

- COMMITTEE ON WAYS AND MEANS -  
ESTIMATED BUDGET EFFECTS OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE TO  
THE CHAIRMAN'S MARK RELATING TO REVENUE RECONCILIATION PROVISIONS

Fiscal Years 1997 - 2007

[Millions of Dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
<b>I. CHILD AND DEPENDENT CARE TAX CREDITS;</b>														
<b>HEALTH CARE FOR CHILDREN</b>														
1. Tax credit for children under age 17 (\$400 in 1998 and \$500 thereafter); \$75,000/\$110,000 AGI phaseout for credit [1].....	1/1/98	---	-2,282	-15,340	-18,187	-17,863	-17,584	-16,263	-15,997	-15,426	-15,055	-14,347	-71,257	-148,346
2. Index dependent care tax credit expense limit; \$75,000/\$110,000 AGI phaseout.....	1/1/98	---	8	47	19	-38	-69	-124	-164	-214	-285	-370	-33	-1,189
3. Expand State high-risk pools to include children of high-risk individuals.....	tyba 12/31/97	---	[2]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-7
<b>SUBTOTAL OF CHILD AND DEPENDENT CARE TAX CREDITS; HEALTH CARE FOR CHILDREN.....</b>		---	<b>-2,274</b>	<b>-15,294</b>	<b>-18,169</b>	<b>-17,902</b>	<b>-17,654</b>	<b>-16,388</b>	<b>-16,162</b>	<b>-15,641</b>	<b>-15,341</b>	<b>-14,718</b>	<b>-71,293</b>	<b>-149,542</b>
<b>II. EDUCATION TAX INCENTIVES</b>														
<b>A. Tax Benefits Relating to Education Expenses</b>														
1. Administration's HOPE scholarship tax credit as modified - drop B average requirement; credit is 50% of up to \$3,000 out-of-pocket tuition expenses and books required for attendance (phaseout \$40,000 - \$50,000 singles/ \$80,000 - \$100,000 joint).....	tyba 12/31/97	---	-1,745	-5,012	-5,091	-5,173	-5,258	-5,338	-5,404	-5,471	-5,540	-5,610	-22,278	-49,640
2. Deduction for undergraduate tuition, room, and board expenses paid through State-sponsored prepaid tuition programs; limit deduction to \$10,000 per student per year, with aggregate maximum deduction of \$40,000 per student.....	tyba 12/31/97	---	-60	-179	-196	-216	-238	-261	-288	-316	-348	-383	-889	-2,485
3. Penalty-free withdrawals from all IRAs for undergraduate, post-secondary vocational, and graduate education expenses.....	1/1/98	---	-72	-213	-200	-149	-125	-114	-98	-93	-92	-91	-758	-1,246

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
<b>B. Expanded Education Investment Savings Opportunities</b>														
1. Permit contributions to an education investment account for a child under age 18; create private prepaid tuition programs; provide deduction for undergraduate and post-secondary vocational tuition, room, and board expenses paid through education investment accounts or private prepaid tuition programs; limit deductions to \$10,000 per student per year with aggregate maximum deduction of \$40,000 per student [3].....	tyba 12/31/97	---	-355	-1,138	-1,642	-1,967	-1,877	-1,939	-2,560	-3,118	-3,651	-4,186	-6,979	-22,433
<b>C. Other Education Tax Provisions</b>														
1. Extend employer-provided education assistance for undergraduates through 12/31/97 [1].....	tyba 12/31/96	---	-171	---	---	---	---	---	---	---	---	---	-171	-171
2. Raise \$150 million volume cap on 501(c)(3) bonds (other than hospital bonds) by \$10 million per year until it reaches \$200 million.....	1/1/98	---	-2	-14	-27	-37	-46	-50	-51	-54	-59	-70	-126	-410
3. Enhanced deduction for corporate contributions of computer technology and equipment for grades K - 12.....	tyba 12/31/97	---	-46	-48	-53	-58	-63	-69	-76	-83	-91	-100	-268	-688
4. Phase out qualified tuition reduction provided to employees of educational institutions (section 117(d)); phaseout benefits - 80% in 1998, 60% in 1999, 40% in 2000, 20% in 2001, and repealed in 2002 (HOPE scholarship applies to balance).....	1/1/98	---	12	46	83	124	169	203	213	224	235	247	433	1,556
<b>SUBTOTAL OF EDUCATION TAX INCENTIVES.....</b>		---	-2,439	-6,558	-7,126	-7,476	-7,438	-7,568	-8,264	-8,911	-9,546	-10,193	-31,036	-75,517
<b>III. SAVINGS AND INVESTMENT TAX INCENTIVES</b>														
<b>A. Retirement Savings</b>														
1. Create American Dream IRAs; allow penalty-free rollovers from IRAs; allow special purpose withdrawals from AD IRAs for first-time home purchase [4].....	1/1/98	---	-184	534	435	-534	-286	-519	-1,683	-2,524	-3,576	-4,633	-33	-12,968
<b>B. Capital Gains Provisions</b>														
1. Capital gains: (a) 20/10% rate structure; (b) collectibles get 28%; (c) section 1250 recapture at maximum of 26%; (d) symmetric AMT treatment; (e) indexing starting in 2001, 3-year post-2000 holding period requirement, with mark-to-market; (f) exemption for gain on principal residence including remainder interests (\$250,000 single/\$500,000 joint returns); and (g) 32% rate in 1998, 31% in 1999, and 30% thereafter for corporate gains with 5-year holding period (effective 1/1/98).....	generally 5/7/97	1,659	6,304	-466	-3,684	-3,647	2,492	-4,952	-5,888	-7,133	-8,887	-10,757	2,658	-34,959
<b>SUBTOTAL OF SAVINGS AND INVESTMENT TAX INCENTIVES.....</b>		---	6,120	68	-3,249	-4,181	2,206	-5,471	-7,571	-9,657	-12,463	-15,390	2,625	-47,927

