

ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION PROVISIONS
 AS APPROVED BY THE
 COMMITTEE ON WAYS AND MEANS ON MAY 13, 1993

Fiscal Years 1994-1998

[Millions of Dollars]

Provision	Effective	1994	1995	1996	1997	1998	1994-98
I. REVENUE-RAISING PROVISIONS							
A. Individual Income and Estate and Gift Tax Provisions							
1. Increase tax rates paid by high-income individuals (1).....	1/1/93	26,083	17,572	20,590	24,584	26,263	115,091
[a.] Add fourth bracket at 36% rate for taxable income over \$140,000 (joint), \$127,500 (head of household), \$115,000 (single).							
[b.] Impose a 10% surtax on regular taxable income over \$250,000 (not applicable to capital gains). [c.] Increase minimum tax rate to 26% for AMTI of less than \$175,000 and 28% for AMTI over \$175,000; increase AMTI exemption to \$45,000 (joint) and \$37,500 (single). [d.] Extend itemized deduction limitation and personal exemption phaseout scheduled to expire for 1996 and 1997, respectively.							
2. Repeal Health Insurance (HI) wage base cap (2).....	1/1/94	2,750	6,030	6,374	6,808	7,200	29,161
3. Reinstate top estate and gift tax rates at 53% and 55%.....	1/1/93	475	512	553	598	647	2,785
4. Reduce deductible portion of business meals and entertainment from 80% to 50%.....	1/1/94	1,823	3,124	3,287	3,448	3,605	15,287
5. Deny deduction for club dues.....	1/1/94	128	220	229	240	251	1,068
6. Deny deduction for executive pay over \$1 million.....	1/1/94	42	55	57	76	105	335
7. Reduce compensation that can be taken into account for purposes of benefits and contributions under qualified retirement plans to \$150,000 in 1994 (1993 cap is \$235,840).....	1/1/94	174	542	555	556	556	2,383
8. Disallow moving expense deduction for meals and real estate expenses.....	1/1/94	36	362	381	407	442	1,627
9. Individual estimated tax simplification.....	1/1/94	-1,900	--	--	2,600	--	700

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10. Increase taxable portion of Social Security and Railroad Retirement Tier 1 benefits.....	1/1/94	2,859	6,104	6,891	7,683	8,462	31,998
B. Provisions Affecting Businesses							
1. Increase corporate tax rate to 35% for taxable income above \$10 million (phaseout benefit of 34% rate beginning at \$15 million) (3).....	1/1/93	4,404	2,808	2,943	3,080	3,186	16,421
2. Deny deduction for lobbying expenses.....	e/a 12/31/93	99	170	179	187	193	829
3. Require mark-to-market accounting method for dealers in securities.....	tyeo/a 12/31/93	828	799	808	820	562	3,817
4. Prohibit double-dip related to FSLIC assistance (4).....	3/4/91	142	92	2	172	254	661
5. Extend and modify corporate estimated tax rules.....	tyba 12/31/93	2,116	428	59	4,279	929	7,810
6. Limit section 936 credit.....	tyba 12/31/93	108	514	1,536	2,268	2,261	6,688
7. Modify earnings stripping, portfolio interest, and conduit rules.....	tyba 12/31/93	63	78	83	88	93	405
C. Foreign Tax Provisions							
1. Repeal deferral for excessive accumulated foreign earnings.....	tyba 9/30/93	70	146	176	188	199	779
2. Allocate 50% of R&E expenses to place of performance, remainder as in recent statutory rules.....	(5)	-287	-501	-572	-601	-632	-2,592
3. Revise foreign tax credit for oil and gas and shipping income.....	tyba 12/31/92	622	440	461	486	510	2,520
4. Transfer pricing compliance initiative (enhanced penalty provision).....	tyba 12/31/93	73	73	73	73	73	366
D. Energy and Motor Fuels Provisions							
1. Modified BTU tax (including diesel compliance and import amendments) [Rates - per million BTU: Base \$0.268, Petroleum \$0.610].....	7/1/94	2,069	10,015	16,341	20,751	22,351	71,528
2. Extend 2.5 cents/gallon motor fuels tax (10/1/95 - 9/30/99); transfer revenues to Highway Trust Fund (6).....	10/1/95	--	--	2,595	2,670	2,651	7,916
3. Increase inland waterways fuel tax.....	1/1/94	9	47	101	153	175	486
E. Compliance Provisions							
1. Service industry non-compliance initiative.....	1/1/94	26	89	94	99	103	411
2. Modified substantial understatement penalty.....	1/1/94	84	104	101	94	85	469
3. Raise standard for tax shelter and preparer penalties.....	1/1/94	--	--	--	--	--	--
4. Information reporting for discharge of indebtedness for FDIC, RTC, and financial institutions.....	DoE	115	115	102	82	75	490
5. Use of Harbor Maintenance Trust Fund for administrative expenses.....	tya DoE	(7)	(7)	(7)	(7)	(7)	(7)
F. Intangibles							
1. Amortization of acquired intangible assets (14 years).....	DoE (8)	38	300	454	586	720	2,097

