

ESTIMATED BUDGET EFFECTS OF THE TAX PROVISIONS CONTAINED IN H.R. 3,  
 AS PASSED BY THE HOUSE AND THE SENATE

Fiscal Years 2005 - 2015

[Millions of Dollars]

Provision	Effective	H.R. 3, as Passed by the House									H.R. 3, as Passed by the Senate								
		2005	2006	2007	2008	2009	2010	2005-09	2005-10	2005-15	2005	2006	2007	2008	2009	2010	2005-09	2005-10	2005-15
<b>I. Trust Fund Reauthorization</b>																			
A. Extend Highway Trust Fund and Aquatic Resources Trust Fund Expenditure Authority Through September 30, 2009, and Related Taxes Through September 30, 2011 .....	DOE	----- No Revenue Effect -----									----- No Revenue Effect -----								
B. Extend General Fund Retention of 4.8 Cents/Gallon of Taxes on Motorboat and Small Engine Gasoline (sunset 9/30/11) [1].....	10/1/05	----- No Provision -----									----- No Revenue Effect -----								
<b>Total of Trust Fund Reauthorization .....</b>		<b>----- No Revenue Effect -----</b>									<b>----- No Revenue Effect -----</b>								
<b>II. Excise Tax Reform and Simplification</b>																			
A. Highway Excise Taxes																			
1. Modify gas guzzler tax [2].....	10/1/05	----- No Provision -----									---	-3	-4	-4	-4	-5	-15	-20	-46
2. Exclusion for tractors with a gross vehicle weight rating of 19,500 pounds or less from Federal excise tax on heavy trucks and trailers.....	sa 9/30/05	----- No Provision -----									-1	-2	-2	-3	-3	-3	-11	-14	-31
3. Exemption of bulk beds for farm crops from excise tax on heavy trucks and trailers.....	sa 9/30/05	----- No Provision -----									[3]	[3]	-1	-1	-1	-1	-2	-2	-4
4. Volumetric Excise Tax Credit for Alternative Fuels (credit sunset 9/30/09).....	suora 9/30/06	----- No Provision -----									---	---	-42	-49	-52	17	-143	-127	9
B. Aquatic Excise Taxes																			
1. Eliminate Aquatic Resources Trust Fund and transform Sport Fish Restoration Account.....	10/1/05	----- No Provision -----									----- No Revenue Effect -----								
2. Repeal harbor maintenance tax on exports [4].....	boaa DOE	----- No Provision -----									----- No Revenue Effect -----								
3. Cap excise tax on certain fishing equipment {S} [5].....	[6]	----- No Provision -----									---	-3	-3	-4	-4	-4	-14	-17	-41
C. Aerial Excise Taxes																			
1. Clarify excise tax exemptions for agricultural aerial applicators and exempt certain fixed-wing aircraft engaged in forestry operations.....	fuoata 9/30/05	----- No Provision -----									---	-4	-4	-4	-4	-4	-16	-20	-40
2. Modify the definition of rural airport .....	10/1/05	----- No Provision -----									---	-3	-3	-4	-4	-4	-14	-18	-40
3. Exempt from ticket taxes transportation provided by seaplanes.....	ta 9/30/05	----- No Provision -----									---	-1	-1	-1	-1	-1	-4	-5	-11
4. Exempt certain sightseeing flights from taxes on air transportation.....	[7]	----- No Provision -----									---	-7	-7	-7	-7	-8	-28	-36	-79
D. Taxes Relating to Alcohol																			
1. Repeal special occupational taxes on producers and marketers of alcoholic beverages.....	7/1/08	----- No Provision -----									---	---	---	-50	-59	-59	-109	-167	-459
2. Modify limitation on rate of rum excise tax cover over to Puerto Rico and Virgin Islands (sunset 12/31/06) {S} [8].....	abiUSa 12/31/05	----- No Provision -----									-11	-58	-18	---	---	---	-87	-87	-87
3. Provide income tax credit for cost of carrying tax-paid distilled spirits in wholesale inventories and in control State bailment warehouses.....	tyba 9/30/05	----- No Provision -----									---	-9	-17	-19	-20	-20	-65	-84	-188
4. Quarterly filing by small alcohol producers.....	qpboaa 1/1/06	----- No Provision -----									---	-5	[3]	[3]	[3]	[3]	-5	-5	-6
E. Sports Excise Taxes - Provide Exemption for Certain Custom Gunsmiths {S} [9].....	[6]	----- No Provision -----									---	-1	-1	-1	-1	-1	-4	-4	-8
<b>Total of Excise Tax Reform and Simplification .....</b>		<b>----- No Provision -----</b>									<b>-12</b>	<b>-96</b>	<b>-103</b>	<b>-147</b>	<b>-160</b>	<b>-93</b>	<b>-517</b>	<b>-606</b>	<b>-1,031</b>