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
<b>IV. ALTERNATIVE MINIMUM TAX PROVISIONS</b>														
1. AMT - Increase individual exemption amount by \$1,000 every other year 1999 through 2007, index thereafter.....	tyba 12/31/98	---	---	-53	-219	-352	-672	-1,023	-1,705	-2,440	-3,755	-5,138	-1,296	-15,357
2. Exemption from alternative minimum tax for small corporations.....	tyba 12/31/97	---	-97	-171	-131	-100	-77	-59	-45	-34	-26	-20	-577	-762
3. Prospective repeal of AMT depreciation adjustment.....	ppisa 1/1/99	---	---	-1,265	-3,312	-3,901	-3,296	-2,693	-2,251	-1,912	-1,790	-1,770	-11,774	-22,190
<b>SUBTOTAL OF ALTERNATIVE MINIMUM TAX PROVISIONS.....</b>		---	-97	-1,489	-3,662	-4,353	-4,045	-3,775	-4,001	-4,386	-5,571	-6,928	-13,647	-38,309
<b>V. ESTATE, GIFT AND GENERATION-SKIPPING TAX PROVISIONS</b>														
<b>A. Estate and Gift Tax Provisions</b>														
1. Increase unified estate and gift tax credit to \$650,000 in 1998; \$750,000 in 1999; \$765,000 in 2000; \$775,000 in 2001 through 2004, \$800,000 in 2005, \$825,000 in 2006; and \$1 million in 2007; and index other provisions beginning in 1999.....	dda 12/31/97	---	---	-650	-2,004	-2,303	-2,588	-2,788	-3,463	-3,688	-4,200	-5,317	-7,545	-27,001
2. 20-year installment payment where estate consists largely of interest in closely held business.....	dda 12/31/97	---	---	---	---	---	---	-14	-10	-7	-5	-2	---	-38
3. Reduced rate on all, and no interest on certain portion of, estate tax extended under section 6166.....	dda 12/31/97	---	---	-10	-20	-32	-45	-59	-73	-88	-103	-119	-107	-549
4. Clarification of judicial review of eligibility for extension of time for payment of estate tax.....	dda DOE	---	---	-15	-15	-15	-15	-15	-15	-14	-12	-11	-60	-127
5. Extension of treatment of certain rents under section 2032A to lineal descendants.....	roa 12/31/76	---	-25	-2	-2	-2	-2	-2	-2	-2	-2	-2	-33	-43
6. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations.....	gma DOE	---	---	-16	-18	-21	-26	-32	-38	-45	-53	-61	-81	-310
7. Repeal certain throwback rules applicable to domestic trusts.....	tyba 12/31/97	---	---	-20	-20	-20	-20	-20	-20	-20	-20	-20	-80	-180
8. Unified credit of decedent increased by unified credit of spouse used on split gift included in decedent's gross estate.....	gma DOE	---	-9	-10	-10	-11	-11	-12	-12	-13	-13	-14	-51	-115
9. Reformation of defective bequests, etc. to spouse of decedent.....	dda DOE	---	-11	-12	-13	-13	-14	-15	-15	-16	-17	-18	-63	-144
<b>B. Generation-Skipping Tax Provisions</b>														
1. Severing of trusts holding property having an inclusion ratio of greater than zero.....	sa DOE	---	---	-6	-6	-6	-7	-7	-7	-7	-7	-7	-25	-60
2. Expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents.....	gsta DOE	---	---	-4	-4	-4	-4	-4	-5	-5	-5	-6	-16	-41
<b>SUBTOTAL OF ESTATE, GIFT AND GENERATION-SKIPPING TAX PROVISIONS.....</b>		---	-45	-745	-2,112	-2,427	-2,732	-2,968	-3,660	-3,905	-4,437	-5,577	-8,061	-28,608



Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
3. Loosen mortgage revenue bond requirements in disaster areas for 1997 through 1999.....	bia 12/31/96	---	-1	-5	-8	-8	-8	-7	-6	-6	-5	-4	-31	-59
<b>C. Provisions Relating to Employment Taxes</b>														
1. Independent contractor for bakery drivers.....	spa 12/31/97	---	-13	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	-15	-18
2. Independent contractor for securities brokers.....	spi tyba 12/31/97	----- Negligible Revenue Effect -----												
3. SECA for insurance agents.....	pa 12/31/97	----- Negligible Revenue Effect -----												
4. Safe harbor for independent contractors [9].....	pa 12/31/97	---	-191	-203	-202	-206	-210	-214	-224	-233	-239	-283	-1,012	-2,205
<b>D. Provisions Relating to Small Businesses</b>														
1. Delay imposition of penalties for failure to make payments electronically through EFTPS until after 12/31/98.....	7/1/97	---	-904	904	---	---	---	---	---	---	---	---	---	---
2. Definition of principal place of business for home office deduction.....	tyba 12/31/97	---	-114	-234	-244	-253	-263	-274	-285	-295	-306	-318	-1,109	-2,587
<b>E. Provisions Relating to Pensions</b>														
1. Water districts made eligible for 401(k) plans even if State or local entity.....	1/1/98	---	[8]	-1	-1	-1	-2	-2	-2	-2	-2	-3	-6	-15
2. Modify section 415 limits for certain State and local plans.....	tyba 12/31/97	---	-9	-25	-25	-26	-26	-26	-27	-27	-27	-28	-111	-246
3. Extend moratorium on nondiscrimination rules for public pension plans (permanent).....	DOE	----- Negligible Revenue Effect -----												
4. Treatment of certain disability benefits received by former police officers or firefighters.....	DOE	---	-11	---	---	---	---	---	---	---	---	---	-11	-11
<b>F. Trade Provision: 2-year GSP Extension [10].....</b>	6/1/97	---	-464	-216	---	---	---	---	---	---	---	---	-680	-680
<b>G. Extend CBI Parity Through 12/31/98 [10].....</b>	1/1/98	---	-160	-57	---	---	---	---	---	---	---	---	-217	-217
<b>H. Other Provisions</b>														
1. Shrinkage allowance for inventory accounting.....	---	---	-7	-21	-23	-25	-27	-29	-31	-33	-35	-37	-103	-268
2. Include liability to pay compensation under workmen's compensation acts within rules relating to certain personal liability assignments.....	cfa DOE	---	-1	-2	-5	-8	-12	-17	-23	-29	-32	-36	-27	-164
3. Grandfather publicly traded partnerships with tax on gross receipts to make revenue neutral.....	tyba 12/31/97	----- Revenue Neutral -----												
4. Exclusion from UBTI for certain corporate sponsorship payments.....	pra 12/31/97	----- Negligible Revenue Effect -----												
5. Allow timeshare associations to elect to be taxed as homeowner associations at 32%.....	tyba 12/31/96	----- Negligible Revenue Effect -----												
6. Allow refunding of certain tax-exempt Virgin Islands bonds [11].....	bia DOE	---	-2	-4	-5	-5	-5	-3	-1	-3	-4	-4	-21	-37
7. Restore the business meals deduction to 80% in 5% increments every other year for persons subject to Federal hours of service limitation.....	tyba 12/31/97	---	-8	-17	-27	-37	-49	-62	-76	-91	-108	-125	-138	-600
8. Clarify tax-exempt status of certain State workmen's compensation funds.....	tyba 12/31/97	---	[2]	[2]	-1	-1	-1	-1	-1	-1	-1	-1	-2	-6
9. Deferral of gain on sales of stock in farm product refining firms to farm coops which supply the firm with raw farm products for refining.....	sea 12/31/97	---	-2	-5	-5	-5	-4	-4	-4	-4	-4	-4	-21	-41
10. Treatment of consolidation of certain mutual savings bank life insurance departments.....	12/31/91	---	-25	-9	-9	-9	-9	-9	-8	-6	-6	-6	-61	-96

