

**Conference Agreement**  
**ESTIMATED BUDGET EFFECTS OF EARNED INCOME CREDIT ("EIC") PROVISIONS OF H.R. 2491 (Title XII)**

Fiscal Years 1996-2002

[Millions of Dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02
<b>EIC Reforms</b>										
1. Modify AGI for the purpose of the EIC phaseout nontaxable social security benefits; nontaxable pension, IRA, and annuity distributions; tax-exempt interest; and child support payments in excess of \$6,000:										
a. Revenue.....	tyba 12/31/95	11	217	231	236	216	265	288	911	1,464
b. Outlay reductions.....	tyba 12/31/95	59	1,193	1,265	1,326	1,431	1,452	1,454	5,275	8,182
2. Modify AGI for the purpose of the EIC phaseout by adding back losses from Schedule C, Schedule D, Schedule E, Schedule F, and NOLs:										
a. Revenue.....	tyba 12/31/95	1	26	30	33	35	40	48	124	212
b. Outlay reductions.....	tyba 12/31/95	10	207	219	231	237	243	246	904	1,393
3. Include net passive income in disqualified income:										
a. Revenue.....	tyba 12/31/95	---	---	1	2	2	2	2	5	9
b. Outlay reduction.....	tyba 12/31/95	1	11	11	14	17	18	20	54	91
4. Restrict EIC eligibility to taxpayers with qualifying children:										
a. Revenue.....	tyba 12/31/95	4	89	93	97	100	107	112	383	601
b. Outlay reductions.....	tyba 12/31/95	27	535	557	583	610	631	658	2,313	3,602

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5. Two-stage phaseout of the EIC. The second stage of the phaseout begins at \$14,850 for households with one child and \$17,750 for households with two or more children:										
a. Revenue.....	tyba 12/31/95	36	712	751	781	785	871	967	3,065	4,903
b. Outlay reductions.....	tyba 12/31/95	19	371	390	412	468	459	479	1,660	2,598
6. Set the maximum credit rate for taxpayers with multiple children at 36%:										
a. Revenue.....	tyba 12/31/95	13	259	258	365	343	406	433	1,239	2,078
b. Outlay reduction.....	tyba 12/31/95	82	1,641	1,723	1,697	1,812	1,836	1,882	6,955	10,673
7. Require Social Security numbers for primary and secondary taxpayers, and treat omission of a correct Social Security number and underpayment of SECA as a math error; and other compliance proposals [1]:										
a. Revenue.....	tyba 12/31/95	1	29	31	31	32	32	32	124	188
b. Outlay reductions.....	tyba 12/31/95	11	224	233	237	243	246	252	948	1,446
8. Apply an enhancement factor to the earned income of households with two or more qualifying children for the purpose of calculating the EIC:										
a. Revenue.....	tyba 12/31/95	---	-1	-1	-1	-2	-1	-1	-4	-6
b. Outlay reductions.....	tyba 12/31/95	-57	-1,147	-1,188	-1,233	-1,281	-1,322	-1,329	-4,907	-7,559
<b>Total of EIC Revenue [2].....</b>		<b>60</b>	<b>1,183</b>	<b>1,294</b>	<b>1,391</b>	<b>1,493</b>	<b>1,627</b>	<b>1,845</b>	<b>5,421</b>	<b>8,894</b>
<b>Total of EIC Outlay Reductions [2].....</b>		<b>163</b>	<b>3,268</b>	<b>3,513</b>	<b>3,756</b>	<b>4,045</b>	<b>4,290</b>	<b>4,459</b>	<b>14,745</b>	<b>23,494</b>

Joint Committee on Taxation

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

Legend for "Effective" column: tyba = taxable years beginning after

[1] Includes doubling of civil penalties for tax preparers.

[2] Due to interaction between the provisions, items do not sum to total package.