Provision	Effective	H.R. 3, as Passed by the House									H.R. 3, as Passed by the Senate								
		2005	2006	2007	2008	2009	2010	2005-09	2005-10	2005-15	2005	2006	2007	2008	2009	2010	2005-09	2005-10	2005-15
<b>III. Miscellaneous Provisions</b>																			
A. Establish a Motor Fuel Tax Enforcement Advisory Commission.....	DOE	----- No Provision -----									----- No Revenue Effect -----								
B. Establish a National Surface Transportation Infrastructure Financing Commission.....	DOE	----- No Provision -----									----- No Revenue Effect -----								
C. Expand Highway Trust Fund Expenditure Purposes to Include Funding for Studies of Supplemental or Alternative Financing for the Highway Trust Fund.....	DOE	----- No Provision -----									----- No Revenue Effect -----								
D. Delta Regional Transportation Plan .....	DOE	----- No Provision -----									----- No Revenue Effect -----								
E. Establish the Build America Corporation.....	DOE	----- No Provision -----									----- No Revenue Effect -----								
F. Increase Transit and Vanpooling Exclusion to \$155 and Hold Parking Exclusion at \$200 from 2006 Through 2008; Index Transportation Benefits After 2008; Transit and Vanpooling Exclusion is Equalized with Parking in 2010 and Thereafter.....	tyba 12/31/05	----- No Provision -----									---	-6	-6	-8	-5	-17	-26	-43	-277
G. Treasury Study of Highway Fuels Used by Trucks for Non-Transportation Purposes.....	teia DOE	----- No Provision -----									----- No Revenue Effect -----								
H. Tax-Exempt Financing of Highway Projects and Rail-Truck Transfer Facilities .....	bia DOE	----- No Provision -----									[3]	-5	-14	-25	-36	-50	-79	-131	-738
I. State Acquisition of Real Estate Investment Trust Interests.....	[10]	----- No Provision -----									[3]	[3]	[3]	[3]	[3]	[3]	-1	-1	-2
J. Credit for Installation of Alternative Fuel Refueling Stations (sunset 12/31/09).....	ppisa DOE	----- No Provision -----									[3]	-3	-7	-12	-19	-15	-41	-56	-68
K. Modify Recapture of Section 197 Amortization.....	dopa DOE	----- No Provision -----									2	12	13	14	15	16	56	72	171
L. Diesel Fuel Tax Evasion Report.....	DOE	----- No Provision -----									----- No Revenue Effect -----								
<b>Total of Miscellaneous Provisions.....</b>		<b>----- No Provision -----</b>									<b>2</b>	<b>-2</b>	<b>-14</b>	<b>-31</b>	<b>-45</b>	<b>-66</b>	<b>-91</b>	<b>-159</b>	<b>-914</b>
<b>IV. Fuels-Related Technical Corrections</b>																			
<b>{H} to the American Jobs Creation Act of 2004 relating to the Volumetric Ethanol Excise Tax Credit and Aviation Fuel; {S} to the American Jobs Creation Act of 2004 and the Transportation Equity Act for the 21st Century.....</b>																			
	<b>H = [11]</b> <b>S = [12]</b>	<b>----- No Revenue Effect -----</b>									<b>----- No Revenue Effect -----</b>								
<b>V. Revenue Offset Provisions</b>																			
A. Modify the Tax Treatment of Contingent Convertible Debt Instruments .....	dii/a DOE	----- No Provision -----									6	19	34	51	61	62	171	233	462
B. Frivolous Tax Submissions .....	[13]	----- No Provision -----									---	3	3	3	3	3	12	15	30
C. Increase in Certain Criminal Penalties.....	aaftaoa DOE	----- No Provision -----									---	[14]	[14]	[14]	[14]	[14]	1	1	5
D. Double Certain Penalties, Fines, and Interest on Underpayments Related to Certain Offshore Financial Arrangements .....	oyo/a DOE	----- No Provision -----									[15]	2	1	1	1	1	5	6	10
E. Modification of CFC-PFIC Coordination Rules .....	[16]	----- No Provision -----									2	4	5	6	8	10	25	35	119
F. Declaration by Chief Executive Officer Relating to Federal Annual Income Tax Return of a Corporation.....	rf tyea DOE	----- No Provision -----									----- Negligible Revenue Effect -----								
G. Grant Treasury Regulatory Authority to Address Foreign Tax Credit Transactions Involving Inappropriate Separation of Foreign Taxes from Related Foreign Income.....	teia DOE	----- No Provision -----									[14]	[14]	1	1	2	2	4	6	16
H. Whistleblower Reforms.....	ipo/a DOE	----- No Provision -----									---	3	8	10	20	31	41	71	407
I. Denial of Deduction for Certain Fines, Penalties, and Other Amounts.....	apoio/a DOE	----- No Provision -----									11	36	51	26	11	11	135	146	200
J. Freeze of Interest Suspension Rules With Respect to Listed Transactions (section 6404(g) modification).....	[17]	----- No Provision -----									25	208	92	52	19	---	396	396	396
K. Repeal Section 470 Exception for Qualified Transportation Property.....	[17]	----- No Provision -----									---	14	36	43	43	43	136	180	372

