

**ESTIMATED BUDGET EFFECTS OF H.R. 11,  
 AS REPORTED BY THE SENATE COMMITTEE ON FINANCE**

Fiscal Years 1992-1997

[Billions of Dollars]

Item	Effective	1992	1993	1994	1995	1996	1997	1992-97
<b>I. ECONOMIC DEVELOPMENT IN DISTRESSED AREAS -</b>								
ENTERPRISE ZONES (1).....	--	--	-0.122	-0.334	-0.530	-0.698	-0.825	-2.509
<b>II. INCOME SECURITY</b>								
A. Foster Care; Substance Abuse Prevention and Treatment:								
1. Revenues.....	(2)	--	-0.001	-0.011	-0.011	-0.011	-0.011	-0.045
2. Direct spending.....	(2)	--	-0.227	-0.369	-0.461	-0.475	-0.516	-2.049
B. Provisions Relating to AFDC.....	(2)	--	-0.002	-0.008	-0.025	-0.040	-0.050	-0.125
C. Job Opportunities and Basic Skills Training Program.....	(2)	--	-0.240	-0.175	-0.020	0.030	0.030	-0.375
D. Community Works Progress Demonstrations.....	(2)	--	0.000	-0.050	-0.100	-0.100	-0.100	-0.350
E. Social Security (OASDI).....	(2)	--	0.000	0.000	0.000	0.000	0.000	0.000
F. Supplemental Security Income.....	(2)	--	0.003	0.004	0.004	0.004	0.004	0.019
G. Other Income Security Provisions.....	(2)	--	-0.004	-0.004	-0.004	-0.004	-0.004	-0.020
<b>TOTALS: Section II.....</b>		--	<b>-0.471</b>	<b>-0.613</b>	<b>-0.617</b>	<b>-0.596</b>	<b>-0.647</b>	<b>-2.945</b>
<b>III. SAVINGS INCENTIVES - BENTSEN/ROTH IRA,          WITH MODIFICATIONS</b>								
A. Restore fully-deductible IRAs and create Special IRAs.....	1/1/94 (3)	--	(4)	1.801	-1.307	-2.144	-4.182	-5.832
B. Allow penalty-free withdrawals for home ownership, education and medical expenses, and long-term unemployed.....	1/1/93	--	-0.244	-0.589	-0.469	-0.373	-0.250	-1.925
<b>TOTALS: Section III.....</b>		--	<b>-0.244</b>	<b>1.212</b>	<b>-1.776</b>	<b>-2.517</b>	<b>-4.432</b>	<b>-7.757</b>

