ESTIMATED BUDGET EFFECTS OF H.R. 4333, TECHNICAL CORRECTIONS AND MISCELLANEOUS REVENUE ACT OF 1988

Fiscal Years 1989-1991
(Millions of Dollars)

Item	Conference 1989	Conference 1990	Conference 1991	Conference 1989-91
PART 1: IDENTICAL SUBSTANTIVE REVENUE PROVISIONS				
A. Individual Provision				
1. Rural letter carriers--mileage deduction	-4	-3	-3	-10
B. Accounting Provisions				
1. Repeal uniform capitalization rules for:				
a. Freelance authors, photographers, and artists	-39	-2	-2	-43
b. Certain producers of animals (1)	-85	-194	-180	-459
2. Treatment of single-purpose agricultural or horticultural structures (2)	3	15	20	38
3. Treatment of property used in a farming business	26	101	160	287
4. Pistachio preproductive period expenses	-3	-1	-1	-5
5. Beneficial ownership of stock held in trust included in determining whether certain corporations may use the cash method of accounting	(3)	(3)	(3)	(4)
C. Pension and Employee Benefit Provisions				
1. Eliminate gift tax liability on creation of spousal joint and survivor annuities	(5)	(5)	(5)	(4)
2. Section 401(k) plans available to employees of rural telephone cooperatives	-2	-4	-5	-11
3. Study of treatment of certain technical services personnel	--	--	--	---
D. Insurance Provisions				
1. Church self-funded death benefit plans treated as life insurance	(5)	(5)	(5)	(4)
2. Exclude structured settlement arrangements from ACE	--	-5	-10	-15
3. Repeal of general creditor requirement for certain personal injury liability assignments	(5)	(5)	(5)	(4)
4. Valuation of group-term life insurance	6	10	10	26
E. Excise Tax Provisions				
1. Certain tolerances permitted in determination of wine excise tax	(3)	(3)	(3)	(4)
2. Gasoline wholesalers permitted to claim refunds on behalf of certain exempt users	-5	(3)	(3)	-5
3. Retail truck tax inapplicable where exemption benefits United States Government	(6)	(6)	(6)	-1
4. Exempt donated cargo from harbor maintenance tax	(6)	(6)	(6)	(4)
F. Foreign Provisions				
1. Suspend recapture of excess loss account in connection with certain dual resident company reorganizations	(7)	(7)	(7)	(4)
2. Shareholder-level qualified electing fund election for PFICs	(7)	(7)	(7)	(4)
3. Foreign insurance branch treated as separate corporation (effective January 1, 1989)	-3	-6	-7	-16
4. Increase Netherland Antilles debt-equity ratio	(8)	(8)	(8)	(4)

