- Committee on Finance -
ESTIMATED REVENUE EFFECTS OF A MODIFIED CHAIRMAN'S MARK OF EDUCATION TAX INCENTIVES IN AN ORIGINAL BILL,
THE "AFFORDABLE EDUCATION ACT OF 1999"

Fiscal Years 2000 - 2009

[Millions of Dollars]

Provision	Effective	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-04	2000-09
Education Relief Provisions:													
1. Education IRAs - increase the annual contribution limit to $2,000; expand the definition of qualified education expenses to include qualified elementary and secondary education expenses; sunset 12/31/03; allow education IRA contributions for special needs beneficiaries above the age of 18; allow corporations and other entities to contribute to education IRAs; allow contributions until April 15 of the following year; and allow a taxpayer to exclude ED IRA distributions from gross income and claim the HOPE or Lifetime Learning credits as long as they are not used for the same expenses; coordination with HOPE/Lifetime Learning credits sunsets 12/31/03 (thereafter earnings withdrawn do not receive tax-free treatment if HOPE/Lifetime Learning credit is claimed)	tyba 12/31/99	-50	-164	-251	-337	-355	-290	-278	-257	-226	-179	-1,156	-2,387
2. Qualified Tuition Plans - tax-free distributions from State plans; and allow private institutions to offer prepaid tuition plans, tax-deferred in 2000, with tax-free distributions beginning in 2004; allow a taxpayer to exclude State plan distributions from gross income and claim the HOPE or Lifetime Learning credits as long as they are not used for the same expenses; coordination with HOPE/Lifetime Learning credits sunsets 12/31/03 (thereafter earnings withdrawn do not receive tax-free treatment if HOPE/Lifetime Learning credit is claimed)	tyba 12/31/99	-6	-22	-38	-57	-76	-94	-123	-152	-180	-209	-200	-959
3. Employer Provided Assistance - extend the exclusion for undergraduate courses through 6/30/04; add the exclusion for graduate level courses from 1/1/00 through 6/30/04	1/1/00	-254	-510	-598	-637	-455	-122	---	---	---	---	-2,454	-2,577
4. Student Loan Interest - eliminate the 60 month rule for interest paid after 12/31/99	ipa 12/31/99	-16	-64	-69	-71	-74	-77	-78	-79	-87	-94	-295	-709

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5. Eliminate the tax on awards under the National Health Corps Scholarship program and F. Edward Hebert Armed Forces Health Professions Scholarship program	tyba 12/31/93	-2	-1	-1	-1	[1]	[1]	-1	-1	-1	-1	-5	-8
6. Increase arbitrage rebate exception for governmental bonds used to finance qualified school construction from $10 million to $15 million	bia 12/31/99	[1]	-2	-4	-5	-13	-14	-14	-15	-16	-17	-25	-102
7. Issuance of tax-exempt private activity bonds for qualified education facilities with annual volume cap the greater of $10 per resident or $5 million	bia 12/31/99	-4	-16	-33	-52	-76	-103	-133	-163	-192	-220	-181	-992
8. Allow Federal Home Loan Bank to guarantee school construction bonds, capped at $500 million annually	bia 12/31/99	[1]	-1	-1	-1	-2	-2	-3	-3	-3	-3	-5	-19
Total of Education Relief Provisions...		**-332**	**-780**	**-995**	**-1,161**	**-1,051**	**-702**	**-630**	**-670**	**-705**	**-723**	**-4,321**	**-7,753**
Possible Revenue Offset Provisions:													
1. 1-year carryback of foreign tax credits and 7-year carryforward	cai tyba 12/31/01	---	---	94	596	533	496	464	431	295	269	1,223	3,178
2. Limit use of non-accrual experience method of accounting to amounts to be received for the performance of qualified professional services	tyea DOE	12	77	60	33	28	10	12	14	16	18	210	280
3. Information reporting on cancellation of indebtedness by non-bank financial institutions	coda 12/31/99	---	7	7	7	7	7	7	7	7	7	28	63
4. Extension of IRS user fees through 9/30/09 [2]	9/30/03	---	---	---	---	50	53	56	59	61	64	50	343
5. Clarify the meaning of "subject to" liabilities under section 357(c)	to/a 10/19/98	19	14	16	18	20	22	24	26	28	30	87	217
6. Deny deduction for charitable split dollar life insurance	[3]	13	13	14	15	15	16	17	18	19	20	70	159
7. Allow employers to transfer excess defined benefit plan assets to a special account for health benefits of retirees (through 9/30/09)	tmi tyba 12/31/00	---	19	38	39	40	41	42	42	43	44	136	348
8. Impose limitation on pre-funding of certain employee benefits	cpa DOE	81	141	147	149	140	129	118	105	90	74	659	1,175
9. Repeal installment method for most accrual basis taxpayers; adjust pledge rules	iseio/a DOE	477	677	406	257	72	8	21	35	48	62	1,889	2,063
10. Include the Streptococcus Pneumonia vaccine in the Federal vaccine insurance program	[4]	4	7	9	10	10	10	10	10	10	11	39	91
Total of Possible Revenue Offset Provisions...		**606**	**955**	**791**	**1,124**	**915**	**792**	**771**	**747**	**617**	**599**	**4,391**	**7,917**
NET TOTAL...		**274**	**175**	**-204**	**-37**	**-136**	**90**	**141**	**77**	**-88**	**-124**	**70**	**164**

Joint Committee on Taxation

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

Legend and Footnotes for JCX-23-99:

Legend for "Effective" column:

bia = bonds issued after
cai = credits arising in
coda = cancellation of indebtedness after
cpa = contributions paid after
DOE = date of enactment
ipa = interest paid after

iseio/a = installment sales entered into on or after
tmi = transfers made in
to/a = transfer on or after
tyba = taxable years beginning after
tyea = taxable years ending after

[1] Loss of less than $500,000.
[2] Estimate provided by the Congressional Budget Office.
[3] Effective for transfers made after 2/8/99 and for premiums paid after the date of enactment.
[4] Effective for vaccine purchases the day after the date on which the Centers for Disease Control make final recommendation for routine administration of conjugated Streptococcus Pneumonia vaccines to children.