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<b>IV. ECONOMIC GROWTH</b>								
A. Special depreciation allowance for certain equipment acquired in 1992.	pa/a 7/31/92	-1.374	-3.794	1.027	1.078	0.755	0.565	-1.743
B. Elimination of ACE depreciation adjustment.....	tyba DoE	-0.003	-0.226	-0.401	-0.350	-0.269	-0.132	-1.381
C. Tax credit for first-time homebuyers.....	7/28/92	-0.013	-0.711	-0.595	-0.010	--	--	-1.329
D. Promote pension plan investment in real estate.....	7/28/92	-0.011	-0.054	-0.061	-0.062	-0.066	-0.071	-0.325
E. Modification of passive loss rules for active real estate persons.....	tyba 12/31/91	-0.128	-0.423	-0.412	-0.400	-0.397	-0.403	-2.163
F. Increase recovery period for depreciation of certain real property (5)....	7/28/92	0.007	0.071	0.273	0.540	0.890	1.229	3.010
G. Section 108 relief, for individuals only, for discharge of indebtedness on qualified real property.....	tyea 12/31/91	-0.008	-0.125	-0.105	-0.055	-0.035	-0.015	-0.343
<b>TOTALS: Section IV.....</b>		<b>-1.530</b>	<b>-5.262</b>	<b>-0.274</b>	<b>0.741</b>	<b>0.878</b>	<b>1.173</b>	<b>-4.274</b>
<b>V. OTHER ITEMS FROM H.R. 3040</b>								
<b>(AS REPORTED ON JUNE 19, 1992), WITH MODIFICATIONS</b>								
<b>A. 18-Month Extension of Certain Expiring Tax Provisions</b>								
1. Employer-provided educational assistance.....	7/1/92	-0.062	-0.244	-0.239	--	--	--	-0.545
2. Group legal services.....	7/1/92	-0.027	-0.110	-0.032	--	--	--	-0.169
3. Health insurance for self-employed.....	7/1/92	-0.058	-0.247	-0.263	--	--	--	-0.568
4. Mortgage revenue bonds and mortgage credit certificates, with modifications.....	7/1/92	-0.003	-0.041	-0.082	-0.092	-0.087	-0.083	-0.388
5. Qualified small-issue bonds (6).....	7/1/92	-0.001	-0.025	-0.049	-0.054	-0.048	-0.045	-0.223
6. Research and experimentation tax credit.....	7/1/92	-0.184	-0.823	-0.498	-0.135	-0.070	-0.034	-1.744
7. Low-income housing tax credit, with modifications.....	7/1/92	-0.022	-0.083	-0.184	-0.287	-0.355	-0.389	-1.320
8. Extend and expand targeted jobs tax credit, with modifications.....	7/1/92	-0.050	-0.159	-0.189	-0.111	-0.053	-0.026	-0.587
9. Orphan drug tax credit.....	7/1/92	-0.001	-0.006	-0.004	--	--	--	-0.011
10. Excise tax on certain vaccines for the Vaccine Injury Compensation Fund.....	1/1/93	(7)	(7)	(7)	(7)	(7)	(7)	(7)
11. Permanent extension of Railroad Retirement Tier II transfers.....	--	--	--	--	--	--	--	--
<b>B. Luxury Excise Tax Repeal; Diesel Fuel Tax on Motorboats</b>								
1. Repeal tax on boats, airplanes, jewelry, furs; index automobiles....	(8)	-0.015	-0.065	-0.087	-0.102	-0.119	-0.135	-0.523
2. Repeal diesel fuel tax exemption for noncommercial motorboats...	10/1/92	--	0.028	0.030	0.030	0.028	0.028	0.144
<b>C. Revenue-Raising Provisions</b>								
1. Permanently extend 5% increase in corporate estimated tax payment safe-harbor rate.....	tyba 12/31/96	--	--	--	--	--	2.990	2.990
2. Amortization of intangibles (including retroactive election for 75% of return position in all open years).....	--	0.920	5.390	-0.183	-0.615	-1.165	-1.881	2.464

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3. Require information reporting for seller-financed mortgage transactions.....	tyba 12/31/91	0.023	0.091	0.107	0.114	0.122	0.131	0.588
4. Increase excise tax on certain ozone-depleting chemicals (9).....	10/1/92	--	0.039	0.069	0.071	0.060	0.052	0.291
<b>TOTALS: Section V.....</b>		<b>0.520</b>	<b>3.745</b>	<b>-1.604</b>	<b>-1.181</b>	<b>-1.687</b>	<b>0.608</b>	<b>0.399</b>
<b>VI. TAXPAYER BILL OF RIGHTS.....</b>	DoE	<b>-0.014</b>	<b>-0.054</b>	<b>-0.054</b>	<b>-0.055</b>	<b>-0.057</b>	<b>-0.057</b>	<b>-0.288</b>
<b>VII. PROVISIONS RELATING TO CONTRIBUTIONS TO CHARITIES AND EDUCATION</b>								
1. Repeal application of minimum tax to gifts of all appreciated property.....	7/1/92	-0.006	-0.034	-0.063	-0.073	-0.075	-0.077	-0.328
2. U.S. sourcing of charitable contribution deductions.....	7/1/93	--	-0.027	-0.069	-0.087	-0.091	-0.096	-0.370
3. Substantiation requirement for charitable contributions.....	1/1/93	--	0.021	0.132	0.141	0.152	0.161	0.607
4. Corporate sponsorships of charitable events.....	DoE	(10)	-0.004	-0.006	-0.006	-0.008	-0.009	-0.033
5. Education savings bond modifications.....	1/1/93	--	-0.001	-0.002	-0.003	-0.003	-0.004	-0.015
6. Exclusion of student loan forgiveness income.....	1/1/93	--	(11)	(11)	(11)	(11)	(11)	(11)
7. Truck excise tax exemption for trucks assembled by nonprofit educational organizations.....	DoE	(10)	(10)	(10)	(10)	(10)	(10)	(10)
<b>TOTALS: Section VII.....</b>		<b>-0.006</b>	<b>-0.045</b>	<b>-0.008</b>	<b>-0.028</b>	<b>-0.025</b>	<b>-0.025</b>	<b>-0.139</b>
<b>VIII. SIMPLIFICATION PROVISIONS.....</b>	--	<b>-0.092</b>	<b>-0.009</b>	<b>-0.401</b>	<b>-0.476</b>	<b>-0.524</b>	<b>-0.545</b>	<b>-2.046</b>
<b>IX. OTHER ITEMS</b>								
A. Modify rules governing taxation of accelerated death benefits.....	1/1/90	-0.010	-0.049	-0.051	-0.037	-0.039	-0.041	-0.227
B. Rollover of loss on sale of principal residence.....	s/ea 12/31/93	--	--	-0.008	-0.022	-0.034	-0.048	-0.112
C. Prohibit States from taxing certain retirement income.....	1/1/93	(11)	(11)	(11)	(11)	(11)	(11)	(11)
D. Credit for FICA paid on cash tips.....	8/15/92	-0.012	-0.255	-0.271	-0.288	-0.306	-0.325	-1.457
E. Tax exemption of veterans' benefits.....	tyba 12/31/84	--	--	--	--	--	--	--
F. National memorial renovation.....	(2)	--	-0.006	--	--	--	--	-0.006
G. Modify AMT rules for residual market insurance arrangements.....	tyba DoE	-0.010	-0.015	-0.015	-0.015	-0.015	-0.015	-0.085
H. Certain partnership expenses allowed against the AMT.....	tyba 12/31/92	--	-0.003	-0.017	-0.018	-0.020	-0.022	-0.080
I. Netting rule for certain offsetting transactions under the PFIC rules.....	tyba 12/31/92	--	-0.002	-0.005	-0.005	-0.005	-0.005	-0.022
J. Foreign interest allocation for utility groups.....	tyba 12/31/92	--	-0.013	-0.030	-0.035	-0.040	-0.045	-0.164
K. Active foreign income of commodities dealers.....	tyba 12/31/92	--	-0.002	-0.005	-0.005	-0.005	-0.005	-0.022
L. Affiliated group flight benefits.....	tyba 12/31/92	--	(10)	(10)	(10)	(10)	(10)	-0.001
<b>TOTALS: Section IX.....</b>		<b>-0.032</b>	<b>-0.345</b>	<b>-0.402</b>	<b>-0.425</b>	<b>-0.464</b>	<b>-0.506</b>	<b>-2.176</b>