Item	Conference 1989	1990	1991	1989-91
G. Other Administrative Provision				
1. Disclosure of return information to certain cities	(5)	(5)	(5)	(5)
H. Miscellaneous Provisions				
1. Repeal of interest rate limit on authority to issue bonds	--	--	--	---
2. Extend section 29 placed-in-service date	--	-3	-3	-6
3. Repeal special estate tax rates and credits for foreign estates	(7)	2	3	5
Subtotals: IDENTICAL SUBSTANTIVE REVENUE PROVISIONS	-106	-90	-18	-215
TECHNICAL CORRECTIONS TO THE TAX REFORM ACT OF 1986 AND TO OTHER TAX LEGISLATION	-41	29	19	7
PART 2: DIFFERING SUBSTANTIVE REVENUE PROVISIONS				
I. DIESEL FUEL EXCISE TAX COLLECTION AND EXEMPTION PROCEDURES	-317	-63	-63	-443
II. ADDITIONAL SIMPLIFICATION AND CLARIFICATION PROVISIONS				
A. Revise Sanction for Violation of the Health Care Continuation Rules	(7)	(7)	(7)	(4)
B. Nondiscrimination Rules for Statutory Employee Benefit Plans	(6)	(6)	(6)	(4)
C. Estate Tax Freezes	(3)	(3)	(3)	(4)
D. Tax Treatment of Indian Fishing Rights	-8	-8	-8	-24
Subtotals: ADDITIONAL SIMPLIFICATION AND CLARIFICATION PROVISIONS	-8	-8	-8	-24
III. EXTENSIONS AND MODIFICATIONS OF EXPIRING TAX PROVISIONS				
A. Extension of Exclusion for Employer-Provided Educational Assistance through December 31, 1988, with modifications	-225	--	--	-225
B. Extend Group Legal Services through December 31, 1988 ($70 annual cap on premium)	-60	--	--	-60
C. Modifications to the Low-Income Rental Housing Tax Credit	-25	-78	-108	-211
D. Qualified Mortgage Bonds (QMBs) and Mortgage Credit Certificates (MCCs)				
1. Extension (through December 31, 1989) and modification of authority to issue QMBs and MCCs	-10	-46	-43	-99
E. Extend Energy Credits for Business Solar, Geothermal, and Ocean Thermal Property through December 31, 1989	-37	-23	2	-58
F. Research and Development Provisions				
1. Extension of research tax credit through December 31, 1989	-401	-267	-37	-705
2. Reduce section 174 R&D expensing deduction by half of the amount of section 41 R&D credit (effective for taxable years beginning after December 31, 1988)	68	46	6	120
3. Allocation and apportionment of R&D expenses	-211	--	--	-211
G. Extension of Targeted Jobs Tax Credit through December 31, 1989	-43	-76	-51	-170
H. Extend Exemption of Expenses of Publicly-Offered Regulated Investment Companies from 2% Floor on Miscellaneous Itemized Deductions through December 31, 1989	-300	-259	--	-559
I. Financially-Troubled Financial Institutions: Reorganizations, NOLs, and FSLIC/FDIC Assistance Payments (extend through 1989, with modifications)	332	-420	-246	-334
Subtotals: EXTENSIONS AND MODIFICATIONS OF EXPIRING TAX PROVISIONS	-912	-1,123	-477	-2,512

Item	Conference 1989	Conference 1990	Conference 1991	Conference 1989-91
IV. OTHER SUBSTANTIVE REVENUE PROVISIONS				
A. Individual Provisions				
1. Treatment of certain payments to colleges for right to purchase athletic tickets	(5)	(5)	(5)	(4)
2. Rollover of gain on a principal residence when one spouse dies	-8	-9	-10	-27
3. Deductibility of business meals--oil rig workers and U.S. ocean-going and inland waterway vessels	-17	-11	-12	-40
4. Expand innocent spouse relief for former spouses with small net worth	(10)	(10)	(10)	(4)
5. Christa McAuliffe Federal Government Fellowship grants excludable where money spent for grant purposes (through 1990)	(3)	(3)	(3)	(4)
6. Provide election by parent to claim unearned income of dependent on return	(3)	(3)	(3)	(4)
7. Above-the-line deduction for jury pay surrendered to employer	(6)	(6)	(6)	(4)
8. Allow medical expense deduction for service animals to assist the physically handicapped (legislative history)	--	--	--	---
9. Education incentives				
a. Education savings bonds	(3)	(3)	-16	-16
b. Study relating to tuition stamps	--	--	--	---
10. Nonrecognition of gain on personal residence for incapacitated individuals age 55 or over	-7	-20	-22	-49
B. Accounting/Agriculture Provisions				
1. Treatment of fruit and nut trees	(6)	-1	-4	-5
2. One-year deferral of proceeds from livestock sold on account of drought	55	-38	-38	-21
3. Treatment of certain pledged installment obligations	-11	2	1	-8
4. Treatment of certain payments received as a result of crop losses due to drought condition	-58	--	--	-58
C. Pension and Employee Benefit Provisions				
1. Modify employee benefit nondiscrimination rules for church plans and cafeteria plans	(3)	(3)	(3)	(4)
2. Provisions affecting section 457: Codify IRS Notice 88-68; repeal section 457 for independent contractors; codify 1987 IRS Notice for State and local workers with permanent grandfather for current employees	-25	-31	-33	-89
3. Section 403(b) nondiscrimination rules and certain other pension requirements	(3)	(3)	(3)	(4)
4. Required beginning date for qualified plan distributions	(3)	(3)	(3)	(4)
5. Limitation on contributions and benefits under qualified plans of public employers	(3)	(3)	(3)	(4)
6. Minimum participation rules:				
a. Minimum participation rules for certain public retirement plans	(3)	(3)	(3)	(4)
b. Provide that plans of police or firefighters are tested separately for purposes of the minimum participation rules	(3)	(3)	(3)	(4)
c. Study of effects of minimum participation rule	--	--	--	---
7. Permit IRA acquisitions of State-issued coins	(5)	(5)	(5)	(4)
8. Application of pension funding rules to multiple-employer plans	(5)	(5)	(5)	(4)
9. Section 415 plan limits for police and firefighters	(5)	(5)	(5)	(4)
10. Air cargo passenger seats--no-additional-cost fringe benefit	-3	-2	-2	-7
11. Involuntary disposition of ESOP stock acquired from estate claiming special estate tax deduction	(6)	(6)	(6)	(4)
12. Interest exclusion for refinanced ESOP loans	(5)	(5)	(5)	(4)

