

ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS CONTAINED IN THE PRESIDENT'S FISCAL YEAR 2000 BUDGET PROPOSAL

Fiscal Years 1999 - 2009

[Millions of Dollars]

Provision	Effective	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1999-04	1999-09
I. PROVISIONS REDUCING REVENUES														
<i>A. Health Care Tax Provisions</i>														
1. Long-term care tax credit [1]	tyba 12/31/99	---	-59	-1,256	-1,451	-1,551	-1,654	-1,748	-1,829	-1,812	-1,791	-1,788	-5,971	-14,939
2. Disabled workers tax credit	tyba 12/31/99	---	-18	-122	-141	-160	-171	-180	-183	-187	-189	-194	-611	-1,544
3. Provide tax relief to encourage small business health plans	[2]	---	-2	-6	-12	-16	-11	-2	---	---	---	---	-47	-49
<i>B. Education Tax Provisions</i>														
1. Tax credits for holders of qualified school modernization bonds and qualified zone academy bonds	bio/a 1/1/00	---	-85	-352	-684	-929	-1,044	-1,067	-1,067	-1,067	-1,067	-1,067	-3,094	-8,431
2. Exclusion for employer-provided educational assistance, including graduate level courses	[3]	-57	-285	-510	-201	---	---	---	---	---	---	---	-1,053	-1,053
3. Tax credit for employer-provided workplace literacy and basic education programs	tyba 12/31/99	---	-3	-19	-26	-38	-56	-70	-70	-71	-71	-71	-142	-496
4. Tax credit for contributions to qualified zone academies	cspma 12/31/99	---	-14	-41	-37	-29	-20	-5	---	---	---	---	-141	-147
5. Eliminate 60-month limit on student loan interest deduction	ipogela 12/31/99	---	-16	-64	-69	-71	-74	-77	-78	-79	-87	-94	-295	-709
6. Eliminate tax on forgiveness of direct student loans subject to certain income contingent repayment	lca 12/31/99	----- No Revenue Effect -----												
7. Tax treatment of education awards under certain Federal programs:														
a. Eliminate tax on awards under National Health Corps Scholarship Program and F. Edward Hebert Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program	eara 12/31/99	---	-1	-1	-1	-1	[4]	[4]	-1	-1	-1	-1	-4	-7
b. Eliminate tax on repayment or cancellation of student loans under NHSC Scholarship Program, Americorps Education Award Program, and Armed Forces Health Professions Loan Repayment Program	rocoslra 12/31/99	---	-3	-6	-6	-6	-6	-6	-6	-6	-7	-7	-27	-59
<i>C. Child Care Provisions</i>														
1. Expand the dependent care credit	tyba 12/31/99	---	-244	-1,228	-1,272	-1,314	-1,356	-1,372	-1,406	-1,417	-1,408	-1,429	-5,414	-12,447
2. Tax credit for employer-provided child care facilities	tyba 12/31/99	---	-45	-90	-106	-125	-144	-159	-172	-185	-199	-214	-509	-1,437
<i>D. Tax Incentives to Revitalize Communities</i>														
1. Increase low-income housing tax credit per capita cap to \$1.75	cyba 1999	---	-16	-81	-195	-330	-469	-610	-753	-897	-1,042	-1,189	-1,091	-5,583
2. Tax credits for holders of Better America Bonds	bio/a 1/1/00	---	-6	-31	-82	-149	-220	-285	-331	-350	-353	-353	-487	-2,159
3. New markets tax credit	qima 12/31/99	---	---	-9	-68	-154	-234	-304	-325	-264	-161	-75	-465	-1,593
4. Specialized small business investment companies	sa & tybo/a DOE	---	[4]	[4]	[4]	[4]	-1	-1	-1	-2	-2	-2	-1	-9

