

ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS OF  
THE "ECONOMIC SECURITY AND WORKER ASSISTANCE ACT OF 2002"

Fiscal Years 2002 - 2012

[Millions of Dollars]

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2002-07	2002-12
<b>Supplemental Stimulus Payments - provide a payment (\$300 individual, \$600 married filing jointly, and \$500 head-of-household) for individuals who filed a tax return in 2000 other than dependents and nonresident aliens; payment amount reduced by amount of payment individual received under H.R. 1836 [1]</b> .....	DOE	-13,733	---	---	---	---	---	---	---	---	---	---	-13,733	-13,733
<b>Individual Provisions</b>														
1. Accelerate the 25% individual income tax rate scheduled to go into effect in 2006 to 2002 .....	tyba 12/31/01	-6,883	-19,025	-10,523	-6,721	-1,832	---	---	---	---	---	---	-44,984	-44,984
2. Increase AMT exemption by \$1,600 non-joint/\$3,200 joint for 2002 and 2003, and \$850 non-joint/\$1,700 joint for 2004 .....	tyba 12/31/01 & tybb 1/1/05	-786	-2,129	-2,147	-1,085	---	---	---	---	---	---	---	-6,147	-6,147
<b>Total of Individual Provisions</b> .....		<b>-7,669</b>	<b>-21,154</b>	<b>-12,670</b>	<b>-7,806</b>	<b>-1,832</b>	---	---	---	---	---	---	<b>-51,131</b>	<b>-51,131</b>
<b>Business Provisions [2]</b>														
1. Special depreciation allowance for certain property - 30% expensing of the value of capital assets with MACRS lives of 20 years or less and purchased software with one-year placed in service extension for certain property subject to a long production period (sunset after 36 months) [3] .....	ppisa 9/10/01	-33,497	-29,744	-26,133	1,716	18,260	16,741	13,907	10,653	7,474	5,024	3,156	-52,656	-12,442
2. Increase in section 179 expensing to \$40,000, and increase beginning point for phaseout to \$325,000 for 24 months .....	tyba 12/31/01	-803	-1,418	-197	689	469	353	269	190	118	66	46	-907	-219
3. Modify the AMT - repeal depreciation adjustment, repeal 90% limit for net operating losses, and repeal 90% limit on foreign tax credits for individuals and corporations .....	tyba 12/31/01	-1,119	-2,266	-2,727	-2,622	-2,148	-1,598	-1,087	-756	-635	-570	-562	-12,481	-16,089
4. 5-year carryback of net operating losses and waive the AMT 90% limitation on the allowance of losses (sunset after 24 months) .....	NOLs gi tyea 12/31/00	-6,770	-6,483	4,067	2,748	1,786	1,161	755	491	319	207	135	-3,492	-1,586
5. 15-year life for leasehold improvements [4] .....	lippiso/a 9/11/01	-85	-198	-352	-514	-680	-845	-1,016	-1,199	-1,389	-1,576	-1,727	-2,674	-9,581
<b>Total of Business Provisions</b> .....		<b>-42,274</b>	<b>-40,109</b>	<b>-25,342</b>	<b>2,017</b>	<b>17,687</b>	<b>15,812</b>	<b>12,828</b>	<b>9,379</b>	<b>5,887</b>	<b>3,151</b>	<b>1,048</b>	<b>-72,210</b>	<b>-39,917</b>