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11. Modification to the OECD Shipbuilding Trade Agreement - extend 1 year from DOE [10].....	---	---	-8	---	---	---	---	---	---	---	---	---	-8	-8
12. 109% prior year safe harbor.....	---	-481	481	---	---	---	---	---	---	---	---	---	---	---
<b>SUBTOTAL OF MISCELLANEOUS PROVISIONS.....</b>		<b>---</b>	<b>-1,455</b>	<b>98</b>	<b>-562</b>	<b>-587</b>	<b>-618</b>	<b>-650</b>	<b>-690</b>	<b>-732</b>	<b>-771</b>	<b>-851</b>	<b>-3,606</b>	<b>-7,302</b>
<b>X. REVENUE PROVISIONS</b>														
<b>A. Financial Products</b>														
1. Constructive sales treatment for appreciated financial positions.....	cseia 6/8/97	---	367	121	68	73	79	85	91	98	105	112	708	1,199
2. Disallowance of interest on indebtedness allocable to tax-exempt obligations (\$1 million de minimis).....	tyba DOE oaa dofca	---	8	18	24	29	35	41	47	52	57	62	113	372
3. Gains or losses from certain terminations with respect to property.....	30da DOE	---	15	27	25	25	25	25	25	25	25	25	117	242
4. Determination of original issue discount where pooled debt obligations subject to acceleration.....	tyba DOE	---	76	275	358	319	283	100	105	109	114	118	1,311	1,857
5. Denial of interest deduction on certain debt instruments.....	iiia 6/8/97	---	5	16	29	43	55	62	63	64	65	67	148	469
<b>B. Corporate Organizations and Reorganizations</b>														
1. Tax treatment of certain extraordinary dividends.....	da 5/3/95 or da 9/13/95	---	440	-90	-51	-7	42	71	77	82	89	95	334	748
2. Recognition of gain in certain section 355 transactions.....	da 4/16/97	---	567	330	289	248	206	165	124	83	41	3	1,640	2,056
3. Tax treatment of redemptions involving related corporations.....	da/a 6/8/97	---	10	10	5	5	5	5	5	5	5	5	35	60
4. Modify holding period for dividends-received deduction.....	droaa 30da DOE	---	12	15	15	16	16	16	17	17	17	18	74	159
<b>C. Other Corporate Provisions</b>														
1. Registration and other provisions relating to confidential corporate tax shelters.....	tsuaiTg	---	15	37	38	39	41	42	43	44	46	47	170	392
2. Certain preferred stock treated as "boot".....	ta 6/8/97	---	35	37	39	41	43	10	10	11	11	12	194	248
<b>D. Administrative Provisions</b>														
1. Reporting of certain payments made to attorneys.....	pma 12/31/97	---	---	3	3	3	3	3	4	4	4	4	12	31
2. Decrease of threshold for reporting payments to corporations performing services for Federal agencies.....	rd 90da DOE	---	---	7	8	9	10	11	11	12	12	13	34	93
3. Disclosure of return information for administration of certain Veterans' programs [10].....	dma 9/30/98	---	---	22	27	31	36	36	37	38	38	39	116	304
4. Modify levy exemption and provide continuous levy on certain payments.....	lia DOE	---	332	327	256	213	157	117	102	86	82	78	1,285	1,750
5. Consistency requirement for returns of beneficiaries of estates and trusts.....	rfa DOE	---	3	3	3	3	3	3	4	4	4	4	15	34
6. No information reporting on sales of principal residences less than \$250,000 or \$500,000 (married filing joint return).....	DOE	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
		----- Negligible Revenue Effect -----												

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<b>E. Excise Tax Provisions</b>														
1. Extend and modify Airport Trust Fund excise taxes:														
a. Extend domestic air passenger ticket tax; reduce tax rate from 10% to 7.5% of ticket price; impose an additional tax of \$2.00 per flight segment for 10/1/97 through 12/31/98, \$2.25/segment in 1999, \$2.50/segment in 2000, \$2.75/segment in 2001, and \$3.00/segment in 2002, and in years thereafter index the \$3.00/segment tax to changes in the CPI (first indexing adjustment on 1/1/03); and impose 7.5% tax on payments to airlines for air travel under credit card and similar programs.....	10/1/97	---	4,434	4,704	5,097	5,514	5,957	6,367	6,781	7,221	7,691	8,176	25,708	61,943
b. Modify airline ticket tax deposit rule to suspend deposits due 8/15/97 to 9/30/97 until 10/10/97.....	DOE	-1,017	1,017	---	---	---	---	---	---	---	---	---	---	---
c. Require breakout of airfare and tax in airline advertising.....	10/1/97	----- <i>No Revenue Effect</i> -----												
d. Extend current air cargo excise tax.....	10/1/97	---	304	347	377	409	443	481	522	567	615	667	1,880	4,732
e. Extend international departure fee, raise fee to \$10/passenger, charge arrivals at the same fee rate, and index the \$10.00 fee to changes in the CPI (first indexing adjustment on 1/1/99).....	10/1/97	---	680	755	816	882	956	1,041	1,125	1,218	1,319	1,426	4,089	10,218
f. Extend current taxes on noncommercial aviation gasoline and jet fuel.....	10/1/97	---	84	87	89	91	93	95	97	99	102	104	446	943
g. Dedicate 4.3 cents/gallon of tax on aviation fuel to the Airport and Airway Trust Fund.....	10/1/97	----- <i>No Revenue Effect</i> -----												
2. Tax kerosene in the same manner as diesel fuel.....	7/1/98	---	44	43	49	46	44	43	44	47	49	52	226	461
3. Reduce ethanol tax credit and excise tax exemption from 54 to 51 cents/gallon; increase small producer credit from 10 to 13 cents/gallon; limit subsidy-eligible production to the producer's average production for 1993-1997; impose 51 cents/gallon penalty on excess production during periods when 51 cents/gallon subsidy is in effect, repeal all subsidies for ETBE (effective DOE), and repeal all subsidies after 12/31/00 [12].....														
	1/1/98	---	62	91	98	423	547	556	565	574	584	594	1,221	4,094
<b>F. Provisions Relating to Tax-Exempt Organizations</b>														
1. Impose Federal income tax on income earned by an Indian tribe or related entity from all commercial activities (including gaming).....														
	1/1/98	---	233	398	414	432	450	469	489	510	532	555	1,927	4,483
2. Modify control test and include attribution rules to determine UBIT consequences of certain payments from subsidiaries of tax-exempt organizations.....														
	tyba DOE & tyba 12/31/98	---	8	14	8	6	5	5	4	4	4	4	42	63