Provision	Effective	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1999-04	1999-09
5. Extend wage credit for two new empowerment zones	1/1/00	---	---	---	---	---	---	-21	-42	-43	-43	-22	---	-170
<i>E. Energy and Environmental Tax Provisions</i>														
1. Tax credit for energy-efficient building equipment	[5]	---	-48	-75	-46	-33	-11	1	1	1	1	1	-211	-205
2. Tax credit for purchase of new energy-efficient homes	[6]	---	-16	-93	-156	-97	-36	-43	---	---	---	---	-398	-442
3. Extend tax credit for electric vehicles and provide tax credit for certain fuel-efficient hybrid vehicles	[7]	---	---	---	-2	-137	-617	-1,244	-1,875	-1,540	-65	27	-756	-5,453
4. Tax credit for combined heat and power ("CHP") systems	[8]	---	-58	-88	-87	-26	6	6	6	6	6	6	-253	-220
5. Tax credit for rooftop solar equipment	[9]	---	-8	-15	-19	-23	-31	-34	-44	-17	[4]	[4]	-97	-193
6. Extend wind and biomass tax credit and expand eligible biomass sources (through 6/30/04)	DOE; fpisb 7/1/04	-4	-21	-39	-63	-81	-94	-100	-102	-105	-108	-102	-303	-819
<i>F. Retirement Savings Provisions</i>														
1. IRA contributions through payroll deduction for retirement savings	tyba 12/31/99	---	-7	-10	-1	-1	-1	-1	-1	-1	-1	-1	-21	-27
2. Small business tax credit for retirement plan start-up expenses	[10]	---	-27	-33	-35	-21	-11	-3	-1	---	---	---	-127	-131
3. Simplified pension plan for small business ("SMART")	cyba 1999	---	-18	-74	-156	-214	-226	-229	-235	-242	-250	-257	-688	-1,901
4. Faster vesting of employer matching contributions	pyba 12/31/99	----- Negligible Revenue Effect -----												
5. Count FMLA leave for retirement eligibility and vesting purposes	pyba 12/31/99	----- Negligible Revenue Effect -----												
6. Require joint and 75% survivor annuity option for pension plans	pyba 12/31/99	----- Negligible Revenue Effect -----												
7. Pension disclosure	pyba 12/31/99	----- No Revenue Effect -----												
8. Benefits of nonhighly compensated employees under section 401(k) safe harbor plans	pyba 12/31/99	---	-10	-16	-16	-17	-17	-18	-18	-19	-19	-20	-77	-172
9. Modify definition of highly compensated employee	pyba 12/31/99	----- Negligible Revenue Effect -----												
10. Modify benefit limits for multiemployer plans under section 415	yba 12/31/99	---	-3	-4	-4	-4	-4	-4	-4	-5	-5	-5	-18	-41
11. Modify full funding limitation for multiemployer plans	tyba 12/31/99	---	-8	-9	-9	-8	-8	-6	-6	-6	-6	-6	-42	-73
12. Eliminate partial termination rules for multiemployer plans	ptba 12/31/99	----- Negligible Revenue Effect -----												
13. Allow rollovers between qualified retirement plans and section 403(b) tax-sheltered annuities	da 12/31/99	----- Negligible Revenue Effect -----												
14. Allow rollovers from deductible IRAs to qualified plans or section 403(b) tax-sheltered annuities	da 12/31/99	----- Negligible Revenue Effect -----												
15. Allow rollovers of after-tax contributions	da 12/31/99	----- Negligible Revenue Effect -----												
16. Allow rollovers of contributions from nonqualified deferred compensation plans of State and local governments	da 12/31/99	---	-6	-11	-11	-12	-12	-12	-13	-13	-13	-14	-52	-117
17. Purchase of service credits in governmental defined benefit plans	tma 12/31/99	----- Negligible Revenue Effect -----												
<i>G. Extend Certain Expiring Tax Provisions</i>														
1. Extend minimum tax relief for individuals (through 2000)	tyba 12/31/98	---	-979	-742	---	---	---	---	---	---	---	---	-1,721	-1,721
2. Extend the work opportunity tax credit (through 6/30/00)	wpoifbwa 6/30/99	---	-178	-133	-70	-27	-9	-2	---	---	---	---	-417	-419