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2002-07	2002-12
<b>Extensions of Certain Expiring Provisions</b>														
1. Treatment of nonrefundable personal credits under the individual alternative minimum tax (sunset 12/31/03) [5]	tyba 12/31/01	-85	-444	-424	---	---	---	---	---	---	---	---	-953	-953
2. Tax credit for electric vehicles (sunset after 24 months)	ppisa 12/31/01 [6]	-25	-43	-41	-34	-20	1	6	4	2	1	[7]	-162	-149
3. Tax credit for electricity production from wind, closed-loop biomass, and poultry litter -- facilities placed in service date (sunset 12/31/03)	fpisa 12/31/01	-11	-40	-72	-96	-108	-113	-115	-116	-119	-121	-97	-440	-1,008
4. Work opportunity tax credit (sunset 12/31/03)	wpoifibwa 12/31/01	-83	-220	-221	-116	-45	-15	-2	---	---	---	---	-701	-704
5. Welfare-to-work tax credit (sunset 12/31/03)	wpoifibwa 12/31/01	-24	-71	-82	-49	-21	-7	-2	[8]	---	---	---	-255	-257
6. Deductions for qualified clean-fuel vehicle property and qualified clean-fuel refueling property (sunset after 24 months)	ppisa 12/31/01 [9]	-32	-116	-127	-109	-46	63	80	50	29	12	3	-366	-192
7. Suspension of 100 percent-of-net-income limitation on percentage depletion for oil and gas from marginal wells (sunset 12/31/03)	tyba 12/31/01	-21	-35	-13	---	---	---	---	---	---	---	---	-68	-68
8. Authority to issue qualified zone academy bonds (sunset 12/31/03)	oia DOE	[8]	-2	-7	-14	-19	-21	-21	-21	-21	-21	-21	-63	-166
9. Temporary 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 12/31/03) [10]	abiUSa 12/31/01	-65	-61	-14	---	---	---	---	---	---	---	---	-140	-140
10. Tax on failure to comply with mental health parity requirements applicable to group health plans (through 12/31/03) [11]	pyba 12/31/00	----- Negligible Revenue Effect -----												
11. Suspension of section 809 related to the reduction in policyholder dividends for mutual life insurance companies (sunset 12/31/03)	tyba 12/31/00	-29	-53	-53	-26	-3	[8]	---	---	---	---	---	-165	-165
12. Extension of Archer medical savings accounts ("MSAs") (sunset 12/31/03)	1/1/02	---	[8]	-2	-2	-2	-2	-2	-2	-2	-2	-2	-9	-17
13. Extension of accelerated depreciation and employment tax credit for incentives on tribal lands (through 12/31/04)	DOE	---	8	-163	-294	-108	23	79	123	100	54	7	-534	-171
14. Extension of exceptions under Subpart F for active financing income (allow use of foreign statement of insurance reserves pursuant to guidance) (sunset 12/31/06)	tyba 12/31/01	-315	-1,490	-1,684	-1,903	-2,129	-1,520	---	---	---	---	---	-9,041	-9,041
15. Permanent suspension of requirement that terminals selling diesel fuel and kerosene must sell both dyed and undyed fuel	1/1/02	----- Negligible Revenue Effect -----												
<b>Total of Extensions of Certain Expiring Provisions</b>		<b>-690</b>	<b>-2,567</b>	<b>-2,903</b>	<b>-2,643</b>	<b>-2,501</b>	<b>-1,591</b>	<b>23</b>	<b>38</b>	<b>-11</b>	<b>-77</b>	<b>-110</b>	<b>-12,897</b>	<b>-13,031</b>
<b>Temporary Assistance for Needy Families ("TANF") Provisions [10] [12]:</b>														
1. Reauthorization of TANF supplemental grants for population increases for fiscal year 2002 (through 9/30/02)	DOE	-90	-25	-25	-25	-25	-25	-25	-25	-25	-25	---	-215	-315

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2002-07	2002-12
2. Extend TANF contingency fund for one additional year (through 9/30/02) .....	DOE	---	---	---	---	---	-1	-1	-2	-3	-4	-4	-1	-15
<b>Total of TANF Provisions</b> .....		<b>-90</b>	<b>-25</b>	<b>-25</b>	<b>-25</b>	<b>-25</b>	<b>-26</b>	<b>-26</b>	<b>-27</b>	<b>-28</b>	<b>-29</b>	<b>-4</b>	<b>-216</b>	<b>-330</b>
<b>Tax Benefits for Area of New York City Damaged in Terrorist Attacks on September 11, 2001 [13]</b>														
1. Expansion of Work Opportunity Tax Credit targeted categories to include certain employees in New York City - for employers with 200 or fewer employees add individuals working in or relocated from the Liberty Zone as a targeted group eligible for a modified WOTC (40% on first 6,000; allow against AMT) (sunset 12/31/03) .....	wpoifwpa 12/31/01	-119	-259	-176	-52	-19	-6	---	---	---	---	---	-631	-631
2. 30% bonus depreciation for property placed in service in the Liberty Zone:														
a. Property included in H.R. 3090; sunset 12/31/06 .....	ppisa 9/11/01	-521	-467	-438	-424	-399	192	466	379	303	227	160	-2,057	-523
b. Residential and non-residential new structures (sunset 12/31/09) .....	ppisa 9/11/01	-87	-114	-136	-152	-154	-150	-146	-142	-11	33	33	-793	-1,026
3. Authorize issuance of tax-exempt private activity bonds for rebuilding the portion of New York City damaged in the 9/11/01 terrorist attack - bonds capped at \$8 billion for replacement/reconstruction of office space, residential rental and public utility infrastructure to be issued within the next 3 years; exempt from AMT (sunset 12/31/04) .....	bia DOE	-11	-41	-90	-127	-137	-137	-137	-137	-137	-137	-137	-544	-1,228
4. New York City advance refunding of bonds capped at \$9 billion; allow over a 3-year window (sunset 12/31/04) [14] .....	bia DOE	-103	-124	-133	-125	-115	-98	-80	-64	-49	-30	-15	-698	-937
5. Increase in section 179 expensing by \$35,000; only half the cost of section 179 Liberty Zone property taken into account when apply the phaseout threshold (sunset 12/31/06) .....	tyba 12/31/01	-36	-56	-37	-29	-23	20	49	31	21	14	9	-162	-37
6. Extension of replacement period to 5 years for certain property involuntarily converted in the New York Liberty Zone on 9/11/01, and substantially all of the use of the replacement property is in New York City .....	[15]	-145	-199	-18	1	2	3	6	7	7	8	9	-355	-318
7. 5-year life for leasehold improvements in the Liberty Zone; sunset 12/31/06 [16] .....	ppisa 9/11/01	-11	-26	-45	-70	-102	-115	-101	-79	-50	-12	14	-368	-595
8. Interaction with general business tax provisions .....	---	505	452	403	-74	-269	-208	-167	-120	-74	-37	-10	809	401
<b>Total of Tax Benefits for Area of New York City Damaged in Terrorist Attacks on September 11, 2001</b> .....		<b>-528</b>	<b>-834</b>	<b>-670</b>	<b>-1,052</b>	<b>-1,216</b>	<b>-499</b>	<b>-110</b>	<b>-125</b>	<b>10</b>	<b>66</b>	<b>63</b>	<b>-4,799</b>	<b>-4,894</b>
<b>Miscellaneous and Technical Provisions</b>														
1. Allow Form 1099 to be provided electronically .....	DOE	----- No Revenue Effect -----												
2. Reverse the Supreme Court's decision in <i>Gitlitz v. Commissioner</i> (relating to subchapter S corporations) .....	[17]	34	76	86	88	91	94	97	99	102	106	109	470	982

