

ESTIMATED REVENUE EFFECTS OF THE CHAIRMAN'S MODIFICATIONS TO
THE "HIGHWAY REAUTHORIZATION AND EXCISE TAX SIMPLIFICATION ACT OF 2004,"
SCHEDULED FOR MARKUP BY THE COMMITTEE ON FINANCE ON FEBRUARY 2, 2004

Fiscal Years 2004 - 2013

[Millions of Dollars]

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
Trust Fund Reauthorization - Extension of Highway Trust Fund and Aquatic Resources Trust Fund Taxes (through 9/30/09) and Expenditure Authority (through 9/30/09) [1]	DOE	----- <i>No Revenue Effect</i> -----											
The "Volumetric Ethanol Excise Tax Credit ('VEETC') Act"													
A. Alcohol and Biodiesel Excise Tax Credit and Extension of Alcohol Fuels Income Tax Credit													
1. Provide excise tax credits for biodiesel used to produce a qualified fuel mixture [2] (\$1.00/gallon for agribiodiesel and \$0.50/gallon for biodiesel) (sunset 12/31/06) [3]	fsoua 9/30/04	---	-41	-57	-16	---	---	---	---	---	---	-114	-114
2. Provide excise tax credit (in lieu of reduced tax rate on gasoline) to certain blenders of alcohol fuel mixtures (sunset 12/31/10)	fsoua 9/30/04	----- <i>No Revenue Effect</i> -----											
3. Provide that all gasoline excise tax revenues are deposited in the Highway Trust Fund and all alcohol fuels excise tax credits are paid from the General Fund [4].....	fsoua 9/30/04	---	---	---	---	---	---	---	1,131	1,559	1,586	---	4,276
4. Repeal reduced-rate sales of gasoline for blending with alcohol and reduced-rate sales of alcohol fuel blends	fsoua 9/30/04	---	23	25	24	24	24	24	23	23	22	96	212
5. Transfer full amount of alcohol fuel excise taxes to the Highway Trust Fund	fsoua 9/30/03	----- <i>No Revenue Effect</i> -----											
6. Extension of section 40 alcohol fuels income tax credit (sunset 12/31/10)	DOE	---	---	---	---	-6	-13	-15	-10	-3	---	-6	-47
7. Provide outlay payments (in lieu of excise tax credits and refunds) to producers of alcohol and biodiesel fuel mixtures and users of neat alcohol and neat biodiesel fuels:													
a. Outlay effects [5] [6]	fsoua 9/30/04	---	-105	-114	-116	-117	-119	-121	-38	---	---	-452	-730
b. Revenue effects.....	fsoua 9/30/04	---	105	114	116	117	119	121	38	---	---	452	730
8. Extension of temporary additional duty on ethyl alcohol (sunset 1/1/11) [7]	DOE	----- <i>Negligible Revenue Effect</i> -----											
B. Biodiesel Income Tax Credit - provide income tax credits for biodiesel fuel and biodiesel used to produce a qualified fuel mixture (\$1.00/gallon for agribiodiesel and \$0.50/gallon for biodiesel) (sunset 12/31/06) [3]	fpasoua 9/30/04	----- <i>Revenue Effects Included in Item #A.1.</i> -----											
Total of The "Volumetric Ethanol Excise Tax Credit ('VEETC') Act"		---	-18	-32	8	18	11	9	1,144	1,579	1,608	-24	4,327