Provision	Effective	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1999-04	1999-09
3. Modify treatment of built-in losses and other attribute trafficking	teio/a DOE	[11]	70	94	106	114	122	132	144	158	174	192	506	1,306
4. Modify treatment of ESOP as S corporation shareholder	tybo/a dofca	---	24	47	57	67	78	87	95	100	104	108	272	766
5. Limit tax-free liquidations of U.S. subsidiaries of foreign corporations	latoo/a DOE	[11]	5	8	10	10	10	10	10	10	10	10	43	93
6. Prevent capital gains avoidance through basis shift transactions involving foreign shareholders	do/a dofca	[11]	75	50	45	40	35	30	33	37	40	43	245	428
7. Limit inappropriate tax benefits for lessors of tax-exempt use property	teio/a DOE	---	26	48	72	94	113	129	141	148	151	149	353	1,071
8. Prevent mismatching of deductions and income inclusions in transactions with related foreign persons	pao/a dofca	[11]	35	50	70	25	29	35	40	44	48	52	209	428
9. Restrict basis creation through section 357(c)	to/a 10/19/98	7	12	14	16	18	20	22	24	26	28	30	87	217
10. Modify anti-abuse rules related to assumption of liabilities	aolo/a dofca	[11]	2	4	5	5	5	5	5	5	5	5	21	46
11. Modify corporate-owned life insurance ("COLI") rules	tyba DOE	---	230	352	381	407	433	458	485	512	540	566	1,803	4,365
<i>B. Financial Products</i>														
1. Require banks to accrue interest on short-term obligations	oao/a DOE	---	65	2	2	3	3	4	4	5	5	6	75	99
2. Require current accrual of market discount by accrual method taxpayers	diao/a DOE	---	15	12	10	8	7	5	5	6	6	6	52	80
3. Limit conversion of character of income from constructive ownership transactions with respect to partnership interests	gro/a dofca	2	34	35	39	40	41	43	44	46	48	50	191	422
4. Modify rules for debt-financed portfolio stock	psao/a DOE	[11]	1	2	3	5	8	12	16	22	28	35	19	132
5. Modify and clarify certain rules relating to debt-for-debt exchanges	eo/a DOE	---	12	22	26	30	33	34	35	36	37	38	123	303
6. Modify and clarify straddle rules	seio/a DOE	---	5	21	22	23	24	25	26	27	28	29	95	230
7. Defer interest deduction and original issue discount ("OID") on certain convertible debt	cdio/a dofca	1	13	25	38	51	64	72	80	89	99	110	192	642
<i>C. Corporate Provisions</i>														
1. Conform control test for tax-free incorporations, distributions, and reorganizations	to/a DOE	---	16	16	17	17	18	18	19	19	20	20	84	180
2. Tax issuance of tracking stock	tsio/a DOE	---	66	98	108	119	131	144	159	174	192	211	522	1,402
3. Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions	to/a DOE	---	25	26	28	29	30	32	34	35	37	39	138	314
4. Modify tax treatment of downstream mergers	to/a DOE	---	35	72	76	79	83	88	92	97	101	106	346	830
5. Deny dividends-received deduction for certain preferred stock	sio/a DOE	---	13	24	27	30	32	34	36	38	40	42	126	316
<i>D. Provisions Affecting Pass-Through Entities</i>														
1. Require partnership basis adjustments upon distributions of property and modify basis allocation rules	pdmo/a DOE	---	29	65	100	120	136	143	147	149	152	157	449	1,198
2. Modify structure of businesses indirectly conducted by REITs	DOE	---	2	7	8	8	8	9	9	9	10	10	33	80
3. Modify treatment of closely held REITs	tybo/a dofca	---	3	10	10	11	11	12	12	13	13	14	45	109
4. Repeal tax-free conversions of large C corporations to S corporations [17]	sefe tyba 1/1/00	---	6	36	46	52	58	67	77	88	101	117	198	648

