---	---	---	---	---	---	-41	-41
G. Generalized System of Preferences (through 9/30/02) [6]	10/1/01	-375	---		---	---	---	---	---	---	---	-375	-375
H. Extend Qualified Zone Academy Bond program (through 12/31/02)	tyba 12/31/01	[2]	-2	-5	-9	-11	-11	-11	-11	-11	-11	-27	-79
Total of One-Year Extension of Provisions Expiring in 2001		**-1,349**	**-2,243**	**-135**	**-61**	**-32**	**-16**	**-11**	**-11**	**-11**	**-11**	**-3,820**	**-3,876**
Disclosure of Return Information for Administration of Certain Veteran's Programs [6]	**10/1/03**	**---**	**---**	**9**	**15**	**21**	**25**	**28**	**31**	**33**	**34**	**45**	**196**
Expand and Extend Andean Trade Preferences [6]	**12/5/01**	**-158**	**-197**	**-207**	**-217**	**-57**	**---**	**---**	**---**	**---**	**---**	**-836**	**-836**
NET TOTAL [7] [8]		**-24,844**	**-66,618**	**-99,864**	**-138,347**	**-181,582**	**-209,420**	**-230,014**	**-253,049**	**-279,812**	**-291,703**	**-511,255**	**-1,775,251**

Joint Committee on Taxation

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

Legend for "Effective" column:

bia = bonds issued after
ca = contributions after
cba = courses beginning after
cmi = contributions made in
dda = decedents dying after
dofca = date of first committee action
eara = education awards received after
epoia = expenses paid or incurred after
gma = gifts made after
pyba = plans years beginning after
so/a = sales on or after
tyba = taxable years beginning after
wpoifibwa = wages paid or incurred for individuals beginning work after

[Footnotes for JCX-31-01 appear on the following page]

Footnotes for JCX-31-01:

[1] The estimates presented in this table include the effects of certain behavioral responses to the tax proposals, including shifts between nontaxable and taxable sources of income, changes in amounts of charitable giving, and changes in the timing of realization of some sources of income. While the estimates do not include the effects of these proposals on economic growth, the proposals are likely to result in modest increases in growth of the economy during the 10-year budget estimating period. The largest component of the proposals, the marginal rate cuts, will provide incentives for more work, investment, and savings.

[2] Loss of less than $500,000.

[3] Some revenue loss may occur in fiscal year 2001 depending on the exact date of first committee action.

[4] Effective for solar water heating equipment placed in service after 12/31/01 and before 1/1/06; effective for photovoltaic equipment placed in service after 12/31/01 and before 1/1/08.

[5] Estimate considers interaction with HOPE and Lifetime Learning tax credits.

[6] Estimate provided by the Congressional Budget Office.

[7] Includes the following effect on fiscal year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
outlays ……	39	3,994	5,478	8,133	9,589	10,013	9,823	9,709	9,635	9,483	27,233	75,897

[8] Includes the following impact on the individual AMT:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Taxpayers affected by the AMT: Present Law (millions of taxpayers) ……	3.5	4.3	5.6	7.1	8.7	10.5	12.8	14.9	17.5	20.7
Taxpayers affected by the AMT: Proposal (millions of taxpayers) ……	2.7	6.1	9.8	12.7	17.7	20.3	23.3	26.5	30.2	34.6