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
Fuel Fraud Prevention Proposals													
A. Aviation Jet Fuel - taxation of aviation fuel at the rack	[8]	---	397	427	431	434	437	437	435	433	432	1,689	3,863
B. Dyed Fuel Proposals													
1. Elimination of manual dyeing of fuel.....	[9]	---	---	43	46	47	47	47	47	47	47	136	372
2. Elimination of administrative review for taxable use of dyed fuel.....	paa DOE	----- Negligible Revenue Effect -----											
3. Extension of penalty on untaxed chemically altered fuel mixtures.....	DOE	----- Negligible Revenue Effect -----											
4. Terminate the use of dyed diesel fuel by intercity buses.....	fsoua 9/30/04	----- Negligible Revenue Effect -----											
C. Modification of Inspection of Records Proposals													
1. Authority to inspect on-site records.....	DOE	----- Negligible Revenue Effect -----											
2. Assessable penalty for refusal of entry.....	10/1/04	----- Negligible Revenue Effect -----											
D. Registration and Reporting Requirements													
1. Registration of all pipeline or vessel operators required for exemption of bulk transfers; penalty on knowing transfers to nonregistered person; Secretary must publish list of registered persons [10].....	10/1/04	---	116	124	125	126	127	128	128	128	128	492	1,130
2. Display of registration.....	10/1/04	----- Revenue Effects Included in Item D.1. -----											
3. Certain reports filed electronically; penalty for failure to report.....	10/1/04	----- Revenue Effects Included in Item D.1. -----											
4. Increased penalty for failure to register.....	pia 10/1/04	---	2	2	2	2	2	2	2	2	2	8	19
5. Registration of persons within foreign trade zones.....	10/1/04	----- Revenue Effects Included in Item D.1. -----											
6. Information reporting for persons claiming certain tax benefits.....	10/1/04	----- Negligible Revenue Effect -----											
E. Import Proposals													
1. Tax at point of entry where importer not registered.....	DOE	2	8	8	8	8	8	8	8	8	8	33	72
2. Reconciliation of on-loaded cargo to entered cargo.....	DOE	----- Negligible Revenue Effect -----											
F. Miscellaneous Proposals													
1. Tax on sale of diesel fuel whether suitable for use or not in a diesel powered vehicle or train.....	DOE	----- No Revenue Effect -----											
2. Limit ultimate vendor refund claims on sales of fuel used for farming purposes.....	fsfnua DOE	----- Negligible Revenue Effect -----											
3. Permit ultimate vendors to administer credits and refunds of fuel tax.....	10/1/04	----- Negligible Revenue Effect -----											
4. Two-party exchanges.....	DOE	----- Negligible Revenue Effect -----											
5. Modifications of tax on use of highway vehicles.....	tpba DOE [11]	143	119	122	124	126	129	129	131	133	135	635	1,292
6. Dedication of revenue from certain penalties to the Highway Trust Fund.....	10/1/04	----- No Revenue Effect -----											
7. Nonapplication of export exemption to delivery of fuel to motor vehicles removed from the United States.....	sodma DOE	----- No Revenue Effect -----											
G. Total Accountability - taxation and reporting for blendstocks, transmix, and other products removed from terminals and refineries, including those in foreign trade zones.....	fsoua 9/30/04	---	100	106	107	108	108	108	108	107	107	421	958
H. Transfers from Airport and Airway Trust Fund to Highway Trust Fund.....	10/1/04	----- No Revenue Effect -----											
Total of Fuel Fraud Prevention Proposals		145	742	832	843	851	858	859	859	858	859	3,414	7,706