Provision	Effective	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1999-04	1999-09
6. Replace sales-source rules with activity-based rules	tyba DOE	15	908	1,837	1,901	2,002	2,123	2,249	2,383	2,525	2,674	2,831	8,786	21,448
7. Modify rules relating to foreign oil and gas extraction income	ftpoai tyba DOE; tyba DOE	5	188	194	200	206	213	220	227	234	241	249	1,006	2,177
K. Pension Provisions														
1. Increase elective withholding rate for nonperiodic distributions from deferred compensation plans	dma 1999	---	51	1	1	1	1	1	1	1	1	1	54	58
2. Increase section 4973 excise tax for excess IRA contributions	tyba 12/31/99	---	[11]	5	5	5	5	6	6	6	7	7	20	52
3. Impose limitation on pre-funding of welfare benefits	cpa DOE	---	69	141	147	149	140	129	118	105	90	74	647	1,163
4. Subject signing bonuses to employment taxes	sbpa DOE	---	9	6	6	6	6	7	7	7	7	7	33	68
L. Compliance Provisions														
1. Expand reporting of cancellation of indebtedness income	co/a DOE	---	2	7	7	7	7	7	7	7	7	7	30	65
2. Modify the substantial understatement penalty for large corporations	tyba DOE	---	---	---	---	---	20	20	20	20	20	20	20	120
3. Repeal exemption for withholding on certain gambling winnings	[23]	---	25	2	2	3	3	3	3	3	3	3	35	50
4. Increase penalties for failure to file correct information returns	[24]	---	1	4	10	14	18	18	17	15	14	12	47	123
M. Miscellaneous Revenue-Increase Provisions														
1. Modify deposit requirement for Federal unemployment ("FUTA") taxes [25]	mba 12/31/04	---	---	---	---	---	---	1,306	-815	-419	-106	157	---	123
2. Reinstate Oil Spill Liability Trust Fund excise tax and increase trust fund ceiling to \$5 billion (through 9/30/09)	DOE	9	247	249	252	254	255	257	260	263	265	268	1,267	2,581
3. Simplify foster child definition under earned income credit	tyba 12/31/99	---	2	36	38	38	39	40	41	42	43	43	153	362
4. Repeal percentage depletion for non-fuel minerals mined on Federal and formerly Federal lands	tyba DOE	3	66	67	69	71	73	74	76	78	80	82	349	740
5. Impose excise tax on purchase of structured settlements	poa DOE	---	3	4	3	1	-1	-2	-3	-3	-3	-4	11	-5
6. Require taxpayers to include rental income of residence in income without regard to period of rental	tyba 12/31/99	---	5	16	17	17	18	18	19	20	20	21	72	171
SUBTOTAL: PROVISIONS INCREASING REVENUES.....		119	4,266	7,210	7,450	7,522	7,737	9,406	8,118	8,778	9,319	9,835	34,306	79,764
III. OTHER PROVISIONS THAT AFFECT RECEIPTS														
A. Hazardous Substance Superfund Taxes														
1. Reinstate environmental tax imposed on corporate taxable income and deposited in the Hazardous Substance Superfund.....	[26]	---	938	559	571	584	602	631	663	690	716	739	3,255	6,694
2. Reinstate excise taxes deposited in the Hazardous Substance Superfund.....	[27]	28	703	709	716	721	724	731	739	749	754	762	3,601	7,336
B. Convert a Portion of the Excise Taxes Deposited in the Airport and Airway Trust Fund to Cost-Based User Fees Assessed For Federal Aviation Administration ("FAA") Services (Administration's estimate) [28]														
	10/1/00	---	1,122	1,184	1,091	1,007	910	804	685	550	410	246	5,314	8,009
C. Increase Excise Taxes on Tobacco Products With Section 5061(d)(4) and 5703(b)(2)(D) Adjustment														
	10/1/99	-114	8,352	7,447	7,012	6,830	6,808	6,767	6,735	6,695	6,651	6,592	36,334	69,774