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2002-07	2002-12
3. Limit use of non-accrual experience method of accounting to amount to be received for the performance of qualified professional services .....	tyea DOE	5	56	47	29	16	8	10	12	13	15	17	161	228
4. Exclusion for foster care payments to apply to payments by qualified placement agencies .....	tyba 12/31/01	-17	-29	-36	-44	-52	-61	-70	-80	-90	-101	-112	-240	-692
5. Temporary increase in the highest specified percentage applied to the interest rate used in determining additional required contributions to defined benefit pension plans and PBGC variable rate premiums (sunset 12/31/03) .....	[18]	1,953	3,979	346	-2,478	-1,316	-1,624	-1,764	-1,204	-714	-210	-30	860	-3,062
6. Above-the-line deduction for teacher classroom expenses capped at \$250 annually for 2002 and 2003 .....	tyba 12/31/01	-152	-205	-52	---	---	---	---	---	---	---	---	-409	-409
<b>Total of Miscellaneous and Technical Provisions .....</b>		<b>1,823</b>	<b>3,877</b>	<b>391</b>	<b>-2,405</b>	<b>-1,261</b>	<b>-1,583</b>	<b>-1,727</b>	<b>-1,173</b>	<b>-689</b>	<b>-190</b>	<b>-16</b>	<b>842</b>	<b>-2,953</b>
<b>Technical Corrections to Previously Enacted Legislation .....</b>	<b>DOE</b>	<b>---</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>[8]</b>	<b>[8]</b>	<b>---</b>	<b>-5</b>	<b>-7</b>
<b>Unemployment Assistance Provisions - Provide an additional 13 weeks of temporary extended unemployment benefits for those who exhaust their regular benefits in any State with an insured unemployment rate of at least 4%; Special Reed Act transfer in fiscal year 2002 [19] [10] .....</b>	<b>DOE &amp; 10da DOE</b>	<b>-9,015</b>	<b>-3,950</b>	<b>-130</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-13,095</b>	<b>-13,095</b>
<b>Unemployment Insurance Revenues [10] .....</b>		<b>---</b>	<b>-880</b>	<b>-945</b>	<b>-485</b>	<b>270</b>	<b>1,065</b>	<b>1,775</b>	<b>2,845</b>	<b>2,585</b>	<b>2,020</b>	<b>1,375</b>	<b>-975</b>	<b>9,625</b>
<b>Total of Unemployment Insurance Outlay Provisions and Revenues [10] .....</b>		<b>-9,015</b>	<b>-4,830</b>	<b>-1,075</b>	<b>-485</b>	<b>270</b>	<b>1,065</b>	<b>1,775</b>	<b>2,845</b>	<b>2,585</b>	<b>2,020</b>	<b>1,375</b>	<b>-14,070</b>	<b>-3,470</b>
<b>Displaced Worker Health Insurance Credit - 60% refundable tax credit for purchase of health insurance by workers who become involuntarily unemployed between March 15, 2001 and December, 2003; available for coverage in 2002 and 2003 up to a maximum of 12 months (including first month of reemployment); credit may be used to purchase COBRA or private insurance; include health insurance reforms [20] .....</b>	<b>[21]</b>	<b>-5,116</b>	<b>-8,805</b>	<b>-1,902</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-15,823</b>	<b>-15,823</b>
<b>Employment and Training Assistance and Temporary Health Care Coverage Assistance Provisions</b>														
1. National Emergency Grants [10] .....	DOE	-1,000	-2,200	-700	---	---	---	---	---	---	---	---	-3,900	-3,900
2. State high-risk pools [10] .....	DOE	-35	-35	-20	---	---	---	---	---	---	---	---	-90	-90
<b>Total of Employment and Training Assistance and Temporary Health Care Coverage Assistance Provisions .....</b>		<b>-1,035</b>	<b>-2,235</b>	<b>-720</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-3,990</b>	<b>-3,990</b>
<b>Temporary State Health Care Assistance [10] .....</b>	<b>DOE</b>	<b>-2,550</b>	<b>-2,050</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-4,600</b>	<b>-4,600</b>

