

- Senate Finance Committee -
**ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION PROVISIONS OF CHAIRMAN'S MARK
 SCHEDULED FOR MARKUP IN THE SENATE FINANCE COMMITTEE ON OCTOBER 18, 1995**

Fiscal Years 1996 - 2005

[Millions of Dollars]

Item	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02	1996-05
I. Family Tax Relief											
A. \$500 Tax Credit for Children Under Age 18.....	tybo/a 1/1/96	-4,449	-22,290	-22,515	-22,731	-22,942	-23,140	-23,340	-94,927	-141,407	-212,645
B. Credit for Adoption Expenses; Exclusion for Adoption Expenses.....	tybo/a 1/1/96	-27	-283	-303	-325	-346	-347	-348	-1,284	-1,978	-3,026
C. Marriage Penalty Relief: Increase standard deduction for joint returns to 200% of single by 2005.....	tybo/a 1/1/96	-137	-612	-1,079	-1,787	-2,196	-2,746	3,720	-5,811	-12,277	-28,567
D. Student Loan Interest Credit (\$500 per person not to exceed \$1,000 per return)...	1/1/96	-51	-146	-151	157	-162	-168	-174	-668	-1,009	-1,568
Total for Family Tax Relief.....		-4,664	-23,331	-24,048	-25,000	-25,646	-26,401	-27,582	-102,690	-156,671	-245,806
II. Increase Savings and Investment											
A. Individual Retirement Arrangements (increase deductible IRA income limits; adopt back-end IRAs; and increase spousal IRAs).....	tybo/a 1/1/96	-262	-638	-337	-1,190	-1,922	-3,445	-4,931	-4,349	-12,725	-33,963
B. Adopt SIMPLE pension plan.....	yba 12/31/95	-46	-71	-73	-75	-78	-80	-84	-343	-507	-775
C. Capital Gains Reforms: (a) 50% deduction for individuals; (b) maximum rate of 28% for corporations; (c) collectibles - 28% maximum rate; (d) one-half of deduction in minimum tax; and (e) 75% deduction for venture capital investments:											
1. Corporate.....	sa 10/13/95	-1,009	-893	-912	-945	-971	-1,011	-1,071	-4,730	-6,812	-10,248
2. Individual.....	sa 10/13/95	3,950	-2,285	-5,674	-6,882	-7,296	-7,455	-7,835	-18,187	-33,477	-59,498

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D. Alternative Minimum Tax (AMT) Reform: Conform AMT depreciation methods to regular tax recovery methods (effective ppisa 12/31/95); allow taxpayers to take certain minimum tax credits against minimum tax (effective tyba 12/31/95).....	---	-856	-1,875	-2,017	-1,748	-1,125	-821	-794	-7,621	-9,236	-11,241
E. Modify Depreciation for Small Motor Fuel/Convenience Store Outlets.....	ppiso/a/b DOE	-1	-4	-23	-26	-29	-16	-19	-83	-118	-191
F. Allow for Tax-Free Conversion of Common Trust Funds to Mutual Funds.....	1/1/96	-4	-9	-8	-8	-8	-8	-8	-37	-52	-78
Total for Increase Savings and Investment.....		1,772	-5,775	-9,044	-10,874	-11,429	-12,836	-14,742	-35,350	-62,927	-115,994
III. Health Care-Related Provisions											
A. Treatment of Long-Term Care Insurance.....	1/1/96	-886	-990	-1,209	-1,386	-1,575	-1,798	-2,040	-6,047	-9,885	-17,552
B. Tax Treatment of Accelerated Death Benefits under Life Insurance Contracts.....	1/1/96	-5	-50	-82	-128	-166	-207	-249	-431	-887	-1,971
C. Permit Medical Savings Accounts.....	1/1/96	-58	-122	-156	-194	-236	-259	-283	-765	-1,308	-2,306
D. Increase Tax-free Death Benefit Limit on Burial Insurance Policies.....	1/1/96	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
E. Treat Certain Health Insurers Similar to Blue Cross/Blue Shield Organizations.....	tyea 10/13/95	-1	-1	-1	-1	-1	-1	-1	-6	-8	-12
Total for Health Care Related Provisions.....		-950	-1,163	-1,448	-1,709	-1,978	-2,265	-2,573	-7,249	-12,088	-21,841
IV. Estate Tax Reform											
A. Reduction in Estate Taxes for Qualified Businesses After Unified Credit Increase..	dda 12/31/95	---	-589	-698	-821	-965	-1,132	-1,313	-3,073	-5,517	-11,105
B. Phaseup Unified Credit to \$750,000 by 2001.....	dda/gma 12/31/95	---	-333	-663	-1,020	-1,401	-1,805	-2,144	-3,417	-7,366	-14,790
C. Provide a 50% Exclusion From Estate Taxes for Property Donated Subject to a Conservation Easement.....	dda 12/31/95	---	-45	-50	-55	-64	-71	-79	-214	-364	-653
D. Technical Modification to the Generation Skipping Transfer Tax.....	gsta 12/31/94	-3	-4	-4	-4	-4	-4	-4	-19	-27	-41
E. Clarify Cash Leases Under Section 2032A.....	cla 12/31/95	---	-2	-2	-2	-2	-2	-2	-8	-12	-18
Total for Estate Tax Reform.....		-3	-973	-1,417	-1,902	-2,436	-3,014	-3,542	-6,731	-13,286	-26,607
TOTAL FOR SECTIONS I, II, III, AND IV.....		-3,845	-31,242	-35,957	-39,485	-41,489	-44,516	-48,439	-152,020	-244,972	-410,248

