

**ESTIMATED BUDGET EFFECTS OF H.R. 3832,  
THE "SMALL BUSINESS TAX FAIRNESS ACT OF 2000"**

Fiscal Years 2000 - 2005

*[Millions of Dollars]*

Provision	Effective	2000	2001	2002	2003	2004	2005	2000-05
<b>Small Business Provisions</b>								
1. Accelerate 100% self-employed health insurance deduction and extend eligibility to those who choose not to participate in employer-subsidized health plans .....	tyba 12/31/00	---	-287	-1,093	-697	---	---	-2,077
2. Increase section 179 expensing to \$30,000 .....	tyba 12/31/00	---	-359	-616	-350	-187	-176	-1,688
3. Increase business meals deduction (excluding entertainment expenses) to 55% in 2001 and 60% in 2002 and thereafter .....	tyba 12/31/00	---	-259	-794	-1,090	-1,137	-1,186	-4,466
4. 80% business meals deduction for workers subject to DOT hours of service limitation .....	tyba 12/31/00	---	-39	-70	-64	-55	-47	-276
5. Coordinate farmer income averaging and the AMT and provide the same income averaging relief to commercial fishermen .....	tyba 12/31/00	---	-1	-2	-2	-2	-3	-9
6. Repeal the occupational taxes relating to distilled spirits, wine, and beer .....	7/1/01	---	-64	-75	-75	-75	-75	-364
7. Permit installment method for accrual basis taxpayers .....	iso/a 12/17/99	-463	-657	-394	-249	-70	-8	-1,841
<b>Total of Small Business Provisions .....</b>		<b>-463</b>	<b>-1,666</b>	<b>-3,044</b>	<b>-2,527</b>	<b>-1,526</b>	<b>-1,495</b>	<b>-10,721</b>
<b>Pension Provisions</b>								
A. Provisions for Expanding Coverage								
1. Increase contribution and benefit limits:								
a. Increase limitation on exclusion for elective deferrals to \$11,000 in 2001, \$12,000 in 2002, \$13,000 in 2003, \$14,000 in 2004; index in \$500 increments thereafter [1] .....	yba 12/31/00	---	-131	-317	-468	-578	-640	-2,135
b. Increase limitation on SIMPLE elective contributions to \$7,000 in 2001, \$8,000 in 2002, \$9,000 in 2003, \$10,000 in 2004; index in \$500 increments thereafter [1] .....	yba 12/31/00	---	-5	-14	-22	-27	-29	-96
c. Increase defined benefit dollar limit to \$160,000 .....	yba 12/31/00	---	-18	-31	-40	-45	-48	-182

Provision	Effective	2000	2001	2002	2003	2004	2005	2000-05	
d. Lower early retirement age to 62; lower normal retirement age to 65 .....	yba 12/31/00	---	-3	-4	-4	-4	-5	-21	
e. Increase annual addition limitation for defined contribution plans to \$40,000 [1] .....	yba 12/31/00	---	-6	-12	-14	-15	-16	-63	
f. Increase qualified plan compensation limit to \$200,000 [1] .....	yba 12/31/00	---	-43	-74	-84	-91	-99	-391	
g. Increase limits on deferrals under deferred compensation plans of State and local governments and tax-exempt organizations to \$11,000 in 2001, \$12,000 in 2002, \$13,000 in 2003, and \$14,000 in 2004 [1] .....	yba 12/31/00	---	-53	-93	-108	-119	-128	-500	
2. Plan loans for subchapter S owners, partners, and sole proprietors .....	lma 12/31/00	---	-18	-30	-33	-35	-37	-153	
3. Modification of top-heavy rules .....	yba 12/31/00	---	-4	-9	-11	-12	-14	-50	
4. Elective deferrals not taken into account for purposes of deduction limits .....	yba 12/31/00	---	-40	-75	-87	-94	-101	-396	
5. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations .....	yba 12/31/00	---	-16	-22	-22	-22	-22	-104	
6. Elimination of user fee for certain requests regarding small employer pension plans; waiver applies only for request made during first 5 plan years [2] .....	rma 12/31/00	---	-9	-5	-5	---	---	-19	
7. Definition of compensation for purposes of deduction limits [1] .....	yba 12/31/00	---	-1	-2	-3	-3	-3	-12	
8. Option to treat elective deferrals as after-tax contributions .....	tyba 12/31/00	---	50	100	131	144	89	514	
Subtotal of Provisions for Expanding Coverage .....		---	-297	-588	-770	-901	-1,053	-3,608	
B. Provisions for Enhancing Fairness for Women									
1. Additional catch-up contributions for individuals age 50 and above - increase in maximum contribution limits for pension plans by 10% annually beginning in 2001, not to exceed 40% .....	yba 12/31/00	---	-74	-152	-131	-99	-95	-550	
2. Equitable treatment for contributions of employees to defined contribution plans [1] .....	yba 12/31/00	---	-51	-78	-84	-91	-97	-401	
3. Simplify and update the minimum distribution rules by modifying post-death distribution rules, reducing (to 10%) the excise tax on failures to make minimum distributions, and directing the Treasury to simplify and finalize regulations relating to the minimum distribution rules .....	yba 12/31/00	---	-118	-212	-239	-268	-297	-1,135	
4. Clarification of tax treatment of division of section 457 plan benefits upon divorce .....	tdapma 12/31/00	-----	Negligible Revenue Effect						-----