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7. Delay change to foreign tax credit limitation for dividends from 10/50 companies.....	tyba 12/31/01	---	---	---	---	---	-32	-89	-91	-93	-95	-97	-32	-497
<b>B. General Provisions Affecting Treatment of Controlled Foreign Corporations.....</b>	<b>various</b>	<b>---</b>	<b>-2</b>	<b>-5</b>	<b>-7</b>	<b>-9</b>	<b>-10</b>	<b>-10</b>	<b>-11</b>	<b>-12</b>	<b>-13</b>	<b>-14</b>	<b>-33</b>	<b>-93</b>
<b>C. Modification of Passive Foreign Investment Company Provisions to Eliminate Overlap With Subpart F and to Allow Mark-to-Market Election.....</b>	<b>tyba 12/31/97</b>	<b>---</b>	<b>-23</b>	<b>-21</b>	<b>-22</b>	<b>-24</b>	<b>-25</b>	<b>-26</b>	<b>-27</b>	<b>-29</b>	<b>-31</b>	<b>-33</b>	<b>-115</b>	<b>-261</b>
<b>D. Simplify Formation and Operation of International Joint Ventures.....</b>	<b>various</b>	<b>---</b>	<b>[2]</b>	<b>[2]</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>	<b>-3</b>	<b>-9</b>
<b>E. Modification of Reporting Threshold for Stock Ownership of a Foreign Corporation.....</b>	<b>1/1/98</b>	<b>---</b>	<b>[8]</b>	<b>-1</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-7</b>	<b>-20</b>
<b>F. Other Foreign Simplification Provisions</b>														
1. Transition rule for certain trusts.....	aiii SBJPA	---	-1	-3	-5	-5	-5	-5	-5	-5	-5	-5	-19	-44
2. Simplify application of the stock and securities trading safe harbor.....	tyba 12/31/97	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
<b>G. Other Foreign Provisions</b>														
1. Inclusion of income from notional principal contracts and stock lending transactions under subpart F.....	tyba DOE	---	9	20	21	21	21	21	22	22	22	23	92	202
2. Further restrict like-kind exchanges involving foreign personal property.....	Ta dofca	---	4	8	11	13	15	17	19	21	23	25	51	156
3. Impose holding period requirement for claiming foreign tax credits with respect to dividends.....	dpoaa 30da DOE	---	23	48	50	53	56	58	61	64	68	71	230	552
4. Penalties for failure to file disclosure of exemption for income from the international operation of ships or aircraft by foreign persons.....	tyba 12/31/97	---	2	6	12	15	15	14	13	12	11	10	50	110
5. Limitation on treaty benefits for payments to hybrid entities.....	DOE	---	1	1	1	1	1	1	1	1	1	1	5	10
6. Clarification of determination of foreign taxes deemed paid.....	DOE	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
7. Clarification of foreign tax credit limitation for financial services income.....	DOE	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
8. Interest on underpayment reduced by foreign tax credit carryback.....	ftpoa tyba DOE	---	8	10	2	1	1	1	1	1	1	1	22	27
9. Determination of period of limitations relating to foreign tax credits.....	ftpoa tyba DOE	---	1	2	1	1	1	1	1	1	1	1	6	11
<b>SUBTOTAL OF FOREIGN SIMPLIFICATION AND OTHER FOREIGN-RELATED PROVISIONS.....</b>		<b>---</b>	<b>-11</b>	<b>4</b>	<b>-102</b>	<b>-175</b>	<b>-226</b>	<b>-307</b>	<b>-323</b>	<b>-358</b>	<b>-391</b>	<b>-425</b>	<b>-512</b>	<b>-2,318</b>
<b>XII. SIMPLIFICATION PROVISIONS RELATING TO INDIVIDUALS AND BUSINESSES</b>														
<b>A. Provisions Relating to Individuals</b>														
1. Deduction attributable to unearned income of dependent filers: greater of (a) present law; or (b) earned income plus \$250; delink dependent AMT from parent's AMT position.....	1/1/98	---	-2	-38	-35	-35	-35	-35	-35	-38	-37	-36	-146	-327

