

ESTIMATED REVENUE EFFECTS OF A MODIFICATION TO THE CHAIRMAN'S MARK OF  
THE "COMMUNITY RENEWAL AND NEW MARKETS ACT OF 2000,"  
SCHEDULED FOR MARKUP BY THE COMMITTEE ON FINANCE ON SEPTEMBER 27, 2000

Fiscal Years 2001 - 2010

[Millions of Dollars]

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
<b>Provisions in the Chairman's Mark Relating to Tax Incentives for Distressed Areas</b>													
A. Tax Incentives for Distressed Areas - extend present-law empowerment zone designations, including the D.C. Enterprise Zone, through 12/31/09; beginning in 2002, 30 new renewal zones to be treated the same as empowerment zones; beginning in 2002, 15% wage credit to all zones (2003 for the D.C. enterprise zone and 2005 for the Los Angeles and Cleveland zones); beginning in 2002, increase the additional section 179 expensing to \$35,000 for all zones; beginning in 2002, extend the more favorable round II tax exempt financing rules to all zones; provide all zones with a 0% capital gains rate on qualifying assets held more than 5 years subject to an aggregate \$25 million per taxpayer limit (beginning in 2002 for new zones) .....	DOE [1]	-1	-371	-742	-752	-851	-972	-1,090	-1,297	-1,680	-1,272	-2,717	-9,027
B. New Markets Tax Credit - provide new markets tax credit with allocation authority of \$1.0 billion in 2002, and \$1.5 billion in 2003 through 2006 .....	qima 12/31/01	---	-5	-21	-113	-225	-318	-371	-396	-406	-392	-365	-2,248
C. Low-Income Housing Tax Credit Cap and Related Program Modifications - increase per capita credit to \$1.75 in 2001 and indexed for inflation thereafter; \$2 million small State minimum beginning in 2001 and indexed for inflation thereafter; modify stacking rules; certain Native American housing assistance disregarded in determining whether building is Federally subsidized for purposes of the low-income housing credit .....	generally cyba 12/31/00	-17	-85	-206	-355	-519	-698	-893	-1,103	-1,330	-1,572	-1,181	-6,776
D. Private Activity Bond State Volume Limits - accelerate 5-year phasein of private activity bond volume cap ; increase State minimum to \$225 million in 2001; index for inflation thereafter .....	cyba 12/31/00	-31	-143	-261	-356	-440	-512	-567	-615	-665	-712	-1,231	-4,303
E. Mortgage Revenue Bonds - change purchase price limit to greater of 90% of average area purchase price or 3.5 times the applicable median family income .....	bia DOE	-4	-10	-18	-26	-36	-46	-58	-69	-81	-91	-93	-439

