

**BUDGET RECONCILIATION - REVENUE PROPOSALS
 AS APPROVED BY THE COMMITTEE ON WAYS AND MEANS
 ON OCTOBER 10, 1990**

Fiscal Years 1991-1995

[Billions of Dollars]

Item	Effective	1991	1992	1993	1994	1995	1991-95
A. Deficit Reduction Provisions							
1. Energy taxes:							
a. Motor fuels tax (5 cents; 9 cents after 7/1/91) (1).....	12/1/90	5.3	9.3	9.0	9.1	9.1	41.8
b. 2-cent petroleum tax (exemptions for manufacturing, feedstocks, and home heating oil).....	1/1/91	1.6	2.3	2.3	2.4	2.4	11.0
2. Increase tobacco taxes by 4 cents per pack in 1991 and by 4 cents per pack in 1993.....	1/1/91	0.6	0.8	1.5	1.5	1.5	5.9
3. Beer, wine, and distilled spirits taxes (2).....	1/1/91	1.5	2.1	2.1	2.1	2.1	9.9
4. 10% luxury excise tax (3).....	1/1/91	0.3	0.5	0.6	0.7	0.7	2.8
5. Expand ozone-depleting chemical excise tax (4).....	1/1/91	0.1	0.1	0.1	0.1	0.1	0.5
6. Loss deductions and salvage values for insurance companies (8-year phasein).....	1/1/90	0.3	0.2	0.2	0.2	0.2	1.1
7. Adopt foreign compliance provisions including certain provisions from H.R. 4308.....	3/20/90	(5)	(5)	0.1	0.1	0.1	0.3
8. Amortize insurance policy deferred acquisition expenses (DAC).....	9/30/90	1.5	1.7	1.7	1.6	1.5	8.0
9. Leaking underground storage tank (LUST) trust fund (5 years).....	D/o/E +30	0.1	0.1	0.1	0.1	0.1	0.6
10. Increase Airport Trust Fund aviation excise taxes (5 years) (6).....	12/1/90	1.4	2.3	2.5	2.7	3.0	11.9
11. Increase harbor maintenance tax.....	1/1/91	0.3	0.3	0.4	0.4	0.4	1.8
12. Retiree health with reversion excise increase and asset cushion requirement (7).....	--	0.5	0.2	0.1	0.1	(5)	0.9
13. State and local HI (8).....	1/1/92	--	0.7	1.4	1.6	1.6	5.2
14. Corporate Federal tax underpayments: Disallow deduction for interest paid to IRS attributable to time after 12/31/90.....	1/1/91	1.4	0.7	0.6	0.4	0.6	3.9

Item	Effective	1991	1992	1993	1994	1995	1991-95
15. Certain business tax provisions:							
a. Expand and clarify reporting and allocation rules for certain asset acquisitions.....	10/10/90	(5)	(5)	(5)	(5)	(5)	0.1
b. Require accrual of redemption premium for certain preferred stock.....	10/10/90	(5)	0.1	0.1	0.1	0.1	0.4
c. Expand application of CERT rules to subsidiary acquisitions.....	10/10/90	(5)	0.1	0.1	0.1	0.1	0.4
d. Require recognition of corporate-level gain in certain divisive corporate transactions (5-year limitation period).....	10/10/90	(5)	(5)	(5)	(5)	(5)	0.2
e. Clarify treatment of debt exchanges.....	10/10/90	0.1	0.1	0.1	(5)	(5)	0.3
16. Limitation on itemized deductions (9).....	1/1/91	0.6	3.9	4.0	4.5	5.2	18.2
17. Increase HI wage cap to \$73,000.....	1/1/91	0.9	2.8	2.9	3.1	3.3	13.0
18. State and local social security (OASDI) (10).....	--	2.0	2.2	2.4	2.5	2.7	11.7
19. Increase railroad retirement tier 2 payroll taxes (10).....	--	(5)	(5)	(5)	0.1	0.1	0.2
20. Payroll tax deposit stabilization.....	--	1.0	2.2	-3.2	--	--	---
Subtotals, Deficit Reduction Provisions.....		19.5	32.7	29.1	33.5	34.9	149.7
B. Progressivity Enhancement Provision							
Increase EITC.....	1/1/91	-0.1	-1.1	-1.2	-1.3	-1.3	-5.0
Net Deficit Reduction.....		19.4	31.6	27.9	32.2	33.6	144.7

Joint Committee on Taxation

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

Interaction between or among items has not been taken into account for the purpose of this table.

In "Effective" column: D/o/E +30 = 30 days after date of enactment.

- (1) Railroads subject to the increase in motor fuels tax with all revenue from railroads subject to the tax dedicated to deficit reduction. 50% of motor fuels tax increase dedicated to deficit reduction; 50% dedicated to highway trust fund (20% of this portion to be allocated to mass transit account). Each State to receive highway account apportionments and allocations equal to at least 95% of its contribution attributable to increased revenue.
- (2) Increase distilled spirits by \$1.50 (to \$14/proof gallon); double beer to 32 cents/6-pack (\$18/barrel); increase table wine to 25 cents/bottle (\$1.27/gallon); increase rates on fortified wines to maintain current-law differentials between rates. Increases in beer and wine rates have exemptions for some production by small domestic wineries and breweries.
- (3) Tax applies to specific newly-manufactured items with retail prices above the following thresholds: automobiles--\$30,000; boats and yachts--\$100,000; jewelry--\$5,000; furs--\$5,000; and planes--\$100,000. Automobiles, boats, and planes used to transport people or property for hire are exempt. Tax is 10% of purchase price in excess of thresholds.

[Footnotes continued on following page.]

[Footnotes continued for JCX-36-90.]

- (4) The tax with respect to the new chemicals subject to the tax is phased in as follows: 1991--\$1.37, 1992--\$1.37, 1993--\$1.67, 1994--\$3.00, 1995 and thereafter--\$3.10.
- (5) Gain of less than \$50 million.
- (6) This estimate is presented relative to the Congressional Budget Office (CBO) baseline which assumes extension of the Airport and Airway Trust Fund (AATF) taxes with the aviation tax reduction trigger in effect. The estimate reflects the effects both of removing the trigger and of increasing the rates of certain of the AATF taxes by 25% as proposed in the President's budget.
- (7) Permit certain tax-free transfers of excess pension assets to pay retiree health benefits. (Revenue effect in billions: 1991=\$0.5; 1992=\$0.3; 1993=\$0.2; 1994=\$0.2; 1995=\$0.1; 1991-95 Total=\$1.3.) Generally effective for reversions after September 30, 1990, increase the reversion excise tax to 20%. If the employer does not transfer 30% of the reversion to a qualified replacement plan or provide certain benefit increases to plan participants and retirees of at least 25% of the reversion, the reversion tax is 50%. (Revenue effect in billions: 1991=Loss of less than \$50 million; 1992=\$-0.1; 1993=\$-0.1; 1994=\$-0.1; 1995=\$-0.1; 1991-95 Total=\$-0.5.)
- (8) HI rate = 0.8% in 1992, 1.35% in 1993, 1.45% in 1994 and thereafter.
- (9) Disallow itemized deductions in an amount equal to 3% of AGI in excess of \$100,000 for single returns, \$100,000 for joint returns, and \$100,000 for head of household returns. Proposal does not apply to medical expenses, casualty losses, or investment interest. Disallowance under the proposal cannot exceed 80% of otherwise deductible itemized deductions subject to the proposal.
- (10) Estimate provided by CBO.