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V. Expiring Tax Provisions											
A. Provisions Extended Through											
2/28/97:											
1. Work opportunity tax credit [2].....	1/1/96	-67	-122	-86	-38	-15	-4	---	-327	-332	-332
2. Employer-provided educational assistance.....	1/1/95	-731	-404	-65	---	---	---	---	-1,201	-1,201	-1,201
3. R&E credit, with modifications.....	7/1/95	-1,149	-842	-449	-285	-177	-60	-7	-2,902	-2,969	-2,969
4. Reinstate tax-free treatment of employer-provided group legal services.....	1/1/96	-73	-45	---	---	---	---	---	-118	-118	-118
5. Orphan drug tax credit.....	1/1/95	-37	-12	-4	-2	-1	[1]	[1]	-56	-57	-57
6. Contributions of appreciated stock to private foundations.....	1/1/95	-47	-76	-14	-5	---	---	---	-142	-142	-142
7. Commercial Aviation Fuel: extend 4.3 cents/gallon exemption.....	10/1/95	-417	-187	---	---	---	---	---	-604	-604	-604
8. Suspend tax on diesel fuel for recreational boats.....	1/1/96	-24	-16	-4	-3	-1	---	---	-48	-48	-48
B. Extend Excise Tax Refund Authority for Alcohol Fuels Blenders Through 9/30/99.....	10/1/95	----- Negligible Revenue Effect -----									
C. Diesel Dyeing Exemption for Alaska During Period of Clean Air Act Exemption.....	[3]	-1	[1]	---	---	---	---	---	-1	-1	-1
D. Extend Section 29 Binding Contract Date to 12/31/96 and Placed-In-Service Date to 12/31/97 for Biomass and Coal.....	DOE	---	-17	-94	-137	-135	-139	-146	-383	-668	-1,152
E. Superfund and Oil Spill Liability Taxes:											
1. Extend Superfund excise taxes through 9/30/02.....	DOE	198	641	651	663	676	691	683	2,830	4,204	4,226
2. Extend Superfund AMT (through 12/31/97) [4].....	DOE	300	503	202	---	---	---	---	1,005	1,005	1,005
3. Extend oil spill tax through 9/30/02 (leave billion dollar cap).....	1/1/96	---	---	---	---	---	60	60	---	120	120
F. Expatriation Tax Provisions.....	2/6/95	21	37	63	97	139	181	216	357	754	1,574
Total for Expiring Tax Provisions.....		-2,027	-540	200	290	486	729	806	-1,590	-57	301

VI. TAXPAYER BILL OF RIGHTS 2

1. Expand IRS authority to abate interest.....	DOE	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[6]	[6]	[7]
2. Tax Court review of IRS failure to abate interest.....	raa DOE	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[6]	[6]	[7]

Item	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02	1996-05
3. Substitute joint returns for separate returns without full payment of separate return tax liability.....	tyba DOE	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[6]	[6]	[7]
4. Increase in amount of property exempt from levy.....	lia 12/31/95	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[6]	[6]	[7]
5. Modify offers-in-compromise rule.....	DOE	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[6]	[6]	[7]
6. Allow litigation cost recoveries in declaratory judgment proceedings....	pca DOE	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[6]	[6]	[7]
7. Enrolled agents included as third-party recordkeepers for purposes of receiving designated summonses.....	sia DOE	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[6]	[6]	[7]
8. New safeguards relating to designated summonses.....	sia DOE	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[6]	[6]	[7]
9. Annual reminders to taxpayers with delinquent accounts.....	1/1/96	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[9]	[9]	[9]
10. Expand court discretion to reduce award for litigation costs for failure to exhaust administrative remedies.....	pca DOE	-1	-1	-1	-1	-1	-1	-1	-5	-7	-10
Total for Taxpayer Bill of Rights 2.....		-3	-3	-3	-3	-3	-3	-3	-18	-20	-31