Provision	Effective	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1999-04	1999-09
D. Change Harbor Maintenance Excise Tax to Cost-Based User Fee [29].....	DOE	---	-436	-488	-525	-564	-607	-652	-701	-754	-810	-871	-2,620	-6,408
E. Additional Provisions Requiring Amendment of the Internal Revenue Code:														
1. Puerto Rico rum excise tax cover over [25]	[30]	---	-49	-65	-65	-65	-65	-16	---	---	---	---	-309	-325
2. Allow members of the clergy to revoke exemption from Social Security and Medicare coverage [25]	1/1/00	---	3	9	11	11	12	12	12	13	13	13	46	110
3. Restore Premiums for United Mine Workers of American Combined Benefit Fund [25]	ppo/a 3/1/99	8	13	12	12	11	11	11	10	10	10	9	67	117
4. Extension of VA authority to access section 6103 information [25].....	9/30/02	---	---	---	---	3	6	8	10	12	13	15	9	67
F. Allow Immediate Participation in the Thrift Savings Plan by Federal Government Employees.....	1/1/00	---	-4	-8	-9	-9	-9	-9	-10	-10	-10	-11	-38	-89
SUBTOTAL: OTHER PROVISIONS THAT AFFECT RECEIPTS.....		-78	10,642	9,359	8,814	8,529	8,392	8,287	8,143	7,955	7,747	7,494	45,659	85,285
NET TOTAL		-310	11,093	10,114	10,165	9,573	9,040	9,650	6,674	6,553	8,118	9,028	49,679	89,703

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Enactment date is assumed to be September 15, 1999.

Legend for "Effective" column:

afroefa = applications for recognition of exemption filed after
aolo/a = assumptions of liabilities on or after
bio/a = bonds issued on or after
cdio/a = convertible debt issued on or after
cia = costs incurred after
co/a = cancellations on or after
cpa = contributions paid after
cspma = corporate sponsorship payments made after
cyba = calendar years beginning after
da = distributions after
dda = decedents dying after
diao/a = debt instruments acquired on or after
dma = distributions made after
Dma = disclaimers made after
do/a = distributions on or after
DOE = date of enactment
dofca = date of first committee action
dpoio/a = damages paid or incurred on or after
eara = education awards received after
eoo/a = exchanges occurring on or after
fceio/a = forward contracts entered into on or after

fpisb = facilities placed in service before
ftpoi = foreign taxes paid or accrued in
gro/a = gains recognized on or after
iodpoa = interest or dividends paid or accrued more than
ipoqela = interest paid on qualified education loans after
iseio/a = installment sales entered into on or after
latoo/a = liquidations and terminations occurring on or after
lca = loan cancellations after
mba = months beginning after
mf = mutual funds
oao/a = obligations acquired on or after
pao/a = payments accrued on or after
pdmo/a = partnership distributions made on or after
poa = purchases occurring after
ppo/a = premiums paid on or after
psao/a = portfolio stock acquired on or after
ptba = partial terminations beginning after
pyba = plan years beginning after
qima = qualified investments made after
rocoslra = repayments or cancellations of student loans received after

sbpa = signing bonuses paid after
sefe = subchapter S elections that are first effective
seio/a = straddles entered into on or after
sio/a = stock issued on or after
sa = sales after
spri = severance pay received in
ta = transfers after
teia = transactions entered into after
teio/a = transactions entered into on or after
tita = transfers in trust after
tma = transfers made after
to/a = transfers on or after
too/a = transactions occurring on or after
tsio/a = tracking stock issued on or after
tyba = taxable years beginning after
tybo/a = taxable years beginning on or after
tyea = taxable years ending after
wpoifibwa = wages paid or incurred for individuals beginning work after
yba = years beginning after
30da = 30 days after

[1] Estimate includes an increase in outlays of \$597 million for fiscal years 1999-2004 and \$1,494 million for fiscal years 1999-2009.

