

ESTIMATED BUDGET EFFECTS OF H.R. 5970,  
 THE "ESTATE TAX AND EXTENSION OF TAX RELIEF ACT OF 2006 ('ETETRA'),"  
 AS INTRODUCED IN THE HOUSE OF REPRESENTATIVES ON JULY 28, 2006

Fiscal Years 2007 - 2016

[Millions of Dollars]

Provision	Effective	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2007-11	2007-16
<b>I. Increase Estate and Gift Tax Effective Exclusion Amount to \$5 Million; Make Unused Effective Exclusion Amount Portable Between Spouses; and Reduce Rates</b> .....	[1]	---	---	---	-803	-14,096	-39,186	-44,073	-50,598	-57,157	-61,684	-14,899	-267,596
<b>II. Extension and Expansion of Certain Tax Relief Provisions</b>													
<b>A. Extension and Modification of Certain Provisions</b>													
1. Deduction for qualified tuition and related expenses (sunset 12/31/07).....	pmi tyba 12/31/05	-1,621	-1,671	---	---	---	---	---	---	---	---	-3,292	-3,292
2. Extend and modify the new markets tax credit (sunset 12/31/08).....	DOE	---	-106	-168	-170	-192	-205	-202	-202	-77	---	-637	-1,322
3. Deduction of State and local general sales taxes (sunset 12/31/07) .....	tyba 12/31/05	-2,985	-2,145	-401	---	---	---	---	---	---	---	-5,531	-5,531
4. Extend and modify the research credit (sunset 12/31/07).....	apoi a 12/31/05 & apoi a 12/31/06	-7,520	-4,168	-2,204	-1,583	-858	-188	---	---	---	---	-16,333	-16,522
5. Extend current work opportunity tax credit and welfare-to-work tax credit for 2006; and combine the two credits and modify the food-stamp recipient and ex-felon categories for 2007 (sunset 12/31/07).....	wpoifibwa 12/31/05	-406	-325	-158	-75	-43	-20	-4	[2]	---	---	-1,006	-1,030
6. Extend election to include combat pay in earned income for purposes of the earned income credit (sunset 12/31/07).....	tyba 12/31/06	---	-12	---	---	---	---	---	---	---	---	-12	-12
7. Extension and modification of qualified zone academy bonds (sunset 12/31/07) .....	bia 12/31/05	-7	-17	-30	-38	-40	-40	-40	-40	-40	-40	-132	-330
8. Above-the-line deduction for teacher classroom expenses capped at \$250 annually (sunset 12/31/07) .....	epoi i tyba 12/31/05	-226	-153	---	---	---	---	---	---	---	---	-379	-379
9. Extend and expand to petroleum products the expensing of "Brownfields" environmental remediation costs (sunset 12/31/07) .....	epoi a 12/31/05	-563	-124	45	52	53	47	42	36	31	28	-536	-352
10. Tax incentives for investment in the District of Columbia (sunset 12/31/07) .....	tyba 12/31/05	-96	-24	-5	-9	-16	-48	-70	-46	-41	-36	-150	-392
11. Indian employment tax credit (sunset 12/31/07).....	tyba 12/31/05	-68	-38	-10	-1	---	---	---	---	---	---	-118	-118
12. Accelerated depreciation for business property on Indian reservation (sunset 12/31/07).....	ppisa 12/31/05	-469	-301	-65	77	153	170	117	46	-3	-13	-605	-288
13. 15-year straight-line cost recovery for qualified leasehold and restaurant improvements and new restaurant property (sunset 12/31/07) .....	ppisa 12/31/05 & ppisa DOE	-418	-578	-649	-637	-609	-575	-572	-576	-559	-495	-2,891	-5,669
14. Increase in limit on cover over of rum excise tax revenues (from \$10.50 to \$13.25 per proof gallon) to Puerto Rico and the Virgin Islands (sunset 12/31/07) [3].....	abiUSa 12/31/05	-165	-19	---	---	---	---	---	---	---	---	-184	-184