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
2. Increase de minimis threshold for estimated tax to \$1,000.....	tyba 12/31/97	---	-134	-17	-18	-19	-20	-21	-22	-24	-25	-26	-208	-326
3. Optional methods for computing SECA combined; increase dollar amount to provide four quarters of coverage [14].....	tyba 12/31/97	---	1	1	1	2	2	2	2	2	2	2	8	16
4. Treatment of certain reimbursed expenses of rural mail carriers.....	tyba 12/31/97	---	[2]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-11
5. Treatment of travel expenses of certain Federal employees engaged in criminal investigations.....	eii tyea DOE	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-1	-2
6. Permit payment of taxes by any commercially acceptable means.....	DOE	----- Negligible Revenue Effect -----												
<b>B. Provisions Relating to Businesses Generally</b>														
1. Modify look-back method for long-term contracts.....	cci tyea DOE	---	-1	-2	-3	-4	-4	-4	-4	-5	-5	-5	-14	-37
2. Minimum tax treatment of certain property and casualty insurance companies.....	tyba 12/31/97	---	-1	-2	-3	-3	-3	-3	-3	-3	-3	-3	-12	-27
3. Provide for exclusion for construction allowances provided to lessees.....	leia DOE	----- Negligible Revenue Effect -----												
<b>C. Provisions Relating to Partnerships</b>														
1. Simplified reporting to partners.....	tyba 12/31/97	---	6	8	8	8	8	9	9	9	9	9	38	83
2. Simplified audit procedure for large partnerships.....	tyba 12/31/97	---	[7]	[7]	[7]	1	1	1	1	1	1	1	2	8
3. Due date for furnishing information to partners of large partnerships.....	tyba 12/31/97	----- No Revenue Effect -----												
4. Returns required on magnetic media for partnerships with 100 partners or more.....	tyba 12/31/97	----- Negligible Revenue Effect -----												
5. Treatment for partnership items of individual retirement accounts.....	tyba 12/31/97	----- No Revenue Effect -----												
6. Other partnership audit rules.....	tyba 12/31/97	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-1	-3
7. Closing partnership taxable year with respect to deceased partner.....	tyba 12/31/97	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-1	-1
<b>D. Provisions Relating to Real Estate</b>														
<b>Investment Trusts</b>														
1. Clarification of limitation on maximum number of shareholders.....	tyba DOE	----- Negligible Revenue Effect -----												
2. De minimis rule for tenant services income.....	tyba DOE	----- Negligible Revenue Effect -----												
3. Attribution rules applicable to tenant ownership.....	tyba DOE	----- Negligible Revenue Effect -----												
4. Credit for tax paid by REIT on retain capital gains.....	tyba DOE	----- Negligible Revenue Effect -----												
5. Repeal 30% gross income requirement.....	tyba DOE	---	-4	-5	-5	-6	-7	-7	-8	-9	-10	-11	-26	-72
6. Modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT year.....	tyba DOE	----- Negligible Revenue Effect -----												
7. Treatment of foreclosure property.....	tyba DOE	----- Negligible Revenue Effect -----												
8. Payments under hedging instruments.....	tyba DOE	----- Negligible Revenue Effect -----												
9. Excess noncash income.....	tyba DOE	----- Negligible Revenue Effect -----												
10. Prohibited transaction safe harbor.....	tyba DOE	----- Negligible Revenue Effect -----												
11. Shared appreciation mortgages.....	tyba DOE	----- Negligible Revenue Effect -----												
12. Wholly owned subsidiaries.....	tyba DOE	----- Negligible Revenue Effect -----												

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
<b>E. Provisions Relating to Regulated Investment Companies</b>														
1. Repeal 30% gross income limitation for regulated investment companies.....	tyba 12/31/97	---	-12	-23	-27	-33	-38	-45	-53	-61	-71	-82	-134	-447
<b>F. Taxpayer Protections</b>														
1. Provide "reasonable cause" exception for penalties.....	tyba DOE	----- Negligible Revenue Effect -----												
2. Clarification of period for filing claims for refunds	tyea DOE	----- Negligible Revenue Effect -----												
3. Repeal authority to disclose whether a prospective juror has been audited.....	pca DOE	----- No Revenue Effect -----												
4. Clarify statute of limitations for pass-through entities.....	tyba	----- No Revenue Effect -----												
5. Clarify procedure for administrative cost awards.....	aca DOE	----- No Revenue Effect -----												
6. Civil damages for unauthorized inspection of tax returns or tax return information; notification of unlawful inspection or disclosure.....	voa/a DOE	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]
<b>SUBTOTAL OF SIMPLIFICATION PROVISIONS RELATING TO INDIVIDUALS AND BUSINESSES.....</b>		---	-147	-79	-83	-90	-97	-104	-114	-129	-140	-152	-500	-1,146
<b>XIII. SIMPLIFICATION PROVISIONS RELATING TO ESTATE AND GIFT TAXES</b>														
1. Gifts to charities of over \$10,000 exempt from gift tax filing requirements.....	gma DOE	----- Negligible Revenue Effect -----												
2. Clarification of waiver of certain rights of recovery of estate tax from QTIP trust.....	dda DOE	----- Negligible Revenue Effect -----												
3. Transitional rules under section 2056A.....	aiii OBRA'90	----- Negligible Revenue Effect -----												
4. Clarifications relating to certain disclaimers.....	Dma DOE	---	-4	-4	-4	-4	-4	-4	-5	-5	-5	-5	-20	-44
5. Increase of amount of lapse of general power of appointment not treated as release for purposes of estate and gift tax (5 or 5 power).....	tyba DOE	---	---	-3	-3	-3	-3	-3	-3	-3	-3	-3	-12	-27
6. Estate and gift tax treatment of short-term OID instruments.....	dda DOE	----- Negligible Revenue Effect -----												
7. Certain revocable trusts treated as part of estate.....	dda DOE	---	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-15	-30
8. Distributions during first 65 days of taxable year of estate.....	dda DOE	----- Negligible Revenue Effect -----												
9. Separate share rules available to estates.....	dda DOE	----- Negligible Revenue Effect -----												
10. Executor of estate and beneficiaries treated as related persons for disallowance of losses.....	tyba DOE	----- Negligible Revenue Effect -----												
11. Limitation on taxable year of estates.....	dda DOE	----- Negligible Revenue Effect -----												
12. Treatment of funeral trusts.....	tyba DOE	---	2	2	2	2	2	2	2	2	2	2	10	20
13. Adjustments for certain gifts within 3 years of decedent's death.....	dda DOE	----- No Revenue Effect -----												
14. Clarification of treatment of survivor annuities under qualified terminable interest rules.....	dda DOE	----- Negligible Revenue Effect -----												
15. Treatment under qualified domestic trust rules of forms of ownership which are not trusts.....	dda DOE	----- Negligible Revenue Effect -----												