[2] The proposal would be effective for taxable years beginning after 12/31/99. The special foundation rule would apply to grants and loans made prior to 1/1/04 for initial operating expenses incurred prior to 1/1/06. The credit would be available only for health plans established before 1/1/04. No carrybacks of the credit would be allowed to taxable years beginning before 1/1/00.

[3] The present-law exclusion would be extended by 19 months to apply to undergraduate courses beginning before 1/1/02. In addition, the exclusion would be reinstated for graduate education, effective for courses beginning after 6/30/99, and before 1/1/02.

Footnotes for JCX-9-99 continued:

- [4] Loss of less than \$500,000.
- [5] 10-percent credit effective for purchases after 12/31/99, and before 1/1/02. 20-percent credit effective for purchases after 12/31/99, and before 1/1/04.
- [6] \$2,000 credit effective for homes purchased after 12/31/99 and before 1/1/05; \$1,500 credit effective for homes purchased after 12/31/99 and before 1/1/03; \$1,000 credit effective for homes purchased after 12/31/99 and before 1/1/02.
- [7] \$1,000 credit effective for vehicles that are one-third more fuel efficient and purchased after 12/31/02 and before 1/1/05. \$2,000 credit effective for vehicles that are two-thirds more fuel efficient and purchased after 12/31/02 and before 1/1/07. \$3,000 credit effective for vehicles that are twice as fuel efficient and purchased after 12/31/03 and before 1/1/07. \$4,000 credit effective for vehicles that are three times more fuel efficient and purchased after 12/31/03 and before 1/1/07.
- [8] Effective for investments placed in service after 12/31/99 and before 1/1/03.
- [9] Effective for solar water heating equipment placed in service after 12/31/99 and before 1/1/05; effective for photovoltaic equipment placed in service after 12/31/99 and before 1/1/07.
- [10] Effective for plans established after 12/31/97 and before 1/1/02. Credit available beginning in taxable year in which date of enactment occurs.
- [11] Gain of less than \$500,000.
- [12] The estimate assumes clarifications of the proposal, e.g., a definition of severance pay.
- [13] Effective the date of enactment of the President's Comprehensive Electricity Competition Plan.
- [14] Tax provisions are contingent on the enactment of the Comprehensive Electricity Competition Plan, which has not been enacted and is not part of the President's Budget.
- [15] These proposals contain significant interdependence and are, therefore, grouped together. Estimates are tentative and will be adjusted as the details of the proposals are further developed.
- [16] Generally effective for transactions on or after the date of first committee action.
- [17] Proposal also would apply to acquisitions made after 12/31/99.
- [18] Gain of less than \$5 million.
- [19] Effective for taxable years beginning after the date of enactment with respect to obligations acquired on or after the date of first committee action.
- [20] Generally effective for start-up and organizational expenditures incurred after the date of enactment .
- [21] Effective taxable years beginning after the date of enactment with respect to investments acquired on or after the date of first committee action.
- [22] Effective for transfers after the date of enactment in the case of lifetime gifts, and decedents dying after the date of enactment in the case of transfers at death.
- [23] Effective for payments made after the beginning of the first month that begins at least 10 days after the date of enactment.
- [24] Effective for returns the due date for which (without regard to extensions) is more than 90 days after the date of enactment of the proposal.
- [25] Estimate provided by the Congressional Budget Office.
- [26] The corporate environmental income tax would be reinstated for taxable years beginning after 12/31/98, and before 1/1/10.
- [27] The three Superfund excise taxes would be reinstated for the period after the date of enactment and before 10/1/09.
- [28] Table shows the net effects of replacing a portion of the excise taxes with user fees. Estimate was provided by the Department of the Treasury. The President's budget proposal did not provide details regarding the proposed user fees.
- [29] Table shows the effects of the proposal on Federal revenues. The President's budget proposal did not provide details regarding the proposed user fee.
- [30] Effective for rum imported into the United States after 10/1/99, and before 10/1/04.