VII. CASUALTY AND INVOLUNTARY CONVERSION PROVISIONS

1. Modify basis adjustment rules under section 1033.....	ica 9/13/95	2	4	6	9	14	20	29	35	84	225
2. Modify the exception to the related-party rule of section 1033 for individuals to only provide an exception for de minimis amounts (\$100,000).....	ica 9/13/95	1	2	4	6	8	11	13	21	45	96
3. Provide that a taxpayer may elect to include in income crop insurance proceeds and disaster payments in the year of the disaster or in the following year.....	pra 12/31/92	2	-1	-1	-1	-1	-1	-1	-2	-4	-6
4. Change involuntary conversion rules for Presidentially declared disaster areas.....	DDA 12/31/94	-6	-14	-10	-10	-10	-10	-10	-50	-70	-100
Total for Casualty and Involuntary Conversion Provisions.....		-1	-9	-1	4	11	20	31	4	55	215

VIII. TAX EXEMPT AND CHARITABLE REFORMS

1. Provide tax-exempt status to common investment funds.....	tyea 12/31/95	-4	-6	-6	-7	-7	-7	-8	-29	-45	-70
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Item	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02	1996-05
2. Change charitable corporate sponsorship rules.....	1/1/96										
3. Treatment of dues paid to agricultural or horticultural organizations.....	tyba 12/31/94										
4. Repeal tax credit for contributions to special Community Development Corporations.....	DOE	1	1	2	2	2	2	2	8	12	18
5. Notice to charitable beneficiaries for certain gifts.....	tca 12/31/95										
6. Football coaches' pension plan clarification.....	[10]										
Total for Tax Exempt and Charitable Reforms.....		-3	-5	-4	-5	-5	-5	-6	-21	-33	-52

IX. CORPORATE, OTHER REFORMS AND MISCELLANEOUS PROVISIONS

1. Reform the tax treatment of certain corporate stock redemptions.....	da 5/3/95	-83	-100	-17	84	209	343	437	93	873	2,444
2. Require corporate tax shelter reporting.....	atsotppa DOE	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[12]	[12]	[13]
3. Disallow interest deduction for corporate-owned life insurance policy loans; modification of treatment of deferred acquisition costs for surrendered policies.....	ipoaa 10/13/95	134	372	594	802	966	1,539	2,005	2,868	6,412	12,314
4. Phaseout preferential tax deferral for certain large farm corporations required to use accrual accounting...	[14]	26	37	38	39	40	41	42	179	261	392
5. Section 936: (a) Phaseout income-based credit from 1999 through 2001; (b) eliminate economic activity credit in 2002; (c) eliminate credit for new QPSII, permit credit for maximum of five years on old QPSII; (d) no credit method change after 1995; and (e) elimination of credit for certain U.S. possessions in 2005.....	[15]	220	250	315	432	551	662	2,131	1,768	4,561	14,533
6. Corporate accounting -- reform of income forecast method.....	ppisa 9/13/95	32	69	29	13	14	16	19	157	192	273
7. Provide 3-year amortization of intrastate operating rights of truckers.....	tyeo/a 1/1/95	-11	-14	-8	-4				-37	-37	-37

Item	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02	1996-05
8. Permit corporate pension transfers to fund employee benefits (generally includes ERISA covered benefits).....	DOE	1,591	1,499	916	471	295	135	46	4,772	4,953	4,846
9. Modify exclusion of damages received on account of personal injury or sickness:											
a. Treat all punitive damages as taxable.....	ama 12/31/95	3	4	6	7	7	7	8	27	42	66
b. Include in income damage recoveries for non-physical injuries.....	ama 12/31/95	31	47	49	52	54	57	60	233	350	548
10. Require tax reporting for payments to attorneys.....	pma 12/31/95	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[12]	[12]	[13]
11. Disallow rollover under section 1034 to extent of previously claimed depreciation for home office or other depreciable use of residence.....	tyea 12/31/95	1	3	4	5	6	8	9	19	35	69
12. Provide that rollover of gain on sale of a principal residence cannot be elected unless the replacement property purchased is located within the United States (limited to non-citizens who terminate residence within 2 years).....	sea 12/31/95	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]
13. Repeal exemption for withholding on gambling winnings from bingo and keno, where proceeds exceed \$5,000.....	1/1/96	20	6	6	6	6	7	7	45	58	80
14. Repeal advance refunds of diesel fuel tax for diesel cars and light trucks.....	12/31/95	8	19	19	19	19	19	19	84	122	179
15. Apply failure to pay penalty to substitute returns.....	DOE	1	3	29	30	32	33	35	95	163	278
16. Modify treatment of foreign trusts.....	[16]	93	162	171	180	188	197	206	794	1,197	1,879
17. Repeal 50% interest income exclusion for financial institution loans to ESOPs.....	lma 10/13/95	27	69	109	149	187	224	261	541	1,026	2,019
18. Repeal the wine and flavors excise tax credit.....	1/1/96	58	87	92	97	102	107	113	436	655	1,024
19. Provide for flow through treatment for Financial Asset Securitization Investment Trusts (FASITs).....	DOE	34	18	10	5	2	---	-2	69	67	49
20. Tax-free treatment of contributions in aid of construction for water utilities; change depreciation for water utilities.....	[17]	-16	-26	-12	4	19	32	43	-32	43	225