Item	Conference 1989	1990	1991	1989-91
13. Effective date of section 415 limitation of collectively-bargained agreements	(5)	(5)	(5)	(4)
14. Application of section 89 nondiscrimination rules to small employers	(6)	(6)	(6)	(4)
15. Allocation of assets in case of plan spinoffs	(5)	(5)	(5)	(4)
16. Taxation of pension distributions for former spouses	-7	-7	-7	-21
D. Insurance Provisions				
1. Treatment of certain workers' compensation funds	-40	-30	--	-70
2. Prepaid tax certificates purchased by property and casualty insurers	--	--	--	---
3. Permit investment of variable contracts in Government securities	(5)	(5)	(5)	(4)
E. Excise Tax Provisions				
1. Certain repairs not treated as manufacturing for the retail excise tax on trucks (effective January 1, 1988)	-5	-3	-3	-11
2. Reduced gasoline excise tax rate for gasohol blenders	--	-30	(6)	-30
3. Application of annual distilled spirits occupational tax:				
a. Exemption for certain educational organizations receiving distilled spirits tax-free for research purposes	(6)	(6)	(6)	(4)
b. Exemption for certain small plants producing exclusively for fuel uses	(6)	(6)	(6)	(4)
4. Allow quarterly payment of archery excise tax	-2	(3)	(3)	-2
5. Commencement date of Oil Spill Liability Trust Fund and excise tax on petroleum	--	--	--	---
6. Harbor maintenance tax to be imposed once on certain Alaska, Hawaii, or possessions cargo	(6)	(6)	(6)	(4)
F. Foreign Provisions				
1. Extend foreign currency sourcing and characterization rules prospectively to financial instruments that are marked-to-market	--	--	--	---
2. Chain deficit rule for controlled foreign corporations	(6)	(6)	(6)	(4)
3. Qualified possession source investment income	(5)	(5)	(5)	(4)
4. Banks organized in possessions	-2	-4	-4	-10
5. Codify absence of withholding requirement on nonresident alien's table game income	--	--	--	---
6. Controlled foreign insurance corporations owned by U.S. persons	28	-15	-13	---
7. Exempt earnings of, and distributions from, Enjebi Community Trust Fund (effective for all open taxable years)	(3)	(3)	(3)	(4)
8. Cost-of-living allowances for judicial branch employees	(6)	(6)	(6)	(4)
9. Dividends paid by U.S. corporations	-10	(5)	(5)	-10
10. Study of definition of U.S. resident	--	--	--	---
11. Bermuda and Barbados income tax treaties	--	--	--	---
12. Treatment of certain awards by the District Court of Guam	--	--	--	---
G. Estate Tax Provision				
1. Special use valuation--available notwithstanding receipt of cash rental by surviving spouse	-5	-1	(5)	-6
H. Tax-Exempt Bonds				
1. Clarification of definition of manufacturing for qualified small-issue bonds	-8	-11	-12	-31
2. Extension of minimum period for calculating TRAN safe-harbor compliance	(9)	(9)	(9)	(4)
3. Direct expedited review of tax-exempt bonds for hazardous waste cleanup programs	--	--	--	---
4. Tax-exempt financing for certain high-speed rail facilities	(6)	2	-11	-13
5. Clarification of Treasury Department arbitrage rebate regulatory authority	(5)	(5)	(5)	(5)