Provision	Effective	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2002-07	2002-12
No Impact on Social Security Trust Funds .....	DOE	----- No Revenue Effect -----												
Emergency Designation .....	DOE	----- No Revenue Effect -----												
<b>NET TOTAL .....</b>		<b>-80,877</b>	<b>-78,733</b>	<b>-44,917</b>	<b>-12,400</b>	<b>11,121</b>	<b>13,177</b>	<b>12,762</b>	<b>10,936</b>	<b>7,754</b>	<b>4,941</b>	<b>2,356</b>	<b>-192,632</b>	<b>-153,879</b>

Joint Committee on Taxation

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

Legend for "Effective" column:

- |  |  |   |
|--|--|---|
| abiUSa = articles brought into the United States after | lippiso/a = leasehold improvement property placed in service on or after | tyba = taxable years beginning after                                    |
| bia = bonds issued after                               | NOLs = net operating losses  | tybb = taxable years beginning before                                   |
| DOE = date of enactment                                | oia = obligations issued after   | tyea = taxable years ending after                                       |
| fpisa = facilities placed in service after             | ppisa = property placed in service after                                 | wpoifibwa = wages paid or incurred for individuals beginning work after |
| gi = generated in                                      | pyba = plan years beginning after  | 10da = 10 days after  |

- [1] Includes outlay effect of \$13,733 million in fiscal year 2002.
- [2] There are interactions among the business tax provisions that can affect the revenue estimates of specific provisions. These interactions are substantial in the case of the two expensing provisions and the net operating loss provisions. For the presentation here, the provisions are assumed to be added in the order presented. So, for example, the section 179 expensing provision and the net operating loss provision assume that the special 30% depreciation provision is already in place.
- [3] A binding contract placed-in-service extension would apply in certain cases.
- [4] Provision is not eligible for the 30% expensing provision.
- [5] The "Economic Growth and Tax Relief Reconciliation Act of 2001" provides that the child tax credit and adoption tax credit are allowed for purposes of the alternative minimum tax for 2002 through 2010.
- [6] The credit phases down for vehicles placed in service after 12/31/03. The credit is reduced by 25 percent in 2004, 50 percent in 2005, and 75 percent in 2006. No credit is available after 2006.
- [7] Gain of less than \$500,000.
- [8] Loss of less than \$500,000.
- [9] The deduction phases down for vehicles placed in service after 12/31/03. The deductible amount is reduced by 25 percent in 2004, 50 percent in 2005, and 75 percent in 2006. No expensing is available after 2006.
- [10] Estimate provided by the Congressional Budget Office.
- [11] This provision will have a negligible effect on penalty excise taxes; however it could have an indirect effect on receipts through employer health deductions. This effect will be scored by the Congressional Budget Office.
- [12] Assumes that the bill would include language that would override section 257 of the Deficit Control Act with respect to the extensions of expiring provisions.
- [13] The New York City Liberty Zone is defined as all business addresses located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan, New York, NY.
- [14] Applies to original bonds issued by New York City (governmental obligations only), New York Municipal Water Authority, and the Metropolitan Transit Authority of the State of New York (governmental obligations only), and qualified 501(c)(3) for hospital facilities in New York City.
- [15] Effective for involuntary conversions in the New York Liberty Zone as a result of the terrorist attacks that occurred on September 11, 2001.
- [16] Leasehold improvements that are recovered over a 5-year life are not eligible for bonus depreciation.
- [17] The provision generally applies to discharges of indebtedness after October 11, 2001. The provision does not apply to any discharge of indebtedness before March 1, 2002, pursuant to a plan of reorganization filed with a bankruptcy court on or before October 11, 2001.
- [18] Effective with respect to plan contributions and PBGC variable rate premiums for plan years beginning after December 31, 2001, and before January 1, 2004.
- [19] Includes a provision authorizing \$8 billion of Reed Act transfers.
- [20] Estimate includes \$4,713 million in outlays over fiscal years 2002 through 2012.
- [21] Effective for premiums paid between January 1, 2002, and December 31, 2003.