Item	Effective	1996	1997	1998	1999	2000	2001	2002	1996-00	1996-02	1996-05
21. Modify the ozone depleting chemicals tax for imported recycled halons.....	DOE	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[7]	[7]	[18]
22. Modify two county tax-exempt bond rule for local furnishers of electricity or gas.....	DOE	[11]	1	2	3	4	5	6	11	22	49
23. Provide tax-exempt bonds status for Alaska Power Administration sale.....	bia DOE	[1]	-1	-1	-1	-1	-1	-1	-5	-8	-12
24. Require that life insurance companies treat 85% of their capital losses from foreclosed real estate as ordinary losses spread over 10 years.....	tyba 12/31/94	6	[11]	-1	-2	-2	[11]	1	1	2	-7
25. Modify treatment of reachback companies under coal industry retiree tax [19].....	10/1/95	-43	-8	27	32	[20]	[20]	[20]	8	8	8
26. Clarify that newspaper carriers and other workers are independent contractors.....	spa 12/31/95	----- Negligible Revenue Effect -----									
Total for Corporate, Other Reforms and Miscellaneous Provisions.....		2,138	2,503	2,383	2,429	2,704	3,437	5,451	12,153	21,036	41,274
NET TOTALS.....		-3,741	-29,296	-33,382	-36,770	-38,296	-40,338	-42,160	-141,492	-223,991	-368,541

Joint Committee on Taxation

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

Legend for "Effective" column: ppisa = property placed in service after

sea = sales and exchanges after

sa = sales after

DOE = date of enactment

tyba = taxable years beginning after

tyea = taxable years ending after

ama = awards made after

ipoa = interest paid or accrued after

ica = involuntary conversion after

tybo/a = taxable years beginning on or after

yba = years beginning after

gsta = generation skipping transfers after

raa = requests for abatement after

cla = cash leases after

tyeo/a = taxable years ending on or after

ppiso/a/b DOE = property placed in service on, after, or before date of enactment

atsotppa DOE = any tax shelter offered to potential participants after date of enactment

lma = loans made after

dda = decedents dying after

dda/gma = decedents dying after and gifts made after

pra = payments received after

bia DOE = bonds issued after date of enactment

pca DOE = proceeding commenced after date of enactment

pra = payments received after

DDA = disasters declared after

da = distributions after

lia = levies issued after

sia = summonses issued after

tca = trusts created after

spa = services performed after

pma = payments made after

Footnotes for JCX-45-95 Revised:

- [1] Loss of less than \$500,000.
- [2] Credit rate at 35% on first \$6,000 of income; eligible workers expanded to include welfare cash recipients and veteran foodstamp recipients; 400 hour work requirement.
- [3] Effective as if included in the Omnibus Budget Reconciliation Act of 1993.
- [4] Estimates presented after interaction with Alternative Minimum Tax provisions and are shown net of offset with the corporate income tax.
- [5] Loss of less than \$1 million.
- [6] Loss of less than \$2 million.
- [7] Loss of less than \$5 million.
- [8] Gain of less than \$1 million.
- [9] Gain of less than \$5 million.
- [10] Generally effective as if included in Public Law 100-202 (i.e., years beginning after 12/22/87). Excise tax is payable in the first year beginning after the date of enactment.
- [11] Gain of less than \$500,000.
- [12] Gain of less than \$25 million.
- [13] Gain of less than \$30 million.
- [14] No new suspense accounts could be established in taxable years ending after 9/13/95. The income in existing suspense accounts would be recognized in equal installments over a 20-year period beginning with the first taxable year beginning after 9/13/95.
- [15] QPSII investments after 10/13/95 and date of enactment for other provisions generally.
- [16] Various effective dates depending on provisions.
- [17] Effective for amounts received after date of enactment and property placed in service after date of enactment.
- [18] Loss of less than \$10 million.
- [19] Estimate provided by the Congressional Budget Office. Includes indirect tax effects estimated by the Joint Committee on Taxation.
- [20] Negligible revenue effect.