

JOINT COMMITTEE ON TAXATION
December 2, 2010
JCX-53-10

**ESTIMATED REVENUE EFFECTS OF THE HOUSE AMENDMENT TO THE SENATE AMENDMENT TO H.R. 4853,
THE "MIDDLE CLASS TAX RELIEF ACT OF 2010,"
SCHEDULED FOR CONSIDERATION BY THE HOUSE OF REPRESENTATIVES ON DECEMBER 2, 2010**

Fiscal Years 2011 - 2020

[Millions of Dollars]

Provision	Effective	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-15	2011-20
I. Middle Class Tax Relief Made Permanent													
A. Reductions in Individual Income Tax Rates													
1. Retain 10% bracket [1].....	tyba 12/31/10	-30,990	-44,807	-45,850	-46,835	-47,228	-47,069	-47,027	-46,669	-46,464	-46,151	-215,710	-449,091
2. Retain the 25%, the 28%, and part of the 33% income tax brackets [2].....	tyba 12/31/10	-13,223	-19,047	-19,926	-21,104	-21,837	-22,066	-22,284	-22,301	-22,261	-22,274	-95,137	-206,323
B. Tax Benefits Related to Children													
1. Extend the \$1,000 child tax credit, refundability, and AMT rules [1].....	tyba 12/31/10	-7,096	-45,601	-46,337	-46,735	-46,915	-47,233	-47,725	-48,052	-48,369	-48,684	-192,685	-432,748
2. Dependent care tax credit - increase the credit rate to 35%, increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children (not indexed), and increase the start of the phase-out to \$15,000 of AGI [1].....	tyba 12/31/10	-74	-297	-295	-290	-278	-266	-250	-243	-233	-226	-1,233	-2,452
3. Employer-provided child care credit of 25% for childcare expenditures and 10% for child care resource.....	tyba 12/31/10	-11	-33	-34	-36	-37	-39	-40	-42	-44	-46	-150	-361
C. Marriage Penalty Relief													
1. Standard deduction and 15% rate bracket set at two times single for married filing jointly [1].....	tyba 12/31/10	-6,450	-9,212	-9,324	-9,385	-9,255	-8,904	-8,693	-8,438	-8,117	-7,935	-43,626	-85,713

Provision	Effective	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-15	2011-20
D. Education Incentives													
1. Coverdell Education Savings Accounts ("ESAs") - increase the annual contribution limit to \$2,000; allow ESA contributions for special needs beneficiaries above the age of 18; allow corporations and other entities to contribute to ESAs; allow contributions until April 15 of the following year; allow a taxpayer to exclude ESA distributions from gross income and claim the HOPE or Lifetime Learning credits as long as they are not used for the same expenses; repeal excise tax on contributions made to ESA when contribution made by anyone on behalf of same beneficiary to QTP; modify phaseout range for married taxpayers; allow tax-free expenditures for elementary and secondary school expenses; expand the definition of qualified expenses to include certain computers and related items.....	tyba 12/31/10	-11	-17	-22	-28	-35	-43	-52	-62	-72	-84	-112	-425
2. Employer provided educational assistance - permanently extend the exclusion for undergraduate courses and graduate level courses [3].....	cba 12/31/10	-706	-964	-992	-1,023	-1,053	-1,085	-1,117	-1,151	-1,185	-1,221	-4,738	-10,497
3. Student loan interest deduction - eliminate the 60-month rule and the disallowance for voluntary payments; increase phaseout ranges to \$50,000-\$65,000 single/ \$100,000-\$130,000 joint, indexed for inflation.....	ipa 12/31/10	-63	-631	-626	-663	-719	-828	-895	-896	-900	-993	-2,702	-7,213
4. Eliminate the tax on awards under the National Health Service Corps Scholarship program and F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program.....	tyba 12/31/10	-9	-35	-36	-37	-38	-40	-41	-42	-44	-45	-155	-367
5. Increase arbitrage rebate exception for governmental bonds used to finance qualified school construction from \$10 million to \$15 million.....	bia 12/31/10	[4]	-1	-2	-5	-7	-9	-11	-13	-15	-17	-15	-80
6. Issuance of tax-exempt private activity bonds for qualified education facilities with annual State volume caps the greater of \$10 per resident or \$5 million.....	bia 12/31/10	[4]	-1	-3	-7	-11	-17	-22	-27	-32	-37	-22	-157
E. Repeal Overall Limitation on Itemized Deduction and the Personal Exemption Phaseout for Certain Taxpayers.....	tyba 12/31/10	-367	-777	-867	-966	-1,055	-1,120	-1,174	-1,226	-1,277	-1,332	-4,032	-10,161