Provision	Effective	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2007-11	2007-16
5. Whistleblower Reforms (above-the-line deduction for costs) [9].....	ipo/a DOE	2	3	7	11	15	20	25	30	33	36	38	182
6. Frivolous tax submissions.....	[10]	3	3	3	3	3	3	3	3	3	3	15	30
7. Addition of certain vaccines to the list of taxable vaccines:													
a. Permanently add the meningococcal vaccine to the list of taxable vaccines [11].....	1ma DOE	1	[12]	[12]	[12]	[12]	[12]	-1	-1	-1	-1	[2]	-4
b. Permanently add the vaccine against human papillomavirus ("HPV") to list of taxable vaccines [11]....	1ma DOE	5	2	2	1	1	1	1	1	1	1	11	15
8. Clarification of taxation of certain settlement funds made permanent.....	[13]	---	---	---	---	-2	-5	-8	-9	-10	-11	-2	-45
9. Modification of active business definition under section 355 made permanent.....	[13]	---	---	---	---	-2	-7	-11	-15	-17	-19	-2	-71
10. Revision of the qualified veterans' mortgage bond program made permanent.....	[13]	---	---	---	---	[2]	-1	-2	-4	-5	-6	[2]	-19
11. Capital gains treatment for certain self-created musical works made permanent.....	[13]	---	---	---	[2]	-2	-2	-6	-6	-6	-7	-3	-29
12. Reduction in minimum vessel tonnage limit to 6,000 deadweight tons made permanent.....	[13]	---	---	---	---	-1	-5	-6	-7	-8	-9	-1	-36
13. Modification of special arbitrage rules for certain funds (20% State limitation) made permanent.....	[13]	---	---	[2]	-1	-2	-2	-3	-3	-4	-5	-3	-20
14. Great Lakes domestic shipping to not disqualify vessel from tonnage tax.....	tyba DOE	-2	-4	-4	-5	-5	-6	-6	-6	-7	-7	-20	-52
15. Expand the qualified mortgage bond program (waive first-time homebuyer requirement for veterans; restrict to one exemption per person).....	bia DOE & before 1/1/08	-16	-30	-37	-37	-37	-37	-37	-37	-37	-37	-156	-339
16. Exclusion of gain from sale of a principal residence by certain employees of the intelligence community (sunset 12/31/10).....	soea DOE	[2]	[2]	[2]	[2]	[2]	---	---	---	---	---	-1	-1
17. Section 45K as applied to coke: repeal phaseout of the coke credit and clarify that petroleum coke does not qualify for the credit.....	[14]	----- No Revenue Effect -----											
18. Nonrecognition of capital gains for Federal judges who sell property to avoid conflicts of interest.....	sa DOE	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-1	-3
19. Establish deduction for private mortgage insurance (sunset 12/31/07).....	cia 12/31/06	-14	-77	---	---	---	---	---	---	---	---	-91	-91
20. Modification of refunds for kerosene used in aviation for tax-exempt users of jet fuel.....	[15]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
21. Deduction for 60% of qualified timber gain (sunset for dispositions of timber after 12/31/07).....	Da DOE	-227	-103	-33	-32	-31	-30	-12	-3	-2	-2	-428	-477
22. Credit to holders of rural renaissance bonds (\$200 million cap).....	bia DOE & before 1/1/10	-8	-11	-12	-11	-10	-9	-9	-8	-7	-7	-52	-92
23. Restoration of deduction for travel expenses of spouse accompanying taxpayer on business travel.....	epoia DOE & before 1/1/08	-39	-20	---	---	---	---	---	---	---	---	-59	-59
24. Tax technical corrections:													
a. Technical correction relating to TIPRA CFC look-through.....	[16]	----- No Revenue Effect -----											