Provision	Effective	H.R. 3, as Passed by the House									H.R. 3, as Passed by the Senate								
		2005	2006	2007	2008	2009	2010	2005-09	2005-10	2005-15	2005	2006	2007	2008	2009	2010	2005-09	2005-10	2005-15
L. Impose Mark-to-Market on Individuals Who Expatriate .....	[18]	----- No Provision -----									6	62	58	56	54	50	236	286	493
M. Deny Deduction for Punitive Damages.....	dpoio/a DOE	----- No Provision -----									7	30	31	32	33	34	133	166	350
N. Application of Earnings Stripping Rules to Partners Which are C Corporations.....	tybo/a DOE	----- No Provision -----									1	15	23	25	27	29	91	120	298
O. Deferral of Certain Stock Option and Restricted Stock Gains Prohibited.....	aeo/a DOE	----- No Provision -----									4	7	6	6	5	4	28	31	64
P. Limitation of Employer Deduction for Certain Entertainment Expenses.....	eia DOE	----- No Provision -----									[15]	4	4	4	5	5	17	22	53
Q. Increase in Penalty for Bad Checks and Money Orders.....	comora DOE	----- No Provision -----									[15]	2	2	2	2	2	8	10	20
R. Eliminate Double Deduction of Mining Exploration and Development Costs Under the Minimum Tax .....	tyba DOE	----- No Provision -----									17	38	30	28	26	24	139	163	268
S. Clarification of the Economic Substance Doctrine and Related Penalty Provisions .....	teia DOE & Ta DOE in tyea DOE	----- No Provision -----									---	586	805	1,127	1,270	1,427	3,788	5,214	15,964
T. Waiver of User Fee for Installment Agreements Using Automated Withdrawals.....	aeio/a 180da DOE	----- No Provision -----									---	-2	-3	-3	-3	-3	-11	-14	-35
U. Termination of Installment Agreements.....	foo/a DOE	----- No Provision -----									----- Negligible Revenue Effect -----								
V. Office of Chief Counsel Review of Offers-in-Compromise.....	osopo/a DOE	----- No Provision -----									----- No Revenue Effect -----								
W. Require Partial Payments With Submissions of Offers-in-Compromise (24-month rule through 7/1/10; 12-month rule thereafter).....	osoaa 60da DOE	----- No Provision -----									---	100	162	174	188	159	624	783	668
X. Joint Task Force Study on Offers-in-Compromise.....	[19]	----- No Provision -----									----- No Revenue Effect -----								
<b>Total of Revenue Offset Provisions .....</b>		<b>----- No Provision -----</b>									<b>79</b>	<b>1,131</b>	<b>1,349</b>	<b>1,644</b>	<b>1,775</b>	<b>1,894</b>	<b>5,979</b>	<b>7,870</b>	<b>20,160</b>