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
16. Opportunity to correct certain failures under section 2032A.....	DOE													
17. Authority to waive requirement of United States trustee for qualified domestic trusts.....	dda DOE													
<b>SUBTOTAL OF SIMPLIFICATION PROVISIONS RELATING TO ESTATE AND GIFT TAXES.....</b>		---	-5	-8	-8	-8	-8	-8	-9	-9	-9	-9	-37	-81
<b>XIV. SIMPLIFICATION PROVISIONS RELATING TO EXCISE TAXES, TAX EXEMPT BONDS, AND OTHER MATTERS</b>														
<b>A. Excise Tax Simplification</b>														
1. Increase de minimis limit for after-market alterations for heavy truck and luxury car excises.....	DOE													
2. Credit or refund for imported bottled distilled spirits returned to distilled spirits plant.....	fcq DOE + 90 days													
3. Authority to cancel or credit export bonds without submission of records.....	fcq DOE + 90 days													
4. Repeal of required maintenance of records on premises of distilled spirits plant.....	fcq DOE + 90 days													
5. Fermented material from any brewery may be received at a distilled spirits plant.....	fcq DOE + 90 days													
6. Repeal of requirement for wholesale dealers in liquors to post sign.....	DOE													
7. Refund of tax to wine returned to bond not limited to unmerchantable wine.....	fcq DOE + 90 days													
8. Use of additional ameliorating material in certain wines.....	fcq DOE + 90 days													
9. Domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.....	fcq DOE + 90 days													
10. Beer may be withdrawn free of tax for destruction.....	fcq DOE + 90 days													
11. Authority to allow drawback on exported beer without submission of records.....	fcq DOE + 90 days													
12. Imported beer or wine transferred in bulk to brewery or winery without payment of tax.....	fcq DOE + 90 days													
13. Authority for IRS to grant exemption from excise tax registration requirements.....	DOE													
14. Repeal of excise tax "deadwood" provisions (including ozone depleting).....	DOE													
15. Replace truck excise tax deduction for tire value with tax credit for excise tax paid on tires.....	1/1/98	---	66	94	96	97	99	101	102	105	108	110	452	979
<b>B. Tax-Exempt Bond Provisions</b>														
1. Repeal \$100,000 limitation on unspent proceeds from tax-exempt bond issues under year exception from rebate.....	bia DOE	---	[2]	-2	-3	-5	-6	-8	-9	-10	-11	-12	-17	-65

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
2. Exclusion from arbitrage rebate for earnings on bona fide debt service fund under construction bond rules.....	bia DOE	---	[2]	-1	-2	-3	-3	-4	-5	-6	-6	-7	-9	-37
3. Repeal of debt service based limitation on investment in certain nonpurpose investments.....	bia DOE	----- Negligible Revenue Effect -----												
4. Repeal of expired student loan bond arbitrage rebate provisions.....	DOE	----- No Revenue Effect -----												
<b>C. Administrative Provisions</b>														
1. Clarify jurisdiction of Tax Court with respect to overpayment determinations.....	DOE	---	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-15	-30
2. Clarify Tax Court jurisdiction over interest determinations.....	DOE	----- No Revenue Effect -----												
3. Clarify net worth requirements for awards of administrative or litigation costs.....	DOE	----- No Revenue Effect -----												
4. Clarify Tax Court jurisdiction for independent contractors.....	DOE	----- Negligible Revenue Effect -----												
<b>D. Other Provisions</b>														
1. Extend due date for first quarter estimated tax by private foundations.....	tyba DOE	---	-2	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-2	-3
2. Clarification of authority to withhold Puerto Rico income taxes from salaries of Federal employees.....	1/1/98	---	-2	-3	-1	-1	-1	-1	-1	-1	-1	-1	-8	-13
3. Certain notices disregarded under provision increasing interest rate on large corporate underpayments.....	1/1/98	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
4. Oklahoma technical on Indian wage credits, and development incentives for property with 10-year lives or less.....	dwcoript 3/18/97	---	-145	-30	8	27	23	20	20	19	18	16	-117	-24
<b>SUBTOTAL OF SIMPLIFICATION PROVISIONS RELATING TO EXCISE TAXES, TAX EXEMPT BONDS, AND OTHER MATTERS.....</b>		---	-87	54	94	111	108	104	103	103	104	102	279	797
<b>XV. TECHNICAL CORRECTIONS.....</b>	---	---	---	---	---	---	---	---	---	---	---	---	---	---
<b>XVI. INCREASE IN PUBLIC DEBT LIMIT.....</b>	---	---	---	---	---	---	---	---	---	---	---	---	---	---
<b>NET TOTAL .....</b>		---	7,218	-16,993	-26,663	-27,787	-20,493	-26,634	-29,520	-31,822	-36,057	-40,895	-84,717	-249,654