Provision	Effective	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2007-11	2007-16
b. Modification of effective date of exception from suspension rules for certain listed and reportable transactions.....	[17]	----- No Revenue Effect -----											
<b>Total of Extension and Expansion of Certain Tax Relief Provisions .....</b>		<b>-15,650</b>	<b>-10,757</b>	<b>-4,246</b>	<b>-3,002</b>	<b>-1,862</b>	<b>-1,072</b>	<b>-627</b>	<b>-488</b>	<b>-388</b>	<b>-248</b>	<b>-35,522</b>	<b>-38,348</b>
<b>III. Surface Mining Control and Reclamation Act Amendments of 2006 [4] [18] .....</b>	<b>DOE</b>	<b>-10</b>	<b>-290</b>	<b>-330</b>	<b>-450</b>	<b>-490</b>	<b>-530</b>	<b>-570</b>	<b>-540</b>	<b>-330</b>	<b>-340</b>	<b>-1,570</b>	<b>-3,880</b>
<b>IV. Increase In Minimum Wage.....</b>	<b>DOE</b>	----- No Revenue Effect -----											
<b>NET TOTAL .....</b>		<b>-15,660</b>	<b>-11,047</b>	<b>-4,576</b>	<b>-4,255</b>	<b>-16,448</b>	<b>-40,788</b>	<b>-45,270</b>	<b>-51,626</b>	<b>-57,875</b>	<b>-62,272</b>	<b>-51,991</b>	<b>-309,824</b>

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be October 1, 2006.

Legend for "Effective" column:

- |  |   |  |
|--|---|--|
| abiUSA = articles brought into the United States after | Da = dispositions after                     | rma = returns made after                           |
| apoia = amounts paid or incurred after                 | DOE = date of enactment                     | sa = sales after                                   |
| bia = bonds issued after                               | epoia = expenditures paid or incurred after | soea = sales or exchanges after                    |
| cia = contracts issued after                           | epoii = expenses paid or incurred in        | tyba = taxable years beginning after               |
| cmd = contributions made during                        | ftybi = first taxable year beginning in     | wpoifibwa = wages paid or incurred for individuals |
| cpoia = costs paid or incurred after                   | ipo/a = information provided on or after    | beginning work after                               |
| cyba = calendar years beginning after                  | pmi = payments made in                      | 1ma = one month after                              |
| da = disclosures after                                 | ppisa = property placed in service after    |  |

- [1] Effective for estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.
- [2] Loss of less than \$500,000.
- [3] Estimate provided by the Congressional Budget Office and should be considered preliminary and subject to change.
- [4] Estimate provided by the Congressional Budget Office.
- [5] The provision relating to charitable contributions for scientific property used for research is permanent. The provision relating to the enhanced deduction for charitable contributions of computer technology and equipment sunsets for taxable years beginning after December 31, 2007.
- [6] Effective as if included in the Gulf Opportunity Zone Act of 2005.
- [7] Gain of less than \$500,000.
- [8] Estimate assumes compliance provisions are permanent.
- [9] Estimate includes outlays and revenues.
- [10] The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under Section 6702(c) of the Internal Revenue Code of 1986, as amended.
- [11] Estimate includes outlay effects provided by the Congressional Budget Office.
- [12] Gain or loss of less than \$500,000.
- [13] Effective as if included in the Tax Increase Prevention and Reconciliation Act of 2005.
- [14] Effective as if included in the amendments made by section 1321 of the Energy Policy Act of 2005.
- [15] Generally effective for kerosene sold after September 30, 2005. The special rule applicable to kerosene purchased prior to October 1, 2005 and used in aviation on a farm for farming purposes is effective on the date of enactment.
- [16] Effective as if included in section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005.
- [17] Effective as if included in section 903 of the American Jobs Creation Act of 2004.
- [18] The net budget effects in the table include the following
- |                            |             |             |             |             |             |             |             |             |             |             |                |                |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|----------------|
| increases in outlays ..... | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2007-11</u> | <u>2007-16</u> |
|                            | 40          | 450         | 480         | 570         | 590         | 640         | 660         | 630         | 420         | 430         | 2,130          | 4,910          |