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
Definition of Highway Vehicle													
A. Exemption From Certain Excise Taxes for Mobile Machinery Vehicles	[12]	---	79	106	106	106	106	106	106	106	106	396	923
B. Modified Definition of Off-Highway Vehicle.....	[12]	----- Negligible Revenue Effect -----											
Total of Definition of Highway Vehicle		[13]	79	106	106	106	106	106	106	106	106	396	923
Excise Tax Reform and Simplification Proposals													
A. Highway Excise Taxes													
1. Repeal gas guzzler tax for limousines.....	DOE	-2	-4	-4	-4	-5	-5	-5	-6	-6	-7	-19	-48
2. Dedication of gas guzzler tax to Highway Trust Fund [14]	DOE	----- No Revenue Effect -----											
3. Repeal of 4.3-cent General Fund excise taxes on railroads diesel fuel and inland waterway fuel:													
a. Railroads.....	10/1/04	---	-139	-146	-149	-154	-158	-162	-166	-171	-175	-588	-1,420
b. Inland waterway.....	10/1/04	---	-11	-15	-15	-16	-16	-17	-17	-18	-18	-57	-143
B. Aquatic Excise Taxes													
1. Eliminate Aquatic Resources Trust Fund and transform Sport Fishing Restoration Account.....	10/1/04	----- No Revenue Effect -----											
2. LED devices exempted from sonar devices suitable for finding fish [15].....	[16]	---	[17]	[17]	[17]	[17]	[17]	[17]	-1	-1	-1	-2	-4
3. Repeal of Harbor Maintenance tax on exports [7].....	bo/a DOE	----- Negligible Revenue Effect -----											
4. Cap on excise tax on certain fishing equipment [18].....	[16]	---	-3	-3	-3	-3	-3	-4	-4	-4	-4	-16	-31
5. Reduction in rate of tax on portable aerated bait containers [19].....	10/1/04	---	[17]	[17]	[17]	[17]	[17]	[17]	[17]	[17]	[17]	[17]	-1
C. Aerial Excise Taxes													
1. Clarification of excise tax exemptions for agricultural aerial applicators and exemption for certain fixed-wing aircraft.....	fuoata DOE	-2	-4	-4	-4	-4	-4	-4	-4	-4	-4	-18	-38
2. Modification of rural airport definition.....	4/1/04	-2	-3	-3	-3	-4	-4	-4	-4	-4	-5	-15	-36
3. Exemption from ticket taxes for transportation provided by seaplanes.....	ta 3/31/04	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-10
4. Certain sightseeing flights exempt from taxes on air transportation.....	[20]	-5	-6	-7	-7	-7	-7	-8	-8	-9	-9	-32	-72
D. Alcoholic Beverage Excise Taxes													
1. Repeal of occupational taxes relating to distilled spirits, wine, and beer.....	[21]	-66	-78	-78	-78	-78	-78	-78	-78	-78	-78	-378	-768
2. Suspension of limitation on cover over of rum excise tax revenues (maintain cover over at \$13.25 per proof gallon and increase to \$13.50 on 10/1/04) (sunset 12/31/05); require transfer to Puerto Rico Conservation Trust Fund.....	abiUSa 12/31/03 [22]	-67	-93	-22	---	---	---	---	---	---	---	-182	-182
E. Sport Excise Taxes													
1. Exempt custom gunsmiths from firearms excise tax [23].....	[24]	[17]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-7
2. Modified taxation of imported archery products [25].....	[26]	[17]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-8
3. Treatment of tribal governments as States for purposes of Federal wagering excise and occupational taxes.....	[21]	-1	-3	-3	-4	-4	-4	-4	-4	-4	-4	-14	-33

