

- CONFERENCE AGREEMENT -

ESTIMATED BUDGET EFFECTS OF H.R. 4210, AS AGREED BY THE HOUSE AND SENATE CONFEREES

Fiscal Years 1992-1996

[Billions of Dollars]

Item	1992	1993	1994	1995	1996	1992-96
A. MIDDLE CLASS TAX RELIEF						
1. Permit tax credit for student loan interest.....	-0.016	-0.056	-0.093	-0.137	-0.177	-0.479
2. Individual retirement (IRA) provisions:						
a. Restore fully deductible IRAs and create Special IRAs.....	(1)	1.883	-1.099	-1.907	-3.862	-4.985
b. Allow penalty-free withdrawals from IRAs for home ownership, education and medical expenses, and long-term unemployed.....	-0.153	-0.299	-0.283	-0.247	-0.207	-1.189
3. Expand exclusion for transit passes to \$60 per month; extend exclusion to vanpooling and park-and-ride benefits.....	-0.014	-0.021	-0.038	-0.065	-0.073	-0.211
4. Limit exclusion for employer-provided parking to \$160 per month.....	0.022	0.037	0.050	0.051	0.051	0.211
5. Extend deduction for health insurance premiums of self-employed for one year	-0.058	-0.182	-0.132	--	--	-0.373
6. Provide family-related credits: FICA credit 1992-1993 (\$300/\$150); permanent dependent credit starting in 1994 (\$300 per child) (2).....	-1.358	-14.232	-12.175	-7.484	-7.171	-42.420
7. Index \$125,000 exclusion for capital gains upon sale of principal residence; make sales of certain farmland eligible for exclusion; and extend exclusion to permanently and totally disabled taxpayers.....	-0.063	-0.151	-0.160	-0.166	-0.172	-0.712
B. JOB CREATION, GROWTH, AND INVESTMENT INCENTIVES						
1. Additional first-year depreciation deduction for certain property.....	-1.734	-2.768	-0.345	1.159	0.930	-2.758
2. Extend R&E tax credit for one year (3).....	-0.184	-0.472	-0.264	-0.075	-0.040	-1.034
3. Capital gains provisions:						
a. Provide incentive for venture capital.....	--	-0.027	-0.033	-0.106	-0.129	-0.295
b. Progressive rate schedule.....	0.023	-1.195	-3.556	-2.347	-0.937	-8.012
4. Modify passive loss rule for active real estate businesses.....	-0.173	-0.573	-0.571	-0.579	-0.593	-2.489
5. Encourage pension plan investment in real estate.....	-0.030	-0.052	-0.056	-0.056	-0.060	-0.254
6. Extend low-income housing tax credit permanently.....	-0.021	-0.079	-0.221	-0.454	-0.726	-1.501
7. Extend mortgage revenue bonds and mortgage credit certificates for one year.	-0.002	-0.035	-0.069	-0.076	-0.072	-0.254

Item	1992	1993	1994	1995	1996	1992-96
8. Extend employer-provided educational assistance for one year.....	-0.062	-0.179	--	--	--	-0.241
9. Extend qualified small-issue bonds for one year.....	-0.002	-0.033	-0.059	-0.063	-0.058	-0.215
10. Extend targeted jobs tax credit for one year.....	-0.039	-0.110	-0.118	-0.066	-0.030	-0.363
11. Repeal luxury tax (boats, airplanes, jewelry, and furs); index threshold for automobiles (4).....	-0.017	-0.065	-0.087	-0.102	-0.118	-0.389
12. Repeal AMT preference treatment of charitable appreciated property.....	-0.006	-0.040	-0.054	0.020	-0.008	-0.088
13. Taxable years of partnerships, S corporations, and personal service corporations.....	0.440	-0.015	-0.255	0.005	0.004	0.179
14. Two-year increase in expensing for small business to \$20,000 (5).....	-0.911	-1.626	-0.147	0.858	0.541	-1.285
15. Urban enterprise zones and rural investment zones.....	--	-0.046	-0.141	-0.229	-0.277	-0.694
16. Modify corporate alternative minimum tax (AMT) depreciation.....	-0.183	-0.307	-0.343	-0.296	-0.222	-1.351
17. Impose diesel tax on boats (4).....	0.004	0.032	0.030	0.030	0.028	0.124
18. Extend vaccine excise tax for two years (6).....	--	--	--	--	--	---
C. REQUIRE WEALTHY TO PAY THEIR FAIR SHARE						
1. Wealthy taxpayers:						
a. Add fourth individual rate bracket of 36% beginning at taxable income of \$115,000 (single), \$140,000 (joint), and \$127,500 (head of household); and impose 10% surtax on tax attributable to taxable income in excess of \$1 million.....	4.750	14.073	13.216	14.087	14.078	60.204
b. Extend for two years the limitation of itemized deductions for high-income taxpayers.....	--	--	--	--	2.383	2.383
c. Extend permanently the phaseout of personal exemption for high-income taxpayers.....	--	--	--	--	1.436	1.436
2. Revenue offsets from the President's budget:						
a. Extend 45-day processing rule to all returns (7).....	--	0.050	0.050	0.050	0.050	0.200
b. Conform book and tax accounting for securities inventories.....	0.122	0.368	0.498	0.508	0.518	2.014
3. Extend depreciation period for certain real estate.....	0.013	0.110	0.365	0.662	1.083	2.233
4. Changes to the individual estimated tax safe harbor.....	0.400	--	--	--	--	0.400
5. Increase required miles to be eligible for moving expense deduction.....	0.092	-0.033	-0.008	-0.013	-0.005	0.033
6. Cap deduction for regular tax and AMT purposes for executive compensation at \$1 million.....	0.065	0.336	0.352	0.370	0.388	1.512
7. Prohibit double dipping by thrifts receiving Federal financial assistance (8).....	0.227	0.115	0.080	0.083	0.004	0.509
8. Extend 95% test for corporate estimated tax payments.....	--	--	--	--	--	--
D. ADDITIONAL ECONOMIC GROWTH PROVISIONS						
1. Improved educational opportunities:						
a. Extend access to tax information by the Department of Veterans Affairs (9/30/97) (10).....	--	0.027	0.055	0.072	0.080	0.234
b. Expand exclusion for education savings bonds (9).....	-0.001	-0.001	-0.001	-0.002	-0.002	-0.007
2. Increase excise tax on ozone-depleting chemicals (11).....	0.020	0.043	0.377	0.583	0.341	1.364