Item	Conference 1989	1990	1991	1989-91
6. Arbitrage rebate exemption for certain debt service funds and expanded for governmental bonds	(5)	(5)	(5)	(5)
7. Expand volunteer fire company bond authority	(10)	(10)	(10)	(4)
8. Disregard pooled financings in determination of qualification for small-issuer exception	-1	-3	-3	-7
I. Exempt Organizations				
1. Effective date for UBIT treatment of income from certain games of chance	-11	--	--	-11
2. Clarify that section 501(e) organizations can purchase group insurance for tax-exempt hospitals	--	--	--	---
3. Determination of operating foundation status for certain purposes	-1	(3)	(3)	-1
4. Discharge of indebtedness income of rural mutual or cooperative utility companies	-17	-17	-17	-51
J. Taxpayer Bill of Rights	-35	-42	-44	-121
K. Other Administrative Provisions				
1. Tip reporting--require observance of 1986 Act provisions	--	--	--	---
2. Provisions relating to previously-required studies	--	--	--	---
3. Treasury authority to lengthen class lives	--	--	--	---
4. Repeal of reporting requirements for windfall profit tax	(5)	(5)	(5)	(4)
L. Corporate/Personal Holding Company Provisions				
1. Regulatory authority to provide access to tax refunds to fiduciary of insolvent members of consolidated tax return	(3)	(3)	(3)	(4)
2. Certain ownership changes not counted during bankruptcy	-2	-1	-1	-4
3. Woods Investment effective date--clarify weekends and holidays excluded	(10)	(10)	(10)	(4)
4. Application of rules on personal holding company income to broker-dealers	-2	-2	-2	-6
5. Bank holding companies/personal holding companies	-4	-9	-5	-18
6. Substantiation of certain charitable contributions of inventory property by corporations	(5)	(5)	(5)	(4)
7. Relief from recognition of corporate-level gain involving transfer of residential cooperative units	-10	-4	-5	-19
8. Net Operating Losses: Definition of ESOP eligible for relief	10	19	27	56
M. Miscellaneous Provisions				
1. Certain discharge of debt income not included in adjusted book income	(10)	(10)	(10)	(4)
2. Carryover of nonconventional fuels tax credit under the minimum tax	4	-6	-8	-18
3. Treatment of certain daycare workers as self-employed	(5)	(5)	(5)	(4)
Subtotals: OTHER SUBSTANTIVE REVENUE PROVISIONS	-202	-278	-244	-724
V. REVENUE-INCREASING PROVISIONS				
A. Revenue-Increasing Provisions Included in the House Bill and the Senate Amendment				
1. Corporate estimated tax payments	742	83	44	869
2. Treatment of single-premium and investment-oriented life insurance contracts	18	114	213	345
3. Repeal of special rules allowing loss transfers by Alaska Native Corporations	538	238	246	1,022
4. Update IRS valuation tables	8	8	8	24
B. Other Revenue-Increase Provisions				
1. Completed contract method of accounting for long-term contracts	251	587	495	1,333
2. Installment sales of personal and intangible property	6	14	18	38