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G. Miscellaneous Revenue-Raising Provisions							
1. Substantiation and disclosure of charitable contributions (9).....	1/1/94	9	60	64	68	72	273
2. Expand 45-day interest rule for certain refunds (outlays) (2).....	1/1/94	4	46	64	64	64	242
3. Deny business travel deductions for spouse and dependents on non-business travel.....	1/1/94	2	20	21	23	24	90
4. Increase withholding rate on bonuses to 28%.....	1/1/94	188	9	10	10	11	228
SUBTOTAL: REVENUE-RAISING PROVISIONS.....		43,252	50,373	64,612	82,640	81,490	322,369
II. INVESTMENT AND TRAINING PROVISIONS							
A. Education and Training Provisions							
1. Extend employer-provided educational assistance permanently (10).....	7/1/92	-641	-490	-520	-552	-586	-2,789
2. Targeted jobs tax credit and youth apprenticeship program:							
a. Extend targeted jobs tax credit permanently.....	7/1/92	-282	-303	-357	-403	-444	-1,788
b. Youth apprenticeship credit.....	1/1/94	-14	-51	-104	-168	-232	-570
B. Investment Incentives							
1. Extend research and experimentation credit permanently.....	7/1/92	-2,169	-1,534	-1,835	-2,102	-2,337	-9,977
2. Targeted capital gains incentives for investment in small businesses.....	1/1/93	-17	-124	-206	-276	-329	-952
3. Modify AMT depreciation schedule.....	ppisa 12/31/93	-507	-1,664	-2,421	-2,198	-2,151	-8,941
4. Increase section 179 expensing to \$25,000.....	tyba 12/31/92	-3,949	-1,693	-1,223	-815	-462	-8,141
5. Exempt high-speed rail bonds from private activity bond caps.....	1/1/94	-4	-17	-35	-56	-67	-180
6. Extend small-issue manufacturing and agricultural bonds permanently.....	7/1/92	-16	-33	-48	-60	-70	-227
C. Expansion and Simplification of Earned Income Tax Credit (EITC) (11).....							
	1/1/94	-397	-4,328	-7,571	-7,860	-8,180	-28,336
D. Real Estate Investment Provisions							
1. Extend mortgage revenue bonds permanently.....	7/1/92	-69	-136	-192	-240	-277	-914
2. Extend low-income housing credit permanently.....	7/1/92	-373	-597	-938	-1,296	-1,660	-4,864
3. Provide passive loss relief for real estate professionals.....	1/1/94	-304	-557	-525	-587	-685	-2,658
4. Facilitate pension investments in real estate.....	1/1/94	-46	-60	-63	-68	-73	-310
5. Treatment of certain real property business indebtedness of individuals.....	1/1/93	-138	-110	-60	-30	-28	-366
6. Increase recovery period for non-residential real property to 39 years.....	ppiso/a 2/25/93	125	355	659	1,038	1,397	3,574