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F. Tax Credit for Renovating Historic Homes .....	epoiba 12/31/01	---	-91	-95	-95	-95	-95	-97	-97	-97	-101	-376	-863
G. Expensing of Environmental Remediation Expenditures and Expansion of Qualifying Sites - for expenditures incurred before 2004 ("Brownfields") .....	DOE & epoia DOE	-13	-97	-225	-165	-39	-1	5	17	17	12	-538	-489
H. Tax Credit Bonds for the National Railroad Passenger Corporation ("Amtrak") - \$1 billion tax credit bonds per year .....	bia 9/30/00	-13	-82	-156	-221	-290	-360	-429	-499	-569	-639	-762	-3,259
I. Tax Treatment of Alaska Native Settlement Trusts .....	DOE	-3	-3	-3	-3	-3	-3	-3	-3	-3	-4	-15	-32
J. Treatment of Indian Tribes as Non-Profit Organizations and State or Local Governments for Purposes of the Federal Unemployment Tax [2] .....	[3]	-20	-10	-9	25	2	2	[4]	2	1	[5]	-14	-9
K. Eliminate Tax on Awards Under National Health Service Corps Scholarship Program and F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program .....	eara 12/31/93	-2	-1	-1	[4]	[4]	-1	-1	-1	-1	-1	-4	-9
L. Broadband Internet Access Tax Credit .....	eia 12/31/00 & eia 12/31/01	-59	-343	-500	-433	-131	8	7	5	4	3	-1,467	-1,440
M. Contributions in Aid of Construction .....	ara DOE	-12	-19	-18	-17	-17	-16	-16	-15	-15	-15	-83	-160
<b>Total of Provisions in the Chairman's Mark Relating to Tax Incentives for Distressed Areas .....</b>		<b>-175</b>	<b>-1,260</b>	<b>-2,255</b>	<b>-2,511</b>	<b>-2,644</b>	<b>-3,012</b>	<b>-3,513</b>	<b>-4,071</b>	<b>-4,825</b>	<b>-4,784</b>	<b>-8,846</b>	<b>-29,054</b>
<b>Additional Provisions</b>													
A. Tax Relief for Farmers													
1. Farm, Fishing, and Ranch Risk Management ("FFARRM") Accounts .....	tyba 12/31/00	-3	-73	-136	-179	-146	-113	-66	-30	-6	-6	-539	-760
2. Written agreement relating to exclusion of certain farm rental income from net earnings from self-employment .....	tyba 12/31/00	[4]	-3	-3	-3	-3	-3	-3	-3	-3	-3	-11	-27
3. Treatment of Conservation Reserve Program payments as rental from real estate .....	pma 12/31/00	---	-73	-72	-73	-74	-75	-75	-76	-93	-100	-292	-711
4. Exemption of small issue agricultural bonds from state volume cap [6] .....	bia 12/31/00	[4]	[4]	[4]	-1	-1	-1	-2	-2	-2	-2	-2	-11
5. Modify section 512(b)(13) to exempt income received by a tax-exempt organization from certain subsidiaries when fair market value pricing is used, excess of fair market value subject to UBIT and 20% penalty tax, and extension of transition relief for certain binding contracts .....	DOE & proaa 12/31/00	-8	-11	-11	-11	-11	-12	-12	-12	-13	-13	-52	-114
6. Extend section 170(e)(3) enhanced deduction for contributions of food inventory to all farmers; allow farmers to claim a basis of one-half of the fair market value; sunset for taxable years beginning after 12/31/03 .....	tyba 12/31/00	-58	-118	-151	-82	-4	---	---	---	---	---	-413	-413
7. Coordinate farm income averaging and the AMT and provide the same income averaging relief to commercial fishermen .....	tyba 12/31/00	-1	-2	-2	-2	-3	-3	-4	-5	-6	-7	-9	-33
8. Cooperative marketing included value-added processing through animals .....	tyba DOE	-1	-1	-2	-3	-4	-5	-6	-8	-10	-13	-11	-53
9. Declaratory judgment relief for section 521 cooperatives .....	DOE	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