Provision	Effective	2000	2001	2002	2003	2004	2005	2000-05
5. Modification of safe harbor relief for hardship withdrawals from 401(k) plans .....	yba 12/31/00	----- Negligible Revenue Effect -----						
6. Faster vesting of certain employer matching contributions .....	pyba 12/31/00	----- Negligible Revenue Effect -----						
Subtotal of Provisions for Enhancing Fairness for Women .....		---	-243	-442	-454	-458	-489	-2,086
C. Provisions for Increasing Portability for Participants								
1. Rollovers allowed among governmental section 457 plans, section 403(b) plans, and qualified plans .....	dma 12/31/00	---	26	-5	-5	-5	-5	6
2. Rollovers of IRAs to workplace retirement plans .....	dma 12/31/00	----- Negligible Revenue Effect -----						
3. Rollovers of after-tax retirement plan contributions .....	dma 12/31/00	----- Negligible Revenue Effect -----						
4. Waiver of 60-day rule .....	dma 12/31/00	----- Negligible Revenue Effect -----						
5. Treatment of forms of qualified plan distributions .....	yba 12/31/00	----- Negligible Revenue Effect -----						
6. Rationalization of restrictions on distributions .....	da 12/31/00	----- Negligible Revenue Effect -----						
7. Purchase of service credit in governmental defined benefit plans .....	ta 12/31/00	----- Negligible Revenue Effect -----						
8. Employers may disregard rollovers for cash-out amounts .....	da 12/31/00	----- Negligible Revenue Effect -----						
9. Minimum distribution and inclusion requirements for section 457 plans .....	da 12/31/00	----- Considered in Other Provisions -----						
Subtotal of Provisions for Increasing Portability for Participants .....		---	26	-5	-5	-5	-5	6
D. Provisions for Strengthening Pension Security and Enforcement								
1. Phase-in repeal of 150% of current liability funding limit; extend maximum deduction rule .....	yba 12/31/00	---	-3	-14	-20	-36	-36	-109
2. Excise tax relief for sound pension funding .....	yba 12/31/00	---	-2	-3	-3	-3	-3	-14
3. Notice of significant reduction in plan benefit accruals .....	pateo/a DOE	----- Negligible Revenue Effect -----						
4. Repeal 100% of compensation limit for multiemployer plans .....	yba 12/31/00	---	-2	-4	-4	-4	-4	-19
Subtotal of Provisions for Strengthening Pension Security and Enforcement .....		---	-7	-21	-27	-43	-43	-142
E. Provisions for Reducing Regulatory Burdens								
1. Modification of timing of plan valuations .....	pyba 12/31/00	----- Negligible Revenue Effect -----						
2. ESOP dividends may be reinvested without loss of dividend deduction .....	tyba 12/31/00	---	-19	-44	-56	-61	-63	-243
3. Repeal transition rule relating to certain highly compensated employees .....	pyba 12/31/00	---	-2	-3	-3	-3	-3	-13
4. Employees of tax-exempt entities [3] .....	DOE	----- Negligible Revenue Effect -----						
5. Treatment of employer-provided retirement advice .....	yba 12/31/00	----- Negligible Revenue Effect -----						
6. Pension plan reporting simplification [3] .....	1/1/01	----- Negligible Revenue Effect -----						
7. Improvement to Employee Plans Compliance Resolution System [3] .....	DOE	----- Negligible Revenue Effect -----						