<b>VI. Additional Revenue Provisions</b>																			
A. Suspend Section 9503(c)(2) Transfers from Trust Funds to the General Fund (sunset 9/30/09) [4].....	apfwntmb 4/1/05	----- No Provision -----									----- No Revenue Effect -----								
B. Temporary Dedication of Gas Guzzler Tax to Highway Trust Fund (sunset 9/30/09).....	tioaa 7/1/05	----- No Provision -----									----- No Revenue Effect -----								
C. Provisions to Combat Fuel Fraud																			
1. Treatment of kerosene used in aviation.....	[20]	----- No Provision -----									---	48	49	50	50	50	197	247	495
2. Repeal of ultimate vendor refund claims with respect to farming.....	sa 9/30/05	----- No Provision -----									---	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]
3. Refunds of excise taxes on exempt sales of fuel by credit card.....	sa 12/31/05	----- No Provision -----									----- Negligible Revenue Effect -----								
4. Additional requirement for exempt purchases.....	sa 12/31/05	----- No Provision -----									---	3	4	4	4	4	15	19	43
5. Reregistration in event of change in ownership.....	aoftaa DOE	----- No Provision -----									[15]	4	4	4	4	4	16	21	45
6. Reconciliation of on-loaded cargo to entered cargo.....	DOE	----- No Provision -----									---	[15]	4	4	4	4	12	17	41
7. Registration of deep-draft vessels.....	DOE	----- No Provision -----									[15]	3	3	3	3	3	12	14	31
8. Taxation of gasoline blendstocks and kerosene.....	feora 9/30/05	----- No Provision -----									---	101	106	110	114	117	431	548	1,180
9. Nonapplication of export exemption to delivery of fuel to motor vehicles removed from the United States.....	sodma DOE	----- No Provision -----									----- No Revenue Effect -----								
10. Penalty with respect to certain adulterated fuels.....	tsohofsoa DOE	----- No Provision -----									----- Negligible Revenue Effect -----								
<b>Total of Additional Revenue Provisions .....</b>		<b>----- No Provision -----</b>									<b>[15]</b>	<b>159</b>	<b>170</b>	<b>175</b>	<b>179</b>	<b>182</b>	<b>683</b>	<b>866</b>	<b>1,835</b>
<b>NET TOTAL .....</b>		<b>----- No Revenue Effect -----</b>									<b>69</b>	<b>1,192</b>	<b>1,402</b>	<b>1,641</b>	<b>1,749</b>	<b>1,917</b>	<b>6,054</b>	<b>7,971</b>	<b>20,050</b>