Item	1992	1993	1994	1995	1996	1992-96
3. Extend orphan drug tax credit for one year.....	-0.001	-0.005	-0.001	--	--	-0.007
4. Modify treatment of IDCs in alternative minimum tax.....	-0.134	-0.208	-0.174	-0.139	-0.102	-0.757
5. Extend business energy credits (solar and geothermal) for one year.....	-0.011	-0.026	-0.021	-0.010	-0.003	-0.071
E. TOTAL OF SIMPLIFICATION PROVISIONS.....	-0.120	-0.380	-0.301	-0.552	0.337	-1.016
F. TAXPAYER BILL OF RIGHTS.....	-0.008	-0.019	-0.019	-0.019	-0.019	-0.084
G. OTHER PROVISIONS						
1. Earned income tax credit (EITC):						
a. Repeal supplemental young child component of EITC (12).....	0.025	0.254	0.268	0.289	0.313	1.149
b. EITC expansion (12).....	-0.013	-0.145	-0.273	-0.288	-0.306	-1.025
c. EITC interaction simplification.....	-0.002	-0.011	-0.009	-0.009	-0.009	-0.040
2. Require amortization of intangible assets.....	1.531	3.470	-0.545	-1.237	-1.997	1.222
3. Retiree health benefits for coal miners:						
a. Net revenue from labor and coal import taxes.....	0.073	0.172	0.184	0.206	0.226	0.861
b. Net outlays (health benefits less mandatory contributions) (10).....	-0.021	-0.185	-0.201	-0.218	-0.235	-0.860
4. Tax credit for employers equal to FICA paid on cash tips.....	-0.098	-0.255	-0.271	-0.288	-0.306	-1.217
5. Deny deductibility for club dues.....	0.078	0.268	0.280	0.293	0.306	1.225
6. Require reporting of seller-financed mortgage identification number.....	0.023	0.091	0.107	0.114	0.122	0.457
7. Extend group legal services for one year.....	-0.036	-0.077	-0.016	--	--	-0.129
8. Transfer of railroad retirement tier II income tax revenues to railroad retirement account (13).....	--	--	--	--	--	---
GRAND TOTALS (8).....	2.210	-2.694	-6.307	2.127	5.299	0.636

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

- (1) Gain of less than \$1 million.
- (2) Estimate includes an increase in outlays by \$1,622 million in FY1993 and \$1,691 million in FY1994.
- (3) The legislative explanation of H.R. 4210 urges the Secretary of the Treasury to issue regulations under section 861, consistent with an allocation system for research and development expenses that provides incentives to increase the performance of U.S.-based research activities. Because this is a recommendation rather than a statutory requirement, it has no revenue effect. Immediate adoption of this recommendation by the Administration would result in approximately a \$3 billion reduction in the Congressional Budget Office (CBO) receipts baseline over the 1992-1996 period.
- (4) Net of income tax offsets.
- (5) Expensing provision estimated with interaction of investment tax allowance (ITA) provision.
- (6) Excise tax on certain vaccines for the Vaccine Injury Compensation Trust Fund is extended for two years. Extension of the vaccine excise taxes is assumed in the CBO baseline; therefore, an extension of the Vaccine Injury Compensation Trust Fund has no revenue effect.
- (7) These estimates of negative outlays include amended income tax returns and current-year excise, gift, estate, and employment returns; estimate provided by CBO.
- (8) Because the provision to prohibit double dipping by thrifts receiving Federal financial assistance affects both Federal revenues and outlays, the effect is not included in this table. It is the opinion of CBO that this amount should not appear on the pay-as-you-go scorecard.

[Footnotes continued on the following page.]

Footnotes for JCX-13-92 continued:

- (9) Estimate, which has been provided by CBO, includes outlay savings of less than \$500,000 in FY1992, \$1 million in each FY1993 through FY1995, and \$2 million in FY1996.
- (10) Estimate of outlay for this provision provided by CBO.
- (11) Tax is \$1.85 in 1992 (effective 7/1/92), \$2.75 in 1993, \$3.65 in 1994, \$4.55 in 1995, and (as scheduled under present law) increased by \$0.45 per year thereafter.
- (12) Estimate includes net outlays for EITC of \$11 million in FY1992, \$107 million in FY1993, \$-16 million in FY1994, \$-10 million in FY1995, and \$7 million in FY1996.
- (13) Permanent extension of the Railroad Retirement Tier II transfers has no net budget effect.