Item	Effective	1992	1993	1994	1995	1996	1997	1992-97
<b>X. ADDITIONAL REVENUE SOURCES</b>								
<b>A. Administration Proposals</b>								
1. Mark-to-market for securities dealers, with modifications.....	tyeo/a 12/31/92	0.092	0.306	0.496	0.503	0.510	0.517	2.423
2. Individual estimated tax: 120% safe harbor, permanent extension.....	1/1/93	--	1.300	--	--	--	2.600	3.900
3. Increase corporate estimated tax percentage to 100%.....	tyba 12/31/92	--	1.525	0.313	0.046	0.047	0.633	2.564
4. Extend 45-day interest-free rule to all returns, as modified.....	10/1/92	--	0.050	0.050	0.050	0.050	0.050	0.250
5. Repeal sec. 280A(g) (rent on residence if two weeks or less).....	tyba DoE	0.004	0.041	0.077	0.081	0.082	0.085	0.369
6. Tax treatment of FSLIC financial assistance (12).....	--	0.227	0.115	0.080	0.083	0.004	-0.088	0.421
7. Require property tax reporting on sales of residence.....	1/1/93	--	0.003	0.025	0.026	0.028	0.030	0.112
<b>B. Extensions of Existing Provisions</b>								
1. Extend 53% and 55% estate tax rate on large estates through 1997.....	1/1/93	--	--	0.311	0.334	0.359	0.386	1.390
2. Extend personal exemption phaseout (PEP) (permanent).....	tyba 12/31/96	--	--	--	--	--	1.239	1.239
3. Extend limitation on itemized deductions (permanent).....	tyba 12/31/95	--	--	--	--	1.994	4.474	6.468
<b>C. Other Items</b>								
1. Tax precontribution gain on partnership redemptions.....	d/a 6/25/92	0.005	0.030	0.040	0.045	0.052	0.057	0.229
2. Taxable year election for partnerships, S corporations, and personal service corporations.....	tyba 12/31/92	--	0.482	-0.021	-0.292	0.004	0.002	0.175
3. Modifications to moving expense deductions.....	1/1/93	--	0.041	0.409	0.440	0.473	0.508	1.870
4. Increase withholding rate on bonuses to 28%.....	1/1/93	--	0.127	0.007	0.007	0.007	0.007	0.155
5. Increase withholding rate on gambling winnings to 28%.....	1/1/93	--	0.088	0.004	0.005	0.005	0.005	0.107
6. Information reporting on State and local property taxes.....	p/a 12/31/93	--	--	0.020	0.042	0.044	0.049	0.155
7. Deny all deductions associated with spousal travel.....	eio/a 12/31/92	--	0.014	0.024	0.026	0.027	0.029	0.120
8. Provide election for corporate estimated tax payments.....	tyba 12/31/92	--	0.149	0.024	--	--	--	0.173
9. Binding characterization of financial instruments.....	1/1/92	0.003	0.006	0.010	0.013	0.017	0.020	0.069
10. Raise tax on State-authorized wagering to 1%.....	1/1/93	--	0.013	0.020	0.021	0.024	0.026	0.104
11. Child support bad-debt treatment.....	tyba 12/31/92	--	-0.038	-0.377	0.141	0.142	0.179	0.047
<b>TOTALS: Section X.....</b>		<b>0.331</b>	<b>4.252</b>	<b>1.512</b>	<b>1.571</b>	<b>3.869</b>	<b>10.808</b>	<b>22.340</b>
<b>XI. TECHNICAL CORRECTIONS</b>								
A. S. 750, with modifications.....	--	(11)	(11)	(11)	(11)	(11)	(11)	(11)
<b>B. Technical corrections to other legislation:</b>								
1. Veterans' reemployment bill.....	Reemployment after 7/31/90	--	--	--	--	--	--	--
2. Lump sum withholding provisions in unemployment bill.....	1/1/93	--	-0.178	0.115	(10)	(10)	(10)	-0.064
<b>TOTALS: Section XI.....</b>		<b>(11)</b>	<b>-0.178</b>	<b>0.115</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>-0.064</b>