----- Revenue Effects Included in Line Above -----

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
10. Modify small ethanol producer credit .....	tyba DOE	-21	-32	-32	-32	-32	-32	-32	-32	-32	-32	-148	-308
11. Modification of payments of dividends on stock of cooperatives without reducing patronage dividends .....	di tyba DOE	[4]	[4]	-1	-1	-1	-1	-2	-2	-3	-4	-3	-16
Total of Tax Relief for Farmers .....		-92	-313	-410	-387	-279	-245	-202	-170	-168	-180	-1,480	-2,446
<b>B. Energy Proposals</b>													
1. Election to expense geological and geophysical expenditures and delay rental payments .....	tyba 12/31/01	---	-60	-83	-75	-77	-72	-64	-63	-65	-67	-295	-627
2. 5-year net operating loss carryback for losses attributable to operating mineral interests of independent oil and gas producers .....	tyba 12/31/01	---	-41	-64	-70	-74	-74	-73	-72	-71	-70	-249	-609
3. Temporary suspension of limitation based on 65% of taxable income through 12/31/03 .....	tyba 12/31/00	-32	-51	-53	-19	---	---	---	---	---	---	-155	-155
4. Tax credit for marginal domestic oil and gas well production .....	tyba 12/31/00	---	-8	-4	---	---	---	---	---	---	---	-12	-12
5. Clarify application of the 7-year cost recovery period for natural gas gathering lines .....	ppiso/a DOE	----- Negligible Revenue Effect -----											
6. Exclude income from the transportation of oil and natural gas by pipeline from Subpart F income .....	tyba 12/31/01	---	-1	-4	-13	-15	-17	-20	-23	-25	-28	-33	-146
Total of Energy Proposals .....		-32	-161	-208	-177	-166	-163	-157	-158	-161	-165	-744	-1,549
<b>C. Conservation Proposals</b>													
1. Exclude 50% of gain on sales of land or interest in land or water to eligible entities for conservation purposes .....	sa 12/31/03	---	---	---	-39	-89	-93	-98	-102	-107	-111	-128	-639
2. Expand the estate tax exclusion for real property subject to a qualified conservation easement .....	dda 12/31/01	---	---	-30	-31	-32	-34	-36	-38	-40	-43	-93	-284
3. Exclude from gross income cost sharing payments under the Partners for Wildlife Program .....	pra DOE	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	-12	-26
4. Deduction for energy-efficient commercial business property through 12/31/03 .....	tyba 12/31/00	-51	-74	-72	-26	---	---	---	---	---	---	-223	-223
5. Modification of tax credit for electricity produced from renewable resources [7] .....	DOE	-78	-121	-124	-47	-5	-5	-5	-5	-5	-5	-374	-400
6. Credit for hybrid vehicles .....	[8]	---	---	---	-168	-69	3	2	2	1	---	-237	-229
Total of Conservation Proposals .....		-131	-197	-228	-314	-198	-132	-140	-146	-154	-162	-1,067	-1,801
<b>D. Additional Provisions Relating to Tax Incentives for Distressed Areas</b>													
1. Modify D.C. zone and D.C. homebuyer credit - extend D.C. zone through 12/31/06 (instead of 12/31/09); expand 0% capital gains treatment citywide; conform the gross income test for D.C. businesses eligible for 0% capital gains to the test for enterprise zone businesses; increase the phaseout for D.C. homebuyer credit for joint filers to \$140,000-\$180,000; extend the D.C. homebuyer credit through 12/31/03 .....	ppa 12/31/00 & tyba 12/31/00	-4	-16	-38	-28	-17	-23	35	38	35	-48	-102	-65

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
2. Modify mortgage revenue bonds - for damaged residences in Presidentially declared disaster areas, waiver of first-time homebuyer requirement, treatment as economically distressed for purposes of applying income and purchase price limits, and increase limitation on home improvement loans to \$100,000 [6] [9] .....	bia 12/31/00	-3	-7	-12	-17	-24	-31	-38	-46	-54	-61	-62	-293
3. Provide an exclusion from discharge of indebtedness income to the extent such income is attributable to the sale of real property securing qualified residential indebtedness .....	doia DOE	-2	-6	-6	-6	-7	-7	-7	-7	-8	-8	-27	-64
4. Extend and modify Puerto Rico economic activity tax credit .....	tyba 12/31/00	-4	-16	-34	-58	-87	-97	-87	-69	-45	-16	-199	-513
5. Provide tax exemption for organizations created by a state to provide property and casualty insurance coverage for property for which such coverage is otherwise unavailable .....	tyba 12/31/00	-2	-4	-4	-5	-5	-6	-7	-8	-8	-9	-20	-58
Total of Additional Provisions Relating to Tax Incentives for Distressed Areas .....		-15	-49	-94	-114	-140	-164	-104	-92	-80	-142	-410	-993
E. Miscellaneous Provisions													
1. Establish Individual Development Accounts; provide financial institutions with a 90% tax credit for matching a maximum contribution of \$300 per account; sunset 12/31/05 .....	tyba 12/31/01	---	-131	-277	-274	-291	-161	[4]	[4]	[4]	[4]	-973	-1,134
2. Extend present-law section 170(e)(6) relating to corporate contributions of computer equipment through 12/31/03; expand list of eligible donees to include public libraries .....	cmu DOE	-46	-83	-89	-45	-2	---	---	---	---	---	-265	-265
3. Limit the use of the non-accrual experience method of accounting to amounts that are to be received for the performance of "qualified personal services" .....	tyea DOE	89	60	33	28	10	12	14	16	18	20	220	300
4. Individuals permitted to claim a deduction under section 170 not exceeding \$7,500 per tax year for certain expenses incurred in carrying out sanctioned whaling activities .....	tyba 12/31/00	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	-1	-3
5. Extend the adoption credit through 12/31/03 .....	DOE	---	-69	-237	-188	-24	-22	-19	-8	---	---	-518	-566
6. Allow safe-harbor test for independent contractor status for high tech workers [10] .....	pa DOE	-15	-16	-17	-18	-19	-21	-22	-23	-25	-26	-86	-203
7. Impose excise tax on purchase of structured settlements .....	ao 30da DOE	[4]	[4]	[4]	[4]	[4]	[5]	-1	-1	-1	-1	[3]	-4
8. Modify the personal holding company "lending or finance business" exception .....	tyba 12/31/00	-5	-11	-20	-26	-28	-28	-29	-30	-30	-31	-90	-237
9. Additional funding for empowerment zones and enterprise communities [2] .....	---	-2	-34	-44	-15	-5	-4	-1	---	---	---	-100	-106