Joint Committee on Taxation

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

Legend: {H} = H.R. 3 as Passed by the House of Representatives  
{S} = H.R. 3, as Passed by the Senate

[Legend and Footnotes for JCX-42-05 appear on the following page]

**Legend and Footnotes for JCX-42-05:**

## Legend for "Effective" column:

aaftaa = actions, and failures to act, occurring after  
 abiUSa = articles brought into the United States after  
 aeo/a = any exchange on or after  
 aoftaa = actions, or failures to act, after  
 aeio/a agreements entered into on or after  
 apfwntmb = amounts paid for which no transfer made before  
 apoio/a = amounts paid or incurred on or after  
 bia = bonds issued after  
 boaa = before, on, and after  
 comora = checks or money orders received after  
 diio/a = debt instrument issued on or after  
 DOE = date of enactment

dopa = dispositions of property after  
 dpoio/a = damages paid or incurred on or after  
 eia = expenses incurred after  
 foo/a = failures occurring on or after  
 feora = fuel entered or removed after  
 fuoata = fuel use or air transportation after  
 ipo/a = information provided on or after  
 oyo/a = open years on or after  
 osoaa = offers submitted on and after  
 osopo/a = offers submitted or pending on or after  
 qpboaa = quarterly periods beginning on and after  
 rf = returns for

sa = sales after  
 sodma = sales or deliveries made after  
 ta = transportation after  
 Ta = transactions after  
 teia = transactions entered into after  
 tioaa = taxes imposed on and after  
 tsohofsoa = transfer, sale, or holding out for sale occurring after  
 tyba = taxable years beginning after  
 tybo/a = taxable years beginning on or after  
 tyea = taxable years ending after  
 60da = 60 days after

- [1] H.R. 3, as passed by the House, allows the present-law expiration of the general fund retention of the 4.8 cents per gallon of taxes on gasoline and special motor fuels used in motorboats and in the non-business use of small-engine outdoor power equipment. Because the Congressional Budget Office ("CBO") baseline assumes the general fund retention of the 4.8 cents per gallon tax will not expire, the House bill is scored by CBO as a reduction in receipts to the general fund and an increase in receipts to the Aquatic Resources Trust Fund. The increases in receipts to the Aquatics Resources Trust Fund trigger an increase in outlays, which are estimated by CBO to be \$1,061 million for fiscal years 2005 through 2015. H.R. 3, as passed by the Senate, extends the general fund retention of the 4.8 cents per gallon tax and is scored by CBO as having no outlay effects.
- [2] Remaining gas guzzler revenues dedicated to the Highway Trust Fund, as detailed in Additional Revenue Provisions, item B.
- [3] Loss of less than \$500,000.
- [4] Estimate provided by the Congressional Budget Office.
- [5] (S) Estimate does not include a decrease in outlays of \$32 million for the fiscal years 2005 through 2015.
- [6] Effective for articles sold by the manufacturer, producer, or importer after September 30, 2005.
- [7] Effective with respect to transportation beginning after September 30, 2005, but shall not apply to any amount paid before that date for such transportation.
- [8] (S) Preliminary outlay estimate provided by the Congressional Budget Office and is subject to change.
- [9] (S) Estimate does not include a decrease in outlays of \$9 million for the fiscal years 2005 through 2015.
- [10] Effective on or after the date a State becomes the owner of all outstanding shares of a qualified corporation, provided that the State becomes owner of all of the voting stock of the corporation on or before December 31, 2003, and becomes the owner of all of the outstanding stock of the corporation on or before December 31, 2006.
- [11] Effective as if included in the American Jobs Creation Act of 2004.
- [12] Effective as if included in the American Jobs Creation Act of 2004 and the Transportation Equity Act for the 21st Century.
- [13] Effective for submissions made and issues raised after the first list is prescribed under section 6702(c).
- [14] Gain of less than \$1 million.
- [15] Gain of less than \$500,000.
- [16] Effective for taxable years of foreign corporations beginning after March 2, 2005, and for taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.
- [17] The provisions would be effective as if included in the enactment of the American Jobs Creation Act of 2004.
- [18] Generally effective for U.S. citizens who expatriate or long-term residents who terminate their residency on or after date of enactment.
- [19] Effective for reports in calendar year 2006 and after.
- [20] Effective for fuels or liquids removed, entered into the United States, or sold after September 30, 2005.