

ESTIMATED BUDGET EFFECTS OF EARNED INCOME CREDIT ("EIC") PROVISIONS
OF H.R. 2491 AS PASSED BY THE HOUSE AND THE SENATE

Fiscal Years 1996-2002

[Millions of Dollars]

Provision	Effective	House Bill								Senate Amendment							
		1996	1997	1998	1999	2000	2001	2002	1996-02	1996	1997	1998	1999	2000	2001	2002	1996-02
EIC Reforms																	
1. Modify AGI for the EIC to include (a) nontaxable social security benefits, (b) nontaxable pension, IRA, and annuity distributions, (S) (c) tax-exempt interest and child support payments in excess of \$6,000:																	
a. Revenue.....	tyba 12/31/95	10	201	215	219	199	246	268	1,357	11	217	231	236	216	265	288	1,464
b. Outlay reductions.....	tyba 12/31/95	57	1,152	1,225	1,284	1,388	1,412	1,415	7,934	59	1,193	1,265	1,326	1,431	1,452	1,454	8,182
{S} 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	----- No Provision -----								1	26	30	33	35	40	48	212
b. Outlay reductions.....	tyba 12/31/95	----- No Provision -----								10	207	219	231	237	243	246	1,393
{S} Include net capital gains and net passive income in disqualified income:																	
a. Revenue.....	tyba 12/31/95	----- No Provision -----								1	19	20	20	20	21	23	125
b. Outlay reduction.....	tyba 12/31/95	----- No Provision -----								5	94	106	117	128	137	144	730
2. Restrict EIC eligibility to taxpayers with qualifying children:																	
a. Revenue.....	tyba 12/31/95	4	89	93	97	100	107	112	601	4	89	93	96	100	107	112	601
b. Outlay reductions.....	tyba 12/31/95	27	535	557	583	610	631	658	3,602	27	535	557	583	610	631	658	3,602
3. (H) Increase the EIC phaseout rate to 18 percent for individuals with one qualifying child and 23 percent for individuals with two or more qualifying children; (S) EIC phased out at the following rates per \$100 (or fraction thereof) of income over the phaseout income: 0.86% for taxpayers with one child; and 0.66% for taxpayers with multiple children:																	
a. Revenue.....	tyba 12/31/95	30	604	637	667	698	743	783	4,162	38	780	989	1,202	1,422	1,671	2,007	8,109
b. Outlay reductions.....	tyba 12/31/95	33	659	692	723	765	805	846	4,523	45	914	1,186	1,489	1,821	2,155	2,480	10,089

Provision	Effective	House Bill								Senate Amendment								
		1996	1997	1998	1999	2000	2001	2002	1996-02	1996	1997	1998	1999	2000	2001	2002	1996-02	
(S) Set the maximum credit rate for taxpayers with multiple children at 36%:																		
a. Revenue.....	tyba 12/31/95																	
b. Outlay reduction.....	tyba 12/31/95																	
4. 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; (S) Compliance proposals [1]:																		
a. Revenue.....	tyba 12/31/95	1	28	29	29	30	30	31	178	1	29	31	31	32	32	32	188	
b. Outlay reductions.....	tyba 12/31/95	10	224	232	236	242	245	251	1,441	11	224	233	237	243	246	252	1,446	
Total of EIC Revenue [2].....		39	781	824	857	895	950	1,071	5,423	58	1,168	1,397	1,617	1,843	2,109	2,470	10,662	
Total of EIC Outlay Reductions [2].....		131	2,636	2,779	2,897	3,045	3,159	3,197	17,845	214	4,307	4,727	5,165	5,655	6,095	6,428	32,592	

Joint Committee on Taxation

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

Legend: (H) = House bill
(S) = Senate amendment

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.