Item	Conference 1989	1990	1991	1989-91
3. Insurance provision: Require reasonable mortality and expense charges for definition of life insurance	(15)	(15)	(15)	(15)
4. Estate tax provision: Disallow estate and gift marital deduction for transfers to foreign spouses	12	29	19	60
5. Tax-exempt bonds:				
a. Restrictions on issuance of pooled financing bonds	(5)	(5)	(5)	(4)
b. Extend multifamily rental housing low-income tenant requirements to certain 501(c)(3) bonds and treat certain similar governmental bonds as arbitrage bonds	4	10	12	26
6. Excise tax provisions:				
a. Impose $0.45-per-pound excise tax on pipe tobacco (effective January 1, 1989; with floor stocks tax)	3	7	6	16
b. Modification of distilled spirits flavors credit (effective January 1, 1989)	23	32	35	90
7. Increased penalties on bad checks to IRS	6	6	6	18
8. Pension reversions of qualified plan assets: Increase in excise tax	35	14	10	59
9. Disallow business or investment deduction for base charge of home telephone	16	28	29	73
10. Information reporting by partnerships with tax-exempt partners	--	1	1	2
11. Options subject to wash sale rules	20	2	3	25
12. Disallow dependency exemption for certain students who have attained 24 years of age	20	40	40	100
Subtotals: REVENUE-INCREASING PROVISIONS	**1,702**	**1,213**	**1,185**	**4,100**
VI. RAILROAD UNEMPLOYMENT AND RETIREMENT PROVISIONS	**-28**	**31**	**61**	**64**
VII. SOCIAL SECURITY ACT AMENDMENTS; MEDICARE AND MEDICAID AMENDMENTS				
A. Social Security Act Amendments (11)				
1. Interim benefits in cases of delayed final decisions	(12)	-1	-1	-2
2. Application of earnings test in year of individual's death	-2	-2	-2	-6
3. Exemption from reduction in "windfall" benefit	-1	-2	-4	-7
4. Denial of benefits to individuals deported or ordered deported on the basis of association with the Nazi Government of Germany during World War II	(5)	(5)	(5)	(4)
5. Modification in the term of office of public members of the Social Security Boards of Trustees	(5)	(5)	(5)	(4)
6. Continuation of disability benefits during appeal	-8	-20	(12)	-28
7. Extend social security exemption for members of certain religious faiths	-11	-14	-14	-39
8. Blood donor locator service	(5)	(5)	(5)	(4)
9. Payment of lump-sum death benefits to legal representatives of widows and widowers who die before receiving payment	-1	-1	-1	-3
10. Requirement of social security number as a condition for receipt of social security benefits	(5)	(5)	(5)	(4)
11. Substitution of certificate of election for application to establish entitlement for certain reduced widow's and widower's benefits	(12)	(12)	(12)	(4)
12. Calculation of windfall benefit guarantee amount based on pension amounts payable in the first month of concurrent entitlement rather than concurrent eligibility	(13)	(13)	(13)	(4)
13. Consolidation of reports on continuing disability reviews	(5)	(5)	(5)	(4)
14. Exclusion of employees separated from employment before January 1, 1989, from rule including as wages taxable under FICA certain payments for group-term life insurance	-4	-2	-2	-8

Item	Conference 1989	1990	1991	1989-91
15. Clarification of applicability of government pension offset to certain Federal employees	(5)	(5)	(5)	(4)
16. Clarification regarding social security coverage for certain civil servants	(5)	(5)	(5)	(4)
17. Technical corrections to OASDI	(5)	(5)	(5)	(4)
18. Certain State or local government pension contributions not included in FICA wage base	(5)	(5)	(5)	(4)
B. Public Assistance Provisions				
1. Extend AFDC quality control special needs regulations moratorium	--	--	--	---
2. Disregard of certain housing assistance for SSI recipients	--	--	--	---
3. Extend foster care independent living initiative	-36	-9	--	-45
C. Delay in Reporting Date for National Commission on Children	--	--	--	---
D. Due Dates for Self-Employment Demonstration Projects for Unemployment Compensation Beneficiaries	--	--	--	---
E. Medicare and Medicaid Amendments	--	--	--	---
Subtotals: SOCIAL SECURITY ACT AND MEDICARE/MEDICAID AMENDMENTS	**-63**	**-51**	**-24**	**-138**
VIII. OTHER PROVISIONS NOT UNDER JURISDICTION OF HOUSE WAYS AND MEANS COMMITTEE AND SENATE FINANCE COMMITTEE				
A. Manassas National Battlefield Park (14)	--	-60	--	-60
GRAND TOTALS	**25**	**-400**	**431**	**55**
ADDENDUM:				
1. Miscellaneous Tariff Provisions	-21	-14	-14	-49
2. Trade Provisions	--	--	--	---
GRAND TOTAL, including ADDENDUM	**4**	**-414**	**417**	**6**

Joint Committee on Taxation
October 21, 1988

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(1) Revenue offsets shown separately.
(2) This provision would require that all single-purpose agricultural structures be depreciated over a 10-year life, using the straight-line method.
(3) Loss of less than $500,000.
(4) Totals are not available for estimates represented by footnotes.
(5) Negligible amount.
(6) Loss of less than $1 million.
(7) Gain of less than $500,000.
(8) Gain of less than $1 million.
(9) Gain of less than $5 million.
(10) Loss of less than $5 million.
(11) Includes increases in outlays.
(12) Increased outlay of less than $500,000.
(13) Decreased outlays by less than $500,000.
(14) Preliminary outlay estimate supplied by the Congressional Budget Office.
(15) Effect contained in item V.A.2: "Treatment of single-premium and investment-oriented life insurance contracts."