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
10. Deny deduction for interest paid to the IRS on underpayments involving certain tax motivated transactions	tyba DOE	---	---	1	1	3	4	4	4	4	4	5	25
11. Authorize additional \$300 million per year to the IRS to combat abusive tax avoidance transactions [32]	DOE	----- No Revenue Effect -----											
C. Other Corporate Governance Proposals													
1. Affirmation of consolidated return regulation authority	[33]	----- Negligible Revenue Effect -----											
2. Chief executive officer required to sign declaration as part of corporate income tax return	rfa DOE	----- Negligible Revenue Effect -----											
3. Denial of deduction for certain fines, penalties, and other amounts	apoaia 4/27/03 generally	176	10	10	10	10	10	10	10	10	10	216	266
4. Denial of deduction for punitive damages	dpoia DOE	10	29	30	31	32	33	34	35	36	37	132	307
5. Increase the maximum criminal fraud penalty for individuals to the amount of the tax at issue.....	uaoataoa DOE	---	---	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	5
6. Double certain penalties, fines, and interest on underpayments related to certain offshore financial arrangements	oyo/a DOE	2	1	1	[29]	[29]	[29]	[29]	[29]	[29]	[29]	4	6
D. Enron-Related Tax Shelter Proposals													
1. Limitation on transfer or importation of built-in losses	Ta 2/13/03	128	123	136	149	164	180	198	218	240	264	700	1,800
2. No reduction of basis under section 734 in stock held by partnership in corporate partner	da 2/13/03	12	16	24	29	33	35	33	32	33	34	114	281
3. Repeal of special rules for FASITs	on 2/13/03	----- Negligible Revenue Effect -----											
4. Expanded disallowance of deduction for interest on convertible debt	diia 2/13/03	6	88	90	94	96	98	101	103	106	109	374	891
5. Expanded authority to disallow tax benefits under section 269	aa 2/13/03	3	9	10	10	11	11	12	12	13	14	43	105
6. Modification of interaction between subpart F and passive foreign investment company rules.....	[34]	23	15	8	4	5	6	8	10	12	15	55	106
E. Proposals to Discourage Expatriation													
1. Tax treatment of inversion transactions	[35]	172	137	140	168	202	242	290	348	418	493	819	2,610
2. Impose mark-to-market on individuals who expatriate	[36]	41	78	80	74	71	67	61	57	54	51	344	634
3. Excise tax on stock compensation of insiders in inverted corporations	generally 7/11/02	16	7	7	7	7	7	7	7	7	7	42	75
4. Reinsurance agreements	rra 4/11/02	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	2	5
F. Corporate Estimated Tax Payments Due July Through September of 2009 Increased to 119% of the Otherwise Required Amount.....	DOE	---	---	---	---	---	11,441	-11,441	---	---	---	---	---
Total of Proposals to Replenish the General Fund		1,005	1,867	1,989	1,820	1,937	13,575	-9,058	2,697	3,045	3,431	8,620	22,320
NET TOTAL		997	2,259	2,521	2,447	2,584	14,216	-8,429	4,453	5,225	5,632	10,806	31,917

Joint Committee on Taxation

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

[Legend and Footnotes for JCX-11-04 appear on the following page]

Legend and Footnotes for JCX-11-04:

Legend for "Effective" column:

aa = acquisitions after	dpoia = damages paid or incurred after	rfa = returns filed after
abiUSa = articles brought into United States after	fpasoua = fuel produced, and sold or used, after	rra = risk reinsured after
apoia = amounts paid or incurred after	fsfnua = fuels sold for nontaxable use after	ta = transportation after
as = articles sold	fsoua = fuel sold or used after	Ta = transactions after
ata = actions taken after	fuoata = fuel use or air transportation after	tpba = taxable periods beginning after
bo/a = before, on, and after	oyo/a = open years on or after	tyba = taxable years beginning after
bra = benefits received after	paa = penalties assessed after	tyba = taxable years beginning after
da = distributions after	pia = penalties imposed after	uaoataoa = underpayments and overpayments
diia = debt instrument issued after	ppaia = property purchased and installed after	attributable to actions occurring after
DOE = date of enactment	ppisa = property placed in service after	30da = 30 days after
dpa = documents prepared after	sodma = sales or deliveries made after	