Source: Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Assumed enactment date of 10/1/97.

[Legend and Footnotes for JCX-28-97 appear on the following page]

## Legend and Footnotes for JCX-28-97

## Legend for "Effective" column:

aca = actions commenced after  
 acra = apple cider removed after  
 aiii OBRA = as if included in the Omnibus Budget Reconciliation Act of 1990  
 aiii SBJPA = as if included in the Small Business Job Protection Act of 1996  
 aoty = all open taxable years  
 bia = bonds issued after  
 cci = contracts completed in  
 cfa = claims filed after  
 cia = contracts issued after  
 cseia = constructive sales entered into after  
 da = distributions after  
 da/a = distributions and acquisitions after  
 dda = decedents dying after  
 Dma = disclaimers made after  
 dma = disclosures made after  
 DOE = date of enactment  
 dofca = date of first committee action  
 dpoaa = dividends paid or accrued after  
 droaa = dividends received or accrued after

dwcorfpt = depreciation and wages claimed on returns filed prior to  
 eii = expenses incurred in  
 fcq DOE + 90 days = first day of the calendar quarter that begins at least 90 days after date of enactment  
 ftpoa = foreign taxes paid or accrued in  
 gma = gifts made after  
 gra = gross receipts after  
 gsta = generation skipping transfers after  
 icoa = involuntary conversions occurring after  
 iia = instruments issued after  
 leia = leases entered into after  
 lia = levies issued after  
 lga = licenses granted after  
 NOLgi = net operating losses generated in  
 oaa = obligations acquired after  
 pa = payments after  
 pca = proceedings commenced after  
 pcpa = property contributed to partnership after  
 pda = partnership distributions after  
 pma = payments made after  
 ppisa = property placed in service after

pra = payments received after  
 rd = returns due  
 rda = returns due after  
 rfa = returns filed after  
 roa = rentals occurring after (for returns open on date of first committee action)  
 sa = severances after  
 sea = sales or exchanges after  
 sepda = sales and exchanges, and certain partnership distributions after  
 spi = services performed in  
 ta = transactions after  
 Ta = transfers after  
 tyba = taxable years beginning after  
 tyea = tax years ending after  
 tybo/a = taxable years beginning on or after  
 tsoaiTg = tax shelters offered after issuance of Treasury guidance  
 voo/a = violations occurring on or after  
 wpoifhma = wages paid or incurred for hires made after  
 30da = 30 days after  
 90da = 90 days after

- [1] Considers interaction with HOPE tax credit proposal.  
 [2] Loss of less than \$500,000.  
 [3] Considers interaction with AD IRA proposal.  
 [4] Revenue estimate includes interactions with other educational savings provisions.  
 [5] Estimate includes interaction with welfare-to-work tax credit.  
 [6] All D.C. tax initiatives are contingent on the creation of an Economic Development Corporation in 1997; estimate assumes creation of such an economic development corporation and enactment of reforms to D.C. borrowing authority similar to that in the Administration's package.  
 [7] Gain of less than \$500,000.  
 [8] Loss of less than \$1 million.  
 [9] Considers interaction with proposal to allow bakery drivers to be treated as independent contractor for employment tax purposes.  
 [10] Estimate provided by the Congressional Budget Office.  
 [11] Assumes prior or concurrent passage of legislation to allow Virgin Island financing on parity basis.  
 [12] This proposal may also have outlay effects through interaction with Federal farm programs.  
 [13] Provision would be effective for taxable years ending after the date of first committee action, for new suspense accounts, and taxable years beginning after that date for existing accounts. Balances in new accounts would be included in income over a 10-year period, and balances in existing accounts over a 20-year period. For existing accounts, the amounts included in income in any year would not exceed 50% of the taxable income of the taxpayer before the inclusion.  
 [14] Proposal may have outlay effects.  
 [15] Gain of less than \$1 million.