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
10. Funding for Social Services Block Grant [2] .....	---	-623	-70	-7	---	---	---	---	---	---	---	-700	-700
Total of Miscellaneous Provisions .....		-602	-354	-658	-538	-359	-224	-58	-46	-38	-38	-2,513	-2,918
<b>Total of Additional Provisions .....</b>		<b>-872</b>	<b>-1,074</b>	<b>-1,598</b>	<b>-1,530</b>	<b>-1,142</b>	<b>-928</b>	<b>-661</b>	<b>-612</b>	<b>-601</b>	<b>-687</b>	<b>-6,214</b>	<b>-9,707</b>
<b>NET TOTAL .....</b>		<b>-1,047</b>	<b>-2,334</b>	<b>-3,853</b>	<b>-4,041</b>	<b>-3,786</b>	<b>-3,940</b>	<b>-4,174</b>	<b>-4,683</b>	<b>-5,426</b>	<b>-5,471</b>	<b>-15,060</b>	<b>-38,761</b>

Joint Committee on Taxation

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

Legend for "Effective" column:

- |   |  |
|---|--|
| ara = amounts received after                | epoiba = expenditures paid or incurred beginning after |
| ao = acquisitions occurring                 | pa = periods after                                     |
| bia = bonds issued after                    | pma = payments made after                              |
| cmu = contributions made upon               | ppa = property purchased after                         |
| cyba = calendar years beginning after       | ppiso/a = property placed in service on or after       |
| dda = decedents dying after                 | proaa = payments received or accrued after             |
| di = distributions in                       | pra = payments received after                          |
| DOE = date of enactment                     | qima = qualified investments made after                |
| doia = discharges of indebtedness after     | sa = sales after                                       |
| eara = education awards received after      | tyba = taxable years beginning after                   |
| eia = expenditures incurred after           | tyea = taxable years ending after                      |
| epoia = expenditures paid or incurred after | 30da = 30 days after                                   |

- [1] Area may be designated as a renewal zone any time after the date of enactment and before 1/1/02. The tax benefits generally become effective after 12/31/01 and terminate on 12/31/09. For existing empowerment zones, the zero-percent capital gains rate becomes effective after the date of enactment.
- [2] Estimate provided by the Congressional Budget Office.
- [3] The proposal generally would be effective with respect to service performed beginning on or after the date of enactment. Under a transition rule, service performed in the employ of an Indian tribe would not be treated as employment for FUTA purposes if: (1) it is service which is performed before the date of enactment and with respect to which FUTA tax has not been paid; and (2) such Indian tribe reimburses a State unemployment fund for unemployment benefits paid for service attributable to such tribe for such period.
- [4] Loss of less than \$500,000.
- [5] Gain of less than \$500,000.
- [6] Estimate includes interaction with private activity bond provisions.
- [7] Estimate includes electricity produced from biomass, landfill gas, and biomass co-fired with coal. Credit applies to electricity produced after 12/31/00, from facilities placed in service before 1/1/02. In the case of landfill gas, the credit applies to facilities placed in service after 12/31/99, and before 1/1/02. For electricity produced from landfill gas and biomass, with the exception of biomass co-fired with coal, qualified facilities would receive a credit for electricity produced for the 3-yr period beginning on the date the facility was placed in service.
- [8] Provision is effective after 12/31/03 and before 1/1/05.
- [9] With respect to areas for which the Director of FEMA authorized the minimum Federal share of the cost of the repair, restoration, and replacement of damaged facilities to exceed 75%.
- [10] Estimate includes revenue loss to Social Security Trust Fund.