- [1] The outlay effects of this provision will be estimated by the Congressional Budget Office ("CBO"). Aquatic Resources Trust Fund is to be restructured and the name changed under the Excise Tax Reform and Simplification Proposals, Item B.1. (Eliminate Aquatic Resources Trust Fund and transform Sport Fishing Restoration Account).
- [2] Tax credits would be provided for on-road and off-road uses of biodiesel.
- [3] This provision may also have indirect effects on Federal outlays for certain farm programs. Outlay effects will be estimated by the Congressional Budget Office.
- [4] These effects result from application of the budget law for constructing CBO's baseline in the case of expiring excise taxes dedicated to trust funds. Under present law, the taxes on motor fuels dedicated to the Highway Trust Fund ("HTF") expire in 2005, and are assumed to be permanently extended in CBO's baseline, as required by budget law. The lower excise tax rates on alcohol fuels, which reduce revenue to the HTF, expire in 2007 and are also assumed to be permanently extended in CBO's baseline. The proposal would replace the lower excise tax rates on alcohol fuels with an excise tax credit that does not reduce revenue to the HTF and that expires in 2010. If this bill is enacted, CBO's subsequent baseline would not assume extension of the excise tax credit beyond its expiration because the requirement to assume extension only applies to excise taxes dedicated to trust funds. For purposes of this cost estimate, therefore, CBO assumes that the credit would expire as scheduled. This treatment generates changes in revenues and outlays beyond 2010.
- [5] Estimate provided by the Congressional Budget Office. Negative numbers indicate an increase in outlays.
- [6] The outlay payments for ethanol expire after December 31, 2010, and the outlay payments for biodiesel expire after December 31, 2006.
- [7] Estimate provided by the Congressional Budget Office.
- [8] Effective for aviation fuel removed, entered into the United States, or sold after September 30, 2004.
- [9] Generally effective 180 days after the date on which the Secretary issues the regulations, which are required on or before June 30, 2004.
- [10] Secretary must publish the list by June 30, 2004.
- [11] The display and electronic identification device provisions are effective October 1, 2005.
- [12] Generally effective after the date of enactment, except for fuel taxes, effective for taxable years beginning after the date of enactment.
- [13] Negligible revenue effect.
- [14] The gas guzzler tax, as amended, would generate between \$71 million and \$75 million per year in Federal tax receipts.
- [15] Provision will result in a reduction in outlays of approximately \$4 million over 10 years from the Sport Fish Restoration Trust Fund, successor to the Aquatic Resources Trust Fund.
- [16] Effective for articles sold by the manufacturer, producer, or importer on and after October 1, 2004.
- [17] Loss of less than \$500,000.
- [18] Provision will result in a reduction in outlays of approximately \$52 million over 10 years from the Sport Fish Restoration Trust Fund, successor to the Aquatic Resources Trust Fund.
- [19] Provision will result in a reduction in outlays of approximately \$1 million over 10 years from the Sport Fish Restoration Trust Fund, successor to the Aquatic Resources Trust Fund.
- [20] Effective with respect to transportation beginning on or after the date of the enactment, but shall not apply to any amount paid before such date.
- [21] Effective on July 1, 2004, but shall not apply to taxes imposed for periods before such date.
- [22] The transfer to the Puerto Rico Conservation Trust Fund is effective October 1, 2004.
- [23] Provision will result in a reduction in outlays of approximately \$7 million over 10 years from the Federal Wildlife Restoration Fund.
- [24] Effective for articles sold by the manufacturer, producer, or importer on or before the first day of the month beginning at least two weeks after the date of enactment.
- [25] Provision will result in a reduction in outlays of approximately \$9 million over 10 years from the Federal Wildlife Restoration Fund.
- [26] Effective for articles sold by the manufacturer, producer, or importer after the date of the enactment.
- [27] The proposal has outlay effects which will be provided by the Congressional Budget Office.

Footnotes for Table #04-2 016 R continued:

- [28] Effective dates for proposals relating to reportable transactions and tax shelters: the penalty for failure to disclose reportable transactions is effective for returns and statements the due date of which is after the date of enactment; the modification to the accuracy-related penalty for listed or reportable transactions is effective for taxable years ending after the date of enactment; the tax shelter exception to confidentiality privileges is effective for communications made on or after the date of enactment; the material advisor and investor list disclosure proposals applies to transactions with respect to which material aid, assistance or advice is provided after the date of enactment; the failure to register tax shelter penalty applies to returns the due date for which is after the date of enactment; the investor list penalty applies to requests made after the date of enactment; and the penalty on promoters of tax shelters is effective for activities after the date of enactment.
- [29] Gain of less than \$1 million.
- [30] Effective for submissions made and issues raised after the first list is prescribed under section 6702(c).
- [31] Effective for taxable years with respect to which the period for assessing deficiencies did not expire before October 1, 2003.
- [32] Estimate is subject to review by the Congressional Budget Office.
- [33] Effective for all taxable years, whether beginning before, on, or after the date of enactment.
- [34] Effective for taxable years of controlled foreign corporations beginning after February 13, 2003, and for taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.
- [35] Effective for certain transactions completed after March 20, 2002, and would also affect certain taxpayers who completed transactions before March 21, 2002.
- [36] Generally effective for U.S. citizens who expatriate or long-term residents who terminate their residency on or after February 2, 2004.