Provision	Effective	2000	2001	2002	2003	2004	2005	2000-05
8. Clarification of exclusion for employer-provided transit passes .....	tyba 12/31/00	---	-6	-10	-13	-14	-15	-58
9. Repeal of multiple use test .....	yba 12/31/00	----- Considered in Other Provisions -----						
10. Flexibility in nondiscrimination and line of business rules [3] .....	DOE	----- Negligible Revenue Effect -----						
11. Extension to international organization of moratorium on application of certain nondiscrimination rules applicable to State and local government plans .....	yba 12/31/00	----- Negligible Revenue Effect -----						
12. Notice and consent period regarding distributions .....	yba 12/31/00	----- No Revenue Effect -----						
Subtotal of Provisions for Reducing Regulatory Burdens .....		---	-27	-57	-72	-78	-81	-314
F. Provisions Relating to Plan Amendments .....	DOE	----- No Revenue Effect -----						
<b>Total of Pension Provisions .....</b>		<b>---</b>	<b>-548</b>	<b>-1,113</b>	<b>-1,328</b>	<b>-1,485</b>	<b>-1,671</b>	<b>-6,144</b>
<b>Estate and Gift Tax Relief Provisions</b>								
1. Reduction in estate, gift, and generation-skipping transfer taxes: beginning in 2001, convert the unified credit into a true exemption, repeal the 5% "bubble" (which phases out the lower rates); repeal rates in excess of 53%; in 2002, repeal rates in excess of 50%; in 2003 through 2004, reduce all rates by 1 percentage point a year; proportionately reduce State tax credit rates .....	dda & gma 12/31/00	---	---	-4,738	-6,358	-7,247	-8,465	-26,808
2. Provide deemed allocation of GST exemption .....	ta 12/31/99	---	-1	-3	-4	-4	-4	-16
3. Provide retroactive allocation of GST for unnatural orders of death .....	generally ea 12/31/99	---	-4	-5	-6	-6	-6	-27
4. Allow severances of trusts holding property having an inclusion ratio of greater than zero .....	---	----- Included in Estate and Gift Item 3. -----						
5. Modify certain valuation rates .....	---	----- Included in Estate and Gift Item 3. -----						
6. Provide relief from late elections .....	---	----- Included in Estate and Gift Item 3. -----						
7. Provide rule of substantial compliance .....	---	----- Included in Estate and Gift Item 3. -----						
8. Expand estate tax rule for conservation easements - increase the 25-mile limit to 50 miles; increase 10-mile limit to 25 miles, and clarify that the date for determining easement compliance .....	dda 12/31/99 & dda 12/31/97	---	-11	-15	-21	-22	-23	-92
<b>Total of Estate and Gift Tax Relief Provisions .....</b>		<b>---</b>	<b>-16</b>	<b>-4,761</b>	<b>-6,389</b>	<b>-7,279</b>	<b>-8,498</b>	<b>-26,943</b>

Provision	Effective	2000	2001	2002	2003	2004	2005	2000-05
<b>Distressed Communities and Industries Provisions</b>								
1. "American Community Renewal Act of 1999" - designate 15 renewal communities within 36 months; provide various incentives (zero capital gains tax on certain 5-year investments; special deduction for real estate revitalization expenditures; special expensing for certain business property; work opportunity tax credit; environmental remediation expenses; family development accounts) beginning 1/1/01 and ending 12/31/07 .....	DOE	---	-102	-197	-202	-201	-220	-922
2. Increase maximum reforestation expenses qualifying for amortization and credit from \$10,000 to \$25,000; remove cap on amortization of reforestation costs in 2001 through 2003 .....	tyba 12/31/00	---	-5	-15	-22	-27	-29	-98
<b>Total of Distressed Communities and Industries Provisions .....</b>		<b>---</b>	<b>-107</b>	<b>-212</b>	<b>-224</b>	<b>-228</b>	<b>-249</b>	<b>-1,020</b>
<b>Real Estate Provisions</b>								
1. Improvements in the Low-Income Housing Credit - increase per capita credit by \$0.10 per year through 2004; thereafter COLA; \$2 million small State minimum beginning in 2001; COLA beginning in 2005; modify stacking rules and credit allocation rules; certain Native American housing assistance disregarded in determining whether building is Federally subsidized for purposes of the low-income housing credit .....	tyba 12/31/00	---	-4	-24	-68	-140	-234	-470
2. Accelerate 5-year phasein of private activity bond volume cap .....	cyba 12/31/00	---	-10	-41	-83	-127	-163	-425
3. Exclusion from gross income for certain forgiven mortgage obligations .....	doia 12/31/00	---	-2	-6	-6	-6	-7	-27
<b>Total of Real Estate Provisions .....</b>		<b>---</b>	<b>-16</b>	<b>-71</b>	<b>-157</b>	<b>-273</b>	<b>-404</b>	<b>-922</b>
<b>NET TOTAL .....</b>		<b>-463</b>	<b>-2,353</b>	<b>-9,201</b>	<b>-10,625</b>	<b>-10,791</b>	<b>-12,317</b>	<b>-45,750</b>

Joint Committee on Taxation

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

[Legend and Footnotes for JCX-26-00 appear on the following page]

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**Legend and Footnotes for JCX-26-00:**

Legend for "Effective" column:

cyba = calendar years beginning after  
da = distributions after  
doia = discharges of indebtedness after  
dda = decedents dying after  
dma = distributions made after  
DOE = date of enactment  
ea = events after  
gma = gifts made after  
iso/a = installment sales on or after

lma = loans made after  
pateo/a = plan amendments taking effect on or after  
pyba = plan years beginning after  
rma = requests made after  
ta = transfers after  
tdapma = transfers, distributions, and payments made after  
tyba = taxable years beginning after  
yba = years beginning after

- [1] Provision includes interaction with other provisions in Provisions for Expanding Coverage.
- [2] Estimate provided by the Congressional Budget Office.
- [3] Directs the Secretary of the Treasury to modify rules through regulations.