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E. Luxury Excise Tax; Diesel Fuel Tax for Motorboats							
1. a. Repeal luxury excise tax on boats, aircraft, jewelry, and furs.....	1/1/93	-69	-46	-49	-52	-55	-270
b. Index luxury excise tax on automobiles for inflation (12).....	1/1/93	-98	-124	-179	-237	-300	-938
2. Impose excise tax on diesel fuel used in noncommercial motorboats.....	1/1/94	21	30	28	28	29	137
F. Other Provisions							
1. Extend AMT treatment of gifts of appreciated property to charities permanently.....	(13)	-100	-77	-78	-80	-82	-417
2. Extend General Fund transfer to Railroad Retirement Tier 2 Fund permanently.....	(2)	----- No Revenue Effect -----					
3. Extend 25% deduction for self-employed health insurance for individuals through 12/31/93.....	7/1/92	-566	--	--	--	--	-566
G. Empowerment Zones and Enterprise Communities (14).....	1/1/94	-623	-1,041	-1,141	-1,207	-1,264	-5,276
SUBTOTAL: INVESTMENT AND TRAINING PROVISIONS.....		-10,236	-12,600	-16,858	-17,221	-17,856	-74,769
III. OTHER REVENUE PROVISIONS							
A. Disclosure Provisions							
1. Extend tax information access for Department of Veterans Affairs (through 9/30/98).....	10/1/97	--	--	--	--	136	136
2. Access to tax information by the Department of Education (through 9/30/98).....	DoE	--	--	--	--	--	---
3. Access to tax information by the Department of Housing and Urban Development (through 9/30/98).....	DoE	--	--	--	--	--	---
B. User Fee Provision							
1. BATF user fees for alcohol labeling and formula applications (2).....	90 days after DoE	5	5	5	5	5	25
C. Increase in Public Debt Limit.....	DoE	--	--	--	--	--	---
D. Vaccine Provisions							
1. Permanent extension of vaccine excise tax.....	DoE	147	154	154	139	133	727
2. Childhood immunization entitlement.....	--	--	-500	-520	-535	-550	-2,105
SUBTOTAL: OTHER REVENUE PROVISIONS.....		152	-341	-361	-391	-276	-1,217

Provision	Effective	1994	1995	1996	1997	1998	1994-98
NET TOTAL.....		33,168	37,432	47,393	65,028	63,358	246,383

Joint Committee on Taxation

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

Legend for "Effective" column: e/a = expenses after
 fya = fiscal years after
 ppisa = property placed in service after
 ppiso/a = property placed in service on or after
 tyba = taxable years beginning after
 tyeo/a = taxable years ending on or after

- (1) Effective 1/1/93, but no penalties for underwithholding or estimated tax in 1993; indexing of 36% rate and surtax brackets effective 1/1/95. Estimate includes provisions to prevent conversion of ordinary income to capital gains.
- (2) Estimate for this provision provided by the Congressional Budget Office (CBO).
- (3) Effective 1/1/93, but no penalties for underwithholding or estimated tax in 1993.
- (4) Because the provision to prohibit double-dipping by thrifts receiving Federal financial assistance affects both Federal revenues and outlays, the net budget effects of this proposal are included in this table. The estimate includes an increase in outlays of \$136 million in 1994, a decrease of \$14 million in 1995, an increase of \$29 million in 1996, an increase of \$95 million in 1997, and an increase of \$109 million in 1998. According to CBO, Budget Act requirements may prohibit counting this provision for pay-as-you-go purposes.
- (5) Effective at expiration of Rev. Proc. 92-56, which is generally the third taxable year beginning after 8/1/91.
- (6) Revenues from the 2.5-cent-per-gallon tax on diesel used in trains would be retained in the General Fund, as would 2.5 cents per gallon of the tax on motorboat, small-engine, and nonhighway recreational fuels.
- (7) Subject to passage of legislation to appropriate funds from the Harbor Maintenance Trust Fund. Revenue effect of the provision: \$3 million in 1995, \$9 million in 1996, \$11 million in 1997, and \$12 million in 1998, for a total of \$35 million over the budget period 1994-1998 (estimate does not include effect on outlays).
- (8) Taxpayer may elect to apply the bill to all property acquired after 7/25/91. Estimate also includes a provision affecting payments to partners retiring or dying on or after 1/5/93.
- (9) Substantiation requirement for charitable contributions in excess of \$750; disclosure related to quid pro quo contributions.
- (10) FICA outlay portion of estimate (off budget): \$176 million for 1994, \$193 million for 1995, \$204 million for 1996, \$217 million for 1997, and \$230 million for 1998; HI outlay portion (on budget): \$40 million for 1994, \$44 million for 1995, \$47 million for 1996, \$49 million for 1997, and \$52 million for 1998.
- (11) Estimate includes outlays of \$339 million in 1994, \$3,735 million in 1995, \$6,895 million in 1996, \$7,191 million in 1997, and \$7,518 million in 1998.
- (12) Estimate includes the effects of (i) exempting demonstrator cars from the luxury tax, effective 1/1/93, and (ii) exempting equipment installed on vehicles for use by disabled individuals, effective 1/1/91.
- (13) Effective for contributions of tangible personal property made after 6/30/92, and for contributions of all property made after 1992.
- (14) Estimate includes specialized small business investment company (SSBIC) provisions.