Provision	Effective	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-15	2011-20
F. Permanently Extend Capital Gains and Dividends 0%/15% Rates for Certain Taxpayers.....	tyba 12/31/10	-1,610	-7,804	-9,339	-9,881	-10,659	-11,169	-11,613	-11,974	-12,293	-12,770	-39,293	-99,113
G. Reduce the Earnings Threshold for the Refundable Portion of the Child Tax Credit to \$3,000 [1].....	tyba 12/31/10	----- <i>Estimate Included in Item B.1.</i> -----											
H. EIC Modification and Simplification - increase in joint returns beginning and ending income level for phaseout by \$5,000 indexed after 2008; simplify definition of earned income; use AGI instead of modified AGI; simplify definition of qualifying child and tie-breaker rules; and allow math error procedure with Federal Case registry data beginning in 2004 [1].....	tyba 12/31/10	-60	-5,977	-6,046	-6,052	-6,042	-6,042	-5,986	-6,135	-6,233	-6,397	-24,176	-54,969
I. Adoption Credit and Adoption Assistance Programs - increase the expense limit and the exclusion to \$10,000 for both non-special needs and special needs adoptions, make the credit independent of expenses for special needs adoptions, permanently extend the credit and the exclusion, increase the phase-out start point to \$150,000, index for inflation the expenses limit and the phase-out start point for both the credit and the exclusion, and allow the credit to apply to the AMT [1] [5].....	tyba 12/31/10	---	-95	-336	-394	-419	-429	-439	-449	-461	-479	-1,243	-3,501
Total of Middle Class Tax Relief Made Permanent.....		-59,881	-133,650	-138,354	-141,678	-143,725	-144,337	-145,231	-145,529	-145,752	-146,294	-617,285	-1,344,432
II. Permanently Increase the Maximum Amount and Phaseout Threshold Under Section 179.....	tyba 12/31/11	---	-3,266	-6,008	-4,837	-3,650	-2,560	-1,673	-1,203	-1,083	-1,194	-17,761	-25,474
III. Set the AMT Exemption Amount at \$47,450 (\$72,450 Joint) and Allow Personal Credits Against the AMT (sunset 12/31/11).....	tyba 12/31/09	-85,213	-65,711	16,315	---	---	---	---	---	---	---	-134,609	-134,609
NET TOTAL		-145,094	-202,627	-128,047	-146,515	-147,375	-146,897	-146,904	-146,732	-146,835	-147,488	-769,655	-1,504,515

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Revenue provisions as submitted in statutory draft HWC_834.

[Legend and Footnotes for JCX-53-10 appear on the following page]

Legend and Footnotes for JCX-53-10:

Legend for "Effective" column:

bia = bonds issued after

cba = courses beginning after

ipa = interest paid after

tyba = taxable years beginning after

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2011-15</u>	<u>2011-20</u>
[1] Estimate includes the following outlay effects:												
Retain 10% bracket.....	---	1,198	1,239	1,327	4,257	5,982	8,205	8,875	9,010	9,052	8,021	49,145
Retain the child tax credit at \$1,000; refundable; AMT rules.....	---	26,283	26,448	26,249	27,227	28,147	30,194	30,897	31,448	31,849	106,207	258,742
Dependent care tax credit.....	---	49	195	196	194	192	188	185	180	173	633	1,551
Marriage penalty relief.....	---	2,000	2,030	1,996	2,379	2,527	2,776	2,902	2,913	2,886	8,405	22,409
EIC modification and simplification.....	---	4,994	5,031	4,999	5,068	5,133	5,218	5,458	5,544	5,679	20,092	47,124
Adoption credit.....	---	---	53	65	77	76	80	77	80	77	195	585
[2] There is no 33-percent income tax bracket for heads of households.												
[3] Estimate includes the following effects:												
Total Revenue Effects.....	-706	-964	-992	-1,023	-1,053	-1,085	-1,117	-1,151	-1,185	-1,221	-4,738	-10,497
On-budget effects.....	-460	-653	-671	-692	-713	-734	-756	-779	-802	-826	-3,189	-7,086
Off-budget effects.....	-246	-311	-321	-331	-340	-351	-361	-372	-383	-395	-1,549	-3,411

[4] Revenue loss of less than \$500,000.

[5] The estimate relating to the adoption tax credit is for the extension of EGTRRA and does not include extension of refundability as enacted by H.R. 3590, the "Patient Protection and Affordable Care Act ('PPACA')."