Item	Effective	1992	1993	1994	1995	1996	1997	1992-97
<b>GRAND TOTALS.....</b>		<b>-0.823</b>	<b>1.267</b>	<b>-0.850</b>	<b>-2.776</b>	<b>-1.821</b>	<b>5.552</b>	<b>0.541</b>

Joint Committee on Taxation

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

Legend for "Effective" column: d/a = distributions after  
 DoE = date of enactment  
 eio/a = expenses incurred on or after  
 p/a = payments after  
 pa/a = property acquired after  
 s/ea = sales and exchanges after  
 tyba = taxable years beginning after  
 tyeo/a = taxable years ending on or after

- (1) Estimate includes an outlay of \$164 million over the period for refundable portion of wage credit.
- (2) Estimate for this provision provided by the Congressional Budget Office (CBO).
- (3) The provision permitting rollovers to Special IRAs is effective 1/1/93.
- (4) Gain of less than \$500,000.
- (5) Nonresidential structures: 31.5 to 40 years; residential rental property: 27.5 years (present law).
- (6) Estimate includes interaction with mortgage revenue bond extension.
- (7) Extension of the vaccine excise taxes is assumed in the CBO baseline; therefore, an extension of the Vaccine Injury Compensation Fund has no revenue effect.
- (8) Effective dates: 1/1/92 = Repeal tax on boats, planes, furs, jewelry; 7/1/92 = Index automobiles.
- (9) The energy bill (H.R. 776), previously passed by the Senate, increased the base tax rate per pound for originally listed chemicals by \$0.18 for 1992, \$0.10 for 1993, \$1.00 for 1994, \$1.45 for 1995 and for each year thereafter; and increased the base tax rate per pound for newly listed chemicals by \$0.48 for 1992, \$1.08 for 1993, \$0.65 for 1994, \$1.45 for 1995 and for each year thereafter. For this bill, increase the base tax rate per pound for originally listed chemicals by \$0.15 for 1992, \$0.25 for 1993, \$0.35 for 1994, \$0.45 for 1995 and for each year thereafter; and increase the base tax rate per pound for newly listed chemicals by \$0.15 for 1992, \$0.25 for 1993, \$0.35 for 1994, \$0.45 for 1995 and for each year thereafter. Resulting tax rates, from this bill and the energy bill, for all listed chemicals will be \$2.00 per pound for 1992, \$3.00 per pound for 1993, \$4.00 per pound for 1994, \$5.00 per pound for 1995, and increase by \$0.45 per pound per year thereafter.
- (10) Loss of less than \$500,000.
- (11) Negligible amount.
- (12) Estimate includes an outlay of \$268 million over the period.